

Workers' Compensation Program
Annual Report
State Fiscal Year 2012

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 2012

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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 2,600 new claims annually and is funded by an administrative fee charged to each agency covered by the program. During state fiscal year 2012 (FY 2012), the program's total costs decreased 1.0% (\$331,640) from \$32.0 million to \$31.7 million. The decrease is from a reduction in reinsurance costs.

We present the following report on the program's activities during FY 2012. 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:

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All comparisons made in this report are of FY 2012 figures to FY 2011, unless otherwise noted, and are actual costs. The cost data has not been adjusted for inflation, except for the benchmarks section (pp. 4-7).

Executive Summary

The following is a summary of program activity for state fiscal year 2012:

Cost Per \$100 of Payroll

- ◆ Costs per \$100 of payroll increased slightly but remain less than the Department of Labor & Industry's estimated average for employers in Minnesota (p. 5).

Claim Numbers

- ◆ Agencies reported 8.0% fewer claims in FY 2012 (p. 9).

Total Costs

- ◆ Total program costs decreased 1.0% from \$31,993,490 in FY 2011 to \$31,661,850 in FY 2012 (pp. 11-12).
- ◆ Expenditures for program administration decreased 2.7% from \$2,610,604 in FY 2011 to \$2,538,973 in FY 2012 (pp. 11-12).
- ◆ Expenditures for reinsurance decreased 13.0% from \$2,467,481 in FY2011 to \$2,145,928 in FY2012 (pp. 11-12).
- ◆ Expenditures for all benefits increased 0.6% from \$23,961,813 in FY 2011 to \$24,116,298 in FY 2012 (pp. 13-14).
- ◆ Expenditures for medical benefits decreased 4.0% from \$12,101,907 in FY 2011 to \$11,620,640 in FY 2012 (pp. 16-17).
- ◆ Expenditures for indemnity benefits increased .6% from \$8,661,057 in FY 2011 to \$8,711,038 in FY 2012 (pp. 18-19).

Recoveries

- ◆ Recoveries increased 10.7% in FY 2012 (pp. 20-21). 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 87.2% of the program's payment activity (pp. 24-25).
- ◆ Benefit costs for these nine agencies increased 1.7% from FY 2011 to FY 2012 (pp. 26-27).
- ◆ The workers' compensation incidence rate decreased slightly from 4.1 in FY 2011 to 3.9 in FY 2012 (pp. 32-33) for all agencies. The incident rate for individual agencies is located in Appendix C (p. 37).

Other Findings

- ◆ Claims that occurred prior to 2000 accounted for 22.0% of the program's benefit costs paid out during FY 2012 (pp. 22-23).
- ◆ Most common injury causes continue to be due to overexertion and falls (p. 30).

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

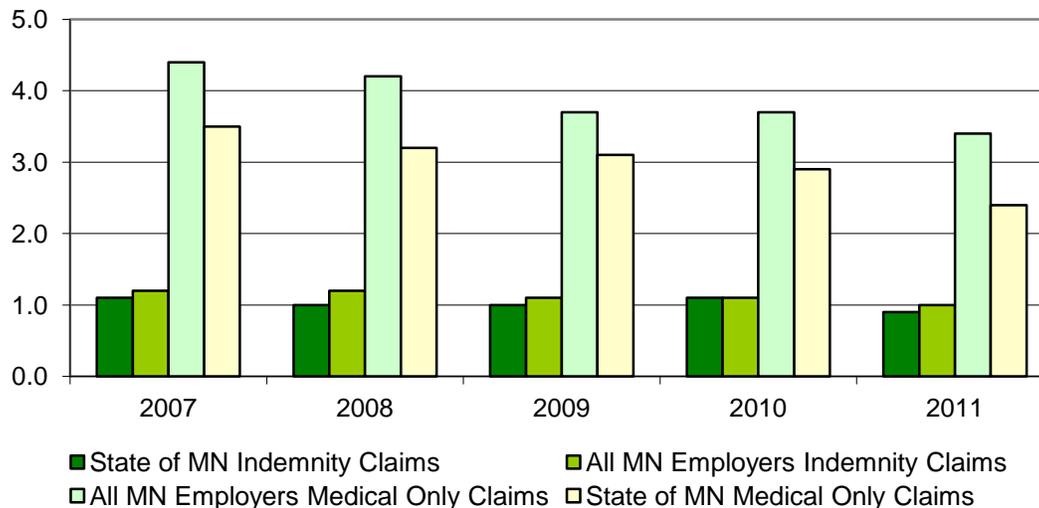
The Safety and Loss Control Unit provides safety and industrial hygiene consulting resources to all state agencies. Its purpose is to help state agencies identify and correct workplace safety hazards-both environmental and behavioral-that place employees at risk for work related injury or illness. The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

Benchmarks

Claims rate has decreased over the last five years (*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.



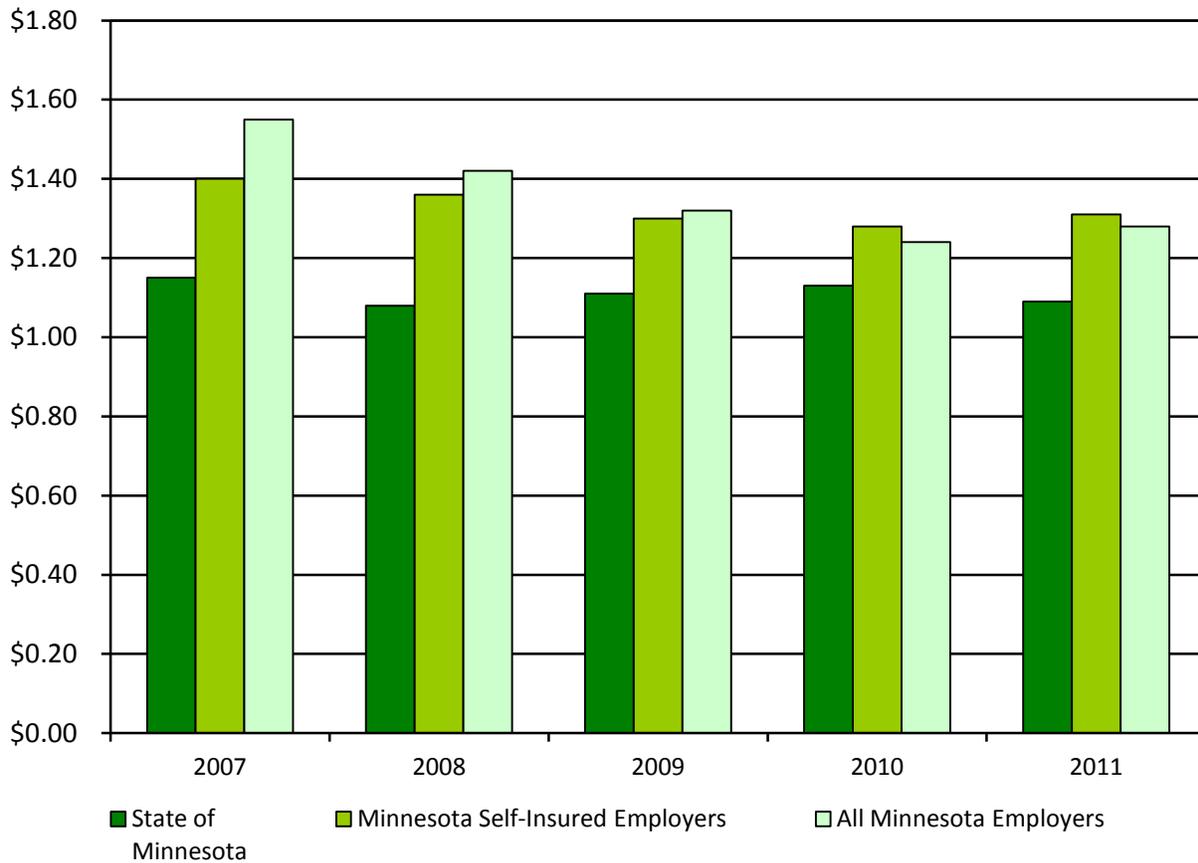
State of Minnesota			
Paid Claims Per 100 FTE CY DOI/FTE by FY			
Injury Calendar Year	Indemnity Claims	Medical Only Claims	Total Claims
2007	1.1	3.5	4.5
2008	1.0	3.2	4.2
2009	1.0	3.1	4.1
2010	1.1	2.9	4.0
2011	0.9	2.4	3.3

All Minnesota Employers			
Paid Claims Per 100 FTE CY DOI/FTE by FY			
Injury Calendar Year	Indemnity Claims	Medical Only Claims	Total Claims
2007	1.2	4.4	5.6
2008	1.2	4.2	5.3
2009	1.1	3.7	4.8
2010	1.1	3.7	4.8
2011	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 slightly during the last five years when compared to other Minnesota employers (*Charts 2, 3*).

Chart 2/Estimated Cost Per \$100 of Payroll



Year	State of Minnesota	Minnesota Self-Insured Employers	All Minnesota Employers
2007	\$1.15	\$1.40	\$1.55
2008	\$1.08	\$1.36	\$1.42
2009	\$1.11	\$1.30	\$1.32
2010	\$1.13	\$1.28	\$1.24
2011	\$1.09	\$1.31	\$1.28

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

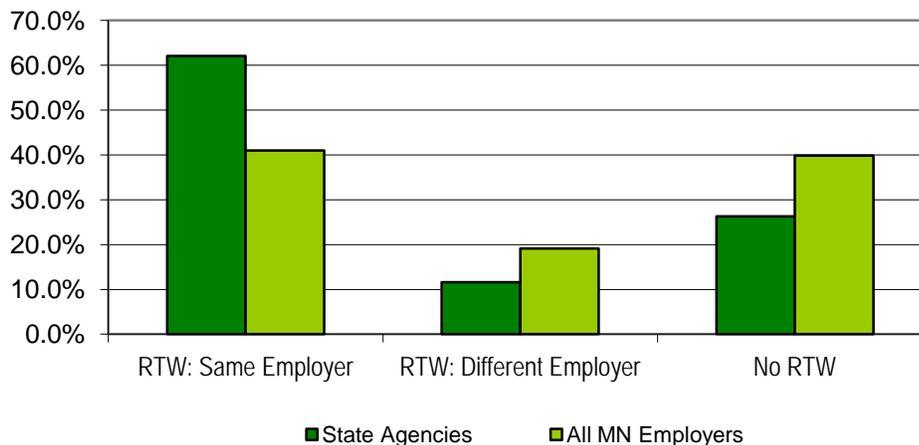
Chart 4a/Return-to-Work Rate

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 (%)
2006	All MN Employers	43.9	22.3	33.8	100
	State Agencies	63.5	12.5	24.0	100
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
Average 2006-2012	All MN Employers	41.0	19.2	39.8	100
	State Agencies	62.1	11.6	26.3	100

Data Source: DLI System Report (released 2013)
Please note that data from prior years has been updated.

Chart 4b/Return to Work (RTW) Comparison 2006-2012/Average



Findings

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

Number of claims decreased (Chart 5)

The program experienced a decrease of 212 claims reported from FY 2011 to FY 2012. Appendix A (p. 35) contains an agency-by-agency breakdown of the number of claims reported for FY 2011 and FY 2012.

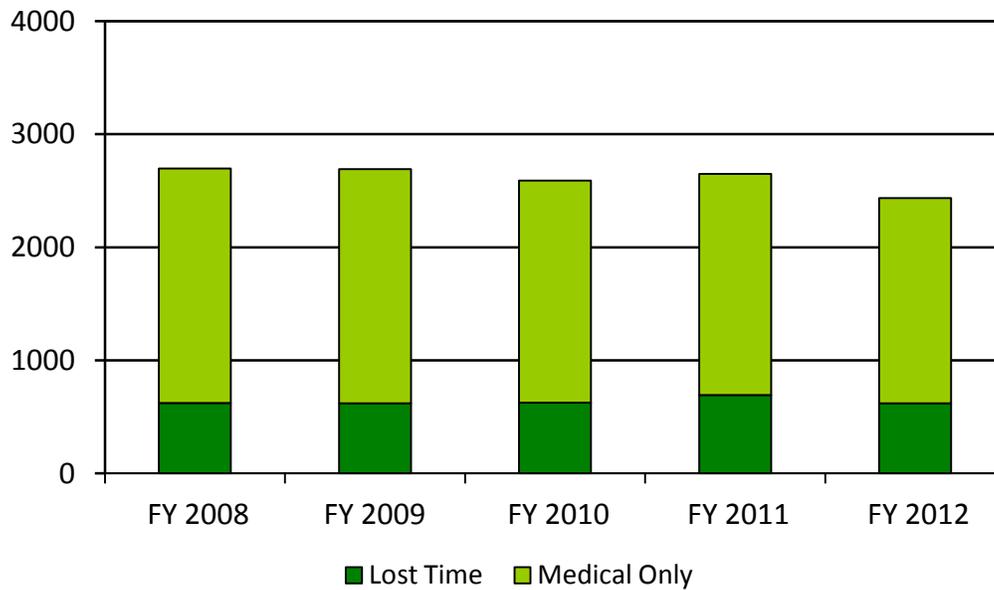
Decrease in lost time claims (Chart 5)

Lost time claims, those in which the employee is disabled beyond a three calendar-day waiting period, decreased by 10.7% (74) from FY 2011 to FY 2012. *Medical only claims* decreased by 7.1% (138) from FY 2011 to FY 2012.

Number of claims closed increased (Chart 6)

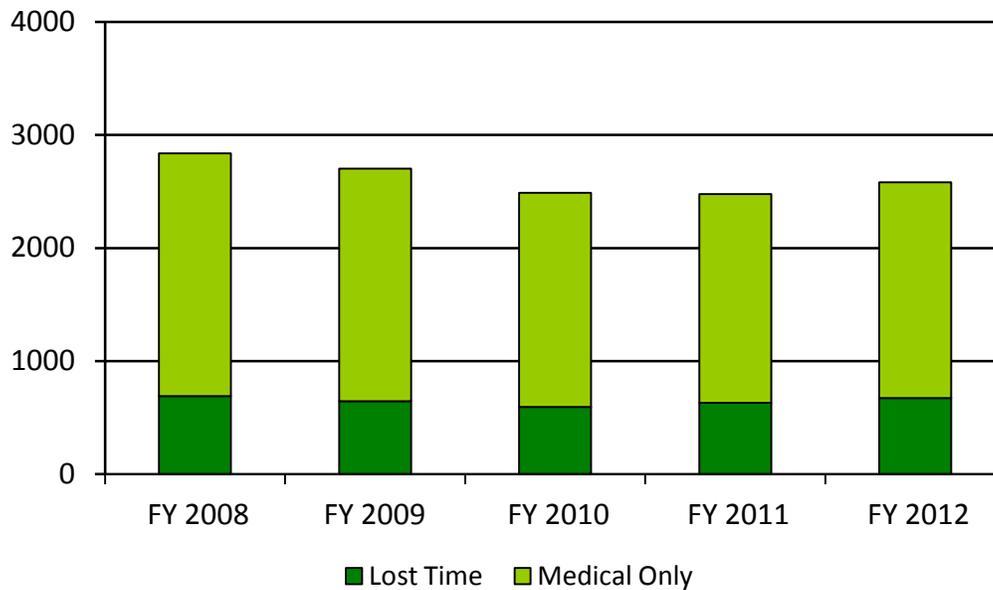
The program closed more claims in FY 2012 compared to FY 2011. The program closed more claims than it received during FY 2012 (2,436 received vs. 2,580 closed), thus decreasing the number of claims being managed.

Chart 5/Number of Claims Reported/FYs 2008-2012



	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 08-12	FY 11-12
	Claims Reported					% Change	
<i>Lost Time</i>	624	620	627	693	619	-0.8%	-10.7%
<i>Medical Only</i>	2,073	2,071	1,964	1,955	1,817	-12.3%	-7.1%
Totals	2,697	2,691	2,591	2,648	2,436	-9.7%	-8.0%

Chart 6/Number of Claims Closed/FYs 2008-2012



	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 08-12	FY 11-12
	Claims Closed					% Change	
<i>Lost Time</i>	692	646	594	631	673	-2.7%	6.7%
<i>Medical Only</i>	2,146	2,055	1,895	1,846	1,907	-11.1%	3.3%
Totals	2,838	2,701	2,489	2,477	2,580	-9.1%	4.2%

Total Program Costs

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

The program's total costs of \$31,661,850 reflect a decrease of 1.0% (\$331,640) from FY 2011 to FY 2012. 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 2012, these costs increased 0.6% (\$154,485) compared to FY 2011. Benefit costs by category are listed on page 14 of this report.

Administration

In FY 2012, the program provided claims administration and safety and loss control services with administrative operating revenues of \$2,496,000, which has remained unchanged since FY 2004.

Special Assessments

The program's expenditure for special assessments decreased in FY2012 4.0% (\$60,669) compared to FY 2011. 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. This assessment is based upon indemnity benefits paid and charged to all insurers and self-insured employers doing business in Minnesota.

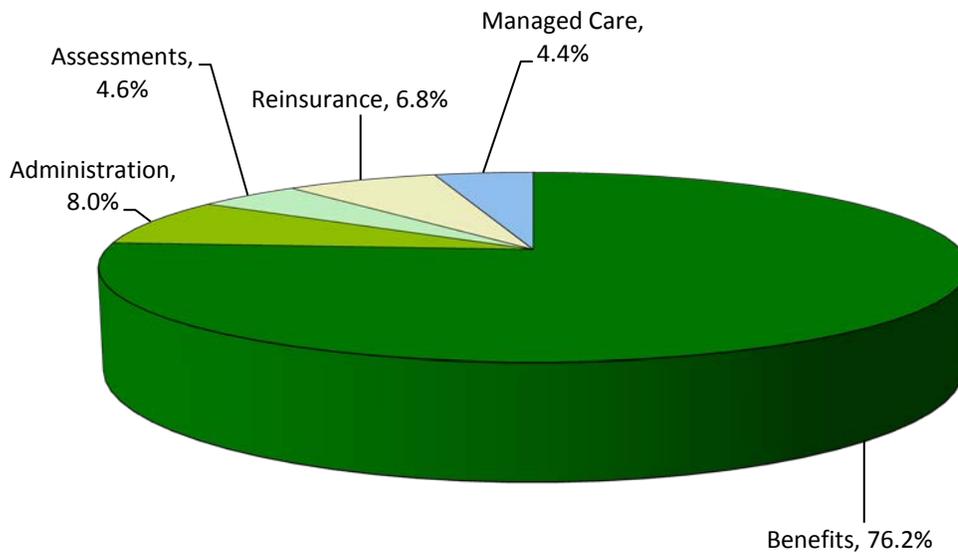
Reinsurance

The program's expenditure for reinsurance decreased 13.0% in FY 2012 compared to FY 2011. 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 decreased 2.3% (\$32,272) from FY 2011 to FY 2012. This decrease is due to a decrease in the number of State employees.

Chart 7/Total Program Costs/FYs 2008-2012



	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 08-12	FY 11-12
	Total Program Costs					% Change	
Benefits	\$21,423,282	\$22,256,201	\$23,584,737	\$23,961,813	\$24,116,298	12.6%	0.6%
Administration	\$2,556,402	\$2,704,525	\$2,775,022	\$2,610,604	\$2,538,973	-0.7%	-2.7%
Assessments	\$1,408,947	\$1,553,475	\$1,546,139	\$1,532,760	\$1,472,091	4.5%	-4.0%
Reinsurance	\$557,147	\$736,379	\$906,270	\$2,467,481	\$2,145,928	285.2%	-13.0%
Managed Care	\$1,369,343	\$1,403,061	\$1,421,864	\$1,420,832	\$1,388,560	1.4%	-2.3%
Totals	\$27,315,121	\$28,653,641	\$30,234,031	\$31,993,490	\$31,661,850	15.9%	-1.0%

Benefit Costs

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

In FY 2012, benefit expenditures increased a total of 0.6% (\$154,485) compared to FY 2011.

Medical costs decreased

Payments for office and hospital visits, prescriptions, supplies, and reimbursements for travel and time off to see the doctor decreased 4.0% (\$481,267) in FY 2012 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 2012 compared to FY 2011 by 0.6% (\$49,981).

Rehabilitation costs increased

Expenditures for disability management and vocational rehabilitation services that assist in returning injured employees to work increased 11.4% (\$187,881) from FY 2011 to FY 2012.

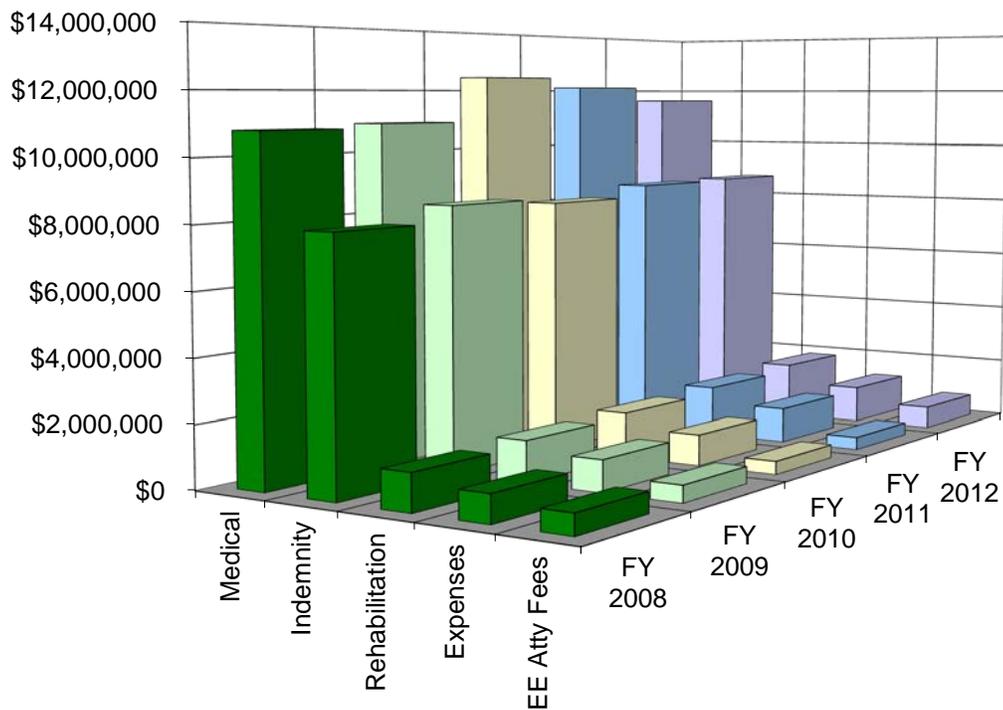
Expense costs increased

Expenditures for investigations, independent medical examinations, medical records, court reporters, deposition fees, and legal defense costs increased 6.4% (\$73,181) in FY 2012.

Employee attorney costs increased

Fees paid to attorneys representing injured employees in FY 2012 increased 78.9% (\$324,710) compared to FY 2011.

Chart 8/Benefit Costs/FYs 2008-2012

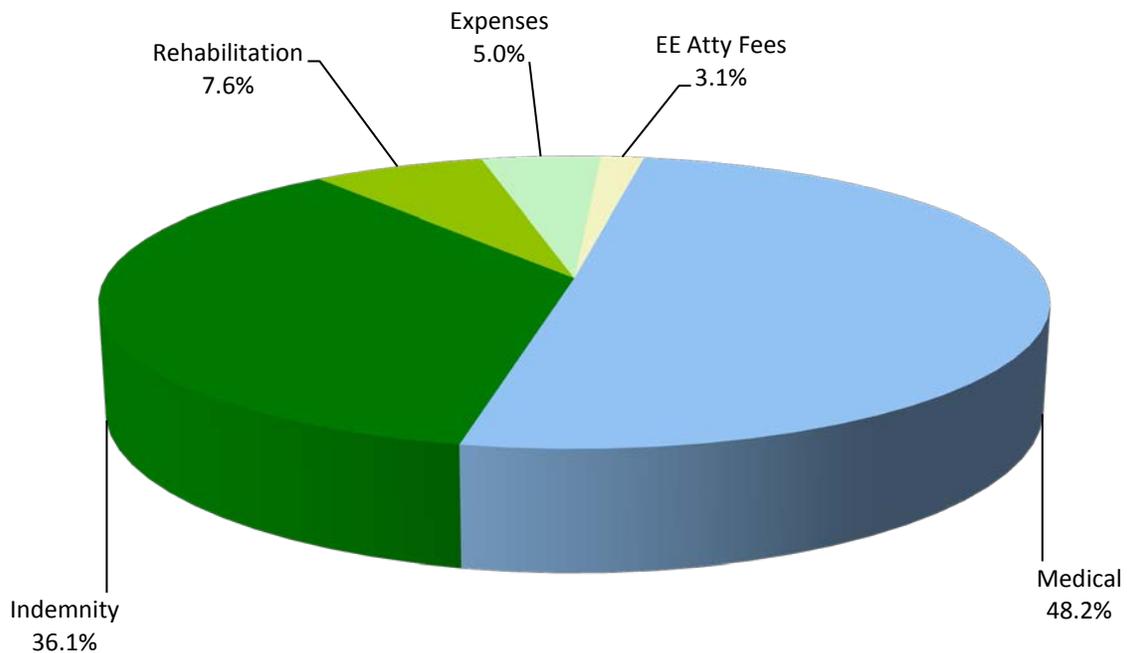


	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 08-12	FY 11-12
	Benefit Costs					% Change	
Medical	\$10,790,514	\$10,935,885	\$12,435,509	\$12,101,907	\$11,620,640	7.7%	-4.0%
Indemnity	\$7,910,732	\$8,436,569	\$8,270,493	\$8,661,057	\$8,711,038	10.1%	0.6%
Rehabilitation	\$1,188,114	\$1,331,215	\$1,460,996	\$1,645,311	\$1,833,192	54.3%	11.4%
Expenses	\$880,966	\$1,013,659	\$995,580	\$1,141,978	\$1,215,159	37.9%	6.4%
EE Atty Fees	\$652,956	\$538,873	\$422,159	\$411,560	\$736,270	12.8%	78.9%
Totals Overall	\$21,423,282	\$22,256,201	\$23,584,737	\$23,961,813	\$24,116,298	12.6%	0.6%

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

In FY 2012, 48.2% (\$11,620,640) of the total benefits paid were for injured employees' medical costs. 36.1% (\$8,711,038) 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 (36.1%) remained the same as the previous year (FY 2011).

Chart 9/Composition of Benefit Costs/FY 2012



Medical Costs

The program's expenditure for medical benefits decreased 4.0% (Chart 10)

In FY 2012, the program paid \$11,620,640 to various medical care providers and for medical reimbursements to the employee. This was a decrease of 4.0% (\$481,266) compared to FY 2011.

Medical office visits include all non-chiropractic care that is not provided in a hospital. From FY 2011 to FY 2012, these payments increased by 4.8% (\$202,910).

Hospital payments include all inpatient and outpatient treatment that is provided in a hospital. In FY 2012, these payments decreased 12.2% (\$660,970) compared to FY 2011.

Chiropractic care payments decreased 6.0% (\$15,907) in FY 2012 compared to FY 2011.

Miscellaneous medical includes payments to intervenors, diet and/or fitness centers, and home remodeling. In FY 2012, these payments increased 7.6% (\$13,513) compared to FY 2011.

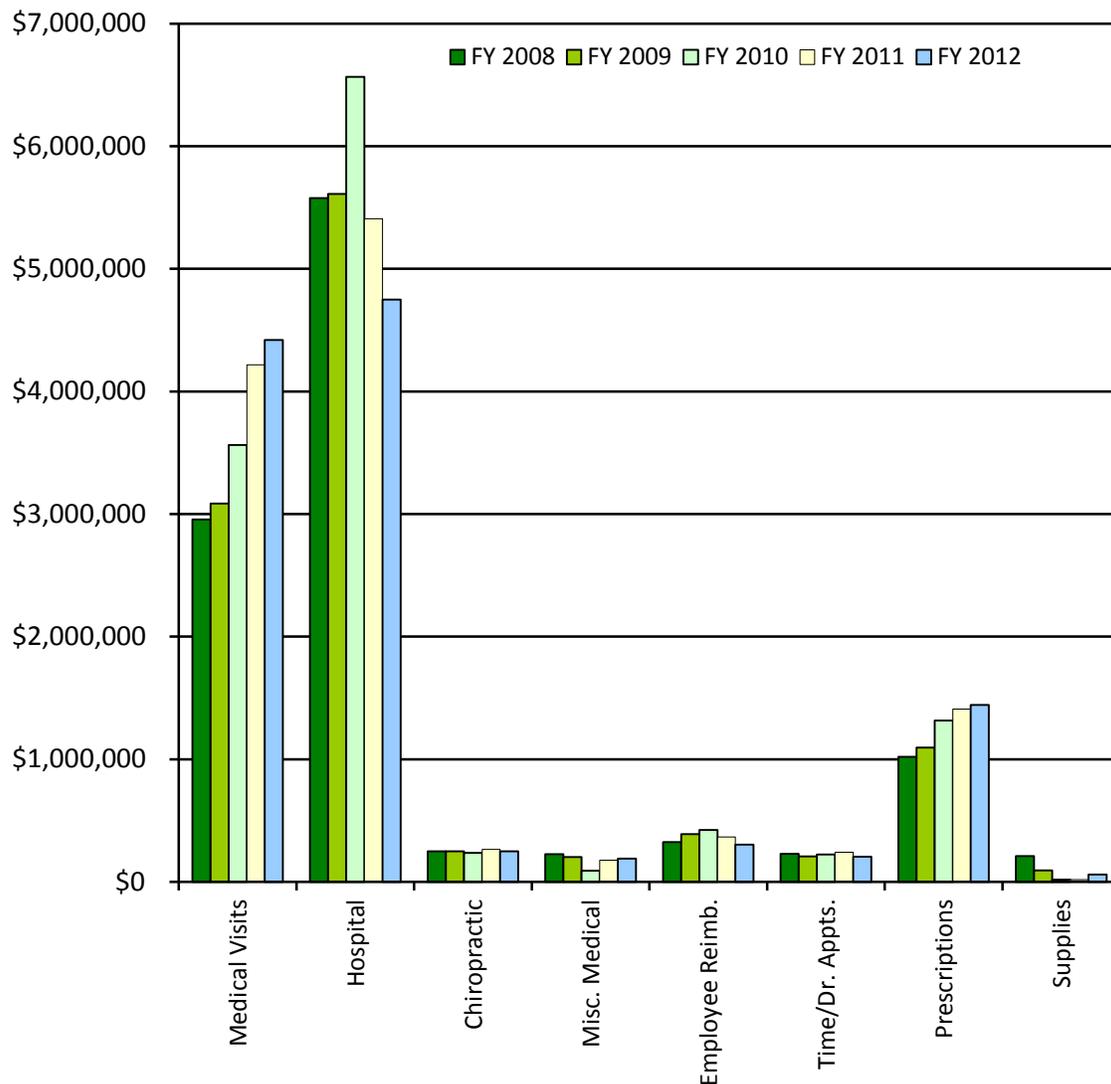
Employee reimbursements include mileage, parking, and meals. These payments decreased 17.1% (\$62,743) from FY 2011 to FY 2012.

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 15.1% (\$36,497) compared to FY 2011.

Prescription costs increased 2.5% (\$35,793) from FY 2011 to FY 2012.

Supplies include medical equipment and supplies. These payments increased 231.7% (\$42,635) in FY 2012 compared to FY 2011.

Chart 10/Medical Benefit Costs/FYs 2008-2012



	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 08-12	FY 11-12
	Medical Benefit Costs					% Change	
Medical Visits	\$2,954,882	\$3,086,947	\$3,564,331	\$4,217,314	\$4,420,223	49.6%	4.8%
Hospital	\$5,576,210	\$5,609,808	\$6,566,193	\$5,409,443	\$4,748,473	-14.8%	-12.2%
Chiropractic	\$249,328	\$249,731	\$235,323	\$264,147	\$248,240	-0.4%	-6.0%
Misc. Medical	\$226,023	\$202,106	\$90,391	\$177,020	\$190,533	-15.7%	7.6%
Employee Reimb	\$325,878	\$389,092	\$422,043	\$366,395	\$303,653	-6.8%	-17.1%
Time/Dr. Appts.	\$228,422	\$208,463	\$222,721	\$240,959	\$204,463	-10.5%	-15.1%
Prescriptions	\$1,019,504	\$1,096,690	\$1,317,098	\$1,408,224	\$1,444,017	41.6%	2.5%
Supplies	\$210,267	\$93,047	\$17,408	\$18,404	\$61,038	-71.0%	231.7%
Totals	\$10,790,514	\$10,935,884	\$12,435,509	\$12,101,907	\$11,620,640	7.7%	-4.0%

Indemnity Costs

The program's expenditure for indemnity benefits increased slightly .6% (*Chart 11*)

The program's second largest expenditure, indemnity benefits, experienced an increase of .6% from FY 2011 to FY 2012.

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 2012, TTD payments decreased 9.6% (\$275,643) compared to FY 2011.

Other Benefits include lump sums to settle claims, death benefits to dependents, and retraining benefits. In FY 2012, these payments increased 33.2% (\$449,676) compared to FY 2011.

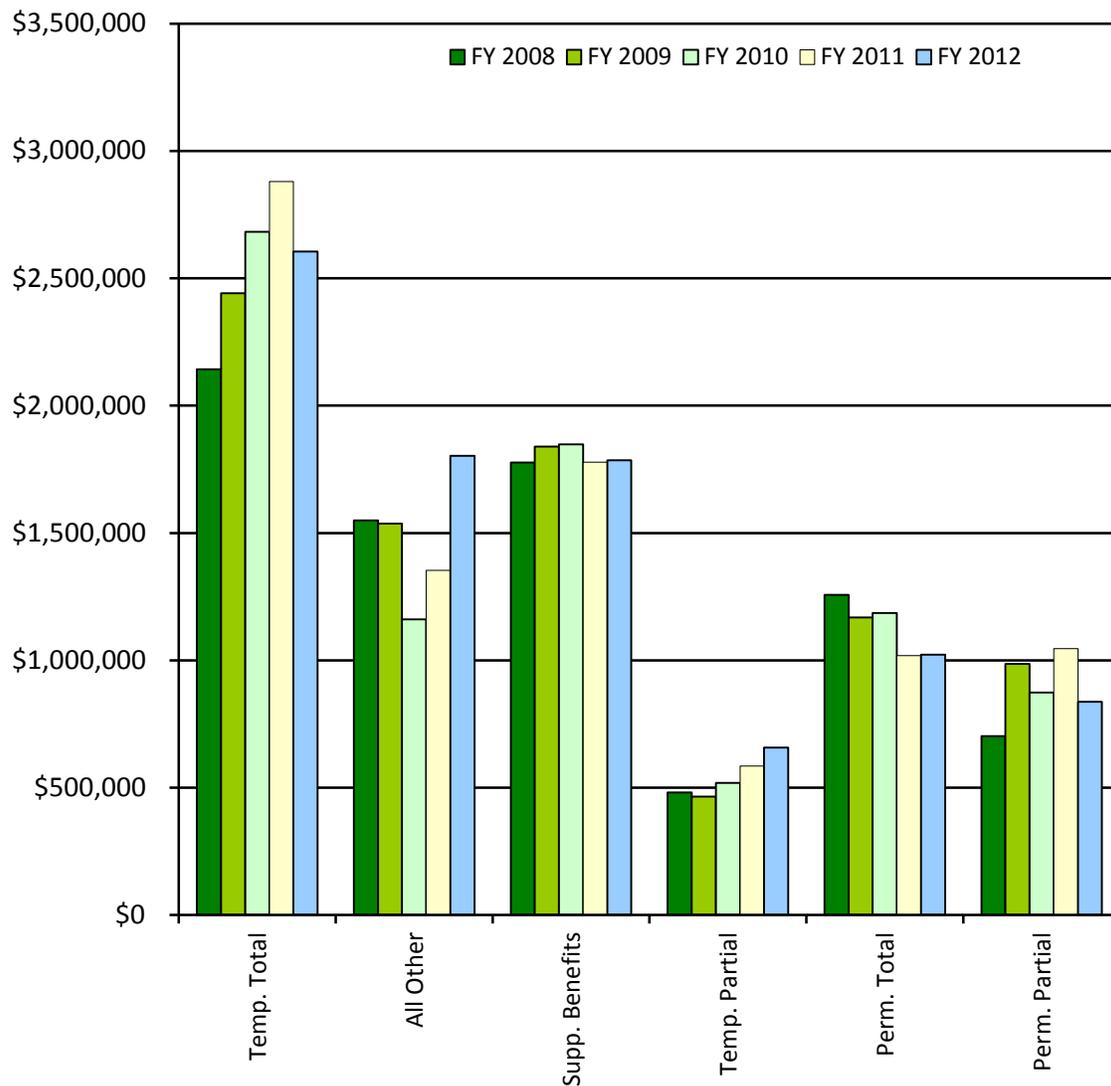
Supplementary Benefits (SBs) are paid in conjunction with PTD, or to bring payments up to a percentage of the statewide average weekly wage. The majority of employees who receive SBs also receive Social Security Disability benefits. The program does not invoice agencies for these benefit payments, but rather receives full reimbursement from the Department of Labor and Industry. In FY 2012, SB payments increased 0.4% (\$7,982) compared to FY 2011. 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 2012, TPD payments increased 12.2% (\$71,527) compared to FY 2011.

Permanent Total Disability (PTD) benefits are paid to employees who will never be able to work again. In FY 2012, PTD payments increased 0.5% (\$4,813) compared to FY 2011.

Permanent Partial Disability (PPD) benefits are paid to employees who have a permanent loss of body function. In FY 2012, PPD payments decreased 19.9% (\$208,376) compared to FY 2011.

Chart 11/Indemnity Benefit Costs/FYs 2008-2012



	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 08-12	FY 11-12
	Indemnity Benefit Costs					% Change	
Temp. Total	\$2,142,642	\$2,441,323	\$2,683,101	\$2,880,487	\$2,604,844	21.6%	-9.6%
All Other	\$1,550,049	\$1,537,102	\$1,160,924	\$1,353,734	\$1,803,410	16.3%	33.2%
Supp. Benefits	\$1,777,430	\$1,838,748	\$1,848,513	\$1,777,644	\$1,785,626	0.5%	0.4%
Temp. Partial	\$481,142	\$465,029	\$518,384	\$585,468	\$656,995	36.5%	12.2%
Perm. Total	\$1,257,262	\$1,168,443	\$1,185,523	\$1,018,021	\$1,022,834	-18.6%	0.5%
Perm. Partial	\$702,207	\$985,924	\$874,048	\$1,045,704	\$837,328	19.2%	-19.9%
Totals	\$7,910,732	\$8,436,569	\$8,270,493	\$8,661,057	\$8,711,038	10.1%	.6%

Recoveries

Recoveries increased 10.7% in FY 2012 (*Chart 12*)

Recoveries are funds the program receives from three main sources: supplementary benefits, Second Injury Fund, and subrogation. Total recoveries in FY 2012 increased 10.7% (\$280,321) compared to FY 2011.

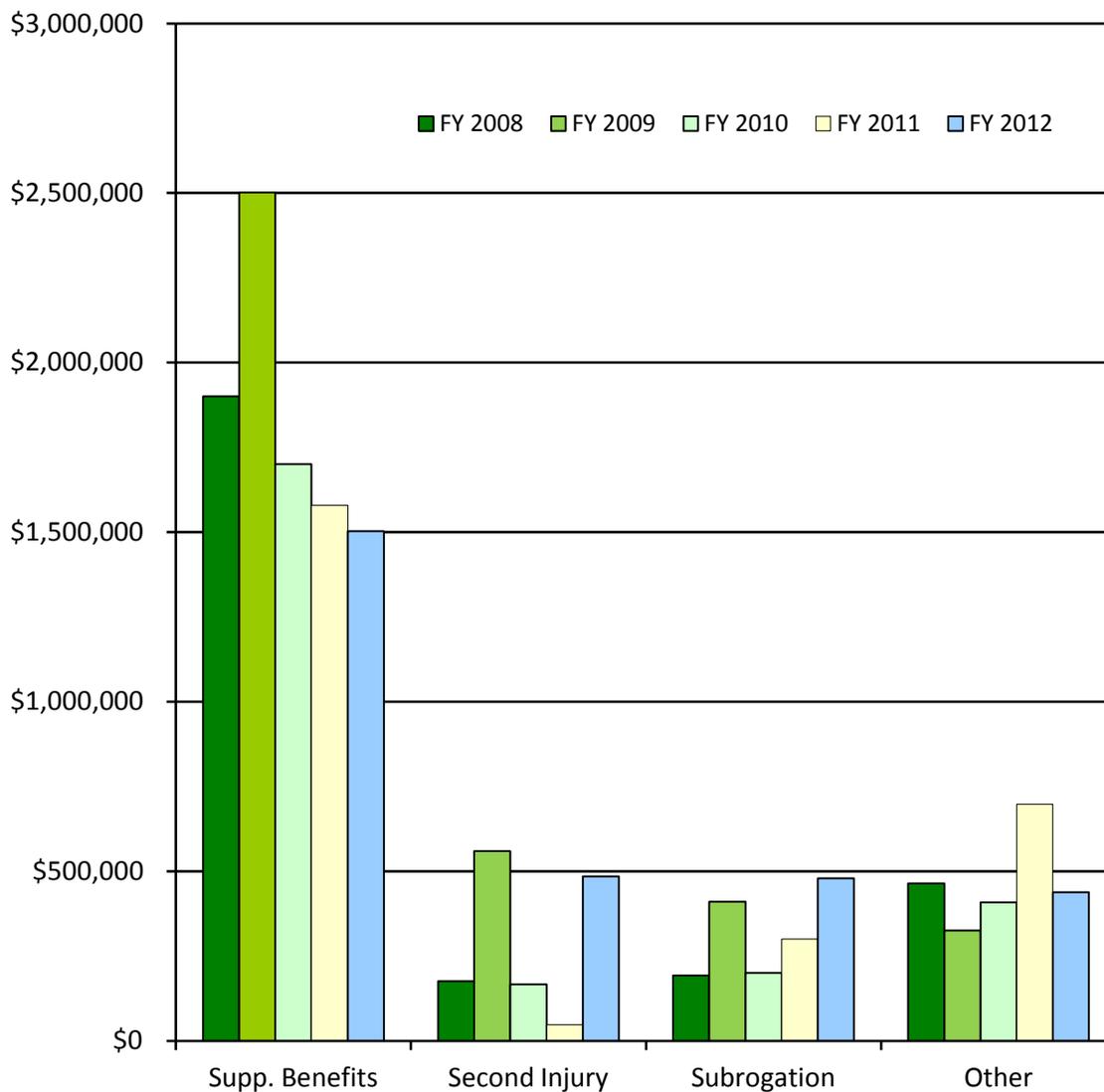
Supplementary Benefit Recoveries are reimbursed by the Department of Labor and Industry. In FY 2012, the program recovered 4.9% less (\$76,698) compared to FY 2011.

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 2012, the recovery of these funds increased 929.8% (\$437,638) compared to FY 2011.

Subrogation Recoveries are funds paid by third parties who are found responsible for employees' injuries and illnesses. From FY 2011 to FY 2012, the recovery of these funds increased 59.6% (\$178,919).

Other Recoveries include funds obtained through contribution and reinsurance. In FY 2012, the recovery of these funds decreased 37.2% (\$259,538) compared to FY 2011.

Chart 12/Recoveries/FYs 2008-2012



	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 08-12	FY 11-12
	Recoveries					Change	
Supp. Benefits	\$1,900,508	\$2,501,334	\$1,700,988	\$1,579,683	\$1,502,985	-20.9%	-4.9%
Second Injury	\$175,835	\$559,905	\$166,693	\$47,068	\$484,706	175.7%	929.8%
Subrogation	\$193,074	\$410,102	\$200,206	\$300,158	\$479,077	148.1%	59.6%
Other	\$464,004	\$324,907	\$408,629	\$697,946	\$438,408	-5.5%	-37.2%
Totals	\$2,733,421	\$3,796,248	\$2,476,516	\$2,624,855	\$2,905,176	6.3%	10.7%

Payments Made for Calendar Year Injuries

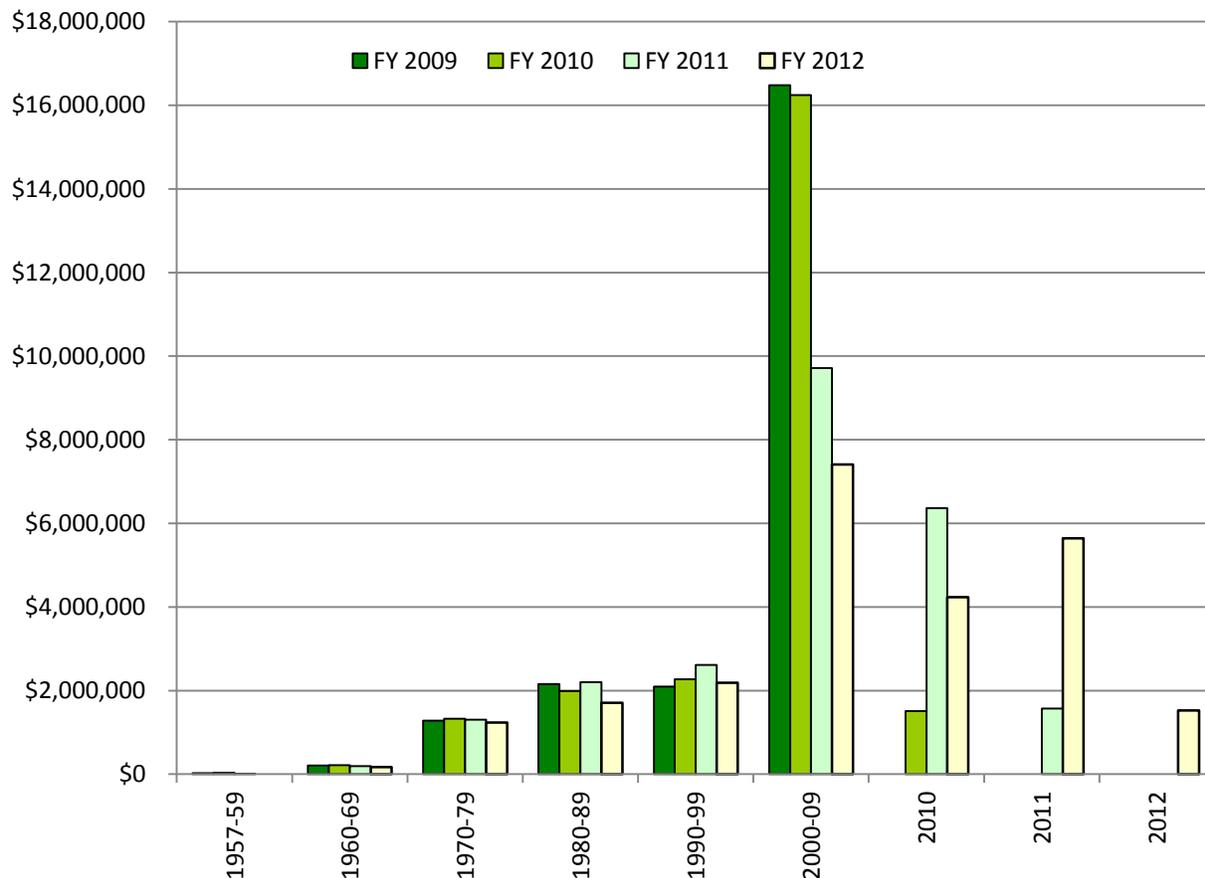
Claims that occurred prior to 2000 accounted for 22.0% of the program's FY 2012 benefit costs (*Chart 13*)

Chart 13 shows a breakdown of total benefits paid from FY 2009 to FY 2012 for injuries occurring in calendar years 1957 through June 30, 2012. In FY 2012, 22.0% (\$5,302,408) of all benefits went to employees who were injured prior to 2000. In FY 2011, \$6,317,667 was paid on older claims compared to \$5,302,408 paid in FY 2012, a 16.1% decrease. In FY 2012, the oldest claim the program managed occurred in 1960.

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 2012 which demonstrate this pattern.

Chart 13/Payments Made for Calendar Year Injuries/FYs 2008-2012



Calendar Years	FY 2009	FY 2010	FY 2011	FY 2012
1957-59	\$28,378	\$29,436	\$9,126	\$0
1960-69	\$210,292	\$216,209	\$193,134	\$169,297
1970-79	\$1,280,308	\$1,324,042	\$1,301,279	\$1,235,137
1980-89	\$2,157,922	\$1,986,951	\$2,198,608	\$1,708,518
1990-99	\$2,092,595	\$2,273,560	\$2,615,520	\$2,189,456
2000-09	\$16,477,706	\$16,242,755	\$9,713,370	\$7,410,322
2010		\$1,511,783	\$6,361,782	\$4,234,583
2011			\$1,568,776	\$5,641,559
2012				\$1,527,427
TOTALS	\$22,247,201	\$23,584,737	\$23,961,595	\$24,116,298

Claims/Benefits Activity by Agency

Nine agencies accounted for over 80% 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 85.6% (2,084) of the claims and paid 87.2% (\$21,025,851) of the benefits in FY 2012. 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 2011 and FY 2012.

Chart 14/Composition of Reported Claims by Agency/FY 2012

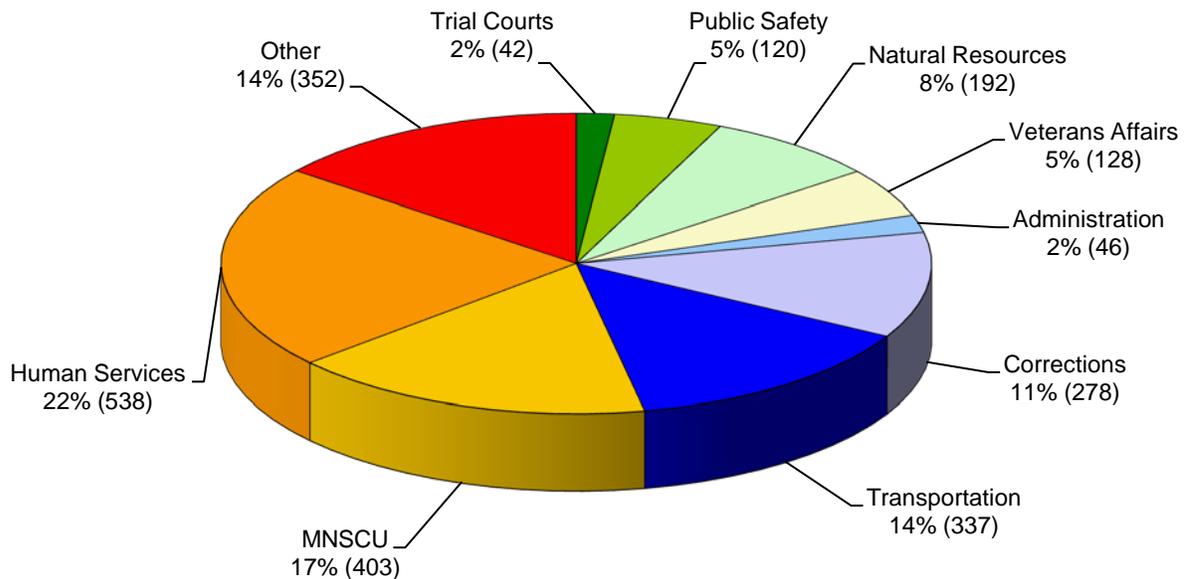
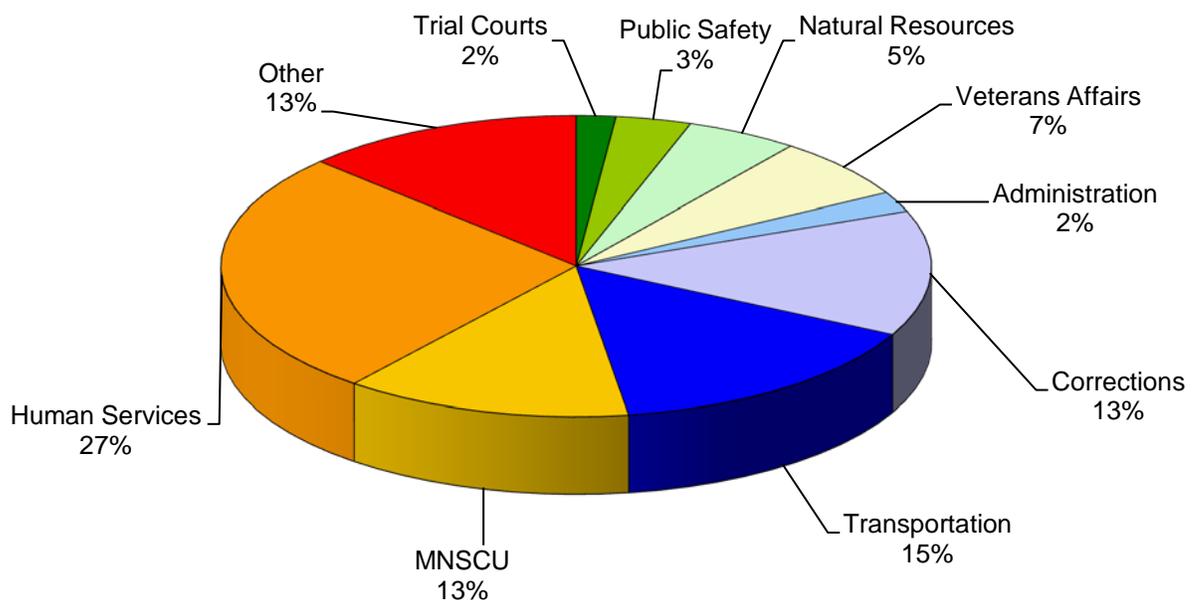


Chart 15/Composition of Benefits Paid by Agency/FY 2012



Benefit Costs for Nine Agencies

**Benefit costs for these nine agencies increased 1.7%
(Chart 16 and Appendix B)**

Combined benefit costs for the nine large agencies increased a total of 1.7% (\$344,286) from FY 2011 to FY 2012. Chart 16 shows data for these nine agencies. Cost data for the remaining agencies is contained in Appendix B (p. 36).

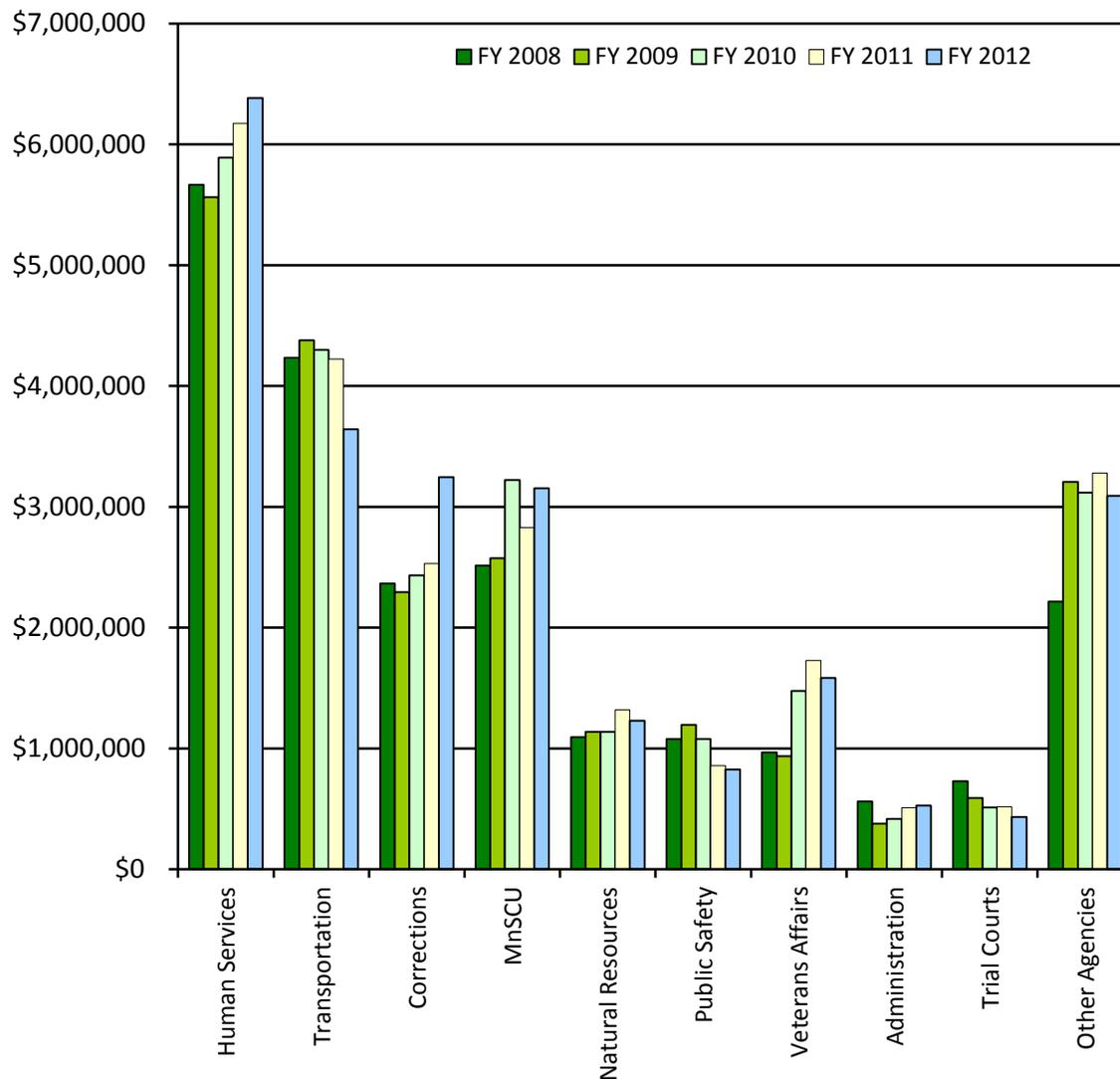
Caution urged when comparing agencies

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 -16.2% (Trial Courts) to 28.3% (Corrections). All other agencies experienced a decrease of 5.8% (\$189,583).

Chart 16/Benefit Costs for Nine Agencies/FYs 2008-2012



	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 08-12	FY 11-12
	Benefit Costs					% Change	
Human Services	\$5,664,960	\$5,561,779	\$5,890,376	\$6,172,536	\$6,382,684	12.7%	3.4%
Transportation	\$4,233,137	\$4,377,941	\$4,299,536	\$4,222,168	\$3,641,090	-14.0%	-13.8%
Corrections	\$2,364,310	\$2,294,411	\$2,433,251	\$2,529,097	\$3,245,158	37.3%	28.3%
MnSCU	\$2,513,929	\$2,575,520	\$3,221,826	\$2,828,084	\$3,153,518	12.5%	11.5%
Natural Resources	\$1,093,681	\$1,137,248	\$1,137,504	\$1,318,434	\$1,230,636	12.5%	-6.7%
Public Safety	\$1,079,014	\$1,196,068	\$1,078,499	\$858,488	\$827,484	-23.3%	-3.6%
Veterans Affairs	\$969,000	\$937,495	\$1,476,328	\$1,726,803	\$1,584,777	63.5%	-8.2%
Administration	\$560,500	\$378,905	\$418,359	\$509,350	\$527,746	-5.8%	3.6%
Trial Courts	\$728,375	\$590,535	\$512,641	\$516,605	\$432,759	-40.6%	-16.2%
Totals 9 Agencies	\$19,206,906	\$19,049,902	\$20,468,318	\$20,681,565	\$21,025,851	9.5%	1.7%
Other Agencies	\$2,216,376	\$3,206,299	\$3,116,418	\$3,280,030	\$3,090,447	39.4%	-5.8%
Totals Overall	\$21,423,282	\$22,256,201	\$23,584,737	\$23,961,595	\$24,116,298	12.6%	0.6%

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 represent the average of costs paid to date (6/30/12) on claims reported during the five year period of FY 2004 through FY 2008.

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

FY 2012 Reported Claims (Chart 17A) and 5-Year Comparison (Chart 17B) by Body Part

In FY 2012, upper extremities (arm, shoulder, elbow, and wrist) continued to be the most frequently reported injured body part (26.6%), down 3.1% compared to FY 2011. Reported injuries that involve multiple body parts (\$9,815 average per claim) and injuries to the neck and back (\$7,296 average per claim) have the highest average cost per claim.

Chart 17A FY 2012 Reported Claims by Body Part

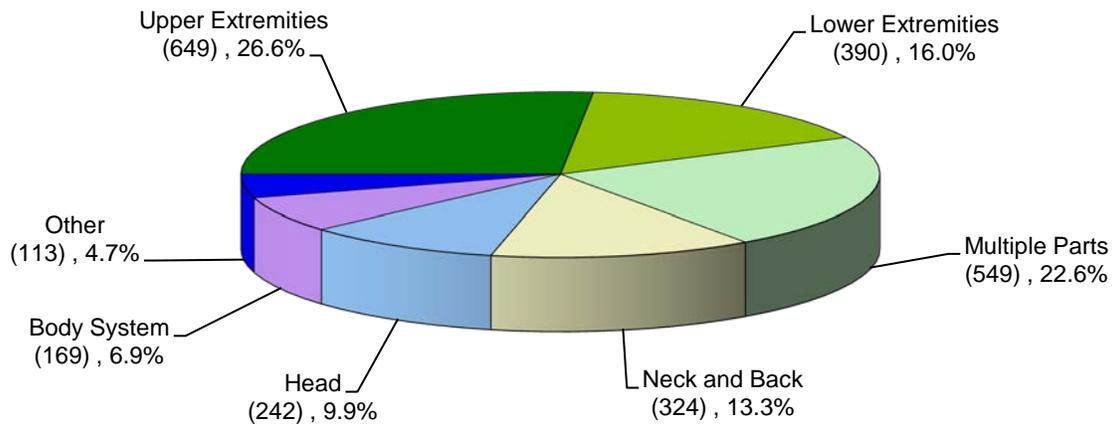
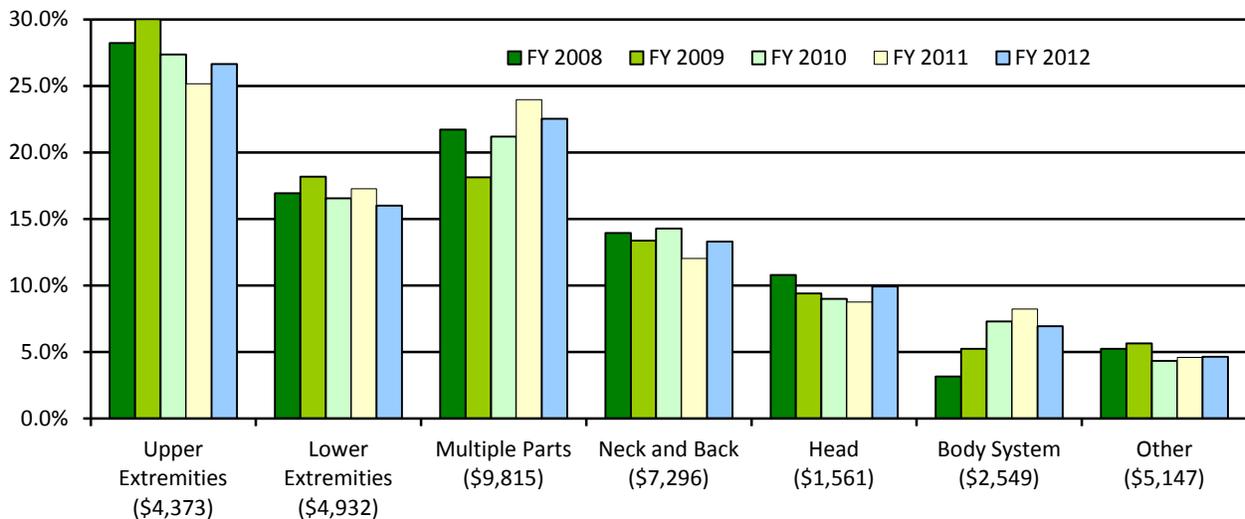


Chart 17B 5-Year Comparison by Body Part (%) of Reported Claims



NOTE: The dollar amounts shown in parenthesis in chart 17B above are the historical average claim costs on claims reported in FY 2004 through FY 2008 paid out through 6/30/12.

FY 2012 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 2012, overexertion, defined as excessive physical effort (23.3%) and falls (16.8%) continue to be the most prevalent cause of injuries. Motor vehicle claims (\$16,334 average per claim), bodily reaction/involuntary motion claims (\$8,930 average per claim), and nonclassifiable (\$8,189 average per claim) are on average the most expensive cause of claims.

Chart 18A FY 2012 Reported Claims by Cause

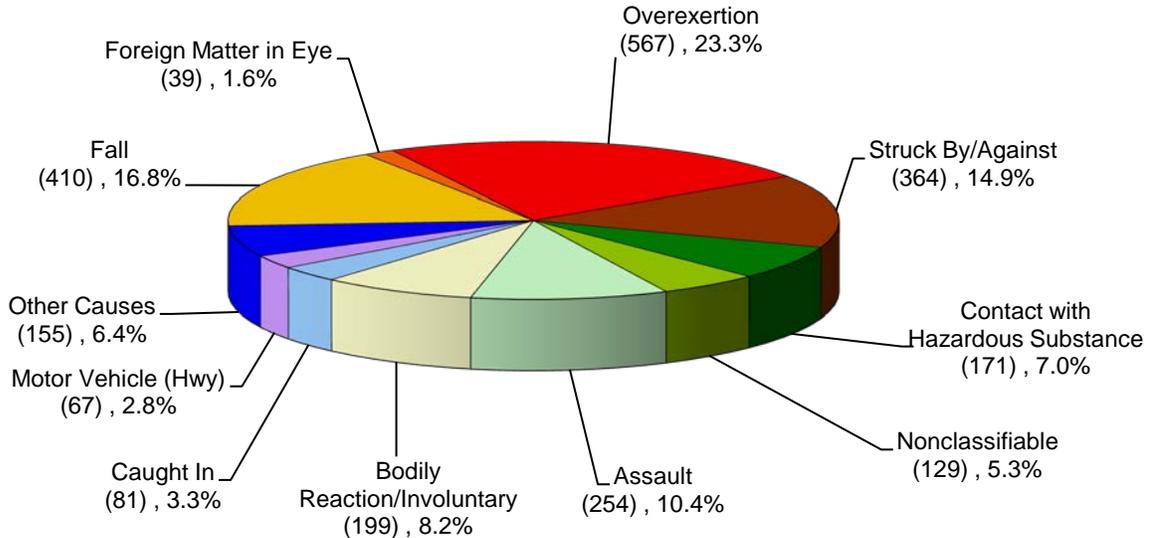
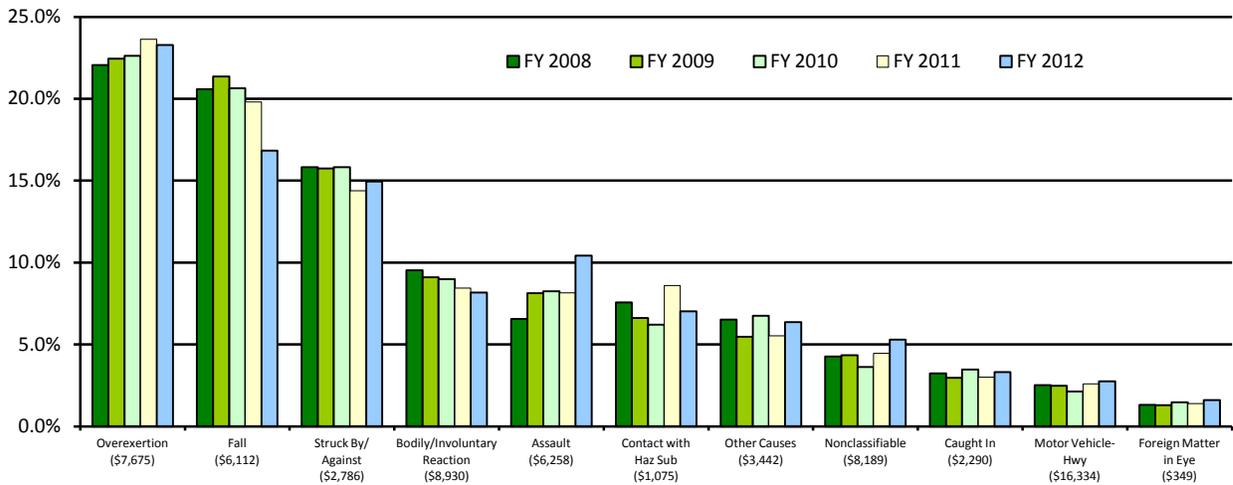


Chart 18B 5-Year Comparison by Cause (%) of Reported Claims



NOTE: The dollar amounts shown in parenthesis in chart 18B above are the historical average claim costs on claims reported in FY 2004 through FY 2008 paid out through 6/30/12.

FY 2012 Report 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 2012, 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 (\$32,848 average per claim) and fractures (\$16,117 average per claim) represent the most expensive reported claims.

Chart 19A FY 2012 Reported Claims by Nature

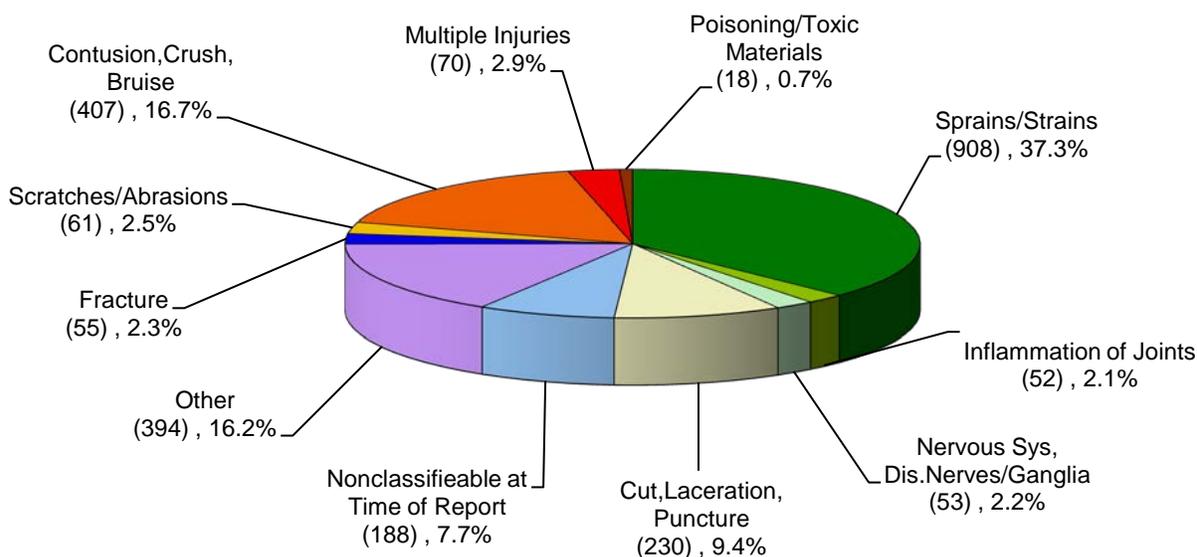
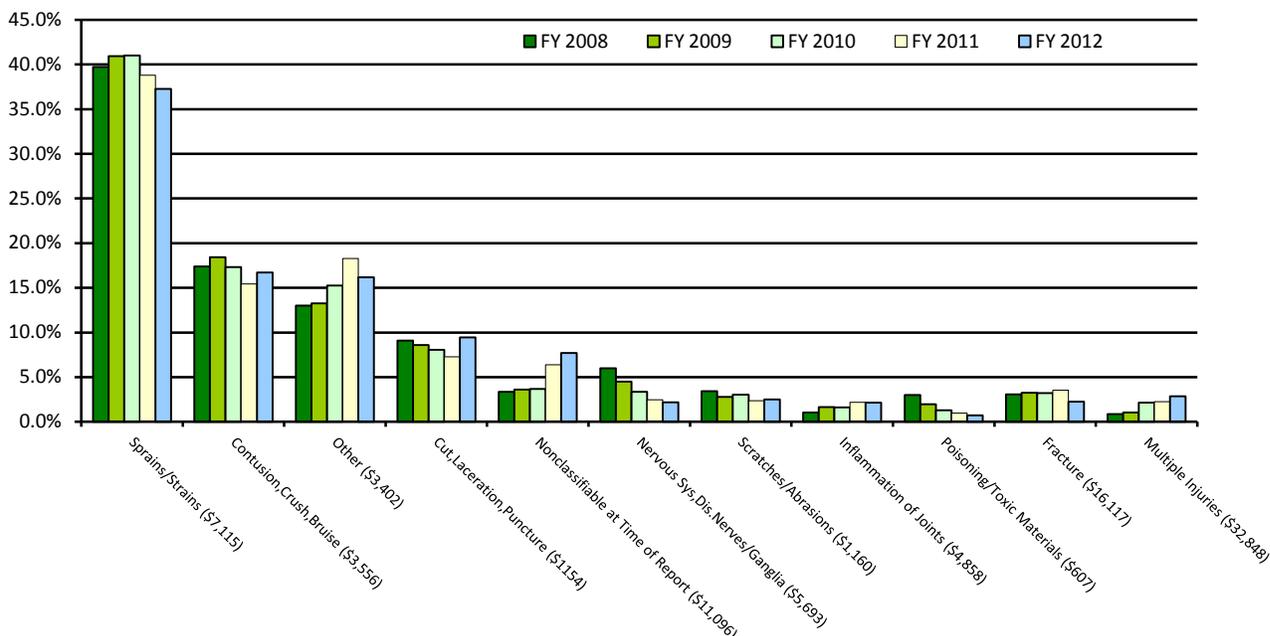


Chart 19B 5-Year Comparison by Nature (%) of Reported Claims



NOTE: The dollar amounts shown in parenthesis in chart 19B above are the historical average claim costs on claims reported in FY 2004 through FY 2008 paid out through 6/30/12.

Incident Rates

The average workers' compensation claim incident rate decreased slightly in FY 2012 (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:

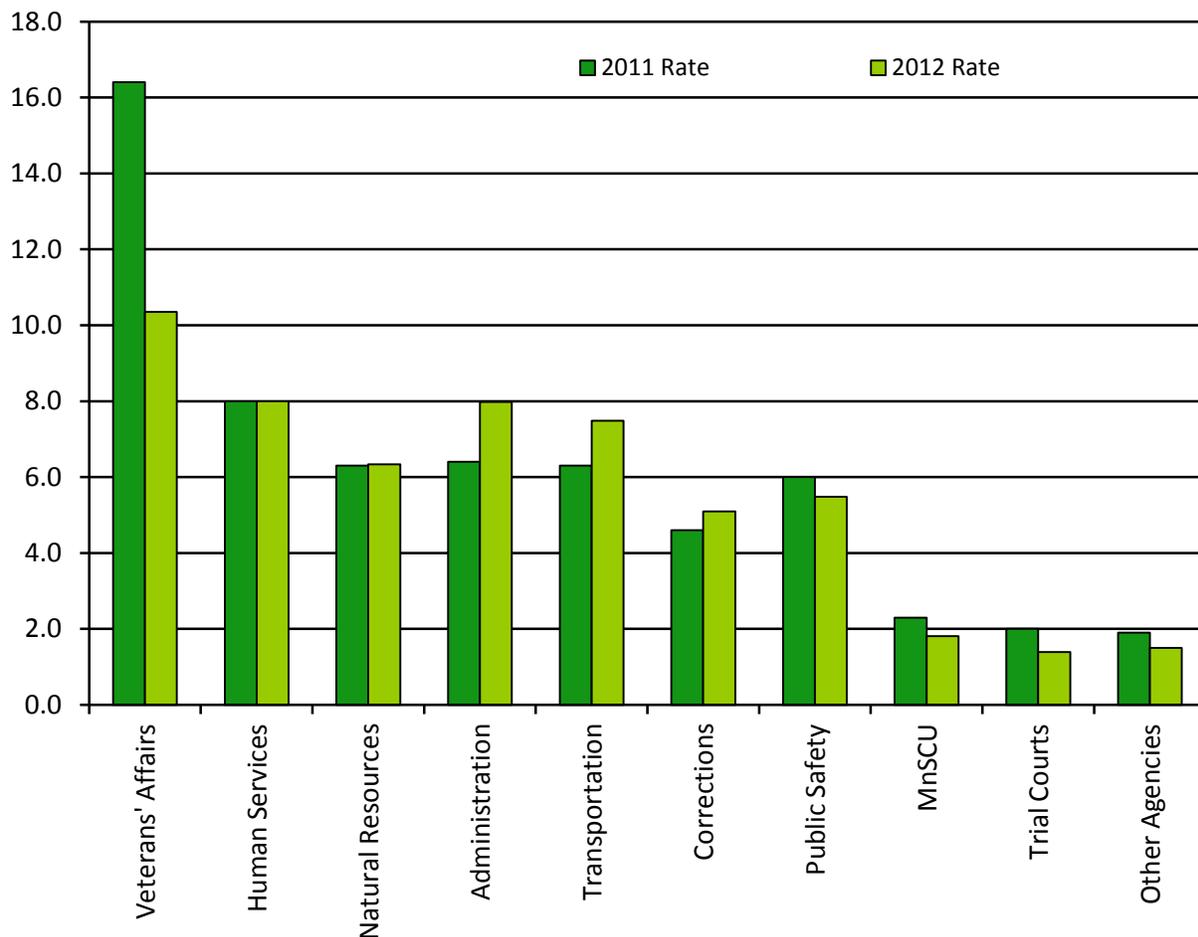
$$\text{Incident Rate} = \frac{\text{Number of Reportable Claims Paid} \times 200,000}{\text{Total Employee Hours Worked}}$$

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 slightly from 4.1 in FY2011 to 3.9 in FY 2012. See Appendix C (p. 37) for individual agency incident rates for FY 2012.

Overall, the incident rate for all agencies decreased from 4.3 in FY 2008 to 3.9 in FY 2012. See Chart 21 (p. 34) for five year rate comparison.

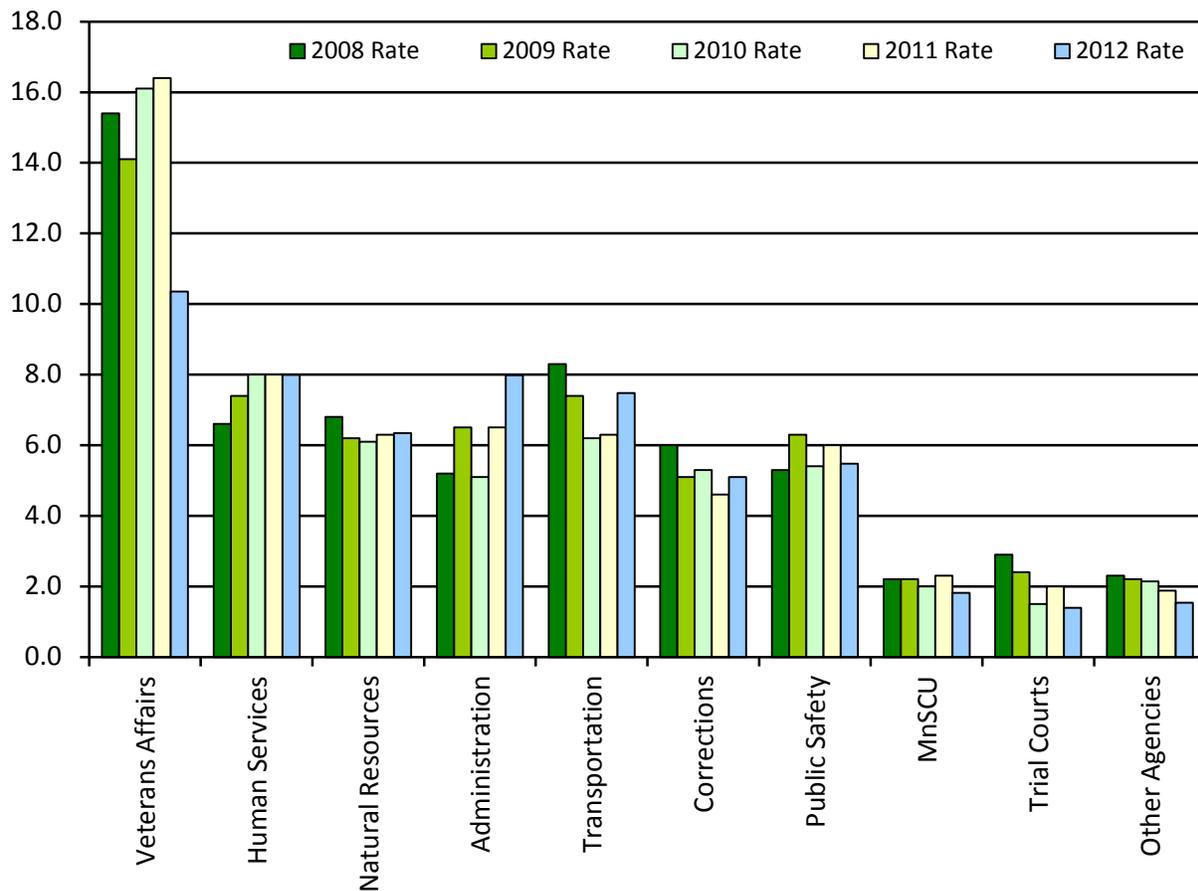
Chart 20/Incident Rates/FYs 2011-2012



Agency	FY 2011		FY 2011 2011 Rate	FY 2012		FY 2012 2012 Rate	FY 11-12 Rate Change
	Reportable Claims	Hours Worked		Reportable Claims	Hours Worked		
Veterans Affairs	157	1,911,800	16.4	99	1,912,618	10.4	-6.0
Human Services	439	11,040,497	8.0	429	10,732,224	8.0	0.0
Natural Resources	148	4,665,203	6.3	143	4,511,735	6.3	0.0
Administration	26	806,263	6.4	30	752,072	8.0	1.6
Transportation	273	8,666,075	6.3	295	7,886,672	7.5	1.2
Corrections	166	7,237,106	4.6	185	7,257,121	5.1	0.5
Public Safety	109	3,619,214	6.0	96	3,504,075	5.5	-0.5
MnSCU	354	30,359,079	2.3	259	28,562,193	1.8	-0.5
Trial Courts	37	3,702,886	2.0	26	3,744,661	1.4	-0.6
Other Agencies	195	20,743,811	1.9	147	19,639,151	1.5	-0.4
All Agencies	1,904	92,751,934	4.1	1,709	88,502,522	3.9	-0.2

*Source of Hours Worked is SEMA4.

Chart 21/Incident Rate Comparison/FYs 2008-2012



Agency	2008 Rate	2009 Rate	2010 Rate	2011 Rate	2012 Rate	FY 08-12 Rate Change
Veterans Affairs	15.4	14.1	16.1	16.4	10.4	-5.0
Human Services	6.6	7.4	8.0	8.0	8.0	1.4
Natural Resources	6.8	6.2	6.1	6.3	6.3	-0.5
Administration	5.2	6.5	5.1	6.5	8.0	2.8
Transportation	8.3	7.4	6.2	6.3	7.5	-0.8
Corrections	6.0	5.1	5.3	4.6	5.1	-0.9
Public Safety	5.3	6.3	5.4	6.0	5.5	0.2
MnSCU	2.2	2.2	2.0	2.3	1.8	-0.4
Trial Courts	2.9	2.4	1.5	2.0	1.4	-1.5
Other Agencies	2.3	2.2	2.1	1.9	1.5	-0.8
All Agencies	4.3	4.2	4.1	4.1	3.9	-0.4

Appendix A: Reported Claims/FY 2011 – 2012 by Agency

Agency	FY 2011	FY 2012	% of Change
Administration	30	46	53.33%
Agriculture	13	15	15.38%
Animal Health Board	3	3	No Change
Attorney General	4	8	100.00%
Boards & Commissions	15	11	-26.67%
Perpich Center for Arts Educ	2	2	No Change
Commerce & Commerce Weights & Measures	7	9	28.57%
Corrections	249	278	11.65%
Court of Appeals	0	0	No Change
Education	3	10	233.33%
Explore Minnesota Tourism	0	1	100.00%
Employment & Economic Development	38	28	-26.32%
Examining Boards	4	6	50.00%
Faribault Academies	19	21	10.53%
Friends of MN Conservation Corp	107	66	-38.32%
Gambling Control Board	0	0	No Change
Governor's Office	3	1	-66.67%
Health	28	18	-35.71%
Higher Educ Services Office	1	1	No Change
Historical Society	23	15	-34.78%
House of Representatives	7	2	-71.43%
Housing Finance	3	2	-33.33%
Human Rights	2	1	-50.00%
Human Services	541	538	-0.55%
Indian Affairs Council	0	0	No Change
Investment Board	0	0	No Change
Iron Range Resources	4	2	-50.00%
Judicial	6	2	-66.67%
Judicial Standards Board	0	0	No Change
Labor & Industry	15	13	-13.33%
Legislative Auditor	0	1	100.00%
Legislative Coord Commission/Revisor of Statutes	0	0	No Change
Lottery	9	2	-77.78%
Mediation Services	0	0	No Change
Military Affairs	18	15	-16.67%
Minnesota Management & Budget	2	5	150.00%
MN State Retirement	2	2	No Change
MnSCU	512	403	-21.29%
Natural Resources	191	192	0.52%
Office of Enterprise Technology	2	1	-50.00%
Ombudsman-Corrections	0	0	No Change
Ombudsperson for Families	0	0	No Change
Pollution Control Agency	17	16	-5.88%
Public Defense Board	5	6	20.00%
Public Employees Retirement Assoc.	1	1	No Change
Public Safety	138	120	-13.04%
Public Utilities Commission	0	1	100.00%
Racing Commission	0	0	No Change
Revenue	33	25	-24.24%
Secretary of State	1	3	200.00%
State Arts Board	0	0	No Change
State Auditor	0	0	No Change
State Fair	22	21	-4.55%
State Senate	2	2	No Change
Tax Court	0	0	No Change
Teachers Retirement Assoc.	1	0	-100.00%
Transportation	319	337	5.64%
Trial Courts	46	42	-8.70%
Veterans Affairs	180	128	-28.89%
Work Comp Court of Appeals	1	0	-100.00%
Zoo	19	14	-26.32%
TOTAL	2,648	2,436	-8.01%

Appendix B: Benefit Costs/FY 2011 – 2012 by Agency

Agency	FY 2011	FY 2012	% of Change
Administration	\$509,350	\$527,746	3.61%
Agriculture	\$281,198	\$210,372	-25.19%
Animal Health Board	\$3,266	\$1,420	-56.53%
Attorney General	\$150,965	\$18,025	-88.06%
Boards & Commissions	\$15,529	\$3,937	-74.65%
Perpich Center for Arts Education	\$1,448	\$449	-68.96%
Commerce & Commerce Weights & Measures	\$72,855	\$102,310	40.43%
Corrections	\$2,529,097	\$3,245,158	28.31%
Court of Appeals	\$0	\$0	No Change
Education	\$52,808	\$50,026	-5.27%
Explore Minnesota Tourism	\$0	\$0	No Change
Employment & Economic Development	\$429,273	\$425,299	-0.93%
Examining Boards	\$15,048	\$81,092	438.90%
Faribault Academies	\$324,333	\$464,407	43.19%
Friends of MN Conservation Corp	\$39,001	\$73,029	87.25%
Gambling Control Board	\$9,310	\$383	-95.88%
Governor's Office	\$0	\$13,338	100.00%
Health	\$141,043	\$144,769	2.64%
Higher Educ Services Office	\$0	\$0	No Change
Historical Society	\$13,249	\$23,363	76.33%
House of Representatives	\$1,201	\$5,426	351.76%
Housing Finance	\$61,092	\$55,497	-9.16%
Human Rights	\$7,561	\$4,133	-45.34%
Human Services	\$6,172,536	\$6,382,684	3.40%
Indian Affairs Council	\$202	\$0	-100.00%
Investment Board	\$0	\$0	No Change
Iron Range Resources	\$140,406	\$90,743	-35.37%
Judicial	\$65,241	\$7,380	-88.69%
Judicial Standards Board	\$0	\$0	No Change
Labor & Industry	\$215,211	\$150,109	-30.25%
Legislative Auditor	\$0	\$0	No Change
Legislative Coord Commission/Revisor of Statutes	\$0	\$0	No Change
Lottery	\$30,335	\$18,352	-39.50%
Mediation Services	\$9,126	\$0	-100.00%
Military Affairs	\$276,445	\$190,984	-30.91%
Minnesota Management & Budget	\$33,033	\$56,687	71.61%
MN State Retirement	\$5,049	\$10,840	114.70%
MnSCU	\$2,828,084	\$3,153,518	11.51%
Natural Resources	\$1,318,434	\$1,230,636	-6.66%
Office of Enterprise Technology	\$46,792	\$36,994	-20.94%
Ombudsman-Corrections	\$0	\$0	No Change
Ombudsperson for Families	\$0	\$0	No Change
Pollution Control Agency	\$55,594	\$45,101	-18.87%
Public Defense Board	\$15,347	\$50,483	228.95%
Public Employees Retirement Assoc.	\$1,195	\$179	-84.99%
Public Safety	\$858,488	\$827,484	-3.61%
Public Utilities Commission	\$0	\$0	No Change
Racing Commission	\$0	\$0	No Change
Revenue	\$289,409	\$374,470	29.39%
Secretary of State	\$0	\$765	100.00%
State Arts Board	\$0	\$0	No Change
State Auditor	\$16,080	\$16,411	2.06%
State Fair	\$137,918	\$80,917	-41.33%
State Senate	\$6,959	\$16,459	136.53%
Tax Court	\$0	\$0	No Change
Teachers Retirement Assoc.	\$0	\$0	No Change
Transportation	\$4,222,168	\$3,641,090	-13.76%
Trial Courts	\$516,605	\$432,759	-16.23%
Veterans Affairs	\$1,726,803	\$1,584,777	-8.22%
Work Comp Court of Appeals	\$25,790	\$32,385	25.57%
Zoo	\$290,718	\$233,911	-19.54%
TOTAL	\$23,961,595	\$24,116,298	0.65%

Appendix C: Agency Incident Rates/FY 2012

Agency	# of Hours Worked	Reportable Claims	Incident Rate
Administration	752,072	30	7.98
Agriculture	749,842	13	3.47
Animal Health Board	84,091	1	2.38
Attorney General	506,564	5	1.97
Boards & Commissions	637,444	4	1.26
Perpich Center for Arts Educ	124,157	1	1.61
Commerce & Commerce Weights & Measures	545,027	8	2.94
Corrections	7,257,121	185	5.10
Court of Appeals	149,805	0	0.00
Education	662,867	3	0.91
Explore Minnesota Tourism	78,562	0	0.00
Employment & Economic Development	2,691,813	19	1.41
Examining Boards	301,545	4	2.65
Faribault Academies	303,268	11	7.25
Friends of MN Conservation Corp	Not Available	50 *	Not Available
Gambling Control Board	44,760	0	0.00
Governor's Office	70,377	0	0.00
Health	2,369,316	11	0.93
Higher Educ Services Office	110,891	0	0.00
Historical Society	Not Available	8 *	Not Available
House of Representatives	Not Available	1 *	Not Available
Housing Finance	354,345	2	1.13
Human Rights	53,642	0	0.00
Human Services	10,732,224	429	7.99
Indian Affairs Council	8,256	0	0.00
Investment Board	36,772	0	0.00
Iron Range Resources	112,538	1	1.78
Judicial	446,364	1	0.45
Judicial Standards Board	3,386	0	0.00
Labor & Industry	732,072	7	1.91
Legislative Auditor	110,405	0	0.00
Legislative Coord Commission/Revisor of Statutes	139,669	0	0.00
Lottery	243,549	1	0.82
Mediation Services	18,201	0	0.00
Military Affairs	488,551	12	4.91
Minnesota Management & Budget	509,489	3	1.18
MN State Retirement	155,719	2	2.57
MnSCU	28,562,193	259	1.81
Natural Resources	4,511,735	143	6.34
Office of Enterprise Technology (MN.IT Services)	520,170	1	0.38
Ombudsperson for Families	7,221	0	0.00
Pollution Control Agency	1,440,034	9	1.25
Public Defense Board	1,057,400	3	0.57
Public Employees Retirement Assoc.	154,869	0	0.00
Public Facilities Authority	15,661	0	0.00
Public Safety	3,504,075	96	5.48
Public Utilities Commission	81,488	0	0.00
Racing Commission	22,573	0	0.00
Revenue	2,588,989	13	1.00
Science Technology Authority	3,523	0	0.00
Secretary of State	111,771	3	5.37
State Arts Board	27,246	0	0.00
State Auditor	174,969	0	0.00
State Fair	Not Available	13 *	Not Available
State Senate	Not Available	1 *	Not Available
Tax Court	9,527	0	0.00
Teachers Retirement Assoc.	141,693	0	0.00
Transportation	7,886,672	295	7.48
Trial Courts	3,744,661	26	1.39
Veterans Affairs	1,912,618	99	10.35
Work Comp Court of Appeals	19,833	0	0.00
Zoo	418,900	9	4.30
TOTAL	88,502,522	1,709	3.86

* Reportable Claim #'s are not included in the 1,709 total

Appendix C1: Agency Incident Rates Graph/FY 2012

