

## Arizona SB 1100

### “Full and Final” Settlements – Statutory Breakdown

**Ariz. Rev. Stat. 23-941.01  
Settlement of Accepted Claims**

<b>Full and Final Settlement – Defined</b>	A settlement in which the injured employee or, if the injured employee is deceased the employee’s estate, surviving spouse or dependent waives any future entitlement to benefits on the claim and any future right to change the claim pursuant to Ariz. Rev. Stat. 23-1044, Subsection F, or reopen the claim per Ariz. Rev. Stat. 23-1061, Subsection H.
<b>Basics</b>	Parties may settle or release all or part of an accepted claim for compensation, benefits, penalties or interest if the period of temporary disability is terminated by a final notice of claim status, award of the commission or stipulation of the interested parties.
<b>Excluded Claims</b>	<ul style="list-style-type: none"> <li>• Does <u>not</u> apply to the settlement of denied claims.</li> <li>• May <u>not</u> include the settlement of claims unrelated to the claim for compensation, benefits, penalties, and interest.</li> <li>• May <u>not</u> be negotiated to settle issues resulting in total and permanent disability per Ariz. Rev. Stat. 23-1045, subsections C and D.</li> </ul>
<b>Settlement Agreement</b>	The settlement agreement must: <ul style="list-style-type: none"> <li>• Be in writing.</li> <li>• Signed by carrier, special fund or self-insured employer, or an authorized representative thereof, AND employee or the employee’s authorized representative.</li> <li>• Acknowledge that the employee had the opportunity to seek legal advice and be represented by counsel.</li> <li>• Include a description of the employee’s medical conditions that have been identified and contemplated at the time of the settlement agreement.</li> <li>• Have attached the information provided by the carrier, special fund or self-insured employer regarding future medical, surgical and hospital benefits, and future indemnity benefits as outlined and described in the Attestation requirements section immediately below (next section).</li> </ul>

<p><b>Signed Attestation – Represented and Unrepresented Employees</b></p>	<p>The full and final settlement must include signed “attestations” that:</p> <ul style="list-style-type: none"> <li>(A) Employee understands the rights settled and released by the agreement;</li> <li>(B) Employee has been provided information from the carrier, special fund or self-insured employer outlining:             <ul style="list-style-type: none"> <li>• any reasonable <b>anticipated future medical, surgical and hospital benefits</b> related relating to the claim, the projected costs and an explanation of how those projected costs were determined; AND</li> <li>• a disclosure of the amount of the settlement that represents the settlement of future medical, surgical and hospital benefits.</li> </ul> </li> <li>(C) Employee has been provided information from the carrier, special fund or self- insured employer disclosing the <b>total amount of future indemnity benefits</b>, including:             <ul style="list-style-type: none"> <li>• the employee’s rated age (if applicable);</li> <li>• life expectancy;</li> <li>• source of the employee’s life expectancy;</li> <li>• present value of future indemnity benefits;</li> <li>• the discount rate used to calculate present value; and</li> <li>• the amount of the settlement representing the settlement of future indemnity benefits.</li> </ul> </li> <li>(D) Employee understands that monies received for future medical treatment associated with the industrial injury should be set aside to ensure that the costs of the treatment will be paid.</li> <li>(E) <u>The parties have considered and taken reasonable steps to protect any interests of Medicare, Medicaid, The Indian Health Service, and U.S. Department of Veterans Affairs, including establishing a Medicare savings account if necessary.</u></li> <li>(F) The parties have conducted a search for and taken reasonable steps to satisfy any identified medical liens and unpaid medical charges.</li> <li>(G) Coercion, duress, fraud, misrepresentation or undisclosed additional agreements have not been used to achieve the full and final settlement.</li> </ul>
<p><b>Settlement Approval (Unrepresented Employees)</b></p>	<ul style="list-style-type: none"> <li>• Employee must appear before an administrative law judge (ALJ) of the commission and the ALJ shall:             <ul style="list-style-type: none"> <li>• make factual findings that the items outlined in the settlement agreement and attestation sections above are satisfied.</li> <li>• conduct a hearing and perform a detailed inquiry into the attestations provided; said inquiry shall include whether the unrepresented employee understands the specific rights being settled and released,</li> </ul> </li> </ul>

	the information, computation and methodology provided by the carrier, special fund or self-insured employer, and the employee's responsibility to protect the interests of other payers and ensure the payment of future treatment costs.
<b>Settlement Approval (Represented Employees)</b>	<ul style="list-style-type: none"> <li>If an ALJ of the commission determines that the settlement agreement requirements (as outlined above) are satisfied and that the attestations requirements (as outlined above) are present, then the ALJ shall approve the settlement.</li> </ul>
<b>Payment of Settlement</b>	A full and final settlement payment shall be made to the employee w/in 15 days after the award approving the settlement becomes final.
<b>Notification of Settlement to Attending Physician</b>	Carrier, special fund or self-insured employer shall notify the attending physician of the approval of a full and final settlement if the settlement terminates the employee's entitlement to medical benefits.
<b>Medical benefits – prior to settlement approval</b>	Unless medical benefits rendered before the approval date of the settlement are subject to a dispute or payment for the treatment was included in the full and final settlement, the carrier, special fund or self-insured employer remains responsible for payment for the treatment not covered by the full and final settlement.

**Ariz. Rev. Stat. 23-941.03  
Settlement of Supportive  
Medical Maintenance Benefits**

<b>Defined</b>	Final settlement means a settlement in which the injured worker waives any future entitlement to supportive medical maintenance benefits for known conditions described in the agreement.
<b>General</b>	<ul style="list-style-type: none"> <li>Allows the commission to approve a full and final settlement agreement involving undisputed entitlement to supportive medical maintenance benefits if the below requirements are met.</li> <li>Any agreement is not valid and enforceable until the final settlement agreement is approved by the commission.</li> <li>This section does not prohibit a settlement that does not constitute a final settlement.</li> </ul>

<b>Basics</b>	Parties may enter into a final settlement and release of a claim for undisputed entitlement to supportive medical maintenance benefits after the period of temporary disability is terminated by a final notice of claim status or award of the commission.
<b>Requirements</b>	<ul style="list-style-type: none"> <li>• Carrier, special fund or self-insured employer shall submit a summary of all reasonably anticipated future supportive medical maintenance benefits AND the projected cost of the benefits for review by the employee. This summary must also be included with the final settlement agreement filed with the commission.</li> <li>• All medical conditions subject to the final settlement agreement must be disclosed within the final settlement agreement.</li> <li>• The final settlement provisions shall apply only to future supportive medical maintenance benefits for the described condition.</li> </ul>
<b>Notice of settlement to attending physician</b>	Carrier, special fund or self-insured employer shall notify the attending physician of the approval of a final settlement agreement.
<b>Medical benefits – prior to settlement approval</b>	Unless supportive medical maintenance rendered before the date of the final settlement are subject to a dispute or payment for the treatment was included in the final settlement agreement, the carrier, special fund or self-insured employer remains responsible for payment for the treatment not covered by final settlement agreement as provided by this chapter.

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Click [here](#) to learn how ISO Claims Partners can help you address your Medicare Secondary Payer Compliance obligations under Arizona SB 1100.

Click [here](#) for a “Settlement Checklist” desk reference to help you keep track of the key requirements.