

**POLICY NUMBER: POL-89**

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**Chapter:  
CLAIMS**

**Subject:  
IMPAIRMENT**

**Effective Date:  
June 27, 2002**

**Last Update  
October 17, 2017**

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**PURPOSE STATEMENT:**

The purpose of the policy is to explain how the Workers Compensation Board determines a worker's entitlement to an impairment award and how the impairment award is calculated.

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**REFERENCE:**

*Workers Compensation Act, R.S.P.E.I. 1988, Cap. W-7, Section 42-44, 49.*

*Workers Compensation Act, R.S.P.E.I. 1988, Cap. W-7.1, Section(s) 1(1) (n), 48-49.*

*Workers Compensation Act, R.S.P.E.I. 1988, Cap. W-7, General Regulations, Section 9.*

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**DEFINITION:**

In this policy:

“Extended wage loss benefits” means wage loss benefits payable to a worker from the later of  
(i) the date which the Board determines that the worker has an impairment, and  
(ii) the date on which the worker completes vocational or occupational rehabilitation, where the worker is engaged in such rehabilitation on or after the date the Board determines the worker has an impairment.

“Impairment” means a medically measurable permanent anatomical loss or disfigurement and includes, amputation, loss of vision, loss of hearing, impaired nerve function, scarring causing disfigurement, joint ankylosis, or joint fusion from surgery.

“Maximum annual earnings” means a maximum annual earnings amount set by the Workers Compensation Board on the first day of January, 1996 and adjusted each year by the percentage increase in the Consumer Price Index for Charlottetown and Summerside for all items for the twelve-month period ending on the June 30 previous as determined by the Workers Compensation Board in August of each year on the basis of monthly reports published in that respect by Statistics Canada for that period.

“Plateau in medical recovery” means there is little potential for improvement or any potential changes in the condition are in keeping with the normal fluctuations which can be expected with that kind of injury.

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**POLICY:**

1. A worker who is determined to have an impairment due to a workplace injury or illness is entitled to a lump sum impairment award for the measurable loss of body function provided the accident occurred on or after January 1, 1995.

The worker will be referred for an impairment assessment when medical evidence supports an impairment and the worker has reached, or will soon reach, a plateau in medical recovery.

2. Impairment awards shall be based on the percentage of total body impairment as determined by a qualified medical practitioner designated by the Workers Compensation Board, using the most current version of the *American Medical Association (AMA) Guides to the Evaluation of Permanent Impairment*.

**Calculation of Impairment Award**

3. An impairment award will be equal to 1/100 of the maximum annual earnings in effect on the day of the accident for each one per cent of total body impairment determined using the AMA Guides.

For example, if the accident date was in 2016 (the maximum annual earnings were \$52,200) and the percentage of total body impairment was 5%, the impairment award will be  $\$52,200 \times .05 = \$2,610.00$ .

4. No award is payable for an impairment that results in a total body impairment of less than one percent.

5. The amount of the lump sum impairment award shall not be less than \$500 and not more than the maximum annual earnings in effect on the day of the accident as established by the *Workers Compensation Act*.
6. No lump sum payment shall be payable in respect of a worker who dies as a result of an accident before a determination of an impairment award was made.
7. The Workers Compensation Board shall not reassess the degree of impairment in respect of a worker who dies.

#### **Review of Impairment Level**

8. If a worker who received a lump sum impairment award suffers a change in the injury or illness for which they have an impairment, the worker may request that the Workers Compensation Board review the degree of impairment after sixteen months have passed since the last impairment assessment.
9. A review will only be conducted if there is objective medical evidence indicating a change in the condition for which the worker has an impairment.
10. Where a worker who has been awarded an impairment has a new injury for the same body part and is assessed for an impairment related to that new injury or is being reassessed under section 9 of this policy, the Workers Compensation Board will take into consideration the impairment award that was initially awarded. The reassessment will be conducted using the version of the *American Medical Association Guides to the Evaluation of Permanent Impairment* approved by the Workers Compensation Board as of the date of the reassessment.

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#### **HISTORY:**

October 17, 2017 - Non-substantive changes to simplify policy language and clarify how impairment is determined, calculated and reviewed.

February 16, 2011 - Amended to provide clarity with respect to the calculation of an impairment award. Also, the Workers Compensation Board will continue to use the Sixth Edition of the *American Medical Association Guides to the Evaluation of Permanent Impairment* to assess the worker's level of impairment.

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November 3, 2009 - The policy was reviewed pursuant to section #3 of this policy. The Workers Compensation Board will continue to use the Sixth Edition of the *American Medical Association Guides to the Evaluation of Permanent Impairment* to assess the worker's level of impairment.

September 25, 2008 - Amended to reflect that the Workers Compensation Board will use the *American Medical Association Guides to the Evaluation of Permanent Impairment*, Sixth Edition to determine impairment awards. Previously, the Fourth edition was used.

May 24, 2007 - Amended to clarify that impairment awards will not be considered for those workers who had an accident prior to January 1, 1995, specify which edition of the AMA Guides will be used to determine a worker's level of impairment, and added #6.

May 26, 2003 - Amended to replace the definition of "Permanent Disability" with "Pension" to ensure the policy is consistent with the intent of the *Workers Compensation Act* with respect to awards paid in recognition of a permanent partial or total disability.

June 27, 2002 - Replaces Policy and Practice "Impairment Awards - Lump Sum" dated February 3, 1994.

Board of Directors Approval Date: June 27, 2002