

# Ogilvie “Simplified Adjustment Formula” Mathematical Proof<sup>1</sup>

## [PDRater.com](http://PDRater.com) – Online California Workers' Compensation Calculators

### 1. EARNINGS LOSS<sup>2 3</sup>

- $L = (\text{PIESSE} - \text{PIEA}) / \text{PIESSE}$

### 2. INDIVIDUALIZED PROPORTIONAL EARNINGS LOSS

- $= (\text{WPI} / \text{Earnings Loss}) / 100$

- $= (\text{WPI} / L) / 100$

### 3. DFEC ADJUSTMENT FACTOR

- $= ([1.81/a] * .1) + 1$

- $= [(1.81 * .1)/a] + 1$

- $= (.181/a) + 1$

- $= 1 + (.181/a)$

### 4. OGILVIE DFEC ADJUSTED RATING

- $= \text{WPI} * \text{DFEC Adjustment Factor}$

- $= \text{WPI} * [1 + (.181/a)]$

- $= \text{WPI} * [1 + (.181 / \text{Individualized Proportional Earnings Loss})]$

- $= \text{WPI} * (1 + \{.181 / [(\text{WPI} / L) / 100]\})$

- $= \text{WPI} * \{1 + [18.1 / (\text{WPI} / L)]\}$

- $= \text{WPI} * 1 + [\text{WPI} * 18.1 / (\text{WPI} / L)]$

- $= \text{WPI} + [18.1 / (1 / L)]$

- $= \text{WPI} + (18.1 * L)$

### 5. CONCLUSIONS

- When calculating the Ogilvie adjustment (not the Ogilvie adjustment *factor*), the various steps may be simplified as “ $\text{WPI} + (18.1 * L)$ .”
- This simplified version of the Ogilvie adjustment calculation assumes you have already performed the first step of the Ogilvie analysis and determined that the individualized proportional earnings loss is outside of all of the FEC ranks.
- The WCAB in Ogilvie and Ogilvie II does not lay out each and every step of the Ogilvie adjustment calculation. Thus, the above simplified Ogilvie adjustment formula may lead to slight differences from the examples in Ogilvie due to the WCAB's rounding choices.

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1 All references to Ogilvie are to the case of Ogilvie v. City and County of S.F. (9/3/2009) 74 C.C.C. 1127

2 PIESSE = Post-Injury Earnings of Similarly Situated Employees

3 PIEA = Post Injury Earnings of Applicant