

- **Maximum Compensation Rate**

There is a maximum weekly benefit rate an employee can collect. The Maximum Compensation Rate changes every September 1st and is announced by the RI Department of Labor and Training. The compensation rate plus the dependency rate cannot be more than 80% of the total Average Weekly Wage.

- **Example of calculation:**

An employee is injured on May 11, 2015, and does not return to work for several weeks. He is married with 3 children, which totals 5 exemptions (employee counts himself, spouse and 3 children), and has an AWW of \$650 per week.

\$650.00	AWW
\$578.88	SBW
<u> x 75%</u>	
\$434.16	Comp Rate

- **Dependency Benefits**

Dependency benefits of \$15 per dependent, per week are paid only to those employees who are considered totally disabled as a result of the work-related injury.

If death results from the work-related injury, dependency benefits of \$40 per dependent, per week are paid.

Dependents include:

A non-working spouse;

Dependent children under 18, or children older than 18, but who are physically or

mentally incapacitated from earning; or children born during this incapacity period;

Children between 18 and 23, as long as the child is satisfactorily enrolled as a full-time student in an accredited educational facility.

Please note: There are numerous circumstances involving employment dates and wages which may change the calculations and money amounts included. In addition, questions often arise regarding explanation of dependency benefits.

For more information about this or other workers' compensation topics, please call the...

RI Workers' Compensation Education Unit
(401) 462-8100—press #1
www.dlt.ri.gov/wc
Monday through Friday
8:30 a.m. to 4:00 p.m.
TDD: (401) 462-8006

Equal opportunity employer/program.
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Rhode Island
Workers' Compensation Benefits

**Calculation
of
Compensation Rate**



Workers Compensation
Education Unit

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The RI workers' compensation system is a form of no-fault insurance designed to provide assistance to injured employees for medical expenses and lost wages. It applies to businesses with one or more employees, unless otherwise exempt by law.

Calculation of Compensation Rate

• Reporting Requirements

When the employer files the Employer's First Report of Injury form (DWC-01) with the RI Department of Labor and Training and the insurance company or adjuster, he or she will indicate whether the worker is losing time from work. If the worker is unable to work because of the injury for more than three days, the employer must complete and submit a wage statement, which is used to calculate the amount of weekly compensation benefits paid to the worker by the insurance company or self-insured employer.

According to the Workers' Compensation Act, **the insurer will pay no compensation benefits for lost wages for the first three consecutive days** the employee is unable to work because of injury or illness. Compensation, if paid, will begin on the fourth day of incapacity.

• Determining the Average Weekly Wage

Several steps are taken to calculate the amount paid to the employee. The claims adjuster must first determine the Average Weekly Wage(AWW).

To do so, the claims adjuster must have the wage statement(s) completed correctly and in full by the employer. There are separate wage statements for full-time, part-time, and seasonal employment.

Full-Time: The AWW is calculated by including 13 consecutive weeks of gross wages. The 13 weeks include the weeks prior to the date of incapacity (the first full day without wages), not the date of injury.

Part-Time: For employees who work less than 20 hours standard per week, the AWW is figured by including the 26 consecutive weeks of gross wages prior to the date of incapacity.

There are some exceptions for both full and part time. Neither the week of incapacity nor the week of hire should be used unless the employee worked the full week.

Seasonal Employment: If the employee was hired to work for 16 weeks or less as a seasonal employee, regardless of how many hours per week he or she worked, the wages from the previous 52 consecutive weeks for any employment the employee held within the 52 week period are used.

New Employees: If the employee has been employed for less than 2 weeks, then hours x rate or salary agreed upon is used.

Supplemental Income: If the worker has worked for more than one employer during the 13 calendar weeks (or 26 calendar weeks for part-time) prior to his or her injury, the AWW will be calculated based upon wages earned from all employers in the period involved.

Bonus/Overtime Monies: Bonus and overtime monies for the 52 weeks previous to the incapacity are also included, but are averaged separately on the wage statement and are not listed in the weekly breakdown.

• Calculating Compensation Rate

Having determined the AWW, the claims adjuster uses the following calculation to determine the compensation rate.

Round off the total AWW to the nearest dollar. Refer to **Spendable Base Wage Table** using marital status and number of exemptions* to obtain a spendable base wage.

Multiply spendable base wage by 75% for the compensation rate.

This table is published by the RI Department of Labor and Training for use by insurance adjusters and self-insured employers. It is updated every May 10th and is also available on our website.

*NOTE: Exemptions and Dependents are not the same when calculating benefit rates. Exemptions are the maximum number allowed by Federal Law, including the injured worker. This information and marital status are required to complete the calculation process.