



# Reporting of Attorney Fees

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When trying to determine how to report the attorney fees awarded to the Claimant's attorney, ask yourself the following question:

*Who is responsible for the payment of the attorney fees, the claimant (deducted from compensation or paid directly by the claimant) or the Insurance Carrier (Claim Administrator)?*

## **Claimant's Responsibility – reporting Attorney fees when they are awarded to be deducted from compensation**

If the Commission awarded attorney fees to be deducted from the Claimant's compensation (indemnity and/or settlement payments) or they are to be paid directly by the claimant, the segments in your transactions should be completed as follows (this only addresses the amount paid and payee that are required):

### **Benefit Segment**

Benefit Type Amount Paid should include the amount paid to the claimant and the amount deducted for claimant's legal expenses. This is also true when reporting the payment of a settlement. The amount paid to the attorney should be included in the Benefit Type Amount Paid.

### **Payment Segment**

For lump sum/settlements, two payment segments are required. One would list the claimant as the payee with his/her portion of the settlement as the payment amount and the other would list the attorney as the payee with the attorney fee as the payment amount.

### **ACR Segment**

The weekly amount you are deducting from the claimant's compensation and paying to his/her attorney should be listed as the Benefit Redistribution Weekly Amount. If the total amount due to the attorney was paid at one time, the entire amount should be listed. For lump sum/settlements, this segment should not be completed.

### **Other Benefit Segment**

This segment should only be completed to show medical payments. Code 340 should no longer be used to report attorney fees that are deemed the responsibility of the claimant. If the Commission were to award the claimant's attorney a fee to be paid by the Insurance Carrier/Claim Administrator (not deducted from comp) then you would use code 340 - see Responsibility of the Carrier (Claim Administrator) Below

### Examples:

Scenario 1: Claimant is due \$5,000.00 in TT. \$500.00 was to be deducted and paid to the attorney. (Attorney fee is responsibility of the claimant but is deducted from ongoing compensation)

- Benefit Segment – Report \$5,000.00 as the Benefit Type Amount Paid for 050
- ACR Segment – Report \$500.00 using the Redistribution Code K – Claimant Attorney Fees.

Scenario 2: Settlement issued and Claimant is due \$10,000. \$1,500.00 was to be deducted and paid to the attorney. (Attorney fee is responsibility of the claimant but is deducted from the settlement)

- Benefit Segment – Report \$10,000.00 as the Benefit Type Amount Paid for 5xx
- ACR Segment – This segment should not be completed for this scenario
- Payment Segment – two payment segments are required:
  1. Report \$8,500 as the Payment Amount for 5xx with payee as the claimant
  2. Report \$1,500 as the Payment Amount for the 5xx with the payee as the attorney



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## Insurance Carrier's Responsibility – reporting Attorney fees when they are awarded to be payable by the Insurance Carrier (Claim Administrator)

If the Commission awarded Claimant attorney fees to be payable by the carrier (claim administrator) and not deducted from the claimant's compensation, the segments in your transactions should be completed as follows (this only addresses the amount paid and payee that are required)

### Benefit Segment

The Benefit Type Amount Paid should be the amount paid to the Claimant. Attorney fee amount should not be included.

### Payment Segment

For settlements, the payment amount should be the amount paid to the claimant. Attorney fee amount should not be included.

### Other Benefit Segment

Code 340 should be used and the amount of the attorney fee should be listed. Any medical payments made should also be reported.

- \* The ACR Segment should not be completed for this scenario.

### Examples:

Scenario 1: Claimant is due \$5,000.00 in TT. \$500.00 was awarded to Claimant's attorney but assessed against the carrier and not deducted from the claimant's compensation.

- Benefit Segment – Report \$5,000.00 as the Benefit Type Amount Paid for 050
- Other Benefit Segment – Report \$500.00 as the Other Benefit Type Amount paid for 340

- \* The ACR Segment should not be completed for this scenario.

Scenario 2: Settlement issued and Claimant is due \$10,000. \$1,500.00 was awarded to Claimant's attorney but assessed against the carrier and not deducted from the claimant's compensation.

- Benefit Segment – Report \$10,000.00 as the Benefit Type Amount Paid for 5xx
- Payment Segment – Report \$10,000 as the Payment Amount for 5xx with payee as the claimant
- Other Benefit Segment – Report \$1,500.00 as the Other Benefit Type Amount paid for 340

- \* The ACR Segment should not be completed for this scenario.