

Update on the effects of the 104-week limit on temporary total disability duration

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The 1995 Minnesota Legislature enacted a provision limiting temporary total disability (TTD) benefits to 104 weeks of total duration, effective for injuries on or after Oct. 1, 1995. The Department of Labor and Industry's Research and Statistics unit published an article in the August 2001 edition of *COMPACT* estimating the number of individuals affected by the limit as of June 2001.¹ This article presents an update on that estimation.

The current data, as of April 2003, shows a larger number of claimants affected by the duration limit than did the earlier data. This is expected, because of claim maturation and data-reporting lags. The current data shows an estimated 208 claimants and 228 claimants affected by the duration limit for injury-years 1999 and 2000, respectively. These numbers are up from a range of 141 to 152 for injury-years 1996 to 1998, probably because of the recession. These estimates, especially for more recent years, will increase in the future as the data matures.

Current estimates

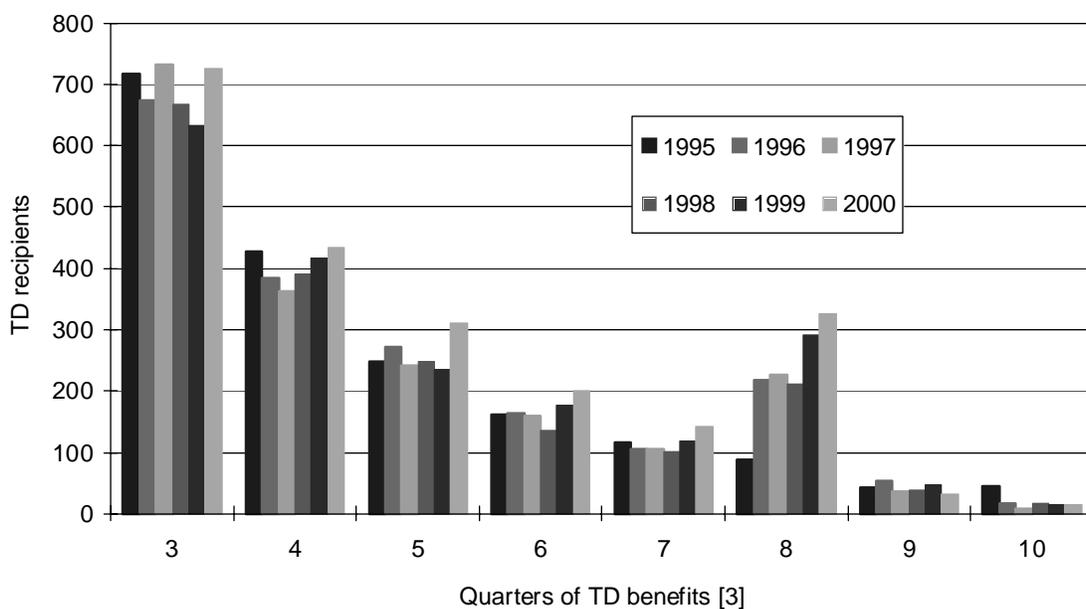
This article replicates the August 2001 analysis using more recent data. In the DLI database, TTD benefits are not distinguished from permanent total disability (PTD) benefits. Therefore, the analysis is based on the combined duration of both benefit types, referred to jointly as total disability (TD) benefits.

Figure 1 (next page) shows the duration of TD benefits for injury-years 1995 through 2000. The numbers are as of April 21, 2003. Duration is measured in quarter-years, with partial quarters rounded upward.² The figure shows the numbers of cases with different durations of TD benefits for each injury-year. For example, for injury-year 2000, 310 TD cases, out of a total of 28,459, had more than four but no more than five quarters of benefits. The data for three to 10 quarters of benefits is shown in the graph.

The effect of the 104-week limit can be seen by looking at the eight-quarter column in relation to adjacent columns and comparing injury-years 1996 through 2000 with 1995. In general, for each injury-year, the number of cases decreases from one duration level to the next greater one. For 1996 through 2000, however, the number of cases in the eight-quarter column *increases* relative to the seven-quarter column, which does not occur for 1995. For example, for injury-year 1996, there are 217 cases in the eight-quarter column compared to 105 cases at seven quarters. The cases at higher duration levels (nine or more quarters) for 1996 through 2000 are either PTD cases or TTD cases that continued beyond the limit because of approved retraining. Some of these cases may also be data errors. (Some of the cases with eight or fewer quarters may also be PTD.) Because of claim maturation, Figure 1 shows more claims at longer durations than does its counterpart in the earlier article.

Notably, the number of cases in the eight-quarter column is fairly steady for 1996 through 1998, but jumps from 212 for 1998, to 291 for 1999, and 325 for 2000. This closely parallels data in the *2001 Minnesota Workers' Compensation System Report*, which shows that TD duration was steady from injury-year 1995 through 1998, but increased each year from 1999 through 2001.³ The duration increase is likely due in large part to the economic recession. Clearly, a duration increase will increase the constraining effect of the duration limit.

Figure 1
Quarters of total disability benefits by injury year [1]



Injury year [2]	Number of cases										Total
	Quarters of total disability benefits [3]										
	1	2	3	4	5	6	7	8	9	10	
1995	25,153	1,459	718	428	247	161	116	88	42	46	28,641
1996	24,283	1,537	674	384	272	164	105	217	54	16	27,781
1997	24,063	1,555	734	362	241	160	106	227	36	7	27,541
1998	23,887	1,490	667	390	247	135	102	212	37	16	27,234
1999	24,314	1,609	633	417	236	177	117	291	48	15	27,885
2000	24,612	1,653	726	435	310	200	142	325	31	13	28,459

1. Data is from the DLI claims database as of April 21, 2003. Total disability benefits include TTD and PTD combined. Numbers are not fully mature and will increase in future tabulations, especially for more recent injury-years.
2. For injury years to coincide with the effective date of the 1995 law change, they are defined here as Oct. 1 through Sept. 30. For example, injury-year 1996 is Oct. 1, 1995, through Sept. 30, 1996.
3. The category label indicates the top of the range. For example, "8" means more than seven but not more than eight quarters. However, cases within two weeks above a duration category are counted in that lower category. For example, a case with eight quarters and two weeks of benefits is counted as having eight quarters. This is to capture the cases that go slightly (a week or two) beyond 104 weeks in the eight-quarter category. (Cases with seven quarters and two weeks are counted as having seven rather than eight quarters.) The numbers of cases with more than 10 quarters of benefits are not shown.

Figure 2 (next page) shows estimates of the numbers of claimants affected by the duration limit. The figure shows the estimates from the August 2001 study (June 2001 data) and from the current study (April 2003 data). In each panel, the first row shows the numbers of TD cases in the eight-quarter column for each injury-year. The second row shows estimates of what the corresponding numbers of cases would have been without the duration limit (see footnote in table). The third row is the estimated numbers of cases affected by the limit – that is, the numbers of cases whose duration was effectively limited by the 104-week provision. These numbers are the differences between the first two rows.

As indicated by the June 2001 data, an estimated 137 claimants for injury-year 1996 had exhausted their TTD benefits because of the duration limit, as had 133 claimants for injury-year 1997, 117 for 1998, and 46 for 1999. However, because of data maturation, the April 2003 data shows larger effects for each injury-year. For 1998, the current data shows 144 claimants affected by the duration limit, as opposed to 117; for 1999, the current data shows 208, as opposed to 46. The current data is consistent with Figure 1 in that the number of claimants affected by the limit is fairly steady for 1996

through 1998, but increases for injury-years 1999 and 2002, probably because of the recession in large measure. The numbers for injury-years 1999 and 2000 will certainly increase as the data matures.

It should be noted that these numbers mask cases where temporary total disability (TTD) benefits are exhausted and the claimant converts to permanent total disability. In one sense, these people are affected by the duration limit because their TTD benefits are exhausted, but in another sense they are not affected because they continue receiving benefits.

Figure 2
Estimated numbers of TTD cases exhausting benefits [1]

A: As reported through June 2001 [2]

	Injury year [4]			
	1996	1997	1998	1999
Number of cases with 8 quarters of TD benefits [5]	210	207	179	117
Less: expected number of cases with 8 quarters in absence of 104-week limit [6]	73	74	62	71
Estimated number of cases exhausting benefits	137	133	117	46

B: As reported through April 2003 [3]

	Injury year [4]				
	1996	1997	1998	1999	2000
Number of cases with 8 quarters of TD benefits [5]	217	227	212	291	325
Less: expected number of cases with 8 quarters in absence of 104-week limit [6]	76	75	68	83	97
Estimated number of cases exhausting benefits	141	152	144	208	228

1. Numbers are not fully mature and will increase in future tabulations, especially for more recent injury years.
2. From the DLI database as of June 26, 2001.
3. From the DLI database as of April 21, 2003.
4. For injury years to coincide with the effective date of the 1995 law change, they are defined here as Oct. 1 through Sept. 30. For example, injury-year 1996 is Oct. 1, 1995 through Sept. 30, 1996.
5. Total disability benefits include TTD and PTD combined.
6. Estimated by calculating the ratio of cases with eight quarters of benefits to cases with six to seven quarters of benefits as an average for 1990 through 1995, and applying this ratio to the number of cases with six to seven quarters of benefits to each year from 1996 through 2000.

¹ "Update: Effects of 104-week limit on TTD duration," *CompAct*, Department of Labor and Industry, August 2001.

² Cases as much as two weeks above a duration quarter are counted in the lower quarter. This is to capture the cases that go slightly (a week or two) beyond 104 weeks in the eight-quarter category. Data not shown here indicates there are more cases with 105 to 106 weeks of TD benefits for injuries after Oct. 1, 1995, than for earlier injuries. This may reflect insurer leniency, lack of precision in applying the limit or data errors.

For injury years to coincide with the effective date of the 1995 law change, they are defined as Oct. 1 to Sept. 30. Injury-year 1996, for example, is Oct. 1, 1995 through Sept. 30, 1996 – the first injury-year after the effective date.

³ *Minnesota Workers' Compensation System Report, 2001*, DLI Research and Statistics, January 2003, p. 14. The report is available at www.doli.state.mn.us/pdf/wcfact01.pdf.