Reporting of Compromise Settlements

Compromise Settlements are agreements approved by the Commission by way of Petition and Order that: (1) settles one or more dates of injury, (2) settles one injury where more than one Insurance Carrier/Claim Administrator is responsible, or (3) is a settlement based on a third party award. Settlements are typically the only lump sum benefits to be reported in Virginia using a 5xx Benefit Type and Payment Reason Code, aside from Permanent Partial benefits awarded to be paid in a lump sum, with a 4% discount.

A SROI PY is required for each JCN included in the settlement. The terms of the settlement will determine if the payment information should be populated in the Benefit and Payment Segment or if Reduced Benefit Type Code of S (Claim Settled Under Another DOI) or N (No Money Settlement) should be reported.

One JCN has been settled

Scenario 1: When the one JCN has settled and receives the total amount of the settlement.

Example: Total Settlement Amount = $75,000
  JCN: VA00000123456, DOI: 5/10/2023
This is the only JCN settled.

JCN	Benefit and Payment Segment	Reduced Benefit Type Code	Jurisdiction Claim Number - Related
VA00000123456	$75,000		

Two JCNs have been settled

Scenario 1: When the total amount of the settlement is not allocated to a specific JCN.

Example: Total Settlement Amount = $75,000
  JCN 1: VA00000123456, DOI: 5/10/2023
  JCN 2: VA00000156456, DOI: 1/01/2023
In cases where the total amount covers two claims and is not allocated, half the total amount should be reported on both claims.

JCN	Benefit and Payment Segment	Reduced Benefit Type Code	Jurisdiction Claim Number – Related
(1) VA00000123456	$37,500		
(2) VA00000156456	$37,500		

Scenario 2: When the total amount of the settlement is allocated to a specific JCN.

Example: Total Settlement Amount = $75,000
  JCN 1: VA00000123456, DOI: 5/10/2023
  JCN 2: VA00000156456, DOI: 1/01/2023
    $75,000 towards JCN 1

JCN	Benefit and Payment Segment	Reduced Benefit Type Code	Jurisdiction Claim Number – Related
(1) VA00000123456	$75,000		
(2) VA00000156456		S	VA00000123456

Reporting of Compromise Settlements

Email: EDI.Support@workcomp.virginia.gov **| Toll-Free**: 877-664-2566

Scenario 3: When the total amount of the settlement is allocated to both JCNs.

Example: Total Settlement Amount = $75,000
   JCN 1: VA00000123456, DOI: 5/10/2023
   JCN 2: VA00000156456, DOI: 1/01/2023
     $15,000 towards JCN 1 and $60,000 towards JCN 2

JCN	Benefit and Payment Segment	Reduced Benefit Type Code	Jurisdiction Claim Number – Related
(1) VA00000123456	$15,000		
(2) VA00000156456	$60,000		

Three or more JCNs have been settled

Scenario 1: When the total amount of the settlement is not allocated to a specific JCN.

Example: Total Settlement Amount = $100,000
   JCN 1: VA00000123456, DOI: 5/10/2023
   JCN 2: VA00000156456, DOI: 1/01/2023
   JCN 3: VA00000123420, DOI: 11/29/2023
In cases where the total amount covers three or more claims and is not allocated, the total amount should be reported on the claim with the most recent date of injury.

JCN	Benefit and Payment Segment	Reduced Benefit Type Code	Jurisdiction Claim Number – Related
(1) VA00000123456		S	VA00000123420
(2) VA00000156456		S	VA00000123420
(3) VA00000123420	100,000		

Scenario 2: When the total amount of the settlement is allocated to a specific JCN.

Example: Total Settlement Amount = $100,000
   JCN 1: VA00000123456, DOI: 5/10/2023
   JCN 2: VA00000156456, DOI: 1/01/2023
   JCN 3: VA00000123420, DOI: 11/29/2023
     $100,000 towards JCN 2

JCN	Benefit and Payment Segment	Reduced Benefit Type Code	Jurisdiction Claim Number – Related
(1) VA00000123456		S	VA00000156456
(2) VA00000156456	$100,000		
(3) VA00000123420		S	VA00000156456

Reporting of Compromise Settlements

Scenario 3: When the total amount of the settlement is split into two separate amounts to cover three JCNs.

JCN	Benefit and Payment Segment	Reduced Benefit Type Code	Jurisdiction Claim Number – Related
Example: Total Settlement Amount = $100,000 JCN 1: VA00000123456, DOI: 5/10/2023 JCN 2: VA00000156456, DOI: 1/01/2023 JCN 3: VA00000123420, DOI: 11/29/2023 JCN 4: VA00000123786, DOI: 5/20/2022 $60,000 towards JCN 1 and $40,000 towards JCN 2 thru 4			
(1) VA00000123456	$60,000		
(2) VA00000156456		S	VA00000123420
(3) VA00000123420	$40,000		
(4) VA00000123786		S	VA00000123420

Scenario 4: When the total amount of the settlement is split into two separate amounts to cover more than three JCNs.

Scenario 4a: One amount towards one JCN and the second amount covers the rest of the JCNs.

JCN	Benefit and Payment Segment	Reduced Benefit Type Code	Jurisdiction Claim Number – Related
Example: Total Settlement Amount = $100,000 JCN 1: VA00000123456, DOI: 5/10/2023 JCN 2: VA00000156456, DOI: 1/01/2023 JCN 3: VA00000123420, DOI: 11/29/2023 JCN 4: VA00000123786, DOI: 5/20/2022 JCN 5: VA00000263786, DOI: 6/19/2021 $60,000 towards JCN 1 and $40,000 to cover JCNs 2 thru 5			
(1) VA00000123456	$60,000		
(2) VA00000156456		S	VA00000123420
(3) VA00000123420	$40,000		
(4) VA00000123786		S	VA00000123420
(5) VA00000263786		S	VA00000123420

Reporting of Compromise Settlements

Email: EDI.Support@workcomp.virginia.gov **| Toll-Free**: 877-664-2566

Scenario 4b: One amount covers two JCNs and the second amount covers the other JCNs.

Example: Total Settlement Amount = $100,000
  JCN 1: VA00000123456, DOI: 5/10/2023
  JCN 2: VA00000156456, DOI: 1/01/2023
  JCN 3: VA00000123420, DOI: 11/29/2023
  JCN 4: VA00000123786, DOI: 5/20/2022
  JCN 5: VA00000263786, DOI: 6/19/2021
    $60,000 towards JCN 1 & 3 and $40,000 to cover JCNs 2, 4 & 5

JCN	Benefit and Payment Segment	Reduced Benefit Type Code	Jurisdiction Claim Number – Related
(1) VA00000123456	$30,000		
(2) VA00000156456	$40,000		
(3) VA00000123420	$30,000		
(4) VA00000123786		S	VA00000156456
(5) VA00000263786		S	VA00000156456

One Injury settles against more than one Insurance Carrier/Claim Administrator

When a date of injury is settled where more than one Insurance Carrier/Claim Administrator is ordered to pay an allocated amount, each Insurance Carrier/Claim Administrator is required to submit their payments via EDI on the JCN in which they are the main party. If more than one JCN does not exist for the injury at the time of the settlement, the Commission will create an additional JCN for each additional party responsible for making a payment.

Scenario 1:

When the Employer/Insurance Carrier A is to pay X amount of the total settlement and Employer/Insurance Carrier B is to pay Y amount of the total settlement, a JCN exist listing Employer/Insurance Carrier A and a second JCN exist listing Employer/Insurance Carrier B in order for each to submit their payment.

Example: Total Settlement Amount = $75,000
  JCN 1: VA00000123456, DOI: 5/10/2023 against Employer/Insurance Carrier A
  JCN 2: VA00000156456, DOI: 5/10/2023 against Employer/Insurance Carrier B
$30,000 to be paid by Employer/Insurance Carrier A and $45,000 to be paid by Employer/Insurance Carrier B. Each Insurance Carrier is to report their allocated amount of the settlement on their respective JCN.

JCN	Benefit and Payment Segment
(1) VA00000123456, Insurance Carrier A	$30,000
(2) VA00000156456, Insurance Carrier B	$45,000

Reporting of Compromise Settlements

Email: EDI.Support@workcomp.virginia.gov | **Toll-Free**: 877-664-2566

Scenario 2:

When the Employer/Insurance Carrier A is to pay X amount of the total settlement and the uninsured Employer is to pay Y amount of the total settlement, a JCN exist listing Employer/Insurance Carrier A and the uninsured Employer. As the Employer is to pay their allocated amount of the settlement and is uninsured, a second JCN is not created as they do not submit EDI.

Example: Total Settlement Amount = $75,000
   JCN 1: VA00000123456, DOI: 5/10/2023 against Employer/Insurance Carrier A and uninsured Employer as an additional party.
$45,000 to be paid by Employer/Insurance Carrier A and $30,000 to be paid by uninsured Employer. Insurance Carrier A is to report their allocated amount of the settlement on their respective JCN.

JCN	Benefit and Payment Segment
(1) VA00000123456, Insurance Carrier A	$45,000

Scenario 3:

When the Employer/Insurance Carrier A is to pay X amount of the total settlement and UEF is to pay Y amount of the total settlement on behalf of the uninsured Employer, a JCN exist listing Employer/Insurance Carrier A and a second JCN exist listing the uninsured Employer and the UEF in order for each to submit their payment.

Example: Total Settlement Amount = $75,000
   JCN 1: VA00000123456, DOI: 5/10/2023 against Employer/Insurance Carrier A
   JCN 2: VA00000156456, DOI: 5/10/2023 against uninsured Employer/UEF
$30,000 to be paid by Employer/Insurance Carrier A and $45,000 to be paid by the uninsured Employer/UEF. Each Insurance Carrier is to report their allocated amount of the settlement on their respective JCN.

JCN	Benefit and Payment Segment
(1) VA00000123456, Insurance Carrier A	$30,000
(2) VA00000156456, UEF	$45,000

Additional Notes

- A FROI must be filed on each JCN reflected in the Compromise Settlement before the SROI PY is submitted.
- When a Compromise Settlement indicates a separate amount for each JCN (Date of Injury) listed, a SROI PY reflecting the specific amount should be filed in the respective JCN(s).
- When a Compromise Settlement indicates more than one JCN is being settled, a SROI PY is required on each respective JCN, to report the settlement payment or the appropriate Reduced Benefit Type Code.
- If indemnity was paid on the claim prior to the settlement, the SROI Suspension is required, per sequencing guidelines, prior to the filing of the SROI PY reporting the settlement.
- Refer to the to the "Payment Segment" Training Aid for populating the SROI PY transaction.
- If you have an approved Compromise Settlement that does not fit into one of the below scenarios, contact the Commission's EDI Support Team for assistance.