

Fiscal Year 2016

Workers' Compensation Program

Annual Report

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
2016

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Introduction

The State of Minnesota's self-insured Workers' Compensation Program (Program) is administered by the Minnesota Department of Administration's Risk Management Division. The program consists of four service units: claims management, placement services, legal, and safety & loss control. It covers over 59,000 employees in the executive, legislative, judicial branches of state government and quasi-state agencies, such as the Minnesota Historical Society, Minnesota State Colleges & Universities (MnSCU), and the Minnesota State Fair.

The state's workers' compensation program receives on average 2,200 new claims annually and is funded by an administrative fee charged to each agency covered by the program. During state fiscal year 2016 (FY 2016), the program's total costs decreased 7.9% (\$2,428,006) from \$30.9 million to \$28.5 million. The decrease is due to a decrease in benefit costs.

We present the following report on the program's activities during FY 2016. This report will present the cost 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 2016 figures to FY 2015, unless otherwise noted, and are actual costs. The cost data has not been adjusted for inflation, except for the benchmarks section (pp. 8-10).

Executive Summary

The following is a summary of program activity for state FY 2016:

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. 9).

Claim Numbers

- ◆ Agencies reported 4.1% fewer claims in FY 2016 (p. 12).

Total Costs

- ◆ Total program costs decreased 7.9% from \$30,903,696 in FY 2015 to \$28,475,691 in FY 2016 (pp. 14-15).
- ◆ Expenditures for program administration decreased 1.5% from \$2,860,923 in FY 2015 to \$2,817,360 in FY 2016 (pp. 14-15).
- ◆ Expenditures for reinsurance decreased 19.0% from \$1,009,695 in FY2015 to \$817,599 in FY2016 (pp. 14-15).
- ◆ Expenditures for all benefits decreased 8.9% from \$24,187,923 in FY 2015 to \$22,047,155 in FY 2016 (pp. 16-18).
- ◆ Expenditures for medical benefits decreased 11.4% from \$11,299,321 in FY 2015 to \$10,016,684 in FY 2016 (pp. 19-20).
- ◆ Expenditures for indemnity benefits decreased 12.6% from \$8,643,291 in FY 2015 to \$7,551,553 in FY 2016 (pp. 21-22).

Recoveries

- ◆ Recoveries increased 17.1% in FY 2016 (pp. 23-24). Recoveries are funds the program receives from supplementary benefits, second injury fund, reinsurance and subrogation.

Agency Activity

- ◆ Seven large agencies (Human Services, Transportation, Corrections, MnSCU, Natural Resources, Public Safety, and Veterans Affairs) accounted for 85.8% of the program's payment activity (pp. 27-28).
- ◆ Benefit costs for these seven agencies decreased 8.9% from FY 2015 to FY 2016 (pp. 29-30).
- ◆ The workers' compensation incidence rate remained constant from 3.0 in FY 2015 to 3.0 in FY 2016 (pp. 35-37) for all agencies. The incident rate for individual agencies is located in Appendix C (p. 40).

Other Findings

- ◆ Claims that occurred prior to 2000 accounted for 23.2% of the program's benefit costs paid out during FY 2016 (pp. 25-26).
- ◆ Most common injury causes continue to be due to overexertion and falls (p. 33).

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 services to state agencies and their employees through four work units: claims management, placement, 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 pays or denies 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.

Placement Services

The Placement Coordinator works with employees, state agencies, workers' compensation specialists, qualified rehabilitation consultants, and other professionals to help injured employees return to work within the state if they are unable to return to the job they had at the of the injury.

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

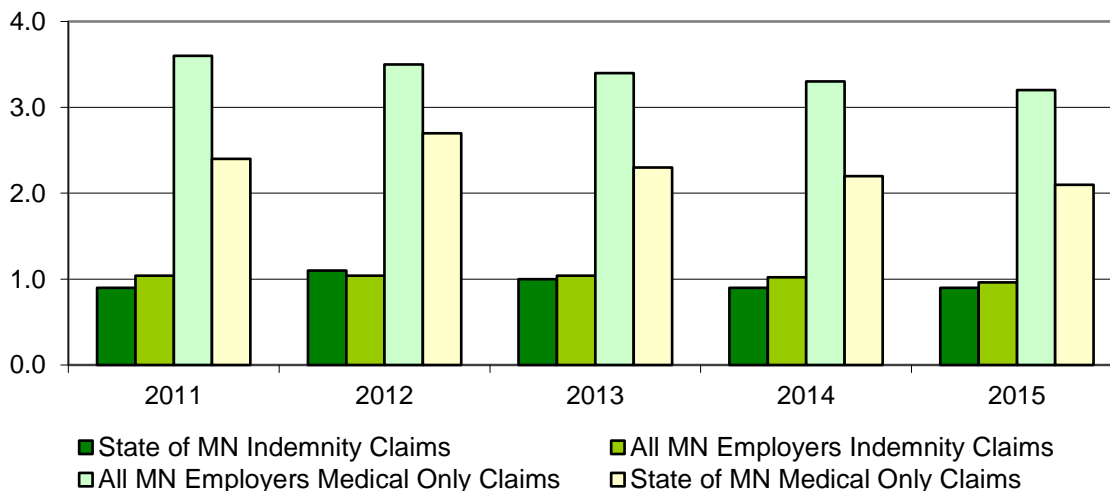
The Safety and Loss Control Unit provides safety and industrial hygiene consulting resources to all state agencies. Its purpose is to help state agencies identify and correct workplace safety hazards that place employees at risk for work related injury or illness. The unit provides safety-related services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

Benchmarks

Claim rates decreased during Calendar year 2015 (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.



Paid Claims Per 100 FTE CY DOI/FTE by FY

State of Minnesota

Injury Calendar Year	Indemnity Claims	Medical Only Claims	Total Claims
2011	0.9	2.4	3.3
2012	1.1	2.7	3.8
2013	1.0	2.3	3.3
2014	0.9	2.2	3.1
2015	0.9	2.1	3.0

All Minnesota Employers

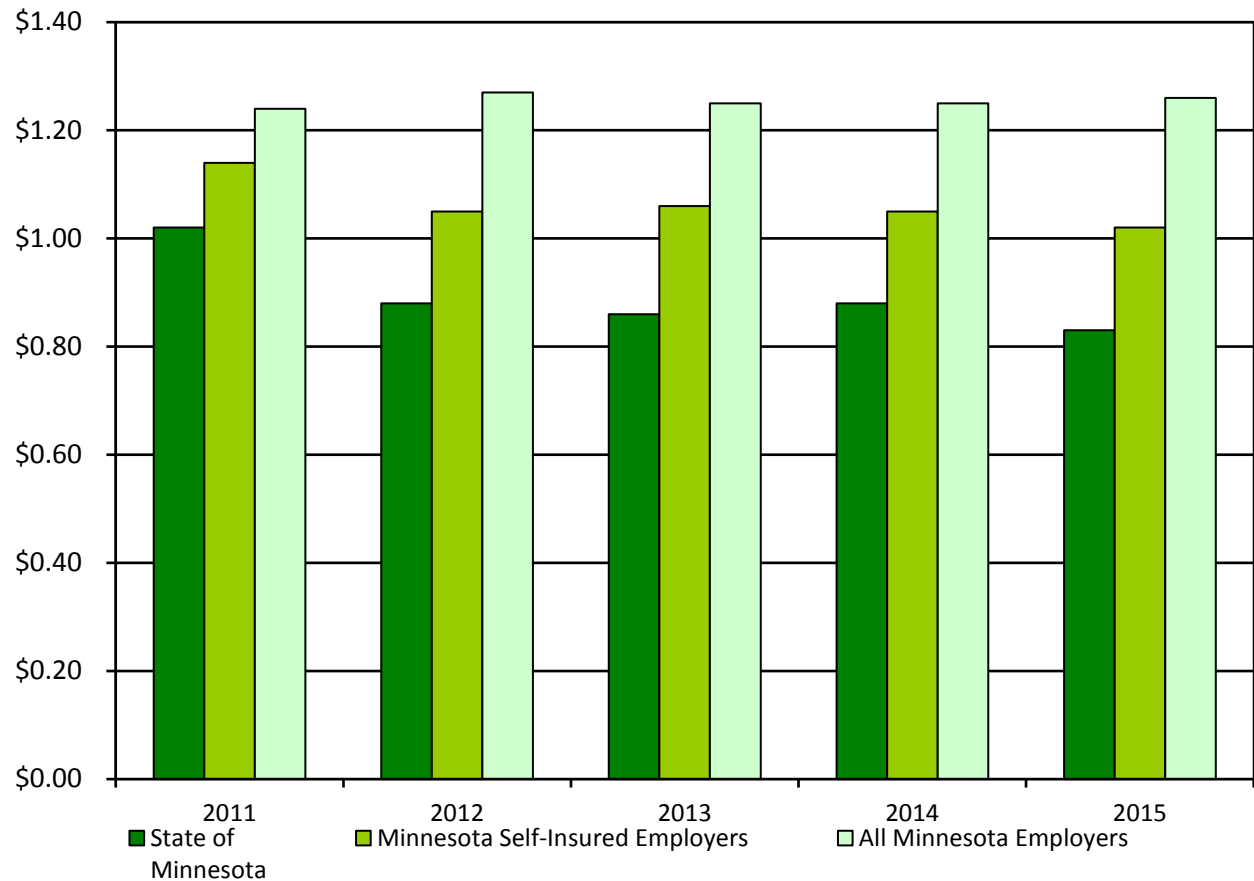
Injury Calendar Year	Indemnity Claims	Medical Only Claims	Total Claims
2011	1.0	3.6	4.6
2012	1.0	3.5	4.5
2013	1.0	3.4	4.4
2014	1.0	3.3	4.3
2015	1.0	3.2	4.1

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
2011	\$1.02	\$1.14	\$1.24
2012	\$0.88	\$1.05	\$1.27
2013	\$0.86	\$1.06	\$1.25
2014	\$0.88	\$1.05	\$1.25
2015	\$0.83	\$1.02	\$1.26

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

Chart 4a/Return-to-Work Rate

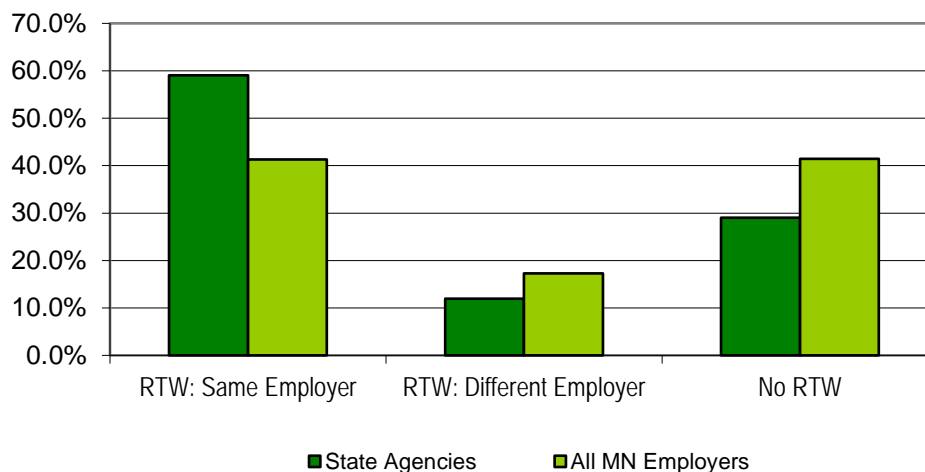
Comparison of the State of Minnesota’s return-to-work rate against all other Minnesota employers when vocational rehabilitation plans are filed. Return-to-work is affected by many factors, including the job market, injury severity, and the availability of job modifications.

Year of Closure		Return to Work: Same Employer (%)	Return to Work: Different Employer (%)	Not Employed (%)	Total (%)
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	41.1	100
	State Agencies	65.2	14.5	20.3	100
2012	All MN Employers	40.3	17.6	42.1	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	43.2	16.7	40.1	100
	State Agencies	66.4	8.4	25.2	100
2015	All MN Employers	42.2	17.5	40.4	100
	State Agencies	58.7	11.1	30.2	100
2016	All MN Employers	42.3	16.7	41.1	100
	State Agencies	52.9	14.9	32.1	100
Average 2010-2016	All MN Employers	41.3	17.3	41.4	100
	State Agencies	59.0	11.9	29.0	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: 2010-2016/Average



Findings

The overall number of new claims decreased, and more claims were closed than reported (Chart 5, 6, and Appendix A)

Number of claims decreased (Chart 5)

The program experienced a decrease of 88 claims reported from FY 2015 to FY 2016. Appendix A (p. 38) contains an agency-by-agency breakdown of the number of claims reported for FY 2015 and FY 2016.

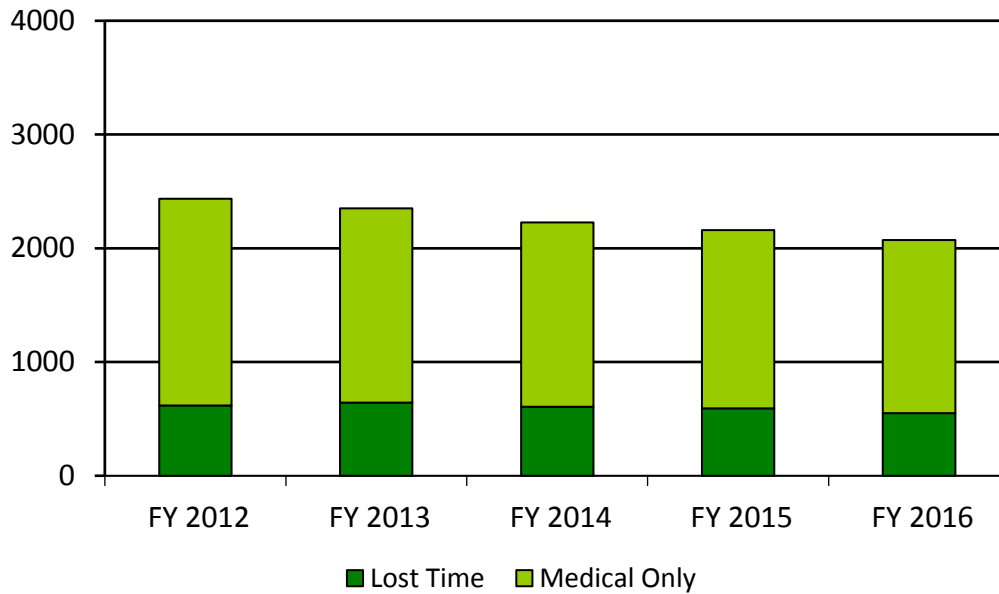
Decrease in lost time and medical only claims (Chart 5)

Lost time claims, those in which the employee is disabled beyond a three calendar-day waiting period, decreased by 6.9% (41) from FY 2015 to FY 2016. *Medical only claims* decreased by 3.0% (47) from FY 2015 to FY 2016.

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

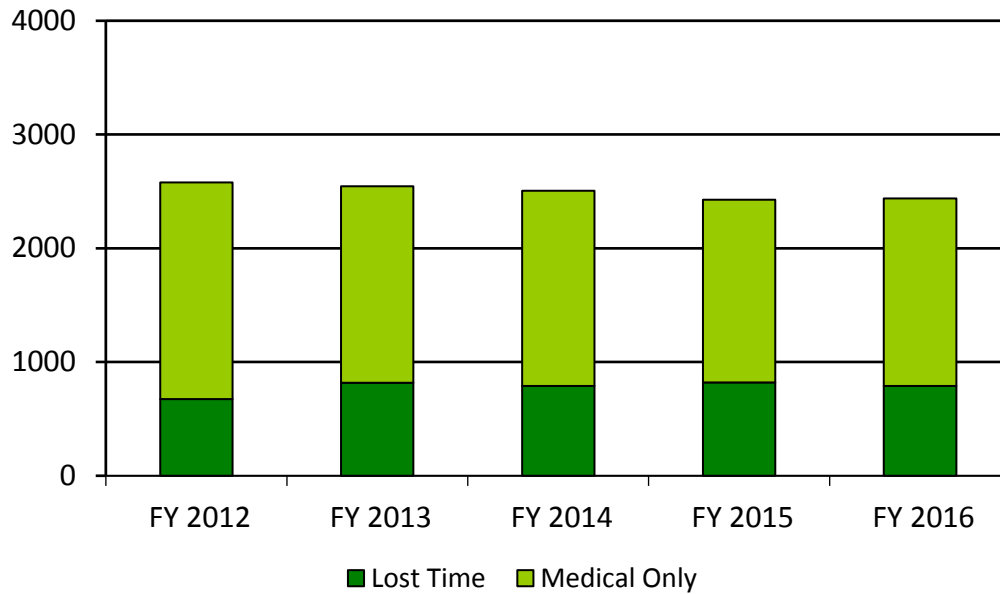
The program closed more claims in FY 2016 compared to FY 2015 and the program closed more claims than it received during FY 2016 (2,072 received vs. 2,439 closed), thus, decreasing the number of claims being managed.

Chart 5/Number of Claims Reported/FYs 2012-2016



	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 12-16	FY 15-16
	Claims Reported					% Change	
<i>Lost Time</i>	619	644	608	592	551	-11.0%	-6.9%
<i>Medical Only</i>	1,817	1,707	1,618	1,568	1,521	-16.3%	-3.0%
Totals	2,436	2,351	2,226	2,160	2,072	-14.9%	-4.1%

Chart 6/Number of Claims Closed/FYs 2012-2016



	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 12-16	FY 15-16
	Claims Closed					% Change	
<i>Lost Time</i>	673	819	790	821	790	17.4%	-3.8%
<i>Medical Only</i>	1,907	1,727	1,717	1,607	1,649	-13.5%	2.6%
Totals	2,580	2,546	2,507	2,428	2,439	-5.5%	0.5%

Total Program Costs

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

The program's total costs of \$28,475,691 reflects a decrease of 7.9% (\$2,428,005) from FY 2015 to FY 2016. 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 2016, these costs decreased 8.9% (\$2,140,769) compared to FY 2015. Benefit costs by category are listed on page 17 of this report.

Administration

In FY 2016, the program provided claims administration and safety and loss control services with administrative operating expenses of \$2,817,360, a decrease of \$43,563 in FY16.

Special Assessments

The program's expenditure for special assessments decreased in FY 2016 5.9% (\$82,758) compared to FY 2015. 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 also funds the operating expense of the Workers' Compensation Division of DLI, the Office of Administrative Hearings and the Workers' Compensation Court of Appeals. The assessment is based upon indemnity benefits paid and is charged to all insurers and self-insured employers doing business in Minnesota.

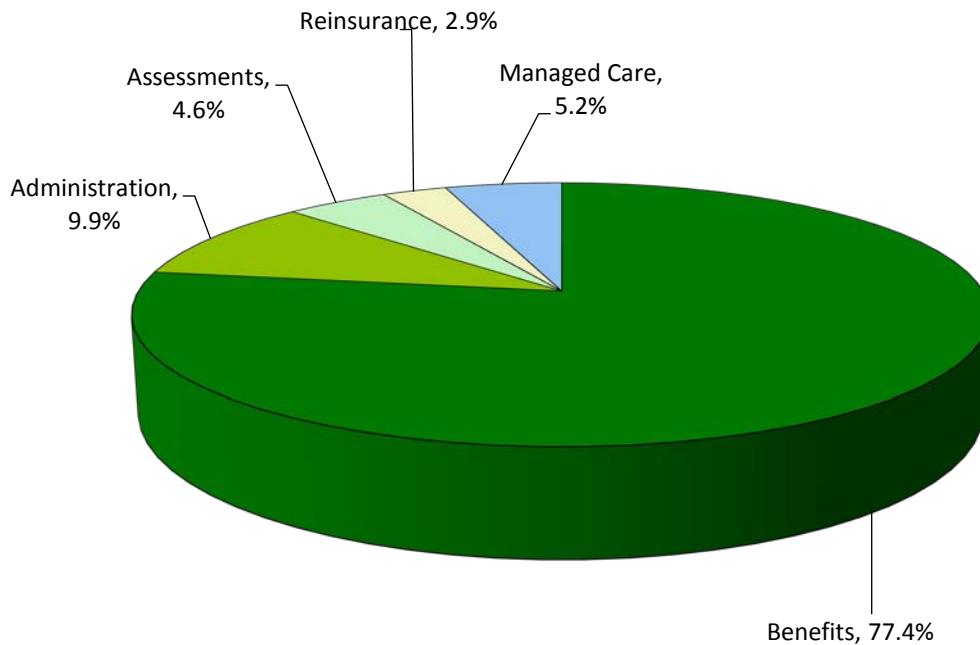
Reinsurance

The program's expenditure for reinsurance decreased 19.0% (\$192,096) in FY 2016 compared to FY 2015. The Workers' Compensation Reinsurance Association (WCRA) provides coverage to the state on claims exceeding our deductible or retention level. The large payments in FY 2012 through FY 2014 are associated with the WCRA deficiency assessment program, which ended in FY 2015.

Managed Care

The program's payment for managed care services increased 2.2% (\$31,180) from FY 2015 to FY 2016.

Chart 7/Total Program Costs/FYs 2012-2016



	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 12-16	FY 15-16
	Total Program Costs					% Change	
Benefits	\$24,116,298	\$23,738,287	\$22,467,457	\$24,187,923	\$22,047,155	-8.6%	-8.9%
Administration	\$2,538,973	\$2,955,424	\$2,967,007	\$2,860,923	\$2,817,360	11.0%	-1.5%
Assessments	\$1,472,091	\$1,474,924	\$1,478,947	\$1,396,159	\$1,313,401	-10.8%	-5.9%
Reinsurance	\$2,145,928	\$2,018,217	\$1,720,603	\$1,009,695	\$817,599	-61.9%	-19.0%
Managed Care	\$1,388,560	\$1,436,523	\$1,448,735	\$1,448,996	\$1,480,176	6.6%	2.2%
Totals	\$31,661,850	\$31,623,375	\$30,082,749	\$30,903,696	\$28,475,691	-10.1%	-7.9%

Benefit Costs

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

In FY 2016, benefit expenditures decreased a total of 8.9% (\$2,140,769) compared to FY 2015.

Medical costs decreased

Payments for office and hospital visits, prescriptions, supplies, and reimbursements for travel and time off to see the doctor decreased 11.4% (\$1,282,637) in FY 2016 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 2016 compared to FY 2015 by 12.6% (\$1,091,738).

Rehabilitation costs decreased

Expenditures for vocational rehabilitation services that assist in returning injured employees to work decreased 11.4% (\$216,796) from FY 2015 to FY 2016.

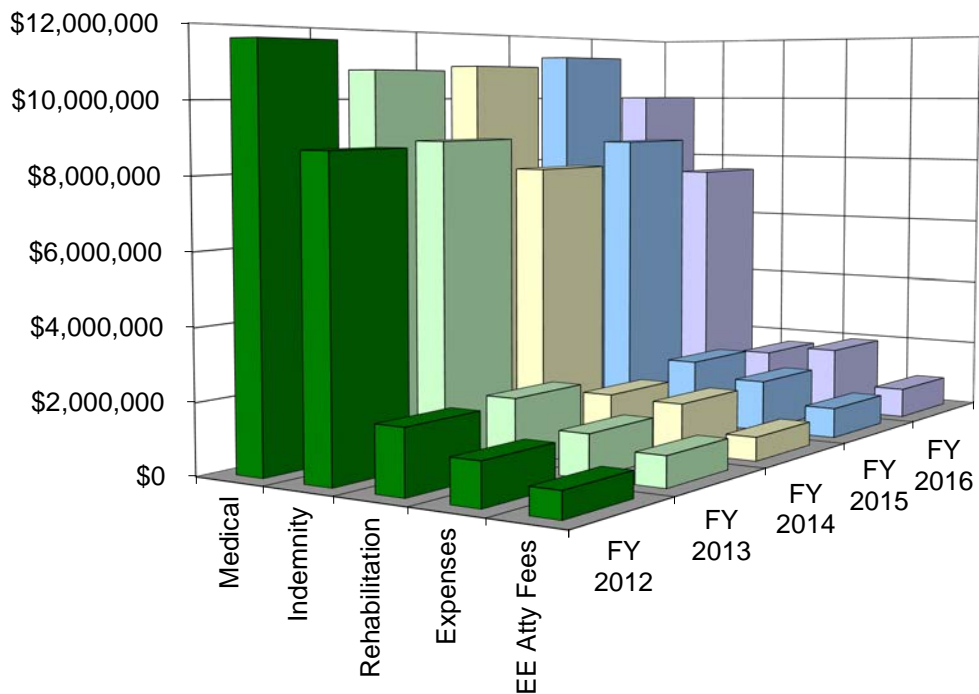
Expense costs increased

Expenditures for investigations, independent medical examinations, medical records, court reporters, deposition fees, and legal defense costs increased 30.7% (\$453,326) in FY 2016.

Employee attorney costs decreased

Fees paid to attorneys representing injured employees in FY 2016 decreased 0.3% (\$2,925) compared to FY 2015.

Chart 8/Benefit Costs/FYs 2012-2016

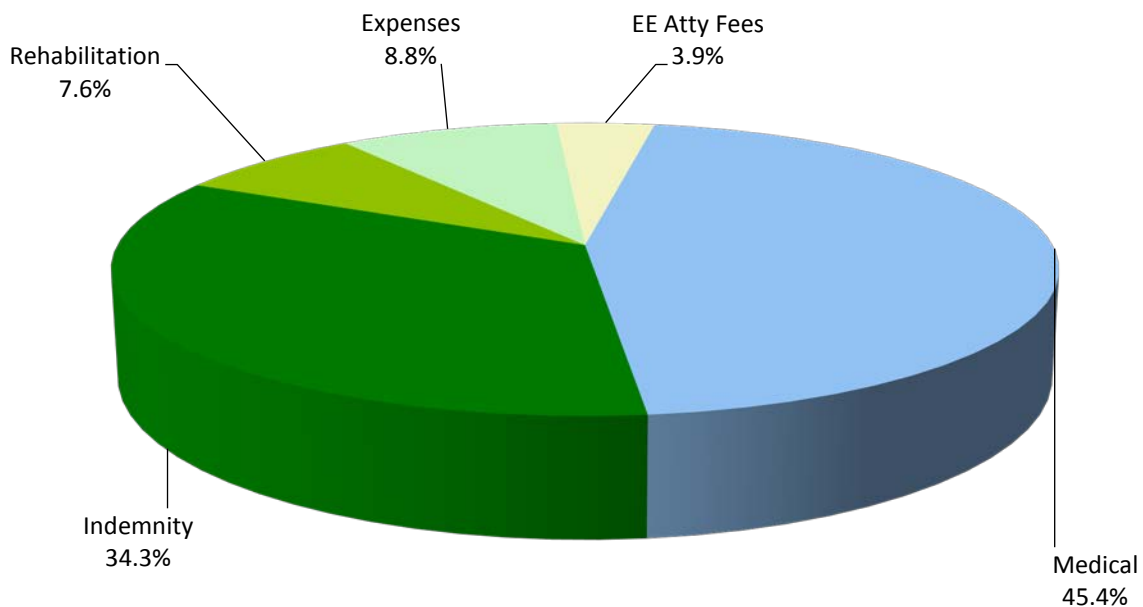


	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 12-16	FY 15-16
	Benefit Costs					% Change	
Medical	\$11,620,640	\$10,823,582	\$10,974,206	\$11,299,321	\$10,016,684	-13.8%	-11.4%
Indemnity	\$8,711,038	\$8,854,412	\$7,935,257	\$8,643,291	\$7,551,553	-13.3%	-12.6%
Rehabilitation	\$1,833,192	\$1,962,878	\$1,468,982	\$1,900,137	\$1,683,341	-8.2%	-11.4%
Expenses	\$1,215,159	\$1,223,658	\$1,407,180	\$1,478,790	\$1,932,117	59.0%	30.7%
EE Atty Fees	\$736,270	\$873,756	\$681,832	\$866,384	\$863,460	17.3%	-0.3%
Totals Overall	\$24,116,299	\$23,738,285	\$22,467,458	\$24,187,923	\$22,047,155	-8.6%	-8.9%

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

In FY 2016, 45.4% (\$10,016,684) of the total benefits paid were for injured employees' medical costs. 34.3% (\$7,551,553) 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 (34.3%) was lower than the 35.7% of the previous year (FY 2015).

Chart 9/Composition of Benefit Costs/FY 2016



Medical Costs

The program's expenditure for medical benefits decreased 11.4% (Chart 10)

In FY 2016, the program paid \$10,016,684 to various medical care providers and for medical reimbursements to the employee. This was a decrease of 11.4% (\$1,282,637) compared to FY 2015.

Medical office visits include all non-chiropractic care that is not provided in a hospital. From FY 2015 to FY 2016, these payments decreased by 7.2% (\$248,838).

Hospital payments include all inpatient and outpatient treatment that is provided in a hospital. In FY 2016, these payments decreased 15.1% (\$742,444) compared to FY 2015.

Chiropractic care payments decreased 21.6% (\$51,504) in FY 2016 compared to FY 2015.

Miscellaneous medical includes payments to intervenors, diet and/or fitness centers, and home remodeling. In FY 2016, these payments decreased 32.8% (\$76,201) compared to FY 2015.

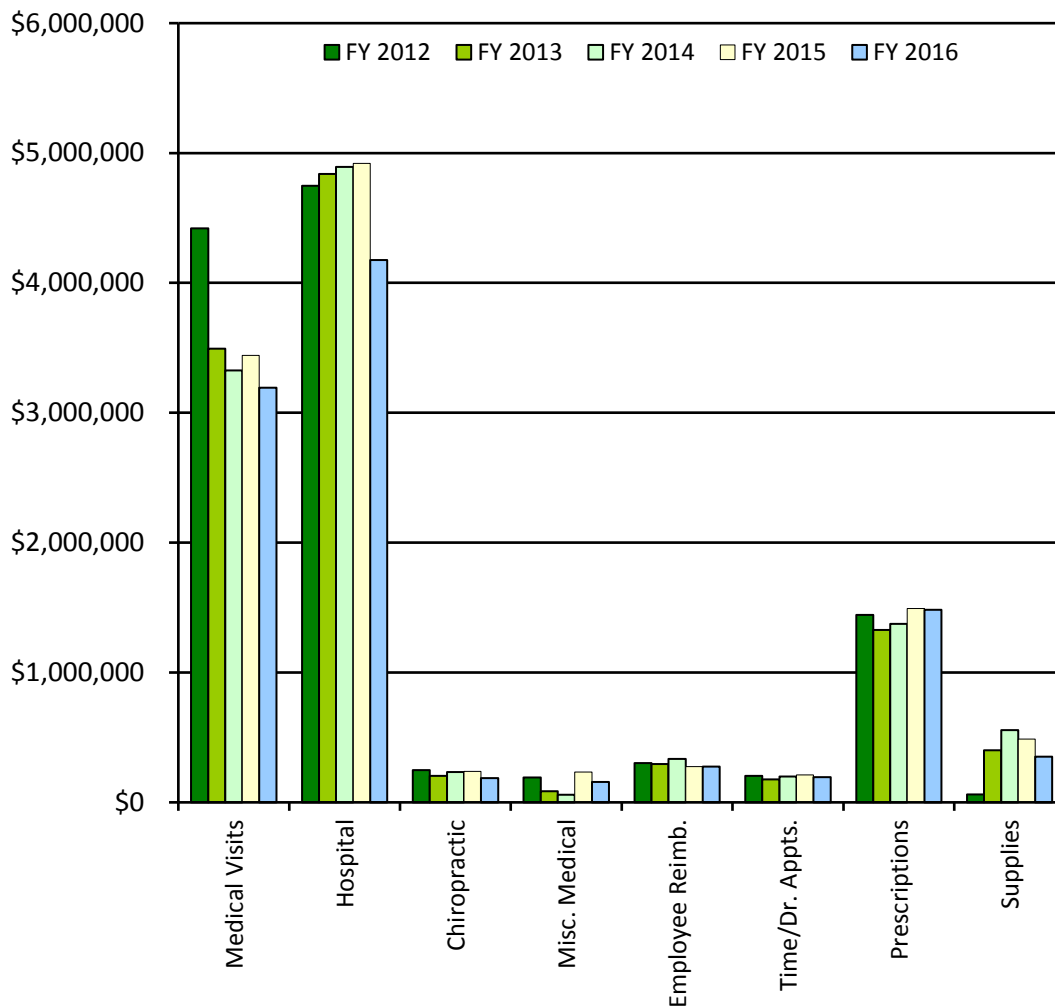
Employee reimbursements include mileage, parking, and meals. These payments increased 0.1% (\$293) from FY 2015 to FY 2016.

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 decreased 8.3% (\$17,619) compared to FY 2015.

Prescription costs decreased 0.7% (\$9,874) from FY 2015 to FY 2016.

Supplies include medical equipment and supplies. These payments decreased 27.9% (\$136,450) in FY 2016 compared to FY 2015.

Chart 10/Medical Benefit Costs/FYs 2012-2016



	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 12-16	FY 15-16
	Medical Benefit Costs					% Change	
Medical Visits	\$4,420,223	\$3,493,571	\$3,326,071	\$3,441,100	\$3,192,262	-27.8%	-7.2%
Hospital	\$4,748,473	\$4,837,942	\$4,893,183	\$4,919,100	\$4,176,657	-12.0%	-15.1%
Chiropractic	\$248,240	\$203,383	\$233,036	\$238,473	\$186,970	-24.7%	-21.6%
Misc. Medical	\$190,533	\$86,521	\$57,535	\$232,605	\$156,403	-17.9%	-32.8%
Employee Reimb.	\$303,653	\$296,209	\$334,325	\$276,285	\$276,579	-8.9%	0.1%
Time/Dr. Appts.	\$204,463	\$177,026	\$199,285	\$211,749	\$194,129	-5.1%	-8.3%
Prescriptions	\$1,444,017	\$1,328,730	\$1,374,224	\$1,491,646	\$1,481,772	2.6%	-0.7%
Supplies	\$61,038	\$400,201	\$556,546	\$488,362	\$351,913	476.5%	-27.9%
Totals	\$11,620,640	\$10,823,582	\$10,974,206	\$11,299,321	\$10,016,684	-13.8%	-11.4%

Indemnity Costs

The program's expenditure for indemnity benefits decreased 12.6% (Chart 11)

The program's second largest expenditure, indemnity benefits, experienced a decrease of 12.6% from FY 2015 to FY 2016.

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 2016, TTD payments decreased 24.0% (\$599,258) compared to FY 2015.

Other Benefits include lump sums to settle claims, death benefits to dependents, and retraining benefits. In FY 2016, these payments decreased 25.9% (\$550,172) compared to FY 2015.

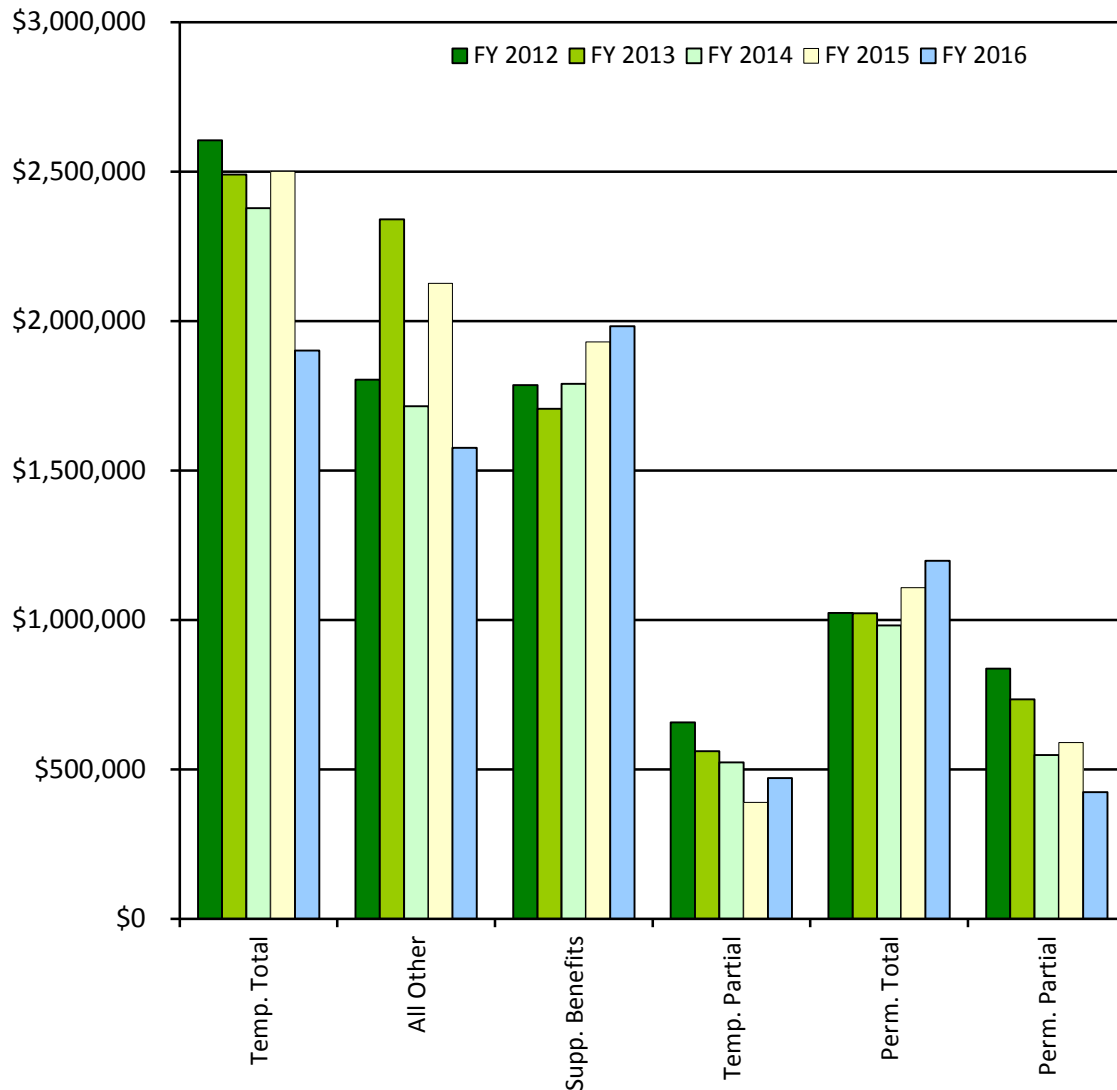
Supplementary Benefits (SBs) are paid in conjunction with PTD, or to bring payments up to a percentage of the statewide average weekly wage. The majority of employees who receive SBs also receive Social Security Disability benefits. In the past the Program has not invoiced agencies for these benefits, but may do so in the future due to the Ekdahl/Hartwig Minnesota Supreme Court Decisions. In FY 2016, SB payments increased 2.7% (\$52,907) compared to FY 2015. 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 2016, TPD payments increased 20.8% (\$81,149) compared to FY 2015.

Permanent Total Disability (PTD) benefits are paid to employees who will never be able to work again. In FY 2016, PTD payments increased 8.1% (\$89,925) compared to FY 2015.

Permanent Partial Disability (PPD) benefits are paid to employees who have a permanent loss of body function. In FY 2016, PPD payments decreased 28.2% (\$166,289) compared to FY 2015.

Chart 11/Indemnity Benefit Costs/FYs 2012-2016



	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 12-16	FY 15-16
	Indemnity Benefit Costs					% Change	
Temp. Total	\$2,604,844	\$2,490,472	\$2,377,824	\$2,500,838	\$1,901,580	-27.0%	-24.0%
All Other	\$1,803,410	\$2,340,108	\$1,715,356	\$2,125,614	\$1,575,442	-12.6%	-25.9%
Supp. Benefits	\$1,785,626	\$1,706,177	\$1,789,847	\$1,929,997	\$1,982,904	11.0%	2.7%
Temp. Partial	\$656,995	\$560,979	\$523,397	\$389,586	\$470,735	-28.4%	20.8%
Perm. Total	\$1,022,834	\$1,022,144	\$981,061	\$1,107,352	\$1,197,277	17.1%	8.1%
Perm. Partial	\$837,328	\$734,533	\$547,773	\$589,906	\$423,616	-49.4%	-28.2%
Totals	\$8,711,038	\$8,854,412	\$7,935,257	\$8,643,291	\$7,551,553	-13.3%	-12.6%

Recoveries

Recoveries increased 17.1% in FY 2016 (*Chart 12*)

Recoveries are funds the program receives from supplementary benefits, second injury fund, reinsurance and subrogation. Total recoveries in FY 2016 increased 17.1% (\$356,286) compared to FY 2015.

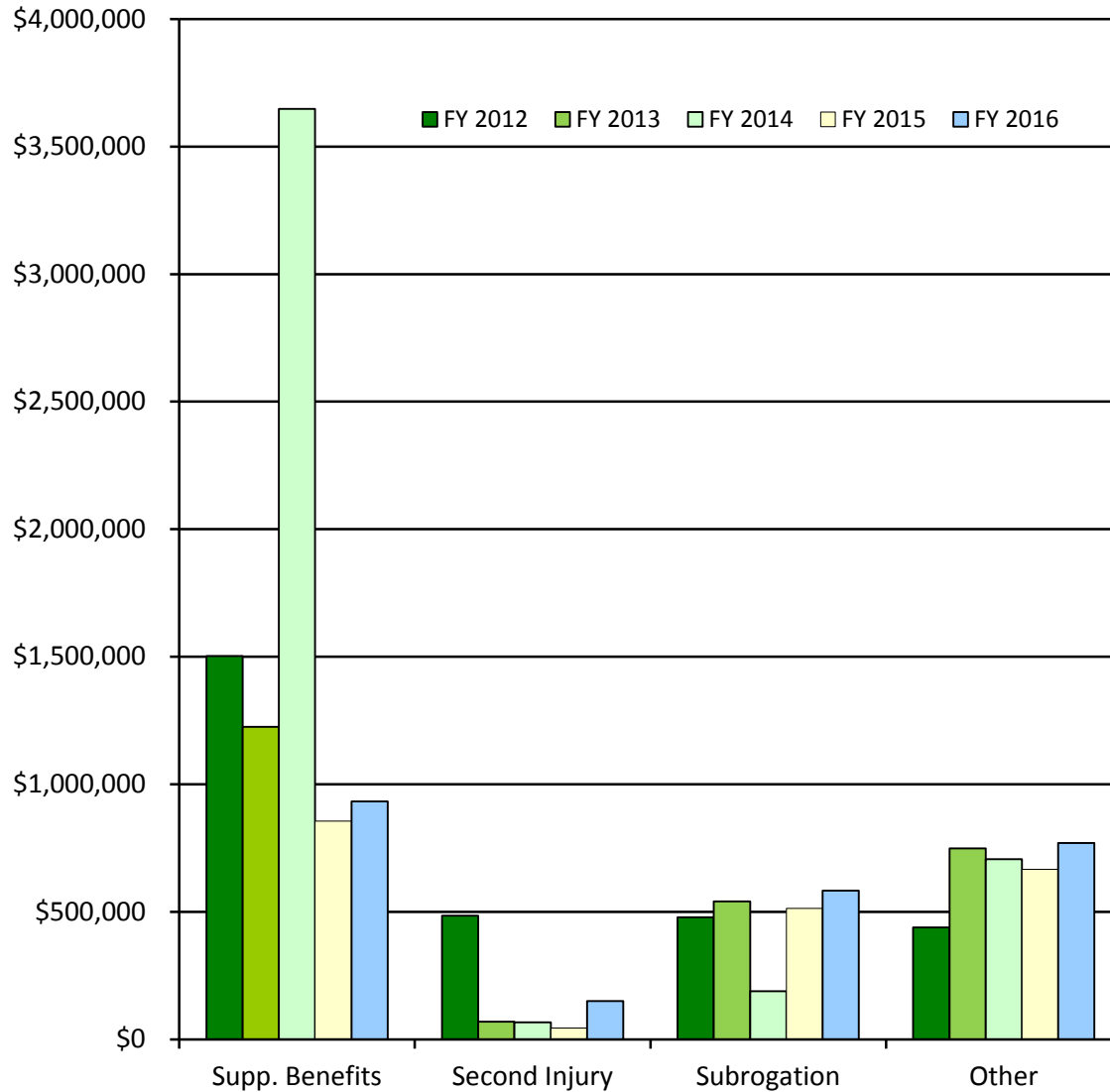
Supplementary Benefit Recoveries are reimbursed by the Department of Labor and Industry. In FY 2016, the program recovered 9.1% more (\$77,964) compared to FY 2015.

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 2016, the recovery of these funds increased 235.5% (\$105,095) compared to FY 2015.

Subrogation Recoveries are funds paid by third parties who are found responsible for employees' injuries and illnesses. From FY 2015 to FY 2016, the recovery of these funds increased 13.7% (\$70,153).

Other Recoveries include funds obtained through contribution and reinsurance. In FY 2016, the recovery of these funds increased 15.5% (\$103,074) compared to FY 2015.

Chart 12/Recoveries/FYs 2012-2016



	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 12-16	FY 15-16
	Recoveries					Change	
Supp. Benefits	\$1,502,985	\$1,225,453	\$3,647,476	\$855,034	\$932,998	-37.9%	9.1%
Second Injury	\$484,706	\$69,832	\$66,368	\$44,621	\$149,716	-69.1%	235.5%
Subrogation	\$479,077	\$540,265	\$189,173	\$513,468	\$583,621	21.8%	13.7%
Other	\$438,408	\$748,265	\$705,760	\$666,388	\$769,462	75.5%	15.5%
Totals	\$2,905,176	\$2,583,816	\$4,608,777	\$2,079,511	\$2,435,797	-16.2%	17.1%

Payments Made for Calendar Year Injuries

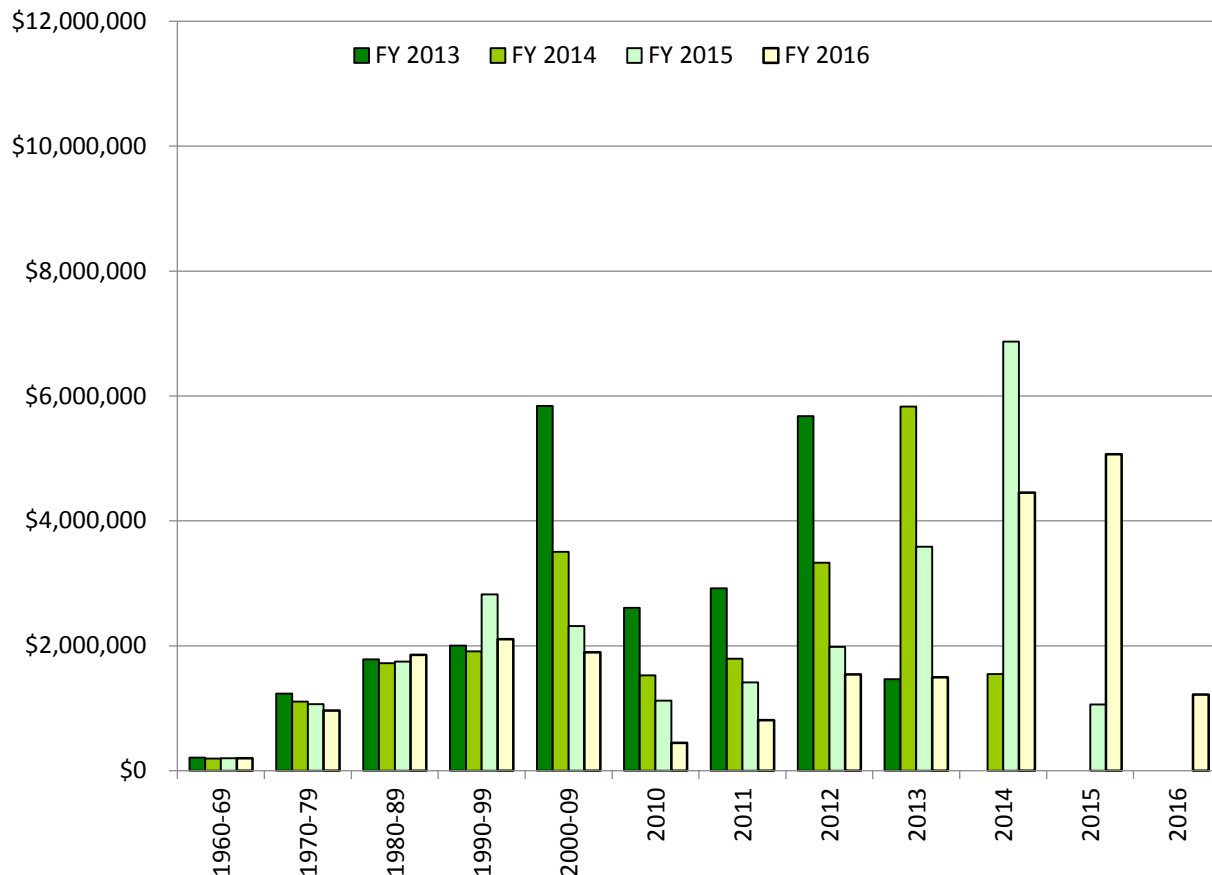
Claims that occurred prior to 2000 accounted for 23.2% of the program's FY 2016 benefit costs (*Chart 13*)

Chart 13 shows a breakdown of total benefits paid from FY 2013 to FY 2016 for injuries occurring in calendar years 1960 through June 30, 2016. In FY 2016, 23.2% (\$5,122,840) of all benefits went to employees who were injured prior to 2000. In FY 2015, \$5,833,229 was paid on older claims compared to \$5,122,840 paid in FY 2016, a 12.2% decrease. In FY 2016, 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 2016 which demonstrate this pattern.

Chart 13/Payments Made for Calendar Year Injuries/FYs 2012-2016



Calendar Years	FY 2013	FY 2014	FY 2015	FY 2016
1960-69	\$208,776	\$192,735	\$198,457	\$199,620
1970-79	\$1,234,420	\$1,104,903	\$1,066,041	\$964,393
1980-89	\$1,784,962	\$1,723,354	\$1,746,506	\$1,854,986
1990-99	\$2,002,444	\$1,912,059	\$2,822,225	\$2,103,841
2000-09	\$5,842,560	\$3,506,086	\$2,314,659	\$1,895,660
2010	\$2,605,895	\$1,525,541	\$1,121,722	\$443,417
2011	\$2,917,920	\$1,792,192	\$1,412,945	\$810,478
2012	\$5,677,268	\$3,331,960	\$1,984,358	\$1,542,532
2013	\$1,464,041	\$5,831,012	\$3,589,006	\$1,496,241
2014		\$1,547,617	\$6,870,138	\$4,450,872
2015			\$1,061,867	\$5,065,426
2016				\$1,219,689
TOTALS	\$23,738,287	\$22,467,457	\$24,187,923	\$22,047,155

Claims/Benefits Activity by Agency

Seven agencies accounted for over 81.8% 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. Seven agencies reported 81.8% (1,695) of the claims and paid 85.8% (\$18,908,766) of the benefits in FY 2016. The seven agencies are: Human Services, Transportation, Corrections, MnSCU, Natural Resources, Public Safety, and Veterans Affairs.

Charts 14 and 15 contain information on these seven 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 2015 and FY 2016.

Chart 14/Composition of Reported Claims by Agency/FY 2016

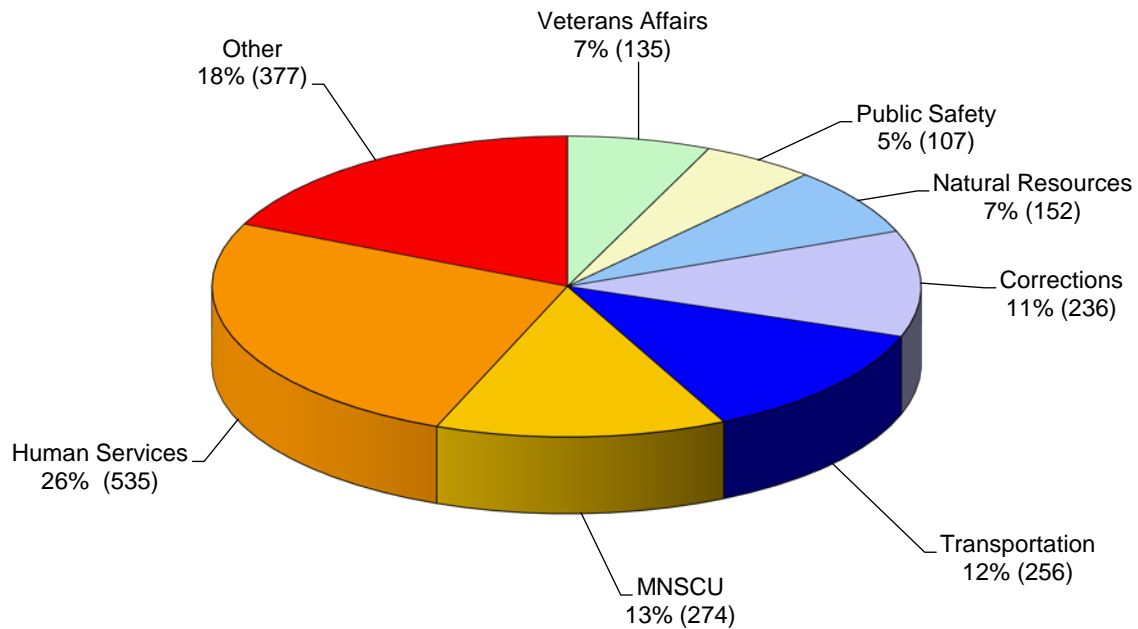
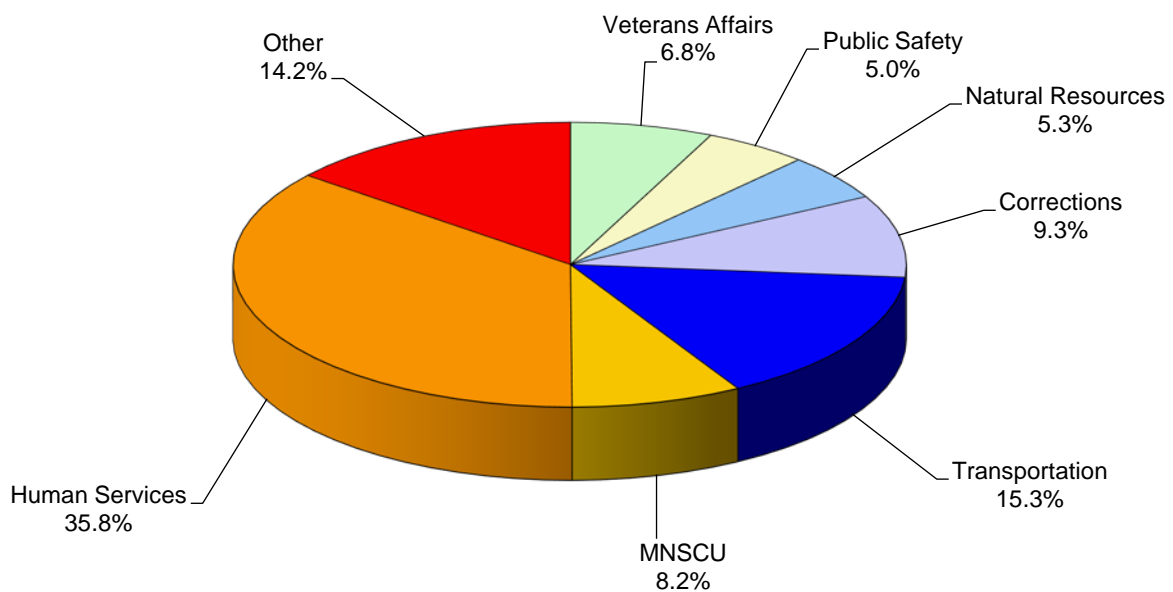


Chart 15/Composition of Benefits Paid by Agency/FY 2016



Benefit Costs for Seven Agencies

Benefit costs for these seven agencies decreased 9.2% (Chart 16 and Appendix B)

Combined benefit costs for the seven large agencies decreased a total of 9.2% (\$1,919,224) from FY 2015 to FY 2016. Chart 16 shows data for these nine agencies. Cost data for the remaining agencies is contained in Appendix B (p. 39).

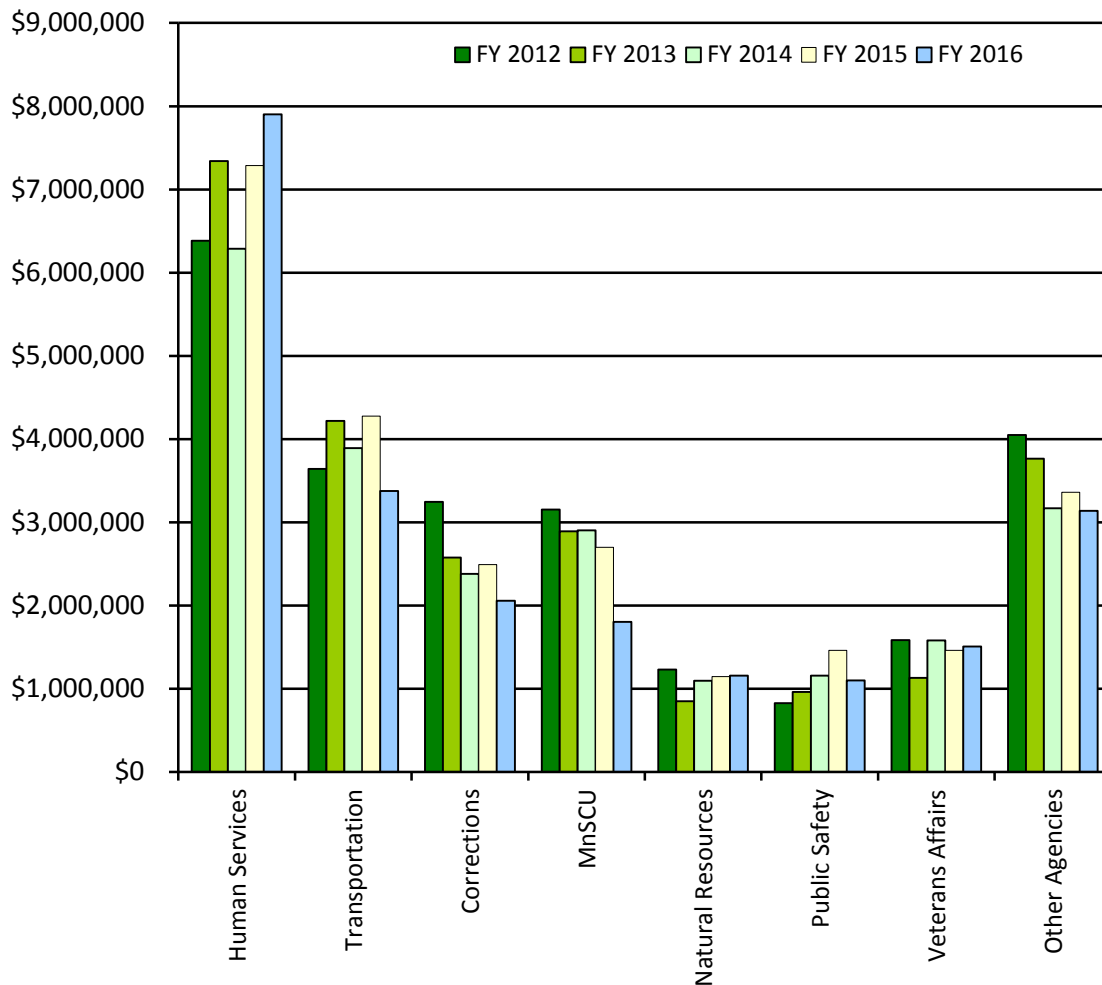
Caution urged when comparing agencies

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 decreased for Four of the Largest Seven Agencies, While the Other Agencies Experienced an Increase.

The seven agencies experienced changes ranging from -33.2% (MnSCU) to 8.4% (Human Services). All other agencies experienced a decrease of 6.6% (\$221,545).

Chart 16/Benefit Costs for Seven Agencies/FYs 2012-2016



	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 12-16	FY 15-16
	Benefit Costs					% Change	
Human Services	\$6,382,684	\$7,339,916	\$6,286,240	\$7,287,472	\$7,902,570	23.8%	8.4%
Transportation	\$3,641,090	\$4,217,561	\$3,892,936	\$4,276,220	\$3,376,623	-7.3%	-21.0%
Corrections	\$3,245,158	\$2,578,215	\$2,379,807	\$2,491,661	\$2,059,685	-36.5%	-17.3%
MnSCU	\$3,153,518	\$2,893,243	\$2,904,995	\$2,700,023	\$1,802,827	-42.8%	-33.2%
Natural Resources	\$1,230,636	\$851,577	\$1,095,151	\$1,147,227	\$1,158,506	-5.9%	1.0%
Public Safety	\$827,484	\$961,709	\$1,158,610	\$1,462,051	\$1,100,583	33.0%	-24.7%
Veterans Affairs	\$1,584,777	\$1,130,893	\$1,582,549	\$1,463,336	\$1,507,972	-4.8%	3.1%
Totals 7 Agencies	\$20,065,346	\$19,973,114	\$19,300,288	\$20,827,990	\$18,908,766	-5.8%	-9.2%
Other Agencies	\$4,050,952	\$3,765,172	\$3,167,169	\$3,359,934	\$3,138,389	-22.5%	-6.6%
Totals Overall	\$24,116,298	\$23,738,287	\$22,467,457	\$24,187,923	\$22,047,155	-8.6%	-8.9%

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 (6/30/16) on claims reported during the five year period of FY 2008 through FY 2012.

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 2016 Reported Claims (Chart 17A) and 5-Year Comparison (Chart 17B) by Body Part

In FY 2016, upper extremities (arm, shoulder, elbow, and wrist) continued to be the most frequently reported injured body part (28.2%), down 7.3% compared to FY 2015. Reported injuries that involve multiple body parts (\$10,512 average per claim) and injuries to the neck and back (\$9,082 average per claim) have the highest average cost per claim.

Chart 17A FY 2016 Reported Claims by Body Part

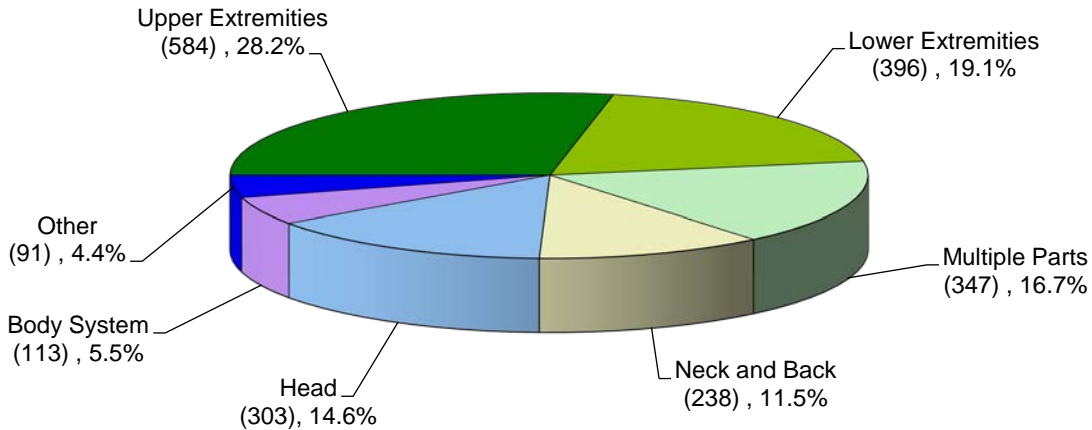
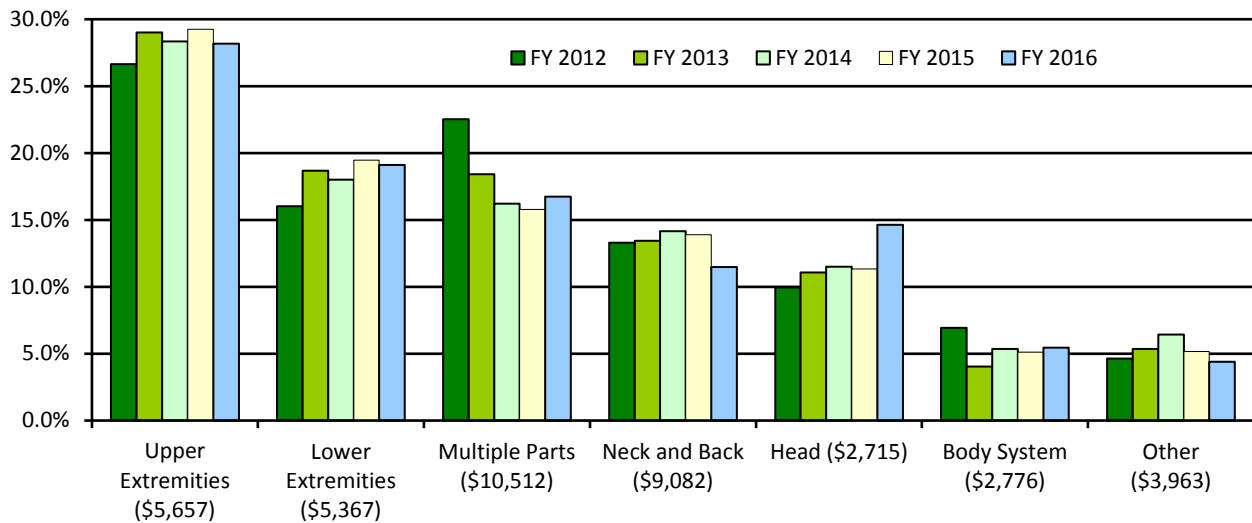


Chart 17B 5-Year Comparison by Body Part (%) of Reported Claims



NOTE: The dollar amounts shown in parenthesis in chart 17B above are the historical average claim costs on claims reported in FY 2008 through FY 2012 paid out through 6/30/16.

FY 2016 Reported Claims (Chart 18A) and 5-Year Comparison (Chart 18B) by Cause

The injury “cause” or “type” identifies the event that directly caused the injury. In FY 2016, overexertion, defined as excessive physical effort (18.2%) and falls (18.8%) continue to be the most prevalent cause of injuries. Restraining person claims (\$8,292 average per claim), bodily reaction/involuntary motion claims (\$8,495 average per claim), motor vehicle claims (\$12,694 average per claim), overexertion claims (\$9,269 average per claim), and assault claims (\$6,304 average per claim) are on average the most expensive cause of claims.

Chart 18A FY 2016 Reported Claims by Cause

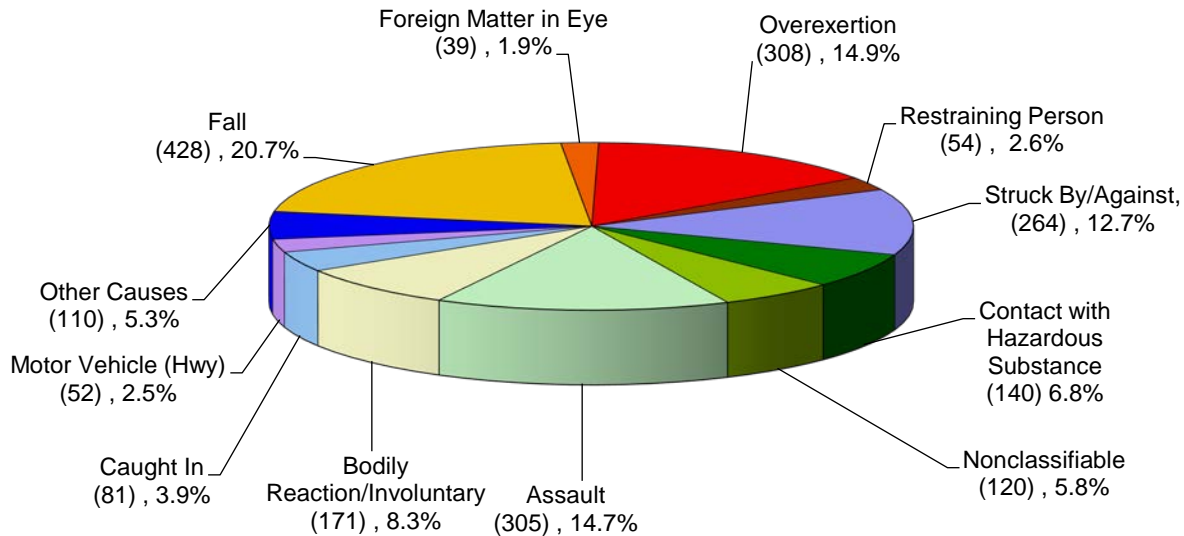
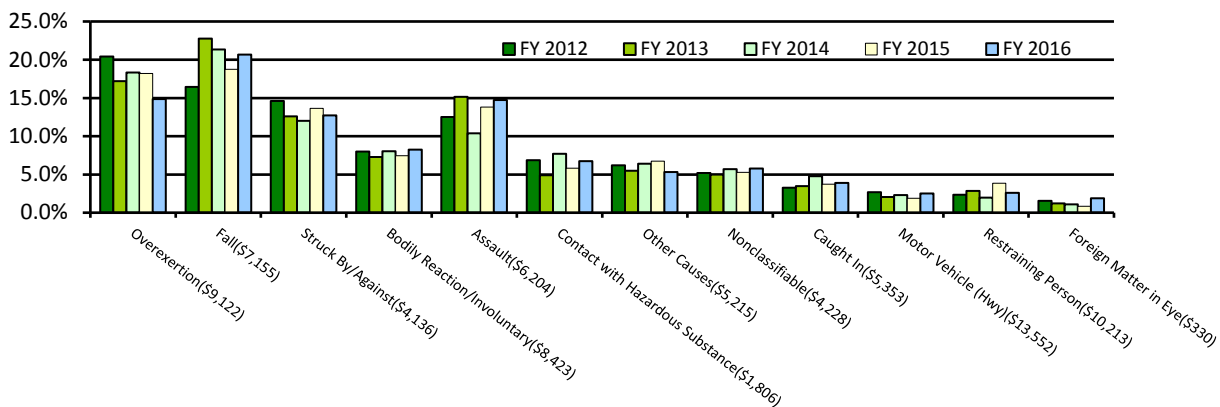


Chart 18B 5-Year Comparison by Cause (%) of Reported Claims



NOTE: The dollar amounts shown in parenthesis in chart 18B above are the historical average claim costs on claims reported in FY 2008 through FY 2012 paid out through 6/30/16.

FY 2016 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 2016, sprains/strains continued to be the most frequently reported nature of injury (34.5%), occurring more than twice as often as the next most frequently reported nature, contusion/crush/bruise (17.0%). While occurring infrequently, multiple injuries (\$13,657 average per claim) and fractures (\$13,876 average per claim) represent the most expensive reported claims.

Chart 19A FY 2016 Reported Claims by Nature

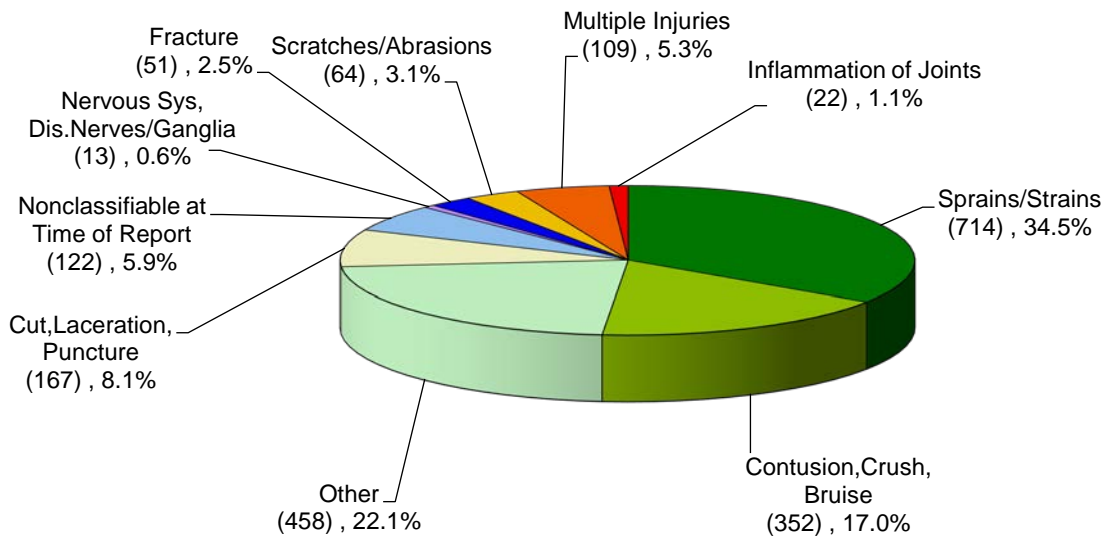
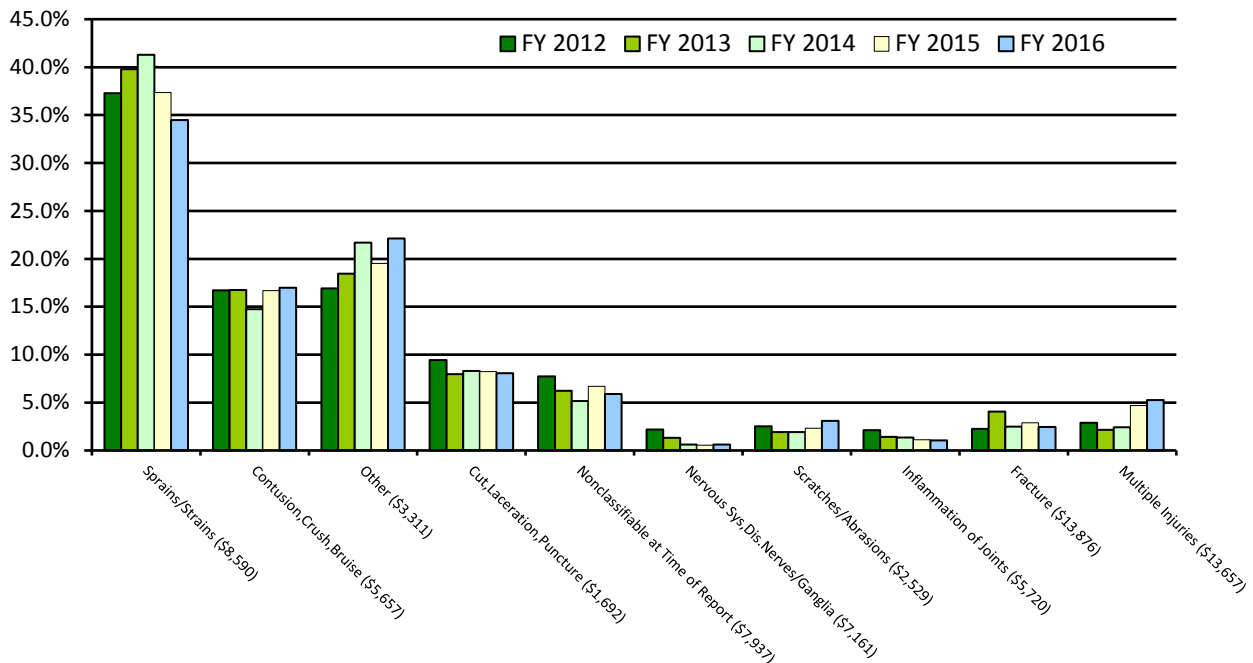


Chart 19B 5-Year Comparison by Nature (%) of Reported Claims



NOTE: The dollar amounts shown in parenthesis in chart 19B above are the historical average claim costs on claims reported in FY 2008 through FY 2012 paid out through 6/30/15.

Incident Rates

The average workers' compensation claim incident rate remained the same in FY 2016 (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:

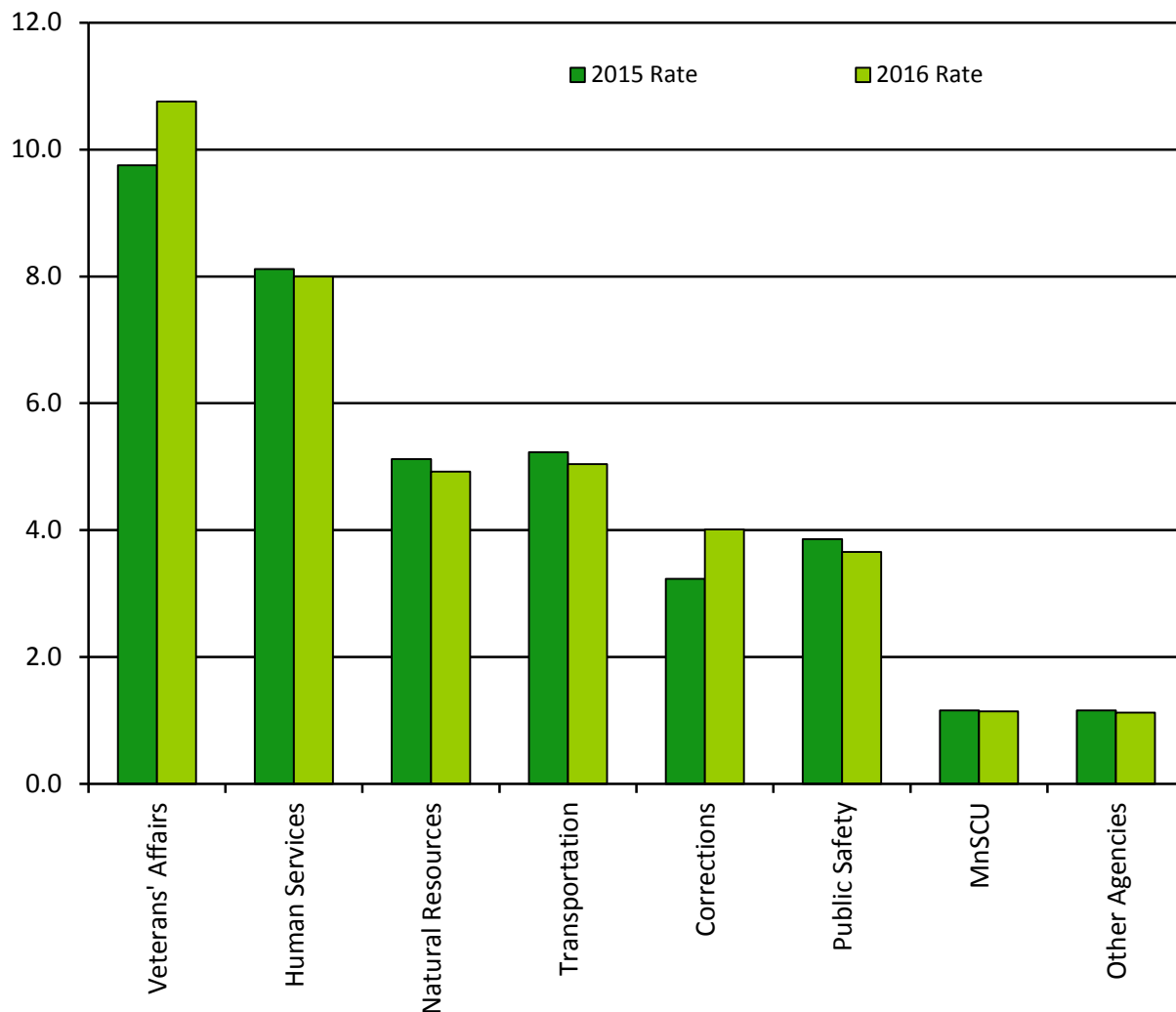
$$\text{Incident Rate} = \frac{\text{Number of Reportable Claims Paid} \times 200,000}{\text{Total Employee Hours Worked}}$$

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 remained at 3.0 in FY2016. See Appendix C (p. 36) for individual agency incident rates for FY 2016.

Overall, the incident rate for all agencies decreased from 3.9 in FY 2012 to 3.0 in FY 2016. See Chart 21 (p. 33) for five-year rate comparison.

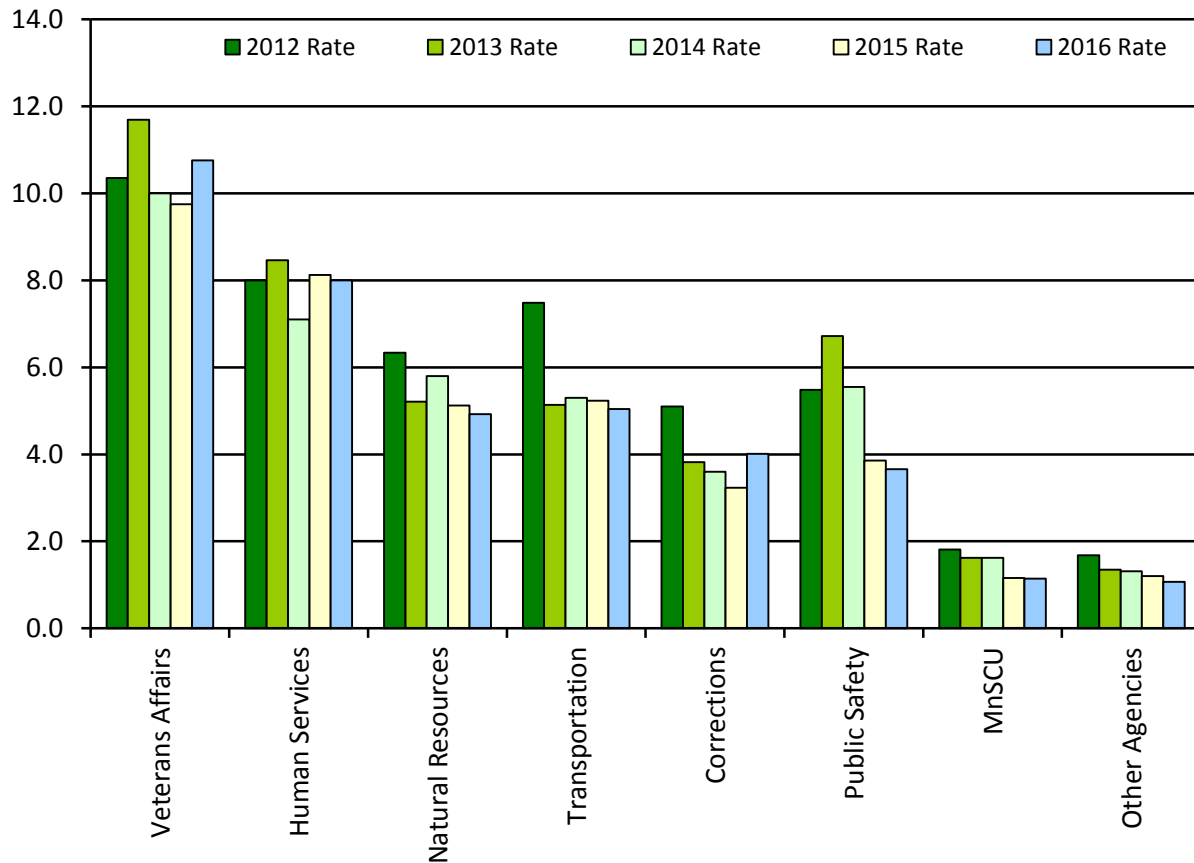
Chart 20/Incident Rates/FYs 2015-2016



Agency	FY 2015		2015 Rate	FY 2016		2016 Rate	FY 15-16 Rate Change
	Reportable Claims	Hours Worked		Reportable Claims	Hours Worked		
Veterans Affairs	106	2,174,141	9.8	113	2,100,583	10.8	1.0
Human Services	464	11,435,024	8.1	430	10,750,628	8.0	-0.1
Natural Resources	127	4,960,196	5.1	119	4,835,093	4.9	-0.2
Transportation	218	8,338,785	5.2	205	8,131,489	5.0	-0.2
Corrections	123	7,610,655	3.2	151	7,523,869	4.0	0.8
Public Safety	66	3,422,895	3.9	62	3,392,627	3.7	-0.2
MnSCU	176	30,425,364	1.2	168	29,316,292	1.1	0.0
Other Agencies	177	29,432,359	1.2	152	28,399,400	1.1	-0.1
All Agencies	1,457	97,799,419	3.0	1,400	94,449,981	3.0	0.0

*Source of Hours Worked is SEMA4.

Chart 21/Incident Rate Comparison/FYs 2012-2016



Agency	2012 Rate	2013 Rate	2014 Rate	2015 Rate	2016 Rate	FY 12-16 Rate Change
Veterans Affairs	10.4	11.7	10.0	9.8	10.8	0.4
Human Services	8.0	8.5	7.1	8.1	8.0	0.0
Natural Resources	6.3	5.2	5.8	5.1	4.9	-1.4
Transportation	7.5	5.1	5.3	5.2	5.0	-2.4
Corrections	5.1	3.8	3.6	3.2	4.0	-1.1
Public Safety	5.5	6.7	5.6	3.9	3.7	-1.8
MnSCU	1.8	1.6	1.6	1.2	1.1	-0.7
Other Agencies	1.7	1.3	1.3	1.2	1.1	-0.6
All Agencies	3.9	3.4	3.2	3.0	3.0	-0.9

Appendix A: Reported Claims/FY 2015 – 2016 by Agency

Agency	FY 2015	FY 2016	% of Change
Administration	20	18	-10.00%
Agriculture	8	11	37.50%
Animal Health Board	0	0	No Change
Attorney General	5	1	-80.00%
Boards & Commissions	4	4	No Change
Perpich Center for Arts Educ	2	1	-50.00%
Commerce & Commerce Weights & Measures	8	5	-37.50%
Conservation Corp	53	45	-15.09%
Corrections	214	236	10.28%
Court of Appeals	0	0	No Change
Education	8	8	No Change
Explore Minnesota Tourism	1	0	-100.00%
Employment & Economic Development	23	29	26.09%
Examining Boards	3	4	33.33%
Faribault Academies	18	9	-50.00%
Gambling Control Board	1	0	-100.00%
Governor's Office	1	0	-100.00%
Health	13	19	46.15%
Higher Educ Services Office	0	1	100.00%
Historical Society	12	12	No Change
House of Representatives	3	1	-66.67%
Housing Finance	1	0	-100.00%
Human Rights	0	0	No Change
Human Services	576	535	-7.12%
Indian Affairs Council	2	1	-50.00%
Investment Board	0	0	No Change
Iron Range Resources	3	6	100.00%
Judicial	5	5	No Change
Judicial Standards Board	0	0	No Change
Labor & Industry	11	8	-27.27%
Legislative Auditor	0	0	No Change
Legislative Coord Commission/Revisor of Statutes	0	2	100.00%
Lottery	10	5	-50.00%
Mediation Services	0	0	No Change
Military Affairs	21	13	-38.10%
Minnesota Management & Budget	2	3	50.00%
MN State Retirement	2	2	No Change
MnSCU	298	274	-8.05%
MnSURE	1	0	-100.00%
Natural Resources	162	152	-6.17%
MN.IT Services	16	27	68.75%
Ombudsman-Corrections	0	0	No Change
Ombudsperson for Families	1	0	-100.00%
Pollution Control Agency	13	12	-7.69%
Public Defense Board	8	1	-87.50%
Public Employees Retirement Assoc.	1	1	No Change
Public Safety	104	107	2.88%
Public Utilities Commission	0	1	100.00%
Racing Commission	0	0	No Change
Revenue	37	34	-8.11%
Secretary of State	0	4	#DIV/0!
State Arts Board	1	0	-100.00%
State Auditor	0	0	No Change
State Fair	11	11	No Change
State Guardian Ad Litem	5	8	60.00%
State Senate	3	3	No Change
Tax Court	0	0	No Change
Teachers Retirement Assoc.	0	1	100.00%
Transportation	271	256	-5.54%
Trial Courts	49	34	-30.61%
Veterans Affairs	128	135	5.47%
Work Comp Court of Appeals	1	0	-100.00%
Zoo	20	27	35.00%
TOTAL	2,160	2,072	-4.07%

Appendix B: Benefit Costs/FY 2015 – 2016 by Agency

Agency	FY 2015	FY 2016	% of Change
Administration	\$397,175	\$311,320	-21.62%
Agriculture	\$166,140	\$158,041	-4.88%
Animal Health Board	\$0	\$0	No Change
Attorney General	\$2,759	\$508	-81.59%
Boards & Commissions	\$2,611	\$3,121	19.51%
Perpich Center for Arts Education	\$9,307	\$2,237	-75.96%
Commerce & Commerce Weights & Measures	\$160,943	\$19,208	-88.07%
Conservation Corp MN	\$49,503	\$49,870	0.74%
Corrections	\$2,491,661	\$2,059,685	-17.34%
Court of Appeals	\$0	\$0	No Change
Education	\$107,868	\$84,853	-21.34%
Explore Minnesota Tourism	\$24,135	\$47,484	96.75%
Employment & Economic Development	\$205,571	\$123,454	-39.95%
Examining Boards	\$208	\$33,683	16131.17%
Faribault Academies	\$184,346	\$127,844	-30.65%
Gambling Control Board	\$0	\$0	No Change
Governor's Office	\$1,510	\$1,086	-28.09%
Health	\$244,394	\$97,327	-60.18%
Higher Educ Services Office	\$0	\$0	No Change
Historical Society	\$14,163	\$32,188	127.27%
House of Representatives	\$87	\$0	-100.00%
Housing Finance	\$7,525	\$7,651	1.68%
Human Rights	\$83,701	\$2,972	-96.45%
Human Services	\$7,287,472	\$7,902,570	8.44%
Indian Affairs Council	\$201	\$718	257.75%
Investment Board	\$0	\$0	No Change
Iron Range Resources	\$64,107	\$114,167	78.09%
Judicial	\$64,272	\$50,071	-22.09%
Judicial Standards Board	\$0	\$0	No Change
Labor & Industry	\$158,035	\$152,356	-3.59%
Legislative Auditor	\$0	\$0	No Change
Legislative Coord Commission/Revisor of Statutes	\$0	\$0	No Change
Lottery	\$87,958	\$37,174	-57.74%
Mediation Services	\$0	\$0	No Change
Military Affairs	\$317,735	\$338,429	6.51%
Minnesota Management & Budget	\$0	\$604	100.00%
MN.IT Services	\$50,872	\$188,060	269.67%
MN State Retirement	\$68,585	\$14,500	-78.86%
MnSCU	\$2,700,023	\$1,802,827	-33.23%
MnSURE	\$199	\$0	-100.00%
Natural Resources	\$1,147,227	\$1,158,506	0.98%
Ombudsman-Corrections	\$0	\$0	No Change
Ombudsperson for Families	\$0	\$0	No Change
Pollution Control Agency	\$14,339	\$30,417	112.12%
Public Defense Board	\$8,409	\$29,415	249.80%
Public Employees Retirement Assoc.	\$179	\$179	No Change
Public Safety	\$1,462,051	\$1,100,583	-24.72%
Public Utilities Commission	\$0	\$0	No Change
Racing Commission	\$0	\$0	No Change
Revenue	\$205,501	\$204,544	-0.47%
Secretary of State	\$399	\$1,179	195.21%
State Arts Board	\$0	\$0	No Change
State Auditor	\$33,821	\$33,642	-0.53%
State Fair	\$76,486	\$103,150	34.86%
State Guardian Ad Litem	\$73,566	\$37,013	-49.69%
State Senate	\$41,188	\$18,837	-54.26%
Tax Court	\$0	\$0	No Change
Teachers Retirement Assoc.	\$0	\$0	No Change
Transportation	\$4,276,220	\$3,376,623	-21.04%
Trial Courts	\$232,253	\$271,790	17.02%
Veterans Affairs	\$1,463,336	\$1,507,972	3.05%
Work Comp Court of Appeals	\$37,019	\$35,626	-3.77%
Zoo	\$162,862	\$373,671	129.44%
TOTAL	\$24,187,923	\$22,047,155	-8.85%

Appendix C: Agency Incident Rates/FY 2016

Agency	# of Hours Worked	Reportable Claims	Incident Rate
Administration	810,268	9	2.22
Agriculture	795,313	9	2.26
Animal Health Board	89,339	0	0.00
Attorney General	588,164	1	0.34
Boards & Commissions	740,014	8	2.16
Perpich Center for Arts Educ	149,645	1	1.34
Commerce & Commerce Weights & Measures	590,447	2	0.68
Conservation Corp MN	Not Available	40*	Not Available
Corrections	7,523,869	151	4.01
Court of Appeals	162,559	0	0.00
Education	663,333	6	1.81
Explore Minnesota Tourism	81,855	0	0.00
Employment & Economic Development	2,412,992	11	0.91
Examining Boards	314,886	3	1.91
Faribault Academies	281,933	6	4.26
Gambling Control Board	51,144	0	0.00
Governor's Office	83,982	0	0.00
Health	2,516,553	10	0.79
Higher Educ Services Office	3,311	0	0.00
Historical Society	Not Available	9*	Not Available
House of Representatives	Not Available	1*	Not Available
Housing Finance	414,132	0	0.00
Human Rights	65,862	0	0.00
Human Services	10,750,628	430	8.00
Indian Affairs Council	9,019	1	22.18
Investment Board	45,103	0	0.00
Iron Range Resources	131,729	5	7.59
Judicial	621,078	2	0.64
Judicial Standards Board	4,623	0	0.00
Labor & Industry	730,654	5	1.37
Legislative Auditor	106,935	0	0.00
Legislative Coord Commission/Revisor of Statutes	148,261	0	0.00
Lottery	260,303	3	2.31
Military Affairs	605,830	11	3.63
Minnesota Management & Budget	406,367	1	0.49
MN State Retirement	205,318	0	0.00
MNSure	287,859	0	0.00
MnSCU	29,316,292	168	1.15
Natural Resources	4,835,093	119	4.92
MN.IT Services	3,686,875	13	0.71
Office of Higher Education	107,962	0	0.00
Ombudsperson for Families	7,889	0	0.00
Pollution Control Agency	1,497,830	6	0.80
Public Defense Board	1,117,373	1	0.18
Public Employees Retirement Assoc.	159,094	0	0.00
Public Facilities Authority	13,989	0	0.00
Public Safety	3,392,627	62	3.65
Public Utilities Commission	88,377	0	0.00
Racing Commission	26,642	0	0.00
Revenue	2,310,782	5	0.43
Secretary of State	141,137	1	1.42
State Arts Board	31,933	0	0.00
State Auditor	159,480	0	0.00
State Fair	Not Available	6*	Not Available
State Senate	Not Available	2*	Not Available
Tax Court	14,323	0	0.00
Teachers Retirement Assoc.	151,906	1	1.32
Transportation	8,131,489	205	5.04
Trial Courts	4,090,755	11	0.54
Veterans Affairs	2,100,583	113	10.76
Work Comp Court of Appeals	20,133	0	0.00
Zoo	394,109	20	10.15
TOTAL	94,449,981	1,400	2.96

Appendix C1: Agency Incident Rates Graph/FY 2016

