

Workers' Compensation in Michigan

WORKERS' COMPENSATION AGENCY

December 2007

What is Workers' Compensation?

Workers' compensation is the system that provides wage replacement, medical and rehabilitation benefits to workers who are injured on the job.

It is essentially a no-fault system that requires an employer to compensate a worker for any injury suffered in the course of the worker's employment, regardless of who was at fault. Under the state's Workers' Disability Compensation Act, however, the amount that a worker can recover is limited. In most cases, a worker who is injured receives medical treatment, and the employer or its insurance carrier voluntarily pays worker's compensation benefits. In time, the worker is "rehabilitated" by returning to his or her former job or to another one with the same employer.

Injured workers are entitled to only: (1) certain benefits to make up for the loss of wages suffered by the injured worker (limited by annually adjusted caps); (2) the cost of medical treatment (subject to cost containment rules); and (3) vocational rehabilitation services (limited to 104 weeks). Vocational rehabilitation can include changing the worker's job station or working with the employer and worker to aid in the person's return to work at the same or similar job or working with an agency to help the worker find a job with another employer.

How are workers' compensation benefits paid for?

Employees do not pay for workers' compensation; there are no deductions from their paychecks for workers' compensation; nor do they pay into a workers' compensation fund. Michigan law requires all employers to arrange for the payment of worker's compensation benefits by purchasing insurance from a commercial insurance carrier or by obtaining state-approved self-insured status. By being self-insured, the employer maintains its own fund from which it pays workers' compensation or the employer participates with other employers from the same industry to pool their resources to fund their workers' compensation coverage.

What happens if a worker is injured on the job?

A worker should notify the employer of a work-related injury or illness as soon as he/she is aware of the injury or illness. The employer may direct the injured worker to a treating physician or medical facility of the employer's choice for the first 10 days of care following the injury or illness. After the first 10 days of medical care, injured workers may choose their own treating physician, but they must notify the employer with the name of the chosen health care provider.

Once notified of the injury or illness, the insured employer is responsible for promptly:

- Filing the "Employers Basic Report of Injury" (form 100) with Michigan's Workers' Compensation Agency (WCA) for all wage loss cases.
- Notifying its insurer of the medical-only cases.
- Informing the provider of the name and address of its insurer or the designated agent of the insurer to whom health care bills should be sent.
- Forwarding any medical bills and documentation received for medical services to the insurer.

If the employer will not report the injury to the WCA, injured workers should contact the agency for instructions on how they may report their own claims. **Injured workers may call 1-888-396-5041 or 517-322-1980 for information.**

Fact Sheet

How are workers' compensation benefits paid?

A worker must have a wage loss of at least one week in order to receive any workers' compensation wage loss benefits. The payments are made to the injured worker by the self-insured employer or the insurance carrier. Payments for medical treatment are ordinarily made directly by the employer or its insurance company to the medical service provider.

How much is paid in workers' compensation?

Generally, workers receive 80% of the after-tax value of their wage loss. A determination is made about the worker's "average weekly wage" before the injury. The worker would then be entitled to 80% of the after-tax value of that average weekly wage. The average weekly wage is based on the highest 39 weeks of wages during the 52 weeks immediately prior to the injury. Under certain circumstances, the value of fringe benefits may be included in determining the average weekly wage.

The maximum weekly wage benefit rate is 90% of the state average weekly wage for the year prior to the injury. For injuries suffered during 2008, the maximum workers' compensation rate is \$739 per week. Wage loss and medical benefits can be lifetime benefits, depending upon the severity of the injury and loss of wages.

Can workers' compensation cases be appealed?

Most workers' compensation cases are amicably resolved. In fact, about two out of every three cases are voluntarily paid. However, if a claim is disputed by the employer/insurance carrier or injured worker, a claim can be filed with the WCA. The case is then assigned to a mediator or magistrate, but about 75% of these cases never go to trial. If a case is adjudicated by a magistrate, either party may appeal the decision to the Workers' Compensation Appellate Commission (WCAC). If the employer or injured worker disagrees with the WCAC decision, they can appeal to the Court of Appeals and then to the Supreme Court.

Questions?

If you have questions about Michigan's Workers' Compensation program, please visit the WCA's website for information, publications, rate calculation and forms at www.michigan.gov/wca or call the agency at **1-888-396-5041**.



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