



# Permanent Total Disabilities in the Oregon Workers' Compensation System, 2005

Information Management Division

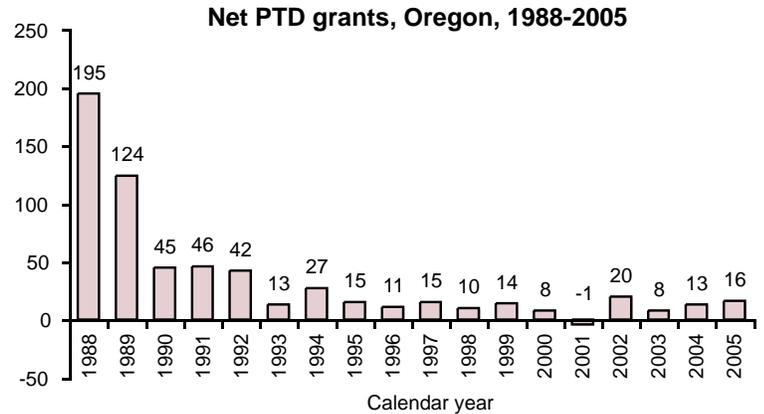
Oregon Department of Consumer & Business Services

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By Russ Reed

Permanent total disability (PTD) is defined as “the loss, including pre-existing disability, of use or function of any...portion of the body which permanently incapacitates the worker from regularly performing work at a gainful and suitable occupation.” (ORS 656.206)

In 2005, 20 Oregon workers received PTD grants, as shown in Table 1. Two of the grants were reinstatements of prior awards, down from nine in 2004; both were by hearing stipulation, one of which resulted from a mediation conducted by a Hearings Division administrative law judge. The two workers had PTD status for 16 and 20 years, respectively, when the awards were rescinded; the reinstatements came eight and 11 months later.



Notes: "Net grants" is grants minus rescissions. Net grants peaked in 1975 at 299. The 1988 value was the highest since 1978.

Table 1. PTD award grants and rescissions, by order level, Oregon, 1997-2005

Year of award	Claim closure			Reconsideration			Hearing			Board review*			All levels			Net grants
	Grant		Re-scind	Grant		Re-scind	Grant		Re-scind	Grant		Re-scind	Grant		Re-scind	
	Orig.	Re-in.		Orig.	Re-in.		Orig.	Re-in.		Orig.	Re-in.		Orig.	Re-in.		
1997	11	0	1	2	0	1	5	2	0	0	0	3	18	2	5	15
1998	9	0	4	1	0	0	4	2	0	0	0	2	14	2	6	10
1999	16	0	7	2	0	0	3	3	2	0	1	2	21	4	11	14
2000	6	0	6	3	0	0	2	3	0	0	0	0	11	3	6	8
2001	11	0	13	1	0	0	0	1	1	0	0	0	12	1	14	-1
2002	12	0	3	4	1	0	0	6	0	0	0	0	16	7	3	20
2003	7	0	6	1	1	0	0	4	0	0	1	0	8	6	6	8
2004	11	1	7	0	0	0	0	8	0	0	0	0	11	9	7	13
2005	15	0	4	0	0	0	1	2	0	2	0	0	18	2	4	16

Notes: "Claim closure" includes department determination orders and insurer notices of closure. (Claim closure responsibility was transferred from the department to insurers and self-insured employers in 2000.) "Grant" includes original awards (Orig.) and reinstatements of awards (Re-in.).

\*The 2005 board grants were by **own motion**; one was by carrier OM closure, the other by the board on appeal of an OM closure.

Of the four award rescissions in 2005, only one had been reinstated as of June 30, 2006. In contrast, all seven of the PTD awards rescinded in 2004 had been reinstated by June 30, 2005. These workers had PTD status for an average of 17.3 years (range: 11.3 to 25.0 years) prior to the recent rescission. None of the four claims had a claim disposition agreement as of June 30. There have been no PTD grants or rescissions by the Court of Appeals since 1990.

The graph gives historical values of net PTD grants. PTD grants, and hence net grants, have declined substantially since 1988, significantly exceeding the drop in claims. For example, accepted disabling claims dropped 49.3 percent from 1988 to 2005, while net PTD grants dropped 91.8 percent.

The primary reasons for decreasing PTD awards are as follows:

- (1) fewer injuries and accepted disabling claims;
- (2) law changes in 1987 by HB 2900 (DCBS director-prescribed disability standards, Board own-motion authority limitations, and change in the court review standard to "substantial evidence");
- (3) law changes in 1990 by SB 1197 (claim disposition agreements, required reconsideration of claim closures, and medical arbiters for impairment disagreements);

(4) law changes in 1995 by SB 369 (limitation on evidence at levels beyond reconsideration, prohibiting issues that were not raised at and did not arise out of the reconsideration, and the definition of “gainful occupation”).

Average incurred and total net costs for PTD grants are given in Table 2. The relatively small number of grants explains both the cost variability and long-term cost increase: Average 2005 medical costs were almost two times 2004 costs and nearly 23 times 1988 costs not just because of inflation and medical cost increases, but also because only the most severely injured workers tend to be granted PTD.

**Table 2. Average reported total incurred costs for PTD grants, and all-insurer net cost (\$ millions), Oregon, 1997-2005**

Year	Indemnity	Medical	Total	% Med.	Net cost
1997	0.337	0.855	1.192	71.7%	17.9
1998	0.417	1.804	2.221	81.2%	22.2
1999	0.376	0.683	1.059	64.5%	14.8
2000	0.287	1.059	1.346	78.7%	10.8
2001	0.442	0.986	1.428	69.0%	-1.4
2002	0.354	0.918	1.272	72.2%	25.4
2003	0.410	1.127	1.537	73.3%	12.3
2004	0.407	1.170	1.577	74.2%	20.5
2005	0.431	2.253	2.685	83.9%	43.0
2004-2005 change:	6.1%	92.5%	70.2%	13.1%	

Notes: Costs are amounts already paid plus remaining reserves. Costs exclude “expenses” (mostly attorney fees) and any reimbursements from handicapped-worker, preferred-worker, or retroactive programs. Costs are prior to any release of benefits in a claim disposition agreement. Net cost is the product of average total costs and net grants for all insurers. Values may not add to totals due to rounding.

Table 3 provides information about the claims and workers with PTD grants, and Table 4 provides time-lag data about these claims. The average time from injury to award dropped significantly from its 2004 value primarily because of the smaller proportion of reinstatements.

Five of the PTD grants, including the two reinstatements, had prior permanent partial disability awards averaging 184.0 unscheduled degrees (four claims) and 40.5 scheduled degrees (three claims); two claims had both award types. Six of the grants were for claims that included accepted psychological conditions; for one claim, it was the only accepted condition.

**Table 3. Characteristics of Oregon claims with PTD grants in 2005**

Item	Classification	Cases	Percentage
Insurer	SAIF	12	60%
	Liberty group	3	15%
	Other private insurer	3	15%
	Self-insured employer	2	10%
Gender	Male	17	85%
	Female	3	15%
Type work	Blue-collar	19	95%
	White-collar	1	5%
Industry	Trade/stores	3	15%
	Lumber/logging	3	15%
	Agriculture/crops	2	10%
	Manufacturing	2	10%
	Transportation	2	10%
	All other	7	35%
	Unknown	1	5%
Body part (principle)	Multiple parts	8	40%
	Head	5	25%
	Trunk/multiple	2	10%
	Other parts	5	25%
Nature	Multiple injury	7	35%
	Sprain/strain	4	20%
	Multiple disease	3	15%
	Fracture	2	10%
	All other	4	20%
Event	Caught in equipment	3	15%
	Highway accident	3	15%
	Overexertion/lifting	3	15%
	Struck by object	3	15%
	Fall	2	10%
	All other	4	20%
	Non-classifiable	2	10%

**Table 4. Time lags (years), Oregon 2005 PTD grants**

Time lag	2005 mean	Range of values	2004 mean*
Tenure at injury	6.8	0.0 to 36.4	4.3
Age at injury	42.1	24.1 to 60.8	42.3
<u>Age at award</u>			
Original awards	47.0	28.3 to 63.7	52.7
Reinstatements	67.5	67.0, 68.0**	61.9
All PTD grants	49.1	28.3 to 68.0	56.8
<u>Time, injury to award</u>			
Original awards	4.6	1.1 to 22.5	6.6
Reinstatements	28.2	27.5, 28.9**	24.2
All PTD grants	7.0	1.1 to 28.9	14.5

Notes: Data on tenure were not available for five workers.

\*Data for 2004 are provided for comparison.

\*\*There were two reinstatements.

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