

Minnesota Workers' Compensation System Report, 2009

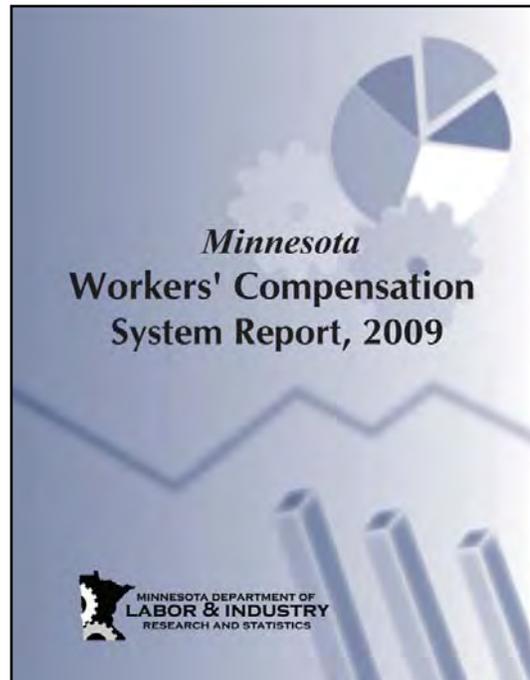
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The Department of Labor and Industry has released its 2009 *Minnesota Workers' Compensation System Report*. It is available on the department's website at www.dli.mn.gov/Research.asp.¹

The report, part of an annual series, presents data from 1997 through 2009 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.

These are the report's major findings.²

- From 1997 to 2009, the overall claim rate declined from 8.7 to 4.9 paid claims per 100 full-time-equivalent workers, a decrease of 44 percent.
- The total cost of Minnesota's workers' compensation system was an estimated \$1.4 billion for 2009, or \$1.35 per \$100 of payroll. The latter figure was nearly the lowest since 1997.
- In 2009, on a current-payment basis, the three largest components of total workers' compensation system cost were medical benefits (35 percent), insurer expenses (31 percent) and indemnity benefits (30 percent).³
- Pure premium rates for 2011 were down 26 percent from 1997, their lowest level since that year.
- Adjusting for average wage growth, medical benefits per insured claim rose 94 percent from 1997 to 2008 while indemnity benefits rose 39 percent. All of the increase in indemnity benefits per claim occurred by 2002.
- Relative to payroll, medical benefits fell 4 percent between 1997 and 2009 while indemnity benefits fell 16 percent; this reflects the net effect of the falling claim rate and higher benefits per claim.
 - By counteracting the increasing trend in benefits per claim, the falling claim rate has kept system cost per \$100 of payroll at historically low levels.



¹The report is also available by calling (651) 284-5025. For alternative formats, call 1-800-342-5354 or TTY (651) 297-4198.

²The time periods in these findings vary because of data availability.

³Indemnity benefits are monetary benefits paid to the injured worker.

- From 1997 to 2009, after adjusting for average wage growth, per paid indemnity claim:

- total disability benefits rose 26 percent;
- temporary partial disability benefits fell 8 percent;
- permanent partial disability benefits fell 18 percent; and
- stipulated benefits rose 133 percent (stipulated benefits include indemnity, medical and vocational rehabilitation benefits).

- In vocational rehabilitation:
 - the participation rate increased from 15 to 23 percent of paid indemnity claimants from 1997 to 2009; and
 - average cost per vocational rehabilitation participant rose 40 percent from 1998 to 2009 after adjusting for average wage growth.



- Vocational rehabilitation accounted for an estimated 2.8 percent of total workers' compensation system cost in 2009.
- The overall dispute rate rose 40 percent from 1997 to 2009.
 - The leading components of this increase were medical disputes, up 144 percent, and vocational rehabilitation disputes, up 87 percent.
 - The percentage of paid indemnity claims with claimant attorney involvement rose 42 percent during the same period.⁴
- The total number of dispute resolutions at the Department of Labor and Industry was 14 percent higher in 2010 than in 1999.
- At the Office of Administrative Hearings since 2001, the numbers of settlement conferences, discontinuance conferences, and medical and rehabilitation conferences have fallen, but the number of hearings has shown little net change.

⁴The claimant attorney fees counted here are those calculated as a percentage of indemnity benefits, and claimant attorney involvement is determined according to the presence of these fees.