

Workers Compensation and Social Security Benefits

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Workers Compensation

- OFFSET BEGINS when a worker becomes simultaneously entitled to a WC/PDB and a DIB with an onset of 3/1/81 or later and a month of entitlement 9/81 or later.
- OFFSET ENDS when:
 1. LS pro-ration ends
 2. The WC/PDB benefit ends.
 3. Disability ceases
 4. Worker dies
 5. Worker attains full retirement age
 6. WC/PDB is reduced due to a recognized "reverse offset plan.

Workers Compensation

- A = Applicable Limit, usually 80% ACE
- B = Monthly Workers Comp Benefit
- C = Social Security Check.

$$A - B = C$$

Workers Compensation

- **What is the applicable limit?**
- W/C will cause offset of SSA disability benefits when the combination of SSA payments plus W/C benefits exceed the applicable limit.
- The applicable limit is higher of:
 1. 80% of the worker's average current earnings (**ACE**), or
 2. Total family benefits (**TFB**) payable to the worker and any auxiliaries in the first possible month of offset.

Workers Compensation

- ACE – is the monthly average of the workers ACTUAL earnings (not indexed, and not subject to maximum taxable amount of earnings)
- Based on the highest earnings in either the year of onset or any of the preceding five years (High 1 method), or
- Based on the five highest consecutive years from 1951 to present (High 5), or
- The average monthly wage (AMW) upon which an un-indexed DIB PIA would be based.
- USUALLY the HIGH 1 method results in the highest ACE.
- An ACE may be increased by a Recomputation or a Triennial Redetermination.

Workers Compensation

- Example: Your monthly earning before disability are \$4000 per month. Your family Social Security benefits are \$2200 per month. Your Workers Compensation payments are \$2000 per month. Because your total benefit amount (\$4200) exceeds 80% (\$3200) of your average earnings (\$4000), your Social Security benefits are reduced by \$1000.

Workers Compensation

- $\$3200$ (80% ACE) - $\$2000$ (Workers Compensation) = $\$1200$ (SSA benefit).
- SSA offset = $\$1000$

Workers Compensation

- WC Payments That May Cause Offset
 - Temporary Total
 - Temporary Partial
 - Permanent Partial
 - Permanent Total
 - Disfigurement
 - Second Injury

Workers Compensation

- If any benefits are payable after offset is applied they are paid to the worker first. Any excess is paid to the auxiliaries. Auxiliaries offset first.
- All increases in Social Security benefits for months after the first possible month of offset are protected from offset. Such an increase is added to the amount (if any) that is payable.

Workers Compensation

- Excludable Expenses – certain expenses incurred by the worker can be deducted
- Legal Expenses – only if specified in the WC award
- Medical Expenses – future expenses specified in the WC award, Home Health Care Benefits, but not expenses covered by Medicare or other insurance.
- Verifiable related expenses other than legal or medical.

Workers Compensation

- Excludable Medical Expenses – Medicare Set-Aside (MSA)
 - Monies “set aside” from lump sum settlement for future medical expenses
 - Center for Medicare and Medicaid Services (CMS) oversees all MSA.