Calculating permanent impairment payment amounts

Jump to:

Introduction

Procedure to calculate a permanent impairment...

Procedure to calculate a non-economic loss payment

Late payment of a permanent impairment

Procedure to calculate interest payable on a PI payment

Introduction

As the Claims Manager, you will receive information through the employee's claim about their injury. You should be able to identify instances in which a permanent impairment claim is likely to be accepted.

Calculating the permanent impairment payment amount is an important step in the process for determining liability for permanent impairment (PI). It falls under Step 6 of the Procedure to determine liability for permanent impairment. The following page offers information and guidance on how to complete this process.

Where liability for a permanent impairment claim is likely to be accepted, refer to the Procedure to calculate a permanent impairment payment. You should calculate the permanent impairment payment (or interim payment) before continuing with the acceptance process.

Interim payments: The employee may have previously been paid an interim payment for permanent impairment in relation to the same injury (section 25 of the SRC Act). In that case, monies previously paid to the employee in relation to the same injury will be deducted from the calculations of the PI payment.

See Procedure to offer an interim payment and Procedure to action an interim payment request for more on interim payments.

Relevant sections of SRC Act

The following sections of the SRC Act are relevant to claims for permanent impairment:

- section 24 – Compensation for injuries resulting in permanent impairment
- section 25 – Interim payment of compensation
- section 26 – Payment of compensation
- section 27 – Compensation for non economic loss
- section 28 – Approved Guide

Return to top of page | Return to top of section

Procedure to calculate a permanent impairment payment

Step 1: Determine if the calculation is made under the 1971 Act

It is extremely unlikely that the calculation should be made under the 1971 Act. If a new claim arises requiring consideration of the 1971 Act, contact Decision Support. The 1971 statutory rates document provides the rates for these claims.

- If no, continue.

Step 2: Calculate the permanent impairment payment

Refer to the Permanent Impairment Calculator and enter:

- the date of assessment (i.e. the date you are making your determination)

- the degree of permanent impairment
- if applicable, enter the non-economic loss (NEL) scores
- print the calculation sheet
- continue.

Step 3: Check whether a previous interim payment or a permanent impairment payment has previously been paid for the same injury

Go to *'Manage Permanent Impairment'* (MPIC):

- select the relevant claim
- click *'Next'*
- check to see whether a previous interim payment or other permanent impairment payment for the same injury has been made.

Note: For hybrid (paper and electronic) claims it may be necessary to retrieve the paper file from archives and manually check the file.

- If an interim payment has been made, or a permanent impairment payment for the same injury has been made, deduct any monies previously paid to the employee in relation to the injury from the current payment amount. Continue.
- If no payment has been made, continue.

Step 4: Determine if the employee is entitled to a non-economic loss (NEL) payment

Refer to the Non-economic loss section for more information on eligibility for this payment.

- If yes, refer to the Procedure for calculating a non-economic loss payment section. End this procedure.
- If no, you have finished this procedure. Next, refer to the Procedure to determine liability for permanent impairment in the Assessing and determining a permanent impairment claim page. Continue the process from Step 6.

Return to top of page | Return to top of section

Procedure to calculate a non-economic loss payment

This procedure explains how you determine a non-economic loss (NEL) payment as part of the process for accepting permanent impairment.

Step 1: Review and determine the non-economic loss scores

- Please follow the information in Non-economic loss to review and determine the NEL scores.

Step 2: Add the NEL figures into the calculation of the permanent impairment payment

Use the Permanent Impairment Calculator and enter:

- the date of assessment
- the degree of permanent impairment
- the NEL scores
- print the calculation sheet
- continue.

Step 3: Proceed to a determination

You have finished this procedure. Next, refer to the Procedure to determine liability for permanent impairment in the Assessing and determining a permanent impairment claim page. Continue the process from Step 6.

Return to top of page | Return to top of section

Late payment of permanent impairment

If an employee has an accepted claim for permanent impairment (PI), Comcare must make the payment within 30 days of the determination being made. If payment is not made within 30 days, Comcare is liable to pay interest to the employee for each day the payment is late.

The 30-day timeframe does not apply:

- where the employee has requested a reconsideration in relation to the PI
- following a reviewable decision issued by the Review Officer
- where there is a proceeding before the Administrative Appeals Tribunal (AAT) in relation to the PI
- following a decision issued by the AAT.

Note: Payment is deemed to be made when the EFT is shown as *'PAID'* in Pracsys or the cheque is issued (posted).

Interest rate

The interest rate used when calculating a late payment for PI is decided by the Relevant Minister. The rate is based on the interest rates provided by the Reserve Bank of Australia (RBA).

If Comcare is required to calculate the interest on a late PI payment, you will need to use the following calculations:

- RBA interest rate ÷ 100 = interest rate percentage
- Interest rate percentage x section 24 award amount = yearly amount
- Yearly amount ÷ 365 = daily amount
- Daily amount x number of days late = amount payable.

Example

- Interest rate: 4.75%
- Section 24 award amount: $12,706.00
- Days late: 168
- 4.75 ÷ 100 = 0.0475 (interest rate percentage)
- 0.0475 x 12706 = 603.535 (yearly amount)
- 603.535 ÷ 365 = 1.6535 (daily amount)
- 1.6535 x 168 = $277.79 (amount payable)

Return to top of page | Return to top of section

Procedure to calculate interest payable on a PI payment

The following procedure outlines how to calculate interest payable on a permanent impairment (PI) payment. If you are unsure at any stage during this process, you should talk to your Team Leader.

Step 1: Review the claim file

You should note:

- the date of PI determination
- the date the EFT was paid, or cheque was issued (posted).

Step 2: Determine the current interest rate to be used when calculating the interest payable

Refer to the RBA Statistical Tables:

- open the table titled *'Interest Rates and Yields - Money Market - Daily'*
- locate the heading *'Bank Accepted Bills - 3 months'*
- find the interest rate on the day before the expiry of the 30-day period.

Step 3: Calculate the interest rate payable

- RBA interest rate ÷ 100 = interest rate percentage.
- Interest rate percentage x section 24 award amount = yearly amount.
- Yearly amount ÷ 365 = daily amount.
- Daily amount x number of days late = amount payable.

Important: Ensure your calculations are checked by your Assistant Director.

Step 4: Send a letter to the employee or their representative.

Use a blank letter template. Your letter should include:

- reference to the interest payable on a late permanent impairment payment (section 26)
- the date of determination
- the date PI payment was received by employee or employee's representative
- calculation of interest payable, and
- amount of interest payable.

Step 5: Send a copy of the letter to the employer

Note: Ensure that you include a copy of the calculations for the interest payable.

Step 6: Update Pracsys

Go to '*Manage Claim Comment*' (MCOM) and enter a comment stating the interest was payable due to late payment, including the amount of interest payable.

Step 7: Check the interest is paid to the employee

Send an email to CAIS Complex Payments requesting the relevant payment be processed. Include a copy of the letter to the employee.

This is the end of the procedure.

Return to top of page | Return to top of section