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Department of Employee  
Relations   
DOR *State of Minnesota:  
Employer of Choice*

Workers' Compensation  
Program

# Annual Report



State Fiscal Year  
2001





# Workers' Compensation Program Annual Report

State Fiscal Year  
2001

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**For additional copies contact:** Minnesota Department of Employee Relations  
Employee Insurance Division  
200 Centennial Office Building  
658 Cedar St.  
St. Paul, MN 55155  
Phone: 651/296-6521  
Fax: 651/297-5471  
E-mail: [workers.comp.doer@state.mn.us](mailto:workers.comp.doer@state.mn.us)  
Internet: [www.doer.state.mn.us/deptwide/wkr-comp.htm](http://www.doer.state.mn.us/deptwide/wkr-comp.htm)

*This information can be made available in alternative formats, such as Braille or large print, upon request. Please call 651/296-6521 (voice); 651/297-7959 (TTY).*

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## **Introduction**

The State of Minnesota's self-insured workers' compensation program is administered by the Minnesota Department of Employee Relations' (DOER) Total Compensation Division. The program consists of four distinct units: claims management, disability management, legal, and safety/ industrial hygiene. It covers over 56,000 employees in the executive, legislative, judicial branches of state government and quasi-state agencies, such as the Minnesota Historical Society and the Minnesota State Fair.

The state's workers' compensation program receives about 3,300 new claims annually and is funded by an administrative fee charged to each agency it serves. During state fiscal year 2001 (FY 2001), the program's total costs increased 3.2% (\$642,079) which is attributable to benefits and managed care administrative costs.

We present the following report on the program's activities during FY 2001. This report will examine the costs of indemnity and medical benefits provided to injured state employees, summarize pertinent information regarding claims for work-related injuries, and note other significant data compiled by the program during the past fiscal year. This information is provided to state agencies, legislators, labor unions, insurance industry professionals, and others interested in the general operation of the program.

The Workers' Compensation Program welcomes comments about this report. Please direct comments to the address listed on the first page of this report.

All comparisons made in this report are of FY 2001 figures to FY 2000, unless otherwise noted, and are actual costs. The cost data has not been adjusted for inflation.

## **Executive Summary**

*The following is a summary of program activity for state fiscal year 2001:*

### **Claim Numbers**

- ◆ The program received more claims in FY 2001 (p. 8).
- ◆ The program closed more claims in FY2001 (p. 9).

### **Claim Costs**

- ◆ Total program costs increased 3.2% (p. 10-11)
- ◆ Expenditures for all benefits increased 7.3% (p. 12-13).
- ◆ Expenditures for indemnity benefits increased 3.8% - an increase of \$275,232 (p. 15-16).
- ◆ Expenditures for medical benefits increased 9.0% - an increase of \$476,540 (p. 17-18).

### **Recoveries**

- ◆ Recoveries increased 72.9% - \$1,215,565 (p. 19-20).

### **Cost Per \$100 of Payroll**

- ◆ Past costs per \$100 of payroll are less than the Department of Labor & Industry's estimated average for all employers in Minnesota (p. 21).

### **Agency Activity**

- ◆ Eight agencies accounted for the majority of the program's activity (p. 24).
- ◆ Benefit costs for these eight largest agencies increased 6.0% (p. 26-27).
- ◆ The incidence rate for all agencies decreased slightly in FY 2001 (p. 30-31).

### **Other Findings**

- ◆ Claims that occurred prior to 1990 accounted for 29.1% of the program's benefit costs paid out during FY 2001 (p. 22-23).
- ◆ Most common injury was to the upper extremities (p. 28).

## **How the Program Works**

### ***Mission and Enabling Legislation***

The Workers' Compensation Program's mission is to work in partnership with state and quasi-state agencies to manage workers' compensation risk throughout state government. The Program works primarily through each individual state agency's human resource personnel.

The enabling legislation for the Program is found in Minnesota Statutes 176.541 through 176.611.

### ***The Four Distinct Units***

To best serve state agencies, the Workers' Compensation Program delivers its workers' compensation services through four distinct work units: claims management, disability management, legal, and safety/industrial hygiene. Below is a brief description of what each work unit does.

#### ***Claims Management Unit***

The Claims Management Unit investigates workers' compensation claims filed against the state and quasi-state agencies by state employees. It then contests or pays these claims in accordance with the statutory requirements of Minnesota Statutes 176. While carrying out this work, the Unit represents the interests of the state and quasi-state agencies.

In addition to its responsibility for the administration of workers' compensation benefits, the Unit also has the responsibility to direct the efforts to return injured employees back to the job, recover costs from negligent third parties, and to seek final resolutions for all claims.

#### ***Disability Management***

The Disability Management Unit provides rehabilitation services for state agencies and for injured state employees. The primary purpose of the Unit is to work with employees and state agencies to help injured employees stay on the job or return to jobs as soon as possible. The Unit provides services such as vocational screenings/assessments, on-site job analyses, job placement, statutory rehabilitation and return-to-work plans.

#### ***Legal Services***

The Legal Services Unit provides legal representation to state agencies in workers' compensation disputes. Its purpose is to conduct all aspects of defense litigation and provide legal counsel to state agencies and staff members of the Workers' Compensation Program. Its objective is to protect the legal interests of state agencies in disputed cases and, to defend or resolve these cases in the best interest of the state.

***Safety & Industrial Hygiene***

The Safety and Industrial Hygiene Unit provides safety and industrial hygiene consultative resources to all state agencies. Its purpose is to help state agencies identify and correct workplace safety hazards-both environmental and behavioral-that place employees at risk for work related injury or illness. The Unit provides an array of safety-related services to agencies such as worker exposure assessments, indoor air quality surveys, ergonomics, employee training and safety program development.



## **Findings**

### ***The program received more claims (Chart 1 and Appendix A)***

#### ***Number of claims increased (Chart 1)***

The program had a 7.0% (218) increase in the number of claims reported from FY 2000 to FY 2001. Over the past five years, the number of claims reported has declined; from FY 1997 to FY 2001, the program had an overall 14.6% decrease in claims reported. Appendix A contains an agency-by-agency breakdown of the number of claims reported for FY 2000 and FY 2001.

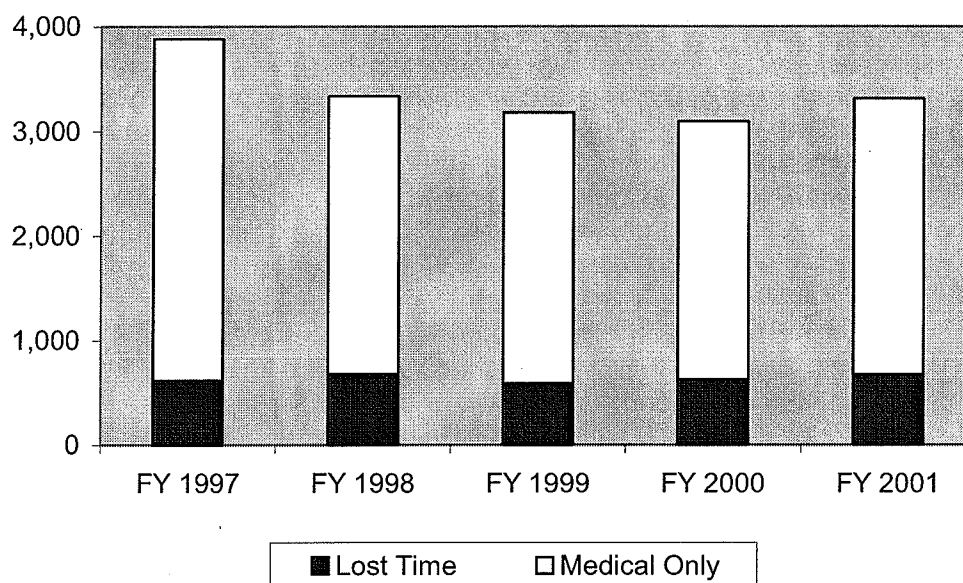
#### ***Increase in lost time claims (Chart 1)***

*Lost time claims*, those in which the employee is disabled beyond a three calendar-day waiting period, increased 7.7% and *medical only claims* increased 6.9% from FY 2000 to FY 2001.

#### ***More claims were closed (Chart 2)***

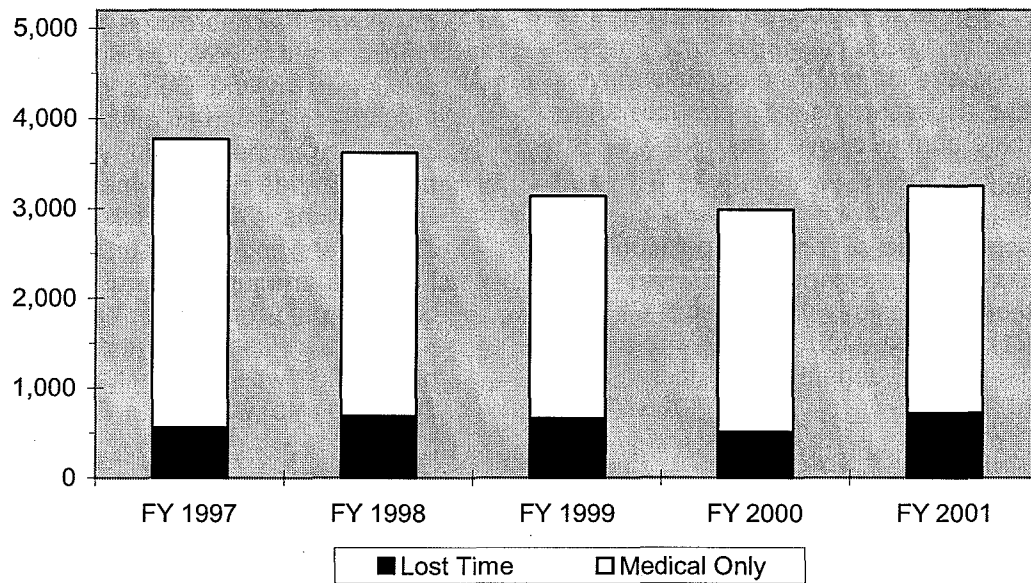
The program closed 266 more claims in FY 2001 than in FY 2000. This reflects a 8.9% increase. The program closed nearly as many claims as received during FY 2001 (3,315 received vs. 3,250 closed). The standardized closing procedures instituted in previous years as well as declining numbers of new claims, have brought the closed claim numbers in line with the opened claims.

Chart 1 / Number of Claims Reported / FYs 1997-2001



	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 97-01	FY 00-01
	Claims Closed					% Change	
Lost Time	619	678	590	627	675	9.0%	7.7%
Medical Only	3,263	2,661	2,590	2,470	2,640	-19.1%	6.9%
Totals	3,882	3,339	3,180	3,097	3,315	-14.6%	7.0%

**Chart 2 / Number of Claims Closed / FYs 1997-2001**



	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 97-01	FY 00-01
	Claims Closed					% Change	
Lost Time	561	690	662	510	720	28.3%	41.2%
Medical Only	3,211	2,928	2,474	2,474	2,530	-21.2%	2.3%
Totals	3,772	3,618	3,136	2,984	3,250	-13.8%	8.9%

***The program experienced a 3.2% increase in total costs (Chart 3)***

The program's total costs increased 3.2% (\$642,079) in FY 2001 compared to FY 2000. From FY 1997 to FY 2001, total program costs increased 13.3% (\$2,446,335). These costs include benefits, program administrative fees, special assessments, reinsurance, and managed care administrative fees.

***Benefits***

*Benefit costs* include all benefits paid under Minnesota Statutes, Chapter 176. In FY 2001, these costs increased 7.3% (\$1,060,121) compared to FY 2000. From FY 1997 to FY 2001, benefit costs increased 14.8% (\$1,997,471).

***Administration***

In FY 2001, the program provided claims administration, safety and industrial hygiene consultations, and disability management/rehabilitation services with an operating budget of \$2,731,295. This fee has remained the same since FY 1993.

***Special Assessments***

The program's expenditure for *special assessments* decreased 24.2% (\$409,572) compared to FY 2000. Special assessments are levied by the Department of Labor and Industry for payment of uninsured employer claims, reimbursement of supplementary benefits, and reimbursement of Second Injury Fund claims. This assessment is charged to all insurers and self-insured employers doing business in Minnesota based upon indemnity benefits paid for injuries occurring on or after 6/1/71. The assessment rate for the first half of FY 2001 was 30%. The second half of FY 2001 the rate was 20%.

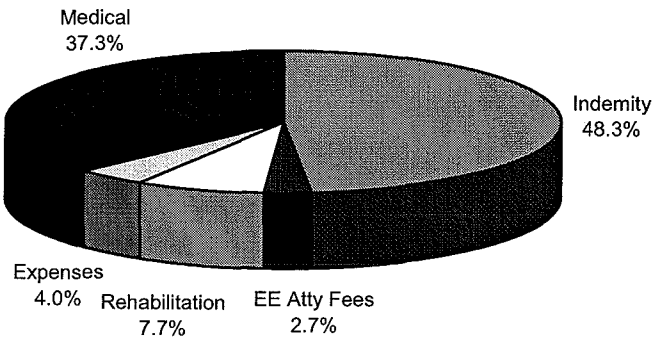
***Reinsurance***

The program's expenditure for *reinsurance* decreased \$69,253 in FY 2001 compared to FY 2000. This decrease was due to a combination of a premium adjustment credit for prior years plus a lower experience modification factor. The Workers' Compensation Reinsurance Association (WCRA) provides coverage to the state on claims exceeding our deductible (retention rate).

***Managed Care***

The program's payments for *managed care* services increased 6.0% (\$62,284) from FY 2000 to FY 2001 due to an increase in the number of state employees covered by the program and an increase in the capitation rate. The capitation rate for the first half of FY 2001 was \$1.58 per employee per month. The second half of FY 2001 the rate was \$1.72.

**Chart 3 / Total Program Costs / FYs 1997-2001**



	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 97-01	FY 00-01
<b>Benefits</b>	\$13,526,704	\$13,610,940	\$14,720,307	\$14,464,054	\$15,524,175	14.8%	7.3%
<b>Administration</b>	\$2,519,874	\$2,508,670	\$2,773,014	\$2,732,796	\$2,731,295	8.4%	-0.1%
<b>Assessments</b>	\$1,495,384	\$1,556,374	\$1,625,109	\$1,693,824	\$1,284,252	-14.1%	-24.2%
<b>Reinsurance</b>	(\$1,815)	\$201,526	\$301,299	\$311,301	\$242,048	N/A	-22.2%
<b>Managed Care</b>	\$902,666	\$954,865	\$1,006,416	\$1,045,094	\$1,107,378	16.0%	6.0%
<b>Totals</b>	<b>\$18,442,813</b>	<b>\$18,832,375</b>	<b>\$20,426,145</b>	<b>\$20,247,069</b>	<b>\$20,889,148</b>	<b>13.3%</b>	<b>3.2%</b>

***The program's expenditures for benefits increased 7.3% (Chart 4)***

In FY 2001, expenditures for *indemnity, medical expenses, rehabilitation, and employee attorney's fees* increased a total of 7.3% (\$1,060,121) compared to FY 2000. From FY 1997 to FY 2001, benefit costs have increased 14.8% (\$1,997,471).

***Indemnity costs increased***

Payments to compensate employees for lost wages or for permanent loss of body function increased 3.8% (\$275,232) in FY 2001 compared to FY 2000. Since FY 1997, indemnity costs have increased 6.6% (\$466,814).

***Medical costs increased***

Payments for office and hospital visits, prescriptions, supplies, and reimbursements for travel and time off to see the doctor increased 9.0% (\$476,540) in FY 2001 compared to the previous year.

***Expense costs decreased***

Expenditures for investigations, independent medical examinations, medical records, court reporters, deposition fees, and legal defense costs decreased 11.2% (\$78,497) from FY 2000 to FY 2001. From FY 1997 to FY 2001, expenses decreased 12.5% (\$88,877).

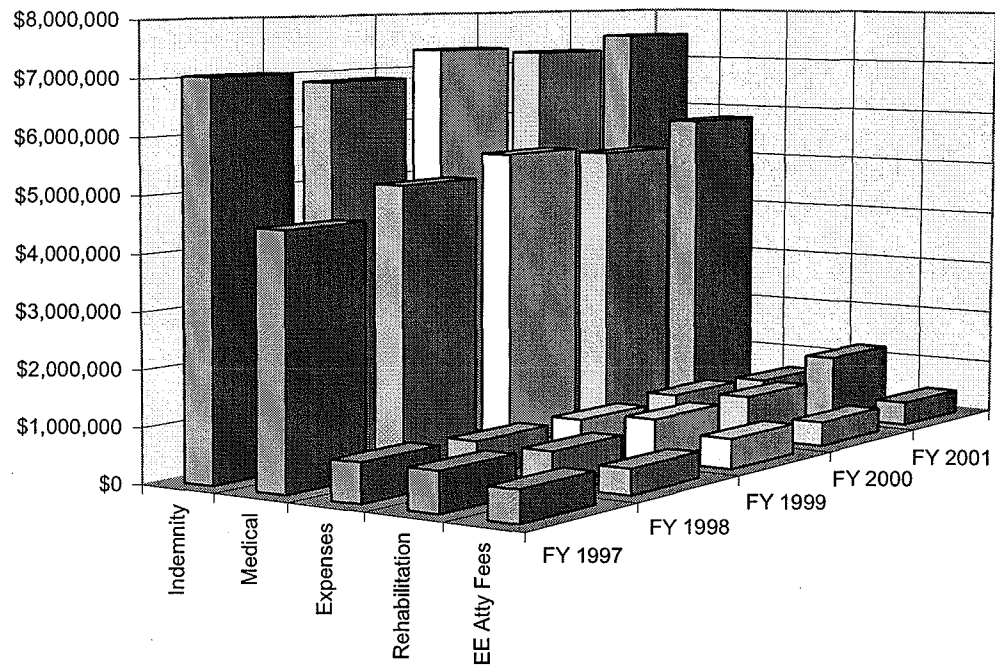
***Rehabilitation costs increased***

Expenditures for medical and vocational rehabilitation services that aid in returning injured employees to work increased 51.2% (\$404,487) from FY 2000 to FY 2001. Rehabilitation expenses increased 65.8% (\$474,133) from FY 1997 to FY 2001. The expenditure for rehabilitation benefits is a claims management cost that can reduce indemnity benefits by returning employees to work as soon as they are able.

***Employee attorney costs decreased***

Fees paid to attorneys representing injured employees in FY 2001 decreased 4.0% (\$17,641) compared to FY 2000.

Chart 4 / Benefit Costs / FYs 1997-2001

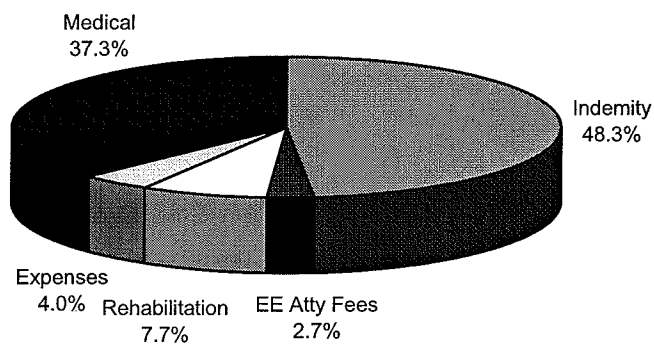


	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 00-01
<b>Benefit Costs</b>						
<b>Indemnity</b>	\$7,029,757	\$6,846,778	\$7,342,468	\$7,221,339	\$7,496,571	3.8%
<b>Medical</b>	\$4,501,778	\$5,057,550	\$5,444,536	\$5,308,609	\$5,785,149	9.0%
<b>Expenses</b>	\$708,643	\$642,945	\$619,603	\$698,263	\$619,766	-11.2%
<b>Rehabilitation</b>	\$720,199	\$606,456	\$766,221	\$789,845	\$1,194,332	51.2%
<b>EE Atty Fees</b>	\$566,327	\$457,211	\$547,479	\$445,998	\$428,357	-4.0%
<b>Totals</b>	<b>\$13,526,704</b>	<b>\$13,610,940</b>	<b>\$14,720,307</b>	<b>\$14,464,054</b>	<b>\$15,524,175</b>	<b>7.3%</b>

***The majority of benefits went directly to employees (Chart 5)***

In FY 2001, 48.3% (\$7,496,571) of the total benefits paid went directly to employees in the form of *indemnity* payments to compensate for lost wages or for permanent loss of body function. This percentage is slightly lower than the previous year (FY 2000).

**Chart 5 / Composition of Benefit Costs / FY 2001**





***The program's expenditure for indemnity benefits increased 3.8% — \$275,232 (Chart 6)***

The program's largest expenditure, indemnity benefits, increased 3.8% (\$275,232) from FY 2000 to FY 2001. Since FY 1997, indemnity benefits have increased 6.6% (\$466,814).

***Types of Indemnity Benefits***

Indemnity benefits are usually paid on a biweekly basis to compensate employees for lost wages and permanent loss of body function due to a work-related injury. Indemnity benefits fall into the following categories:

***Temporary Total Disability (TTD) benefits*** are paid to employees who are unable to work, but who may be able to return to some type of work in the future. In FY 2001, TTD payments increased 6.5% (\$112,090) compared to FY 2000.

***Temporary Partial Disability (TPD) benefits*** are paid to employees who are able to work at either a reduced wage or a reduced number of hours. In FY 2001, TPD payments increased 17.9% (\$155,185). From FY 1997 to FY 2001, expenditures for this benefit decreased 29.5% (\$298,306).

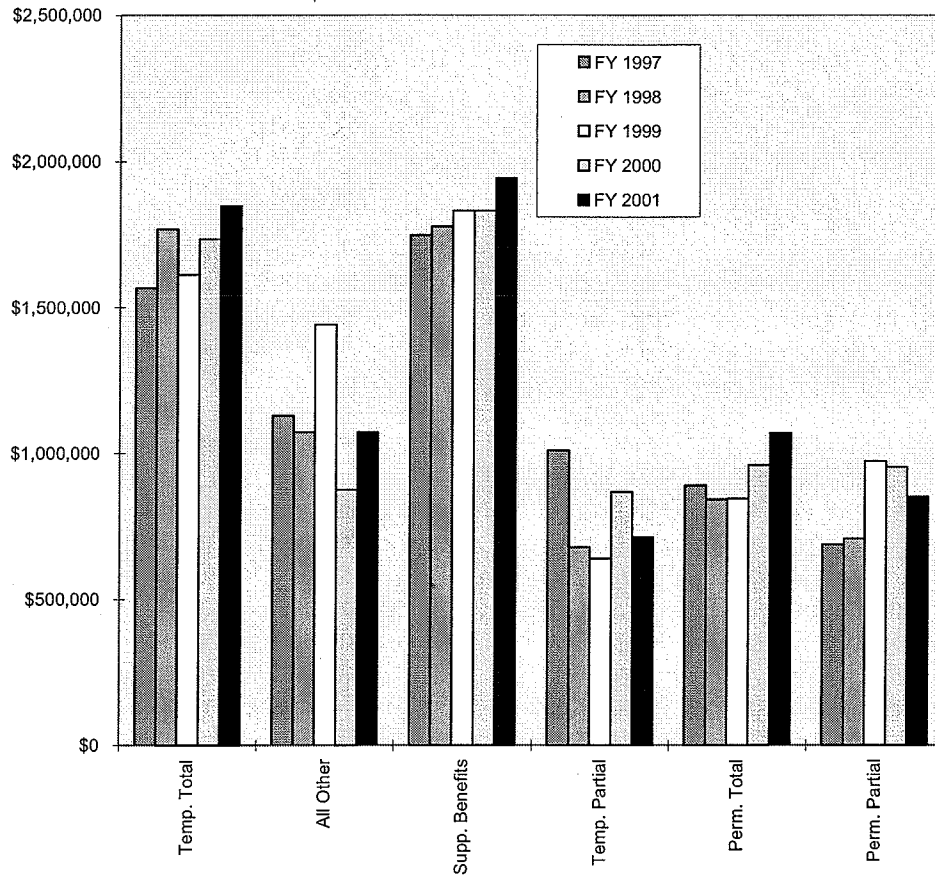
***Permanent Partial Disability (PPD) benefits*** are paid to employees who have a permanent loss of body function. In FY 2001, PPD payments decreased 10.6% (\$101,322) compared to FY 2000.

***Permanent Total Disability (PTD) benefits*** are paid to employees who will never be able to work again. In FY 2001, PTD payments increased 11.4% (\$109,935) compared to FY 2000.

***Supplementary Benefits (SBs)*** are paid in conjunction with PTD, or to bring payments up to a percentage of the statewide average weekly wage. The majority of employees who receive SBs also receive Social Security Disability benefits. The program does not invoice agencies for these benefit payments, but rather receives full reimbursement from the Department of Labor and Industry. In FY 2001, SB payments increased 6.1% (\$111,556) compared to FY 2000. The legislature has eliminated the requirement to pay Supplementary Benefits for injuries occurring on or after October 1, 1995.

***Other Benefits*** include lump sums to settle claims, death benefits to dependents, and retraining benefits. In FY 2001, these payments increased 22.7% (\$198,158) compared to FY 2000.

**Chart 6 / Indemnity Benefit Costs / FYs 1997-2001**



	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 97-01	FY 00-01
Indemnity Benefit Costs						Change	
Temp. Total	\$1,565,983	\$1,768,842	\$1,612,418	\$1,734,614	\$1,846,704	17.9%	6.5%
All Other	\$1,128,951	\$1,072,056	\$1,441,491	\$874,599	\$1,072,757	-5.0%	22.7%
Supp. Benefits	\$1,748,090	\$1,776,997	\$1,831,530	\$1,832,349	\$1,943,905	11.2%	6.1%
Temp. Partial	\$1,010,105	\$678,224	\$639,783	\$866,984	\$711,799	-29.5%	-17.9%
Perm. Total	\$890,639	\$842,778	\$843,600	\$960,382	\$1,070,317	20.2%	11.4%
Perm. Partial	\$685,989	\$707,881	\$973,646	\$952,411	\$851,089	24.1%	-10.6%
Totals	\$7,029,757	\$6,846,778	\$7,342,468	\$7,221,339	\$7,496,571	6.6%	3.8%

***The program's expenditure for medical benefits increased 9.0% (Chart 7)***

In FY 2001, the program paid \$5,785,149 to various medical care providers and for medical reimbursements to the employee. This was an increase of 9.0% (\$476,540) compared to FY 2000.

The largest dollar and percentage increases were in hospital and chiropractic care. The most notable decrease occurred in miscellaneous medical.

**Medical office visits** include all non-chiropractic care that is not provided in a hospital. From FY 2000 to FY 2001, these payments increased 4.1% (\$84,725).

**Hospital** payments include all inpatient and outpatient treatment. In FY 2001, these payments increased 14.4% (\$297,856) compared to FY 2000.

**Chiropractic care** payments increased 22.6% (\$40,302) in FY 2001 compared to FY 2000.

**Miscellaneous medical** includes payments to intervenors and diet and/or fitness centers. In FY 2001, these payments decreased 34.3% (\$46,930) compared to FY 2000.

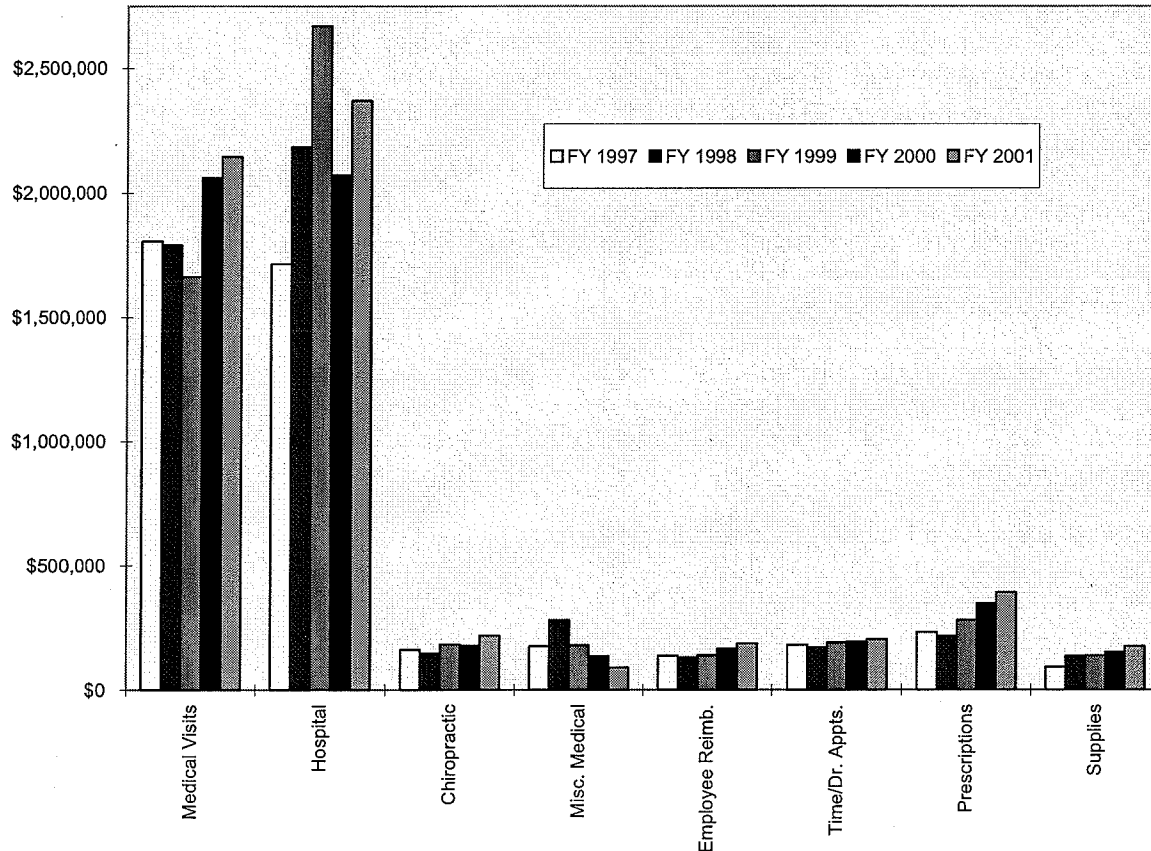
**Employee reimbursements** include mileage, parking, and meals. These payments increased 13.0% (\$21,558) from FY 2000 to FY 2001.

**Employee time for doctor** is reimbursement of wages lost for time spent attending medical appointments. It does not include wages lost because of inability to work. These payments increased 4.9% (\$9,523) compared to FY 2000.

**Prescription** costs increased 12.9% (\$44,849) from FY 2000 to FY 2001. Prescription costs continue to rise and have increased 68.5% from FY 1997.

**Supplies** include medical equipment and supplies. These payments increased 16.3% (\$24,657) in FY 2001 compared to FY 2000.

Chart 7 / Medical Benefit Costs / FYs 1997-2001



	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 97-01	FY 00-01
Medical Benefit Costs						Change	
Medical Visits	\$1,805,860	\$1,790,476	\$1,662,475	\$2,060,919	\$2,145,644	18.8%	4.1%
Hospital	\$1,713,901	\$2,185,104	\$2,669,008	\$2,072,753	\$2,370,609	38.3%	14.4%
Chiropractic	\$162,064	\$146,063	\$183,752	\$178,276	\$218,578	34.9%	22.6%
Misc. Medical	\$175,131	\$280,774	\$179,890	\$136,938	\$90,008	-48.6%	-34.3%
Employee Reimb.	\$137,614	\$131,376	\$139,449	\$166,024	\$187,582	36.3%	13.0%
Time/Dr. Appts.	\$181,233	\$170,705	\$191,062	\$194,685	\$204,208	19.6%	4.9%
Prescriptions	\$232,686	\$216,678	\$281,193	\$347,317	\$392,166	68.5%	12.9%
Supplies	\$93,289	\$136,374	\$137,707	\$151,697	\$176,354	89.0%	16.3%
Totals	\$4,501,778	\$5,057,550	\$5,444,536	\$5,308,609	\$5,785,149	28.5%	9.0%

***Recoveries increased 72.9% — \$1,215,565 (Chart 8)***

Recoveries are funds the program receives from three main sources: supplementary benefits, Second Injury Fund, and subrogation. Total recoveries in FY 2001 increased 72.9% (\$1,215,565) compared to FY 2000.

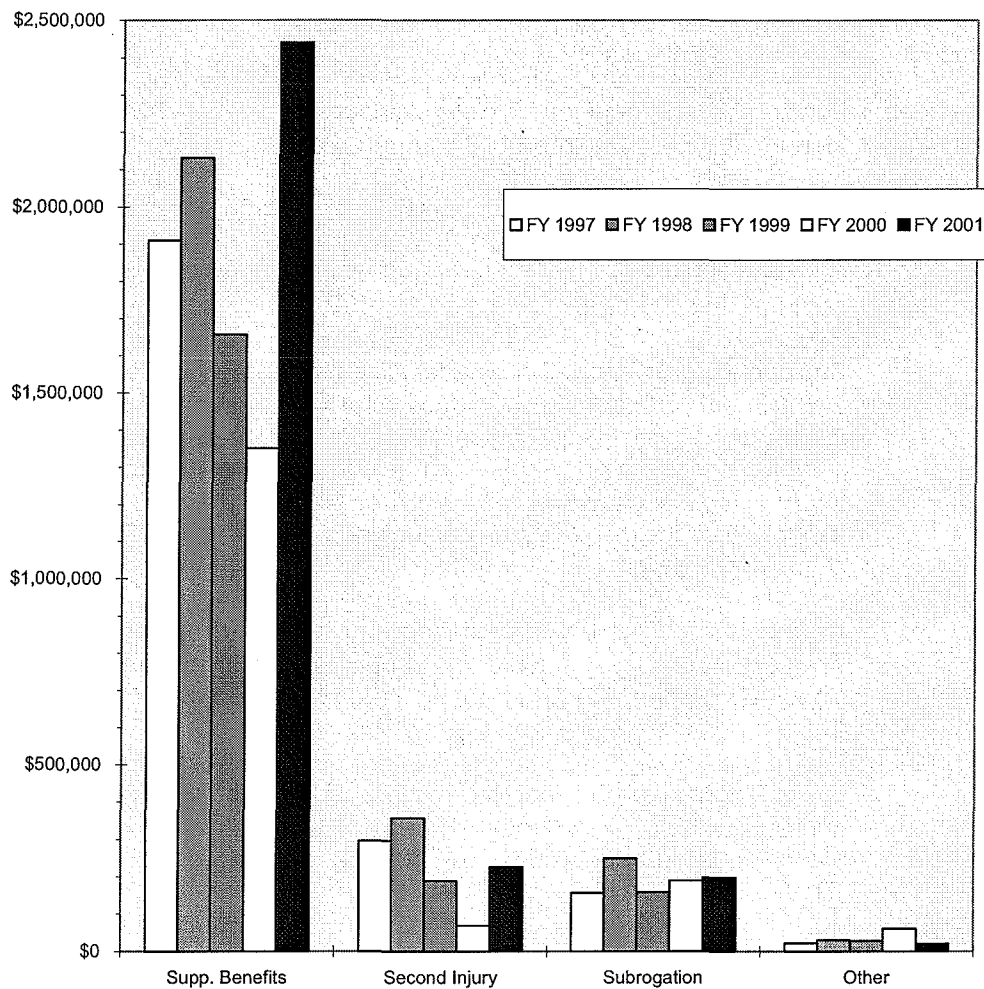
***Supplementary Benefit Recoveries*** are reimbursed by the Department of Labor and Industry. In FY 2001, the recovery of these funds increased 80.7% (\$1,090,001) compared to FY 2000.

***Second Injury Fund Recoveries*** are reimbursed by the Department of Labor and Industry for benefits paid on claims in which the employee had certain pre-existing conditions. In 1992, legislation eliminated the Second Injury Fund for claims occurring on or after July 1, 1992. In FY 2001, the recovery of these funds increased 230% (\$157,400) compared to FY 2000.

***Subrogation Recoveries*** are funds paid by third parties who are found responsible for employees' injuries and illnesses. From FY 2000 to FY 2001, the recovery of these funds increased 4.4%, (\$8,383).

***Other Recoveries*** include funds obtained through contribution and reinsurance. In FY 2001, the recovery of these funds decreased 66.6% (\$40,219). compared to FY 2000.

Chart 8 / Recoveries / FYs 1997-2001



	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 97-01	FY 00-01
	Recoveries					Change	
Supp. Benefits	\$1,909,744	\$2,131,498	\$1,657,582	\$1,350,628	\$2,440,629	27.8%	80.7%
Second Injury	\$295,514	\$356,691	\$187,573	\$68,437	\$225,837	-23.6%	230.0%
Subrogation	\$156,296	\$248,984	\$157,877	\$189,141	\$197,524	26.4%	4.4%
Other	\$21,932	\$29,764	\$27,194	\$60,363	\$20,144	-8.2%	-66.6%
Totals	\$2,383,486	\$2,766,937	\$2,030,226	\$1,668,569	\$2,884,134	21.0%	72.9%

## **State Agencies Experience Compares Favorably to Other Employers (Chart 9)**

Estimated cost per \$100 of payroll (Chart 9) benchmarks state agencies' experience against all other employers in Minnesota. This is an estimate derived from data reported to the Department of Labor & Industry (DLI) and the Workers' Compensation Reinsurance Association (WCRA).

The estimate for state agencies was calculated from payroll and workers' compensation loss data reported to the WCRA and DLI. All administrative costs related to the operations of the Workers' Compensation Program were factored into the calculation.

The data indicates that state agencies workers' compensation experience compares favorably to all employers and, that the experience is slightly better than other self-insured employers as of FY 2000. Data for FY 2001 will be reported in the next annual report.

**Chart 9 / Estimated Cost Per \$100 of Payroll**

Cost Per \$100 of Payroll					
All Agencies		Estimated Average for MN Employers			
			All	Insured	Self-Insured
FY97	\$1.35	CY97	\$1.61	\$1.67	\$1.44
FY98	\$1.19	CY98	\$1.43	\$1.48	\$1.29
FY99	\$1.18	CY99	\$1.37	\$1.41	\$1.24
FY00	\$1.18	CY00	\$1.37	\$1.43	\$1.19

***Claims that occurred prior to 1990 accounted for 29.1% of the program's FY 2001 benefit costs (Chart 10)***

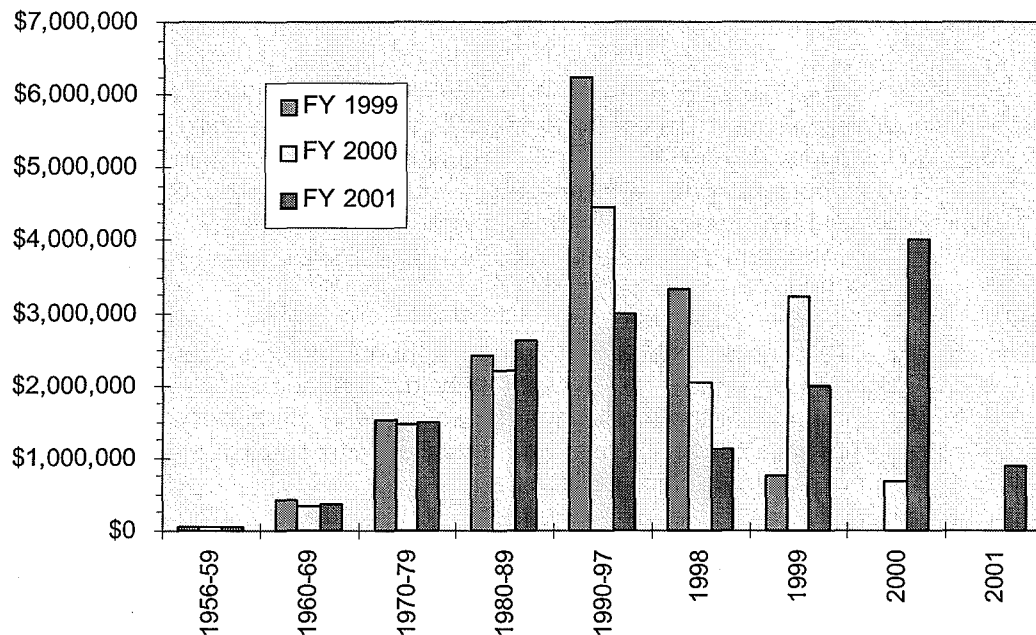
In FY 2001, the oldest claim the program managed was from 1956. Chart 10 shows a breakdown of total benefits paid from FY 1999 to FY 2001 for injuries occurring in calendar years 1956-01. In FY 2001, 29.1% (\$4,516,991) of all benefits went to employees who were injured prior to 1990. This is more than what has occurred in past fiscal years and can be attributable to case law mandates.

***Claims follow predictable pattern***

In terms of cost, claims tend to undergo a "maturing" process. Claim costs tend to rise in the year following the injury as further benefits are paid. Then, in subsequent years, claim costs tend to decrease. Chart 10 shows claims payments made in FY 2001 which demonstrate this pattern.



**Chart 10 / Payments Made for Calendar Year Injuries / FYs 1999-2001**



Calendar Years	FY 1999	FY 2000	FY 2001
1956-59	\$39,539	\$41,214	\$43,769
1960-69	\$421,953	\$349,113	\$368,817
1970-79	\$1,527,908	\$1,473,402	\$1,489,978
1980-89	\$2,403,811	\$2,208,841	\$2,614,427
1990-97	\$6,243,479	\$4,449,428	\$2,993,210
1998	\$3,334,941	\$2,046,644	\$1,124,221
1999	\$748,676	\$3,223,506	\$1,998,681
2000	\$0	\$671,906	\$4,000,761
2001	\$0	\$0	\$890,311
<b>Totals</b>	<b>\$14,720,307</b>	<b>\$14,464,054</b>	<b>\$15,524,175</b>

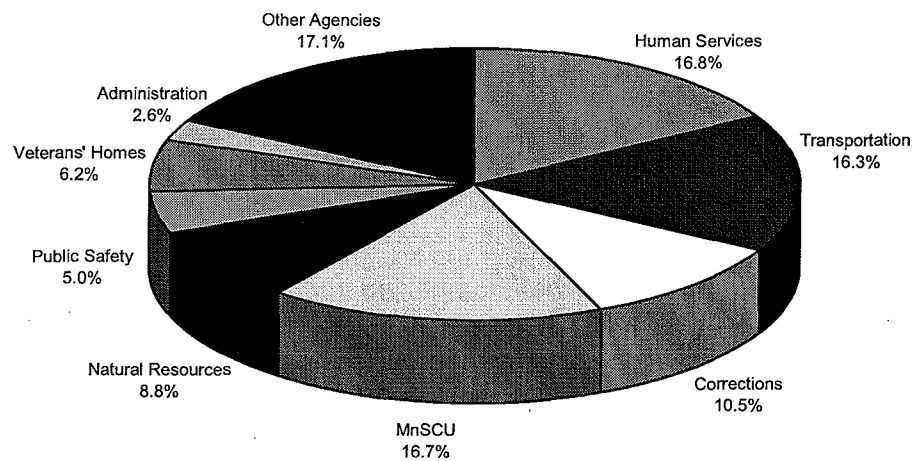
***Eight agencies accounted for the majority of the program's activity  
(Charts 11, 12, and Appendices A, B)***

The following eight state agencies reported 82.9% of all claims and paid 82.4% of all benefits in FY 2001. The eight agencies are: Human Services, MnSCU, Transportation, Corrections, Natural Resources, Public Safety, Veterans' Homes, and Administration. This compares with 82.9% (reported) and 83.4% (paid) in FY 2000.

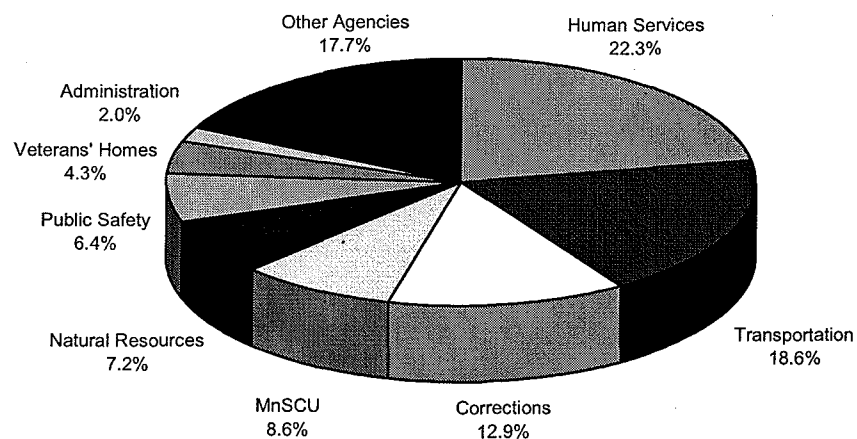
To a great extent, this can be attributed to the agencies' size and the type of work they do. Agencies where a majority of the employees are engaged in office work tend to have fewer injuries than agencies with employees who work in non-office settings.

Charts 11 and 12 contain information on these eight agencies, while Appendices A and B contain agency-by-agency comparison of the number of claims reported and the amount of benefits paid in FY 2000 and FY 2001.

**Chart 11 / Composition of Reported Claims by Agency/ FY 2001**



**Chart 12 / Composition of Benefits Paid by Agency/ FY 2001**



***Benefit costs for these eight agencies increased 6.0%  
(Chart 13 and Appendix B)***

Combined benefit costs for the eight large agencies increased a total of 6.0% (\$718,427) from FY 2000 to FY 2001. Chart 13 shows data for these eight agencies. Cost data for the remaining agencies are contained in Appendix B.

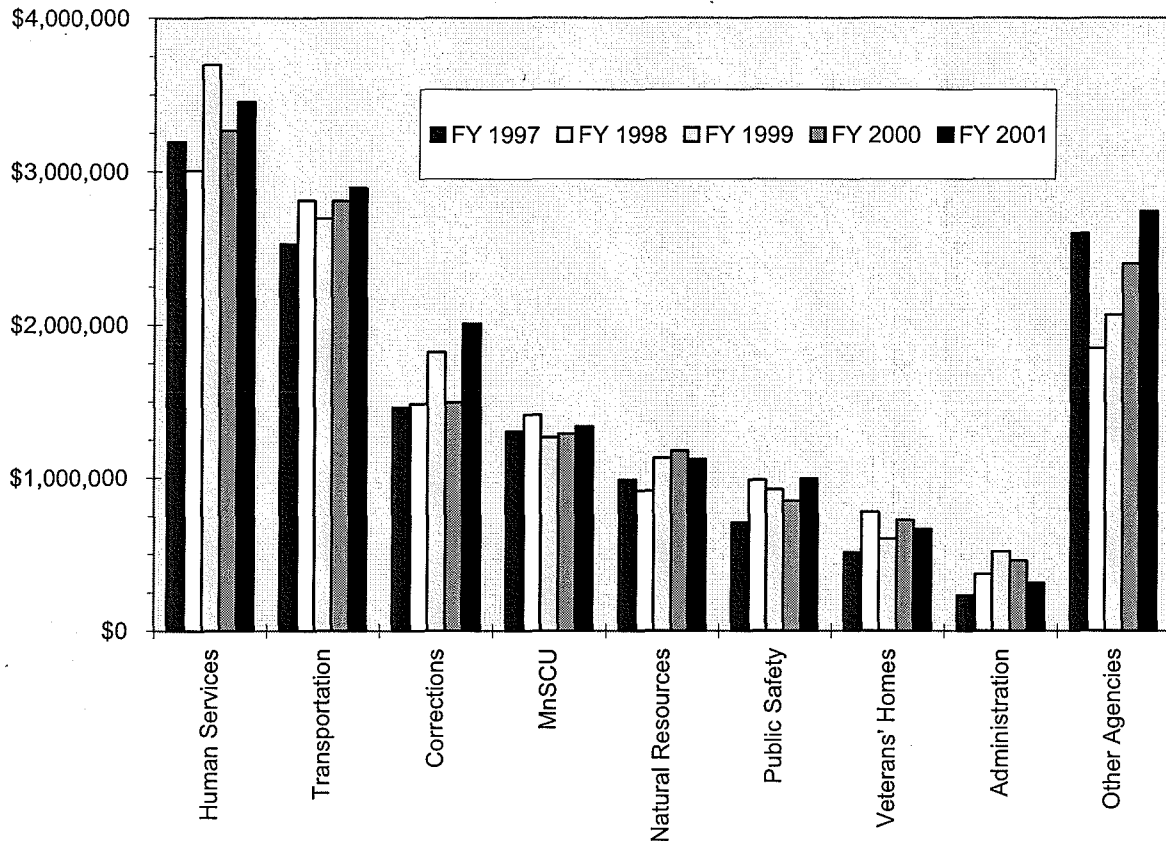
***Caution urged when comparing agencies***

It must be noted that comparisons of agencies' workers' compensation costs may be misleading and must be kept in perspective. One must consider many factors when comparing costs among agencies: the number and age of employees, the type of work done, the salaries paid, the number of hours worked, and the type and severity of injuries.

***Declines in Costs for Department of Administration,  
Department of Natural Resources, and Veterans'  
Homes***

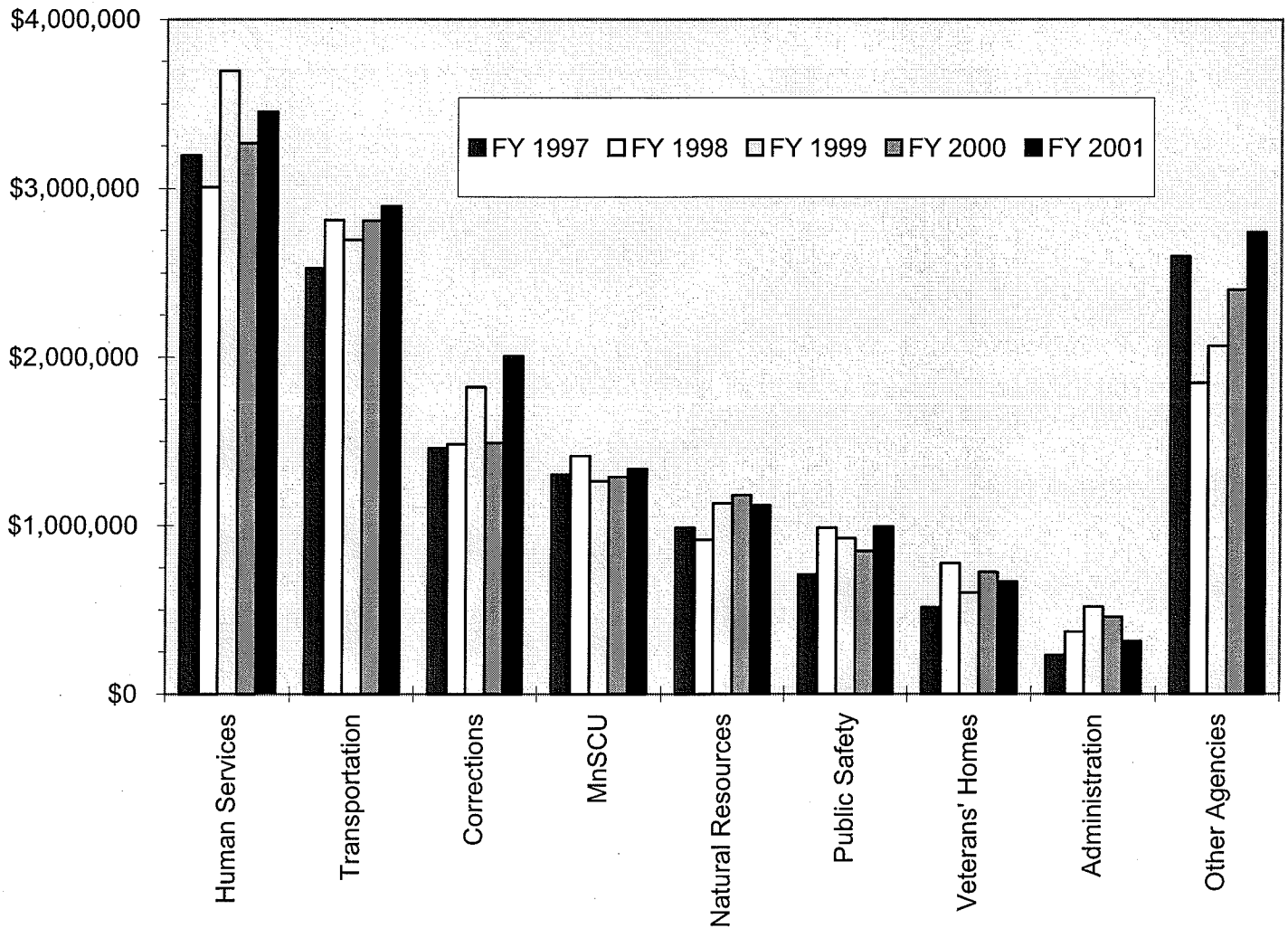
The Department of Administration's benefit costs in FY 2001 declined \$144,497 (31.5%), Department of Natural Resources' benefit costs declined \$59,999 (5.1%), and Veterans' Homes' benefit costs declined \$59,179 (8.2%). The other five large agencies experienced a range of increases from 3.1% to as much as 34.6%. All other agencies experienced an increase in benefit costs of 14.2% (\$341,694) from FY 2000 to FY 2001.

Chart 13 / Benefit Costs for Eight Agencies/ FYs 1997-2001



	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 97-01	FY 00-01
	Benefit Costs					Change	
Human Services	\$3,196,106	\$3,006,076	\$3,695,353	\$3,267,093	\$3,453,933	8.1%	5.7%
Transportation	\$2,526,713	\$2,813,376	\$2,695,133	\$2,806,936	\$2,894,599	14.6%	3.1%
Corrections	\$1,460,870	\$1,483,129	\$1,822,690	\$1,491,505	\$2,007,067	37.4%	34.6%
MnSCU	\$1,302,804	\$1,411,966	\$1,264,193	\$1,288,666	\$1,336,432	2.6%	3.7%
Natural Resources	\$988,463	\$915,400	\$1,130,597	\$1,179,644	\$1,119,645	13.3%	-5.1%
Public Safety	\$709,176	\$987,037	\$925,101	\$848,405	\$992,676	40.0%	17.0%
Veterans' Homes	\$512,454	\$776,821	\$601,811	\$723,734	\$664,555	29.7%	-8.2%
Administration	\$231,106	\$369,980	\$517,796	\$458,683	\$314,186	35.9%	-31.5%
Totals 8 Agencies	\$10,927,692	\$11,763,785	\$12,652,674	\$12,064,666	\$12,783,093	17.0%	6.0%
Other Agencies	\$2,599,012	\$1,847,155	\$2,067,633	\$2,399,388	\$2,741,082	5.5%	14.2%
Totals Overall	\$13,526,704	\$13,610,940	\$14,720,307	\$14,464,054	\$15,524,175	14.8%	7.3%

**FY 2001 Annual Report**

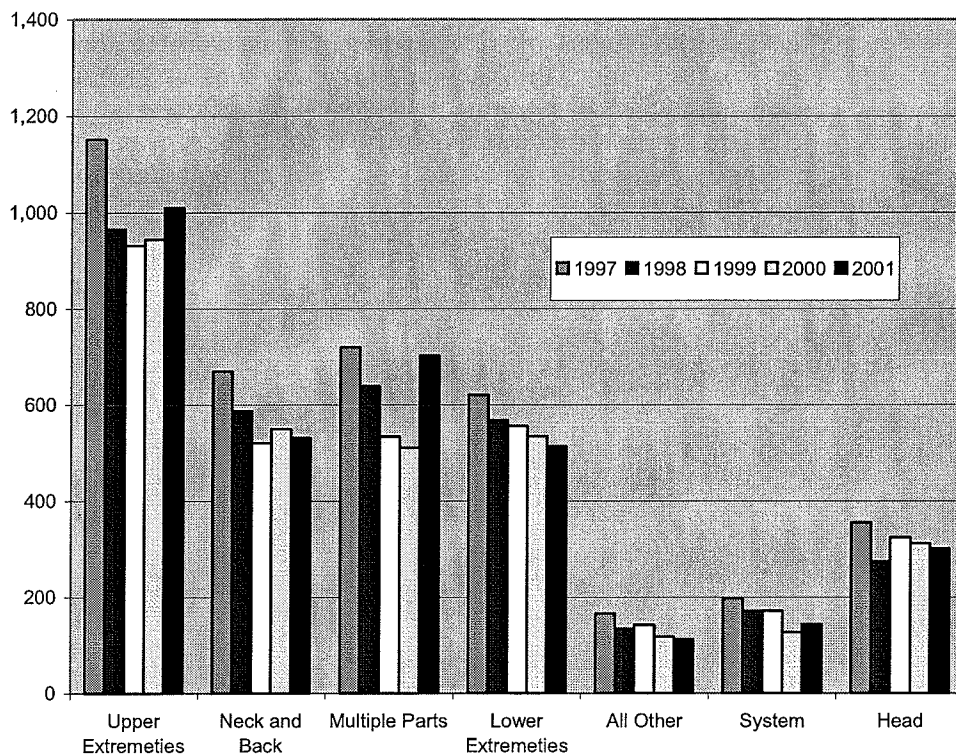


	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 97-01	FY 00-01
	Benefit Costs					Change	
Human Services	\$3,196,106	\$3,006,076	\$3,695,353	\$3,267,093	\$3,453,933	8.1%	5.7%
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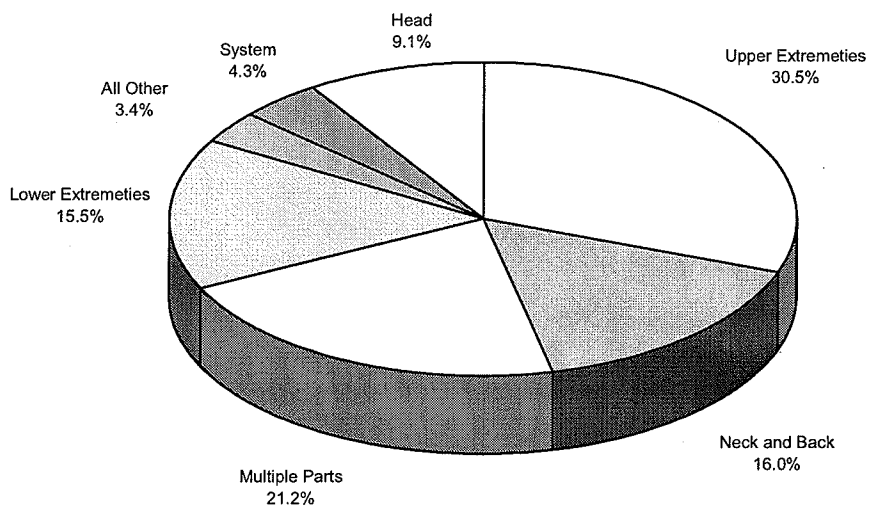
***Most common injury was to the upper extremities, followed by multiple parts, neck/back, and lower extremities (Charts 14 and 15)***

In FY 2001, 30.5% of all reported injuries were to the upper extremities (arm, shoulder, elbow, wrist), 21.2% involved multiple body parts, 16.0% to the neck/back, and 15.5% to the lower extremities. In FY 2001, there was an increase of reporting multiple body parts compared to previous years.

**Chart 14 / Composition of Reported Injuries / FYs 1997-2001**



**Chart 15 / Composition of Reported Injuries / FY 2001**





***The average incident rate for these eight agencies and for all other agencies decreased (Chart 16)***

The *incident rate* is an indicator of an agency's claims experience. It is an approximation of the number of reportable claims per year, per 100 full-time employees and is calculated as follows:

$$\text{Incident Rate} = \frac{\text{Number of Reportable Claims} \times 200,000}{\text{Total Employee Hours Worked}}$$

A *reportable* claim is one in which an employee seeks medical treatment, we accept liability, and expenses are incurred.

The average incident rate decreased slightly from 6.2% in FY 2000 to 5.9% in FY 2001 for the eight large agencies that account for the majority of the program's claims reported and benefits paid. Four of the eight agencies experienced a slight drop in their incident rate in FY 2001 as compared to the FY 2000 incident rate.

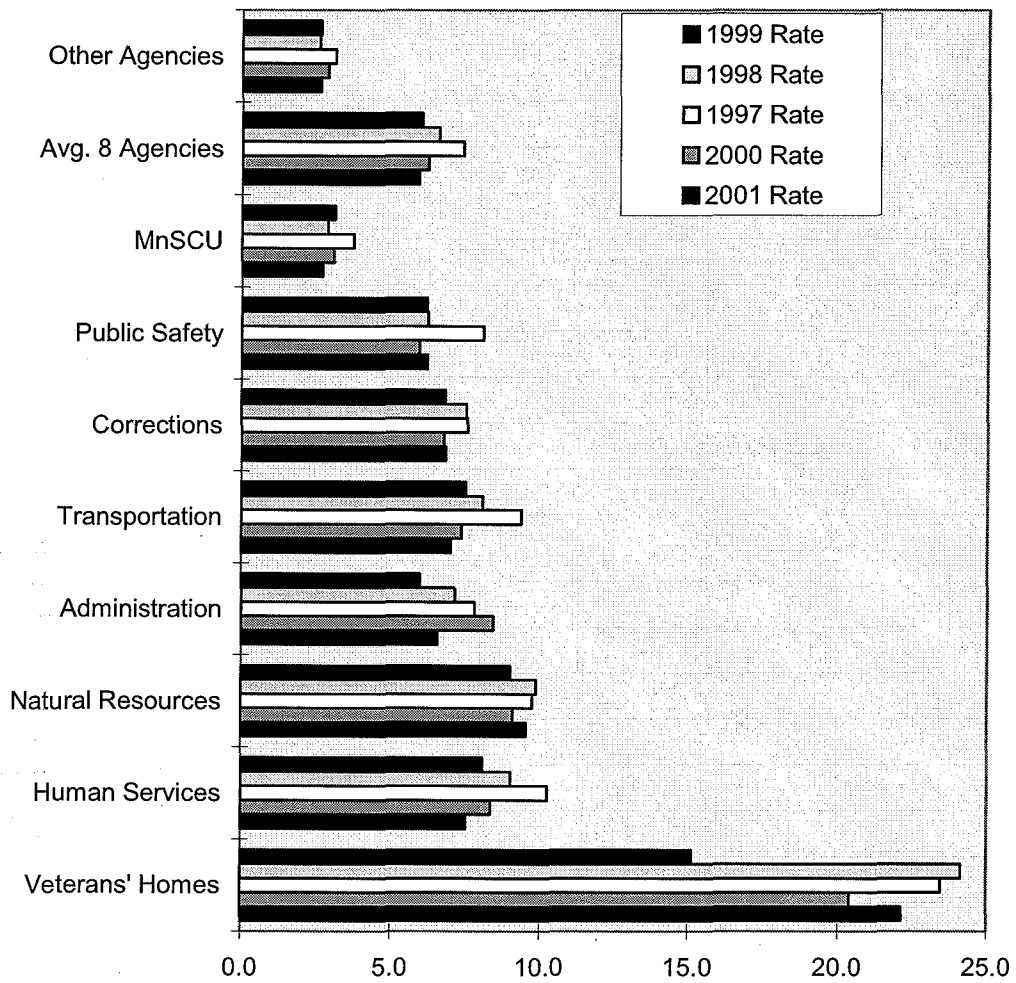
The rate for all other agencies decreased slightly in FY 2001, compared to FY 2000 by 0.3. Overall, the incident rate decreased from 5.4 in FY 2000 to 5.1 in FY 2001.

## Incidence Rates / FYs 2000-2001

	FY1997	FY 1997		FY 1998	FY 1998	
Agency	Reportable Claims	Hours Worked	1997 Rate	Reportable Claims	Hours Worked	1998 Rate
Veterans' Homes	153	1,303,967	23.5	164	1,358,883	24.1
Human Services	545	10,622,218	10.3	473	10,484,543	9.0
Natural Resources	237	4,864,689	9.7	243	4,918,638	9.9
Administration	59	1,511,371	7.8	54	1,510,983	7.1
Transportation	429	9,151,768	9.4	370	9,155,387	8.1
Corrections	235	6,208,874	7.6	238	6,315,019	7.5
Public Safety	133	3,290,822	8.1	104	3,344,261	6.2
MnSCU	429	22,954,066	3.7	335	23,243,515	2.9
Avg. 8 Agencies	278	5,954,620	7.4	248	7,541,404	6.6
Other Agencies	330	21,071,344	3.1	275	21,354,720	2.6
All Agencies	2,550	80,979,119	6.3	2,256	81,685,949	5.5

FY 1999	FY 1999		FY 2000	FY 2000		FY 2001	FY 2001	
Reportable Claims	Hours Worked	1999 Rate	Reportable Claims	Hours Worked	2000 Rate	Reportable Claims	Hours Worked	2001 Rate
113	1,492,314	15.1	163	1,597,375	20.4	181	1,634,454	22.1
429	10,626,051	8.1	445	10,654,225	8.4	404	10,721,346	7.5
226	5,016,296	9.0	232	5,096,089	9.1	251	5,259,228	9.5
46	1,538,607	6.0	67	1,588,891	8.4	52	1,582,951	6.6
348	9,257,669	7.5	348	9,441,801	7.4	335	9,540,535	7.0
221	6,477,323	6.8	218	6,448,043	6.8	224	6,566,983	6.8
106	3,427,504	6.2	105	3,534,406	5.9	110	3,547,537	6.2
377	24,088,744	3.1	378	24,538,302	3.1	337	25,173,777	2.7
233	7,740,564	6.0	245	7,862,392	6.2	237	8,003,351	5.9
285	21,657,399	2.6	309	21,501,423	2.9	288	21,875,450	2.6
2,151	83,581,907	5.1	2,265	84,400,555	5.4	2,182	85,902,261	5.1

Chart 16 / Incidence Rates / FYs 2000-2001



# **FY 2001 Annual Report**

<b>Appendix A: Reported Claims / FY 2000 - 2001 by Agency</b>			
<b>Agency</b>	<b>FY 2000</b>	<b>FY 2001</b>	<b>FYs 00-01 % of Change</b>
Administration	100	86	-14.00%
Agriculture	44	40	-9.09%
Animal Health Board	1	4	300.00%
Attorney General	9	16	77.78%
Boards & Commissions	10	22	120.00%
Perpich Center for Arts Educ	2	7	250.00%
Children, Families & Learning (Educ)	15	20	33.33%
Commerce	6	10	66.67%
Corrections	278	348	25.18%
Court of Appeals	2	1	-50.00%
Economic Security	49	43	-12.24%
Employee Relations	5	8	60.00%
Examining Boards	1	5	400.00%
Faribault Academies	23	19	-17.39%
Finance	10	2	-80.00%
Gambling Control	0	0	No Change
Governor's Office	0	2	100.00%
Health	46	40	-13.04%
Higher Educ Coord Board	6	1	-83.33%
Historical Society	11	10	-9.09%
House of Representatives	7	11	57.14%
Housing Finance	1	8	700.00%
Human Rights	0	3	100.00%
Human Services	547	557	1.83%
Indian Affairs Council	0	0	No Change
IRRRB	11	12	9.09%
Judicial	6	16	166.67%
Labor & Industry	29	21	-27.59%
Legislative Auditor	0	2	100.00%
Legislative Coord Committee	0	0	No Change
Legislative Reference Library	0	0	No Change
Lottery	16	6	-62.50%
Mediation Services	0	0	No Change
Military Affairs	38	37	-2.63%
Minnesota Planning	0	4	100.00%
MN State Retirement	1	1	0.00%
MnSCU	525	554	5.52%
Natural Resources	290	292	0.69%
Office of Environmental Assistance (Waste Mgt)	5	2	-60.00%
Ombudsman-Corrections	0	1	100.00%
Ombudsperson for Families	1	0	-100.00%
Pollution Control Agency	12	14	16.67%
Public Defense Board	4	2	-50.00%
Public Employees Retirement Assoc.	0	0	No Change
Public Safety	154	166	7.79%
Public Service	9	4	-55.56%
Racing Commission	0	0	No Change
Revenue	48	54	12.50%
Revisor of Statutes	0	1	100.00%
Secretary of State	6	4	-33.33%
State Arts Board	1	2	100.00%
State Auditor	2	2	0.00%
State Fair	25	34	36.00%
State Senate	8	5	-37.50%
Tax Court	0	0	No Change
Teachers Retirement Assoc.	1	3	200.00%
Trade & Economic Development	9	2	-77.78%
Transportation	492	540	9.76%
Trial Courts	17	35	105.88%
Veterans Affairs	5	0	-100.00%
Veterans Home Board	182	204	12.09%
Work Comp Court of Appeals	0	0	No Change
Zoo	27	32	18.52%
<b>TOTAL</b>	<b>3097</b>	<b>3315</b>	<b>7.04%</b>

## Workers' Compensation Program

Appendix B: Benefit Costs / FY 2000 - 2001 by Agency			
Agency	FY 2000	FY 2001	% of Change
Administration	\$458,683	\$314,186	-31.50%
Agriculture	\$200,309	\$174,906	-12.68%
Animal Health Board	\$42	\$3,004	7053.55%
Attorney General	\$17,113	\$7,641	-55.35%
Boards & Commissions	\$46,614	\$52,931	13.55%
Perpich Center for Arts Education	\$562	\$24,304	4224.56%
Children, Families & Learning (Educ)	\$91,328	\$73,007	-20.06%
Commerce	\$61,335	\$38,061	-37.95%
Corrections	\$1,491,505	\$2,007,067	34.57%
Court of Appeals	\$597	\$211	-64.67%
Economic Security	\$220,137	\$224,807	2.12%
Employee Relations	\$12,411	\$32,411	161.15%
Examining Boards	\$7	\$118	1579.29%
Faribault Academies	\$100,557	\$178,348	77.36%
Finance	\$14,967	\$645	-95.69%
Gambling Control	\$28,188	\$8,132	-71.15%
Governor's Office	\$839	\$0	-100.00%
Health	\$115,905	\$102,019	-11.98%
Higher Educ Coord Board	\$12,608	\$2,414	-80.85%
Historical Society	\$28,366	\$48,519	71.04%
House of Representatives	\$13,776	\$591	-95.71%
Housing Finance	\$2,153	\$5,736	166.42%
Human Rights	\$1,107	\$24,466	2110.14%
Human Services	\$3,267,093	\$3,453,933	5.72%
Indian Affairs Council	\$247	\$5,080	1956.64%
IRRRB	\$119,860	\$121,115	1.05%
Judicial	\$4,121	\$17,466	323.83%
Labor & Industry	\$62,708	\$113,108	80.37%
Legislative Auditor	\$1,109	\$3,142	183.30%
Legislative Coordinating Committee	\$0	\$0	No Change
Legislative Reference Library	\$0	\$0	No Change
Lottery	\$88,004	\$86,920	-1.23%
Mediation Services	\$20,607	\$21,612	4.88%
Military Affairs	\$247,428	\$226,528	-8.45%
Minnesota Planning	\$106	\$1,510	1324.31%
MN State Retirement	\$312	\$429	37.37%
MnSCU	\$1,288,666	\$1,336,432	3.71%
Natural Resources	\$1,179,644	\$1,119,645	-5.09%
Office of Environmental Assistance (Waste Mgt)	\$5,389	\$7,321	35.84%
Ombudsman-Corrections	\$0	\$373	100.00%
Ombudsperson for Families	\$412	\$0	-100.00%
Pollution Control Agency	\$17,929	\$36,200	101.91%
Public Defense Board	\$15,343	\$9,025	-41.18%
Public Employees Retirement Assoc.	\$0	\$46	100.00%
Public Safety	\$848,405	\$992,676	17.00%
Public Service	\$28,133	\$80,979	187.84%
Racing Commission	\$0	\$0	No Change
Revenue	\$327,511	\$142,148	-56.60%
Revisor of Statutes	\$21,323	\$7,339	-65.58%
Secretary of State	\$8,112	\$2,542	-68.67%
State Arts Board	\$14	\$0	-100.00%
State Auditor	\$10,478	\$32,207	207.38%
State Fair	\$29,256	\$59,949	104.91%
State Senate	\$4,698	\$13,576	188.97%
Tax Court	\$482	\$0	-100.00%
Teachers Retirement Assoc.	\$206	\$2,578	1151.39%
Trade & Economic Development	\$33,607	\$19,286	-42.61%
Transportation	\$2,806,936	\$2,894,599	3.12%
Trial Courts	\$224,827	\$416,254	85.14%
Veterans Affairs	\$14,822	\$31,352	111.53%
Veterans Home Board	\$723,734	\$664,555	-8.18%
Work Comp Court of Appeals	\$0	\$75,232	100.00%
Zoo	\$143,423	\$205,497	43.28%
<b>TOTAL</b>	<b>\$14,464,054</b>	<b>\$15,524,175</b>	<b>7.33%</b>

