
Workers' Compensation Program

Annual Report

State Fiscal Year 2013

Mission Statement

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

Goals and Strategies

*R*educe risk through proactive and innovative risk, loss control and claims management practices.

*M*aintain financial stability and a safe, productive workforce.

*D*eliver 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 2013

Title: 2013 Annual Report for State of Minnesota Workers' Compensation Program

Author: Minnesota Department of Administration

Publisher: Minnesota Department of Administration

Date of Publication: April 2014

Place of Publication: St. Paul, Minnesota

For additional copies contact:

Minnesota Department of Administration
Risk Management Division – Workers' Compensation
310 Centennial Office Building
658 Cedar St.
St. Paul, MN 55155
Phone: 651/201-3000
Fax: 651/297-5471
E-mail: workers.comp.admin@state.mn.us
Internet: <http://mn.gov/admin/government/risk/>

This document can be made available in alternative formats, such as large print, Braille, audio tape or disk by calling 651.201.3000. Consumers with a hearing or speech disability may call us through the Minnesota Relay Service at 711 or 800-627-3529.

Table of Contents

Introduction	1
Executive Summary	2
How the Program Works	3
Benchmarks	4
Findings.....	7
Total Program Costs	10
Benefit Costs.....	12
Medical Costs.....	15
Indemnity Costs	17
Recoveries	19
Payments Made for Calendar Year Injuries.....	21
Claims/Benefits Activity by Agency	23
Benefit Costs for Nine Agencies.....	25
Claim Characteristics	27
FY 2013 Reported Claims (Chart 17A) and.....	28
5-Year Comparison (Chart 17B) by Body Part	28
FY 2013 Reported Claims (Chart 18A) and.....	29
5-Year Comparison (Chart 18B) by Cause.....	29
FY 2013 Reported Claims (Chart 19A) and.....	30
5-Year Comparison (Chart 19B) by Nature	30
Incident Rates	31
Appendix A: Reported Claims	34
Appendix B: Benefit Costs/FY 2012 – 2013 by Agency.....	35
Appendix C: Agency Incident Rates/FY 2013	36
Appendix C1: Agency Incident Rates Graph/FY 2013.....	37

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 2013 (FY 2013), the program's total costs decreased 0.1% (\$38,475) from \$31.7 million to \$31.6 million. The decrease is from a reduction in benefit costs.

We present the following report on the program's activities during FY 2013. This report will present the costs 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:

Minnesota Department of Administration
Risk Management Division – Workers'
Compensation Program
310 Centennial Office Building
658 Cedar Street
St. Paul, MN 55155
Phone: 651/201-3000
Fax: 651/297-5471

E-mail: workers.comp.admin@state.mn.us

Internet: <http://mn.gov/admin/government/risk>

All comparisons made in this report are of FY 2013 figures to FY 2012, unless otherwise noted, and are actual costs. The cost data has not been adjusted for inflation, except for the benchmarks section (pp. 4-6).

Executive Summary

The following is a summary of program activity for state fiscal year 2013:

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. 5).

Claim Numbers

- ◆ Agencies reported 3.5% fewer claims in FY 2013 (p. 8).

Total Costs

- ◆ Total program costs decreased 0.1% from \$31,661,850 in FY 2012 to \$31,623,375 in FY 2013 (pp. 10-11).
- ◆ Expenditures for program administration increased 16.4% from \$2,538,973 in FY 2012 to \$2,955,424 in FY 2013 (pp. 10-11).
- ◆ Expenditures for reinsurance decreased 6.0% from \$2,145,928 in FY2012 to \$2,018,217 in FY2013 (pp. 10-11).
- ◆ Expenditures for all benefits decreased 1.6% from \$24,116,298 in FY 2012 to \$23,738,287 in FY 2013 (pp. 12-14).
- ◆ Expenditures for medical benefits decreased 6.9% from \$11,620,640 in FY 2012 to \$10,823,582 in FY 2013 (pp. 15-16).
- ◆ Expenditures for indemnity benefits increased 1.6% from \$8,711,038 in FY 2012 to \$8,854,412 in FY 2013 (pp. 17-18).

Recoveries

- ◆ Recoveries decreased 11.1% in FY 2013 (pp. 19-20). Recoveries are funds the program receives from supplementary benefits, Second Injury Fund and subrogation.

Agency Activity

- ◆ Nine large agencies (Human Services, Transportation, Corrections, MnSCU, Natural Resources, Public Safety, Veterans Affairs, Administration, and Trial Courts) accounted for 85.1% of the program's payment activity (pp. 23-24).
- ◆ Benefit costs for these nine agencies decreased 1.0% from FY 2012 to FY 2013 (pp. 25-26).
- ◆ The workers' compensation incidence rate decreased from 3.9 in FY 2012 to 3.4 in FY 2013 (pp. 31-33) for all agencies. The incident rate for individual agencies is located in Appendix C (p. 36).

Other Findings

- ◆ Claims that occurred prior to 2000 accounted for 22.1% of the program's benefit costs paid out during FY 2013 (pp. 21-22).
- ◆ Most common injury causes continue to be due to overexertion and falls (p. 29).

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 contests or pays 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 manages disability claims by working 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

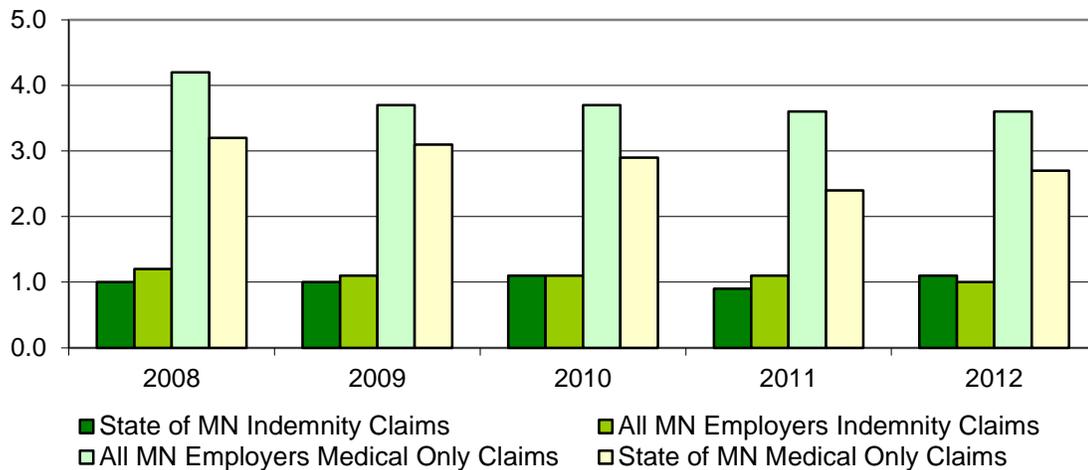
The Safety and Loss Control Unit provides safety and industrial hygiene consulting resources to all state agencies. Its purpose is to help state agencies identify and correct workplace safety hazards-both environmental and behavioral-that place employees at risk for work related injury or illness. The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

Benchmarks

Claim rates increased during Calendar year 2012 (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.



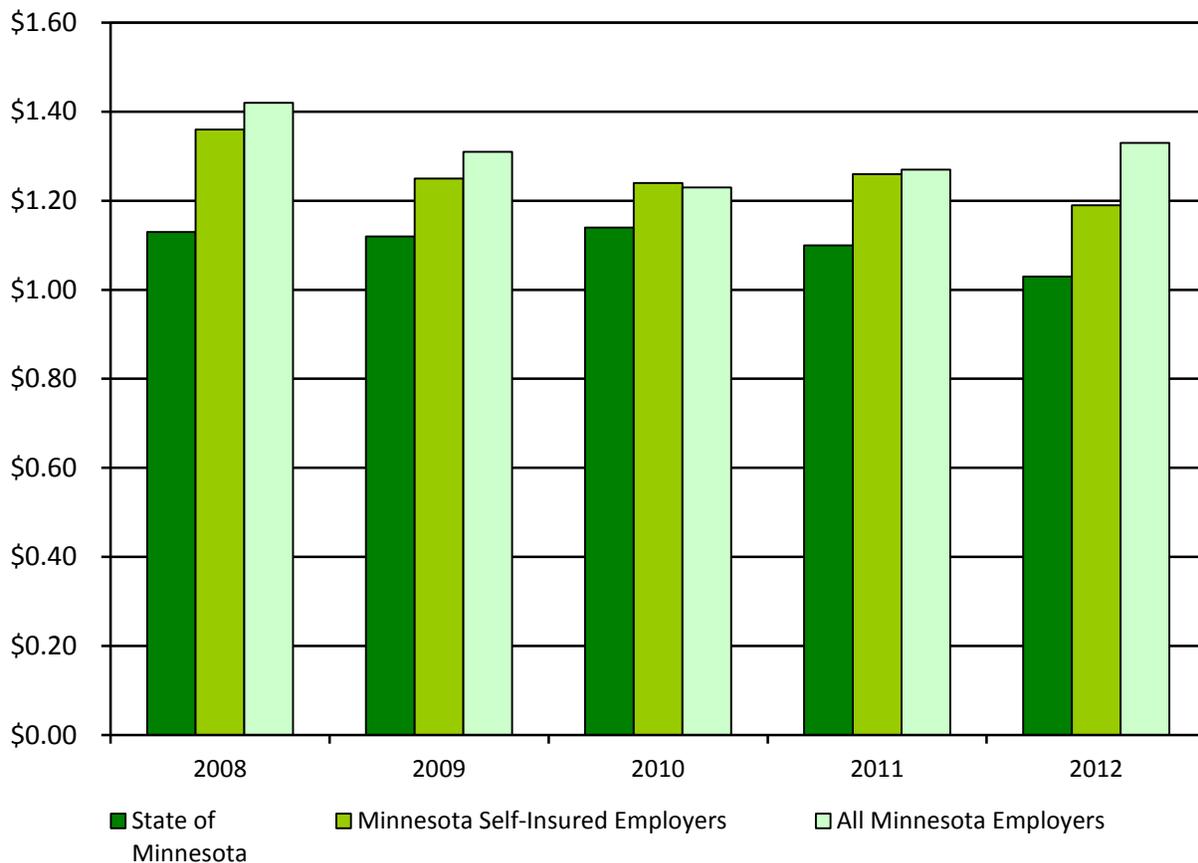
State of Minnesota			
Paid Claims Per 100 FTE CY DOI/FTE by FY			
Injury Calendar Year	Indemnity Claims	Medical Only Claims	Total Claims
2008	1.0	3.2	4.2
2009	1.0	3.1	4.2
2010	1.1	2.9	4.0
2011	0.9	2.4	3.3
2012	1.1	2.7	3.8

All Minnesota Employers			
Paid Claims Per 100 FTE CY DOI/FTE by FY			
Injury Calendar Year	Indemnity Claims	Medical Only Claims	Total Claims
2008	1.2	4.2	5.4
2009	1.1	3.7	4.8
2010	1.1	3.7	4.8
2011	1.1	3.6	4.7
2012	1.0	3.6	4.6

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
2008	\$1.13	\$1.36	\$1.42
2009	\$1.12	\$1.25	\$1.31
2010	\$1.14	\$1.24	\$1.23
2011	\$1.10	\$1.26	\$1.27
2012	\$1.03	\$1.19	\$1.33

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

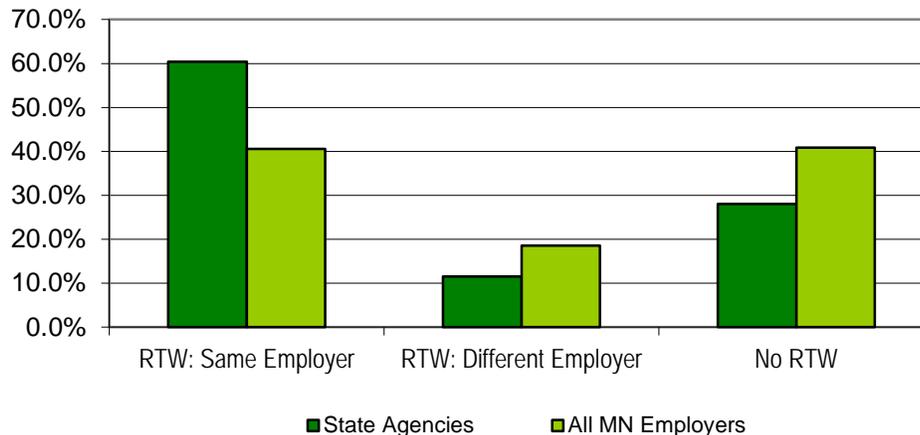
Chart 4a/Return-to-Work Rate

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 (%)
2007	All MN Employers	41.5	22.4	36.1	100
	State Agencies	58.9	12.9	28.2	100
2008	All MN Employers	41.9	20.9	37.2	100
	State Agencies	62.0	10.2	27.8	100
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	41.1	17.1	41.8	100
	State Agencies	65.8	12.9	21.3	100
2012	All MN Employers	40.2	17.6	42.2	100
	State Agencies	56.4	12.1	31.5	100
2013	All MN Employers	41.1	18.0	40.9	100
	State Agencies	51.5	12.3	36.2	100
Average 2007-2013	All MN Employers	40.6	18.5	40.9	100
	State Agencies	60.4	11.6	28.0	100

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

Chart 4b/Return to Work (RTW) Comparison 2007-2013/Average



Findings

The overall number of new claims decreased, and we closed slightly fewer claims (Chart 5, 6, and Appendix A)

Number of claims decreased (Chart 5)

The program experienced a decrease of 85 claims reported from FY 2012 to FY 2013. Appendix A (p. 34) contains an agency-by-agency breakdown of the number of claims reported for FY 2012 and FY 2013.

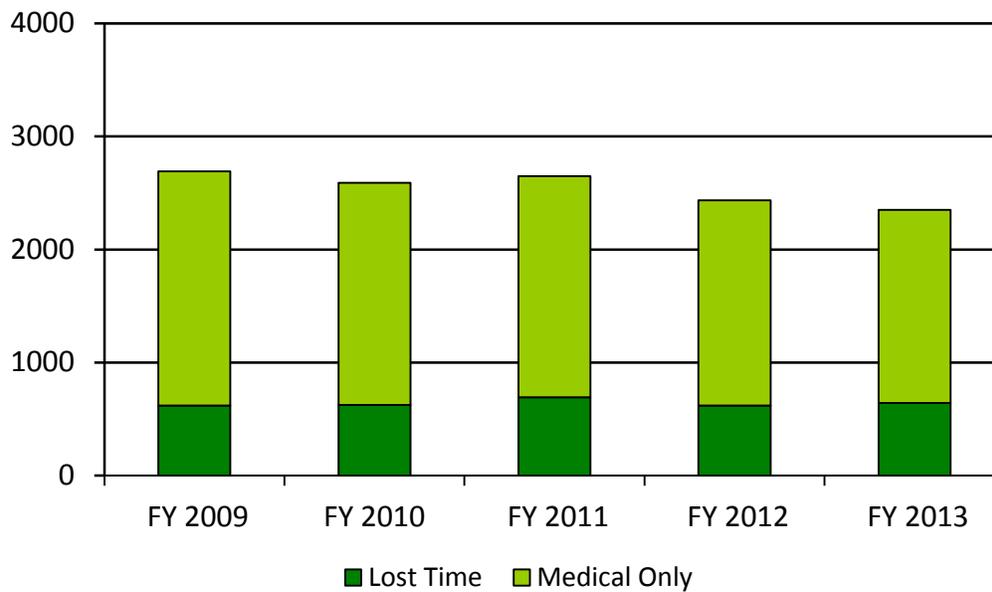
Increase in lost time claims (Chart 5)

Lost time claims, those in which the employee is disabled beyond a three calendar-day waiting period, increased by 4.0% (25) from FY 2012 to FY 2013. *Medical only claims* decreased by 6.1% (110) from FY 2012 to FY 2013.

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

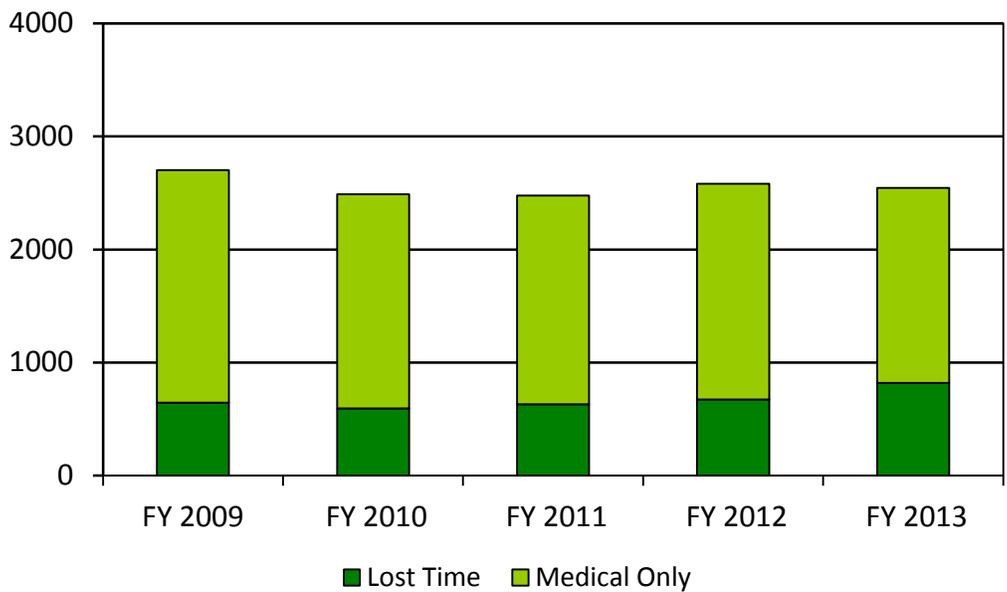
The program closed fewer claims in FY 2013 compared to FY 2012, however the program closed more claims than it received during FY 2013 (2,351 received vs. 2,546 closed), thus decreasing the number of claims being managed.

Chart 5/Number of Claims Reported/FYs 2009-2013



	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 09-13	FY 12-13
	Claims Reported					% Change	
<i>Lost Time</i>	620	627	693	619	644	3.9%	4.0%
<i>Medical Only</i>	2,071	1,964	1,955	1,817	1,707	-17.6%	-6.1%
Totals	2,691	2,591	2,648	2,436	2,351	-12.6%	-3.5%

Chart 6/Number of Claims Closed/FYs 2009-2013



	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 09-13	FY 12-13
	Claims Closed					% Change	
<i>Lost Time</i>	646	594	631	673	819	26.8%	21.7%
<i>Medical Only</i>	2,055	1,895	1,846	1,907	1,727	-16.0%	-9.4%
Totals	2,701	2,489	2,477	2,580	2,546	-5.7%	-1.3%

Total Program Costs

The program experienced a decrease in total costs (Chart 7)

The program's total costs of \$31,623,375 reflect a decrease of 0.1% (\$38,475) from FY 2012 to FY 2013. 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 2013, these costs decreased 1.6% (\$378,011) compared to FY 2012. Benefit costs by category are listed on page 13 of this report.

Administration

In FY 2013, the program provided claims administration and safety and loss control services with administrative operating expenses of \$2,955,424, which increased by 416,451 in FY13.

Special Assessments

The program's expenditure for special assessments increased in FY2013 0.2% (\$2,837) compared to FY 2012. 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.

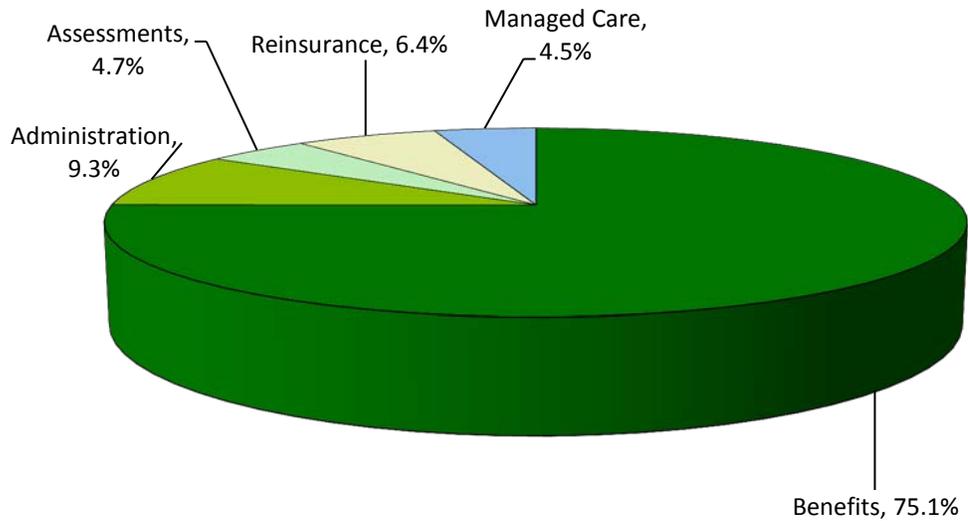
Reinsurance

The program's expenditure for reinsurance decreased 6.0% (127,711) in FY 2013 compared to FY 2012. 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 surplus distribution recovery program, which is projected to end in FY 2015.

Managed Care

The program's payment for managed care services increased 3.5% (\$47,963) from FY 2012 to FY 2013. The increase is due to an increase in the number of State employees.

Chart 7/Total Program Costs/FYs 2009-2013



	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 09-13	FY 12-13
	Total Program Costs					% Change	
Benefits	\$22,256,201	\$23,584,737	\$23,961,813	\$24,116,298	\$23,738,287	6.7%	-1.6%
Administration	\$2,704,525	\$2,775,022	\$2,610,604	\$2,538,973	\$2,955,424	9.3%	16.4%
Assessments	\$1,553,475	\$1,546,139	\$1,532,760	\$1,472,091	\$1,474,928	-5.1%	0.2%
Reinsurance	\$736,379	\$906,270	\$2,467,481	\$2,145,928	\$2,018,217	174.1%	-6.0%
Managed Care	\$1,403,061	\$1,421,864	\$1,420,832	\$1,388,560	\$1,436,523	2.4%	3.5%
Totals	\$28,653,641	\$30,234,031	\$31,993,490	\$31,661,850	\$31,623,375	10.4%	-0.1%

Benefit Costs

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

In FY 2013, benefit expenditures decreased a total of 1.6% (\$378,011) compared to FY 2012.

Medical costs decreased

Payments for office and hospital visits, prescriptions, supplies, and reimbursements for travel and time off to see the doctor decreased 6.9% (\$797,058) in FY 2013 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 2013 compared to FY 2012 by 1.6% (\$143,374).

Rehabilitation costs increased

Expenditures for disability management and vocational rehabilitation services that assist in returning injured employees to work increased 7.1% (\$129,686) from FY 2012 to FY 2013.

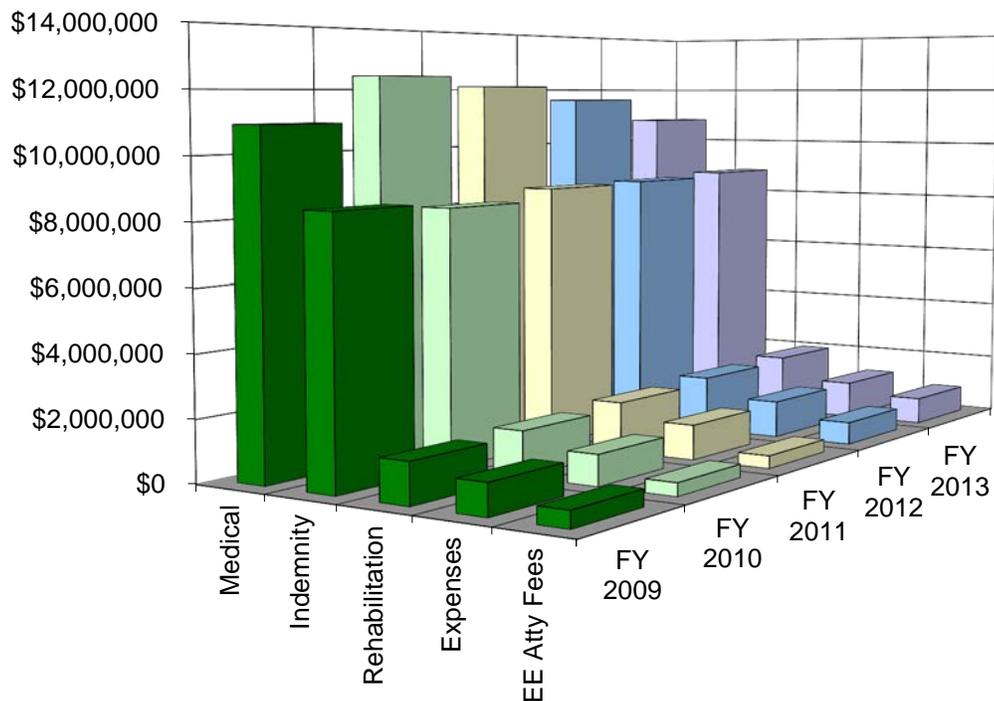
Expense costs increased

Expenditures for investigations, independent medical examinations, medical records, court reporters, deposition fees, and legal defense costs increased 0.7% (\$8,499) in FY 2013.

Employee attorney costs increased

Fees paid to attorneys representing injured employees in FY 2013 increased 18.7% (\$137,486) compared to FY 2012.

Chart 8/Benefit Costs/FYs 2009-2013

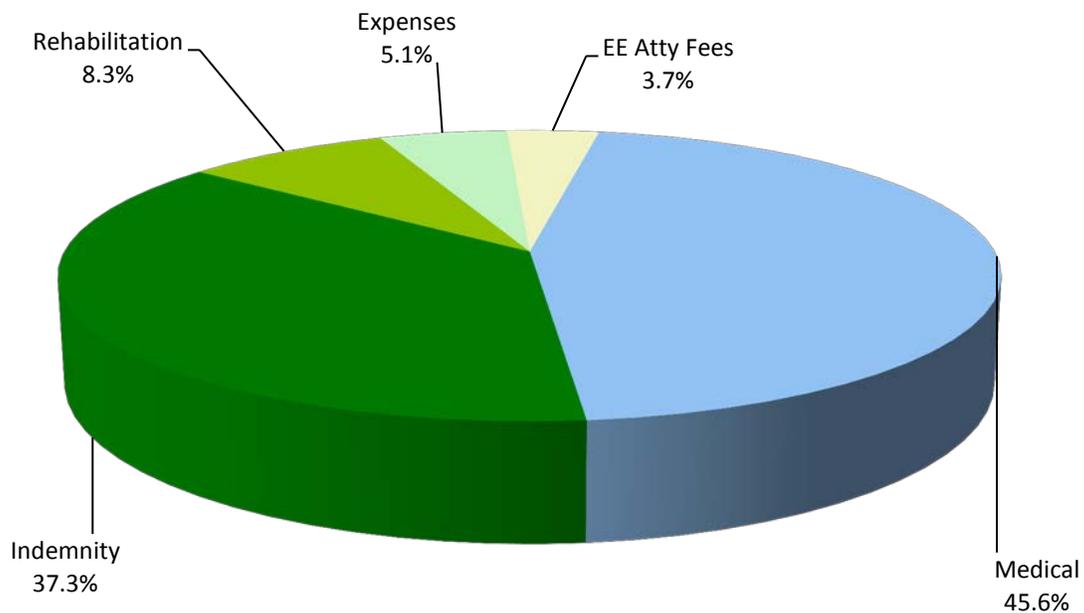


	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 09-13	FY 12-13
	Benefit Costs					% Change	
Medical	\$10,935,885	\$12,435,509	\$12,101,907	\$11,620,640	\$10,823,582	-1.0%	-6.9%
Indemnity	\$8,436,569	\$8,270,493	\$8,661,057	\$8,711,038	8,854,412	5.0%	1.6%
Rehabilitation	\$1,331,215	\$1,460,996	\$1,645,311	\$1,833,192	\$1,962,878	47.5%	7.1%
Expenses	\$1,013,659	\$995,580	\$1,141,978	\$1,215,159	\$1,223,658	20.7%	0.7%
EE Atty Fees	\$538,873	\$422,159	\$411,560	\$736,270	\$873,756	62.1%	18.7%
Totals Overall	\$22,256,201	\$23,584,737	\$23,961,813	\$24,116,298	\$23,738,287	6.7%	-1.6%

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

In FY 2013, 45.6% (\$10,823,582) of the total benefits paid were for injured employees' medical costs. 37.3% (\$8,854,412) 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 (37.3%) was higher than the 36.1% of the previous year (FY 2012).

Chart 9/Composition of Benefit Costs/FY 2013



Medical Costs

The program's expenditure for medical benefits decreased 6.9% (Chart 10)

In FY 2013, the program paid \$10,823,582 to various medical care providers and for medical reimbursements to the employee. This was a decrease of 6.9% (\$797,058) compared to FY 2012.

Medical office visits include all non-chiropractic care that is not provided in a hospital. From FY 2012 to FY 2013, these payments decreased by 21.0% (\$926,652).

Hospital payments include all inpatient and outpatient treatment that is provided in a hospital. In FY 2013, these payments increased 1.9% (\$89,469) compared to FY 2012.

Chiropractic care payments decreased 18.1% (\$44,857) in FY 2013 compared to FY 2012.

Miscellaneous medical includes payments to intervenors, diet and/or fitness centers, and home remodeling. In FY 2013, these payments decreased 54.6% (\$104,012) compared to FY 2012.

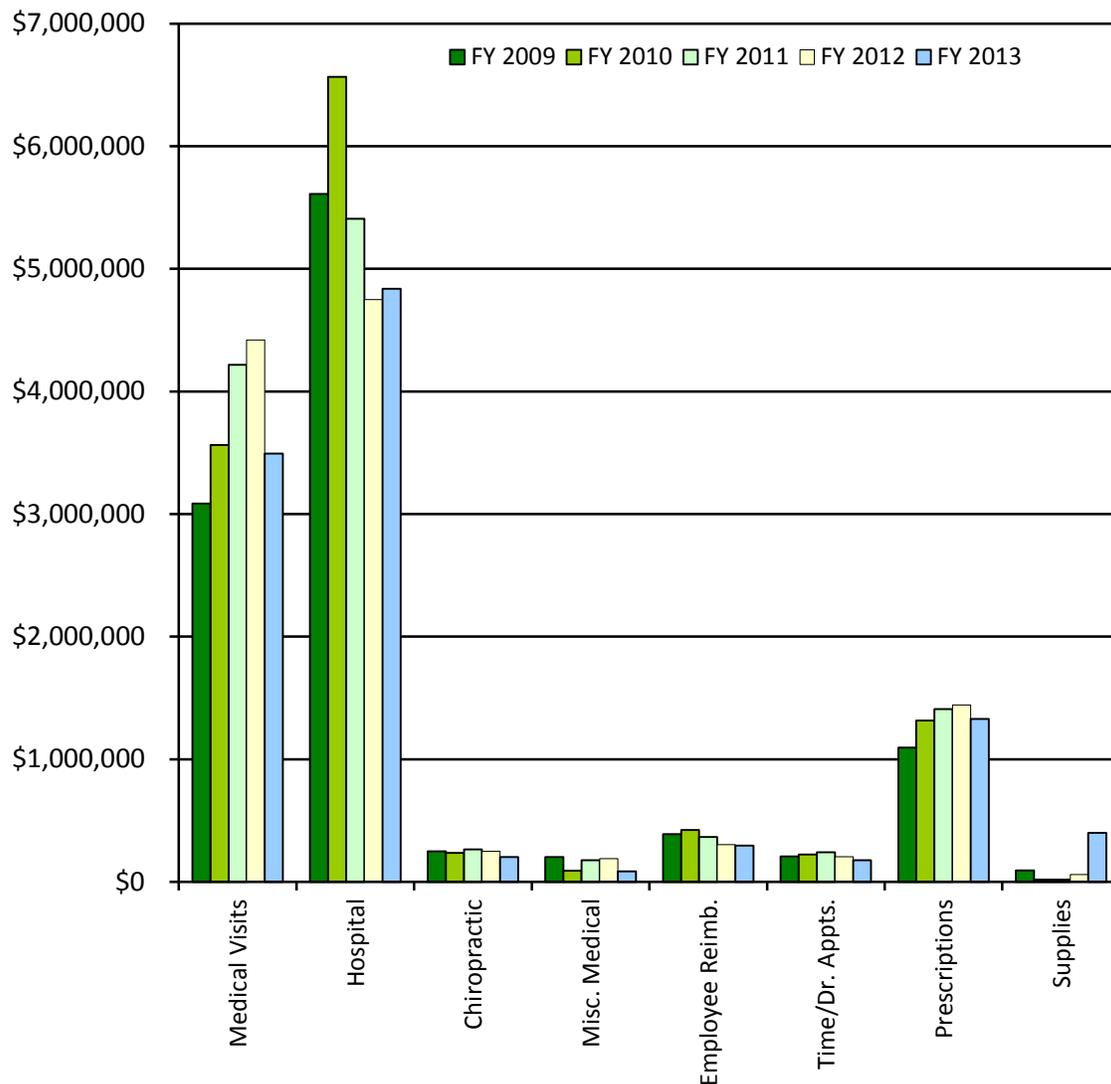
Employee reimbursements include mileage, parking, and meals. These payments decreased 2.5% (\$7,444) from FY 2012 to FY 2013.

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 decreased 13.4% (\$27,437) compared to FY 2012.

Prescription costs decreased 8.0% (\$115,287) from FY 2012 to FY 2013.

Supplies include medical equipment and supplies. These payments increased 555.7% (\$339,162) in FY 2013 compared to FY 2012.

Chart 10/Medical Benefit Costs/FYs 2009-2013



	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 09-13	FY 12-13
	Medical Benefit Costs					% Change	
Medical Visits	\$3,086,947	\$3,564,331	\$4,217,314	\$4,420,223	\$3,493,571	13.2%	-21.0%
Hospital	\$5,609,808	\$6,566,193	\$5,409,443	\$4,748,473	\$4,837,942	-13.8%	1.9%
Chiropractic	\$249,731	\$235,323	\$264,147	\$248,240	\$203,383	-18.6%	-18.1%
Misc. Medical	\$202,106	\$90,391	\$177,020	\$190,533	\$86,521	-57.2%	-54.6%
Employee Reimb	\$389,092	\$422,043	\$366,395	\$303,653	\$296,209	-23.9%	-2.5%
Time/Dr. Appts.	\$208,463	\$222,721	\$240,959	\$204,463	\$177,026	-15.1%	-13.4%
Prescriptions	\$1,096,690	\$1,317,098	\$1,408,224	\$1,444,017	\$1,328,730	21.2%	-8.0%
Supplies	\$93,047	\$17,408	\$18,404	\$61,038	\$400,201	330.1%	555.7%
Totals	\$10,935,884	\$12,435,509	\$12,101,907	\$11,620,640	\$10,832,582	-1.0%	-6.9%

Indemnity Costs

The program's expenditure for indemnity benefits increased 1.6% (Chart 11)

The program's second largest expenditure, indemnity benefits, experienced an increase of 1.6% from FY 2012 to FY 2013.

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 2013, TTD payments decreased 4.4% (\$114,372) compared to FY 2012.

Other Benefits include lump sums to settle claims, death benefits to dependents, and retraining benefits. In FY 2013, these payments increased 29.8% (\$536,698) compared to FY 2012.

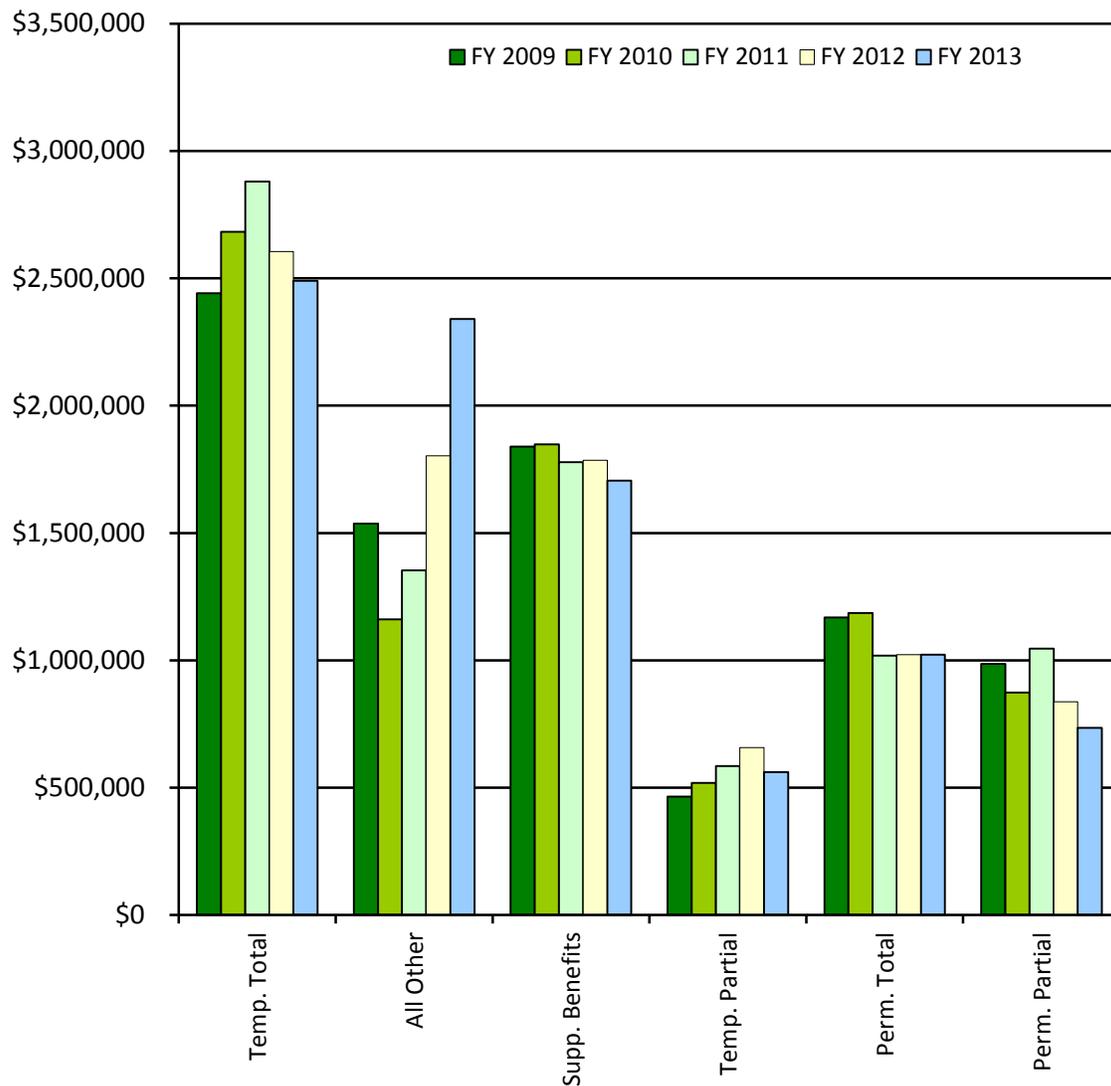
Supplementary Benefits (SBs) are paid in conjunction with PTD, or to bring payments up to a percentage of the statewide average weekly wage. The majority of employees who receive SBs also receive Social Security Disability benefits. The program does not invoice agencies for these benefit payments, but rather receives full reimbursement from the Department of Labor and Industry. In FY 2013, SB payments decreased 4.4% (\$79,449) compared to FY 2012. 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 2013, TPD payments decreased 14.6% (\$96,016) compared to FY 2012.

Permanent Total Disability (PTD) benefits are paid to employees who will never be able to work again. In FY 2013, PTD payments decreased 0.1% (\$690) compared to FY 2012.

Permanent Partial Disability (PPD) benefits are paid to employees who have a permanent loss of body function. In FY 2013, PPD payments decreased 12.3% (\$102,795) compared to FY 2012.

Chart 11/Indemnity Benefit Costs/FYs 2009-2013



	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 09-13	FY 12-13
	Indemnity Benefit Costs					% Change	
Temp. Total	\$2,441,323	\$2,683,101	\$2,880,487	\$2,604,844	\$2,490,472	2.0%	-4.4%
All Other	\$1,537,102	\$1,160,924	\$1,353,734	\$1,803,410	\$2,340,108	52.2%	29.8%
Supp. Benefits	\$1,838,748	\$1,848,513	\$1,777,644	\$1,785,626	\$1,706,177	-7.2%	-4.4%
Temp. Partial	\$465,029	\$518,384	\$585,468	\$656,995	\$560,979	20.6%	-14.6%
Perm. Total	\$1,168,443	\$1,185,523	\$1,018,021	\$1,022,834	\$1,022,144	-12.5%	-0.1%
Perm. Partial	\$985,924	\$874,048	\$1,045,704	\$837,328	\$734,533	-25.5%	-12.3%
Totals	\$8,436,569	\$8,270,493	\$8,661,057	\$8,711,038	\$8,854,412	5.0%	1.6%

Recoveries

Recoveries decreased 11.1% in FY 2013 (*Chart 12*)

Recoveries are funds the program receives from three main sources: supplementary benefits, Second Injury Fund, and subrogation. Total recoveries in FY 2013 decreased 11.1% (\$321,360) compared to FY 2012.

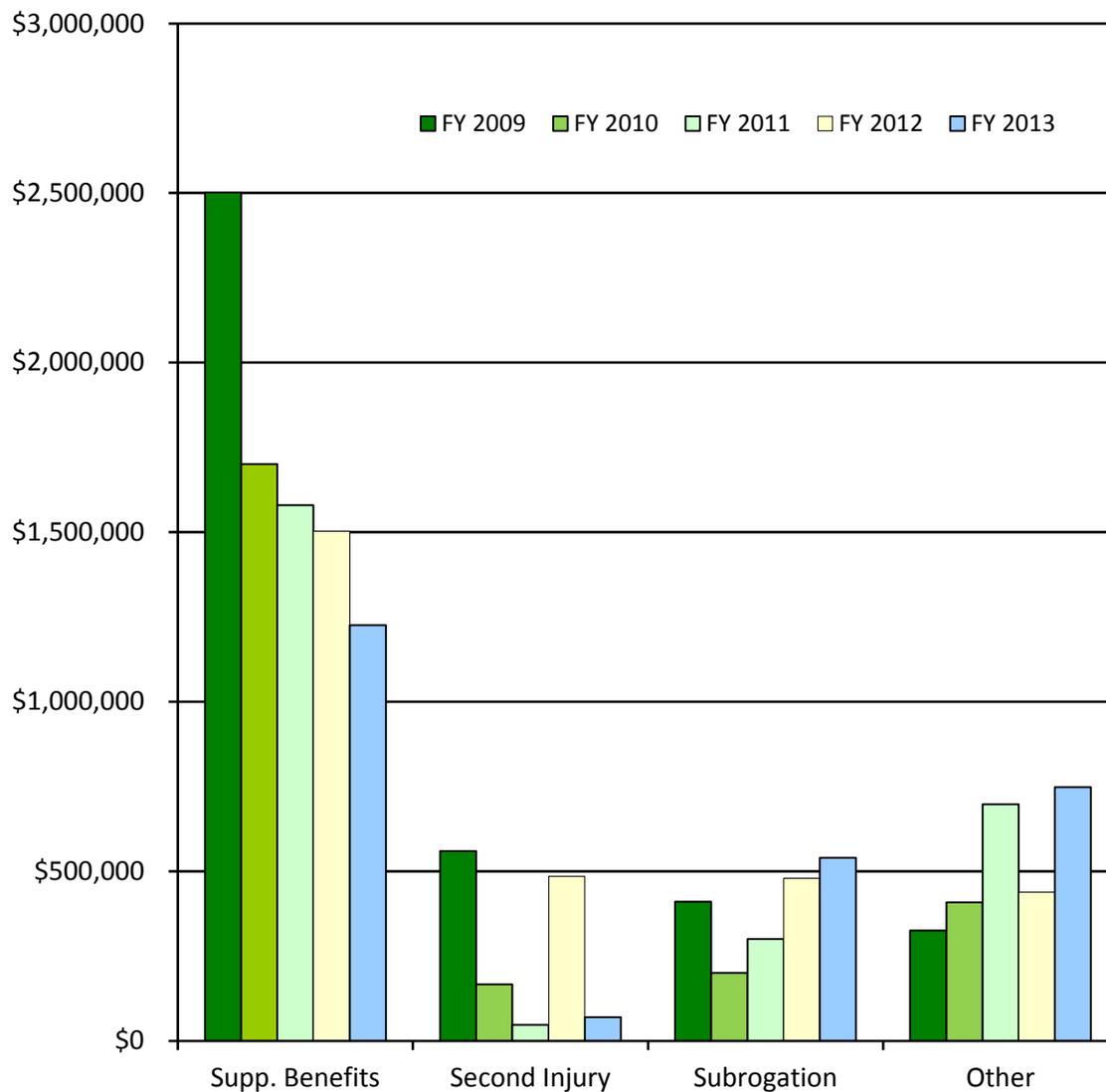
Supplementary Benefit Recoveries are reimbursed by the Department of Labor and Industry. In FY 2013, the program recovered 18.5% less (\$277,531) compared to FY 2012.

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 2013, the recovery of these funds decreased 85.6% (\$414,873) compared to FY 2012.

Subrogation Recoveries are funds paid by third parties who are found responsible for employees' injuries and illnesses. From FY 2012 to FY 2013, the recovery of these funds increased 12.8% (\$61,188).

Other Recoveries include funds obtained through contribution and reinsurance. In FY 2013, the recovery of these funds increased 70.7% (\$309,857) compared to FY 2012.

Chart 12/Recoveries/FYs 2009-2013



	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 09-13	FY 12-13
	Recoveries					Change	
Supp. Benefits	\$2,501,334	\$1,700,988	\$1,579,683	\$1,502,985	\$1,225,453	-51.0%	-18.5%
Second Injury	\$559,905	\$166,693	\$47,068	\$484,706	\$69,832	-87.5%	-85.6%
Subrogation	\$410,102	\$200,206	\$300,158	\$479,077	\$540,265	31.7%	12.8%
Other	\$324,907	\$408,629	\$697,946	\$438,408	\$748,265	130.3%	70.7%
Totals	\$3,796,248	\$2,476,516	\$2,624,855	\$2,905,176	\$2,583,816	-31.9%	-11.1%

Payments Made for Calendar Year Injuries

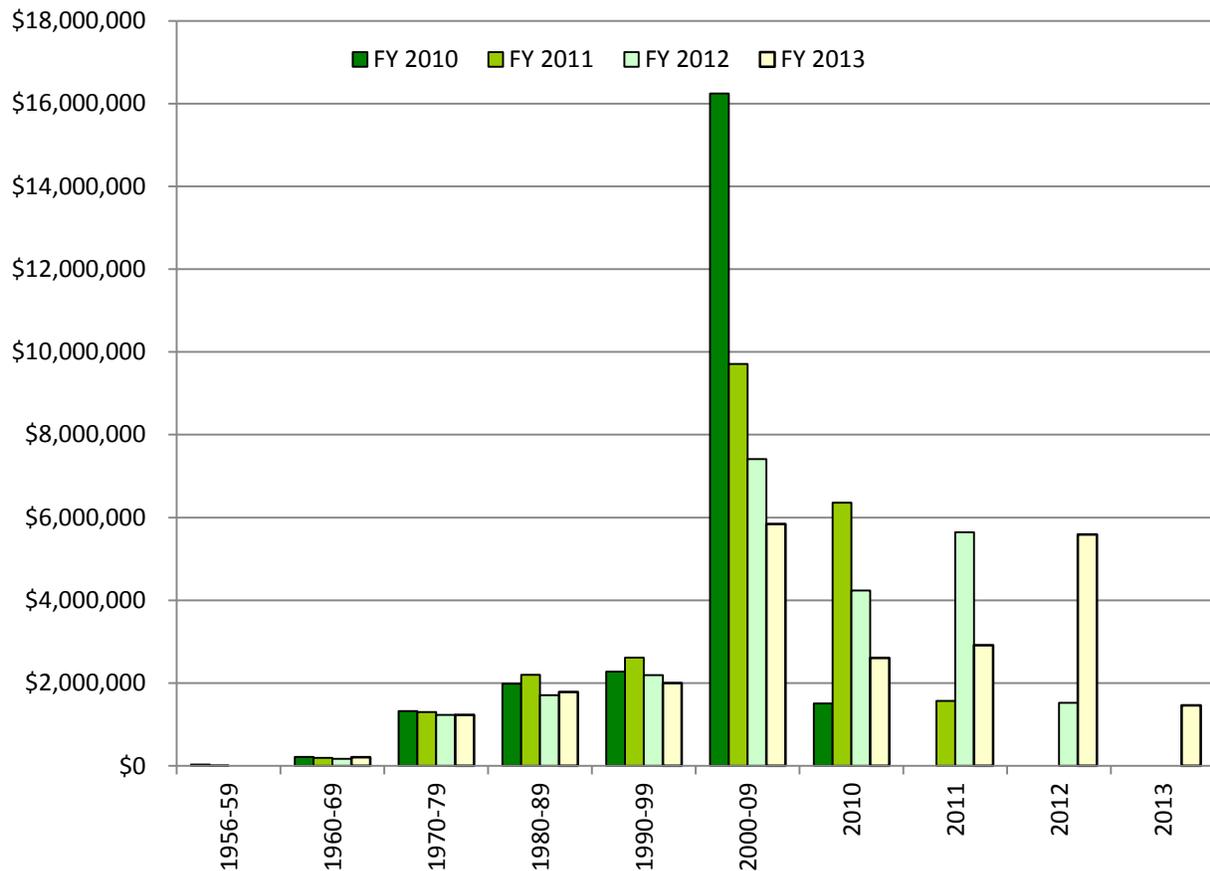
Claims that occurred prior to 2000 accounted for 22.1% of the program's FY 2013 benefit costs (*Chart 13*)

Chart 13 shows a breakdown of total benefits paid from FY 2010 to FY 2013 for injuries occurring in calendar years 1956 through June 30, 2013. In FY 2013, 22.0% (\$5,230,602) of all benefits went to employees who were injured prior to 2000. In FY 2012, \$5,302,407 was paid on older claims compared to \$5,230,602 paid in FY 2013, a 1.4% decrease. In FY 2013, 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 2013 which demonstrate this pattern.

Chart 13/Payments Made for Calendar Year Injuries/FYs 2009-2013



Calendar Years	FY 2010	FY 2011	FY 2012	FY 2013
1956-59	\$29,436	\$9,126	\$0	\$0
1960-69	\$216,209	\$193,134	\$169,297	\$208,776
1970-79	\$1,324,042	\$1,301,279	\$1,235,137	\$1,234,420
1980-89	\$1,986,951	\$2,198,826	\$1,708,518	\$1,784,962
1990-99	\$2,273,560	\$2,615,520	\$2,189,456	\$2,002,444
2000-09	\$16,242,755	\$9,713,370	\$7,410,322	\$5,842,560
2010	\$1,511,783	\$6,361,782	\$4,234,583	\$2,605,895
2011		\$1,568,776	\$5,641,559	\$2,917,920
2012			\$1,527,427	\$5,677,268
2013				\$1,464,041
TOTALS	\$23,584,737	\$23,961,813	\$24,116,298	\$23,738,287

Claims/Benefits Activity by Agency

Nine agencies accounted for over 85% 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 85.1% (2,000) of the claims and paid 87.7% (\$20,822,835) of the benefits in FY 2013. 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 2012 and FY 2013.

Chart 14/Composition of Reported Claims by Agency/FY 2013

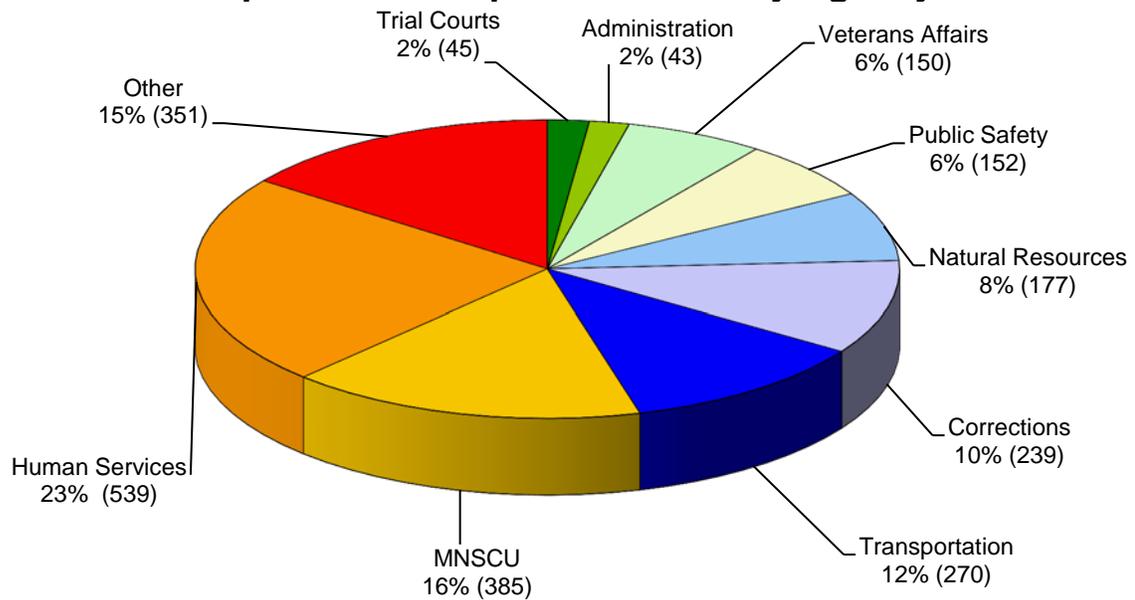
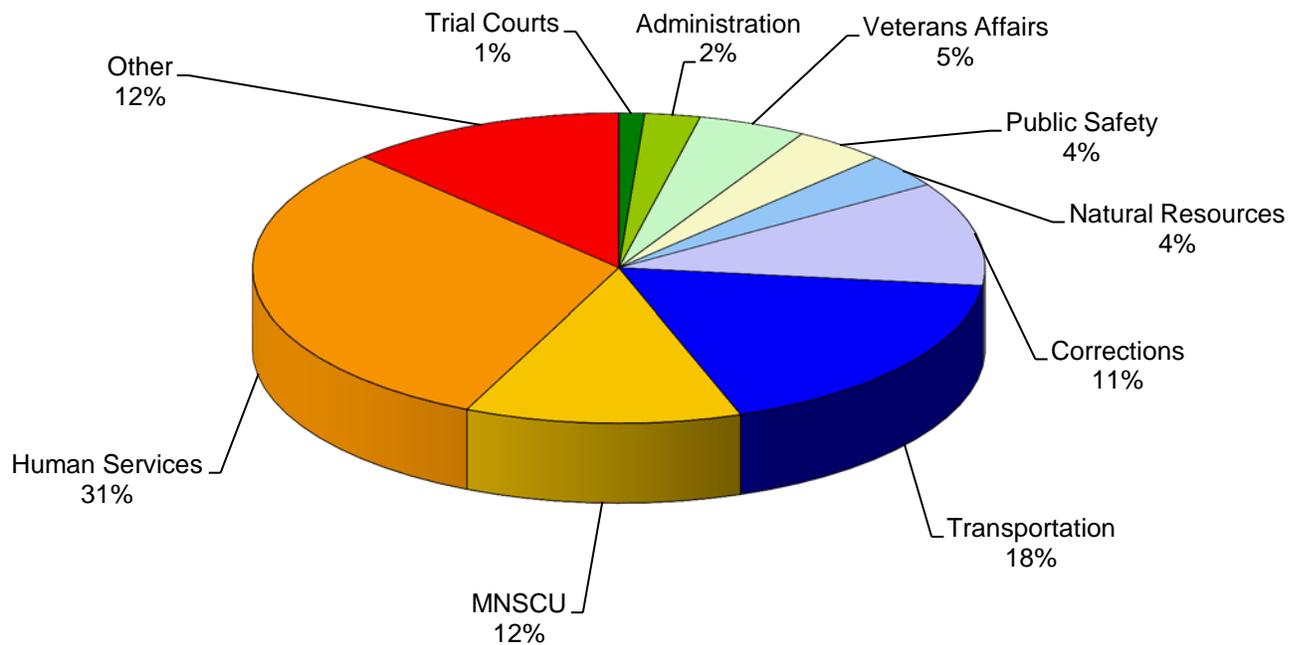


Chart 15/Composition of Benefits Paid by Agency/FY 2013



Benefit Costs for Nine Agencies

Benefit costs for these nine agencies decreased 1.0% (Chart 16 and Appendix B)

Combined benefit costs for the nine large agencies decreased a total of 1.0% (\$203,016) from FY 2012 to FY 2013. Chart 16 shows data for these nine agencies. Cost data for the remaining agencies is contained in Appendix B (p. 35).

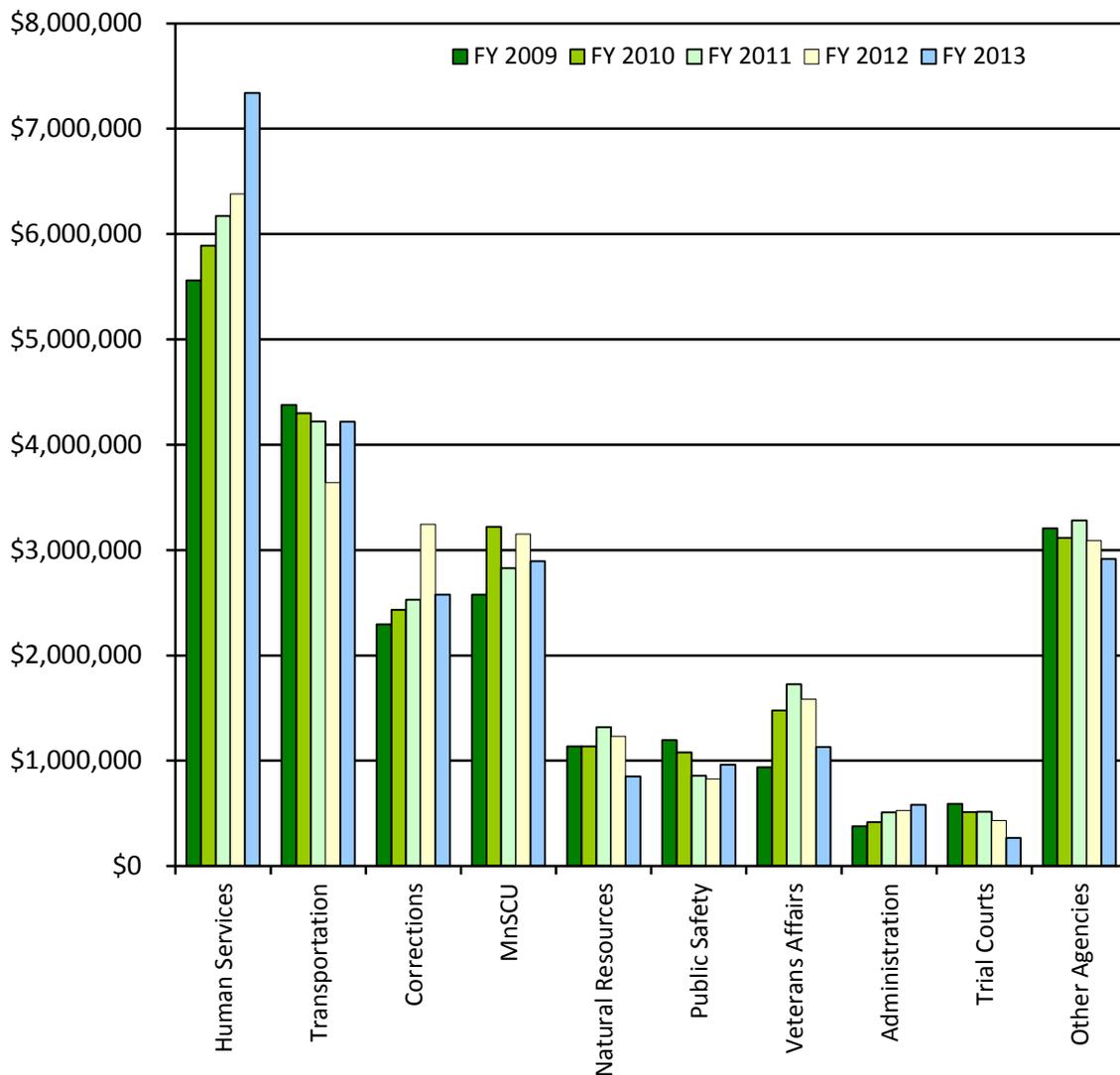
Caution urged when comparing agencies

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 Four of the Largest Nine Agencies, While the Other Agencies Experienced a Decrease.

The nine agencies experienced changes ranging from -37.9% (Trial Courts) to 16.2% (Public Safety). All other agencies experienced a decrease of 5.7% (\$174,996).

Chart 16/Benefit Costs for Nine Agencies/FYs 2009-2013



	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 09-13	FY 12-13
	Benefit Costs					% Change	
Human Services	\$5,561,779	\$5,890,376	\$6,172,536	\$6,382,684	\$7,339,916	32.0%	15.0%
Transportation	\$4,377,941	\$4,299,536	\$4,222,168	\$3,641,090	\$4,217,561	-3.7%	15.8%
Corrections	\$2,294,411	\$2,433,251	\$2,529,097	\$3,245,158	\$2,578,215	12.4%	-20.6%
MnSCU	\$2,575,520	\$3,221,826	\$2,828,084	\$3,153,518	\$2,893,243	12.3%	-8.3%
Natural Resources	\$1,137,248	\$1,137,504	\$1,318,434	\$1,230,636	\$851,577	-25.1%	-30.8%
Public Safety	\$1,196,068	\$1,078,499	\$858,488	\$827,484	\$961,709	-19.6%	16.2%
Veterans Affairs	\$937,495	\$1,476,328	\$1,726,803	\$1,584,777	\$1,130,893	20.6%	-28.6%
Administration	\$378,905	\$418,359	\$509,350	\$527,746	\$580,970	53.3%	10.1%
Trial Courts	\$590,535	\$512,641	\$516,605	\$432,759	\$268,751	-54.5%	-37.9%
Total 9 Agencies	\$19,049,902	\$20,468,318	\$20,681,565	\$21,025,851	\$20,822,835	9.3%	-1.0%
Other Agencies	\$3,206,299	\$3,116,418	\$3,280,030	\$3,090,447	\$2,915,451	-9.1%	-5.7%
Totals Overall	\$22,256,201	\$23,584,737	\$23,961,595	\$24,116,298	\$23,738,287	6.7%	-1.6%

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 (6/30/13) on claims reported during the five year period of FY 2005 through FY 2009.

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

FY 2013 Reported Claims (Chart 17A) and 5-Year Comparison (Chart 17B) by Body Part

In FY 2013, upper extremities (arm, shoulder, elbow, and wrist) continued to be the most frequently reported injured body part (29.0%), up 5.1% compared to FY 2012. Reported injuries that involve multiple body parts (\$10,253 average per claim) and injuries to the neck and back (\$8,120 average per claim) have the highest average cost per claim.

Chart 17A FY 2012 Reported Claims by Body Part

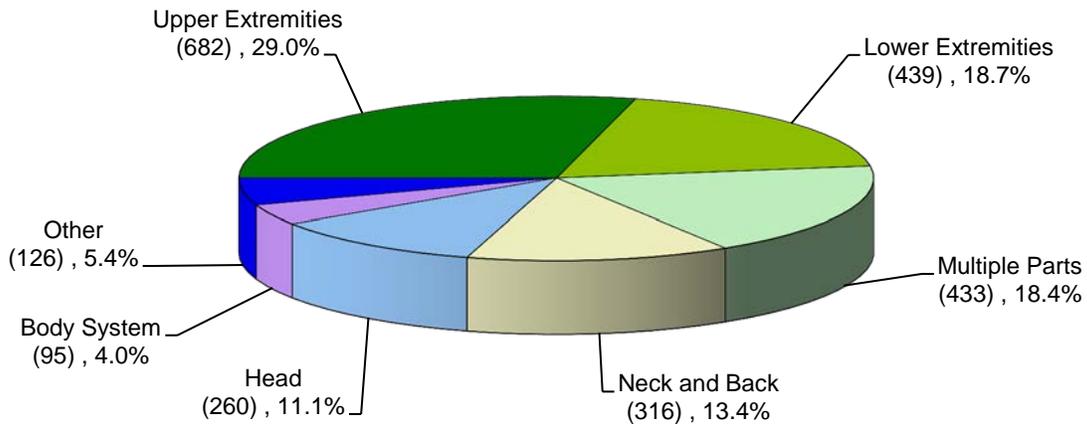
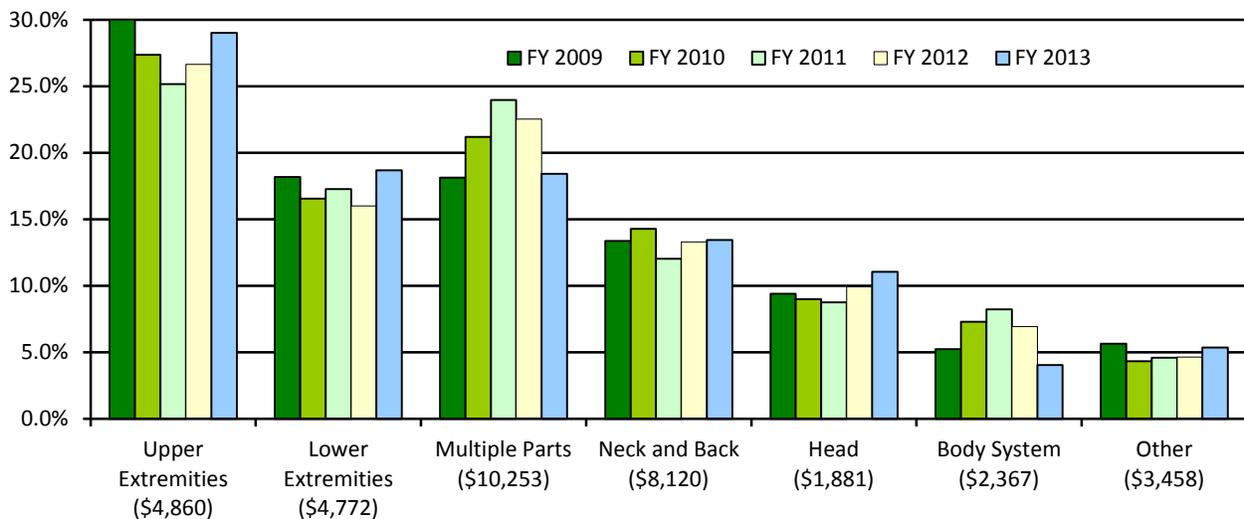


Chart 17B 5-Year Comparison by Body Part (%) of Reported Claims



NOTE: The dollar amounts shown in parenthesis in chart 17B above are the historical average claim costs on claims reported in FY 2005 through FY 2009 paid out through 6/30/13.

FY 2013 Reported Claims (Chart 18A) and 5-Year Comparison (Chart 18B) by Cause

The injury “cause” or “type” identifies the event which directly caused the injury. In FY 2013, overexertion, defined as excessive physical effort (21.3%) and falls (24.2%) continue to be the most prevalent cause of injuries. Motor vehicle claims (\$15,748 average per claim), bodily reaction/involuntary motion claims (\$8,629 average per claim), and overexertion (\$7,975 average per claim) are on average the most expensive cause of claims.

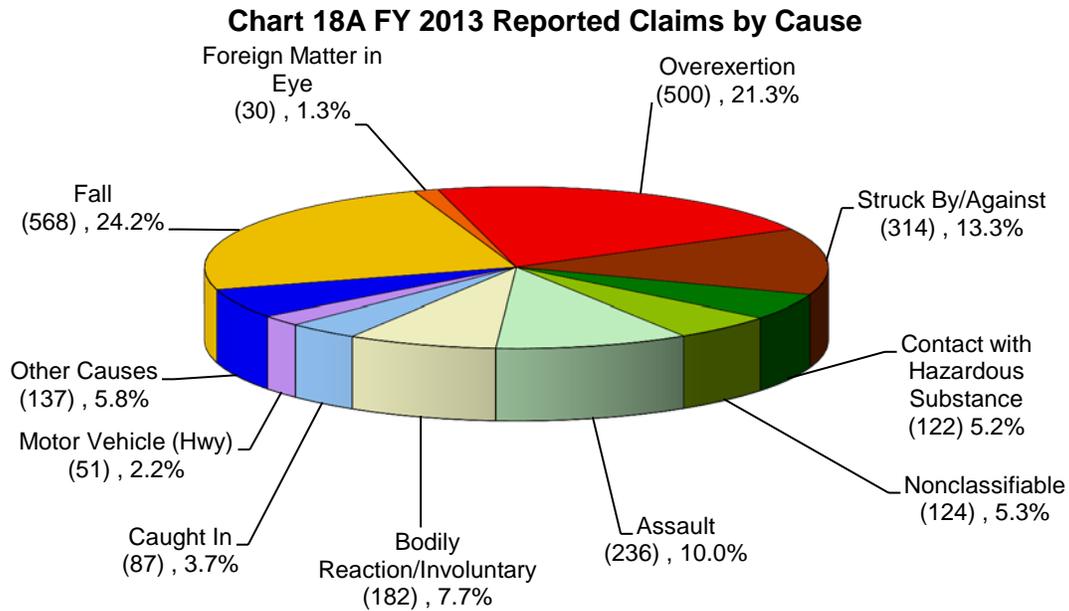
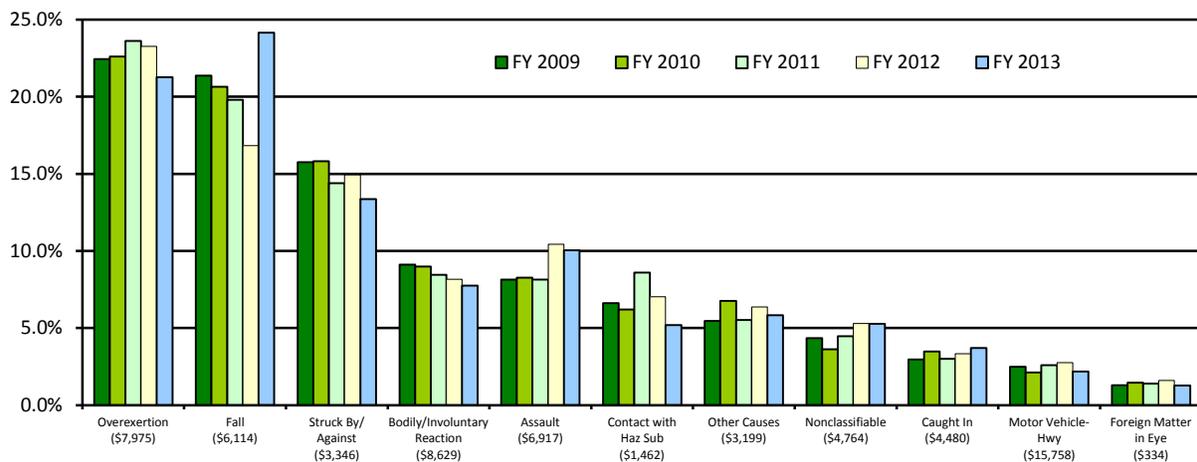


Chart 18B 5-Year Comparison by Cause (%) of Reported Claims



NOTE: The dollar amounts shown in parenthesis in chart 18B above are the historical average claim costs on claims reported in FY 2005 through FY 2009 paid out through 6/30/13.

FY 2013 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 2013, sprains/strains continued to be the most frequently reported nature of injury (39.8%), occurring more than twice as often as the next most frequently reported nature, contusion/crush/bruise (16.8%). While occurring infrequently, multiple injuries (\$33,845 average per claim) and fractures (\$15,654 average per claim) represent the most expensive reported claims.

Chart 19A FY 2012 Reported Claims by Nature

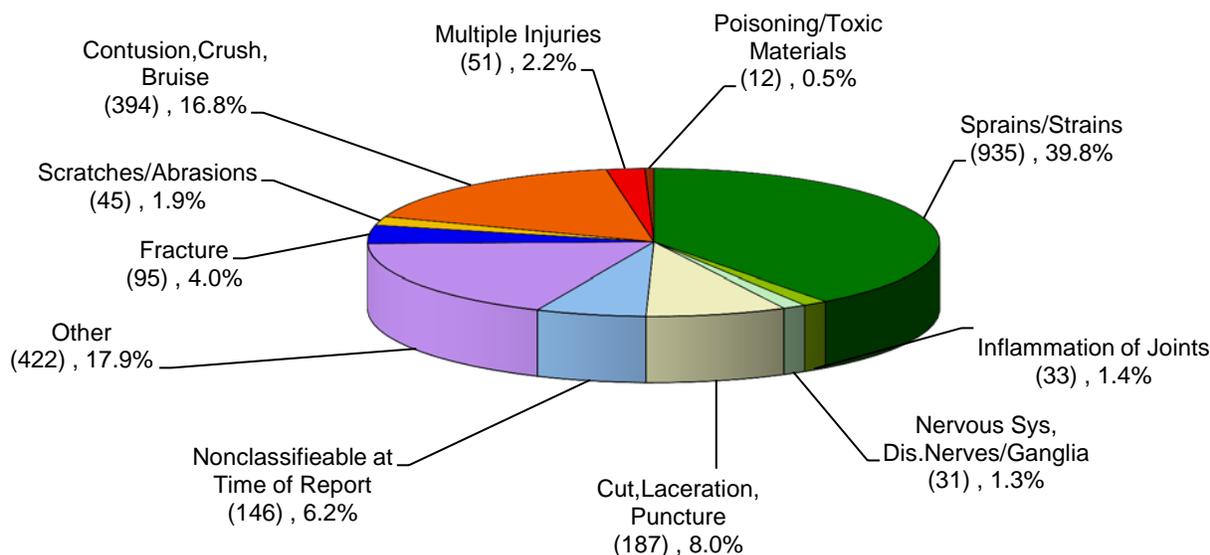
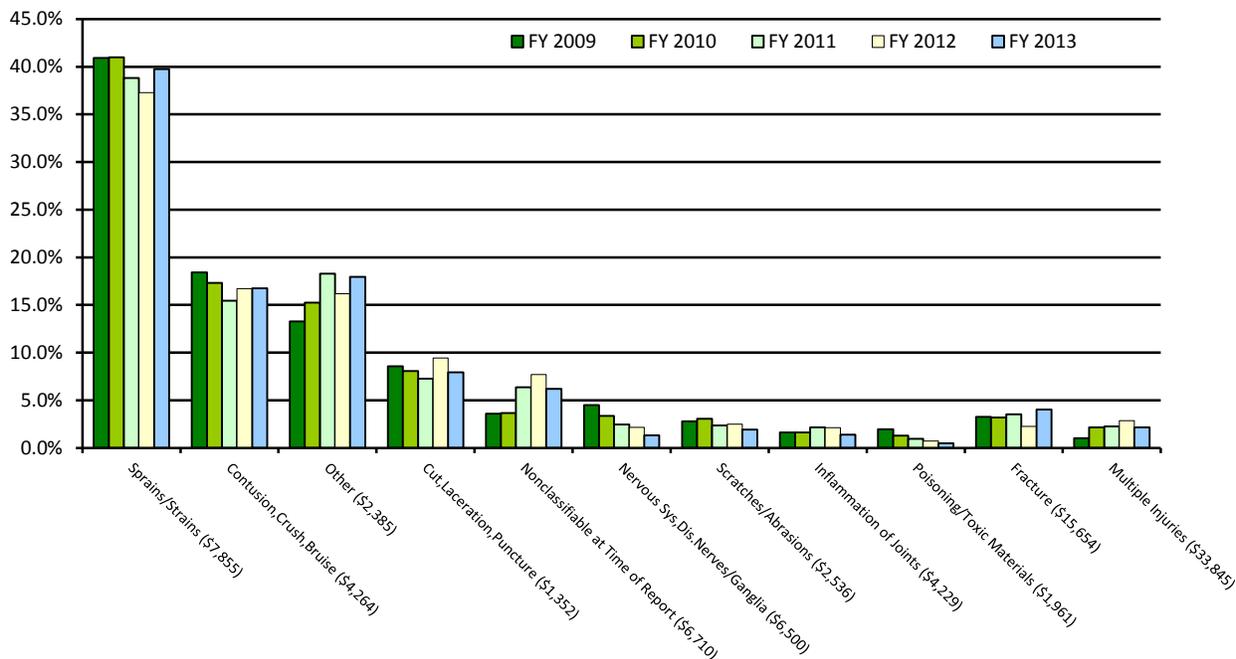


Chart 19B 5-Year Comparison by Nature (%) of Reported Claims



NOTE: The dollar amounts shown in parenthesis in chart 19B above are the historical average claim costs on claims reported in FY 2005 through FY 2009 paid out through 6/30/13.

Incident Rates

The average workers' compensation claim incident rate decreased in FY 2013 (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:

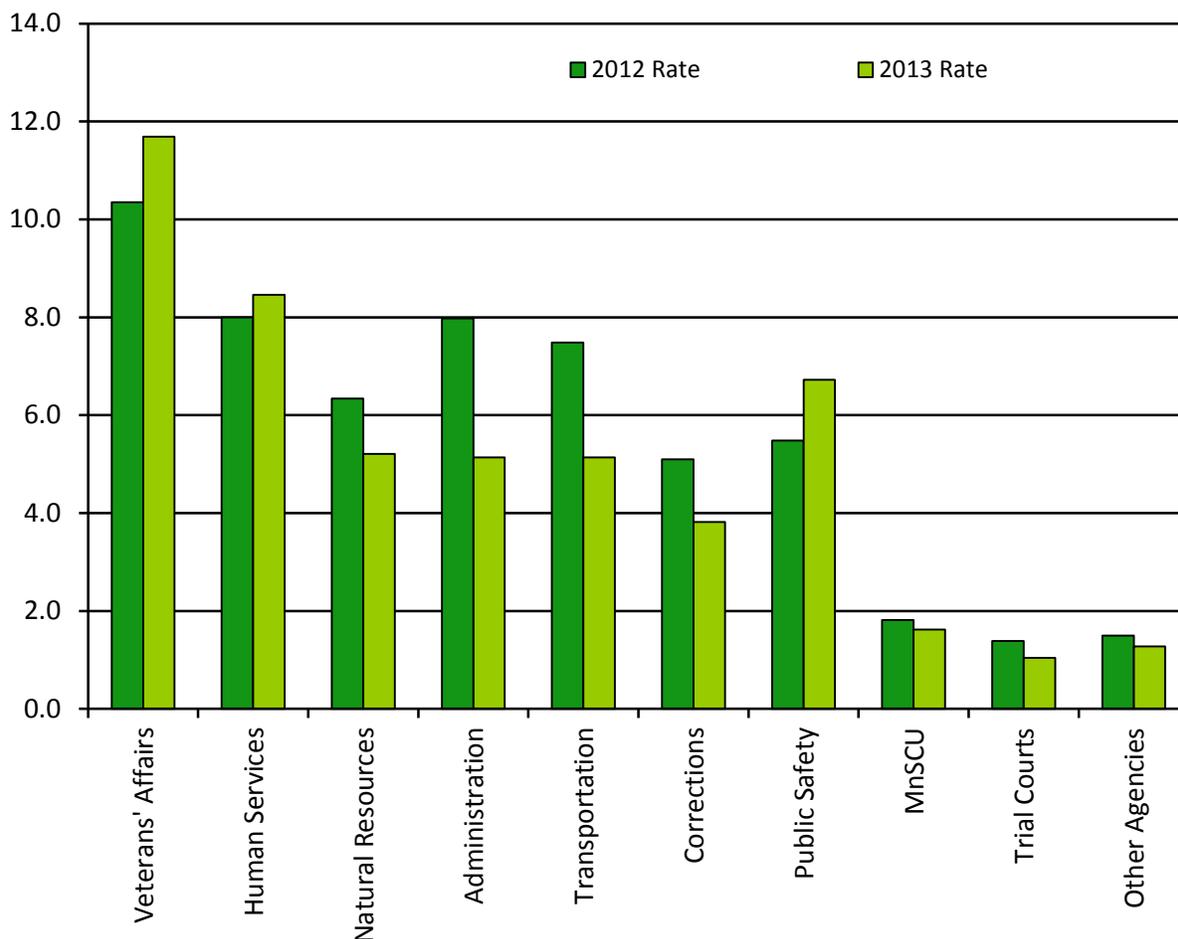
$$\text{Incident Rate} = \frac{\text{Number of Reportable Claims Paid} \times 200,000}{\text{Total Employee Hours Worked}}$$

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 3.9 in FY2012 to 3.4 in FY 2013. See Appendix C (p. 36) for individual agency incident rates for FY 2013.

Overall, the incident rate for all agencies decreased from 4.2 in FY 2009 to 3.4 in FY 2013. See Chart 21 (p. 33) for five year rate comparison.

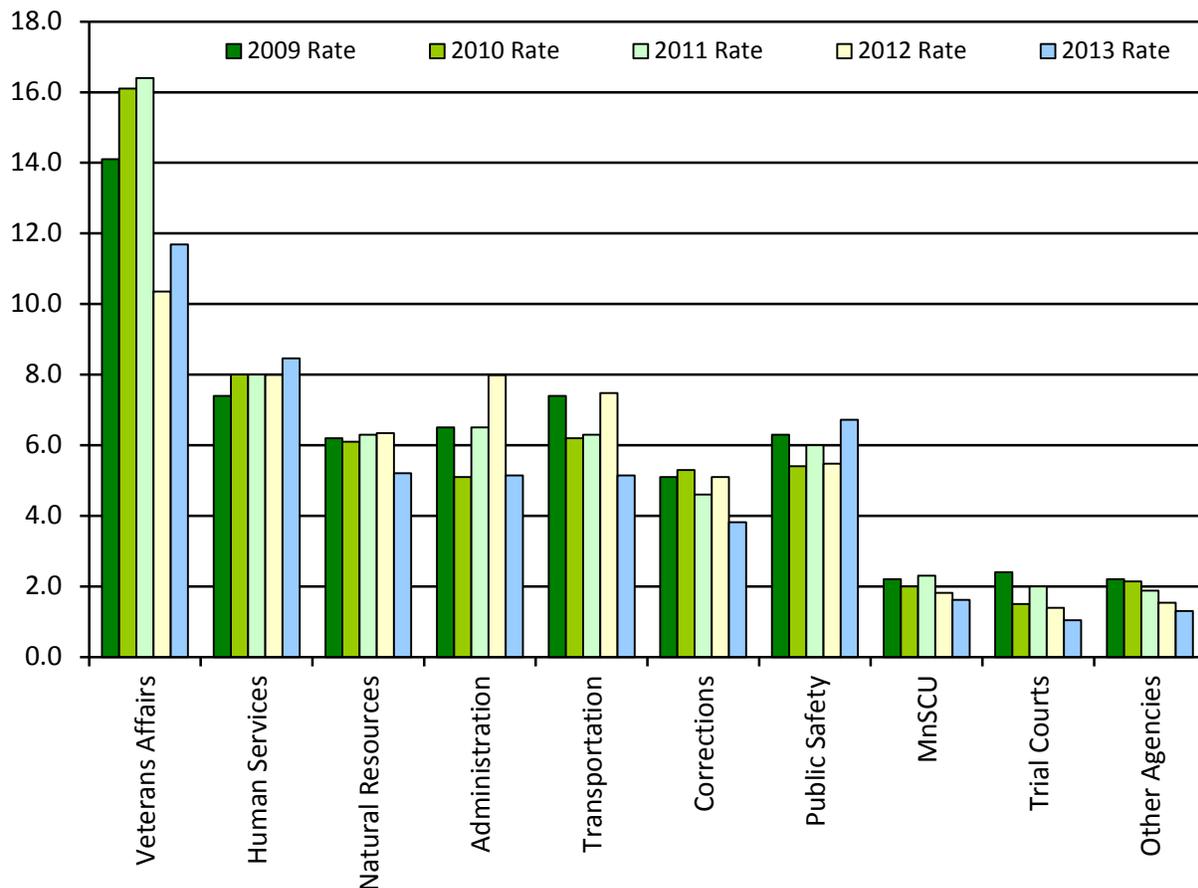
Chart 20/Incident Rates/FYs 2012-2013



Agency	FY 2012		FY 2012 2012 Rate	FY 2013		FY 2013 2013 Rate	FY 12-13 Rate Change
	Reportable Claims	Hours Worked		Reportable Claims	Hours Worked		
Veterans Affairs	99	1,912,618	10.4	118	2,019,526	11.7	1.3
Human Services	429	10,732,224	8.0	436	10,304,879	8.5	0.5
Natural Resources	143	4,511,735	6.3	124	4,764,288	5.2	-1.1
Administration	30	752,072	8.0	19	739,293	5.1	-2.9
Transportation	295	7,886,672	7.5	215	8,365,693	5.1	-2.4
Corrections	185	7,257,121	5.1	136	7,123,416	3.8	-1.3
Public Safety	96	3,504,075	5.5	113	3,363,241	6.7	1.2
MnSCU	259	28,562,193	1.8	239	29,588,608	1.6	-0.2
Trial Courts	26	3,744,661	1.4	20	3,863,512	1.0	-0.4
Other Agencies	147	19,639,151	1.5	143	22,367,333	1.3	-0.2
All Agencies	1,709	88,502,522	3.9	1,563	92,499,798	3.4	-0.5

*Source of Hours Worked is SEMA4.

Chart 21/Incident Rate Comparison/FYs 2009-2013



Agency	2009 Rate	2010 Rate	2011 Rate	2012 Rate	2013 Rate	FY 09-13 Rate Change
Veterans Affairs	14.1	16.1	16.4	10.4	11.7	-2.4
Human Services	7.4	8.0	8.0	8.0	8.5	1.1
Natural Resources	6.2	6.1	6.3	6.3	5.2	-1.0
Administration	6.5	5.1	6.5	8.0	5.1	-1.4
Transportation	7.4	6.2	6.3	7.5	5.1	-2.3
Corrections	5.1	5.3	4.6	5.1	3.8	-1.3
Public Safety	6.3	5.4	6.0	5.5	6.7	0.4
MnSCU	2.2	2.0	2.3	1.8	1.6	-0.6
Trial Courts	2.4	1.5	2.0	1.4	1.0	-1.4
Other Agencies	2.2	2.1	1.9	1.5	1.3	-0.9
All Agencies	4.2	4.1	4.1	3.9	3.4	-0.8

Appendix A: Reported Claims/FY 2012 – 2013 by Agency

Agency	FY 2012	FY 2013	% of Change
Administration	46	43	-6.52%
Agriculture	15	10	-33.33%
Animal Health Board	3	0	-100.00%
Attorney General	8	4	-50.00%
Boards & Commissions	11	5	-54.55%
Perpich Center for Arts Educ	2	1	-50.00%
Commerce & Commerce Weights & Measures	9	5	-44.44%
Conservation Corp	66	50	-24.24%
Corrections	278	239	-14.03%
Court of Appeals	0	1	100.00%
Education	10	11	10.00%
Explore Minnesota Tourism	1	1	No Change
Employment & Economic Development	28	32	14.29%
Examining Boards	6	4	-33.33%
Faribault Academies	21	23	9.52%
Gambling Control Board	0	0	No Change
Governor's Office	1	0	-100.00%
Health	18	21	16.67%
Higher Educ Services Office	1	0	-100.00%
Historical Society	15	26	73.33%
House of Representatives	2	6	200.00%
Housing Finance	2	1	-50.00%
Human Rights	1	1	No Change
Human Services	538	539	0.19%
Indian Affairs Council	0	0	No Change
Investment Board	0	0	No Change
Iron Range Resources	2	2	No Change
Judicial	2	6	200.00%
Judicial Standards Board	0	0	No Change
Labor & Industry	13	11	-15.38%
Legislative Auditor	1	1	No Change
Legislative Coord Commission/Revisor of Statutes	0	1	100.00%
Lottery	2	5	150.00%
Mediation Services	0	0	No Change
Military Affairs	15	15	No Change
Minnesota Management & Budget	5	4	-20.00%
MN State Retirement	2	2	No Change
MnSCU	403	385	-4.47%
Natural Resources	192	177	-7.81%
MN.IT Services	1	9	800.00%
Ombudsman-Corrections	0	0	No Change
Ombudsperson for Families	0	0	No Change
Pollution Control Agency	16	10	-37.50%
Public Defense Board	6	2	-66.67%
Public Employees Retirement Assoc.	1	2	100.00%
Public Safety	120	152	26.67%
Public Utilities Commission	1	1	No Change
Racing Commission	0	0	No Change
Revenue	25	24	-4.00%
Secretary of State	3	2	-33.33%
State Arts Board	0	0	No Change
State Auditor	0	1	100.00%
State Fair	21	24	14.29%
State Guardian Ad Litem	0	7	100.00%
State Senate	2	5	150.00%
Tax Court	0	0	No Change
Teachers Retirement Assoc.	0	1	100.00%
Transportation	337	270	-19.88%
Trial Courts	42	45	7.14%
Veterans Affairs	128	150	17.19%
Work Comp Court of Appeals	0	1	100.00%
Zoo	14	13	-7.14%
TOTAL	2,436	2,351	-3.49%

Appendix B: Benefit Costs/FY 2012 – 2013 by Agency

Agency	FY 2012	FY 2013	% of Change
Administration	\$527,746	\$580,970	10.09%
Agriculture	\$210,372	\$140,104	-33.40%
Animal Health Board	\$1,420	\$6,945	389.26%
Attorney General	\$18,025	\$2,091	-88.40%
Boards & Commissions	\$3,937	\$15,171	285.33%
Perpich Center for Arts Education	\$449	\$3,897	767.11%
Commerce & Commerce Weights & Measures	\$102,310	\$57,871	-43.44%
Conservation Corp MN	\$73,029	\$39,544	-45.85%
Corrections	\$3,245,158	\$2,578,215	-20.55%
Court of Appeals	\$0	\$1,787	100.00%
Education	\$50,026	\$109,555	119.00%
Explore Minnesota Tourism	\$0	\$0	No Change
Employment & Economic Development	\$425,299	\$412,419	-3.03%
Examining Boards	\$81,092	\$19,928	-75.43%
Faribault Academies	\$464,407	\$280,441	-39.61%
Gambling Control Board	\$383	\$0	-100.00%
Governor's Office	\$13,338	\$2,156	-83.84%
Health	\$144,769	\$203,794	40.77%
Higher Educ Services Office	\$0	\$0	No Change
Historical Society	\$23,363	\$22,391	-4.16%
House of Representatives	\$5,426	\$3,369	-37.91%
Housing Finance	\$55,497	\$132,090	138.01%
Human Rights	\$4,133	\$15,620	277.94%
Human Services	\$6,382,684	\$7,339,916	15.00%
Indian Affairs Council	\$0	\$0	No Change
Investment Board	\$0	\$0	No Change
Iron Range Resources	\$90,743	\$80,581	-11.20%
Judicial	\$7,380	\$18,567	151.57%
Judicial Standards Board	\$0	\$0	No Change
Labor & Industry	\$150,109	\$243,875	62.46%
Legislative Auditor	\$0	\$0	No Change
Legislative Coord Commission/Revisor of Statutes	\$0	\$0	No Change
Lottery	\$18,352	\$9,399	-48.78%
Mediation Services	\$0	\$0	No Change
Military Affairs	\$190,984	\$218,569	14.44%
Minnesota Management & Budget	\$56,687	\$77,228	36.24%
MN.IT Services	\$36,994	\$65,002	75.71%
MN State Retirement	\$10,840	\$13,101	20.85%
MnSCU	\$3,153,518	\$2,893,243	-8.25%
Natural Resources	\$1,230,636	\$851,577	-30.80%
Ombudsman-Corrections	\$0	\$0	No Change
Ombudsperson for Families	\$0	\$0	No Change
Pollution Control Agency	\$45,101	\$32,205	-28.59%
Public Defense Board	\$50,483	\$48,434	-4.06%
Public Employees Retirement Assoc.	\$179	\$1,164	548.90%
Public Safety	\$827,484	\$961,709	16.22%
Public Utilities Commission	\$0	\$0	No Change
Racing Commission	\$0	\$0	No Change
Revenue	\$374,470	\$237,530	-36.57%
Secretary of State	\$765	\$123	-83.98%
State Arts Board	\$0	\$0	No Change
State Auditor	\$16,411	\$16,683	1.66%
State Fair	\$80,917	\$174,053	115.10%
State Guardian Ad Litem	\$0	\$23,600	100.00%
State Senate	\$16,459	\$11,688	-28.99%
Tax Court	\$0	\$0	No Change
Teachers Retirement Assoc.	\$0	\$366	100.00%
Transportation	\$3,641,090	\$4,217,561	15.83%
Trial Courts	\$432,759	\$268,751	-37.90%
Veterans Affairs	\$1,584,777	\$1,130,893	-28.64%
Work Comp Court of Appeals	\$32,385	\$43,612	34.67%
Zoo	\$233,911	\$130,498	-44.21%
TOTAL	\$24,116,298	\$23,738,287	-1.57%

Appendix C: Agency Incident Rates/FY 2013

Agency	# of Hours Worked	Reportable Claims	Incident Rate
Administration	739,293	19	5.14
Agriculture	750,928	8	2.13
Animal Health Board	72,832	0	0.00
Attorney General	511,769	3	1.17
Boards & Commissions	685,714	9	9.54
Perpich Center for Arts Educ	124,361	1	1.61
Commerce & Commerce Weights & Measures	572,657	4	1.40
Conservation Corp MN	Not Available	40*	Not Available
Corrections	7,123,416	136	3.82
Court of Appeals	158,858	1	1.26
Education	634,391	4	1.26
Explore Minnesota Tourism	78,588	0	0.00
Employment & Economic Development	2,649,726	18	1.36
Examining Boards	310,942	0	0.00
Faribault Academies	301,053	15	9.97
Gambling Control Board	50,456	0	0.00
Governor's Office	71,721	0	0.00
Health	2,349,827	15	1.28
Higher Educ Services Office	116,311	0	0.00
Historical Society	Not Available	12*	Not Available
House of Representatives	Not Available	3*	Not Available
Housing Finance	383,707	1	0.52
Human Rights	55,886	0	0.00
Human Services	10,304,879	436	8.46
Indian Affairs Council	7,953	0	0.00
Investment Board	38,508	0	0.00
Iron Range Resources	119,250	2	3.35
Judicial	474,758	2	0.84
Judicial Standards Board	3,060	0	0.00
Labor & Industry	755,005	4	1.06
Legislative Auditor	104,704	0	0.00
Legislative Coord Commission/Revisor of Statutes	140,485	0	0.00
Lottery	262,376	3	2.29
Mediation Services	0	0	0.00
Military Affairs	524,688	12	4.57
Minnesota Management & Budget	415,657	2	0.96
MN State Retirement	171,504	2	2.33
MnSCU	29,588,608	239	1.62
Natural Resources	4,764,288	124	5.21
MN.IT Services	3,036,660	6	0.40
Ombudsperson for Families	6,705	0	0.00
Pollution Control Agency	1,435,718	5	0.70
Public Defense Board	1,095,973	1	0.18
Public Employees Retirement Assoc.	154,107	0	0.00
Public Facilities Authority	11,817	0	0.00
Public Safety	3,363,241	113	6.72
Public Utilities Commission	89,978	1	2.22
Racing Commission	22,629	0	0.00
Revenue	2,709,154	11	0.81
Science Technology Authority	736	0	0.00
Secretary of State	111,947	1	1.79
State Arts Board	28,510	0	0.00
State Auditor	168,034	1	1.19
State Fair	Not Available	15*	Not Available
State Senate	Not Available	2*	Not Available
Tax Court	8,862	0	0.00
Teachers Retirement Assoc.	139,513	1	1.43
Transportation	8,365,693	215	5.14
Trial Courts	3,863,512	20	1.04
Veterans Affairs	2,019,536	118	11.69
Work Comp Court of Appeals	21,992	1	9.09
Zoo	427,328	9	4.21
TOTAL	92,499,798	1,563	3.38

* Reportable Claim #'s are not included in the 1,563 total

Appendix C1: Agency Incident Rates Graph/FY 2013

