

Fiscal Year 2015

Workers' Compensation Program

Annual Report

Mission Statement

Maximize Minnesota's governmental resources by helping our customers actively manage risk.

Goals and Strategies

- Reduce risk through proactive and innovative risk, loss control and claims management practices.
- Maintain financial stability and a safe, productive workforce.
- Deliver comprehensive, cost-effective property, liability and workers' compensation products, and related services.

Vision

RMD will deliver highly valued risk and claims management products and services to our customers at below market rates and will help provide a safe workplace where employees thrive.

Workers'
Compensation
Program

Annual Report

State Fiscal Year
2015

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Introduction

The State of Minnesota's self-insured workers' compensation program is administered by the Minnesota Department of Administration's Risk Management Division. The program consists of four service units: claims management, disability management, legal, and safety & loss control. It covers over 60,000 employees in the executive, legislative, judicial branches of state government and quasi-state agencies, such as the Minnesota Historical Society, MnSCU, and the Minnesota State Fair.

The state's workers' compensation program receives on average 2,400 new claims annually and is funded by an administrative fee charged to each agency covered by the program. During state fiscal year 2015 (FY 2015), the program's total costs increased 2.7% (\$820,947) from \$30.1 million to \$30.9 million. The increase is due to an increase in benefit costs.

We present the following report on the program's activities during FY 2015. This report will present the cost of indemnity and medical benefits provided to injured state employees, summarize information regarding claims for work-related injuries, and note other significant data compiled by the program during the past fiscal year. A section of this report benchmarks the program against Minnesota industry results. 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:

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All comparisons made in this report are of FY 2015 figures to FY 2014, unless otherwise noted, and are actual costs. The cost data has not been adjusted for inflation, except for the benchmarks section (pp. 8-10).

Executive Summary

The following is a summary of program activity for state fiscal year 2015:

Cost Per \$100 of Payroll

- ◆ Costs per \$100 of payroll remain less than the Department of Labor & Industry's estimated average for employers in Minnesota (p. 9).

Claim Numbers

- ◆ Agencies reported 3.0% fewer claims in FY 2015 (p. 12).

Total Costs

- ◆ Total program costs increased 2.7% from \$30,082,749 in FY 2014 to \$30,903,696 in FY 2015 (pp. 14-15).
- ◆ Expenditures for program administration decreased 3.6% from \$2,967,007 in FY 2014 to \$2,860,923 in FY 2015 (pp. 14-15).
- ◆ Expenditures for reinsurance decreased 41.3% from \$1,720,603 in FY2014 to \$1,009,695 in FY2015 (pp. 14-15).
- ◆ Expenditures for all benefits increased 7.7% from \$22,467,457 in FY 2014 to \$24,187,923 in FY 2015 (pp. 16-18).
- ◆ Expenditures for medical benefits increased 3.0% from \$10,974,206 in FY 2014 to \$11,299,321 in FY 2015 (pp. 19-20).
- ◆ Expenditures for indemnity benefits increased 8.9% from \$7,935,257 in FY 2014 to \$8,643,291 in FY 2015 (pp. 21-22).

Recoveries

- ◆ Recoveries decreased 54.9% in FY 2015 (pp. 23-24). Recoveries are funds the program receives from supplementary benefits, second injury fund, reinsurance and subrogation.

Agency Activity

- ◆ Nine large agencies (Human Services, Transportation, Corrections, MnSCU, Natural Resources, Public Safety, Veterans Affairs, Administration, and Trial Courts) accounted for 88.7% of the program's payment activity (pp. 27-28).
- ◆ Benefit costs for these nine agencies increased 7.5% from FY 2014 to FY 2015 (pp. 29-30).
- ◆ The workers' compensation incidence rate decreased from 3.2 in FY 2014 to 3.0 in FY 2015 (pp. 35-37) for all agencies. The incident rate for individual agencies is located in Appendix C (p. 40).

Other Findings

- ◆ Claims that occurred prior to 2000 accounted for 24.1% of the program's benefit costs paid out during FY 2015 (pp. 25-26).
- ◆ Most common injury causes continue to be due to overexertion and falls (p. 33).

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 and safety personnel.

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

The Four Service Units

The Workers' Compensation Program delivers its workers' compensation services to state agencies and their employees through four work units: claims management, disability management, legal, and safety & loss control. Below is a brief description of the work done by each unit.

Claims Management Unit

The Claims Management Unit determines liability for workers' compensation claims filed against the state and quasi-state agencies by state employees. It then pays or denies these claims in accordance with the 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 is responsible for directing the efforts to return injured employees back to the job, recovering costs from negligent third parties, and seeking final resolutions for all claims.

Disability Management

The Disability Management Unit works with employees, state agencies, workers' compensation specialists, health care providers, and other professionals to help injured employees stay on the job or return to work as soon as possible. The unit provides vocational screenings/assessments, on-site job analyses, ergonomic evaluations, job placement, and statutory rehabilitation services.

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 & Loss Control

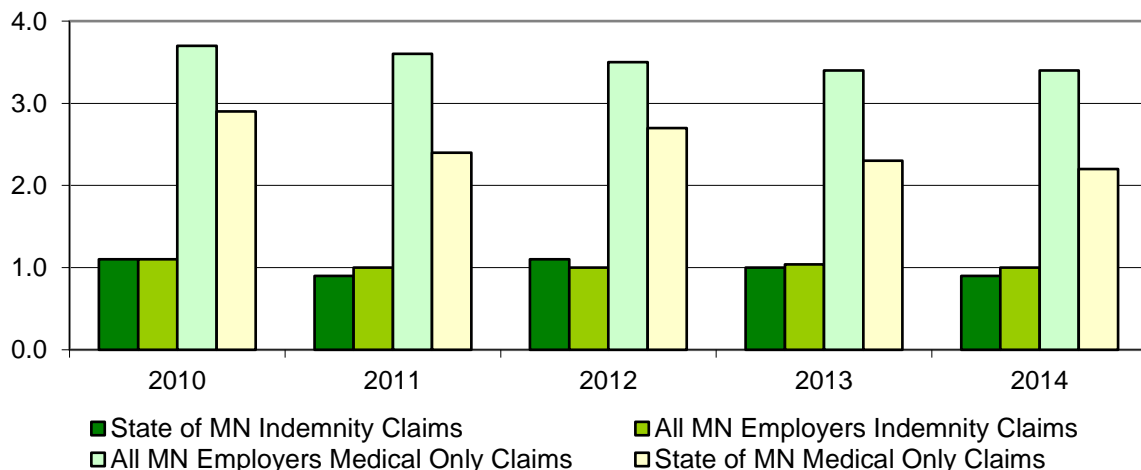
The Safety and Loss Control Unit provides safety and industrial hygiene consulting resources to all state agencies. Its purpose is to help state agencies identify and correct workplace safety hazards-both environmental and behavioral-that place employees at risk for work related injury or illness. The unit provides safety-related services to agencies such as worker exposure assessments, indoor air quality surveys, and safety program development.

Benchmarks

Claim rates decreased during Calendar year 2014 (Chart 1).

Chart 1/Paid Claims Per 100 FTE's

Comparison of the State of Minnesota paid claims per 100 full-time equivalent employees to all Minnesota employers.



Paid Claims Per 100 FTE CY DOI/FTE by FY

State of Minnesota

Injury Calendar Year	Indemnity Claims	Medical Only Claims	Total Claims
2010	1.1	2.9	4.0
2011	0.9	2.4	3.3
2012	1.1	2.7	3.8
2013	1.0	2.3	3.3
2014	0.9	2.2	3.1

All Minnesota Employers

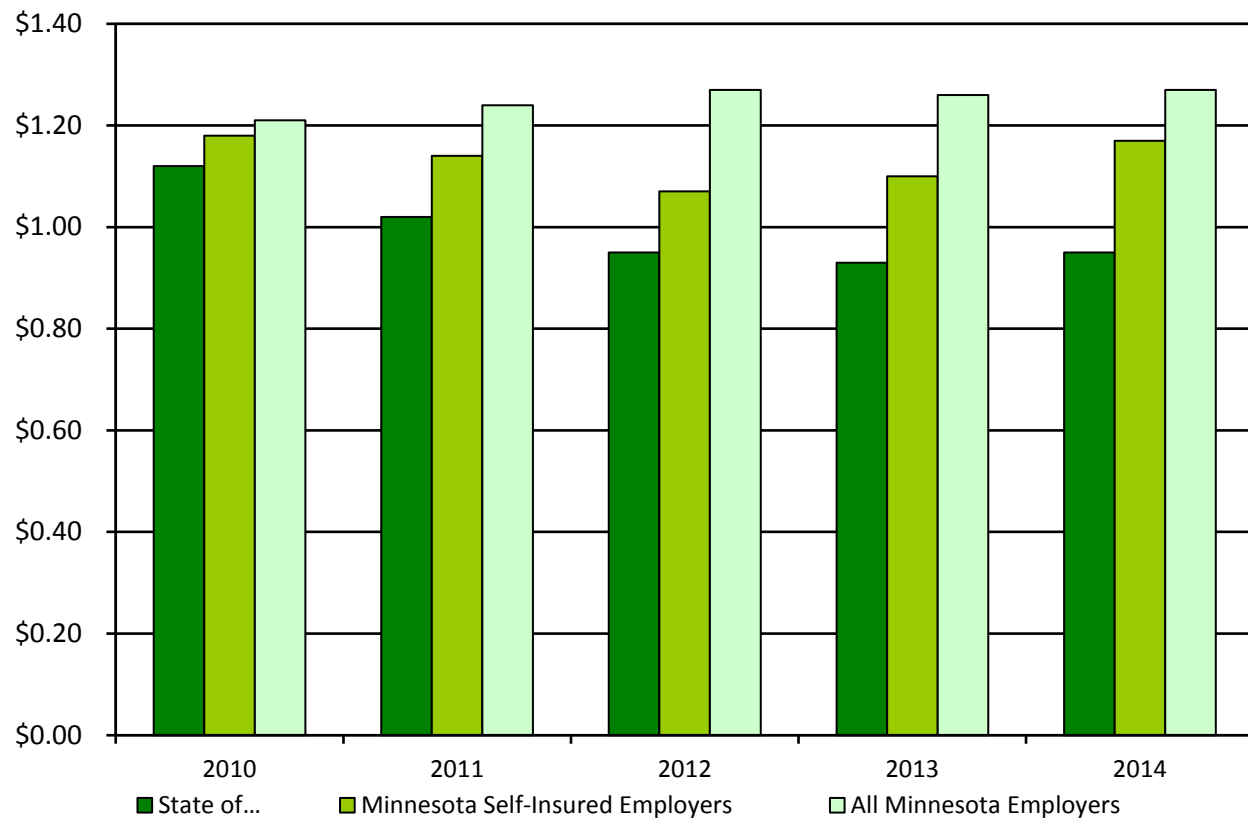
Injury Calendar Year	Indemnity Claims	Medical Only Claims	Total Claims
2010	1.1	3.7	4.8
2011	1.0	3.6	4.6
2012	1.0	3.5	4.6
2013	1.0	3.4	4.5
2014	1.0	3.4	4.4

Data Source: DLI System Report

Please note that data from prior years has been updated.

The total cost of the state’s workers’ compensation program has decreased during the last five years when compared to other Minnesota employers (*Chart 2*).

Chart 2/Estimated Cost Per \$100 of Payroll



Year	State of Minnesota	Minnesota Self-Insured Employers	All Minnesota Employers
2010	\$1.12	\$1.18	\$1.21
2011	\$1.02	\$1.14	\$1.24
2012	\$0.95	\$1.07	\$1.27
2013	\$0.93	\$1.10	\$1.26
2014	\$0.95	\$1.17	\$1.27

Data Source: DLI System Report
 Please note that data from prior years has been updated.

Chart 4a/Return-to-Work Rate

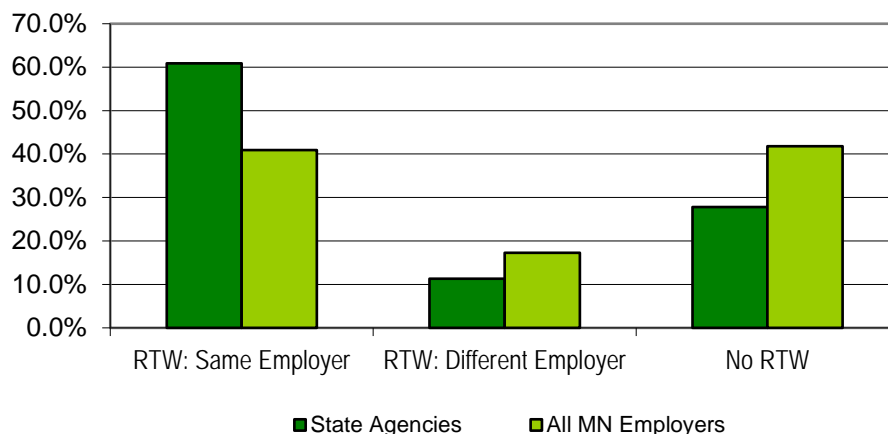
Comparison of the State of Minnesota’s return-to-work rate against all other Minnesota employers when vocational rehabilitation plans are filed. Return-to-work is affected by many factors, including the job market, injury severity, and the availability of job modifications.

Year of Closure		Return to Work: Same Employer (%)	Return to Work: Different Employer (%)	Not Employed (%)	Total (%)
2009	All MN Employers	39.4	17.1	43.6	100
	State Agencies	65.4	10.3	24.3	100
2010	All MN Employers	39.0	16.7	44.2	100
	State Agencies	62.8	10.3	26.9	100
2011	All MN Employers	41.3	17.6	41.1	100
	State Agencies	65.2	14.5	20.3	100
2012	All MN Employers	40.3	17.6	42.0	100
	State Agencies	56.0	12.0	31.9	100
2013	All MN Employers	41.0	18.0	41.0	100
	State Agencies	51.2	12.4	36.5	100
2014	All MN Employers	43.2	16.7	40.1	100
	State Agencies	66.4	8.4	25.2	100
2015	All MN Employers	42.0	17.5	40.5	100
	State Agencies	59.2	11.2	29.6	100
Average 2009-2015	All MN Employers	40.9	17.3	41.8	100
	State Agencies	60.9	11.3	27.8	100

Data Source: DLI System Report

Please note that data from prior years (2011-2014) have changed due to use of new employment status codes.

Chart 4b/Return to Work (RTW) Comparison: 2009-2015/Average



Findings

The overall number of new claims decreased, and more claims were closed than reported (Chart 5, 6, and Appendix A)

Number of claims decreased (Chart 5)

The program experienced a decrease of 66 claims reported from FY 2014 to FY 2015. Appendix A (p. 38) contains an agency-by-agency breakdown of the number of claims reported for FY 2014 and FY 2015.

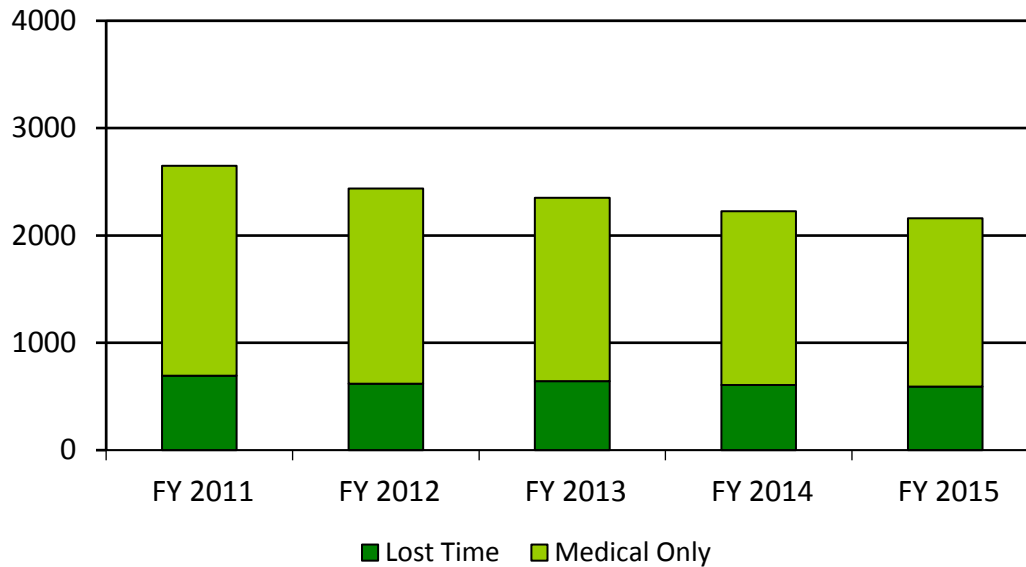
Decrease in lost time claims (Chart 5)

Lost time claims, those in which the employee is disabled beyond a three calendar-day waiting period, decreased by 2.6% (16) from FY 2014 to FY 2015. *Medical only claims* decreased by 3.1% (50) from FY 2014 to FY 2015.

Number of claims closed were greater than the number reported (Chart 6)

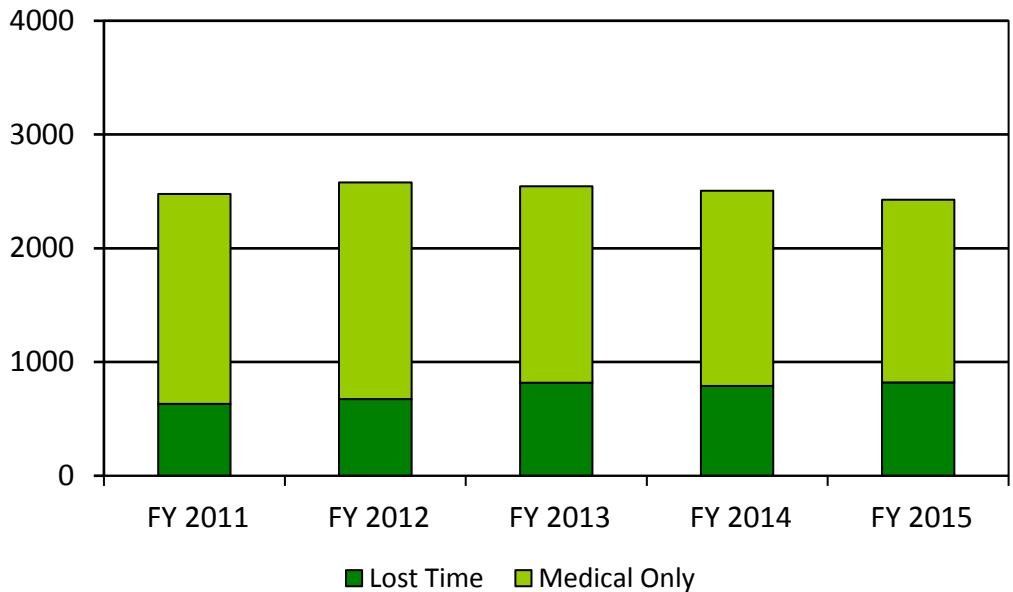
The program closed fewer claims in FY 2015 compared to FY 2014, however the program closed more claims than it received during FY 2015 (2,160 received vs. 2,428 closed), thus, decreasing the number of claims being managed.

Chart 5/Number of Claims Reported/FYs 2011-2015



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 11-15	FY 14-15
	Claims Reported					% Change	
<i>Lost Time</i>	693	619	644	608	592	-14.6%	-2.6%
<i>Medical Only</i>	1,955	1,817	1,707	1,618	1,568	-19.8%	-3.1%
Totals	2,648	2,436	2,351	2,226	2,160	-18.4%	-3.0%

Chart 6/Number of Claims Closed/FYs 2011-2015



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 11-15	FY 14-15
	Claims Closed					% Change	
<i>Lost Time</i>	631	673	819	790	821	30.1%	3.9%
<i>Medical Only</i>	1,846	1,907	1,727	1,717	1,607	-12.9%	-6.4%
Totals	2,477	2,580	2,546	2,507	2,428	-2.0%	-3.2%

Total Program Costs

The program experienced an increase in total costs (Chart 7)

The program's total costs of \$30,903,696 reflect an increase of 2.7% (\$820,947) from FY 2014 to FY 2015. These costs include all 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 2015, these costs increased 7.7% (\$1,720,466) compared to FY 2014. Benefit costs by category are listed on page 17 of this report.

Administration

In FY 2015, the program provided claims administration and safety and loss control services with administrative operating expenses of \$2,860,923, a decrease of \$106,084 in FY15.

Special Assessments

The program's expenditure for special assessments decreased in FY2015 5.6% (\$82,788) compared to FY 2014. Special assessments are levied by the Department of Labor and Industry (DLI) for payment of uninsured employer claims, reimbursement of supplementary benefits, and reimbursement of second injury fund claims. The assessment is based upon indemnity benefits paid and is charged to all insurers and self-insured employers doing business in Minnesota.

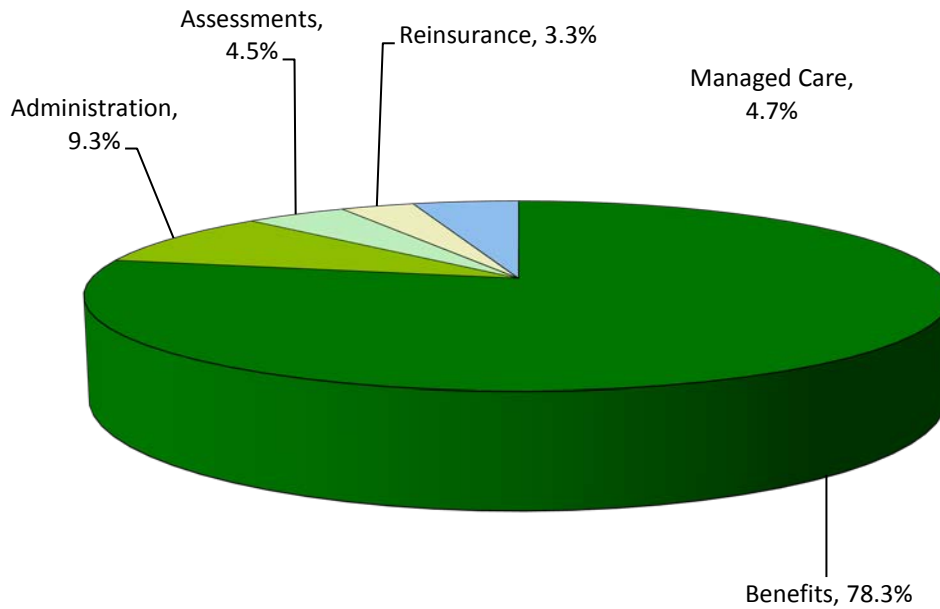
Reinsurance

The program's expenditure for reinsurance decreased 41.3% (\$710,908) in FY 2015 compared to FY 2014. The Workers' Compensation Reinsurance Association (WCRA) provides coverage to the state on claims exceeding our deductible or retention level. The large increase in FY 2011 is associated with the WCRA deficiency assessment program, which was projected to end in FY 2015.

Managed Care

The program's payment for managed care services increased very slightly, 0.0% (\$260) from FY 2014 to FY 2015.

Chart 7/Total Program Costs/FYs 2011-2015



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 11-15	FY 14-15
	Total Program Costs					% Change	
Benefits	\$23,961,813	\$24,116,298	\$23,738,287	\$22,467,457	\$24,187,923	0.9%	7.7%
Administration	\$2,610,604	\$2,538,973	\$2,955,424	\$2,967,007	\$2,860,923	9.6%	-3.6%
Assessments	\$1,532,760	\$1,472,091	\$1,474,924	\$1,478,947	\$1,396,159	-8.9%	-5.6%
Reinsurance	\$2,467,481	\$2,145,928	\$2,018,217	\$1,720,603	\$1,009,695	-59.1%	-41.3%
Managed Care	\$1,420,832	\$1,388,560	\$1,436,523	\$1,448,735	\$1,448,996	2.0%	0.0%
Totals	\$31,993,490	\$31,661,850	\$31,623,375	\$30,082,749	\$30,903,696	-3.4%	2.7%

Benefit Costs

The program's expenditures for benefits increased (Chart 8)

In FY 2015, benefit expenditures increased a total of 7.7% (\$1,720,466) compared to FY 2014.

Medical costs increased

Payments for office and hospital visits, prescriptions, supplies, and reimbursements for travel and time off to see the doctor increased 3.0% (\$325,115) in FY 2015 compared to the previous year.

Indemnity costs increased

Benefit payments to compensate employees for lost wages or for permanent loss of body function increased in FY 2015 compared to FY 2014 by 8.9% (\$708,034).

Rehabilitation costs increased

Expenditures for vocational rehabilitation services that assist in returning injured employees to work increased 29.4% (\$431,155) from FY 2014 to FY 2015.

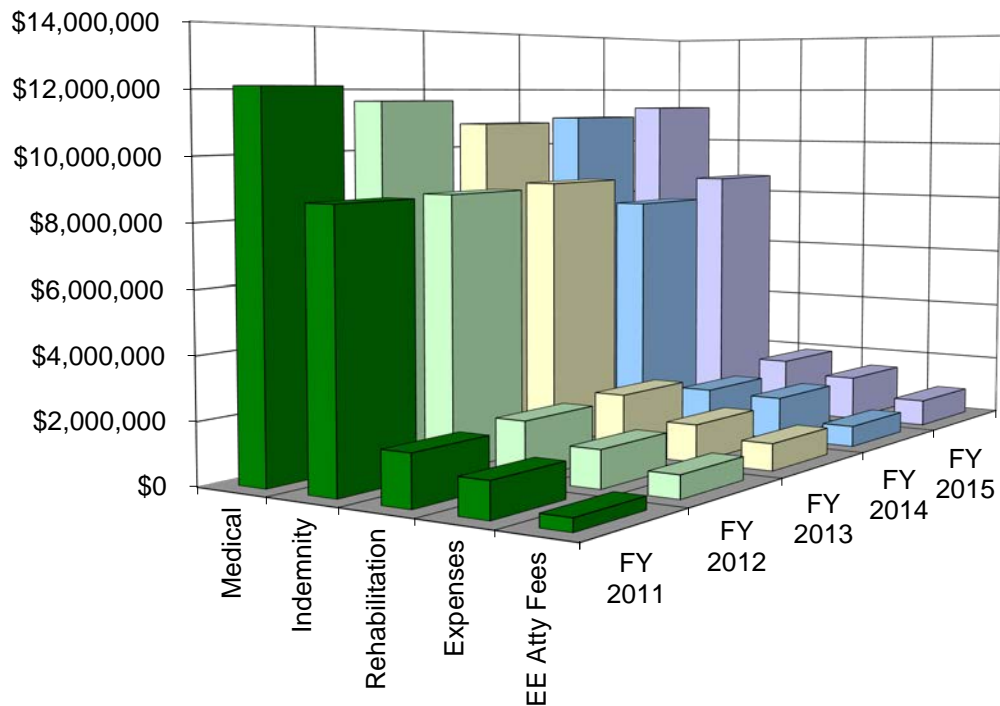
Expense costs increased

Expenditures for investigations, independent medical examinations, medical records, court reporters, deposition fees, and legal defense costs increased 5.1% (\$71,611) in FY 2015.

Employee attorney costs increased

Fees paid to attorneys representing injured employees in FY 2015 increased 27.1% (\$184,552) compared to FY 2014.

Chart 8/Benefit Costs/FYs 2011-2015

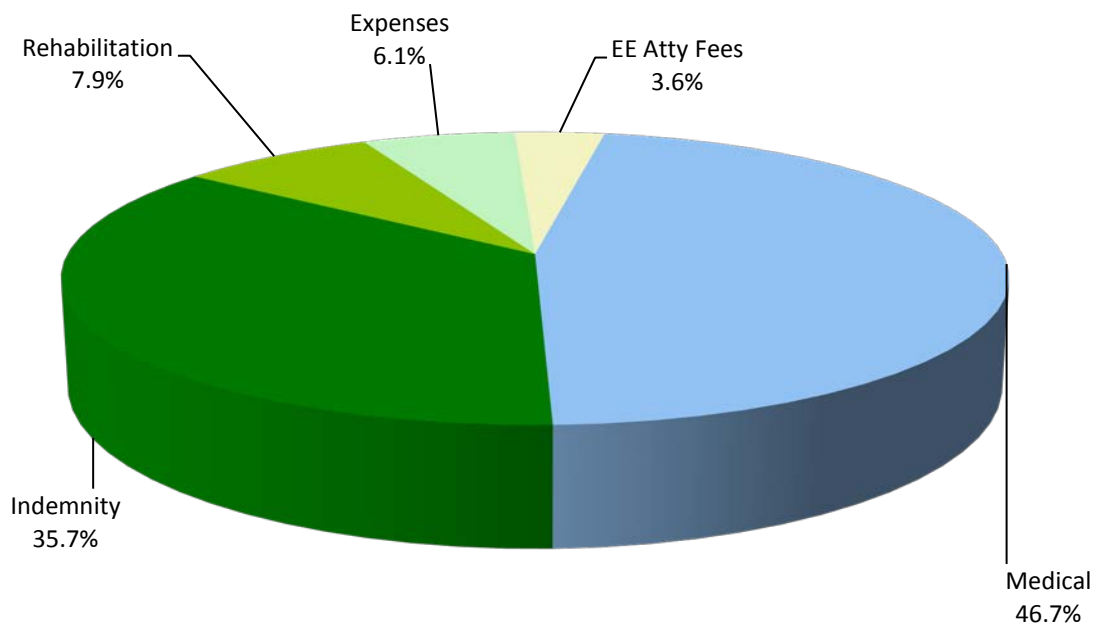


	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 11-15	FY 14-15
	Benefit Costs					% Change	
Medical	\$12,101,907	\$11,620,640	\$10,823,582	\$10,974,206	\$11,299,321	-6.6%	3.0%
Indemnity	\$8,661,057	\$8,711,038	\$8,854,412	\$7,935,257	\$8,643,291	-0.2%	8.9%
Rehabilitation	\$1,645,311	\$1,833,192	\$1,962,878	\$1,468,982	\$1,900,137	15.5%	29.4%
Expenses	\$1,141,978	\$1,215,159	\$1,223,658	\$1,407,180	\$1,478,790	29.5%	5.1%
EE Atty Fees	\$411,560	\$736,270	\$873,756	\$681,832	\$866,384	110.5%	27.1%
Totals Overall	\$23,961,813	\$24,116,299	\$23,738,285	\$22,467,458	\$24,187,923	0.9%	7.7%

The majority of benefits were for medical payments (*Chart 9*)

In FY 2015, 46.7% (\$11,299,321) of the total benefits paid were for injured employees' medical costs. 35.7% (\$8,643,291) 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. The percentage of total benefits going directly to employees (35.7%) was higher than the 35.3% of the previous year (FY 2014).

Chart 9/Composition of Benefit Costs/FY 2015



Medical Costs

The program's expenditure for medical benefits increased 3.0% (Chart 10)

In FY 2015, the program paid \$11,299,321 to various medical care providers and for medical reimbursements to the employee. This was an increase of 3.0% (\$325,115) compared to FY 2014.

Medical office visits include all non-chiropractic care that is not provided in a hospital. From FY 2014 to FY 2015, these payments increased by 3.5% (\$115,029).

Hospital payments include all inpatient and outpatient treatment that is provided in a hospital. In FY 2015, these payments increased 0.5% (\$25,917) compared to FY 2014.

Chiropractic care payments increased 2.3% (\$5,437) in FY 2015 compared to FY 2014.

Miscellaneous medical includes payments to intervenors, diet and/or fitness centers, and home remodeling. In FY 2015, these payments increased 304.3% (\$175,070) compared to FY 2014.

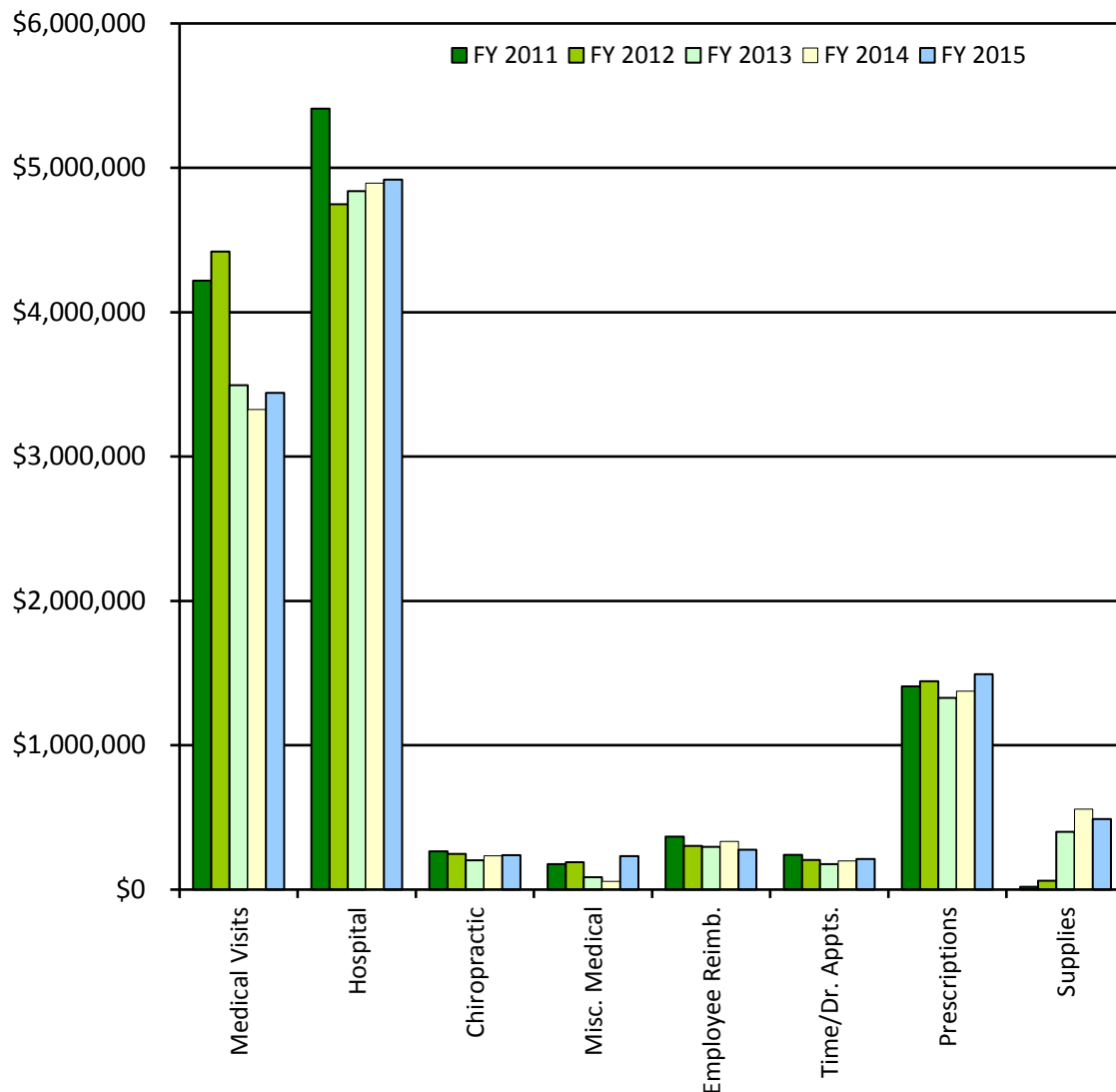
Employee reimbursements include mileage, parking, and meals. These payments decreased 17.4% (\$58,040) from FY 2014 to FY 2015.

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 6.3% (\$12,463) compared to FY 2014.

Prescription costs increased 8.5% (\$117,422) from FY 2014 to FY 2015.

Supplies include medical equipment and supplies. These payments decreased 12.3% (\$68,183) in FY 2015 compared to FY 2014.

Chart 10/Medical Benefit Costs/FYs 2011-2015



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 11-15	FY 14-15
	Medical Benefit Costs					% Change	
Medical Visits	\$4,217,314	\$4,420,223	\$3,493,571	\$3,326,071	\$3,441,100	-18.4%	3.5%
Hospital	\$5,409,443	\$4,748,473	\$4,837,942	\$4,893,183	\$4,919,100	-9.1%	0.5%
Chiropractic	\$264,147	\$248,240	\$203,383	\$233,036	\$238,473	-9.7%	2.3%
Misc. Medical	\$177,020	\$190,533	\$86,521	\$57,535	\$232,605	31.4%	304.3%
Employee Reimb.	\$366,395	\$303,653	\$296,209	\$334,325	\$276,285	-24.6%	-17.4%
Time/Dr. Appts.	\$240,959	\$204,463	\$177,026	\$199,285	\$211,749	-12.1%	6.3%
Prescriptions	\$1,408,224	\$1,444,017	\$1,328,730	\$1,374,224	\$1,491,646	5.9%	8.5%
Supplies	\$18,404	\$61,038	\$400,201	\$556,546	\$488,362	2553.6%	-12.3%
Totals	\$12,101,907	\$11,620,640	\$10,823,582	\$10,974,206	\$11,299,321	-6.6%	3.0%

Indemnity Costs

The program's expenditure for indemnity benefits increased 8.9% (Chart 11)

The program's second largest expenditure, indemnity benefits, experienced an increase of 8.9% from FY 2014 to FY 2015.

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 one of 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 2015, TTD payments increased 5.2% (\$123,014) compared to FY 2014.

Other Benefits include lump sums to settle claims, death benefits to dependents, and retraining benefits. In FY 2015, these payments increased 23.9% (\$410,258) compared to FY 2014.

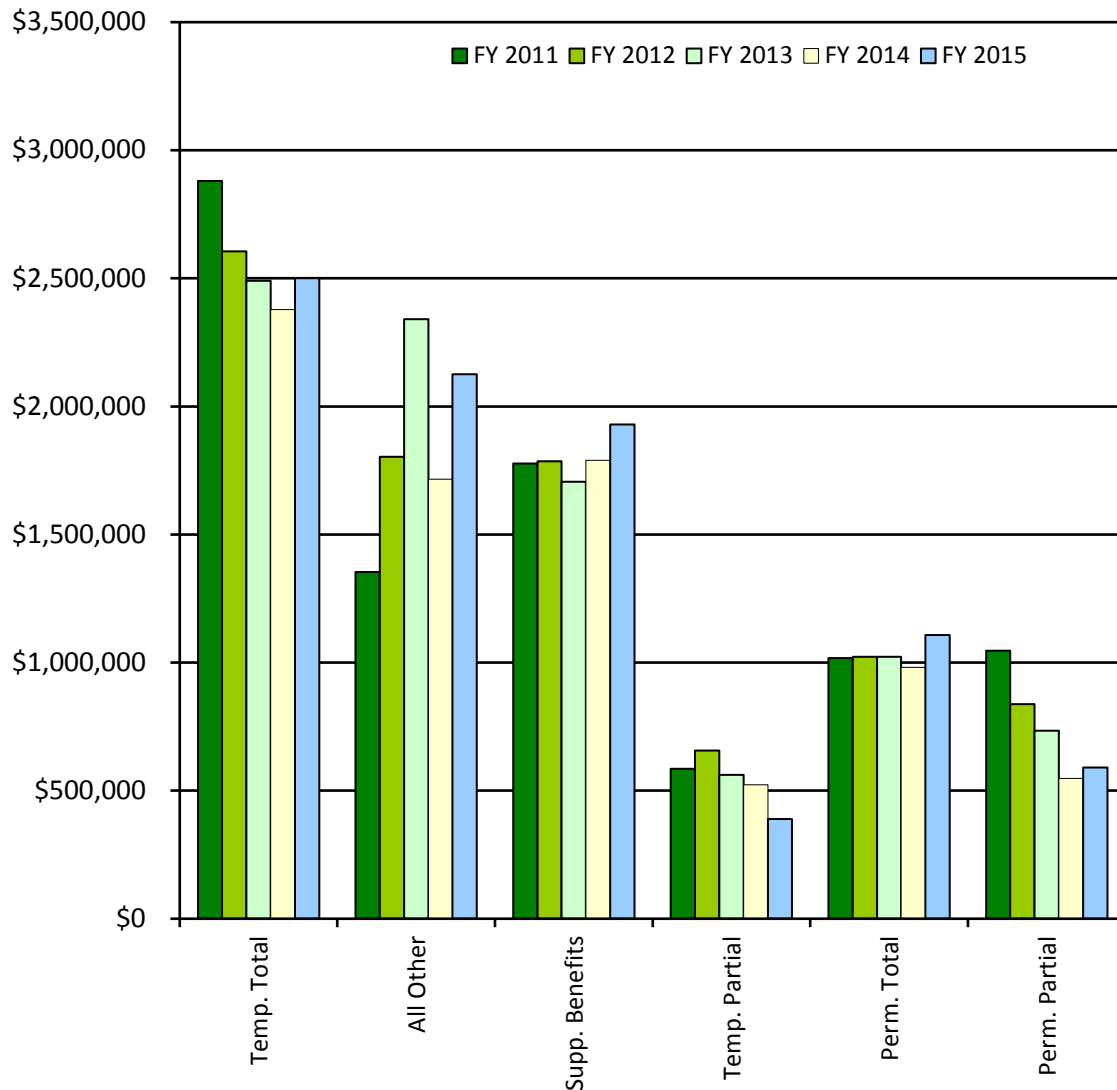
Supplementary Benefits (SBs) are paid in conjunction with PTD, or to bring payments up to a percentage of the statewide average weekly wage. The majority of employees who receive SBs also receive Social Security Disability benefits. The program does not invoice agencies for these benefit payments, but rather receives full reimbursement from the Department of Labor and Industry. In FY 2015, SB payments increased 7.8% (\$140,150) compared to FY 2014. The legislature has eliminated the requirement to pay Supplementary Benefits for injuries occurring on or after October 1, 1995.

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 2015, TPD payments decreased 25.6% (\$133,811) compared to FY 2014.

Permanent Total Disability (PTD) benefits are paid to employees who will never be able to work again. In FY 2015, PTD payments increased 12.9% (\$126,291) compared to FY 2014.

Permanent Partial Disability (PPD) benefits are paid to employees who have a permanent loss of body function. In FY 2015, PPD payments increased 7.7% (\$42,133) compared to FY 2014.

Chart 11/Indemnity Benefit Costs/FYs 2011-2015



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 11-15	FY 14-15
	Indemnity Benefit Costs					% Change	
Temp. Total	\$2,880,487	\$2,604,844	\$2,490,472	\$2,377,824	\$2,500,838	-13.2%	5.2%
All Other	\$1,353,734	\$1,803,410	\$2,340,108	\$1,715,356	\$2,125,614	57.0%	23.9%
Supp. Benefits	\$1,777,644	\$1,785,626	\$1,706,177	\$1,789,847	\$1,929,997	8.6%	7.8%
Temp. Partial	\$585,468	\$656,995	\$560,979	\$523,397	\$389,586	-33.5%	-25.6%
Perm. Total	\$1,018,021	\$1,022,834	\$1,022,144	\$981,061	\$1,107,352	8.8%	12.9%
Perm. Partial	\$1,045,704	\$837,328	\$734,533	\$547,773	\$589,906	-43.6%	7.7%
Totals	\$8,661,057	\$8,711,038	\$8,854,412	\$7,935,257	\$8,643,291	-0.2%	8.9%

Recoveries

Recoveries decreased 54.9% in FY 2015 (*Chart 12*)

Recoveries are funds the program receives from supplementary benefits, second injury fund, reinsurance and subrogation. Total recoveries in FY 2015 decreased 54.9% (\$2,529,266) compared to FY 2014.

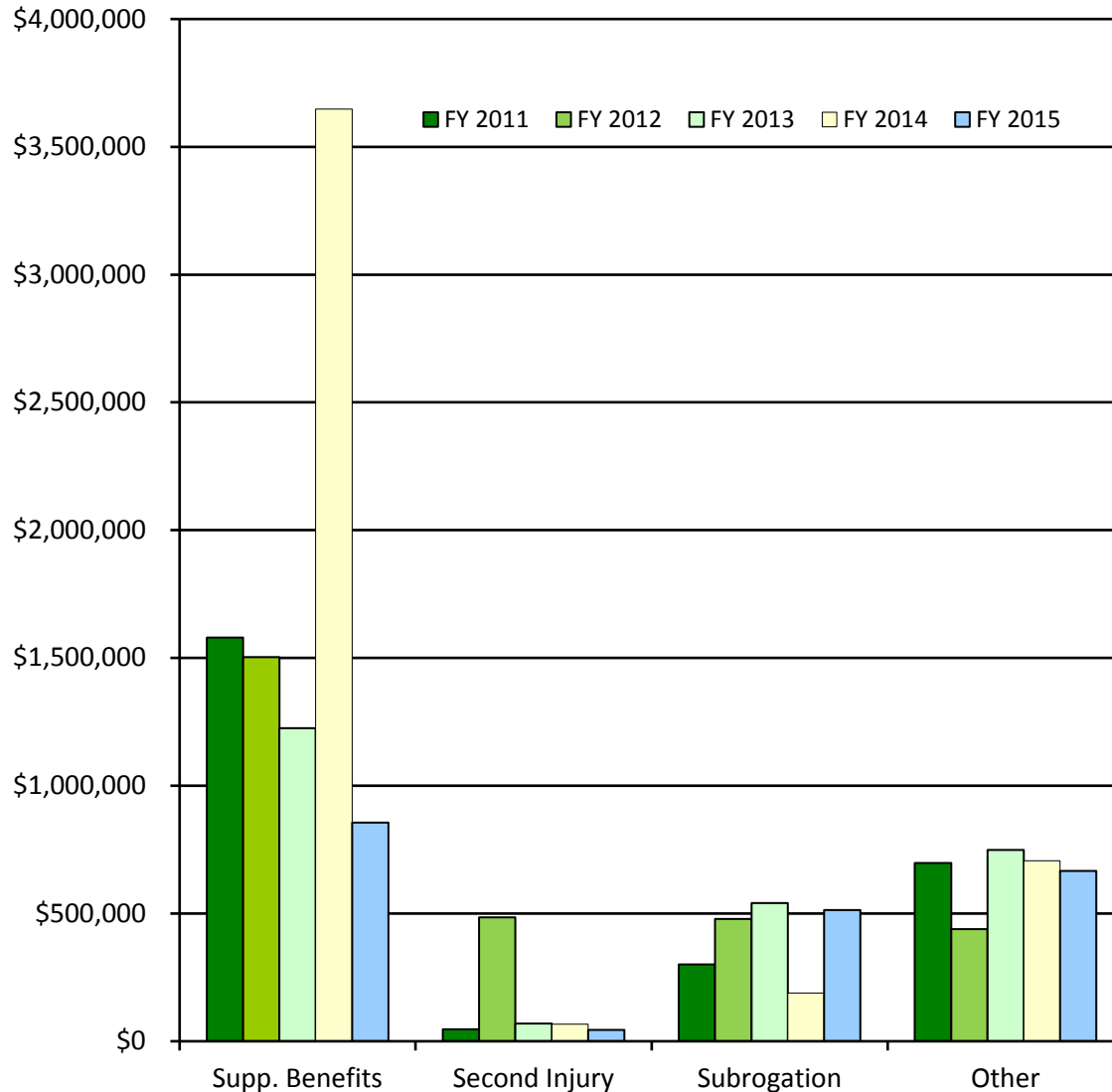
Supplementary Benefit Recoveries are reimbursed by the Department of Labor and Industry. In FY 2015, the program recovered 76.6% less (\$2,792,442) compared to FY 2014.

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 2015, the recovery of these funds decreased 32.8% (\$21,747) compared to FY 2014.

Subrogation Recoveries are funds paid by third parties who are found responsible for employees' injuries and illnesses. From FY 2014 to FY 2015, the recovery of these funds increased 171.4% (\$324,295).

Other Recoveries include funds obtained through contribution and reinsurance. In FY 2015, the recovery of these funds decreased 5.6% (\$39,372) compared to FY 2014.

Chart 12/Recoveries/FYs 2011-2015



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 11-15	FY 14-15
	Recoveries					Change	
Supp. Benefits	\$1,579,683	\$1,502,985	\$1,225,453	\$3,647,476	\$855,034	-45.9%	-76.6%
Second Injury	\$47,068	\$484,706	\$69,832	\$66,368	\$44,621	-5.2%	-32.8%
Subrogation	\$300,158	\$479,077	\$540,265	\$189,173	\$513,468	71.1%	171.4%
Other	\$697,946	\$438,408	\$748,265	\$705,760	\$666,388	-4.5%	-5.6%
Totals	\$2,624,855	\$2,905,176	\$2,583,816	\$4,608,777	\$2,079,511	-20.8%	-54.9%

Payments Made for Calendar Year Injuries

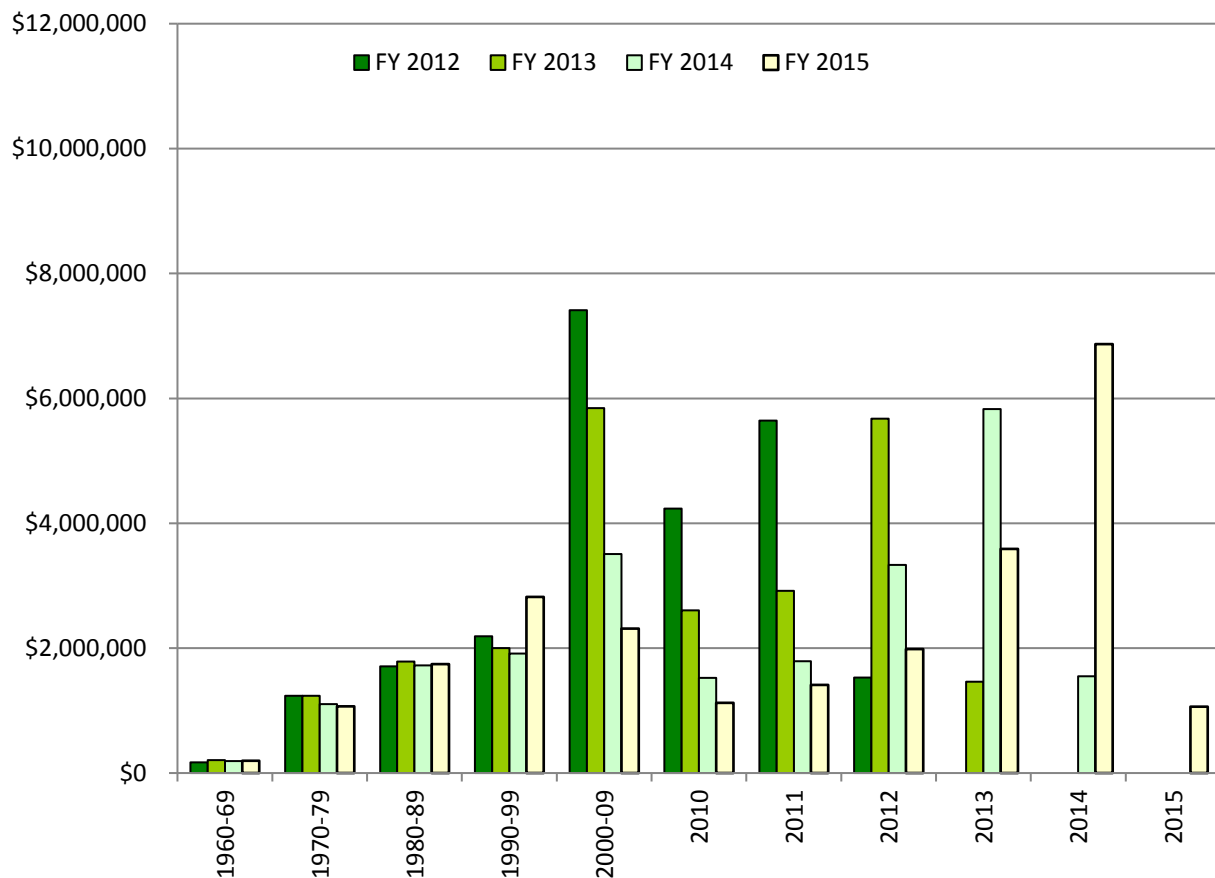
Claims that occurred prior to 2000 accounted for 24.1% of the program's FY 2015 benefit costs (*Chart 13*)

Chart 13 shows a breakdown of total benefits paid from FY 2012 to FY 2015 for injuries occurring in calendar years 1960 through June 30, 2015. In FY 2015, 24.1% (\$5,833,229) of all benefits went to employees who were injured prior to 2000. In FY 2014, \$4,933,051 was paid on older claims compared to \$5,833,229 paid in FY 2015, an 18.2% increase. In FY 2015, the oldest claim the program managed occurred in 1963.

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 13 shows claims payments made in FY 2015 which demonstrate this pattern.

Chart 13/Payments Made for Calendar Year Injuries/FYs 2011-2015



Calendar Years	FY 2012	FY 2013	FY 2014	FY 2015
1960-69	\$169,297	\$208,776	\$192,735	\$198,457
1970-79	\$1,235,137	\$1,234,420	\$1,104,903	\$1,066,041
1980-89	\$1,708,518	\$1,784,962	\$1,723,354	\$1,746,506
1990-99	\$2,189,456	\$2,002,444	\$1,912,059	\$2,822,225
2000-09	\$7,410,322	\$5,842,560	\$3,506,086	\$2,314,659
2010	\$4,234,583	\$2,605,895	\$1,525,541	\$1,121,722
2011	\$5,641,559	\$2,917,920	\$1,792,192	\$1,412,945
2012	\$1,527,427	\$5,677,268	\$3,331,960	\$1,984,358
2013		\$1,464,041	\$5,831,012	\$3,589,006
2014			\$1,547,617	\$6,870,138
2015				\$1,061,867
TOTALS	\$24,116,298	\$23,738,287	\$22,467,457	\$24,187,923

Claims/Benefits Activity by Agency

Nine agencies accounted for over 84.4% of the program's activity (Charts 14, 15, and Appendices A, B)

Reported claims distribution among state agencies is consistent with agency size and the nature of work being performed by employees. Nine agencies reported 84.4% (1,822) of the claims and paid 88.7% (\$21,457,417) of the benefits in FY 2015. The nine agencies are: Human Services, Transportation, Corrections, MnSCU, Natural Resources, Public Safety, Veterans Affairs, Administration, and Trial Courts.

Charts 14 and 15 contain information on these nine agencies, while Appendices A (Reported) and B (Benefit Costs) contain agency-by-agency comparison of the number of claims reported and the amount of benefits paid in FY 2014 and FY 2015.

Chart 14/Composition of Reported Claims by Agency/FY 2015

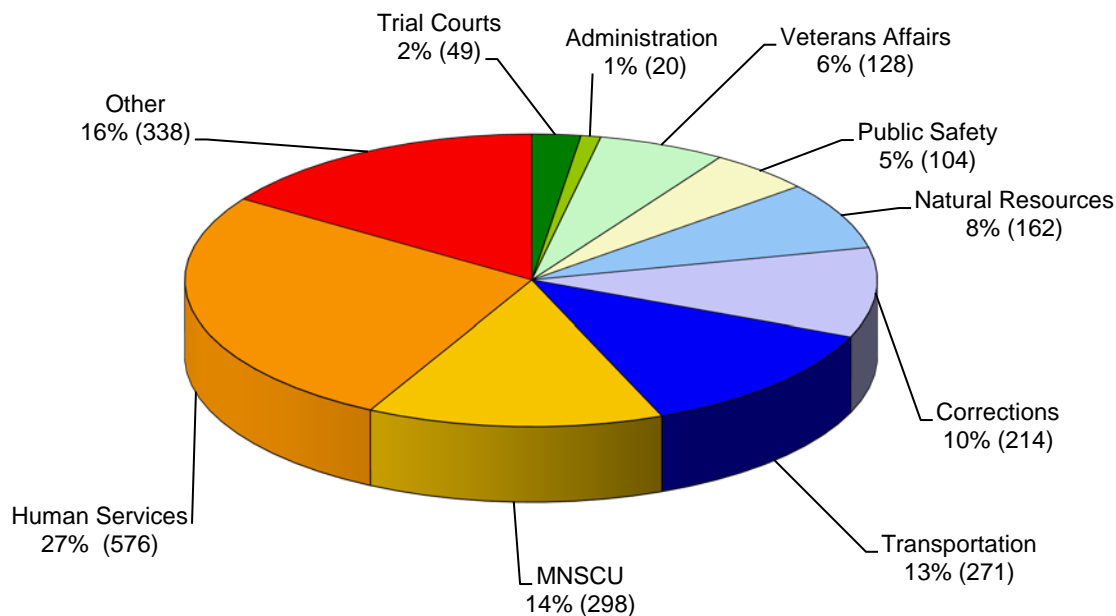
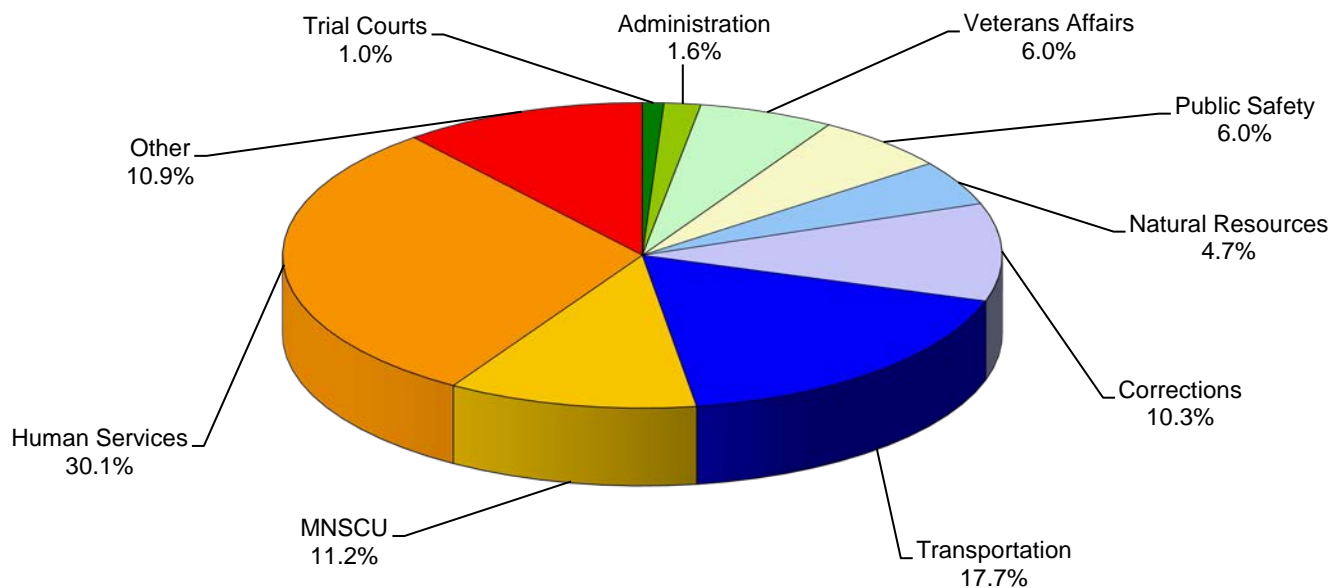


Chart 15/Composition of Benefits Paid by Agency/FY 2015



Benefit Costs for Nine Agencies

Benefit costs for these nine agencies increased 7.5% (Chart 16 and Appendix B)

Combined benefit costs for the nine large agencies increased a total of 7.5% (\$1,497,579) from FY 2014 to FY 2015. Chart 16 shows data for these nine agencies. Cost data for the remaining agencies is contained in Appendix B (p. 39).

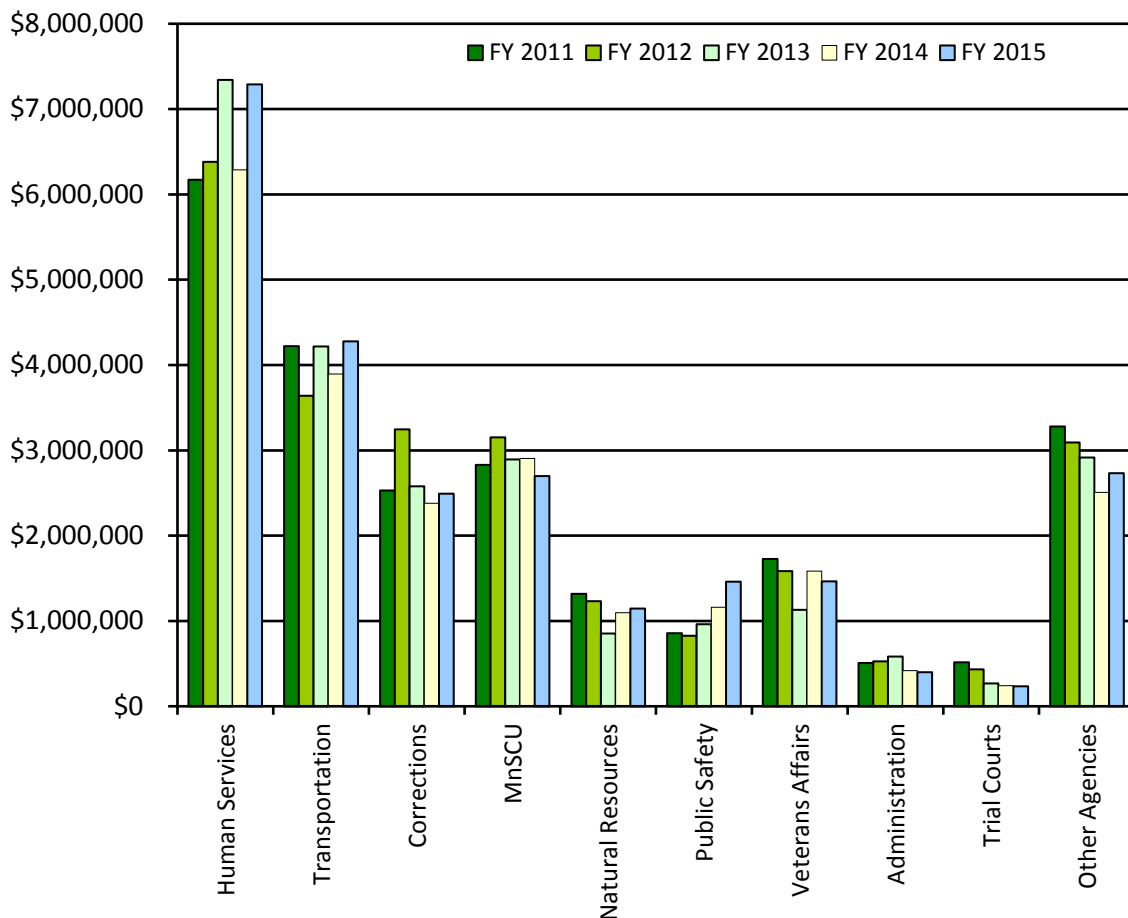
Caution urged when comparing agencies

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 performed, the salaries paid, the number of hours worked, and the type and severity of injuries.

Benefit Costs Increased for Five of the Largest Nine Agencies, While the Other Agencies Experienced a Decrease.

The nine agencies experienced changes ranging from -7.5% (Veterans Affairs) to 26.2% (Public Safety). All other agencies experienced an increase of 8.9% (\$222,888).

Chart 16/Benefit Costs for Nine Agencies/FYs 2011-2015



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 11-15	FY 14-15
	Benefit Costs					% Change	
Human Services	\$6,172,536	\$6,382,684	\$7,339,916	\$6,286,240	\$7,287,472	18.1%	15.9%
Transportation	\$4,222,168	\$3,641,090	\$4,217,561	\$3,892,936	\$4,276,220	1.3%	9.8%
Corrections	\$2,529,097	\$3,245,158	\$2,578,215	\$2,379,807	\$2,491,661	-1.5%	4.7%
MnSCU	\$2,828,084	\$3,153,518	\$2,893,243	\$2,904,995	\$2,700,023	-4.5%	-7.1%
Natural Resources	\$1,318,434	\$1,230,636	\$851,577	\$1,095,151	\$1,147,227	-13.0%	4.8%
Public Safety	\$858,488	\$827,484	\$961,709	\$1,158,610	\$1,462,051	70.3%	26.2%
Veterans Affairs	\$1,726,803	\$1,584,777	\$1,130,893	\$1,582,549	\$1,463,336	-15.3%	-7.5%
Administration	\$509,350	\$527,746	\$580,970	\$419,272	\$397,175	-22.0%	-5.3%
Trial Courts	\$516,605	\$432,759	\$268,751	\$240,279	\$232,253	-55.0%	-3.3%
Totals 9 Agencies	\$20,681,565	\$21,025,851	\$20,822,835	\$19,959,838	\$21,457,417	3.8%	7.5%
Other Agencies	\$3,280,030	\$3,090,447	\$2,915,451	\$2,507,619	\$2,730,506	-16.8%	8.9%
Totals Overall	\$23,961,595	\$24,116,298	\$23,738,287	\$22,467,457	\$24,187,923	0.9%	7.7%

Claim Characteristics (*Charts 17, 18 and 19*)

Claims are defined in the Workers' Compensation Program by four different characteristics:

- body part
- cause
- nature
- source

We present charts 17 (A & B), 18 (A & B), and 19 (A & B) describing the distribution and average claim cost of injuries by body part, cause, and nature. Source is excluded from analysis due to the large number of possible source codes.

Average claim costs are in parenthesis in charts 17B, 18B, and 19B. The average is based upon a five year claim maturity and therefore represents the average of costs paid to date (6/30/15) on claims reported during the five year period of FY 2007 through FY 2011.

For a complete listing of injury characteristic coding used by the Workers' Compensation Program, please go to: http://mn.gov/admin/images/wc_injury_coding.pdf and click on the Workers' Compensation Injury Coding Guide.

FY 2015 Reported Claims (Chart 17A) and 5-Year Comparison (Chart 17B) by Body Part

In FY 2015, upper extremities (arm, shoulder, elbow, and wrist) continued to be the most frequently reported injured body part (29.3%), down 0.2% compared to FY 2014. Reported injuries that involve multiple body parts (\$9,948 average per claim) and injuries to the neck and back (\$8,559 average per claim) have the highest average cost per claim.

Chart 17A FY 2015 Reported Claims by Body Part

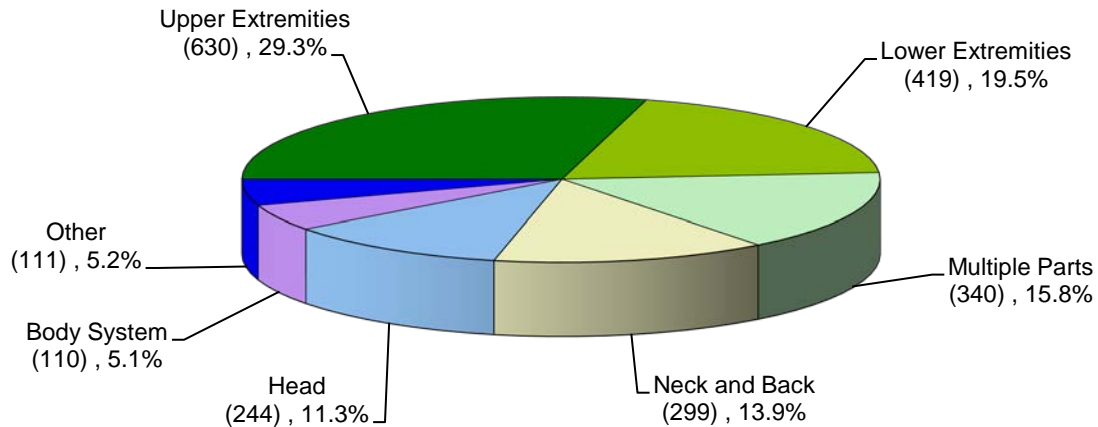
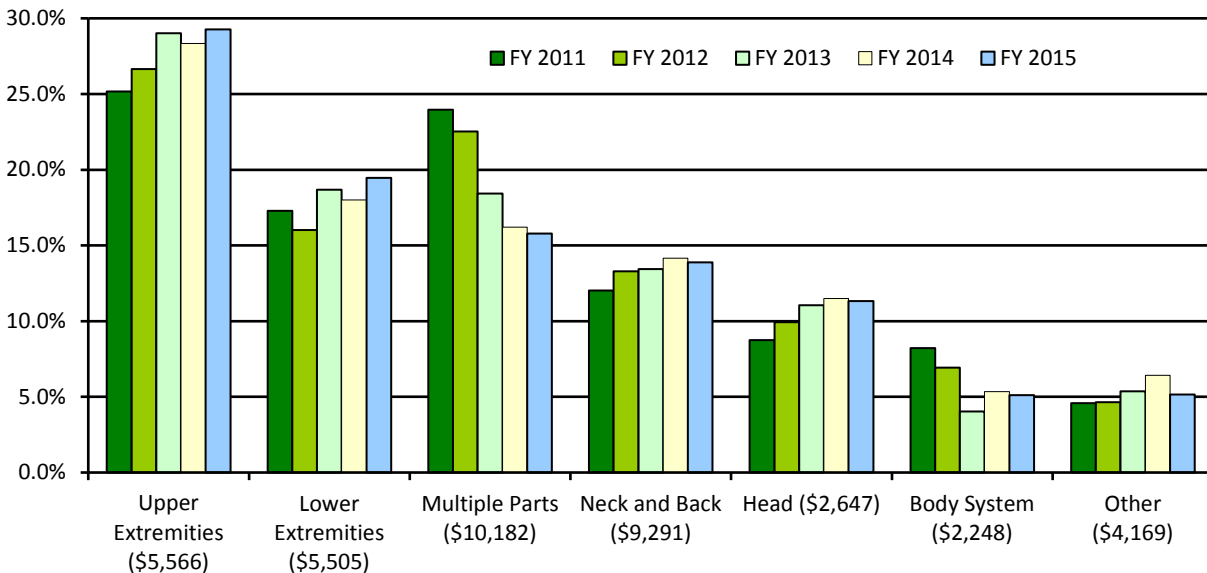


Chart 17B 5-Year Comparison by Body Part (%) of Reported Claims



NOTE: The dollar amounts shown in parenthesis in chart 17B above are the historical average claim costs on claims reported in FY 2007 through FY 2011 paid out through 6/30/15.

FY 2015 Reported Claims (Chart 18A) and 5-Year Comparison (Chart 18B) by Cause

The injury “cause” or “type” identifies the event that directly caused the injury. In FY 2015, overexertion, defined as excessive physical effort (18.2%) and falls (18.8%) continue to be the most prevalent cause of injuries. Restraining person claims (\$8,292 average per claim), bodily reaction/involuntary motion claims (\$8,495 average per claim), motor vehicle claims (\$12,694 average per claim), overexertion claims (\$9,269 average per claim), and assault claims (\$6,304 average per claim) are on average the most expensive cause of claims.

Chart 18A FY 2015 Reported Claims by Cause

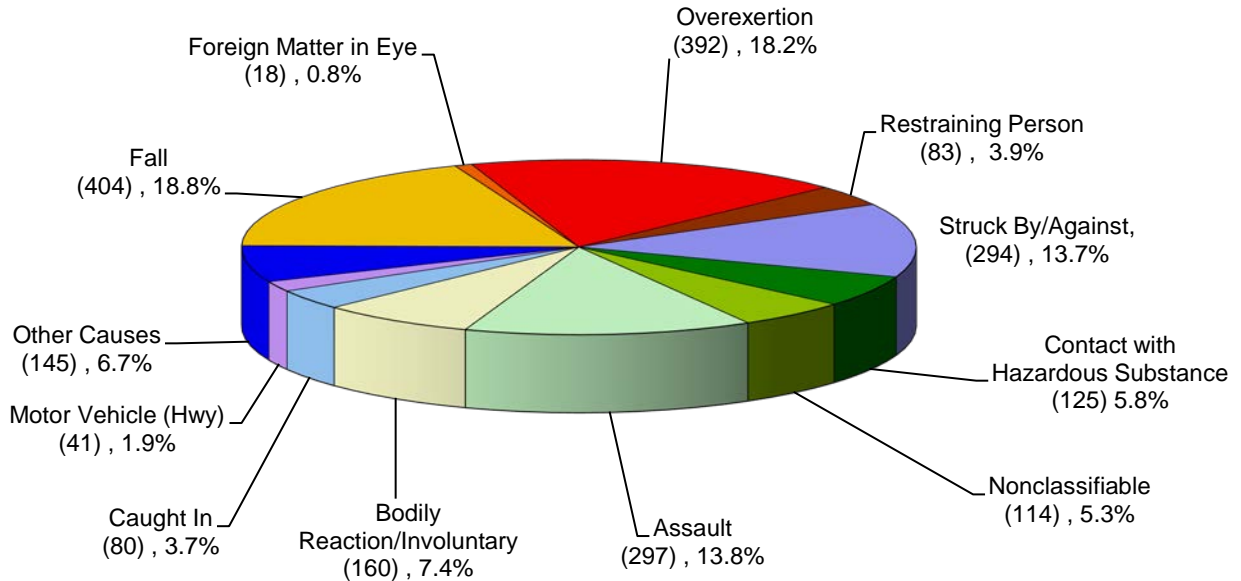
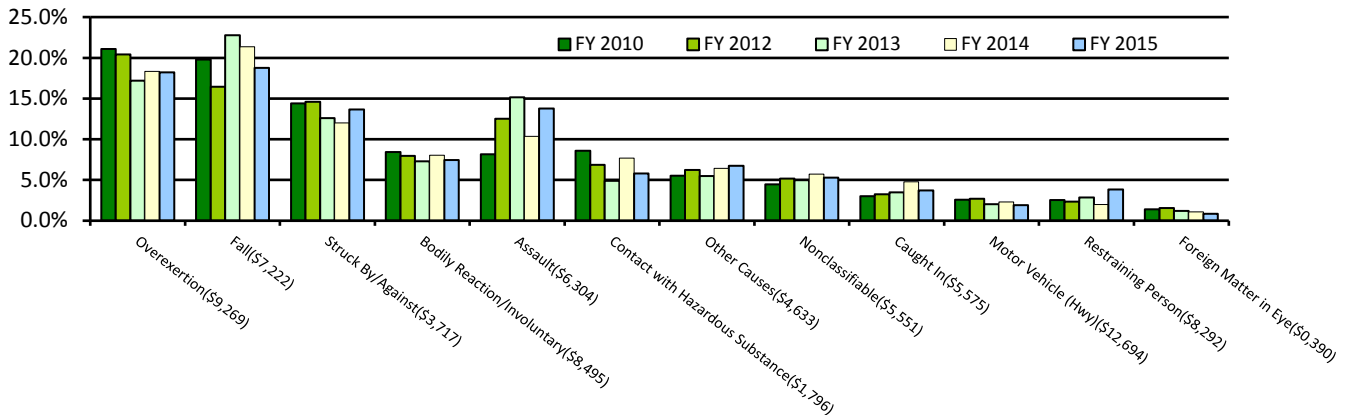


Chart 18B 5-Year Comparison by Cause (%) of Reported Claims



NOTE: The dollar amounts shown in parenthesis in chart 18B above are the historical average claim costs on claims reported in FY 2007 through FY 2011 paid out through 6/30/15.

FY 2015 Reported Claims (Chart 19A) and 5-Year Comparison (Chart 19B) by Nature

The “nature” of an injury identifies the injury or illness in terms of its principal physical characteristics, such as: a cut, broken bone, or pain. In FY 2015, sprains/strains continued to be the most frequently reported nature of injury (37.3%), occurring more than twice as often as the next most frequently reported nature, contusion/crush/bruise (16.7%). While occurring infrequently, multiple injuries (\$14,559 average per claim) and fractures (\$15,938 average per claim) represent the most expensive reported claims.

Chart 19A FY 2015 Reported Claims by Nature

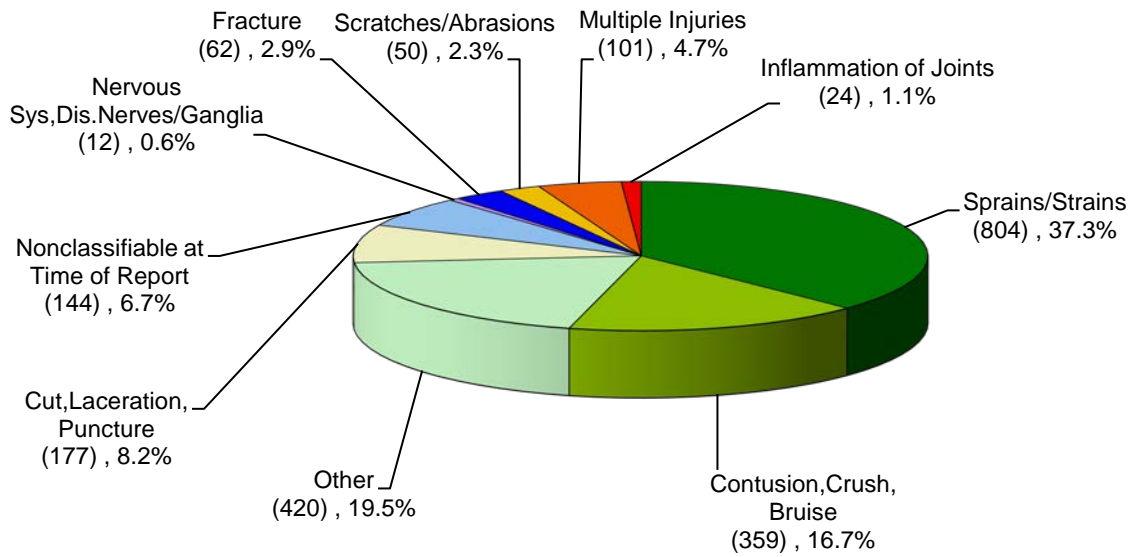
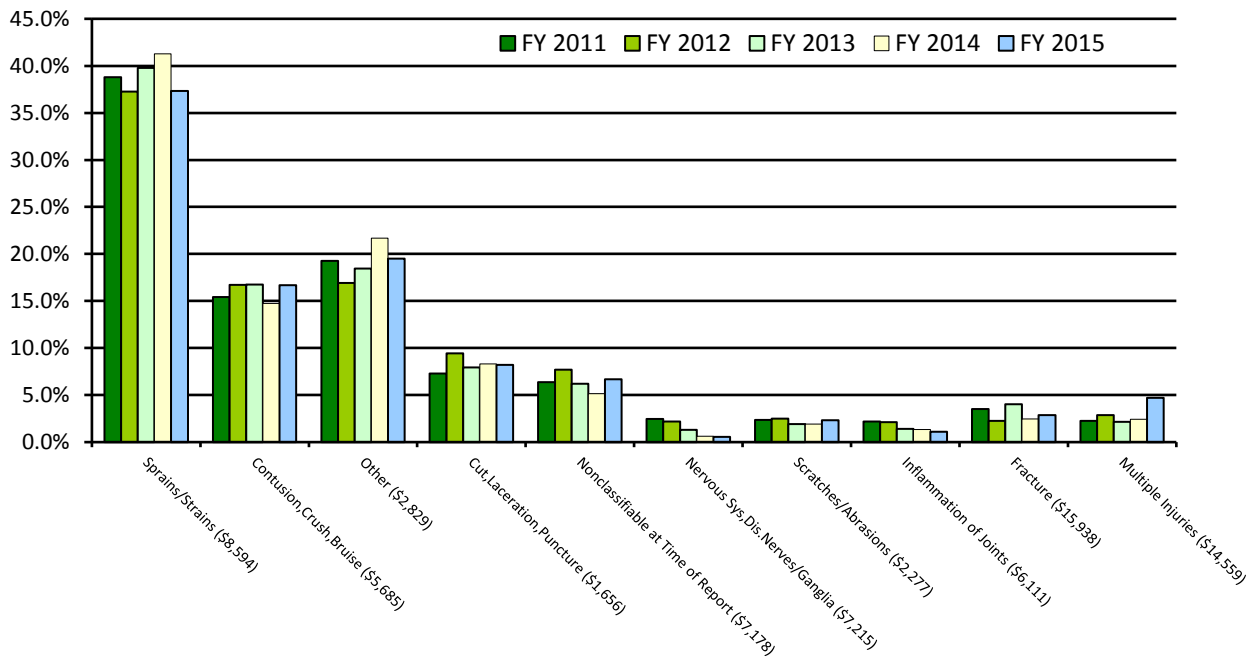


Chart 19B 5-Year Comparison by Nature (%) of Reported Claims



NOTE: The dollar amounts shown in parenthesis in chart 19B above are the historical average claim costs on claims reported in FY 2007 through FY 2011 paid out through 6/30/15.

Incident Rates

The average workers' compensation claim incident rate decreased in FY 2015 (Chart 20)

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

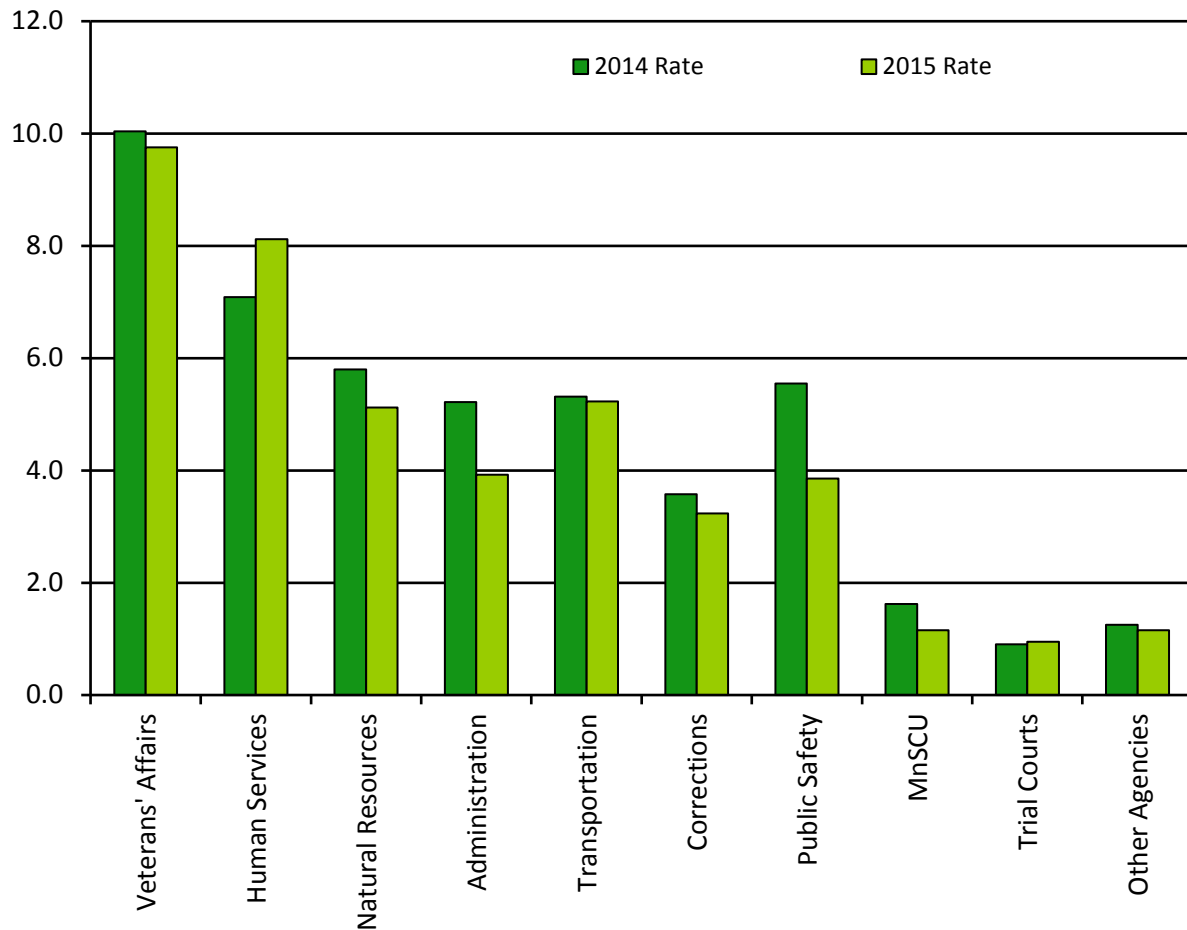
$$\text{Incident Rate} = \frac{\text{Number of Reportable Claims Paid} \times 200,000}{\text{Total Employee Hours Worked}}$$

A *reportable* claim is one in which an employee seeks medical treatment or misses time from work, we accept liability, and expenses are paid.

The statewide average incident rate decreased from 3.2 in FY2014 to 3.0 in FY 2015. See Appendix C (p. 36) for individual agency incident rates for FY 2015.

Overall, the incident rate for all agencies decreased from 4.1 in FY 2011 to 3.0 in FY 2015. See Chart 21 (p. 33) for five-year rate comparison.

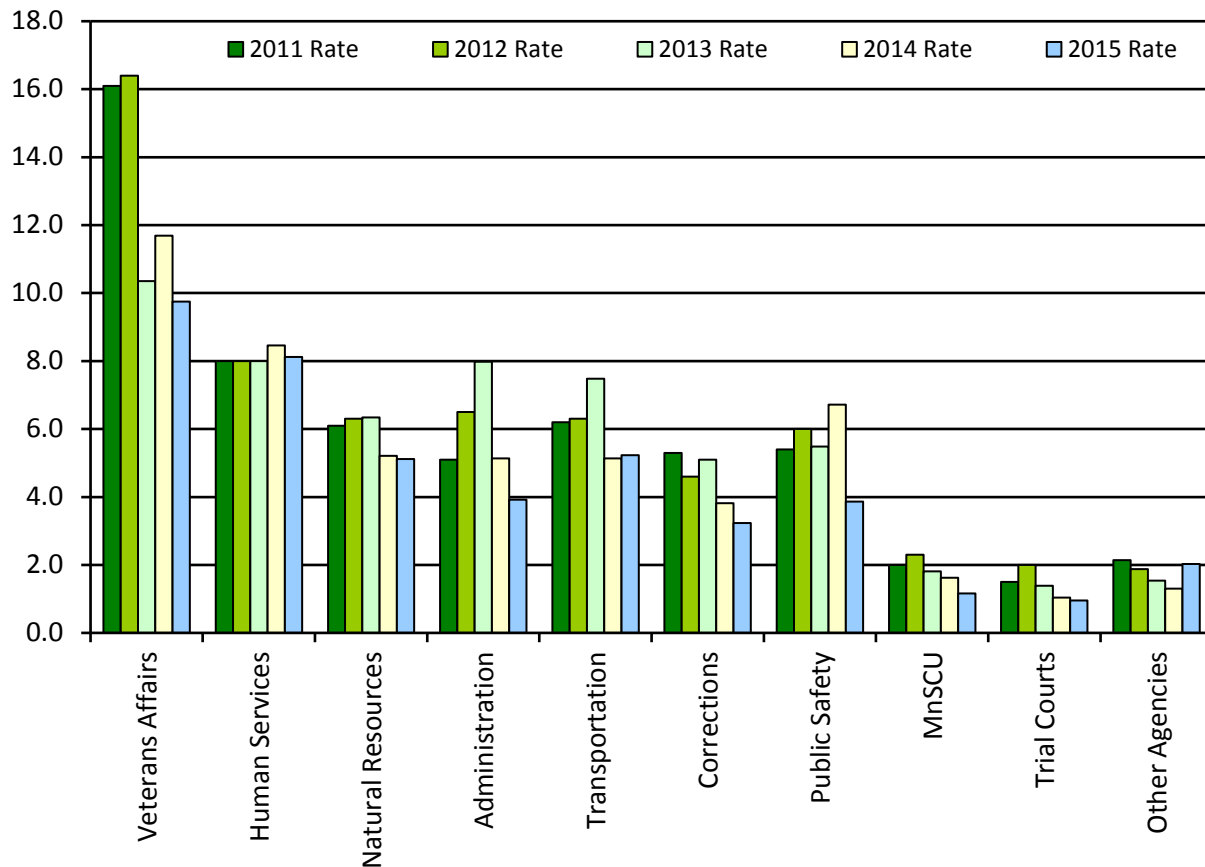
Chart 20/Incident Rates/FYs 2014-2015



	FY 2014		2014 Rate	FY 2015		2015 Rate	FY 14-15 Rate Change
	Reportable Claims	Hours Worked		Reportable Claims	Hours Worked		
Veterans Affairs	105	2,092,409	10.0	106	2,174,141	9.8	-0.3
Human Services	381	10,751,204	7.1	464	11,435,024	8.1	1.0
Natural Resources	135	4,655,454	5.8	127	4,960,196	5.1	-0.7
Administration	20	766,685	5.2	16	815,553	3.9	-1.3
Transportation	222	8,352,919	5.3	218	8,338,785	5.2	-0.1
Corrections	129	7,212,285	3.6	123	7,610,655	3.2	-0.3
Public Safety	91	3,279,369	5.5	66	3,422,895	3.9	-1.7
MnSCU	238	29,334,595	1.6	176	30,425,364	1.2	-0.5
Trial Courts	18	3,976,314	0.9	20	4,226,143	0.9	0.0
Other Agencies	145	23,179,240	1.3	141	24,390,663	1.2	-0.1
All Agencies	1,484	93,600,471	3.2	1,457	97,799,419	3.0	-0.2

*Source of Hours Worked is SEMA4.

Chart 21/Incident Rate Comparison/FYs 2011-2015



Agency	2011 Rate	2012 Rate	2013 Rate	2014 Rate	2015 Rate	FY 11-15 Rate Change
Veterans Affairs	16.4	10.4	11.7	10.0	9.8	-6.7
Human Services	8.0	8.0	8.5	7.1	8.1	0.1
Natural Resources	6.3	6.3	5.2	5.8	5.1	-1.2
Administration	6.5	8.0	5.1	5.2	3.9	-2.6
Transportation	6.3	7.5	5.1	5.3	5.2	-1.1
Corrections	4.6	5.1	3.8	3.6	3.2	-1.4
Public Safety	6.0	5.5	6.7	5.6	3.9	-2.1
MnSCU	2.3	1.8	1.6	1.6	1.2	-1.1
Trial Courts	2.0	1.4	1.0	0.9	1.0	-1.1
Other Agencies	1.9	1.5	1.3	1.3	2.0	0.2
All Agencies	4.1	4.1	3.9	3.4	3.0	-1.1

Appendix A: Reported Claims/FY 2014 – 2015 by Agency

Agency	FY 2014	FY 2015	% of Change
Administration	26	20	-23.08%
Agriculture	6	8	33.33%
Animal Health Board	1	0	100.00%
Attorney General	4	5	25.00%
Boards & Commissions	5	4	-20.00%
Perpich Center for Arts Educ	4	2	-50.00%
Commerce & Commerce Weights & Measures	7	8	14.29%
Conservation Corp	40	53	32.50%
Corrections	217	214	-1.38%
Court of Appeals	0	0	No Change
Education	7	8	14.29%
Explore Minnesota Tourism	2	1	-50.00%
Employment & Economic Development	23	23	No Change
Examining Boards	4	3	-25.00%
Faribault Academies	20	18	-10.00%
Gambling Control Board	0	1	100.00%
Governor's Office	0	1	100.00%
Health	29	13	-55.17%
Higher Educ Services Office	0	0	No Change
Historical Society	17	12	-29.41%
House of Representatives	4	3	-25.00%
Housing Finance	4	1	-75.00%
Human Rights	3	0	-100.00%
Human Services	509	576	13.16%
Indian Affairs Council	0	2	100.00%
Investment Board	0	0	No Change
Iron Range Resources	2	3	50.00%
Judicial	4	5	25.00%
Judicial Standards Board	0	0	No Change
Labor & Industry	15	11	-26.67%
Legislative Auditor	0	0	No Change
Legislative Coord Commission/Revisor of Statutes	0	0	No Change
Lottery	9	10	11.11%
Mediation Services	0	0	No Change
Military Affairs	14	21	50.00%
Minnesota Management & Budget	2	2	No Change
MN State Retirement	0	2	100%
MnSCU	365	298	-18.36%
MNsure	0	1	100.00%
Natural Resources	186	162	-12.90%
MN.IT Services	16	16	No Change
Ombudsman-Corrections	0	0	No Change
Ombudsperson for Families	0	1	100.00%
Pollution Control Agency	15	13	-13.33%
Public Defense Board	4	8	100.00%
Public Employees Retirement Assoc.	0	1	100.00%
Public Safety	129	104	-19.38%
Public Utilities Commission	0	0	No Change
Racing Commission	0	0	No Change
Revenue	21	37	76.19%
Secretary of State	1	0	-100.00%
State Arts Board	0	1	100.00%
State Auditor	1	0	-100.00%
State Fair	20	11	-45.00%
State Guardian Ad Litem	3	5	66.67%
State Senate	3	3	No Change
Tax Court	0	0	No Change
Teachers Retirement Assoc.	0	0	No Change
Transportation	282	271	-3.90%
Trial Courts	43	49	13.95%
Veterans Affairs	147	128	-12.93%
Work Comp Court of Appeals	0	1	100.00%
Zoo	12	20	66.67%
TOTAL	2,226	2,160	-2.96%

Appendix B: Benefit Costs/FY 2014 – 2015 by Agency

Agency	FY 2014	FY 2015	% of Change
Administration	\$419,272	\$397,175	-5.27%
Agriculture	\$153,506	\$166,140	8.23%
Animal Health Board	\$4,861	\$0	-100.00%
Attorney General	\$13,695	\$2,759	-79.86%
Boards & Commissions	\$6,270	\$2,611	-58.35%
Perpich Center for Arts Education	\$275	\$9,307	3288.46%
Commerce & Commerce Weights & Measures	\$93,096	\$160,943	72.88%
Conservation Corp MN	\$80,412	\$49,503	-38.44%
Corrections	\$2,379,807	\$2,491,661	4.70%
Court of Appeals	\$0	\$0	No Change
Education	\$50,611	\$107,868	113.13%
Explore Minnesota Tourism	\$11,680	\$24,135	106.63%
Employment & Economic Development	\$267,555	\$205,571	-23.17%
Examining Boards	\$3,451	\$208	-93.99%
Faribault Academies	\$381,980	\$184,346	-51.74%
Gambling Control Board	\$0	\$0	No Change
Governor's Office	-\$431	\$1,510	-450.29%
Health	\$142,787	\$244,394	71.16%
Higher Educ Services Office	\$0	\$0	No Change
Historical Society	\$16,215	\$14,163	-12.66%
House of Representatives	\$1,703	\$87	-94.88%
Housing Finance	\$6,305	\$7,525	19.35%
Human Rights	\$15,118	\$83,701	453.64%
Human Services	\$6,286,240	\$7,287,472	15.93%
Indian Affairs Council	\$0	\$201	100.00%
Investment Board	\$0	\$0	No Change
Iron Range Resources	\$45,653	\$64,107	40.42%
Judicial	-\$3,194	\$64,272	-2112.18%
Judicial Standards Board	\$0	\$0	No Change
Labor & Industry	\$107,429	\$158,035	47.11%
Legislative Auditor	\$0	\$0	No Change
Legislative Coord Commission/Revisor of Statutes	\$0	\$0	No Change
Lottery	\$23,690	\$87,958	271.29%
Mediation Services	\$0	\$0	No Change
Military Affairs	\$263,026	\$317,735	20.80%
Minnesota Management & Budget	\$9,838	\$0	-100.00%
MN.IT Services	\$93,271	\$50,872	-45.46%
MN State Retirement	\$28,003	\$68,585	144.92%
MnSCU	\$2,904,995	\$2,700,023	-7.06%
MNsure	\$0	\$199	100.00%
Natural Resources	\$1,095,151	\$1,147,227	4.76%
Ombudsman-Corrections	\$0	\$0	No Change
Ombudsperson for Families	\$0	\$0	No Change
Pollution Control Agency	\$20,620	\$14,339	-30.46%
Public Defense Board	\$67,193	\$8,409	-87.48%
Public Employees Retirement Assoc.	\$90	\$179	100.00%
Public Safety	\$1,158,610	\$1,462,051	26.19%
Public Utilities Commission	\$0	\$0	No Change
Racing Commission	\$0	\$0	No Change
Revenue	\$112,494	\$205,501	82.68%
Secretary of State	\$540	\$399	-26.07%
State Arts Board	\$0	\$0	No Change
State Auditor	\$29,583	\$33,821	14.33%
State Fair	\$85,994	\$76,486	-11.06%
State Guardian Ad Litem	\$7,547	\$73,566	874.79%
State Senate	\$99,617	\$41,188	-58.65%
Tax Court	\$0	\$0	No Change
Teachers Retirement Assoc.	\$0	\$0	No Change
Transportation	\$3,892,936	\$4,276,220	9.85%
Trial Courts	\$240,279	\$232,253	-3.34%
Veterans Affairs	\$1,582,549	\$1,463,336	-7.53%
Work Comp Court of Appeals	\$35,384	\$37,019	4.62%
Zoo	\$231,751	\$162,862	-29.73%
TOTAL	\$22,467,457	\$24,187,923	7.66%

Appendix C: Agency Incident Rates/FY 2015

Agency	# of Hours Worked	Reportable Claims	Incident Rate
Administration	815,553	16	3.92
Agriculture	807,154	8	1.98
Animal Health Board	74,032	0	0.00
Attorney General	565,151	2	0.71
Boards & Commissions	749,164	6	1.60
Perpich Center for Arts Educ	172,523	2	2.32
Commerce & Commerce Weights & Measures	603,216	5	1.66
Conservation Corp MN	Not Available	47*	Not Available
Corrections	7,610,655	123	3.23
Court of Appeals	167,959	0	0.00
Education	692,512	7	2.02
Explore Minnesota Tourism	83,010	1	2.41
Employment & Economic Development	2,604,038	11	0.84
Examining Boards	333,956	1	0.60
Faribault Academies	278,251	17	12.22
Gambling Control Board	55,190	0	0.00
Governor's Office	85,743	1	2.33
Health	2,578,074	7	0.54
Higher Educ Services Office	3,536	0	0.00
Historical Society	Not Available	7*	Not Available
House of Representatives	Not Available	0*	Not Available
Housing Finance	410,457	0	0.00
Human Rights	71,056	0	0.00
Human Services	11,435,024	464	8.12
Indian Affairs Council	10,533	1	18.99
Investment Board	42,839	0	0.00
Iron Range Resources	136,761	2	2.92
Judicial	569,434	3	1.05
Judicial Standards Board	4,271	0	0.00
Labor & Industry	753,353	7	1.86
Legislative Auditor	104,428	0	0.00
Legislative Coord Commission/Revisor of Statutes	156,870	0	0.00
Lottery	279,144	9	6.45
Military Affairs	593,246	18	6.07
Minnesota Management & Budget	451,190	0	0.00
MN State Retirement	201,451	0	0.00
MNsure	306,751	0	0.00
MnSCU	30,425,364	176	1.16
Natural Resources	4,960,196	127	5.12
MN.IT Services	3,721,628	8	0.43
Office of Higher Education	110,549	0	0.00
Ombudsperson for Families	8,255	0	0.00
Pollution Control Agency	1,614,425	6	0.74
Public Defense Board	1,225,299	2	0.33
Public Employees Retirement Assoc.	158,802	0	0.00
Public Facilities Authority	14,066	0	0.00
Public Safety	3,422,895	66	3.86
Public Utilities Commission	95,027	0	0.00
Racing Commission	26,424	0	0.00
Revenue	2,536,103	7	0.55
Secretary of State	145,894	0	0.00
State Arts Board	30,523	0	0.00
State Auditor	162,159	0	0.00
State Fair	Not Available	9*	Not Available
State Senate	Not Available	2*	Not Available
Tax Court	13,891	0	0.00
Teachers Retirement Assoc.	149,425	0	0.00
Transportation	8,338,785	218	5.23
Trial Courts	4,226,143	20	0.95
Veterans Affairs	2,174,141	106	9.75
Work Comp Court of Appeals	19,955	0	0.00
Zoo	412,945	10	4.84
TOTAL	97,799,419	1,457	2.98

Appendix C1: Agency Incident Rates Graph/FY 2015

