

Annual Minnesota *Workers' Compensation System Report* released



The number of paid workers' compensation claims fell 25 percent relative to the number of employees from 2000 to 2005, according to a newly released *Workers' Compensation System Report* from the Minnesota Department of Labor and Industry (DLI).

"We have a good workers' compensation system in Minnesota. I hope by working together with labor and industry stakeholders, we can continue to improve our workers' compensation system's efficiency, effectiveness and mission," said Steve Sviggum, DLI commissioner. "While I believe our current system is working fairly well overall, this report indicates the necessary changes needed to curb continual trends that are raising costs."

In parallel with nationwide trends, Minnesota's workers' compensation system experienced major reductions in benefit payments and system costs in the early 1990s. Since the mid-1990s, total benefits have been fairly stable relative to payroll. This has reflected the combined effects of a decreasing claim rate and increasing benefits per claim, particularly medical benefits.

Major findings

- The claim rate fell continually from 1997 to 2004, but leveled off between 2004 and 2005.
- After reaching a low-point in 2000, workers' compensation system cost relative to payroll was somewhat higher in 2005 than in 1997.
- Indemnity and medical benefits per claim – especially medical benefits – are up sharply (adjusting for wage growth).
- Relative to payroll, medical benefits have risen sharply since 1997 while indemnity benefits have fallen slightly, reflecting the net effect of the falling claim rate and increasing benefits per claim. Total benefits relative to payroll are up slightly since 1997.
- The increase in indemnity benefits is due primarily to increasing benefit duration and increases in the frequency and amounts of stipulated benefits.
- The vocational rehabilitation participation rate rose between 1997 and 2005.

This report, part of an annual series, presents data from 1997 through 2005 (the most recent data published) about several aspects of Minnesota's workers' compensation system. The purpose of the report is to describe statistically the current status and direction of workers' compensation in Minnesota and to offer explanations where possible for recent developments.

"This report showcases our need in Minnesota to get back to the original mission of the workers' compensation system: to make people as whole as soon as possible after an injury and return them to work," Sviggum said. "The best workers' compensation system is to have a comprehensive safety and health program for all workers."

The *Workers' Compensation System Report* is available online at www.doli.state.mn.us/research.html. Copies of the report may also be obtained by calling (651) 284-5030 or 1-800-DIAL-DLI (1-800-342-5354).