

## Loss of Earning Power Compensation Self-Insurance Claims Adjudication Guidelines

	Page
<b><u>Paying Loss of Earning Power Benefits</u></b> .....	2
<u>Definition</u> .....	2
<u>Criteria</u> .....	2
<u>Situations Where a Worker May Be Entitled to LEP</u> .....	2
<u>Timeliness of Payments</u> .....	3
<b><u>Valid Light Duty</u></b> .....	3
<u>Refusal of Light Duty Work</u> .....	3
<b><u>The Four Key Numbers</u></b> .....	4
<u>Calculating the Employer’s Contribution to Health Care</u> .....	4
<u>Updated Date of Injury Wages (Wages at the Date of Injury)</u> .....	5
<u>Current Wages</u> .....	5
<u>Current Wages When Missed Work or on Leave</u> .....	7
<u>Time-Loss Rate</u> .....	7
<u>State’s Average Wage x 1½</u> .....	8
<b><u>Calculating Loss of Earning Power</u></b> .....	8
<u>Method A</u> .....	8
<u>Method B</u> .....	8
<u>The Calculation</u> .....	8
<u>Capping</u> .....	9
<b><u>LEP Examples</u></b> .....	10
<b><u>Determining the Dependent Portion of LEP</u></b> .....	19
<b><u>Reporting and Communication Requirements</u></b> .....	19
<u>Reporting to the Department</u> .....	19
<u>Statement of Benefits</u> .....	19
<u>Underpayments and Overpayments</u> .....	19
<b><u>Additional LEP Information</u></b> .....	20
<u>Terminated for Cause</u> .....	20
<u>Worker Accepts a Light Duty Job at Lower Wage</u> .....	20
<u>Work No Longer Available</u> .....	20
<u>Injured While Working Light Duty</u> .....	20
<u>Provisional LEP</u> .....	21
<u>Dual Claim Benefits</u> .....	21
<b><u>Terminating Loss of Earning Power Benefits</u></b> .....	21

# Paying Loss of Earning Power Benefits

[RCW 51.32.090](#), [WAC 296-20-01002](#)

## Definition

Earning power is defined as the worker's ability to earn income as a result of labor.

[RCW 51.32.090](#) requires the self-insurer to compensate a worker for loss of earning power when the worker's earning capacity has decreased as a result of the industrial injury or occupational disease.

## Criteria

In order for a worker to be eligible for loss of earning power benefits:

- The worker's loss of earnings must be greater than 5 percent of wages at the time of injury.
- Medical certification must indicate that the worker's loss of earning capacity is due to the industrial injury or occupational disease.

**Note:** The department's [LEP Worksheet](#) or online [LEP Calculator](#) may be used to help calculate LEP benefits.

## Situations Where a Worker May Be Entitled to LEP

There are several situations where a worker may be eligible for Loss of Earning Power (LEP) after an injury or occupational disease. The worker may be entitled to LEP if they:

- Return to work at a lower wage.
- Had more than one job at the time of injury and is restricted from performing one of the jobs, even if it is not the job of injury.
- Return to work but is unable to work at the premium or higher rates they normally work.
- Return to work at regular wage but fewer hours. This includes workers who return to full time, i.e. 40 hours per week, but prior to their injury or occupational disease were regularly working overtime. (**Exception:** This does not apply if the employer no longer offers overtime work to any employees.)

## Timeliness of Payments

LEP payments should be paid as close to the worker's time-loss payment cycle as possible. This can be bi-weekly or semi-monthly.

This requirement applies to provisional payments as well.

## Valid Light Duty

[RCW 51.32.090](#), Policy 5.15

Certain criteria must be met for a job offer to be considered valid:

- The job must be with the employer of injury.
- The job description/analysis must be sent to the medical provider and the worker simultaneously.
- The job must be approved by the medical provider, and the worker should not be assigned to any other work unless approved by the worker's attending provider.
- The job offer must be offered in writing, and the start date must be reasonable so that the worker has sufficient time to get the offer, review it and make arrangements to report to work.
- Health care benefits must be reinstated to the level at the time of injury, unless to do so would be against the collective bargaining agreement or the terms of the benefit program.

## Refusal of Light Duty Work

If the worker's attending medical provider approves a written light duty or transitional job description offered to the worker and the worker chooses not to accept the work, the worker is not entitled to LEP or time-loss compensation.

### Exceptions:

- If the employer of injury does not reinstate all health and welfare benefits (unless to do so would be against the collective bargaining agreement) and the worker refuses the job, the worker is entitled to time-loss compensation.
- For injuries or occupational diseases prior to May 7, 1993, if the worker chooses not to accept a valid light duty job offer, the worker is entitled to LEP based on the wage they would have earned at the light duty job.

The employer may offer a light duty job that does not meet the above criteria, but the worker is not required to accept the job. If the worker declines an invalid light duty job, time-loss compensation benefits should continue to be paid.

## The Four Key Numbers

Four key numbers must be accurate to correctly calculate LEP. The key numbers are:

- ❶ Updated Date of Injury Wages (previously known as Wages at the Date of Injury)
- ❷ Current Wages
- ❸ Time-Loss Rate
- ❹ State's Average Wage x 1½

Each of these numbers must be calculated specifically for the period being paid. **Do not use the total monthly rate** for wages or time-loss compensation unless the period being paid equals 30 calendar days.

## Calculating the Employer's Contribution to Health Care

When calculating the four key numbers, the employer's contribution to a worker's health care benefits must be considered.

There are two calculations for the employer's contribution to health care.

- **Employer contributes a monthly amount:** Divide the monthly amount by 30 days to get a daily contribution amount, then multiply the daily amount by the number of calendar days in the period.

**Example:** Cynthia's employer contributes \$450.00 per month to her health care benefits. Her LEP period is 4/16/16-4/30/16.

$\$450.00 \div 30 = \$15.00$  (daily rate) x 15 (calendar days) = **\$225.00** (HCB for LEP period)

- **Employer contributes an hourly rate based on hours worked:** Calculate the hourly contribution in the same way the hourly wage rate is calculated for the gross monthly wage. Divide that amount by 30 days to get a daily contribution amount, then multiply by the number of calendar days in the period.

**Example:** Mark works 10 hours per day, 4 days per week. His employer contributes \$3.75 per hour to his health care benefits. His LEP period is 3/1/14-3/14/14.

$\$3.75 \times 10$  (hours per day) x 18 (days per month) = \$675.00 per month

$\$675.00 \div 30 = \$22.50$  (daily rate) x 14 (calendar days) = **\$315.00** (HCB for LEP period)

## Updated Date of Injury Wages (Wages at the Date of Injury)

We use updated date of injury (DOI) wages to take into account wage rate changes that have nothing to do with the industrial injury.

To calculate updated wages for an LEP period, we use the work pattern the worker had at time of injury (hours and days), but we use the *wage rates* of workers who are doing the same job during the LEP period being paid.

**Example:** If an injured worker was working 10 hours per day, 6 days per week, at \$15 per hour, and workers doing that job during the LEP period are working 8 hours per day, 5 days per week, at \$20 per hour, then we calculate the injured worker's updated wages using 10 hours per day, 6 days per week, at \$20 per hour.

**Health care and other benefits included in wage calculations:** We update the employer's contribution toward healthcare benefits and the value of other benefits included in wage calculations just as we update the wage rate.

**Example:** If an injured worker's employer was contributing \$400.00 per month toward health care benefits at the time of injury, and the employer is contributing \$500.00 per month during the LEP period, then calculate the injured worker's updated wages using \$500.00 per month.

**Note:** We do not "update" wage rates or benefit contributions to lower levels. If workers doing the job during the LEP period have wage rates that are lower than at the time of the injured worker's injury, or benefits have been reduced since the worker's injury, then use the wage rates and benefits provided at the time of injury.

## Current Wages

"Current wages" are the worker's earning capacity during the LEP period. This is usually the actual gross earnings as listed on the pay stub or payroll records. See "[Current Wages When Missed Work or on Leave](#)" for information regarding how to calculate current wages if the worker does not work all available hours.

**Overtime** – If the worker was paid overtime (OT) during the LEP period, the OT should be included based on the subsection the date of injury wage rate was based upon ([WAC 296-14-530](#)).

- For workers whose work pattern was calculated using subsection 1, include the overtime *hours* worked using the "regular" rate of pay.
- For workers whose work pattern was calculated using subsection 2, the overtime *pay* should be included in determining the worker's wages.

**Bonuses** – Any bonuses earned during the LEP period should first be divided by the number of months the bonus covers to find the monthly average. This ensures that bonuses are compared to the updated DOI wages in the same way as previously calculated. Divide the monthly bonus amount by 30 days to find the daily amount. Multiply the daily amount by the number of calendar days in the LEP period.

**Example:** Joseph earned a \$200.00 annual bonus during his LEP period. His other earnings from light duty work totaled \$750.00 for a 15-day period. His employer does not contribute to health care benefits.

$$\begin{aligned} \$200.00 \div 12 \text{ months} &= \$16.67 \text{ (avg. monthly bonus)} \div 30 = \$0.56 \text{ (avg. per day)} \\ \$0.56 \times 15 \text{ (calendar days)} &= \$8.40 \\ \$750.00 + \$8.40 &= \mathbf{\$758.40} \text{ (current wages)} \end{aligned}$$

**Health Care Benefits** – If the employer reinstates or continues to contribute to health care benefits while on light duty, include the amount of the employer’s contribution, even if the amount is reduced. If the employer is not contributing to health care benefits, do not include the contribution amount in the current wages calculation.

**Example 1:**

George was injured on October 12, 2015. At the time of injury, he was earning \$27.00 per hour. His schedule varied, but he always worked full time with an average of 45 overtime hours per month. His employer does not contribute to health care benefits.

He has been working light duty for the last two months at \$20.00 per hour. His schedule varies, but he continues to work full time. His average overtime hours per month have been reduced to 14. From April 16, 2016 through April 30, 2016, he worked a total of 88 regular hours and 8 overtime hours.

Calculate his “current wages” for the LEP period.

$$\begin{aligned} \$20.00 \text{ (current hourly wage)} \times 88 \text{ (regular hours worked)} &= \$1,760.00 \\ \text{OT: } \$20.00 \text{ (current hourly wage)} \times 8 \text{ (overtime hours)} &= \$160.00 \\ \$1,760.00 + \$160.00 &= \mathbf{\$1,920.00} \text{ (current wages)} \end{aligned}$$

**Note:** Because George is a regular and continuous employee, overtime is included at the regular rate of pay.

**Example 2:**

Samantha was injured on January 9, 2016. At the time of her injury, she was earning \$34.75 per hour, working Monday through Friday, 8 hours per day. Her employer continues to contribute \$525.00 per month to health care benefits.

She is currently working light duty 4 hours per day, Tuesday through Friday, earning \$27.50 per hour.

Calculate her “current wages” for the LEP period of May 1, 2016 through May 14, 2016.

$\$27.50$  (current hourly rate)  $\times$  4 (hours per day) =  $\$110.00$  (daily wage)  
 $\$110.00 \times 8$  (working days in LEP period) =  $\$880.00$   
 $\$525.00$  (HCB)  $\div$  30 =  $\$17.50$  (daily rate)  $\times$  14 (calendar days) =  $\$245.00$   
 $\$880.00 + \$245.00 = \mathbf{\$1,125.00}$  (current wages)

### Example 3:

Shane was injured July 29, 2014. At the time of injury, he was a park maintenance worker earning \$12.00 per hour. His hours varied seasonally; in the 12 months prior to his injury, he worked an average of 135 hours per month. His employer was contributing \$125.00 per month to his health care benefits.

He was released to light duty work by his attending provider and returned to work at the same wage, but a reduced schedule. For the LEP period of September 20, 2014 through October 3, 2014, he worked a total of 46 hours. His employer’s contribution to health care benefits ended effective August 1, 2014.

Calculate his current wages for the LEP period.

$\$12.00$  (current hourly rate)  $\times$  46 (total hours worked) =  $\mathbf{\$552.00}$  (current wages)

## Current Wages When Missed Work or on Leave

When a worker misses work during the LEP period for something unrelated to the injury (sickness, vacation, holiday, paid or unpaid leave), the wages the worker would have earned for the hours missed on the light duty job should be included in the LEP calculation.

**Example:** Marie was scheduled to work light duty 4 hours per day, 3 days per week. She earned \$13.00 per hour. For the LEP period of May 16, 2015 through May 31, 2015, she was scheduled to work 10 days, but only worked 9 days because her son was sick one day.

Calculate her available earnings for the LEP period:

$\$13.00 \times 4$  (hours per day)  $\times$  10 (scheduled work days) =  $\mathbf{\$520.00}$  (current wages)

## Time-Loss Rate

The TL rate should be calculated based on the rate in effect at the time of the LEP period. All COLAs, maximum, and minimum time-loss rates apply. Divide the monthly compensation rate by 30 to find the daily rate, then multiply it by the number of calendar days in the LEP period.

**Health Care Benefits (HCB)** – If the employer reinstates or continues to contribute to HCB, do not include the contribution in the gross monthly wage calculation. If benefits are discontinued, include the employer’s health care contribution on the date of injury to the gross monthly wage.

## State’s Average Wage x 1½

The State’s Average Wage (SAW) is calculated by the Employment Security Department each year. The monthly and daily rates for 1½ x the SAW can be found on the second page of the [LEP Worksheet](#). Use the rate in effect at the time of the LEP entitlement period. The daily rate should be multiplied by the number of calendar days in the period. This amount will be automatically calculated if you choose to use the online [LEP calculator](#).

**Example:** For the payment period August 30, 2015 – September 12, 2015, the SAW x 1½ amount from the chart is \$228.45 per day.

SAW x 1½ for a 14-day LEP period: \$228.45 x 14 days = **\$3,198.30**

## Calculating Loss of Earning Power

The department calculates the LEP percentages at each stage going out four places from the decimal and rounding to three places from the decimal (e.g. .3475 is rounded to .348). The department’s [LEP Calculator](#) does the same.

### Method A

For injuries or occupational diseases **prior** to May 7, 1993, loss of earning power benefits are based on a percentage of the monthly compensation rate. This formula, known as Method A, is the only method used to determine LEP entitlement.

### Method B

For injuries on or after May 7, 1993, an additional formula known as Method B must also be calculated. The formula is 80 percent of the difference between the worker’s current wages and earning power (updated DOI wages) at the time of injury.

## The Calculation

### Example:

Forrest was earning a monthly salary of \$6,200.00 at the time of his injury on December 22, 2009 and it had not increased at the time of his LEP entitlement. Forrest is married with no dependents. After a period of recovery, the attending provider released him to work 7 hours per day, 5 days per week, Monday through Friday. The employer made Forrest a valid job offer for \$38.80 per hour. He returned to work on March 1, 2012 and remained on the light duty job through March 10, 2012.



Calculate the 4 key numbers for the LEP period March 1, 2012 through March 10, 2012.

❶  $\$6,200.00 \div 30 = \$206.67$  (daily rate) x 10 (calendar days) =  **$\$2,066.70$**  (updated DOI wages)

❷  $\$38.80 \times 7$  (hours per day) =  $\$271.60$  (daily wage)  
 $\$271.60 \times 7$  (LD working days) =  **$\$1,901.20$**  (current wages)

❸  $\$6,200.00 \times 65\% = \$4,030.00$  (monthly time-loss compensation rate)  
 $\$4,030.00 \times 1.01939$  (COLA) =  $\$4,108.14 \div 30 = \$136.94$  (daily time-loss rate)  
 $\$136.94 \times 10$  (calendar days)  **$\$1,369.40$**

❹  $\$200.68$  (state's average wage x 1½) x 10 (calendar days) =  **$\$2,006.80$**

First, complete the Method A section of the worksheet using the first three key numbers:

(1) 
$$\frac{\$1,901.20 \text{ (2)}}{\text{Current Wages}} \div \frac{\$2,066.70 \text{ (1)}}{\text{DOI Wages (Updated Wages/Earning Capacity)}} = \frac{.920}{\text{Percent of Wages at the Time of Injury}}$$

(2) 
$$1.00 - \frac{.920}{\text{Percent of Wages at the Time of Injury}} = \frac{.080}{\text{Loss of Earning Power Percent}}$$

(3) 
$$\frac{.080}{\text{Loss of Earning Power Percent}} \times \frac{\$1,369.40 \text{ (3)}}{\text{Time-Loss Compensation Rate}} = \frac{\$109.55}{\text{Method A LEP Entitlement}}$$

Second, complete the Method B section using the first two key numbers:

(4) 
$$\frac{\$2,066.70 \text{ (1)}}{\text{DOI Wages (Updated Wages/Earning Capacity)}} - \frac{\$1,901.20 \text{ (2)}}{\text{Current Wages}} = \frac{\$165.50}{\text{"Difference"}}$$

(5) 
$$\frac{\$165.50}{\text{"Difference"}} \times .80 = \frac{\$132.40}{\text{Method B LEP Entitlement}}$$

If Method A is the higher entitlement, stop and pay Method A.

If Method B is the higher entitlement, there are additional rules to check to determine if the entitlement must be “capped.” (See below.)

## Capping

- **The injured worker's current wages plus the Method B LEP entitlement may not exceed 1.5 times the state's average monthly wage for the period.** To see if this cap applies, use the following formula:

$$(6) \quad \frac{\$1,901.20}{\text{Current Wages}} \textcircled{2} + \frac{\$132.40}{\text{Method B LEP}} = \frac{\$2,033.60}{*}$$

\* If this amount exceeds 1.5 times the state's average wage (see calculation ④, above), it must be capped as follows:

$$(7) \quad \frac{\$2,006.80}{\text{State's Average Wage Multiplied by 1.5}} \textcircled{4} - \frac{\$1,901.20}{\text{Current Wages}} \textcircled{2} = \frac{\$105.60}{\text{Capped Amount for Method B}}$$

- **The worker may not receive more than the full time-loss rate for this period.** If the Method B entitlement is higher than the time-loss rate for this period (see calculation ⑤, above), it must be capped by changing the Method B LEP entitlement to the time-loss rate (see calculation ③, above).
- **The worker must receive the highest benefit amount between Method A and your final amount for Method B (whether capped or not).** Compare the Method A entitlement to the Method B entitlement and pay the higher amount.

Compensation paid this period:

3/1/2012	3/10/2012	10	\$109.55
From	Through	Number of Calendar Days	Amount LEP Paid

Which method was used? Method A

## LEP Examples

### Example 1:

On July 14, 2011, Chris strained his back at work. At the time of his injury, he was working 8 hours per day, Monday through Friday, and earning \$29.50 per hour. His employer contributed \$420.00 per month to his family's health care benefits. He was married with 3 dependents.

On August 15, 2011, Chris returned to work light duty. He was working the same days and hours but was earning \$25.00 per hour. His employer discontinued their contribution to health care benefits while he was on light duty. Effective August 1, 2011, his job of injury hourly wage increased to \$30.00 per hour.

Calculate his LEP entitlement from August 15, 2011 through August 31, 2011.

Calendar days		August 2011				
Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

- ❶  $\$30.00$  (updated hourly rate)  $\times$  8 (hours per day) =  $\$240.00$  (daily wage)  
 $\$240.00 \times 13$  (working days in LEP period) =  $\$3,120.00$  (updated DOI wages)
- $\$420.00$  (HCB per month)  $\div$  30 (calendar days) =  $\$14.00$  (daily contribution to HCB)  
 $\$14.00 \times 17$  (calendar days in the period) =  $\$238.00$   
 $\$3,120.00 + \$238.00 = \mathbf{\$3,358.00}$  (updated DOI wages)
- ❷  $\$25.00$  (light duty hourly rate)  $\times$  8 (hours per day) =  $\$200.00$  (daily wage)  
 $\$200.00 \times 13$  (actual working days in LEP period) =  $\mathbf{\$2,600.00}$  (current wages)
- ❸  $\$29.50$  (date of injury hourly rate)  $\times$  8 (hours per day) =  $\$236.00$  (daily wage)  
 $\$236.00 \times 22$  (per RCW 51.08.178) =  $\$5,192.00$   
 $\$5,192.00 + \$420.00$  (HCB per month) =  $\$5,612.00$  (gross monthly wage)
- $\$5,612.00 \times 71\%$  (married with three dependents) =  $\$3,984.52$  (monthly TL rate)  
 $\$3,984.52 \div 30 = \$132.82$  (daily TL rate)  
 $\$132.82 \times 17$  (calendar days in LEP period) =  $\mathbf{\$2,257.94}$  (time-loss rate)
- ❹  $\$200.68$  (SAW  $\times$  1½ daily rate)  $\times$  17 (calendar days in LEP period) =  $\mathbf{\$3,411.56}$

## LOSS OF EARNING POWER (LEP) CALCULATIONS

Injured Worker <b>Chris</b>	Claim Number
Payment Period From <b>08/15/2011</b> Through <b>08/31/2011</b>	Number of Calendar Days <b>17</b>

See next page for calculation information.

<b>Wages at the Date of Injury</b>	①	<u>\$3,358.00</u>
<b>Current Wages</b>	②	<u>\$2,600.00</u>
<b>Time-Loss Rate</b>	③	<u>\$2,257.94</u>
<b>State's Average Wage x 1½</b>	④	<u>\$3,411.56</u>

**Method A (Complete for all claims):**

$$\begin{array}{l}
 (1) \quad \frac{\$2,600.00}{\text{Current Wages}} \text{ ②} \div \frac{\$3,358.00}{\text{DOI Wages (Updated Wages/Earning Capacity)}} \text{ ①} = \frac{.774}{\text{Percent of Wages at the Time of Injury}} \\
 (2) \quad 1.00 - \frac{.774}{\text{Percent of Wages at the Time of Injury}} = \frac{.226}{\text{Loss of Earning Power Percent}} \\
 (3) \quad \frac{.226}{\text{Loss of Earning Power Percent}} \times \frac{\$2,257.94}{\text{Time-Loss Compensation Rate}} \text{ ③} = \frac{\$510.29}{\text{Method A LEP Entitlement}}
 \end{array}$$

**Method B (Complete for all claims with a Date of Injury (DOI) on or after 05/07/93):**

$$\begin{array}{l}
 (4) \quad \frac{\$3,358.00}{\text{DOI Wages (Updated Wages/Earning Capacity)}} \text{ ①} - \frac{\$2,600.00}{\text{Current Wages}} \text{ ②} = \frac{\$758.00}{\text{"Difference"}} \\
 (5) \quad \frac{\$758.00}{\text{"Difference"}} \times .80 = \frac{\$606.40}{\text{Method B LEP Entitlement}}
 \end{array}$$

If Method A is the higher entitlement, stop and pay Method A.

If Method B is the higher entitlement, there are 3 additional rules to apply:

- The injured worker's current wages plus the Method B LEP entitlement may not exceed 1.5 times the state's average monthly wage. To see if this cap applies, use the following formula:

$$(6) \quad \frac{\$2,600.00}{\text{Current Wages}} \text{ ②} + \frac{\$606.40}{\text{Method B LEP}} = \underline{\$3,206.40} \text{ * }$$

\* If this amount exceeds 1.5 times the state's average wage (see calculation ④, above), it must be capped as follows:

$$(7) \quad \frac{\text{State's Average Wage Multiplied by 1.5}}{\text{④}} - \frac{\text{Current Wages}}{\text{②}} = \underline{\hspace{2cm}} \text{ Capped Amount for Method B}$$

- The worker may not receive more than the full time-loss rate for this period. If the Method B entitlement is higher than the time-loss rate for this period (see calculation ⑤, above), it must be capped by changing the Method B LEP entitlement to the time-loss rate (see calculation ③, above).
- The worker must receive the highest benefit amount between Method A and your final amount for Method B (whether capped or not). Compare the Method A entitlement to the Method B entitlement and pay the higher amount.

Compensation paid this period:

<u>8/15/2013</u> From	<u>8/31/2013</u> Through	<u>17</u> Number of Calendar Days	<u>\$606.40</u> Amount LEP Paid
--------------------------	-----------------------------	--------------------------------------	------------------------------------

Which method was used? B

**Example 2:**

On June 14, 2010, Kami fell at work, sustaining multiple injuries. At the time of her injury, she was averaging 188 hours per month, earning \$26.00 per hour. Her employer contributed \$450.00 per month towards her health care benefits. Kami is married with no dependent children.

Kami was released for light duty effective August 1, 2012. Her light duty schedule was Tuesday through Friday, 6 hours per day. She continued to be paid \$26.00 per hour. While she was on light duty, her employer did not continue to contribute to health care benefits due to the union contract. The employer confirmed her job of injury hourly wage and health care contributions had not changed.

Calculate her LEP entitlement from August 1, 2012 through August 15, 2012.

Calendar Days		August 2012					LD Working Days
Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.	
			1	2	3	4	
5	6	7	8	9	10	11	
12	13	14	15	16	17	18	
19	20	21	22	23	24	25	
26	27	28	29	30			

①  $\$26.00 \times 188$  (average hours per month) = \$4,888.00  
 $\$4,888.00 \div 30 = \$162.93$  (daily wage)  
 $\$162.93 \times 15$  (calendar days in period) = \$2,443.95

$\$450.00$  (HCB)  $\div 30 = \$15.00$   
 $\$15.00 \times 15$  (calendar days in period) = \$225.00

$\$2,443.95 + \$225.00 = \mathbf{\$2,668.95}$  (updated DOI wages)

- ②  $\$26.00$  (light duty hourly rate)  $\times 6$  (hours per day) =  $\$156.00$   
 $\$156.00 \times 9$  (working days in LEP period) =  **$\$1,404.00$**  (current wages)

**Note:** HCB were not included because the employer did not contribute during the light duty period.

- ③  $\$26.00$  (date of injury hourly rate)  $\times 188$  (average hours per month) =  $\$4,888.00$   
 $\$4,888.00 + \$450.00$  (HCB) =  $\$5,338.00$  (gross monthly wage with HCB)

$\$5,338.00 \times 65\%$  (married with no dependents) =  $\$3,469.70$   
 $\$3,469.70 \times 1.05604$  (cumulative COLA) =  $\$3,664.14$  (monthly TL rate)  
 $\$3,664.14 \div 30 = \$122.14$  (daily TL rate)

$\$122.14 \times 15$  (calendar days in period) =  **$\$1,832.10$**  (time-loss rate)

- ④  $\$207.89$  (SAW daily rate  $\times 1\frac{1}{2}$ )  $\times 15$  (calendar days in period) =  **$\$3,118.35$**

Injured Worker\*  
Kami

Claim Number\*  
S000000

Payment Period

From Date

Month\* 08 Day\* 01 Year\* 2012 

Through Date

Month\* 08 Day\* 15 Year\* 2012 

Updated Wages at DOI\*  
2668.95

Updated Wages at the Date of Injury (earning capacity).

Current Wages\*  
1404.00

Light-duty wages for the payment period.

Time-Loss Rate\*  
1832.10

Time-loss rate multiplied by number of calendar days in the period.

**CALCULATE**

RESET

PRINT WORKSHEET

Results

State's average wage multiplied by 1.5,  
multiplied by the number of calendar days in  
the period  
**\$3,118.35**

Calendar days  
**15**

LEP entitlement  
**\$1,011.96**

Method used  
**Method B**

**Method A**

\$1,404.00 Current wages  
+ \$2,668.95 DOI Wages  
-----  
= 52.60% Percent of Wages  
at the time of Injury

100%  
- 52.60% Percent of Wages at the  
Time of Injury  
-----  
= 47.40% Loss of Earning  
Power Percent

47.40% Loss of Earning Power  
Percent  
X \$1,832.10 Time-Loss Comp. Rate  
-----  
= \$868.41 Method A LEP  
Entitlement

**Method B**

\$2,668.95 DOI Wages  
- \$1,404.00 Current Wages  
-----  
= \$1,264.95 Difference

\$1,264.95 Difference  
X 80%  
-----  
= \$1,011.96 Method B LEP  
Entitlement

**Example 3:**

Christine was injured at work on March 16, 2014. She works 9 hours a day, 5 days a week, Monday through Friday, and earns \$17.25 per hour. Her employer was contributing \$445.00 per month for health care benefits. At the time of injury, she was single with two dependents under the age of 12.

On 4/15/14, she returned to work light duty. She worked 8 hours a day, Monday through Friday, because her employer no longer offered overtime work to any employees. She earns \$14.25 per hour while on light duty. Her employer continues to contribute to health care benefits.

Calculate her LEP entitlement from March 15, 2014 through March 28, 2014.

Calendar Days		March 2014					LD Working Days
Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.	
						1	
2	3	4	5	6	7	8	
9	10	11	12	13	14	15	
16	17	18	19	20	21	22	
23	24	25	26	27	28	29	
30	31						

①  $\$17.25 \times 8$  (hours per day\*) = \$138.00 (daily wage)  
 $\$138.00 \times 10$  (working days in LEP period) = \$1,380.00

$\$445.00 \div 30 = \$14.83 \times 14$  (calendar days in period) = \$207.62

$\$1,380.00 + \$207.62 = \mathbf{\$1,587.62}$  (updated DOI wages)

**\*Note:** Because overtime hours are no longer offered to any employee, her earning capacity must be changed from 9 hours per day to 8 hours per day, because this is not treated as a loss in earning capacity.



②  $\$14.25$  (light duty hourly rate)  $\times 8$  (hours per day) =  $\$114.00$  (daily wage)  
 $\$114.00 \times 10$  (working days in LEP period) =  $\$1,140.00$

$\$445.00 \div 30 = \$14.83 \times 14$  (calendar days in period) =  $\$207.62$

$\$1,140.00 + \$207.62 = \mathbf{\$1,347.62}$  (current wages)

③  $\$17.25$  (date of injury hourly rate)  $\times 9$  (hours per day) =  $\$155.25$  (daily wage)  
 $\$155.25 \times 22$  (per RCW 51.08.178) =  $\$3,415.50$  (gross monthly wage, not including  
HCB because the employer is still  
paying)

$\$3,415.50 \times 64\%$  (single with two dependents) =  $\$2,185.92$  (monthly TL rate)

$\$2,185.92 \div 30 = \$72.86$  (daily TL rate)

$\$72.86 \times 14$  (calendar days in period) =  $\mathbf{\$1,020.04}$  (time-loss rate)

④  $\$214.98$  (SAW daily rate  $\times 1\frac{1}{2}$ )  $\times 14$  (calendar days in period) =  $\mathbf{\$3,009.72}$

Injured Worker\*  
Christine


Claim Number\*  
S000000

Payment Period

From Date

Month\* 04 Day\* 15 Year\* 2014 

Through Date

Month\* 04 Day\* 28 Year\* 2014 

Updated Wages at DOI\*  
1587.62

Updated Wages at the Date of Injury (earning capacity).

Current Wages\*  
1347.62

Light-duty wages for the payment period.

Time-Loss Rate\*  
1020.04

Time-loss rate multiplied by number of calendar days in the period.

**CALCULATE**

RESET

PRINT WORKSHEET

Results

State's average wage multiplied by 1.5, multiplied by the number of calendar days in the period  
**\$3,009.72**

Calendar days  
**14**

LEP entitlement  
**\$192.00**

Method used  
**Method B**

**Method A**

---

\$1,347.62 Current wages  
÷ \$1,587.62 DOI Wages  
= 84.88% Percent of Wages at the time of Injury

---

100%  
- 84.88% Percent of Wages at the Time of Injury  
= 15.12% Loss of Earning Power Percent

---

15.12% Loss of Earning Power Percent  
X \$1,020.04 Time-Loss Comp. Rate  
= \$154.23 Method A LEP Entitlement

**Method B**

---

\$1,587.62 DOI Wages  
- \$1,347.62 Current Wages  
= \$240.00 Difference

---

\$240.00 Difference  
X 80%  
= \$192.00 Method B LEP Entitlement

## Determining the Dependent Portion of LEP

The dependent portion of LEP depends on the worker's percentage of time-loss compensation and the number of dependents. Divide the percentage for the dependent(s) by the worker's total entitlement percentage, then multiply that number by the LEP entitlement.

### Example:

Jim is single with two dependents who live with an alternate recipient. His total LEP entitlement is \$1,500.00.

$$\begin{array}{rclcl} 4 & \div & 64 & = & .0625 \\ \text{(2\% for each dependent)} & & \text{(time-loss entitlement percentage)} & & \\ \\ .0625 & \times & \$1,500.00 & = & \mathbf{\$93.75} \\ & & \text{(total LEP entitlement)} & & \text{(dependent portion of LEP)} \end{array}$$

## Reporting and Communication Requirements

[RCW 51.32.190](#), [WAC 296-15-340](#), [WAC 296-15-420](#), [WAC 296-15-425](#)

### Reporting to the Department

Within five days of starting loss of earning power compensation, the self-insurer must send the [Starting Compensation Benefits](#) template (form F207-224-000) to the worker. A copy of the template must be sent to the department, along with the SIF-2. If it has not already been done, the self-insurer must also send the [Calculation of Monthly Wage as a Basis for Time-Loss Compensation](#) template (form F207-227-000) to the worker with a copy of the [SIF-5A](#).

Any LEP calculations not previously submitted to the department should be sent when requesting closure. Insurers may choose to use their own LEP worksheets as long as they show the calculations. The department's [LEP Worksheet](#) or printouts from the [LEP calculator](#) can also be used for documentation.

### Statement of Benefits

Effective July 1, 2019, [WAC 296-15-340\(2\)](#) requires self-insurers to send a statement of benefits to the worker with each payment, including the type of benefit being paid and the date span. This statement may be provided electronically if authorized by the worker.

### Underpayments and Overpayments

If benefits are determined to be underpaid and an adjustment is payable, the self-insurer must send the [Assessment of Underpayment](#) template (form F207-223-000) to the worker within five days of knowledge of the underpayment.

Alternatively, if benefits have been overpaid, the self-insurer must send the [Assessment of Overpayment](#) template (form F207-222-000) to the worker with five days of knowledge. More information about Overpayments is available in the [Miscellaneous Claims Issues](#) chapter.

## Additional LEP Information

### Terminated for Cause

Workers who have returned to light duty employment and are subsequently terminated for cause are not entitled to LEP, as long as the termination is for actions occurring during the light duty employment and not retroactively. A worker who was terminated for cause prior to light duty employment is entitled to compensation (e.g. the worker failed a drug test that was conducted prior to returning to light duty work). (See [Glacier Northwest, Inc. v. Walker](#), 151 Wash. App. 389, 212 P.3d 587 (2009) and [O'Keefe v. Dept. of L&I](#) (2005).)

If a worker who was terminated for cause is then given increased restrictions which would preclude him or her from doing the light duty job, time-loss benefits again become payable. If a light duty job is offered again, even if it is the same job, LEP benefits should be considered ([In re Jennifer Soesbe \(2003\)](#)).

### Worker Accepts a Light Duty Job at Lower Wage

If a worker accepts a light duty job at a lower wage after the employer offers a valid light duty job at a higher wage, loss of earning power is calculated using the higher wage if the worker is capable of performing the higher wage job.

### Work No Longer Available

[RCW 51.32.090\(4\)\(b\)](#)

If a light duty job comes to an end or is no longer available due to plant shutdown, layoffs, etc. before the worker is released to full duty, the worker is entitled to time-loss compensation.

### Injured While Working Light Duty

When a worker suffers a new injury while working a transitional light duty job with the employer of injury, the new injury should be addressed under the existing claim. This is because the worker would not have been working light duty if not for the original injury or occupational disease.

When a worker sustains a new injury while working a permanent light duty job for the employer of injury or while working light duty with a different employer, a new claim should be filed.

If the worker was receiving LEP benefits due to their limited ability to work on the original claim, these benefits would continue on the original claim based on the light duty wage. LEP benefits would be calculated using Method A, based on what the light duty job would have paid

if the worker had continued working. Method B of the LEP calculation would not apply because the worker must be working to receive Method B ([In re Karl Bean \(2006\)](#)).

The worker would be entitled to time-loss benefits under the second claim if certified by the attending provider. The wages for the second claim will be based solely on the light duty wage the worker was earning at the time of injury. LEP benefits are not considered when calculating gross monthly wages on the new claim. The wages for the new injury would be based on the hours worked and hourly rate at the time of the new injury.

## Provisional LEP

When a claim validity or reopening decision has not been made and the worker has returned to light or modified duty or has been offered a valid light duty job, provisional LEP compensation should be paid.

Provisional LEP payments should contain notification to the worker that the LEP will be recovered if the claim is rejected or the reopening is denied.

## Dual Claim Benefits

Policy 4.71

Workers may receive LEP compensation under two or more claims, State Fund and/or self-insured. They are entitled to benefits equal to the amount entitled under the claim with the highest compensation rate.

The payments should be divided between the claims. See Dual Claim Benefits in the [Time-Loss Compensation](#) chapter for more information and examples.

## Terminating Loss of Earning Power Benefits

When terminating LEP benefits, the self-insurer must notify the worker using the [Stop or Deny Compensation Benefits](#) template (form F207-225-000), as required by [WAC 296-15-425](#).

Using the following criteria, determine when to terminate LEP payments:

- **Released for Full Duty** – When a worker is given a full release to the job of injury, LEP benefits may be terminated. This is true even if the worker chooses not to return to the job of injury and continues earning a lower wage.
- **Loss of Earnings is Less than 5%** – If a worker's earnings have returned to within 5% of the updated wages at the time of injury, they are no longer entitled to LEP.
- **Found Employable** – When a vocational assessment is conducted and a worker is determined to be employable, LEP benefits may be terminated on the date that determination is made.

- **Legal Fixity** – Legal fixity occurs when an order is issued closing the claim. (A protest to the closing order does not extend the period of payment for LEP benefits if the department later affirms the closing order.)

LEP is paid until “legal fixity” in the following situations:

- The employer of injury returns the worker to a permanent light duty job.
- The worker is participating in, or has recently completed, an on-the-job training program ([RCW 51.32.095](#)).