

RETURN TO WORK CLAIM COST ILLUSTRATION

Sample Facts: Joe Smith is a 30 year old construction worker who injured his low back on January 2, 2017. Joe graduated from high school and his skill level before the accident was construction worker (SVP (highest skill level) of 4). Joe’s job before his injury was in the heavy duty category and required he lift over 50 pounds occasionally and up to 50 pounds frequently. At the time of his injury Joe was earning an average weekly wage of \$750.00 making his workers’ compensation rate \$500.00 per week. Joe received medical treatment and was placed at maximum medical improvement (“MMI”) on January 2, 2018 (52 weeks post-accident). Prior to reaching MMI, Joe’s employer brought him back on a part time basis (20 hours a week) working a light duty position in the main office (or driving tools and supplies to job sites, etc.). Joe was assigned a permanent disability impairment rating (“IR”) of 2% and given permanent work restrictions in a medium duty category (up to 50 pounds occasionally and up to 25 pounds frequently).

The below table demonstrates the potential cost of a claim when Joe’s employers returns Joe to work full time, part time, or not at all.¹ The charts break down the costs of the claim before and after Joe reaches MMI.

	TTD ² Due	Total TTD	MMI 01-02-2018 Permanent Medium Duty	PPD ³		Total PPD	Total Indemnity Cost
				IR Value (\$10)	Modifiers		
Return @ Preinjury Wage	52 weeks x \$0.00	\$0.00	Return @ Preinjury Wage	500 weeks x \$10	500 x \$0	\$5,000	\$5,000
Return Part Time (20 hrs per week)	52 weeks x \$250.00	\$13,000	Return to Work @ Less Than Preinjury Wage	448 weeks x \$10 = \$4,480	448 weeks x \$75 = \$33,600	\$38,080	\$51,080
Doesn’t Return	52 weeks x \$500.00	\$26,000	Doesn’t Return	448 weeks x \$10 = \$4,480	448 weeks x \$90 = \$40,320	\$44,800	\$66,320

	TTD Due	Total TTD	MMI 01-02-2018 Permanent Light Duty	PPD		Total PPD	Total Indemnity Cost
				IR Value (\$10)	Modifiers		
Return @ Preinjury Wage	52 weeks x \$0.00	\$0.00	Return @ Preinjury Wage	500 weeks x \$10 = \$5,000	500 x \$0	\$5,000	\$5,000
Return Part Time (20 hrs per week)	52 weeks x \$250.00	\$13,000	Return to Work @ Less Than Preinjury Wage	448 weeks x \$10 = \$4,480	448 weeks x \$125 = \$56,000	\$60,480	\$73,480
Doesn’t Return	52 weeks x \$500.00	\$26,000	Doesn’t Return	448 weeks x \$10 = \$4,480	448 weeks x \$150 = \$67,200	\$71,680	\$97,680

¹ The benefits outlined illustrate the indemnity (or wage replacement) cost of the claim. Indemnity benefits are in addition to medical benefits, which on average make up two-thirds the cost of a claim in New Mexico.

² TTD means temporary total disability benefits. TTD is a form of wage replacement benefit that is when an injured Worker is not brought back to work earning at or above the pre-injury wage prior to reaching MMI.

³ PPD means permanent partial disability benefits and is a combination of impairment rating benefits and modifier benefits. PPD modifier benefits are due when an injured Worker does not return to work earning at or above the pre-injury wage after reaching MMI. Modifier benefits are based on a formula designed to quantify permanent disability and a worker’s ability to re-enter the workforce after a work injury.