

4123-17-35.1 Public employer state agency lump sum settlement program.

(A) Public employer state (PES) agency that is not currently participating in a settlement payment program may participate in the lump sum settlement (LSS) direct reimbursement rating and payment program. A PES agency participating in this program will have the LSS payments excluded from the bureau's rate calculation process.

(1) Requirements.

- (a) A PES agency shall make a three-year minimum commitment to the LSS direct reimbursement payment and rating program.
- (b) The earliest beginning date of the LSS program is July 1, 2004.
- (c) A PES agency shall notify the bureau of its desire to participate in the LSS direct reimbursement and payment program before the first day of the second month following any quarter ending date to be effective the following quarter. For example, if the PES agency chose to participate in the LSS program beginning April 1, 2016, the request must be submitted before February 1, 2016. The notification shall be made on the form provided by the bureau and signed by the PES agency's designee.
- (d) A PES agency currently participating in a settlement program is not eligible to participate in the LSS direct reimbursement payment and rating program.

(2) LSS rate calculation.

- (a) All LSS payments will be treated the same whether the result of a court-ordered settlement, an agency-negotiated settlement or any other type of settlement.
- (b) Once a PES agency begins participating in the LSS direct reimbursement and rating program, all LSS payments will be excluded from the losses used to calculate the contribution rate for future policy years.
- (c) When an agency terminates a LSS direct reimbursement and rating program, the contribution rate will include all LSS payments that were made by the bureau and not reimbursed by the PES agency.

(3) LSS reimburseemnt payments.

- (a) A LSS will be billed in the next month following the date the LSS warrant was cashed.
- (b) The bureau will bill a structured settlement to the PES agency as the warrant is cashed.
- (c) The PES agency shall pay the LSS monthly bill within thirty days of the billing date.
- (d) If the PES agency fails to pay a LSS monthly bill within thirty days, the bureau will remove the PES agency from the LSS direct reimbursement rating and payment program and the bureau will include the outstanding LSS payments in the rate calculation.
- (e) A PES agency may settle permanent total disability (PTD) and death benefit claims in which the present value was previously used in the rate calculations.

PES agencies will not be billed for the settlement costs of PTD and death benefit claims in which

the present value of both medical and indemnity costs was included in contribution rate calculations. These claims would likely be death benefit claims awarded before January 1, 2001 and PTD claims awarded before January 1, 1996.

For PTD claims awarded between January 1, 1996 and December 31, 2000 and where the present value of the future indemnity cost was previously included in the development of the agency's contribution rates, the bureau will include only the medical portion of the settlement amount in the quarterly billings.

- (f) A PES agency shall file any dispute in writing, specifying the agency's objections to the billing, with the bureau's direct billing department. The filing of a dispute does not relieve or suspend the agency's obligation to pay the obligation. Questions concerning the rate calculations should be directed to the bureau's actuarial division.

(4) Change in status.

- (a) When a PES agency combines with another PES agency, the succeeding agency's participation in this program will not be affected.
- (b) A PES agency that is participating in a program and transfers a portion of its operations to another agency shall continue to participate in the program. Participation in this program by the agency to which the operations were transferred will not be affected.
- (c) Where a PES agency participating in a LSS direct reimbursement rating and payment program becomes self-insured, the bureau will calculate a buyout and any obligations owed by the PES agency under the program will be included in the buyout.

(B) Terminating a LSS program.

- (1) A PES agency may request, in writing, to terminate a LSS program after the three year minimum commitment period has been completed. The agency's participation in the program will automatically be renewed for another three years unless the written request is submitted.
- (2) A PES agency shall submit a request to terminate a program before the first day of the second month of the quarter the three year commitment ends. For example, if the PES agency started participating in the LSS program or its participation was renewed for the policy year beginning July 1, 2013, the request must be submitted before May 1, 2016.
- (3) Once a PES agency terminates a LSS program, the agency is no longer eligible to participate in this program.

Effective: 7/1/16