

# NEGOTIATE A LUMP SUM SETTLEMENT FOR A CLAIM

## WORKERS' COMPENSATION CLAIMS MANAGEMENT TOOLS FOR OHIO MANUFACTURERS

Lump Sum Settlement pays the injured worker a full and final settlement amount and removes all MIRA reserve costs of the claim from the employer's claims experience. MIRA (Micro Insurance Reserving Analysis) is the method of calculating reserves that the Bureau of Workers' Compensation (BWC) has adopted. A reserve is the estimated future cost of a claim at a point in time. Settlement is a useful tool in containing costs under appropriate circumstances.

**Best Practice:** We generally do not recommend settling a claim when the injured worker is still under your employment. However, you may know of special circumstances where settlement may be deemed appropriate regardless of employment status. We strongly recommend that you consult with your OMA Account Manager regarding settlement opportunities any time an employee with a claim leaves your employment.

The settlement is paid to the injured worker by the BWC. Once a claim is settled, the amount of the settlement is charged to the employer's experience rating, eliminating all future MIRA reserve assessments, thus potentially reducing the employer's workers' compensation premiums.

A claim settlement can be initiated only by the injured worker/injured worker representative and employer/employer representative or BWC. The managed care organization (MCO) is not a party to the settlement; therefore, the MCO may not initiate nor advise an injured worker to settle his or her claim. Your OMA Account Manager also monitors your claims for settlement potential and has created a report for you that tracks OMA settlement activity on your behalf.

The Settlement Agreement and Application of Settlement Agreement documents the agreement regarding the terms and conditions of the settlement. Your OMA Account Manager guides the process.

As a workers' compensation third party administrator, we are not permitted to sign the agreement on your behalf. Employers must sign the C-240 form.

BWC administers and approves all claim settlements and reviews the agreement to ensure that the settlement is fair to all parties.

***When a claim is settled, any reserve amount on the claim is eliminated from the employer's claims experience, and, therefore, reduces premium costs.***

***OMA will prepare premium-impact studies for various claim settlement scenarios.***