

Department of Administration –
Risk Management Division

Workers' Compensation Program

Annual Report

State Fiscal Year 2014

Mission Statement

Maximize Minnesota's governmental resources by helping our customers actively manage risk.

Goals and Strategies

*R*educe risk through proactive and innovative risk, loss control and claims management practices.

*M*aintain financial stability and a safe, productive workforce.

*D*eliver comprehensive, cost-effective property, liability and workers' compensation products and related services.

Vision

RMD will deliver highly valued risk and claims management products and services to our customers at below market rates and will help provide a safe workplace where employees thrive.

Workers' Compensation Program Annual Report

State Fiscal Year 2014

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Introduction

The State of Minnesota's self-insured workers' compensation program is administered by the Minnesota Department of Administration's Risk Management Division. The program consists of four service units: claims management, disability management, legal, and safety & loss control. It covers over 60,000 employees in the executive, legislative, judicial branches of state government and quasi-state agencies, such as the Minnesota Historical Society, MnSCU, and the Minnesota State Fair.

The state's workers' compensation program receives on average 2,400 new claims annually and is funded by an administrative fee charged to each agency covered by the program. During state fiscal year 2014 (FY 2014), the program's total costs decreased 4.9% (\$1.54 million) from \$31.6 million to \$30.1 million. The decrease is from a reduction in benefit costs.

We present the following report on the program's activities during FY 2014. This report will present the costs of indemnity and medical benefits provided to injured state employees, summarize information regarding claims for work-related injuries, and note other significant data compiled by the program during the past fiscal year. A section of this report benchmarks the program against Minnesota industry results. This information is provided to state agencies, legislators, labor unions, insurance industry professionals, and others interested in the general operation of the program.

The Workers' Compensation Program welcomes comments about this report. Please direct comments to:

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All comparisons made in this report are of FY 2014 figures to FY 2013, unless otherwise noted, and are actual costs. The cost data has not been adjusted for inflation, except for the benchmarks section (pp. 4-6).

Executive Summary

The following is a summary of program activity for state fiscal year 2014:

Cost Per \$100 of Payroll

- ◆ Costs per \$100 of payroll remain less than the Department of Labor & Industry's estimated average for employers in Minnesota (p. 5).

Claim Numbers

- ◆ Agencies reported 5.3% fewer claims in FY 2014 (p. 8).

Total Costs

- ◆ Total program costs decreased 4.9% from \$31,623,375 in FY 2013 to \$30,082,749 in FY 2014 (pp. 10-11).
- ◆ Expenditures for program administration increased 0.4% from \$2,955,424 in FY 2013 to \$2,967,007 in FY 2014 (pp. 10-11).
- ◆ Expenditures for reinsurance decreased 14.7% from \$2,018,217 in FY2013 to \$1,720,603 in FY2014 (pp. 10-11).
- ◆ Expenditures for all benefits decreased 5.4% from \$23,738,287 in FY 2013 to \$22,467,457 in FY 2014 (pp. 12-14).
- ◆ Expenditures for medical benefits increased 1.4% from \$10,823,582 in FY 2013 to \$10,974,206 in FY 2014 (pp. 15-16).
- ◆ Expenditures for indemnity benefits decreased 10.4% from \$8,854,412 in FY 2013 to \$7,935,257 in FY 2014 (pp. 17-18).

Recoveries

- ◆ Recoveries increased 78.4% in FY 2014 (pp. 19-20). Recoveries are funds the program receives from supplementary benefits, Second Injury Fund and subrogation.

Agency Activity

- ◆ Nine large agencies (Human Services, Transportation, Corrections, MnSCU, Natural Resources, Public Safety, Veterans Affairs, Administration, and Trial Courts) accounted for 88.8% of the program's payment activity (pp. 23-24).
- ◆ Benefit costs for these nine agencies decreased 4.1% from FY 2013 to FY 2014 (pp. 25-26).
- ◆ The workers' compensation incidence rate decreased from 3.4 in FY 2013 to 3.2 in FY 2014 (pp. 31-33) for all agencies. The incident rate for individual agencies is located in Appendix C (p. 36).

Other Findings

- ◆ Claims that occurred prior to 2000 accounted for 22.0% of the program's benefit costs paid out during FY 2014 (pp. 21-22).
- ◆ Most common injury causes continue to be due to overexertion and falls (p. 29).

How the Program Works

Mission and Enabling Legislation

The Workers' Compensation Program's mission is to work in partnership with state and quasi-state agencies to manage workers' compensation risk throughout state government. The program works primarily through each individual state agency's human resource and safety personnel.

The enabling legislation for the Program is found in Minnesota Statutes 176.541 through 176.611.

The Four Service Units

The Workers' Compensation Program delivers its workers' compensation services to state agencies and their employees through four work units: claims management, disability management, legal, and safety & loss control. Below is a brief description of the work done by each unit.

Claims Management Unit

The Claims Management Unit determines liability for workers' compensation claims filed against the state and quasi-state agencies by state employees. It then contests or pays these claims in accordance with the requirements of Minnesota Statutes 176. While carrying out this work, the unit represents the interests of the state and quasi-state agencies.

In addition to its responsibility for the administration of workers' compensation benefits, the unit also is responsible for directing the efforts to return injured employees back to the job, recovering costs from negligent third parties, and seeking final resolutions for all claims.

Disability Management

The Disability Management Unit manages disability claims by working with employees, state agencies, workers' compensation specialists, health care providers and other professionals to help injured employees stay on the job or return to work as soon as possible. The unit provides vocational screenings/assessments, on-site job analyses, ergonomic evaluations, job placement, and statutory rehabilitation services.

Legal Services

The Legal Services Unit provides legal representation to state agencies in workers' compensation disputes. Its purpose is to conduct all aspects of defense litigation and provide legal counsel to state agencies and staff members of the Workers' Compensation Program. Its objective is to protect the legal interests of state agencies in disputed cases and to defend or resolve these cases in the best interest of the state.

Safety & Loss Control

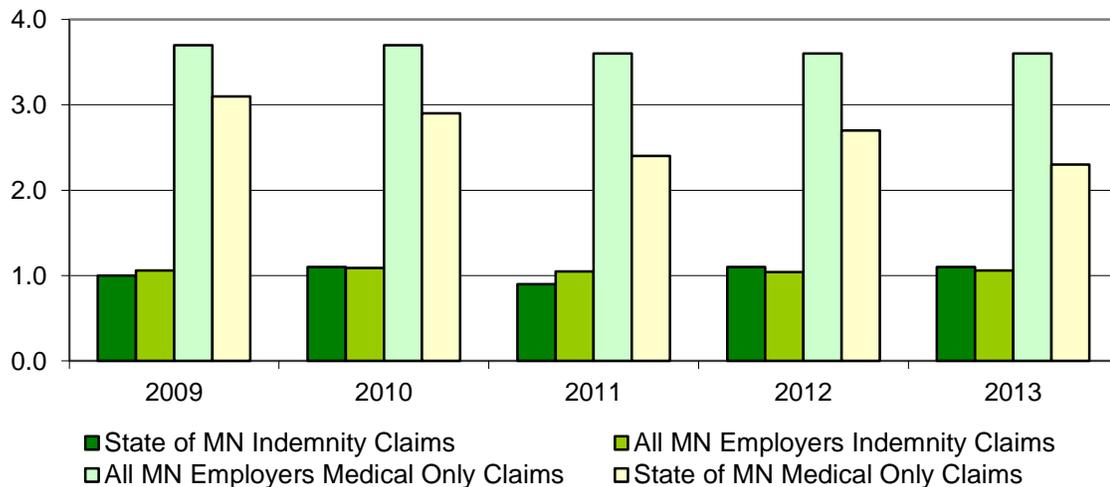
The Safety and Loss Control Unit provides safety and industrial hygiene consulting resources to all state agencies. Its purpose is to help state agencies identify and correct workplace safety hazards-both environmental and behavioral-that place employees at risk for work related injury or illness. The unit provides safety-related services to agencies such as worker exposure assessments, indoor air quality surveys, and safety program development.

Benchmarks

Claim rates increased during Calendar year 2013 (*Chart 1*).

Chart 1/Paid Claims Per 100 FTE's

Comparison of the State of Minnesota paid claims per 100 full-time equivalent employees to all Minnesota employers.



State of Minnesota Paid Claims Per 100 FTE CY DOI/FTE by FY			
Injury Calendar Year	Indemnity Claims	Medical Only Claims	Total Claims
2009	1.0	3.1	4.2
2010	1.1	2.9	4.0
2011	0.9	2.4	3.3
2012	1.1	2.7	3.8
2013	1.1	2.3	3.3

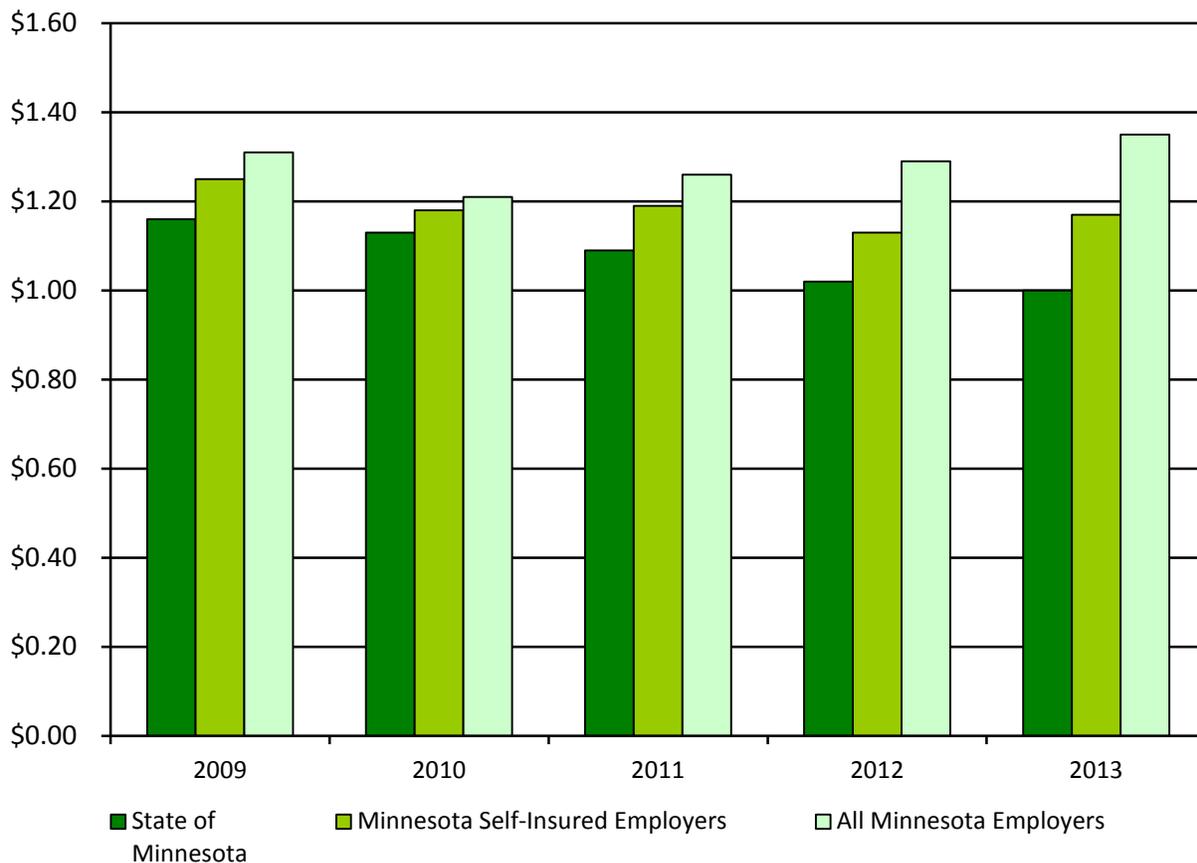
All Minnesota Employers Paid Claims Per 100 FTE CY DOI/FTE by FY			
Injury Calendar Year	Indemnity Claims	Medical Only Claims	Total Claims
2009	1.1	3.7	4.7
2010	1.1	3.7	4.8
2011	1.1	3.6	4.6
2012	1.0	3.6	4.6
2013	1.1	3.6	4.6

Data Source: DLI System Report

Please note that data from prior years has been updated.

The total cost of the state’s workers’ compensation program has decreased during the last five years when compared to other Minnesota employers (*Chart 2*).

Chart 2/Estimated Cost Per \$100 of Payroll



Year	State of Minnesota	Minnesota Self-Insured Employers	All Minnesota Employers
2009	\$1.16	\$1.25	\$1.31
2010	\$1.13	\$1.18	\$1.21
2011	\$1.09	\$1.19	\$1.26
2012	\$1.02	\$1.13	\$1.29
2013	\$1.00	\$1.17	\$1.35

Data Source: DLI System Report
Please note that data from prior years has been updated.

Chart 4a/Return-to-Work Rate

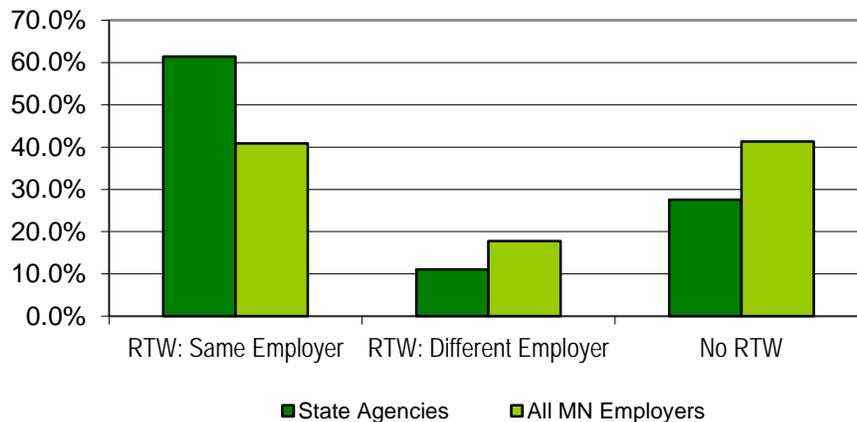
Comparison of the State of Minnesota's return-to-work rate against all other Minnesota employers when vocational rehabilitation plans are filed. Return-to-work is affected by many factors, including the job market, injury severity, and the availability of job modifications.

Year of Closure		Return to Work: Same Employer (%)	Return to Work: Different Employer (%)	Not Employed (%)	Total (%)
2008	All MN Employers	41.9	20.9	37.2	100
	State Agencies	62.0	10.2	27.8	100
2009	All MN Employers	39.4	17.1	43.6	100
	State Agencies	65.4	10.3	24.3	100
2010	All MN Employers	39.0	16.7	44.2	100
	State Agencies	62.8	10.3	26.9	100
2011	All MN Employers	41.3	17.6	41.0	100
	State Agencies	65.2	14.5	20.3	100
2012	All MN Employers	40.3	17.6	42.0	100
	State Agencies	56.0	12.0	31.9	100
2013	All MN Employers	41.0	18.0	41.0	100
	State Agencies	51.2	12.4	36.5	100
2014	All MN Employers	43.3	16.6	40.1	100
	State Agencies	67.0	7.8	25.2	100
Average 2008-2014	All MN Employers	40.9	17.8	41.3	100
	State Agencies	61.4	11.1	27.6	100

Data Source: DLI System Report

Please note that data from prior years (2011-2014) have changed due to use of new employment status codes.

Chart 4b/Return to Work (RTW) Comparison 2008-2014/Average



Findings

The overall number of new claims decreased, and we closed slightly fewer claims (Chart 5, 6, and Appendix A)

Number of claims decreased (Chart 5)

The program experienced a decrease of 125 claims reported from FY 2013 to FY 2014. Appendix A (p. 34) contains an agency-by-agency breakdown of the number of claims reported for FY 2013 and FY 2014.

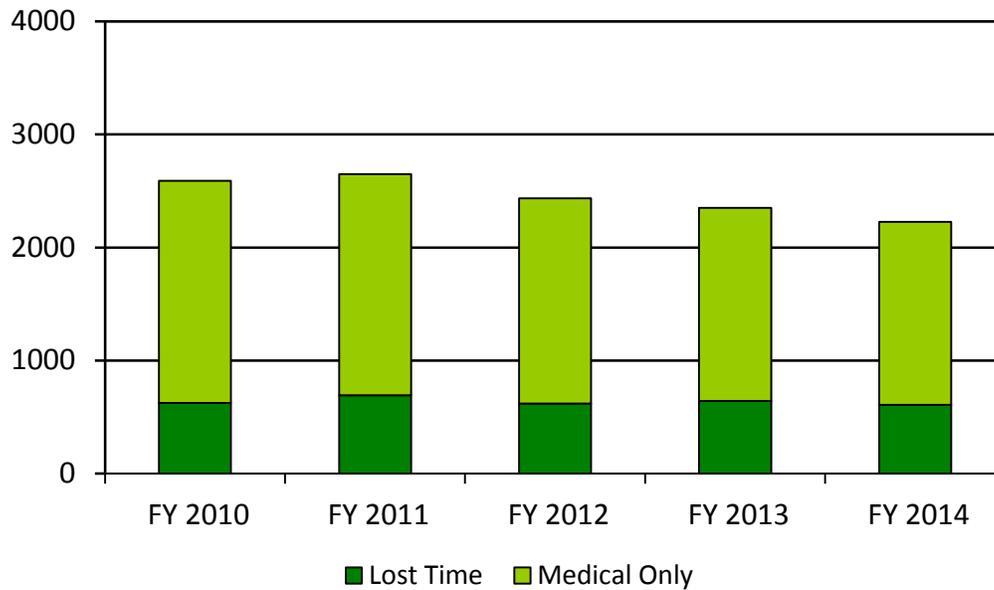
Decrease in lost time claims (Chart 5)

Lost time claims, those in which the employee is disabled beyond a three calendar-day waiting period, decreased by 5.6% (36) from FY 2013 to FY 2014. *Medical only claims* decreased by 5.2% (89) from FY 2013 to FY 2014.

Number of claims closed were greater than the number reported (Chart 6)

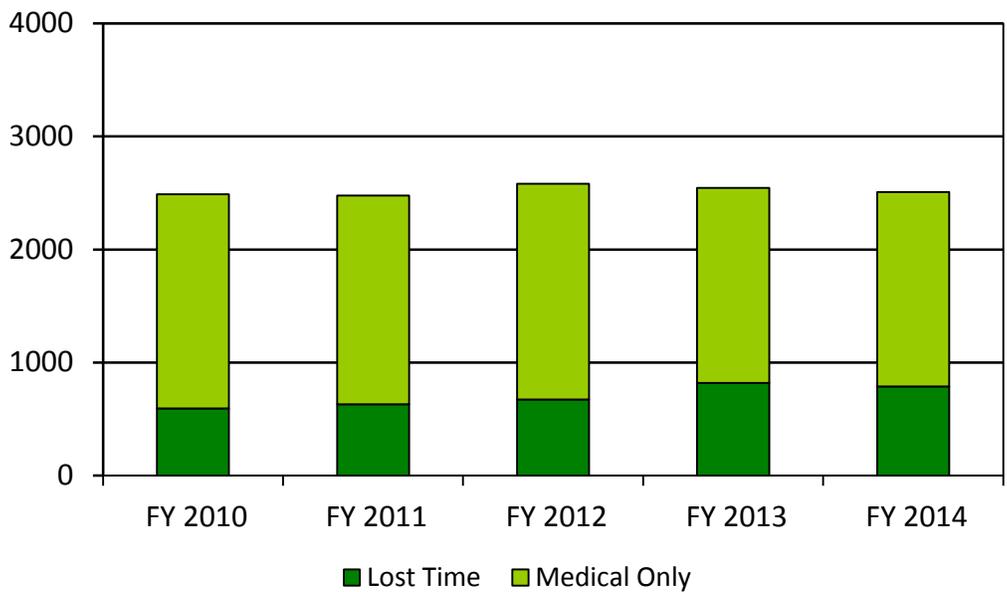
The program closed fewer claims in FY 2014 compared to FY 2013, however the program closed more claims than it received during FY 2014 (2,226 received vs. 2,507 closed), thus decreasing the number of claims being managed.

Chart 5/Number of Claims Reported/FYs 2010-2014



	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 10-14	FY 13-14
	Claims Reported					% Change	
<i>Lost Time</i>	627	693	619	644	608	-3.0%	-5.6%
<i>Medical Only</i>	1,964	1,955	1,817	1,707	1,618	-17.6%	-5.2%
Totals	2,591	2,648	2,436	2,351	2,226	-14.1%	-5.3%

Chart 6/Number of Claims Closed/FYs 2010-2014



	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 10-14	FY 13-14
	Claims Closed					% Change	
<i>Lost Time</i>	594	631	673	819	790	33.0%	-3.5%
<i>Medical Only</i>	1,895	1,846	1,907	1,727	1,717	-9.4%	-0.6%
Totals	2,489	2,477	2,580	2,546	2,507	0.7%	-1.5%

Total Program Costs

The program experienced a decrease in total costs (Chart 7)

The program's total costs of \$30,082,749 reflect a decrease of 4.9% (\$1,540,626) from FY 2013 to FY 2014. These costs include all benefits, program administrative fees, special assessments, reinsurance, and managed care administrative fees.

Benefits

Benefit costs include all benefits paid under Minnesota Statutes, Chapter 176. In FY 2014, these costs decreased 5.4% (\$1,270,830) compared to FY 2013. Benefit costs by category are listed on page 13 of this report.

Administration

In FY 2014, the program provided claims administration and safety and loss control services with administrative operating expenses of \$2,967,007, an increase of \$11,583 in FY14.

Special Assessments

The program's expenditure for special assessments increased in FY2014 0.3% (\$4,023) compared to FY 2013. Special assessments are levied by the Department of Labor and Industry (DLI) for payment of uninsured employer claims, reimbursement of supplementary benefits, and reimbursement of Second Injury Fund claims. The assessment is based upon indemnity benefits paid and is charged to all insurers and self-insured employers doing business in Minnesota.

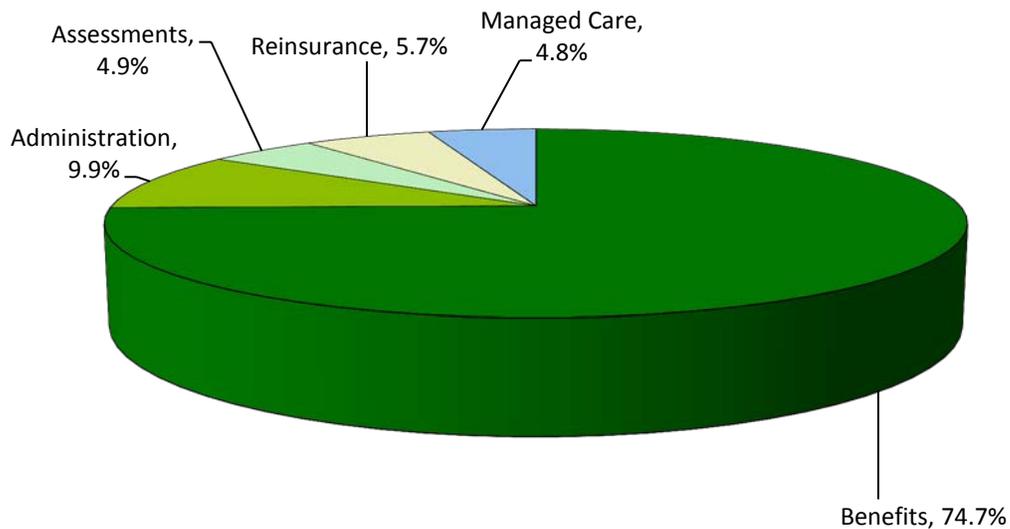
Reinsurance

The program's expenditure for reinsurance decreased 14.7% (\$297,614) in FY 2014 compared to FY 2013. The Workers' Compensation Reinsurance Association (WCRA) provides coverage to the state on claims exceeding our deductible or retention level. The large increase in FY 2011 is associated with the WCRA deficiency assessment program, which is projected to end in FY 2015.

Managed Care

The program's payment for managed care services increased 0.9% (\$12,212) from FY 2013 to FY 2014. The increase is due to an increase in the number of State employees.

Chart 7/Total Program Costs/FYs 2010-2014



	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 10-14	FY 13-14
	Total Program Costs					% Change	
Benefits	\$23,584,737	\$23,961,813	\$24,116,298	\$23,738,287	\$22,467,457	-4.7%	-5.4%
Administration	\$2,775,022	\$2,610,604	\$2,538,973	\$2,955,424	\$2,967,007	6.9%	0.4%
Assessments	\$1,546,139	\$1,532,760	\$1,472,091	\$1,474,924	\$1,478,947	-4.3%	0.3%
Reinsurance	\$906,270	\$2,467,481	\$2,145,928	\$2,018,217	\$1,720,603	89.9%	-14.7%
Managed Care	\$1,421,864	\$1,420,832	\$1,388,560	\$1,436,523	\$1,448,735	1.9%	0.9%
Totals	\$30,234,031	\$31,993,490	\$31,661,850	\$31,623,375	\$30,082,749	-0.5%	-4.9%

Benefit Costs

The program's expenditures for benefits decreased (Chart 8)

In FY 2014, benefit expenditures decreased a total of 5.4% (\$1,270,831) compared to FY 2013.

Medical costs increased

Payments for office and hospital visits, prescriptions, supplies, and reimbursements for travel and time off to see the doctor increased 1.4% (\$150,624) in FY 2014 compared to the previous year.

Indemnity costs decreased

Benefit payments to compensate employees for lost wages or for permanent loss of body function decreased in FY 2014 compared to FY 2013 by 10.4% (\$919,155).

Rehabilitation costs decreased

Expenditures for vocational rehabilitation services that assist in returning injured employees to work decreased 25.2% (\$493,896) from FY 2013 to FY 2014.

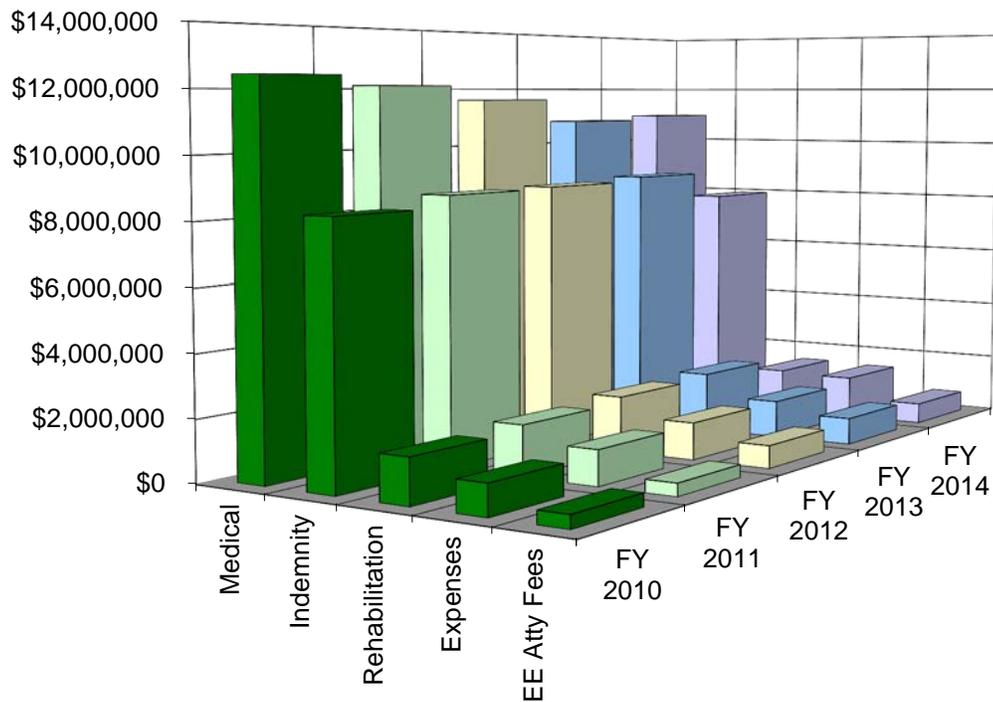
Expense costs increased

Expenditures for investigations, independent medical examinations, medical records, court reporters, deposition fees, and legal defense costs increased 15.0% (\$183,522) in FY 2014.

Employee attorney costs decreased

Fees paid to attorneys representing injured employees in FY 2014 decreased 22.0% (\$191,924) compared to FY 2013.

Chart 8/Benefit Costs/FYs 2010-2014

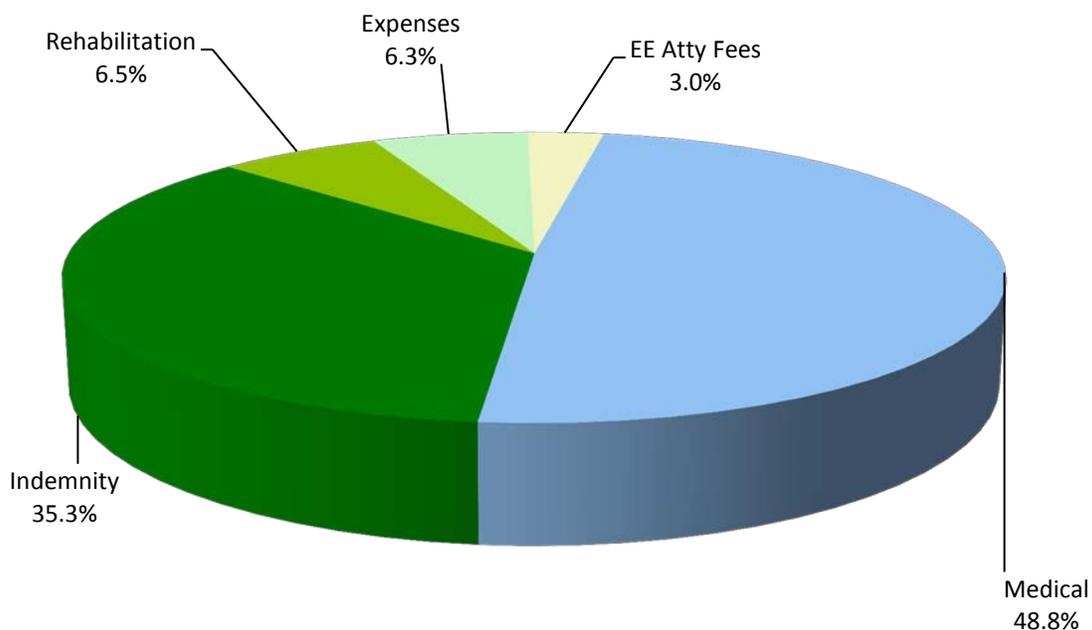


	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 10-14	FY 13-14
	Benefit Costs					% Change	
Medical	\$12,435,509	\$12,101,907	\$11,620,640	\$10,823,582	\$10,974,206	-11.8%	1.4%
Indemnity	\$8,270,493	\$8,661,057	\$8,711,038	\$8,854,412	\$7,935,257	-4.1%	-10.4%
Rehabilitation	\$1,460,996	\$1,645,311	\$1,833,192	\$1,962,878	\$1,468,982	0.5%	-25.2%
Expenses	\$995,580	\$1,141,978	\$1,215,159	\$1,223,658	\$1,407,180	41.3%	15.0%
EE Atty Fees	\$422,159	\$411,560	\$736,270	\$873,756	\$681,832	61.5%	-22.0%
Totals Overall	\$23,584,737	\$23,961,813	\$24,116,298	\$23,738,287	\$22,467,457	-4.7%	-5.4%

The majority of benefits were for medical payments (*Chart 9*)

In FY 2014, 48.8% (\$10,974,206) of the total benefits paid were for injured employees' medical costs. 35.3% (\$7,935,257) of the total benefits paid went directly to employees in the form of indemnity payments to compensate for lost wages or for permanent loss of body function. The percentage of total benefits going directly to employees (35.3%) was lower than the 37.3% of the previous year (FY 2013).

Chart 9/Composition of Benefit Costs/FY 2014



Medical Costs

The program's expenditure for medical benefits increased 1.4% (Chart 10)

In FY 2014, the program paid \$10,974,206 to various medical care providers and for medical reimbursements to the employee. This was an increase of 1.4% (\$150,624) compared to FY 2013.

Medical office visits include all non-chiropractic care that is not provided in a hospital. From FY 2013 to FY 2014, these payments decreased by 4.8% (\$167,499).

Hospital payments include all inpatient and outpatient treatment that is provided in a hospital. In FY 2014, these payments increased 1.1% (\$55,241) compared to FY 2013.

Chiropractic care payments increased 14.6% (\$29,654) in FY 2014 compared to FY 2013.

Miscellaneous medical includes payments to intervenors, diet and/or fitness centers, and home remodeling. In FY 2014, these payments decreased 33.5% (\$28,986) compared to FY 2013.

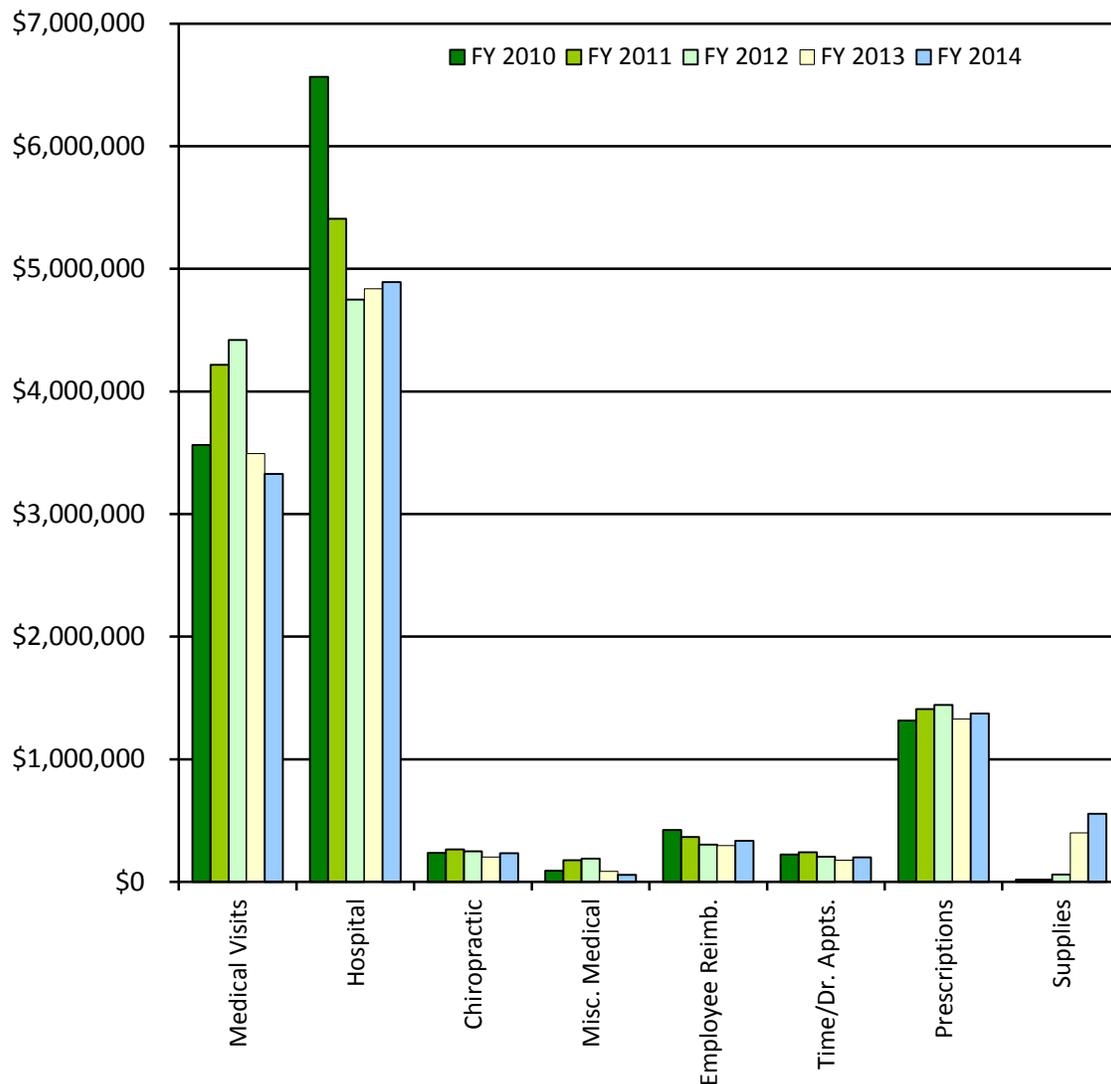
Employee reimbursements include mileage, parking, and meals. These payments increased 12.9% (\$38,116) from FY 2013 to FY 2014.

Employee time for doctor is reimbursement of wages lost for time spent attending medical appointments. It does not include wages lost because of inability to work. These payments increased 12.6% (\$22,259) compared to FY 2013.

Prescription costs increased 3.4% (\$45,494) from FY 2013 to FY 2014.

Supplies include medical equipment and supplies. These payments increased 39.1% (\$156,345) in FY 2014 compared to FY 2013.

Chart 10/Medical Benefit Costs/FYs 2010-2014



	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 10-14	FY 13-14
	Medical Benefit Costs					% Change	
Medical Visits	\$3,564,331	\$4,217,314	\$4,420,223	\$3,493,571	\$3,326,071	-6.7%	-4.8%
Hospital	\$6,566,193	\$5,409,443	\$4,748,473	\$4,837,942	\$4,893,183	-25.5%	1.1%
Chiropractic	\$235,323	\$264,147	\$248,240	\$203,383	\$233,036	-1.0%	14.6%
Misc. Medical	\$90,391	\$177,020	\$190,533	\$86,521	\$57,535	-36.3%	-33.5%
Employee Reimb.	\$422,043	\$366,395	\$303,653	\$296,209	\$334,325	-20.8%	12.9%
Time/Dr. Appts.	\$222,721	\$240,959	\$204,463	\$177,026	\$199,285	-10.5%	12.6%
Prescriptions	\$1,317,098	\$1,408,224	\$1,444,017	\$1,328,730	\$1,374,224	4.3%	3.4%
Supplies	\$17,408	\$18,404	\$61,038	\$400,201	\$556,546	3097.1%	39.1%
Totals	\$12,435,509	\$12,101,907	\$11,620,640	\$10,823,582	\$10,974,206	-11.8%	1.4%

Indemnity Costs

The program's expenditure for indemnity benefits decreased 10.4% (Chart 11)

The program's second largest expenditure, indemnity benefits, experienced a decrease of 10.4% from FY 2013 to FY 2014.

Types of Indemnity Benefits

Indemnity benefits are usually paid on a biweekly basis to compensate employees for lost wages and permanent loss of body function due to a work-related injury. Indemnity benefits fall into one of the following categories:

Temporary Total Disability (TTD) benefits are paid to employees who are unable to work, but who may be able to return to some type of work in the future. In FY 2014, TTD payments decreased 4.5% (\$112,648) compared to FY 2013.

Other Benefits include lump sums to settle claims, death benefits to dependents, and retraining benefits. In FY 2014, these payments decreased 26.7% (\$624,752) compared to FY 2013.

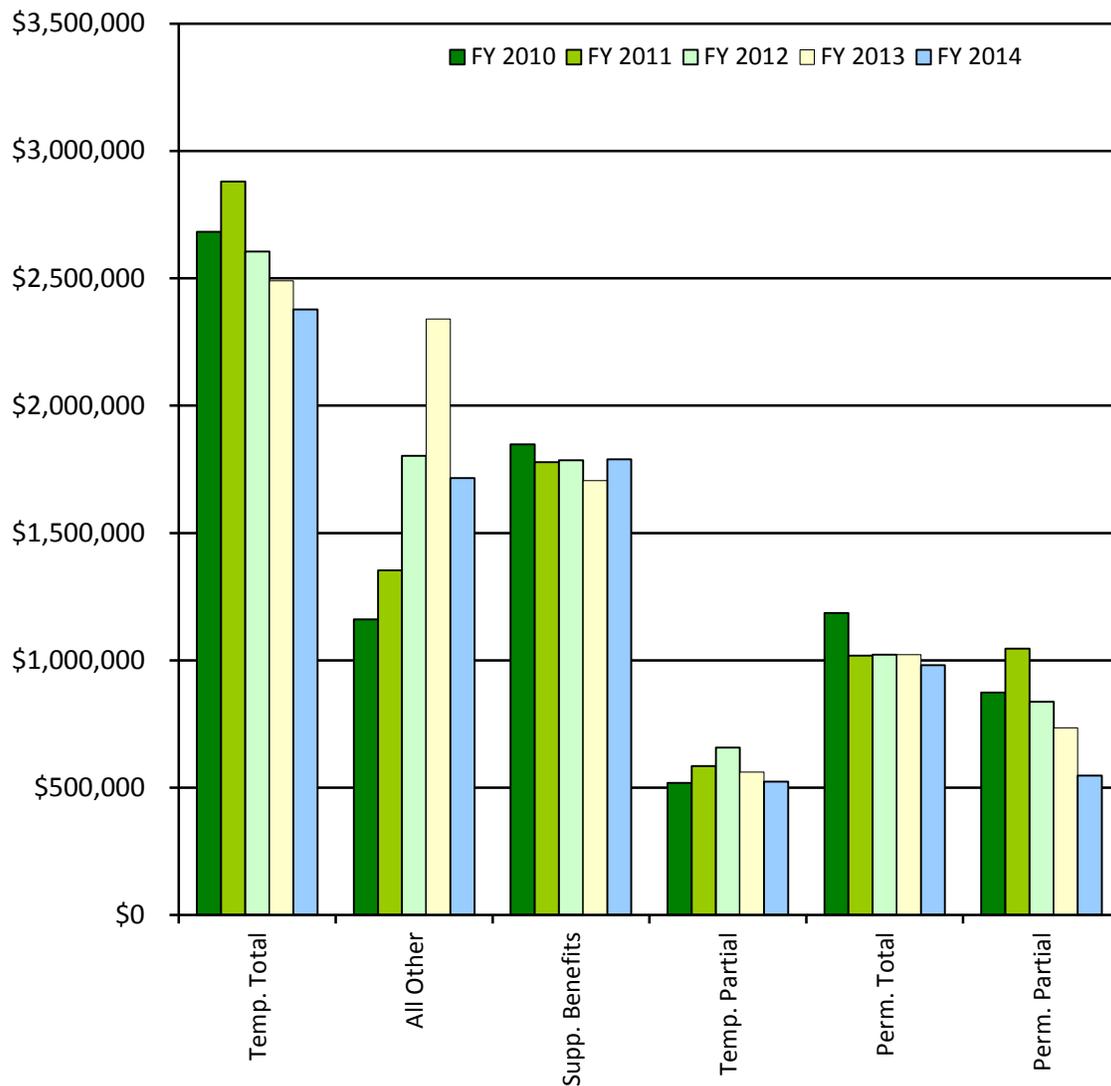
Supplementary Benefits (SBs) are paid in conjunction with PTD, or to bring payments up to a percentage of the statewide average weekly wage. The majority of employees who receive SBs also receive Social Security Disability benefits. The program does not invoice agencies for these benefit payments, but rather receives full reimbursement from the Department of Labor and Industry. In FY 2014, SB payments increased 4.9% (\$83,670) compared to FY 2013. The legislature has eliminated the requirement to pay Supplementary Benefits for injuries occurring on or after October 1, 1995.

Temporary Partial Disability (TPD) benefits are paid to employees who are able to work at either a reduced wage or a reduced number of hours. In FY 2014, TPD payments decreased 6.7% (\$37,582) compared to FY 2013.

Permanent Total Disability (PTD) benefits are paid to employees who will never be able to work again. In FY 2014, PTD payments decreased 4.0% (\$41,083) compared to FY 2013.

Permanent Partial Disability (PPD) benefits are paid to employees who have a permanent loss of body function. In FY 2014, PPD payments decreased 25.4% (\$186,760) compared to FY 2013.

Chart 11/Indemnity Benefit Costs/FYs 2010-2014



	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 10-14	FY 13-14
	Indemnity Benefit Costs					% Change	
Temp. Total	\$2,683,101	\$2,880,487	\$2,604,844	\$2,490,472	\$2,377,824	-11.4%	-4.5%
All Other	\$1,160,924	\$1,353,734	\$1,803,410	\$2,340,108	\$1,715,356	47.8%	-26.7%
Supp. Benefits	\$1,848,513	\$1,777,644	\$1,785,626	\$1,706,177	\$1,789,847	-3.2%	4.9%
Temp. Partial	\$518,384	\$585,468	\$656,995	\$560,979	\$523,397	1.0%	-6.7%
Perm. Total	\$1,185,523	\$1,018,021	\$1,022,834	\$1,022,144	\$981,061	-17.2%	-4.0%
Perm. Partial	\$874,048	\$1,045,704	\$837,328	\$734,533	\$547,773	-37.3%	-25.4%
Totals	\$8,270,493	\$8,661,057	\$8,711,038	\$8,854,412	\$7,935,257	-4.1%	-10.4%

Recoveries

Recoveries increased 78.4% in FY 2014 (*Chart 12*)

Recoveries are funds the program receives from three main sources: supplementary benefits, Second Injury Fund, and subrogation. Total recoveries in FY 2014 increased 78.4% (\$2,024,961) compared to FY 2013.

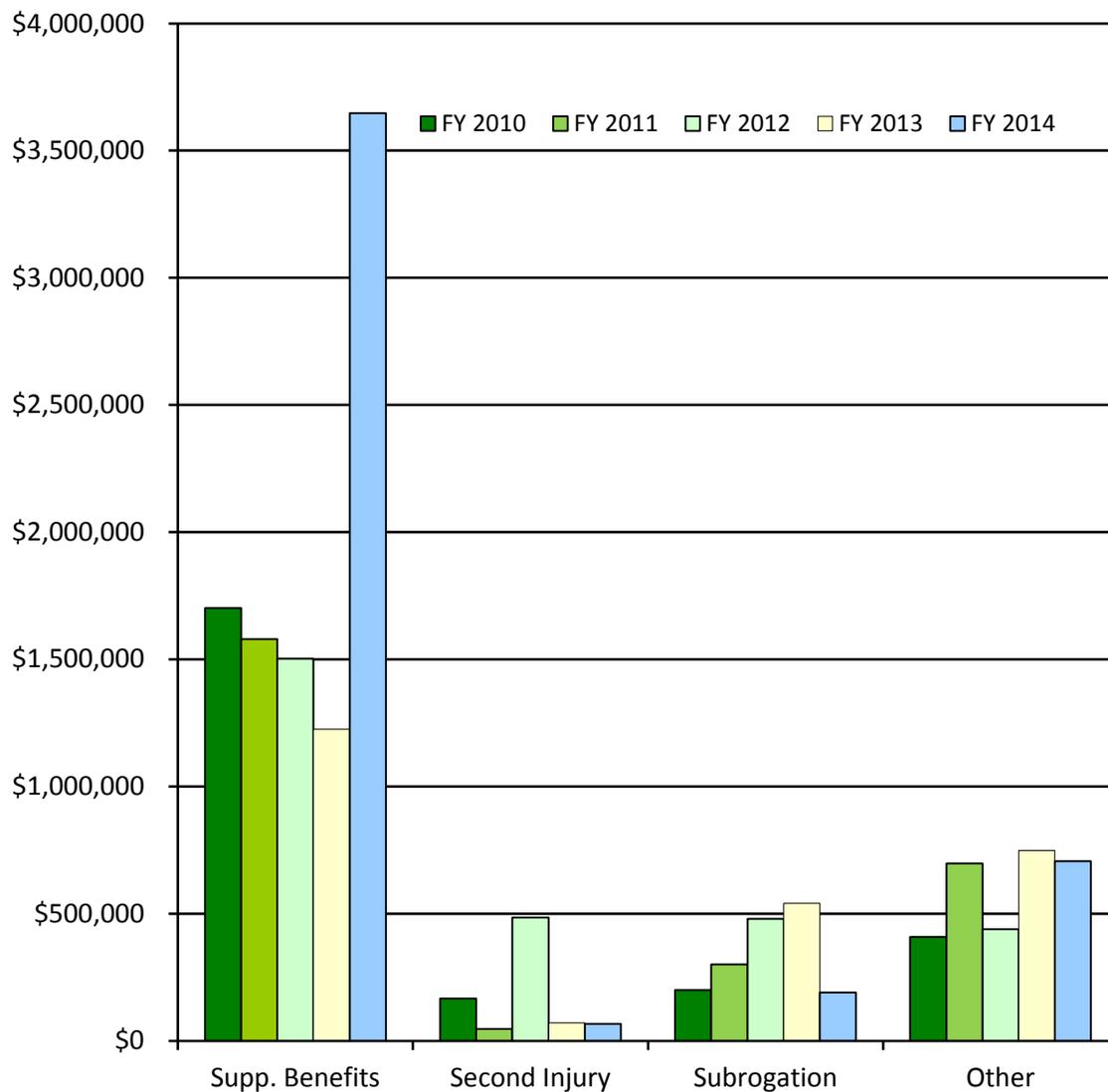
Supplementary Benefit Recoveries are reimbursed by the Department of Labor and Industry. In FY 2014, the program recovered 197.6% more (\$2,422,023) compared to FY 2013.

Second Injury Fund Recoveries are reimbursed by the Department of Labor and Industry for benefits paid on claims in which the employee had certain pre-existing conditions. In 1992, legislation eliminated the Second Injury Fund for claims occurring on or after July 1, 1992. In FY 2014, the recovery of these funds decreased 5.0% (\$3,464) compared to FY 2013.

Subrogation Recoveries are funds paid by third parties who are found responsible for employees' injuries and illnesses. From FY 2013 to FY 2014, the recovery of these funds decreased 65.0% (\$351,092).

Other Recoveries include funds obtained through contribution and reinsurance. In FY 2014, the recovery of these funds decreased 5.7% (\$42,505) compared to FY 2013.

Chart 12/Recoveries/FYs 2010-2014



	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 10-14	FY 13-14
	Recoveries					Change	
Supp. Benefits	\$1,700,988	\$1,579,683	\$1,502,985	\$1,225,453	\$3,647,476	114.4%	197.6%
Second Injury	\$166,693	\$47,068	\$484,706	\$69,832	\$66,368	-60.2%	-5.0%
Subrogation	\$200,206	\$300,158	\$479,077	\$540,265	\$189,173	-5.5%	-65.0%
Other	\$408,629	\$697,946	\$438,408	\$748,265	\$705,760	72.7%	-5.7%
Totals	\$2,476,516	\$2,624,855	\$2,905,176	\$2,583,816	\$4,608,777	86.1%	78.4%

Payments Made for Calendar Year Injuries

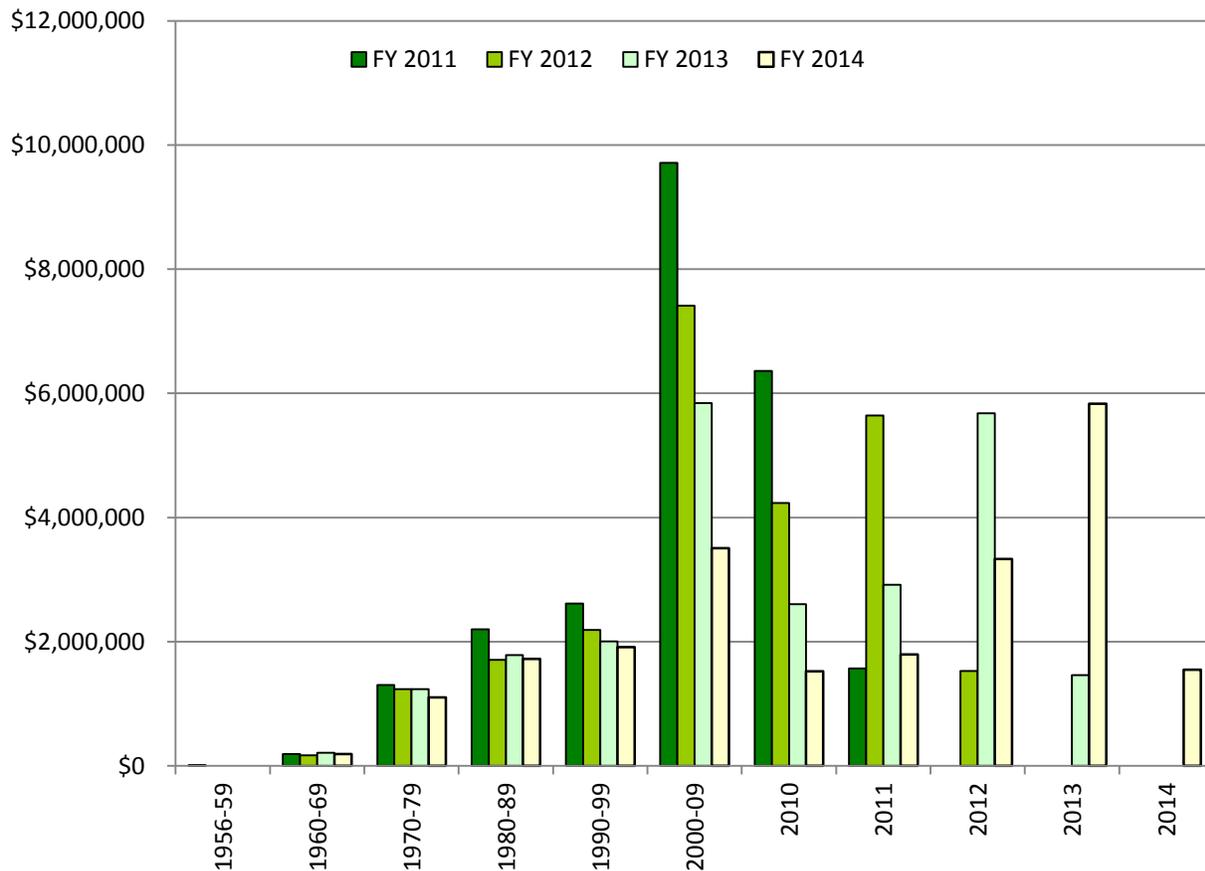
Claims that occurred prior to 2000 accounted for 22.0% of the program's FY 2014 benefit costs (*Chart 13*)

Chart 13 shows a breakdown of total benefits paid from FY 2011 to FY 2014 for injuries occurring in calendar years 1956 through June 30, 2014. In FY 2014, 22.0% (\$4,933,051) of all benefits went to employees who were injured prior to 2000. In FY 2013, \$5,230,602 was paid on older claims compared to \$4,933,050 paid in FY 2014, a 5.7% decrease. In FY 2014, the oldest claim the program managed occurred in 1963.

Claims follow predictable pattern

In terms of cost, claims tend to undergo a "maturing" process. Claim costs tend to rise in the year following the injury as further benefits are paid. Then, in subsequent years, claim costs tend to decrease. Chart 13 shows claims payments made in FY 2014 which demonstrate this pattern.

Chart 13/Payments Made for Calendar Year Injuries/FYs 2010-2014



Calendar Years	FY 2011	FY 2012	FY 2013	FY 2014
1956-59	\$9,126	\$0	\$0	\$0
1960-69	\$193,134	\$169,297	\$208,776	\$192,735
1970-79	\$1,301,279	\$1,235,137	\$1,234,420	\$1,104,903
1980-89	\$2,198,826	\$1,708,518	\$1,784,962	\$1,723,354
1990-99	\$2,615,520	\$2,189,456	\$2,002,444	\$1,912,059
2000-09	\$9,713,370	\$7,410,322	\$5,842,560	\$3,506,086
2010	\$6,361,782	\$4,234,583	\$2,605,895	\$1,525,541
2011	\$1,568,776	\$5,641,559	\$2,917,920	\$1,792,192
2012		\$1,527,427	\$5,677,268	\$3,331,960
2013			\$1,464,041	\$5,831,012
2014				\$1,547,617
TOTALS	\$23,961,813	\$24,116,298	\$23,738,287	\$22,467,457

Claims/Benefits Activity by Agency

Nine agencies accounted for over 85.5% of the program's activity (Charts 14, 15, and Appendices A, B)

Reported claims distribution among state agencies is consistent with agency size and the nature of work being performed by employees. Nine agencies reported 85.5% (1,904) of the claims and paid 88.8% (\$19,959,838) of the benefits in FY 2014. The nine agencies are: Human Services, Transportation, Corrections, MnSCU, Natural Resources, Public Safety, Veterans Affairs, Administration, and Trial Courts.

Charts 14 and 15 contain information on these nine agencies, while Appendices A (Reported) and B (Benefit Costs) contain agency-by-agency comparison of the number of claims reported and the amount of benefits paid in FY 2013 and FY 2014.

Chart 14/Composition of Reported Claims by Agency/FY 2014

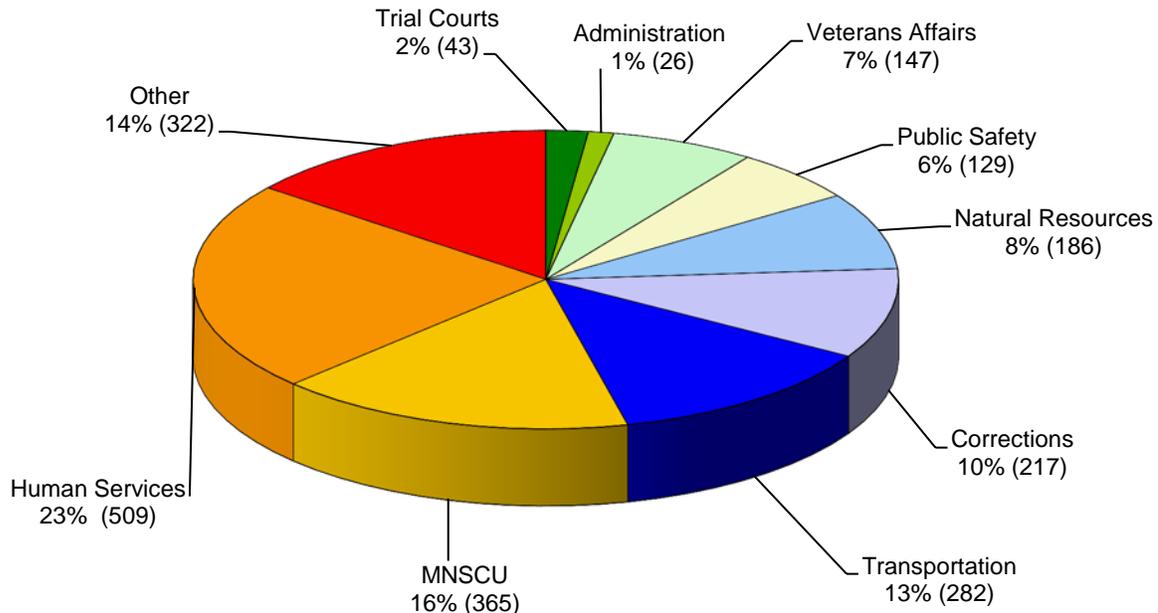
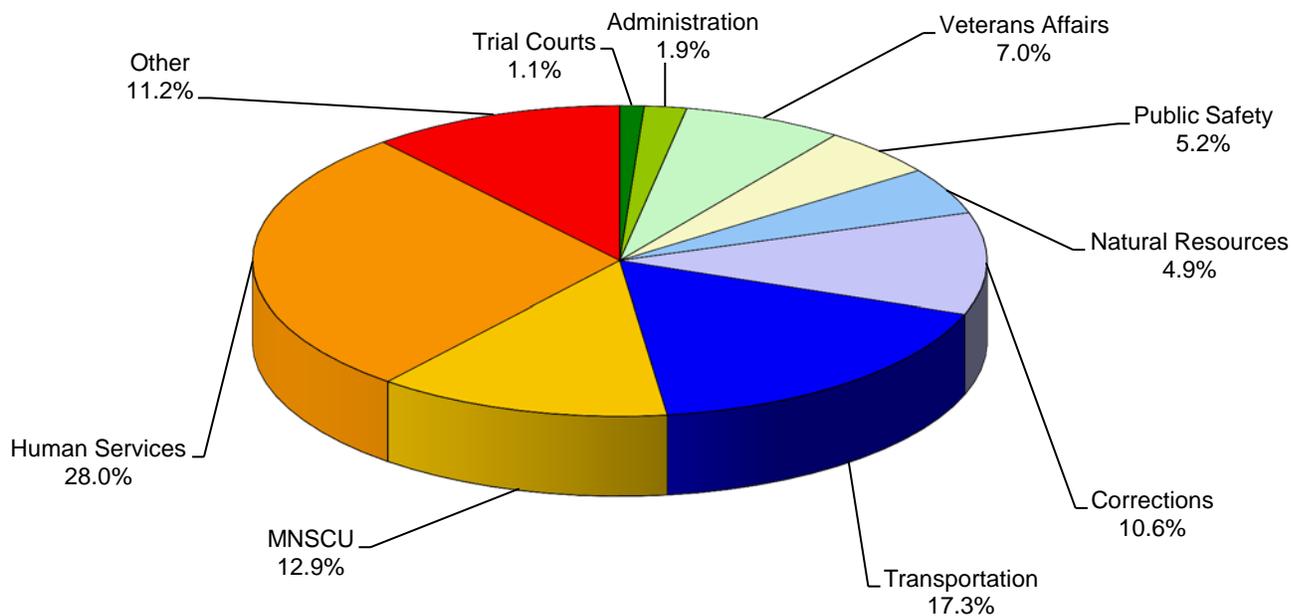


Chart 15/Composition of Benefits Paid by Agency/FY 2014



Benefit Costs for Nine Agencies

Benefit costs for these nine agencies decreased 4.1% (Chart 16 and Appendix B)

Combined benefit costs for the nine large agencies decreased a total of 4.1% (\$862,997) from FY 2013 to FY 2014. Chart 16 shows data for these nine agencies. Cost data for the remaining agencies is contained in Appendix B (p. 35).

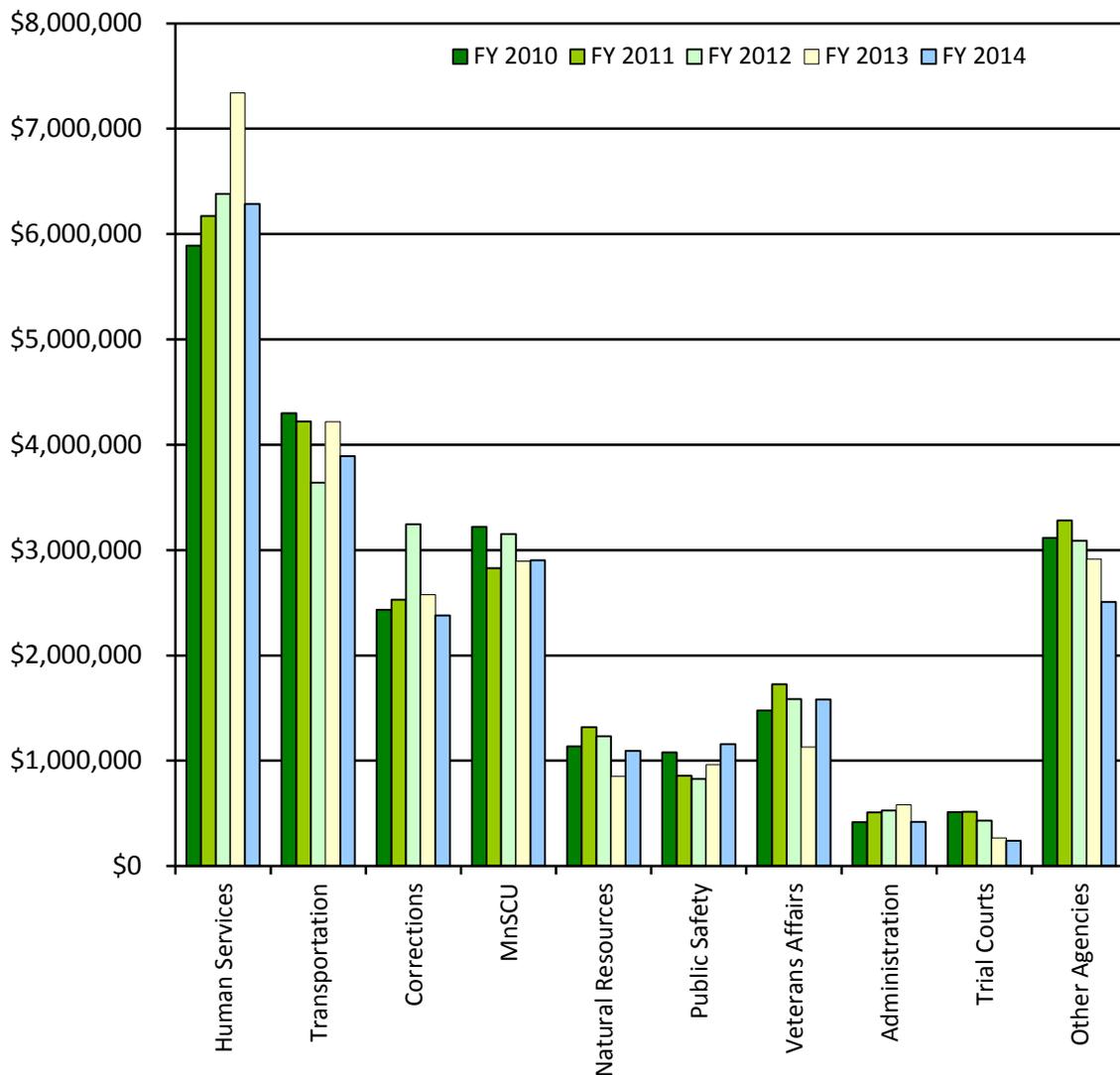
Caution urged when comparing agencies

It must be noted that comparisons of agencies' workers' compensation costs may be misleading and must be kept in perspective. One must consider many factors when comparing costs among agencies: the number and age of employees, the type of work performed, the salaries paid, the number of hours worked, and the type and severity of injuries.

Benefit Costs Increased for Four of the Largest Nine Agencies, While the Other Agencies Experienced a Decrease.

The nine agencies experienced changes ranging from -27.8% (Administration) to 39.9% (Veterans Affairs). All other agencies experienced a decrease of 14.0% (\$407,833).

Chart 16/Benefit Costs for Nine Agencies/FYs 2010-2014



	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 10-14	FY 13-14
	Benefit Costs					% Change	
Human Services	\$5,890,376	\$6,172,536	\$6,382,684	\$7,339,916	\$6,286,240	6.7%	-14.4%
Transportation	\$4,299,536	\$4,222,168	\$3,641,090	\$4,217,561	\$3,892,936	-9.5%	-7.7%
Corrections	\$2,433,251	\$2,529,097	\$3,245,158	\$2,578,215	\$2,379,807	-2.2%	-7.7%
MnSCU	\$3,221,826	\$2,828,084	\$3,153,518	\$2,893,243	\$2,904,995	-9.8%	0.4%
Natural Resources	\$1,137,504	\$1,318,434	\$1,230,636	\$851,577	\$1,095,151	-3.7%	28.6%
Public Safety	\$1,078,499	\$858,488	\$827,484	\$961,709	\$1,158,610	7.4%	20.5%
Veterans Affairs	\$1,476,328	\$1,726,803	\$1,584,777	\$1,130,893	\$1,582,549	7.2%	39.9%
Administration	\$418,359	\$509,350	\$527,746	\$580,970	\$419,272	0.2%	-27.8%
Trial Courts	\$512,641	\$516,605	\$432,759	\$268,751	\$240,279	-53.1%	-10.6%
Totals 9 Agencies	\$20,468,318	\$20,681,565	\$21,025,851	\$20,822,835	\$19,959,838	-2.5%	-4.1%
Other Agencies	\$3,116,418	\$3,280,030	\$3,090,447	\$2,915,451	\$2,507,619	-19.5%	-14.0%
Totals Overall	\$23,584,737	\$23,961,595	\$24,116,298	\$23,738,287	\$22,467,457	-4.7%	-5.4%

Claim Characteristics (Charts 17, 18 and 19)

Claims are defined in the Workers' Compensation Program by four different characteristics:

- body part
- cause
- nature
- source

We present charts 17 (A & B), 18 (A & B), and 19 (A & B) describing the distribution and average claim cost of injuries by body part, cause, and nature. Source is excluded from analysis due to the large number of possible source codes.

Average claim costs are in parenthesis in charts 17B, 18B, and 19B. The average is based upon a five year claim maturity and therefore represents the average of costs paid to date (6/30/14) on claims reported during the five year period of FY 2006 through FY 2010.

For a complete listing of injury characteristic coding used by the Workers' Compensation Program, please go to: http://mn.gov/admin/images/wc_injury_coding.pdf and click on the Workers' Compensation Injury Coding Guide.

FY 2014 Reported Claims (Chart 17A) and 5-Year Comparison (Chart 17B) by Body Part

In FY 2014, upper extremities (arm, shoulder, elbow, and wrist) continued to be the most frequently reported injured body part (28.3%), down 7.5% compared to FY 2013. Reported injuries that involve multiple body parts (\$9,948 average per claim) and injuries to the neck and back (\$8,559 average per claim) have the highest average cost per claim.

Chart 17A FY 2014 Reported Claims by Body Part

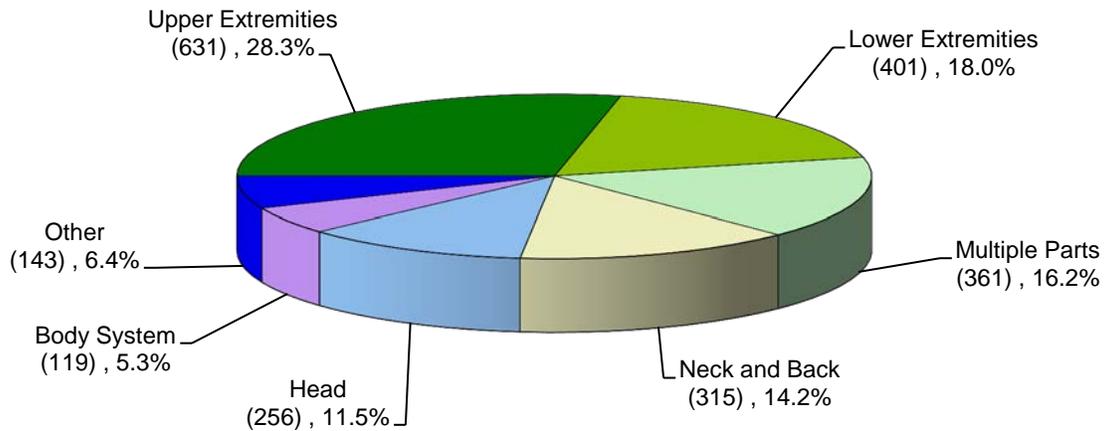
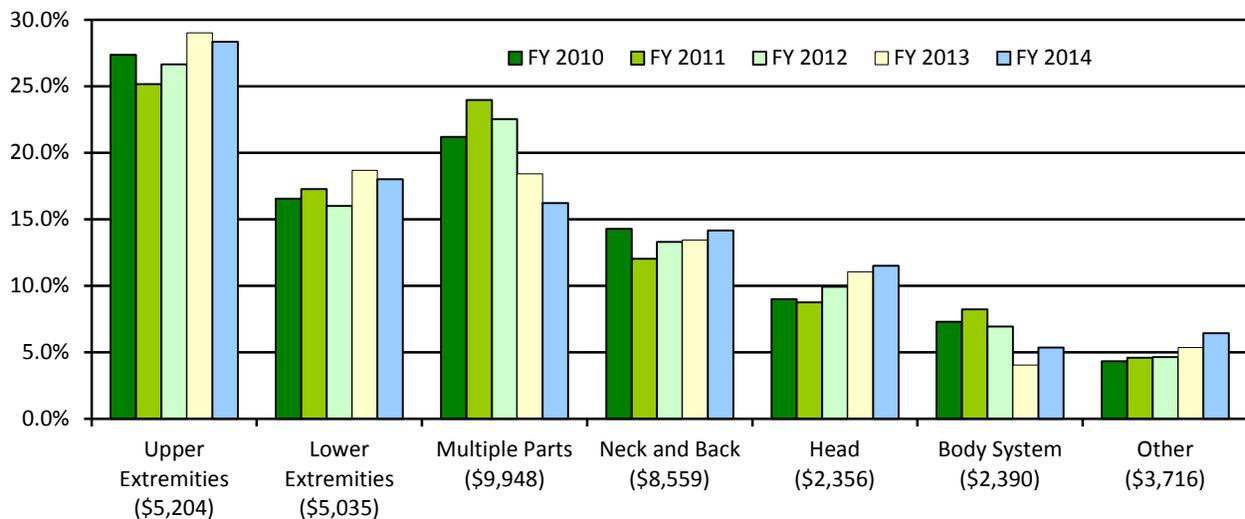


Chart 17B 5-Year Comparison by Body Part (%) of Reported Claims



NOTE: The dollar amounts shown in parenthesis in chart 17B above are the historical average claim costs on claims reported in FY 2006 through FY 2010 paid out through 6/30/14.

FY 2014 Reported Claims (Chart 18A) and 5-Year Comparison (Chart 18B) by Cause

The injury “cause” or “type” identifies the event which directly caused the injury. In FY 2014, overexertion, defined as excessive physical effort (18.3%) and falls (21.3%) continue to be the most prevalent cause of injuries. Restraining person claims (\$10,682 average per claim), bodily reaction/involuntary motion claims (\$8,898 average per claim), motor vehicle claims (\$8,829 average per claim), overexertion claims (\$8,297 average per claim), and assault claims (\$7,590 average per claim) are on average the most expensive cause of claims.

Chart 18A FY 2014 Reported Claims by Cause

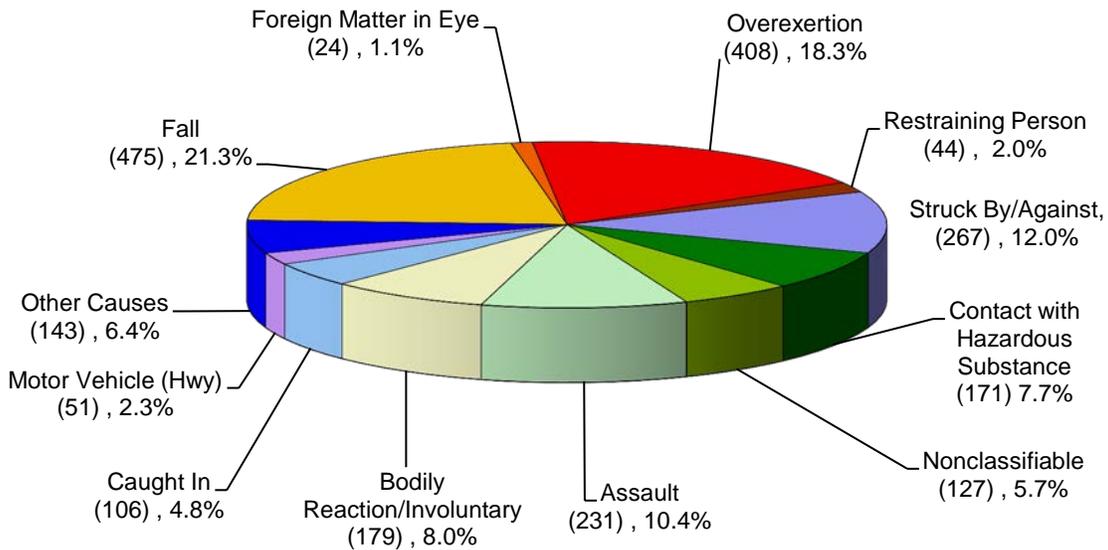
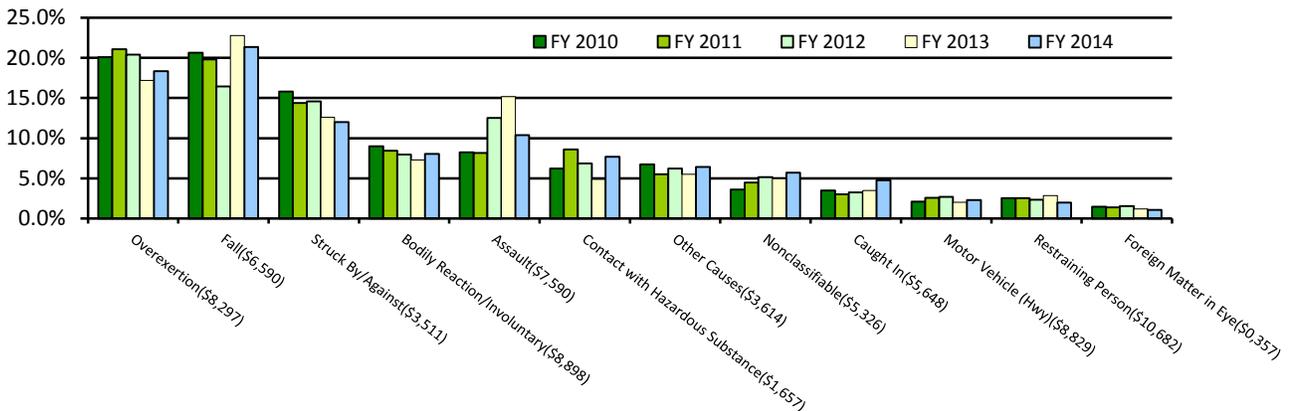


Chart 18B 5-Year Comparison by Cause (%) of Reported Claims



NOTE: The dollar amounts shown in parenthesis in chart 18B above are the historical average claim costs on claims reported in FY 2006 through FY 2010 paid out through 6/30/14.

FY 2014 Reported Claims (Chart 19A) and 5-Year Comparison (Chart 19B) by Nature

The “nature” of an injury identifies the injury or illness in terms of its principal physical characteristics such as: a cut, broken bone, or pain. In FY 2014, sprains/strains continued to be the most frequently reported nature of injury (41.3%), occurring more than twice as often as the next most frequently reported nature, contusion/crush/bruise (14.7%). While occurring infrequently, multiple injuries (\$16,574 average per claim) and fractures (\$15,385 average per claim) represent the most expensive reported claims.

Chart 19A FY 2014 Reported Claims by Nature

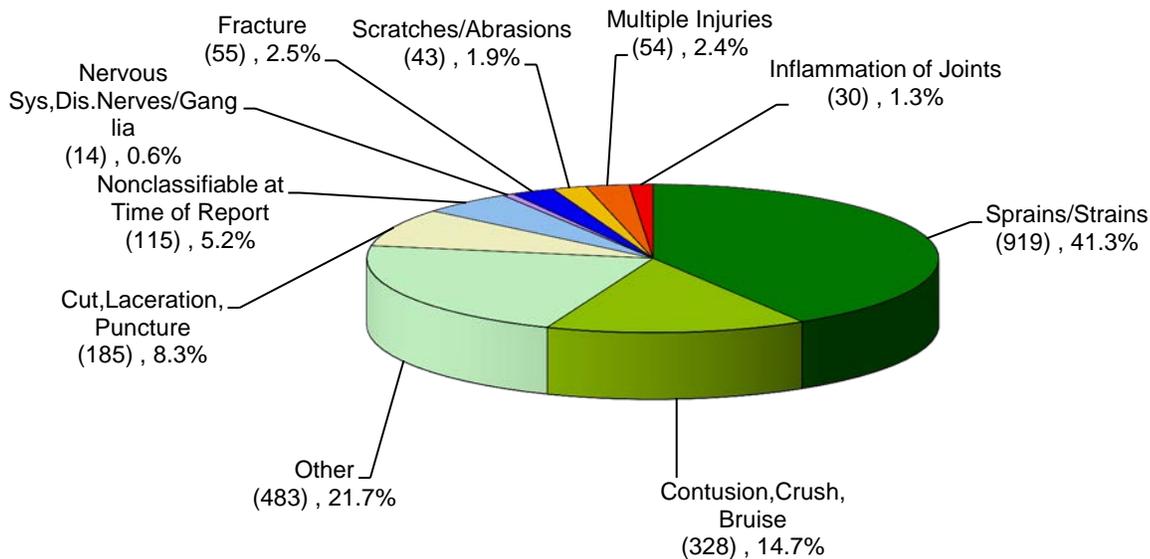
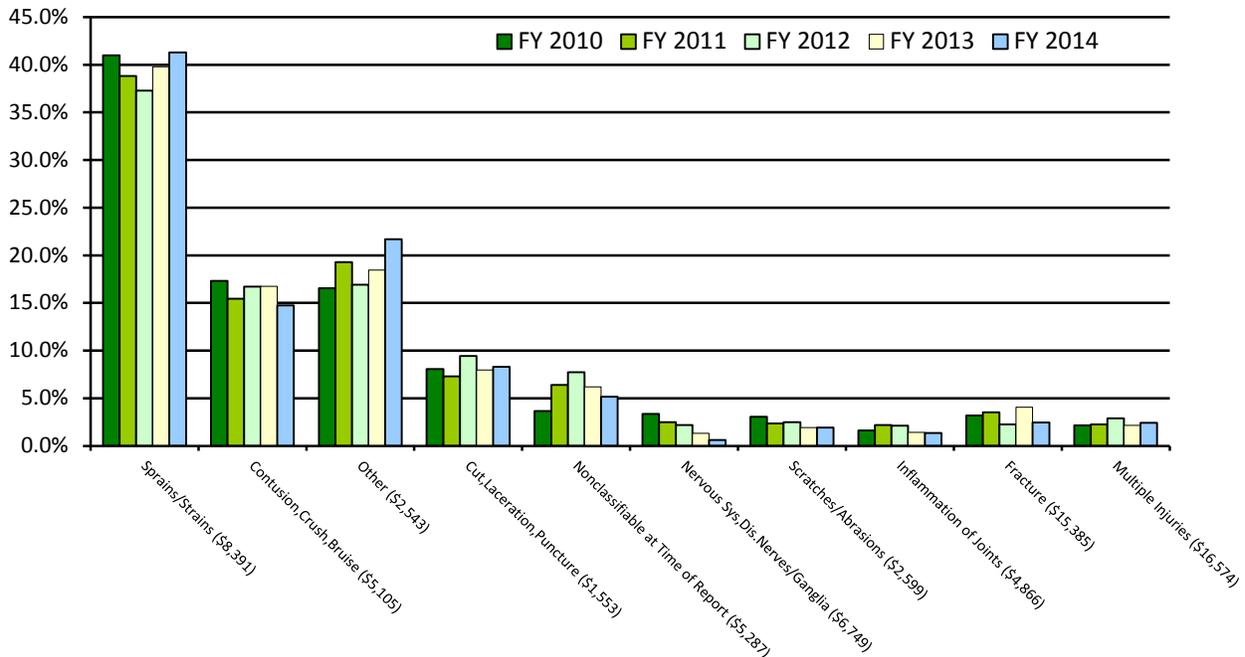


Chart 19B 5-Year Comparison by Nature (%) of Reported Claims



NOTE: The dollar amounts shown in parenthesis in chart 19B above are the historical average claim costs on claims reported in FY 2006 through FY 2010 paid out through 6/30/14.

Incident Rates

The average workers' compensation claim incident rate decreased in FY 2014 (Chart 20)

The workers' compensation claim *incident rate* is an indicator of an agency's claims experience. It is an approximation of the number of reportable claims paid per year, per 100 full-time employees and is calculated as follows:

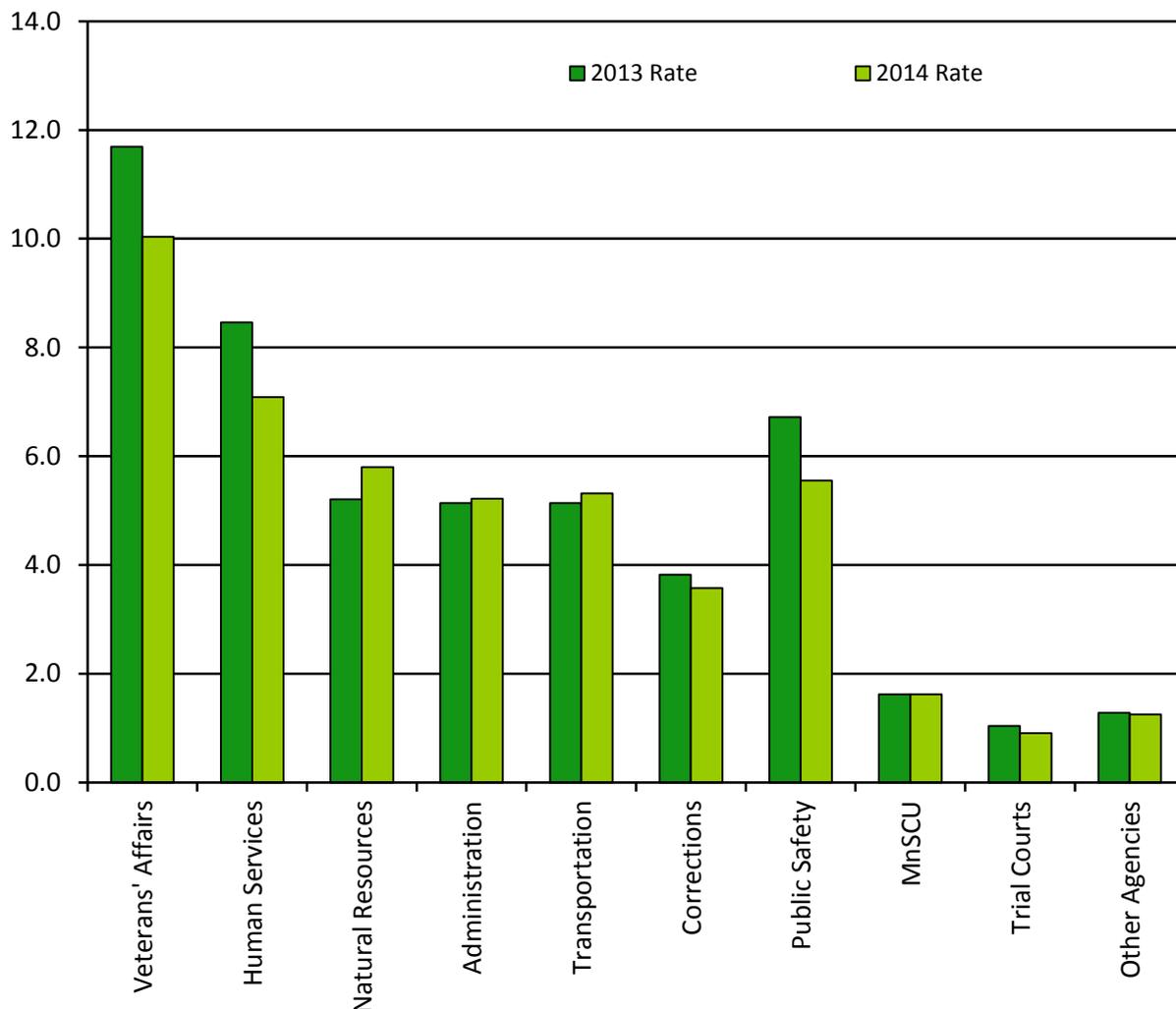
$$\text{Incident Rate} = \frac{\text{Number of Reportable Claims Paid} \times 200,000}{\text{Total Employee Hours Worked}}$$

A *reportable* claim is one in which an employee seeks medical treatment or misses time from work, we accept liability, and expenses are paid.

The statewide average incident rate decreased from 3.4 in FY2013 to 3.2 in FY 2014. See Appendix C (p. 36) for individual agency incident rates for FY 2014.

Overall, the incident rate for all agencies decreased from 4.1 in FY 2010 to 3.2 in FY 2014. See Chart 21 (p. 33) for five year rate comparison.

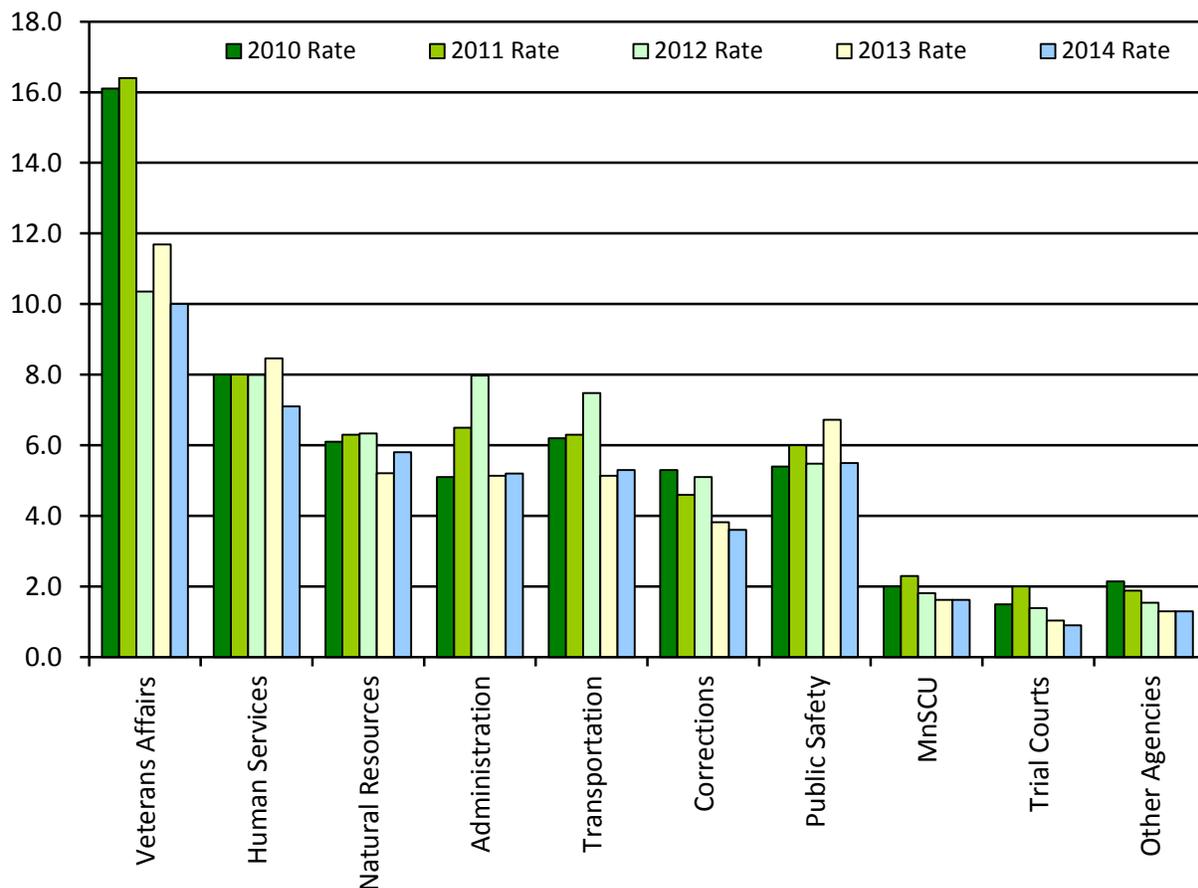
Chart 20/Incident Rates/FYs 2013-2014



Agency	FY 2013			FY 2014			FY 13-14 Rate Change
	Reportable Claims	Hours Worked	2013 Rate	Reportable Claims	Hours Worked	2014 Rate	
Veterans Affairs	118	2,019,526	11.7	105	2,092,409	10.0	-1.7
Human Services	436	10,304,879	8.5	381	10,751,204	7.1	-1.4
Natural Resources	124	4,764,288	5.2	135	4,655,454	5.8	0.6
Administration	19	739,293	5.1	20	766,685	5.2	0.1
Transportation	215	8,365,693	5.1	222	8,352,919	5.3	0.2
Corrections	136	7,123,416	3.8	129	7,212,285	3.6	-0.2
Public Safety	113	3,363,241	6.7	91	3,279,369	5.5	-1.2
MnSCU	239	29,588,608	1.6	238	29,334,595	1.6	0.0
Trial Courts	20	3,863,512	1.0	18	3,976,314	0.9	-0.1
Other Agencies	143	22,367,333	1.3	145	23,179,240	1.3	0.0
All Agencies	1,563	92,499,798	3.4	1,484	93,600,471	3.2	-0.2

*Source of Hours Worked is SEMA4.

Chart 21/Incident Rate Comparison/FYs 2010-2014



Agency	2010 Rate	2011 Rate	2012 Rate	2013 Rate	2014 Rate	FY 10-14 Rate Change
Veterans Affairs	16.1	16.4	10.4	11.7	10.0	-6.1
Human Services	8.0	8.0	8.0	8.5	7.1	-0.9
Natural Resources	6.1	6.3	6.3	5.2	5.8	-0.3
Administration	5.1	6.5	8.0	5.1	5.2	0.1
Transportation	6.2	6.3	7.5	5.1	5.3	-0.9
Corrections	5.3	4.6	5.1	3.8	3.6	-1.7
Public Safety	5.4	6.0	5.5	6.7	5.6	0.1
MnSCU	2.0	2.3	1.8	1.6	1.6	-0.4
Trial Courts	1.5	2.0	1.4	1.0	0.9	-0.6
Other Agencies	2.1	1.9	1.5	1.3	1.3	-0.8
All Agencies	4.1	4.1	3.9	3.4	3.2	-0.9

Appendix A: Reported Claims/FY 2013 – 2014 by Agency

Agency	FY 2013	FY 2014	% of Change
Administration	43	26	-39.53%
Agriculture	10	6	-40.00%
Animal Health Board	0	1	100.00%
Attorney General	4	4	No Change
Boards & Commissions	5	5	No Change
Perpich Center for Arts Educ	1	4	300.00%
Commerce & Commerce Weights & Measures	5	7	40.00%
Conservation Corp	50	40	-20.00%
Corrections	239	217	-9.21%
Court of Appeals	1	0	-100.00%
Education	11	7	-36.36%
Explore Minnesota Tourism	1	2	100.00%
Employment & Economic Development	32	23	-28.13%
Examining Boards	4	4	No Change
Faribault Academies	23	20	-13.04%
Gambling Control Board	0	0	No Change
Governor's Office	0	0	No Change
Health	21	29	38.10%
Higher Educ Services Office	0	0	No Change
Historical Society	26	17	-34.62%
House of Representatives	6	4	-33.33%
Housing Finance	1	4	300.00%
Human Rights	1	3	200.00%
Human Services	539	509	-5.57%
Indian Affairs Council	0	0	No Change
Investment Board	0	0	No Change
Iron Range Resources	2	2	No Change
Judicial	6	4	-33.33%
Judicial Standards Board	0	0	No Change
Labor & Industry	11	15	36.36%
Legislative Auditor	1	0	-100.00%
Legislative Coord Commission/Revisor of Statutes	1	0	-100.00%
Lottery	5	9	80.00%
Mediation Services	0	0	No Change
Military Affairs	15	14	-6.67%
Minnesota Management & Budget	4	2	-50.00%
MN State Retirement	2	0	-100.00%
MnSCU	385	365	-5.19%
Natural Resources	177	186	5.08%
MN.IT Services	9	16	77.78%
Ombudsman-Corrections	0	0	No Change
Ombudsperson for Families	0	0	No Change
Pollution Control Agency	10	15	50.00%
Public Defense Board	2	4	100.00%
Public Employees Retirement Assoc.	2	0	-100.00%
Public Safety	152	129	-15.13%
Public Utilities Commission	1	0	-100.00%
Racing Commission	0	0	No Change
Revenue	24	21	-12.50%
Secretary of State	2	1	-50.00%
State Arts Board	0	0	No Change
State Auditor	1	1	No Change
State Fair	24	20	-16.67%
State Guardian Ad Litem	7	3	-57.14%
State Senate	5	3	-40.00%
Tax Court	0	0	No Change
Teachers Retirement Assoc.	1	0	-100.00%
Transportation	270	282	4.44%
Trial Courts	45	43	-4.44%
Veterans Affairs	150	147	-2.00%
Work Comp Court of Appeals	1	0	-100.00%
Zoo	13	12	-7.69%
TOTAL	2,351	2,226	-5.32%

Appendix B: Benefit Costs/FY 2013 – 2014 by Agency

Agency	FY 2013	FY 2014	% of Change
Administration	\$580,970	\$419,272	-27.83%
Agriculture	\$140,104	\$153,506	9.57%
Animal Health Board	\$6,945	\$4,861	-30.01%
Attorney General	\$2,091	\$13,695	555.04%
Boards & Commissions	\$15,171	\$6,270	-58.67%
Perpich Center for Arts Education	\$3,897	\$275	-92.95%
Commerce & Commerce Weights & Measures	\$57,871	\$93,096	60.87%
Conservation Corp MN	\$39,544	\$80,412	103.35%
Corrections	\$2,578,215	\$2,379,807	-7.70%
Court of Appeals	\$1,787	\$0	-100.00%
Education	\$109,555	\$50,611	-53.80%
Explore Minnesota Tourism	\$0	\$11,680	100.00%
Employment & Economic Development	\$412,419	\$267,555	-35.13%
Examining Boards	\$19,928	\$3,451	-82.68%
Faribault Academies	\$280,441	\$381,980	36.21%
Gambling Control Board	\$0	\$0	No Change
Governor's Office	\$2,156	-\$431	-120.00%
Health	\$203,794	\$142,787	-29.94%
Higher Educ Services Office	\$0	\$0	No Change
Historical Society	\$22,391	\$16,215	-27.58%
House of Representatives	\$3,369	\$1,703	-49.46%
Housing Finance	\$132,090	\$6,305	-95.23%
Human Rights	\$15,620	\$15,118	-3.21%
Human Services	\$7,339,916	\$6,286,240	-14.36%
Indian Affairs Council	\$0	\$0	No Change
Investment Board	\$0	\$0	No Change
Iron Range Resources	\$80,581	\$45,653	-43.34%
Judicial	\$18,567	-\$3,194	-117.20%
Judicial Standards Board	\$0	\$0	No Change
Labor & Industry	\$243,875	\$107,429	-55.95%
Legislative Auditor	\$0	\$0	No Change
Legislative Coord Commission/Revisor of Statutes	\$0	\$0	No Change
Lottery	\$9,399	\$23,690	152.04%
Mediation Services	\$0	\$0	No Change
Military Affairs	\$218,569	\$263,026	20.34%
Minnesota Management & Budget	\$77,228	\$9,838	-87.26%
MN.IT Services	\$65,002	\$93,271	43.49%
MN State Retirement	\$13,101	\$28,003	113.75%
MnSCU	\$2,893,243	\$2,904,995	0.41%
Natural Resources	\$851,577	\$1,095,151	28.60%
Ombudsman-Corrections	\$0	\$0	No Change
Ombudsperson for Families	\$0	\$0	No Change
Pollution Control Agency	\$32,205	\$20,620	-35.97%
Public Defense Board	\$48,434	\$67,193	38.73%
Public Employees Retirement Assoc.	\$1,164	\$90	-92.29%
Public Safety	\$961,709	\$1,158,610	20.47%
Public Utilities Commission	\$0	\$0	No Change
Racing Commission	\$0	\$0	No Change
Revenue	\$237,530	\$112,494	-52.64%
Secretary of State	\$123	\$540	340.96%
State Arts Board	\$0	\$0	No Change
State Auditor	\$16,683	\$29,583	77.32%
State Fair	\$174,053	\$85,994	-50.59%
State Guardian Ad Litem	\$23,600	\$7,547	-68.02%
State Senate	\$11,688	\$99,617	752.30%
Tax Court	\$0	\$0	No Change
Teachers Retirement Assoc.	\$366	\$0	-100.00%
Transportation	\$4,217,561	\$3,892,936	-7.70%
Trial Courts	\$268,751	\$240,279	-10.59%
Veterans Affairs	\$1,130,893	\$1,582,549	39.94%
Work Comp Court of Appeals	\$43,612	\$35,384	-18.87%
Zoo	\$130,498	\$231,751	77.59%
TOTAL	\$23,738,287	\$22,467,457	-5.35%

Appendix C: Agency Incident Rates/FY 2014

Agency	# of Hours Worked	Reportable Claims	Incident Rate
Administration	766,685	20	5.22
Agriculture	760,954	3	0.79
Animal Health Board	68,027	0	0.00
Attorney General	527,504	3	1.14
Boards & Commissions	709,037	3	0.85
Perpich Center for Arts Educ	170,743	3	3.51
Commerce & Commerce Weights & Measures	568,825	7	2.46
Conservation Corp MN	Not Available	33*	Not Available
Corrections	7,212,285	129	3.58
Court of Appeals	161,863	0	0.00
Education	648,126	2	0.62
Explore Minnesota Tourism	79,176	2	5.05
Employment & Economic Development	2,480,295	12	0.97
Examining Boards	317,846	3	1.89
Faribault Academies	288,594	17	11.78
Gambling Control Board	52,361	0	0.00
Governor's Office	73,980	0	0.00
Health	2,380,040	19	1.60
Higher Educ Services Office	3,462	0	0.00
Historical Society	Not Available	7*	Not Available
House of Representatives	Not Available	2*	Not Available
Housing Finance	388,790	3	1.54
Human Rights	59,128	3	10.15
Human Services	10,751,204	381	7.09
Indian Affairs Council	10,138	0	0.00
Investment Board	38,189	0	0.00
Iron Range Resources	126,145	1	1.59
Judicial	502,183	0	0.00
Judicial Standards Board	3,614	0	0.00
Labor & Industry	751,602	7	1.86
Legislative Auditor	107,424	0	0.00
Legislative Coord Commission/Revisor of Statutes	140,628	0	0.00
Lottery	269,259	5	3.71
Military Affairs	525,516	13	4.95
Minnesota Management & Budget	402,144	2	0.99
MN State Retirement	182,273	0	0.00
MNSure	205,107	0	0.00
MnSCU	29,334,595	238	1.62
Natural Resources	4,655,454	135	5.80
MN.IT Services	3,577,702	4	0.22
Office of Higher Education	108,064	0	0.00
Ombudsperson for Families	7,129	0	0.00
Pollution Control Agency	1,499,600	9	1.20
Public Defense Board	1,128,383	4	0.71
Public Employees Retirement Assoc.	152,117	0	0.00
Public Facilities Authority	11,994	0	0.00
Public Safety	3,279,369	91	5.55
Public Utilities Commission	93,930	0	0.00
Racing Commission	20,747	0	0.00
Revenue	2,655,697	10	0.75
Secretary of State	125,247	1	1.60
State Arts Board	28,597	0	0.00
State Auditor	167,230	1	1.20
State Fair	Not Available	16*	Not Available
State Senate	Not Available	1*	Not Available
Tax Court	12,383	0	0.00
Teachers Retirement Assoc.	144,446	0	0.00
Transportation	8,352,919	222	5.32
Trial Courts	3,976,314	18	0.91
Veterans Affairs	2,092,409	105	10.04
Work Comp Court of Appeals	21,663	0	0.00
Zoo	421,340	8	3.80
TOTAL	93,600,471	1,484	3.17

* Reportable Claim #'s are not included in the 1,484 total.

Appendix C1: Agency Incident Rates Graph/FY 2014

