

DEPARTMENT OF INDUSTRIAL RELATIONS
COMMISSION ON HEALTH AND SAFETY AND
WORKERS' COMPENSATION

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January 6, 2017

Steve Bradford, Chair
Senate Committee on Labor and Industrial Relations
1020 N Street, Room 545
Sacramento, CA 95814

Dear Senator Bradford,

I am in receipt of Senator Mendoza's letter of December 7, 2016, requesting that the Commission on Health and Safety and Workers' Compensation (CHSWC) conduct a review of the Return to Work Fund. The requested review would entail compiling the necessary data to conduct a study to determine both if there is a gap between the number of workers awarded Supplemental Job Displacement Benefits (SJDB) and those who applied for the RTW Fund, and if a gap exists, if it is growing or shrinking over time.

The Commission has voted to authorize Senator Mendoza's request and funded a study to conduct a review of the Return to Work Fund.

We appreciate the opportunity to respond to this request and the Commission looks forward to providing you and the Senate Committee on Labor and Industrial Relations with a study in the near future.

Sincerely,

Eduardo Enz
Executive Officer
Commission on Health and Safety and Workers' Compensation

cc: Senator Tony Mendoza, Chair, Senate Insurance Committee
Daniel Bagan, Chair, CHSWC
Commissioners, CHSWC
Christine Baker, Director, DIR

Report on Return to Work Fund Inquiry

Response to Senator Tony Mendoza

DIR Research Unit

March 22, 2017

COMMISSION ON HEALTH AND SAFETY AND WORKERS' COMPENSATION

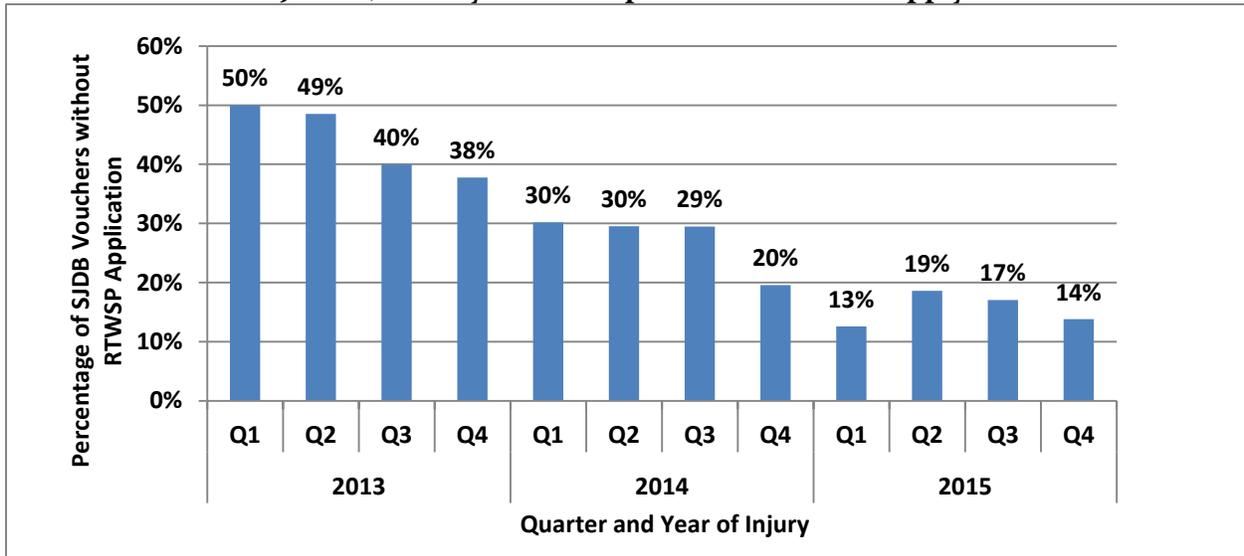
Executive Summary

This report is in response to the December 7, 2016 Senator Tony Mendoza inquiry regarding the Return to Work Supplement Program (RTWSP) Fund. In his letter to the Commission on Health Safety and Workers' Compensation (CHSWC), Senator Mendoza asked CHSWC to conduct a review of the Return to Work RTWSP Fund to answer the following questions:

1. Is there a gap between the number of workers who were awarded Supplemental Job Displacement Benefits (SJDB) and the number of workers who applied for the RTWSP Fund?
2. If such a gap exists, is the gap growing or shrinking over time?

In cooperation with CHSWC, the Department of Industrial Relations (DIR) Research Unit examined claim and benefit data and RTWSP Fund application data and found that, while a notable gap existed at the beginning of the program, the current gap between those who received the SJDB and those who applied for the RTWSP Fund has closed substantially.

Chart 1: Percent of SJDB \$6,000 Payment Recipients who did not apply for RTWSP Fund



WCIS-RTWF January 2017

Chart 1, quarterly analysis shows that the proportion of those who received the SJDB application and subsequently applied for and received the RTW benefit increased greatly between 2013 and 2015. The gap has closed from a 50% gap at the program's start to a gap of between 12-20%.

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About the Program

Adopted with the passage of Senate Bill (SB) 863, Labor Code Section 139.48 requires the Director of DIR to administer a \$120 million a year Return-to-Work Supplement Program (RTWSP) Fund. DIR administers the RTWSP Fund by tying its disbursement to injured workers who are also eligible for the Supplemental Job Displacement Benefits (SJDB).

Workers injured on or after January 1, 2013 with injuries that result in permanent partial disability may qualify for an SJDB voucher of up to \$6,000 for education and training, if the employer does not offer regular, modified or alternative work. Upon receipt of the SJDB voucher injured workers are also eligible to apply for a supplement payment from the RTWSP Fund. Injured Workers who receive the SJDB voucher have up to one year from the date of the SJDB voucher to apply. Applicants to the SJDB voucher are not required to use any SJDB payments prior to applying for the RTWSP Fund. Whereas SJDB payments are required to be used for education or training, RTWSP Fund payments to injured workers can be used for any reason.

Gap Analysis Method

To perform the gap analysis, DIR Research matched all claims and benefits in the Division of Workers' Compensation (DWC), Workers' Compensation Information System (WCIS), First Reports of Injury and Subsequent Reports of Injury (FROI/SROI) database, with RTWSP Fund's application data to create a complete record for analysis.

DIR Research then identified all claims where there was a \$6,000 payment for SJDB in the WCIS FROI/SROI database and calculated the total number of claims with SJDB payments of \$6,000 that also have an RTWSP Fund application and total number of SJDB payments of \$6,000 that have not had an RTWSP Fund application to date.

Gap Analysis Assumptions

- The gap between the injured workers who receive \$6,000 in SJDB payments and then do not apply to the RTWSP Fund is a percentage that can be applied to the entire system.
- A payment of \$6,000 in any WCIS Vocational Rehabilitation Category is a positive indication that SJDB payment was made.