Workers' Compensation Program

Annual Report

State Fiscal Year 2009

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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 57,000 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 2,700 new claims annually and is funded by an administrative fee charged to each agency covered by the program. During state fiscal year 2009 (FY 2009), the program's total costs increased 4.9% ($1,338,520) from $27.3 million to $28.7 million. The increase is led by a significant increase in reinsurance and special assessment costs.

We present the following report on the program's activities during FY 2009. 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 2009 figures to FY 2008, 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 2009:

Cost Per $100 of Payroll

- Costs per $100 of payroll remains steady and are less than the Department of Labor & Industry's estimated average for employers in Minnesota (p. 5).

Claim Numbers

- Agencies reported 0.2% fewer claims in FY 2009 (p. 9).

Total Costs

- Total program costs increased 4.9% from $27,315,121 in FY 2008 to $28,653,641 in FY 2009 (pp. 11-12).
- Expenditures for reinsurance and the special assessment increased 16.5% from $1,966,094 in FY2008 to $2,289,854 in FY2009 (pp. 11-12).
- Expenditures for all benefits increased 3.9% from $21,423,282 in FY 2008 to $22,256,201 in FY 2009 (pp. 13-14).
- Expenditures for medical benefits increased 1.3% from $10,790,514 in FY 2008 to $10,935,884 in FY 2009 (pp. 16-17).
- Expenditures for indemnity benefits increased 6.6% from $7,910,732 in FY 2008 to $8,436,569 in FY 2009 (pp. 18-19).

Recoveries

- Recoveries increased 38.9% in FY 2009 (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 85.6% of the program's payment activity (pp. 24-25).
- Benefit costs for these nine agencies decreased 0.8% from FY 2008 to FY 2009 (pp. 26-27).
- The workers' compensation incidence rate decreased slightly from 4.3 in FY 2008 to 4.2 in FY 2009 (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 25.9% of the program's benefit costs paid out during FY 2009 (pp. 22-23).
- Most common injury causes continue to be 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 what each work unit does.

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 services such as vocational screenings/assessments, on-site job analyses, ergonomic evaluations, job placement, statutory rehabilitation and return-to-work plans.

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

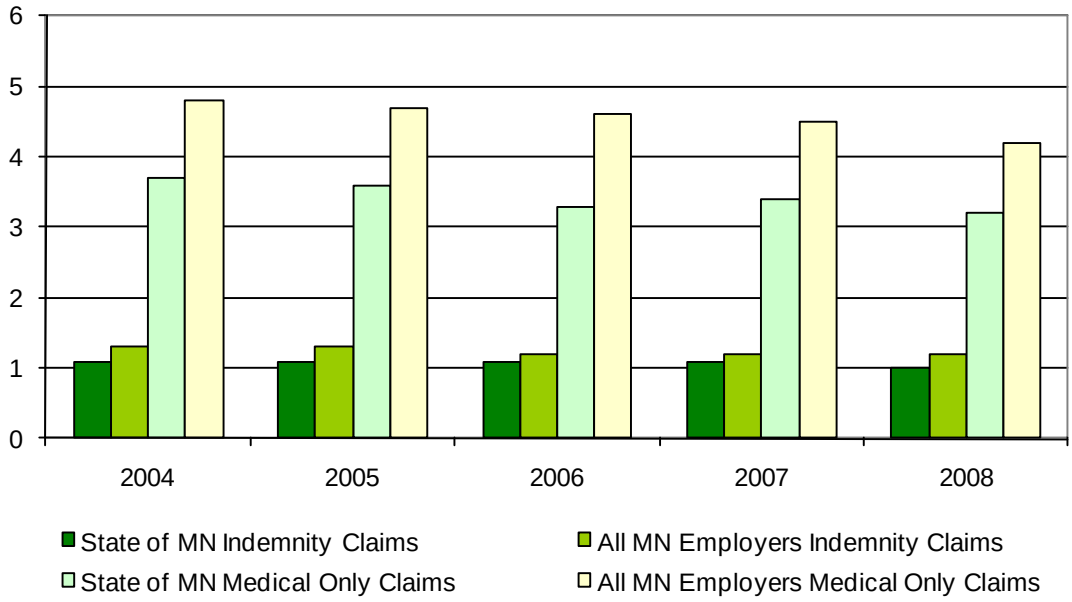
The Safety and Loss Control Unit provides safety and industrial hygiene consulting resources to all state agencies. Its purpose is to help state agencies identify and correct workplace safety hazards-both environmental and behavioral-that place employees at risk for work related injury or illness. The 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.



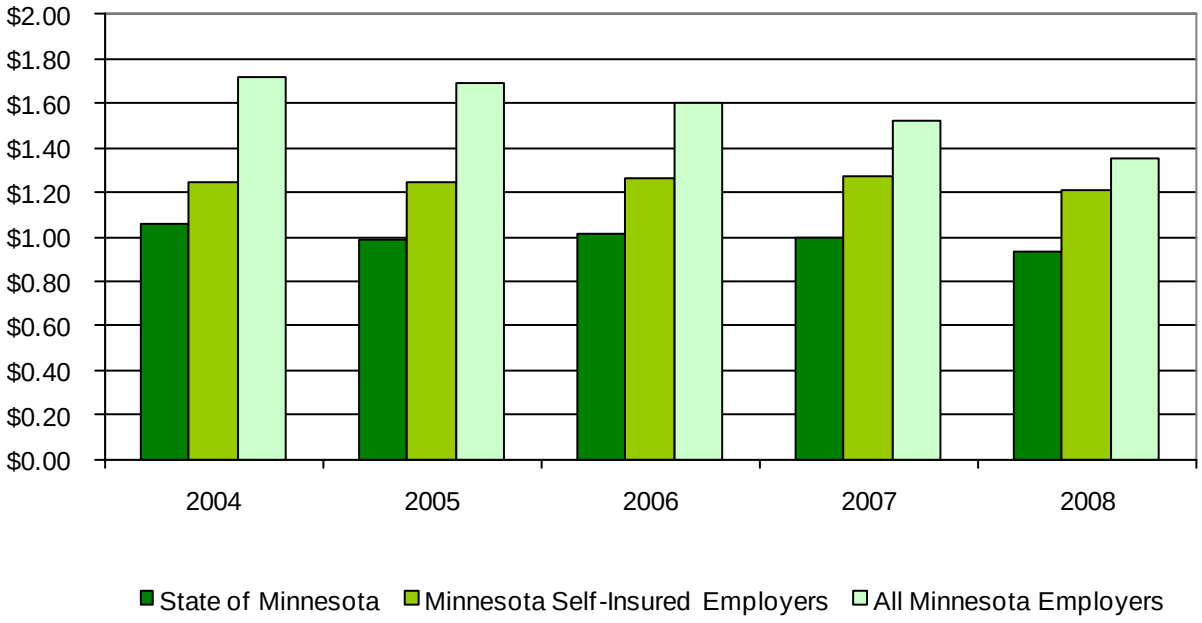
State of Minnesota Paid Claims Per 100 FTE CY DOI/FTE by FY			
Injury Calendar Year	Indemnity Claims	Medical Only Claims	Total Claims
2004	1.1	3.7	4.8
2005	1.1	3.6	4.7
2006	1.1	3.3	4.4
2007	1.1	3.4	4.5
2008	1.0	3.2	4.2

All Minnesota Employers Paid Claims Per 100 FTE CY DOI/FTE by FY			
Injury Calendar Year	Indemnity Claims	Medical Only Claims	Total Claims
2004	1.3	4.8	6.1
2005	1.3	4.7	6.0
2006	1.2	4.6	5.8
2007	1.2	4.4	5.6
2008	1.2	4.2	5.4

Data Source: DLI System Report (released 2010)
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 payroll costs and to other Minnesota employers *(Charts 2, 3).*

Chart 2/Estimated Cost Per $100 of Payroll

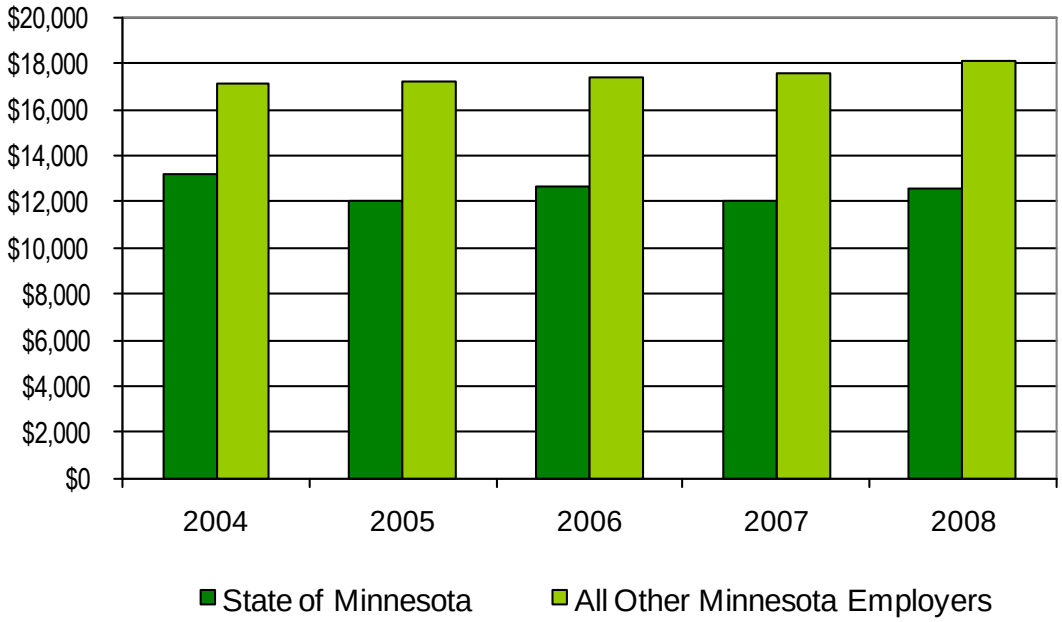


Comparison of the State of Minnesota Cost Per $100 Payroll to Insurers and Self-Insured Employers			
Year	State of Minnesota	Minnesota Self-Insured Employers	All Minnesota Employers
2004	$1.06	$1.24	$1.72
2005	$0.99	$1.25	$1.69
2006	$1.01	$1.26	$1.60
2007	$1.00	$1.27	$1.52
2008	$0.93	$1.21	$1.35

Data Source: DLI System Report (released 2010)
Please note that data from prior years has been updated.

Chart 3/Average Cost of Indemnity Claims

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



Year	State of Minnesota	All Other Minnesota Employers
2004	$13,200	$17,100
2005	$12,000	$17,200
2006	$12,700	$17,400
2007	$12,000	$17,600
2008	$12,600	$18,100

Data Source: DLI System Report (released 2010)
Please note that data from prior years has been updated.

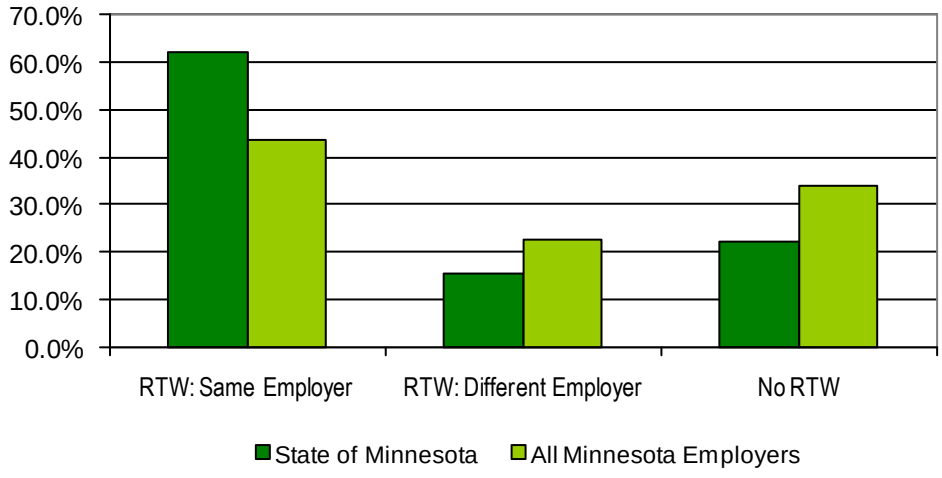
Chart 4a/Return-to-Work Rate

Comparison of the State of Minnesota return-to-work rate against all other Minnesota employers. 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 (%)
2002	**All MN Employers**	46.3	23.3	30.5	100
	State Agencies	64.7	16.7	18.6	100
2003	**All MN Employers**	44.1	22.4	33.5	100
	State Agencies	61.3	18.9	19.8	100
2004	**All MN Employers**	44.0	22.9	33.1	100
	State Agencies	62.6	18.3	19.1	100
2005	**All MN Employers**	44.0	22.3	33.8	100
	State Agencies	56.0	19.3	24.8	100
2006	**All MN Employers**	42.2	22.6	35.2	100
	State Agencies	67.3	13.1	19.6	100
2007	**All MN Employers**	41.5	22.4	36.1	100
	State Agencies	62.3	11.5	26.2	100
2008	**All MN Employers**	41.9	20.9	37.2	100
	State Agencies	63.0	10.2	26.9	100
Average 2002-2008	**All MN Employers**	**43.5**	**22.4**	**34.1**	100
	State Agencies	**62.4**	**15.3**	**22.3**	100

Data Source: DLI System Report (released 2010)
Please note that data from prior years has been updated.

Chart 4b/Return to Work (RTW) Comparison 2002-2008/Average



Findings

The number of new claims remains steady (*Chart 5 and Appendix A*)

Number of claims decreased (Chart 5)

The program experienced a decrease of 6 claims reported from FY 2008 to FY 2009. Appendix A (p. 35) contains an agency-by-agency breakdown of the number of claims reported for FY 2008 and FY 2009.

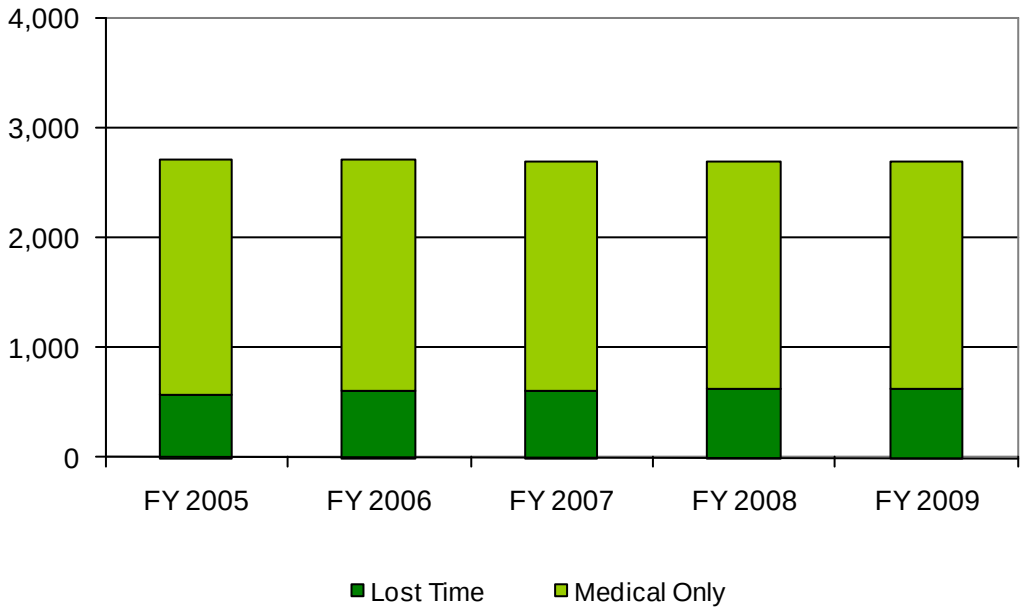
Decrease in lost time claims (Chart 5)

Lost time claims, those in which the employee is disabled beyond a three calendar-day waiting period, decreased by 0.6% (4) from FY 2008 to FY 2009. *Medical only claims* decreased by less than 0.1% (2) from FY 2008 to FY 2009.

Number of claims closed remained steady (Chart 6)

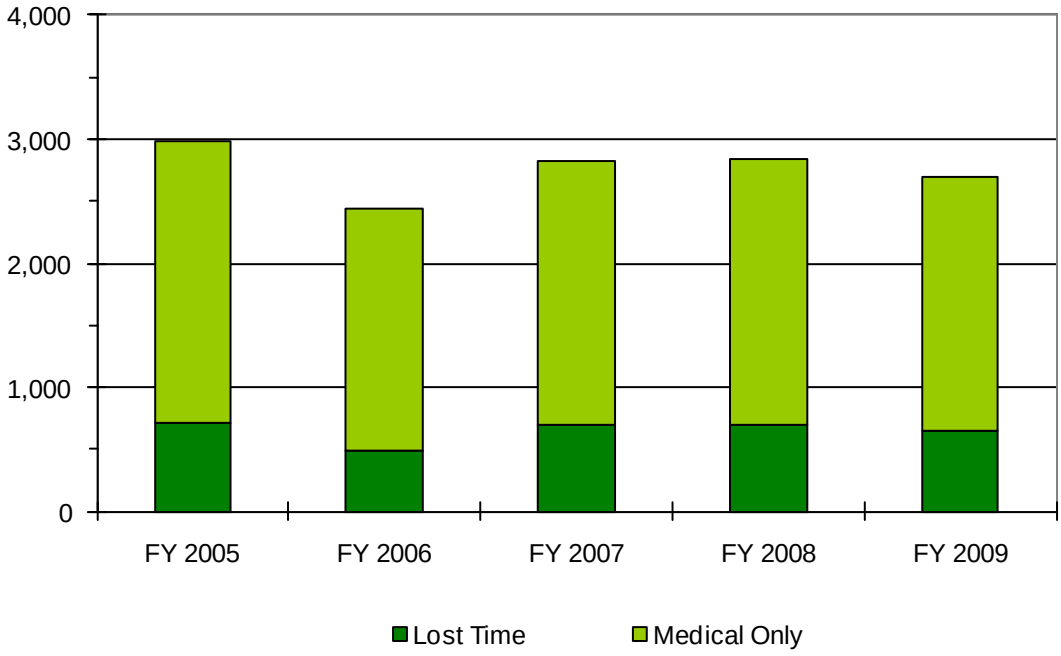
The program closed fewer claims in FY 2009 compared to FY 2008. The program closed more claims than it received during FY 2009 (2,691 received vs. 2,701 closed), thus reducing the number of claims being managed.

Chart 5/Number of Claims Reported/FYs 2005-2009



	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 05-09	FY 08-09
	Claims Reported					% Change	
Lost Time	568	616	614	624	620	9.2%	-0.6%
Medical Only	2,150	2,104	2,079	2,073	2071	-3.7%	-0.1%
Totals	**2,718**	**2,720**	**2,693**	**2,697**	**2,691**	**-1.0%**	**-0.2%**

Chart 6/Number of Claims Closed/FYs 2005-2009



	FY 2005	FY 2005	FY 2007	FY 2008	FY 2009	FY 05-09	FY 08-09
	Claims Closed					% Change	
Lost Time	712	495	698	692	646	-9.3%	-6.6%
Medical Only	2,270	1,948	2,127	2,146	2,055	-9.5%	-4.2%
Totals	**2,982**	**2,443**	**2,825**	**2,838**	**2,701**	**-9.4%**	**-4.8%**

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

The program's total costs of $28,653,641 increased 4.9% ($1,338,520) from FY 2008 to FY 2009. 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 2009, these costs increased 3.9% ($832,919) compared to FY 2008. Benefit costs by category are listed on page 13 of this report.

Administration

In FY 2009, the program provided claims administration, safety and loss control services, and disability management/ rehabilitation services with an administrative operating budget of $2,496,000, which has remained unchanged since FY 2004.

Special Assessments

The program's expenditure for *special assessments* increased 10.3% ($144,528) compared to FY 2008. 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.

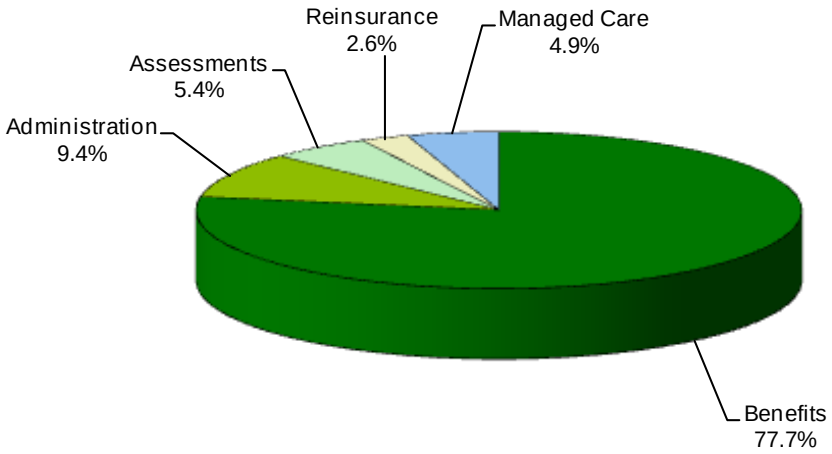
Reinsurance

The program's expenditure for *reinsurance* increased 32.2% in FY 2009 compared to FY 2008. The Workers' Compensation Reinsurance Association (WCRA) provides coverage to the state on claims exceeding our deductible or retention level. The increase in premiums in FY 2009 is associated with the overall loss experience of WCRA members.

Managed Care

The program's payment for *managed care* services increased 2.5% ($33,718) from FY 2008 to FY 2009. The increase is due to the vendor cost increasing from $2.10 per employee per month to $2.15 on 1/1/09, and also because of an increase in the number of employees.

Chart 7/Total Program Costs/FYs 2005-2009



	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 05-09	FY 08-09
Benefits	$18,144,402	$16,817,690	$20,398,449	$21,423,282	$22,256,201	22.7%	3.9%
Administration	$2,592,269	$2,545,789	$2,537,651	$2,556,402	$2,704,525	4.3%	5.8%
Assessments	$1,381,559	$1,367,872	$1,338,730	$1,408,947	$1,553,475	12.4%	10.3%
Reinsurance	$492,628	$534,597	$553,511	$557,147	$736,379	49.5%	32.2%
Managed Care	$1,125,311	$1,227,235	$1,331,002	$1,369,343	$1,403,061	24.7%	2.5%
Totals	**$23,736,169**	**$22,493,183**	**$26,159,343**	**$27,315,121**	**$28,653,641**	**20.7%**	**4.9%**

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

In FY 2009, benefit expenditures increased a total of 3.9% ($832,919) compared to FY 2008.

Medical costs increased

Payments for office and hospital visits, prescriptions, supplies, and reimbursements for travel and time off to see the doctor increased 1.3% ($145,371) in FY 2009 compared to the previous year.

Apparent medical cost drivers contributing to the increase include medical visits and pharmacy costs.

Indemnity costs increased

Benefit payments to compensate employees for lost wages or for permanent loss of body function increased in FY 2009 compared to FY 2008 by 6.6% ($525,837).

Rehabilitation costs increased

Expenditures for disability management and vocational rehabilitation services that aid in returning injured employees to work increased 12.0% ($143,101) from FY 2008 to FY 2009.

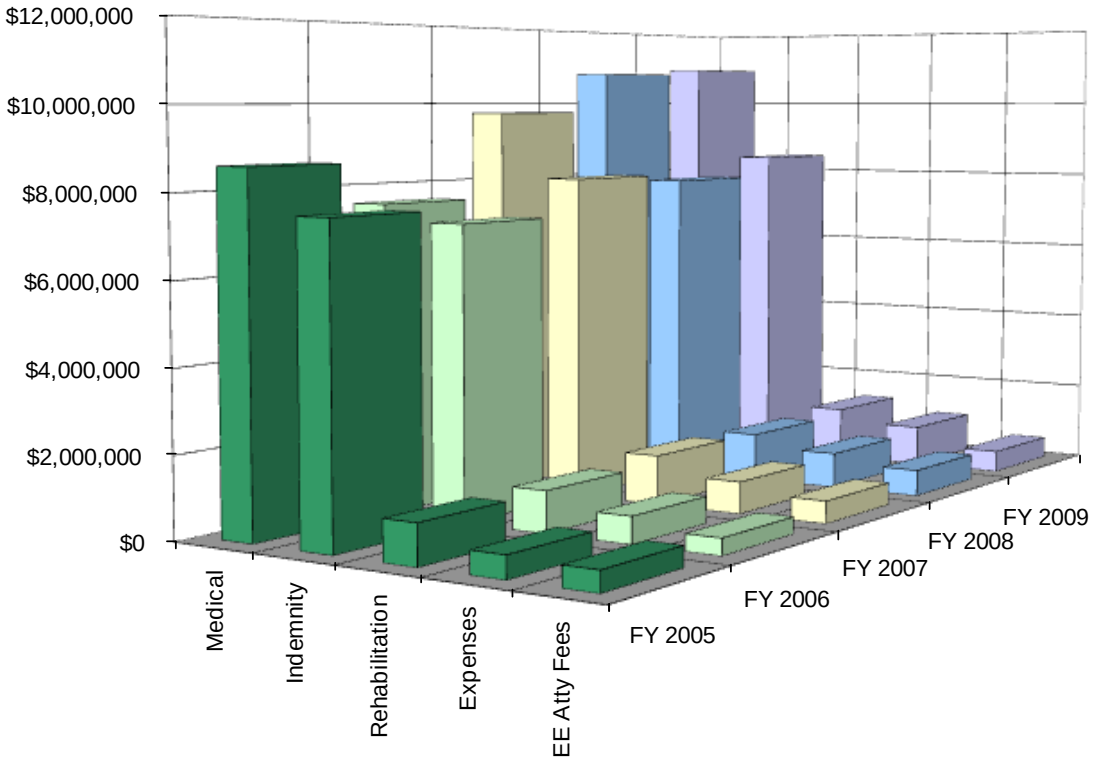
Expense costs increased

Expenditures for investigations, independent medical examinations, medical records, court reporters, deposition fees, and legal defense costs increased 15.1% ($132,693) in FY 2009.

Employee attorney costs decreased

Fees paid to attorneys representing injured employees in FY 2009 decreased 17.5% ($114,083) compared to FY 2008.

Chart 8/Benefit Costs/FYs 2005-2009

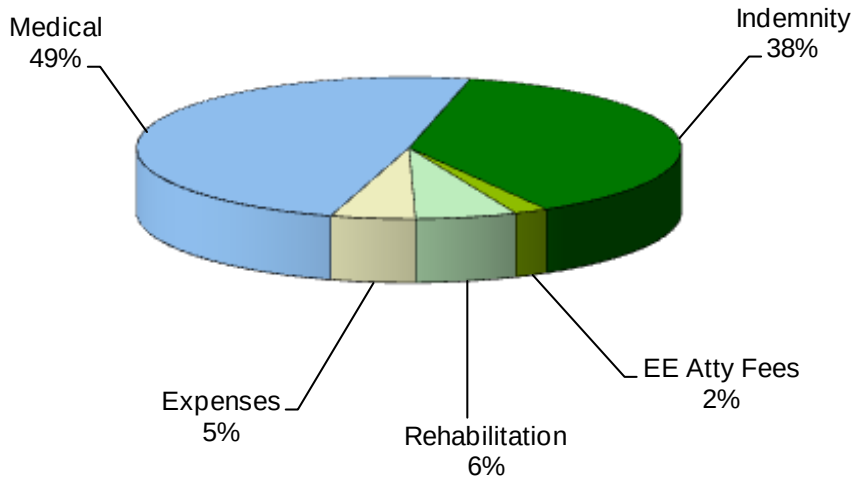


	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 05-09	FY 08-09
	Benefit Costs					Change	
Medical	$8,596,151	$7,573,499	$9,747,169	$10,790,514	$10,935,885	27.2%	1.3%
Indemnity	$7,522,007	$7,166,259	$8,086,464	$7,910,732	$8,436,569	12.2%	6.6%
Rehabilitation	$985,937	$1,018,196	$1,227,354	$1,188,114	$1,331,215	35.0%	12.0%
Expenses	$545,161	$655,244	$789,490	$880,966	$1,013,659	85.9%	15.1%
EE Atty Fees	$495,146	$404,492	$547,972	$652,956	$538,873	8.8%	-17.5%
Totals	**$18,144,402**	**$16,817,690**	**$20,398,449**	**$21,423,282**	**$22,256,201**	**22.7%**	**3.9%**

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

In FY 2009, 49% ($10,935,885) of the total benefits paid were for injured employees' medical costs. 38% ($8,436,569) 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 was slightly higher than the previous year (FY 2008) which was 36.9%.

Chart 9/Composition of Benefit Costs/FY 2009



The program's expenditure for medical benefits increased 1.3% *(Chart 10)*

In FY 2009, the program paid $10,935,885 to various medical care providers and for medical reimbursements to the employee. This was an increase of 1.3% ($145,371) compared to FY 2008.

Medical office visits include all non-chiropractic care that is not provided in a hospital. From FY 2008 to FY 2009, these payments increased by 4.5% ($132,065).

Hospital payments include all inpatient and outpatient treatment that is provided in a hospital. In FY 2009, these payments increased 0.6% ($33,598) compared to FY 2008.

Chiropractic care payments increased 0.2% ($403) in FY 2009 compared to FY 2008.

Miscellaneous medical includes payments to intervenors, diet and/or fitness centers, and home remodeling. In FY 2009, these payments decreased 10.6% ($23,917) compared to FY 2008.

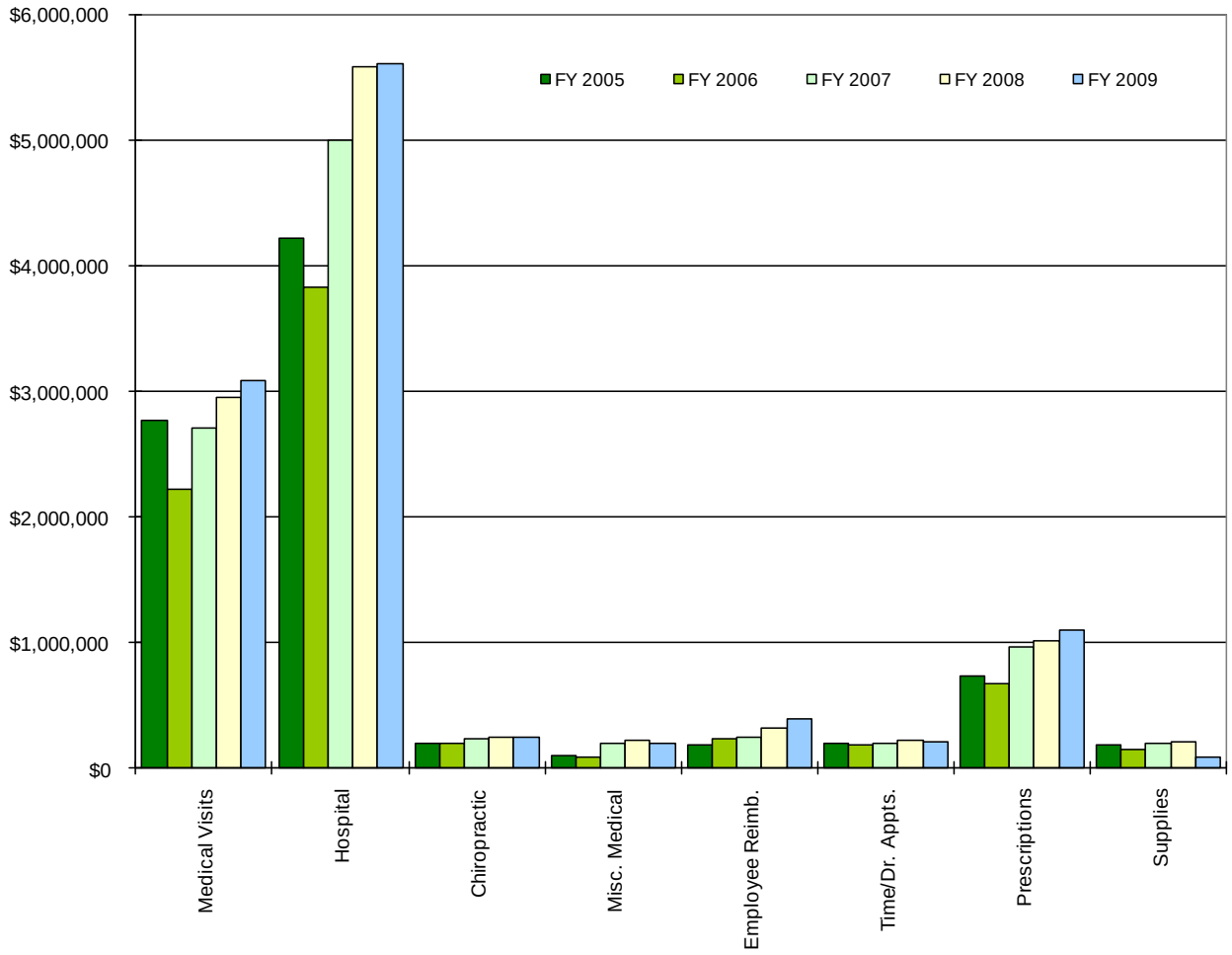
Employee reimbursements include mileage, parking, and meals. These payments increased 19.4% ($63,214) from FY 2008 to FY 2009.

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 8.7% ($19,959) compared to FY 2008.

Prescription costs increased 7.6% ($77,186) from FY 2008 to FY 2009.

Supplies include medical equipment and supplies. These payments decreased 55.7% ($117,220) in FY 2009 compared to FY 2008.

Chart 10/Medical Benefit Costs/FYs 2005-2009



	FY 2004	FY 2006	FY 2007	FY 2008	FY 2009	FY 05-09	FY 08-09
	Medical Benefit Costs					Change	
Medical Visits	$2,772,919	$2,219,085	$2,711,069	$2,954,882	$3,086,947	11.3%	4.5%
Hospital	$4,213,674	$3,823,479	$4,995,210	$5,576,210	$5,609,808	33.1%	0.6%
Chiropractic	$204,637	$199,486	$234,465	$249,328	$249,731	22.0%	0.2%
Misc. Medical	$104,172	$91,931	$193,517	$226,023	$202,106	94.0%	-10.6%
Employee Reimb.	$180,654	$235,309	$252,005	$325,878	$389,092	115.4%	19.4%
Time/Dr. Appts.	$196,238	$185,309	$194,323	$228,422	$208,463	6.2%	-8.7%
Prescriptions	$739,763	$674,863	$962,579	$1,019,504	$1,096,690	48.2%	7.6%
Supplies	$184,094	$144,037	$204,001	$210,267	$93,047	-49.5%	-55.7%
Totals	**$8,596,151**	**$7,573,499**	**$9,747,169**	**$10,790,514**	**$10,935,884**	**27.2%**	**1.3%**

The program's expenditure for indemnity benefits increased 6.6% (*Chart 11*)

The program's second largest expenditure, indemnity benefits, experienced an increase of 6.6% from FY 2008 to FY 2009.

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 2009, TTD payments increased 13.9% ($298,681) compared to FY 2008.

Other Benefits include lump sums to settle claims, death benefits to dependents, and retraining benefits. In FY 2009, these payments decreased 0.8% ($12,947) compared to FY 2008.

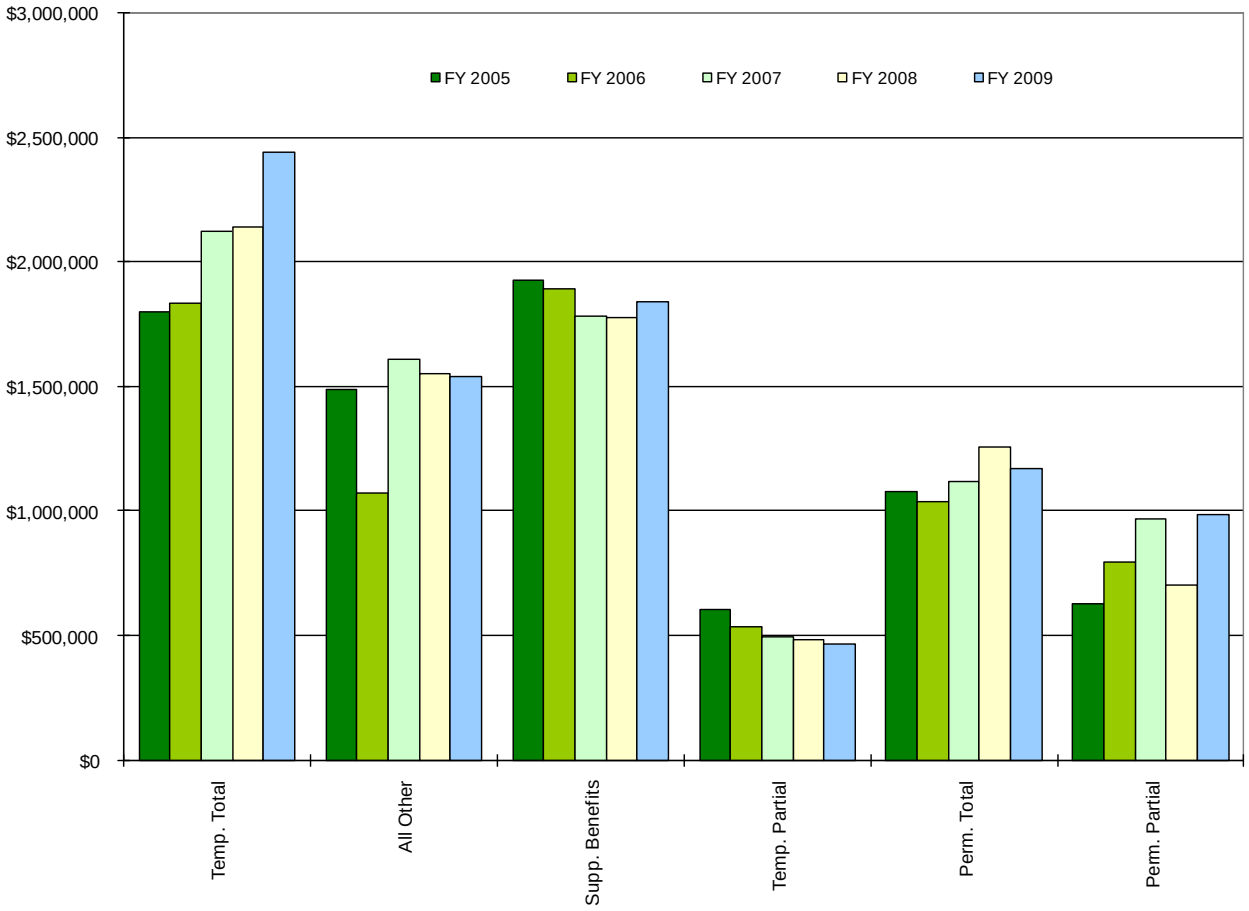
Supplementary Benefits (SBs) are paid in conjunction with PTD, or to bring payments up to a percentage of the statewide average weekly wage. The majority of employees who receive SBs also receive Social Security Disability benefits. The program does not invoice agencies for these benefit payments, but rather receives full reimbursement from the Department of Labor and Industry. In FY 2009, SB payments increased 3.4% ($61,318) compared to FY 2008. The legislature has eliminated the requirement to pay Supplementary Benefits for injuries occurring on or after October 1, 1995 so over time this benefit will continue to experience decreases.

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 2009, TPD payments decreased 3.3% ($16,113) compared to FY 2008.

Permanent Total Disability (PTD) benefits are paid to employees who will never be able to work again. In FY 2009, PTD payments decreased 7.1% ($88,819) compared to FY 2008.

Permanent Partial Disability (PPD) benefits are paid to employees who have a permanent loss of body function. In FY 2009, PPD payments increased 40.4% ($283,717) compared to FY 2008.

Chart 11/Indemnity Benefit Costs/FYs 2005-2009



	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 05-09	FY 08-09
	Indemnity Benefit Costs					Change	
Temp. Total	$1,797,101	$1,835,506	$2,119,918	$2,142,642	$2,441,323	35.8%	13.9%
All Other	$1,489,879	$1,070,179	$1,607,294	$1,550,049	$1,537,102	3.2%	-0.8%
Supp. Benefits	$1,928,993	$1,892,753	$1,780,702	$1,777,430	$1,838,748	-4.7%	3.4%
Temp. Partial	$602,084	$537,610	$494,693	$481,142	$465,029	-22.8%	-3.3%
Perm. Total	$1,076,782	$1,036,602	$1,118,537	$1,257,262	$1,168,443	8.5%	-7.1%
Perm. Partial	$627,168	$793,609	$965,320	$702,207	$985,924	57.2%	40.4%
Totals	**$7,522,007**	**$7,166,259**	**$8,086,464**	**$7,910,732**	**$8,436,569**	**12.2%**	**6.6%**

Recoveries increased 38.9% in FY 2009 *(Chart 12)*

Recoveries are funds the program receives from three main sources: supplementary benefits, Second Injury Fund, and subrogation. Total recoveries in FY 2009 increased 38.9% ($1,062,826) compared to FY 2008.

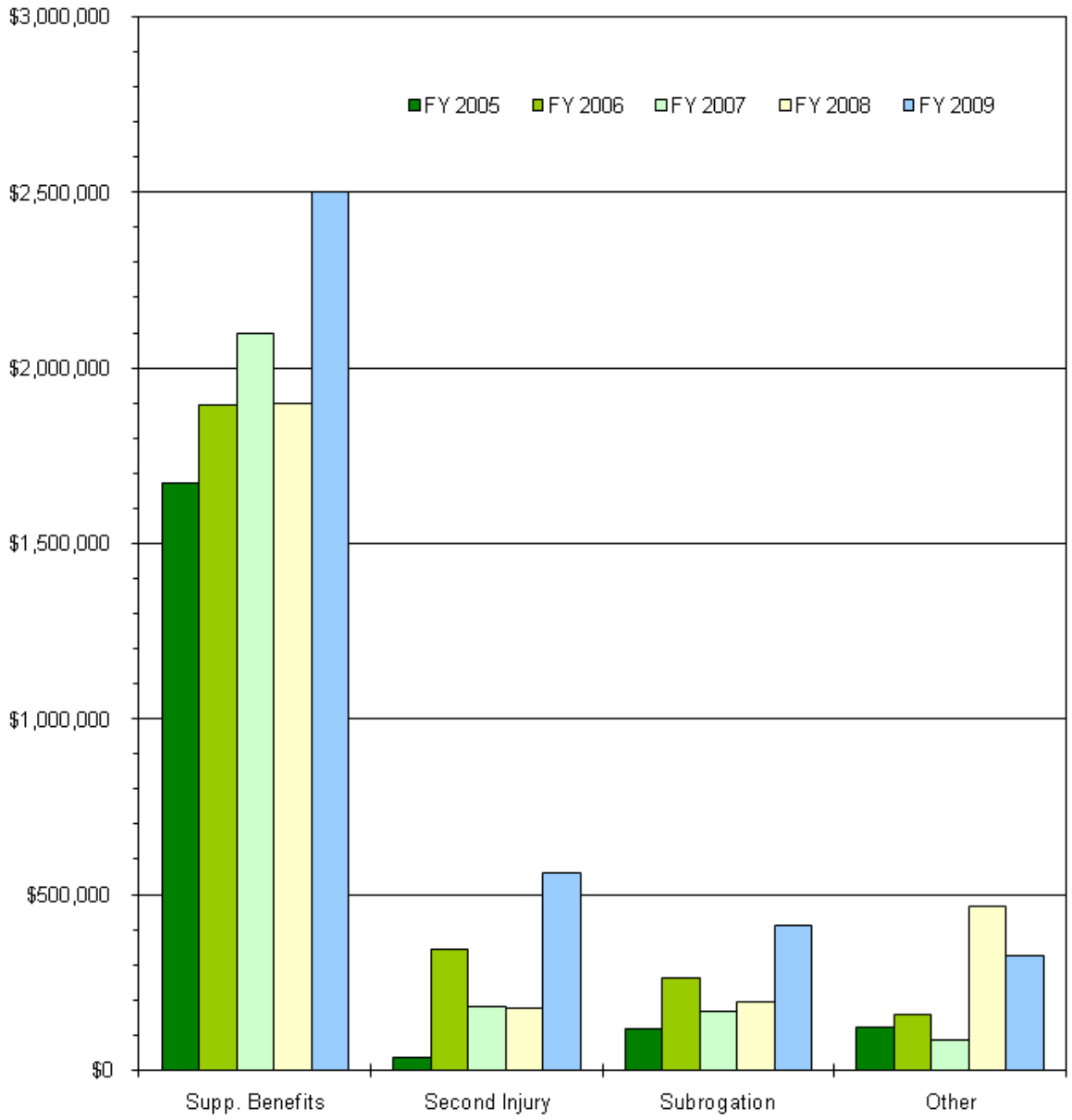
Supplementary Benefit Recoveries are reimbursed by the Department of Labor and Industry. In FY 2009, the program recovered 31.6% more ($600,826) compared to FY 2008.

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 2009, the recovery of these funds increased 218.4% ($384,070) compared to FY 2008.

Subrogation Recoveries are funds paid by third parties who are found responsible for employees' injuries and illnesses. From FY 2008 to FY 2009, the recovery of these funds increased 112.4% ($217,028).

Other Recoveries include funds obtained through contribution and reinsurance. In FY 2009, the recovery of these funds decreased 30.0% ($139,097) compared to FY 2008.

Chart 12/Recoveries/FYs 2005-2009



	FY 2005	FY 2006	FY 2006	FY 2008	FY 2009	FY 05-09	FY 08-09
	Recoveries					Change	
Supp. Benefits	$1,671,773	$1,894,535	$2,097,374	$1,900,508	$2,501,334	49.6%	31.6%
Second Injury	$36,093	$342,451	$182,156	$175,835	$559,905	1451.3%	218.4%
Subrogation	$118,697	$263,561	$165,420	$193,074	$410,102	245.5%	112.4%
Other	$121,343	$156,609	$83,558	$464,004	$324,907	167.8%	-30.0%
Totals	**$1,947,906**	**$2,657,156**	**$2,528,508**	**$2,733,421**	**$3,796,247**	**94.9%**	**38.9%**

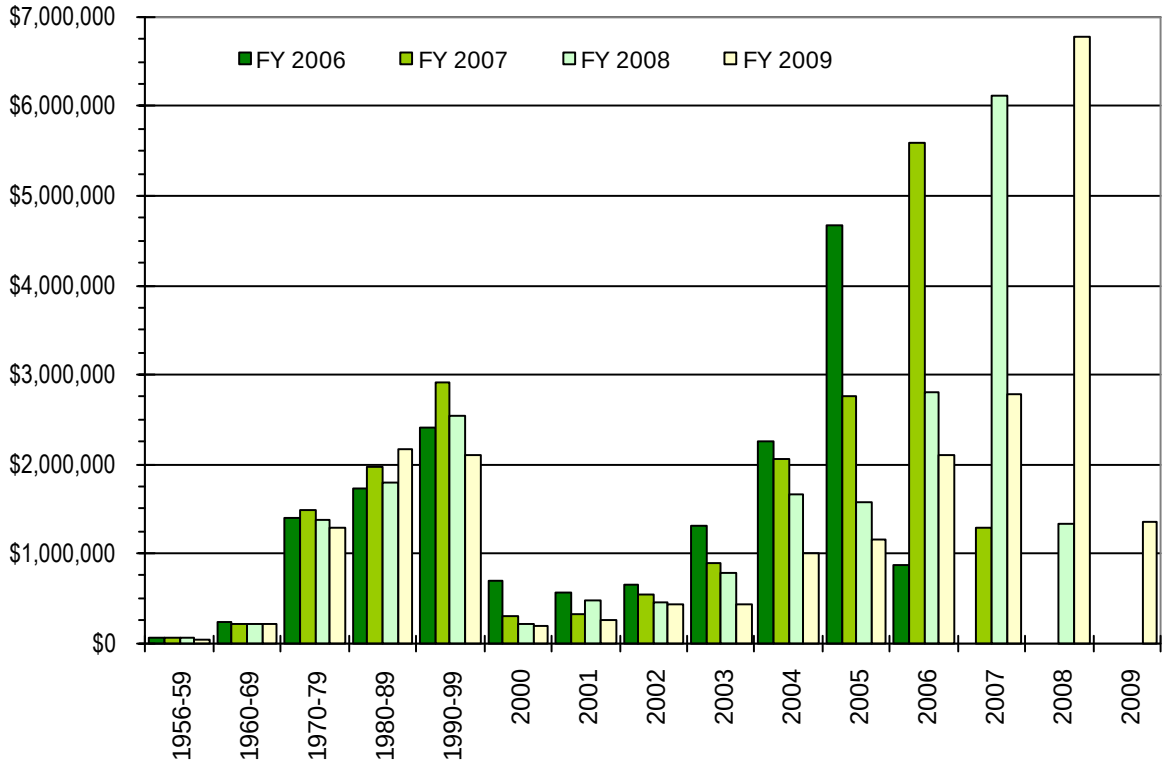
Claims that occurred prior to 2000 accounted for 25.9% of the program's FY 2009 benefit costs *(Chart 13)*

Chart 13 shows a breakdown of total benefits paid from FY 2006 to FY 2009 for injuries occurring in calendar years 1956 through June 30, 2009. In FY 2009, 25.9% ($5,769,495) of all benefits went to employees who were injured prior to 2000. In FY 2008, $5,958,592 was paid on older claims compared to $5,769,4952 paid in FY 2009 a 3.2% decrease. In FY 2009, 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 2009 which demonstrate this pattern.

Chart 13/Payments Made for Calendar Year Injuries/FYs 2006-2009



Calendar Years	FY 2006	FY 2007	FY 2008	FY 2009
1956-59	$51,790	$52,800	$53,505	$28,378
1960-69	$222,729	$214,806	$207,497	$210,292
1970-79	$1,393,027	$1,492,534	$1,373,885	$1,280,308
1980-89	$1,735,414	$1,978,510	$1,786,071	$2,157,922
1990-99	$2,409,331	$2,917,579	$2,537,635	$2,092,595
2000	$702,275	$293,150	$217,946	$190,956
2001	$564,905	$321,423	$481,330	$256,028
2002	$641,555	$540,431	$454,908	$439,394
2003	$1,300,982	$881,161	$785,335	$431,560
2004	$2,250,191	$2,060,346	$1,670,445	$1,006,100
2005	$4,666,274	$2,760,592	$1,583,663	$1,149,925
2006	$879,217	$5,595,600	$2,813,497	$2,092,776
2007	N/A	$1,289,517	$6,116,306	$2,771,443
2008	N/A	N/A	$1,341,260	$6,783,587
2009	N/A	N/A	N/A	$1,355,937
TOTALS	**$16,817,690**	**$20,398,449**	**$21,423,282**	**$22,256,201**

Nine agencies accounted for the majority 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% (2,237) of the claims and paid 85.6% ($19,049,903) of the benefits in FY 2009. 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 2008 and FY 2009.

Chart 14/Composition of Reported Claims by Agency/FY 2009

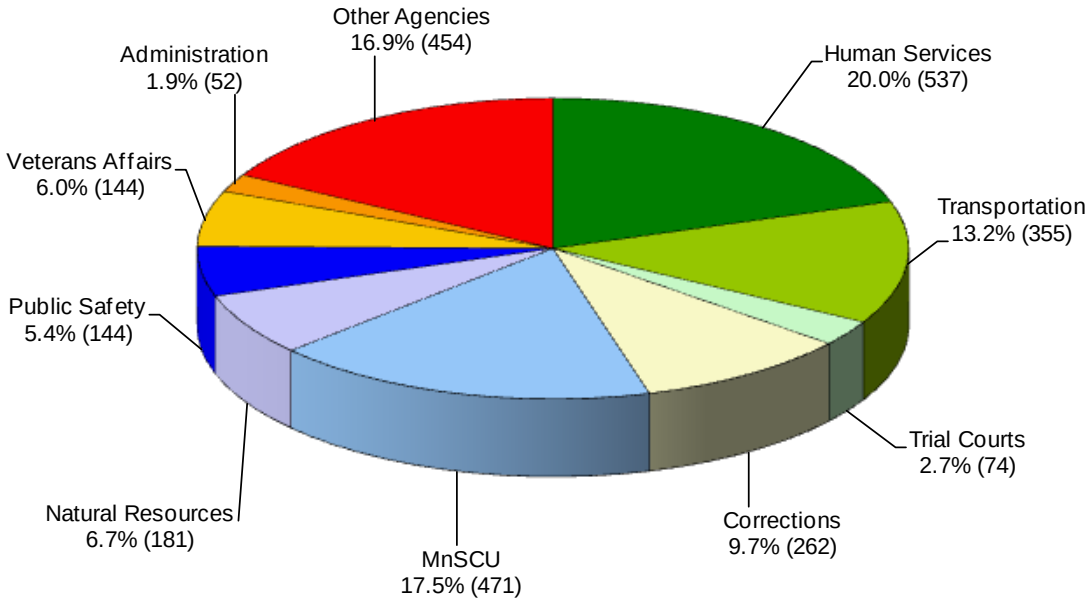
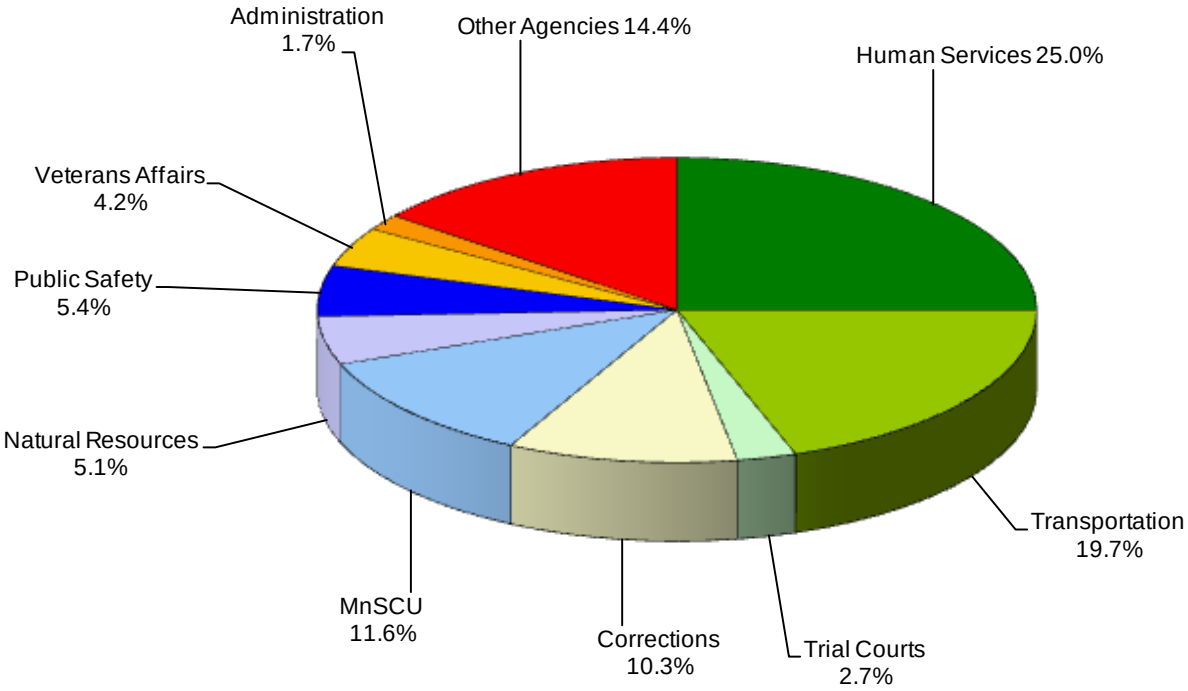


Chart 15/Composition of Benefits Paid by Agency/FY 2009



Benefit costs for these nine agencies decreased 0.8% *(Chart 16 and Appendix B)*

Combined benefit costs for the nine large agencies decreased a total of 0.8% ($157,004) from FY 2008 to FY 2009. Chart 16 shows data for these nine agencies. Cost data for the remaining agencies is contained in Appendix B (p. 36).

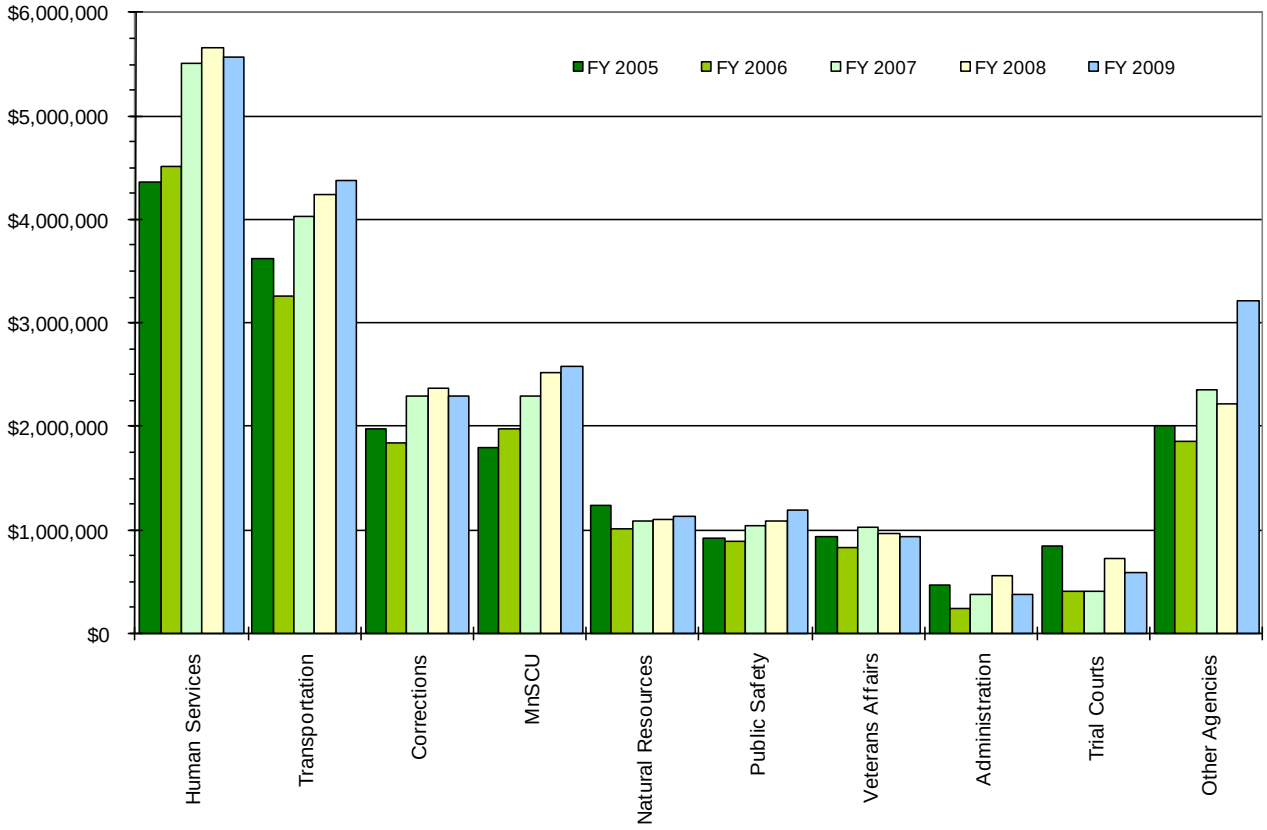
Caution urged when comparing agencies

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 Decreased for Five of the Largest Nine Agencies, While Other Agencies Experienced an Increase.

The nine agencies experienced changes ranging from -32.4% (Administration) to 10.8% (Public Safety). All other agencies experienced an increase of 44.7% ($989,923).

Chart 16/Benefit Costs for Nine Agencies/FYs 2005-2009



	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 05-09	FY 08-09
	Benefit Costs					Change	
Human Services	$4,354,401	$4,517,894	$5,512,508	$5,664,960	$5,561,779	27.7%	-1.8%
Transportation	$3,621,474	$3,260,886	$4,021,775	$4,233,137	$4,377,941	20.9%	3.4%
Corrections	$1,979,826	$1,841,575	$2,292,717	$2,364,310	$2,294,411	15.9%	-3.0%
MnSCU	$1,787,108	$1,978,448	$2,292,184	$2,513,929	$2,575,520	44.1%	2.4%
Natural Resources	$1,239,895	$1,006,271	$1,085,435	$1,093,681	$1,137,248	-8.3%	4.0%
Public Safety	$923,346	$891,082	$1,042,578	$1,079,014	$1,196,068	29.5%	10.8%
Veterans Affairs	$936,231	$832,192	$1,026,087	$969,000	$937,495	0.1%	-3.3%
Administration	$459,191	$237,632	$374,972	$560,500	$378,905	-17.5%	-32.4%
Trial Courts	$841,674	$401,061	$403,078	$728,375	$590,535	-29.8%	-18.9%
Totals 9 Agencies	$16,143,146	$14,967,041	$18,051,334	$19,206,906	$19,049,902	18.0%	-0.8%
Other Agencies	$2,001,256	$1,850,649	$2,347,115	$2,216,376	$3,206,299	60.2%	44.7%
Totals Overall	**$18,144,402**	**$16,817,690**	**$20,398,449**	**$21,423,282**	**$22,256,201**	**22.7%**	**3.9%**

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 represent the average of costs paid to date (6/30/09) on claims reported during the five year period of FY 2001 through FY 2005.

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

FY 2009 Reported Claims (Chart 17A) and 5-Year Comparison (Chart 17B) by Body Part

In FY 2009, upper extremities (arm, shoulder, elbow, wrist) continued to be the most frequently reported injured body part (30.0%), up 1.8% compared to FY 2008. Reported injuries from FY 2001 through FY 2005 that involve multiple body parts ($7,293 average per claim) and injuries to the neck and back ($5,241 average per claim) have the highest average cost per claim.

Chart 17A FY 2009 Reported Claims by Body Part

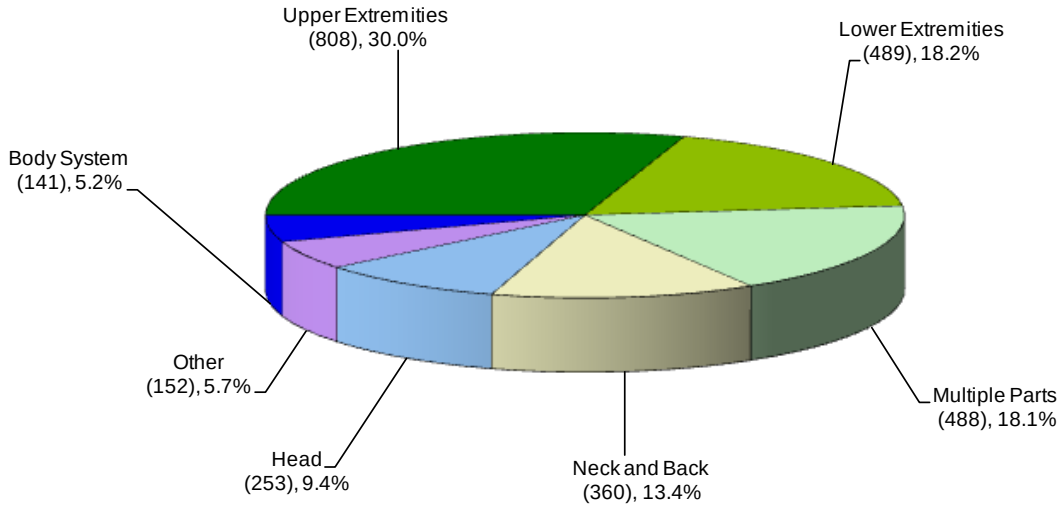
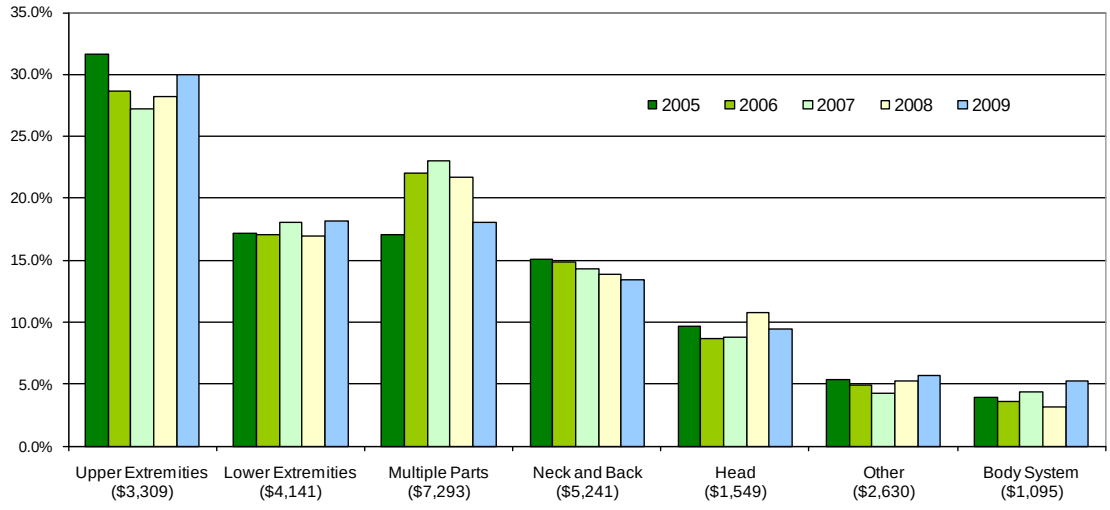


Chart 17B 5-Year Comparison by Body Part (%) of Reported Claims



NOTE: The dollar amounts shown in parenthesis in chart 17B above are the historical average claim costs on claims reported in FY 2001 through FY 2005 paid out through 6/30/09.

FY 2009 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 2009, overexertion, defined as excessive physical effort (22.4%) and falls (21.4%) continue to be the most prevalent cause of injuries. Bodily reaction/involuntary motion claims ($5,976 average per claim) and motor vehicle claims ($9,117 average per claim) are on average the most expensive cause of claims.

Chart 18A FY 2009 Reported Claims by Cause

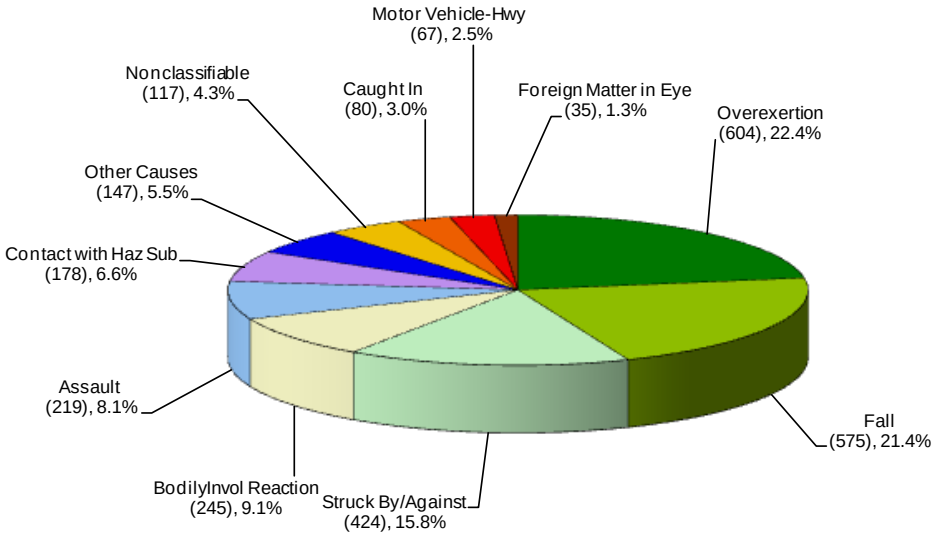
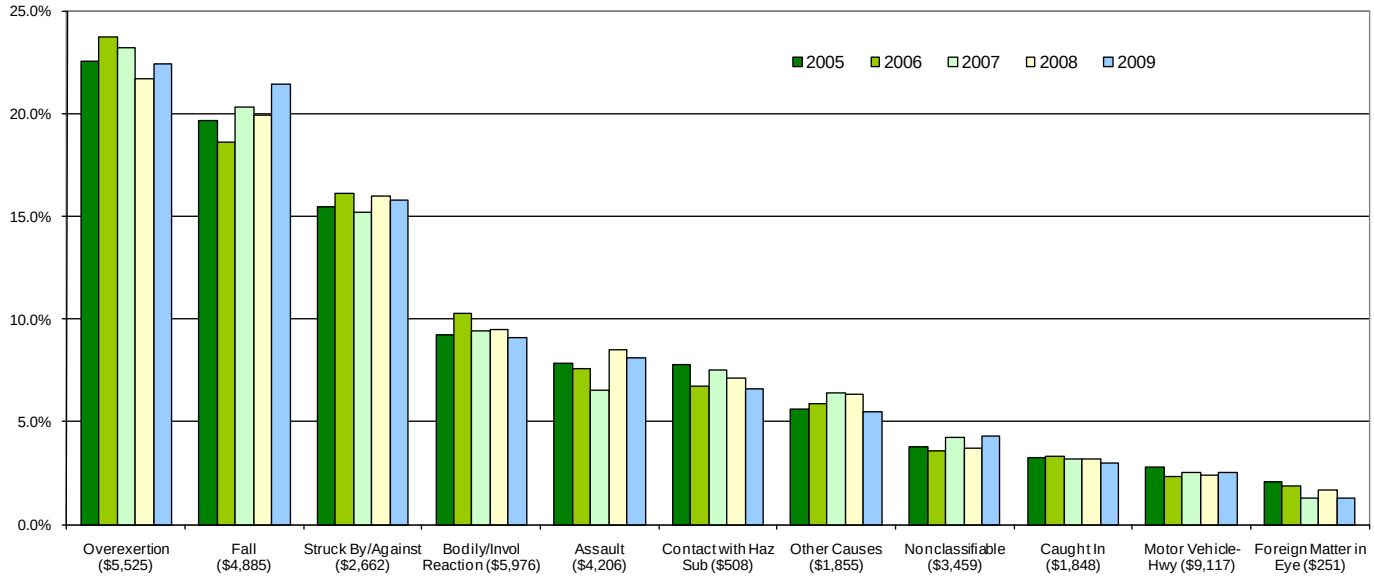


Chart 18B 5-Year Comparison by Cause (%) of Reported Claims



NOTE: The dollar amounts shown in parenthesis in chart 18B above are the historical average claim costs on claims reported in FY 2001 through FY 2005 paid out through 6/30/09.

FY 2009 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 2009, sprains/strains continued to be the most frequently reported nature of injury (40.9%), occurring more than twice as often as the next most frequently reported nature, contusion/crush/ bruise (18.4%). While occurring infrequently, multiple injuries ($11,814 average per claim) and fractures ($9,856 average per claim) represent the most expensive reported claims.

Chart 19A FY 2009 Reported Claims by Nature

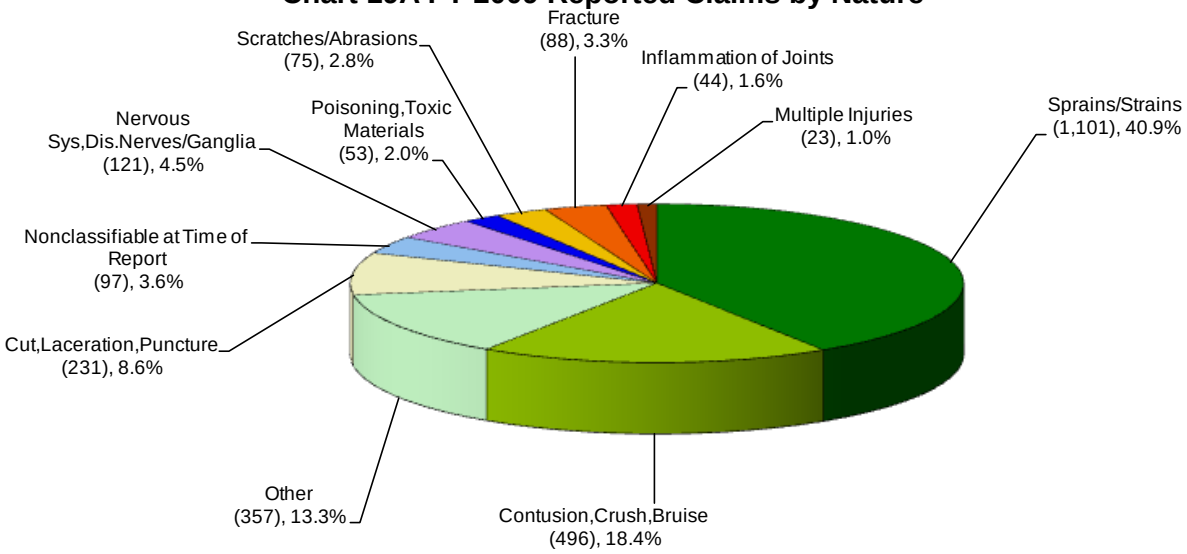
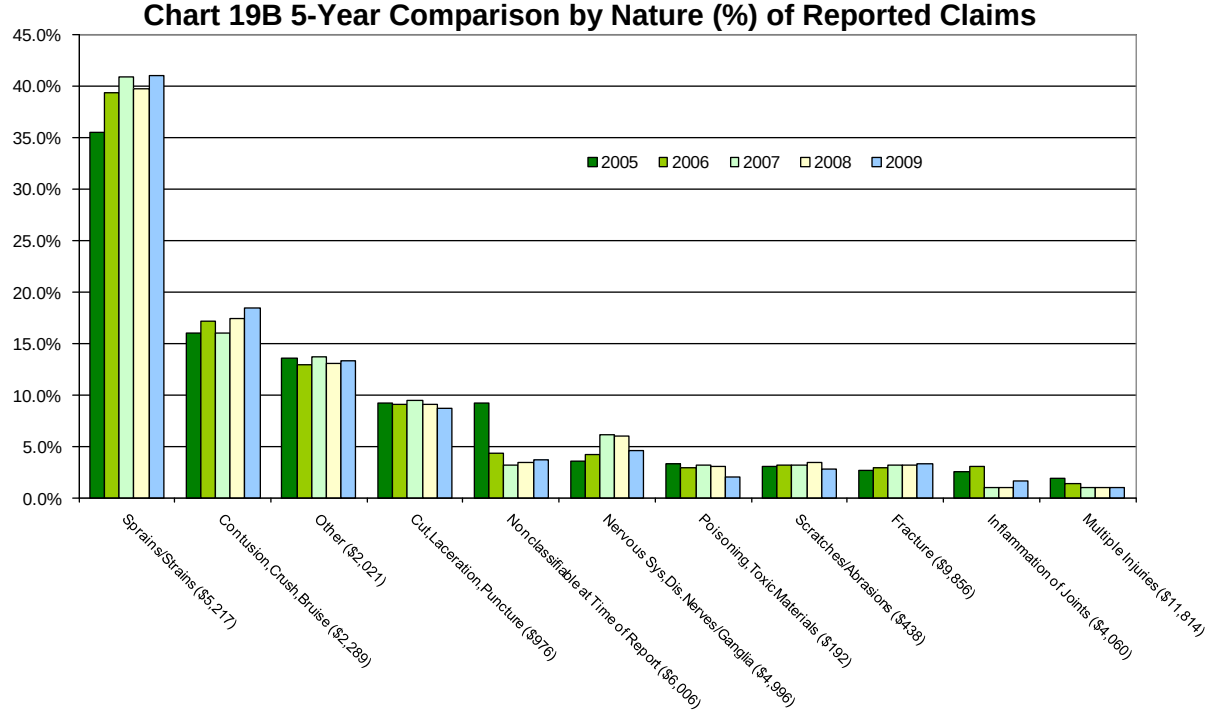


Chart 19B 5-Year Comparison by Nature (%) of Reported Claims



NOTE: The dollar amounts shown in parenthesis in chart 19B above are the historical average claim costs on claims reported in FY 2001 through FY 2005 paid out through 6/30/09.

The average workers' compensation claim incident rate decreased slightly in FY 2009 *(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:

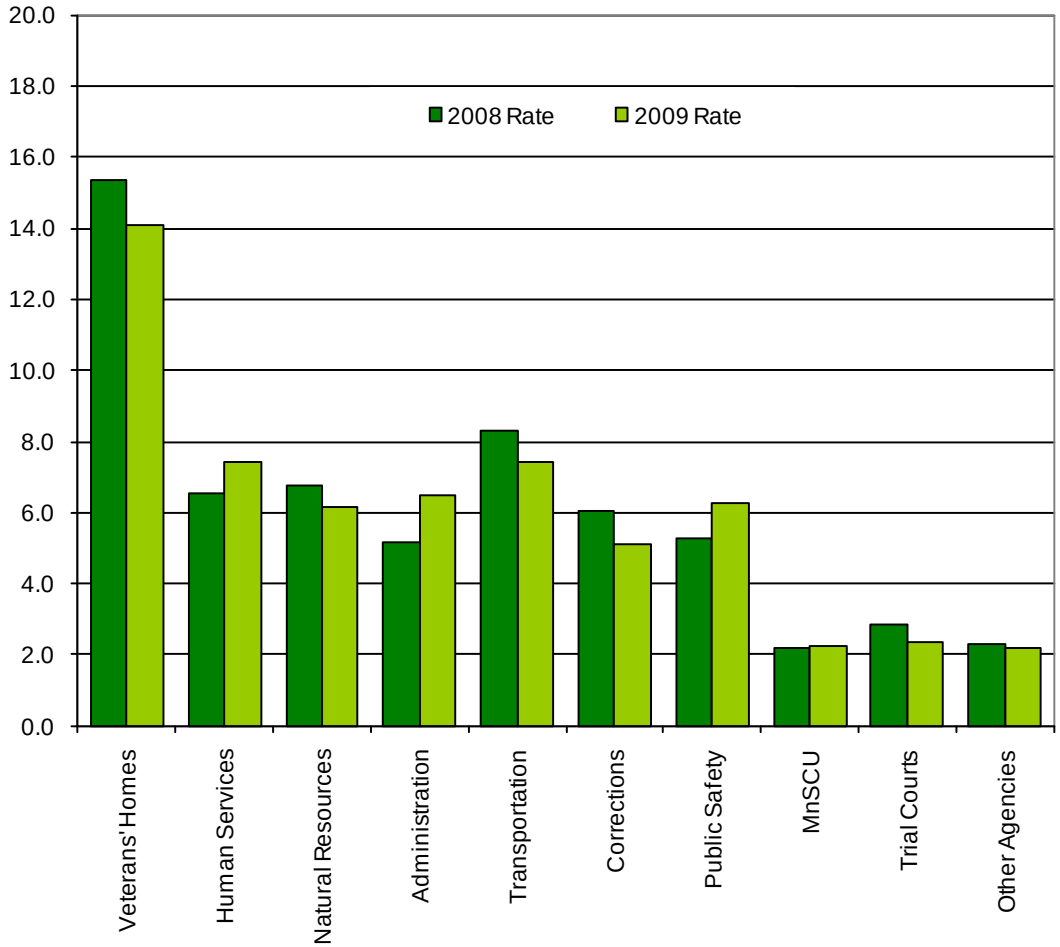
$$\textit{Incident Rate} = \frac{\textit{Number of Reportable Claims Paid x 200,000}}{\textit{Total Employee Hours Worked}}$$

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

The statewide average incident rate decreased slightly from 4.3 in FY2008 to 4.2 in FY 2009. See Appendix C (p. 37) for individual agency incident rates for FY 2009.

Overall, the incident rate for all agencies decreased from 4.6 in FY 2005 to 4.2 in FY 2009. See Chart 21 (p. 34) for five year rate comparison.

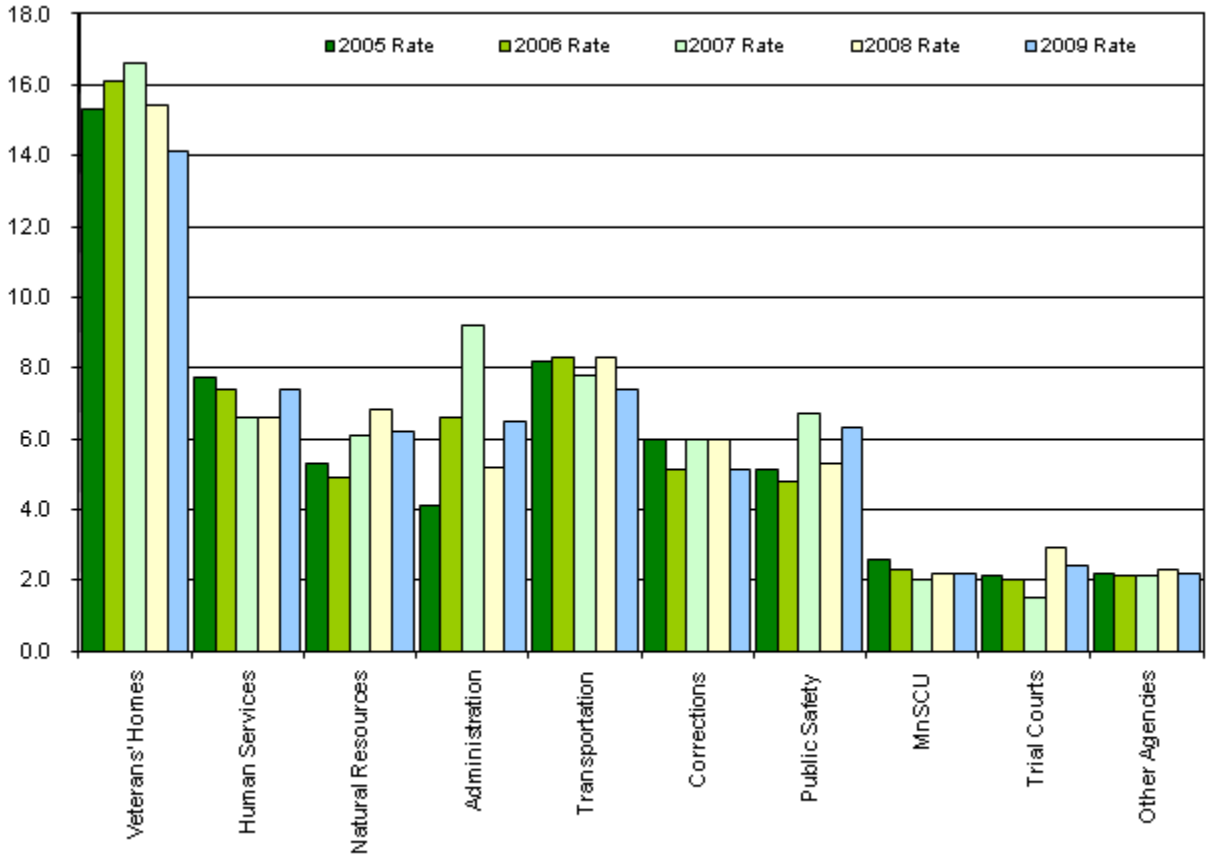
Chart 20/Incident Rates/FYs 2008-2009



	FY 2008	FY 2008		FY 2009	FY 2009		FY 08-08
Agency	**Reportable Claims**	**Hours Worked**	**2008 Rate**	**Reportable Claims**	**Hours Worked**	**2009 Rate**	**Rate Change**
Veterans' Affairs	132	1,718,119	15.4	135	1,915,564	14.1	-1.3
Human Services	414	12,626,603	6.6	440	11,870,888	7.4	-0.3
Natural Resources	163	4,826,815	6.8	150	4,851,546	6.2	-0.4
Administration	23	892,562	5.2	29	895,522	6.5	2.5
Transportation	326	7,866,433	8.3	307	8,270,680	7.4	0.1
Corrections	216	7,172,247	6.0	185	7,262,348	5.1	-0.9
Public Safety	92	3,499,912	5.3	92	3,499,912	5.3	-1.5
MnSCU	318	29,169,516	2.2	334	29,939,625	2.2	0.1
Trial Courts	56	3,919,200	2.9	46	3,901,769	2.4	-0.5
Other Agencies	225	19,707,795	2.3	219	19,895,575	2.2	-0.1
All Agencies	**1,965**	**91,399,202**	**4.3**	**1,956**	**92,340,412**	**4.2**	**-0.1**

*Source of Hours Worked is SEMA4.

Chart 21/Incident Rate Comparison/FYs 2005-2009



	2005 Rate	2006 Rate	2007 Rate	2008 Rate	2009 Rate	FY 05-09 Rate Change
Veterans' Affairs	15.3	16.1	16.6	15.4	14.1	-1.2
Human Services	7.7	7.4	6.6	6.6	7.4	-0.3
Natural Resources	5.3	4.9	6.1	6.8	6.2	0.9
Administration	4.1	6.6	9.2	5.2	6.5	2.4
Transportation	8.2	8.3	7.8	8.3	7.4	-0.8
Corrections	6.0	5.1	6.0	6.0	5.1	-0.9
Public Safety	5.1	4.8	6.7	5.3	6.3	1.2
MnSCU	2.6	2.3	2.0	2.2	2.2	-0.5
Trial Courts	2.1	2.0	1.5	2.9	2.4	0.3
Other Agencies	2.2	2.1	2.1	2.3	2.2	0.0
All Agencies	4.6	4.3	4.2	4.3	4.2	-0.4

Appendix A: Reported Claims/FY 2008 – 2009 by Agency

Agency	FY 2008	FY 2009	% of Change
Administration	41	52	26.83%
Agriculture	23	11	-52.17%
Animal Health Board	1	5	100.00%
Attorney General	6	2	-66.67%
Boards & Commissions	3	7	133.33%
Perpich Center for Arts Educ	3	4	33.33%
Commerce & Commerce Weights & Measures	6	11	83.33%
Corrections	324	262	-19.14%
Court of Appeals	0	0	No Change
Education	19	14	-26.32%
Explore Minnesota Tourism	3	1	-66.67%
Employment & Economic Development	40	29	-27.50%
Examining Boards	4	3	-25.00%
Faribault Academies	24	19	-20.83%
Friends of MN Conservation Corp	68	90	32.35%
Gambling Control Board	0	3	N/A
Governor's Office	3	2	-33.33%
Health	19	19	No Change
Higher Educ Services Office	1	1	No Change
Historical Society	13	30	130.77%
House of Representatives	3	5	66.67%
Housing Finance	3	1	-66.67%
Human Rights	1	0	-100.00%
Human Services	492	537	9.15%
Indian Affairs Council	0	0	No Change
Investment Board	1	0	-100.00%
Iron Range Resources	7	5	-28.57%
Judicial	5	10	100.00%
Judicial Standards Board	0	0	No Change
Labor & Industry	23	15	-34.78%
Legislative Auditor	1	0	-100.00%
Legislative Coord Commission/Revisor of Statutes	0	1	N/A
Lottery	6	3	-50.00%
Mediation Services	1	0	-100.00%
Military Affairs	30	37	23.33%
Minnesota Management & Budget	2	2	No Change
MN State Retirement	2	1	-50.00%
MnSCU	445	471	5.84%
Natural Resources	182	181	-0.55%
Office of Enterprise Technology	3	4	33.33%
Ombudsman-Corrections	0	0	No Change
Ombudsperson for Families	0	0	No Change
Pollution Control Agency	17	26	52.94%
Public Defense Board	2	4	100.00%
Public Employees Retirement Assoc.	0	1	N/A
Public Safety	138	144	4.35%
Public Utilities Commission	1	0	-100.00%
Racing Commission	0	0	No Change
Revenue	28	35	25.00%
Secretary of State	4	5	25.00%
State Arts Board	1	0	-100.00%
State Auditor	1	1	No Change
State Fair	27	26	-3.70%
State Senate	5	1	-80.00%
Tax Court	0	0	No Change
Teachers Retirement Assoc.	2	0	-100.00%
Transportation	380	355	-6.58%
Trial Courts	103	74	-28.16%
Veterans Affairs	159	161	1.26%
Work Comp Court of Appeals	0	0	No Change
Zoo	21	20	-4.76%
TOTAL	**2,697**	**2,691**	**-0.22%**

Appendix B: Benefit Costs/FY 2008 – 2009 by Agency

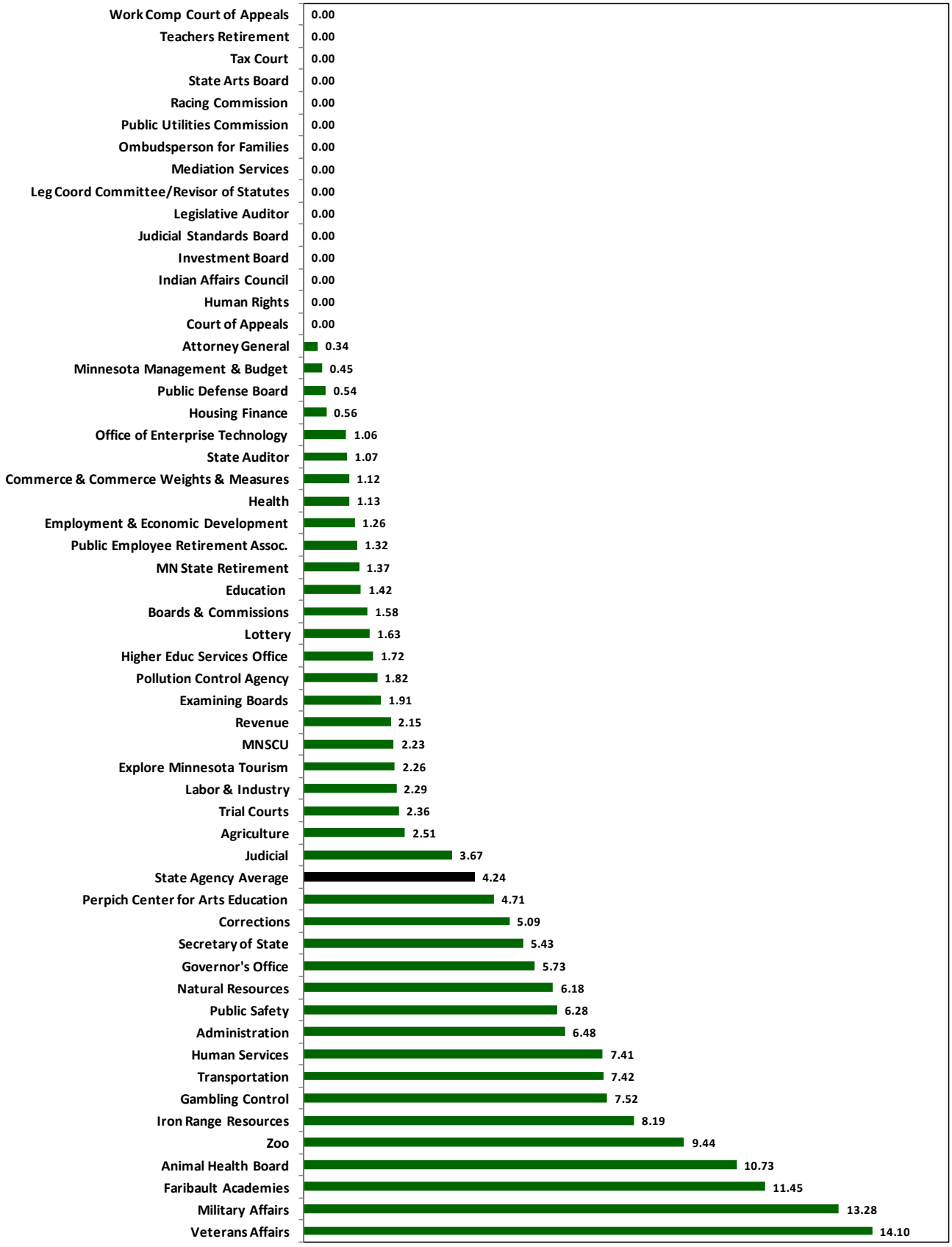
Agency	FY 2008	FY 2009	% of Change
Administration	$560,500	$378,905	-32.40%
Agriculture	$290,299	$278,283	-4.14%
Animal Health Board	$4,729	$42,368	795.92%
Attorney General	$102,414	$25,060	-75.53%
Boards & Commissions	$13,241	$24,388	84.19%
Perpich Center for Arts Education	$1,104	$824	-25.34%
Commerce & Commerce Weights & Measures	$76,674	$50,692	-33.89%
Corrections	$2,364,310	$2,294,411	-2.96%
Court of Appeals	$0	$0	No Change
Education	$27,182	$90,360	232.43%
Explore Minnesota Tourism	$383	$469	22.48%
Employment & Econ Development	$362,923	$413,383	13.90%
Examining Boards	$21,086	$40,529	92.21%
Faribault Academies	$202,598	$239,340	18.14%
Friends of MN Conservation Corp	$17,173	$14,891	-13.29%
Gambling Control Board	$0	$3,708	N/A
Governor's Office	$2,225	$6,771	204.31%
Health	$158,781	$127,938	-19.43%
Higher Educ Services Office	$7,833	$127	-98.38%
Historical Society	$32,381	$20,295	-37.32%
House of Representatives	$2,817	$29,616	951.34%
Housing Finance	$26,291	$6,368	-75.78%
Human Rights	$2,249	$22,572	903.65%
Human Services	$5,664,960	$5,561,779	-1.82%
Indian Affairs Council	$0	$0	No Change
Investment Board	$4	$0	-100.00%
Iron Range Resources	$37,379	$218,252	483.89%
Judicial	$7,607	$102,612	1248.91%
Judicial Standards Board	$0	$0	No Change
Labor & Industry	$171,221	$254,289	48.52%
Legislative Auditor	$101	$0	-100.00%
Legislative Coord Commission/Revisor of Statutes	$0	$0	No Change
Lottery	$11,893	$18,150	52.61%
Mediation Services	$29,817	$34,266	14.92%
Military Affairs	$172,191	$292,074	69.62%
Minnesota Management & Budget	$4,212	$1,254	-70.22%
MN State Retirement	$1,725	$12,541	627.03%
MnSCU	$2,513,929	$2,575,520	2.45%
Natural Resources	$1,093,681	$1,137,248	3.98%
Office of Enterprise Technology	$27,938	$24,475	-12.39%
Ombudsman-Corrections	$0	$0	No Change
Ombudsperson for Families	$0	$0	No Change
Pollution Control Agency	$28,189	$18,981	-32.66%
Public Defense Board	$1,043	$6,912	562.69%
Public Employees Retirement Assoc.	$171	$12,094	6972.42%
Public Safety	$1,079,014	$1,196,068	10.85%
Public Utilities Commission	$1,670	$0	-100.00%
Racing Commission	$0	$0	No Change
Revenue	$96,371	$193,020	100.29%
Secretary of State	$693	$7,785	1023.44%
State Arts Board	$678	$972	43.40%
State Auditor	$14,768	$15,444	4.58%
State Fair	$58,702	$91,985	56.70%
State Senate	$2,818	$939	-66.66%
Tax Court	$0	$0	No Change
Teachers Retirement	$2,637	$81	-96.94%
Transportation	$4,233,137	$4,377,941	3.42%
Trial Courts	$728,375	$590,535	-18.92%
Veterans Affairs	$969,000	$937,495	-3.25%
Work Comp Court of Appeals	$9,514	$19,415	104.07%
Zoo	$182,651	$442,774	142.42%
TOTAL	**$21,423,282**	**$22,256,201**	**3.89%**

Appendix C: Agency Incident Rates/FY 2009

Agency	# of Hours Worked	Reportable Claims	Incident Rate
Administration	895,522	29	6.48
Agriculture	717,430	9	2.51
Animal Health Board	93,186	5	10.73
Attorney General	580,989	1	0.34
Boards & Commissions	380,745	3	1.58
Perpich Center for Arts Education	127,307	3	4.71
Commerce & Commerce Weights & Measures	534,679	3	1.12
Corrections	7,262,348	185	5.09
Court of Appeals	172,368	0	0.00
Education	704,637	5	1.42
Explore Minnesota Tourism	88,592	1	2.26
Employment & Economic Development	2,852,203	18	1.26
Examining Boards	313,564	3	1.91
Faribault Academies	314,545	18	11.45
Friends of MN Conservation Corp	Not Available	39 *	Not Available
Gambling Control Board	53,195	2	7.52
Governor's Office	69,855	2	5.08
Health	2,307,981	13	1.13
Higher Educ Services Office	116,148	1	1.72
Historical Society	Not Available	12 *	Not Available
House of Representatives	Not Available	3 *	Not Available
Housing Finance	359,283	1	0.56
Human Rights	74,616	0	0.00
Human Services	11,870,888	440	7.41
Indian Affairs Council	8,979	0	0.00
Investment Board	37,299	0	0.00
Iron Range Resources	122,152	5	8.19
Judicial	435,464	8	3.67
Judicial Standards Board	3,443	0	0.00
Labor & Industry	785,572	9	2.29
Legislative Auditor	116,802	0	0.00
Legislative Coord Commission/Revisor of Statutes	167,396	0	0.00
Lottery	244,735	2	1.63
Mediation Services	22,016	0	0.00
Military Affairs	482,006	32	13.28
Minnesota Management & Budget	443,109	1	0.45
MN State Retirement	146,503	1	1.37
MnSCU	29,939,625	334	2.23
MnSCU-Student Workers	Not Available	36 *	Not Available
Natural Resources	4,851,546	150	6.18
Office of Enterprise Technology	568,709	3	1.06
Ombudsperson for Families	8,120	0	0.00
Pollution Control Agency	1,650,550	15	1.82
Public Defense Board	1,103,839	3	0.54
Public Employees Retirement Assoc.	151,428	1	1.32
Public Safety	3,536,895	111	6.28
Public Utilities Commission	81,426	0	0.00
Racing Commission	23,237	0	0.00
Revenue	2,511,037	27	2.15
Secretary of State	147,281	4	5.43
State Arts Board	16,110	0	0.00
State Auditor	186,069	1	1.07
State Fair	Not Available	20 *	Not Available
State Senate	Not Available	1 *	Not Available
Tax Court	10,278	0	0.00
Teachers Retirement	135,431	0	0.00
Transportation	8,270,680	307	7.42
Trial Courts	3,901,769	46	2.36
Veterans Affairs	1,915,564	135	14.10
Work Comp Court of Appeals	22,549	0	0.00
Zoo	402,716	19	9.44
TOTAL	**92,340,412**	**1,956**	**4.24**

* Reportable Claim #'s are not included in the 1,956 total

Appendix C1: Agency Incident Rates Graph/FY 2009



The State of Minnesota's self-insured workers' compensation program is administered by the Minnesota Department of Administration's Risk Management Division.