

Reduce MSA Costs With Structured Settlements

A stylized globe with yellow and grey continents and a yellow ring around it. The globe is centered in the background, with the continents of North and South America visible in yellow against a grey background. A bright yellow ring encircles the globe horizontally.

**Presented by
Kerri Poe
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What is a Structured Settlement?

A structured settlement is a stream of tax-free, secure, periodic payments paid over time to an injured worker.

A stylized globe with yellow and grey continents and a yellow ring around it, serving as a background for the text.

Structured Settlements and Medicare Set Asides

- MSAs can be funded via a lump sum or via a combination of lump sum and annual payments.
- MSA Seed Money is paid at settlement and structured settlement purchased to provide annual payments

Benefits to Employer

- Cost savings
 - MSA
 - Professional Administration
 - Rated Age Pricing
 - More security knowing injured worker will not misuse MSA funds
 - Additional resource on Settlement Team
 - ***No cost for our services.***
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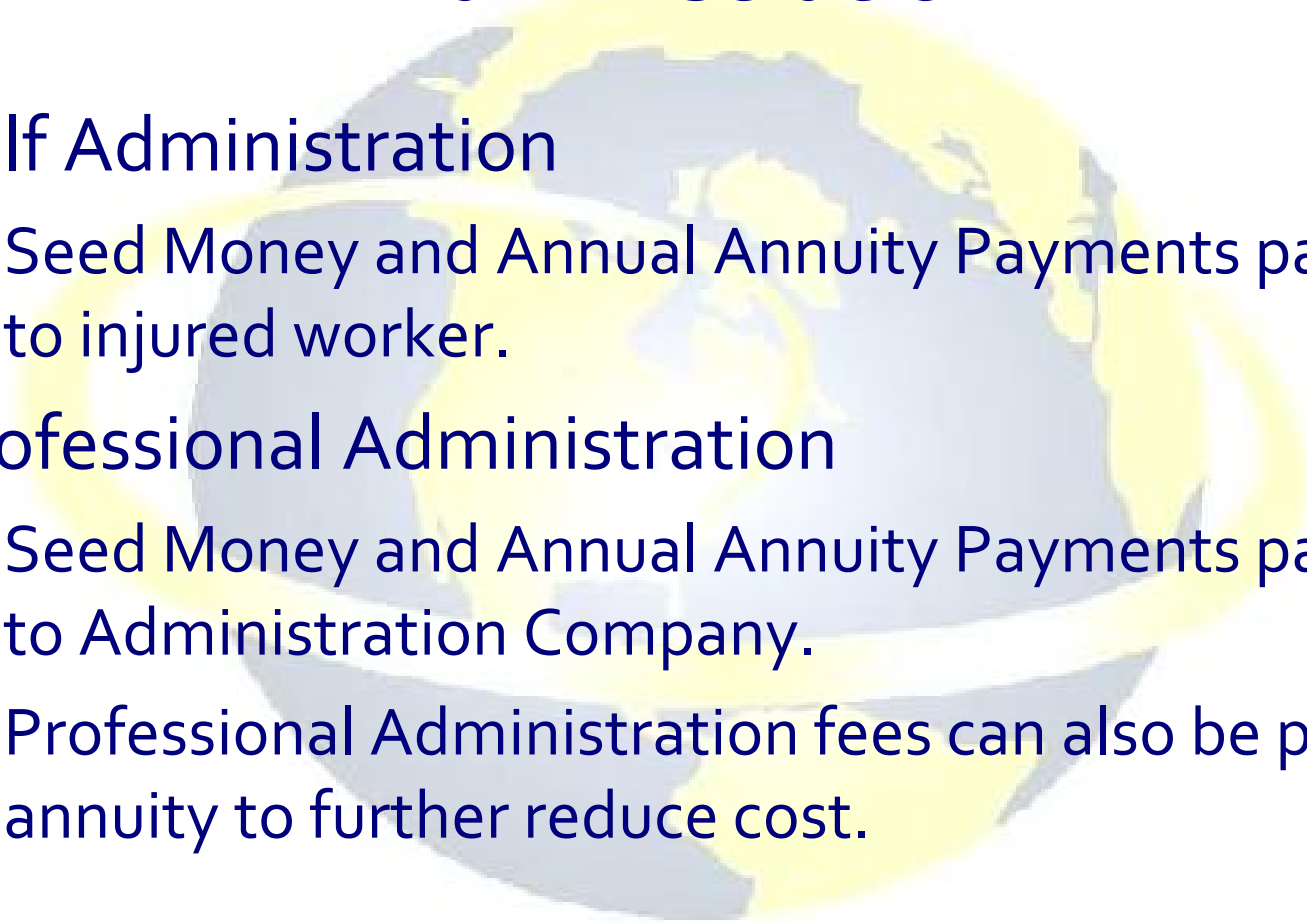
Benefits to Injured Worker

- Medicare will 'kick in' if annual amount is used early in the year
- Less money from the settlement must be set aside to meet CMS requirements
- Less chance of inappropriate spending, which could put Medicare benefits at risk.

Structured Settlement MSAs: CMS Approval

- CMS must approve structured settlement breakdown
 - MSA submitted to CMS as a 'structured settlement'.
 - CMS will review breakdown between seed money and annual payment.
- If CMS approves a lump sum MSA, a new approval letter must be obtained to use an annuity
 - Submit MSAs as annuity "just in case".

Structured Settlement MSAs: Administration

- Self Administration
 - Seed Money and Annual Annuity Payments payable to injured worker.
 - Professional Administration
 - Seed Money and Annual Annuity Payments payable to Administration Company.
 - Professional Administration fees can also be paid via annuity to further reduce cost.
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Real Life MSA Example

- MSA Allocation: **\$974,648**

**Pending Independent Verification, Unknown Whether Medicare
Approval Is Required**

Recommended Total Set Aside Amount: \$974,648

The recommended Set-Aside amount is comprised of medical treatment totaling \$796,687, and future prescription drug cost totaling \$177,961.

Real Life MSA Example

- Additional cost savings by using an annuity to provide annual MSA payments

Annuity Information

Recommended Seed Amount: \$85,099.60

Annual Annuity Payments for Twenty-five (25) Years: \$35,581.94

**Please note that the total set-aside amount includes the seed amount. The seed amount is comprised of two (2) years of the anticipated average annual Medicare-Covered medical expenses, as well as One (1) Inpatient Hospitalization and one (1) Hospital Bed Replacement.*

Real Life MSA Example

Settlement Proposal – MSA

Payee: Joe Claimant
DOB: 6/6/1965
Life Expectancy: 26 years



	Cost	Projected Lifetime Benefits
MSA Seed Amount		
\$85,099.60 Payable at settlement.	\$85,099.60	\$85,099.60
MSA Annual Payments		
\$35,581.94 Payable annually, 25 years only if living, to begin one year from annuity funding.	\$531,275.00	\$889,548.50
Totals:	\$616,374.60	\$974,648.10



Cost Savings = \$358,274

Real Life MSA Example

Annuities are not just for large cases!

- MSA Allocation: **\$47,354**

Recommended Total Set Aside Amount: \$47,354

The recommended Set-Aside amount is comprised of medical treatment totaling \$27,079, and future prescription drug cost totaling \$20,275.

Annuity Information

Recommended Seed Amount: \$4,266.13

Annual Annuity Payments for Twenty-One (21) Years: \$2,051.80

**Please note the total set-aside amount includes the seed amount. The seed amount is comprised of two (2) years of the anticipated average annual Medicare-Covered medical expenses.*

Real Life MSA Example

Annuities are not just for large cases!


Settlement Proposal – MSA

Payee:	Jane Claimant
DOB:	6/28/1953
Life Expectancy:	22 years

	Cost	Projected Lifetime Benefits
MSA Seed Amount \$4,266.13 Payable at settlement.	\$4,266.13	\$4,266.13
MSA Annual Payments \$2,051.80 Payable annually, 21 years only if living, to begin one year from annuity funding.	\$25,022.00	\$43,087.80
Totals:	\$29,288.13	\$47,353.93

Cost Savings = \$18,065.80

The Fine Print

- If the case settles with a structured settlement, specific language must be included in the state settlement documents and/or 8(i).
 - It is also important to confirm annuity pricing before finalizing the settlement terms.
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Thank You For Your Time!

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About Kerri Poe

Kerri Poe is a Structured Settlement Consultant based in California. Her experience spans liability, Workers Compensation, and employment litigation nationwide. Her clients include large insurance carriers, self insured companies, public entities, and third-party administrators.

Her specialties include assisting with case evaluation, preparing settlement proposals, and attending settlement conferences and mediations. Kerri also performs file reviews and client trainings. and has been a guest speaker at several claims associations, risk management groups, and settlement annuity seminars. In addition to being a member of the National Structured Settlement Trade Association, she is a member of its "Legs and Regs" Committee.

Kerri began her structured settlement career in 1997 as a Case Manager for a national structured settlement firm in Tampa, Florida and Houston, Texas. She also has experience as a Business Analyst and Project Manager for a prominent benefits administration firm and as the Regional Operations Manager for a large fund-raising company.

In her free time, Kerri enjoys hiking, traveling, and sewing.