



ILLINOIS WORKERS' COMPENSATION COMMISSION

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ROD R. BLAGOJEVICH
GOVERNOR

DENNIS R. RUTH
CHAIRMAN

Memo

TO: All Arbitrators

FROM: Dennis R. Ruth, Chairman

DATE: October 3, 2006

RE: Cases pending Medicare set-aside approval

It is apparent that waiting for approval of Medicare set-aside agreements by the Centers for Medicare and Medicaid Services (CMS) is creating significant delays for parties to process lump-sum settlement contracts. Attached is a letter from Governor Blagojevich to the Social Security Commissioner requesting additional resources to move these cases through its system faster. However, until this problem is corrected, we need to provide relief to parties who are burdened by the additional administrative requirements caused by these delays.

Effective immediately, I am directing each of you to automatically continue any red-line case where the parties have provided you with a copy of their letter to CMS requesting approval of a set-aside agreement. As long as the parties have agreed in principle to settle the workers' compensation case and have provided you with a copy of their letter to CMS requesting its approval, you should continue the case for up to a year. That should give the parties the time needed to obtain CMS approval without burdening them with wasting additional time and expenses involved in submitting letters and appearing at the Commission. It will also allow us to get an accurate count on how many cases are pending Medicare set-aside approval and for how long.

cc: All Interested Parties



OFFICE OF THE GOVERNOR
SPRINGFIELD 62706

Rod Blagojevich
GOVERNOR

October 3, 2006

The Honorable Jo Anne B. Barnhart
Altmeyer Building, Room 900
6401 Security Boulevard
Baltimore, MD 21235

Dear Commissioner:

I am writing to you regarding a problem that is adversely affecting thousands of Illinois citizens and tens of thousands of US citizens each year. Simply stated, the Centers for Medicare and Medicaid Services (CMS) is not staffed at a sufficient level to handle the volume of cases submitted to them for approval of Medicare set-aside agreements relating to workers' compensation claims. I urge you to provide additional resources in your Fiscal Year 2008 budget proposal to hire additional staff to review these agreements.

CMS requires parties settling state workers' compensation claims to get advance approval to ensure that adequate funds are set aside to cover the costs of future medical treatment related to the work injury. Instead of approving set-aside agreements within a week of their submission to CMS, as is the case at our Workers' Compensation Commission, CMS takes six months to a year to approve a set-aside agreement. During the delay either workers are forced to wait for benefits that everyone agrees are owed or employers are required to pay weekly benefits for an additional six months to a year.

Given that six or more months is a routine timeframe for processing agreements, it is evident that CMS does not have adequate staff for this important function. As a practical matter, this affects all cases involving employees who are permanently and totally disabled as well as employees who are at or near retirement age. In Illinois we presently have approximately 6,500 claimants who meet those criteria. For their sake, and that of their peers around the country the system must be improved.

On behalf of the citizens of the State of Illinois I hereby request that funding be added to your Fiscal Year 2008 budget proposal to hire additional staff to review these Medicare set-aside settlements more promptly. The employees and employers of the State of Illinois and of the United States deserve a higher standard of service.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Rod Blagojevich".

Rod Blagojevich