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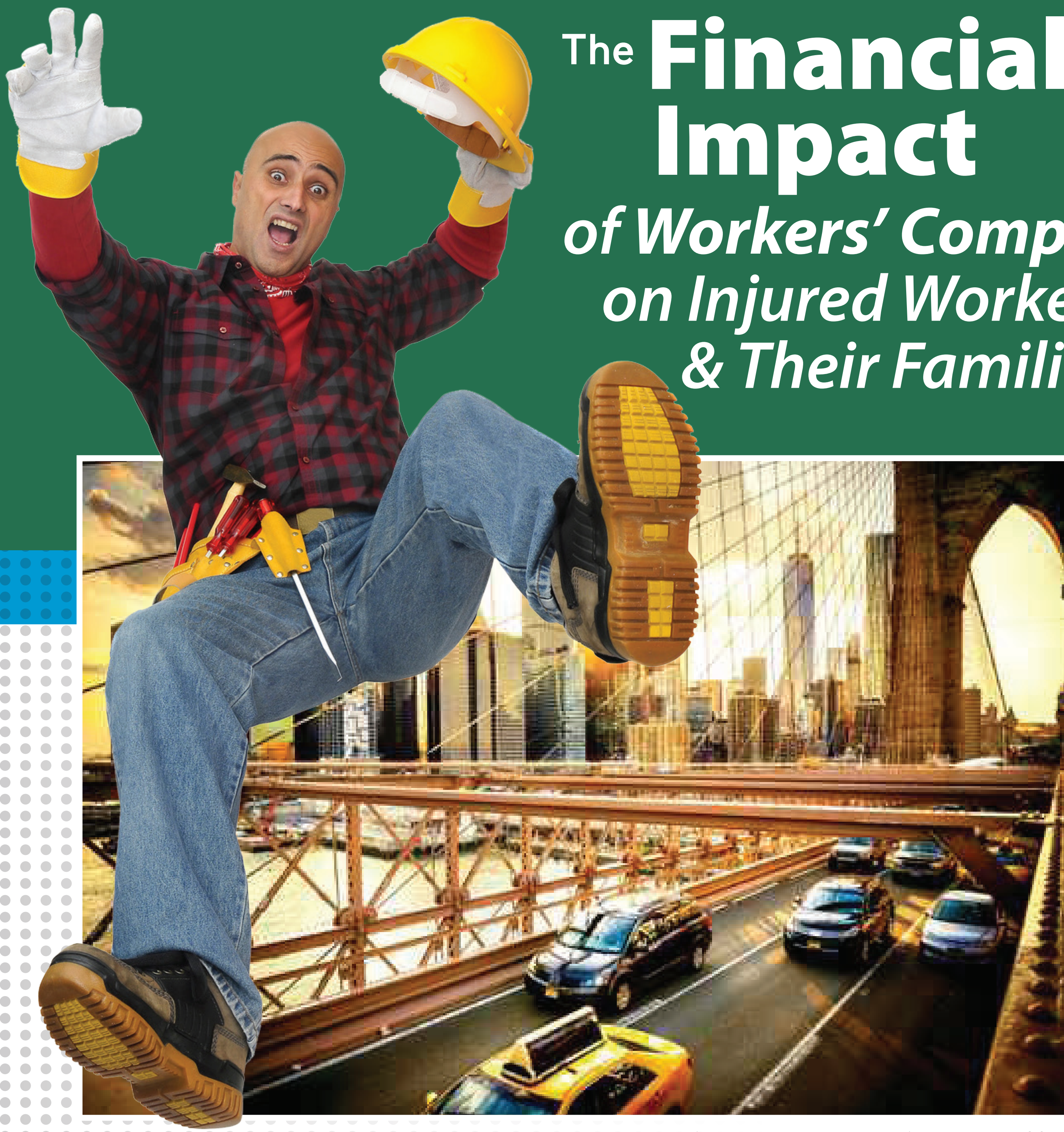
SPECIAL REPORT

The Uncompensated Worker:

The Financial Impact of Workers' Comp on Injured Workers & Their Families



Written by Peter Rousmaniere January 2016

A Grand Bargain?

Known as the "Grand Bargain" between employers and workers, workers' compensation was designed to compensate employees who are unable to work due to an on-the-job injury. Each year, about a million workers miss at least one day of work because of a workplace injury. This report examines how an injured worker and his or her household are affected when a worker receives compensation for lost work days.

Depending on the state, the rules and regulations that dictate how much compensation an injured worker receives, and when, vary. In 31 states, workers receive a reduction in take-home pay of 15% or more when they're injured on the job, and in half the states, households with two median wage earners, one on work disability and the other working full time, cannot afford to sustain their basic budget. The realistic scenarios depicted in this report illustrate that injured workers in every state could, through no fault of their own, suffer severe financial hardship from a work injury.

Does workers' compensation provide fair and adequate income replacement to injured workers? This report sheds light on the issue.

About the Author

Peter Rousmaniere writes a regular column on workers' compensation for WorkCompCentral. He is the author of "Seismic Shifts," a report on the future of workers' compensation published by WorkCompCentral in February 2015 and "We're Beating Back Opioids—Now What?" published in June 2015. He lives in Woodstock, Vermont. pfr@rousmaniere.com

Contents

AD-Automatic Deposit
AP-Automatic Payment
ATM-Teller Machine
DC-Debit Card
NUMBER OR CODE
DATE
TRANSACTION DESCRIPTION
PAYMENT AMOUNT
FEE
001 5/1 Mortgage 1236 12
002 5/8 Supermarket (food) 87 51
003 5/11 Electricity 127 85
004 5/16 Real Estate Tax 359 17

The Uncompensated Worker: The Financial Impact of Workers' Comp on Injured Workers & Their Families

Each year, about a million workers suffer a work injury that disables them from working for at least a day. These workers are eligible for workers' compensation wage replacement benefits as they recover. The replacement pay that workers receive during their recovery differs from their regular take-home earnings. So how does being "on comp" impact a worker's financial bottom line? Few studies have examined how household finances are affected by receiving workers' compensation in lieu of regular wages. This report will begin to fill that void.

This report uses realistic scenarios to estimate the financial effects of a work injury. The scenarios show that a brief work disability often results in a sharp cut in take-home pay, after the deductibles are applied. An extended disability lasting for months can cause many injured workers to struggle to meet their household expenses, forcing these employees to dig into their savings and risk losing their financial cushion.

The workers' comp system is intended to pay for itself and not burden the economy. Deductibles in insurance are designed to steer people to behave responsibly, not to cause financial distress. This is the first report to go beyond anecdote to explore the risk of family instability while an injured worker recovers. This report does not take a position on overall benefit levels but brings the issue to light. States should no longer ignore the financial impact of workers' comp on workers.

Case Study: Meet Tim

We selected a worker who many would admire: "Tim" is a 45-year-old electrician, earning $64,850, the median wage for electricians in New York; $49,320 is the median wage for electricians across all states and the District of Columbia in 2014. Tim works full time, five days a week and lives in New York City with his wife, Evelyn, who also works full time, earning the state's median wage of $40,872 annually ($35,000 is the nation's median wage). The couple has a 7-year-old son.

What happens when Tim injures his shoulder at work first thing Monday morning? The doctor immediately restricts Tim from working, and he is not paid any wage for Monday. We report not only what happens to Tim in New York, but also to 50 other injured workers earning the median income for electricians in other states and the District of Columbia.

Tim's Brief Disability

Tim, like about a third of all workers injured at work, will lose at least one work day due to his injury. The doctor examining Tim on Monday morning tells him he is very likely to return to full duty within two weeks, but the precise time is uncertain. Our scenario blends the financial impact of disability durations of three, six and 10 work days. States calculate benefits based on calendar days. Laws turn a five-day work loss into seven days of benefits. Since we usually think about earning and absence from work in number of work days, we approximate the wage replacement based on a work day's wages. Tim's first day of disability falls on a Monday.

Injured workers' wage replacement is not subject to federal, state or local income taxes, and each state calculates the amount of a worker's replacement wages using a formula based on a percentage of pre-injury income. New York law dictates that Tim will receive 67% of his gross pre-injury wage, tax-free. In this report, a worker's regular income is stated after estimated taxes have been deducted.

Coming Up Short

The difference between a worker's after-tax, regular take-home pay and the amount of the replacement wages is similar to an insurance deductible. We call it the "shortfall." Tim's shortfall, when first calculated, is 6%, because his workers' compensation wage is 6% lower than his regular earnings, but this is before further deductibles are applied.

The Data Appendix Column A shows the percentage of initial deductibles for workers earning an electrician's wage in each state. In 31 states, workers receive a reduction in take-home pay of 15% or more when they're injured on the job. See "Sources" (on p. 18) section for more on the methodology.

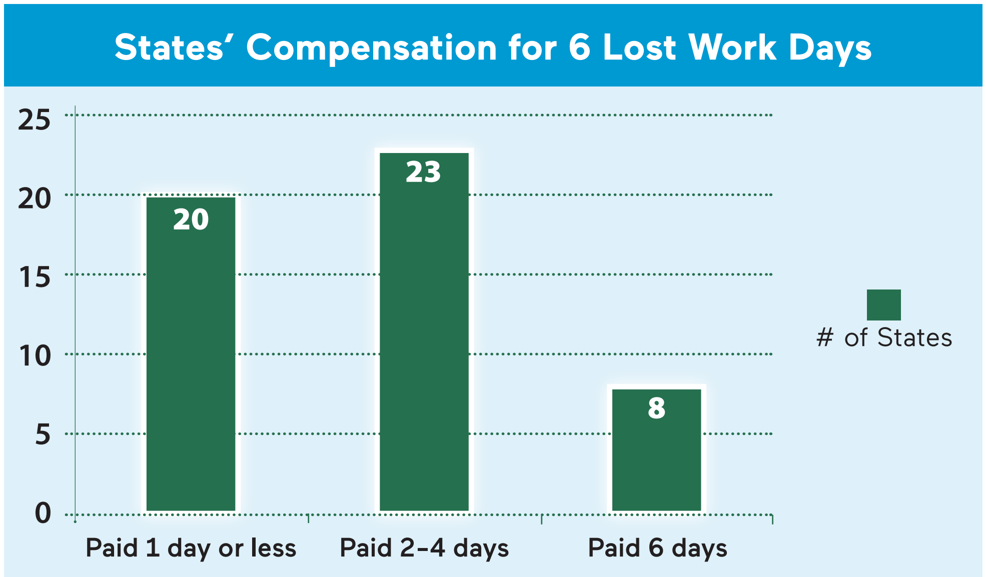
While Tim's 6% shortfall may not seem unreasonable, additional deductions further reduce his replacement wages. First, there's a waiting period during which a worker receives nothing, a retroactive period (in most states) and a maximum weekly benefit cap. The amount Tim actually receives depends on the number of days he missed work. We can correlate work and calendar days for Tim by looking at a calendar and figuring his first lost work day on a Monday. If Tim misses three days of work, he receives nothing; losing six days of work yields close to one work day of replacement wages, and losing 10 work days yields five work days (seven calendar days) of replacement wages.

In New York and 15 other states, seven-calendar-day waiting periods and retroactive periods kick in only after 14 calendar days or later (see Data Appendix Column D). In these states, anyone who returns to work after missing 10 days of work loses forever one week of replacement wages. Most other states are more generous. The rationale for these provisions is rarely examined nor is their impact on households.

No state compensates a worker who misses only three work days when the first day is Monday. Tables 1 and 2 illustrate the number of lost work days for which states compensate Tim if he misses either six or 10 work days due to his injury.

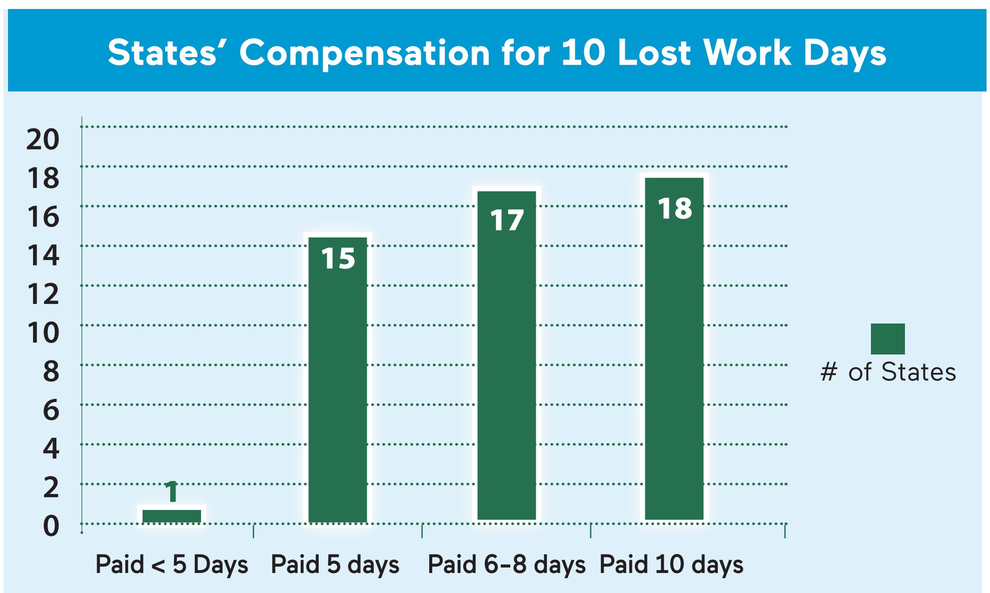
In 31 states, workers receive a reduction in take-home pay of 15% or more when they're injured on the job.

Table 1



If Tim loses six work days, he will be compensated based on his state's rules. Only eight states pay workers' compensation wages for all six lost work days.

Table 2



If Tim loses 10 work days, he will be compensated based on his state's rules. Only 18 states pay workers' compensation wages for all 10 lost work days.

Merging the three scenarios (three, six and 10 lost work days) to represent federal data on how long workers are away from work due to injury leads to the finding that Tim will receive 78% less than his usual earnings ($776 less) in wage replacement. New York's waiting and retrospective period laws remove three-quarters of Tim's income; see "Tim's Diminished Take-Home Pay" (p. 15) for a step-by-step explanation.

But Wait, There's More!

We've left out a final deduction. New York's caps on benefits for a calendar week is $803, which is less than the $830 Tim would receive for each seven calendar days of lost work time (based on 2014 data). Thus, Tim's shortfall further increases to $783, or 79%. For workers earning an electrician's wages in seven other states (Georgia, Hawaii, Indiana, Kansas, Mississippi, Montana and Oklahoma), these caps apply. Higher paid workers and workers with large overtime earnings will find even more states' caps will apply. The rationale for weekly caps and outdated methods used to set caps is rarely discussed.

...an electrician suffering a brief disability should expect to lose 60% of her or his regular take-home pay.

Tim's probable 79% shortfall compares to the median shortfall across all states of 60%, or $535. In other words, an electrician suffering a brief disability should expect to lose 60% of her or his regular take-home pay. Column B in the Data Appendix shows the percentage of shortfall for each state.

Electricians get hit with a pay cut of at least two-thirds less take-home income in 16 states. In many states, a worker can lose five or more work days and receive no wage replacement. The amount of lost income might be equated to a standard deductible on an auto policy or the cost of a household appliance, such as a washing machine.

Electricians get hit with a pay cut of at least two-thirds less take-home income in 16 states.

Workers' comp professionals often assume that an injured worker can use paid sick leave to cover the waiting period. About 40% of the entire workforce does not have this benefit, and coverage is less in lower paying jobs. What's more, the worker may have used up her or his sick leave before the accident. In any case, sick leave is not designed to subsidize the workers' compensation system or solve a problem created by workers' compensation laws. The same goes for expecting the worker to use her or his earned vacation time. Still, workers' comp professionals take it for granted that the injured worker will do just that.

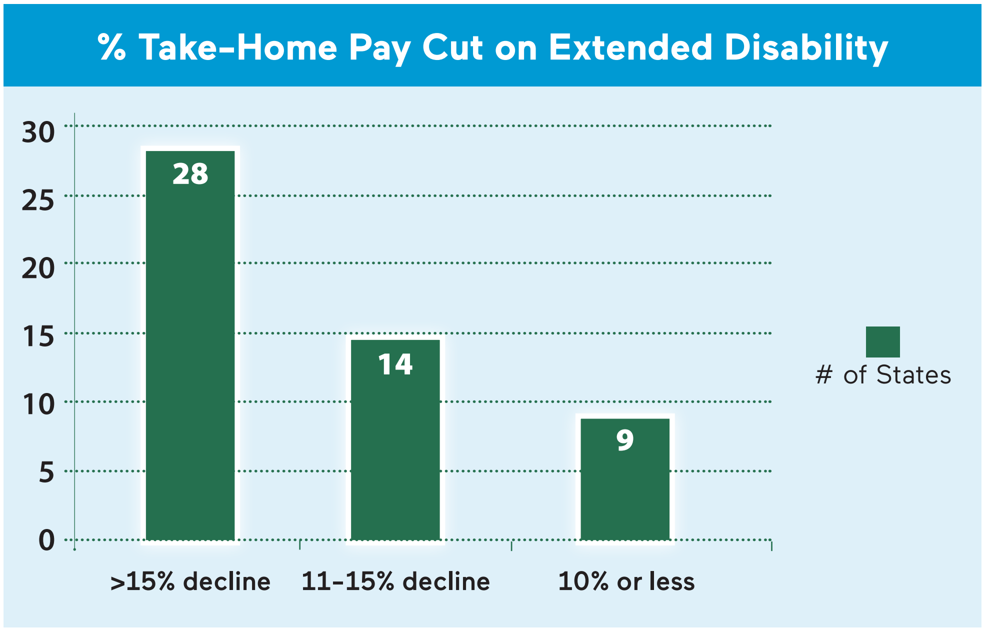
Tim's Extended Disability

What if Tim's shoulder injury keeps him out of work longer? It is not uncommon for injured workers to remain on disability for months, uncertain about when, or even if, they will return to work and their pre-injury earnings. Federal data suggests that workers with shoulder injuries who miss at least one month of work usually stay out of work another three months. Disability could last much longer.

Living in New York, Tim's wage replacement benefits per the initial deductible are $3,605 per month, which is 6% less than he takes home after taxes pre-injury ($3,845). Applying New York's mandated weekly benefit cap further reduces his replacement wages to $3,485, resulting in a 9% shortfall. That is, Tim's household absorbs a $360 monthly loss in income. The median monthly take-home shortfall among all states is $511. This shortfall might be equated to financially supporting a relative in financial trouble.

Were Tim living alone, his total household income would decline by 15% or more in half the states. Table 3 shows the percentage drop in an electrician's take-home pay for extended disability. He is past the waiting and recovery periods. The initial deductible applies, as do weekly benefit caps. In 28 states, the electrician's take-home pay declines by over 15% compared to his regular non-injury after-tax take-home pay.

Table 3



Tim's take-home pay for extended disability is cut by over 15% in 28 states.

Can Tim's Household Survive the Shortfall?

The Economic Policy Institute, a policy research organization in Washington, D.C., estimates basic monthly household budgets based on household size and location, to "attain a modest yet adequate standard of living." In this study, our family comprising Tim, Evelyn, and their child, residing in the largest city in their state—New York City—has an EPI-estimated monthly basic budget of $5,713.

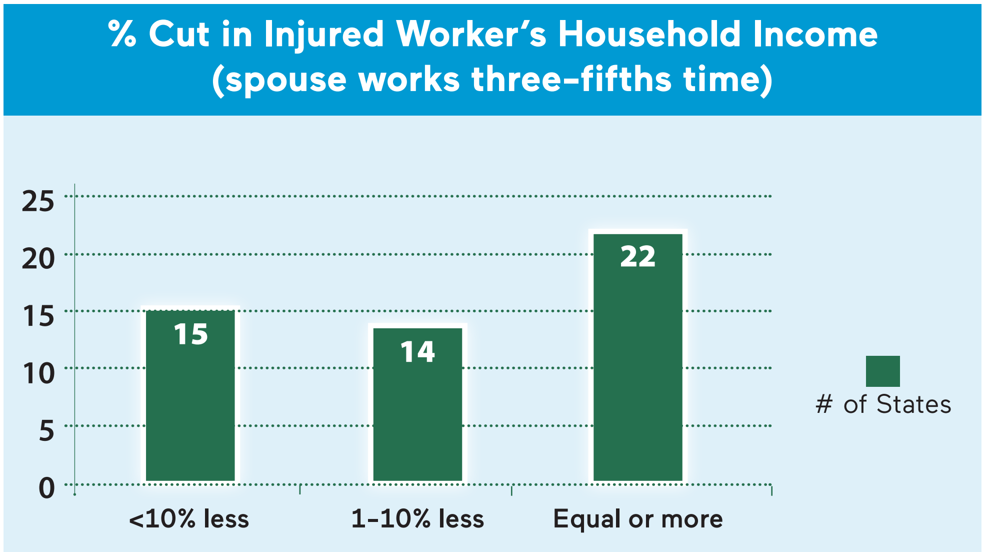
The EPI's basic budget does not provide for saving, such as for financial emergencies, tuition, aging parental support or retirement. As we expect this household to be financially responsible, we enhanced the budget by $500 a month to $6,213 to account for these contingencies. Recall that Evelyn earns the state's median wage at her full-time employment.

Here is what happens when the electrician is on extended work disability:

- With his spouse working full time at the median income, disabled Tim's household brings in an income that is a little less than the enhanced budget. Almost all of the electricians' households in other states can afford the enhanced budget with the electrician on disability.
- With the injured worker's partner working only part time (let's say to three-fifths time), households in 44 jurisdictions cannot afford the enhanced budget. In 29 states, they can't afford the basic budget (see Table 4).
- If the partner does not work at all, the electrician's wage replacement cannot cover the basic budget, much less the enhanced budget, in any state. With this scenario, Tim's household would be under water by about $2,200 a month just to meet the basic budget.

We see that cracks in financial stability rapidly widen if Evelyn works three-fifths time. In most states, the family's financial cushion disappears.

Table 4



In 29 states, the family cannot afford the basic budget if the non-injured spouse works three-fifths time.

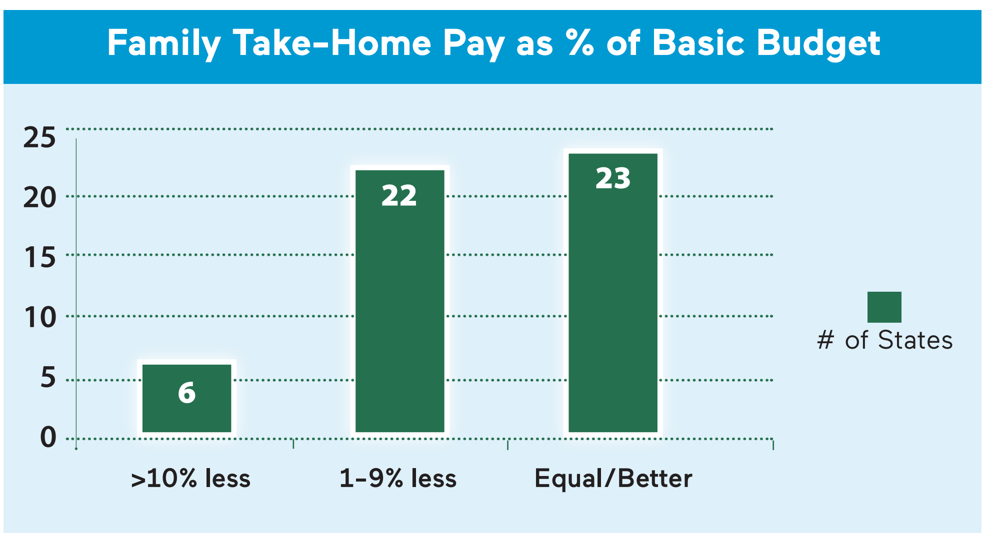
Let's change the scenario so that both Tim and his wife work full time at the state's median wage. The monthly take-home pay for Tim and Evelyn is then $2,508 x 2, or $5,016. Given that the monthly budget for this New York City couple is $5,713, they can't afford to live in the city. If one is disabled from a work injury, their monthly take home is $4,779, putting them $934 under water each month.

...in half the states, households with two median wage earners, one on work disability and the other working full time, cannot afford the basic budget...

To be sure, New York City is a relatively expensive place to live. In the median state, this median wage couple's regular take-home income is about $300 more than the basic budget, better than in New York but still essentially living from paycheck to paycheck. For a household in which the partner is on work disability, take-home income is about $80 less than the basic budget. This is to say that in half the states, households with two median wage earners, one on work disability and the other working full time, cannot afford the basic budget. Table 5 shows that in 28 jurisdictions, a work injury can lead to missing essential payments, such as for phone and rent (see Column C in the Data Appendix).

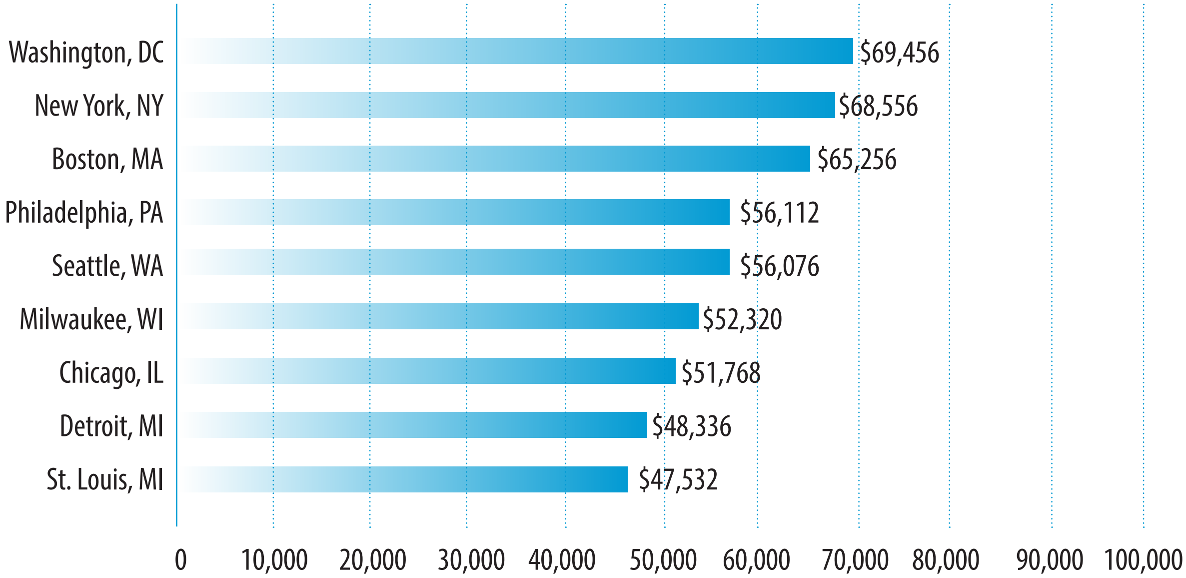
For simplicity's sake, we have not considered some factors that could also apply. For example, Tim might have taken out a disability insurance policy that covers work as well as injuries. Perhaps he got it through a union. His partner may cut back on work to care for him. Tim might incur a suspension of valued employer-sponsored benefits. Payments into Social Security would cease.

Table 5



In 28 states, families cannot afford the basic budget when one worker receives workers' compensation even if the spouse works full time.

Annual family budgets for three-person families * in selected areas, 2014



**Three-person families assume two parents, one child*
Source: Authors' analysis of Economic Policy Institute Family Budget Calculator

Where Does the Money Go?

How a typical worker's paycheck is reduced due to a brief disability.

Implications for Financial Distress

We have confirmed what workers' comp claims adjusters, attorneys and case managers already know: Many injured workers live on the edge of financial collapse. "Where's my check?" is a question adjusters are frequently asked by injured workers. "Getting on comp can remove the household's financial cushion," says a former adjuster. "Any additional upset can send things downhill."

When take-home pay for injured workers declines "by 11-15%, you will see divorce, change of housing status for the worse, loss of vehicles or destruction of finances, sometimes to the point of bankruptcy," says Doug Grauel, a claimants' attorney in Concord, New Hampshire.

injured workers in every state could, through no fault of their own, suffer severe financial hardship from a work injury

Households are expected to be attentive to their finances, in particular to fixed expenses and voluntary savings. While a simple threshold cannot be precisely defined, a take-home shortfall in excess of 15% on an extended basis may be daunting for even the most prudent household. And injury wage replacement often is that deep a cut.

Other scenarios will result in different findings. A composite of the examples applied here suggests that the financial pressure on injured workers may be worse in states where the injured worker experiences a relatively sharp cut in take-home income and cannot afford a modest family budget. These states include Florida, Maine, New York, North Carolina and Virginia. The 16 states with waiting periods of seven days and retrospective periods of over 14 days tend to be more difficult for injured workers. (Column D in the Data Appendix summarizes waiting and retrospective period rules. These 16 states are in bold.) Injured workers in Illinois, Minnesota and Oregon may systematically be the least financially challenged. Still, injured workers in every state could, through no fault of their own, suffer severe financial hardship from a work injury.

What this Means for Comp

Worker protections such as paid leave and disability rights are changing dramatically. But wage replacement benefits for injured workers are stuck in a design created close to 100 years ago. The impact of this design on a worker's household finances is rarely considered by the workers' compensation industry, even as the cost of workers' compensation to employers declines. According to the National Council on Compensation Insurance, insurance costs paid by employers declined by 59% from 1991 through 2013. But for many households, work injury removes any financial cushion, imperils financial stability and creates the conditions for a cascade of misfortune.

The workers' comp system is supposed to pay for itself. When injured workers need to apply their leave benefits, use food stamps, borrow from family or otherwise reach outside the workers' comp system to make up for substantial income loss, the system no longer pays for itself.

Several prescriptions stand out. Keep disability as short as possible. The workers' compensation industry should demonstrate that the legislative changes it won over the past decades have improved its track record in injury recovery. State regulators have never asked for this track record. The industry itself rarely studies whether injury recovery has improved. Not a single state monitors the return-to-work performance of employers and insurers.

The workers' comp system is supposed to pay for itself.

Reconsider the deductibles. Deductibles are intended to incent workers to engage in recovery and return to work. Rarely, if at all, are deductibles evaluated for their financial impact on households. States with onerous deductibles, such as long waiting and retrospective periods and low weekly benefit caps, should explain why workers in their states deserve more adverse financial incentives to recover and return to work.

While some say that work injury benefits are inadequate, others believe the workers' compensation system can not be responsible for all misfortunes of households, especially those not prepared for temporary financial disruptions. Yet most people will agree that reducing the risk of hardship for injured workers should be a priority of employers and policymakers. And many, after this report, might agree that the injured worker has been forgotten for too long.

Tim’s Diminished Take-Home Pay

New York is a reasonable choice to run scenarios as its applicable laws fit roughly in the middle of the state laws in terms of generosity and stinginess.

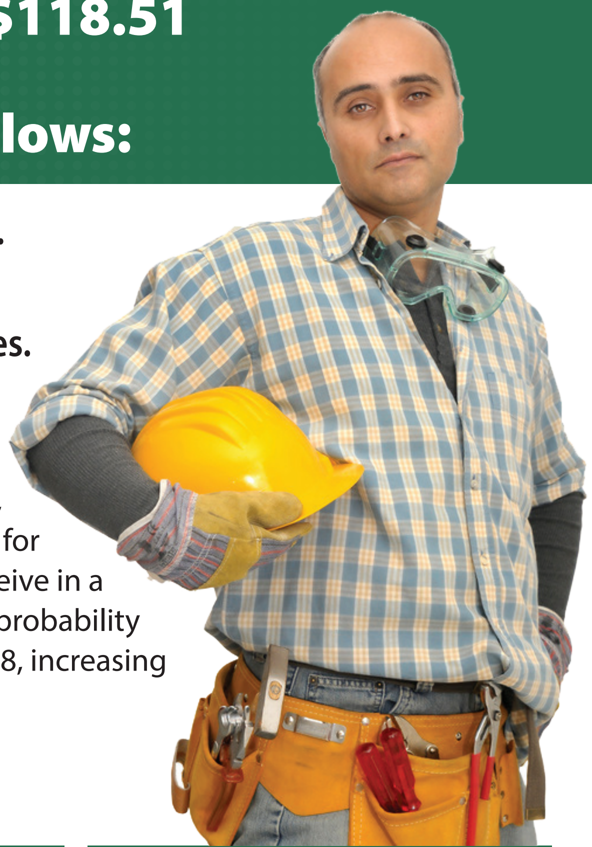
Tim works Monday through Friday and sustains an injury upon starting work on Monday. His annual gross wage income is $64,850, or $249 per 240 work days, $178 per 365 calendar days, or $5,404 per month. Taxes take 29% out of his paycheck, resulting in a post-tax take-home of $177 per work day, or $126 when computed for 365 days and $3,836 when computed for a standard month (365/12). Wage replacement for work disability is first adjusted by 66.7% of his gross, pre-tax wage, resulting in a wage replacement benefit of $166 per 260 work days, $119 per 365 calendar days or $3,048 per month. That’s about 6% less than his regular wages.

Further adjustments include waiting and retrospective periods for brief disability and maximum weekly benefit caps for both brief and extended disabilities. To adjust for brief disability, one could simply pick a single specified duration of disability—say, seven work days starting on a Wednesday. However, this method fails to note the complicated nature of the deductible laws.

Tim’s wage replacement benefit of $166 per 260 work days is about 6% less than his regular wages.

Waiting periods and retrospective periods are almost always stated in full calendar days and any change in benefits happens after, rather than on, the last day of the period. Tim’s lost work is counted here for ease of imagining how Tim loses work opportunity. For instance, losing work Friday and Monday for a standard five-day work schedule would mean Tim loses two work days but four calendar days. To estimate Tim’s probable wage replacement for a brief injury starting on a Monday, we selected three, six and 10 lost work day scenarios because federal data for lost-time injuries of up to two weeks (10 working days) show a roughly 40% chance the injury will last for three working days, a 40% chance the injury will persist for six days and a 20% chance the injury will last for 10 work days. Per this blending, Tim would have worked, had he not been injured, these work days adjusted by their probability: 3 days x 40% + 6 days x 40% + 10 days x 20% = 5.6 work days, which translates (by 7/5) into 7.84 calendar days. Tim’s regular take-home pay per calendar day is exactly $126.39. He would have taken home without injury 7.84 calendar days x $126.39 = $990.90.

Tim's wage replacement is exactly $118.51 per calendar day. Thus, Tim's wage replacement, per state law, is as follows:



- **Three work days lost = zero days of replacement wages.**
- **Six missed work days = one day of replacement wages.**
- **10 missed work days = seven days of replacement wages.**

The formula is calculated as follows:

0 x 40% + $118.51 x 40% + $829.57 x 20% = $213.32

This leaves Tim with a probable loss of $990.90 - $213.12 = $777.58, or 78%. But there is one more adjustment: Tim's wage replacement for seven calendar days, $830, exceeds the maximum a worker can receive in a calendar week, which is $803. After taking that into account in the probability analysis, his probable wage replacement declines from $213 to $208, increasing the shortfall to $783.

Results of Lost Work Days

Assuming Tim works Mon-Fri and he loses 3 days of work starting on Monday…	his wage replacement is zero, because…	in New York, the worker does not receive wage replacement for the first 7 calendar days of disability. No state has a waiting period of less than 3 days. 23 states have 7-day waiting periods. Benefits start on the day after the end of the waiting period.
If Tim loses 6 days of work…	his wage replacement is for one day, or 1/7 of his average weekly wage, or $119, because…	his 6th day of being absent from work falls on the 8th calendar day of disability—one day after the end of the waiting period.
If Tim loses 10 days of work…	his wage replacement is for five work days or 5/7 of his average calendar weekly wage, or $830, because…	his 10th lost work day is on the 12th calendar day of disability, a Friday. If he returns to work on Monday, his legal disability period is 14 calendar days. Restoration of the waiting period would occur only if he remained disabled on Monday. 30 states, including New York, restore the waiting period only after 14 calendar days or more of disability.
Tim's 10 work day payment…	is lowered by the weekly benefit cap from $830 to $803, because…	the state cap on weekly or part of weekly benefits is $803.

Notable Exceptions

This report makes a fair comparison among states for the typical injured worker on temporary disability, applying the same analytical rules uniformly. The data may not precisely match data that another might generate using slightly different methods. It does not address laws that affect the timeliness in which benefits are paid, nor does it take into account some state-specific benefit laws that qualify these findings. For example, a few states make minor adjustments to how calendar days are counted. Wyoming and Idaho deny any wage replacement benefits to undocumented workers. New Hampshire restores the injured worker's waiting period benefits if the employer brings the worker back to work within five days. New York has a Schedule Loss of Use benefit that can be paid to the temporarily disabled worker.

Acknowledgments

Terry Bogyo, author of the blog, Workers' Compensation Perspectives, co-conceived and assisted with this study design. Risk Administrative Services, Elizabeth Paskiewicz, attorneys affiliated with the Workers' Injury Law & Advocacy Group and others kindly performed indemnity benefit calculations on selected states. Robert Aurbach, Tom Bone and Terry Bogyo reviewed drafts. Tracy Marcynzsyn edited the report for WorkCompCentral. Any errors are those of the author.

Sources

Demographic Data

The Bureau of Labor Statistics reports Occupational Employment and Wage Estimates under Occupational Employment Statistics for each state. The median hourly wage for electricians (47-2111) in Massachusetts in 2014 was $29.30. BLS multiplies that figure by 2,080 hours to estimate an annual income of $60,944.
http://www.bls.gov/oes/current/oessrcst.htm

The median hourly wage in Massachusetts in 2014 was $21.48, for an annual wage of $44,678.

Tax Computations

Income and payroll taxes are estimated for a married person filing singly with two exemptions. One method to estimate this is to take into account the complete tax computation performed when submitting an annual tax return, using the TAXSIM calculator of the National Bureau of Economic Research. This report employed a second method, which is to mimic payroll deduction. This second method overstates the total annual deductions, as it fails to consider credits recognized in annual tax filings, but it produces a result more reflective of what the worker receives at every payroll. To find net take-home pay, a calculator at www.paycheckmanager.com was used. The after-tax annual take-home pay for Massachusetts is $46,121, or 74% of gross pay.

Monthly Basic Budget

To find the monthly household budget for the electrician's household, the Economic Policy Institute's Family Budget Calculator was used. The household was located in the largest city in the state (Boston) and computed for a household of two adults and one child: $5,438 (all expenses, excluding taxes).
http://www.epi.org/resources/budget/

Indemnity Benefit Calculations

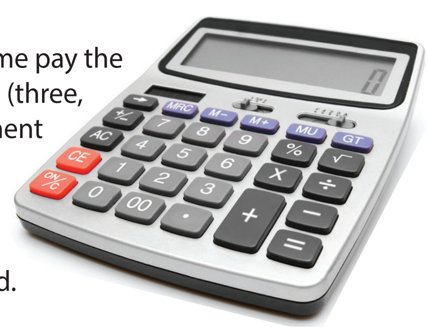
Forty-five jurisdictions apply a percentage of the average weekly wage; six jurisdictions apply a percentage to wages net of income and payroll taxes.

State laws for computing wage replacement (indemnity) benefits include numerous nuances and in some instances special fact-finding. The laws were reviewed in publications, including those of the International Association of Industrial Boards and Commissions and the U.S. Chamber of Commerce. Information on official state websites was obtained. For some states, information on authoritative websites was contradictory. For many states, workers' compensation professionals experienced in these laws submitted examples of computations.

For Massachusetts, the rules are 60% of average weekly wage, a waiting period of four calendar days after which benefits begin and a period of 21 calendar days after which the first four days of disability are retroactively credited. The maximum weekly benefit is $1,214.

The indemnity benefits, if any, in each scenario were compared to the take-home pay the worker would have received. For Massachusetts, using this blended approach (three, six and 10 lost work days), the worker would receive 66% less in wage replacement than his or her regular take-home pay.

To analyze extended disability, indemnity benefits and take-home pay were calculated for 4.34 weeks (one month), and the shortfall in income was compared to the EPI's monthly budget for a Boston household of two adults and one child.



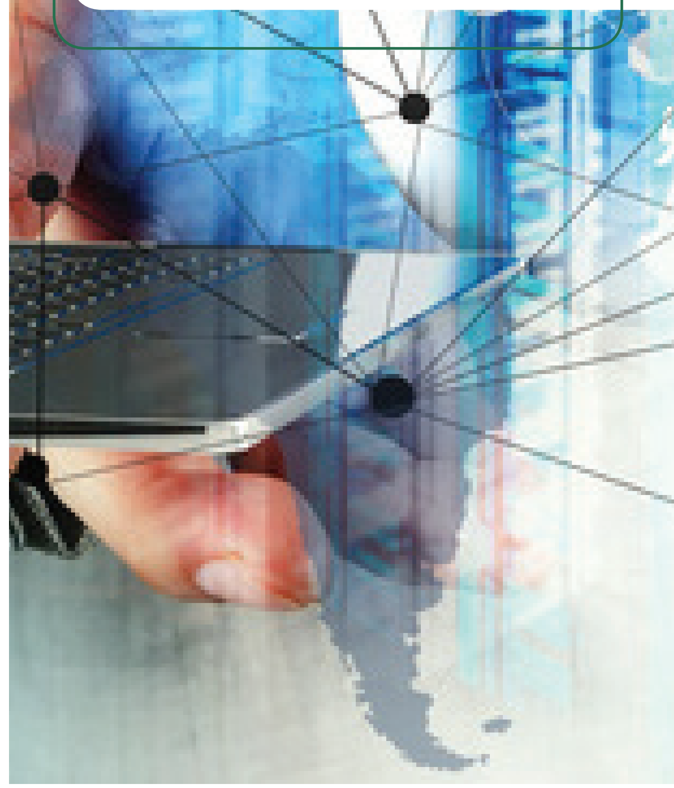
Where available, 2014 data were used.
The data sources are described using Massachusetts as an example.

	Col A	Col B	Col C	Col D
Alabama, AL	**-19%**	-56%	0%	>3,>21
Alaska, AK	**-20%**	-57%	13%	>3, >28
Arizona, AZ	**-19%**	-81%	3%	**>7,>14**
Arkansas, AR	-13%	-87%	-7%	**>7,>14**
California, CA	-8%	-51%	-6%	>3,>14
Colorado, CO	-14%	-54%	3%	>3, > 14
Connecticut, CT	**-27%**	-44%	-6%	>3, 7
Delaware, DE	-13%	-33%	-2%	>3, 7
District of Columbia, DC	0%	-46%	22%	**>3, >14**
Florida, FL	**-19%**	-81%	-14%	**>7, > 21**
Georgia, GA	-14%	-81%	-2%	**>7, > 21**
Hawaii, HI	-7%	-51%	**-22%**	>3, no retro
Idaho, ID	-13%	-67%	-1%	>5,>14
Illinois, IL	-7%	-43%	1%	>3,14
Indiana, IN	**-15%**	-83%	-1%	**>7, 22**
Iowa, IA	**-20%**	-57%	-2%	>3,>14
Kansas, KS	-14%	-81%	4%	**>7,21**
Kentucky, KY	-13%	-80%	4%	**>7,>14**
Louisiana, LA	**-15%**	-81%	-5%	**>7,>14**
Maine, ME	**-20%**	-82%	-13%	**>7,>14**
Maryland, MD	-14%	-54%	3%	>3,>14
Massachusetts, MA	**-19%**	-69%	-7%	>4, >21
Michigan, MI	**-20%**	-67%	0%	>7, 14
Minnesota, MN	**-15%**	-48%	8%	>3, 10
Mississippi, MS	-14%	-62%	-14%	>5, 14
Missouri, MO	-10%	-52%	0%	>3, >14
Montana, MT	-10%	-60%	-3%	>4, 21
Nebraska, NE	**-15%**	-80%	-3%	**>7,42**
Nevada, NV	**-16%**	-66%	-5%	>4, no retro
New Hampshire, NH	**-26%**	-55%	-7%	>3, 14
New Jersey, NJ	-6%	-28%	-1%	>7, 8
New Mexico, NM	**-23%**	-82%	0%	**>7, >28**
New York, NY	-6%	-79%	-16%	**>7, >14**
North Carolina, NC	**-17%**	-81%	-4%	**>7,>21**
North Dakota, ND	**-17%**	-36%	39%	>4,5
Ohio, OH	-9%	-44%	7%	>7, 14
Oklahoma, OK	**-15%**	-74%	9%	**>7, >21**
Oregon, OR	-7%	-53%	2%	>3, 14
Pennsylvania, PA	**-15%**	-65%	-8%	>7, 14
Rhode Island, RI	**-25%**	-60%	-5%	>3, no retro
South Carolina, SC	**-15%**	-81%	-5%	**>7, >14**
South Dakota, SD	**-20%**	-39%	21%	7,8
Tennessee, TN	**-20%**	-67%	8%	>7, 14
Texas, TX	**-16%**	-70%	6%	>7, 14
Utah, UT	**-15%**	-54%	2%	>3, >14
Vermont, VT	**-17%**	-49%	-23%	>3, >10
Virginia, VA	**-15%**	-80%	-5%	**>7, >21**
Washington, WA	**-16%**	-55%	8%	>3, >14
West Virginia, WV	-14%	-34%	-9%	>3,>7
Wisconsin, WI	**-17%**	-33%	-3%	>3, 7
Wyoming, WY	**-17%**	-49%	7%	>3,>8

Data Appendix

Applying the Data

If Tim lives in Indianapolis, Indiana, his wage replacement before adjustments is 15% lower than his after-tax take-home income (Col A). Taking into account waiting and retrospective periods and maximum weekly benefit adjustments, if he incurred a brief disability, he should expect an 83% reduction (shortfall) in take-home pay (Col B). If he and his spouse work full time at the median wage, an extended disability would result in household income 1% less than the basic monthly budget (Col C). Wage replacement begins on the day after the seventh calendar day of disability. The waiting period is restored on the 22nd calendar day of disability (Col D).



Where Does the Money Go?