

The following form has been recommended by at least one CMS regional office.

TERMS AND CONDITIONS FOR BENEFICIARY ADMINISTERED

MEDICARE SET-ASIDE ACCOUNT

Medicare beneficiary, [Claimant] (Claimant), HIC # [Number], sustained a [describe work related condition(s)] at work on [Date(s) of injury]. As a result of the accident, Claimant filed a Michigan workers' compensation claim. Claimant has negotiated a settlement of [his/her] workers' compensation claim. It is anticipated that Claimant will require future medical treatment for the [describe work related condition(s)] sustained at work.

Federal regulations provide that the liability for work-related injury lifetime medical expenses should not be shifted to Medicare from the responsible party. Accordingly, a portion of a Medicare beneficiary's workers' compensation settlement must be set aside to pay for the beneficiary's future work-related injury or illness medical expenses. 42 C.F.R. § 411.46. Federal regulations also provide that Medicare will not pay for any medical expenses for the work-related injury or illness, after a workers' compensation settlement is received, until the amount of the lump sum settlement allocated to future medical expenses is exhausted. Id.

Consequently, in order to comply with the applicable federal regulations and to reasonably recognize Medicare's interest, Claimant will use \$[Amount] from [his/her] workers' compensation settlement award to fund a Medicare Set-Aside Account. This account will be known as the "[Claimant] Medicare Set-Aside Account." If Claimant adheres to the following terms and conditions in administering the [Claimant] Medicare Set-Aside Account, then, when the set-aside funds are depleted and a satisfactory final accounting has been provided to the Centers for Medicare & Medicaid Services, (CMS), Medicare will pay for any Medicare covered medical treatment Claimant receives as a result of the [describe work related condition(s)] [he/she] sustained at work. However, in the event Claimant fails to adhere to any of the following terms and conditions, CMS may regard such a default as a failure to reasonably recognize Medicare's interests and may deny Medicare coverage for all medical treatments due to Claimant's work related [describe condition(s)] injury. The terms and conditions are as follows.

1. **Work-Related Injury Defined** - Claimant's "work-related injury" is defined as [describe work related condition(s), DOI & how it occurred].
2. **Initial Set-Aside Account Funding** - The [Claimant] Medicare Set-Aside Account shall initially be funded with \$[Amount set aside for Medicare] from the proceeds of the \$[Redemption amount] settlement award Claimant received in [his/her] workers' compensation lawsuit.
3. **Set-Aside Account Interest Income** - The Medicare Set-Aside funds shall be placed in an interest bearing account, denominated "[Claimant] Medicare Set-Aside Account," that is insured by the Federal Deposit Insurance Corporation. A copy of the documents establishing the [Claimant] Medicare Set-Aside Account shall be sent to CMS within 30 days of the workers' compensation settlement award being disbursed to Claimant.
4. **Distribution of the Set-Aside Account Funds** - The funds in the [Claimant] Medicare Set-Aside Account shall be used solely for medical expenses incurred by Claimant for those medical needs related to or resulting from [his/her] work-related injury, which would otherwise be reimbursable or paid for by Medicare. Funds in the [Claimant] Medicare Set-Aside Account shall not be used to pay for medical services not covered by Medicare. Federal statutes and regulations set forth the medical services and equipment that are covered by Medicare. For a reference aide, Claimant should obtain a

11. **Misappropriated Set-Aside Account Funds** - If, after the [Claimant] Medicare Set-Aside Account is depleted, the final accounting reveals that funds in the account were used to pay for items other than medical expenses for medical needs related to or resulting from Claimant's work related injury, which would otherwise be covered by Medicare, CMS will withhold Medicare coverage for work-related injury medical expenses in an amount equal to the misappropriated funds.

I, [Claimant] , have read and understand the above-listed terms and conditions. I agree to abide by these terms and conditions in order to protect my ability to obtain Medicare coverage for my work-related injury medical expenses once the [Claimant] Medicare Set-Aside Account is depleted. I understand that if I fail to abide by the above-listed terms and conditions, I may not be eligible for Medicare coverage for my work-related injury medical expenses.

[Claimant]

Date