


Medicare Requirements – Impact on Workers’ Compensation

A Rating Organization Perspective

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Summary of Presentation

- Components Affected
- Preliminary Data Available
- Data Collection Issues

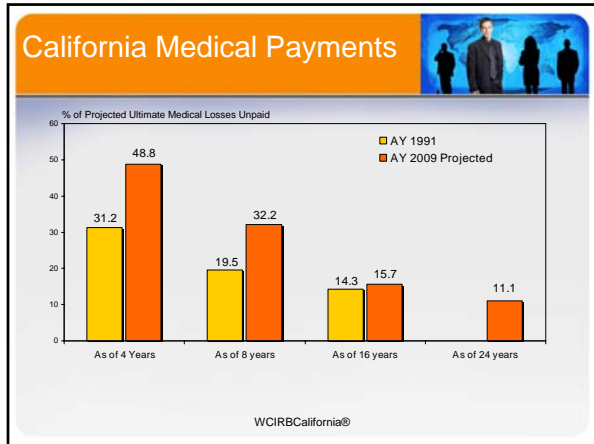
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Components Affected

- WC Medical Long-tailed
 - In California 32% of losses paid more than 8 years from injury
 - Payment patterns slowing over time
- Settlement of future medical
 - Allowed in many states
 - 16% of 2008 California medical benefits paid directly to injured workers (\$700 million)
 - Approximately two-thirds of California permanent disability claims settled via compromise and release
 - Can impact applicant attorney awards
- Impact of aging workforce
 - California Medicare 65+ population to increase by 35% by 2030
- Frictional costs

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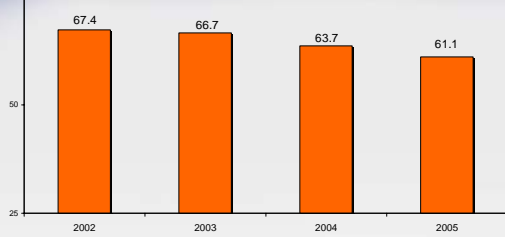
- ### Summary of Presentation
- Components Affected
 - **Preliminary Data Available**
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- ### Preliminary California Data Available
- Compromise and release settlements
 - Frequency of Medicare set-asides
 - Cost of Medicare set-asides
 - No data on Medicare conditional liens
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Compromise & Release Settlements



% of Settled PD Claims Settled Via Compromise & Release Settlement

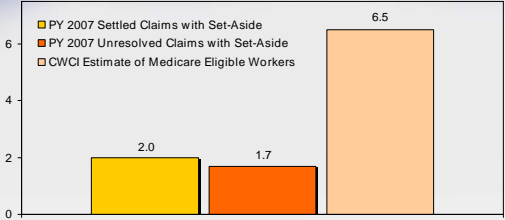


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Frequency of Medicare Set-Asides

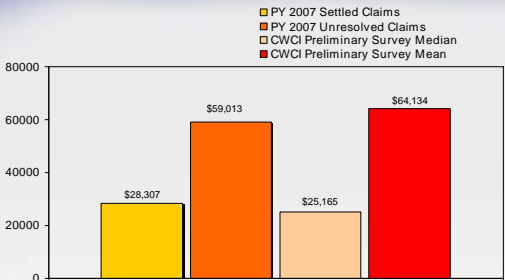


% of Permanent Disability Claims



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Cost Of Medicare Set-Asides



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Medicare Set-Asides

- All costs included in medical (2006)
 - Evaluation costs
 - Cost of set-asides
 - Administration costs
- Augmented annual survey of PD Claims (2009)
 - Set-aside created
 - Cost of set-asides
- Annual medical payment call to be augmented

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Medicare Conditional Liens

- Annual medical payment call to be augmented
 - Not a payment to provider or injured worker
 - May involve claims that were closed for many years

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Section 111 Data Reporting
Fines



- \$1,000 Per Day Fine
 - Not yet addressed
 - Fines typically excluded from losses

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