Fiscal Year 2017

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 2017

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Table of Contents

Introduction 5
Executive Summary 6
How the Program Works 7
Benchmarks 8
Findings 11
Total Program Costs 14
Benefit Costs 16
Medical Costs 20
Indemnity Costs 22
Recoveries 24
Payments Made for Calendar Year Injuries 26
Claims/Benefits Activity by Agency 28
Benefit Costs for Seven Agencies 30
Claim Characteristics *(Charts 17, 18 and 19)* 32
FY 2017 Reported Claims (Chart 17A) and 5-Year Comparison (Chart 17B) by Body Part 33
FY 2017 Reported Claims (Chart 18A) and 5-Year Comparison (Chart 18B) by Cause 34
FY 2017 Reported Claims (Chart 19A) and 5-Year Comparison (Chart 19B) by Nature 35
Incident Rates 36
Appendix A: Reported Claims/FY 2016 – 2017 by Agency 39
Appendix B: Benefit Costs/FY 2016 – 2017 by Agency 40
Appendix C: Agency Incident Rates/FY 2017 41
Appendix C1: Agency Incident Rates Graph/FY 2017 42

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 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 2017 (FY 2017), the Program's total costs increased 4.2% ($1,199,710) from $28.5 million to $29.7 million. The increase is due to an increase in benefit costs.

We present the following report on the Program's activities during FY 2017. 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 Program welcomes comments about this report. Please direct comments to:

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All comparisons made in this report are of FY 2017 figures to FY 2016, 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 2017:

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 1.4% more claims in FY 2017 (p. 12).

Total Costs

- Total costs increased 4.2% from $28,475,691 in FY 2016 to $29,675,400 in FY 2017 (pp. 14-15).
- Expenditures for administration increased 9.0% from $2,817,360 in FY 2016 to $3,070,922 in FY 2017 (pp. 14-15).
- Expenditures for reinsurance decreased 14.6% from $817,599 in FY 2016 to $698,528 in FY 2017 (pp. 14-15).
- Expenditures for all benefits increased 5.1% from $22,047,155 in FY 2016 to $23,181,632 in FY 2017 (pp. 16-18).
- Expenditures for medical benefits increased 2.6% from $10,016,684 in FY 2016 to $10,274,355 in FY 2017 (pp. 19-20).
- Expenditures for indemnity benefits increased 4.7% from $7,551,553 in FY 2016 to $7,907,378 in FY 2017 (pp. 21-22).

Recoveries

- Recoveries increased 38.6% in FY 2017 (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 79.5% of the Program's payment activity (pp. 27-28).
- Benefit costs for these seven agencies increased 5.1% from FY 2016 to FY 2017 (pp. 29-30).
- The workers' compensation incidence rate remained constant from 3.0 in FY 2016 to 3.0 in FY 2017 (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 22.8% of the Program's benefit costs paid out during FY 2017 (pp. 25-26).
- Most common injury causes continue to be overexertion and falls (p. 33).

How the Program Works

Mission and Enabling Legislation

The 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 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 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

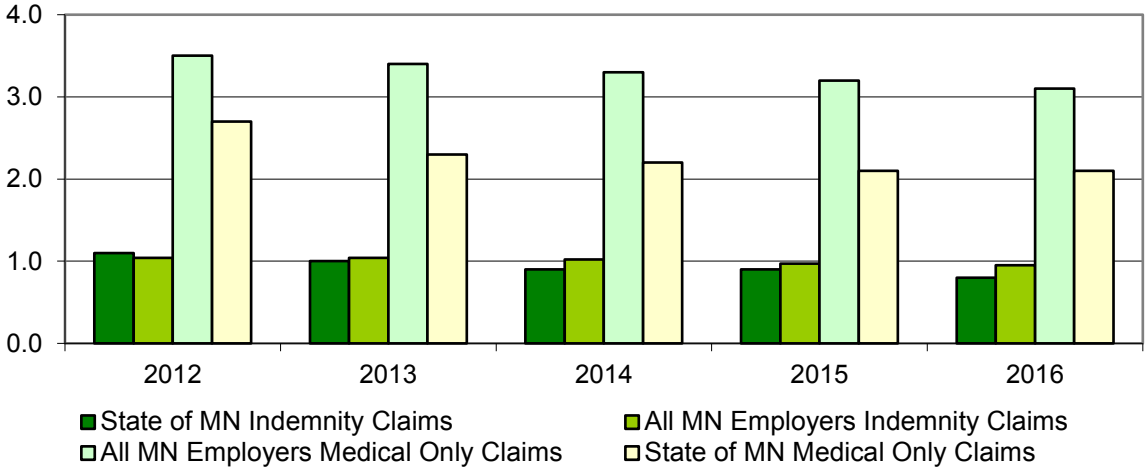
The Safety and Loss Control Unit provides safety and industrial hygiene consulting resources to all state agencies. Its purpose is to help state agencies identify and correct workplace safety hazards that place employees at risk for work related injury or illness. The unit provides safety-related services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

Benchmarks

Claim rates decreased during Calendar year 2016 *(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
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
2016	0.8	2.1	3.0

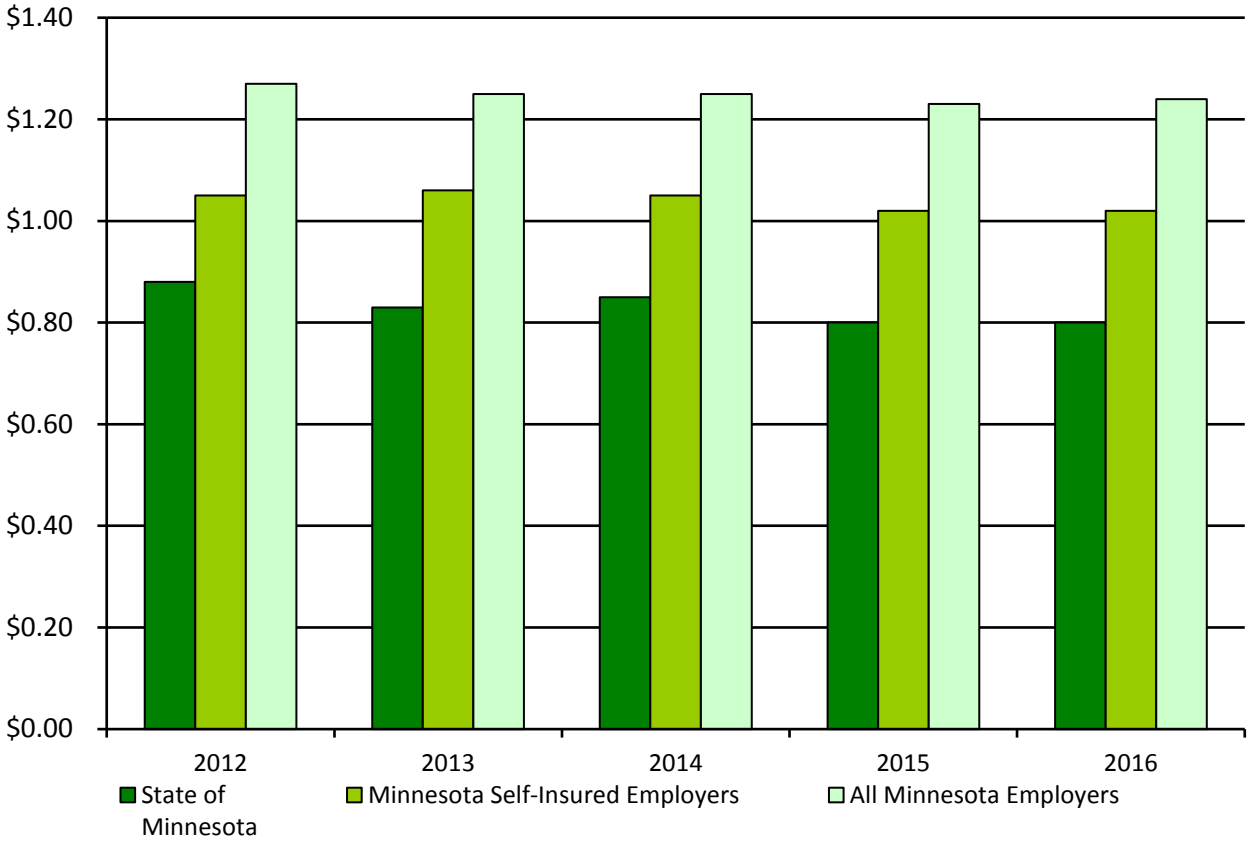
All Minnesota Employers

Injury Calendar Year	Indemnity Claims	Medical Only Claims	Total Claims
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	4.2
2016	1.0	3.0	4.0

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

The total cost of the 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
2012	$0.88	$1.05	$1.27
2013	$0.83	$1.06	$1.25
2014	$0.85	$1.05	$1.25
2015	$0.80	$1.02	$1.23
2016	$0.80	$1.02	$1.24

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

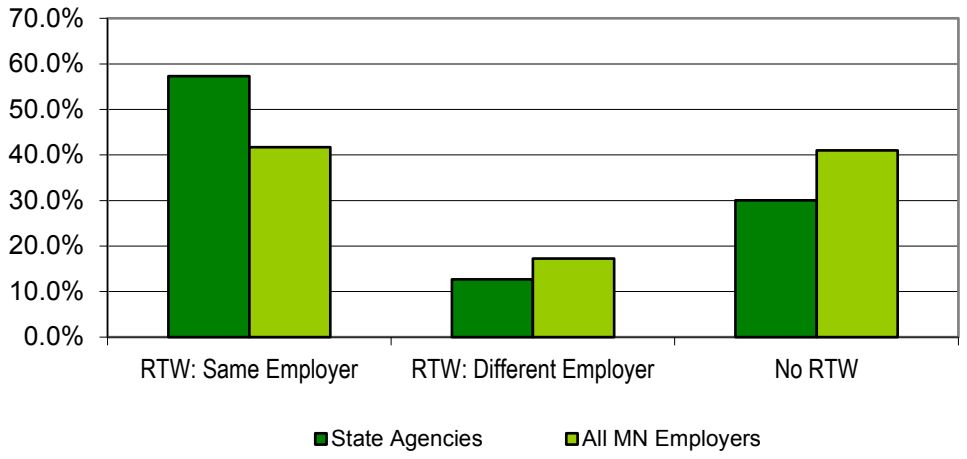
Chart 4a/Return-to-Work Rate

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 (%)
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**	41.9	17.4	40.7	100
	State Agencies	58.7	11.1	30.2	100
2016	**All MN Employers**	42.1	16.8	41.0	100
	State Agencies	53.9	14.6	31.4	100
2017	**All MN Employers**	42.2	16.9	40.9	100
	State Agencies	49.6	15.7	34.7	100
Average 2011-2017	**All MN Employers**	**41.7**	**17.3**	**41.0**	100
	State Agencies	**57.3**	**12.7**	**30.0**	100

Data Source: DLI System Report
Please note that data from prior years (2011-2016) have changed due to use of new employment status codes or have been updated.

Chart 4b/Return to Work (RTW) Comparison**: 2011-2017/Average**



Findings

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

Number of claims increased (Chart 5)

The Program experienced an increase of 30 claims reported from FY 2016 to FY 2017. Appendix A (p. 38) contains an agency-by-agency breakdown of the number of claims reported for FY 2016 and FY 2017.

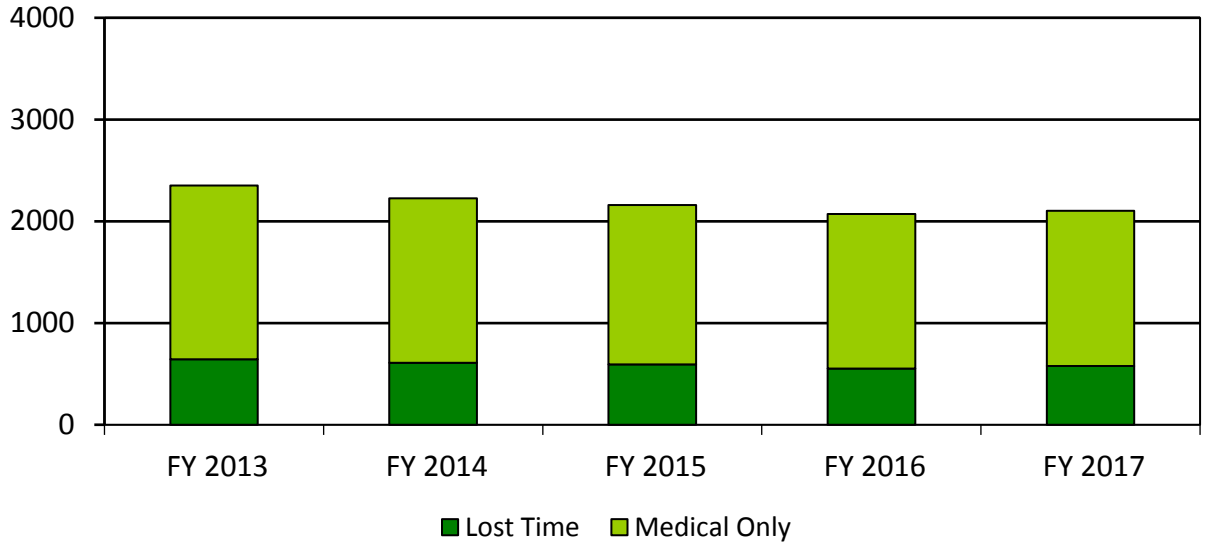
Increase in lost time and medical only claims (Chart 5)

Lost time claims, those in which the employee is disabled beyond a three calendar-day waiting period, increased by 5.1% (28) from FY 2016 to FY 2017. *Medical only claims* increased by 0.1% (2) from FY 2016 to FY 2017.

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

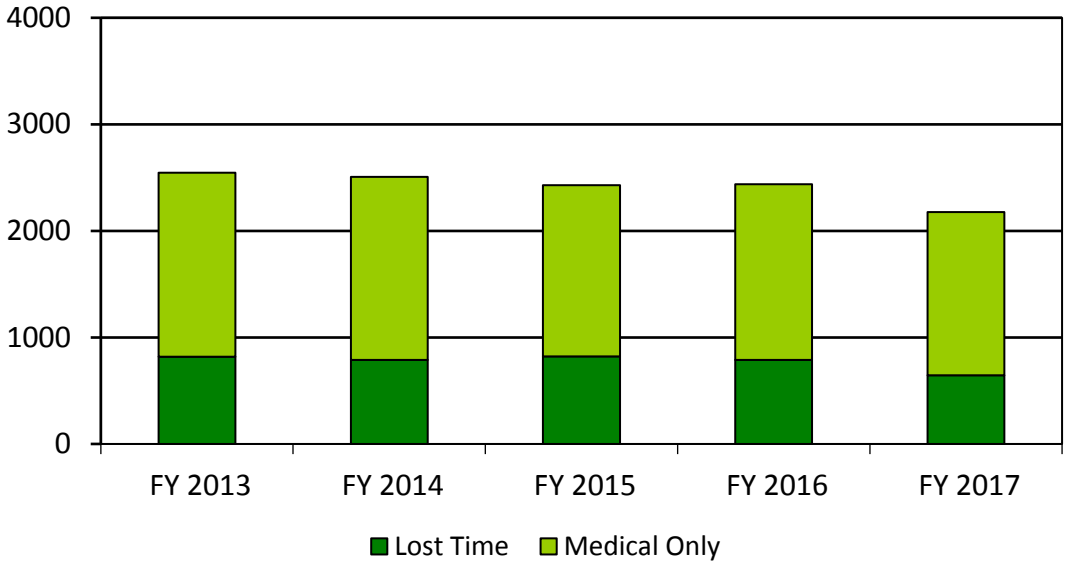
The Program closed less claims in FY 2017 compared to FY 2016, and the Program closed more claims than it received during FY 2017 (2,102 received vs. 2,176 closed), thus, decreasing the number of claims being managed.

Chart 5/Number of Claims Reported/FYs 2013-2017



	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 13-17	FY 16-17
	Claims Reported					% Change	
Lost Time	644	608	592	551	579	-10.1%	5.1%
Medical Only	1,707	1,618	1,568	1,521	1,523	-10.8%	0.1%
Totals	**2,351**	**2,226**	**2,160**	**2,072**	**2,102**	**-10.6%**	**1.4%**

Chart 6/Number of Claims Closed/FYs 2013-2017



	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 13-17	FY 16-17
	Claims Closed					% Change	
Lost Time	819	790	821	790	645	-21.2%	-18.4%
Medical Only	1,727	1,717	1,607	1,649	1,531	-11.3%	-7.2%
Totals	**2,546**	**2,507**	**2,428**	**2,439**	**2,176**	**-14.5%**	**-10.8%**

Total Program Costs

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

The Program's total costs of $29,675,400 reflects an increase of 4.2% ($1,199,710) from FY 2016 to FY 2017. These costs include all benefits, administrative fees, special assessments, reinsurance, and managed care administrative fees.

Benefits

Benefit costs include all benefits paid under Minnesota Statutes, Chapter 176. In FY 2017, these costs increased 5.1% ($1,134,477) compared to FY 2016. Benefit costs by category are listed on page 17 of this report.

Administration

In FY 2017, the Program provided claims administration and safety and loss control services with administrative operating expenses of $3,070,922, an increase of $253,562 in FY 2017.

Special Assessments

The Program's expenditure for special assessments decreased in FY 2017 6.5% ($85,421) compared to FY 2016. 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.

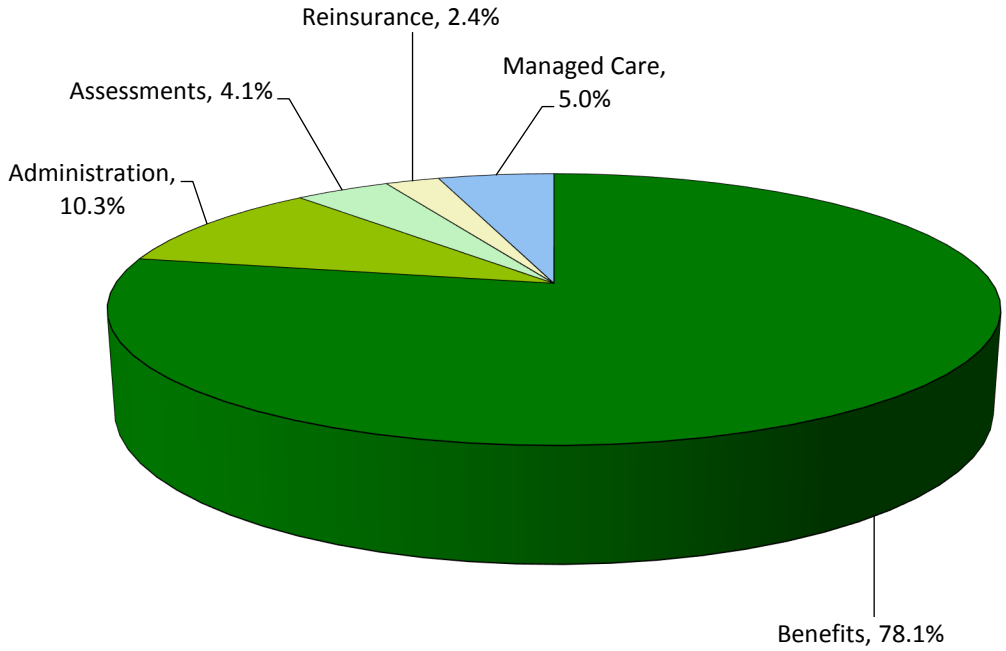
Reinsurance

The Program's expenditure for reinsurance decreased 14.6% ($119,071) in FY 2017 compared to FY 2016. The Workers' Compensation Reinsurance Association (WCRA) provides coverage to the state on claims exceeding our deductible or retention level. The large payments in FY 2013 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 1.1% ($16,163) from FY 2016 to FY 2017.

Chart 7/Total Program Costs/FYs 2013-2017



	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 13-17	FY 16-17
	Total Program Costs					% Change	
Benefits	$23,738,287	$22,467,457	$24,187,923	$22,047,155	$23,181,632	-2.3%	5.1%
Administration	$2,955,424	$2,967,007	$2,860,923	$2,817,360	$3,070,922	3.9%	9.0%
Assessments	$1,474,924	$1,478,947	$1,396,159	$1,313,401	$1,227,980	-16.7%	-6.5%
Reinsurance	$2,018,217	$1,720,603	$1,009,695	$817,599	$698,528	-65.4%	-14.6%
Managed Care	$1,436,523	$1,448,735	$1,448,996	$1,480,176	$1,496,339	4.2%	1.1%
Totals	**$31,623,375**	**$30,082,749**	**$30,903,696**	**$28,475,691**	**$29,675,400**	**-6.2%**	**4.2%**

Benefit Costs

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

In FY 2017, benefit expenditures increased a total of 5.1% ($1,134,477) compared to FY 2016.

Medical costs increased

Payments for office and hospital visits, prescriptions, supplies, and reimbursements for travel and time off to see the doctor increased 2.6% ($257,670) in FY 2017 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 2017 compared to FY 2016 by 4.7% ($355,824).

Rehabilitation costs increased

Expenditures for vocational rehabilitation services that assist in returning injured employees to work increased 26.7% ($449,769) from FY 2016 to FY 2017.

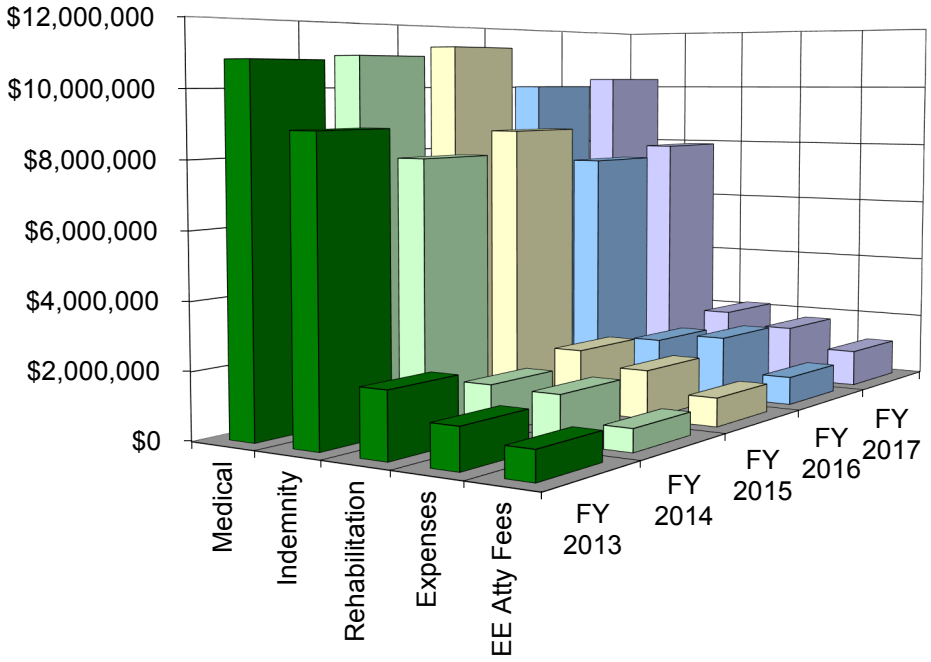
Expense costs decreased

Expenditures for investigations, independent medical examinations, medical records, court reporters, deposition fees, and legal defense costs decreased 9.9% ($192,052) in FY 2017.

Employee attorney costs increased

Fees paid to attorneys representing injured employees in FY 2017 increased 30.5% ($263,266) compared to FY 2016.

Chart 8/Benefit Costs/FYs 2013-2017

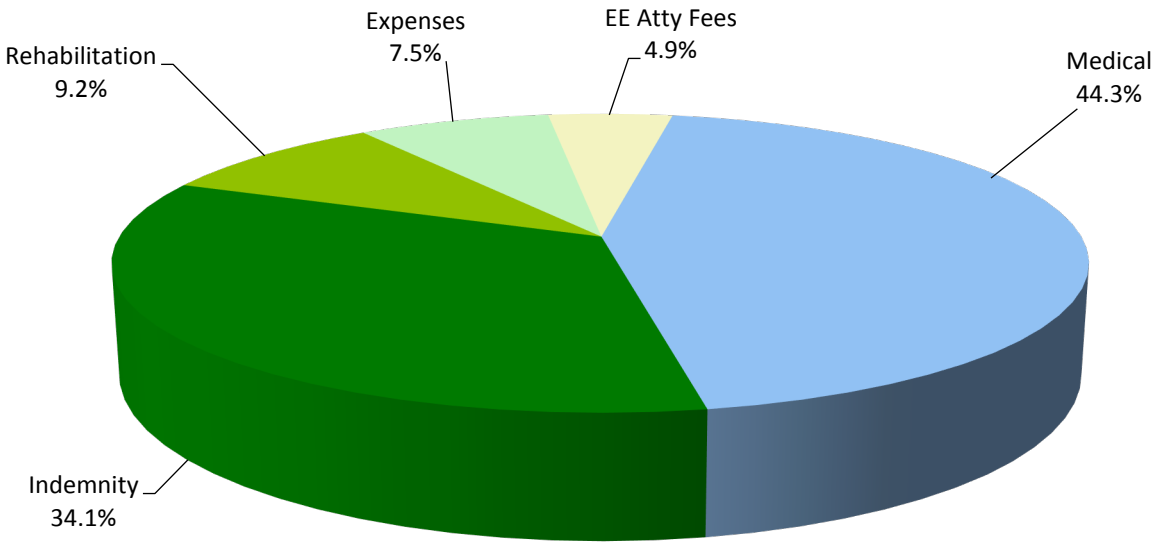


	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 13-17	FY 16-17
	Benefit Costs					% Change	
Medical	$10,823,582	$10,974,206	$11,299,321	$10,016,684	$10,274,355	-5.1%	2.6%
Indemnity	$8,854,412	$7,935,257	$8,643,291	$7,551,553	$7,907,378	-10.7%	4.7%
Rehabilitation	$1,962,878	$1,468,982	$1,900,137	$1,683,341	$2,133,109	8.7%	26.7%
Expenses	$1,223,658	$1,407,180	$1,478,790	$1,932,117	$1,740,064	42.2%	-9.9%
EE Atty Fees	$873,756	$681,832	$866,384	$863,460	$1,126,725	29.0%	30.5%
Totals Overall	**$23,738,286**	**$22,467,456**	**$24,187,924**	**$22,047,155**	**$23,181,632**	**-2.3%**	**5.1%**

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

In FY 2017, 44.3% ($10,274,355) of the total benefits paid were for injured employees' medical costs. 34.1% ($7,907,378) 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 (34.1%) was lower than the 34.3% of the previous year (FY 2016).

Chart 9/Composition of Benefit Costs/FY 2017



Medical Costs

The Program's expenditure for medical benefits increased 2.6% *(Chart 10)*

In FY 2017, the Program paid $10,274,355 to various medical care providers and for medical reimbursements to the employee. This was an increase of 2.6% ($257,670) compared to FY 2016.

Medical office visits include all non-chiropractic care that is not provided in a hospital. From FY 2016 to FY 2017, these payments increased by 2.8% ($90,124).

Hospital payments include all inpatient and outpatient treatment that is provided in a hospital. In FY 2017, these payments decreased 5.4% ($226,641) compared to FY 2016.

Chiropractic care payments increased 0.4% ($778) in FY 2017 compared to FY 2016.

Miscellaneous medical includes payments to intervenors, diet and/or fitness centers, and home remodeling. In FY 2017, these payments increased 197.8% ($309,296) compared to FY 2016.

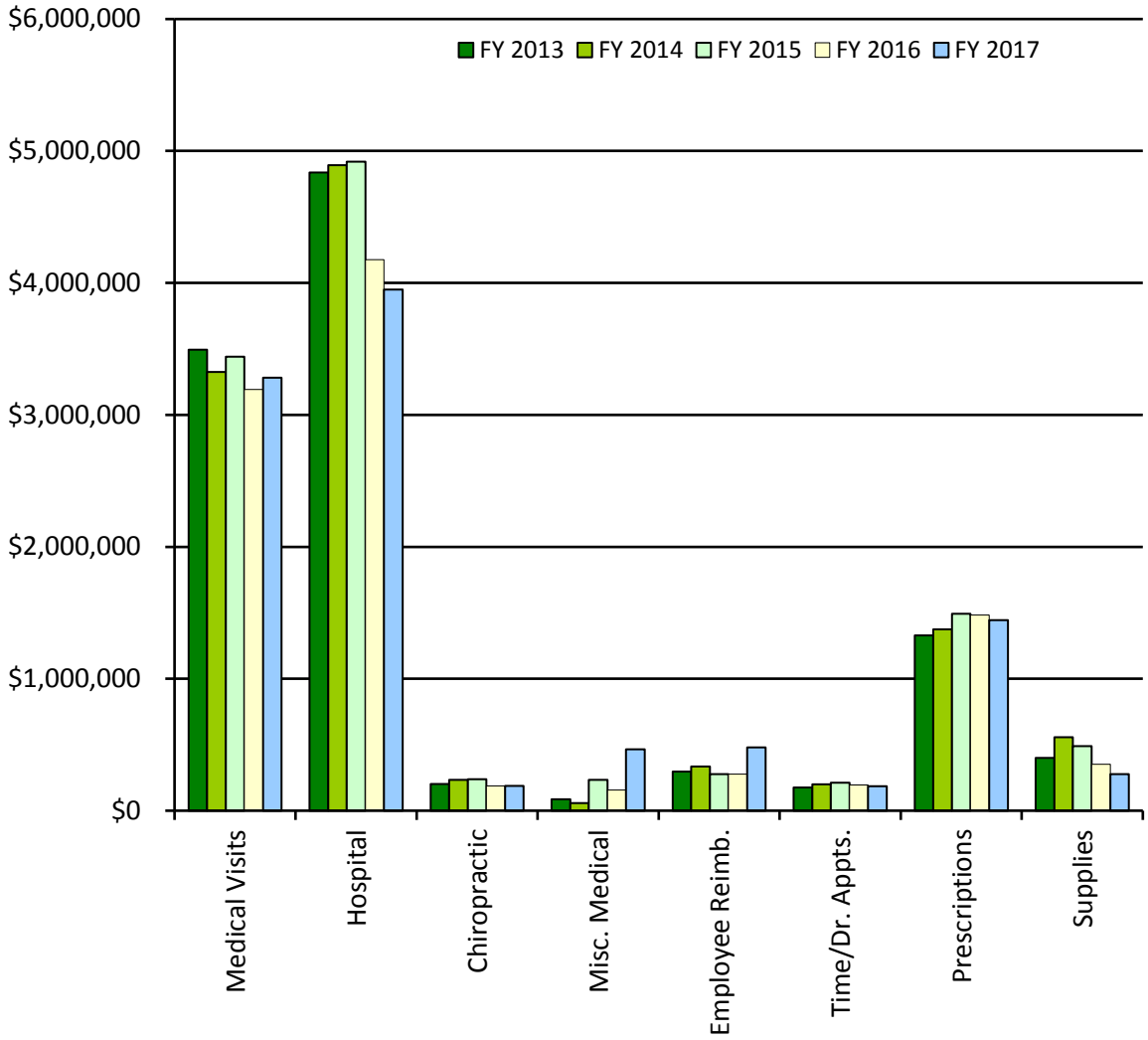
Employee reimbursements include mileage, parking, and meals. These payments increased 73.5% ($203,350) from FY 2016 to FY 2017.

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 4.1% ($8,035) compared to FY 2016.

Prescription costs decreased 2.5% ($37,476) from FY 2016 to FY 2017.

Supplies include medical equipment and supplies. These payments decreased 20.9% ($73,725) in FY 2017 compared to FY 2016.

Chart 10/Medical Benefit Costs/FYs 2013-2017



	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 13-17	FY 16-17
	Medical Benefit Costs					% Change	
Medical Visits	$3,493,571	$3,326,071	$3,441,100	$3,192,262	$3,282,386	-6.0%	2.8%
Hospital	$4,837,942	$4,893,183	$4,919,100	$4,176,657	$3,950,015	-18.4%	-5.4%
Chiropractic	$203,383	$233,036	$238,473	$186,970	$187,748	-7.7%	0.4%
Misc. Medical	$86,521	$57,535	$232,605	$156,403	$465,699	438.3%	197.8%
Employee Reimb.	$296,209	$334,325	$276,285	$276,579	$479,929	62.0%	73.5%
Time/Dr. Appts.	$177,026	$199,285	$211,749	$194,129	$186,094	5.1%	-4.1%
Prescriptions	$1,328,730	$1,374,224	$1,491,646	$1,481,772	$1,444,296	8.7%	-2.5%
Supplies	$400,201	$556,546	$488,362	$351,913	$278,187	-30.5%	-20.9%
Totals	**$10,823,582**	**$10,974,206**	**$11,299,321**	**$10,016,684**	**$10,274,355**	**-5.1%**	**2.6%**

Indemnity Costs

The Program's expenditure for indemnity benefits increased 4.7% *(Chart 11)*

The Program's second largest expenditure, indemnity benefits, experienced an increase of 4.7% from FY 2016 to FY 2017.

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 2017, TTD payments increased 20.3% ($386,813) compared to FY 2016.

Other Benefits include lump sums to settle claims, death benefits to dependents, and retraining benefits. In FY 2017, these payments increased 20.9% ($329,025) compared to FY 2016.

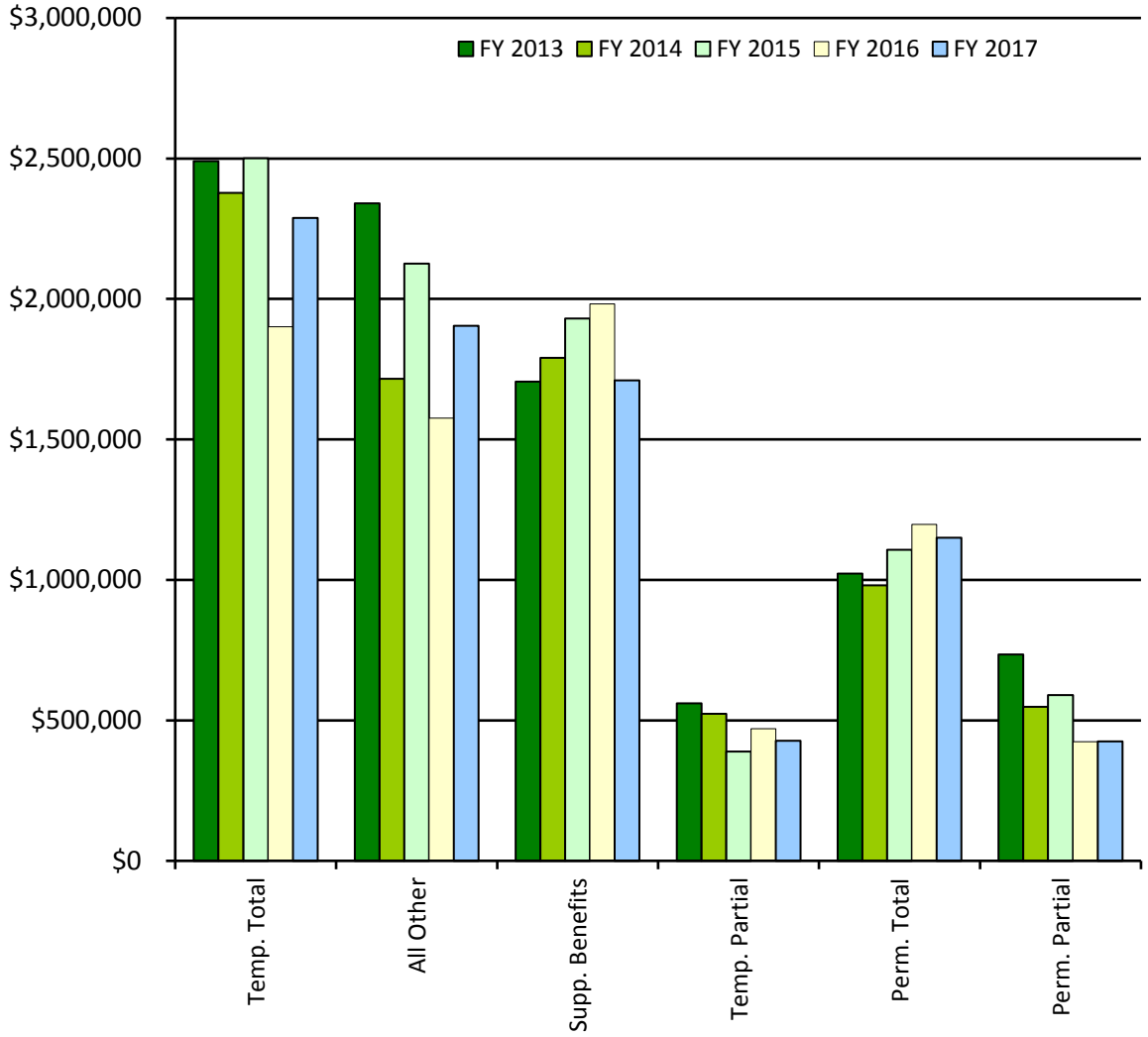
Supplementary Benefits (SBs) are paid in conjunction with PTD, or to bring payments up to a percentage of the statewide average weekly wage. The majority of employees who receive SBs also receive Social Security Disability benefits. In the past the Program has not invoiced agencies for these benefits, but may do so in the future due to the Ekdahl/Hartwig Minnesota Supreme Court Decisions. In FY 2017, SB payments decreased 13.7% ($272,296) compared to FY 2016. 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 2017, TPD payments decreased 9.1% ($42,786) compared to FY 2016.

Permanent Total Disability (PTD) benefits are paid to employees who will never be able to work again. In FY 2017, PTD payments decreased 3.9% ($46,684) compared to FY 2016.

Permanent Partial Disability (PPD) benefits are paid to employees who have a permanent loss of body function. In FY 2017, PPD payments increased 0.4% ($1,752) compared to FY 2016.

Chart 11/Indemnity Benefit Costs/FYs 2013-2017



	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 13-17	FY 16-17
	Indemnity Benefit Costs					% Change	
Temp. Total	$2,490,472	$2,377,824	$2,500,838	$1,901,580	$2,288,393	-8.1%	20.3%
All Other	$2,340,108	$1,715,356	$2,125,614	$1,575,442	$1,904,467	-18.6%	20.9%
Supp. Benefits	$1,706,177	$1,789,847	$1,929,997	$1,982,904	$1,710,608	0.3%	-13.7%
Temp. Partial	$560,979	$523,397	$389,586	$470,735	$427,949	-23.7%	-9.1%
Perm. Total	$1,022,144	$981,061	$1,107,352	$1,197,277	$1,150,593	12.6%	-3.9%
Perm. Partial	$734,533	$547,773	$589,906	$423,616	$425,368	-42.1%	0.4%
Totals	**$8,854,412**	**$7,935,257**	**$8,643,291**	**$7,551,553**	**$7,907,378**	**-10.7%**	**4.7%**

Recoveries

Recoveries increased 38.6% in FY 2017 *(Chart 12)*

Recoveries are funds the Program receives from supplementary benefits, second injury fund, reinsurance and subrogation. Total recoveries in FY 2017 increased 38.6% ($939,736) compared to FY 2016.

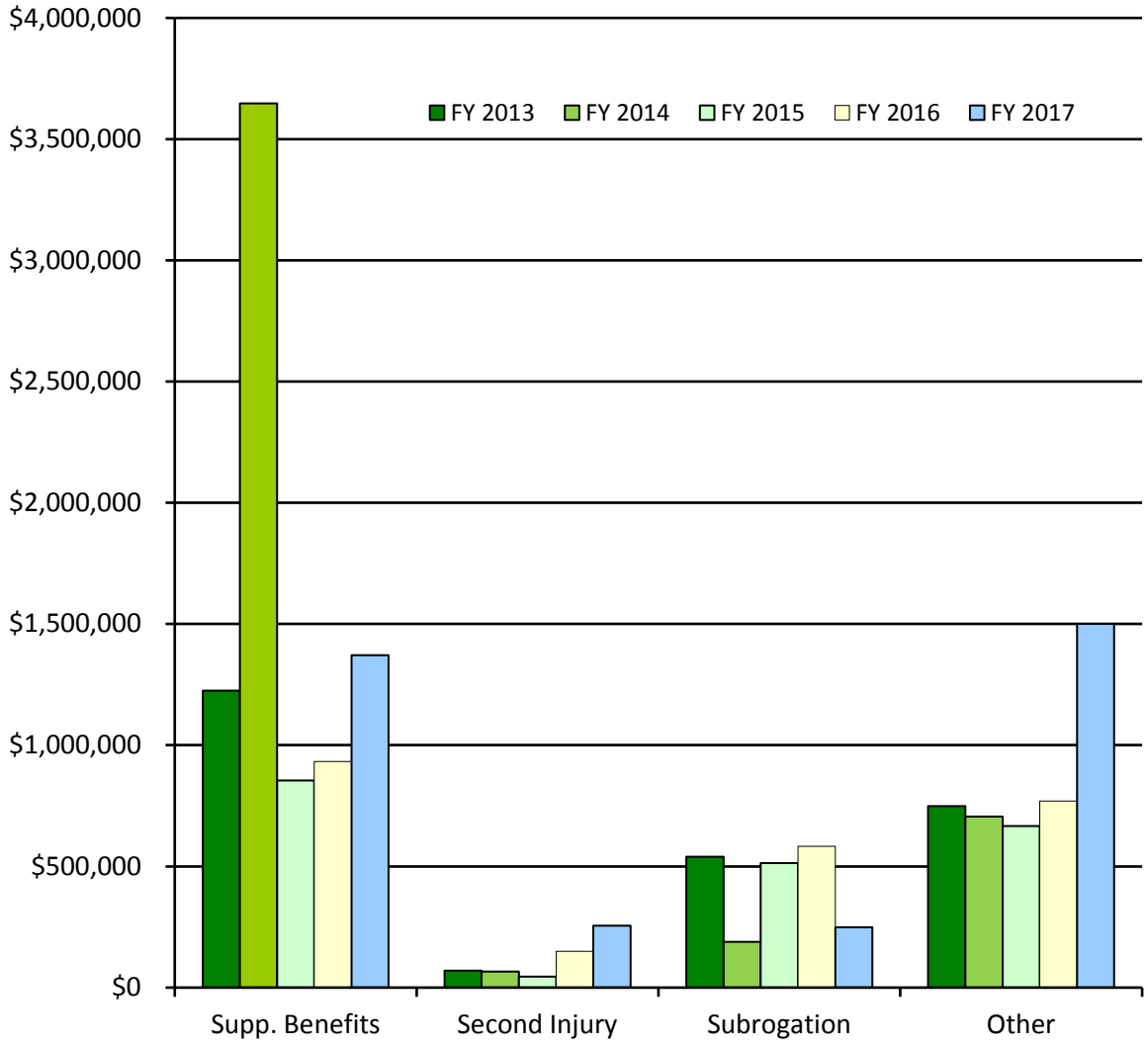
Supplementary Benefit Recoveries are reimbursed by the Department of Labor and Industry. In FY 2017, the Program recovered 47% more ($438,850) compared to FY 2016.

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 2017, the recovery of these funds increased 70.2% ($105,096) compared to FY 2016.

Subrogation Recoveries are funds paid by third parties who are found responsible for employees' injuries and illnesses. From FY 2016 to FY 2017, the recovery of these funds decreased 57.3% ($334,588).

Other Recoveries include funds obtained through contribution and reinsurance. In FY 2017, the recovery of these funds increased 94.9% ($730,379) compared to FY 2016.

Chart 12/Recoveries/FYs 2013-2017



	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 13-17	FY 16-17
	Recoveries					Change	
Supp. Benefits	$1,225,453	$3,647,476	$855,034	$932,998	$1,371,848	11.9%	47.0%
Second Injury	$69,832	$66,368	$44,621	$149,716	$254,812	264.9%	70.2%
Subrogation	$540,265	$189,173	$513,468	$583,621	$249,032	-53.9%	-57.3%
Other	$748,265	$705,760	$666,388	$769,462	$1,499,840	100.4%	94.9%
Totals	**$2,583,816**	**$4,608,777**	**$2,079,511**	**$2,435,797**	**$3,375,533**	**30.6%**	**38.6%**

Payments Made for Calendar Year Injuries

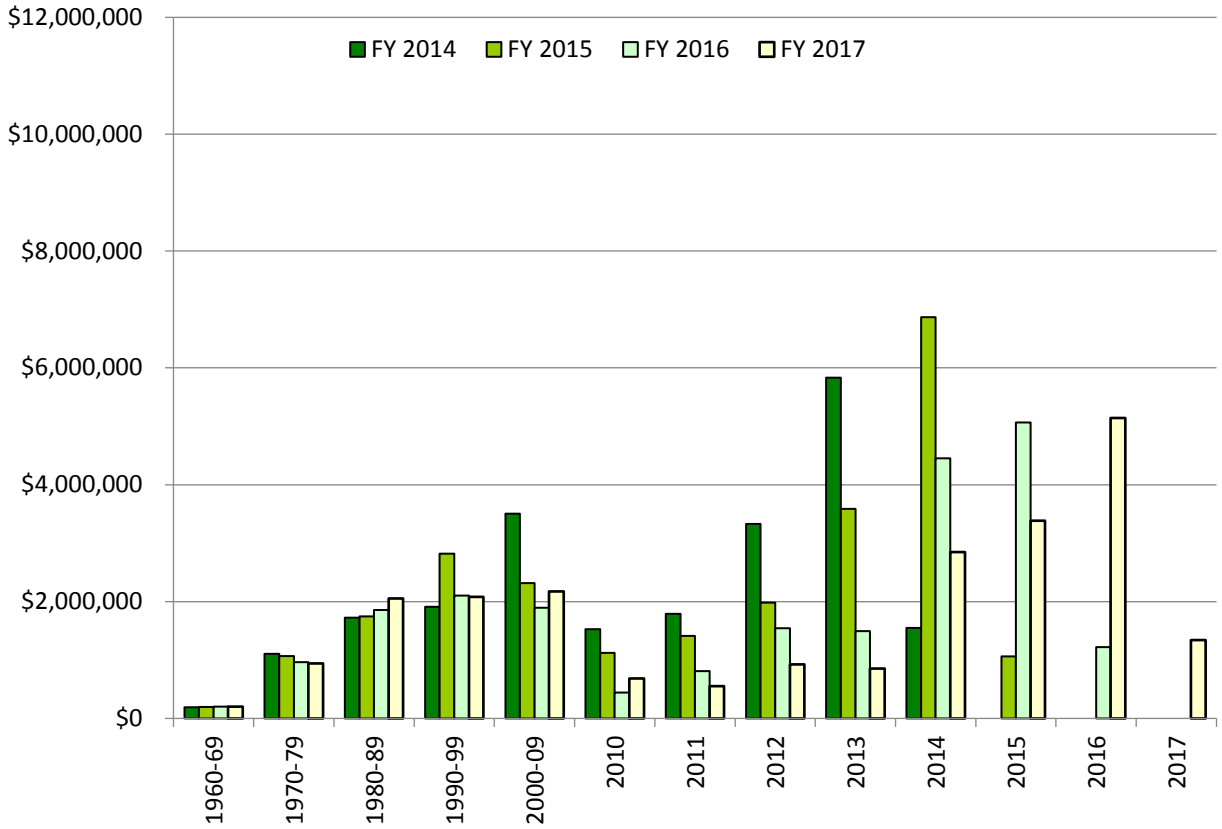
Claims that occurred prior to 2000 accounted for 22.8% of the Program's FY 2017 benefit costs *(Chart 13)*

Chart 13 shows a breakdown of total benefits paid from FY 2014 to FY 2017 for injuries occurring in calendar years 1960 through June 30, 2017. In FY 2017, 22.8% ($5,277,540) of all benefits went to employees who were injured prior to 2000. In FY 2016, $5,122,841 was paid on older claims compared to $5,277,540 paid in FY 2017, a 3% increase. In FY 2017, 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 2017 which demonstrate this pattern.

Chart 13/Payments Made for Calendar Year Injuries/FYs 2013-2017



Calendar Years	FY 2014	FY 2015	FY 2016	FY 2017
1960-69	$192,735	$198,457	$199,620	$201,951
1970-79	$1,104,903	$1,066,041	$964,393	$943,812
1980-89	$1,723,354	$1,746,506	$1,854,986	$2,053,620
1990-99	$1,912,059	$2,822,225	$2,103,841	$2,078,158
2000-09	$3,506,086	$2,314,659	$1,895,660	$2,172,294
2010	$1,525,541	$1,121,722	$443,417	$685,492
2011	$1,792,192	$1,412,945	$810,478	$552,432
2012	$3,331,960	$1,984,358	$1,542,532	$925,630
2013	$5,831,012	$3,589,006	$1,496,241	$853,325
2014	$1,547,617	$6,870,138	$4,450,872	$2,845,430
2015		$1,061,867	$5,065,426	$3,385,395
2016			$1,219,689	$5,144,398
2017				$1,339,695
TOTALS	**$22,467,457**	**$24,187,923**	**$22,047,155**	**$23,181,632**

Claims/Benefits Activity by Agency

Seven agencies accounted for over 79.5% of the Program's activity *(Charts 14, 15, and Appendices A, B)*

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.

Reported claims distribution among state agencies is consistent with agency size and the nature of work being performed by employees. Seven agencies reported 79.5% (1,672) of the claims and paid 86% ($19,931,174) of the benefits in FY 2017. 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 2016 and FY 2017.

Chart 14/Composition of Reported Claims by Agency/FY 2017

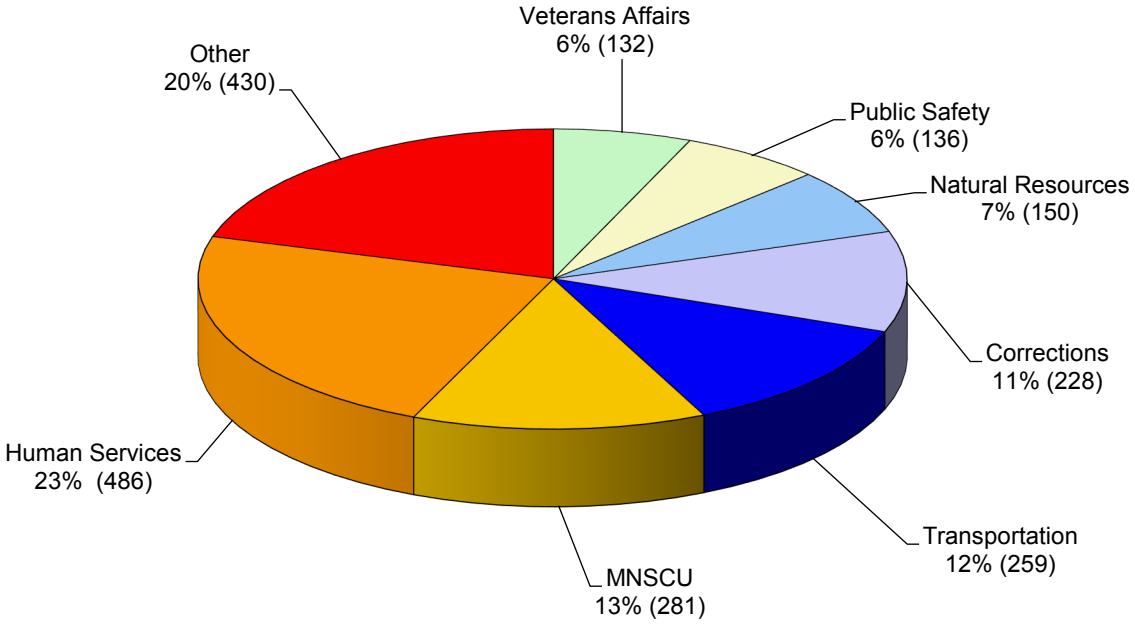
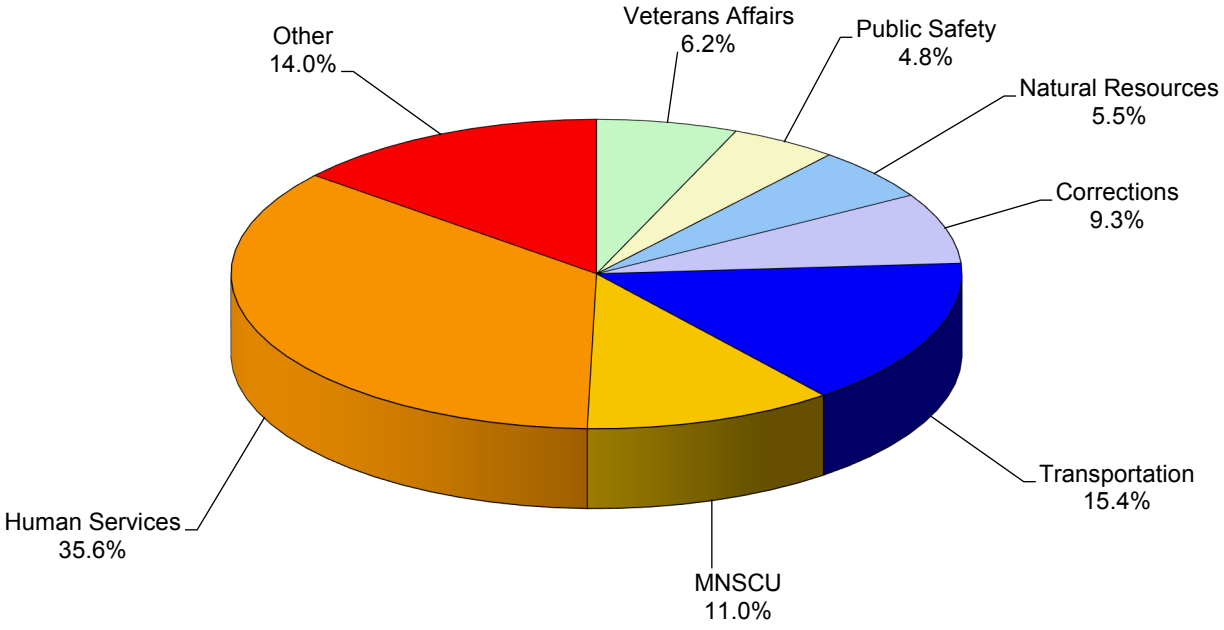


Chart 15/Composition of Benefits Paid by Agency/FY 2017



Benefit Costs for Seven Agencies

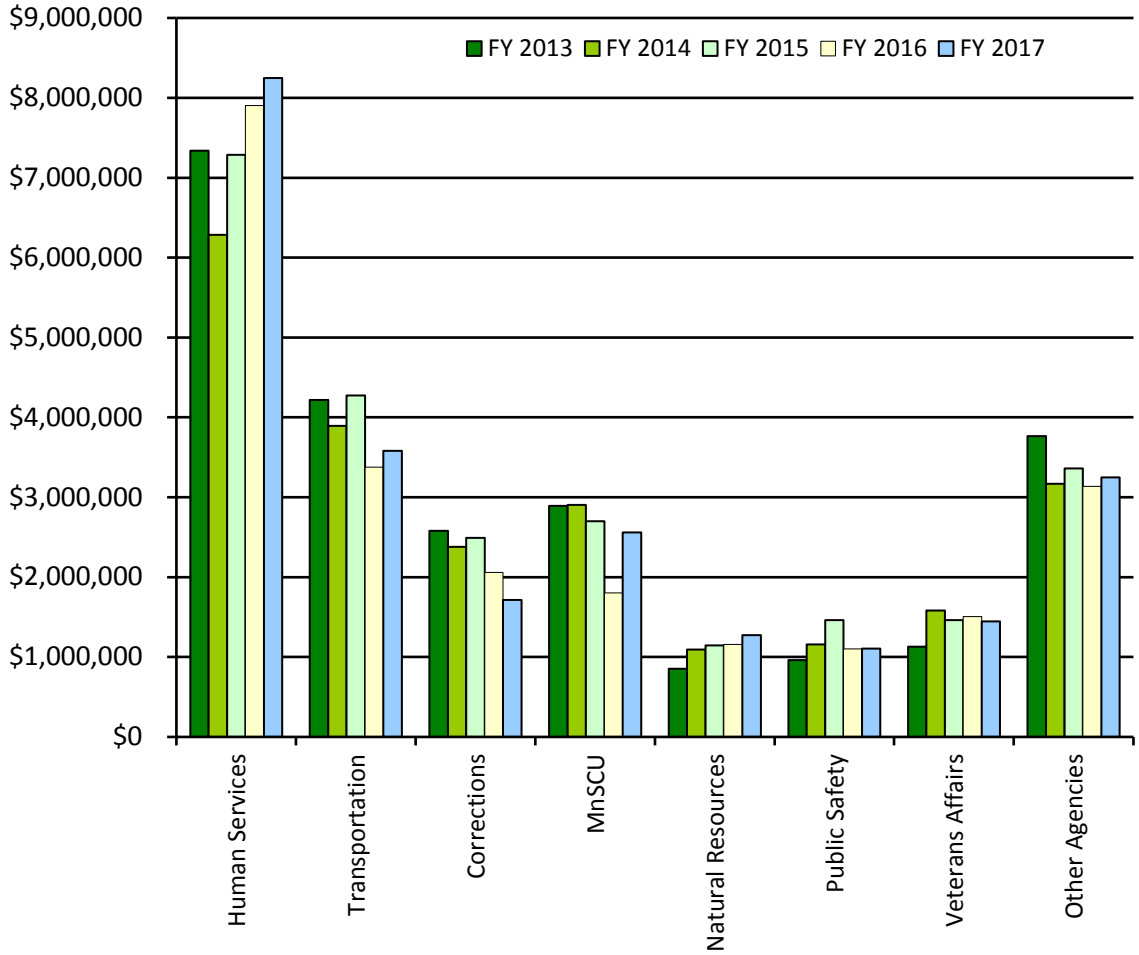
Benefit costs for these seven agencies increased 5.4% *(Chart 16 and Appendix B)*

Combined benefit costs for the seven large agencies increased a total of 5.4% ($1,022,409) from FY 2016 to FY 2017. Chart 16 shows data for these seven agencies. Cost data for the remaining agencies is contained in Appendix B (p. 39).

Benefit Costs decreased for Two of the Largest Seven Agencies, While the Other Agencies Experienced an Increase.

The seven agencies experienced changes ranging from -16.7% (Corrections) to 42% (MnSCU). All other agencies experienced an increase of 3.6% ($112,068).

Chart 16/Benefit Costs for Seven Agencies/FYs 2013-2017



	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 13-17	FY 16-17
	Benefit Costs					% Change	
Human Services	$7,339,916	$6,286,240	$7,287,472	$7,902,570	$8,246,809	12.4%	4.4%
Transportation	$4,217,561	$3,892,936	$4,276,220	$3,376,623	$3,579,839	-15.1%	6.0%
Corrections	$2,578,215	$2,379,807	$2,491,661	$2,059,685	$1,716,363	-33.4%	-16.7%
MnSCU	$2,893,243	$2,904,995	$2,700,023	$1,802,827	$2,560,796	-11.5%	42.0%
Natural Resources	$851,577	$1,095,151	$1,147,227	$1,158,506	$1,275,519	49.8%	10.1%
Public Safety	$961,709	$1,158,610	$1,462,051	$1,100,583	$1,105,745	15.0%	0.5%
Veterans Affairs	$1,130,893	$1,582,549	$1,463,336	$1,507,972	$1,446,105	27.9%	-4.1%
Totals 7 Agencies	$19,973,114	$19,300,288	$20,827,990	$18,908,766	$19,931,174	-0.2%	5.4%
Other Agencies	$3,765,172	$3,167,169	$3,359,934	$3,138,389	$3,250,457	-13.7%	3.6%
Totals Overall	**$23,738,287**	**$22,467,457**	**$24,187,923**	**$22,047,155**	**$23,181,632**	**-2.3%**	**5.1%**

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 (6/30/17) on claims reported during the five year period of FY 2009 through FY 2013.

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

FY 2017 Reported Claims (Chart 17A) and 5-Year Comparison (Chart 17B) by Body Part

In FY 2017, upper extremities (arm, shoulder, elbow, and wrist) continued to be the most frequently reported injured body part (29%), up 4.3% compared to FY 2016. Reported injuries that involve multiple body parts ($11,146 average per claim) and injuries to the neck and back ($9,726 average per claim) have the highest average cost per claim.

Chart 17A FY 2017 Reported Claims by Body Part

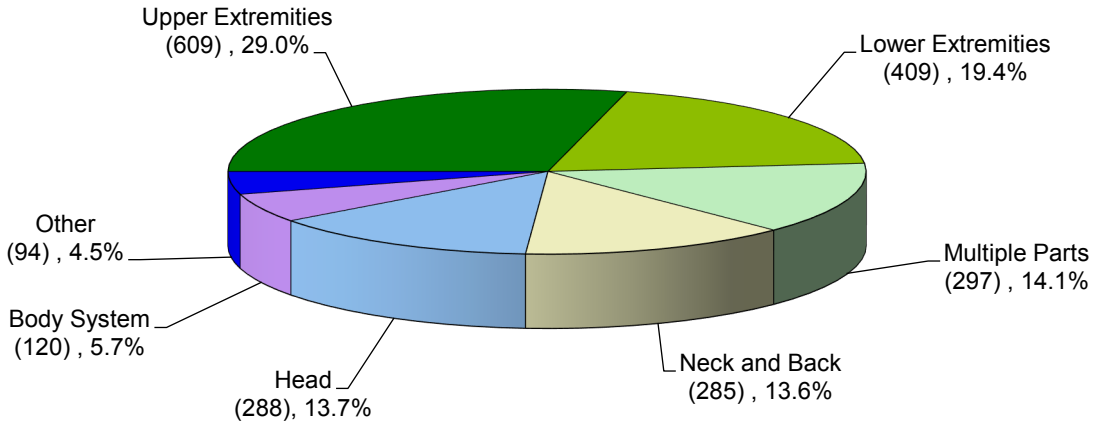
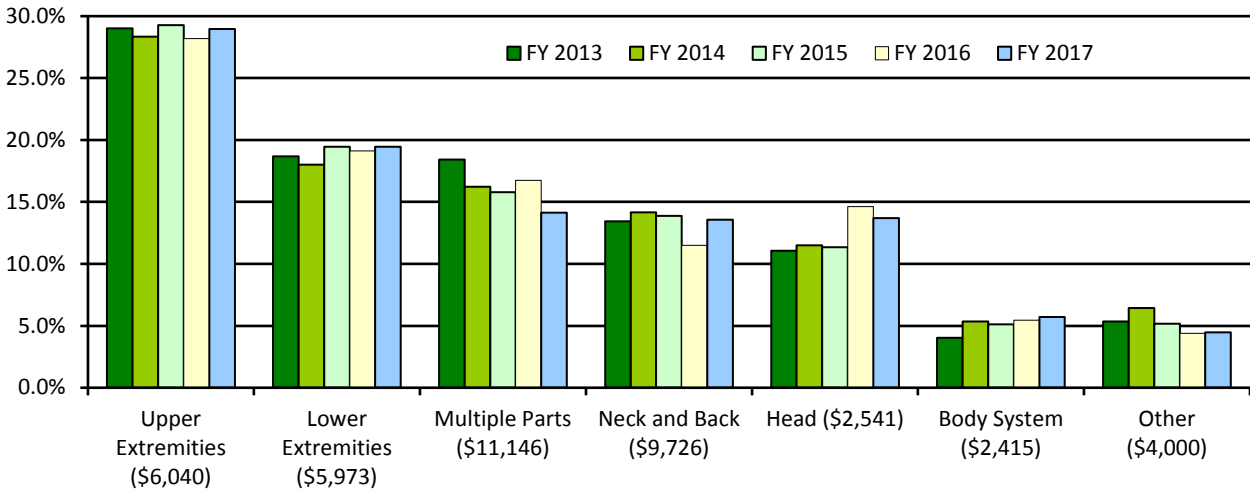


Chart 17B 5-Year Comparison by Body Part (%) of Reported Claims



NOTE: The dollar amounts shown in parenthesis in chart 17B above are the historical average claim costs on claims reported in FY 2009 through FY 2013 paid out through 6/30/17.

FY 2017 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 2017, falls (19.2%) and assaults (14.9%) are the most prevalent cause of injuries. Restraining person claims ($10,956 average per claim), motor vehicle claims ($15,772 average per claim), and overexertion claims ($9,206 average per claim) are on average the most expensive cause of claims.

Chart 18A FY 2017 Reported Claims by Cause

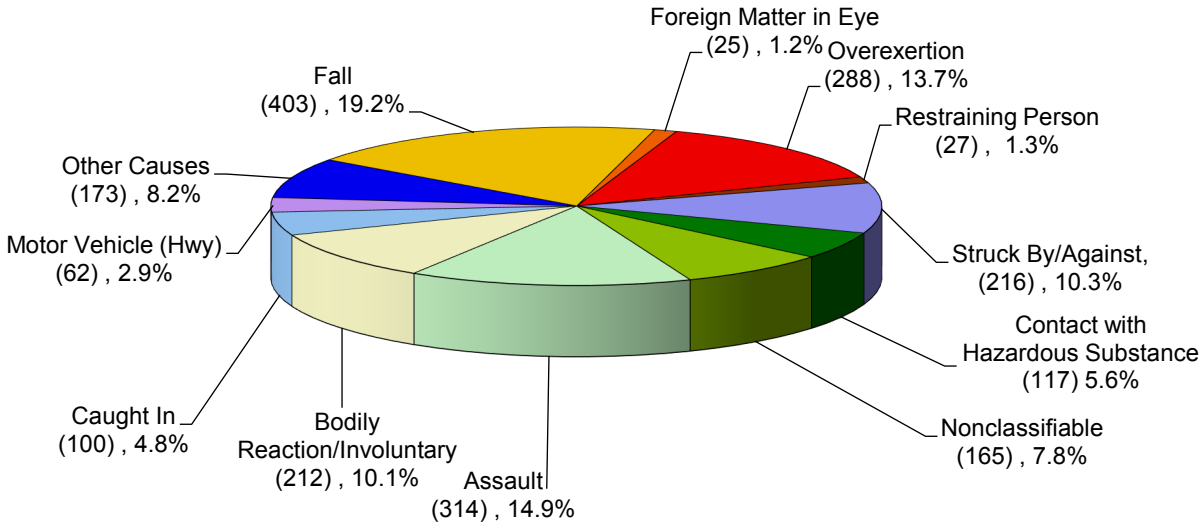
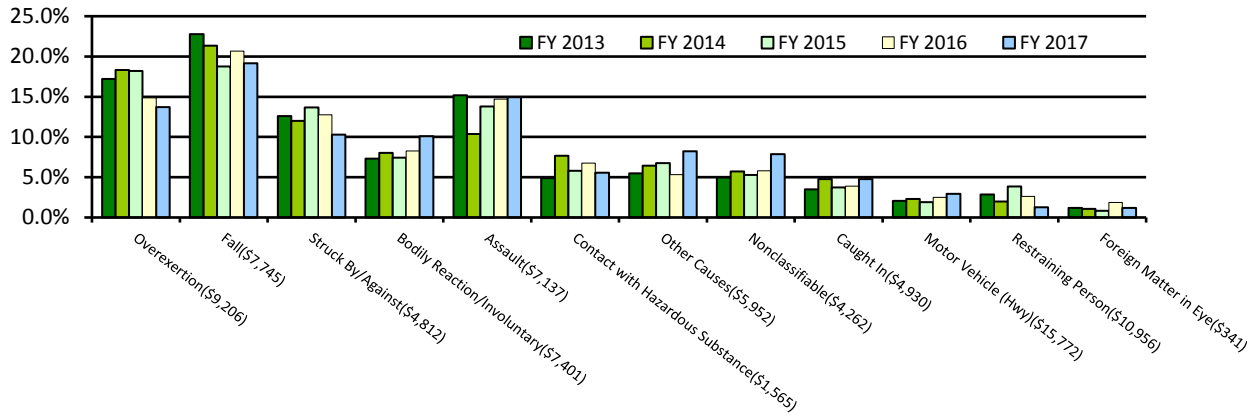


Chart 18B 5-Year Comparison by Cause (%) of Reported Claims



NOTE: The dollar amounts shown in parenthesis in chart 18B above are the historical average claim costs on claims reported in FY 2009 through FY 2013 paid out through 6/30/17.

FY 2017 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 2017, sprains/strains continued to be the most frequently reported nature of injury (38%), occurring more than twice as often as the next most frequently reported nature, contusion/crush/bruise (18.5%). While occurring infrequently, multiple injuries ($15,313 average per claim) and fractures ($13,950 average per claim) represent the most expensive reported claims.

Chart 19A FY 2017 Reported Claims by Nature

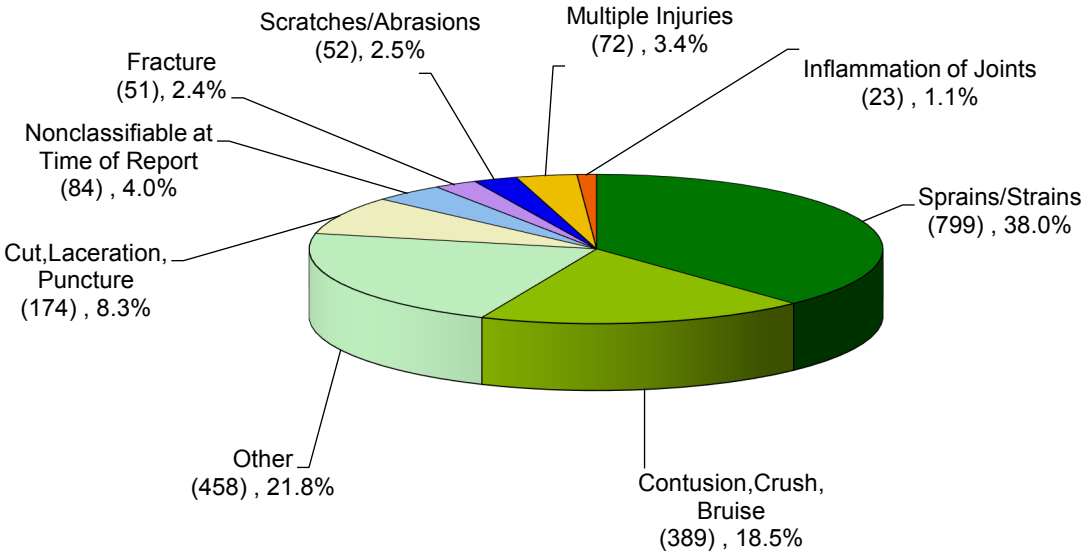
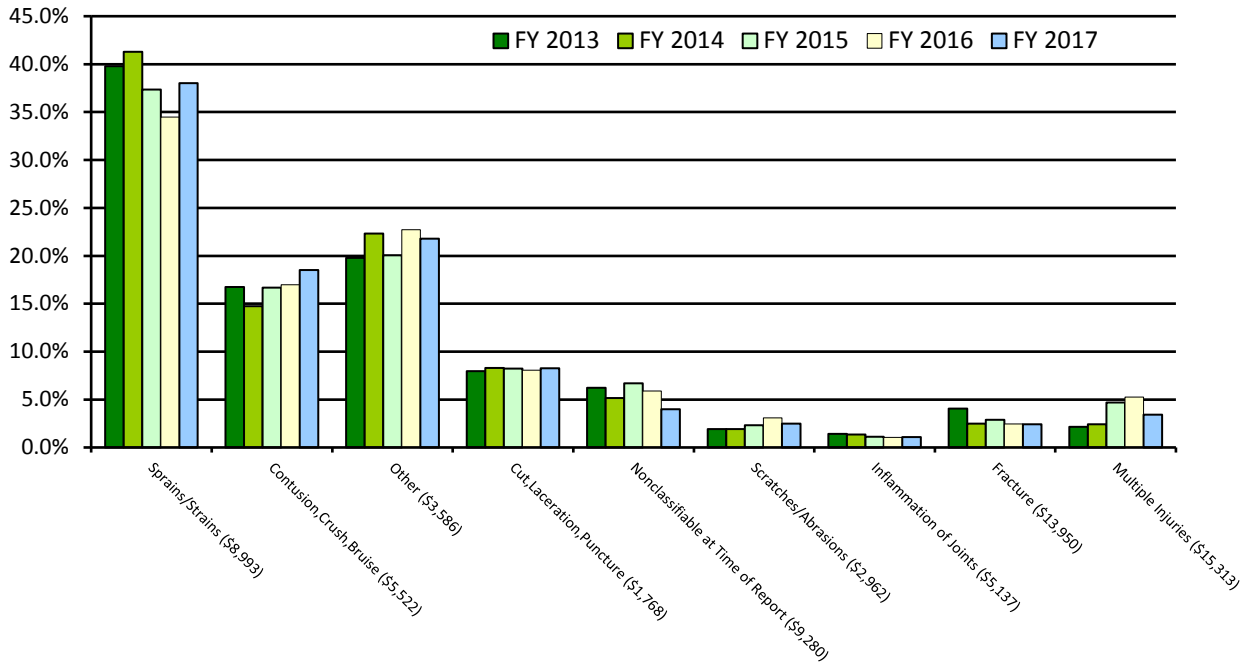


Chart 19B 5-Year Comparison by Nature (%) of Reported Claims



NOTE: The dollar amounts shown in parenthesis in chart 19B above are the historical average claim costs on claims reported in FY 2009 through FY 2013 paid out through 6/30/17.

Incident Rates

The average workers' compensation claim incident rate remained the same in FY 2017 (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:

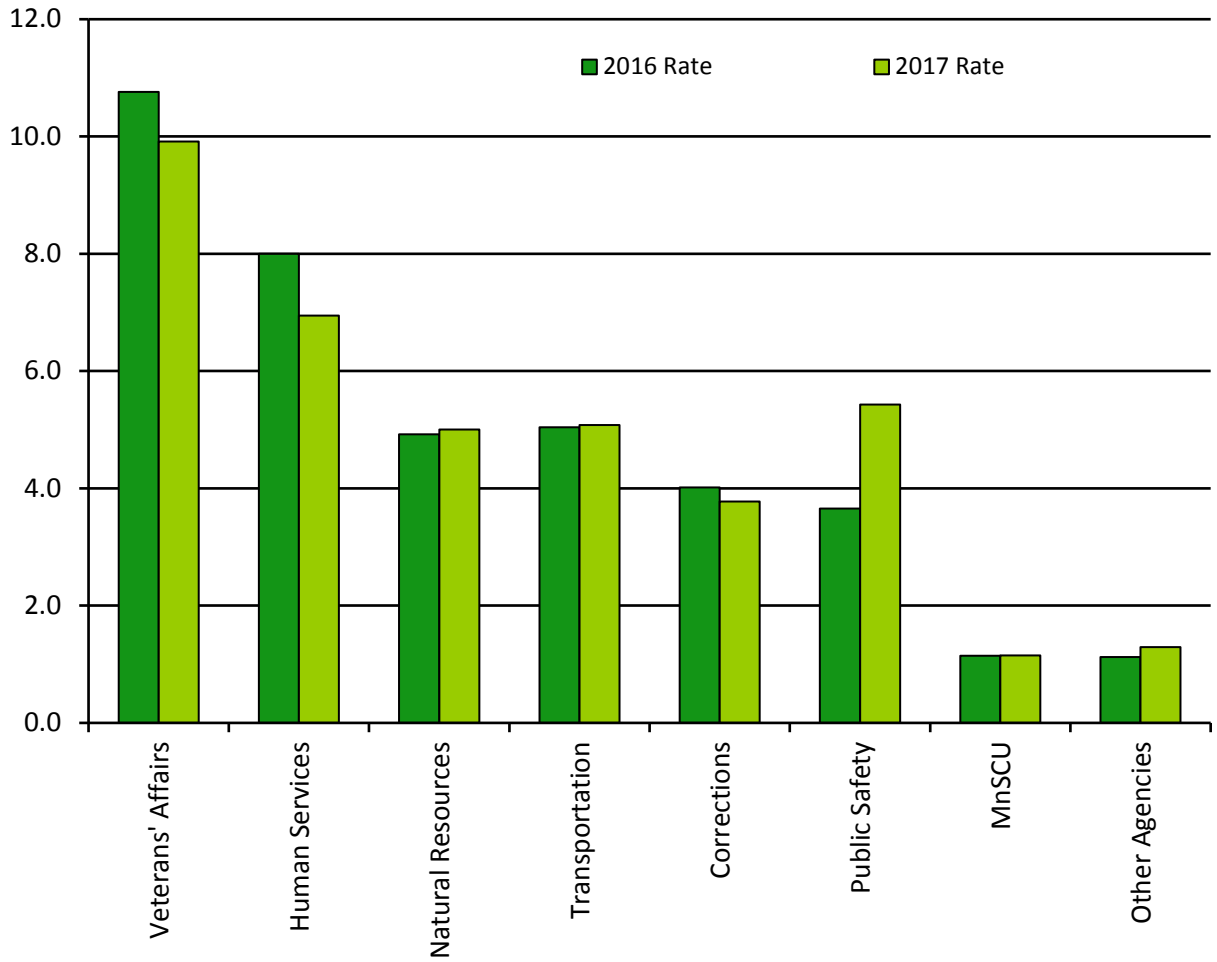
$$\textit{Incident Rate} = \frac{\textit{Number of Reportable Claims Paid x 200,000}}{\textit{Total Employee Hours Worked}}$$

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 at 3.0 in FY2017. See Appendix C (p. 40) for individual agency incident rates for FY 2017.

Overall, the incident rate for all agencies decreased from 3.4 in FY 2013 to 3.0 in FY 2017. See Chart 21 (p. 37) for five-year rate comparison.

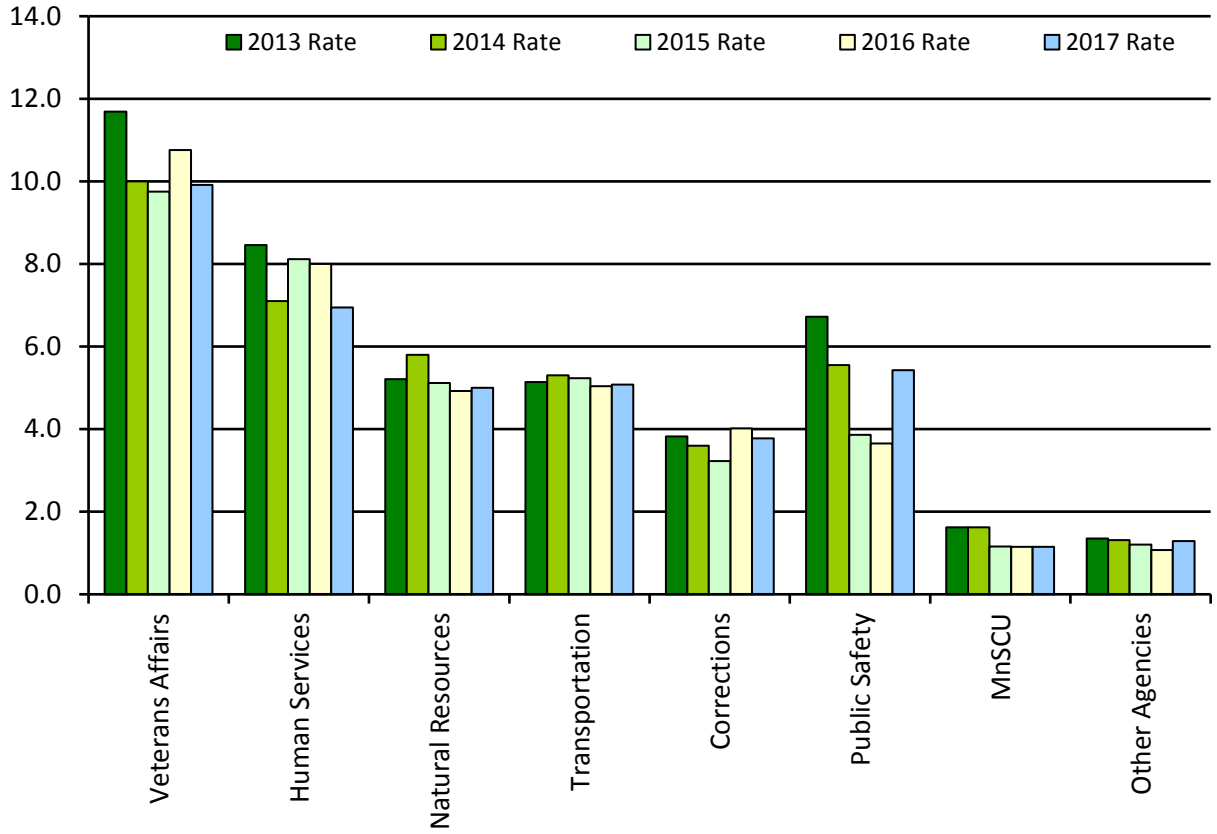
Chart 20/Incident Rates/FYs 2016-2017



Agency	FY 2016 Reportable Claims	FY 2016 Hours Worked	FY 2016 2016 Rate	FY 2017 Reportable Claims	FY 2017 Hours Worked	FY 2017 2017 Rate	FY 16-17 Rate Change
Veterans Affairs	113	2,100,583	10.8	107	2,158,185	9.9	-0.8
Human Services	430	10,750,628	8.0	393	11,320,220	6.9	-1.1
Natural Resources	119	4,835,093	4.9	119	4,758,490	5.0	0.1
Transportation	205	8,131,489	5.0	213	8,382,493	5.1	0.0
Corrections	151	7,523,869	4.0	142	7,523,115	3.8	-0.2
Public Safety	62	3,392,627	3.7	95	3,498,901	5.4	1.8
MnSCU	168	29,316,292	1.1	165	28,723,828	1.1	0.0
Other Agencies	152	28,399,400	1.1	188	29,142,816	1.3	0.2
All Agencies	**1,400**	**94,449,981**	**3.0**	**1,422**	**95,508,047**	**3.0**	**0.0**

*Source of Hours Worked is SEMA4.

Chart 21/Incident Rate Comparison/FYs 2013-2017



Agency	2013 Rate	2014 Rate	2015 Rate	2016 Rate	2017 Rate	FY 13-17 Rate Change
Veterans Affairs	11.7	10.0	9.8	10.8	9.9	-1.8
Human Services	8.5	7.1	8.1	8.0	6.9	-1.5
Natural Resources	5.2	5.8	5.1	4.9	5.0	-0.2
Transportation	5.1	5.3	5.2	5.0	5.1	-0.1
Corrections	3.8	3.6	3.2	4.0	3.8	0.0
Public Safety	6.7	5.6	3.9	3.7	5.4	-1.3
MnSCU	1.6	1.6	1.2	1.1	1.1	-0.5
Other Agencies	1.3	1.3	1.2	1.1	1.3	-0.1
All Agencies	**3.4**	**3.2**	**3.0**	**3.0**	**3.0**	**-0.4**

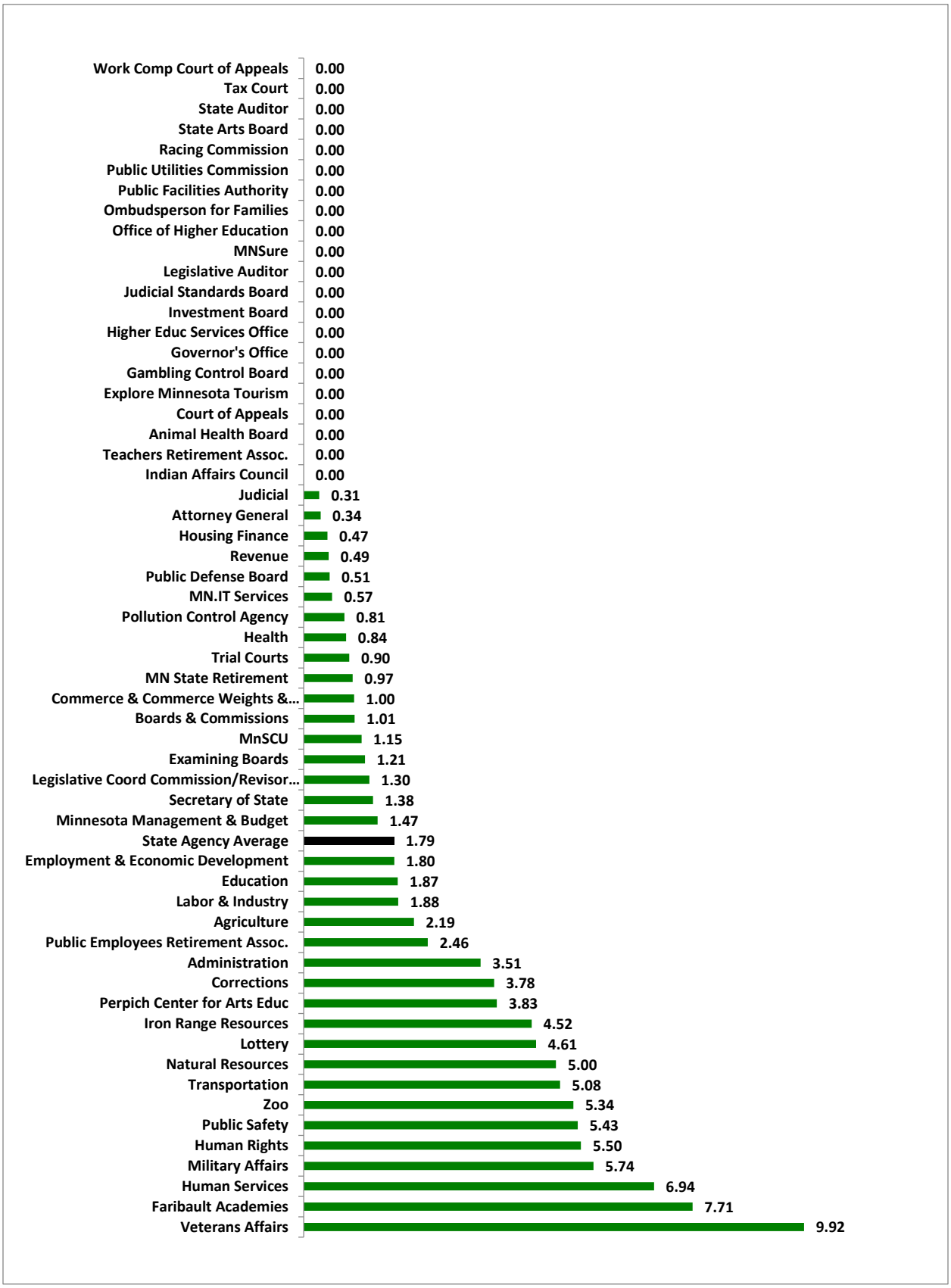
Appendix A: Reported Claims/FY 2016 – 2017 by Agency

Agency	FY 2016	FY 2017	% of Change
Administration	18	25	38.89%
Agriculture	11	9	-18.18%
Animal Health Board	0	0	No Change
Attorney General	1	1	No Change
Boards & Commissions	4	4	No Change
Perpich Center for Arts Educ	1	3	200.00%
Commerce & Commerce Weights & Measures	5	5	No Change
Conservation Corp	45	53	17.78%
Corrections	236	228	-3.39%
Court of Appeals	0	0	No Change
Education	8	8	No Change
Explore Minnesota Tourism	0	0	No Change
Employment & Economic Development	29	51	75.86%
Examining Boards	4	4	No Change
Faribault Academies	9	15	66.67%
Gambling Control Board	0	0	No Change
Governor's Office	0	1	100.00%
Health	19	18	-5.26%
Higher Educ Services Office	1	1	No Change
Historical Society	12	14	16.67%
House of Representatives	1	1	No Change
Housing Finance	0	1	100.00%
Human Rights	0	2	100.00%
Human Services	535	486	-9.16%
Indian Affairs Council	1	1	No Change
Investment Board	0	1	100.00%
Iron Range Resources	6	3	-50.00%
Judicial	5	1	-80.00%
Judicial Standards Board	0	0	No Change
Labor & Industry	8	11	37.50%
Legislative Auditor	0	0	No Change
Legislative Coord Commission/Revisor of Statutes	2	2	No Change
Lottery	5	9	80.00%
Mediation Services	0	0	No Change
Military Affairs	13	21	61.54%
Minnesota Management & Budget	3	3	No Change
MN State Retirement	2	1	-50.00%
MnSCU	274	281	2.55%
MnSURE	0	1	100.00%
Natural Resources	152	150	-1.32%
MN.IT Services	27	23	-14.81%
Ombudsman-Corrections	0	0	No Change
Ombudsperson for Families	0	0	No Change
Pollution Control Agency	12	14	16.67%
Public Defense Board	1	7	600.00%
Public Employees Retirement Assoc.	1	2	100.00%
Public Safety	107	136	27.10%
Public Utilities Commission	1	0	-100.00%
Racing Commission	0	0	No Change
Revenue	34	31	-8.82%
Secretary of State	4	2	-50.00%
State Arts Board	0	0	No Change
State Auditor	0	0	No Change
State Fair	11	16	45.45%
State Guardian Ad Litem	8	4	-50.00%
State Senate	3	0	-100.00%
Tax Court	0	0	No Change
Teachers Retirement Assoc.	1	0	-100.00%
Transportation	256	259	1.17%
Trial Courts	34	45	32.35%
Veterans Affairs	135	132	-2.22%
Work Comp Court of Appeals	0	0	No Change
Zoo	27	16	-40.74%
TOTAL	**2,072**	**2,102**	**1.45%**

Appendix B: Benefit Costs/FY 2016 – 2017 by Agency

Agency	FY 2016	FY 2017	% of Change
Administration	$311,320	$202,356	-35.00%
Agriculture	$158,041	$127,865	-19.09%
Animal Health Board	$0	$0	No Change
Attorney General	$508	$4,896	864.07%
Boards & Commissions	$3,121	$4,253	36.27%
Perpich Center for Arts Education	$2,237	$11,229	401.92%
Commerce & Commerce Weights & Measures	$19,208	$54,444	183.44%
Conservation Corp MN	$49,870	$47,175	-5.40%
Corrections	$2,059,685	$1,716,363	-16.67%
Court of Appeals	$0	$0	No Change
Education	$84,853	$155,308	83.03%
Explore Minnesota Tourism	$47,484	$0	-100.00%
Employment & Economic Development	$123,454	$256,944	108.13%
Examining Boards	$33,683	$16,154	-52.04%
Faribault Academies	$127,844	$155,024	21.26%
Gambling Control Board	$0	$0	No Change
Governor's Office	$1,086	$0	-100.00%
Health	$97,327	$78,256	-19.60%
Higher Educ Services Office	$0	$0	No Change
Historical Society	$32,188	$11,160	-65.33%
House of Representatives	$0	$609	100.00%
Housing Finance	$7,651	$10,770	40.76%
Human Rights	$2,972	$5,351	80.06%
Human Services	$7,902,570	$8,246,809	4.36%
Indian Affairs Council	$718	$0	-100.00%
Investment Board	$0	$3	100.00%
Iron Range Resources	$114,167	$75,241	-34.10%
Judicial	$50,071	$11,668	-76.70%
Judicial Standards Board	$0	$0	No Change
Labor & Industry	$152,356	$142,138	-6.71%
Legislative Auditor	$0	$0	No Change
Legislative Coord Commission/Revisor of Statutes	$0	$46,515	100.00%
Lottery	$37,174	$52,191	40.40%
Mediation Services	$0	$0	No Change
Military Affairs	$338,429	$268,388	-20.70%
Minnesota Management & Budget	$604	$1,765	192.15%
MN.IT Services	$188,060	$183,611	-2.37%
MN State Retirement	$14,500	$1,272	-91.23%
MnSCU	$1,802,827	$2,560,796	42.04%
MnSURE	$0	$6,009	100.00%
Natural Resources	$1,158,506	$1,275,519	10.10%
Ombudsman-Corrections	$0	$0	No Change
Ombudsperson for Families	$0	$0	No Change
Pollution Control Agency	$30,417	$20,083	-33.97%
Public Defense Board	$29,415	$56,979	93.71%
Public Employees Retirement Assoc.	$179	$68,584	38129.44%
Public Safety	$1,100,583	$1,105,745	0.47%
Public Utilities Commission	$0	$0	No Change
Racing Commission	$0	$0	No Change
Revenue	$204,544	$74,882	-63.39%
Secretary of State	$1,179	$212	-82.03%
State Arts Board	$0	$0	No Change
State Auditor	$33,642	$35,573	5.74%
State Fair	$103,150	$120,345	16.67%
State Guardian Ad Litem	$37,013	$58,937	59.23%
State Senate	$18,837	$16,173	-14.15%
Tax Court	$0	$0	No Change
Teachers Retirement Assoc.	$0	$7,159	100.00%
Transportation	$3,376,623	$3,579,839	6.02%
Trial Courts	$271,790	$485,046	78.46%
Veterans Affairs	$1,507,972	$1,446,105	-4.10%
Work Comp Court of Appeals	$35,626	$37,190	4.39%
Zoo	$373,671	$338,700	-9.36%
TOTAL	**$22,047,155**	**$23,181,632**	**5.15%**

Appendix C: Agency Incident Rates/FY 2017

Agency	# of Hours Worked	Reportable Claims	Incident Rate
Administration	855,414	15	3.51
Agriculture	823,218	9	2.19
Animal Health Board	68,520	0	0.00
Attorney General	591,924	1	0.34
Boards & Commissions	790,568	4	1.01
Perpich Center for Arts Educ	156,623	3	3.83
Commerce & Commerce Weights & Measures	599,986	3	1.00
Conservation Corp MN	Not Available	44*	Not Available
Corrections	7,523,115	142	3.78
Court of Appeals	163,792	0	0.00
Education	643,182	6	1.87
Explore Minnesota Tourism	85,920	0	0.00
Employment & Economic Development	2,339,274	21	1.80
Examining Boards	329,270	2	1.21
Faribault Academies	285,461	11	7.71
Gambling Control Board	53,003	0	0.00
Governor's Office	86,085	0	0.00
Health	2,613,329	11	0.84
Higher Educ Services Office	3,557	0	0.00
Historical Society	Not Available	10*	Not Available
House of Representatives	Not Available	1*	Not Available
Housing Finance	424,287	1	0.47
Human Rights	72,771	2	5.50
Human Services	11,320,220	393	6.94
Indian Affairs Council	8,624	0	0.00
Investment Board	43,823	0	0.00
Iron Range Resources	132,796	3	4.52
Judicial	645,704	1	0.31
Judicial Standards Board	4,372	0	0.00
Labor & Industry	745,922	7	1.88
Legislative Auditor	101,149	0	0.00
Legislative Coord Commission/Revisor of Statutes	153,345	1	1.30
Lottery	260,513	6	4.61
Military Affairs	626,932	18	5.74
Minnesota Management & Budget	409,495	3	1.47
MN State Retirement	205,736	1	0.97
MNSure	317,492	0	0.00
MnSCU	28,723,828	165	1.15
Natural Resources	4,758,490	119	5.00
MN.IT Services	3,889,111	11	0.57
Office of Higher Education	111,918	0	0.00
Ombudsperson for Families	8,376	0	0.00
Pollution Control Agency	1,483,541	6	0.81
Public Defense Board	1,166,908	3	0.51
Public Employees Retirement Assoc.	162,463	2	2.46
Public Facilities Authority	16,131	0	0.00
Public Safety	3,498,901	95	5.43
Public Utilities Commission	87,932	0	0.00
Racing Commission	26,536	0	0.00
Revenue	2,425,286	6	0.49
Secretary of State	145,187	1	1.38
State Arts Board	33,082	0	0.00
State Auditor	151,649	0	0.00
State Fair	Not Available	11*	Not Available
State Senate	Not Available	2*	Not Available
Tax Court	15,335	0	0.00
Teachers Retirement Assoc.	145,762	0	0.00
Transportation	8,382,493	213	5.08
Trial Courts	4,200,102	19	0.90
Veterans Affairs	2,158,185	107	9.92
Work Comp Court of Appeals	19,746	0	0.00
Zoo	411,666	11	5.34
TOTAL	**95,508,047**	**1,422**	**2.98**

Appendix C1: Agency Incident Rates Graph/FY 2017