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Strategic Settlements: Lowering Costs & Securing Reversionary Interests

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Social Security

Medicare Eligible:

- 65 years old?
- Received SSDI Benefits for 24 months
- End Stage Renal Disease

On the road to Medicare...

“reasonable expectation”

- Receiving SSDI Benefits for less than 2 years
- Made application for SSDI Benefits
- Has a pending appointment for SSDI Benefits
- Been denied SSDI Benefits
- Appealing denial of SSDI Benefits
- 62.5 years old



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What is a Structured Settlement?

The client purchases an annuity from a life insurance company to pay the Claimant a series of periodic payments for a specific period of time, or for the Claimant's lifetime.



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Structured Settlement Rates: Continue to be the Highest They've Been in Years



Structured settlements have always provided many benefits, regardless of interest rates:

- Establishing a reliable payment stream for claimants who have suffered income loss.
- Providing guaranteed long-term, tax-free income.
- Protecting claimants from spending their settlement funds too quickly.
- CMS has approved their use to fund MSAs.
- Overcome any MSA shortfalls: CMS will cover any expenses between payments from the annuity.

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Payout Types

Lifetime – Payments are guaranteed for the life of the claimant.

Period Certain – Payments are guaranteed for a certain period of years.

Temporary Life – Payments are guaranteed for a certain period of time, which has already been set in the MSA, as long as the claimant is living. ("if living annuity")



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Professional administration Overview

What is a Professional Administrator?

A professional administrator is an independent party that helps in settling future medical claims and provides resources and expertise to effectively manage the injured individual's future medical funds



Establishes a bank account for the injured individual's future medical care



Receives bills and pays them on behalf of the injured individual



In the case of a MSA, handles all required annual reporting



Manages disbursements of remaining funds upon death



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CareGuard Overview



- Supports future medical needs
- MSA compliance, including coordination of benefits with Medicare
- Bank account is set up on behalf of the injured individual
- Bills sent to CareGuard to provide reductions through our discount partners
- Freedom of choice in doctor or pharmacy
- Our team provides support and coordination of care
- One-time fee, only if the case settles with CareGuard



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OVERCOME THESE SETTLEMENT BARRIERS WITH AMETROS



Injured individual worries settlement funds won't cover future medical expenses



We help preserve funds and maximize savings, extending longevity of available resources



Injured individual is frustrated with prior authorization process and utilization reviews



We eliminate care restrictions; the injured individual can treat with any provider or pharmacy



Injured individual finds managing their future medical care overwhelming and complex



Our dedicated team provides support, answering questions and coordinating care



Injured individual worries about MSA reporting and potential loss of Medicare coverage



We handle all MSA fund administration and reporting requirements, ensuring full compliance

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WHERE AMETROS FITS INTO YOUR CLAIMS PROCESS

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Injury & Claim Initiation

You manage the claim from injury through treatment and evaluation

We stay behind the scenes, ready to support post-settlement transition

2

Settlement Negotiations

You work to settle the claim and ensure CMS compliance

We consult to ensure CMS requirements are met and the injured individual has post-settlement support

3

Finalize Settlement

You close the claim, and funds are distributed

We help the individual transition to life after settlement and professionally administer their settlement funds

4

Post-Settlement Support

We provide ongoing support for life, saving money on treatments to extend the life of their funds, and coordinating their care

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OFFERING AMETROS

Contact us!

- Email or call us as soon as you're aware of a settlement with a future medical allocation
- referral@ametros.com | ametros.com/refer-a-case/

Communication & Outreach

We'll assist in explaining professional administration to the injured individual, share educational information, attend mediations, or join conference calls/roundtables

Account Setup – What's Required?

Once we have the following items, the account is activated:

- Signed Agreement
- Setup Fee (billed to the claim file)
- Funding – Allocation Funding Amount or Seed and Annuity Payments
- Approved Settlement Documents



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WHEN TO OFFER PROFESSIONAL ADMINISTRATION

Future Medical

Settlement includes future medical, especially MSAs

Compliance & Reporting

Individual has concerns about CMS compliance and required annual reporting

Complex or Catastrophic Cases

Catastrophic or severe injuries, complex cases, or multiple claim injuries

Fund Concerns

Individual fears their settlement funds won't last

Healthcare Concerns

Individual has concerns about managing their healthcare or bills after settlement



SETTLEMENT STRATEGIES UTILIZING ANNUITIES AND PROFESSIONAL ADMINISTRATION

- By structuring and professionally administering a settlement it allows for settlement strategies that can make settlements financially viable for all parties.
- The use of commutation rider and a reversionary interest can become possible solutions to creating an equitable settlement



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Reversionary Interest

- Remaining MSA funds are returned to the Carrier or Employer after the claimant's death, once all outstanding medical bills have been settled.
- Parties benefit from billing discounts negotiated by the administrator.
- Helps address situations where CMS establishes a higher-than-anticipated MSA amount but settlement is still desired.
- **Historical data:** negotiated rates typically reduce costs by 40-60%.
- Members utilize approximately 50% of projected expenditures on average.
- These efficiencies may produce residual funds eligible for return.

REVERSIONARY
INTEREST

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CLIENT CASE STUDY: FULL PROGRAM ADOPTION

Metric	Worker's Compensation	Liability
Referrals	5,247	533
Members	3,591	360
Referral to Member Conversion	68%	68%
Total Case Value	\$419M	\$8M
Reversionary Recoveries	\$3.5M	\$2.5M

Metric	Prepaid Card Program
Value Loads	1,394
Total Settlements	\$6.8M

- Client adopted the Workers' Compensation program in 2017 and Liability in 2020.
- Consistent adoption across Workers' Compensation and Liability drives higher conversion outcomes and long-term program value.



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MSA Analysis: Reversionary Interest & Commutation Rider

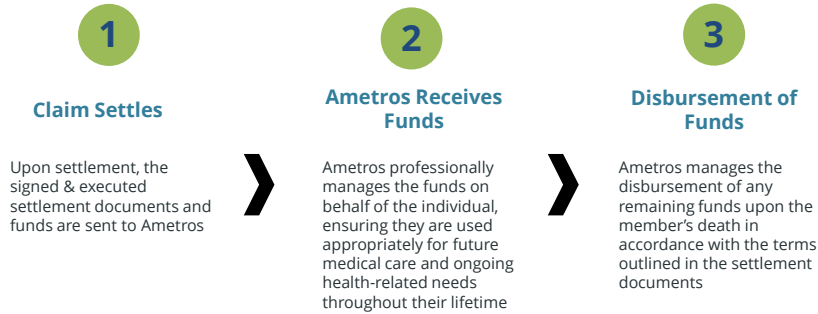
Shaded columns represent potential funds recoverable by the Carrier or Employer.

Claimant	MSA Amount	Seed Amount	Annuity Cost	Admin Cost	Upfront Savings	MSA Funds Remaining	Annuity Present Value
1	\$396,338.02	\$73,885.67	\$180,845.00	\$1,000.00	\$140,607.35	\$73,885.67	\$170,261.26
2	\$134,544.00	\$47,977.00	\$65,575.00	\$1,000.00	\$19,992.00	\$47,977.00	\$61,734.50
3	\$31,656.47	\$1,172.46	\$12,195.00	\$1,000.00	\$17,289.01	\$31,404.81	\$11,837.95
Totals	\$562,538.49	\$123,035.13	\$258,615.00	\$3,000.00	\$177,888.36	\$153,267.48	\$243,833.71

Combined Potential Recovery **\$397,101.19**

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PROCESS FOR DISBURSEMENT OF FUNDS



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Structured Settlements with a Commutation Rider

- Structured settlements can reduce MSA funding costs by more than 30% on average.
- Fortis provides initial quotes at the time of MSA submission, at the time of CMS approval, or as the case is being negotiated, showing total savings compared to lump-sum funding.
- Fortis will lock in the best available quote with the life company, coordinate all necessary documentation for Workers' Compensation Board approval, and provide required documentation to Ametros.
- Standard annuities for MSA funding provide payments only while the claimant is living.
- Structuring with guaranteed payments enables the inclusion of a commutation rider.
- **Commutation rider** allows a specified percentage of the present value of future payments to be converted into a lump sum.
- The lump sum is returned to the Carrier or Employer.



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Costs and Considerations of these strategies

- Professional administration: one-time \$1,000 fee.
- Reversionary interest requires professional administration for expenditure oversight.
- Commutation rider cost varies — requires a period-certain annuity with guaranteed payments vs. a temporary life annuity.
- Across 15 recent annuities, additional cost ranges from 3–20% (avg. ~10%).
- Net average upfront savings by utilizing the annuity still ~25% despite the added cost.
- Reversionary interest and commutation rider terms are fully negotiable.
- Remainder splits are flexible (e.g., 50/50 between carrier/employer and beneficiaries).
- Payments can be partially commuted as a lump sum to the carrier/employer.
- Remaining payments can continue to beneficiaries or be paid as a separate lump sum.



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Conclusions & Next Steps

Key Findings

- Upfront savings of 31.6%, consistent with results from cases without administration and commutation.
- Reversionary interest and commutation rider provide the only mechanisms for returning unused funds to the Carrier or Employer.
- Final two columns in the data table reflect estimated amounts eligible for reversion or commutation.

Next Steps

- Establish referral triggers and workflows.
- Provide information and training to team managers, defense counsel, and select adjusters in audience-specific formats.
- The preceding analysis can be updated on demand or provided on a recurring basis in any preferred format.
- Arcadia, Bradford & Barthels and Fortis are available to support implementation, including presenting to opposing counsel and claimants.



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Questions?

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