

Eligibility and determination of permanent disability awards

In 2013 BC workers received \$469 million in long-term disability payments—constituting WorkSafe BC’s largest category of annual claim benefit payments. If you have patients eligible for long-term compensation because of permanent workplace disability, it’s helpful to understand what kind of compensation your patients are eligible for and how WorkSafeBC makes those determinations.

When a workplace injury or disease results in permanent residual disability, WorkSafeBC provides benefits that normally commence once a worker’s temporary disability stabilizes and becomes permanent. A permanent disability award is intended to reflect a worker’s impaired earning capacity from the nature and degree of injury or disease.

Permanent disability awards are assessed using the following two methods.

The Loss of Function method

This method is the estimated effect on a worker’s earning capacity over a working lifetime caused by permanent partial disability. For most workers, this method of assessment is the appropriate compensation. It is not determined by a worker’s actual loss of earnings. The Loss of Function method is applied in all permanent disability cases, regardless of whether a worker is currently experiencing an actual loss of earnings. In most cases, the Loss of Function award is determined with reference to a permanent disability evaluation schedule. This schedule provides guidance in measuring the worker’s loss of function

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in terms of the percentage of total disability associated with a specific disablement. The maximum award the worker can receive is 100% of the total disability.

The following is an example of how the Loss of Function method can be applied:

- A worker has a permanent shoulder condition with no scapular movement (a frozen shoulder), which amounts to 35% of a total disability. Since the award is calculated using the worker’s long-term average earnings rate, individuals with the same percentage of disability may receive different amounts.
- If a worker’s average net earnings are \$4000 per month, the Loss of Function award is \$1400 per month ($\$4000 \times 35\% = \1400).
- WorkSafeBC then applies a 90% compensation factor to this amount, resulting in \$1260 paid to the worker per month ($\$1400 \times 90\% = \1260).
- This award is generally payable until the worker’s presumed retirement at age 65.
- WorkSafeBC also sets aside an amount equal to 5% of the award and, at retirement, the worker receives this lump sum amount, plus interest.

The Loss of Earnings method

This method is associated with workers deemed unable to adapt to a suitable occupation and those who have suffered a significant loss of earnings that cannot be overcome with vocational rehabilitation assistance. The Loss of Earnings method applies only in exceptional cases where it is determined that the Loss of Function method does not provide appropriate compensation. When a worker is unable to

return to his or her pre-injury occupation, this worker may also be eligible to receive vocational rehabilitation assistance. Where applicable, these benefits are intended to assist workers in returning to work by providing a variety of services, such as job search benefits or retraining.

The following is an example of how the Loss of Earnings method can be applied:

- The worker in the previous example is assessed with a Loss of Function award of \$1260 per month and is able to find a suitable occupation earning \$1500 per month, for a total of \$2760 per month.
- Compared to the worker’s pre-injury average net earnings of \$4000, the worker suffers a significant shortfall. In this exceptional case, WorkSafeBC determines the Loss of Function award does not appropriately compensate the worker, who is therefore eligible for a Loss of Earnings award.
- The Loss of Earnings award would be calculated as follows: $\$4000 - \$1500 = \$2500 \times 90\%$ (compensation factor) = \$2250 per month.

Workers deemed to have suffered a permanent workplace disability are entitled to either a Loss of Function or Loss of Earnings award, whichever is larger.

You can find further information regarding permanent disability on worksafebc.com. Click on the Claims tab, then select Worker benefits from the menu on the left, and click on Permanent disability.

—David Ho
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