

# Annual workers' compensation system report

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The Department of Labor and Industry will release its *Minnesota Workers' Compensation System Report, 2006* in May. It will be available online at [www.doli.state.mn.us/research.html](http://www.doli.state.mn.us/research.html).<sup>1</sup>

The report, part of an annual series, presents data from 1997 through 2006 about several aspects of Minnesota's workers' compensation system: claims, benefits and costs; vocational rehabilitation; and disputes and dispute resolution. 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. The report also presents workers' compensation medical cost data from a major insurer to provide insight into current medical cost issues.

## Report findings

- The claim rate fell continually from 1997 through 2006.
- After reaching a low-point in 2000, workers' compensation system cost relative to payroll was stable from 2003 to 2006 at a somewhat higher level than in 1997.
- Relative to payroll, medical benefits have risen since 1997 while indemnity benefits have fallen slightly, reflecting the net effect of the falling claim rate and higher benefits per claim. Total benefits relative to payroll are about the same as in 1997.
- The increase in indemnity benefits per claim 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 2003, but fell slightly from 2003 through 2006.
- The dispute rate rose from 1997 to 2006.
- According to data from a large insurer:
  - the service groups contributing the largest amounts to the recent increases in medical costs were outpatient facility services, inpatient hospital facility services and drugs.
  - almost all service categories showed an increase in the expensiveness of service mix; this was most pronounced for radiology.
  - service and provider groups not subject to the fee schedule showed the largest increases in cost per unit of service. A majority of the service and provider groups subject to the fee schedule showed decreases in unit cost.
  - nonfacility providers contributed a larger share of the overall cost increase than did facility providers.
  - these findings are affected by cost-control measures taken by the insurer concerned.

<sup>1</sup> The report will also be available by calling (651) 284-5025. For alternative formats, call 1-800-342-5354 or TTY at (651) 297-4198.

<sup>2</sup> Indemnity benefits are monetary benefits paid to the injured workers.