

PREFACE

While significant reforms in 1989 and 1993 improved workers' compensation in California, the rules governing permanent disability (PD) benefits remain the most contentious and most difficult to reform. The Commission on Health and Safety and Workers' Compensation (CHSWC) is charged under the 1993 workers' compensation reform legislation with conducting a continuing examination of the workers' compensation system. In response to public encouragement at a fact-finding hearing in 1996, CHSWC decided to undertake a multi-year review of the adequacy, equity, and cost of workers' compensation PD benefits. Through a competitive bidding process, the RAND Institute for Civil Justice was selected to provide analyses to support this review.

The CHSWC PD project was designed to result in improvements of the system that are rigorously supported by research, mutually beneficial to employers and labor, and agreeable to the stakeholders of the system. This project identifies the problems of the system, informs the formulation of policy through objective research, and builds consensus about appropriate and feasible policy responses through constant collaboration with stakeholders. In the first phase of this project, CHSWC commissioned RAND to evaluate PD benefits.¹ A focus of this evaluation has been on the long-term earnings losses and other outcomes for workers with PD claims. The first phase examined workers at insured firms. In response to stakeholder input, this document extends those results, examining earnings losses, replacement by workers' compensation benefits, and post-injury employment at private, self-insured employers.

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¹ The findings were reported in Peterson, Reville, Stern, and Barth (1997). See also Stern, Peterson, Reville, and Vaiana (1997).

A profile of the ICJ, abstracts of its publications, and ordering information can be found on the World Wide Web at <http://www.rand.org/centers/icj>.

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