



LEVERAGING A SETTLEMENT TEAM FOR OPTIMAL CLAIM OUTCOMES

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“Before anything else, preparation is the key to success.” That statement, by Alexander Graham Bell, speaks volumes when applying it to resolution of long-standing workers’ compensation claims. Payers want to resolve claims and eliminate these financial liabilities. Injured workers would prefer not to be in the workers’ compensation system and move on with their lives, and all parties want to close claims. However, settling these claims can be easier said than done. It is important to develop strategies to address open claims with a sense of urgency as the complexity of resolution and dollars both increase over time.

Many injured workers report that their claim professionals will periodically speak with them about settlement. However, filled with fear of the unknown, these workers typically respond ‘no’ and the conversation ends. Successful claim resolution involves many steps and requires many special needs; needs that cannot be met by the claim professional alone.

The most effective method to close workers’ compensation claims is to use a team approach, especially with unbiased third parties to help alleviate all stakeholders’ concerns. The combination of structured settlement professionals working in concert with professional administrators can be vital in bringing claims to closure.

“My perspective on workers’ compensation settlements has evolved and matured over the years from my days of representing parties in cases to being a regulator oversee-

ing a state system,” shares Paul Sighinolfi, senior managing director of Ametros. “I have become a fan of both structures and professional administration. These settlement tools bring certainty, stability, and security to the injured worker post-settlement, something he or she likely would not have without them.”

STRUCTURED SETTLEMENT ADVANTAGES

Injured workers who settle their claims may choose to receive their money upfront in a lump sum or in payments structured over time. Research has shown time and again that those who opt for structured payments see their money extend much further than those who elect a single payment.

Structured settlements can be set up creatively to meet the injured worker’s specific needs. The payments can be designed annually, semi-annually, quarterly, monthly, or in lump sums for many years after the resolution of the claim. Future needs, such as medical care, lost income, home modifications, retirement planning, or expenses associated with a family providing attendant care for the injured worker can be incorporated into a payment plan as well.

The future payments can be funded through an annuity, a specific product from a highly rated and trusted life insurance company. The injured worker receives the payments income tax-free. There are no administration, management, or transac-

tional fees paid by the injured person, nor any consultation fees. If public benefits are affected by an injured worker’s assets, an appropriate allocation could be made to a Special Needs Trust so the person’s quality of life can be improved with the settlement funds.

Involving a structured settlement consultant early in the claim process adds significant value to the overall outcome. The structured settlement consultant can identify opportunities to move the claim towards resolution. Also, by learning about all the issues involved, they can act as a resolution expert in helping guide the claim through the settlement process — working through all barriers that arise.

The structured settlement consultant will walk through every step of the claim resolution process with all parties and will participate in mediations, settlement forums, and arbitrations, as requested.

A settlement consultant can assist with the following:

- Prepare settlement proposals – meeting the injured party’s specific needs
- Offer settlement tools best suited for the claim-specific facts
- Evaluate government benefits and find ways to maintain those benefits while the injured party receives long-term payment streams
- Coordinate professional administration for Medicare Set-Asides

PROFESSIONAL ADMINISTRATION

Professional administrators are neutral in the claim process and can help smooth the path to settlement by supporting all stakeholders involved, both before and after settlement, and especially for the injured worker, who becomes the administrator's member upon settlement. After the claim has settled, the claim has closed and the nurse case manager, claims professional, and others associated with the workers' compensation system are gone, professional administrators continue to provide ongoing support to the injured workers by handling a variety of tasks, including:

- Setting up accounts in the individual's name and Social Security number
- Acting as their health care advocate by helping them manage and pay any health care bills, such as treatments and prescriptions
- Help select medical providers
- Review bills
- Apply potential discounts on medical treatments and medications
- Handle reporting requirements to Medicare to ensure compliance and protection of future Medicare benefits

While these and other services occur after the claim has settled, educating the injured worker and all parties in advance will help ensure these claims successfully get through the resolution process. As Bell said, "preparation is the key to success." That is why it is critical to enlist the help of a professional administrator as soon as a claim is identified as a candidate for closure.

SETTLEMENT TEAM EARLY INVOLVEMENT

The key to successful settlement is leveraging the expertise of the settlement team early in the claim process.

"Partnering with our preferred professional administrator early in the claim is incredibly helpful to the settlement process," explained Brian Annandono, Certified Structured Settlement Consultant (CSC) from Arcadia Settlement Group. He added, "genuine teamwork helps make each proposal relevant and meaningful. And our ability to overcome barriers along the way — together — helps the case move forward smoothly toward a successful resolution."

Injured workers who have relied on the workers' compensation system for months or years may fear changes to their current benefits, even if they dislike the system. They have concerns about running out of money, for example, and remaining compliant with Medicare — which they would need if they exhausted their funds.

When resolving a claim that involves future medical funds, the combination of professional administration with a structured settlement has proven to be an incredibly effective settlement tool. More importantly, these tools ensure the injured worker receives the best possible outcome for their post-settlement dollars and ensure Medicare's interests are protected, resulting in no loss of future medical treatment to the Medicare Beneficiary. The tax-free payments and long-term security obtained through a structured settlement, in conjunction with the significant savings and support a professional administrator provides on post-settlement medical expenses, is a beneficial way to provide an extra layer of security for the individual when it comes to preserving their settlement funds and maintaining Medicare benefits. Much of the success of early settlement team involvement stems from the depth of knowledge of technical settlement strategies and soft skills like understanding and empathy for injured parties.

"Partnering with professional administration early in the settlement process helps demystify the fears of managing these unique future needs," related Cassie M. Barkett, Esq., associate general counsel for Arcadia. She added, "It is important to be able to take at least one major worry off the table during the negotiation process."

FUTURE COSTS & SAVINGS OPPORTUNITIES

The fear of running out of money is often one of the reasons injured workers shy away from settlement. Injured workers who transition from being in the workers' compensation system to self-managing their own medical needs may be surprised to learn that medical providers and pharmacies expect to be paid at full price. The person typically has no leverage to negotiate a discount, often resulting in the settlement dollars being depleted prematurely.

For example, the potential network savings offered through professional administration on prescription drugs typically ranges from 40% to 60% off the retail price. Demonstrating these actual, real-time savings on their own medications can be a significant negotiating tool to bridge the gap of financial disagreements over the value of a claim.

What this means, for example, if there was \$100,000 allocated over the individual's lifetime for a certain prescription, through a professional administrator's network, the same prescription may be reduced to \$40,000 after all the potential discounts are applied. The injured worker is then left

with an additional \$60,000 that would be in the account as excess for other expenses, or it could be left to their family or estate. Leveraging this tactic addresses the main concern that typically arises with the claimant and their attorney; is the settlement money enough?

A major benefit of structuring a settlement is that it ensures injured workers will have funds available for their future needs. It safeguards the person from spending most or all the money, only to find out they do not have enough for medical care, let alone living expenses.

For example, the MSA portion of the settlement totaled \$120,000 which could be paid \$5,000 annually for 20 years (which equates to \$100,000) along with \$20,000 in upfront cash. The payer funded the future payments at a cost of \$75,000. As a result, the payer saves \$25,000 by utilizing a structured settlement to fund the MSA, and the injured worker receives payments annually for 20 years ensuring protection of MSA funds.

CONCLUSION

Injured workers reluctant to settle their claims typically fear the many unknowns that await them. They fear running out of money, or not knowing where to go for advice, or failing to comply with Medicare or other government program requirements. Early team intervention and education, employing all opportunities available, can assist the injured party in making informed decisions. A strong settlement team working together with all stakeholders (early) can result in a smooth and successful settlement and post-settlement process.



Johnny Meyer, director of strategic partnerships for Ametros has over a decade of experience cultivating and maintaining relationships among business partners, developing strategies and business plans with partners, and executing against metrics and milestones to drive growth and revenue.



Alisa Hofmann, CWCP, CMSS, WCSS is the director of workers' compensation and Medicare practices at Arcadia Settlements Group and currently works on the Business Development team. She has been handling and overseeing workers' compensation claims for 27 years with various national carriers. Alisa maintains her adjuster licenses and holds Life, Health & Accident Licensing as well.