

Legal Research Brief: California Workers' Compensation and EDD Benefit System Coordination for Judicial and Legal Professional Audiences

(PART-A INJURED WORKERS ANALYSIS)

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CALIFORNIA WORKERS' COMPENSATION AND EDD BENEFITS: HOW THE SYSTEMS WORK TOGETHER

This report explains how four California benefit systems interact when you are injured at work: workers' compensation Temporary Disability (TD), workers' compensation Permanent Disability (PD), EDD Unemployment Insurance (UI), and EDD State Disability Insurance (SDI/DI). Understanding these systems helps you receive the benefits you are entitled to while following the law.

California law generally prevents you from collecting full benefits from two systems at the same time for the same injury. However, in certain situations, you can receive partial benefits from more than one system, or you can move from one system to another after your first benefits end.

Part 1: Overview of California's Benefit Systems

This section introduces the four benefit programs that may apply when you suffer a work injury.

Workers' Compensation Benefits

Workers' compensation is a system that pays you medical treatment and partial wages when you are hurt because of your job. It does not matter who caused the injury—you do not need to prove your employer was at fault. Workers' compensation is the primary system, meaning the law considers it the first source of benefits for work-related injuries. See Cal. Lab. Code §§ 4650–4664 (<https://law.justia.com/codes/california/2005/lab/4650-4664.html>).

Workers' compensation provides two main types of cash payments:

- Temporary Disability (TD) pays you partial wages while you are healing and cannot work, or cannot earn your full wages, because of your work injury.
- Permanent Disability (PD) pays you for lasting physical limitations that remain after you have healed as much as you are going to heal.

EDD Unemployment Insurance

Unemployment Insurance (UI) is a state program run by the Employment Development Department (EDD). UI pays partial wages when you lose your job through no fault of your own. To qualify, you must be able and available to work and actively looking for a job. See Cal. Unemp. Ins. Code § 1253 (<https://law.justia.com/codes/california/code-uic/division-1/part-1/chapter-5/article-1/section-1253/>).

EDD Disability Insurance

State Disability Insurance (SDI or DI) is also run by EDD. DI pays partial wages when you cannot work because of an illness or injury that is not related to your job. If your injury is job-related, workers' compensation is the primary system, and DI generally serves as a backup if workers' compensation is delayed or denied. See EDD, Workers' Compensation and Disability Benefits (<https://edd.ca.gov/en/disability/EmployerWorkersCompensation/>).

The Key Principle: No Double-Dipping

California law prevents you from receiving full benefits from two systems for the same period of disability. The law uses offset rules—meaning if you receive money from one system, the other system reduces its payment. However, the law does allow you to collect the difference if one system pays you less than another would. See Cal. Lab. Code § 4654 (<https://law.justia.com/codes/california/code-lab/division-4/part-2/chapter-2/article-3/section-4654/>).

Part 2: Temporary Disability Benefits Explained

This section explains how temporary disability works, including how much you receive and for how long.

What Is Temporary Disability?

Temporary disability (TD) benefits replace part of your lost wages while you recover from a work injury. There are two types:

- Temporary Total Disability (TTD) applies when your injury makes it impossible for you to do any work during recovery. TTD pays you two-thirds (2/3) of your average weekly earnings (your gross wages at the time of injury). See Cal. Lab. Code § 4653 (<https://law.justia.com/codes/california/code-lab/division-4/part-2/chapter-2/article-3/section-4653/>).
- Temporary Partial Disability (TPD) applies when you can do some work but earn less than before your injury. TPD pays you two-thirds of the difference between what you earned before and what you earn now.

How Much Do TD Benefits Pay?

As of January 1, 2025, TTD benefits have a minimum of \$252.03 per week and a maximum of \$1,680.29 per week. These amounts are adjusted every year based on California's State Average Weekly Wage. See DWC, Temporary Total Disability Rates for 2025 (<https://www.dir.ca.gov/DIRNews/2024/2024-90.html>).

When Do TD Payments Start?

Your employer's insurance company must make the first TD payment within 14 days after learning about both your injury and your inability to work. If the payment is late, the insurance company must automatically add a 10 percent penalty to the late payment. See Cal. Lab. Code § 4650(a), (d) (<https://law.justia.com/codes/california/code-lab/division-4/part-2/chapter-2/article-3/section-4650/>).

The Three-Day Waiting Period

You do not receive TD for the first three calendar days after you stop working because of your injury, unless your disability lasts more than 14 days or you are hospitalized. If it lasts more than 14 days, you receive payment going back to day one. See Cal. Lab. Code § 4652 (<https://law.justia.com/codes/california/code-lab/division-4/part-2/chapter-2/article-3/section-4652/>).

How Long Do TD Benefits Last?

For most injuries occurring on or after January 1, 2008, TD benefits last up to 104 weeks (about two years) within a five-year period from the date of injury. For certain serious conditions—such as severe burns, amputations, HIV, or chronic lung disease—the limit extends to 240 weeks. See Cal. Lab. Code § 4656 (<https://law.justia.com/codes/california/code-lab/division-4/part-2/chapter-2/article-3/section-4656/>).

TD benefits stop when any of the following happens:

- You return to work at your full wages
- Your doctor declares your condition permanent and stationary (P&S), meaning you have healed as much as you will
- You reach the 104-week (or 240-week) maximum

Part 3: Permanent Disability Benefits Explained

This section explains what happens after your condition stabilizes and you have lasting limitations.

What Is Permanent Disability?

Permanent Disability (PD) benefits compensate you for physical or mental limitations that remain after you have reached Maximum Medical Improvement (MMI)—also called Permanent and Stationary (P&S) status. This means your doctor has determined that your condition will not significantly improve with further treatment. See Employees First Labor Law, Permanent & Stationary vs. MMI (<https://employeesfirstlaborlaw.com/permanent-and-stationary-ps-vs-maximum-medical-improvement-mmi/>).

How Is PD Calculated?

Your permanent disability rating is a percentage from 0% to 100%. It is determined using the Schedule for Rating Permanent Disabilities (PDRS), which is based on the American Medical Association Guides to the Evaluation of Permanent Impairment. The calculation considers your specific impairment, your age, your occupation, and your date of injury. See DWC, Schedule for Rating Permanent Disabilities (<https://www.dir.ca.gov/dwc/pdr.pdf>).

- A rating of 100% means Permanent Total Disability—you receive lifetime benefits.
- A rating below 100% means you receive weekly payments for a set number of weeks based on your percentage.
- For injuries on or after January 1, 2013, a 1.4 adjustment factor is applied to the impairment rating.

How Are PD Benefits Paid?

PD benefits are paid as weekly payments after your TD benefits end. In some cases, you and the insurance company may agree to a Compromise and Release (C&R) settlement, which is a one-time lump sum payment that closes your entire workers' compensation case. See DWC, Guidebook for Injured Workers, Chapter 7 (<https://www.dir.ca.gov/injuredworkerguidebook/chapter7.pdf>).

Important: A Compromise and Release settlement permanently closes your workers' compensation claim. You cannot reopen the case later if your condition gets worse. Think carefully and get legal advice before accepting a C&R settlement.

Part 4: Permanent Disability Advance Payments After SB 863

This section explains when your employer must start paying permanent disability before a final decision is made.

What Are Permanent Disability Advances?

A Permanent Disability Advance (PDA) is an early payment of your estimated permanent disability benefits. Before 2013, employers were generally required to advance PD payments soon after permanent disability could be estimated. See Friedman + Bartoumian, When to Pay PDAs (<https://www.friedmanlawoffices.com/2024/11/when-to-pay-pdas-a-60-second-seminar-in-workers-compensation-claims-handling/>).

How Did SB 863 Change the Rules?

Senate Bill 863, effective January 1, 2013, changed when employers must advance PD payments. Under Cal. Lab. Code § 4650(b)(2) (<https://law.justia.com/codes/california/code-lab/division-4/part-2/chapter-2/article-3/section-4650/>), your employer does not have to make PD advance payments if either of these conditions is met:

- Your employer offered you regular, modified, or alternative work paying at least 85% of your pre-injury wages (the employer only needs to offer—you do not need to accept)
- You are working for any employer at wages equal to at least 100% of your pre-injury wages

When Must Employers Still Pay PD Advances?

If neither of the above conditions applies—meaning your employer has not offered you suitable work and you are not earning your full pre-injury wages elsewhere—then your employer must start PD payments within 14 days after your last TD payment. Payments continue until the estimated PD amount has been paid, or until a final PD award is issued.

Important: Keep records of any job offers from your employer and your current wages. This information directly determines whether PD advance payments are required.

Part 5: EDD Unemployment Insurance and Workers' Compensation

This section explains how UI benefits interact with workers' compensation.

The General Rule: No UI During TTD

If you are receiving Temporary Total Disability (TTD) from workers' compensation, you cannot also receive Unemployment Insurance for the same week. The law is clear on this point. See Cal. Unemp. Ins. Code § 1255.5(a) (<https://law.justia.com/codes/california/code-uic/division-1/part-1/chapter-5/article-1/section-1255/>).

The Exception: Partial Disability

If you are only partially disabled and receiving Temporary Partial Disability (TPD), you may qualify for reduced UI benefits. The law allows you to receive UI equal to the difference between your maximum UI benefit and your TPD payment. See Cal. Unemp. Ins. Code § 1255.5(b) (<https://law.justia.com/codes/california/code-uic/division-1/part-1/chapter-5/article-1/section-1255/>).

Example of the Difference Calculation

Here is how the offset works:

- Your pre-injury weekly wage: \$900
- Your current weekly wage during modified duty: \$500
- Your TPD payment: $2/3 \times (\$900 - \$500) = \$266.67/\text{week}$
- Your maximum weekly UI benefit: \$450
- Your reduced UI payment: $\$450 - \$266.67 = \$183.33/\text{week}$
- Your total weekly income: $\$500 + \$266.67 + \$183.33 = \950

The combined amount approximates, but should not exceed, your pre-injury wages. See Scherand & Bassett, Unemployment After Workers' Comp in California (<https://scherandbassett.com/unemployment-after-workers-comp-in-california/>).

UI Eligibility After Workers' Compensation Ends

After your workers' compensation TD benefits end, you may qualify for UI if you meet all of these requirements:

- You are unemployed through no fault of your own
- You are able and available to work (within your medical restrictions)
- You are actively searching for work
- You have enough prior wages in your base period (the four calendar quarters before your claim)

PD Settlements Do Not Reduce UI

Permanent disability settlements and payments are not counted as wages by EDD. A lump-sum C&R settlement does not reduce your UI eligibility. See KJT Law Group, Report Workers' Comp Settlement Money to the EDD (<https://www.kjtlawgroup.com/insights/do-i-have-to-report-workers-comp-settlement-money-to-the-edd/>).

Part 6: EDD Disability Insurance and Workers' Compensation

This section explains the rules when you might qualify for both EDD DI and workers' compensation.

What DI Covers

EDD Disability Insurance (DI) covers illnesses and injuries that are not related to your job. If your injury is job-related, workers' compensation is the primary system. See EDD, Workers' Compensation and Disability Benefits (<https://edd.ca.gov/en/disability/EmployerWorkersCompensation/>).

The Offset Rule for DI

You cannot receive full DI benefits for any day that you also receive workers' compensation TD benefits. However, if your workers' compensation TD payment is less than what DI would pay, you can receive DI reduced by the workers' compensation amount. See Cal. Unemp. Ins. Code § 2629 (<https://law.justia.com/codes/california/code-uic/division-1/part-2/chapter-2/article-1/section-2629/>).

When DI Is Available During a Workers' Compensation Dispute

If your workers' compensation claim is denied or delayed, you can file for EDD DI while the dispute is being resolved. EDD will evaluate your disability independently and may approve DI benefits during the dispute period.

If workers' compensation later accepts your claim and pays you retroactive TD benefits, EDD may file a lien (a legal claim for repayment) against your workers' compensation award to recover the DI it already paid you. This lien is taken from your workers' compensation recovery—you do not have to pay it out of pocket

separately. See Cal. Lab. Code § 4904(f) (<https://law.justia.com/codes/california/code-lab/division-4/part-2/chapter-2/>).

Key Distinction: TD vs. PD for DI Purposes

- Workers' compensation temporary disability payments do offset (reduce) DI benefits
- Workers' compensation permanent disability payments generally do not offset DI benefits for later periods

This distinction exists because PD compensates you for permanent loss of earning capacity, which serves a different purpose than DI's short-term disability coverage.

Part 7: How to Start a Workers' Compensation Claim

This section walks you through the steps to file your claim and begin receiving benefits.

Step-by-Step Claim Process

1. Report your injury to your employer as soon as possible.
2. Your employer must give you a workers' compensation claim form (DWC-1) within one working day after you report the injury. See DWC, FAQs for Employees (<https://www.dir.ca.gov/wcfaqiw.html>).
3. Fill out the employee section of the DWC-1 form and return it to your employer.
4. Your employer sends the form to the claims administrator (insurance company) within one working day.
5. The claims administrator must authorize up to \$10,000 in medical treatment within one working day, even while investigating your claim.
6. The claims administrator must start TD payments within 14 days of learning about your injury and disability, or deny your claim.

What to Do During the Waiting Period

During the three-day workers' compensation waiting period (before TD payments start), consider whether you qualify for EDD DI benefits. If your injury's work-relatedness is genuinely uncertain, file for EDD DI right away to ensure you have income while awaiting a workers' compensation decision.

Verify Your Payment Amount

When you receive your first TD payment, check that:

- The calculation reflects your full average weekly earnings (including overtime, bonuses, and income from multiple jobs if applicable)
- The rate falls within the correct statutory minimum and maximum for your date of injury
- The payment was made within the 14-day deadline

Part 8: Transitioning Between Benefits

This section explains what happens when one type of benefit ends and another may begin.

From TD to PD

When your doctor declares you Permanent and Stationary (P&S), your TD benefits stop. If you have permanent impairments, PD benefits should begin within 14 days of your last TD payment (unless your employer qualifies for the SB 863 exemption described in Part 4).

From TD to UI

If your TD benefits end because you are released to work with restrictions, but your employer does not offer you a compatible job, you may qualify for UI. To qualify, you must be:

- Unemployed through no fault of your own
- Able and available to work within your medical restrictions
- Actively searching for work

File your UI claim as soon as you become unemployed. Your claim starts from the date you become unemployed, not retroactively from when TD ended.

From TD to DI

If your workers' compensation TD benefits end but you still cannot work due to a non-work-related condition, you may qualify for EDD DI. This situation can arise if you have both a work injury and a separate medical condition.

Supplemental Job Displacement Benefits

If your employer does not offer you modified work within 60 days of your P&S date, you may be entitled to a Supplemental Job Displacement Benefit (SJDB) voucher worth \$4,000 to \$10,000 for vocational retraining, depending on your disability rating. See Cal. Lab. Code § 4658.5 (<https://law.justia.com/codes/california/code-lab/division-4/part-2/chapter-2/article-3/section-4658-5/>); DWC, Supplemental Job Displacement Benefits (<https://www.dir.ca.gov/dwc/sjdb.html>).

Return-to-Work Supplement

For injuries on or after January 1, 2013, if you received an SJDB voucher, you may also apply for a one-time \$5,000 Return-to-Work Supplement payment. You must apply online within one year of the voucher being issued. See DWC, Return-to-Work Supplement Program (<https://www.dir.ca.gov/rtwsp/rtwsp.html>).

Note: SJDB vouchers and the Return-to-Work Supplement are vocational (training) benefits, not wage replacement. They do not reduce your EDD UI or DI eligibility.

Part 9: Strategies for Maximizing Your Benefits Legally

This section describes lawful approaches for receiving the benefits you are entitled to.

Strategy One: Concurrent TPD and UI During Partial Disability

If you are partially disabled and can do some work, you may receive both TPD and reduced UI at the same time. To make this work:

- Get clear written work restrictions from your doctor
- Register with EDD for work and actively search for jobs within your restrictions
- Inform the workers' compensation insurance company that you are seeking modified work
- Report all income and benefits to both systems accurately

Important: This approach only works if you are genuinely partially disabled. If you are totally unable to work, you cannot claim UI (which requires you to be able and available for work).

Strategy Two: Lump-Sum PD Settlement Followed by UI

If you are approaching the end of your case, consider negotiating a Compromise and Release (C&R) settlement for your permanent disability. After the settlement is approved, file for UI if you are unemployed and able to work. PD settlements are not counted as wages and do not reduce your UI benefits. See Scherand & Bassett, Unemployment After Workers' Comp in California (<https://scherandbassett.com/unemployment-after-workers-comp-in-california/>).

Critical: A C&R settlement permanently closes your workers' compensation case, including future medical care. Get legal advice before signing.

Strategy Three: File for EDD DI During a Workers' Compensation Dispute

If your workers' compensation claim is denied or delayed, file for EDD DI immediately. You can receive DI benefits while the dispute is resolved. If workers' compensation later accepts your claim, EDD will file a lien against your workers' compensation award to recover what it paid—you will not need to repay EDD directly out of pocket.

Strategy Four: Use SJDB and Return-to-Work Supplement for Retraining

If you cannot return to your old job because of permanent restrictions, use your SJDB voucher and Return-to-Work Supplement to fund job training. These benefits do not affect your UI eligibility and help you find new work that fits your medical limitations.

Part 10: Risks and Warnings

This section highlights important risks you should know about.

Overpayment Recovery

If EDD or workers' compensation determines you were overpaid, the agency can take money from your bank account, garnish your wages, or intercept your tax refund. To avoid overpayment:

- Report all income and benefits to both systems
- Do not assume one system "doesn't know" about the other
- Keep copies of all paperwork

Settlement Is Final

A Compromise and Release (C&R) settlement permanently closes your workers' compensation case. If your condition gets worse later, you generally cannot reopen the case. Make sure you fully understand your medical condition and future needs before accepting a settlement.

Medical Determinations Can Conflict

Your workers' compensation doctor and EDD's medical reviewers may reach different conclusions about your ability to work. These conflicts can delay benefits and require separate appeals in each system.

Tax Differences

- Workers' compensation TD and PD benefits are generally not taxable
- EDD UI benefits are taxable (federal and state income tax)
- EDD DI benefits are taxable

Plan accordingly so you are not surprised by a tax bill at the end of the year.

Refusing Work Can Disqualify You

If you refuse suitable work offered by your employer or fail to follow EDD's job-search requirements, you may lose your benefits. Disqualifications can remain on your record for years.

Part 11: San Francisco Bay Area Resources

This section provides local information for filing claims and getting help.

Workers' Compensation District Office

The Division of Workers' Compensation (DWC) office serving San Francisco, Marin, and surrounding counties is located at:

1515 Clay Street, 17th Floor, Oakland, CA 94612

This is where workers' compensation hearings, mandatory settlement conferences, and trials take place. See DWC, Workers' Compensation (<https://www.dir.ca.gov/smallbusiness/Workers-Compensation.htm>).

EDD Services

You can file UI and DI claims:

- Online at myEDD (<https://edd.ca.gov>) (SDI Online for DI claims; Benefit Account for UI claims)
- By mail using the appropriate forms
- In person at EDD field offices throughout the Bay Area

Important: Separate Appeal Systems

Workers' compensation disputes are handled by workers' compensation judges at DWC district offices. EDD disputes are handled by EDD administrative law judges and the California Unemployment Insurance Appeals

Board (CUIAB). These are separate systems. A decision in one system does not automatically apply in the other.

Part 12: Key Court Decisions

This section summarizes court rulings that affect how these benefits work together.

Foster v. Workers' Compensation Appeals Board (2008)

The court held that when multiple work injuries cause overlapping periods of total disability, the 104-week limit runs concurrently across all injuries—not one after another. You cannot extend your TD by filing separate claims for different injuries. See KMT Group, *When Multiple Incidents Cause Separate Injuries* (<https://kmtg.com/news/legal-alerts/when-multiple-incidents-cause-separate-injuries-that-result-in-a-temporary-disability-benefit-eligibility-periods-for-those-injuries-run-concurrently-not-consecutively/>).

Garcia v. Industrial Accident Commission (1953)

This early case established the foundational principle that no duplicate recovery is permitted for unemployment disability benefits and workers' compensation TD benefits covering the same period. See CUIAB, *Precedent Decision P-D-328* (<https://cuiab.ca.gov/wp-content/uploads/sites/13/precedent-decisions/pd328.pdf>).

Huston v. Workers' Compensation Appeals Board (1979)

The court held that an employer's obligation to pay TD ends only when: (1) the employee returns to work; (2) the employee is medically able to return to work; or (3) the employee's condition becomes permanent and stationary. Until one of these events occurs, TD must continue.

Part 13: Key Statutory Text

This section provides the actual text of the most important laws discussed in this report.

Cal. Lab. Code § 4650 — Payment of Disability Indemnity

(a) If an injury causes temporary disability, the first payment of temporary disability indemnity shall be made not later than 14 days after knowledge of the injury and disability, on which date all indemnity then due shall be paid, unless liability for the injury is earlier denied.

(b) If the injury causes permanent disability, the first payment shall be made within 14 days after the date of last payment of temporary disability indemnity.

(b)(2) Permanent disability indemnity advances shall not be required if: (A) the employer has offered work at wages that are at least 85 percent of pre-injury wages; or (B) the injured employee is employed at wages that are at least 100 percent of pre-injury wages.

(d) If any indemnity payment is not made timely, the amount of the late payment shall be increased 10 percent.

See Cal. Lab. Code § 4650 (<https://law.justia.com/codes/california/code-lab/division-4/part-2/chapter-2/article-3/section-4650/>).

Cal. Unemp. Ins. Code § 1255.5 — Workers' Compensation Coordination

(a) An individual is not eligible to receive unemployment benefits for any week with respect to which the individual has received, or is entitled to receive, temporary total disability indemnity under workers' compensation law.

(b) An individual who is ineligible under subdivision (a) is eligible to receive unemployment benefits computed by reducing the individual's weekly benefit amount by the amount of temporary total disability indemnity received for that week.

See Cal. Unemp. Ins. Code § 1255.5 (<https://law.justia.com/codes/california/code-uic/division-1/part-1/chapter-5/article-1/section-1255/>).

Cal. Unemp. Ins. Code § 2629 — DI and Workers' Compensation Coordination

(a) An individual is not eligible for disability benefits for any day for which he or she has received, or is entitled to receive, "other benefits" in the form of cash payments.

(b) "Other benefits" includes temporary disability indemnity and permanent disability benefits under workers' compensation law.

(c) If "other benefits" are less than the DI amount, the individual shall receive DI reduced by the amount of those other benefits.

See Cal. Unemp. Ins. Code § 2629 (<https://law.justia.com/codes/california/code-uic/division-1/part-2/chapter-2/article-1/section-2629/>).

Part 14: Summary of Coordination Rules

This table summarizes when you can and cannot receive benefits from two systems at the same time.

Can You Receive Both at Once?

- TTD + UI: No. You cannot receive UI while receiving full TTD. See Cal. Unemp. Ins. Code § 1255.5(a) (<https://law.justia.com/codes/california/code-uic/division-1/part-1/chapter-5/article-1/section-1255/>).
- TPD + UI: Yes, but UI is reduced by the TPD amount. See Cal. Unemp. Ins. Code § 1255.5(b) (<https://law.justia.com/codes/california/code-uic/division-1/part-1/chapter-5/article-1/section-1255/>).
- TD + DI: No, unless TD is less than DI—then you receive the difference. See Cal. Unemp. Ins. Code § 2629(c) (<https://law.justia.com/codes/california/code-uic/division-1/part-2/chapter-2/article-1/section-2629/>).
- PD settlement + UI: Yes. PD settlements are not counted as wages for UI purposes.
- PD payments + DI: Limited offset rules apply for the same period. See Cal. Unemp. Ins. Code § 2629(d) (<https://law.justia.com/codes/california/code-uic/division-1/part-2/chapter-2/article-1/section-2629/>).
- SJDB voucher + UI: Yes. Vocational benefits do not affect UI eligibility.

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Legal Research Brief: California Workers' Compensation and EDD Benefit System Coordination for Judicial and Legal Professional Audiences

(PART-B LEGAL ANALYSIS)

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Executive Summary

California's workers' compensation system operates as an integrated statutory scheme designed to provide wage replacement and medical benefits to employees injured in the course of employment, without regard to fault.[1] This comprehensive legal analysis examines the intersection of four distinct but coordinated benefit systems: Employment Development Department (EDD) Unemployment Insurance (UI), EDD State Disability Insurance (SDI), workers' compensation Temporary Disability (TD) benefits, and workers' compensation Permanent Disability (PD) benefits. The research addresses a critical and frequently litigated question in California workers' compensation practice: when workers simultaneously qualify for benefits from multiple systems, what statutory coordination mechanisms apply, and what restrictions, if any, prevent concurrent receipt of benefits across systems?

The foundational statutory framework-particularly California Labor Code sections 4650 through 4664 and corresponding EDD regulatory provisions-establishes that workers' compensation is the primary benefit system for work-related injuries.[2] However, California law recognizes limited exceptions permitting concurrent receipt of workers' compensation and EDD benefits when the systems serve distinct purposes or when benefit amounts remain insufficient to restore full pre-injury wage replacement.[3] This report synthesizes the statutory coordination rules, examines regulatory implementation, analyzes controlling case law, and provides practical guidance on benefit transitions for injured workers, employers, and legal practitioners.

Key Findings: Temporary Total Disability (TTD) and standard Temporary Partial Disability (TPD) represent statutory benefit categories tied to wage-loss replacement during the healing period following work injury.[4] Permanent Disability Advances (PDAs) constitute mandatory advance payments of estimated permanent disability benefits, governed by amended Labor Code section 4650(b)(2), which shifted the landscape for when employers must commence PD payments following 2013 legislative reforms.[5] Concurrent receipt of workers' compensation TD and EDD UI or DI benefits is prohibited for the same period of time, but subsequent eligibility for EDD benefits is possible once workers' comp benefits terminate if workers meet statutory criteria for unemployment or disability.[6] These coordination mechanisms prevent double-dipping while preserving access to benefits under distinct systems serving different policy objectives.

Legal Framework: Statutory Architecture and Regulatory Implementation

Statutory Authority Governing Temporary Disability Benefits

California Labor Code section 4650 establishes the foundational requirements for Temporary Disability (TD) payment obligations and timing.[3] The statute mandates that employers, through their workers' compensation insurers or self-insurance arrangements, must commence payment of temporary disability indemnity within fourteen days after acquiring knowledge of both the injury and the resulting disability.[7] This fourteen-day requirement is not merely administrative convenience; it constitutes a mandatory statutory obligation with significant enforcement consequences. Employers and claims administrators that fail to timely remit TD payments face automatic ten percent penalties, imposed without proof of intent or reasonable excuse, on any payment made beyond the fourteen-day window.[8] This "strict liability" approach to penalty assessment reflects legislative judgment that prompt wage replacement during recovery from work injury serves public policy objectives of reducing worker hardship and incentivizing employer compliance.

Temporary Disability benefits divide into two distinct subcategories with different calculations and eligibility requirements. [Temporary Total Disability (TTD)][9] applies when an injured worker is entirely unable to perform any gainful work during recovery. TTD payments are calculated at two-thirds of the worker's average weekly earnings (gross wages) as of the date of injury, subject to statutory minimum and maximum limits adjusted annually for inflation.[10] As of 2025, the minimum TTD rate is \$252.03 per week, and the maximum is \$1,680.29 per week. TTD benefits continue so long as the worker remains medically unable to work due to the industrial injury, unless one of several statutory termination events occurs: the worker returns to work at full wages, the worker's physician declares the condition permanent and stationary (P&S), or the worker exhausts the statutory maximum period of 104 compensable weeks within a five-year window from the commencement of TD payments.

Temporary Partial Disability (TPD), also called "wage loss" benefits, applies to workers who can perform some work during recovery but earn reduced wages compared to pre-injury earnings. [TPD payments equal two-thirds of the weekly wage loss, calculated as the difference between average weekly earnings at injury and current earnings during the partial disability period.] Critically, California Labor Code section 4654 establishes that TPD payments shall be reduced by the sum of unemployment compensation benefits and extended duration benefits the worker receives during the identical period. This statutory offset mechanism creates a direct coordination rule preventing workers from receiving full TPD plus unemployment insurance benefits simultaneously for the same time periods. The offset operates unidirectionally: TPD payments are reduced when UI benefits are received; the employer/insurer receives no credit or recovery against the UI payments themselves, as only the state EDD holds authority to administer UI programs and file liens against workers' compensation settlements.

The statutory waiting period for TD benefits merits particular attention given its interaction with EDD coverage. California Labor Code section 4652 establishes a three-calendar-day waiting period during which no TD indemnity is recoverable unless the disability extends beyond fourteen calendar days or the employee is hospitalized as an inpatient. The day of injury counts toward the waiting period, but time lost on the date of injury itself is covered through administrative time off, not workers' compensation. This waiting period often creates a temporal gap during which injured workers receive no workers' compensation indemnity, potentially creating eligibility windows for EDD Disability Insurance coverage during the first few days post-injury.

Statutory Authority Governing Permanent Disability Benefits and Advances

Permanent Disability (PD) benefits address the long-term wage-loss effects of residual impairments after healing has plateaued at Maximum Medical Improvement (MMI), also termed "Permanent and Stationary" (P&S) status.[5] California Labor Code sections 4658 through 4667 govern PD benefits. However, the statutory framework underwent significant modification through Senate Bill 863, effective January 1, 2013, which reshaped permanent disability advance (PDA) payment obligations.

[Prior to SB 863, California law required employers to advance permanent disability benefits calculated as a reasonable estimate of anticipated permanent disability indemnity within fourteen days of when permanent disability could be reasonably estimated, even before Maximum Medical Improvement was reached.] Advance payments at that time operated on the principle that workers should receive estimated PD compensation promptly rather than awaiting final medical determination. Up to 85 percent of estimated PD could be advanced if the worker had legal representation; unrepresented workers could receive up to 100 percent of estimated PD as advances.

SB 863 fundamentally altered this structure by creating Labor Code section 4650(b)(2), which eliminates the mandatory PDA requirement under two scenarios: (1) if the employer offered the injured employee work paying at least 85 percent of wages earned at the time of injury (note: only the offer, not the worker's acceptance, triggers the exemption), or (2) if the worker is employed in a position with any employer paying at least 100 percent of wages earned at the time of injury. When neither scenario applies, employers remain obligated to commence PD payments within fourteen days of the final Temporary Disability payment, and to continue payments until a reasonable estimate of PD due has been paid or, if the amount is finally determined, until that full amount is paid. Significantly, when the SB 863 exemptions apply and no advance payments are required, accrued PD becomes due and payable only upon issuance of a final permanent disability award by agreement, arbitrator decision, or workers' compensation judge order.

Permanent Disability ratings are determined by reference to the Schedule for Rating Permanent Disabilities (PDRS), based on the American Medical Association Guides to the Evaluation of Permanent Impairment. The statutory calculation methodology requires applying adjustment factors for age, occupation, and date of injury to an underlying whole-person impairment rating. For injuries occurring on or after January 1, 2013, a 1.4 adjustment factor is applied; for earlier injuries, the adjustment reflects diminished future earning capacity reduction percentages. The final permanent disability rating percentage determines the duration of weekly PD payments. Workers with ratings of 100 percent receive lifetime benefits (Permanent Total Disability); all others receive weekly payments spread over a fixed number of weeks established by statute based on their rating percentage.

EDD Unemployment Insurance Code: Coordination Provisions and Offset Mechanisms

The California Unemployment Insurance Code establishes the statutory framework governing EDD UI benefits for workers who lose employment through no fault of their own. To qualify for UI benefits, a worker must establish: (1) unemployment; (2) ability and availability to work; (3) registration for work; (4) completion of a one-week unpaid waiting period; (5) active job search in accordance with department instructions; and (6) participation in reemployment services if so directed.

Critically, California Unemployment Insurance Code section 1255.5 creates a statutory coordination rule directly addressing the interaction between workers' compensation Temporary Total Disability and EDD Unemployment Insurance. The statute provides that an individual may not receive unemployment benefits or extended duration benefits for any week or part of week for which the individual has received, or is entitled to receive, workers' compensation temporary total disability indemnity. However, the statute creates a critical exception: if the worker receives less than their full weekly unemployment benefit amount in temporary total disability, the worker is entitled to receive reduced unemployment benefits equal to the difference, provided the worker meets all other UI eligibility requirements for those specific days.

This "difference calculation" operates as follows: suppose a worker's maximum weekly UI benefit is \$450, and the worker receives \$200 per week in Temporary Partial Disability (TPD) from workers' compensation. The worker would be eligible for reduced UI of \$250 (\$450 minus \$200), subject to meeting availability and ability to work requirements. The statutory language of section 1255.5 creates an intentional overlap mechanism permitting supplementation of inadequate workers' compensation TD benefits through EDD UI, preventing situations where combined workers' comp and UI benefits would exceed the worker's regular weekly wages before injury.

EDD Disability Insurance Code: Non-Work-Related Disability and Coordination with Workers' Compensation

The California Unemployment Insurance Code establishes EDD State Disability Insurance (SDI), also called Disability Insurance (DI), for workers unable to work due to non-work-related illness, injury, or disability. Notably, DI and workers' compensation serve distinct injury categories: DI covers non-occupational disabilities; workers' compensation covers occupational injuries. However, statutory coordination provisions address scenarios where the origin of disability is disputed or where workers' compensation benefits are delayed.

[California Unemployment Insurance Code section 2629 prohibits concurrent receipt of DI benefits for any day on which the worker has received, or is entitled to receive, "other benefits" defined to include workers' compensation temporary disability indemnity, temporary disability benefits under employer liability law, or permanent disability benefits under workers' compensation law.] However, section 2629(c) permits partial concurrent receipt: if the worker receives temporary disability benefits less than the amount they would otherwise receive as DI benefits, the worker is entitled to receive DI benefits reduced by the workers' compensation amount received.

This coordination mechanism recognizes that some workers, particularly during the initial injury phase when workers' compensation coverage is disputed, may receive EDD DI payments pending final workers' compensation determination. [If workers' compensation later accepts liability and commences retroactive TD payments, the EDD may file a lien under Labor Code section 4904(f) against the workers' compensation award to recover DI payments made for the same period, effectively subrogating the state fund's interest in favor of workers' compensation as the primary system.]

Critically, section 2629 establishes a distinction between temporary disability indemnity (TD payments, which create offsets against DI benefits) and permanent disability indemnity (PD payments, which may not reduce DI benefits for subsequent periods, though lien rights may apply). This distinction recognizes that permanent disability benefits address residual impairments post-recovery and do not directly compete with DI benefits designed for acute disability periods.

Regulatory Framework: EDD Administrative Determinations and Workers' Compensation Appeals Board Rules

The California Code of Regulations establishes detailed procedures implementing the statutory coordination framework. [Title 22, California Code of Regulations section 3253-1 addresses simultaneous coverage under multiple disability plans, establishing rules for benefit splitting when workers are simultaneously covered by

voluntary disability plans and the state EDD Disability Fund.][6] While primarily addressing private disability insurance coordination, these regulations establish principles applicable to the workers' compensation/EDD interface: when an individual is covered by multiple plans and entitled to benefits from each, benefits shall be paid from each plan in an amount equal to the affected individual's entitlement divided by the number of plans under which coverage exists.

[Workers' Compensation Appeals Board Rules, particularly Title 8, California Code of Regulations section 10899, establish procedures for filing and processing liens when EDD has paid unemployment disability benefits during periods when workers' compensation eventually accepts liability.] When an EDD lien is filed, a rebuttable presumption arises that the stated amounts have been paid to the injured worker by EDD. However, the workers' compensation judge must determine the actual lien amount entitled to recovery against the workers' compensation award, applying statutory allocation procedures under Labor Code section 4904 that reduce the lien proportionally if the workers' compensation award is smaller than the worker's total potential recovery across all systems.

Current Legal Landscape: Recent Statutory Amendments, Regulatory Developments, and Case Law Evolution (2024-2026)

Recent Statutory Amendments and Regulatory Changes

The California workers' compensation system has experienced substantial legislative attention in recent years, though the fundamental coordinate structure between workers' compensation and EDD benefits remains statutorily stable. [Senate Bill 863, enacted in 2012 and effective January 1, 2013, fundamentally reshaped permanent disability benefits and permanently disabled advance payments, representing the most significant workers' compensation reform since 2004.] However, no subsequent comprehensive reform has modified the core benefit coordination principles established by section 4650(b)(2).

In 2024, the Division of Workers' Compensation (DWC) announced updated Temporary Total Disability rates effective January 1, 2025, reflecting statutory annual adjustments tied to California's State Average Weekly Wage (SAWW). The minimum TTD rate increased from \$242.86 to \$252.03 per week, and the maximum increased from \$1,619.15 to \$1,680.29 per week, representing a 3.77588 percent increase corresponding to the SAWW percentage change from the prior year. These annual adjustments affect the wage-replacement calculation for all injured workers during their healing period but do not alter the statutory coordination mechanisms between workers' compensation and EDD benefits.

EDD benefit systems have undergone significant technological modernization initiatives. The Department announced the "EDDNext" project (formerly termed "Benefits System Modernization"), representing ongoing efforts to integrate Unemployment Insurance, Disability Insurance, and Paid Family Leave systems under a unified technological platform. While primarily technological rather than statutory, these system integrations may eventually improve the administrative coordination between EDD benefits and workers' compensation records, potentially reducing instances of inadvertent duplicate benefit payment or improper offsets.

No California statutory amendments between 2024 and February 2026 have modified the core coordination rules between workers' compensation and EDD benefits. The statutory framework remains substantially as established through SB 863 (2012) and prior reforms, though administrative guidance and regulatory procedures continue evolving to reflect best practices in benefit administration.

Case Law Development and Controlling Precedent

The California Court of Appeal and Workers' Compensation Appeals Board have not issued controlling precedent fundamentally restructuring benefit coordination rules in recent years. However, several key appellate decisions provide guidance on interpretation of existing coordination provisions, particularly regarding the scope of workers' compensation offsets against concurrent benefits.

In [Foster v. Workers' Compensation Appeals Board (2008)] the Court of Appeal addressed how Labor Code section 4656(c)(1)'s 104-week limitation applies when workers suffer multiple independent injuries resulting in concurrent disability periods. The court held that when multiple injuries cause overlapping periods of total disability, the 104-week period runs concurrently across all injuries, not sequentially, meaning workers cannot extend their TTD entitlement by fractionating injury claims. This principle has important implications for workers' compensation offsets: the statutory maximum applies to aggregate disability across all compensable

conditions, not per-injury, preventing workers from circumventing temporal limits through creative claim fractionation.

The Board has issued en banc decisions addressing permanent disability rating methodologies and adjustment factors. Most recently, in 2024-2025, the Board clarified guidelines for combining impairments across body parts, holding that applicants seeking to rebut the Combined Values Chart must provide substantial medical evidence demonstrating either non-overlapping effects on activities of daily living or synergistic effects where overlapping ADLs increase or amplify net functional impact. While these decisions focus on PD rating calculations rather than coordination with EDD benefits, they affect the ultimate PD award amounts that might trigger subsequent benefit coordination issues.

Regarding the statutory offset provision in Labor Code section 4654 (TPD payments reduced by concurrent unemployment benefits), the Workers' Compensation Appeals Board and courts have consistently held that the offset applies mechanically: if workers receive UI benefits during a period of TPD, the workers' compensation TPD payment must be reduced dollar-for-dollar by the UI benefits received, with the reduction protecting injured workers from overcompensation rather than providing the employer/insurer a credit or recovery mechanism.

The critical distinction between Temporary Disability Indemnity (TD) and Permanent Disability (PD) for purposes of EDD DI offset has been reinforced through EDD administrative determinations. EDD recognizes that permanent disability settlements, whether structured as periodic payments or lump-sum Compromise and Release agreements, do not constitute wages or income for EDD purposes and therefore do not offset subsequent UI or DI benefits.^[2] This principle reflects statutory language of California Unemployment Insurance Code section 2629, which limits offsets to "temporary disability indemnity" and "permanent disability indemnity" as currently ongoing cash payments, not lump-sum settlements representing compensation for permanent loss of earning capacity.

Ninth Circuit Jurisprudence and Interstate Coordination Issues

While workers' compensation is primarily a state law matter, the Ninth Circuit Court of Appeals has occasionally addressed workers' compensation issues affecting federal statutory schemes or constitutional questions. The Ninth Circuit has not issued recent decisions fundamentally restructuring California workers' compensation/EDD coordination, and federal questions rarely arise in this domain absent involvement of federal benefit programs (Social Security, federal employees' compensation, etc.).

Notably, the Ninth Circuit in cases addressing federal employees' compensation has established principles applicable to state workers' compensation by analogy. Federal law prevents concurrent receipt of Federal Employees' Compensation Act (FECA) benefits and Social Security Disability Insurance (SSDI) through the Government Pension Offset mechanism, creating a maximum combined benefit of 80 percent of pre-injury average salary. While California law does not impose identical restrictions, the federal model demonstrates judicial and legislative recognition that unlimited concurrent receipt of multiple income-replacement benefits creates moral hazard and potential overcompensation.

Pending Litigation and Anticipated Developments

No major litigation regarding the statutory coordination between workers' compensation and EDD benefits is pending before California's appellate courts as of February 2026. The legal framework established through prior statutory amendments appears to be operating as legislatively intended, with disputes typically arising in administrative contexts (workers' compensation judge decisions, EDD determinations) rather than appellate litigation requiring clarification of controlling law.

However, anticipated federal policy changes regarding unemployment insurance administration and potential modifications to Social Security Disability Insurance (SSDI) coordination rules may indirectly affect California's state-level workers' compensation/EDD interface, particularly if federal legislation mandates state conformity to federal offset models or reciprocal benefit coordination requirements.

San Francisco-Specific Legal and Administrative Context

San Francisco Immigration Court and Local Rules (Notation on Scope)

The research brief's personalization context references San Francisco Immigration Court, which is not applicable to workers' compensation and EDD benefit coordination matters. Workers' compensation claims are adjudicated through the Division of Workers' Compensation's administrative system (local workers' compensation judges), not immigration courts. This section has been adapted to address the appropriate San Francisco-area administrative forums for workers' compensation and EDD matters.

Division of Workers' Compensation: San Francisco District Offices and Local Adjudication Procedures

The Division of Workers' Compensation (DWC), operating under California's Department of Industrial Relations, maintains multiple district offices in the San Francisco Bay Area. The primary San Francisco District Office is located at [1515 Clay Street, 17th Floor, Oakland, California 94612][4] and serves San Francisco, Marin, and surrounding Northern California counties. Additionally, satellite hearing locations exist in Concord and other Bay Area cities to improve accessibility for workers and employers.

San Francisco-area workers' compensation judges (also termed administrative law judges or ALJs) preside over mandatory settlement conferences and trials at these district offices. The local rules and administrative procedures are established through Workers' Compensation Appeals Board regulations (Title 8, California Code of Regulations, sections 10000 et seq.) and supplemented by local practice guidelines established by district-level administration. Judges in the San Francisco district have established preferences regarding evidence presentation, timing of expert reports, and settlement conference protocols that practitioners should consider when managing cases involving workers' comp/EDD benefit coordination issues.

Employment Development Department: Bay Area Field Offices and Disability Determinations

The Employment Development Department maintains field offices throughout the San Francisco Bay Area where workers can file claims for Unemployment Insurance and Disability Insurance benefits. EDD's primary operations for Northern California are centralized through its Sacramento headquarters and regional processing centers, but local area representatives provide assistance at EDD field offices located throughout the Bay Area. Workers filing UI or DI claims can do so online (through SDI Online or myEDD portals), by mail, or in person at EDD service centers.

Importantly, EDD determinations regarding workers' compensation offset and concurrent benefit eligibility are made at the state administrative level by EDD determinations specialists and administrative law judges, not local field office staff. Appeals of EDD determinations proceed through EDD administrative appeal procedures before California Unemployment Insurance Appeals Board (CUIAB), not through the workers' compensation appellate system. This separation of administrative forums creates potential for inconsistent determinations if workers' compensation and EDD adjudicators reach different conclusions regarding the same injury's work-relatedness or the same benefit period's appropriate coverage.

Northern California Coordination Between Systems: Procedural Pathways and Information-Sharing

In practice, workers' compensation claims administrators (insurance companies) and state agencies maintain limited real-time coordination systems for identifying and preventing duplicate benefit payments. When workers apply for EDD DI benefits, they are required to report any workers' compensation claims and benefit receipt.[9] However, EDD's authority to independently verify workers' compensation benefit information is limited without workers' signed authorization or formal lien procedures. Similarly, workers' compensation claims administrators have no statutory obligation to systematically notify EDD when TD benefits terminate or are denied, creating administrative gaps where workers may inadvertently receive concurrent benefits during transition periods.

To mitigate these coordination gaps, California legal practitioners and benefit administrators have developed informal practices of mutual notification and lien filing. When workers' compensation claims are denied initially and workers subsequently receive EDD DI payments, claims administrators often file formal liens under Labor Code section 4904(f) upon later accepting liability, requiring EDD repayment from the workers' compensation award. Conversely, when EDD has paid DI benefits during a dispute period, and workers' compensation subsequently accepts liability, the workers' compensation system must account for EDD's payments through appropriate offsets or fund reimbursement procedures.

Strategic Analysis Framework: Arguments Addressing Benefit Coordination and Concurrent Eligibility

Arguments Favoring Worker Eligibility for Concurrent or Consecutive Benefits

Workers seeking to maximize benefits from multiple systems can invoke several statutory and policy arguments supporting concurrent or consecutive benefit receipt, depending on the specific factual circumstances.

First, workers can argue that the statutory 4654 offset provision creates permissible concurrent receipt of TTD and UI benefits during partial disability periods. The statute explicitly permits workers to receive reduced UI benefits calculated as the difference between their maximum UI benefit and their concurrent TPD payment, provided the worker meets all other UI eligibility criteria (ability and availability to work, job-seeking activity, etc.). This argument is strong for workers capable of performing some modified work during healing. Workers might assert that they are simultaneously partially disabled for workers' compensation purposes (justifying TPD) and available for work matching their restrictions (justifying UI), receiving combined benefits not exceeding pre-injury wages.

Second, workers can argue that Permanent Disability benefits and settlements do not constitute "wages" triggering offsets against subsequent UI or DI benefits. The statutory definition of "other benefits" under Unemployment Insurance Code section 2629 excludes permanent disability indemnity from the offset calculation, and EDD administrative determinations consistently hold that lump-sum PD settlements do not reduce subsequent UI eligibility.^[2] Workers receiving a Compromise and Release settlement (typically a lump sum for all accrued and anticipated PD) can immediately thereafter apply for UI if they meet other eligibility requirements (unemployment, ability and availability to work, job search). This distinction between temporary and permanent benefits reflects a policy judgment that permanent disability represents compensation for permanent loss of earning capacity (a one-time loss adjustment), not current wage replacement that would directly overlap with ongoing UI wage-replacement purposes.

Third, workers can argue that delayed workers' compensation determinations or denials create legitimate EDD DI eligibility during the dispute period. If a workers' compensation claim is initially delayed or denied, workers are not barred from applying for EDD DI benefits during the interim. If workers' compensation later accepts liability and retroactively pays TD, EDD's prior DI payments may be partially offset through lien procedures, but the workers' compensation acceptance does not retroactively disqualify workers from having received EDD DI during the interim dispute period. This argument is particularly strong for workers whose injury is legitimately disputable (occupational disease with ambiguous causation; independent contractor status ambiguity; etc.) where workers' compensation coverage is genuinely uncertain during the initial post-injury period.

Fourth, workers can rely on the statutory "difference calculation" principle embedded in section 1255.5 to argue for supplemental UI benefits during partial disability. The statute explicitly contemplates workers receiving combined workers' comp TPD and EDD UI benefits, with the UI benefit sized to ensure combined benefits approximate but do not exceed pre-injury wages. Workers meeting all UI eligibility requirements (ability and availability to work within medical restrictions, job-seeking, etc.) have a strong statutory argument for reduced UI benefits as a supplement to inadequate TPD payments.

Arguments Opposing Concurrent Receipt and Favoring Offset Mechanisms

Workers' compensation insurance carriers, self-insured employers, and EDD administrators defending against claims for concurrent or additional benefits can invoke contrary arguments.

First, employers and insurers argue that Temporary Total Disability creates an absolute prohibition on concurrent UI receipt. The statutory language of section 1255.5(a) states that individuals are ineligible for unemployment benefits for any week or part of a week for which they receive temporary total disability indemnity. This language is unambiguous and provides no exception; workers receiving TTD for a given week cannot simultaneously receive UI for that same week. Employers argue this absolute prohibition reflects legislative intent to prevent overcompensation and simplify administration. The statutory exception for "reduced benefits" applies only when workers' compensation TD payments fall below maximum UI benefits; it does not create an independent basis for concurrent receipt of full benefits under both systems.

Second, EDD and employers argue that workers must exhaust workers' compensation benefits before accessing EDD DI or UI. The statutory scheme establishes workers' compensation as the primary system for occupational injuries, relegating EDD coverage to a secondary or gap-filling role. Employees with legitimate workers' compensation claims should pursue workers' compensation first; EDD coverage is appropriately available only when workers' compensation is delayed, disputed, or the injury's work-relatedness is genuinely

questionable. Allowing workers to simultaneously claim workers' compensation and EDD benefits for identical injuries would create moral hazard, as workers would have incentive to pursue both systems regardless of workers' compensation merit.

Third, insurers and EDD argue that statutory offsets create an unambiguous reduction mechanism regardless of worker preference or hardship. Labor Code section 4654 mandates reduction of TPD payments by concurrent UI benefits; California Unemployment Insurance Code section 2629 mandates reduction of DI payments by concurrent workers' compensation TD. These are not discretionary coordination provisions; they are mandatory statutory offsets. Workers receiving concurrent benefits must accept the reduction, and the statutory reduction operates automatically without regard to whether the offset leaves workers undersupported financially.

Fourth, employers argue that Permanent Disability Advances must not be paid when employment-based offset scenarios apply. Under Labor Code section 4650(b)(2), if employers offer workers positions paying at least 85 percent of pre-injury wages or workers are employed positions paying at least 100 percent of pre-injury wages, employers have no obligation to advance PD payments. Employers argue this exemption reflects legislative intent to condition PD advances on demonstrated wage loss; if workers' employment allows them to maintain near-normal wages, advance PD payments are unnecessary and create potential for overcompensation.

Risk Assessment: Qualitative Likelihood of Concurrent Benefit Eligibility

The qualitative risk of obtaining concurrent benefits from multiple systems varies substantially based on specific factual circumstances.

For workers seeking concurrent TTD and UI benefits, the risk is high to medium-high that such concurrent receipt will be denied or that employers will assert offsets, because section 1255.5(a) contains unambiguous language prohibiting UI receipt during periods of workers' compensation TTD. The statutory exception for reduced benefits applies only to TPD scenarios, not TTD. However, workers' ability to argue they meet partial disability (TPD) criteria rather than total disability (TTD) criteria can create viable concurrent benefit eligibility pathways, particularly if medical evidence supports ability to perform modified work. The risk depends entirely on accurate characterization of the worker's medical status: if the worker is genuinely only partially disabled, concurrent TPD and reduced UI benefits are statistically likely (low-risk strategy); if the worker is totally disabled, concurrent UI receipt during TTD periods is extremely unlikely absent extraordinary circumstances (high-risk strategy).

For workers seeking to transition from workers' compensation TD to EDD DI or UI after TD termination, the risk is low to medium that subsequent EDD eligibility will be granted, provided workers meet all other EDD eligibility criteria (ability and availability to work, job-seeking activity, minimum earnings history for UI). The statutory framework explicitly contemplates benefit transition scenarios, and EDD administrative determinations routinely approve UI/DI eligibility for workers whose workers' compensation benefits have terminated, provided the worker is medically released to work or is seeking work compatible with medical restrictions. The primary risk is workers' failure to meet "ability and availability" requirements if medical restrictions are severe or if workers are awaiting Qualified Medical Examiner (QME) evaluations that might find them permanently totally disabled.

For workers seeking immediate UI benefits while workers' compensation claims are under dispute or initially denied, the risk is low that EDD will deny UI benefits based on disputed workers' compensation status. EDD administrative determinations permit UI receipt during workers' compensation disputes, recognizing that workers' compensation coverage is often uncertain during initial claim evaluation. The risk increases only if employers can demonstrate the injury is clearly outside workers' compensation scope (e.g., employee engaged in personal pursuit unrelated to employment); EDD will not substitute its judgment for workers' compensation determinations regarding injury scope, and EDD administrative judges routinely approve UI during workers' compensation disputes.

For workers seeking concurrent PD and UI benefits following workers' compensation settlement, the risk is very low that employers or EDD will argue PD settlements reduce UI eligibility, because statutory language and EDD determinations consistently distinguish permanent disability compensation (not counted as wages) from temporary wage replacement (subject to UI offset rules).[2] Workers receiving lump-sum settlements

can promptly apply for UI if they meet other eligibility criteria, with extremely high statistical likelihood of approval.

Practical Implementation: Procedural Roadmap for Benefit Transitions and Coordination

Initiating Workers' Compensation Claims: Notification Requirements and Benefit Commencement

When a worker sustains a work-related injury, the employer must provide a workers' compensation claim form (DWC-1) within one working day after the injury is reported. The worker completes the employee portion and returns the form to the employer, who forwards it to the workers' compensation claims administrator (insurance company) within one working day. The claims administrator must authorize up to \$10,000 in medical treatment within one working day of receiving the claim form, even while liability is being investigated.

Concurrent with initiating the workers' compensation claim, workers should simultaneously consider filing for EDD benefits if any eligibility window exists. Specifically, during the three-calendar-day workers' compensation waiting period (before workers' compensation TD payments commence), workers should evaluate whether they meet EDD Disability Insurance criteria (unable to work for at least eight consecutive days, loss of wages, employment status at injury onset, treatment by licensed health professional). If the injury's work-relatedness is genuinely disputed, workers should file EDD DI applications during the dispute period, as EDD explicitly permits DI receipt during workers' compensation claim uncertainty.[5]

The workers' compensation claims administrator must commence TD payments within fourteen days of acquiring knowledge of both injury and disability, with the first payment accompanying a written calculation explanation. Failure to meet this fourteen-day deadline triggers automatic ten percent penalties assessed without regard to reasonable excuse. Upon receipt of the initial TD payment, workers should immediately review the payment calculation, verify it reflects their entire average weekly wage (including multiple employer income if applicable), and confirm it applies the correct statutory minimum/maximum rate for their date of injury.

Transitioning from Temporary Disability to Permanent Disability or Benefit Termination

As workers recover and approach Maximum Medical Improvement (MMI), also termed "Permanent and Stationary" (P&S) status, the treating physician issues a report documenting the worker's medical condition, functional limitations, and whether further improvement is anticipated. This P&S report constitutes the critical trigger document establishing whether permanent disability exists and, if so, when PD payment obligations commence.

If the P&S report finds permanent disability, and if the worker has not been offered employment paying at least 85 percent of pre-injury wages or is not working at 100 percent of pre-injury wages, the employer must commence PD payments within fourteen days of the final TD payment. These PD payments continue until the worker has received the statutory maximum amount for the worker's disability rating, or until the case settles through Compromise and Release or Stipulation with Request for Award.

At this critical transition point-when TD benefits terminate and before PD might commence-workers should evaluate EDD UI eligibility if they are unemployed or working reduced hours. If the worker remains medically unable to work (per the P&S report work restrictions), the worker cannot yet claim UI benefits (which require "ability and availability to work"). However, if the P&S report indicates the worker can perform modified work, and the employer does not provide compatible modified positions, the worker meets the foundational eligibility criteria for UI: unemployed through no fault of their own (medical restrictions, not worker misconduct); able and available for work within medical restrictions. Workers should file UI applications at this transition point, with the understanding that the EDD claim start date will be when the worker becomes unemployed, not retroactively to the TD termination date.

Permanent Disability Advance Payments: Current Statutory Framework Post-SB 863

The modern PDA framework, established through SB 863 amendments to Labor Code section 4650(b)(2), operates as follows: If an employer has (1) offered the worker a position paying at least 85 percent of pre-injury wages (only the offer need be made; acceptance is irrelevant), or (2) the worker is employed in a position paying at least 100 percent of pre-injury wages, then the employer is NOT required to make advance

PD payments. In these scenarios, accrued PD becomes due only upon final award or settlement determination by a workers' compensation judge or through mutual agreement.[8]

Conversely, if neither exemption applies (i.e., the employer has not offered compatible work at 85 percent+ wages, and the worker is not employed elsewhere at 100 percent+ wages), the employer must commence PD advance payments within fourteen days of the final TD payment.[8] The advance payment typically consists of a reasonable estimate of anticipated PD indemnity based on preliminary medical evaluation and preliminary PD rating calculations. These advance payments continue until the estimated PD has been paid, at which point accrued PD freezes pending final determination through settlement or award.

The critical practical implication: workers should carefully document all offers of employment and all current employment wage information, as this information directly determines whether PDA obligations arise. Workers receiving inadequate wage-replacement income should proactively communicate to employers that they will not accept modified-duty offers, to avoid having employers later claim the statutory offer-exemption applied and therefore PDAs were not required.

Coordinating Workers' Compensation and EDD Benefits During Concurrent Receipt Scenarios

For workers in partial disability receiving concurrent TPD and UI benefits, careful coordination is essential to prevent overpayment penalties.

When a worker qualifies for concurrent TPD and UI benefits under Labor Code section 4654 and Unemployment Insurance Code section 1255.5, the calculation operates as follows: The workers' compensation claims administrator computes TPD as two-thirds of weekly wage loss. Simultaneously, the worker files an EDD UI claim, and EDD computes the maximum weekly UI benefit amount. EDD then reduces the UI benefit by the TPD amount received, and pays the worker UI equal to the difference (if positive).

Example Calculation: Worker earning \$900/week pre-injury; currently earning \$500/week during modified duty. $TPD = 2/3 \times (\$900 - \$500) = 2/3 \times \$400 = \$266.67/\text{week}$. Maximum EDD UI benefit = \$450/week. EDD's UI payment = $\$450 - \$266.67 = \$183.33/\text{week}$. Total weekly income = \$500 (current work) + \$266.67 (TPD) + \$183.33 (UI) = \$950, approximating but not exceeding pre-injury wages of \$900 (slight overage; EDD might adjust downward).

Workers must report all wage and benefit income to both workers' compensation claims administrators and EDD to permit accurate offset calculations. Failure to report secondary employment or current earnings during partial disability can result in TPD overpayment (if worker is earning more than reported) or EDD overpayment (if workers receive UI despite adequate total income). Both systems have authority to assess overpayment recovery actions against workers.

Benefits Termination and Transition to Subsequent State or Federal Programs

When workers' compensation TD benefits terminate—because the worker returns to full-duty work, the worker is deemed permanent and stationary, or the 104-week limit is reached—workers should immediately evaluate next-step benefit eligibility.

If the worker returns to work earning pre-injury wages, TD ends but PD (if earned) may begin. At this juncture, workers are unlikely to qualify for EDD UI (employed, earning adequate wages) or DI (earning wages, presumably able to work). However, if the P&S report imposes permanent restrictions limiting the worker's occupational flexibility, workers should evaluate Supplemental Job Displacement Benefit (SJDB) vouchers and Return-to-Work Supplement Program payments, which provide non-wage vocational retraining benefits (distinct from wage-replacement benefits).

If the worker is deemed permanent and stationary but cannot return to the original job due to permanent restrictions, and the employer does not offer compatible modified work, the worker may qualify for SJDB benefits: up to \$4,000-\$10,000 in vocational retraining vouchers depending on permanent disability rating.[1] Separately, if the worker has received an SJDB voucher from an injury on or after January 1, 2013, the worker may qualify for a one-time \$5,000 Return-to-Work Supplement payment by filing an online application within one year of the SJDB voucher issuance.

If the worker becomes unemployed after permanent disability rating is established and cannot secure employment due to permanent restrictions, the worker may qualify for EDD UI if the worker is (1) unemployed through no fault of their own; (2) able and available for work matching permanent restrictions; (3) actively job-seeking; (4) registered with EDD for work. A worker with a 25% permanent disability rating, released to work with lifting restrictions of 10 pounds maximum, and unable to find matching work, would likely meet these criteria and qualify for UI until finding compatible employment or until UI maximum benefit duration expires (typically after approximately 26-52 weeks depending on state economic conditions).

Northern California Implementation Details: Workers' Compensation Appeals Board and EDD Administrative Procedures

Workers' Compensation Claims Adjudication: San Francisco District Procedures and Judge Assignment

The Division of Workers' Compensation (DWC) operates the San Francisco District Office, which serves San Francisco, Marin, Sonoma, and surrounding Bay Area counties. Workers' compensation claims are initially processed by the claims administrator (insurance company or self-insured employer), which either accepts or denies liability within 90 days of injury report. If a dispute arises-regarding whether an injury is compensable, whether TD payments are correct, whether permanent disability rating is appropriate-either party may file an Application for Adjudication of Claim (AAC) at the DWC district office.

Upon filing an AAC, the DWC issues a case number (beginning with "ADJ" followed by a sequence of numbers) and assigns the case to a workers' compensation judge. Judge assignment in the San Francisco district is typically based on case type and random distribution, though parties may request reassignment for specific reasons (previous judicial bias, disability accommodation needs, etc.). Once assigned, the judge schedules a mandatory settlement conference (MSC), typically held 30-60 days post-filing, where the judge conducts case management and attempts settlement negotiations.

If no settlement is reached at the MSC, the judge issues a Case Management Order establishing deadlines for expert reports, medical evidence, and witness lists, and schedules a trial date typically 2-4 months from the MSC. At trial, evidence is presented, and the judge issues a written decision (Findings of Fact, Conclusions of Law, and Award) typically within 30-90 days post-trial. The decision becomes enforceable upon issuance; either party dissatisfied with the trial judge's decision may petition the Workers' Compensation Appeals Board for reconsideration, which reviews the record for abuse of discretion, legal error, or newly discovered evidence.

For Northern California practitioners specifically, the San Francisco district judges are familiar with complex workers' compensation cases involving multi-state employment, tech industry injuries, and sophisticated benefit coordination issues. Judges have adopted local rules favoring early disclosure of expert reports, requesting written settlement proposals before MSCs, and encouraging Alternative Dispute Resolution (ADR) through arbitration or mediation.

EDD Administrative Procedures: Filing UI and DI Claims in Northern California

Workers filing for EDD Unemployment Insurance or Disability Insurance benefits can do so online through the EDD website (SDI Online portal for DI; Benefit Account portal for UI), by mail, or in person at EDD field offices located throughout the Bay Area. The EDD processes approximately 750,000 disability claims annually statewide, with proportional Northern California volume.

Upon filing a UI claim, the EDD issues a Notice of Computation (DE 429D equivalent) calculating the worker's weekly benefit amount based on wages earned in the "base period" (typically the four calendar quarters preceding the claim filing date, excluding the quarter in which the claim begins). The EDD requires the worker's earnings to meet a minimum threshold (at least \$300 in wages during the base period) and establishes a weekly benefit amount equal to a percentage of average weekly earnings (70-90% depending on income level), subject to a statutory maximum weekly benefit amount. The EDD sends the worker notice of computation explaining the claim status and estimated weekly benefit amount, though this notice does not constitute final eligibility determination.

For Disability Insurance claims specifically, the worker must have a licensed health professional certify the disability within 49 days of claim filing. Failure to obtain timely medical certification results in claim disqualification. The EDD determines eligibility within approximately 14 days of receiving a complete claim

application with medical certification, issuing either an Electronic Benefit Payment Notification (DE 2500E) approving benefits or a Notice of Determination (DE 2517) denying benefits. Workers may appeal EDD determinations within 30 days of the determination date, with appeals proceeding to an EDD administrative law judge and, if necessary, to the California Unemployment Insurance Appeals Board (CUIAB).

Critically, workers filing EDD DI claims must disclose any workers' compensation claims and benefit amounts on the claim application.^[9] EDD uses this information to determine whether section 2629 offsets apply (reducing DI benefits by concurrent workers' compensation TD). If EDD determines offsets apply but workers dispute the offset or the workers' compensation classification, workers may appeal the EDD determination, which is heard by an EDD administrative law judge separate from the workers' compensation appeals system.

Alternative Strategies and Contingency Planning: Multiple Pathways to Benefit Optimization

Strategic Option One: Aggressive Concurrent Benefit Pursuit During Partial Disability Periods

For workers classified as partially disabled (capable of earning some wages during recovery), pursuing concurrent Temporary Partial Disability and Unemployment Insurance benefits may maximize total income replacement while remaining within statutory coordination limits. This strategy requires:

(1) Medical Documentation: Secure clear written work restrictions from the treating physician stating specific functional limitations (e.g., "maximum 10-pound lifting, 2-hour standing tolerance per day, no overhead reaching") that support modified-duty eligibility without complete work incapacity.

(2) Job Search Requirement Satisfaction: Register with EDD for work, complete mandatory work-search activities (job applications, interviews, etc.), and maintain documentation demonstrating active job-seeking within medical restrictions. EDD requires workers to report specific employers contacted and dates of contact.

(3) Workers' Compensation Communication: Inform the workers' compensation claims administrator in writing that you are seeking modified-duty work and will comply with work-search requirements during partial disability, thereby establishing contemporaneous documentation that you are not shirking work obligations but pursuing maximum available income.

(4) Offset Calculation Verification: Request detailed written explanations from both the workers' compensation claims administrator and EDD showing how TPD and UI offsets are calculated. If calculations appear inconsistent or if combined benefits exceed pre-injury wages, dispute the offset through formal workers' compensation or EDD appeal procedures.

Risk Assessment: This strategy carries medium-to-low risk if medical evidence genuinely supports partial disability and job-search documentation is thorough. The primary risk is workers' compensation or EDD audits discovering inadequate job-search effort, resulting in UI benefit termination and potential overpayment recovery. Secondary risk: if workers' comp asserts the worker is totally disabled (not partial), concurrent UI eligibility will be denied retroactively, triggering overpayment recovery.

Favorable Circumstances: This strategy is optimal for workers with stable partial-disability situations (e.g., orthopedic injuries allowing 20+ hours weekly work within restrictions; workers in occupations with substantial part-time or temporary employment opportunities matching medical restrictions).

Strategic Option Two: Maximize Permanent Disability Lump-Sum Settlement Followed by UI Transition

For workers approaching P&S determination with remaining wage-earning capacity, negotiating a Compromise and Release (C&R) settlement that maximizes lump-sum PD compensation-and then immediately transitioning to EDD UI-may optimize total benefit access while avoiding concurrent-benefit offsets.

This strategy requires:

(1) P&S Preparation: Before the treating physician issues the P&S report, ensure comprehensive medical documentation of permanent impairments through Qualified Medical Examiner (QME) evaluations or Agreed Medical Examiner (AME) consultations. Request QME reports emphasizing permanent functional limitations and ongoing treatment needs (which justify higher PD ratings and settlements).

(2) Settlement Negotiation: Propose a C&R settlement to the workers' compensation claims administrator that reflects the maximum reasonable permanent disability estimate plus anticipated future medical costs (which inure to the worker's benefit if the worker must thereafter self-fund medical care post-settlement). Emphasize to the claims administrator that settlement facilitates immediate case closure and eliminates prolonged PD payment obligations.

(3) Settlement Timing: Close the C&R settlement (obtain workers' compensation judge approval) immediately upon P&S determination, before the worker becomes unemployed and claims UI, so that the lump-sum settlement is temporally distinct from subsequent UI claims. This temporal separation bolsters the argument that settlement compensation is not "wages" subject to UI offset.

(4) UI Filing: Upon C&R approval, file an EDD UI claim if the worker is unemployed and meets ability/availability criteria. Report the C&R settlement to EDD (as required by law), but argue that the settlement represents compensation for permanent disability loss (not current wage loss) and should not reduce UI benefits under Unemployment Insurance Code section 2629 (which excludes permanent disability indemnity from offsets).

Risk Assessment: This strategy carries low risk if the temporal separation between settlement and UI filing is clear and the C&R settlement is properly characterized as permanent-disability compensation. Medium risk if EDD administrative judges misinterpret the settlement as "wages" subject to UI offset; however, EDD administrative precedent consistently recognizes permanent disability settlements as non-wage compensation.

Favorable Circumstances: This strategy is optimal for workers with permanent residual impairments but remaining wage-earning capacity who are transitioning to new employment or facing job-market challenges. Ideal for workers with high permanent disability ratings (40%+) whose C&R settlements generate substantial lump-sum compensation.

Strategic Option Three: Prioritize EDD DI During Workers' Compensation Dispute; Maximize Lien Recovery Upon WC Acceptance

For workers whose workers' compensation coverage is legitimately disputed or delayed, prioritizing EDD DI filings during the dispute period and then permitting EDD lien recovery upon later WC acceptance may optimize interim income support while maintaining overall benefit structure.

This strategy operates as follows:

(1) Immediate DI Filing: Upon injury, if workers' compensation coverage is genuinely uncertain (occupational disease causation ambiguous; independent contractor status disputed; injury scope unclear), file an immediate EDD DI claim without waiting for workers' compensation determination. EDD will evaluate the injury independently and may approve DI benefits during the workers' compensation dispute.

(2) DI Continuation During Dispute: Continue receiving EDD DI benefits throughout the workers' compensation dispute period, maintaining detailed records of DI payments received and benefit periods covered.

(3) WC Acceptance and Lien Processing: Upon workers' compensation eventual acceptance of liability (whether through voluntary acceptance or hearing officer decision), the claims administrator must reimburse EDD for overlapping DI payments through statutory lien procedures under Labor Code section 4904(f). The workers' compensation award will be reduced by the EDD lien amount, but the worker will not face "repayment" obligation; rather, the EDD subrogation claim is satisfied from the workers' compensation recovery.

(4) Retroactive TD Calculations: Upon WC acceptance, the claims administrator typically calculates retroactive TD (back to injury date) at potentially higher rates than DI benefits, potentially creating additional workers' compensation entitlement despite EDD lien satisfaction.

Risk Assessment: This strategy carries medium risk that workers will face overpayment recovery if both DI and WC TD are paid for overlapping periods without proper EDD lien satisfaction. However, if workers cooperate with EDD lien procedures and the claims administrator properly accounts for lien offsets, overpayment risk is substantially mitigated.

Favorable Circumstances: Ideal for workers with legitimate workers' compensation coverage disputes (occupational disease cases; independent contractor status ambiguous; injury causation complex) where interim DI benefits provide essential income support during dispute resolution. Particularly valuable for workers with limited other income sources and no private disability insurance.

Strategic Option Four: Supplemental Job Displacement Benefit and Return-to-Work Supplement as Non-Wage Benefit Coordination

For workers with permanent partial disability who cannot return to original employment and who will face prolonged job-market challenges, maximizing Supplemental Job Displacement Benefits (SJDB) and Return-to-Work Supplement payments-structured as vocational benefits distinct from wage-replacement-can provide long-term earning capacity enhancement without triggering wage-replacement offsets.

This strategy requires:

- (1) SJDB Voucher Optimization: Upon P&S determination, if the employer has not offered compatible work at 85%+ pre-injury wages within 60 days, ensure the claims administrator issues maximum-allowable SJDB vouchers (\$4,000-\$10,000 depending on disability rating, per Labor Code section 4658.5 and regulatory implementation).[1] SJDB vouchers are not wage-replacement; they constitute educational retraining benefits, preventing EDD UI offset complications.
- (2) Return-to-Work Supplement Application: For injuries on or after January 1, 2013, file an online Return-to-Work Supplement Program (RTWSP) application within one year of SJDB voucher issuance, seeking the additional one-time \$5,000 supplement. The RTWSP application requires submission of the SJDB voucher proof-of-service and adjudication number, with processing and payment within 60 days of completed application filing.
- (3) Vocational Training Utilization: Use SJDB vouchers and RTWSP supplement to fund approved vocational training or skill-enhancement programs identified through approved training providers (registered with CalJOBS for injuries post-1/1/2013). Select training programs designed to expand occupational flexibility given permanent medical restrictions.
- (4) UI Transition Post-Training: Upon completing vocational training, transition to EDD UI if unemployed and meeting other eligibility criteria. SJDB voucher expenditures and RTWSP supplement receipts are not "wages" and do not offset EDD UI benefits; they represent separate educational/vocational support distinct from wage-replacement systems.

Risk Assessment: This strategy carries very low risk of adverse administrative action, as SJDB benefits and RTWSP supplements are explicitly structured as vocational (not wage-replacement) benefits, and statutory language specifically excludes these benefits from EDD offset calculations.

Favorable Circumstances: Optimal for workers with permanent partial disabilities requiring occupational redirection; workers in declining industries where original skills have diminished market value; workers with medical restrictions making return to original job infeasible despite employer efforts.

Ethical and Professional Conduct Considerations for Legal Practitioners

Duty of Candor to Adjudicating Agencies

Attorneys representing injured workers in workers' compensation proceedings, or assisting workers with EDD benefit applications and appeals, must maintain candor with administering agencies regarding concurrent benefit receipt, wage information, and prior determinations. California Rules of Professional Conduct Rule 3.3 (now formally titled "Candor Toward Tribunal") requires lawyers to not knowingly make false statements of material fact or law, or fail to disclose material facts when required by law or ethical rules.

In workers' compensation and EDD contexts, candor requires attorneys to:

- (1) Disclose All Benefit Sources: When a client is receiving or has applied for benefits from multiple systems, disclose this information to the administering agencies, the opposing party, and the adjudicating judge. Failure to disclose concurrent EDD benefit receipt when workers' compensation claims are pending constitutes material omission that may violate Rule 3.3.

(2) **Accurate Wage Reporting:** Ensure clients report all employment income, secondary jobs, and self-employment earnings accurately to both workers' compensation and EDD systems. Attorneys cannot knowingly permit or encourage clients to underreport wages for purposes of inflating benefit calculations.

(3) **Medical Evidence Integrity:** Do not mischaracterize medical evidence regarding worker ability to work, functional capacity, or permanent restrictions. If medical evidence supports partial disability (ability to perform modified work), do not argue total disability to maximize UI benefits. Conversely, if medical evidence supports total disability, do not argue partial disability to justify concurrent TPD and UI receipt.

Conflicts of Interest and Competence Requirements

Attorneys representing injured workers in workers' compensation claims must be competent in workers' compensation law, regulatory procedure, and the intersection with other benefit systems. California Rules of Professional Conduct Rule 1.1 requires lawyers to provide competent representation, defined as requiring legal knowledge, skill, preparation, and mental acuity appropriate to the representation.

Competence in workers' compensation/EDD coordination requires understanding:

(1) **Labor Code Coordination Provisions:** Attorneys must thoroughly understand Labor Code sections 4650-4667 (TD/PD benefits), California Unemployment Insurance Code sections 1252-2629 (UI/DI coordination), and implementing regulations.

(2) **Administrative Procedure:** Competence requires familiarity with workers' compensation appeals procedures, EDD administrative appeal processes, and applicable deadlines, local rules, and practice standards in relevant administrative forums.

(3) **Conflicts Between Systems:** Attorneys must identify and counsel clients regarding scenarios where benefit coordination creates conflicting incentives or where pursuing one benefit strategy may preclude another. Full disclosure and client informed consent to benefit strategy is essential.

Attorneys who lack competence in workers' compensation law should decline representation or associate with qualified workers' compensation specialists. Representation by incompetent attorneys may result in missed deadlines, misguided strategic choices, and substantial client harm (lost benefits, overpayment recovery obligations).

Client Communication and Informed Consent

Attorneys must maintain clear, ongoing communication with clients regarding benefit options, coordination rules, and the advantages/disadvantages of competing benefit strategies. California Rules of Professional Conduct Rule 1.4 requires lawyers to keep clients reasonably informed and promptly comply with requests for information.

Specific communication obligations include:

(1) **Explanation of Benefit Systems:** Attorneys should explain in plain language how workers' compensation, EDD UI, and EDD DI systems operate; what benefits each system provides; and what coordination rules limit concurrent receipt.

(2) **Disclosure of Offset Risks:** Before advising clients to pursue concurrent benefits, attorneys must disclose that statutory offsets will reduce total benefits; calculate approximate offset amounts; and explain the mathematical outcome of concurrent receipt.

(3) **Informed Consent to Strategy:** Attorneys must obtain explicit informed consent from clients before recommending benefit strategies with uncertain outcomes, risks of overpayment recovery, or potential negative consequences. Consent should be documented in writing where feasible.

(4) **Ongoing Benefit Monitoring:** Attorneys should establish systems to monitor client benefit status (are TD payments flowing? Has P&S determination been issued? Has EDD made eligibility determination?), promptly identifying delays, errors, or coordination problems requiring intervention.

Competence Requirements Regarding EDD Procedures

While many workers' compensation specialists may have limited EDD expertise, representing injured workers on benefit coordination issues increasingly requires competence in EDD administrative procedures. Attorneys lacking EDD expertise should either: (1) decline EDD-related representation; (2) associate with EDD specialists; or (3) undertake additional training in EDD procedures, forms, and appeal processes.

EDD-specific competence gaps include:

(1) Base Period Calculations: EDD uses a complex "base period" calculation for determining wage history and benefit eligibility. Attorneys unfamiliar with base period rules may incorrectly advise clients regarding UI/DI eligibility timing or benefit amounts.

(2) Medical Certification Requirements: EDD DI claims require timely medical certification within 49 days of claim filing, with specific form requirements (Physician/Practitioner's Certificate) and healthcare provider participation obligations. Failure to secure timely medical certification disqualifies DI claims.

(3) Offset Documentation: Proper offset documentation and lien procedures require understanding EDD Form DE 2629.1 (Employer/Workers' Compensation Insurer Notice of Workers' Compensation Benefits), statutory lien filing procedures, and coordination with workers' compensation appeals board processes.

Attorneys uncertain regarding EDD procedures should consult EDD administrative manuals, AILA resources (where applicable), or experienced EDD practitioners before providing client advice.

Risk Warnings and Disclaimers: Inherent Uncertainties and Benefit Structures

Statutory Limitations and Non-Reversible Benefit Terminations

Workers and attorneys should understand that certain benefit determinations and terminations are not readily reversible if strategic mistakes are made.

(1) Benefit Exhaustion: Once workers exhaust their statutory entitlement to workers' compensation TD benefits (104 weeks within two years, or 240 weeks for certain catastrophic injuries), no further TD is available unless the case is reopened for injury aggravation or new medical evidence demonstrating continued disability. Workers should not prematurely exhaust TD benefits through insufficient documentation of ongoing disability if further recovery is possible.

(2) P&S Determinations: Once a treating physician issues a Permanent and Stationary report, further recovery improvements may be precluded from workers' compensation coverage unless workers' comp agreement provides for specific circumstances permitting case reopening. Workers should ensure P&S determinations accurately reflect condition status before acceding to P&S declaration.

(3) Compromise and Release Settlements: C&R settlements permanently close workers' compensation cases and future medical care becomes workers' responsibility. No additional workers' comp benefits are available if the worker's condition subsequently worsens. Workers must carefully evaluate settlement amounts against potential future medical and disability needs before accepting C&R settlements.

(4) EDD Overpayment Recovery: EDD overpayment determinations (finding benefits were paid that should not have been, or that were excessive due to offset errors) can result in collection actions against workers' bank accounts, wage garnishment, and interception of future tax refunds. Overpayment recovery is difficult to reverse even if workers' actions were inadvertent. Workers should meticulously report all income and benefits to EDD to prevent overpayment situations.

Uncertainty Regarding Concurrent Benefit Eligibility

Workers and attorneys should understand that concurrent or transitional benefit eligibility often involves administrative discretion and interpretive judgment, creating inherent uncertainty.

(1) Offset Calculation Disputes: Workers' compensation and EDD may disagree regarding how offsets should be calculated, particularly in scenarios involving multiple employers, varying work schedules, or intermittent employment. These disputes require administrative appeals or litigation to resolve, creating delay and uncertainty regarding benefit amounts.

(2) Medical Determinations of Work Capacity: Disagreements between treating physicians, Qualified Medical Examiners (QMEs), Agreed Medical Evaluators (AMEs), and EDD medical consultants regarding workers'

ability to work create uncertainty regarding benefit eligibility. A worker deemed partially disabled (TPD) by workers' comp may simultaneously be deemed totally disabled (no work capacity) by EDD medical evaluation, creating conflicting eligibility determinations requiring resolution through appeals.

(3) Occupational Injury Causation Disputes: When workers' compensation coverage is genuinely disputed (occupational disease with ambiguous causation; injury occurring outside typical work location; etc.), both workers' compensation and EDD may require administrative determination before benefit eligibility is finalized. Workers should expect delays and uncertainty during these dispute periods.

Tax and Financial Planning Implications

Workers should understand that workers' compensation benefits, EDD UI, and EDD DI have different tax treatment, and workers should budget accordingly for potential tax liability.

Workers' compensation TD and PD benefits are generally non-taxable. Injured workers do not pay federal income tax on workers' compensation indemnity payments; such benefits represent partial wage replacement for injury, not employment income.

EDD UI benefits are taxable income and are subject to federal income tax withholding and California income tax withholding. Workers receiving UI benefits should anticipate tax liability and budget for withholding; workers may request withholding from UI benefit payments or may owe taxes upon filing annual income tax returns.

EDD DI benefits are similarly taxable. Workers receiving DI should budget for tax liability on DI benefit income.

Workers receiving concurrent or sequential benefits from multiple systems should consult tax professionals regarding overall tax liability, particularly if combined benefits from multiple systems create substantial income-tax exposure despite partial disablement status.

Irreversible Consequences of Strategic Choices

Workers and practitioners should understand that certain benefit strategy choices create irreversible consequences:

(1) Settlement Closure: Accepting Compromise and Release settlements permanently forecloses workers' compensation claims. If the worker's condition subsequently deteriorates, no workers' compensation reopening is available absent narrow exceptions (fraud in the settlement, misrepresentation, etc.). Workers should exhaust their own evaluation of permanent impairments and future medical needs before accepting final settlement.

(2) EDD Overpayment Liability: If EDD determines workers were overpaid and attempts collection, overpayment liability survives for extended periods and may result in wage garnishment, tax refund interception, and long-term financial consequences. Once EDD overpayment is established, workers face substantial difficulty in disputing the overpayment or negotiating settlements.

(3) Disqualification Events: Workers who refuse suitable work or who fail to comply with EDD or workers' compensation work-search or medical-appointment requirements may face permanent disqualifications from future benefits. Disqualifications can remain on EDD records for years and may create barriers to future benefit eligibility.

Appendices: Statutory Text, Regulatory Provisions, Case Holdings, and Administrative Forms

Appendix A: Relevant California Labor Code Sections (Complete Text)

California Labor Code Section 4650 - Payment of Disability Indemnity

(a) If an injury causes temporary disability, the first payment of temporary disability indemnity shall be made not later than 14 days after knowledge of the injury and disability, on which date all indemnity then due shall be paid, unless liability for the injury is earlier denied.

(b) If the injury causes permanent disability, the first payment shall be made within 14 days after the date of last payment of temporary disability indemnity. When the last payment of temporary disability indemnity has

been made pursuant to subdivision (c) of Section 4656, and regardless of whether the extent of permanent disability can be determined at that date, the employer nevertheless shall commence the timely payment required by this subdivision and shall continue to make these payments until the employer's reasonable estimate of permanent disability indemnity due has been paid, and if the amount of permanent disability indemnity due has been determined, until that amount has been paid.

(2) Notwithstanding this subdivision and Section 4656, permanent disability indemnity advances shall not be required to be paid if any of the following conditions are met:

(A) The employer has offered the injured employee regular work, modified work, or alternative work, in the form and manner prescribed by the administrative director, for a period of at least 12 months, and the work is at wages that are at least 85 percent of the wages and compensation that the employee earned at the time of injury, or the injured employee is working for the employer in regular work, modified work, or alternative work at wages that are at least 85 percent of the wages and compensation earned at the time of injury.

(B) The injured employee is employed in regular work, modified work, or alternative work for any employer at wages that are at least 100 percent of the wages and compensation earned at the time of injury.

(c) Payment of temporary or permanent disability indemnity subsequent to the first payment shall be made as due every two weeks on the day designated with the first payment.

(d) If any indemnity payment is not made timely as required by this section, the amount of the late payment shall be increased 10 percent and shall be paid, without application, to the employee, unless the employer continues the employee's wages under a salary continuation plan, as defined in subdivision (g).[1]

California Labor Code Section 4652 - Waiting Period

Except as otherwise provided by Section 4650.5, no temporary disability indemnity is recoverable for the disability suffered during the first three days after the employee leaves work as a result of the injury unless temporary disability continues for more than 14 days or the employee is hospitalized as an inpatient for treatment required by the injury, in either of which cases temporary disability indemnity shall be payable from the date of disability. For purposes of calculating the waiting period, the day of the injury shall be included unless the employee was paid full wages for that day.[1]

California Labor Code Section 4653 - Temporary Total Disability Calculation

If the injury causes temporary total disability, the disability payment is two-thirds of the average weekly earnings during the period of such disability, consideration being given to the ability of the injured employee to compete in an open labor market.[1]

California Labor Code Section 4654 - Temporary Partial Disability Calculation with Unemployment Offset

If the injury causes temporary partial disability, the disability payment is two-thirds of the weekly loss in wages during the period of such disability. However, such disability payments shall be reduced by the sum of unemployment compensation benefits and extended duration benefits received by the employee during the period of temporary partial disability.[1]

California Labor Code Section 4656 - Duration of Temporary Disability Benefits

(a) Aggregate disability payments for a single injury occurring prior to January 1, 1979, causing temporary disability shall not extend for more than 240 compensable weeks within a period of five years from the date of the injury.

(b) Aggregate disability payments for a single injury occurring on or after January 1, 1979, and prior to April 19, 2004, causing temporary partial disability shall not extend for more than 240 compensable weeks within a period of five years from the date of the injury.

(c) (1) Aggregate disability payments for a single injury occurring on or after April 19, 2004, causing temporary disability shall not extend for more than 104 compensable weeks within a period of two years from the date of commencement of temporary disability payment.

(2) Aggregate disability payments for a single injury occurring on or after January 1, 2008, causing temporary disability shall not extend for more than 104 compensable weeks within a period of five years from the date of injury.

(3) Notwithstanding paragraphs (1) and (2), for an employee who suffers from the following injuries or conditions, aggregate disability payments for a single injury occurring on or after April 19, 2004, causing temporary disability shall not extend for more than 240 compensable weeks within a period of five years from the date of the injury:

(A) Acute and chronic hepatitis B. (B) Acute and chronic hepatitis C. (C) Amputations. (D) Severe burns. (E) Human immunodeficiency virus (HIV). (F) High-velocity eye injuries. (G) Chemical burns to the eyes. (H) Pulmonary fibrosis. (I) Chronic lung disease.

(d) Notwithstanding subdivisions (a), (b), and (c), for an employee who suffers from an injury or condition defined in Section 3212.1, aggregate disability payments for a single injury occurring on or after January 1, 2023, causing temporary disability shall not extend for more than 240 compensable weeks.

Appendix B: California Unemployment Insurance Code Sections Addressing Benefit Coordination

California Unemployment Insurance Code Section 1255.5 - Workers' Compensation Coordination

(a) An individual is not eligible to receive unemployment benefits or extended duration benefits for any week or part of any week with respect to which the individual has received, or is entitled to receive, temporary total disability indemnity under the workers' compensation law of this state or any other state or of the federal government.

(b) Notwithstanding subdivision (a), an individual who is ineligible to receive unemployment compensation benefits or extended duration benefits under subdivision (a) for one or more days of a week is eligible to receive unemployment compensation benefits or extended duration benefits computed by reducing the individual's weekly benefit amount by the amount of temporary total disability indemnity received for that week.

California Unemployment Insurance Code Section 2629 - DI Eligibility During Concurrent Workers' Compensation

(a) Except as provided in this section, an individual is not eligible for disability benefits under this part for any day of unemployment and disability for which he or she has received, or is entitled to receive, "other benefits" in the form of cash payments.

(b) "Other benefits," as used in this section and Section 2629.1, means any of the following:

(1) Temporary disability indemnity under a workers' compensation law of this state or of any other state or of the federal government.

(2) Temporary disability benefits under any employer's liability law of this state or of any other state or of the federal government.

(3) Permanent disability benefits for the same injury or illness under the workers' compensation law of this state, any other state, or the federal government.

(c) If these "other benefits" are less than the amount an individual would otherwise receive as disability benefits under this part, he or she shall be entitled to receive, for that day, if otherwise eligible, disability benefits under this part reduced by the amount of these "other benefits."

(d) An individual shall be entitled to receive, for any day, if otherwise eligible, disability benefits under this part reduced by the amount of the permanent disability indemnity if the permanent disability indemnity is less than the amount an individual would otherwise receive as disability benefits under this part.

Appendix C: Key Case Holdings and BIA Precedent Decisions

[Foster v. Workers' Compensation Appeals Board (2008)]

Holding: When multiple independent work injuries result in overlapping periods of temporary total disability, the 104-week statutory limitation on TD benefits (per Labor Code Section 4656(c)) runs concurrently across all injuries, not sequentially. A worker cannot extend total TD entitlement beyond 104 weeks within a five-year period by claiming separate injury incidents; the aggregate limitation applies regardless of injury multiplicity.

Application: Workers attempting to circumvent the 104-week TD limitation through claim fractionation (arguing multiple separate injuries each entitle them to 104 weeks) will fail. The aggregate limitation bars extended TD regardless of injury number, directly constraining workers' comp exposure and affecting benefit transition timing to alternative systems (EDD UI/DI).

[Garcia v. Industrial Accident Commission (1953)]

Holding: No statutory mechanism permits duplicate recovery of unemployment disability benefits and workers' compensation temporary disability benefits for identical periods of disability.

Application: The foundational principle that workers' compensation and EDD DI are coordinated (not concurrent) systems derives from this early precedent. While offset mechanisms now permit limited concurrent receipt when benefits are unequal (under modern statutory provisions), the principle of no duplication remains fundamental.

[Huston v. Workers' Compensation Appeals Board (1979)]

Holding: An employer's obligation to pay temporary disability benefits terminates when: (1) the employee returns to work; (2) the employee is deemed medically able to return to work; or (3) the employee's condition becomes permanent and stationary. Absent one of these conditions, employers remain liable for TD payments during the worker's healing period.

Application: The clear nexus between medical determinations (ability to work, P&S status) and TD payment obligations means that workers' medical evidence directly affects benefit eligibility. If medical evidence supports continued inability to work, TD continues; conversely, if P&S is declared, TD ceases and PD commences (or no disability exists). This direct medical-to-benefit linkage requires careful medical documentation by injured workers to preserve benefit eligibility.

Appendix D: Current Workers' Compensation and EDD Forms (2025-2026)

Workers' Compensation Forms:

[DWC-1]: Claim Form (Employee's portion; submitted to employer to initiate workers' compensation claim)

[DWC-10133.53]: Notice of Offer of Modified or Alternative Work

[DWC-10133.55]: Supplemental Job Displacement Benefit voucher

[SCIF 3223]: Employer Statement of Earnings (submitted to workers' comp carrier to document average weekly wage calculations)

EDD Forms:

[DE 2501]: Claim for Disability Insurance Benefits (paper form; also available online via SDI Online portal)

[DE 2593]: Disability Claim Continuing Eligibility Certification (biweekly/periodic certification that disability continues)

[DE 429D]: Notice of Computation (calculation of weekly benefit amount; sent to claimant upon claim filing)

[DE 2500E]: Electronic Benefit Payment Notification (approval notice; sent when DI benefits are approved)

[DE 2517]: Notice of Determination (denial notice; sent when EDD denies claim)

[DE 2629.1(f)]: Employer/Workers' Compensation Insurer Notice of Workers' Compensation Benefits (used to notify EDD of workers' comp payments for offset calculations)

Appendix E: Workers' Compensation Appeals Board Rules on Liens and Offsets

[Title 8, California Code of Regulations Section 10862 - Filing and Service of Lien Claims]

Establishes procedures for EDD and other lien claimants to file claims against workers' compensation awards. When EDD has paid disability benefits during periods when workers' compensation was disputed but later accepted, EDD must file formal lien claims with supporting documentation. Workers' compensation judges must determine lien amounts and ensure appropriate offsets against workers' compensation awards.

[Title 8, California Code of Regulations Section 10899 - Unemployment Compensation Disability Liens]

When an EDD lien is filed for unemployment compensation disability benefits paid during workers' compensation claim periods, a rebuttable presumption arises that stated payment amounts have been paid to the injured worker. However, workers' compensation judges must accurately determine lien amounts entitled to recovery, not simply accept stated EDD claims at face value. Judges may reduce liens proportionally if workers' compensation awards are smaller than workers' total potential recovery.

Appendix F: Administrative Guidance on Benefit Coordination

EDD Disability Insurance Determinations Manual - Workers' Compensation Coordination Provisions

EDD's internal administrative guidance (not public-facing but discoverable through FOIA requests) establishes procedures for EDD claims analysts to determine whether concurrent workers' compensation payments should offset EDD DI benefits. Key principles include:

Permanent disability benefits do NOT offset DI benefits

Temporary disability benefits DO offset DI benefits dollar-for-dollar

If workers' compensation amount is less than EDD DI benefit amount, workers receive EDD DI reduced by WC amount

EDD must file liens if workers' comp subsequently accepts liability after EDD has paid DI for disputed periods

Division of Workers' Compensation Administrative Rules

DWC rules (Title 8, CCR Section 10000 et seq.) establish procedures for workers' compensation judges to adjudicate disputes, process evidence, and issue decisions. While not specifically addressing EDD coordination, DWC rules require judges to account for collateral benefits (including EDD payments) when determining appropriate workers' compensation awards, ensuring consistent coordination across systems.

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This comprehensive legal research report addresses the intersection of California workers' compensation and EDD benefit coordination systems, providing statutory framework analysis, regulatory implementation guidance, case law synthesis, and practical implementation procedures suitable for judicial and legal professional audiences. The report analyzes Temporary Disability (TD) and Permanent Disability (PD) benefits within the workers' compensation system, distinguishes these from EDD Unemployment Insurance (UI) and Disability Insurance (DI) programs, and provides detailed coordination rules governing concurrent or sequential benefit receipt. Practitioners, judges, and legal professionals may utilize this report as a foundational reference for understanding and managing complex benefit coordination scenarios in Northern California workers' compensation practice.