

Vocational rehabilitation trends

- Vocational rehabilitation trends from the *2024 Workers' Compensation System Report*
 - System overview
 - Vocational rehabilitation

Workers' compensation system report features

Primary data sources (among others)

- Department of Labor and Industry claims database — limited to claims with lost time or paid indemnity benefits
- Minnesota Workers' Compensation Insurers Association (MWCIA) — Minnesota's workers' compensation data service organization and rating bureau

Adjustment of cost data for average wage growth

- “Inflation adjustment”

Workers' compensation system report features, continued

- Adjusted costs show how much costs have grown faster or slower than wages
- If actual cost grows at same rate as wages, the net effect is no change in cost relative to payroll

Workers' compensation system report features, continued

“Developed statistics”

- Many reported statistics are by year of injury. To make statistics comparable over time they are projected (“developed”) to a uniform maturity. More-recent injury years are less mature because of long claim life.
- Developed statistics for recent years are subject to change.
- The 2020, 2021 and 2022 statistics were affected by the COVID-19 pandemic, changes in the economy – such as reduction in employment, and data system transition.
 - Claims development was computed only for the non-COVID-19 claims, which were combined with the reported, non-developed values for COVID-19 claims.

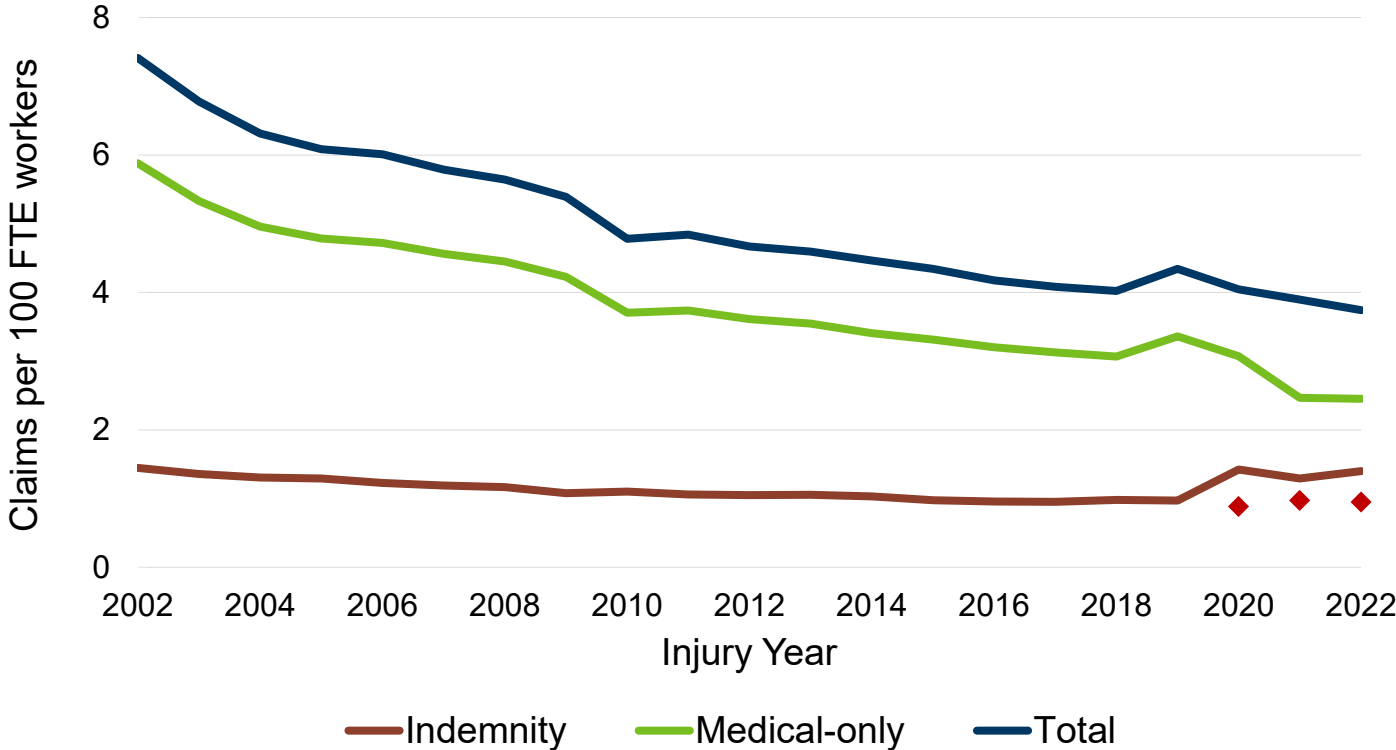
Workers' compensation system report features, continued

- Vocational rehabilitation plan-closure years start in October and end in September of the year number.
 - This keeps years consistent with qualified rehabilitation consultant (QRC) hourly rate changes and many other aspects of workers' compensation statutes and allows full use of the available data.

The big picture: Workers' compensation system overview

Decreasing claims rates, large COVID-19 effect in 2020-2022

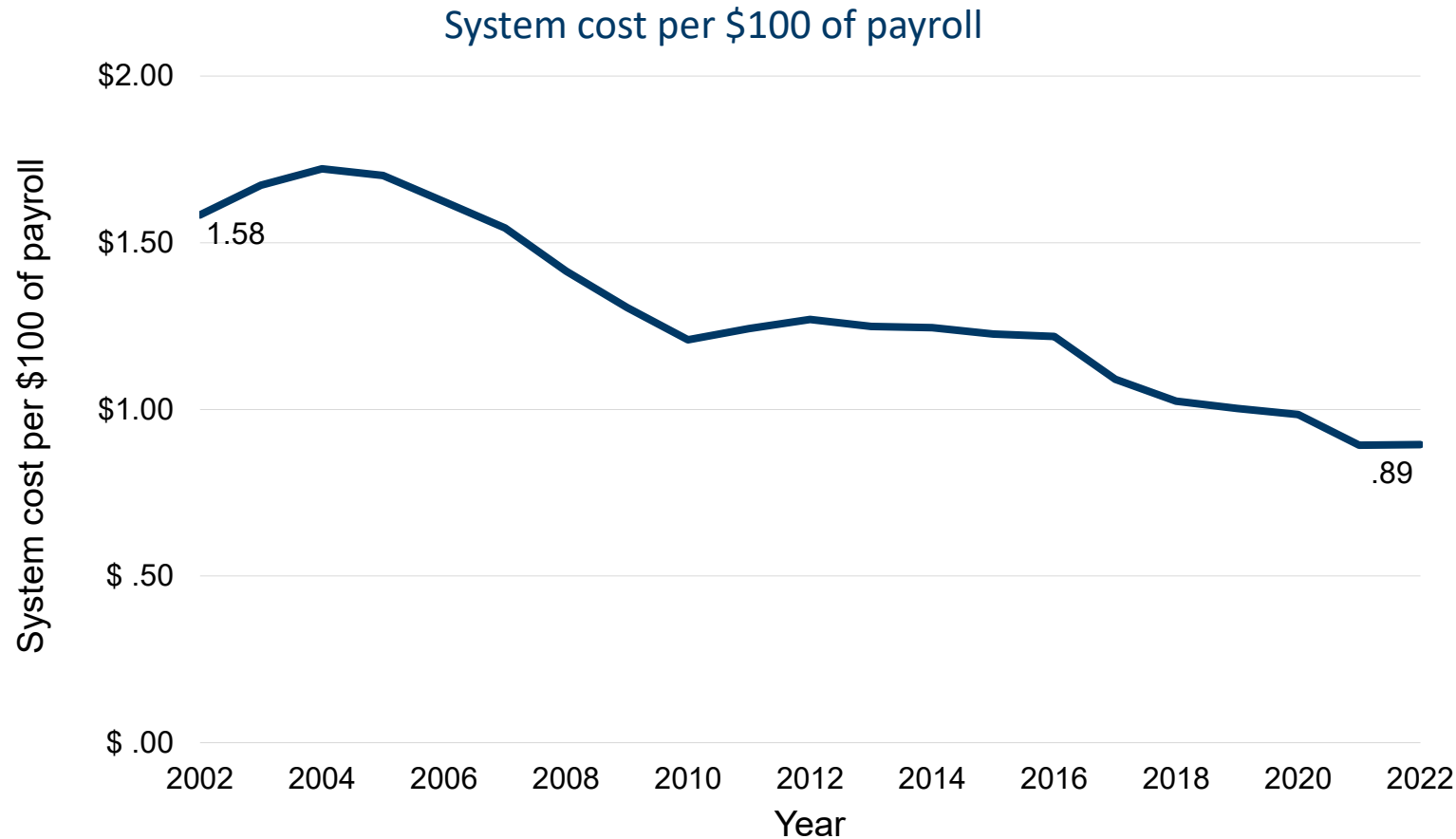
Paid claims per 100 full-time-equivalent workers



COVID-19 affected claim rates in 2020, 2021 and 2022

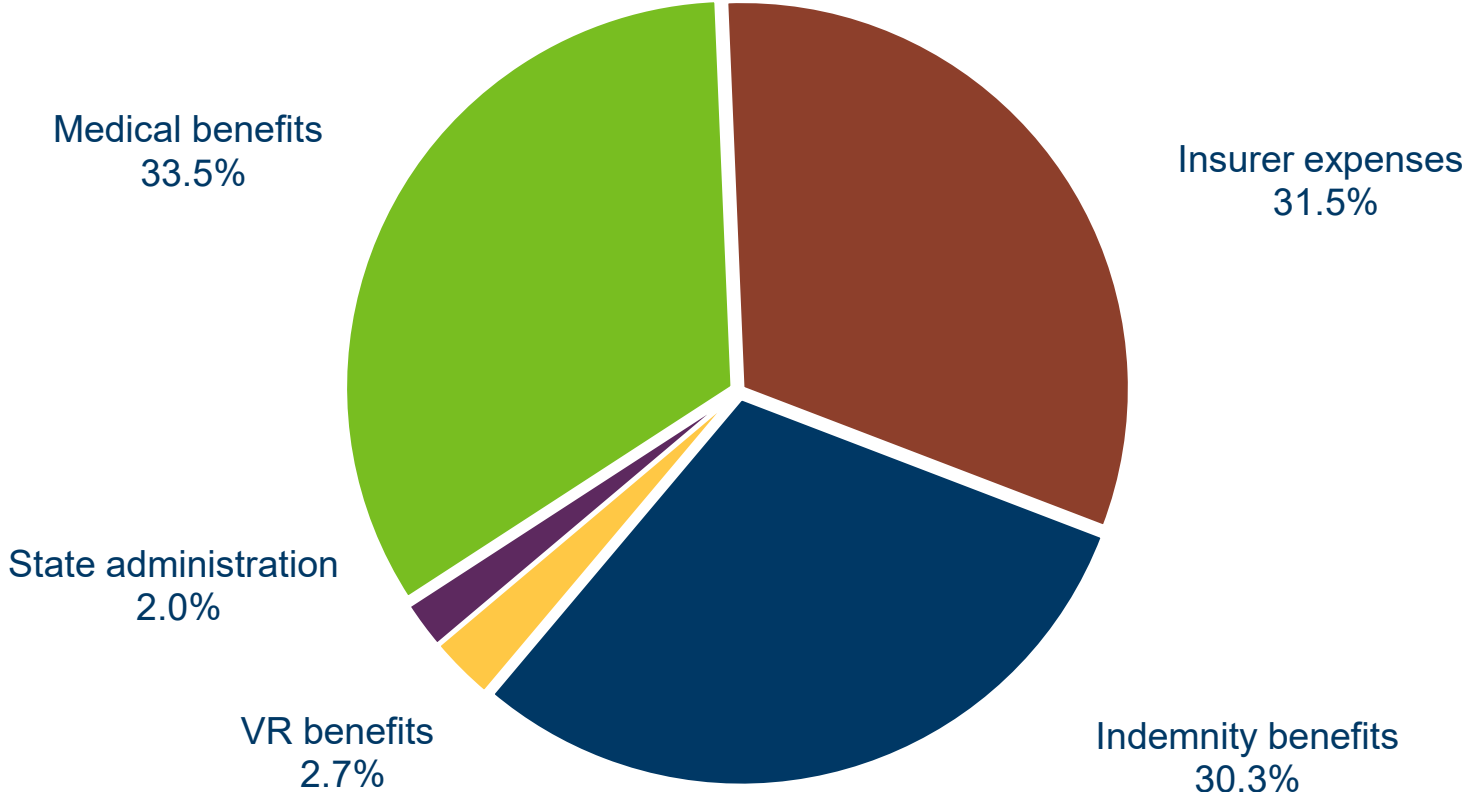
- Thirty-three percent decrease in indemnity claim rate from 2002 to 2019
 - Forty-four percent increase from 2019 to 2022 due to influx of COVID-19 claims; majority of COVID-19 claims were for indemnity benefits
- Forty-two percent decrease in medical-only claims rate from 2002 to 2019, and 24% decrease from 2019 to 2022
- Forty-five percent decrease in total claim rate from 2002 to 2022

Long-term downward trend in system cost relative to payroll



- In 2022, total system cost was an estimated \$1.67 billion or \$0.89 per \$100 of payroll
- Long-term downward trend in system cost relative to payroll, amid annual fluctuations:
 - Long-term decrease of 46% during the 20-year period

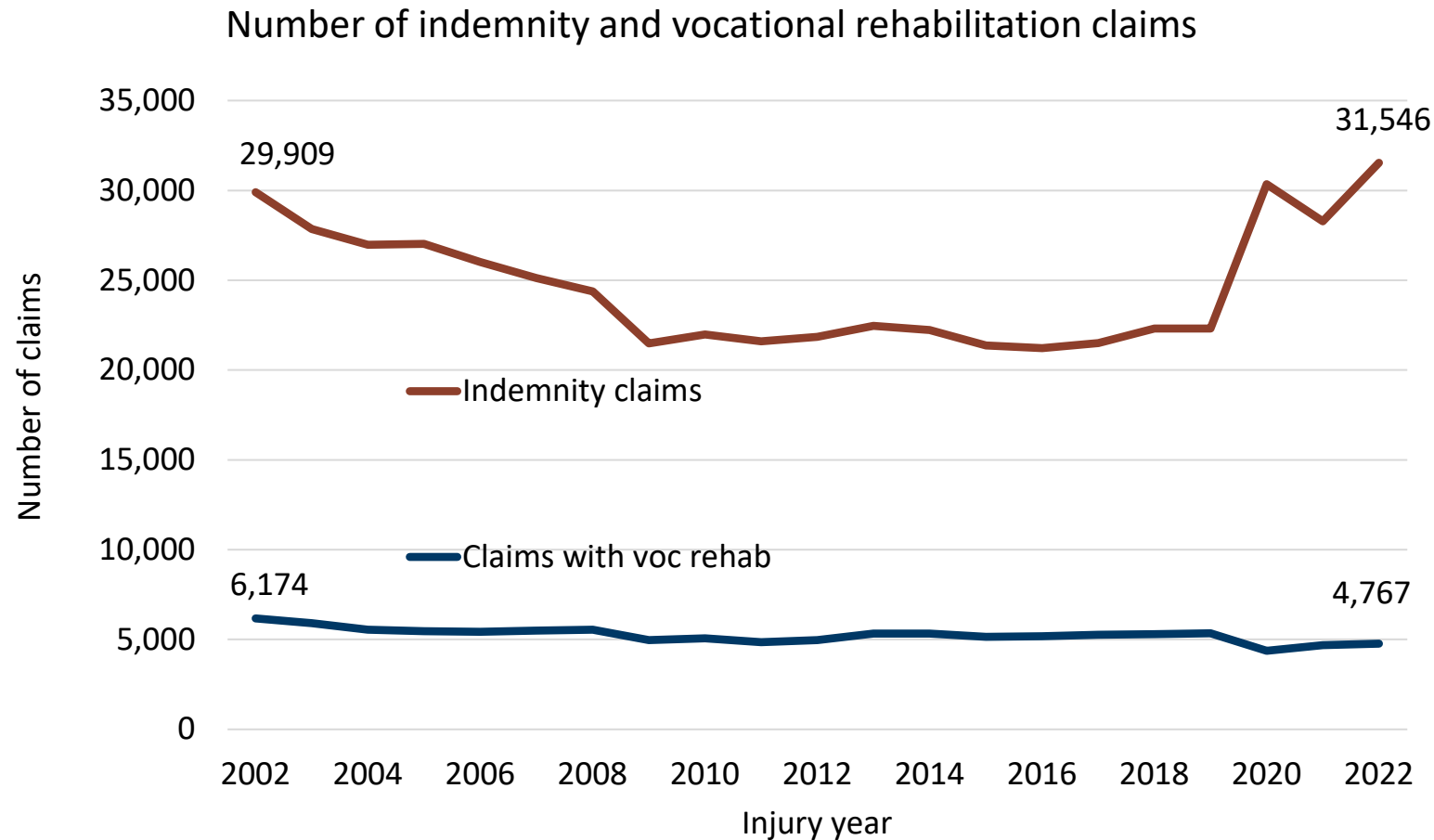
Medical benefits are the largest expense (2022 values)



- The share of medical benefits in 2022 was down from 35% and the share of indemnity benefits was up from 29% in 2019.
- Total benefit payments accounted for 67% of total system cost.

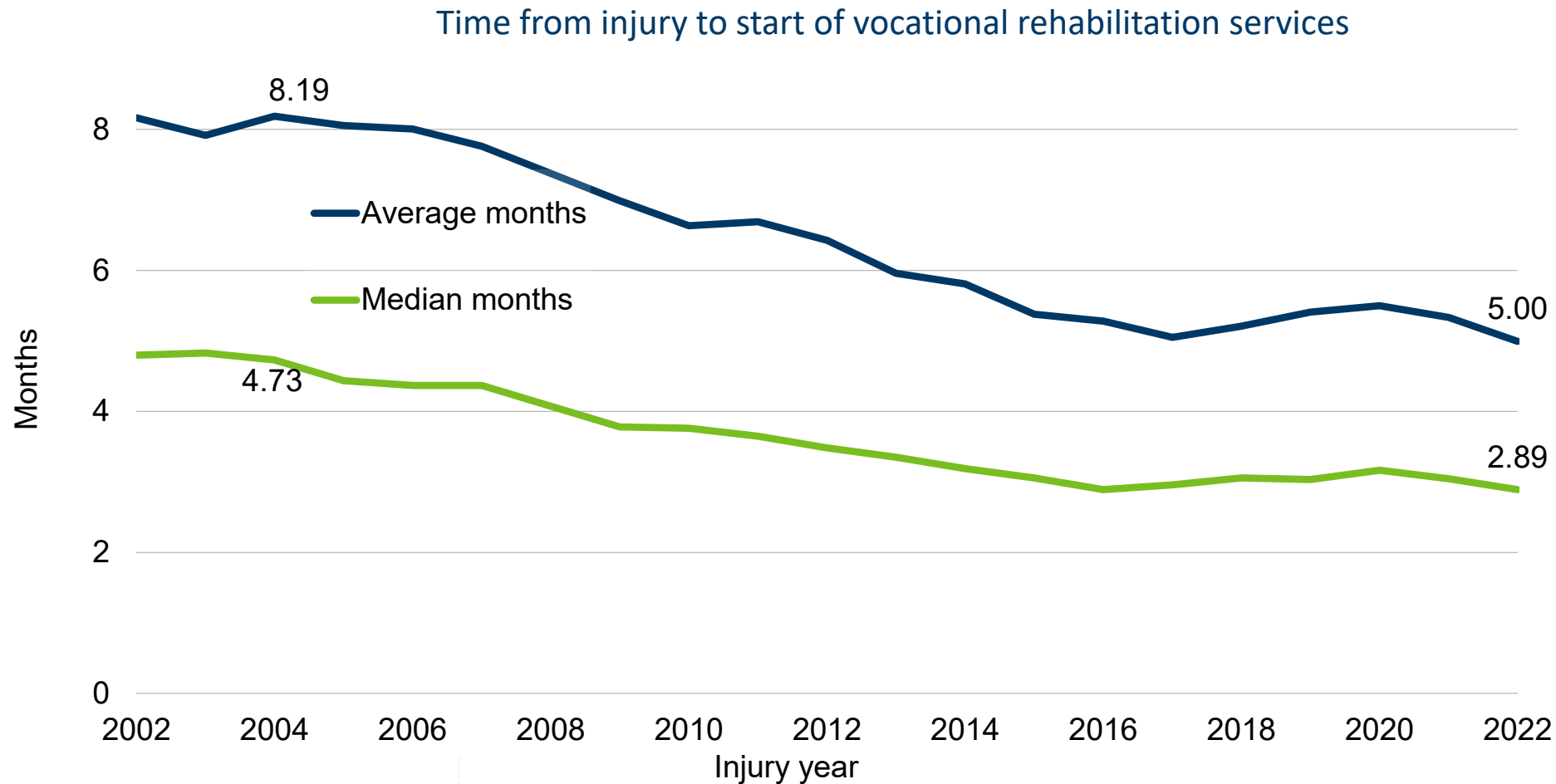
Vocational rehabilitation

Consistent numbers of workers with vocational rehabilitation in 2009 through 2019, drop-off in 2020 from COVID-19, return to trend in 2021 and 2022

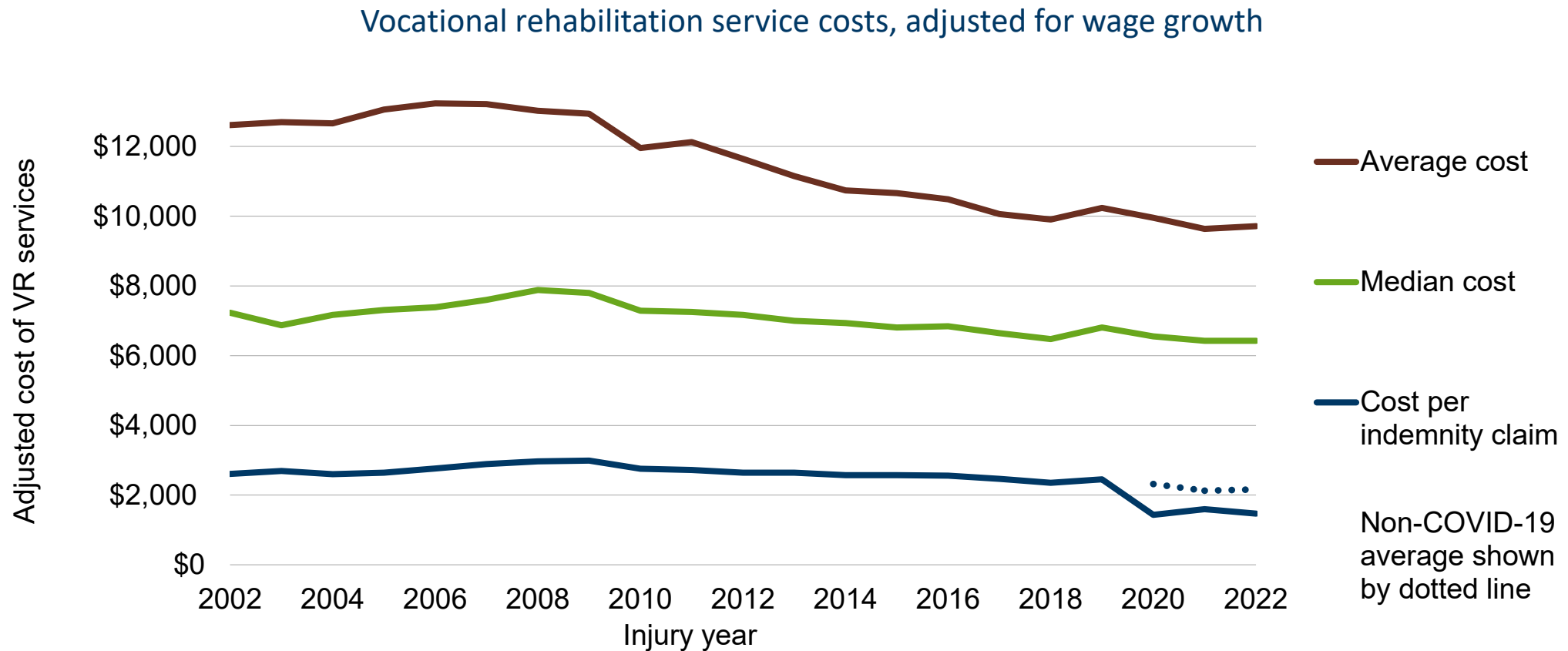


- In 2002, 10,140 COVID-19 indemnity claims, 32% of total
- Expect return to pre-pandemic indemnity numbers in 2023
- Very few COVID-19 claims have vocational rehabilitation

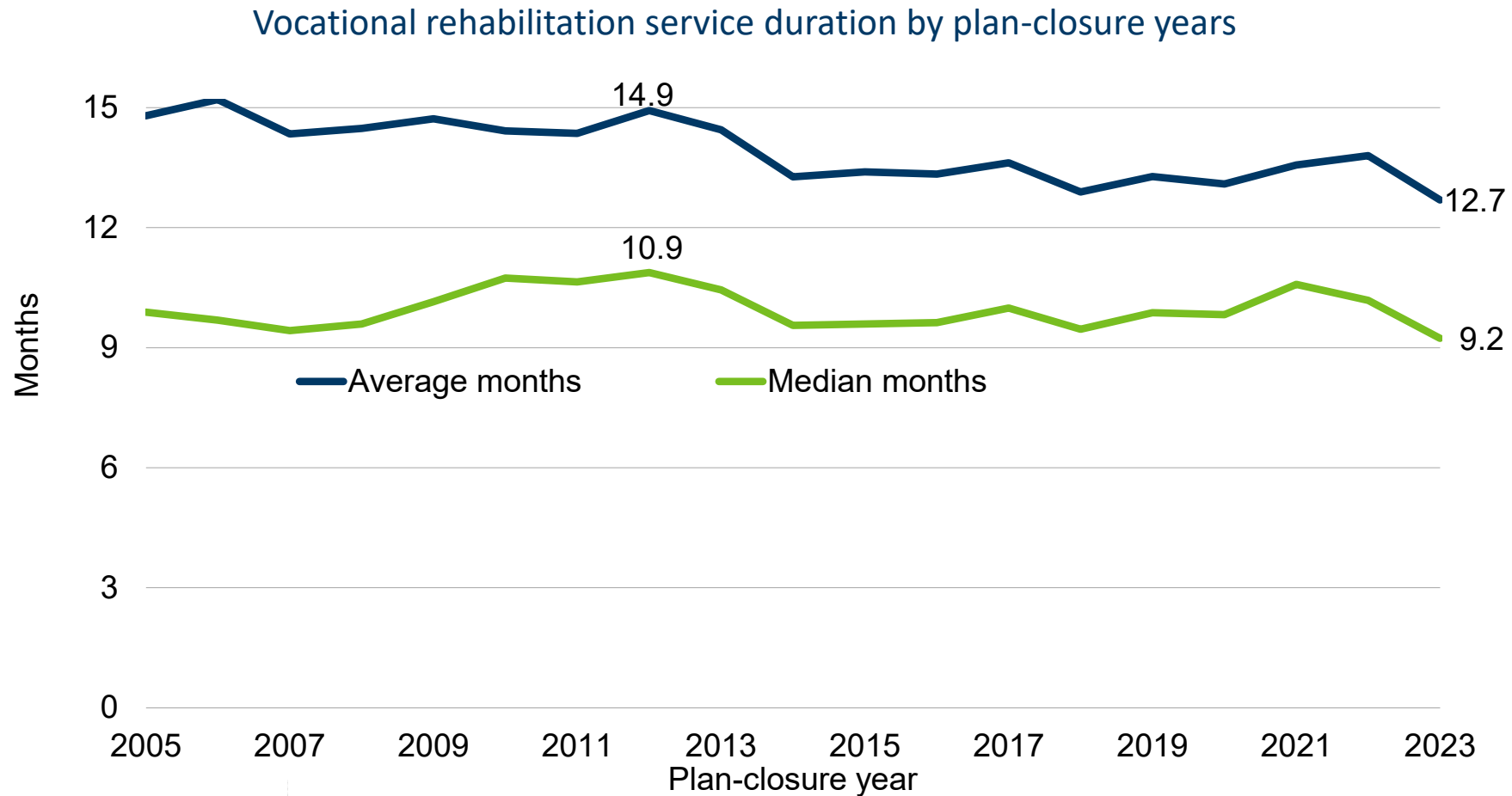
Time from injury to start of services has been steadily declining during the past 20 years



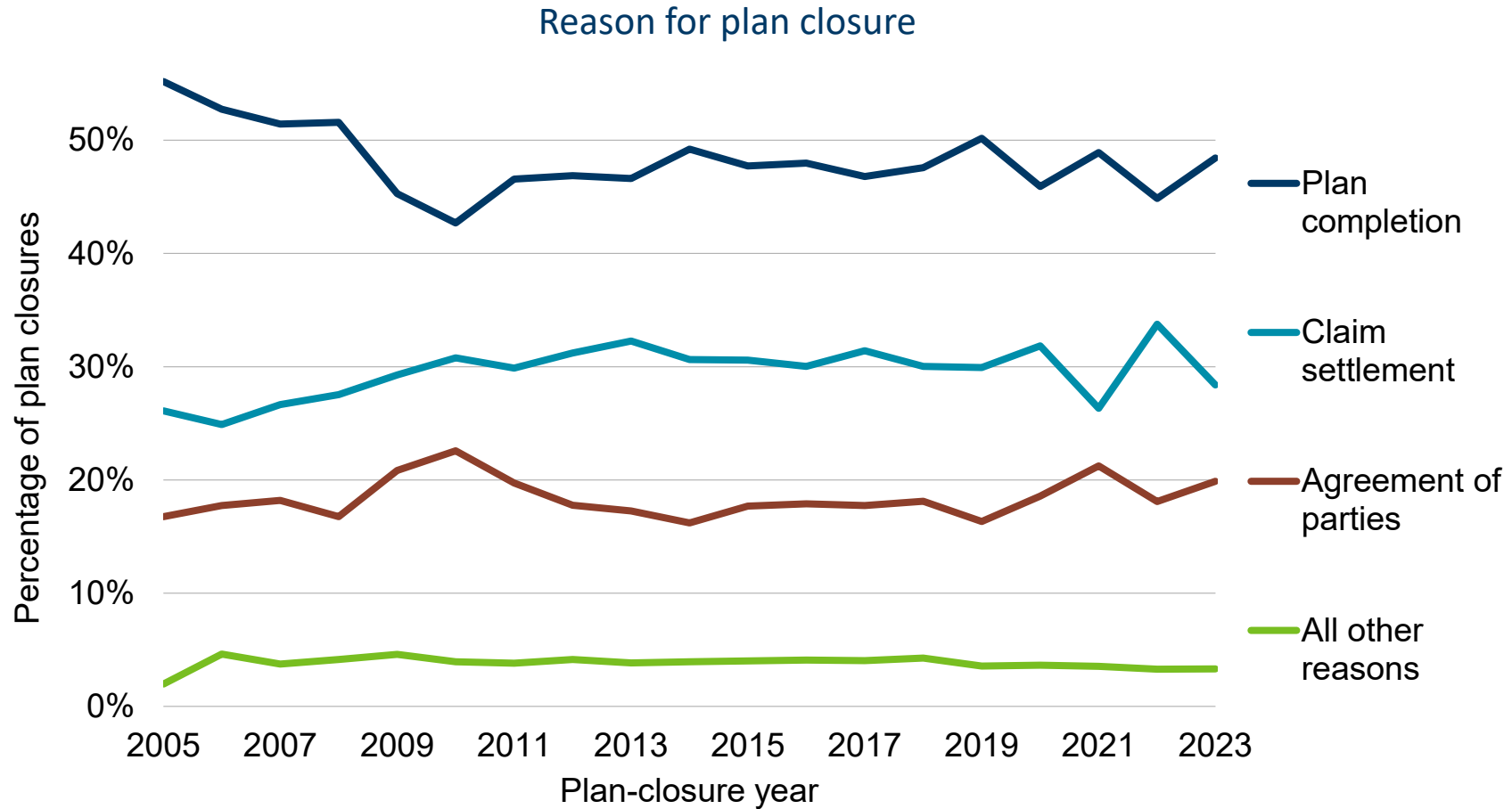
Adjusted average cost in 2022 was 5% lower than 2019 and 27% below the peak in 2007



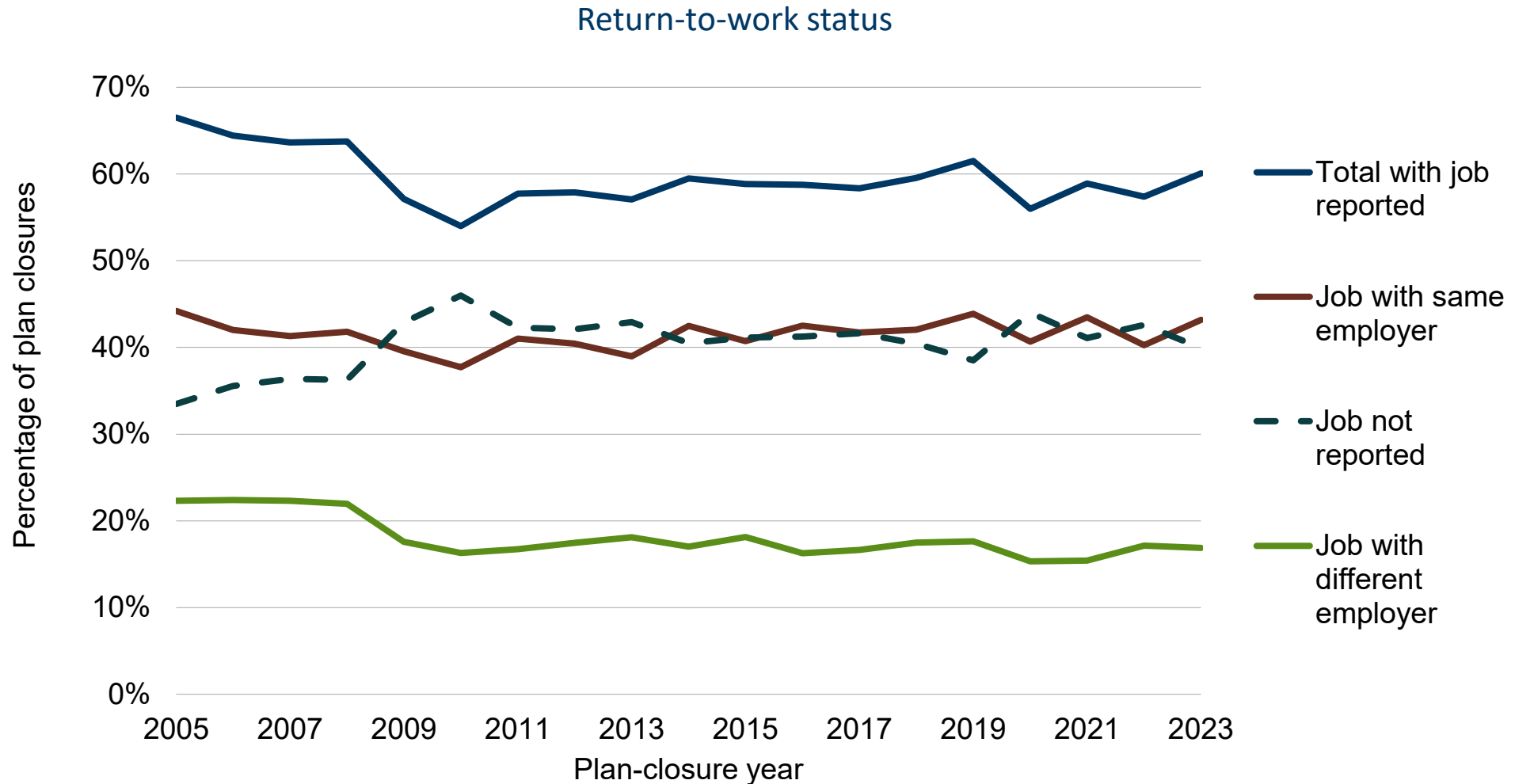
Average and median vocational rehabilitation service durations remained stable in past 10 years with some fluctuations



Settlement closures decreased while agreement closures increased in 2023



Sixty percent of vocational rehabilitation participants back to work in 2023, 2.7% decrease from 2022



Thank you

Hared Mah – hared.mah@state.mn.us
Brian Zaidman – brian.zaidman@state.mn.us