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California Coalition on Workers'
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**WCAN Applauds Extension of Timeframe
For Temporary Disability Benefits**

AB 338 will increase flexibility for injured workers

SACRAMENTO, Calif. – The Workers' Compensation Action Network (WCAN) today applauded Governor Schwarzenegger for extending the timeframe during which injured workers may receive temporary disability (TD) benefits. By signing Assembly Bill 338 (Coto), Gov. Schwarzenegger has created greater flexibility for injured workers using this benefit, particularly those who require additional medical treatment after they have returned to work.

"This bill represents a consensus approach to making TD benefits more flexible without undermining the reforms of SB 899, which have reduced costs and encouraged return-to-work," said Allan Zarembeg, president and CEO of the California Chamber of Commerce and WCAN co-chair. "By extending the timeframe during which injured workers can receive TD benefits, injured workers can come back to work without concern that the clock will run out on their 104 weeks of TD benefits if they need follow-up surgery or other treatment at a later date."

Under Senate Bill 899 (Poochigian) enacted in 2004, TD benefits were capped at 104 weeks of benefits payable within two years of the first TD payment, with limited exceptions. This reform has reduced TD duration by 15 percent, according to a preliminary analysis. Concerns were subsequently expressed by the employer and labor communities, however, that the two-year limit may be insufficient for some injured workers, particularly those needing medical treatment after they had already returned to work. AB 338, which mirrors a similar measure put forth by employer organizations early in the legislative session (AB 1341 - Benoit), extends the time window to five years from the date of injury.

"Research shows that a five-year window for TD benefits will accommodate virtually all injured workers," said Jack Stewart, president of the California Manufacturers & Technology Association and WCAN co-chair. "With this change, we hope to see fewer attempts in the workers' compensation courts to create new loopholes in the TD benefit structure that would undermine the important reforms of SB 899."

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On October 3, the Division of Workers' Compensation announced that the maximum TD benefit level will increase for the fifth time since 2002 as a result of AB 749. Effective January 1, 2008, the maximum TD rate will be \$916.33, which is an 87 percent increase since 2002.

"As a result of the annual benefit increases enacted in 2002, TD benefits are effectively replacing two-thirds of injured workers' wages, tax free, for nearly 100 percent of injured workers," said Tim East, chair of the California Coalition on Workers' Compensation and WCAN co-chair. "With this bill, injured workers in California will have both an effective benefit level and a flexible timeframe in which to access their TD benefits."

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WCAN is a statewide, broad-based grassroots coalition of employer and insurer trade groups, businesses, non-profit organizations and public entities working together to ensure the full and successful implementation of reforms to restore predictability and stability to the workers' compensation system, reduce costs for employers and improve services to injured workers. WCAN works to ensure that California employers and the media are informed about the implementation process so the legislative gains are protected and realized to ensure injured employees are given necessary medical care promptly and receive benefits timely, fraud is eliminated, legitimate disputes are resolved fairly and quickly, and system costs are reduced where inefficiencies and inequities exist.