

# **Workers' Compensation**

**Department of Labor and Industries**

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# Introduction

There are several benefits available to workers who are injured on the job or who develop occupational diseases due to on the job exposures, including medical benefits for treatment related to the injury or occupational disease and vocational services

## Temporary total disability benefits (Time-loss compensation)

- 60 to 75 percent of worker's wage at time of injury depending on marital status and number of children
- Up to maximum allowed which is currently \$3879.40 for injuries on or after 7-1-2004 (or 120% of the state's average wage for the preceding calendar year)

## Permanent Partial Disability (PPD)

- Typically awarded at claim closure
- Payment based on loss of bodily function or amputation value due to the residuals of the injury or occupational disease
- Amount of award is not based on worker's wages or wage-earning capacity

## Total Permanent Disability (TPD Pension)

- Calculated under same formula as time-loss compensation
- Also may be reduced by PPD previously paid
- Worker must choose a pension option

# Pension Options

- RCW 51.32.067
- Option 1 – injured worker chooses to receive his or her full benefit without leaving any benefits to be paid to a surviving spouse or children
- Option 2 – injured worker receives an actuarially reduced benefit which upon his or her death the surviving spouse or nominated survivor receives throughout their life
- Option 3 – injured worker receives an actuarially reduced benefit and upon his or her death the surviving spouse or nominated survivor receives one half of the original benefit received by the worker

# Death Benefits

- Cost of funeral expenses and burial up to 200% of the monthly state's average wage (currently \$6465.66)
- Immediate Payment to surviving family members equal to 100% of monthly state's average wage (currently \$3232.83)

# Death Benefits

- Additional 2% for each dependent child
- Spouse's benefit payable for life or until remarriage
- Monthly benefits to surviving spouse equal to 60% of deceased worker's wage at time of injury up to maximum benefit allowed



# Death Benefits

- Total permanent disability and death benefits are administered by L&I for all state fund and self-insured claims

# Self-Insurance

Several large cities and counties are self-insured for their workers' compensation benefits.

This means they directly pay time loss compensation, medical, vocational and permanent partial disability benefits

# Social Security Offset Authority

- Time-loss and TPD pensions are reduced for Social Security Disability and Social Security Retirement benefits
- RCW 51.32.220 effective 9-8-75 limits an injured worker's combined Social Security disability and workers' compensation payments
- RCW 51.32.225 effective 7-1-86 limits combined Social Security retirement and workers' compensation payments

# Social Security and Workers' Compensation Combined Benefit Limit Formula

- Derived from federal law where offset is applied nationally except in states with statutory authority similar to Washington
- Federal statute 42 USC 424a

# Common Social Security Offset Terms

- ACE – average current earnings which represents 80% of the worker's highest year's earnings from the year the worker was disabled or the preceding 5 years
- SS PIA – Social Security Primary Insurance Amount or the federal benefit attributed to the Social Security number holder
- SS TFB – Social Security Total Family Benefit which includes the PIA and any amounts payable to a spouse and/or dependent children from the same Social Security account

## **Worker allowed one of three highest amounts from the combination of agencies**

- Social Security total family benefit amount only
- Full workers' compensation temporary total (time-loss) or permanent total disability (pension) benefit only
- 80% of the worker's highest year's earnings only (the "ACE" amount)

## For Example:

- 80% or ACE amount - \$2500.00 per month
- Social Security TFB - \$1000.00 per month
- Full workers' compensation benefit - \$2000.00 per month
  
- \$2500.00 – ACE  
- \$1000.00 – SS TFB  
\$1500.00 – new workers' compensation benefit

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- Worker receives \$500 more per month in combined benefits, but Labor and Industries saves \$500.00 per month to the trust funds



# Triennial Redetermination

- Based on provisions in the federal law, the ACE amount and the SS TFB are updated once every three years to determine whether federal cost-of-living increases have kept up with increases such as inflation



Except for the Social Security Offset provisions, workers' compensation is the primary payer for medical services and wage replacement

# Questions?



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**InterOffice Memo**

**To:** Claims Management Staff  
**From:** Claims Training  
**Date:** June 25, 2004  
**Subject:** Cost of Living Adjustments

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**Effective July 1, 2004, there will be a cost of living adjustment (C.O.L.A.) to the time-loss compensation rate.**

For claims where the date of injury is between 7-1-71 and 6-30-04, the time-loss compensation rate is increased by a factor of 1.02251 over the rate paid for the previous year. (For cumulative factors see Chapter 6 in the WCA manual.)

The new maximum time-loss compensation rates are:

<b>Injuries from:</b>	<b>Monthly</b>	<b>Daily</b>
7-1-71 thru 6-30-88	\$2424.62	\$ 80.82
7-1-88 thru 6-30-93	\$3232.83	\$107.76
7-1-93 thru 6-30-94	\$3394.47	\$113.15
7-1-94 thru 6-30-95	\$3556.11	\$118.54
7-1-95 thru 6-30-96	\$3717.75	\$123.93
On or after 7-1-96	\$3879.40	\$129.31

(See the Workers' Compensation Adjudicator Manual, Chapter 6 for charts of time-loss compensation rates.)

For claims where the date of injury is prior to 7-1-71 the time-loss compensation rate is 50 to 65 percent of the average state wage for the preceding calendar year. The average monthly state wage for 2003 was \$3,232.83 or \$38,794.00 annually.

**Pending** time-loss compensation payments that cross-over the C.O.L.A. period, including suspended payments, will be updated the evening of 6-30-04. The update will include insertion of LN 96 (C.O.L.A. Increase). Deductions for overpayments and DSHS liens (monthly rate and percentage) will *not* be updated nor suspended. However, no action will be required by staff.

Time-loss compensation and loss of earning power payments **created** after 6-30-04 which cross-over the C.O.L.A. period will automatically be updated to include the period covered by C.O.L.A. and **will not** include LN 96. The adjudicator will need to manually add LN96 to the payment order.

**Note:** When calculating time-loss compensation benefits, LINIIS converts the monthly rate to a daily rate and rounds up. This may create a discrepancy between the stated monthly rate and a 30-day payment amount.

LINIIS has always calculated time-loss compensation rates this way, but in previous years the discrepancy was minimal.

An update to Chapter 6 of the *Workers' Compensation Adjudicator Manual* with this information will be added to the On-Line Reference System shortly.

If you have any questions, please call Claims Training at (360) 902-4576.