

Understanding benefits

What an employee receives when injured on the job

Workers' compensation is an insurance benefit employers provide for employees who become sick or injured because of their jobs. In Minnesota, workers' compensation is a "no-fault" system. Employees injured in work-related incidents are entitled to benefits regardless of who might be at fault.

Workers' compensation benefits may compensate injured employees for lost wages, as well as medical and rehabilitation bills. The benefits are intended to be temporary. The goal is to help out injured employees while they are recuperating, then help them return to work.

Paying for treatment

Workers' compensation benefits pay healthcare and medical expenses that are necessary and reasonable to treat the work-related injury. This includes examinations, treatments, prescriptions, supplies, equipment and reimbursement for mileage to medical appointments. State laws guide the extent of the treatment and the amount of the fees.

Compensating for lost wages

An employee who misses work or can't return to his original job because of an injury is considered disabled and eligible for benefits that replace part of his lost wages. These benefits are tax free. The amount of the benefit depends on the extent of the disability and how much the employee was earning.

TTD benefits are subject to a three-day waiting period as well as minimums and maximums (see back). TTD benefits never go more than 130 weeks.

Example

Sarah, a server in a restaurant, slips on a wet floor and badly sprains her wrist. Her doctor treats the sprain but she is unable to work for seven days. Sarah's benefits begin after the three-day waiting period, so she is paid TTD benefits for the last four days of recovery.

Pre-injury weekly wage	TTD rate	Weekly TTD	Work week	Daily TTD	Workdays covered by TTD	TTD benefit
\$600	x 2/3	= \$400	÷ 5	= \$80	x 4 days	= \$320

Temporarily unable to work at full wage

An employee who is temporarily unable to work at his pre-injury position but able to work in a transitional, reduced-wage job is eligible for temporary partial disability benefits (TPD). Typically, the employee is still recovering and under specific medical restrictions, so he is working in a modified or part-time position.

Temporarily unable to work at full wage
Temporary partial disability

- Two-thirds of the difference between reduced wage and pre-injury wage.
- Subject to three-day waiting period.
- Subject to minimums and maximums.
- Subject to 225-week cap.

After recovery, he returns to his pre-injury job.

TPD benefits pay two-thirds of the difference between the pre-injury average wage and the reduced wage. Like TTD benefits, TPD is paid weekly or bi-weekly and is subject to the three-day waiting period and minimums and maximums. TPD benefits never go more than 225 weeks.

Example

Tom, after a week off work for a back injury, is given his doctor's permission to return to work but is restricted from lifting heavy objects. His employer offers him an office position until he is able to return to his warehouse job. Although it pays less, he accepts the temporary position and is paid temporary partial benefits, which cover two-thirds of the lost earnings.

Pre-injury weekly wage	Post-injury weekly wage	Lost earnings	TPD rate	Weekly TPD benefit
\$600	-	\$300	= \$300 x 2/3	= \$200

Temporarily unable to work at all

Temporary total disability

- Two-thirds of pre-injury wage.
- Subject to three-day waiting period.
- Subject to minimums and maximums.
- Subject to 130-week cap.

Temporarily unable to work at all

An employee who is temporarily unable to work at all is eligible for temporary total disability benefits (TTD). She is paid two-thirds of her pre-injury average weekly wage at the same intervals as her employer issues paychecks.

Wage-loss benefits are subject to two limits

Three-day waiting period.

Three calendar days must pass before an injured employee is eligible for wage loss benefits. That means benefits begin four days after any disability resulting in lost time. However, if an employee is authorized off work by his physician for 10 or more days, benefits begin from the first day of lost time.

Minimums and maximums.

Weekly wage loss benefits are subject to minimums and maximums established by state law. The current minimum is \$130 a week or the actual wage if it is lower, and the maximum is \$850.

Unable to work at all ever again

An employee who is so severely injured he can never return to work is eligible for

Unable to work at all ever again

Permanent total disability

- Two-thirds of pre-injury wage, paid until the presumed retirement age.
- Subject to minimums and maximums.

permanent total disability benefits (PTD). This pays two-thirds of an employee's average weekly wage until the presumed retirement age. PTD recipients often also receive Social Security disability benefits. The two benefit systems coordinate the combined weekly wage replacement amount paid to the recipient.

The employee's physician assigns a permanent disability rating, which measures the percentage of the injured employee's body that is permanently impaired due to the injury. This permanency—along with any previous permanent injuries—is considered along with age, education level and disability rating to decide whether an employee is eligible for PTD benefits.

Example

Dan, a road construction worker, sustained severe injuries after being struck by a car. He is left with permanent neck and back injuries, rated at 24 percent permanent disability and completely unable to work. He will receive PTD benefits until his presumed retirement age.

Lasting physical impairment

An employee who has sustained a permanent loss of function because of a work injury may be eligible for permanent par-

tial disability (PPD) benefits. When an employee reaches maximum medical improvement, the point at which no further significant medical improvement is expected, he may be given a permanent disability rating. State PPD schedules assign a disability rating based on the employee's functional loss. That rating is used in a statutory formula to determine the dollar amount paid to the employee.

Lasting physical impairment

Permanent partial disability

- A total dollar amount based on the percentage of impairment. Typically paid in installments over time.

Unlike wage-replacement benefits, PPD is a specific dollar amount a worker is entitled to regardless whether he can work again. Injured employees often receive PPD benefits in addition to TTD, TPD or PTD benefits if they are unable to work or working at a reduced wage.

Example

John, a residential construction worker, badly injures his knee at work. He undergoes surgery that takes out more than half the cartilage in his knee. He recuperates at home for several weeks before returning to work, but the knee will never be 100 percent. John is assigned a 2 percent permanent disability rating, for which he receives a \$1,500 PPD benefit. That's in addition to temporary total disability benefits he received during his recovery to compensate for wage loss.

SFM also produces a resource to help injured employees understand workers' compensation benefits, *"You were injured at work...Now what?"* To order copies, go to SFM's website, www.sfmic.com, click on "Policyholders" then "Resource catalog."