

## Manager/Supervisor Risk Management

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A twice weekly e-mail training for YCPARMIA members

### TOPIC: WORKERS' COMPENSATION –DOLLARS

The treating doctor has declared that your employee's injury is permanent and stationary – or that the recovery is as good as it is going to get. The doctor has also been determined that there is a residual disability, a lingering problem, minor or severe, that will last the rest of the worker's career. What is it worth? Here is where we restate the adage that “no one ever gets rich on workers' comp.”

Permanent disability is expressed in percentages. The injured worker who suffers permanent partial disability is entitled to a certain number of weeks of payments for each percentage of disability. The more severe the permanent disability the higher the percentage, and the higher the percentage the more weeks of payments. Unless the injury has a rating over 70% (YCPARMIA has had less than a dozen in the last thirty-four years) the payments do not last a lifetime; they stop when the amount established in the rating has been paid out. Ratings over 70% trigger a life pension (LP) that starts after the PD has been paid in full (in our experience LP payments are usually less than \$50 a week).

An injured worker does not receive permanent disability (PD) payments while they are receiving temporary disability (TD) benefits. The first PD payment is made within 14 days of the last TD payment, or when the worker becomes P&S if there is no TD. When the PD percentage has not been established but TD has stopped, advances are made based on the examiner's reasonable estimate of PD liability. A 15% reduction is made to the disability rating if the employee returns to work with the same employer, while a 15% increase results when the employer cannot accommodate the permanent restrictions.

YCPARMIA, over the last five years has averaged 424 injuries per year. On those injuries, we have averaged about 28 PD exposures per year with an average PD incurred of \$13,854 per file, or a rating of about 17% (the last three years the average has dropped to \$9,037, or less than 13%). Over that same period our total PD payments have averaged less than \$450K per year. Note, we are dealing with a relatively small number of PD injuries; one catastrophic claim would significantly distort these averages.

The best way to illustrate the process is by example. A 20% PD rating results in 75.5 weekly payments. The PD rate for injuries after 1/1/06 is \$230 per week (\$270 if the rating is over 70%). This would make the maximum value for a 20% PD rating \$17,365, before the 15% reduction for continued employment. And just to emphasize, payments are made on a weekly schedule; there are normally no lump sum payouts.

One last comment: An applicant's attorney fees are generally paid out of the injured worker's PD award, and are capped at 15% of that benefit.

Next topic: Workers' Compensation – Permanent Disability - apportionment