

NAMSAP *news*

National Alliance of Medicare Set-Aside Professionals

Letter from the President

As summer arrives things are heating up in the MSA industry. We are gearing up for what is going to be a terrific seminar in July (see details below). The idea behind this program is to go beyond the basics. Many seminars in the industry focus on the basics of Medicare compliance and we wanted to address some of the more complex issues and other areas of law impacted by the Medicare Secondary Payer statute.

One of the presenters is also going to be discussing the new legislation just introduced - HR 2549. As you may be aware, the legislation is designed to resolve the serious delays and confusion in the review of workers' compensation Medicare set asides by the Centers for Medicare and Medicaid

Services (CMS). This is going to be an invaluable seminar and I would encourage everyone to sign up to get the latest information.

Speaking of encouragement, I am very happy that we have had a number of people step up to volunteer for committees. It is a bit tough getting these committees off the ground, but we have had lots of interest and I am sincerely grateful for your involvement. If anyone else wants to get involved, please feel free to contact me. The success of our organization is dependent upon our members! Thanks again,

Robert T. Lewis, Esq.

National Association of Medicare Set-Aside Professionals **JULY SEMINAR**

Friday, July 20, 2007, Sheraton Colonial Hotel, Wakefield, MA
Deadline for registration is: July 9th • Register online at www.namsap.org

Sheraton Colonial Hotel, One Audubon Road, Wakefield, MA 01880
Telephone: (781) 245-9300

Reservations are held under NAMSAP's full name, The National Alliance of Medicare Set-Aside Professionals. Rooms are available for both Thursday, July 19th and Friday, July 20th at the group rate of \$99.00 per night (limited availability so please reserve your room early). If you are flying to the meeting, Logan Airport is the closest to the host hotel. The hotel does not have a shuttle service, but suggested Taxi/Limo Service at 978-317-0746.

The conference will take place on Friday, July 20th from 9am-5pm EST. At this time we have the following topics being covered:

- Developments with the 2007 version of HR 5309 and S 846
- Social Security benefits and the impact on workers' compensation and liability settlements

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- Jones Act / Maritime cases
- Prescription drugs: Pricing options
- Panel of lawyers addressing state specific issues impacting Medicare
- Panel of carriers addressing impact of MSP compliance
- Panel of Structured Settlement Brokers

The idea is to cover advanced issues and provide a learning experience from both the medical and legal perspective. The cost of the program will be only \$200.00 for members and \$295.00 for non members. Seating is limited.

Annuities vs. Lump-sum MSA Payments Typically Annuities Save 25% to 50%

By: *Cindy L. Chanley,*
Certified Structured Settlement Consultant (CSCC),
Associate in Charge of the Louisville Office of
RINGLER ASSOCIATES®,
the Oldest and Largest Structured Settlement Annuity Company

CMS requires that a Medicare Set-Aside Allocation be funded in one of two ways: either a:

- **Lump Sum** for the entire MSA amount
or
- **Cash and an Annuity** guaranteed to pay the MSA amount over the claimant's life expectancy

The combination of cash and an annuity typically saves 25-50% off the lump-sum MSA amount. There are a number of different types of annuities a defendant or its insurer can purchase to meet CMS requirements in spreading out the annuity over a claimant's life expectancy, or lifetime.

A Temporary Life Annuity provides an annual MSA payment for the claimant's life expectancy, only if the claimant is living. This is usually the least expensive annuity used in funding an MSA annual payment. The disadvantage of this type of annuity is that the payments stop at the death of the claimant and there is no residual value or payment that can pass to a claimant's beneficiary or as a refund to the defendant or its insurer. For example, if a defendant pays \$100,000 to provide \$1,000/year for 30 years and the claimant dies after one year, the defendant has paid \$100,000 for a \$1,000 payment. This type of annuity is attractive for small MSA amounts.

A Life Only Annuity will provide an annual MSA payment for the claimant's lifetime. All payments cease on the death of the claimant/annuitant. This annuity is usually slightly more expensive than a Temporary Life Annuity. As with a Temporary Life Annuity, all payments cease on the death of the claimant. There is no opportunity for recovery of any funds by the defendant or the possibility of the claimant's beneficiary receiving anything on the death of the claimant.

A Life with Cash Refund Annuity will provide an annual payment for the life of the claimant, but provides a refund of the unused portion of the annuity premium in the event of the death of the claimant. For example, if the defendant spends \$100,000 for the annuity and the claimant dies after \$50,000 of payments have been paid out, the claimant's beneficiary or the defendant will receive \$50,000 on the claimant's death.

A Period Certain Annuity will provide an annual payment for the claimant's life expectancy, whether or not the claimant is living. This payment is guaranteed to be paid to the claimant's beneficiary or the defendant on the claimant's death. On death, the payments will continue to be paid to the beneficiary (claimant's family member or the defendant's insurer). As an alternative, many life insurance companies that offer structured

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settlement annuities provide a commutation product that allows the beneficiary or the defendant to receive a lump sum of the commuted value of any remaining payments on the death of the claimant/annuitant.

PROs and CONs of ANNUITY TYPES

There are advantages and disadvantages to each of the annuity types used to fund the MSA annual payments or to fund the annual fee to pay for professional administrative services for the MSA. It is important to discuss these options with a structured settlement consultant to ensure the claimant and/or defendant's interests are handled appropriately.

Using annuities to fund an MSA annual payment and/or MSA professional administrative fees provides advantages to the claimant and the defendant.

From the claimant's perspective, whether or not the claimant is a Medicare beneficiary, settlement dollars provided for Medicare related medical expenses are restricted and must be used exclusively for that purpose. With a lump-sum MSA, a Medicare beneficiary must spend the entire amount of the MSA before Medicare will cover Medicare expenses relating to the work injury. With the annuity option, Medicare will cover any expenses over and above the claimant's current MSA balance each year.

From the defendant's perspective, the annuity option is ALWAYS less expensive than paying the MSA in a lump sum, providing the possibility for saving claims dollars and/or having an opportunity to have extra dollars for negotiation purposes. In addition, the defendant or its insurer can negotiate the settlement to receive the possibility of a refund or the commuted value of remaining payments, in the event the claimant dies before the end of the claimant's life expectancy.

The parties should involve a structured settlement consultant that is knowledgeable about the issues relating to the current liability and/or workers'

compensation issues relating to Medicare Set-Aside Allocations. A **knowledgeable structured settlement consultant is a valuable asset to all the parties**, from the negotiation stage to CMS approval.

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Board Status Part I

As you may or may not be aware, Robert Barson resigned as a Board Member. Bob was instrumental in the growth of NAMSAP and we would like to extend a thank you for his service to the organization.

Board Status Part II

In order to fill the void left by Bob, we are very happy to announce the addition of Fran Provenzano. Fran is President of MSA Specialists, Inc., which has been accepted as a national provider of MSAs by several major insurance carriers as well as some of the top Third Party Administrators. Fran is a highly sought speaker on MSAs. She has addressed the National Conferences of Legal Nurse Consultants, several national education seminars on MSA instruction and many evaluation criteria/ education sessions for Claims Adjusters. In the late 1980s, Ms. Provenzano directed her talents toward Disability Management, obtaining her Certified Disabilities Management Specialists (CDMS). She was among the first nurses to obtain Certified Case Manager (CCM) Certification followed shortly thereafter by her Life Care Planning Certification (CLCP). Most recently, she once again was among the first in the nation to earn the Medicare Set-Aside Consultant-Certified (MSCC) designation.

Our Board members provide much needed dedication and commitment to the MSA industry and we are thrilled to welcome Fran on board!

Partners

Corporate partners play an important role in the life of the National Alliance of Medicare Set-Aside Professionals, Inc. Your company can help support significant events and programs and contribute gifts and in-kind services that enrich the overall quality of services NAMSAP can provide to its members. In return, you have privileged access to the influential members of our community. For more information regarding sponsorship go to

http://www.namsap.org/partner_benefits.

Platinum

Crowe Paradis Services Corporation (CPSC) is a national Medicare compliance company with offices in Atlanta, Boston, Chicago, Philadelphia, San Diego, Los Angeles, and Kansas City. CPSC utilizes both attorneys and nurses on every claim to ensure compliance with state and federal law. In addition to performing MSA's, CPSC assists many of the leading insurance carriers, TPA's, self-insured's and attorneys nationwide in understanding and meeting the Medicare Secondary Payer statute compliance challenge. Our services include:

- Medicare Set-Aside Allocations
- CMS submissions
- Conditional Payment
 - Investigation
 - Negotiation
 - Appeals
- Legal Opinion Letters
- Professional Administration
- Self-Administration Support
- Settlement Coordination
- Liability Case Consultation
- Protocol Design
- Training

Medivest

Protocols is a multidisciplinary consulting firm that specializes in medical settlement planning for all parties involved in workers' compensation and personal injury liability cases -- from the simple to the complex. The Protocols team of experts – medical, benefits and legal – works together with clients to create a comprehensive plan for the projected medical care of an injured person. We also advise on the best and most cost-effective way to finance this care. Among Protocols specialty services are medical cost projections, life care planning and Medicare set-aside analysis, allocation and administration.

The Center for Special Needs Trust Administration, Inc. is a not-for-profit corporation exclusively focused on the administration of Special Needs Trusts and Pooled Trusts with the sole mission of providing comprehensive services to the entire community of people with disabilities.

Silver

Experea Healthcare