Workers' Compensation Program Annual Report State Fiscal Year 2011

Mission Statement

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

Goals and Strategies

Reduce risk through proactive and innovative risk, loss control and claims management practices.

Maintain financial stability and a safe, productive workforce.

Deliver 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 2011

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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 2,600 new claims annually and is funded by an administrative fee charged to each agency covered by the program. During state fiscal year 2011 (FY 2011), the program's total costs increased 6.1% ($1,834,163) from $30.2 million to $32.1 million. The increase is led by an increase in reinsurance costs.

We present the following report on the program's activities during FY 2011. 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 2011 figures to FY 2010, unless otherwise noted, and are actual costs. The cost data has not been adjusted for inflation, except for the benchmarks section (pp. 4-7).

Executive Summary

The following is a summary of program activity for state fiscal year 2011:

Cost Per $100 of Payroll

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

Claim Numbers

- Agencies reported 2.2% more claims in FY 2011 (p. 9).

Total Costs

- Total program costs increased 6.1% from $30,234,031 in FY 2010 to $32,068,194 in FY 2011 (pp. 11-12).
- Expenditures for program administration decreased 5.9% from $2,775,022 in FY 2010 to $2,610,604 in FY 2011 (pp. 11-12).
- Expenditures for reinsurance increased 180.5% from $906,270 in FY2010 to $2,542,185 in FY2011 (pp. 11-12).
- Expenditures for all benefits increased 1.6% from $23,584,737 in FY 2010 to $23,961,813 in FY 2011 (pp. 13-14).
- Expenditures for medical benefits decreased 2.7% from $12,435,509 in FY 2010 to $12,101,907 in FY 2011 (pp. 16-17).
- Expenditures for indemnity benefits increased 4.7% from $8,270,493 in FY 2010 to $8,661,057 in FY 2011 (pp. 18-19).

Recoveries

- Recoveries increased 6.0% in FY 2011 (pp. 20-21). 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 83.3% of the program's payment activity (pp. 24-25).
- Benefit costs for these nine agencies increased 1.0% from FY 2010 to FY 2011 (pp. 26-27).
- The workers' compensation incidence rate remained constant at 4.1 in FY 2011 from FY 2010 (pp. 32-33) for all agencies. The incident rate for individual agencies is located in Appendix C (p. 37).

Other Findings

- Claims that occurred prior to 2000 accounted for 26.4% of the program's benefit costs paid out during FY 2011 (pp. 22-23).
- Most common injury causes continue to be due to overexertion and falls (p. 30).

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

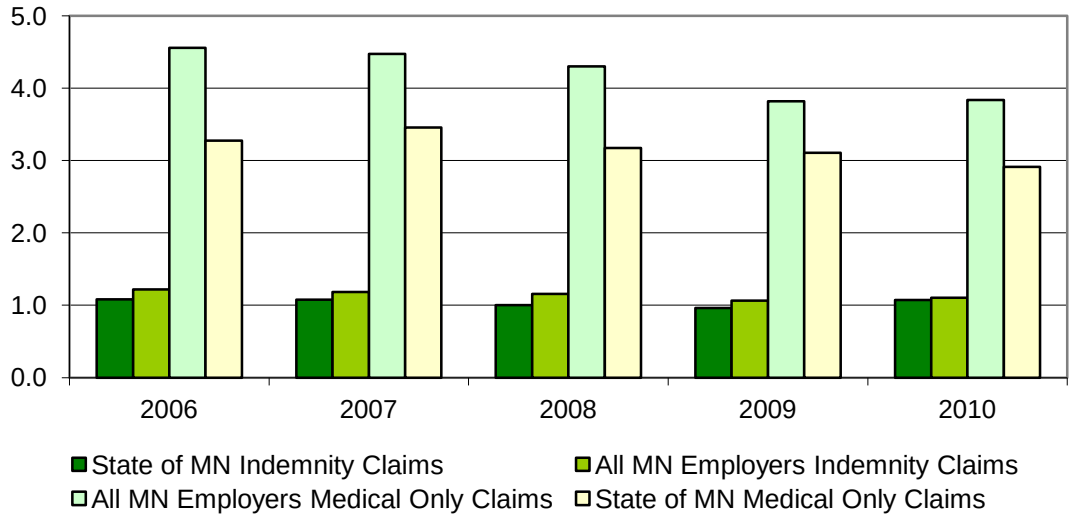
The Safety and Loss Control Unit provides safety and industrial hygiene consulting resources to all state agencies. Its purpose is to help state agencies identify and correct workplace safety hazards-both environmental and behavioral-that place employees at risk for work related injury or illness. The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

Benchmarks

Claims rate remains steady over the last five years *(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.



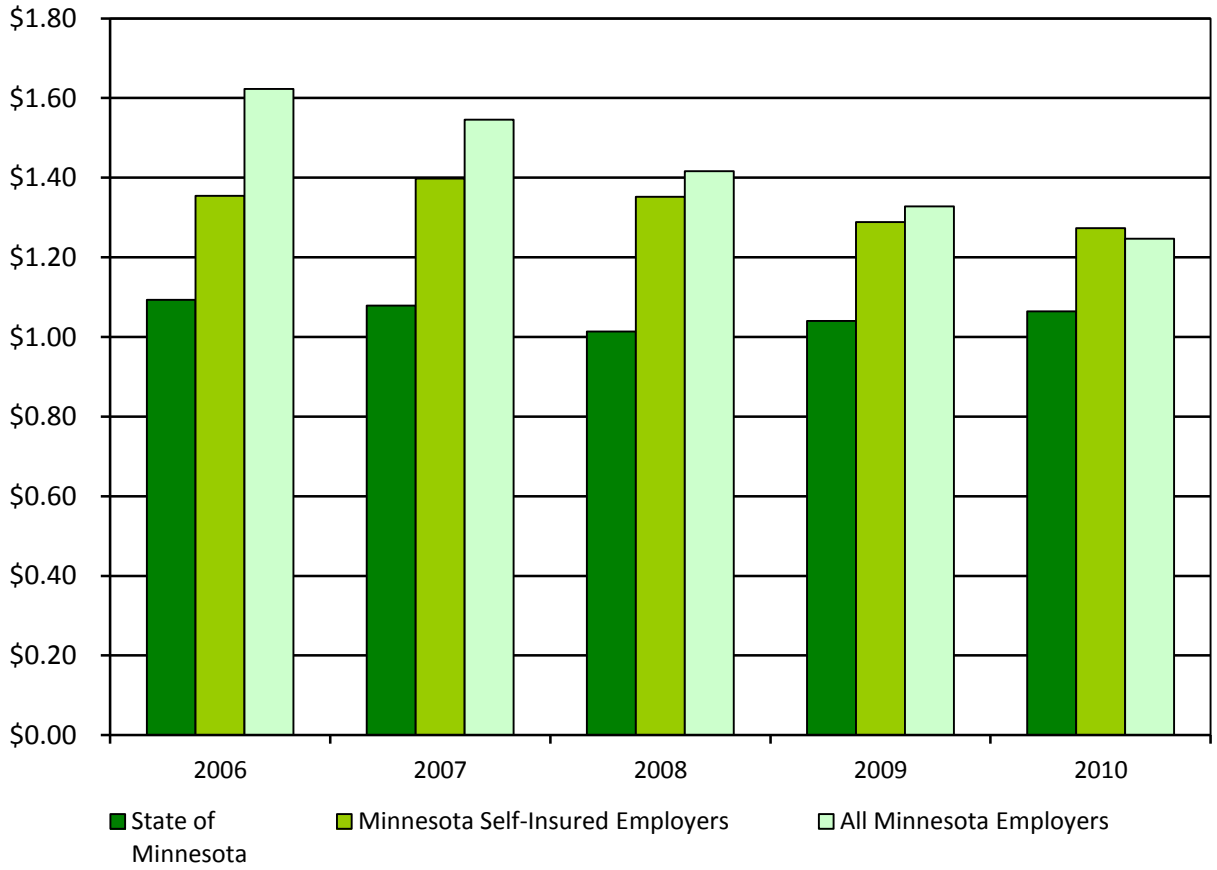
State of Minnesota Paid Claims Per 100 FTE CY DOI/FTE by FY			
Injury Calendar Year	Indemnity Claims	Medical Only Claims	Total Claims
2006	1.1	3.3	4.4
2007	1.1	3.5	4.5
2008	1.0	3.2	4.2
2009	1.0	3.1	4.1
2010	1.1	2.9	4.0

All Minnesota Employers Paid Claims Per 100 FTE CY DOI/FTE by FY			
Injury Calendar Year	Indemnity Claims	Medical Only Claims	Total Claims
2006	1.2	4.6	5.8
2007	1.2	4.5	5.7
2008	1.2	4.3	5.5
2009	1.1	3.8	4.9
2010	1.1	3.8	4.9

Data Source: DLI System Report (released 2012)
Please note that data from prior years has been updated.

The total cost of the state's workers' compensation program has been stable during the last five years when compared to other Minnesota employers *(Charts 2, 3)*.

Chart 2/Estimated Cost Per $100 of Payroll

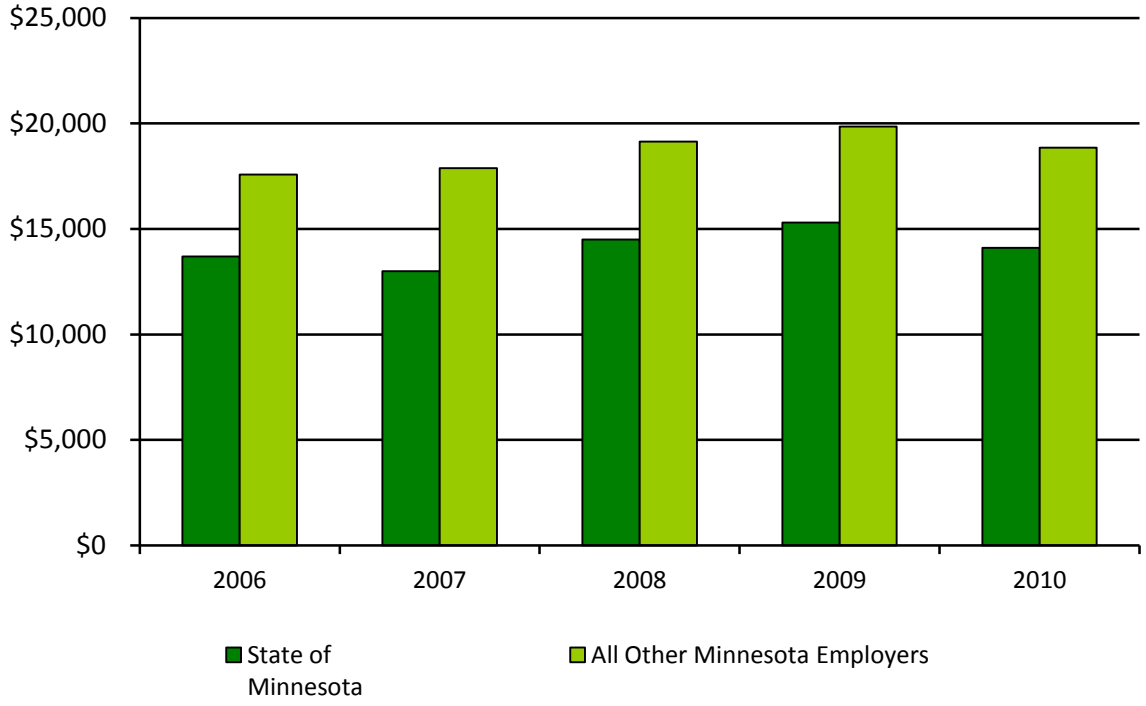


Year	State of Minnesota	Minnesota Self-Insured Employers	All Minnesota Employers
2006	$1.09	$1.35	$1.62
2007	$1.08	$1.40	$1.55
2008	$1.01	$1.35	$1.42
2009	$1.04	$1.29	$1.33
2010	$1.06	$1.27	$1.25

Data Source: DLI System Report (released 2012)
Please note that data from prior years has been updated.

Chart 3/Average Cost of Indemnity Claims

Comparison of the State of Minnesota's average indemnity benefits per indemnity claim to all other Minnesota employers (figures adjusted for wage growth).



Year	State of Minnesota	All Other Minnesota Employers
2006	$13,700	$17,573
2007	$13,000	$17,878
2008	$14,500	$19,134
2009	$15,300	$19,849
2010	$14,100	$18,848

Data Source: DLI System Report (released 2012)
Please note that data from prior years has been updated.

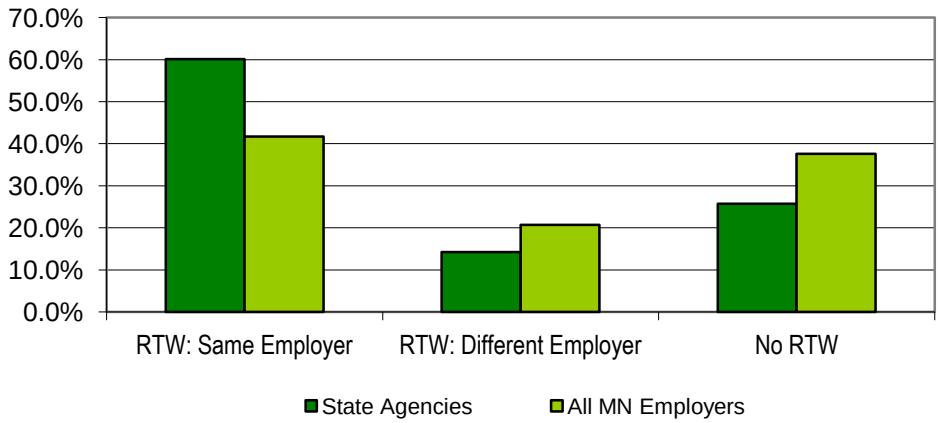
Chart 4a/Return-to-Work Rate

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 (%)
2004	**All MN Employers**	44.0	22.9	33.1	100
	State Agencies	57.8	19.8	22.4	100
2005	**All MN Employers**	43.9	22.3	33.8	100
	State Agencies	50.5	23.4	26.2	100
2006	**All MN Employers**	42.3	22.6	35.1	100
	State Agencies	63.5	12.5	24.0	100
2007	**All MN Employers**	41.5	22.4	36.1	100
	State Agencies	58.9	12.9	28.2	100
2008	**All MN Employers**	41.9	20.9	37.2	100
	State Agencies	62.0	10.2	27.8	102
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
Average 2004-2010	**All MN Employers**	**41.7**	**20.7**	**37.6**	100
	State Agencies	**60.1**	**14.2**	**25.7**	100

Data Source: DLI System Report (released 2012)
Please note that data from prior years has been updated.

Chart 4b/Return to Work (RTW) Comparison 2004-2010/Average



Findings

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

Number of claims increased (Chart 5)

The program experienced an increase of 57 claims reported from FY 2010 to FY 2011. Appendix A (p. 35) contains an agency-by-agency breakdown of the number of claims reported for FY 2010 and FY 2011.

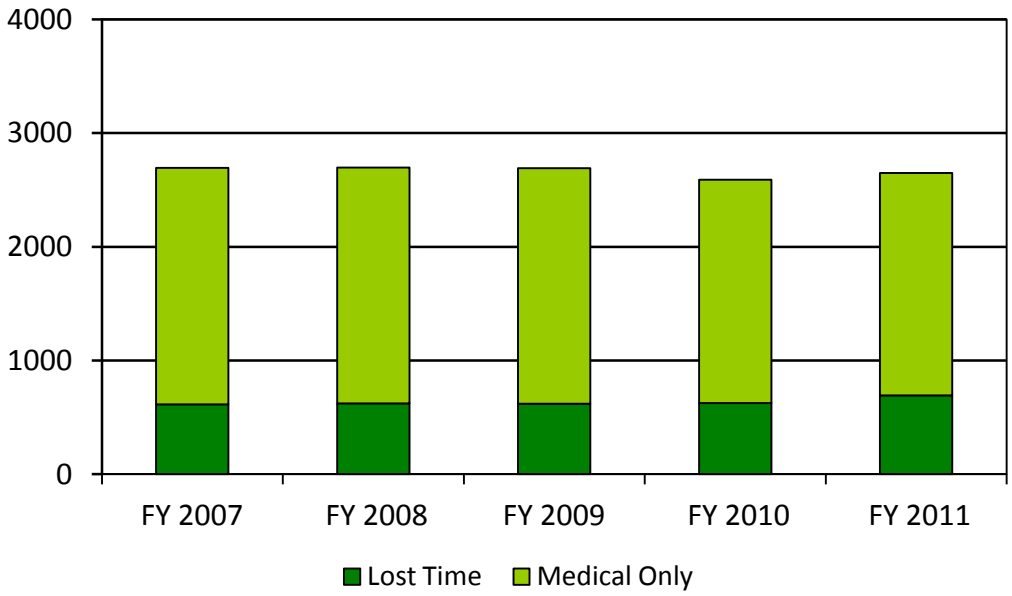
Increase in lost time claims (Chart 5)

Lost time claims, those in which the employee is disabled beyond a three calendar-day waiting period, increased by 10.5% (66) from FY 2010 to FY 2011. *Medical only claims* decreased by 0.5% (9) from FY 2010 to FY 2011.

Number of claims closed decreased (Chart 6)

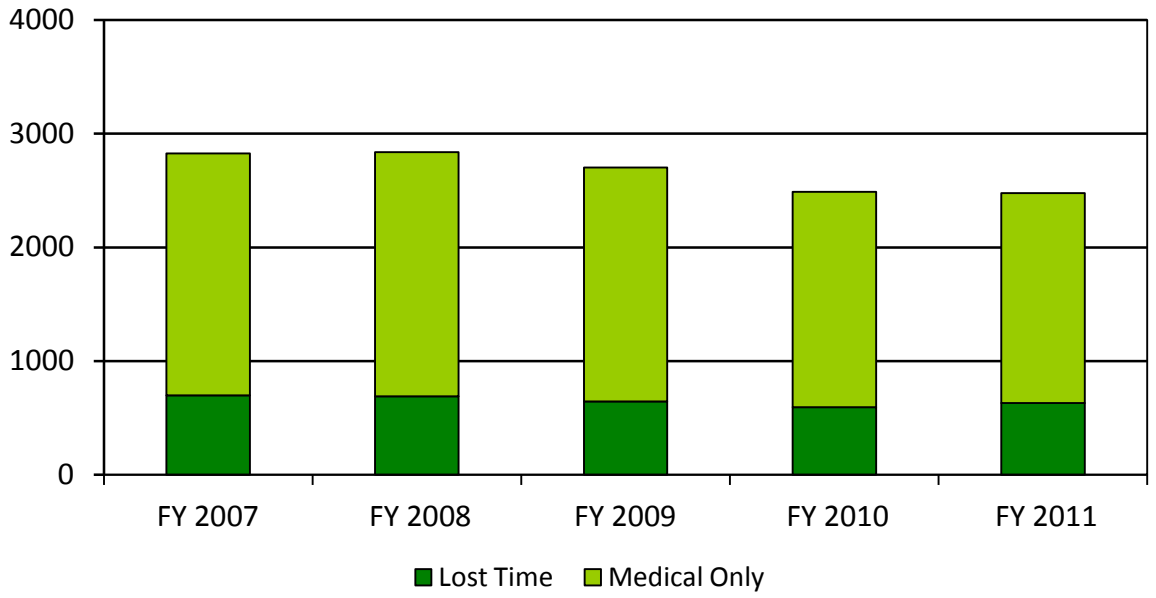
The program closed fewer claims in FY 2011 compared to FY 2010. The program closed fewer claims than it received during FY 2011 (2,648 received vs. 2,477 closed), thus increasing the number of claims being managed.

Chart 5/Number of Claims Reported/FYs 2007-2011



	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 07-11	FY 10-11
	Claims Reported					% Change	
Lost Time	614	624	620	627	693	12.9%	10.5%
Medical Only	2,079	2,073	2,071	1,964	1,955	-6.0%	-0.5%
Totals	**2,693**	**2,697**	**2,691**	**2,591**	**2,648**	**-1.7%**	**2.2%**

Chart 6/Number of Claims Closed/FYs 2007-2011



	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 07-11	FY 10-11
	Claims Closed					% Change	
Lost Time	698	692	646	594	631	-9.6%	6.2%
Medical Only	2,127	2,146	2,055	1,895	1,846	-13.2%	-2.6%
Totals	**2,825**	**2,838**	**2,701**	**2,489**	**2,477**	**-12.3%**	**-0.5%**

Total Program Costs

The program experienced an increase in total costs (Chart 7)

The program's total costs of $32,068,194 reflect an increase of 6.1% ($1,834,163) from FY 2010 to FY 2011. 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 2011, these costs increased 1.6% ($377,076) compared to FY 2010. Benefit costs by category are listed on page 14 of this report.

Administration

In FY 2011, the program provided claims administration and safety and loss control services with administrative operating revenues of $2,496,000, which has remained unchanged since FY 2004.

Special Assessments

The program's expenditure for *special assessments* decreased 0.9% ($13,379) compared to FY 2010. 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. This assessment is based upon indemnity benefits paid and charged to all insurers and self-insured employers doing business in Minnesota.

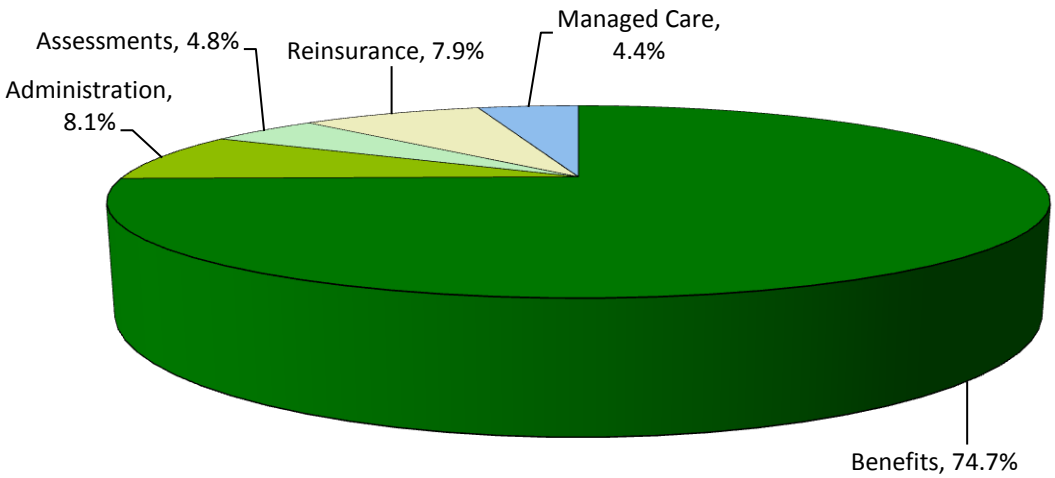
Reinsurance

The program's expenditure for *reinsurance* increased 180.5% in FY 2011 compared to FY 2010. The Workers' Compensation Reinsurance Association (WCRA) provides coverage to the state on claims exceeding our deductible or retention level. The large increase in premiums in FY 2011 is associated with the WCRA surplus distribution recovery program.

Managed Care

The program's payment for *managed care* services decreased 0.1% ($1,032) from FY 2010 to FY 2011. This slight decrease is due to a decrease in the number of State employees.

Chart 7/Total Program Costs/FYs 2007-2011



	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 07-11	FY 10-11
	Total Program Costs					% Change	
Benefits	$20,398,449	$21,423,282	$22,256,201	$23,584,737	$23,961,813	17.5%	1.6%
Administration	$2,537,651	$2,556,402	$2,704,525	$2,775,022	$2,610,604	2.9%	-5.9%
Assessments	$1,338,730	$1,408,947	$1,553,475	$1,546,139	$1,532,760	14.5%	-0.9%
Reinsurance	$553,511	$557,147	$736,379	$906,270	$2,542,185	359.3%	180.5%
Managed Care	$1,331,002	$1,369,343	$1,403,061	$1,421,864	$1,420,832	6.7%	-0.1%
Totals	**$26,159,343**	**$27,315,121**	**$28,653,641**	**$30,234,031**	**$32,068,194**	**22.6%**	**6.1%**

Benefit Costs

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

In FY 2011, benefit expenditures increased a total of 1.6% ($377,076) compared to FY 2010.

Medical costs decreased

Payments for office and hospital visits, prescriptions, supplies, and reimbursements for travel and time off to see the doctor decreased 2.7% ($333,602) in FY 2011 compared to the previous year.

Indemnity costs increased

Benefit payments to compensate employees for lost wages or for permanent loss of body function increased in FY 2011 compared to FY 2010 by 4.7% ($390,564).

Rehabilitation costs increased

Expenditures for disability management and vocational rehabilitation services that assist in returning injured employees to work increased 12.6% ($184,315) from FY 2010 to FY 2011.

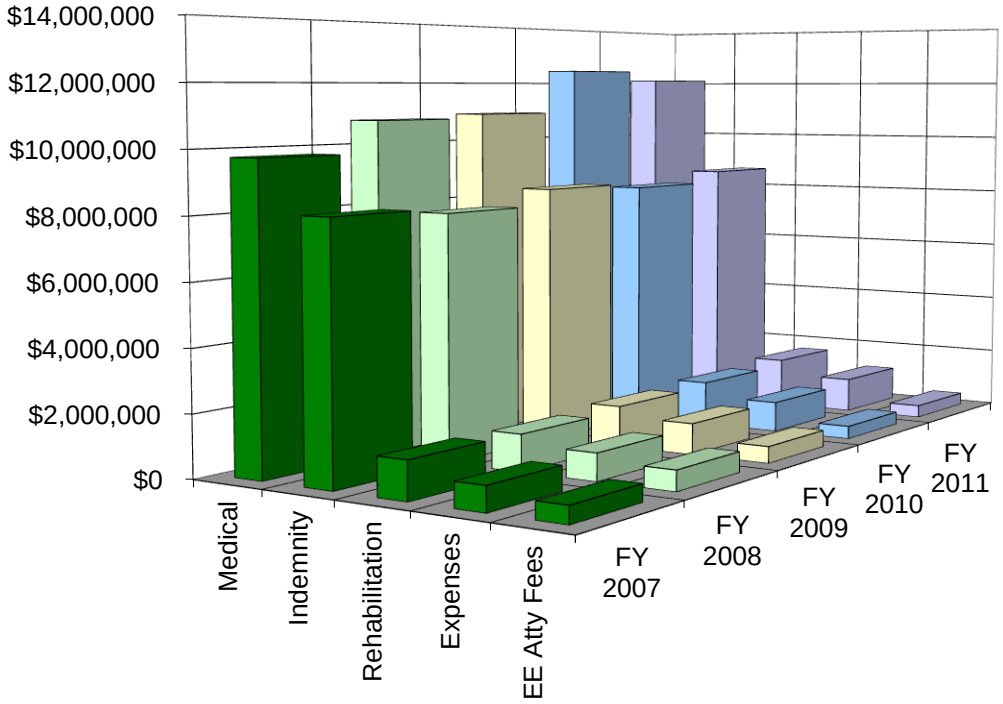
Expense costs increased

Expenditures for investigations, independent medical examinations, medical records, court reporters, deposition fees, and legal defense costs increased 14.7% ($146,398) in FY 2011.

Employee attorney costs decreased

Fees paid to attorneys representing injured employees in FY 2011 decreased 2.5% ($10,599) compared to FY 2010.

Chart 8/Benefit Costs/FYs 2007-2011

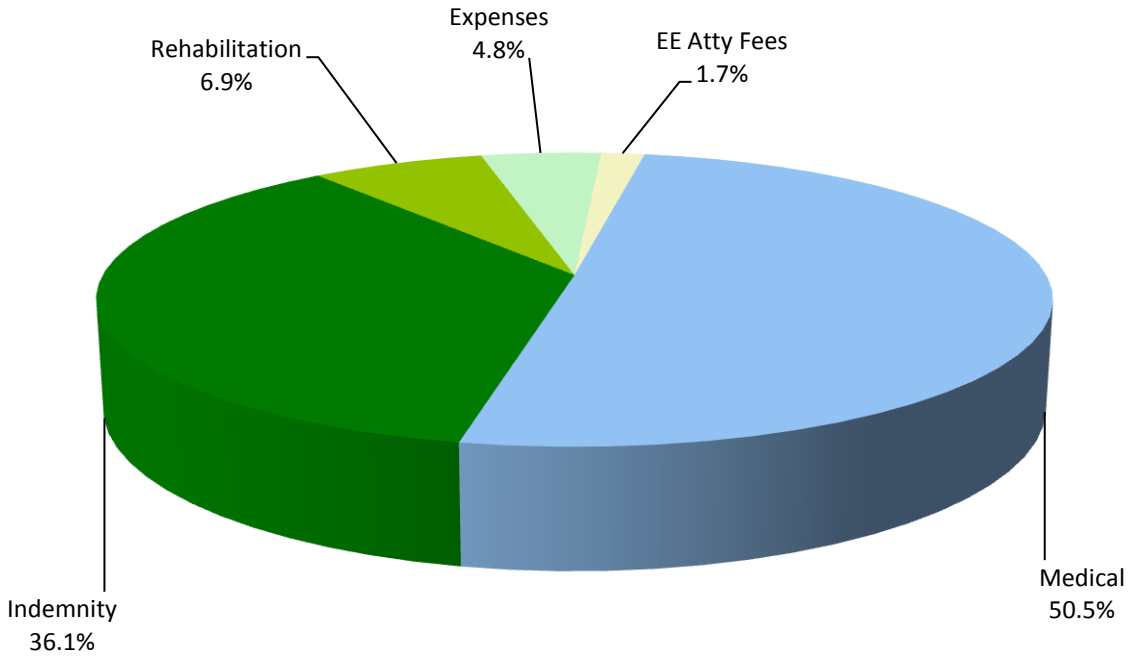


	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 07-11	FY 10-11
	Benefit Costs					% Change	
Medical	$9,747,169	$10,790,514	$10,935,885	$12,435,509	$12,101,907	24.2%	-2.7%
Indemnity	$8,086,464	$7,910,732	$8,436,569	$8,270,493	$8,661,057	7.1%	4.7%
Rehabilitation	$1,227,354	$1,188,114	$1,331,215	$1,460,996	$1,645,311	34.1%	12.6%
Expenses	$789,490	$880,966	$1,013,659	$995,580	$1,141,978	44.6%	14.7%
EE Atty Fees	$547,972	$652,956	$538,873	$422,159	$411,560	-24.9%	-2.5%
Totals Overall	**$20,398,449**	**$21,423,282**	**$22,256,201**	**$23,584,737**	**$23,961,813**	**17.5%**	**1.6%**

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

In FY 2011, 50.5% ($12,101,907) of the total benefits paid were for injured employees' medical costs. 36.1% ($8,661,057) 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 (36.1%) was higher than the 35.1% of the previous year (FY 2010).

Chart 9/Composition of Benefit Costs/FY 2011



Medical Costs

The program's expenditure for medical benefits decreased 2.7% *(Chart 10)*

In FY 2011, the program paid $12,101,907 to various medical care providers and for medical reimbursements to the employee. This was a decrease of 2.7% ($333,602) compared to FY 2010.

Medical office visits include all non-chiropractic care that is not provided in a hospital. From FY 2010 to FY 2011, these payments increased by 18.3% ($652,983).

Hospital payments include all inpatient and outpatient treatment that is provided in a hospital. In FY 2011, these payments decreased 17.6% ($1,156,750) compared to FY 2010.

Chiropractic care payments increased 12.2% ($28,824) in FY 2011 compared to FY 2010.

Miscellaneous medical includes payments to intervenors, diet and/or fitness centers, and home remodeling. In FY 2011, these payments increased 95.8% ($86,629) compared to FY 2010.

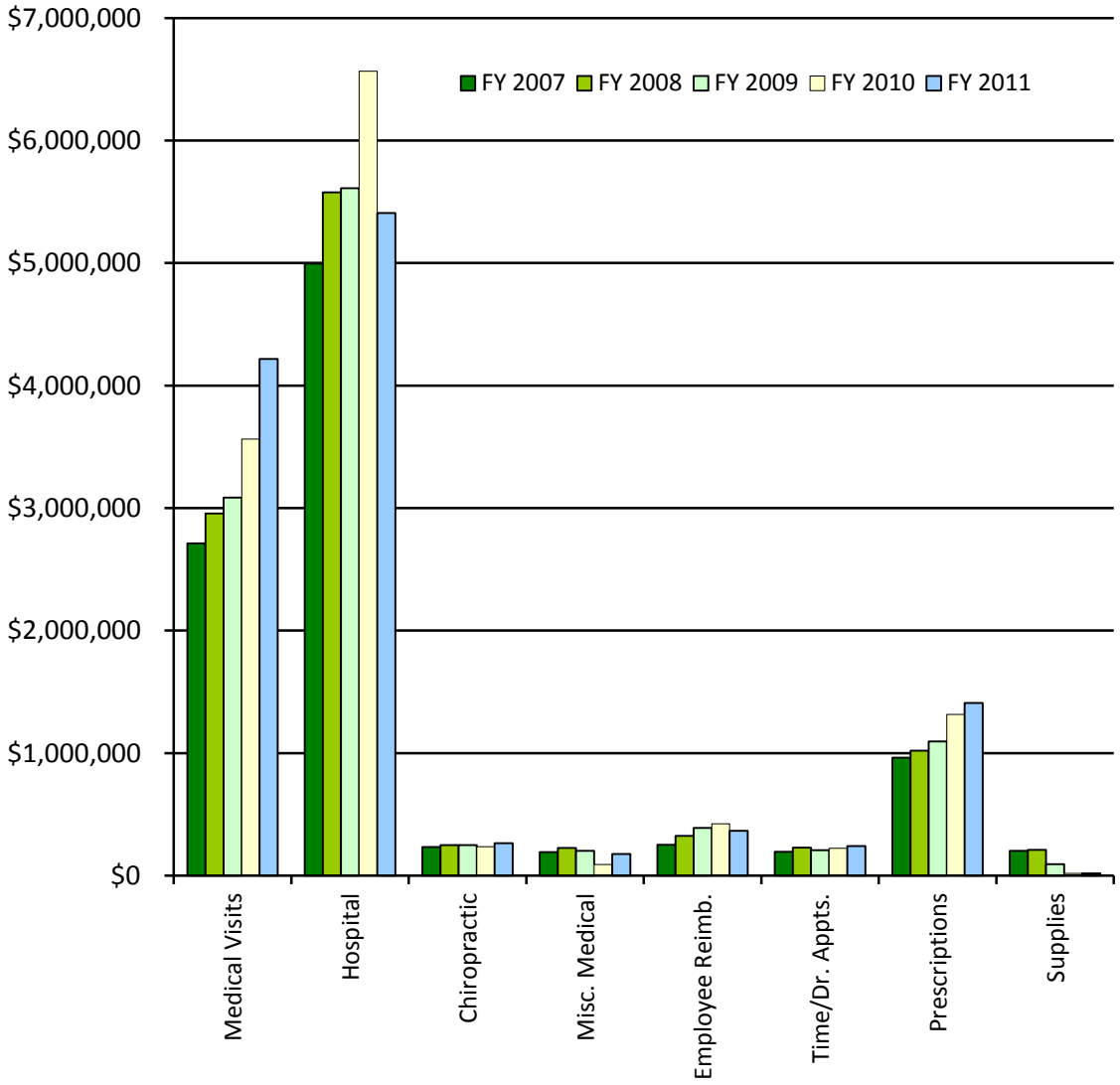
Employee reimbursements include mileage, parking, and meals. These payments decreased 13.2% ($55,648) from FY 2010 to FY 2011.

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 8.2% ($18,238) compared to FY 2010.

Prescription costs increased 6.9% ($91,126) from FY 2010 to FY 2011.

Supplies include medical equipment and supplies. These payments increased 5.7% ($996) in FY 2011 compared to FY 2010.

Chart 10/Medical Benefit Costs/FYs 2007-2011



	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 07-11	FY 10-11
	Medical Benefit Costs					% Change	
Medical Visits	$2,711,069	$2,954,882	$3,086,947	$3,564,331	$4,217,314	55.6%	18.3%
Hospital	$4,995,210	$5,576,210	$5,609,808	$6,566,193	$5,409,443	8.3%	-17.6%
Chiropractic	$234,465	$249,328	$249,731	$235,323	$264,147	12.7%	12.2%
Misc. Medical	$193,517	$226,023	$202,106	$90,391	$177,020	-8.5%	95.8%
Employee Reimb	$252,005	$325,878	$389,092	$422,043	$366,395	45.4%	-13.2%
Time/Dr. Appts.	$194,323	$228,422	$208,463	$222,721	$240,959	24.0%	8.2%
Prescriptions	$962,579	$1,019,504	$1,096,690	$1,317,098	$1,408,224	46.3%	6.9%
Supplies	$204,001	$210,267	$93,047	$17,408	$18,404	-91.0%	5.7%
Totals	**$9,747,169**	**$10,790,514**	**$10,935,884**	**$12,435,509**	**$12,101,907**	**24.2%**	**-2.7%**

Indemnity Costs

The program's expenditure for indemnity benefits increased 4.5% *(Chart 11)*

The program's second largest expenditure, indemnity benefits, experienced an increase of 4.5% from FY 2010 to FY 2011.

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 2011, TTD payments increased 7.4% ($197,386) compared to FY 2010.

Other Benefits include lump sums to settle claims, death benefits to dependents, and retraining benefits. In FY 2011, these payments increased 16.6% ($192,810) compared to FY 2010.

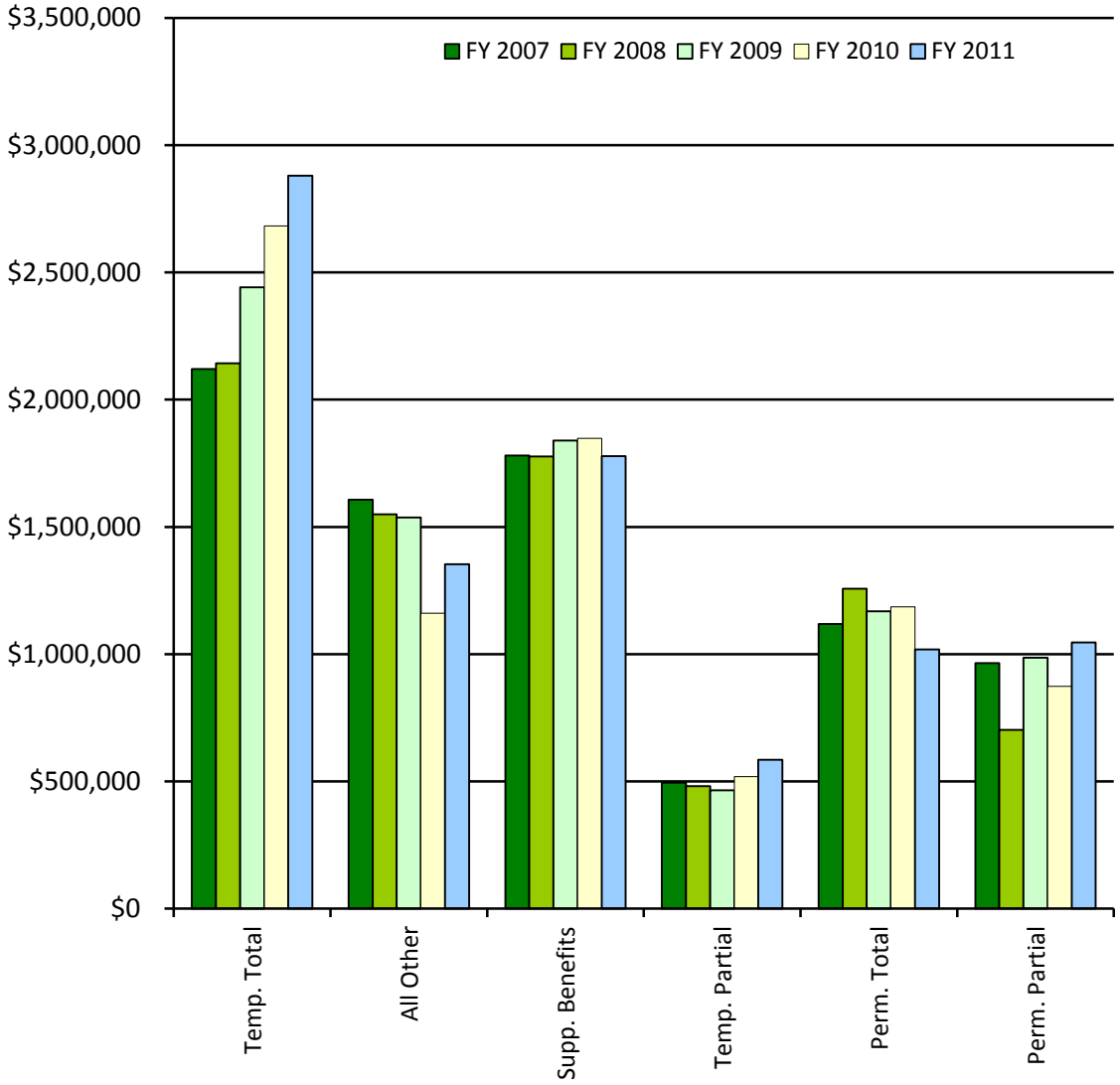
Supplementary Benefits (SBs) are paid in conjunction with PTD, or to bring payments up to a percentage of the statewide average weekly wage. The majority of employees who receive SBs also receive Social Security Disability benefits. The program does not invoice agencies for these benefit payments, but rather receives full reimbursement from the Department of Labor and Industry. In FY 2011, SB payments decreased 3.8% ($70,869) compared to FY 2010. 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 2011, TPD payments increased 12.9% ($67,084) compared to FY 2010.

Permanent Total Disability (PTD) benefits are paid to employees who will never be able to work again. In FY 2011, PTD payments decreased 14.1% ($167,502) compared to FY 2010.

Permanent Partial Disability (PPD) benefits are paid to employees who have a permanent loss of body function. In FY 2011, PPD payments increased 19.6% ($171,656) compared to FY 2010.

Chart 11/Indemnity Benefit Costs/FYs 2007-2011



	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 07-11	FY 10-11
	Indemnity Benefit Costs					% Change	
Temp. Total	$2,119,918	$2,142,642	$2,441,323	$2,683,101	$2,880,487	35.9%	7.4%
All Other	$1,607,294	$1,550,049	$1,537,102	$1,160,924	$1,353,734	-15.8%	16.6%
Supp. Benefits	$1,780,702	$1,777,430	$1,838,748	$1,848,513	$1,777,644	-0.2%	-3.8%
Temp. Partial	$494,693	$481,142	$465,029	$518,384	$585,468	18.3%	12.9%
Perm. Total	$1,118,537	$1,257,262	$1,168,443	$1,185,523	$1,018,021	-9.0%	-14.1%
Perm. Partial	$965,320	$702,207	$985,924	$874,048	$1,045,704	8.3%	19.6%
Totals	**$8,086,464**	**$7,910,732**	**$8,436,569**	**$8,270,493**	**$8,661,057**	**7.1%**	**4.7%**

Recoveries increased 6.0% in FY 2011 *(Chart 12)*

Recoveries are funds the program receives from three main sources: supplementary benefits, Second Injury Fund, and subrogation. Total recoveries in FY 2011 increased 6.0% ($148,339) compared to FY 2010.

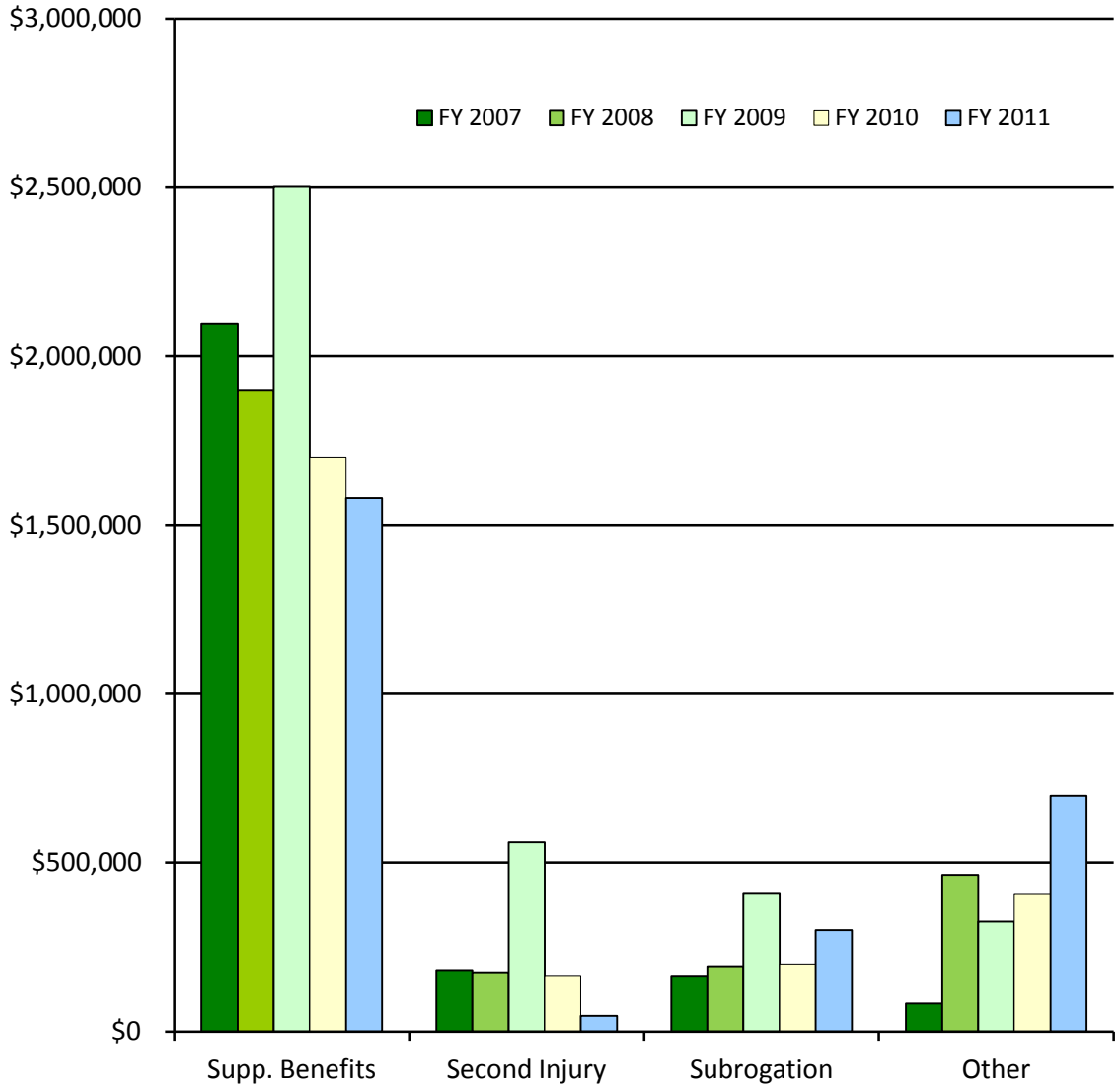
Supplementary Benefit Recoveries are reimbursed by the Department of Labor and Industry. In FY 2011, the program recovered 7.1% less ($121,305) compared to FY 2010.

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 2011, the recovery of these funds decreased 71.8% ($119,625) compared to FY 2010.

Subrogation Recoveries are funds paid by third parties who are found responsible for employees' injuries and illnesses. From FY 2010 to FY 2011, the recovery of these funds increased 49.9% ($99,952).

Other Recoveries include funds obtained through contribution and reinsurance. In FY 2011, the recovery of these funds increased 70.8% ($289,317) compared to FY 2010.

Chart 12/Recoveries/FYs 2007-2011



	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 07-11	FY 10-11
	Recoveries					Change	
Supp. Benefits	$2,097,374	$1,900,508	$2,501,334	$1,700,988	$1,579,683	-24.7%	-7.1%
Second Injury	$182,156	$175,835	$559,905	$166,693	$47,068	-74.2%	-71.8%
Subrogation	$165,420	$193,074	$410,102	$200,206	$300,158	81.5%	49.9%
Other	$83,558	$464,004	$324,907	$408,629	$697,946	735.3%	70.8%
Totals	**$2,528,508**	**$2,733,421**	**$3,796,248**	**$2,476,516**	**$2,624,855**	**3.8%**	**6.0%**

Payments Made for Calendar Year Injuries

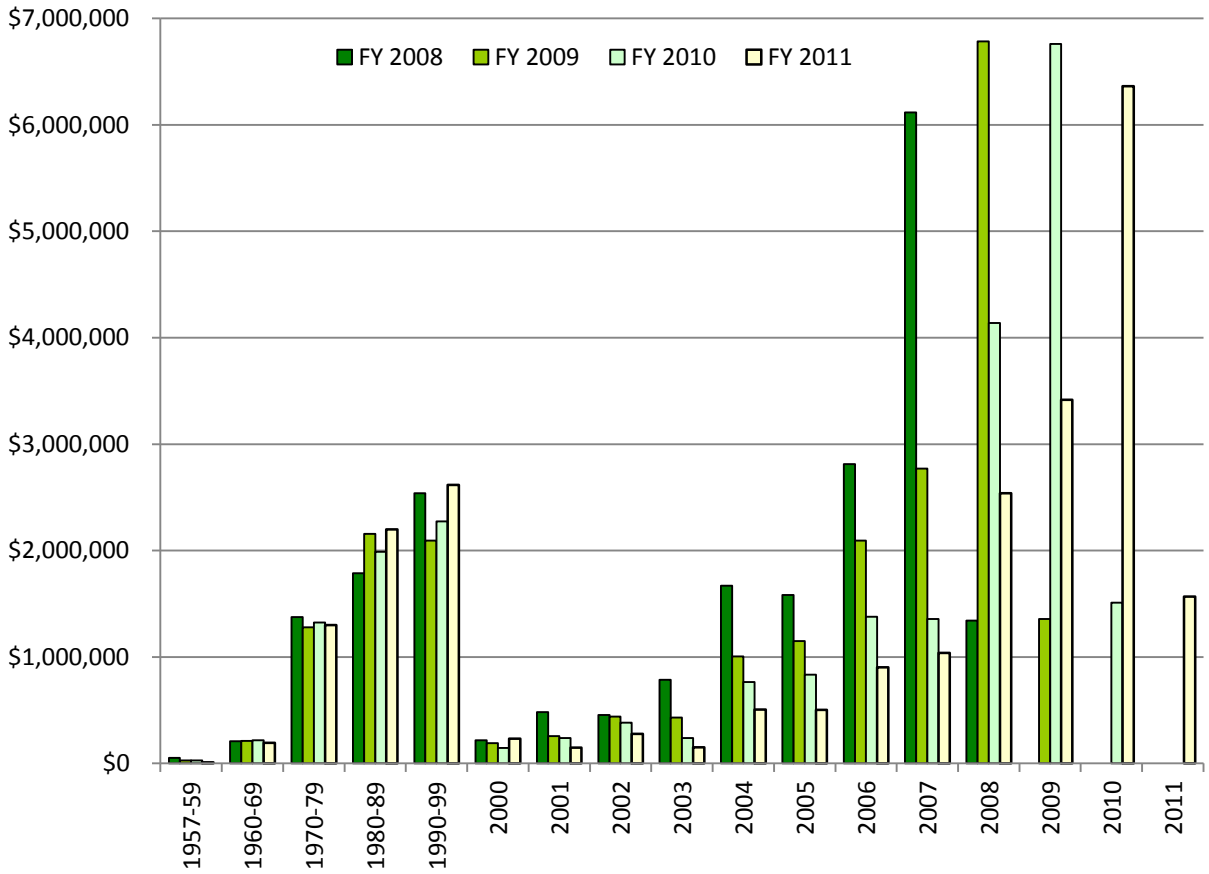
Claims that occurred prior to 2000 accounted for 26.4% of the program's FY 2011 benefit costs *(Chart 13)*

Chart 13 shows a breakdown of total benefits paid from FY 2008 to FY 2011 for injuries occurring in calendar years 1957 through June 30, 2011. In FY 2011, 26.4% ($6,317,667) of all benefits went to employees who were injured prior to 2000. In FY 2010, $5,830,198 was paid on older claims compared to $6,317,667 paid in FY 2011, an 8.4% increase. In FY 2011, the oldest claim the program managed occurred in 1957.

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 2011 which demonstrate this pattern.

Chart 13/Payments Made for Calendar Year Injuries/FYs 2008-2011



Calendar Years	FY 2008	FY 2009	FY 2010	FY 2011
1957-59	$53,505	$28,378	$29,436	$9,126
1960-69	$207,497	$210,292	$216,209	$193,134
1970-79	$1,373,885	$1,280,308	$1,324,042	$1,301,279
1980-89	$1,786,071	$2,157,922	$1,986,951	$2,198,608
1990-99	$2,537,635	$2,092,595	$2,273,560	$2,615,520
2000	$217,946	$190,956	$146,280	$232,491
2001	$481,330	$256,028	$238,857	$147,731
2002	$454,908	$439,394	$384,316	$276,642
2003	$785,335	$431,560	$238,724	$152,885
2004	$1,670,445	$1,006,100	$765,387	$506,971
2005	$1,583,663	$1,149,925	$835,130	$502,834
2006	$2,813,497	$2,092,776	$1,377,829	$902,538
2007	$6,116,306	$2,771,443	$1,357,427	$1,038,317
2008	$1,341,260	$6,783,587	$4,139,217	$2,537,372
2009		$1,355,937	$6,759,588	$3,415,589
2010			$1,511,783	$6,361,782
2011				$1,568,776
TOTALS	**$21,423,283**	**$22,247,201**	**$23,584,737**	**$23,961,595**

Claims/Benefits Activity by Agency

Nine agencies accounted for over 80% 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 83.3% (2,206) of the claims and paid 86.3% ($20,681,565) of the benefits in FY 2011. 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 2010 and FY 2011.

Chart 14/Composition of Reported Claims by Agency/FY 2011

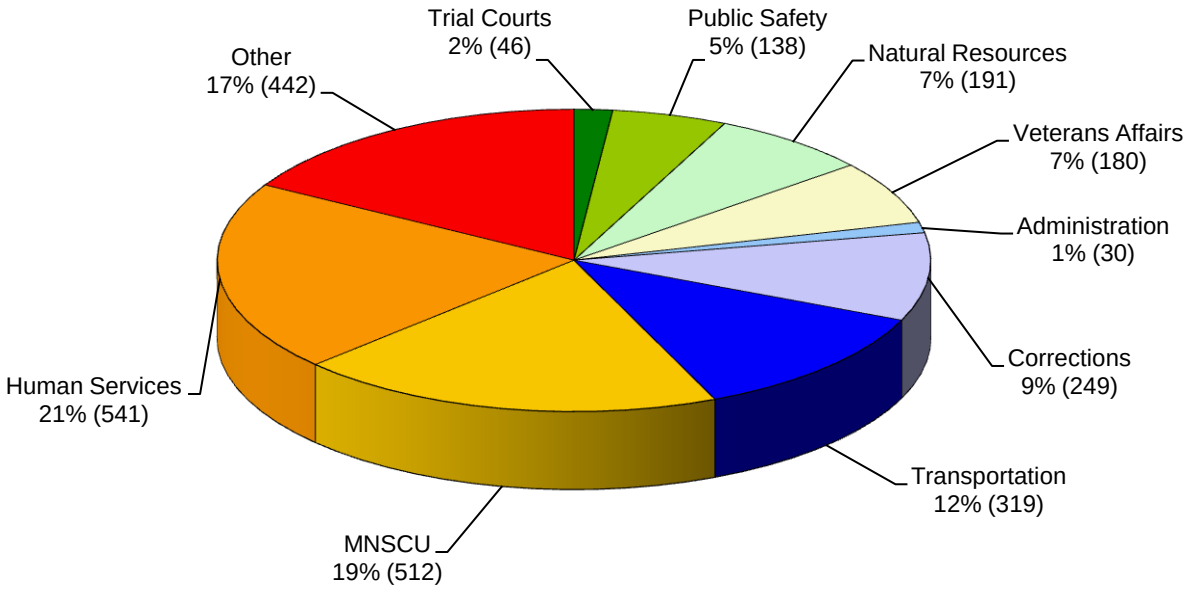
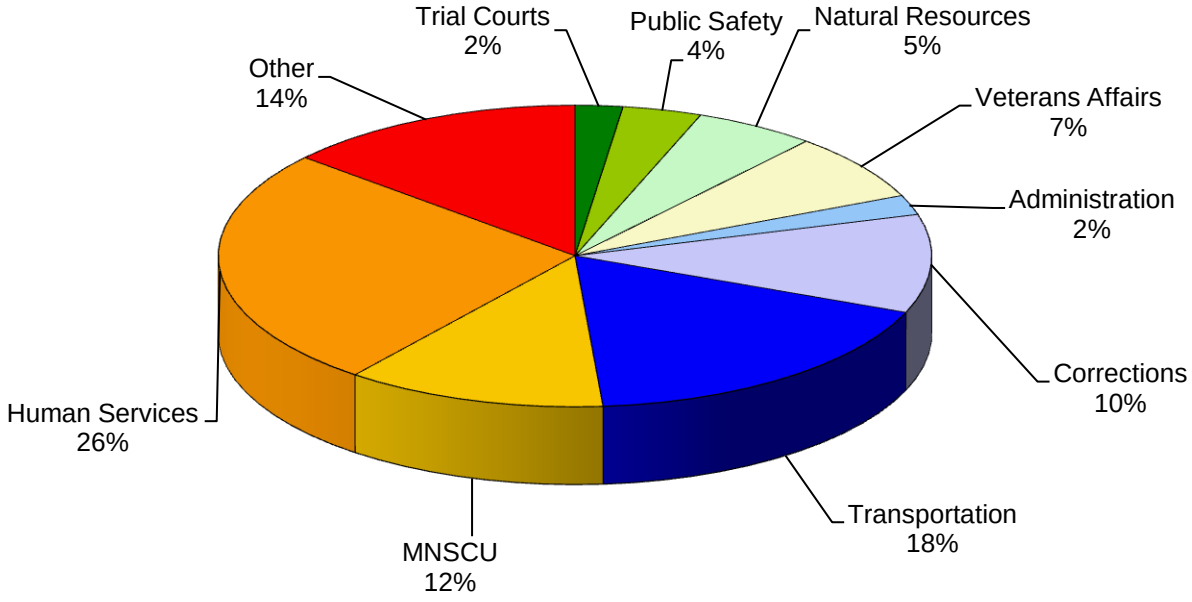


Chart 15/Composition of Benefits Paid by Agency/FY 2011



Benefit Costs for Nine Agencies

Benefit costs for these nine agencies increased 1.0% *(Chart 16 and Appendix B)*

Combined benefit costs for the nine large agencies increased a total of 1.0% ($213,247) from FY 2010 to FY 2011. Chart 16 shows data for these nine agencies. Cost data for the remaining agencies is contained in Appendix B (p. 36).

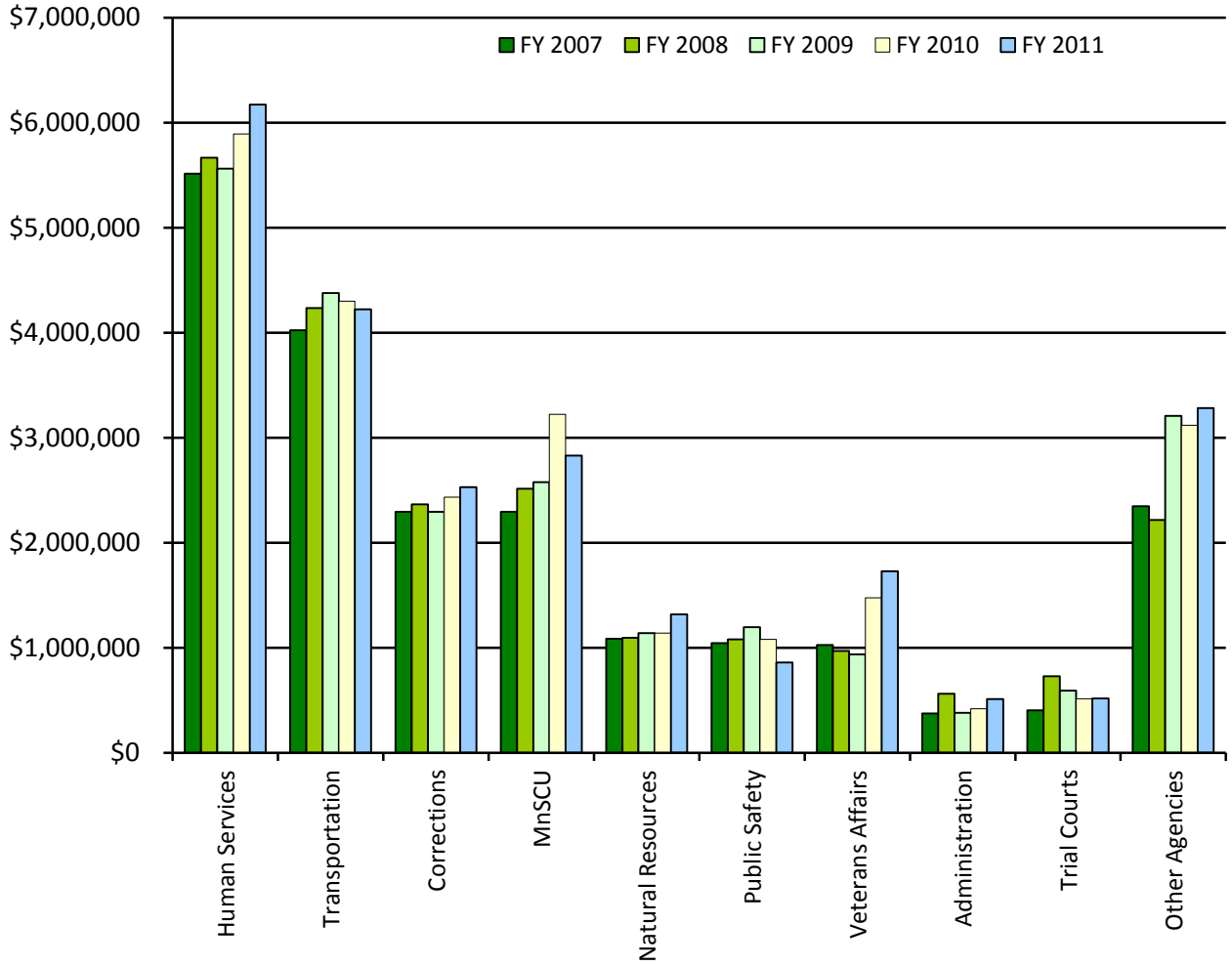
Caution urged when comparing agencies

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 Five of the Largest Nine Agencies, While the Other Agencies Experienced a Decrease.

The nine agencies experienced changes ranging from -20.4% (Public Safety) to 21.7% (Administration). All other agencies experienced an increase of 5.2% ($163,612).

Chart 16/Benefit Costs for Nine Agencies/FYs 2007-2011



	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 07-11	FY 10-11
	Benefit Costs					% Change	
Human Services	$5,512,508	$5,664,960	$5,561,779	$5,890,376	$6,172,536	12.0%	4.8%
Transportation	$4,021,775	$4,233,137	$4,377,941	$4,299,536	$4,222,168	5.0%	-1.8%
Corrections	$2,292,717	$2,364,310	$2,294,411	$2,433,251	$2,529,097	10.3%	3.9%
MnSCU	$2,292,184	$2,513,929	$2,575,520	$3,221,826	$2,828,084	23.4%	-12.2%
Natural Resources	$1,085,435	$1,093,681	$1,137,248	$1,137,504	$1,318,434	21.5%	15.9%
Public Safety	$1,042,578	$1,079,014	$1,196,068	$1,078,499	$858,488	-17.7%	-20.4%
Veterans Affairs	$1,026,087	$969,000	$937,495	$1,476,328	$1,726,803	68.3%	17.0%
Administration	$374,972	$560,500	$378,905	$418,359	$509,350	35.8%	21.7%
Trial Courts	$403,078	$728,375	$590,535	$512,641	$516,605	28.2%	0.8%
Totals 9 Agencies	$18,051,334	$19,206,906	$19,049,902	$20,468,318	$20,681,565	14.6%	1.0%
Other Agencies	$2,347,115	$2,216,376	$3,206,299	$3,116,418	$3,280,030	39.7%	5.2%
Totals Overall	**$20,398,449**	**$21,423,282**	**$22,256,201**	**$23,584,737**	**$23,961,595**	**17.5%**	**1.6%**

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 represent the average of costs paid to date (6/30/11) on claims reported during the five year period of FY 2003 through FY 2007.

For a complete listing of injury characteristic coding used by the Workers' Compensation Program, please go to http://www.admin.state.mn.us/risk/publications.html and click on Workers' Compensation Injury Coding Guide.

FY 2011 Reported Claims (Chart 17A) and 5-Year Comparison (Chart 17B) by Body Part

In FY 2011, upper extremities (arm, shoulder, elbow, and wrist) continued to be the most frequently reported injured body part (25.2%), down 5.5% compared to FY 2010. Reported injuries that involve multiple body parts ($8,087 average per claim) and injuries to the neck and back ($6,595 average per claim) have the highest average cost per claim.

Chart 17A FY 2011 Reported Claims by Body Part

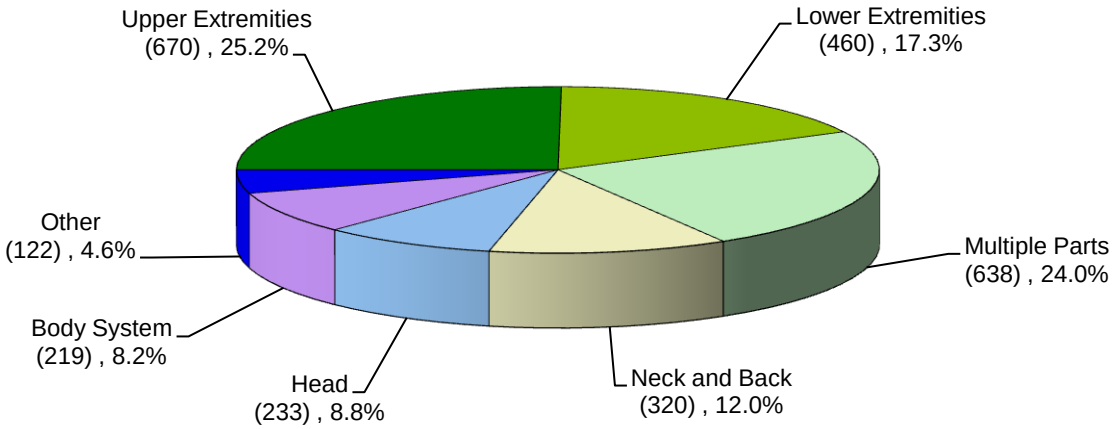
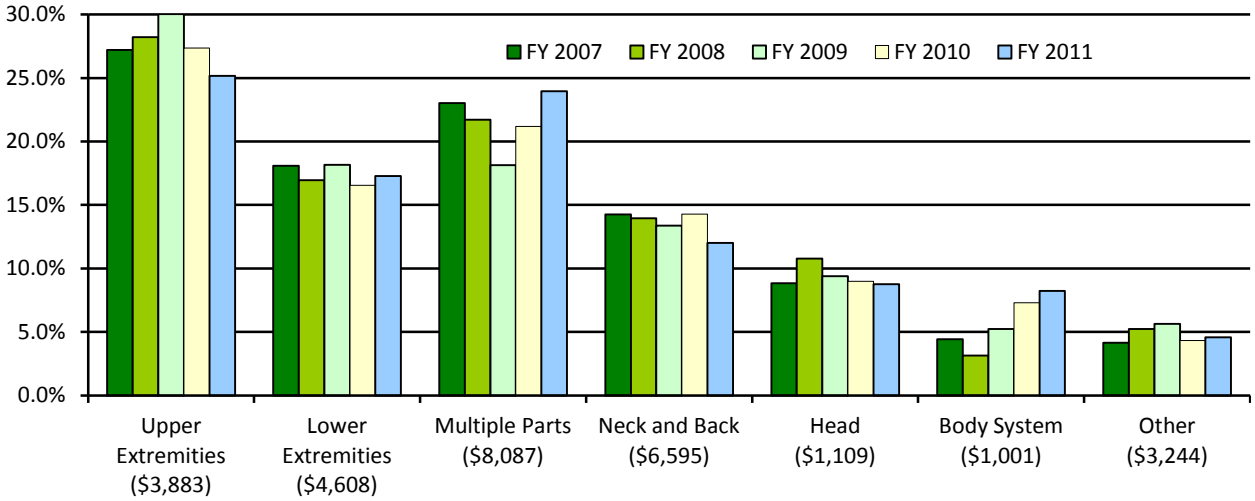


Chart 17B 5-Year Comparison by Body Part (%) of Reported Claims



NOTE: The dollar amounts shown in parenthesis in chart 17B above are the historical average claim costs on claims reported in FY 2003 through FY 2007 paid out through 6/30/11.

FY 2011 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 2011, overexertion, defined as excessive physical effort (23.6%) and falls (19.8%) continue to be the most prevalent cause of injuries. Motor vehicle claims ($12,349 average per claim), bodily reaction/involuntary motion claims ($6,966 average per claim), and overexertion claims ($6,756 average per claim) are on average the most expensive cause of claims.

Chart 18A FY 2011 Reported Claims by Cause

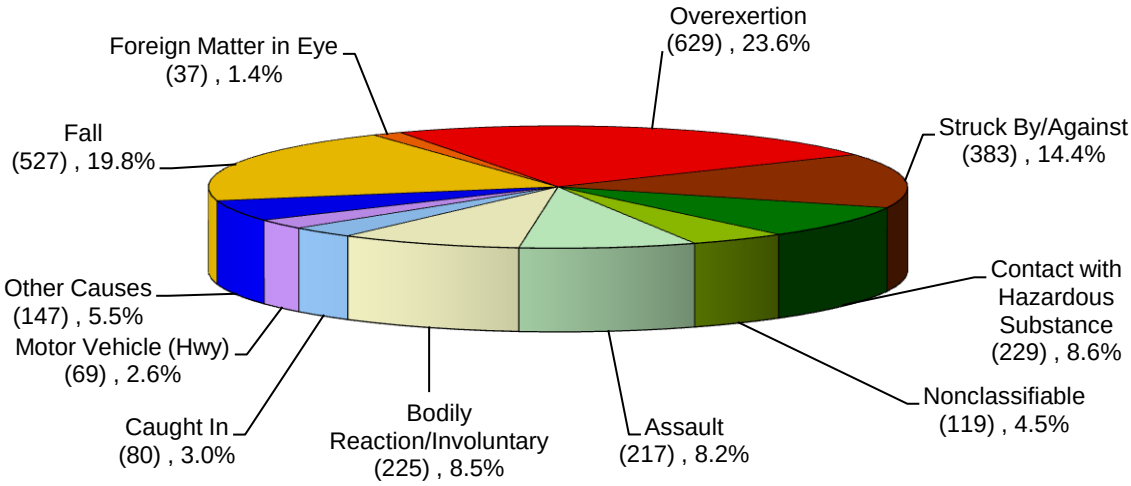
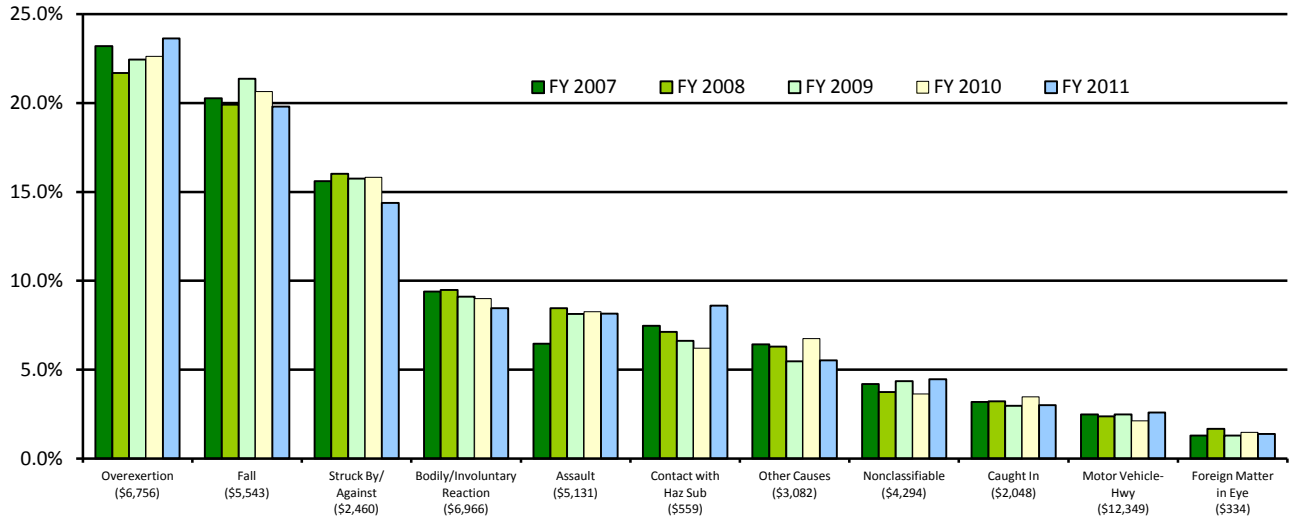


Chart 18B 5-Year Comparison by Cause (%) of Reported Claims



NOTE: The dollar amounts shown in parenthesis in chart 18B above are the historical average claim costs on claims reported in FY 2003 through FY 2007 paid out through 6/30/11.

FY 2011 Report 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 2011, sprains/strains continued to be the most frequently reported nature of injury (38.8%), occurring more than twice as often as the next most frequently reported nature, contusion/crush/bruise (15.4%). While occurring infrequently, multiple injuries ($23,383 average per claim) and fractures ($13,255 average per claim) represent the most expensive reported claims.

Chart 19A FY 2010 Reported Claims by Nature

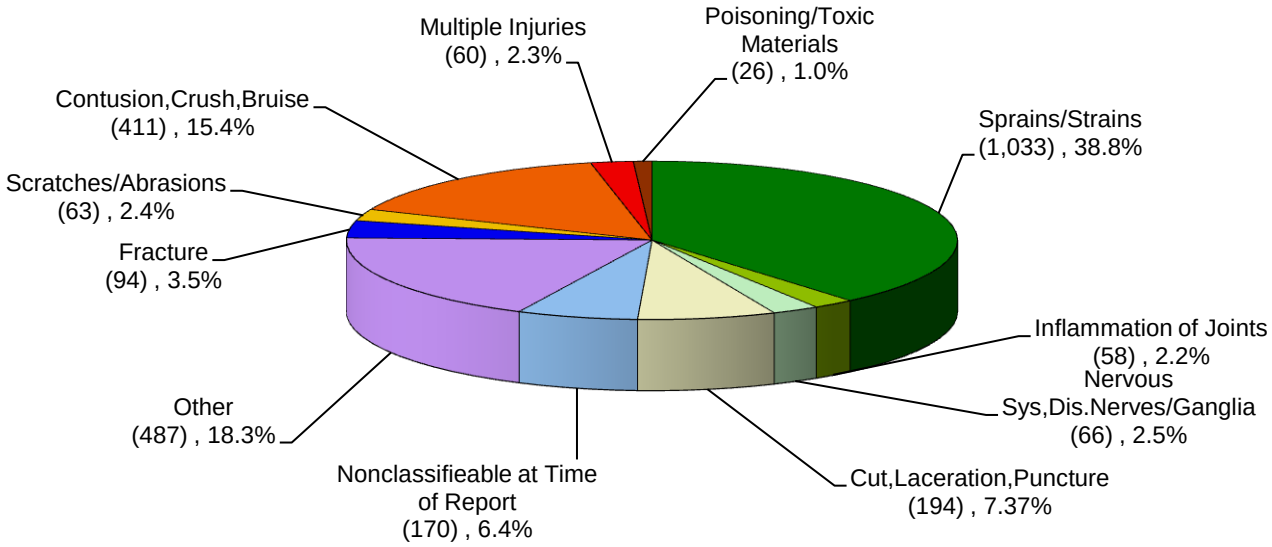
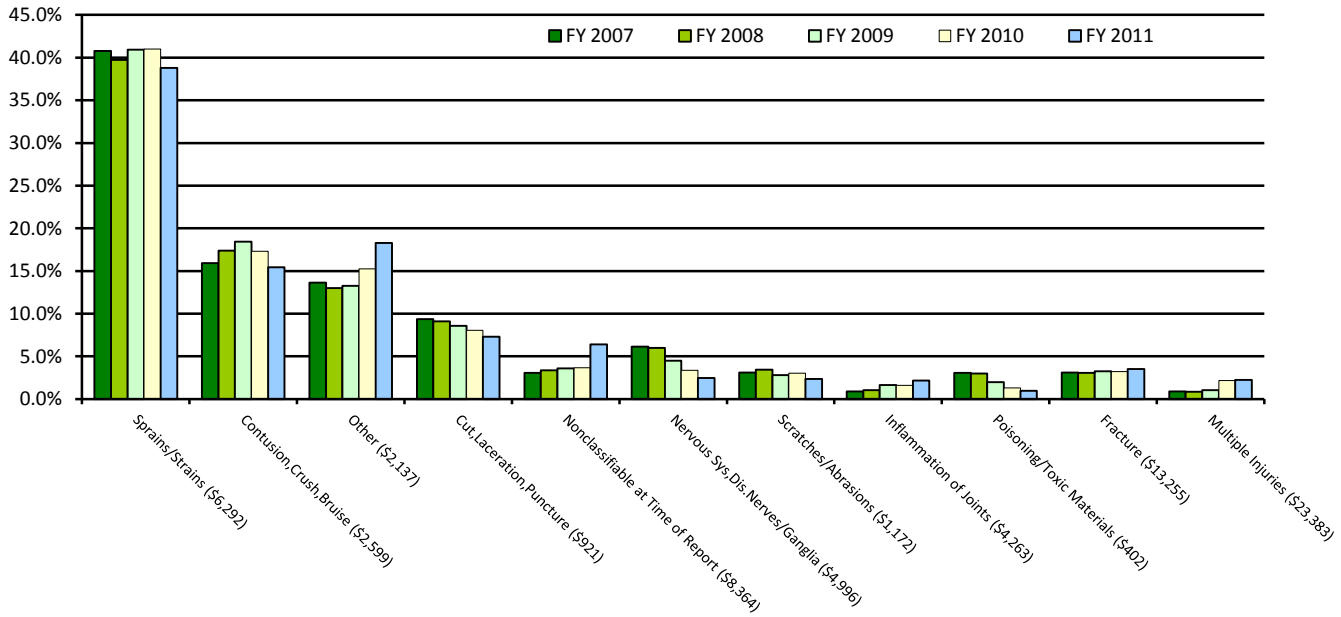


Chart 19B 5-Year Comparison by Nature (%) of Reported Claims



NOTE: The dollar amounts shown in parenthesis in chart 19B above are the historical average claim costs on claims reported in FY 2003 through FY 2007 paid out through 6/30/11.

Incident Rates

The average workers' compensation claim incident rate remained the same in FY 2011 (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:

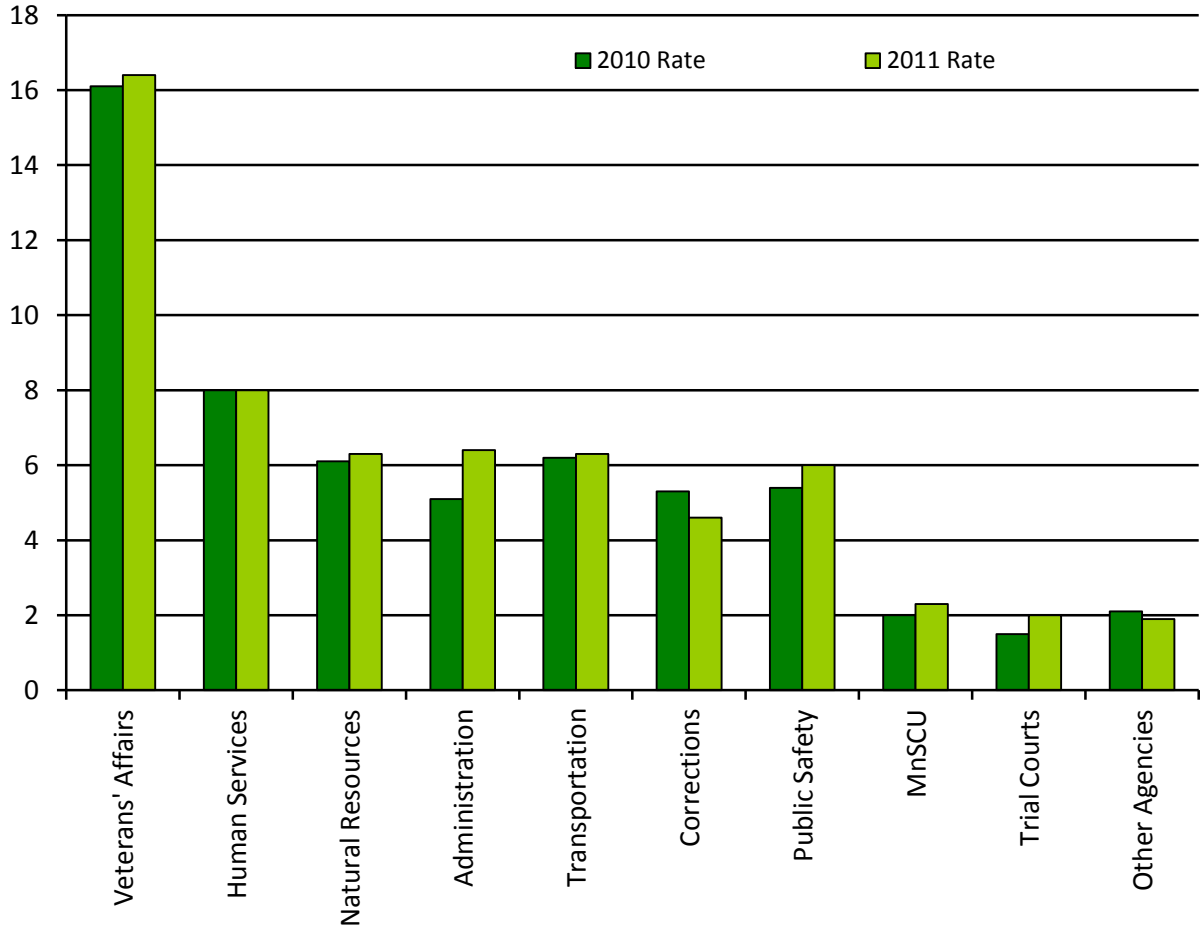
$$\textit{Incident Rate} = \frac{\textit{Number of Reportable Claims Paid x 200,000}}{\textit{Total Employee Hours Worked}}$$

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 remained the same (4.1) from FY2010 to FY 2011. See Appendix C (p. 37) for individual agency incident rates for FY 2011.

Overall, the incident rate for all agencies decreased from 4.2 in FY 2007 to 4.1 in FY 2011. See Chart 21 (p. 34) for five year rate comparison.

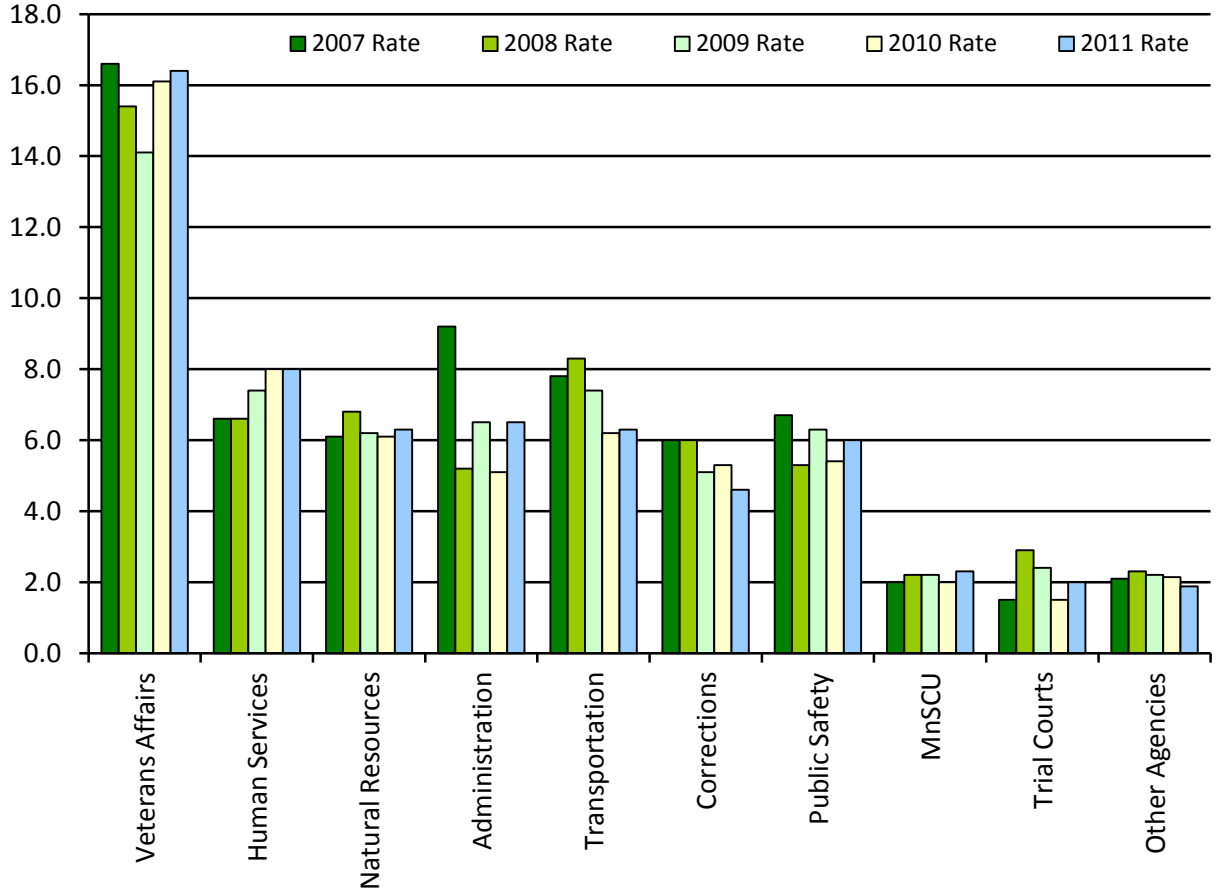
Chart 20/Incident Rates/FYs 2010-2011



Agency	FY 2010 Reportable Claims	FY 2010 Hours Worked	FY 2010 2010 Rate	FY 2011 Reportable Claims	FY 2011 Hours Worked	FY 2011 2011 Rate	FY 10-11 Rate Change
Veterans' Affairs	155	1,929,591	16.1	157	1,911,800	16.4	0.4
Human Services	453	11,392,040	8.0	439	11,040,497	8.0	0.0
Natural Resources	145	4,753,339	6.1	148	4,665,203	6.3	0.2
Administration	22	863,772	5.1	26	806,263	6.4	1.4
Transportation	270	8,693,267	6.2	273	8,666,075	6.3	0.1
Corrections	193	7,262,818	5.3	166	7,237,106	4.6	-0.7
Public Safety	96	3,563,376	5.4	109	3,619,214	6.0	0.6
MnSCU	296	30,011,393	2.0	354	30,359,079	2.3	0.4
Trial Courts	28	3,787,126	1.5	37	3,702,886	2.0	0.5
Other Agencies	218	20,344,013	2.1	195	20,743,811	1.9	-0.3
All Agencies	1,876	92,600,735	4.1	1,904	92,751,934	4.1	0.1

*Source of Hours Worked is SEMA4.

Chart 21/Incident Rate Comparison/FYs 2007-2011



Agency	2007 Rate	2008 Rate	2009 Rate	2010 Rate	2011 Rate	FY 07-11 Rate Change
Veterans Affairs	16.6	15.4	14.1	16.1	16.4	-0.2
Human Services	6.6	6.6	7.4	8.0	8.0	1.4
Natural Resources	6.1	6.8	6.2	6.1	6.3	0.2
Administration	9.2	5.2	6.5	5.1	6.5	-2.7
Transportation	7.8	8.3	7.4	6.2	6.3	-1.5
Corrections	6.0	6.0	5.1	5.3	4.6	-1.4
Public Safety	6.7	5.3	6.3	5.4	6.0	-0.7
MnSCU	2.0	2.2	2.2	2.0	2.3	0.3
Trial Courts	1.5	2.9	2.4	1.5	2.0	0.5
Other Agencies	2.1	2.3	2.2	2.1	1.9	-0.2
All Agencies	**4.2**	**4.3**	**4.2**	**4.1**	**4.1**	**-0.1**

Appendix A: Reported Claims/FY 2010 – 2011 by Agency

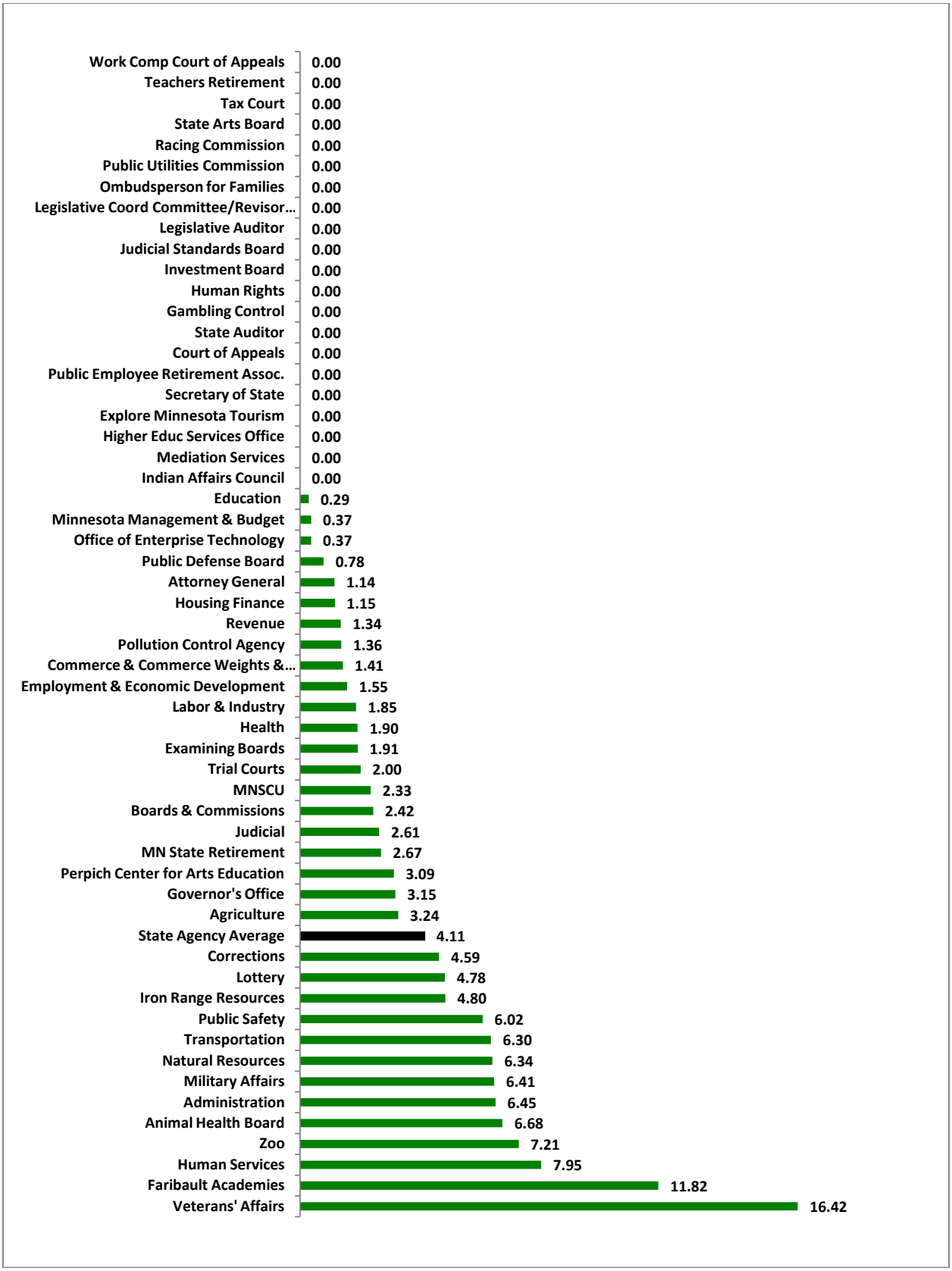
Agency	FY 2010	FY 2011	% of Change
Administration	35	30	-14.29%
Agriculture	10	13	30.00%
Animal Health Board	2	3	50.00%
Attorney General	5	4	-20.00%
Boards & Commissions	9	15	66.67%
Perpich Center for Arts Educ	3	2	-33.33%
Commerce & Commerce Weights & Measures	4	7	75.00%
Corrections	275	249	-9.45%
Court of Appeals	1	0	-100.00%
Education	13	3	-76.92%
Explore Minnesota Tourism	1	0	-100.00%
Employment & Economic Development	36	38	5.56%
Examining Boards	5	4	-20.00%
Faribault Academies	18	19	5.56%
Friends of MN Conservation Corp	113	107	-5.31%
Gambling Control Board	0	0	No Change
Governor's Office	1	3	200.00%
Health	34	28	-17.65%
Higher Educ Services Office	2	1	-50.00%
Historical Society	14	23	64.29%
House of Representatives	4	7	75.00%
Housing Finance	2	3	50.00%
Human Rights	0	2	100.00%
Human Services	534	541	1.31%
Indian Affairs Council	1	0	-100.00%
Investment Board	0	0	No Change
Iron Range Resources	4	4	No Change
Judicial	4	6	50.00%
Judicial Standards Board	0	0	No Change
Labor & Industry	9	15	66.67%
Legislative Auditor	0	0	No Change
Legislative Coord Commission/Revisor of Statutes	0	0	No Change
Lottery	2	9	350.00%
Mediation Services	1	0	-100.00%
Military Affairs	27	18	-33.33%
Minnesota Management & Budget	4	2	-50.00%
MN State Retirement	3	2	-33.33%
MnSCU	442	512	15.84%
Natural Resources	179	191	6.70%
Office of Enterprise Technology	7	2	-71.43%
Ombudsman-Corrections	0	0	No Change
Ombudsperson for Families	0	0	No Change
Pollution Control Agency	21	17	-19.05%
Public Defense Board	4	5	25.00%
Public Employees Retirement Assoc.	1	1	No Change
Public Safety	120	138	15.00%
Public Utilities Commission	0	0	No Change
Racing Commission	0	0	No Change
Revenue	33	33	No Change
Secretary of State	4	1	-75.00%
State Arts Board	0	0	No Change
State Auditor	2	0	-100.00%
State Fair	27	22	-18.52%
State Senate	3	2	-33.33%
Tax Court	0	0	No Change
Teachers Retirement Assoc.	0	1	100.00%
Transportation	318	319	0.31%
Trial Courts	44	46	4.55%
Veterans Affairs	183	180	-1.64%
Work Comp Court of Appeals	0	1	100.00%
Zoo	27	19	-29.63%
TOTAL	**2,591**	**2,648**	**2.20%**

Appendix B: Benefit Costs/FY 2010 – 2011 by Agency

Agency	FY 2010	FY 2011	% of Change
Administration	$418,359	$509,350	21.75%
Agriculture	$288,857	$281,198	-2.65%
Animal Health Board	$27,786	$3,266	-88.25%
Attorney General	$66,485	$150,965	127.07%
Boards & Commissions	$39,052	$15,529	-60.23%
Perpich Center for Arts Education	$570	$1,448	154.13%
Commerce & Commerce Weights & Measures	$78,631	$72,855	-7.35%
Corrections	$2,433,251	$2,529,097	3.94%
Court of Appeals	$2,850	$0	-100.00%
Education	$54,333	$52,808	-2.81%
Explore Minnesota Tourism	$802	$0	-100.00%
Employment & Economic Development	$323,611	$429,273	32.65%
Examining Boards	$16,136	$15,048	-6.74%
Faribault Academies	$151,785	$324,333	113.68%
Friends of MN Conservation Corp	$32,780	$39,001	18.98%
Gambling Control Board	$2,943	$9,310	216.31%
Governor's Office	$2,642	$0	-100.00%
Health	$120,136	$141,043	17.40%
Higher Educ Services Office	$1,366	$0	-100.00%
Historical Society	$12,228	$13,249	8.36%
House of Representatives	$20,606	$1,201	-94.17%
Housing Finance	$50,012	$61,092	22.15%
Human Rights	$12,938	$7,561	-41.56%
Human Services	$5,890,376	$6,172,536	4.79%
Indian Affairs Council	$2,832	$202	-92.88%
Investment Board	$0	$0	No Change
Iron Range Resources	$163,009	$140,406	-13.87%
Judicial	$45,636	$65,241	42.96%
Judicial Standards Board	$0	$0	No Change
Labor & Industry	$183,986	$215,211	16.97%
Legislative Auditor	$0	$0	No Change
Legislative Coord Commission/Revisor of Statutes	$2,430	$0	-100.00%
Lottery	$13,603	$30,335	123.00%
Mediation Services	$29,521	$9,126	-69.09%
Military Affairs	$287,563	$276,445	-3.87%
Minnesota Management & Budget	$68,758	$33,033	-51.96%
MN State Retirement	$3,898	$5,049	29.52%
MnSCU	$3,221,826	$2,828,084	-12.22%
Natural Resources	$1,137,504	$1,318,434	15.91%
Office of Enterprise Technology	$58,843	$46,792	-20.48%
Ombudsman-Corrections	$0	$0	No Change
Ombudsperson for Families	$0	$0	No Change
Pollution Control Agency	$52,790	$55,594	5.31%
Public Defense Board	$6,832	$15,347	124.64%
Public Employees Retirement Assoc.	$1,116	$1,195	7.06%
Public Safety	$1,078,499	$858,488	-20.40%
Public Utilities Commission	$0	$0	No Change
Racing Commission	$0	$0	No Change
Revenue	$343,952	$289,409	-15.86%
Secretary of State	$1,521	$0	-100.00%
State Arts Board	$0	$0	No Change
State Auditor	$15,974	$16,080	0.67%
State Fair	$125,549	$137,918	9.85%
State Senate	$0	$6,959	100.00%
Tax Court	$0	$0	No Change
Teachers Retirement Assoc.	$0	$0	No Change
Transportation	$4,299,536	$4,222,168	-1.80%
Trial Courts	$512,641	$516,605	0.77%
Veterans Affairs	$1,476,328	$1,726,803	16.97%
Work Comp Court of Appeals	$23,767	$25,790	8.51%
Zoo	$378,291	$290,718	-23.15%
TOTAL	**$23,584,737**	**$23,961,595**	**1.60%**

Appendix C: Agency Incident Rates/FY 2011

Agency	# of Hours Worked	Reportable Claims	Incident Rate
Administration	806,263	26	6.45
Agriculture	740,476	12	3.24
Animal Health Board	89,856	3	6.68
Attorney General	528,401	3	1.14
Boards & Commissions	662,448	8	2.42
Perpich Center for Arts Educ	129,273	2	3.09
Commerce & Commerce Weights & Measures	565,798	4	1.41
Corrections	7,237,106	166	4.59
Court of Appeals	159,913	0	0.00
Education	700,033	1	0.29
Explore Minnesota Tourism	85,665	0	0.00
Employment & Economic Development	3,089,522	24	1.55
Examining Boards	314,542	3	1.91
Faribault Academies	304,498	18	11.82
Friends of MN Conservation Corp	Not Available	43 *	Not Available
Gambling Control Board	47,649	0	0.00
Governor's Office	63,539	1	3.15
Health	2,524,889	24	1.90
Higher Educ Services Office	113,277	0	0.00
Historical Society	Not Available	11 *	Not Available
House of Representatives	Not Available	3 *	Not Available
Housing Finance	347,595	2	1.15
Human Rights	60,812	0	0.00
Human Services	11,040,497	439	7.95
Indian Affairs Council	9,834	0	0.00
Investment Board	37,419	0	0.00
Iron Range Resources	125,055	3	4.80
Judicial	459,267	6	2.61
Judicial Standards Board	3,431	0	0.00
Labor & Industry	757,468	7	1.85
Legislative Auditor	106,628	0	0.00
Legislative Coord Commission/Revisor of Statutes	157,912	0	0.00
Lottery	251,064	6	4.78
Mediation Services	20,126	0	0.00
Military Affairs	499,595	16	6.41
Minnesota Management & Budget	547,887	1	0.37
MN State Retirement	149,584	2	2.67
MnSCU	30,359,079	354	2.33
Natural Resources	4,665,203	148	6.34
Office of Enterprise Technology	546,674	1	0.37
Ombudsperson for Families	7,923	0	0.00
Pollution Control Agency	1,614,884	11	1.36
Public Defense Board	1,030,329	4	0.78
Public Employees Retirement Assoc.	156,352	0	0.00
Public Facilities Authority	15,912	0	0.00
Public Safety	3,619,214	109	6.02
Public Utilities Commission	85,728	0	0.00
Racing Commission	23,506	0	0.00
Revenue	2,681,325	18	1.34
Science Technology Authority	3,559	0	0.00
Secretary of State	133,204	0	0.00
State Arts Board	24,296	0	0.00
State Auditor	183,167	0	0.00
State Fair	Not Available	17 *	Not Available
State Senate	Not Available	0 *	Not Available
Tax Court	9,791	0	0.00
Teachers Retirement Assoc.	136,201	0	0.00
Transportation	8,666,075	273	6.30
Trial Courts	3,702,886	37	2.00
Veterans' Affairs	1,911,800	157	16.42
Work Comp Court of Appeals	21,691	0	0.00
Zoo	415,816	15	7.21
TOTAL	**92,751,934**	**1,904**	**4.11**

* Reportable Claim #'s are not included in the 1,904 total

Appendix C1: Agency Incident Rates Graph/FY 2011