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 | ADMINISTRATIVE DIRECTIVE |
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TRANSMITTAL: 92 ADM-7

TO: Commissioners of
 Social Services

DIVISION: Income
 Maintenance

DATE: February 11, 1992

SUBJECT: Treatment of Lump Sum Workers' Compensation Awards

SUGGESTED DISTRIBUTION: Public Assistance Directors
 Food Stamp Directors
 Medical Assistance Directors
 Staff Development Coordinators

CONTACT PERSON: Public Assistance
 Greg Nolan at 1-800-342-3715, extension 4-9313
Food Stamps
 County Representative at 1-800-342-3715,
 extension 4-0886

ATTACHMENTS: None

FILING REFERENCES

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
86 ADM-30	85 ADM-12	352.29		<u>PASB</u>	GIS 91
85 ADM-12		387.11(k)		XVI-O 5&6	IM/DC047
84 ADM-39				XXI-A 5	
81 ADM-55				<u>FSSB</u> XII-G-7	

I. PURPOSE

This is to inform districts of a change in policy regarding the treatment of certain Workers' Compensation awards.

II. BACKGROUND

As a result of the settlement in Taggart vs. Perales, social services districts were required to treat as a resource lump sum Workers' Compensation awards which were settlements for a loss of physical function or the loss of a body part.

The Taggart settlement has been superseded by federal regulations which clarified that windfall Workers' Compensation awards are to be treated as lump sums. As a result, the Department has filed a regulatory change requiring all windfall Workers' Compensation awards be treated as a lump sum payment.

Districts were notified of this change in 91 IM/DC047.

III. PROGRAM IMPLICATIONS

A. Public Assistance

This change will simplify policy since now all lump sum Workers' Compensation awards will be treated in the same way.

B. Food Stamps

Non-recurring lump sum Workers' Compensation awards are excluded as food stamp income, but counted as a resource in the month received.

C. Medical Assistance

Lump sum payments received from Workers' Compensation for the loss of a physical function or the loss of a body part will be considered unearned income in the month received for HR-, ADC- and SSI-related applicants/recipients. This parallels the policy for treatment of most other lump sums. Lump sum Workers' Compensation payments, as well as recurring monthly payments, will be considered unearned income in the month received and a resource in subsequent months, if retained.

IV. REQUIRED ACTION

Districts must treat all non-recurring Workers' Compensation awards received by public assistance recipients as lump sums and not as resources.

V. SYSTEMS IMPLICATIONS

Upstate ABEL

Workers must code non-recurring Workers' Compensation awards using Unearned Income Source Code "26 - Lump Sum Payments (PA Only)".

Downstate ABEL

Workers must code non-recurring Workers' Compensation awards using Unearned Income Source Code "20 - Lump Sum Payments (PA Only)".

VI. EFFECTIVE DATE

This directive is effective March 1, 1992, retroactive to October 30, 1991.

Oscar R. Best, Jr.
Deputy Commissioner
Division of Income Maintenance