The Basics of Workers Compensation Impairment Ratings

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We often hear the phrase “impairment rating” when there is a discussion of an employee’s workers compensation claim. Most people understand impairment means the employee was hurt and unable to work, but do not fully understand how impairment impacts a workers compensation claim.

Impairment is a problem in the function of a body part. It can be either temporary or permanent. When it is temporary, the employee is unable to work while recovering from the injury. When the impairment is permanent, the employee retains a residual of the injury after the medical treatment has ended. (WcxKit) A permanent impairment’s impact on the employee’s life can range from a very mild impact to a life altering impact.

In a workers compensation claim impairment can be defined as:
1. An inability of the employee to use his musculoskeletal system – his limbs, joints, muscles, bones, tendons and ligaments – at the level of use the employee had prior to the injury, or
2. An inability of the employee to control his/her neurological functions – the brain, spinal cord, and peripheral nerves – at the level of use the employee had prior to the injury.

A medical provider treating an injured employee will utilize various medical approaches and treatments until the medical provider believes the employee’s medical condition will not improve further. Either the employee has fully recovered from the injury, or the employee’s medical improvement has stopped and the employee has reached his/her maximum medical improvement. When the medical provider believes there is nothing more that can be done medically for the employee, the medical provider will assess whether or not the employee has lost any functional ability.

If the employee has any decrease in functional ability, the medical provider will assign an impairment rating, also known as a disability rating. In 42 states the medical providers will use one of the various editions of the American Medical Association Guides to the Evaluation of Permanent Impairment to establish the level of impairment. In 8 states – Florida, Illinois, Minnesota, New York, North Carolina, Oregon, Utah, and Wisconsin – the medical providers use a state specific guide for the establishment of an impairment rating.

In workers compensation there are two types of benefits, medical and indemnity. The indemnity benefit is divided into four categories (in most states). While the terminology for the types of disability will vary by state, the four categories are:
1. temporary total disability (TTD),
2. temporary partial disability (TPD),
3. permanent partial disability (PPD), and
4. permanent total disability (PTD).

Impairment is normally not associated with TTD. If the employee fully recovers from the injury and has no impairment, the employee returns to work and TTD ends.

In some situations, the impairment will prevent the employee from returning to full duty, but the employee is able to work either reduced hours or at a less demanding job. If either occurs and causes the employee to earn less than the employee was earning before the injury, the employee will receive TPD indemnity benefits to make up for a portion of the lost income caused by the impairment.

When the employee has a permanent impairment, but is able to return to work, the employee is compensated for the permanent impairment by the payment of a PPD reward. The statutes of each state establish how much the employee will be compensated for the permanent impairment. In 36 states, there is a table (also referred to as a schedule) that list how much an employee will be paid in PPD indemnity benefits for the impairment of an arm, hand, thumb, finger, leg, foot, toe, vision or hearing. In the other 14 states - Alaska, Florida, Maine, Maryland, Massachusetts, Minnesota, Montana, Nevada, New Mexico, North Dakota, Rhode Island, Texas, Vermont and Wyoming - there are statutes that outline how the employee will be compensated for an impairment.

When an employee is injured to the point that the employee can never return to work, the employee is paid PTD indemnity benefits for the severe or total impairment. Impairment this severe will drastically alter the course of the employee's life. 

(WcxKitz)

The employer needs to take time to understand the employee's level of impairment and work with the employee to return the employee to work within the restrictions caused by the impairment.

Author Rebecca Shafer, JD, President of Amaxx Risks Solutions, Inc. is a national expert in the field of workers compensation. She is a writer, speaker, and website publisher. Her expertise is working with employers to reduce workers compensation costs, and her clients include airlines, healthcare, printing/publishing, pharmaceuticals, retail, hospitality, and manufacturing. See www.LowerWC.com for more information. Contact: RShafer@ReduceYourWorkersComp.com or 860-553-6604.

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