

(c) *Limitations on benefits paid.* The Secretary will reduce the benefits calculated under paragraphs (a) and (b) of this section, according to the limitations described in this paragraph:

(1) *Annual limitation.* The maximum amount that a requester can receive in any one year in benefits for lost employment income under this Program is \$50,000;

(2) *Lifetime limitation.* The maximum amount that a requester can receive during his or her lifetime in benefits for lost employment income under this Program is the amount of the death benefit calculated under the PSOB Program in the same fiscal year as the year in which this lifetime cap is reached. This amount is the maximum death benefit payable to survivors under this Program using the standard calculation described in §102.82(c). However, this lifetime cap does not apply if the Secretary determines that the smallpox vaccine recipient or vaccinia contact has a covered injury (or injuries) meeting the definition of “disability” in section 216(i) of the Social Security Act, 42 U.S.C. 416(i); and

(3) *Number of lost work days.* A requester will be compensated for ten or more days of work lost if he or she lost employment income for those days as a result of the covered injury (or its health complications). If the number of days of lost employment income due to the covered injury (or its health complications) is fewer than ten, the Secretary will reduce the number of lost work days by 5 days. If the smallpox vaccine recipient or vaccinia contact lost employment income for a period of 5 days or fewer, no benefits for lost employment income will be paid. Lost work days do not need to be consecutive. Partial days of lost employment income may be aggregated to calculate the total number of lost work days. The Secretary has the discretion to consider the reasonableness of work days (or partial work days) lost as a result of a covered injury or its health complications in this calculation.

(d) *Reductions for other coverage.* From the amount of benefits calculated under paragraphs (a), (b), and (c) of this section, the Secretary will make reductions:

(1) For all payments made, or expected to be made in the future, to the requester for compensation of lost employment income or disability or retirement benefits, by any third-party payor in relation to the covered injury or its health complications, consistent with §102.32(b); and

(2) So that the total amount of benefits for lost employment income paid to a requester under this Program, together with the total amounts paid (or payable) by third-party payors, as described in paragraph (d)(1) of this section, does not exceed 66⅔% (or 75%, if the smallpox vaccine recipient or vaccinia contact had at least one dependent at the time the covered injury was sustained) of his or her employment income at the time of the covered injury for the lost work days. If a requester receives a lump-sum payment from any third-party payor, under any obligation described in paragraph (d)(1) of this section, the Secretary will deem such a payment to be received over a period of years, rather than in a single year. The Secretary has discretion as to how to apportion such payments over multiple years; and

(e) *Termination of payments.* The Secretary will not pay benefits for lost employment income after the requester reaches the age of 65.

[68 FR 70093, Dec. 16, 2003; 69 FR 7376, Feb. 17, 2004]

#### § 102.82 Calculation of death benefits.

(a) *Definitions.* For purposes of this section:

(1) *Alternative calculation* means the calculation used under paragraph (d) of this section for the death benefit available to dependents.

(2) *Deceased person* means an otherwise eligible deceased smallpox vaccine recipient or vaccinia contact; and

(3) *Dependent* means a person whom the Internal Revenue Service would have considered the deceased person's dependent at the time the covered injury was sustained, and who is younger than the age of 18 at the time of filing the Request Form.

(4) *Standard calculation* means the calculation used under paragraph (c) of this section for the death benefit available to all eligible survivors (other

than dependents who do not meet another category of eligible survivors, such as surviving eligible children).

(b) *General.* (1) If the legal guardian(s) of dependents younger than 18 years of age does not file a written selection to receive death benefits under the alternative calculation, as described in paragraph (d)(1) of this section, or if the Secretary does not approve such a selection, the Secretary will pay proportionate death benefits under the standard calculation to all of the eligible survivors with priority to receive death benefits under the standard calculation, as described in §102.11(b).

(2) If the Secretary approves a written selection to receive benefits under the alternative calculation, as described in paragraph (d)(1) of this section:

(i) If no other eligible survivors are of equal priority to receive death benefits, the Secretary will pay a death benefit in an amount calculated under the alternative calculation to the aggregate of the dependents on whose behalf the election was filed; and

(ii) If other eligible survivors are of equal priority to receive death benefits as the dependents receiving death benefits under the alternative calculation, the Secretary will pay the other eligible survivors a proportionate amount of the death benefit available and calculated under the standard calculation. In such circumstances, the Secretary will pay the aggregate of the dependents receiving a death benefit under the alternative calculation a proportionate share of the benefits available under that calculation (in place of the proportionate share of the death benefit that would be available under the standard calculation). For example, if a deceased smallpox vaccine recipient is survived by a dependent 10-year old child and a spouse who is not the child's legal guardian (e.g., the dependent child's parents were the deceased person and his or her former spouse), the surviving spouse would be able to receive his or her share of the death benefit under the standard calculation, and the dependent child's legal guardian, on behalf of the minor, would receive either the child's proportionate share of the death benefit under the standard calculation or the child's pro-

portionate share of the death benefit available under the alternative calculation (if the legal guardian filed a written selection for such a death benefit).

(c) *Standard calculation of death benefits.* (1) The maximum death benefit available under the standard calculation of death benefits is the amount of the comparable death benefit calculated under the PSOB Program in the same fiscal year as the year in which the death benefit under the standard calculation is paid under this Program (without regard to any reduction under the PSOB Program attributable to a limitation in appropriations), reduced by the total amount of benefits for lost employment income paid under this Program to the deceased person during his or her lifetime and to his or her estate after death.

(2) No death benefit will be paid under the standard calculation if a death benefit has been paid, or if survivors are eligible to receive a death benefit, under the PSOB Program with respect to the deceased person.

(3) No death benefit will be paid under the standard calculation if a disability benefit has been paid under the PSOB Program with respect to the deceased person. However, if the PSOB Program disability benefit paid was reduced because of a limitation on appropriations, a death benefit will be available under the standard calculation to the extent necessary to ensure that the total amount of disability benefits paid under the PSOB Program, together with the amount of death benefits paid under the standard calculation, equals the amount of the death benefit described in paragraph (c)(1) of this section.

(4) Death benefits will be paid under the standard calculation in a lump sum.

(d) *Alternative calculation of death benefits available to surviving dependents younger than the age of 18.* If a deceased smallpox vaccine recipient or vaccinia contact had at least one dependent who is younger than the age of 18 (and will be younger than the age of 18 at the time of the payment), the legal guardian(s) of all such dependents may request benefits under the alternative

calculation described in this paragraph. To receive such a benefit, the legal guardian, on behalf of all such dependents for whom he or she is the legal guardian, must file a selection to receive benefits under the alternative calculation, as described in paragraph (d)(1) of this section. If multiple dependents have different legal guardians, each legal guardian is responsible for requesting benefits under the standard calculation or for filing a selection for a death benefit under the alternative calculation. If a single dependent has more than one legal guardian, one legal guardian may file the selection. Payments made under the alternative calculation will be made to the legal guardian(s) of all of the dependents on behalf of all of those dependents until they reach the age of 18.

(1) *Selection of benefits under alternative calculation.* Before a payment of a death benefit will be approved under the alternative calculation, the legal guardian(s) of the dependents for whom he or she is the legal guardian must file a written selection, on behalf of all such dependents, to receive a death benefit under the alternative calculation. If such a selection is approved by the Secretary, these dependents will be paid a proportionate share of the death benefit under the alternative calculation in place of the proportionate share of benefits that would otherwise be available to them under the standard calculation.

(2) *Amount of payments.* The maximum death benefit available under this paragraph is 75% of the deceased person's income (including income from self-employment) at the time he or she sustained the covered injury that resulted in death, adjusted to account for inflation (as appropriate), except as follows:

(i) The maximum payment of death benefits that may be made on behalf of the aggregate of the dependents in any one year is \$50,000;

(ii) All payments made under this paragraph will stop once the youngest of the dependents reaches the age of 18.

(3) *Reductions for other coverage.* The total amount of death benefits provided under the alternative calculation will be reduced so that the total amount of payments made (or expected

to be made) under obligations described in paragraph (d)(3)(i) of this section, together with the death benefits paid under the alternative calculation, is not greater than the amount of payments described in paragraph (d)(2) of this section. In other words, the total amount of death benefits paid to dependents under the alternative calculation may be reduced if third-party payors have paid (or are expected to pay) for certain benefits so that such dependents will receive a total sum (combining the death benefit paid under the alternative calculation and the actual and expected benefits paid for by third-party payors) that is not greater than the death benefit that would be available under the alternative calculation if no third-party payor existed to pay such benefits.

(i) The amount of death benefits paid under the alternative calculation will be reduced for all payments made, or expected to be made in the future, by any third-party payor for:

(A) Compensation for the deceased person's loss of employment income on behalf of the dependents or their legal guardian(s);

(B) Disability, retirement, or death benefits in relation to the deceased person (including, but not limited to, death and disability benefits under the PSOB Program) on behalf of the dependents or their legal guardian(s); and

(C) Life insurance benefits on behalf of the dependents.

(ii) In calculating such reductions, the Secretary will deem any lump-sum payment made by a third-party payor under any obligation described in paragraph (d)(3)(A) of this section, as received over a period of years, rather than in a single year. The Secretary has discretion as to how to apportion such payments over multiple years.

(4) *Timing of payments.* Payments made under this paragraph will be made on an annual basis, beginning at the time of the initial payment, to the legal guardian(s) on behalf of the aggregate of the dependents receiving the payment. In the year in which the youngest dependent reaches the age of 18, payments under this section will be paid on a pro rata basis for the period of time before that dependent reaches the age of 18. Once a dependent reaches

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the age of 18, the payments under this alternative calculation will no longer be made on his or her behalf. Because payments under the alternative calculation are to be made on behalf of dependents who are younger than the age of 18, if a dependent meets this requirement at the time of filing of the Request Form, but reaches the age of 18 (or is older than 18 years of age) at the time of the initial payment, no payment will be made to the dependent's legal guardian on his or her behalf under the alternative calculation.

[68 FR 70093, Dec. 16, 2003; 69 FR 7376, Feb. 17, 2004]

**§ 102.83 Payment of all benefits.**

(a) The Secretary may pay any benefits under this Program through lump-sum payments. If the Secretary determines that there is a reasonable likelihood that the payments of medical benefits, benefits for lost employment income, or death benefits paid under the alternative calculation (described in §102.82(d)) will be required for a period in excess of one year from the date the Secretary determines the requester is eligible for such benefits, the Secretary may make a lump-sum payment, purchase an annuity or medical insurance policy, or execute an appropriate structured settlement agreement, provided that such payment, annuity, policy, or agreement is actuarially determined to have a value equal to the present value of the projected total amount of benefits that the requester is eligible to receive under §§ 102.80, 102.81, and 102.82(d).

(b) Lump sum payments will be made through an electronic funds transfer to an account of the requester. However, if the requester is a minor, the payment will be made to the account of his or her legal guardian on behalf of the minor. In accepting such payments, the legal guardian of a minor requester is obliged to use the funds for the benefit of the minor and to take any actions necessary to comply with state law requirements pertaining to such payments. If the requester is a legally incompetent adult, the legal guardian must establish a guardianship or conservatorship of the estate account with court oversight, in accordance with

State law, and payment will be made to that account.

(c) The Secretary may, at his discretion, make interim payments of benefits under this Program, even before he makes a final determination as to the total type and total amount of benefits that will be paid. The Secretary may, for example, make an interim payment of medical benefits that have been calculated before a final determination on benefits for lost employment income is completed, or of past medical benefits that have been calculated before a final calculation of future medical benefits is completed. The Secretary may, in his discretion, make an interim payment even before a final eligibility or benefits determination is made (e.g., if a piece of documentation has not been obtained because a person with a severe vaccine-related injury is hospitalized, but all other documentation is consistent with the requester meeting the eligibility requirements). If such a requester's documentation is incomplete, the requester must submit the required documentation within the time-frame determined by the Secretary. Such a requester must agree that he or she will be obliged to repay the Secretary such benefits in the event that such payments are later determined to be inappropriate. Any payments made on an interim basis will not entitle a requester to seek reconsideration of the Secretary's decision on these benefits until the Secretary makes a complete benefits determination.

[68 FR 70096, Dec. 16, 2003, as amended at 71 FR 29811, May 24, 2006]

**§ 102.84 The Secretary's right to recover benefits paid under this program from third-party payors.**

Upon payment of benefits under this program, the Secretary will be subrogated to the rights of the requester and may assert a claim against any third-party payor with a legal or contractual obligation to pay for (or provide) such benefits and may recover from such third-party payor(s) the amount of benefits paid up to the amount of benefits the third-party payor has or had an obligation to pay for (or provide). In other words, the Secretary may pay benefits before the