

**Alberta WCB
Policies &
Information**

Chapter:

BENEFITS

Subject:

PERMANENT DISABILITY

Authorization:

Date:

BoD Resolution 2021/02/09

March 22, 2021

APPLICATION 1: DETERMINING IMPAIRMENT OF EARNING CAPACITY

1. *Why does WCB need to determine the impairment of earning capacity resulting from the injury?*

WCB’s estimate of the impairment of earning capacity resulting from the injury is used to determine the benefits for which the worker is eligible. The economic loss payment (for injuries on or after January 1, 1995) and Earnings Loss Supplements (for injuries before January 1, 1995) are both based on impairment of earning capacity.

2. *When does WCB determine impairment of earning capacity?*

WCB determines impairment of earning capacity when the worker has reached both a medical and a vocational plateau. WCB will periodically review the extent of the impairment.

An exception is made when the worker is permanently totally disabled, in which case it is not necessary to reach a vocational plateau before determining impairment of earning capacity.

Medical plateau

The medical plateau is normally reached when the worker’s medical condition has stabilized, further significant medical improvement is unlikely, and permanent work restrictions can be confirmed.

In cases of permanent clinical impairment, the medical plateau and the medical assessment for permanent clinical impairment need not occur at the same time. Depending on the nature of the injury, WCB may recommend an additional period of time for minor changes to occur before assessing the permanent clinical impairment.

If the worker has a deteriorating condition a series of reviews may be required as the condition deteriorates.

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Vocational plateau

Generally, a vocational plateau is reached when the worker has completed the vocational rehabilitation plan and is considered employable.

If the worker is entering an apprenticeship program or other occupation with expected significant changes in earnings in the first few years, the vocational plateau is the point when the worker is employable in the occupation or ready to start the apprenticeship program.

3. *How does WCB determine whether there is a compensable impairment of earning capacity?*

Once the worker has reached medical and vocational plateaus, WCB compares the worker's annual net earnings at the time of the accident (calculated in accordance with the *WCA* and the *WC Regulation*), with the worker's actual or estimated post-accident net earnings. WCB then evaluates whether any reduction in earnings is attributable to the permanent disability.

4. *When does WCB estimate earning capacity instead of using actual post-accident earnings?*

WCB estimates the worker's earning capacity in suitable employment only when it has made every reasonable effort to support the worker in searching for suitable employment, and

- a) despite ability, a worker does not engage in employment, or
- b) a worker is unable to secure suitable employment, or
- c) a worker engages in employment which fails to maximize earning capacity.

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5. *What is meant by “every reasonable effort to support the worker in searching for suitable employment”?*

WCB has made every reasonable effort to support the worker’s search for suitable employment when:

- a) vocational services have been offered and completed, and
- b) a vocational plan has been developed with the worker, and
- c) a job search has been completed, or
- d) the worker does not cooperate in vocational plans or training that would maximize income recovery (see Policy 04-11, *Duty to Cooperate*, Part II, Application 1, Question 5).

6. *What is suitable employment?*

For the purposes of estimating earning capacity, suitable means employment which is consistent with the worker's ability and which is within the worker's locale or may be obtainable where relocation is reasonable. WCB’s assessment of ability will be based on physical, vocational, social, and psychological circumstances and such other factors as WCB may consider relevant.

7. *What is the estimate of earning capacity based on?*

The estimate of earning capacity is usually based on information related to the vocational plan. The plan identifies suitable employment and the worker’s earning capacity in that employment. If the worker is self-employed, the estimate will normally be based on the approved business case.

WCB may base the estimate on other information under some circumstances (for example, if the worker unexpectedly increases earning capacity with other employment, the worker’s compensable work restrictions change, etc.). Each case will be judged on its own merits.

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- Estimate of earning capacity (continued)* See Policy 04-05 for details on return-to-work services and the return-to-work plan,
8. *What earnings are used if the worker had personal coverage at the time of the accident?* If the worker had personal coverage at the time of the accident, WCB uses the net earnings that were used to determine the date-of-accident compensation rate, plus any applicable cost-of-living adjustments (see Policy 04-01, Part II, Application 2, Question 2).
9. *What if the impairment of earning capacity results from a non-compensable condition?* WCB will not pay an economic loss payment or earnings loss supplement if the remaining earnings loss is caused solely by a non-compensable condition (for example, if the worker's earnings loss is caused by a non-compensable, unrelated heart condition). WCB does, however, consider impairment of earning capacity to be compensable when the following conditions are met:
- a) despite the pre-existing condition, the worker was able to perform the job duties prior to the compensable accident, and
 - b) the worker is no longer able to do so because of the permanent effects of the compensable injury.
10. *Under what conditions will WCB reduce or suspend compensation?* WCB may suspend the payment of periodic compensation payments when a worker:
- a) adversely affects the conduct of a third-party action or an appeal arising from a third-party action, or
 - b) does not cooperate with WCB in bringing a third-party action, or advancing an appeal arising from a third-party action. [s.22(9)(10)].
- This policy question is effective December 1, 2005 and applies to claims occurring on or after this date.*

NOTE: Medical aid benefits are not affected.

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11. *When is this policy application effective?*

This policy application (Application 1 – Determining Impairment of Earning Capacity) is effective April 1, 2021, except when noted otherwise in a specific policy section(s).

Previous versions

- [Policy 0404 Part II - September 2018](#)
- [Policy 0404 Part II - April 2018](#)
- [Policy 0404 Part II - January 2018](#)
- [Policy 0404 Part II - August 2015](#)
- [Policy 0404 Part II - March 2006](#)
- [Policy 0404 Part II - January 2004](#)
- [Policy 0404 Part II - June 2003](#)
- [Policy 0404 Part II - October 2001](#)
- [Policy 0404 Part II - June 2001](#)
- [Policy 0404 Part II - September 1999](#)
- [Policy 0404 Part II \(consolidated manual 1st Issue\) - February 1997](#)