

WHAT ARE THE ADVANTAGES OF LUMP-SUM PAYMENTS?

- A partial lump-sum settlement for debt allows a worker to pay off bills.
- Lump-sum payments allow a worker to receive a larger portion of money in one payment rather than multiple smaller payments.
- Lump-sum settlements may allow the parties to avoid trial (which can be expensive, time consuming and involves risk).

WHAT ARE THE DISADVANTAGES OF LUMP-SUM SETTLEMENTS?

- The amount of money agreed to in a lump-sum payment may be less than the amount that would be paid over time.
- Once the lump-sum payment runs out, there are no more benefits to be paid.
- Once medical benefits have been resolved with a lump-sum payment, there are no more medical benefits to be paid even if the injury gets worse or requires more medical treatment.

NMWCA POLICY

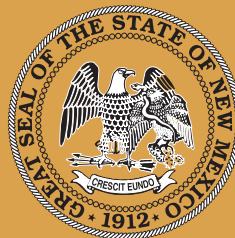
It is stated policy for the administration of the Workers' Compensation Act §52-1-1 NMSA that it is in the best interest of the injured or disabled worker to receive benefits on a periodic basis.

MORE QUESTIONS?

Contact the WCA Ombudsman office for more information.

1-866-967-5667

Monday - Friday, 8 a.m. - 5 p.m.



New Mexico Workers' Compensation Administration

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Regional Offices

Call the nearest regional office to reach the Ombudsman and Safety programs, and for forms and publications.

Farmington

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Phone: 575-524-6246

In-state toll-free:

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Las Vegas, NM 87701

Phone: 505-454-9251

In-state toll-free phone:

1-800-281-7889

Roswell

Penn Plaza Building

400 N. Pennsylvania Ave.,
Ste. 425

Roswell, NM 88201

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In-state toll-free phone:

1-866-311-8587

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Help & Hotline

1-866-WORKOMP

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<https://workerscomp.nm.gov>



State of New Mexico



Workers' Compensation Guide to Lump-Sum Settlements



STATE OF NEW MEXICO

Workers' Compensation
Administration

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WHAT IS A LUMP-SUM PAYMENT?

A Lump-Sum Payment (LSP) is a payment following an agreement that the employer/insurer will pay workers' compensation benefits to the injured worker in one or more larger amount(s) rather than in smaller amounts over time.

LSPs can be either a full or partial closure of an injured worker's claim to indemnity and/or medical benefits in exchange for an agreed-upon amount of money.

LSPs occur when all parties agree to "lump out" benefits and a workers' compensation judge approves the agreement.

The categories of lump-sum payments are:

- Return-to-Work Lump-Sum
- Partial Lump-Sum Payment for Debt
- Lump-Sum Settlement

RETURN-TO-WORK LUMP-SUM PAYMENT

Workers may decide to receive a lump-sum payment if they have returned to work for at least six months and are earning at least 80% of the Average Weekly Wage they were earning at time of the injury.

This type of lump-sum payment is based only on the Impairment Rating from the work injury and may end indemnity payments for the work injury. The employer/insurer may negotiate a discount up to 5% of the current value of benefits owed to the worker.

This type of lump-sum payment does NOT affect medical benefits.

PARTIAL LUMP-SUM PAYMENT FOR DEBT

The worker can request this kind of payment for debts acquired because of the work injury. This payment can be a partial payment or for the entire amount of benefits.

The partial lump-sum payment occurs only after the workers reaches Maximum Medical Improvement (MMI). Copies of documents showing the debt must be attached to a petition for this type of payment.

LUMP-SUM SETTLEMENT

A worker, employer and employer's insurer may choose to resolve a claim for injury with a lump-sum payment.



The payment may end indemnity benefits, medical benefits, or both. It may apply to past, present or future benefits or all three. A workers' compensation judge

must approve this type of settlement, but the judge may not order this settlement without the agreement of all parties.

WHAT PAPERWORK MUST BE COMPLETED?

All lump-sum payments require a **Petition for Lump Sum Payment** to be filed with the clerk of court. The workers' compensation judge will then issue an **Order for Lump Sum Payment**. Usually the employer/insurer or their attorney will prepare this document for the judge.

When the lump-sum payment will end the workers' benefits, the employer/insurer may also require the worker to sign a release.

WHAT HAPPENS AT A LUMP-SUM HEARING?

All lump-sum payments require a hearing and approval from a workers' compensation judge.

At the lump-sum hearing, the judge will ask the parties to describe the terms of the lump-sum payment.

The judge will swear in the worker and ask the worker to answer a list of questions while under oath. These questions are intended to make sure the worker understands what they are agreeing to and that the worker truly wishes to agree to the lump-sum payment.

Once the judge approves the lump sum and issues the Order for Lump Sum Payment, the employer/insurer will pay the worker the agreed amount.



HOW LONG DOES IT TAKE TO GET THE LUMP-SUM PAYMENT?

It usually takes at least a few weeks after the judge issues the Order for Lump Sum Payment for the injured worker to receive payment. The time may vary, and the adjuster or their attorney can answer this question in more detail.

See §§52-5-12 thru 52-5-14 NMSA and WCA Rule 11.4.4.9 to learn more about lump-sum options.

<https://workerscomp.nm.gov/WCA-Rules-and-Statutes>