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MEMORANDUM

**DATE:** April 25, 2006

**FROM:** Director  
Financial Services Group  
Office of Financial Management

**SUBJECT:** Workers' Compensation Medicare Set-Aside Arrangements (WCMSAs) and  
Revision of the Low Dollar Threshold for Medicare Beneficiaries

**TO:** All Regional Administrators

The purpose of this memorandum is to replace Q/A #2 of the July 11, 2005 Memorandum with regard to the Centers for Medicare & Medicaid Services' (CMS') low dollar WCMSA threshold for Medicare beneficiaries. Effective with the issuance of this memorandum, CMS will only review new WCMSA proposals for Medicare beneficiaries where the total settlement amount is greater than \$25,000.00. The CMS wishes to stress that this is a CMS **workload review** threshold and not a substantive dollar or "safe harbor" threshold. Medicare beneficiaries must still consider Medicare's interests in all WC cases and ensure that Medicare is secondary to WC in such cases.

Note that the computation of the total settlement amount includes, but is not limited to, wages, attorney fees, all future medical expenses (including prescription drugs) and repayment of any Medicare conditional payments. Payout totals for all annuities to fund the above expenses should be used rather than cost or present values of any annuities. Also note that any previously settled portion of the WC claim must be included in computing the total settlement amount.

Also note that both the beneficiary and non-beneficiary review thresholds are subject to adjustment. Claimants, employers, carriers and their representatives should regularly monitor the CMS website at [www.cms.hhs.gov/WorkersCompAgencyServices](http://www.cms.hhs.gov/WorkersCompAgencyServices) for changes to these thresholds and for other changes in policies and procedures.

/s/

Gerald Walters