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Workers’ Compensation Permanent Total Disability Benefits

HB 2337-A

One of the goals of the workers’ compensation system is “To restore the injured worker physically and economically to a self-sufficient status in an expeditious manner and to the greatest extent practicable” (ORS 656.012). One way this is achieved is by compensating a worker for the permanent loss of use or function due to their work-related injury.

Permanent total disability (PTD) benefits are provided to the most severely injured workers, as they are permanently incapacitated from regular work at a gainful and suitable occupation. Workers with this benefit typically receive it for their lifetime. The current minimum benefit is 90% of the worker’s wage, or \$50, whichever is less. The maximum benefit is 66 2/3% of the worker’s wages, subject to a cap of 100% of the state average weekly wage. There are about 600 existing permanently and totally disabled workers in the system, with about 10 new awards per year.

HB 2337-A increases the statutory award ranges for PTD benefits as noted in the table below. The example dollar figures are based on the current state average weekly wage of \$974.20.

	Current Law		HB 2337-A	
Minimum benefit (weekly)	90% of the worker’s wage, or \$50, whichever is less	<i>varies</i>	33% of the State Average Weekly Wage	<i>\$321.49</i>
Maximum benefit (weekly)	100% of the State Average Weekly Wage	<i>\$974.20</i>	133% of the State Average Weekly Wage	<i>\$1,295.69</i>

The bill applies to new claims on or after the effective date of the bill (Jan. 1, 2018). The cost to insurers for new PTD awards is expected to be minimal (less than \$50,000 per year system-wide).

This bill will result in additional expenditures from the Workers’ Benefit Fund. Under current law, insurers pay benefits per the law in effect at the time of injury, called the “statutory benefit.” Under ORS 656.506(7), the Retroactive Program provides a process to reimburse insurers for increased benefit payments to workers or beneficiaries receiving permanent total disability, fatality, and certain temporary total disability benefits which are lower than currently being paid for similar injuries. HB 2337-A will increase these reimbursements from the Workers’ Benefit Fund to adjust benefits for existing PTD claims. The cost is estimated at about \$1.7 million per year. The fund balance is sufficient to absorb this expenditure and no impact to the fund’s assessment rate is expected.

Other information: The Management-Labor Advisory Committee voted to support this bill.