



## Stop Making Voluntary Payments on Personal Injury Losses

### THE PROBLEM SITUATION

If you are tempted to make a small payment, as some of our Members occasionally do, to cover a medical bill for an injured person or to pay that person a small amount for alleged injuries as a way to prevent a claim being filed against your municipality, school district or special purpose district, STOP. It could have serious negative financial ramifications on you and on The Trust.

Though you may think making such a payment is an effective way to dispose of a very minor claim whose value falls below The Trust deductible for liability claims, it no longer is.

### BACKGROUND - FEDERAL LAW REQUIREMENTS

Federal law now requires that The Trust, as your insurer, report all personal injury claims, including those reported by minors, to the Center for Medicare Services (CMS) for determination of Medicare eligibility, Medicare Lien protection, and to ensure that Medicare's financial interests have been "adequately considered" on all settlements, judgments, and awards.

Pursuant to 42 U.S.C. §1395y(b)(2), federal law allows CMS to review all personal injury claims and to intervene to recover medical payments made by Medicare which should have been the responsibility of another party. Responsible parties include: the insurer, the claimant himself/herself who received the settlement or his attorney if one was involved, or the municipality or school or special purpose district in the event that you make the payment instead of The Trust.

CMS is strictly enforcing this requirement now as a way to reduce the costs of the Medicare program.

### THE SIGNIFICANT DANGERS FROM FAILURE TO COMPLY

The Trust, as your entity's insurer, is recognized by CMS as your "Reporting Entity" and is therefore responsible for reporting all of your personal injury claims under this law. To report information to CMS requires that special, elaborate, electronic protocols must be followed. The Trust has a CMS approved process in place to meet all the "Reporting Entity" requirements to protect both your entity and The Trust.

Failure by The Trust (and other insurers nationally) to adhere to these new regulations results in large fines (\$1,000 per claim, per day) and "doubles damages" for the amount originally owed to Medicare. Should your municipality, school district or special purpose district make settlement payments rather than The Trust, you could be potentially liable for these penalties unless you report the necessary information to CMS.

*If your municipality, school district or special purpose district continues to make payments for personal injury losses to claimants, your entity's ability to use The Trust as your Reporting Entity will be jeopardized and will in turn require you to communicate all personal injury cases and settlement details directly to the Center for Medicare Services.*

### MORE INFORMATION IS AVAILABLE

For questions regarding this most important matter, please contact Paul Dutra, Property/Liability Claims Specialist/Supervisor, at 438-6511 ext. 543 or via email at [pdutra@ritrust.com](mailto:pdutra@ritrust.com). Additional information regarding these Medicare reporting changes can be found on The Trust's website, [www.ritrust.com](http://www.ritrust.com).