

2019 Minnesota Workers' Compensation System Report overview

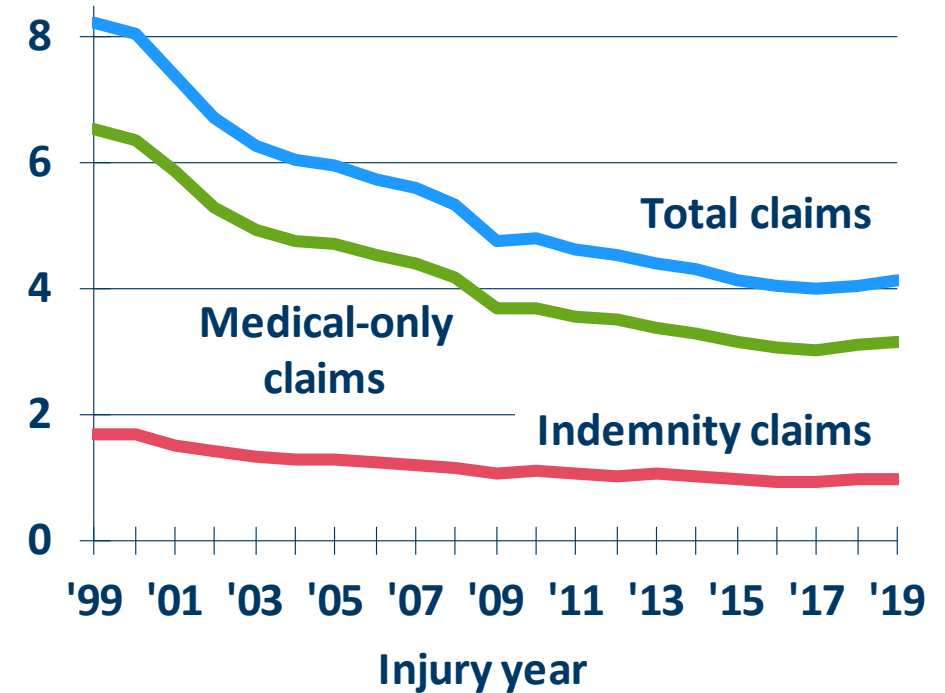
**presented to the
Workers' Compensation Advisory Council
Sept. 8, 2021**

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Research and Statistics**



Paid claims per 100 full-time-equivalent workers [a]

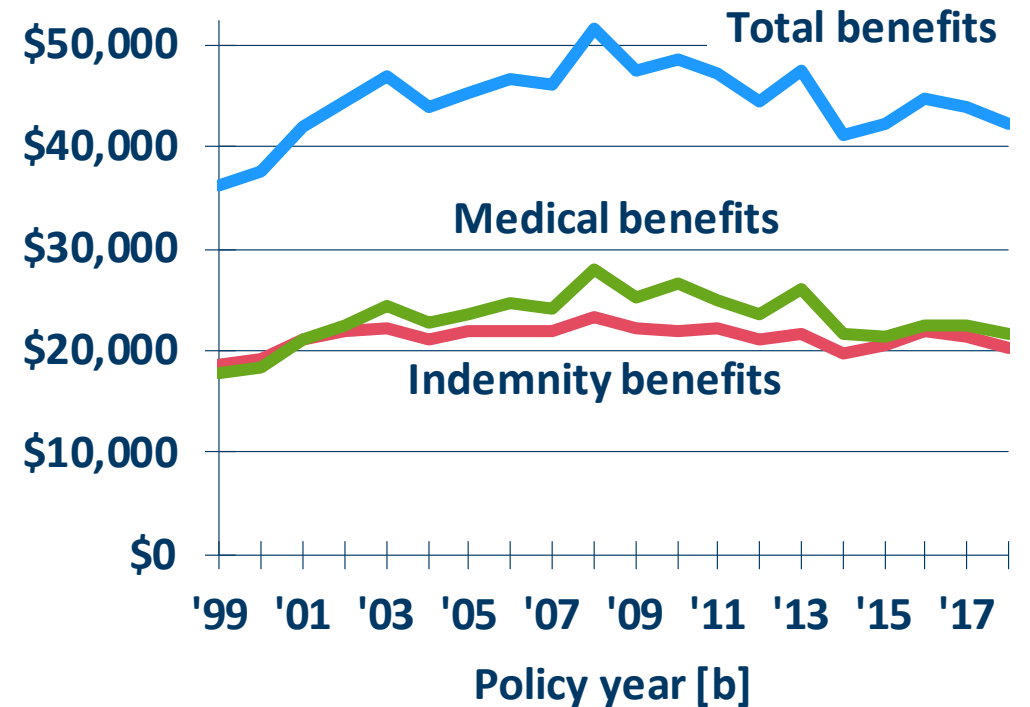
| Injury year | Indemnity claims | Medical-only claims | Total claims |
|----------------------|------------------|---------------------|--------------|
| 1999 | 1.67 | 6.5 | 8.2 |
| 2019 | .97 | 3.2 | 4.1 |
| Change, 1999 to 2019 | -.71 -42% | -3.4 -52% | -4.1 -50% |



a. Data from DLI, MWCIA and other sources. Projected to uniform maturity.

Benefits per claim for insured indemnity claims [a]

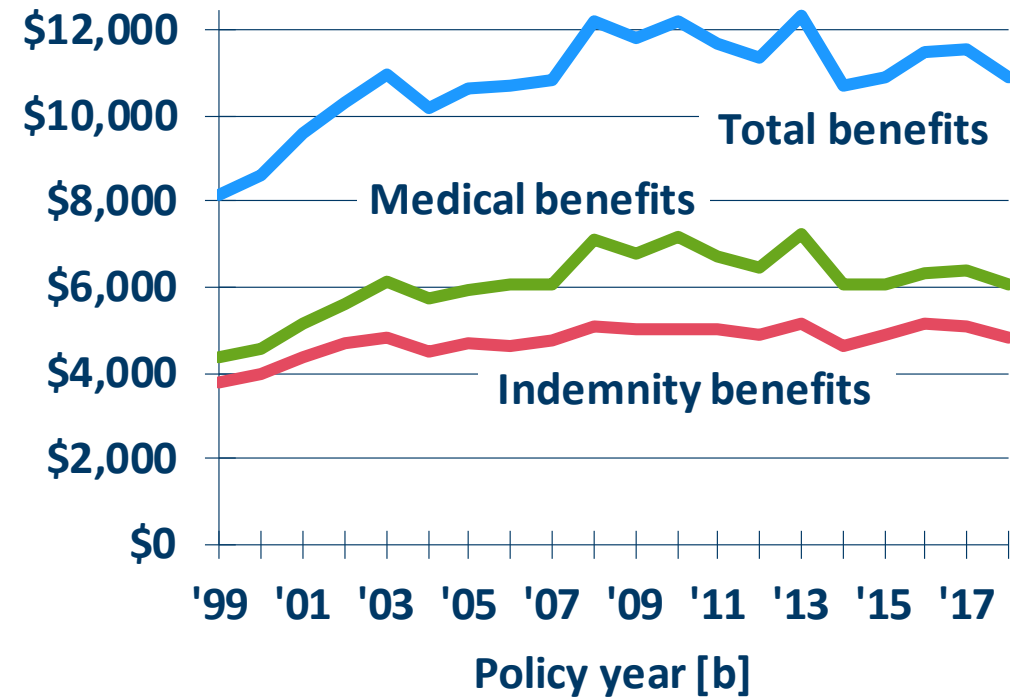
| Policy year | Indemnity benefits | Medical benefits | Total benefits |
|----------------------|--------------------|------------------|------------------|
| 1999 | \$18,500 | \$17,800 | \$36,300 |
| 2003 | \$22,300 | \$24,500 | \$46,800 |
| 2018 | \$20,400 | \$21,700 | \$42,100 |
| Change, 1999 to 2018 | +\$1,900 +10% | +\$3,900 +22% | +\$5,800 +16% |
| Change, 2003 to 2018 | -\$1,900 -10% | -\$2,800 -16% | -\$4,700 -13% |



- a. MWCIA data. Projected to uniform maturity and *adjusted for average wage growth (2019 dollars)*.
- b. Year of inception of the insurance policy covering the claim.

Benefits per claim for all insured claims [a]

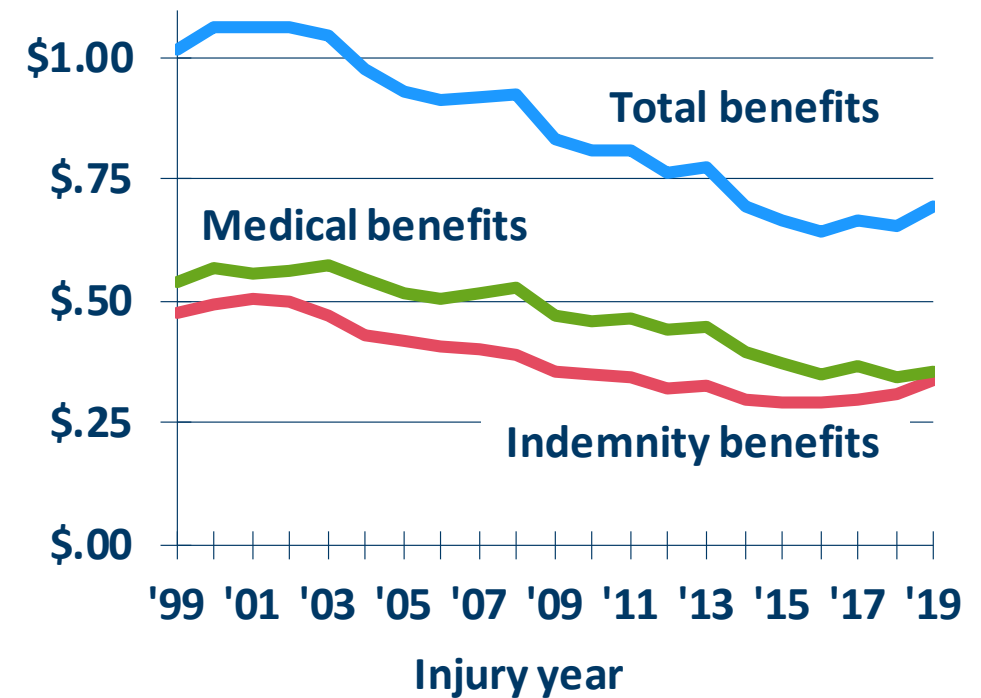
| Policy year | Indemnity benefits | Medical benefits | Total benefits |
|----------------------|--------------------|------------------|------------------|
| 1999 | \$3,800 | \$4,300 | \$8,200 |
| 2003 | \$4,800 | \$6,100 | \$10,900 |
| 2018 | \$4,800 | \$6,100 | \$10,900 |
| Change, 1999 to 2018 | +\$1,000 +26% | +\$1,800 +42% | +\$2,700 +33% |
| Change, 2003 to 2018 | \$0 0% | -\$100 -1% | -\$100 -1% |



- a. MWCIA data. Projected to uniform maturity and *adjusted for average wage growth (2019 dollars)*.
 b. Year of inception of the insurance policy covering the claim.

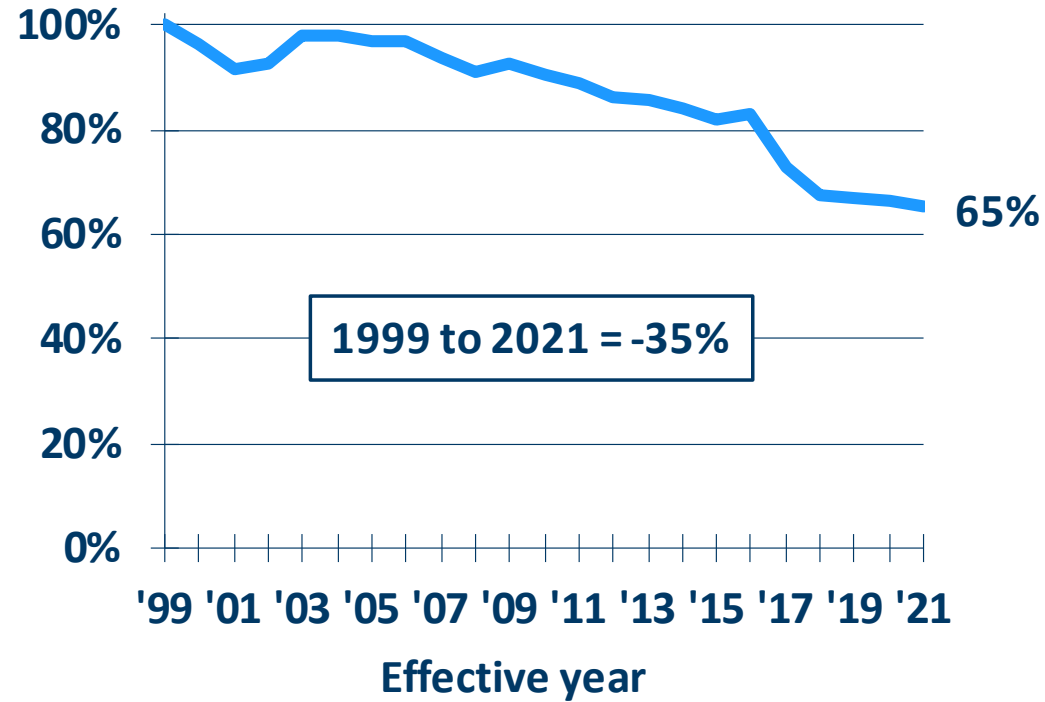
Benefits per \$100 of covered payroll in the voluntary market [a]

| Injury year | Indemnity benefits | Medical benefits | Total benefits |
|----------------------|--------------------|------------------|-----------------|
| 1999 | \$.47 | \$.54 | \$1.02 |
| 2019 | \$.34 | \$.36 | \$.70 |
| Change, 1999 to 2019 | -\$.14 -29% | -\$.18 -34% | -\$.32 -31% |



a. MWCIA data. Projected to uniform maturity.

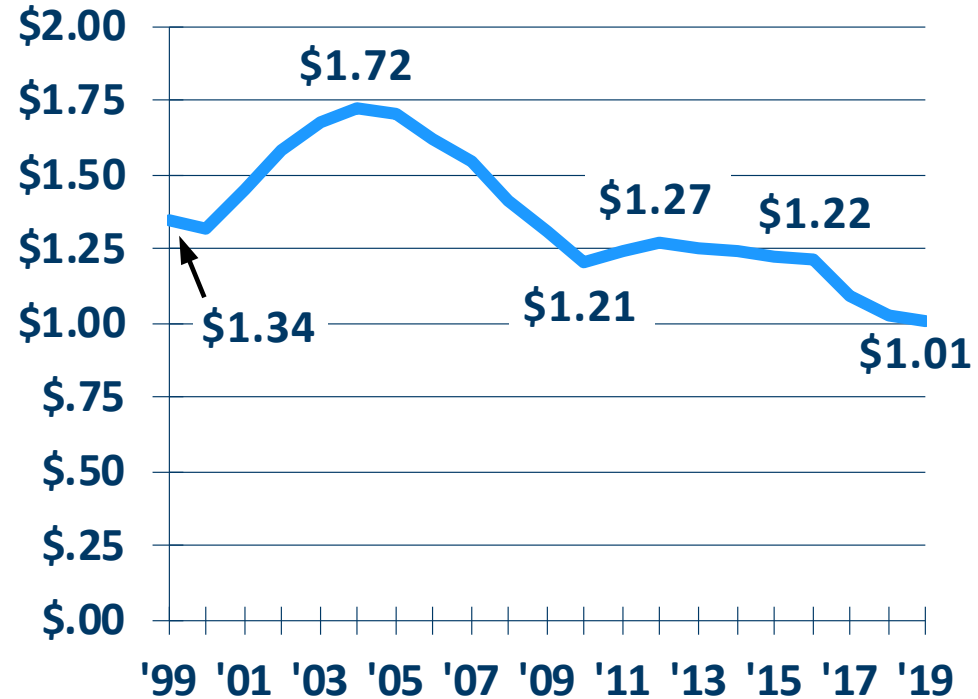
Average pure premium rate as percentage of 1999 [a]



a. MWCIA data.

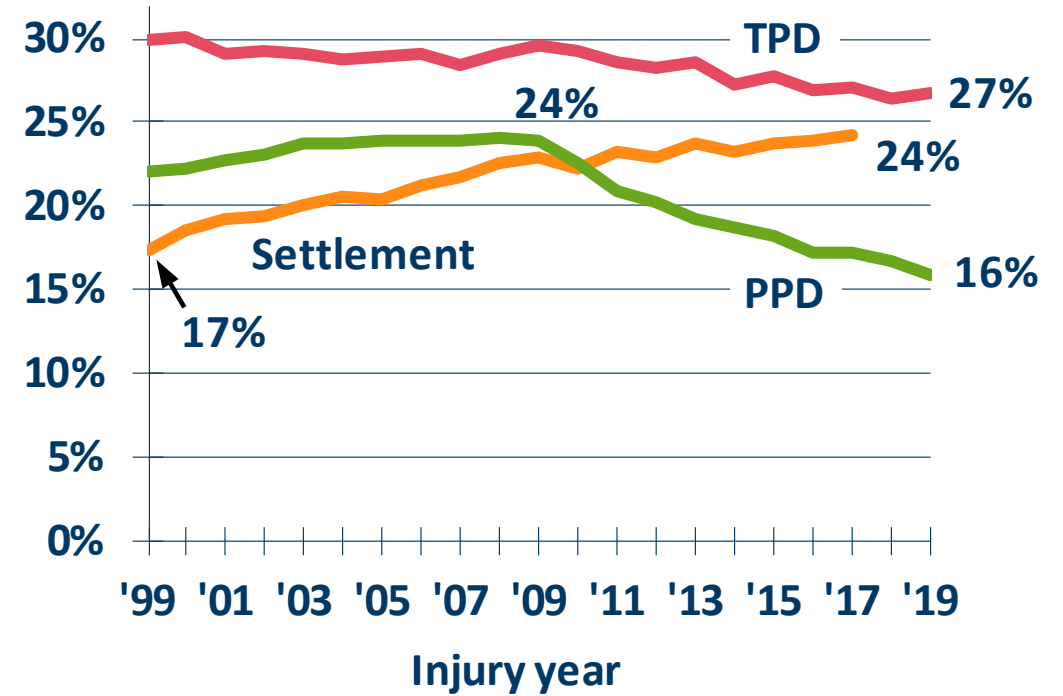
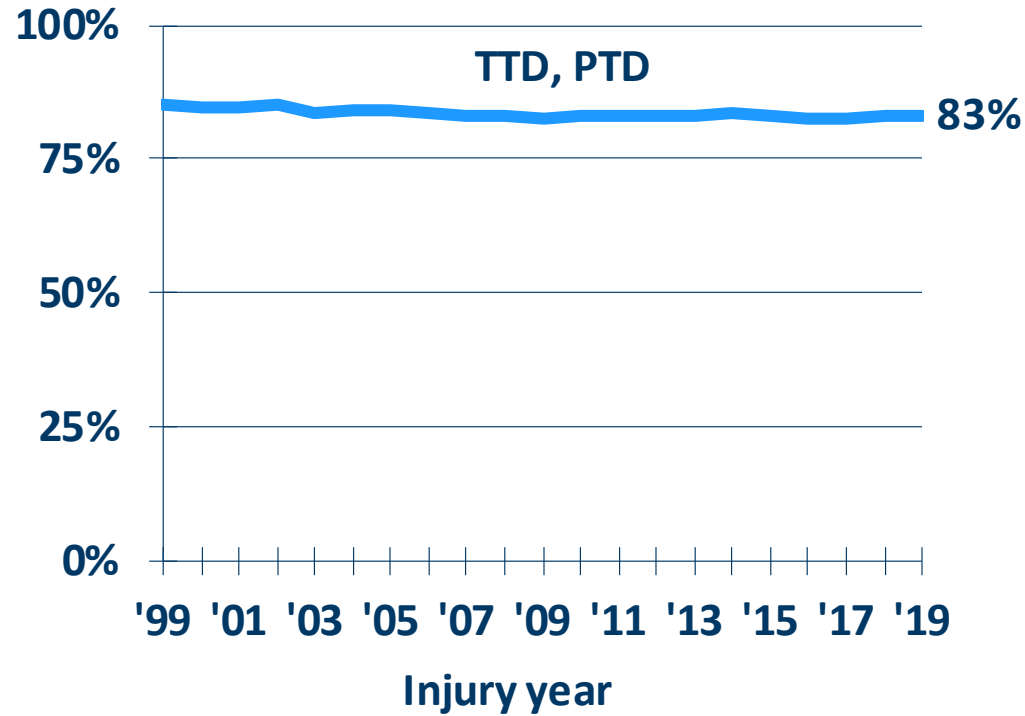
System cost per \$100 of covered payroll [a]

| Period | Average cost/\$100 |
|---------------------------------|--------------------|
| 2000-2009 | \$1.53 |
| 2010-2019 | \$1.18 |
| Change between periods | -\$0.35 -23% |
| Change extrapolated to 20 years | -41% |



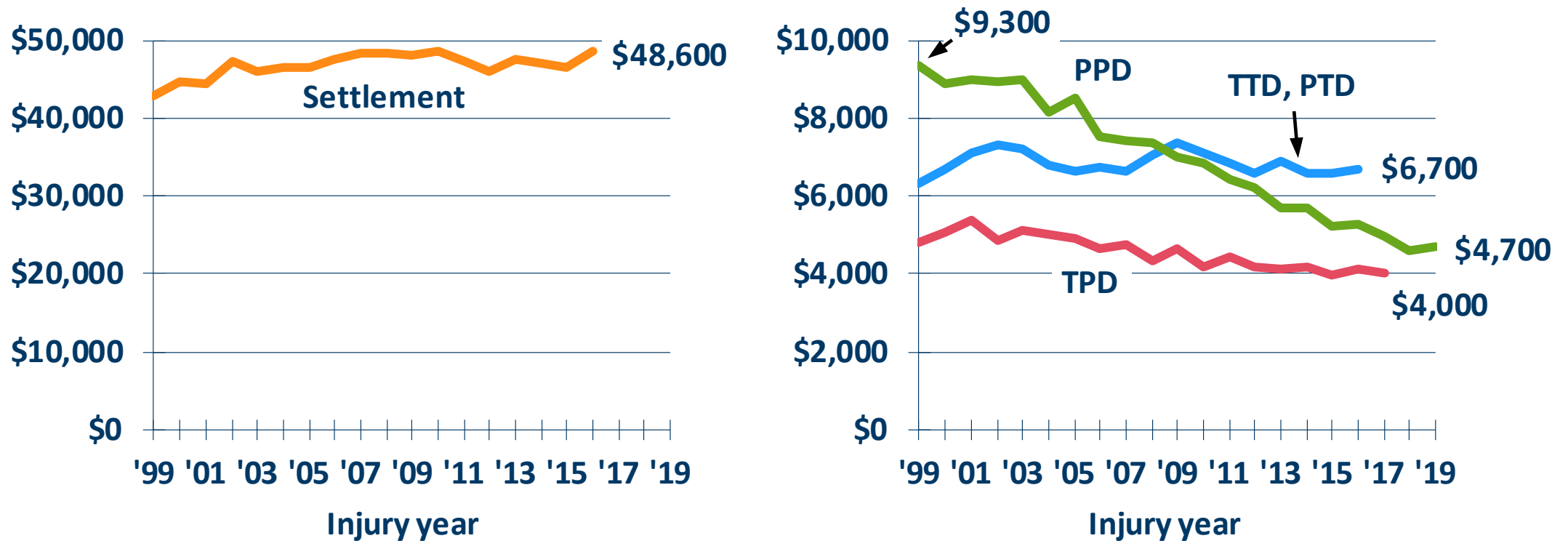
a. Estimated with data from WCRA, MWCIA, DOC, DLI and DEED.

Percentages of paid indemnity claims with different types of benefits [a]



a. DLI data. Projected to uniform maturity.

Average benefit by type *where that type of benefit is paid [a]*



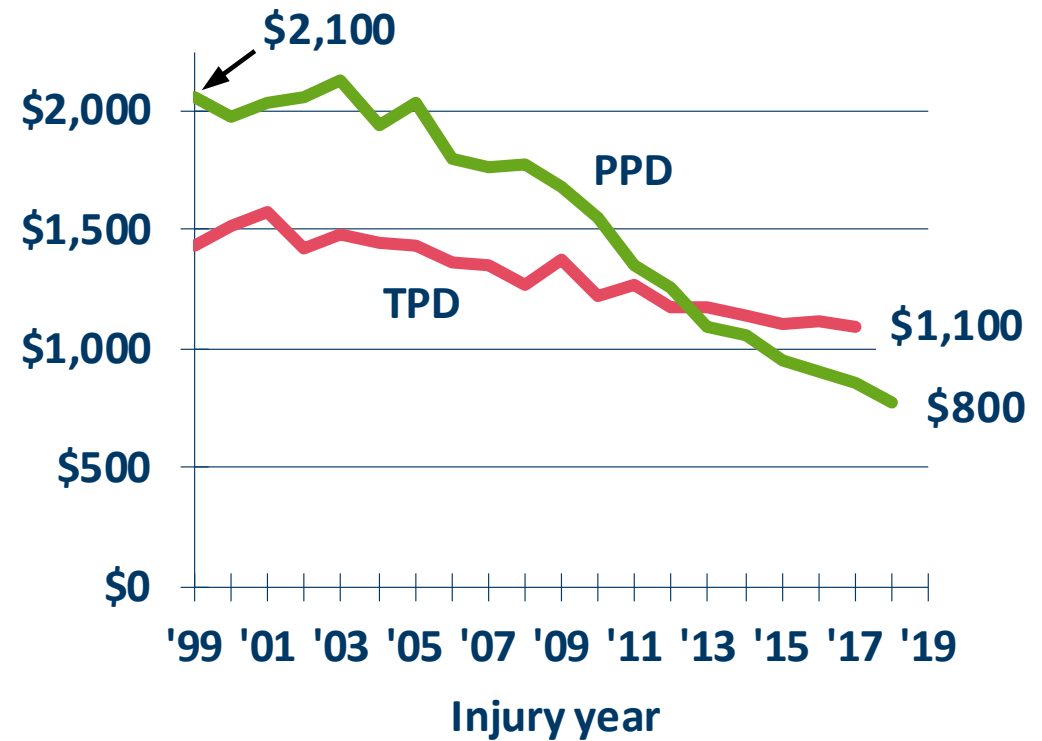
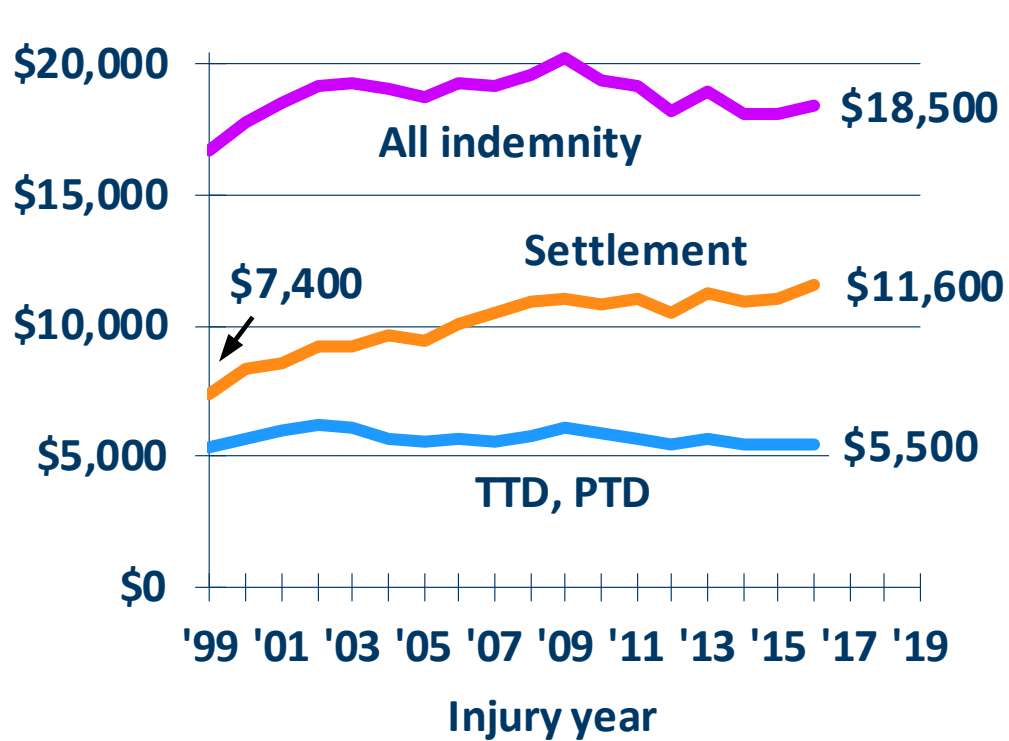
a. DLI data. Projected to uniform maturity and adjusted for average wage growth (2019 dollars).

Components of 50% decrease in average PPD benefit as adjusted for average wage growth

From 1999 to 2019:

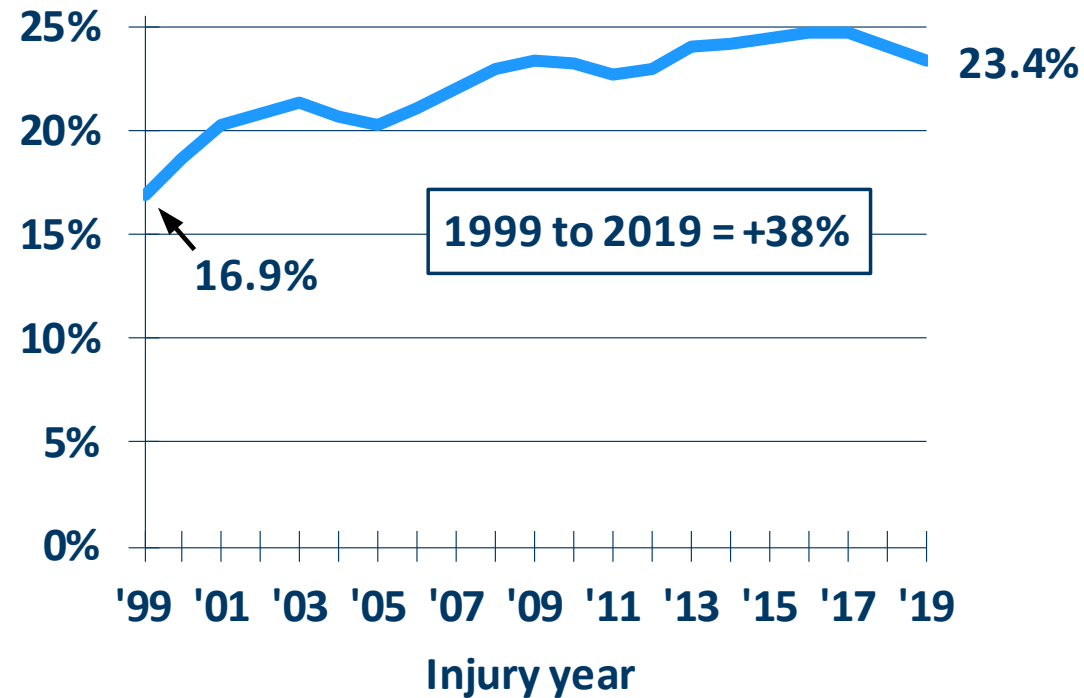
1. the average permanent partial disability (PPD) rating fell from 6.9% to 5.3% (-23%);
2. the PPD benefit schedule was raised twice:
 - a. 14.1% in 2001 and
 - b. 5.0% in 2019, andthe combined increase was 19.8%; and
3. the statewide average weekly wage (SAWW) (used for wage adjustment) increased 78%.

Average benefit by type *per paid indemnity claim [a]*



a. DLI data. Projected to uniform maturity and adjusted for average wage growth (2019 dollars).

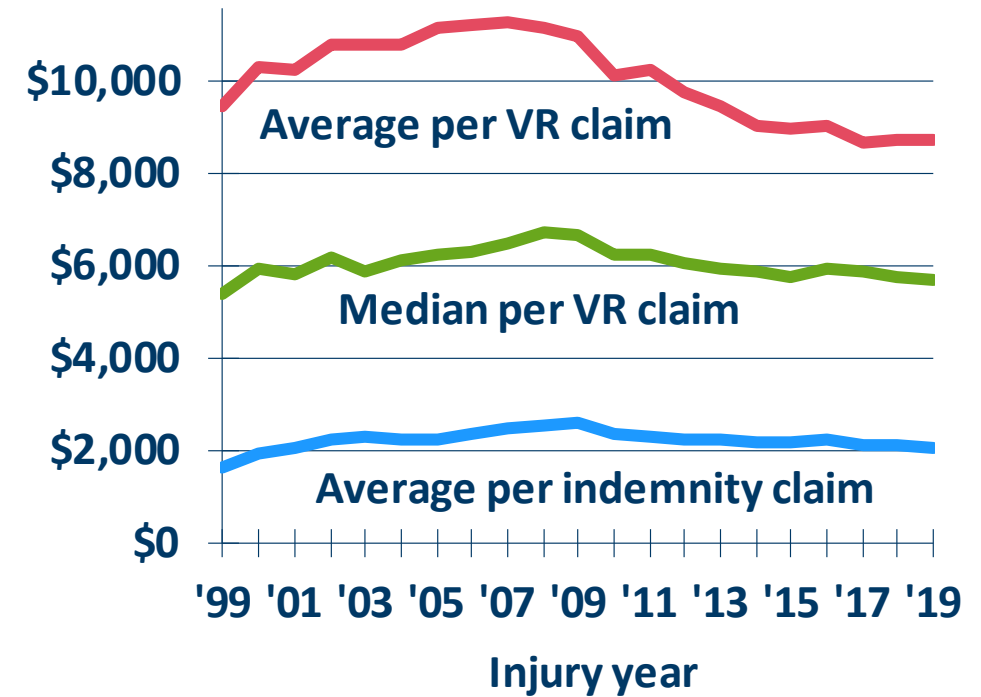
Percentage of paid indemnity claims with a vocational rehabilitation plan [a]



a. DLI data. Projected to uniform maturity.

Vocational rehabilitation service cost per claim [a]

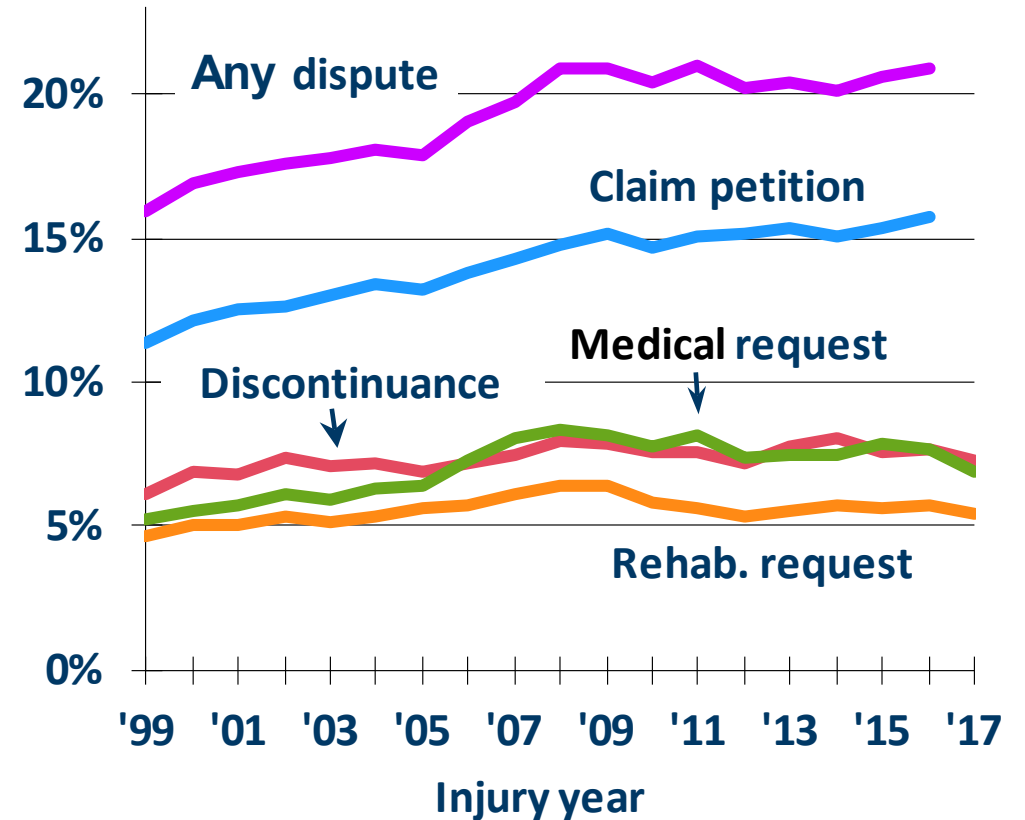
| Injury year | Cost per claim with VR services | | Average cost per indemnity claim |
|----------------------|---------------------------------|---------------|----------------------------------|
| | Average | Median | |
| 1999 | \$9,480 | \$5,400 | \$1,610 |
| 2019 | \$8,750 | \$5,680 | \$2,050 |
| Change, 1999 to 2019 | -\$730 -8% | +\$280 +5% | +\$440 +28% |



a. DLI data. Projected to uniform maturity and adjusted for average wage growth (2019 dollars).

Percentages of indemnity claims with different types of disputes [a]

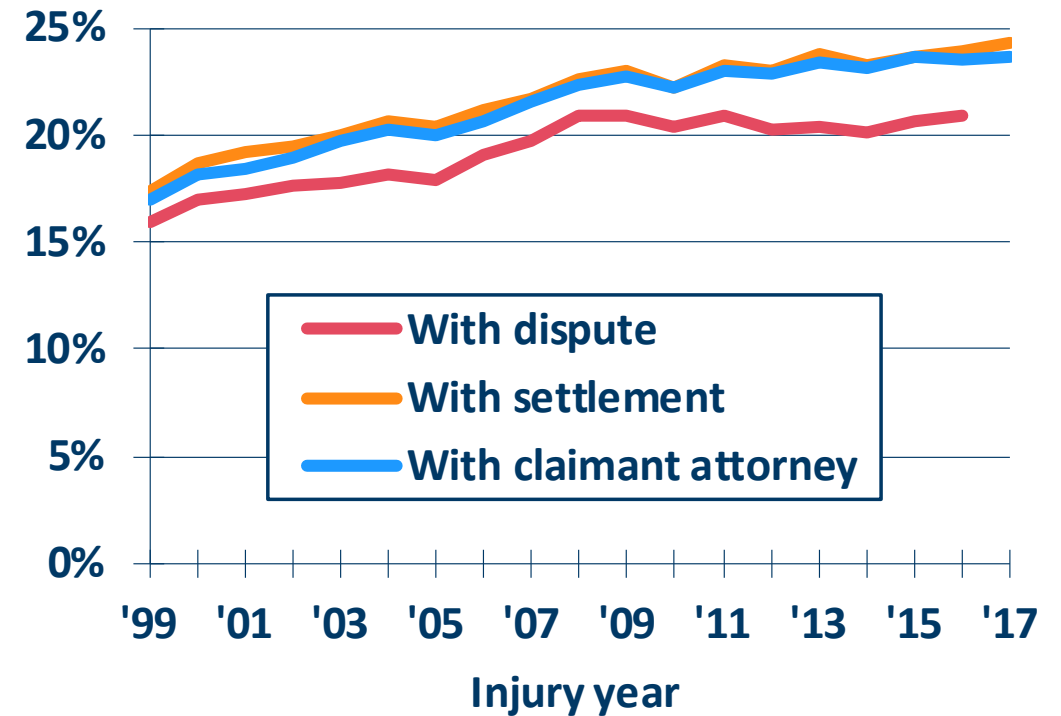
| Injury year | Pctg. of indemnity claims with — | | | | |
|----------------------|----------------------------------|-------------|-----------|-----------|-----------|
| | Claim pet. | Disc. disp. | Med. req. | Reh. req. | Any disp. |
| 1999 | 11.4% | 6.1% | 5.2% | 4.7% | 15.9% |
| 2008 | 14.7 | 8.0 | 8.3 | 6.4 | 20.9 |
| 2016 | 15.7 | 7.6 | 7.6 | 5.7 | 20.9 |
| 2017 | | 7.3 | 6.9 | 5.5 | |
| Change, 1999 to 2008 | +30% | +31% | +59% | +37% | +31% |
| Change, 2008 to 2016 | +7% | -4% | -8% | -11% | 0% |



a. DLI data. Projected to uniform maturity.

Percentages of indemnity claims with disputes, claimant attorneys, and settlements [a]

| Injury year | With dispute | With clmt. attorney | With settlement |
|----------------------|--------------|---------------------|-----------------|
| 1999 | 15.9% | 17.0% | 17.4% |
| 2008 | 20.9 | 22.3 | 22.6 |
| 2016 | 20.9 | 23.5 | 23.8 |
| 2017 | | 23.6 | 24.2 |
| Change, 1999 to 2008 | +31% | +31% | +30% |
| Change, 2008 to 2016 | 0% | +5% | +5% |



a. DLI data. Projected to uniform maturity.

Thank you.

Questions?

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LABOR AND INDUSTRY**