



A Statistical Overview of Minnesota's Workers' Compensation System

Presented by **Brian Zaidman**

Many slides based on work by

David Berry

Presentation sources

- Workers' Compensation System Report, 2013
- Indemnity claim injury characteristics
- Other odds and ends of interest from the workers' compensation claims database
- Does not include statistics and findings from the Workers' Compensation Research Institute CompScope™ reports

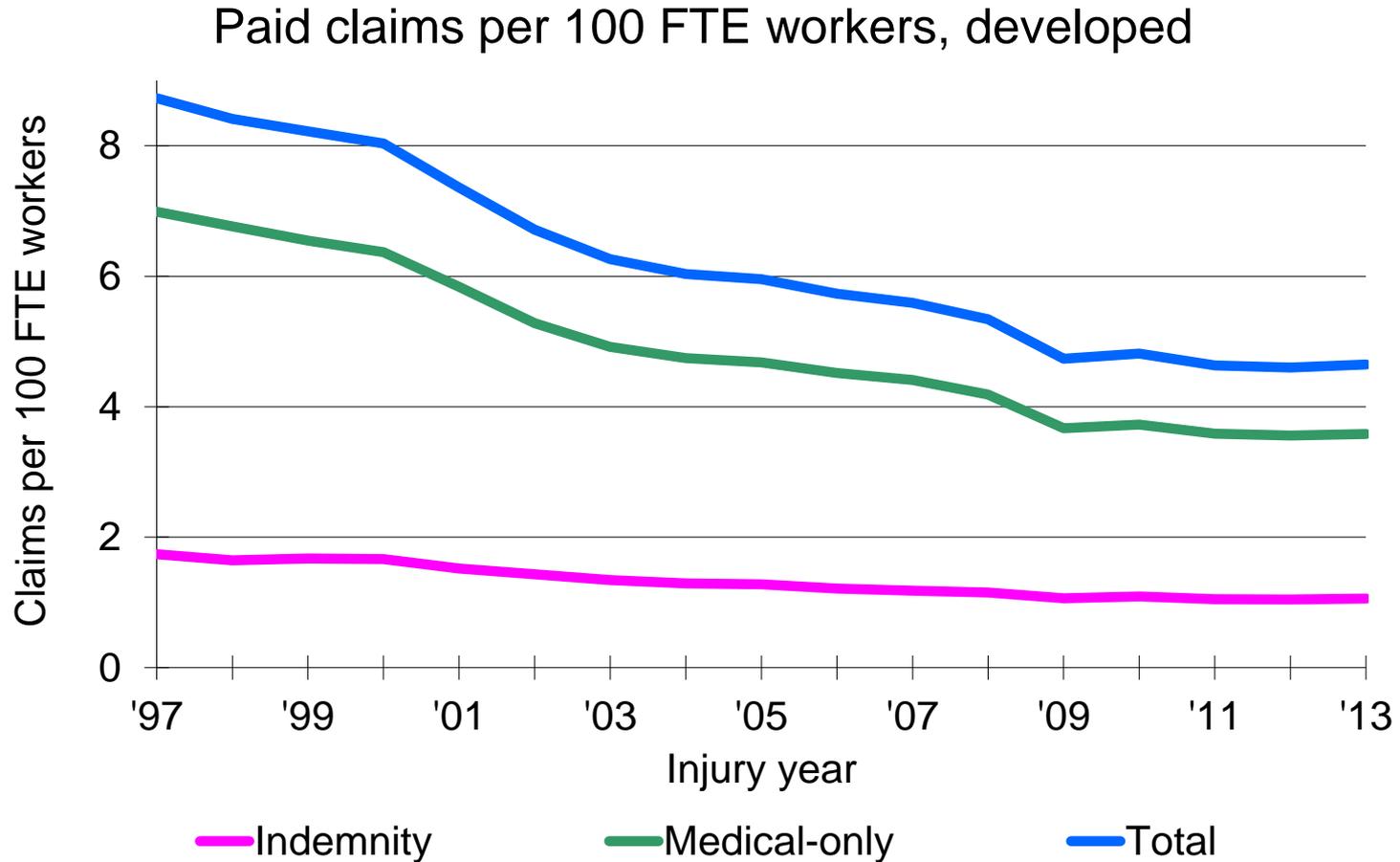
“Developed statistics”

- Many report statistics are by year of injury
- More-recent injury years are less mature because of long claim life
- To make statistics comparable over time, project (“develop”) to a uniform maturity
- Same procedure as used by insurance industry to create premium rates

Cost data adjusted for average wage growth

- “Inflation adjustment”
- Show how much costs have grown faster or slower than wages
- If $\text{COST GROWTH} = \text{WAGE GROWTH}$,
the net effect is no change in cost relative to payroll

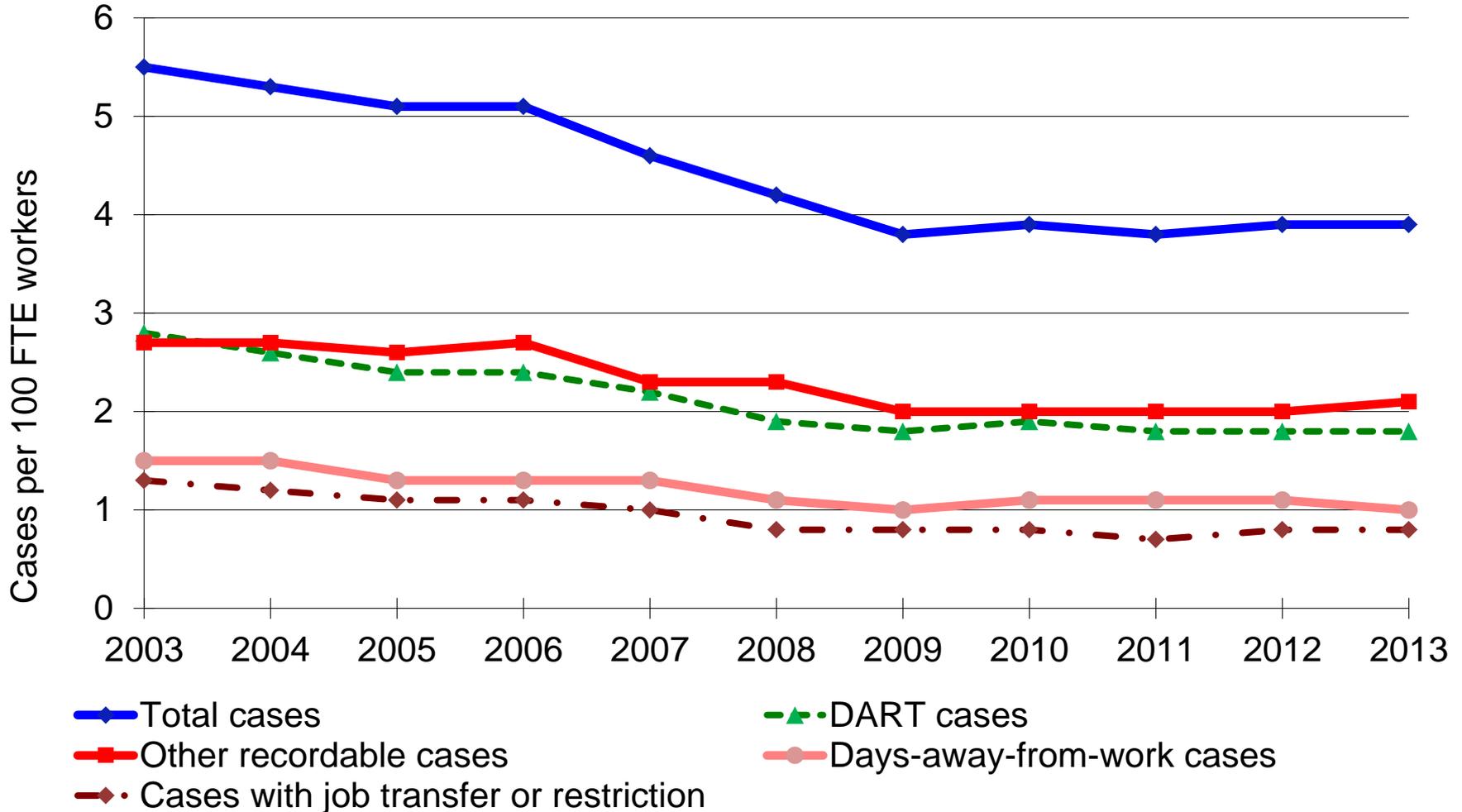
Stable claims rate since 2009



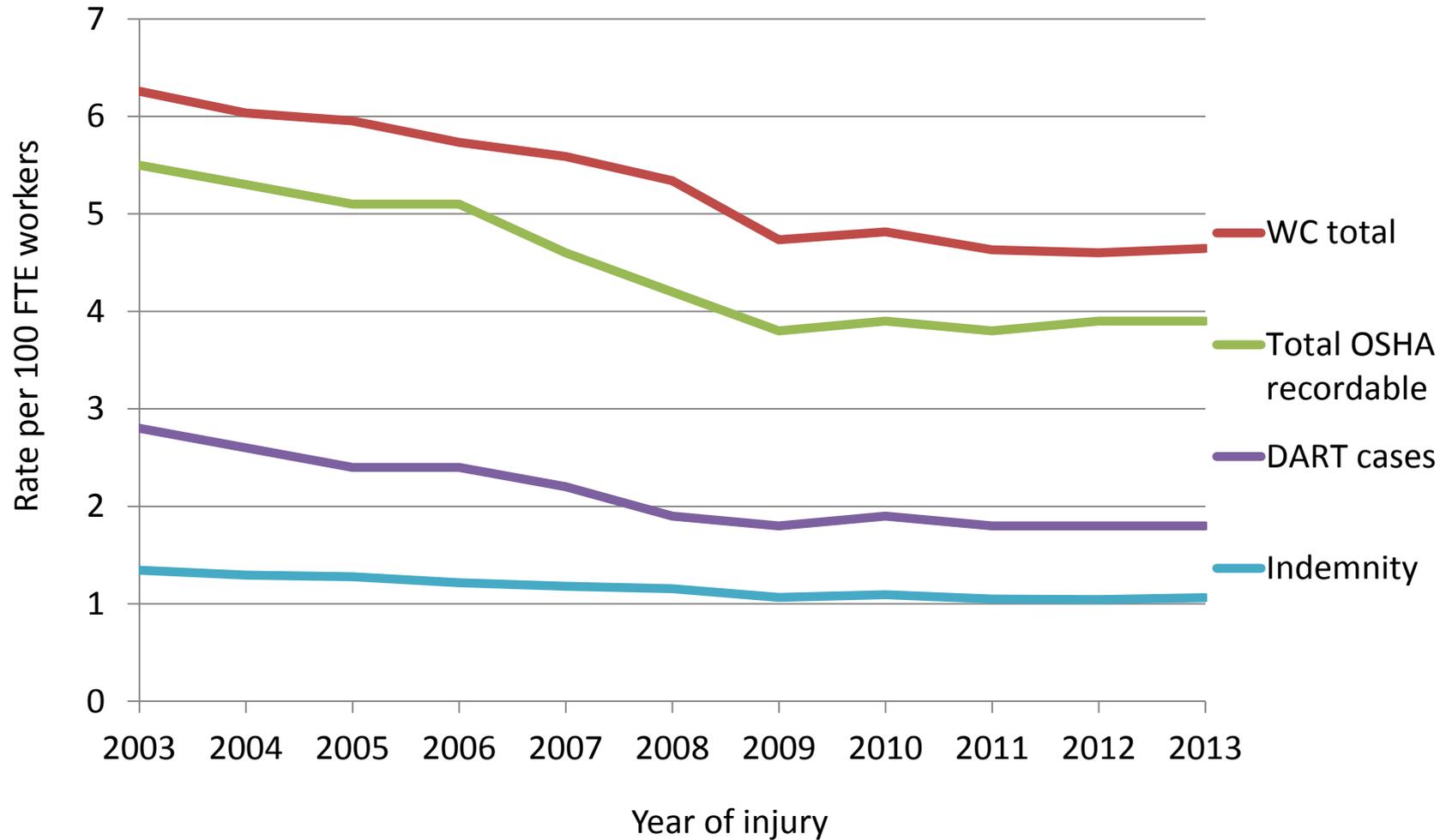
39% drop in indemnity, 49% for medical-only

BLS case estimates show similar stability

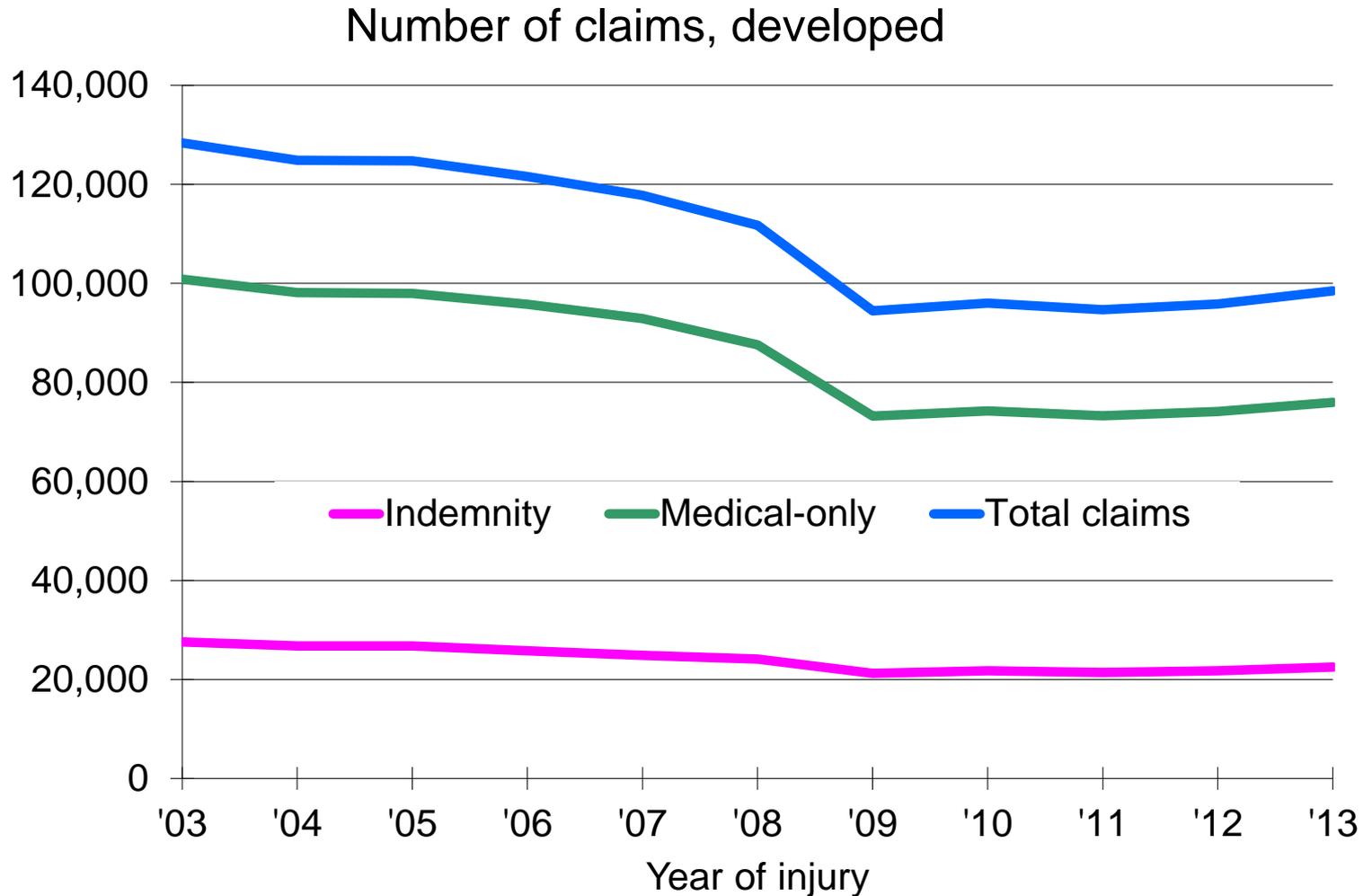
OSHA recordable case rate per 100 FTE workers



Similar rate patterns in the two systems

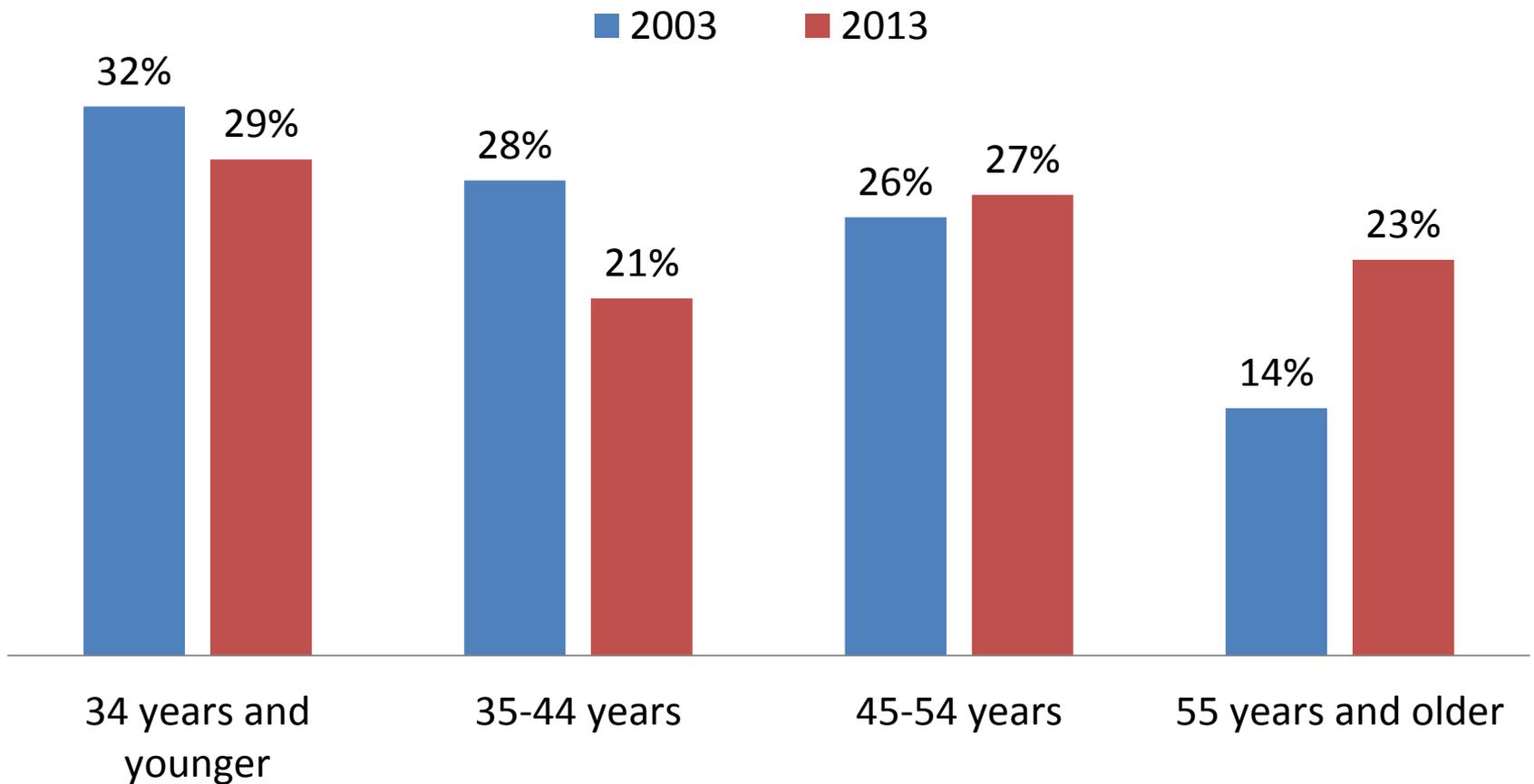


Tiny increase in number of claims since 2009

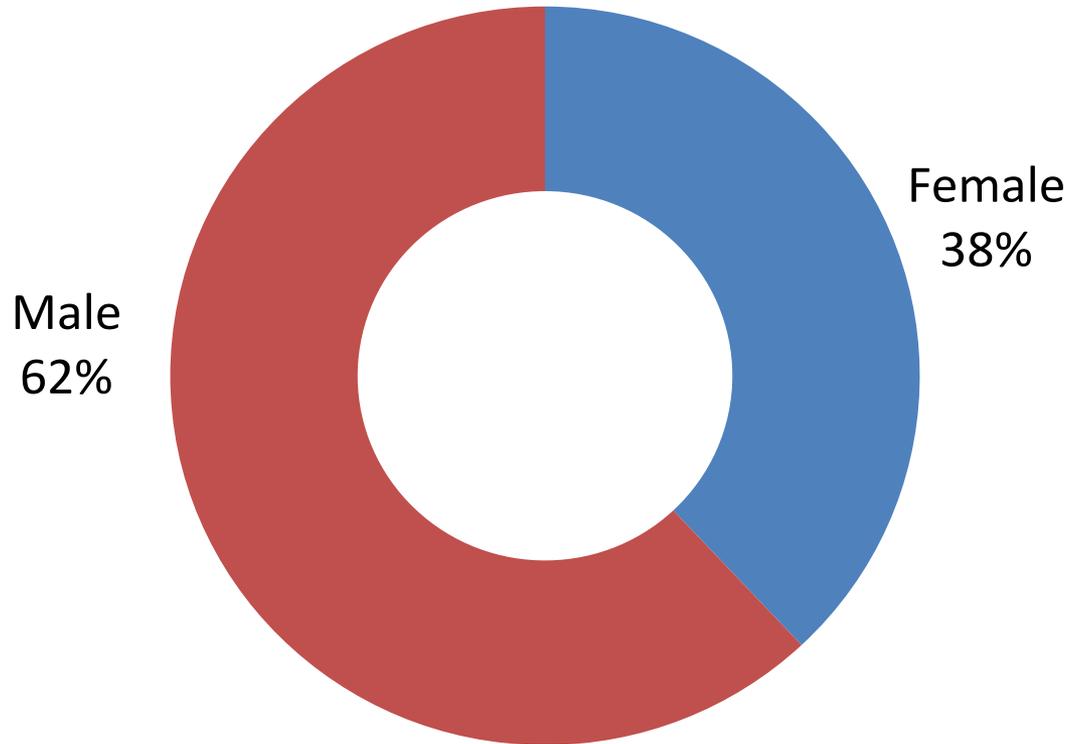


22,500 indemnity and 76,000 med-only in 2013

Increase in worker age in past decade

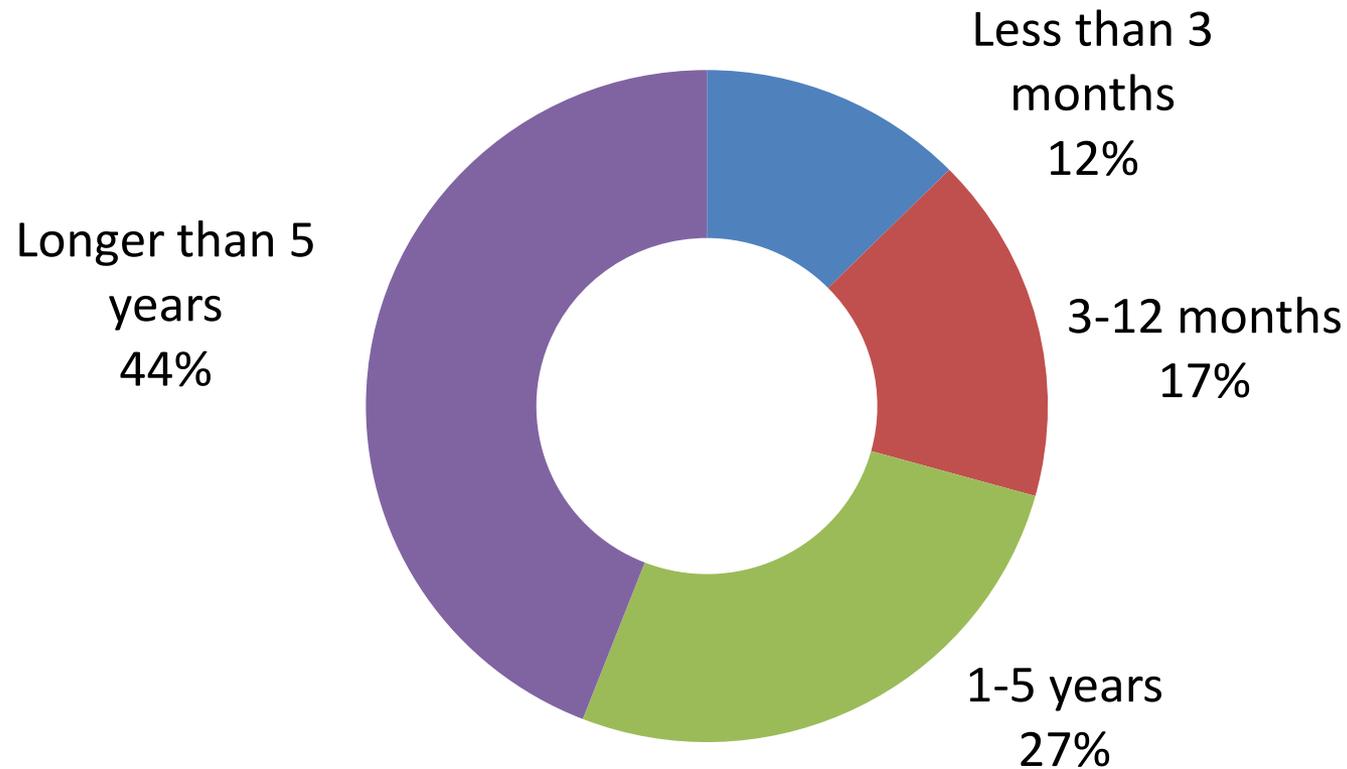


Men account for 62% of claims, 52% of workers (2013 claims)



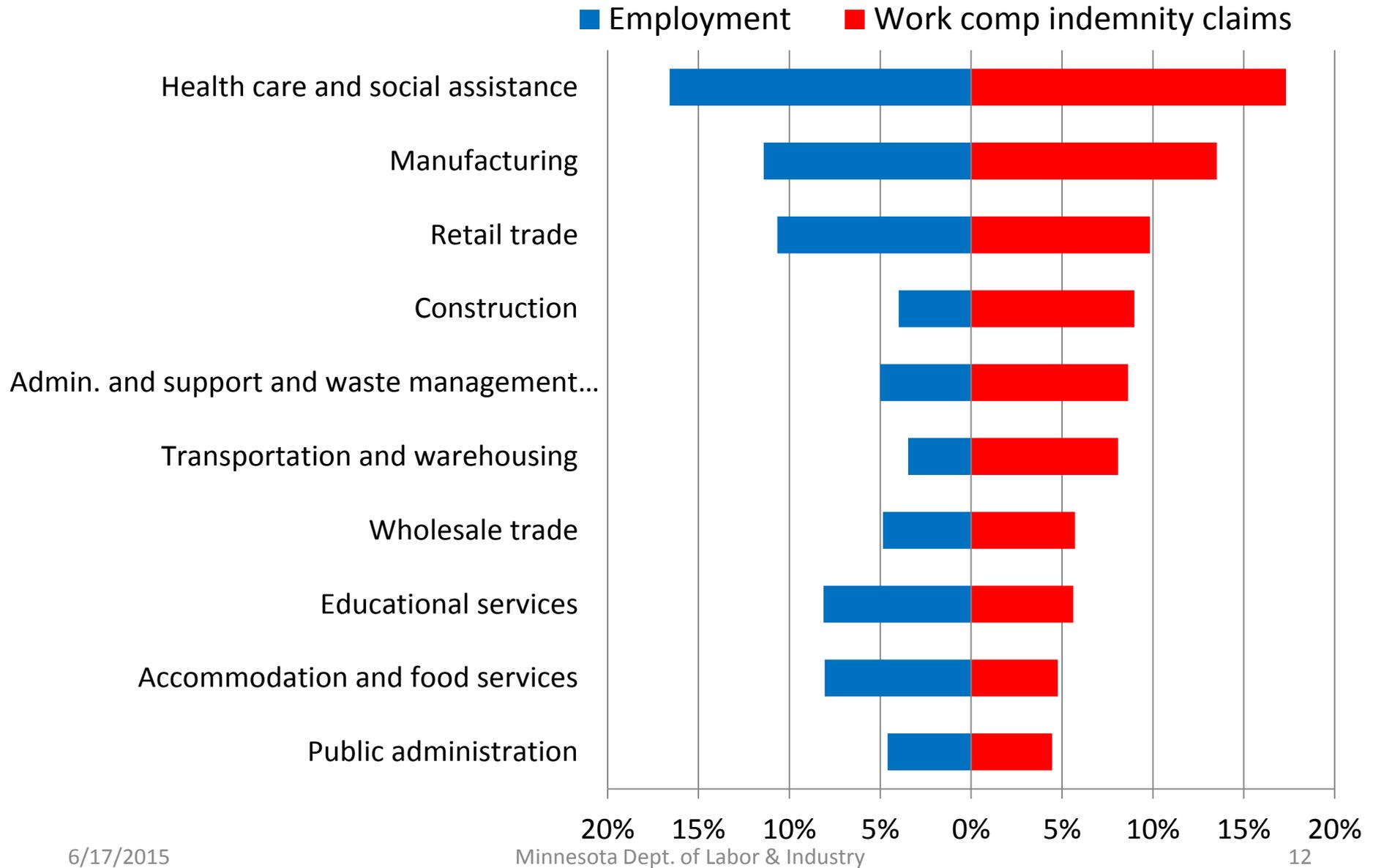
Large group with less than 1 year job experience

Job tenure, 2013 claims

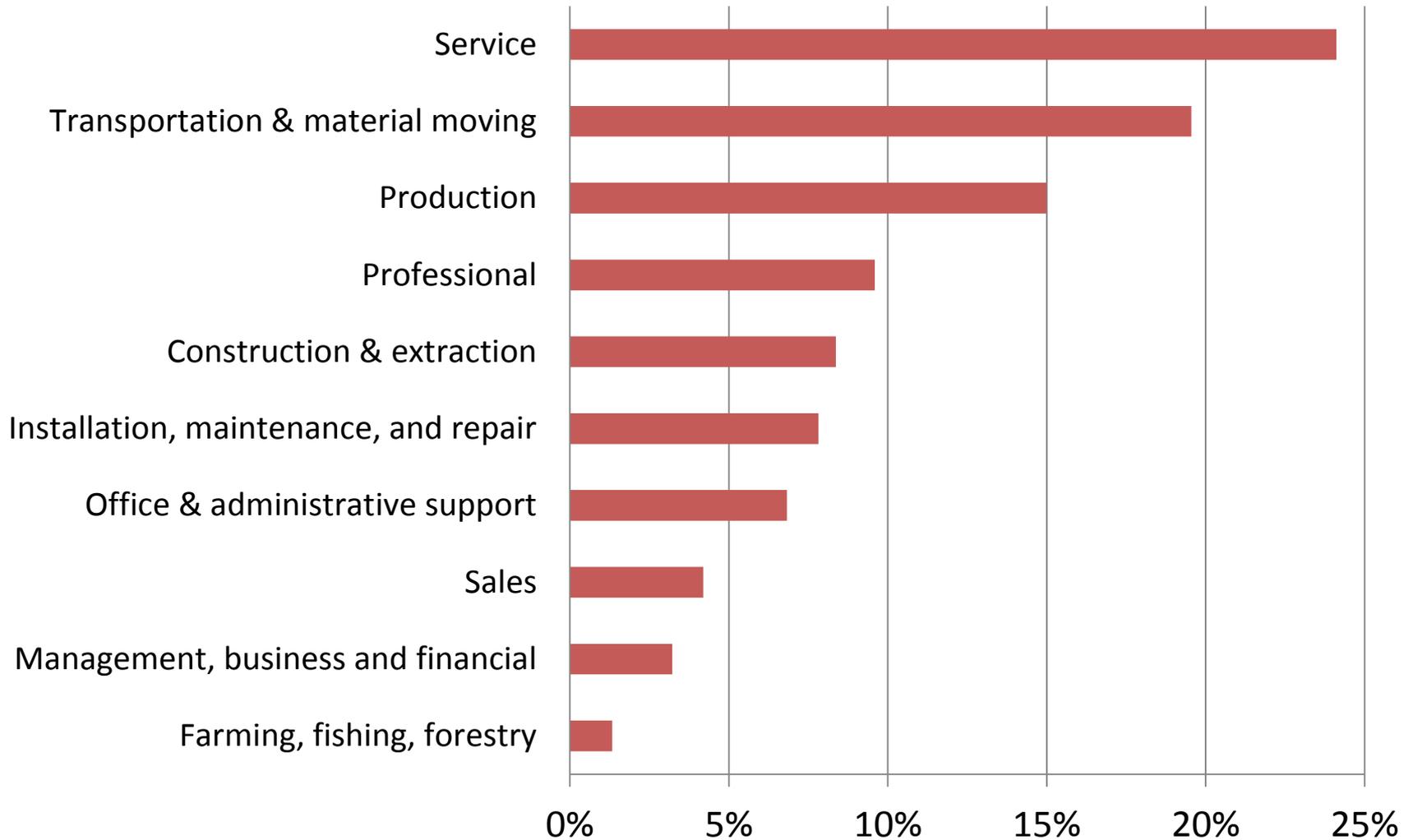


Is this due to a lack of safety training?

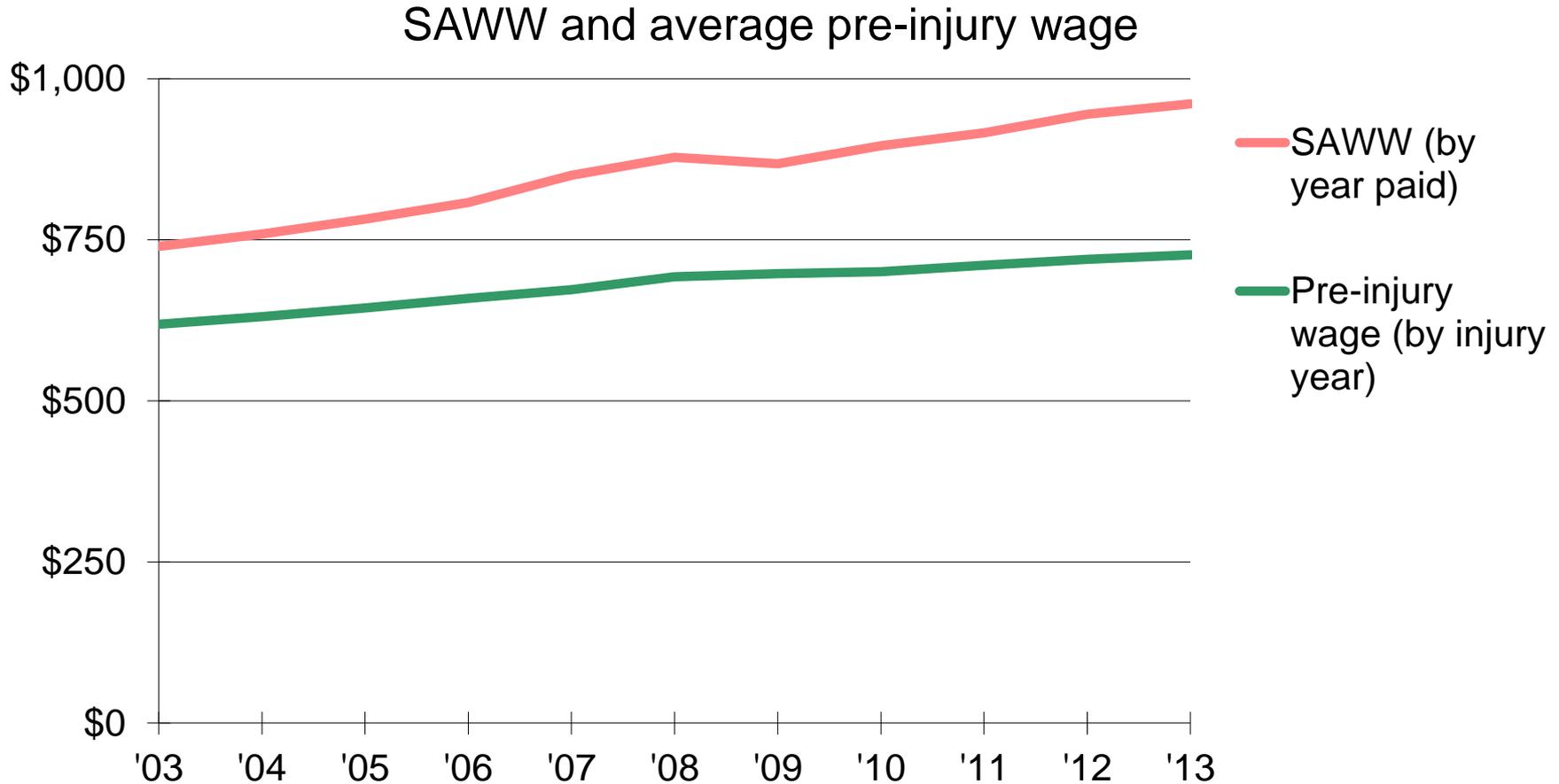
2013 claims and employment by industry



2013 claims by occupation

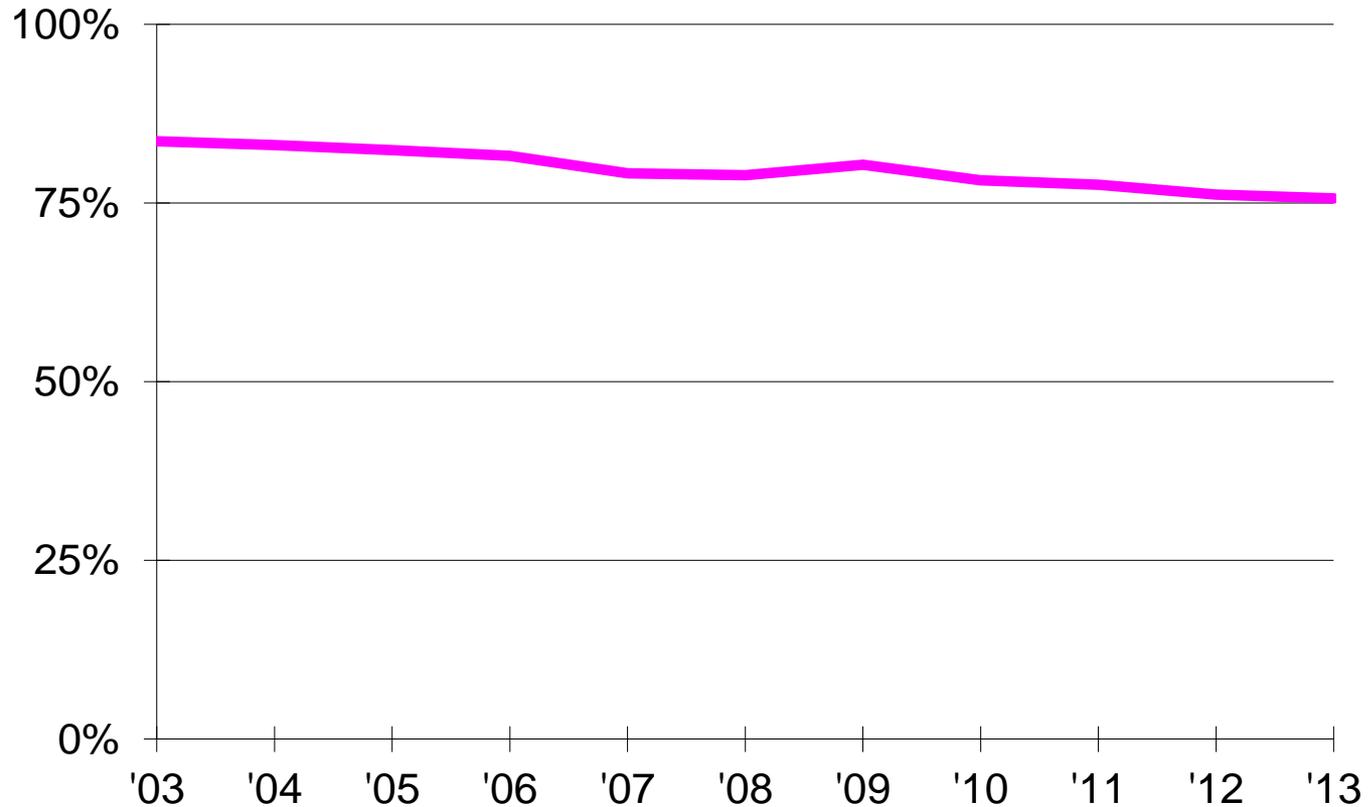


Pre-injury wages grew slower than the statewide average weekly wage (SAWW)



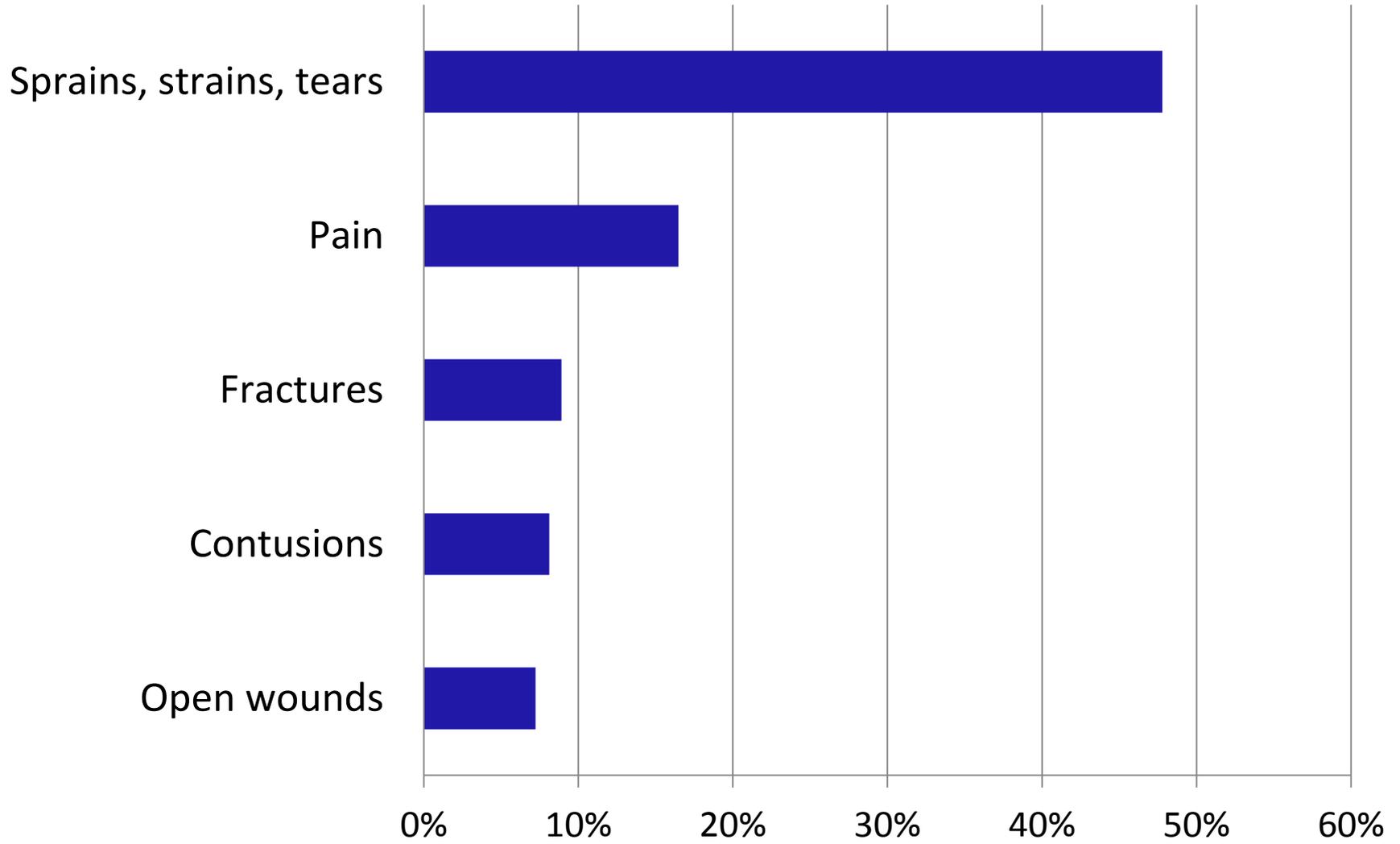
SAWW increased 30%, pre-injury wage increased 17%

The ratio of wages to SAWW declines

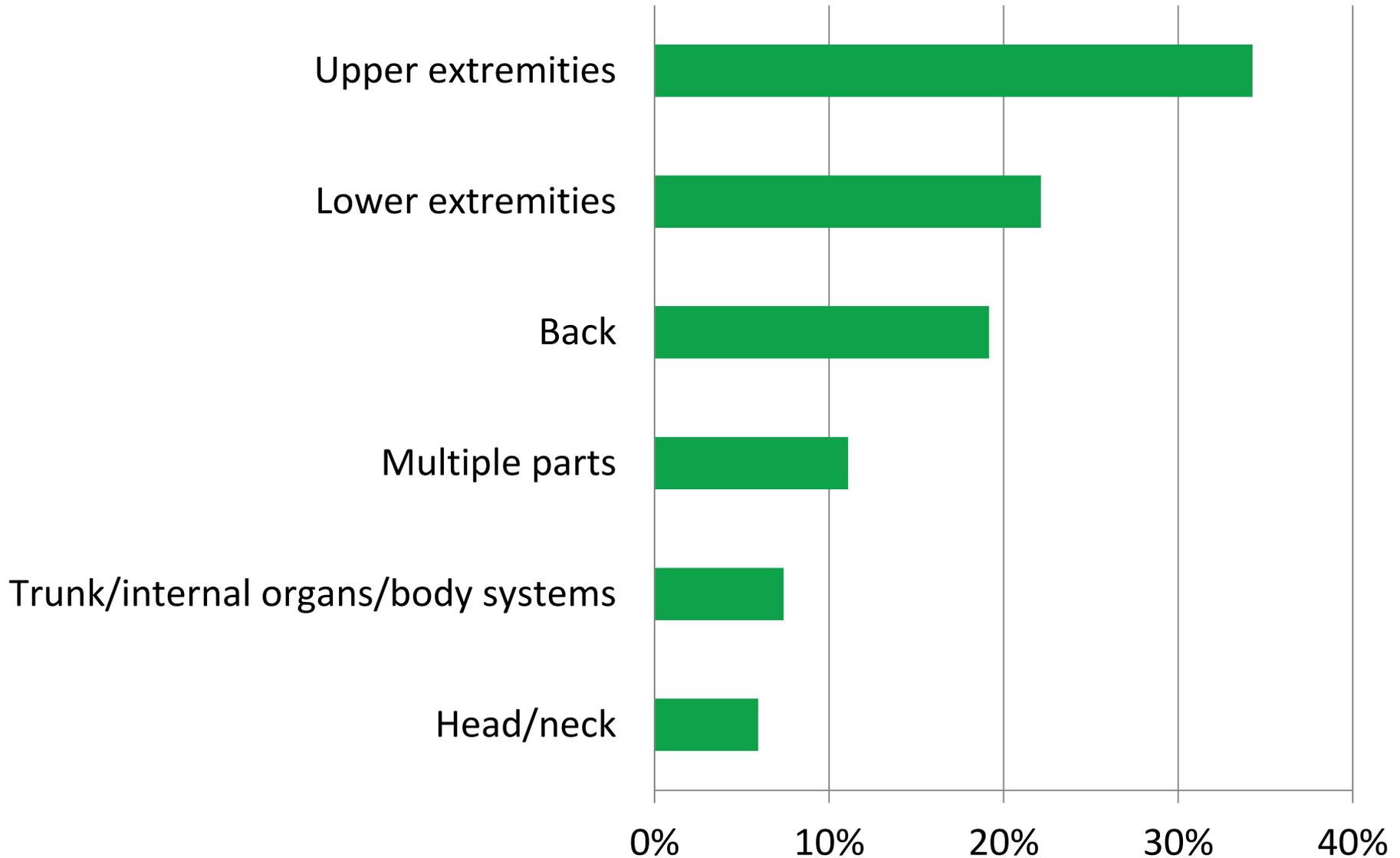


Dropped from 84% to 76%

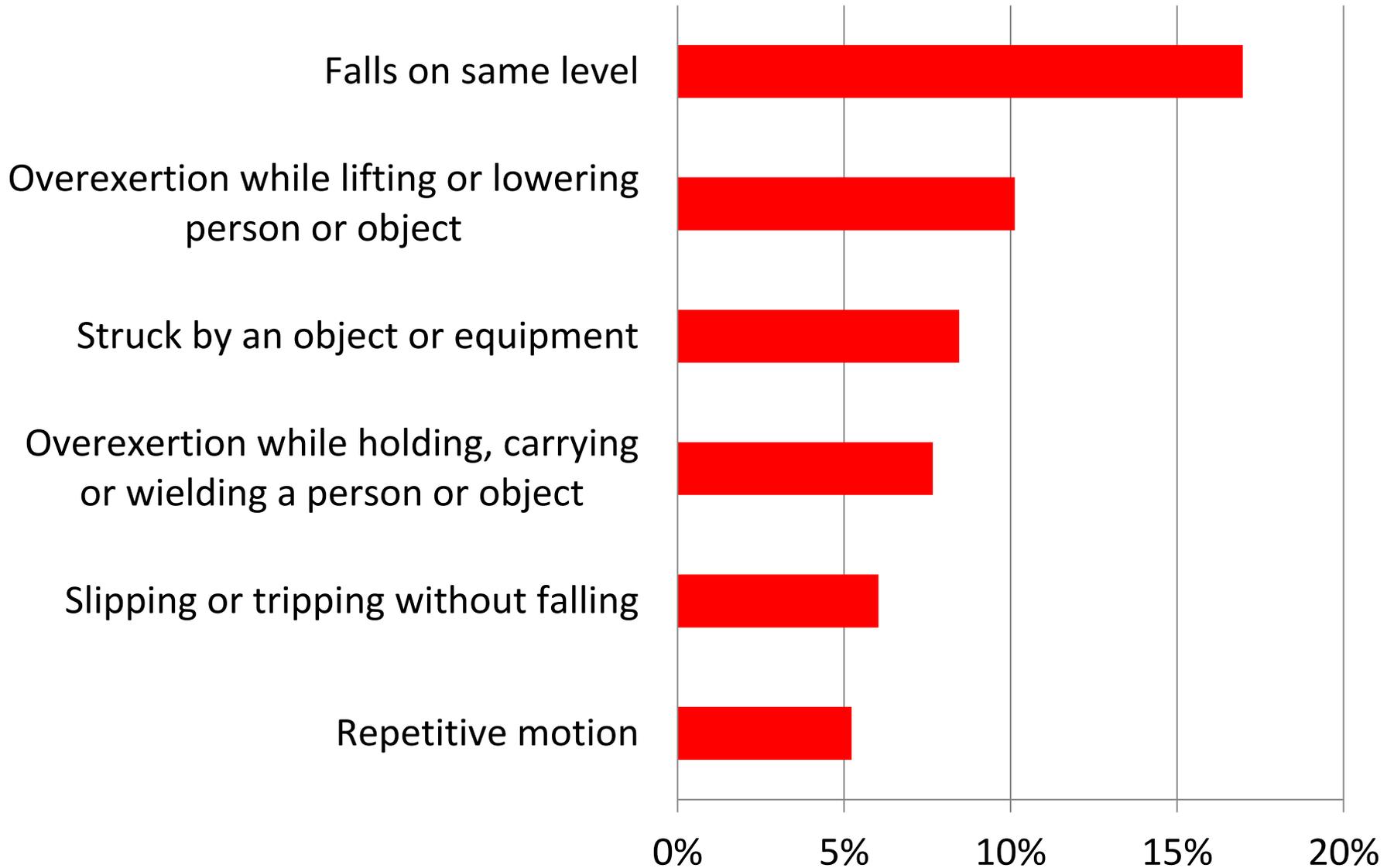
Nature of injury, 2013



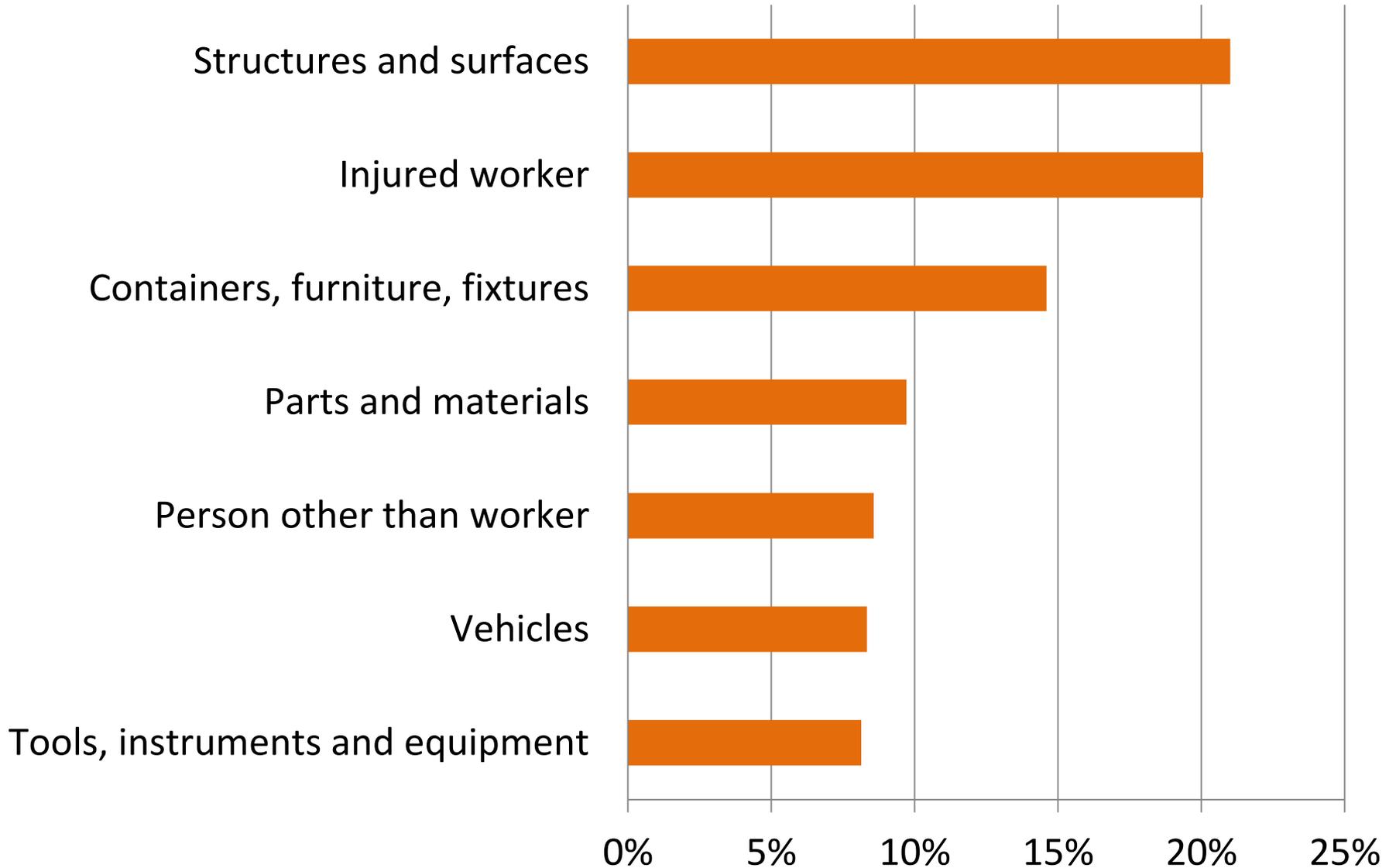
Part of body injured, 2013



Event or exposure, 2013

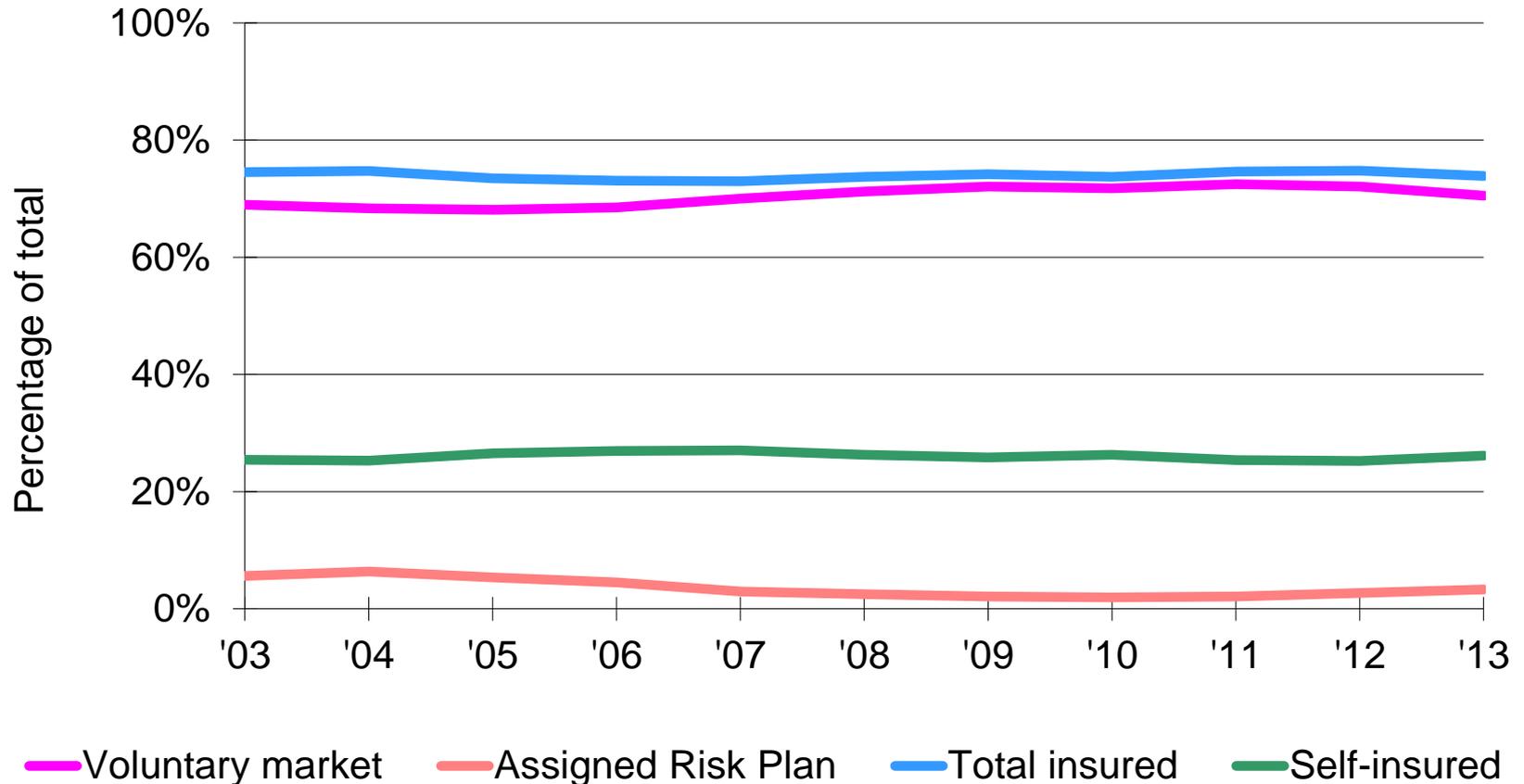


Source of injury or illness, 2013



Stable pattern of coverage

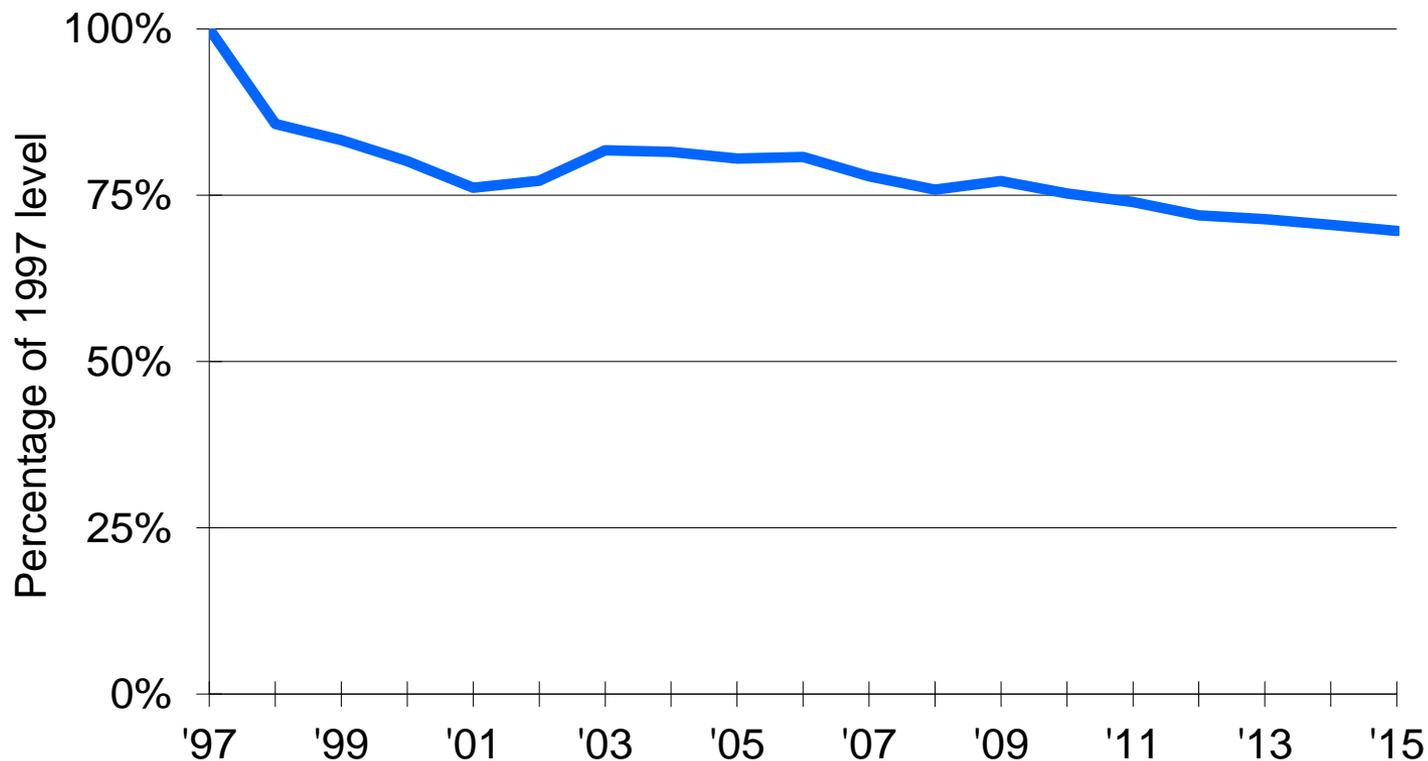
Market shares of insurance arrangements by percentage of paid indemnity claims



ARP increased from 1.9% to 3.3% since 2009

Pure premium rates moving consistently lower from 2010 to 2015

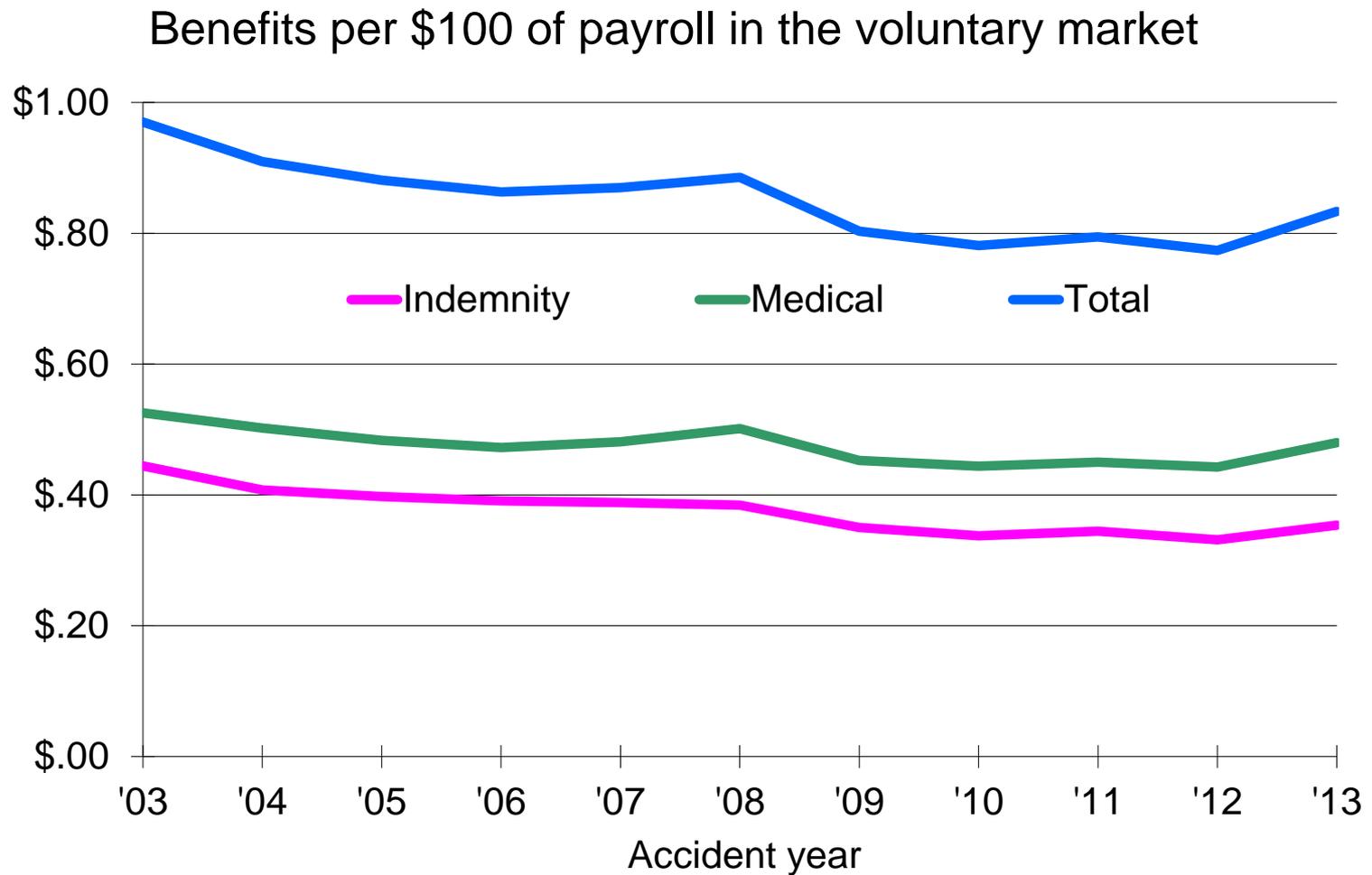
Average pure premium rate as pctg of 1997 level



Source: MWCIA Ratemaking Report

2015 average rate is **86%** of the 2005 rate

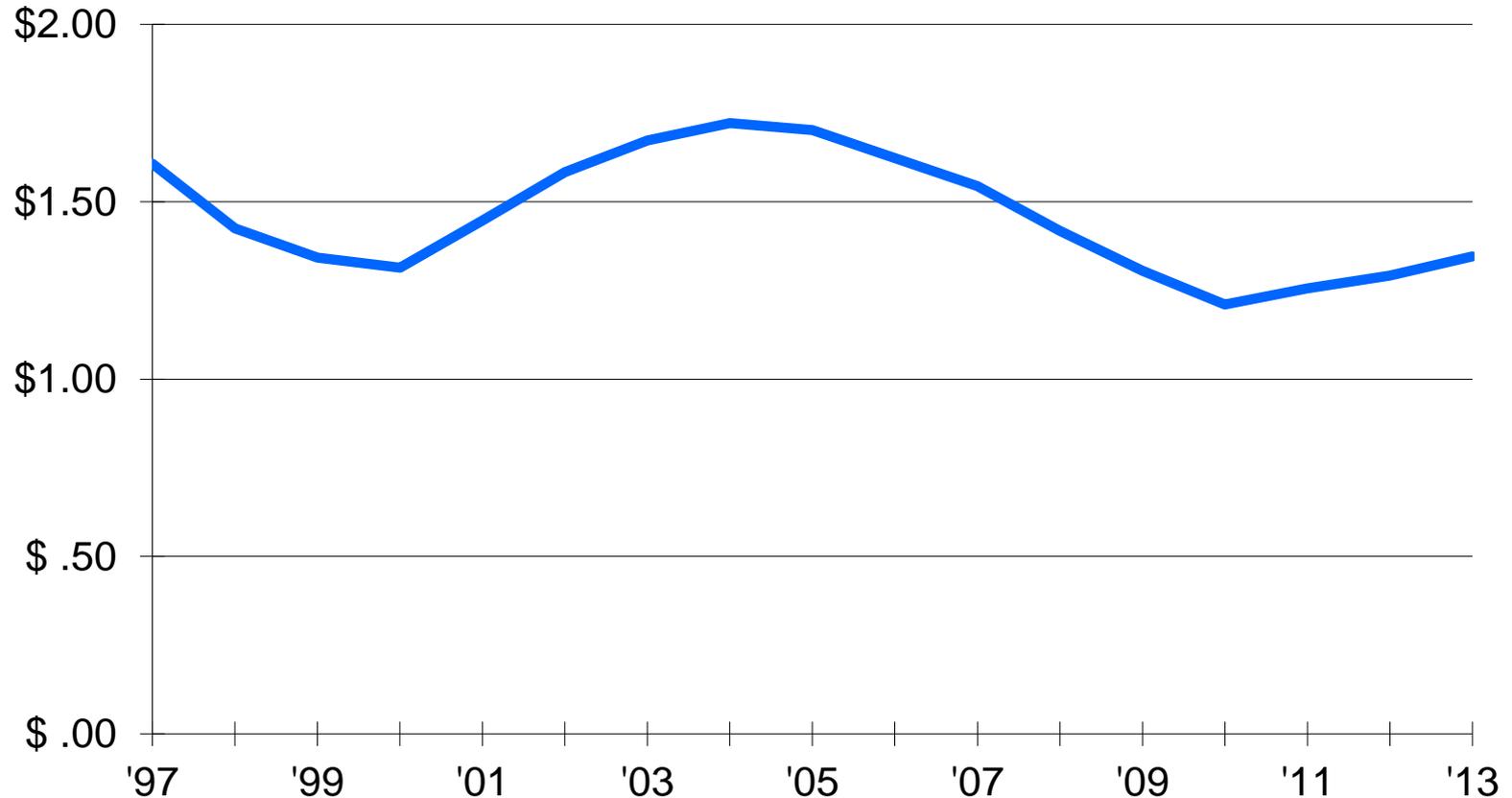
Benefits holding steady relative to payroll



Is the increase in 2013 the start of an uptick?

Pure premiums down but system costs **up!**

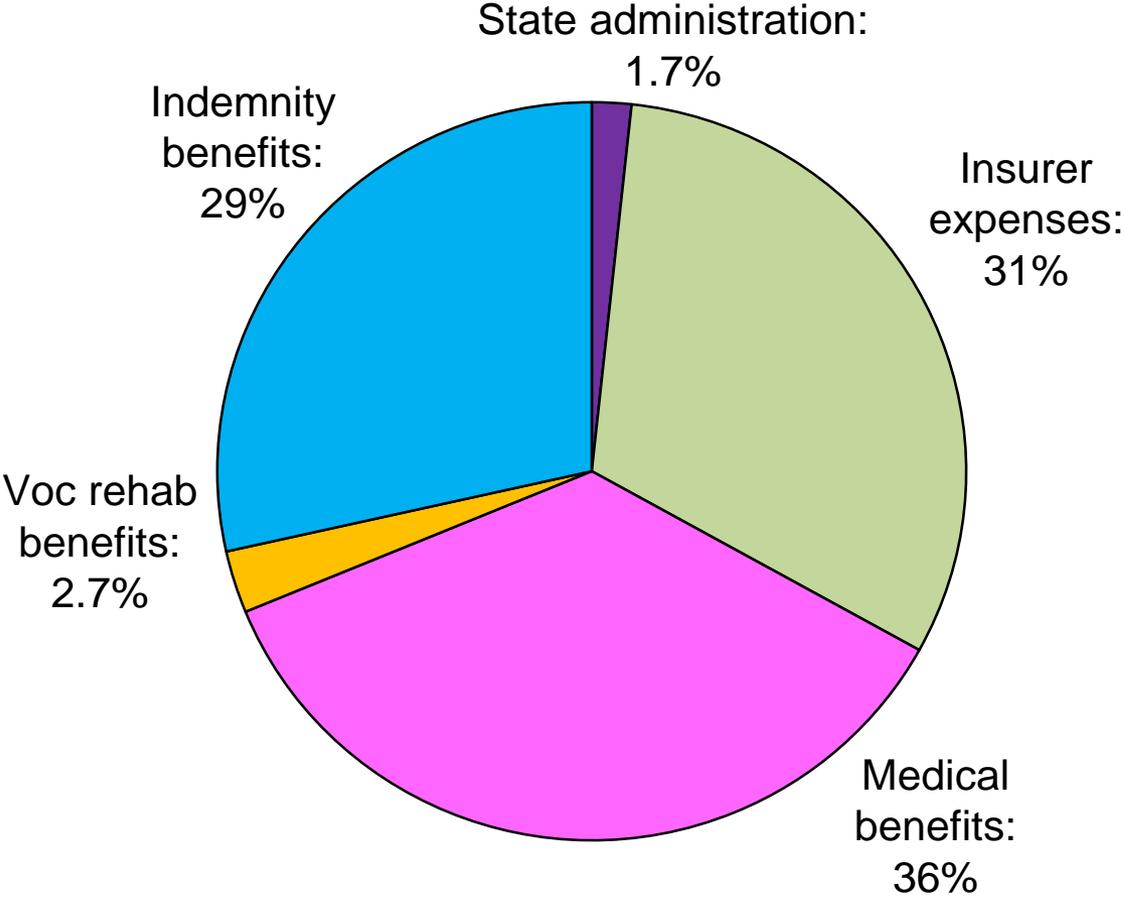
System cost per \$100 of payroll



Cost for 2013 was **14 cents** per \$100 higher than in 2010

Medical benefits are largest expense

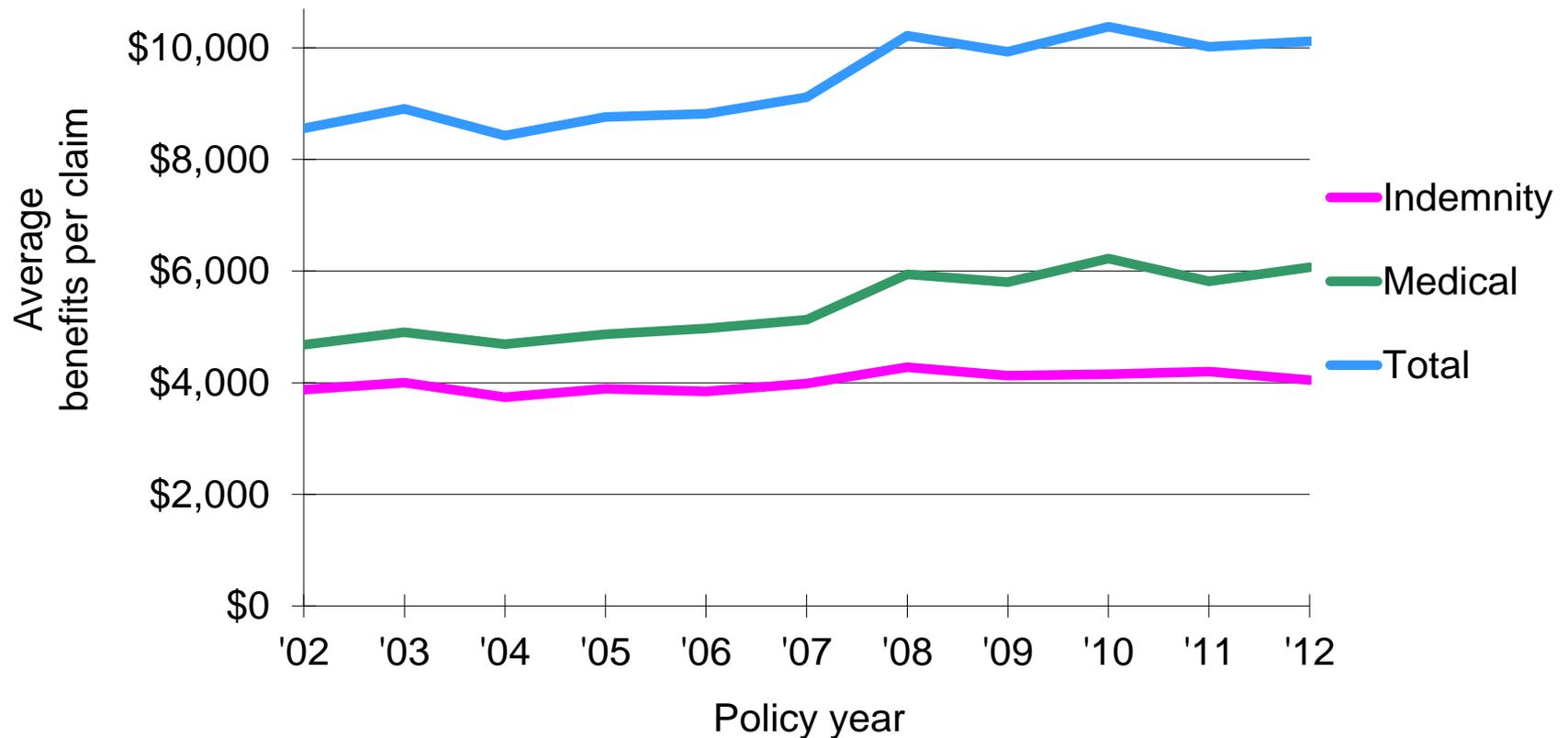
System cost components, 2013



Essentially unchanged since 2009

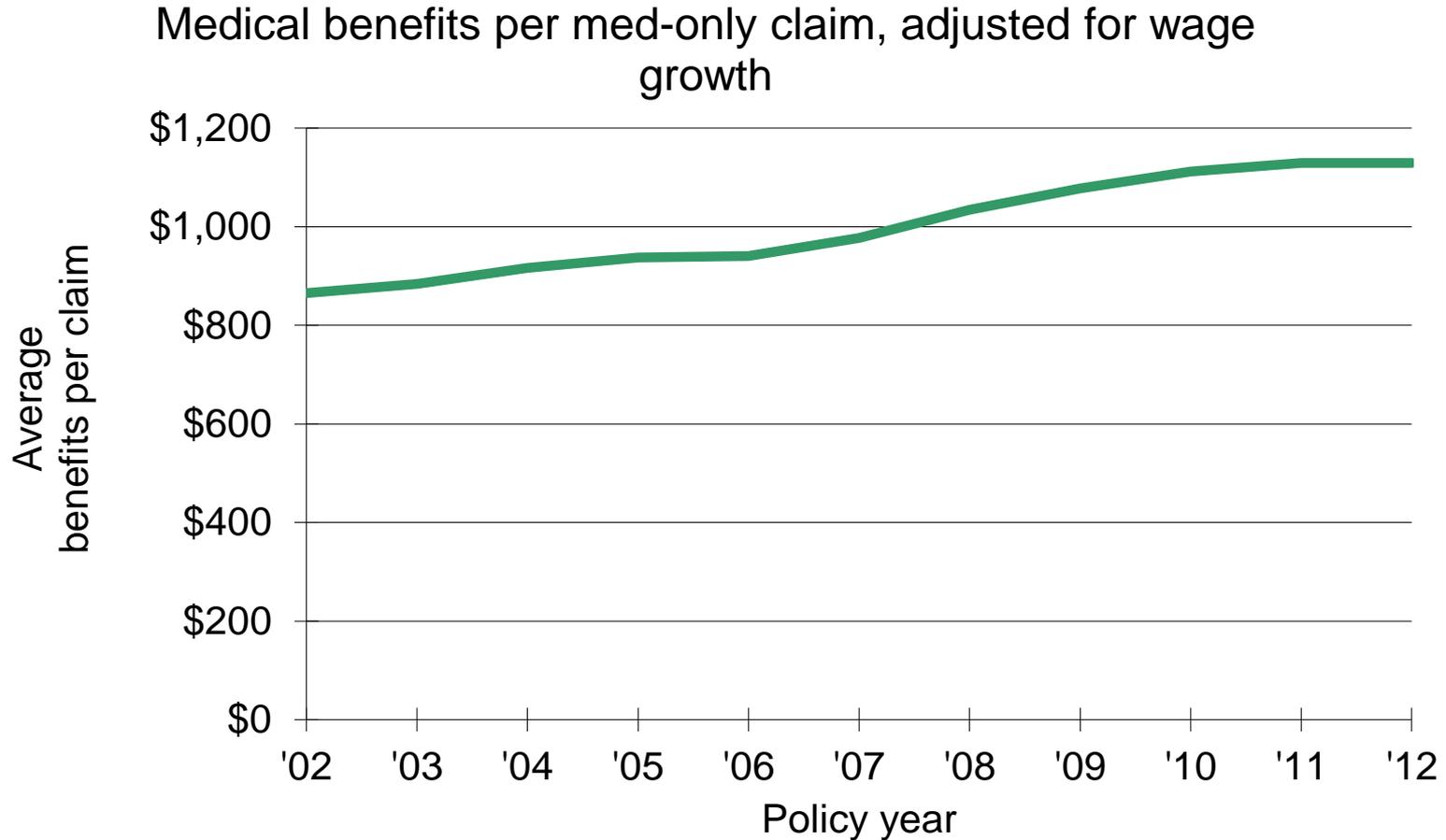
Medical benefits responsible for increased costs of claims

Average indemnity and medical benefits per insured claim, adjusted for wage growth



Stable costs relative to wages since 2008

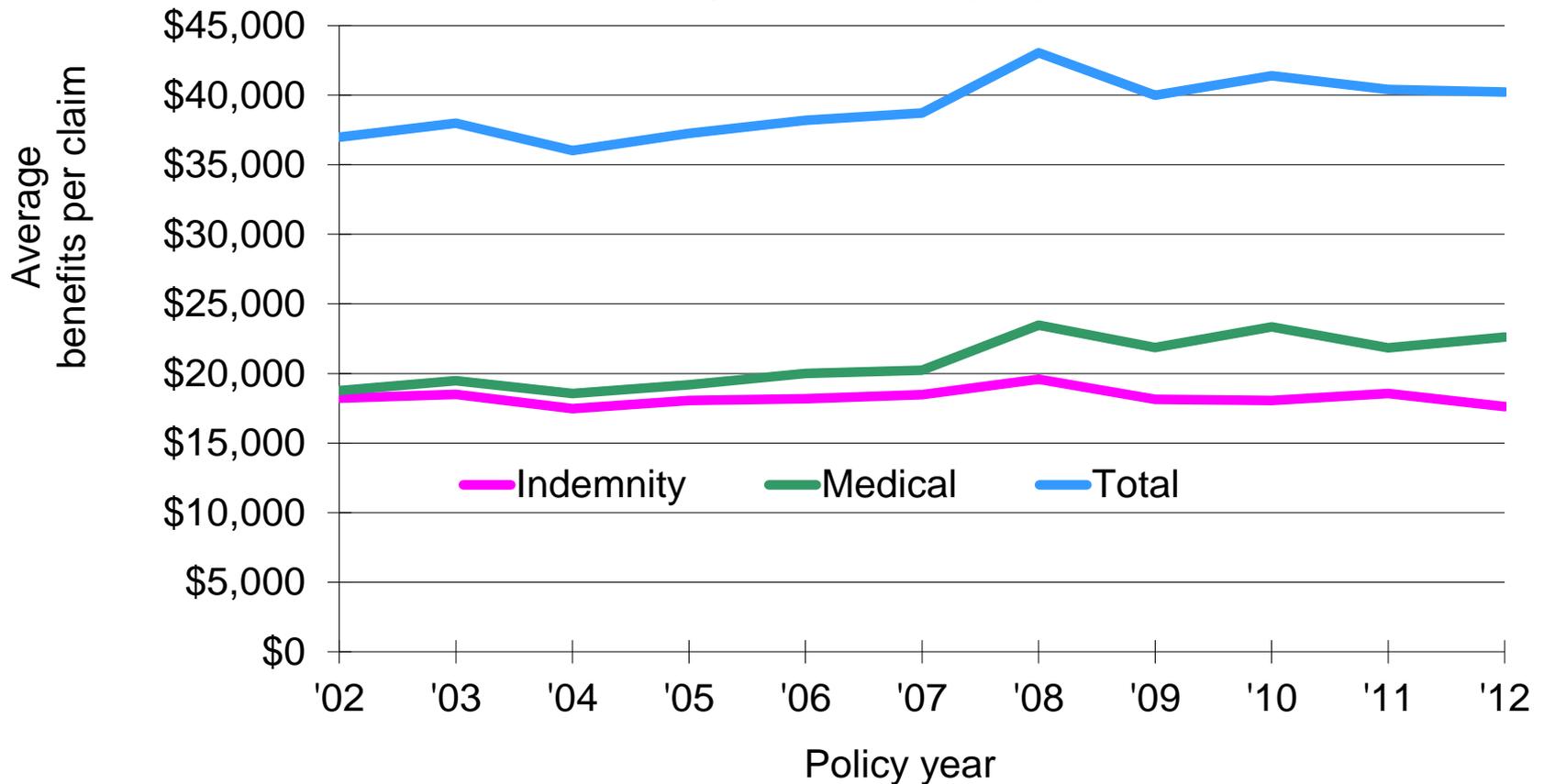
Medical benefits increasing for medical-only claims



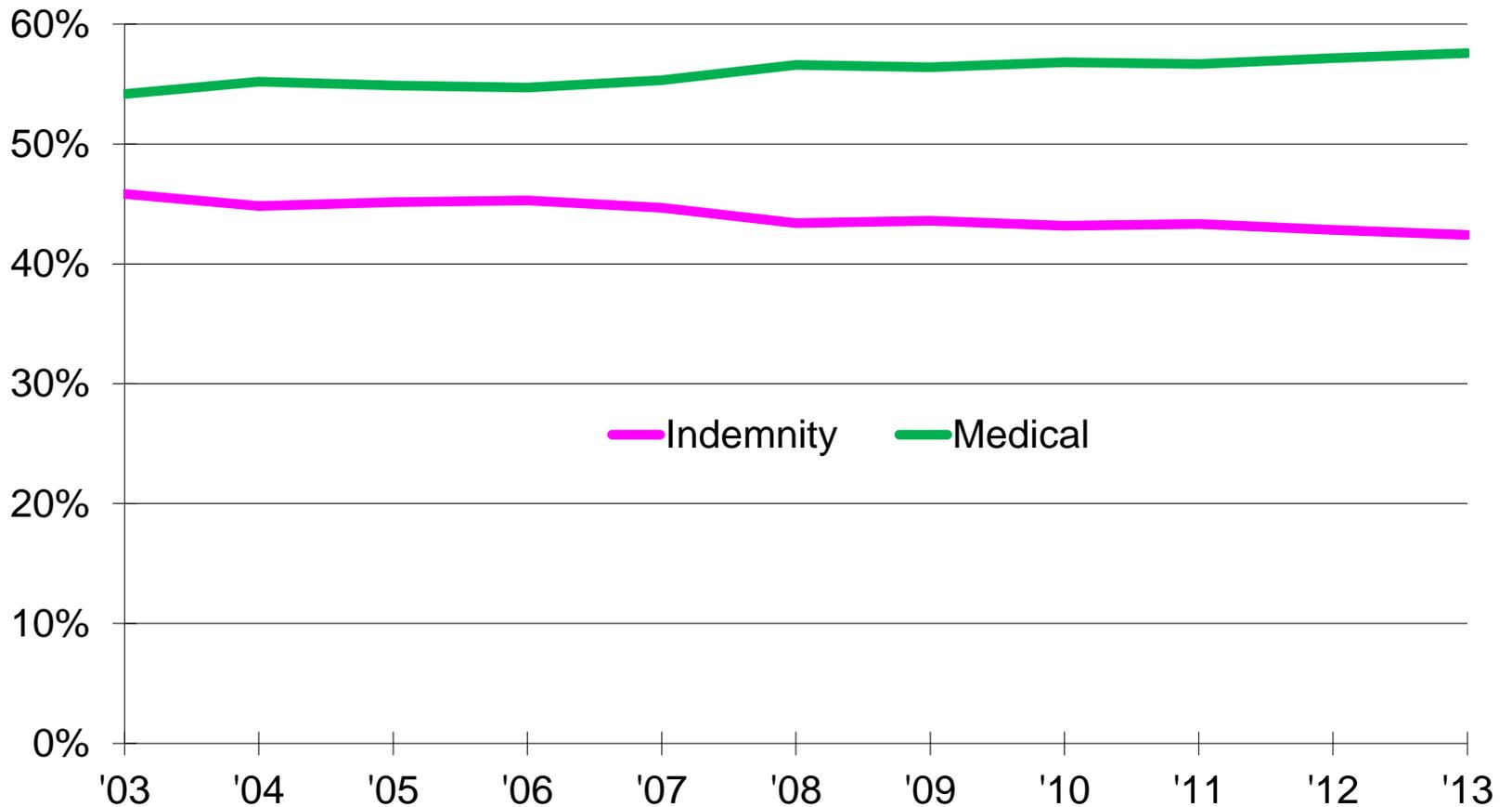
20% increase from 2006 to 2012

Medical benefits responsible for increased costs of indemnity claims

Average indemnity and medical benefits per indemnity claim, adjusted for wage growth

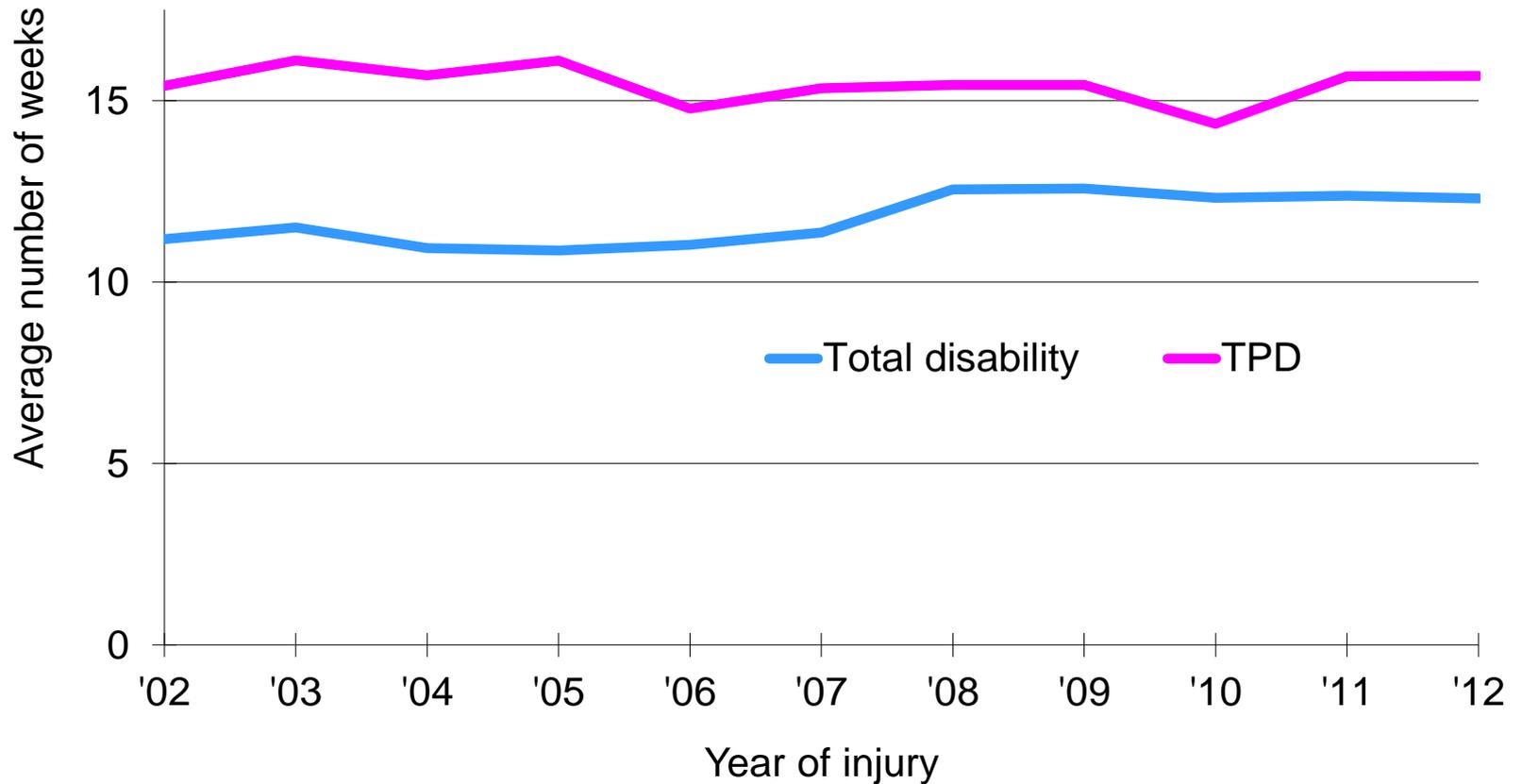


Indemnity and medical are growing farther apart



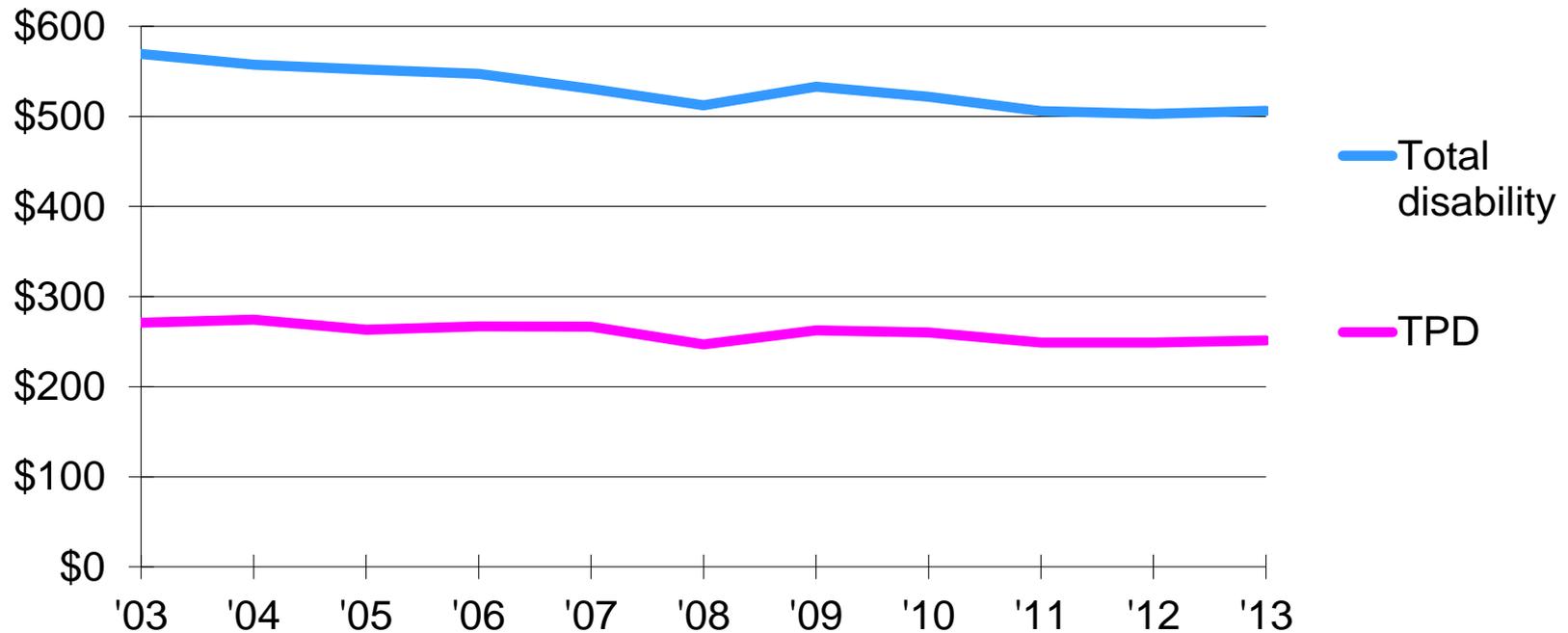
Signs of a troubled relationship?

Total disability duration stable since 2008



Average TTD weekly amount dropped relative to state average weekly wage

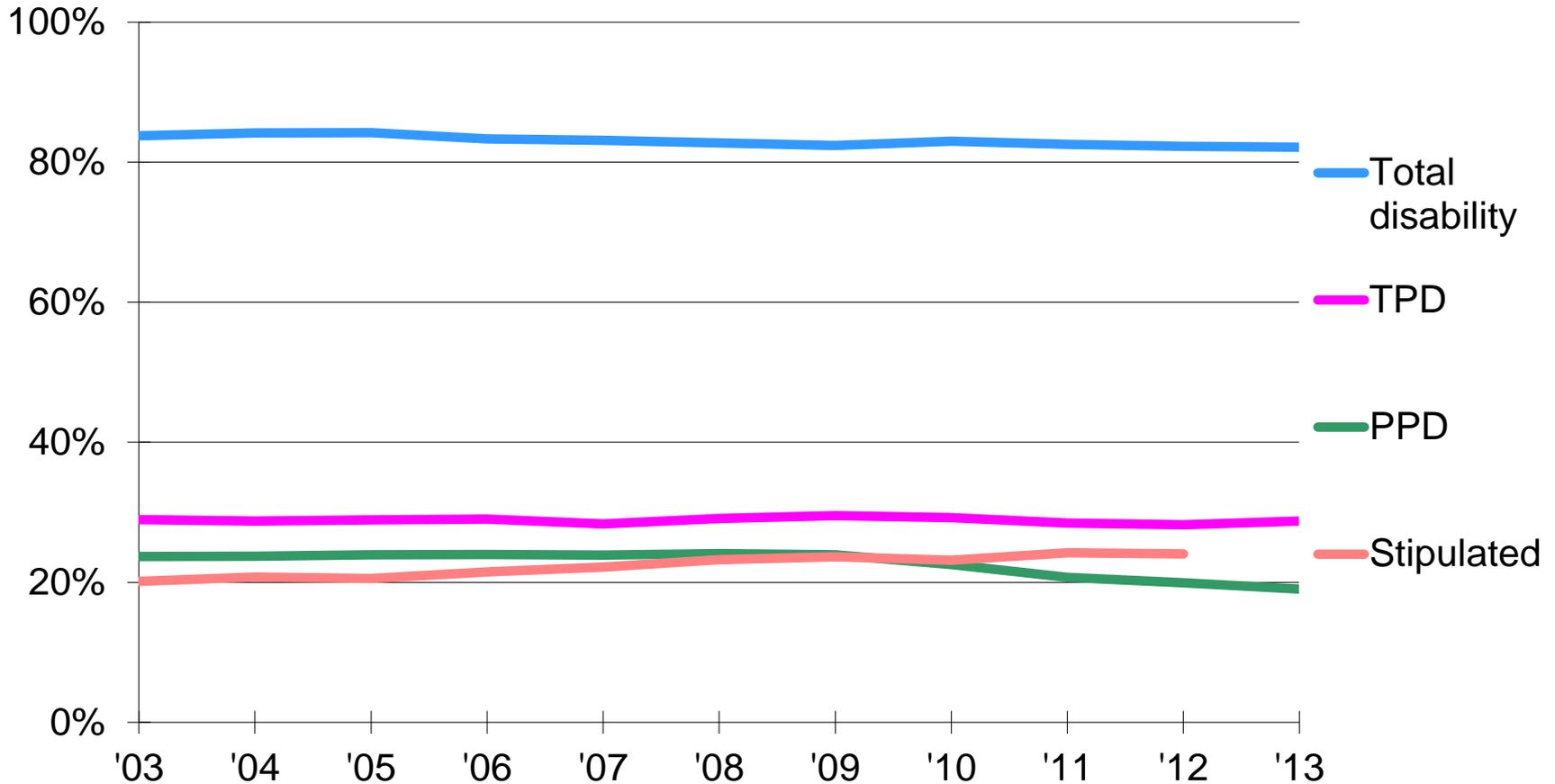
Average weekly wage-replacement benefits, adjusted for wage growth



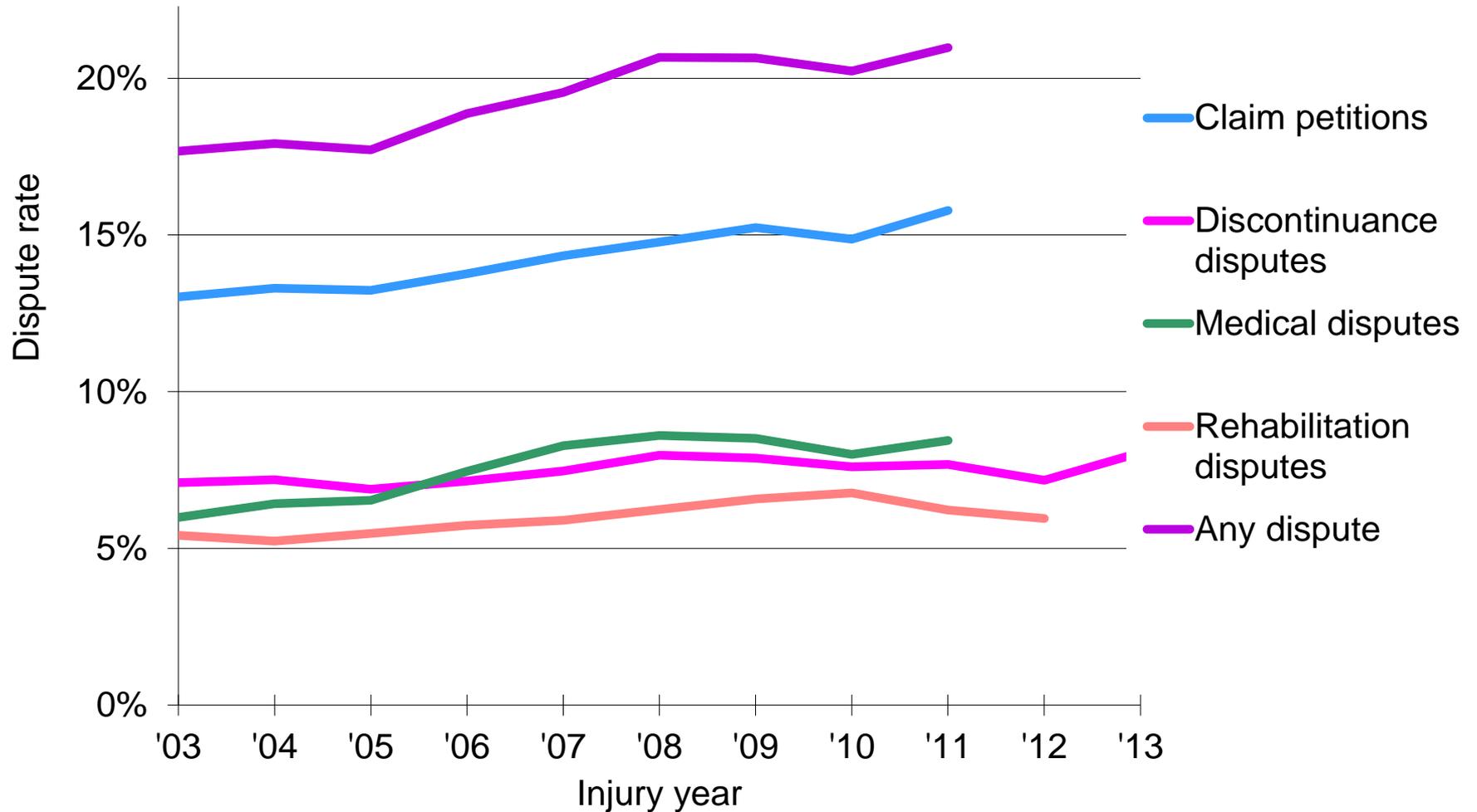
Low-wage workers have higher injury rate?

As PPD decreases, stipis increase

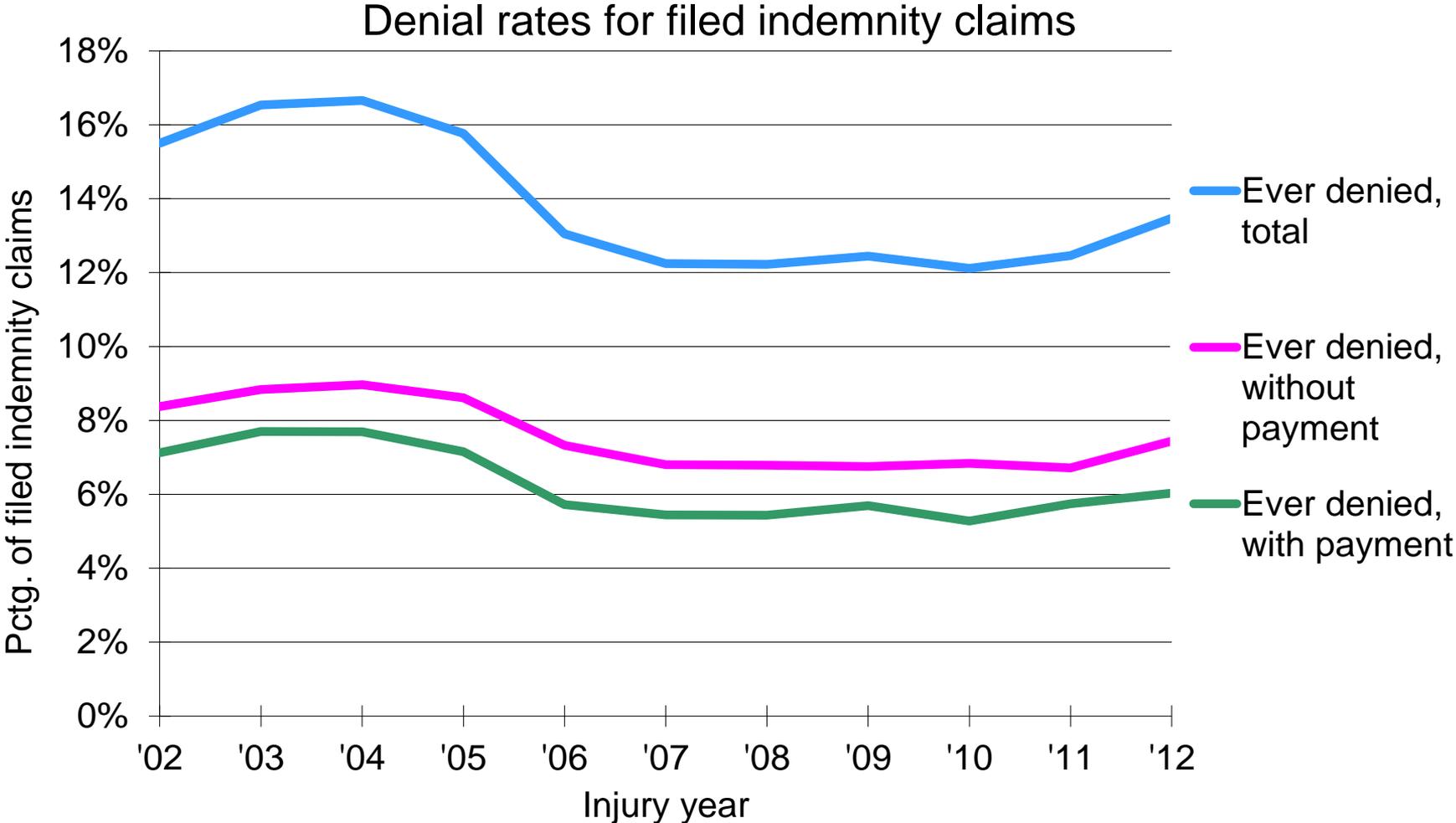
Percentages of paid indemnity claims with selected types of benefits



Dispute incidence increased

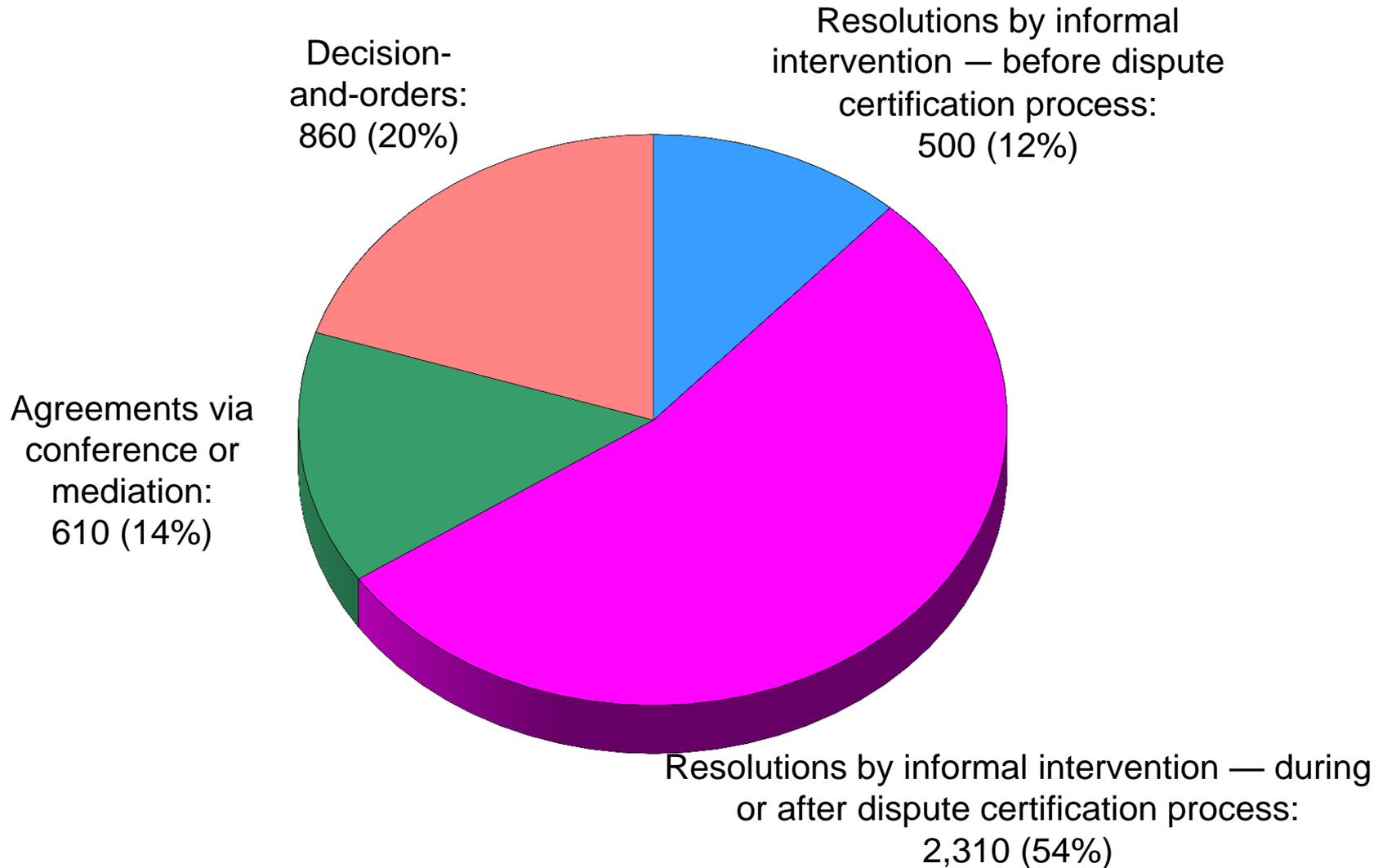


Denial rate stable from 2007-2011

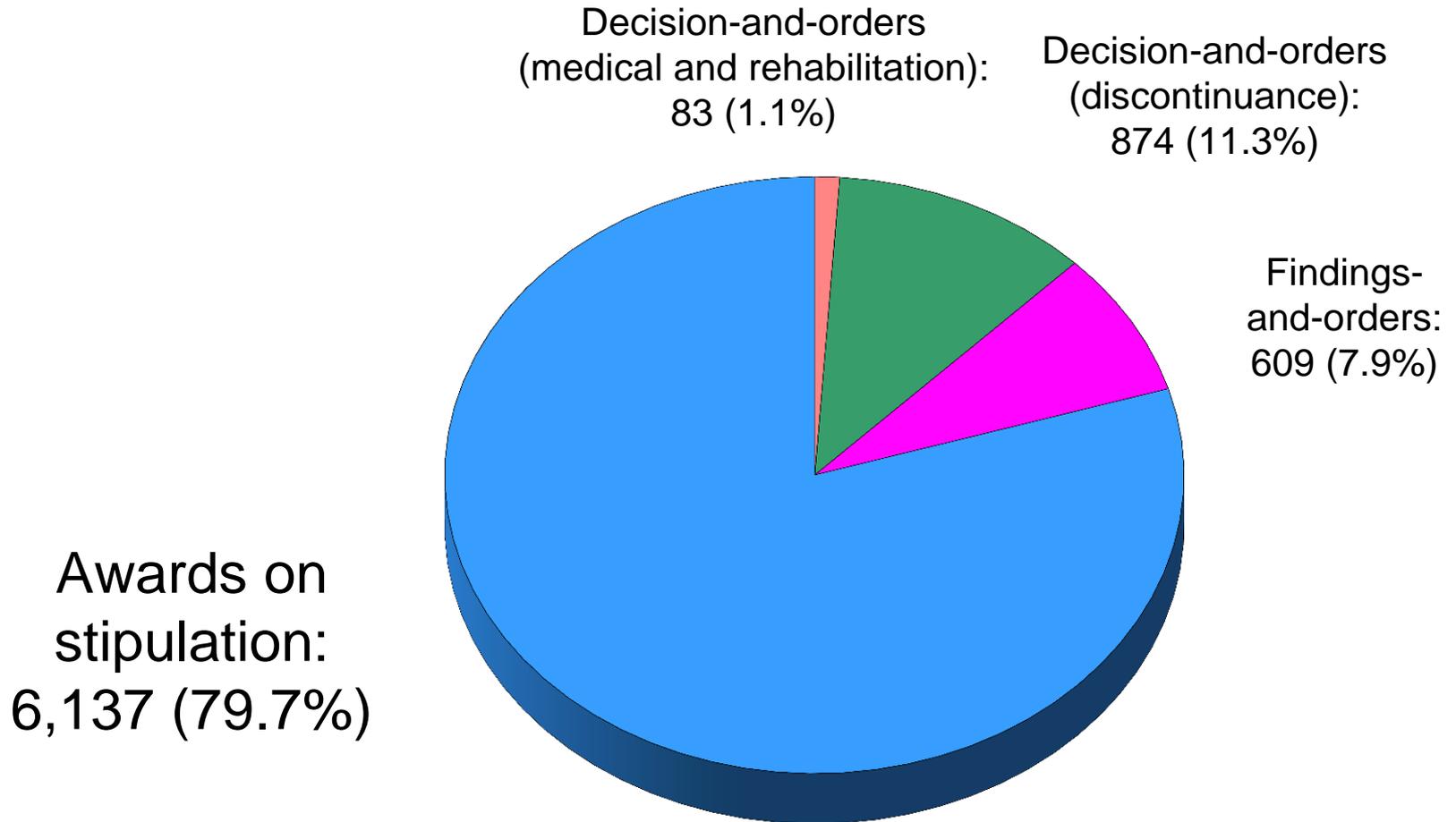


About 3,000 claims per year with denial, 2009-2012

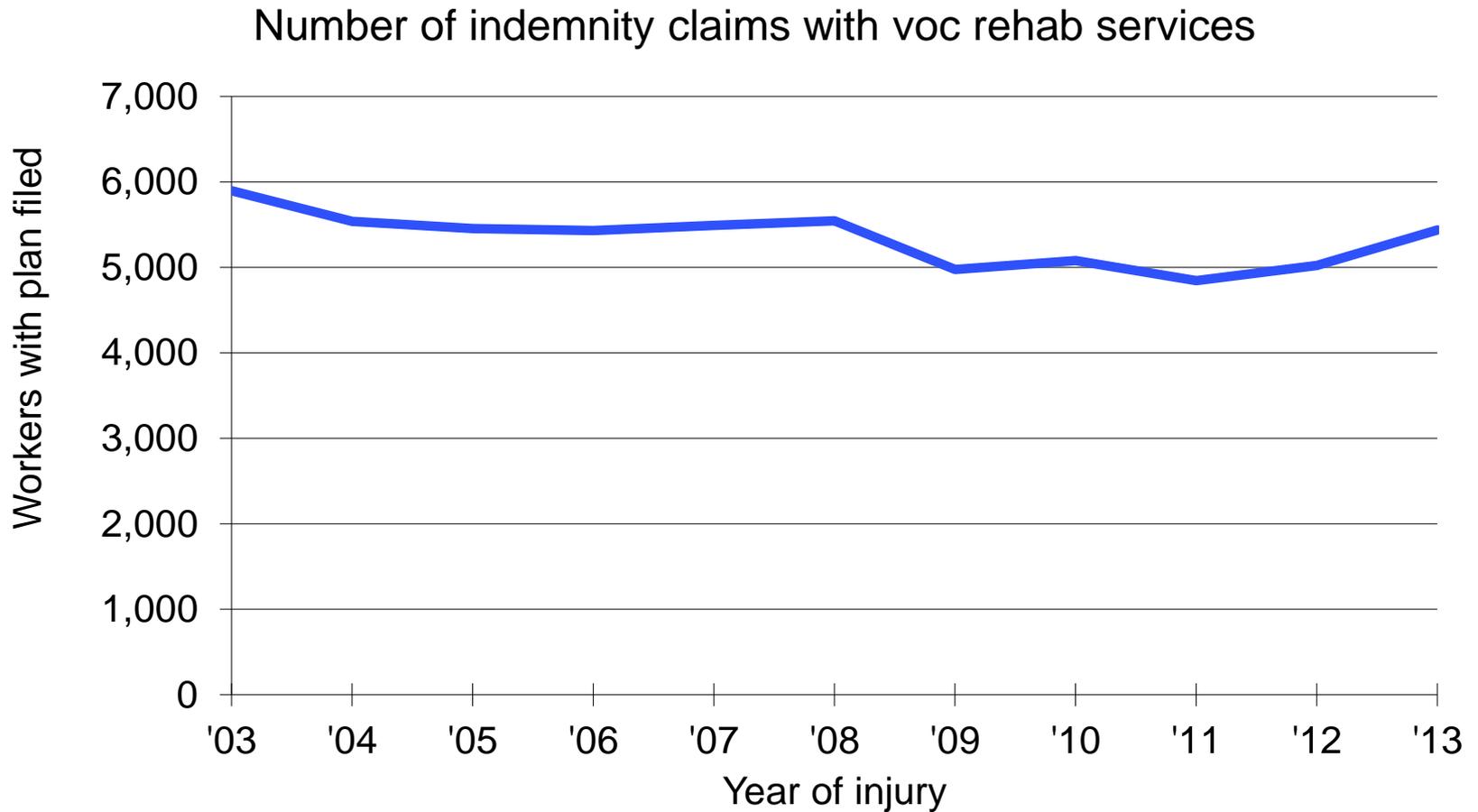
Dispute resolutions at DLI, 2012-2014 avg.



Dispute resolutions at OAH, FY 2013

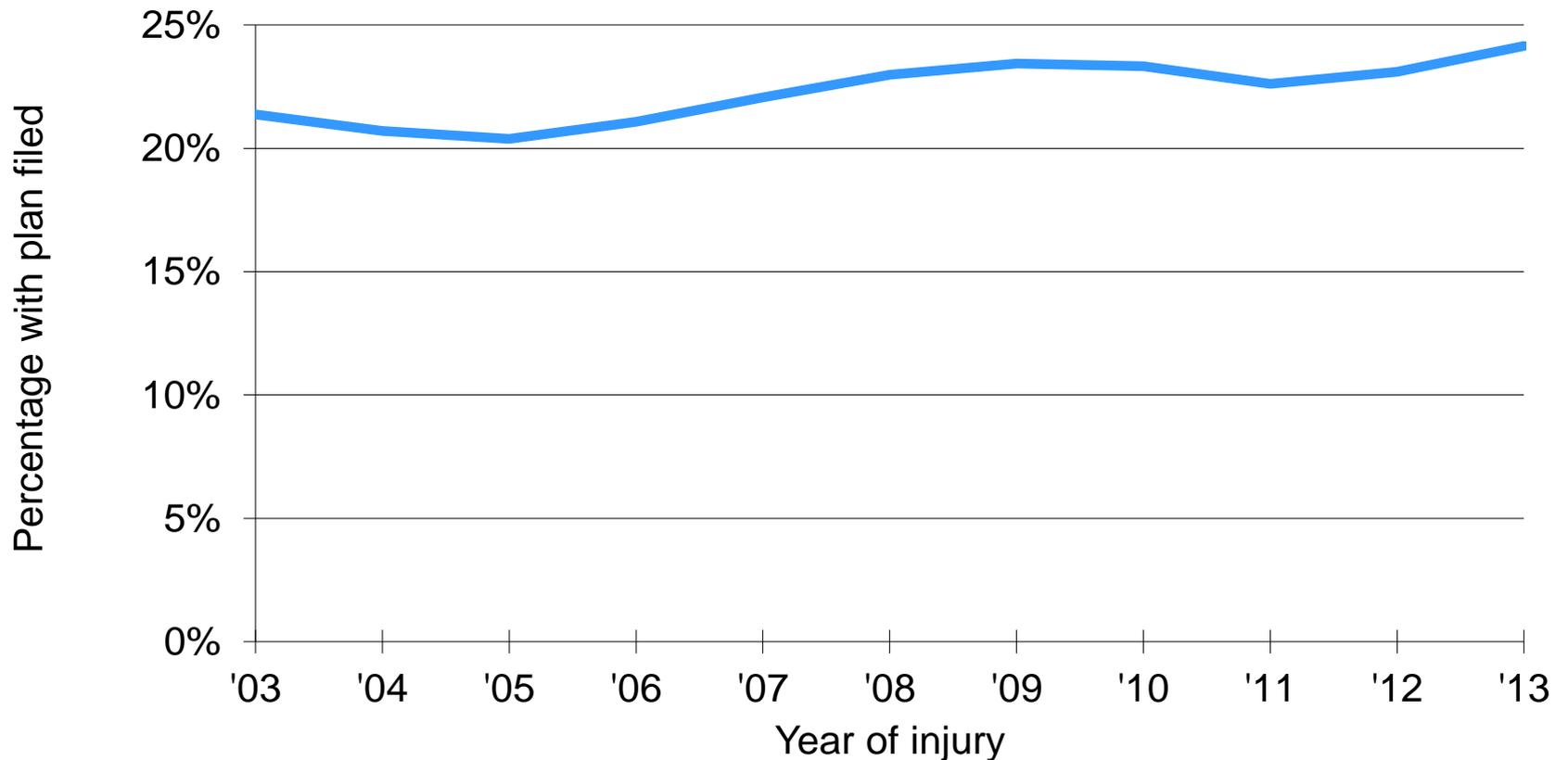


About 5,000 workers enter voc rehab each year



Relatively stable voc rehab utilization

Percentage of indemnity claims with voc rehab services

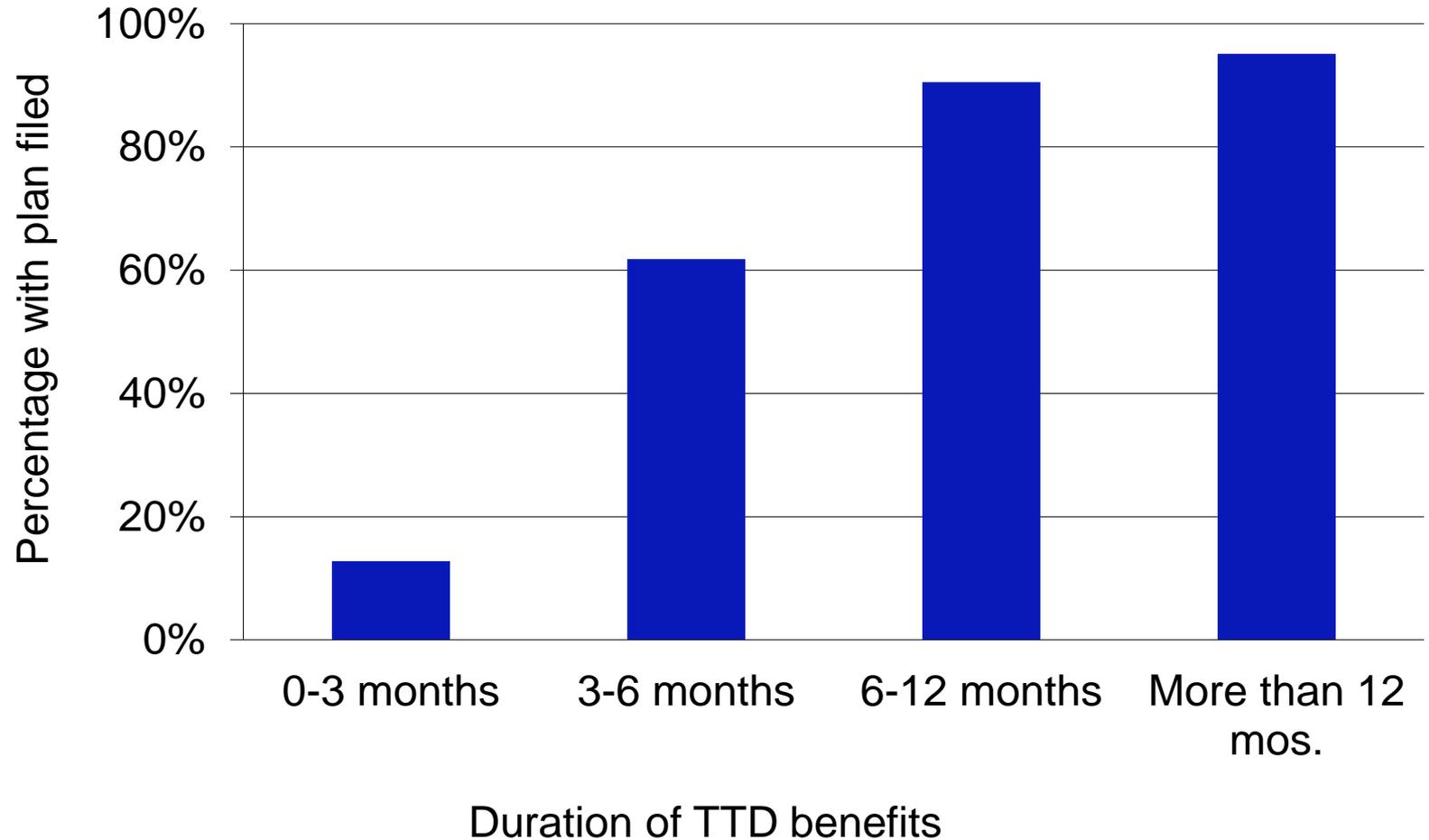


Decreasing number of VR providers

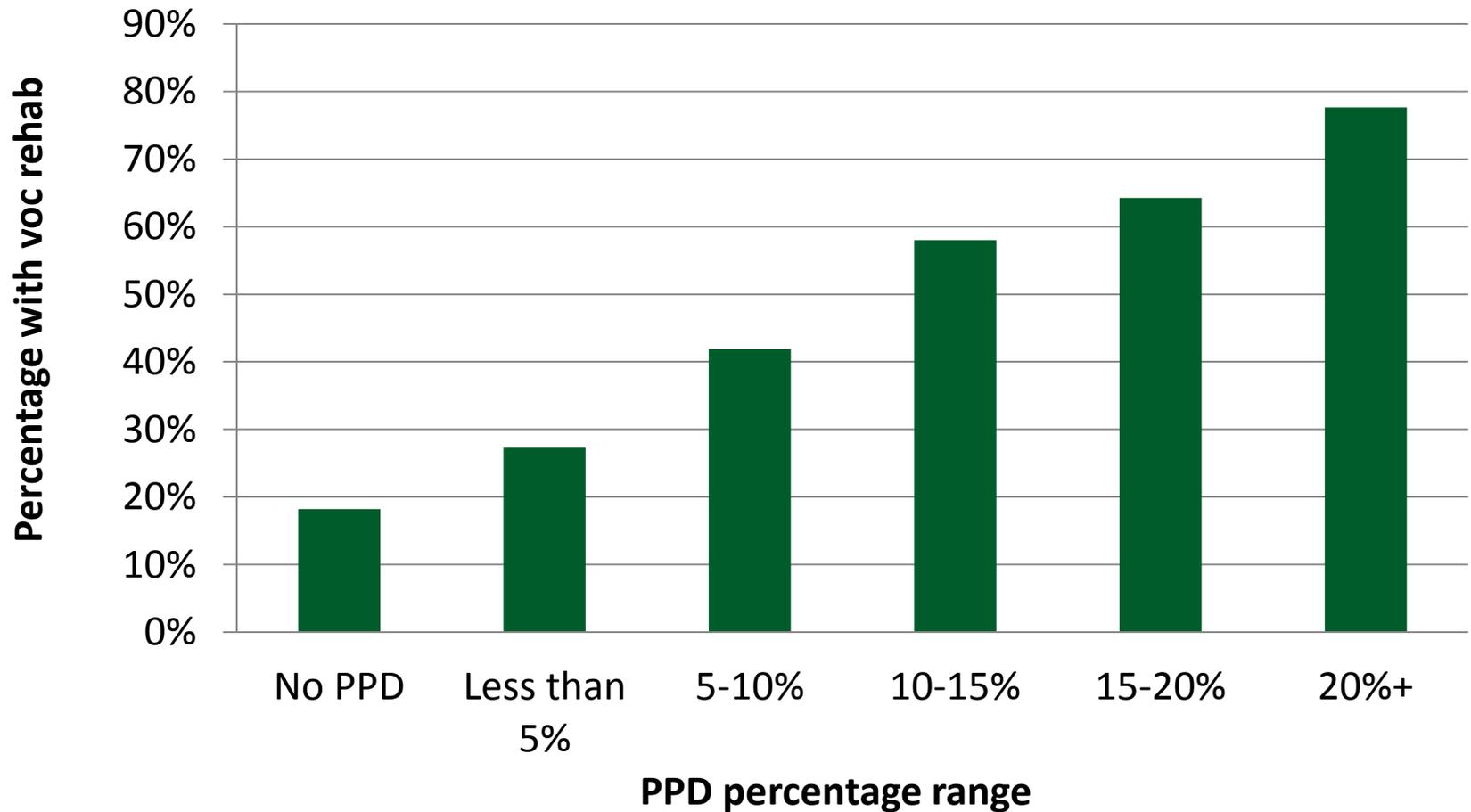
	2003	2015
QRCs and interns	390	319
QRC firms	122	99
Placement vendors	51	41

Retirement of baby boomers?

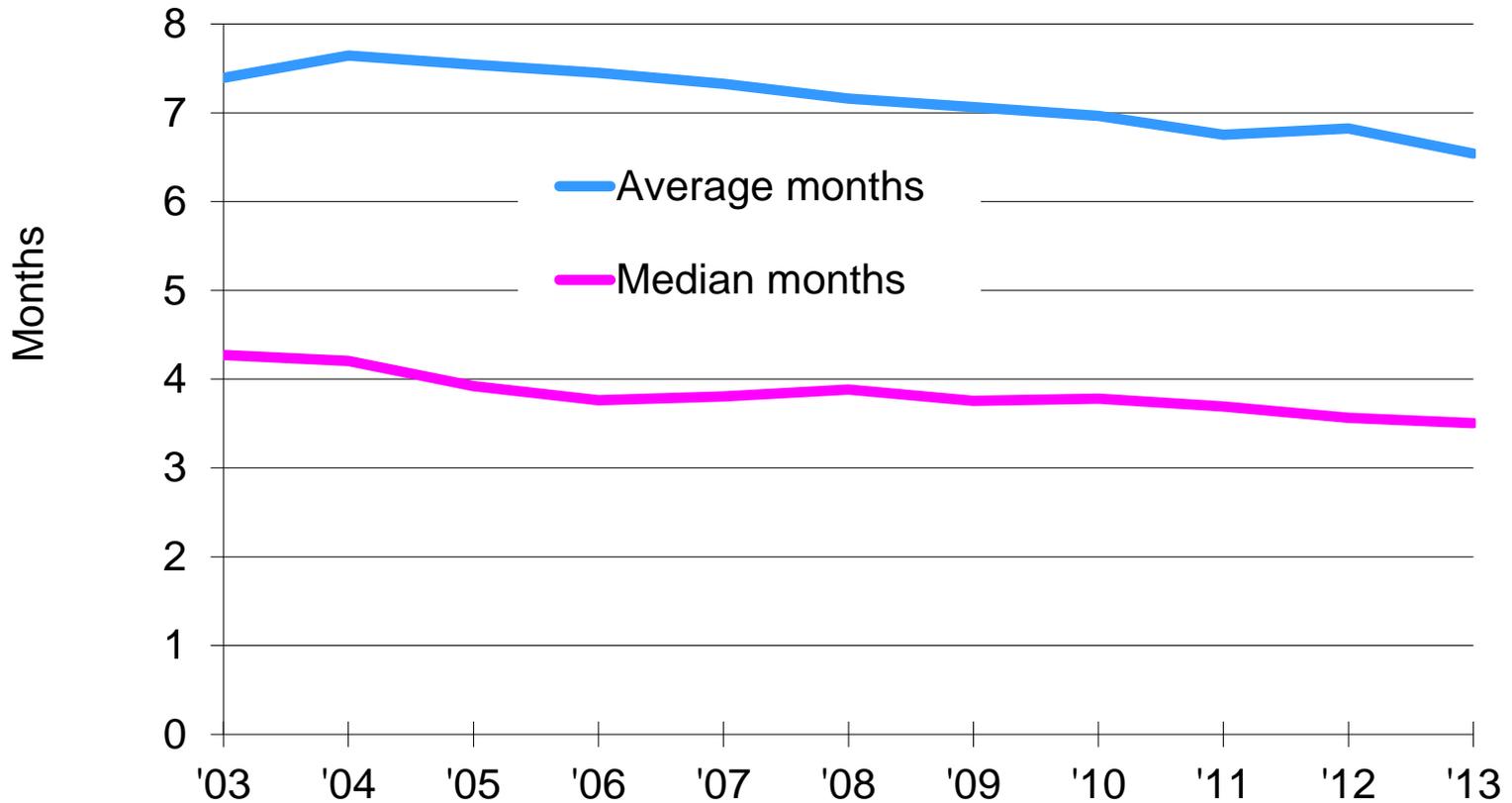
Utilization increases with TTD duration



VR utilization increases with PPD level

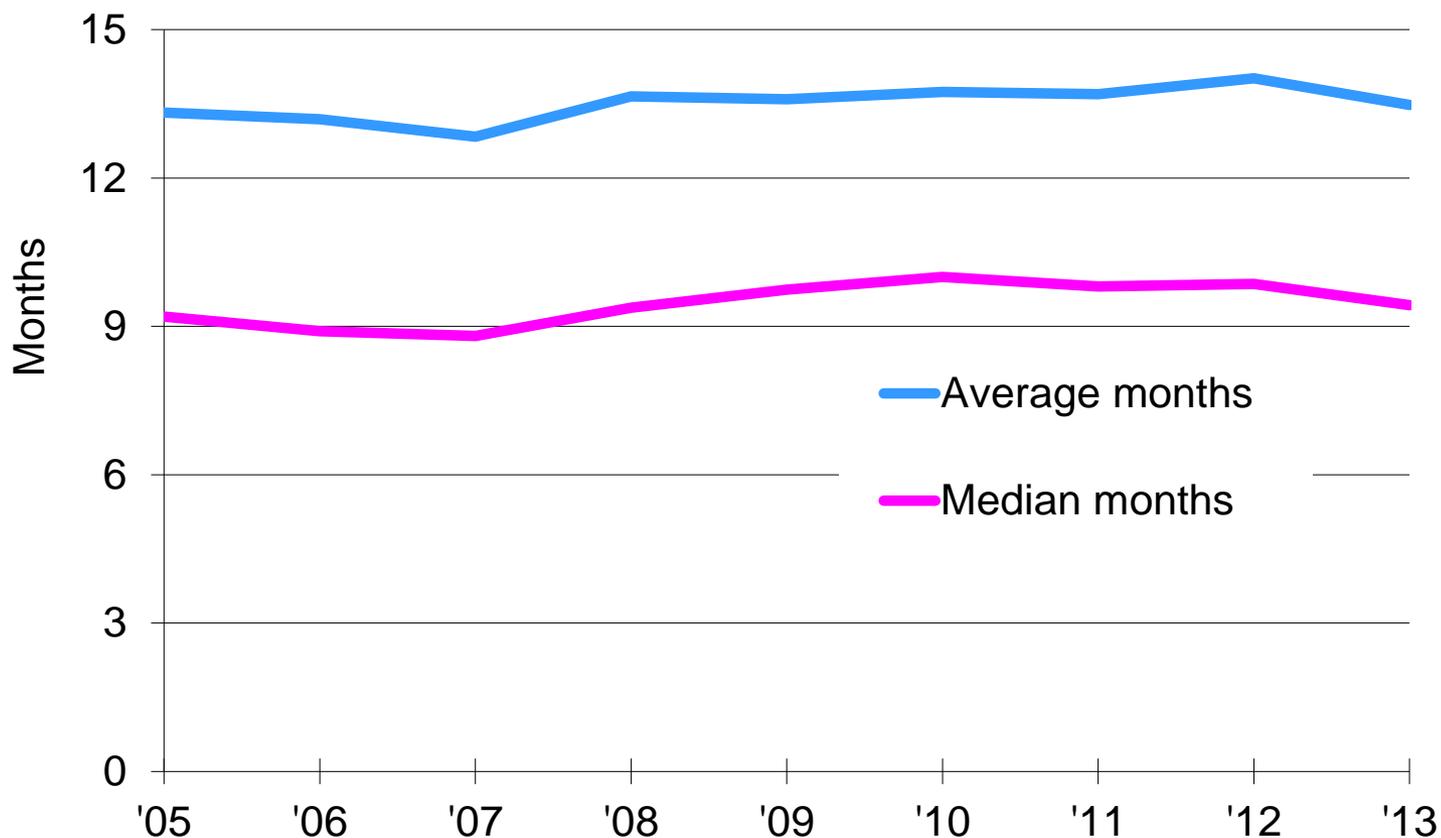


Workers start VR sooner than in 2003



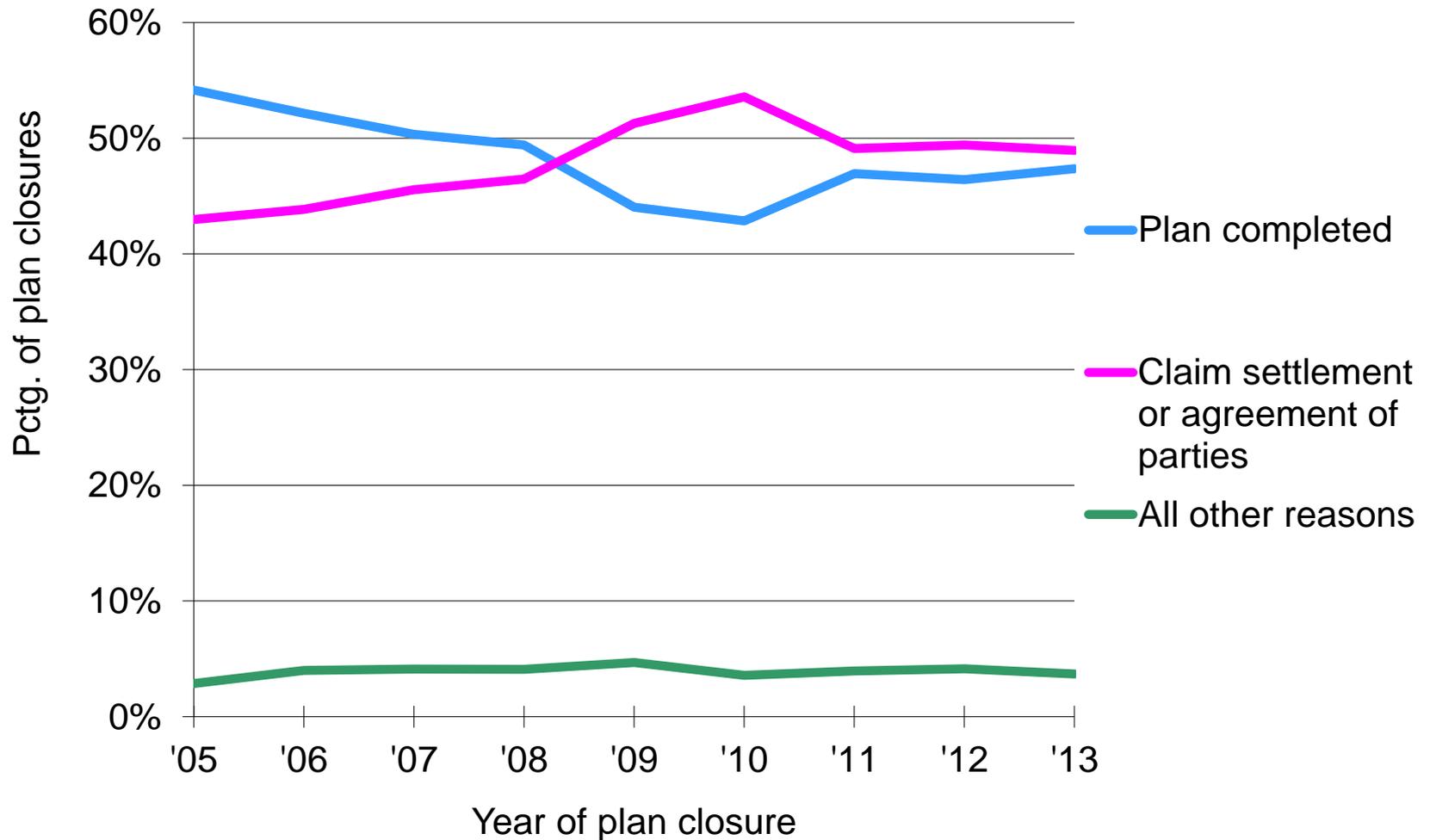
3 week improvement

Little change in duration of services

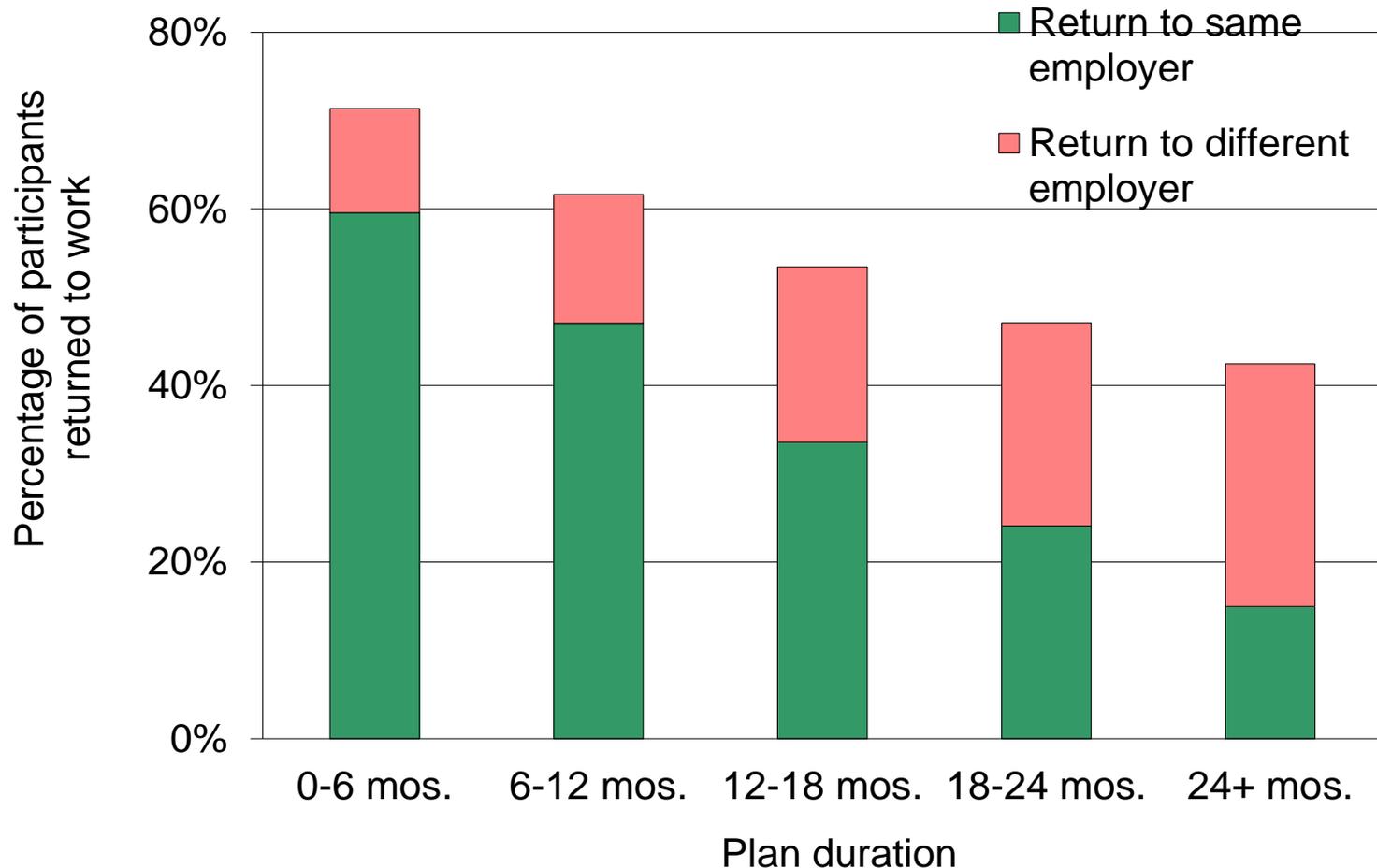


6 days longer than in 2005

Fewer than half of plans are completed

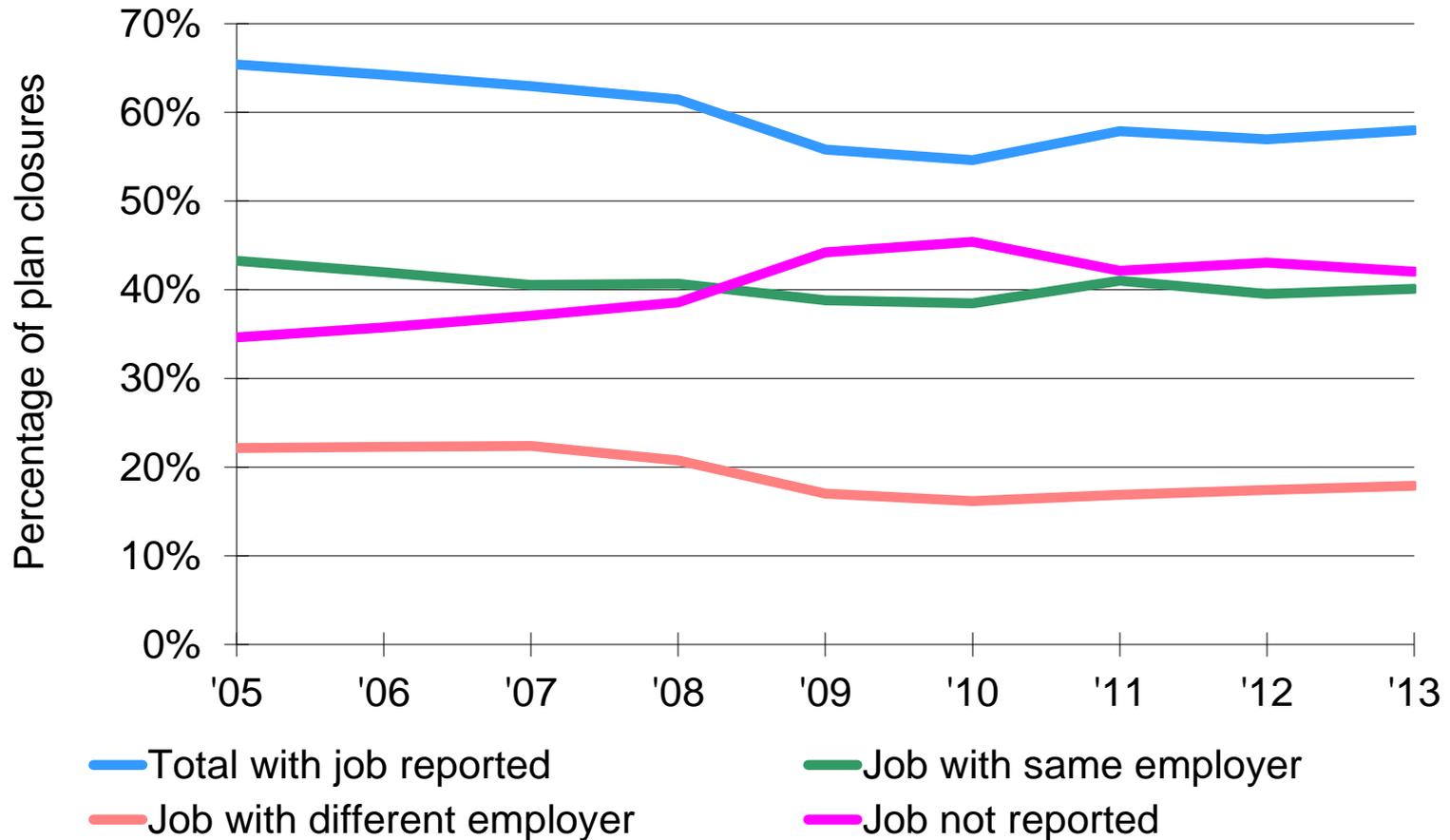


Short plans=same employer



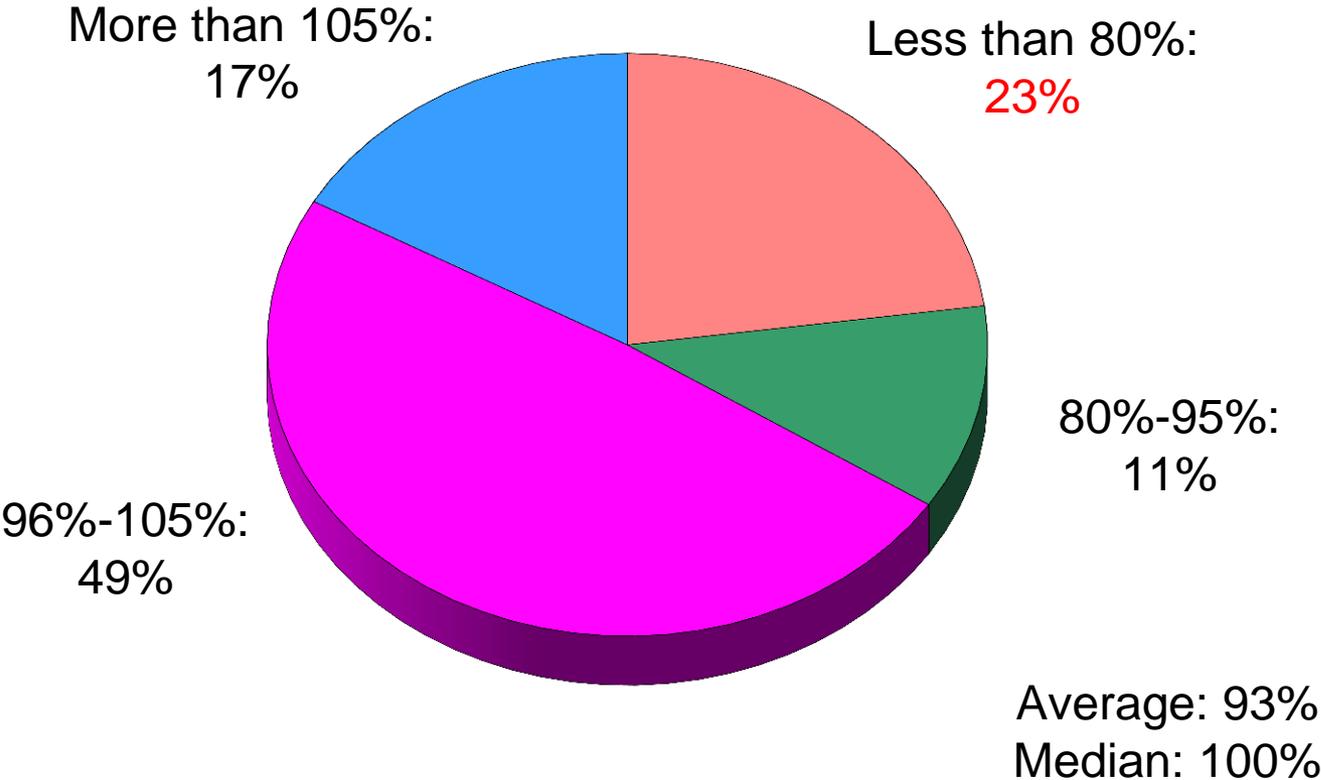
Return to different employer more likely at 18 months

2011-2013 stable period for RTW



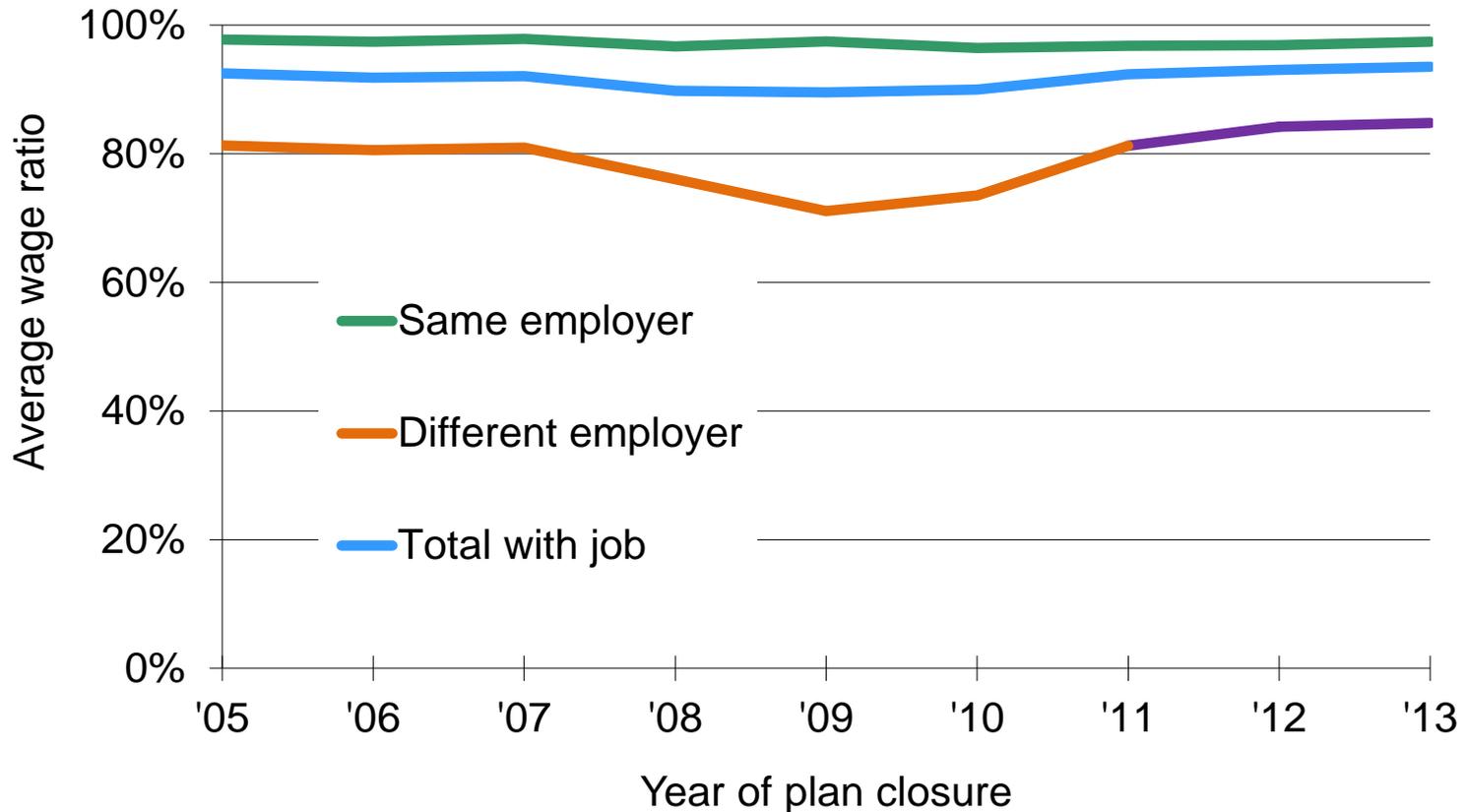
42% without job in 2013

23% of workers have large wage loss



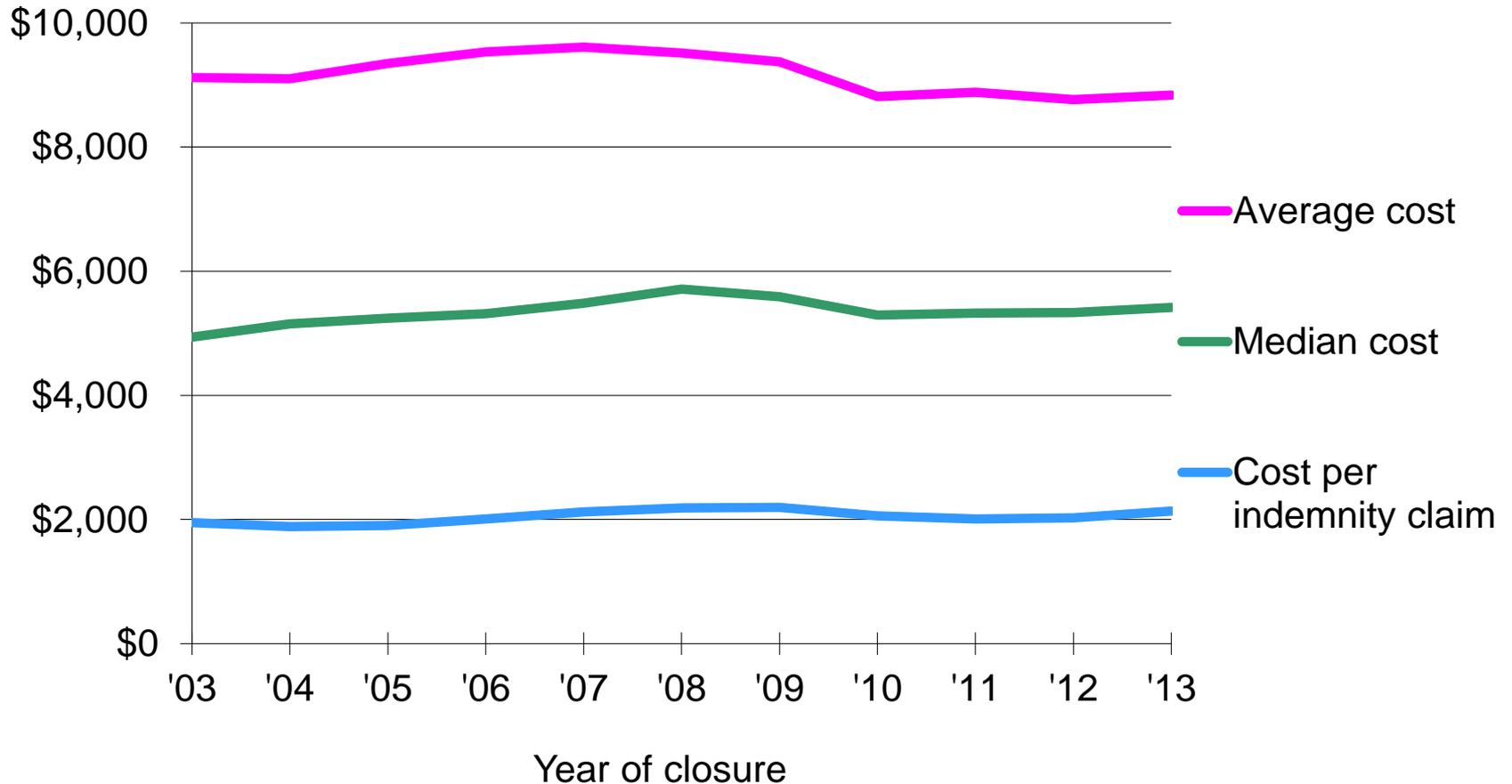
New employer RTW wages now higher

Average RTW wage ratio by employer type



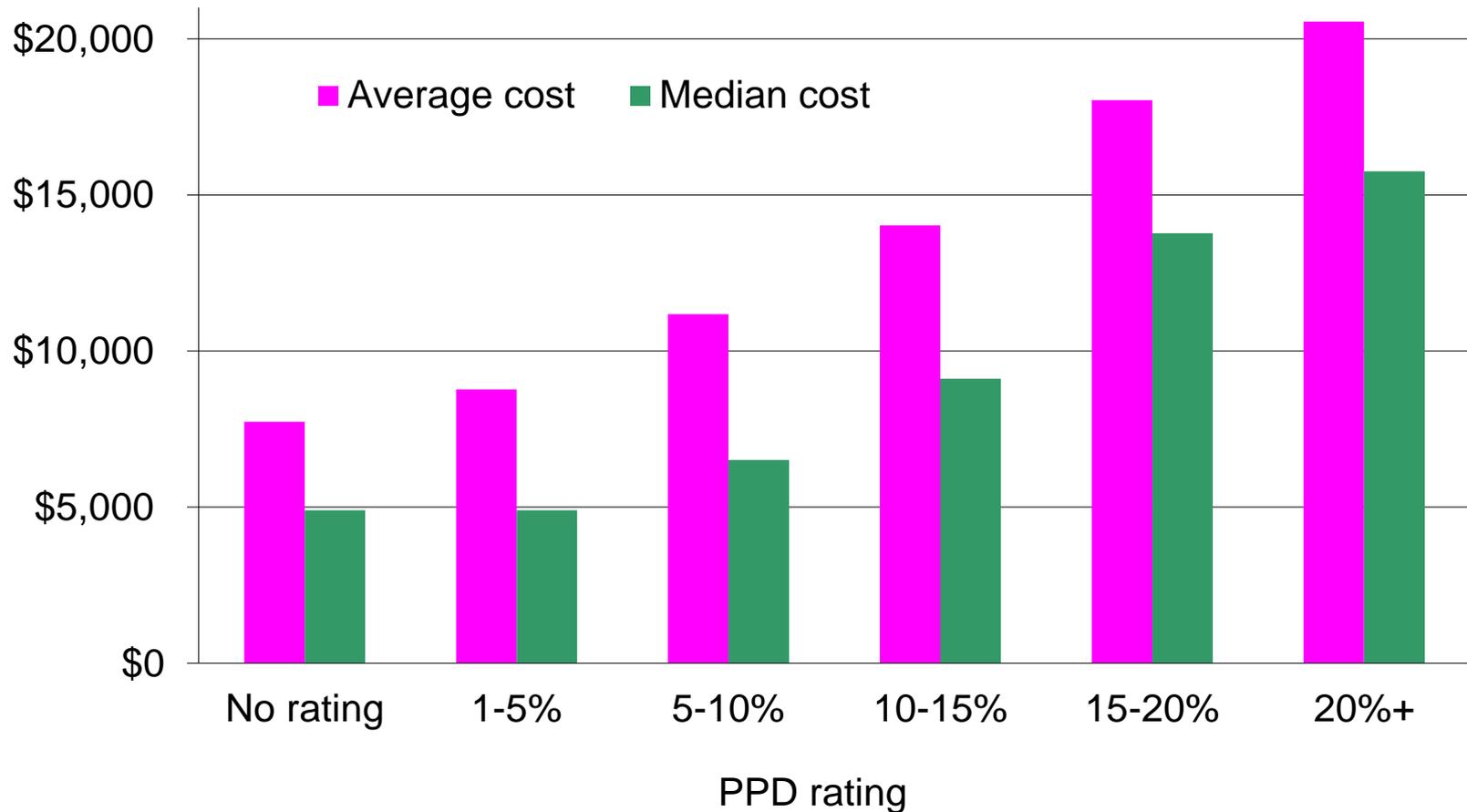
Ratio for return to same employer hovers around 97%

No change in adjusted costs for VR services



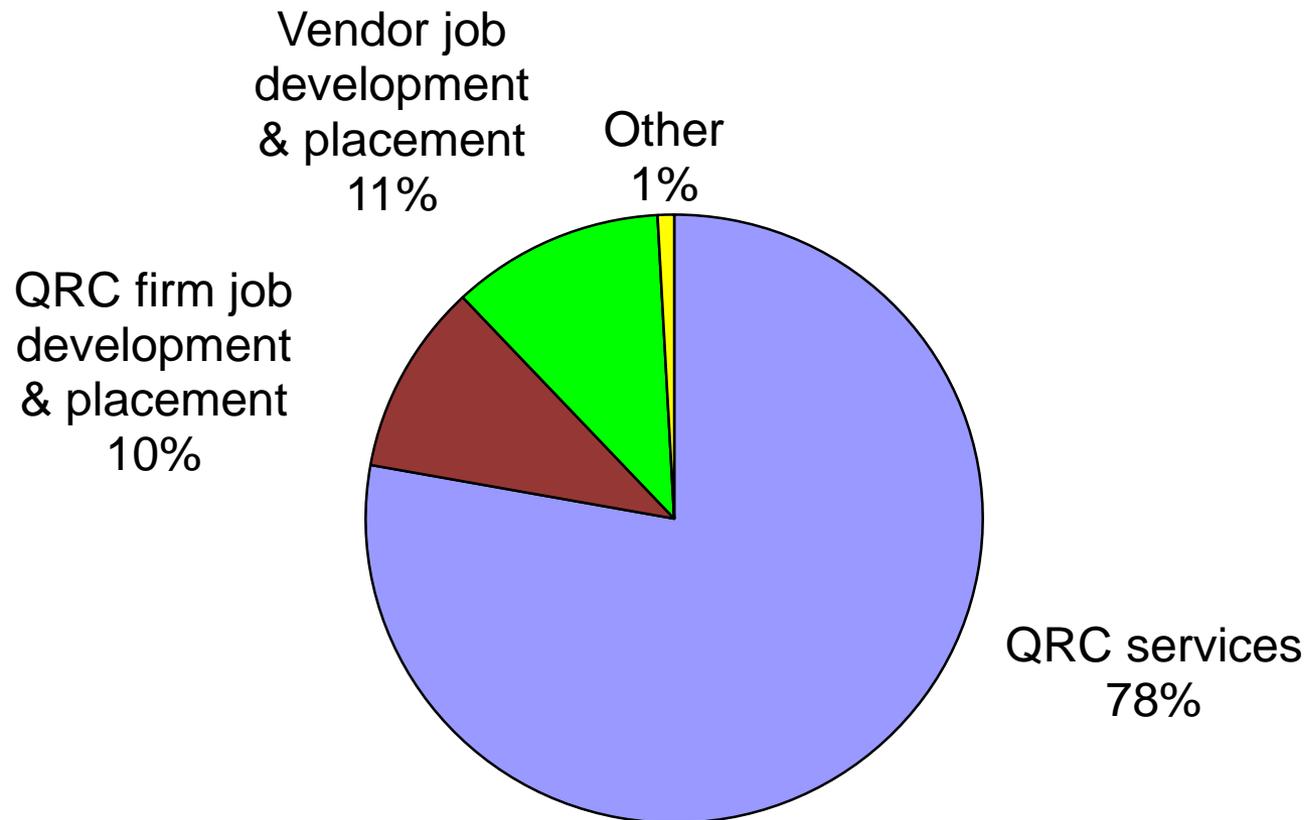
Voc rehab is not adding increasing costs to the work comp system

VR costs increase with injury severity



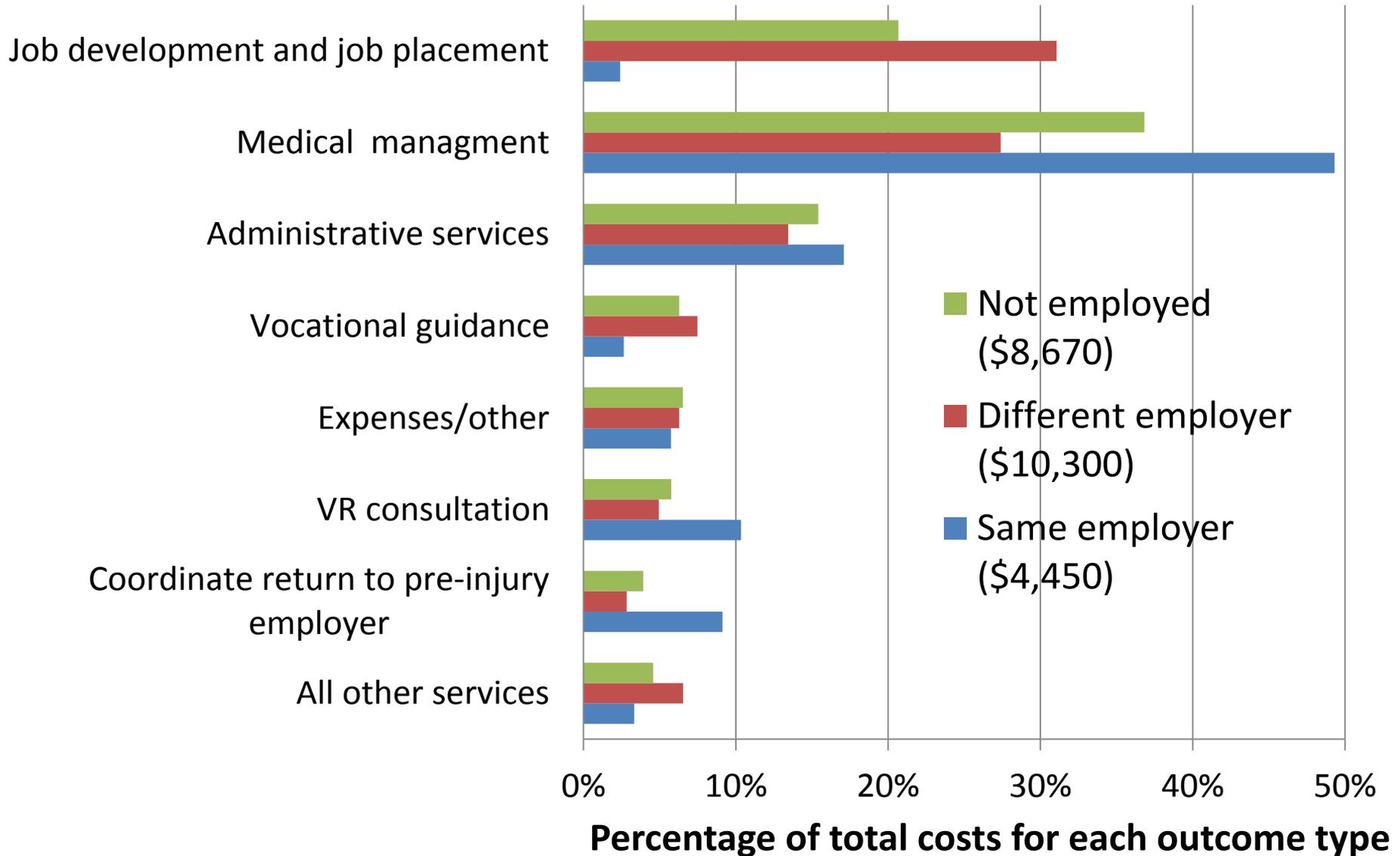
Amount and duration of services are related to the injured worker's needs

Job placement and development accounts for 21% of costs for plans closed in 2013



Little annual change in these values (pre-law change)

Cost distribution by service and RTW



Summary of results

- Stable claims rates and numbers
- Increasing age of injured workers
- Sprains and strains are the major injury type
- Decreasing pre-injury worker wage
- Increasing cost of medical benefits
- Increases in disputes, settlements
- Stable vocational rehabilitation rates

Where to find additional statistics

- Workers' Comp System Report

<http://www.dli.mn.gov/RS/WcSystemReport.asp>

- Work comp statistics tables

<http://www.dli.mn.gov/RS/StatWC.asp>

Covers many years' statistics for:

- Number and rates of claims
- Benefits and dispute resolution
- Injury characteristics
- Voc rehab

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<http://www.dli.mn.gov/Research.asp>