

# Lump Sum Settlement Direct Reimbursement Rating and Payment Program

Eligible public employer state (PES) agencies have the option to apply for the Lump Sum Settlement Direct Reimbursement Rating and Payment Program (LSS Program). With the LSS Program, PES agencies not participating in another settlement program may participate in this program and exclude lump sum settlement payments from their rate calculation. BWC will bill the LSS amount directly to the agency.

## Eligibility

Eligible PES agencies not participating in a bureau LSS program may apply by Dec. 31 for the program year that begins the following July 1. The LSS Program is open to all PES agencies, including cabinet member agencies and non-cabinet agencies but not universities or university hospitals.

## How to enroll

For BWC to consider a PES agency for the program year beginning July 1, the agency must submit a fully completed Lump Sum Settlement Direct Reimbursement Rating and Payment Program (U-145) to BWC by Dec. 31 of the preceding year. To obtain a form, log on to [ohiobwc.com](http://ohiobwc.com), and select Ohio employers, then click on Forms.

## LSS Program

### 1. General requirements

- BWC requires a three-year minimum commitment of any PES agency seeking to participate in the program.
- The start date for participation in this program is July 1 of the program year.
- A PES agency must notify BWC of its decision to participate in the LSS Program by Dec. 31 of the year immediately preceding the policy year in which the exclusion will begin.
- Each PES agency seeking to participate in the LSS Program must complete and submit the U-145. By submitting this form, the agency agrees to follow the LSS Program requirements.
- The agency's chief executive officer (or equivalent position) or his/her designee who commits the state agency to follow program rules and meet program requirements must sign the form.
- BWC treats all LSS payments the same regardless of whether they are court-ordered settlements, agency-negotiated settlements or any other settlement.
- Once a PES agency selects the LSS Program, BWC excludes all LSS payments – regardless of who pays the settlement – from the five-year losses used to calculate the pure premium rate for future policy year rate calculations. The pure premium rate constitutes the actual five-year losses divided by the reported payroll used to project the rate.
- The calculation of the overage and shortage rate will include the LSS payments that BWC paid and which the PES agency didn't reimburse, and will exclude the LSS payments that BWC paid but which the PES agency did reimburse.
- The overage and shortage rate is the rate at which the agency must pay any past shortage in rates or the reduction in rate for any past overage in premium paid.
- When a PES agency requests to end its participation in the LSS Program, the pure premium rate and the overage and shortage rate will include all LSS payments that BWC paid and which the PES agency didn't reimburse.

## **2. LSS reimbursement payment rules**

- BWC bills lump sum settlements in the quarter subsequent to the LSS cashed date. The October billing includes any LSS with warrant cashed dates from July, August and September. The January LSS bill includes any LSS with a warrant cashed date from October, November and December. The April billing includes any LSS with warrant cashed dates from January, February and March. The July billing includes any LSS with warrant cashed dates from April, May and June.
- BWC bills the PES agency structured settlements where BWC pays the settlement over an extended period as injured workers cash their warrants.
- The PES agency will make LSS quarterly bills payable to BWC within 30 days after the billing date.
- If a participating PES agency fails to pay a LSS quarterly bill within the 30 days, BWC will remove the PES agency from the LSS Program. BWC will include unpaid LSS payments in the PES agency's rate calculation and will not permit future participation in the LSS Program.
- In the event of a dispute regarding the LSS billing, the PES agency should send a written notice, including the details concerning the dispute, to BWC's direct billing department: Attn: Direct Billing Department Ohio Bureau of Workers' Compensation P.O. Box 15487 Columbus, OH 43215-0487
- PES agencies will not use such disputes to delay timely payment of billed costs. PES agencies should direct rate calculation questions to BWC's Actuarial Division.

## **3. Agency status changes**

- In the event a PES agency combines its policy into another agency, the successor agency's decision regarding the LSS Program prevails.
- In the event a PES agency partially transfers a portion of the agency to another PES agency, the predecessor agency's decision remains in place for the three-year period.
- In the event a PES agency becomes self-insured, BWC will calculate a buyout. BWC will include any obligations owed by the PES agency under the program in the buyout.

## **4. Ending participation in the LSS Program**

- After the three-year minimum commitment has elapsed, the PES agency may request to leave the LSS Program. BWC automatically renews an agency's participation in the program unless the agency provides BWC with a termination notification.
- The PES agency must notify BWC in writing of its wish to end participation in the LSS Program before Jan. 1 preceding the ending date of the last policy year in which BWC will exclude the LSS payments. For example, if the PES agency participates in the LSS Program for the policy year beginning July 1, 2009, and later desires to end participation, the agency must notify BWC before Jan. 1, 2012, for the change to be effective July 1, 2012. Without timely notification, BWC will automatically renew the PES agency's participation for another three-year period.
- Once a PES agency has participated in the LSS Program and has subsequently selected to end participation, BWC will not honor any future request from that PES agency to participate in the LSS Program.

## **Additional information**

- PES agencies may settle allowed permanent total disability and death claims in which they used the present value in rate calculations. BWC will include the settlement amount in the quarterly billings.

## **Questions about the LSS Program**

PES agencies can send questions about the LSS Program to BWC via e-mail to [StateAgencyLSS@bwc.state.oh.us](mailto:StateAgencyLSS@bwc.state.oh.us), or call **1-800-OHIOBWC**, and ask for employer programs.