Illinois Workers' Compensation Commission

Fiscal Year 2013 Annual Report

Pat Quinn
Governor

Michael P. Latz
Chairman

TABLE OF CONTENTS

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Illinois Workers' Compensation Commission

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Pat Quinn, Governor *Michael P. Latz, Chairman*

June 9, 2014

The Honorable Pat Quinn
Governor, State of Illinois
207 State House
Springfield, IL 62706

Dear Governor Quinn:

On behalf of the entire Workers' Compensation Commission, I am pleased to submit the Fiscal Year 2013 annual report.

The 2011 reform legislation produced demonstrable improvements to the workers' compensation environment in Illinois. Medical prices paid are down 24% because of the 2011 reform. Advisory rates for workers' compensation insurance are down more than 13% since 2011. Workers' compensation insurers report a 12% decrease in incurred losses from 2006 to 2012. These reports from independent research organizations show that the 2011 reform is succeeding in lowering workers' compensation costs in Illinois.

The Illinois Workers' Compensation Commission has introduced ambitious initiatives for Fiscal Year 2014: we will begin to transform the computer technology of the Commission, which will usher in a new era of efficiency for workers' compensation. We will step up enforcement of the Act by both increasing the use of technology to identify employers that do not have insurance, and by increasing the number of Insurance Compliance investigators from five to eight.

We will continue to work to improve the workers' compensation program in Illinois. We appreciate your leadership and continued support in this process.

Sincerely,

Michael P. Latz

Michael P. Latz
Chairman

Fiscal Year 2013 Highlights

- Illinois workers' compensation advisory insurance rates decreased 13.3% since 2011, representing $315 million in savings to employers. Advisory insurance rates decreased 3.8% in 2013 and another 4.5% in 2014. Insurers reported a 12% decrease in incurred losses between 2006-2012.

- Work accidents continue to decline. The overall injury rate in Illinois is lower than most states, and has declined dramatically over the years: the Illinois 2010 injury rate is *65% lower* than in 1990. Fewer than 4% of Illinois workers experience an injury each year; only 1% loses time from work.

- The Commission collected $1.1 million in fines from uninsured employers that were found to be operating without workers' compensation insurance. These fines are used to pay benefits to injured workers whose cases were closed in FY13 and whose uninsured employers failed to pay the benefits. Without this program, these workers and their medical providers might have received nothing. Unfortunately, due to a structural, statutory problem, funds were sufficient to pay only 31% of the benefits that were awarded.

- To protect claimants' privacy, the Commission now requires people who are not parties to a case to submit a request under the Freedom of Information Act (FOIA) in order to view file documents. Information such as the petitioner's Social Security number, birthdate, home address, and certain medical records are redacted. In addition, the Commission stopped collecting Social Security numbers on applications.

- Parties may now search the Commission's website for cases using the petitioner or respondent name. This web page receives nearly two million hits per year, and represents an enormous convenience to the parties, who previously were required to call the Commission for the information.

Mission Statement

The Illinois Workers' Compensation Commission resolves claims made by injured workers for injuries arising out of and in the course of employment. The Commission strives to assure financial protection for injured workers and their dependents at a fair cost to employers.

The Commission performs three main functions:

1) *Resolves claims.* The Commission strives to provide a fair, timely process by which disputed claims may be resolved.

2) *Ensures compliance with the law.* The Commission protects the rights of employees and employers under the Illinois Workers' Compensation and Occupational Diseases Acts.

3) *Administers self-insurance.* The Commission evaluates and approves eligible employers that wish to insure themselves for their workers' compensation liabilities.

The Commission strives to accomplish these goals while looking constantly for ways to improve the quality of service.

OVERVIEW OF WORKERS' COMPENSATION

Workers' compensation laws were the first acts of social legislation passed in the United States. At the beginning of the 20th century, employers feared the assumption of liability for work injuries would destroy their businesses, while workers feared financial ruin from disabling injuries.

Before the advent of workers' compensation laws, an injured worker seeking compensation was required to file a lawsuit against his or her employer in court. At the time, the common law held that the employer had a duty to provide a safe workplace, to give warnings of dangers, and to provide a sufficient number of appropriate fellow servants to perform the tasks.

In order to obtain compensation before the advent of workers' compensation laws, the employee was required to prove the employer was negligent. The employer could present a defense that blamed the injured worker's contributory negligence, or attributed the injury to the negligence of a fellow servant, or argued that the employee assumed certain risks in accepting the job. The process was prolonged and uncertain, with large risks to both employee and employer. The employer's liability was unlimited.

The high injury and death rates throughout the Industrial Revolution and growing dissatisfaction with the common law gradually led to the enactment of employer liability acts. Employers were held more responsible for negligence, but employees still had to file lawsuits for damages.

The first workers' compensation laws originated in Germany in 1884 with a compulsory system of accident insurance covering all employees in manufacturing, mining, and transportation. Similar laws passed in other European countries.

In the U.S., workers' compensation laws were passed on a state-by-state basis. Most of the early laws covered only hazardous occupations and were frequently challenged as unconstitutional. Maryland passed the first act in 1902, which was restricted to fatal cases. The first law of general application that withstood legal challenges was Wisconsin's act of 1911. Illinois passed its first workers' compensation law in 1911, effective May 1, 1912.[1] It took until 1948 for all states to establish a workers' compensation law.

Workers' compensation laws balance competing interests: employees give up their right to sue in civil court and potentially win large awards in exchange for more modest but prompt compensation; employers give up their common law defenses in exchange for limits on their liabilities.

Workers' compensation was established as a no-fault system. The theory behind the law is that the cost of work-related injuries or illnesses should be part of the cost of the product or service.

Originally, the courts administered the Act, but the volume overwhelmed the courts. On July 1, 1913, a three-member Industrial Board was created.[2] In 1917, a five-member Industrial Commission was created within the Illinois Department of Labor.[3] In 1957, the Commission separated from the Department of Labor and became a self-standing agency.[4] On January 1, 2005, the agency officially became the Illinois Workers' Compensation Commission. [5]

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[1] Act of June 10, 1911. 1911 Ill. Laws 315-26.

[2] Act of June 28, 1913, sec. 1, § 13. 1913 Ill. Laws 346-347.

[3] Act of May 31, 1917, sec. 1, § 13(a) and (b). 1917 Ill. Laws 498-99.

[4] Act of July 11, 1957, sec. 1, § 13(a). 1957 Ill. Laws 2633.

[5] P.A. 93-721.

Almost every employee who is hired, injured, or whose employment is located in Illinois is protected by the Illinois Workers' Compensation Act. When an injury is caused by work, the injury is compensable according to the Act. Benefits may include an award for medical treatment, lost income, and permanent disability.

Illinois employers pay for workers' compensation benefits through insurance policies or by becoming self-insured. Cases are first heard by Arbitrators, whose decisions may be appealed to Commissioners. Cases may proceed on to the Circuit Court, Illinois Appellate Court, and, if leave is granted, the Illinois Supreme Court. Most claims, however, are settled between the parties prior to, or subsequent to, the initial arbitration.

LEGISLATIVE AND RULEMAKING ACTIVITY

LEGISLATION

House Bill 3390 (Public Act 98-40), effective June 28, 2013, made three substantive changes:

1. *Eliminated the handbook requirement*. Instead of supplying a handbook to each injured worker, the handbook is available to the public on the Commission's website.

2. *Eliminated the $35 transcript fee*. Parties who appeal decisions from the Commission to the Circuit Court are no longer required to pay a fee, and the Commission no longer needs to perform an archaic and time-consuming calculation for the preparation of records. Instead, parties file with the Commission a *Notice of Intent to File For Review in Circuit Court*.

   Remaining monies in the Transcript Deposit Fund were transferred to the Injured Workers' Benefit Fund, which provides benefits to the injured employees of uninsured employers.

3. *Established new requirement for Commission to obtain interpreters when necessary for settlement contracts*. Upon request, the Commission must furnish language interpreters for petitioners who do not speak English, do not have an attorney, do not have their own interpreter, and are signing settlement contracts.

RULEMAKING

The Commission saw five sets of changes to the rules:

1. *Updated the medical fee schedule, effective November 5, 2012, as follows:*

   a. Cut all fee schedule amounts by 30%, effective September 1, 2011;
   b. Set maximum reimbursement for medical implants at 25% above the net manufacturer's invoice price less rebates, plus actual and reasonable customary shipping prices;
   c. Added a new provision for the reimbursement of out-of-state medical services;
   d. Added certain accredited Ambulatory Surgical Treatment Facilities (ASTFs) to the fee schedule; and
   e. Brought the outlier formula in the Hospital Inpatient and Hospital Outpatient Surgical Facility fee schedules into compliance with the new law.

2. *Established procedures for drug and alcohol testing, effective November 5, 2012.* This rule implemented Public Act 97-18, which amended Section 11 of the Workers' Compensation Act to provide that an employee will not receive workers' compensation benefits if the employee's intoxication is the proximate cause of the injury or if at the time of injury, the employee was so intoxicated that the intoxication constituted a departure from the employment.

   Section 11 mandates that these rules follow several specific guidelines, including compliance with regulations promulgated by the United States Department of Transportation; that samples are collected and tested in a manner reasonably calculated to ensure sample reliability and to identify errors, and that split testing procedures are utilized.

   The new rule set forth the process for the collection of blood, urine, breath, and saliva, including requirements for documentation, transportation, and disposal of these samples.

3. *Limited reimbursement of physician-dispensed drugs, effective November 20, 2012.* This rule change implemented Section 8.2(a-3) of the Act by specifying that when a prescription dispensed outside of a licensed pharmacy is repackaged, reimbursement shall be based on the Average Wholesale Price (AWP) for the original product, as identified by its National Drug Code (NDC). The significance is that parties cannot purchase a large quantity of a drug and then repackage it in smaller amounts at a new and higher price per pill.

4. *Updated the Commission Review Board, effective December 4, 2012.* This rule change was in response to an audit finding, and pursuant to House Resolution 131 of the 97th General Assembly, which found that the Commission Review Board had failed to call a meeting within 15 days of receipt of a complaint against an Arbitrator or Commissioner.

   In its response, the Commission pointed to the logistical challenge of both posting and holding a meeting for every complaint received by the Commission, as many of the communications received by the Commission Review Board do not constitute complaints as defined in the rule. Thus, the updated rule creates a process where the General Counsel of the Commission evaluates all communications received and determines whether the communication qualifies as a complaint. The Board will then consider a complaint during its next regularly scheduled meeting.

   Other changes updated in this rule include the correction of outdated statutory references, typographical errors, and clarification of confusing and redundant language.

5. *Updated the bases for disqualification of Arbitrator and Commissioners, effective December 4, 2012.* This rule addressed an audit finding that Section 7030.30 conflicted with the changes of Public Act 97-18. Public Act 97-18 provided that the Canons of Judicial Conduct as adopted by the Illinois Supreme Court apply to the hearing and non-hearing conduct of Arbitrators and Commissioners. Thus, the rule aligned Commission rules for disqualification and the remittal of a disqualification by an Arbitrator or Commissioner with the Canons of Judicial Conduct.

   In addition, the rule created a formalized process for the filing of a Petition for Substitution of an Arbitrator or Commissioner, as directed by *Preston v. Industrial Commission*, 332 Ill. App. 3d 708 (3rd Dist. 2002).

BOARD MEMBERS

The Commission is grateful to all board members. Membership listing is as of June 30, 2013.

COMMISSION REVIEW BOARD

The board investigates complaints made against Arbitrators and Commissioners. The Governor appoints two public members, the senior labor and business Commissioners serve by statute, and the Arbitrators elect one Chicago and one Downstate Arbitrator.

Robert Hanaford
Attorney, **Robert H. Hanaford Ltd**

Velisha Haddox
Governor's Office

Mario Basurto
Senior Business Commissioner

David L. Gore
Senior Labor Commissioner

Arbitrator Milton Black
Chicago Arbitrator

Arbitrator Douglas Holland
Downstate Arbitrator

SELF-INSURERS ADVISORY BOARD

The board reviews applications from private companies to self-insure, and makes recommendations to the Chairman. The board also ensures the continued payment of benefits to workers of bankrupt self-insurers.

Alex G. Alexandrou
City of Aurora

Brian C. Baer
Dominicks

Gerald F. Cooper
Scopelitis, Garvin, Light, Hanson & Feary

David Henwood
CCMSI

Debbie Stafford
Archer Daniels Midland Co.

David Taylor
Reyes Holdings

WORKERS' COMPENSATION ADVISORY BOARD

The board assists the Commission in formulating policies, setting priorities, and developing administrative goals. The board also makes recommendations to the Governor regarding Commission appointments.

EMPLOYEES

Richard Aleksy
Corti, Aleksy, & Castenada

Aaron Anderson
Painters Dist. Council #30

Michael Carrigan
Illinois AFL-CIO

Philip Gruber
Int'l. Assoc. of Machinists

Mark Prince
Prince Law Firm

Sean Stott
Laborers' International Union

EMPLOYERS

Mitchell Abbett
FKG Oil

John Carpenter
Chicagoland Chamber of Commerce

Mark Denzler
IL Manufacturers Assoc.

David Halffield
Sears Holding Mgmt. Co.

William Lowry
Nyhan, Bambrick, Kinzie, & Lowry

David Vite
IL Retail Merchants Assoc.

WORKERS' COMPENSATION MEDICAL FEE ADVISORY BOARD

The board advises the IWCC on the establishment of medical fees and the accessibility of treatment.

EMPLOYEES

Jason Keller
IL AFL-CIO

Dianne McGuire
College of DuPage

vacant

EMPLOYERS

Barb Molloy
Molloy Consulting

Kim Moreland
Rising Medical Solutions

vacant

MEDICAL PROVIDERS

Avi Bernstein, MD
Spine Center

William McAndrew
IL Hospital Assoc.

Michael Vendor, MD
Hand Surgery Assoc.

Financial Information

The Commission operates eight funds that are independent of the General Revenue Fund. Two funds (IWCC Operations Fund and Self-Insurers Administration Fund) pay for administrative expenses, while four of the funds (Injured Workers' Benefit Fund, Rate Adjustment Fund, Second Injury Fund, and Self-Insurers Security Fund) pay benefits to injured workers.

The following table summarizes the starting and ending fund balances for FY13:

Special Funds

Fund Name	6/30/12 Balance	plus Income	minus Expenditures	plus/minus Adjustments[6]	6/30/13 Balance[7]
IWCC Operations Fund	$18,486,666	$26,809,144	($23,546,547)	$15,754	$21,765,017
Injured Workers' Benefit Fund	$1,131,121	1,131,017	(2,117,209)	1,016,581	1,161,510
Rate Adjustment Fund	$5,688,051	14,167,783	(11,250,231)	51,956	8,657,559
Second Injury Fund	$471,631	1,815,481	(1,115,234)	21,340	1,193,218
Self-Insurers Administration Fund	$56,814	391,724	(393,225)	672,958	728,271
Self-Insurers Security Fund	$32,952,491	3,053,776	(13,833,602)	(12,408)	22,160,256
Settlement Fund	$30,815,769			58,279	30,874,048
Transcript Fund	$55,857	15,185	(4,508)	0	66,534

Illinois Workers' Compensation Commission Operations Fund (OPS)

820 ILCS 305/4d; 215 ILCS 5/416

The Commission's Operations Fund (OPS) was created in 2003 to pay for the administrative costs of the Commission. OPS revenues come from two sources: an external transfer and an internal assessment. The first source is a transfer that comes from the IL Department of Insurance (DOI), based on a 1.01% surcharge on workers' compensation insurance premiums. In FY13, DOI transferred $24.4 million to the Commission. The second source is an assessment collected by the Commission. In FY13, the Commission collected $2.4 million from self-insured employers based on 0.0075% of payroll. OPS revenues are used to pay for most of the Commission's operations.[8]

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[6] The "Adjustments" column includes transfers, refunds, and voided transactions.

[7] Totals may be off slightly due to rounding.

[8] The OPS Fund supports expenditures that are appropriated by the General Assembly. Non-appropriated Programs, including IWBF, RAF, SIF, SISF, SIAF, and SETT are excluded.

Injured Workers' Benefit Fund (IWBF)

820 ILCS 305/4(d)

The Injured Workers' Benefit Fund (IWBF) was created in 2005 to pay benefits to injured workers whose employers failed to provide workers' compensation insurance and also failed to pay benefits to injured workers. The IWBF is funded solely through the penalties and fines collected from uninsured employers.

Each year, the fund pays benefits on cases that were closed in the previous year. In FY13, the Insurance Compliance Division collected approximately $1.1 million in fines, as shown in the income column. The Commission uses these fines to pay benefits to injured workers whose cases were closed in FY13 and whose employers failed to pay. The Commission paid 45 claimants from FY13 revenues.[9]

Unfortunately, the fund paid workers only 31% of the value of the claims made to the IWBF. Even though the Insurance Compliance Division collected more money than in the previous year, it could not cover the amount due. See the Insurance section for more information.

Rate Adjustment Fund (RAF)

820 ILCS 305/7-8

The Rate Adjustment Fund (RAF) was created in 1975 to pay cost-of-living increases to individuals who are either permanently and totally disabled or are the survivors of fatally-injured workers. Benefit payments are made each month to recipients, beginning on July 15 of the second year after the final award. Recipients are given an amount equal to the percentage increase in the Statewide Average Weekly Wage, as calculated by the Illinois Department of Employment Security.

Revenues to support the fund are generated through assessments on self-insured employers and insurance companies. The assessment schedule and rates depend upon: 1) indemnity benefits paid in the preceding six-month period; and 2) estimated benefit expenditures; and 3) projected RAF balance. Based on these factors, the Commission may assess up to twice a year in the spring and fall at either half (0.625%) or full (1.25%) assessment rates. In FY13, the Commission issued a full assessment in the fall and a half assessment in the spring.

In FY13, the Commission paid $11.3 million for RAF benefits. During this fiscal year, the Commission funded benefits for 1,358 RAF recipients per month at an average monthly benefit rate of $691.[10]

Second Injury Fund (SIF)

820 ILCS 305/7-8

The Second Injury Fund (SIF) provides an incentive for employers to hire disabled workers by limiting the liability of those employers for the injured workers hired. If a worker who had previously incurred the complete loss of a member or the use of a member (one hand, arm, foot, leg, or eye) is injured on the job and suffers the complete loss of another member so that he or she is permanently and totally disabled (PTD), the employer is liable only for the injury due to the second accident. The SIF pays the amount necessary to provide the worker with a PTD indemnity benefit.

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[9] The FY13 revenues are used to pay for FY13 benefits in FY14. Expenditures and Adjustments columns in the Special Funds table above reflect $2.1 million and $1 million, respectively. This includes approximately $1 million in payments, which were vouchered (as shown in Expenditures) and then voided (as shown in Adjustments). This leaves a net amount of approximately $1.1 million for benefit payments occurring in FY13.

[10] Average monthly benefit estimates include several one-time payouts issued during FY13.

Similar to the RAF, the SIF program relies on revenues from self-insured employers and insurance companies, and bases assessments on the same factors. In FY13, the Commission issued a full assessment in the fall, and a half assessment in the spring.

In FY13, the Commission paid $1.1 million for SIF benefits to, on average, 81 SIF recipients per month at an average monthly benefit rate of $1,154.

SELF-INSURERS ADMINISTRATION FUND (SIAF)

820 ILCS 305/4a-6.1

The Self-Insurers Administration Fund (SIAF) was created in 1988 to pay the administrative costs of the Commission's self-insurance program. Revenues come from a $500 fee paid by private self-insured employers when applying for or renewing the privilege to self-insure.

In FY13, the Commission expended roughly $393,000 on its non-appropriated operations for this program and collected $392,000 in fee revenue. During the year, the SIAF developed a cash flow problem, as expenditures exceeded revenues. The Commission transferred in $673,000 from the Self-Insurers Security Fund, which had surplus revenues due to a historical bankruptcy. The transfer is shown in the Adjustments column.

SELF-INSURERS SECURITY FUND (SISF)

820 ILCS 305/4a-5, 7

The Self-Insurers Security Fund (SISF) was created in 1986 to pay benefits to employees of private self-insurers that became insolvent after 1986. SISF also pays for a portion of operations costs related to the self-insurance program.

Self-insurance offers employers an alternative to conventional insurance. Qualified employers may manage their workers' compensation risk by controlling costs in an efficient manner and ensuring their injured employees receive timely and proper care. Employers that want to self-insure must apply to the Commission and meet certain financial requirements.

Revenues come from two major sources: assessments and securities (i.e., surety bonds, escrow deposits, and letters of credit posted by self-insurers). The securities are called when self-insured employers file bankruptcy and default on their obligations. A letter of credit may also be called as it approaches expiration and is not replaced.

To determine if an assessment is needed, the Self-Insurers Advisory Board reviews the SISF fund balance and outstanding liabilities on a quarterly basis. Upon approval, the Board assesses current and former self-insured employers. Assessments are based on employer indemnity payments. The Commission may assess up to a maximum of 1.2% of indemnity benefits paid during the preceding year. In FY13, the Commission issued an assessment in October 2012 at a rate of 0.5%.

United Airlines (UAL) is one of the largest companies in the self-insurance program. In October 2012, UAL made a change to its self-insurance security. UAL opted to transfer its Commission-held letter of credit into a privately-held escrow account. This transfer resulted in an $11.4 million reduction in SISF as shown in the Expenditures column. [11]

[11] The value of the letter of credit was $9,215,000 and the value of the earned interest was $2,203,218.98. The two amounts total $11,418,218.98.

In addition to the UAL transfer out, the Commission also transferred roughly $673,000 from the SISF into SIAF, as explained in the SIAF section. SISF expenditures also include $251,000 for Larkin Center. The Self-Insurers Advisory Board approved this payment for the return of security proceeds because all claims were closed and no further liability existed.

In FY13, the Commission paid $1.3 million for SISF benefits. During the year, the Commission funded benefits for an average of 57 SISF recipients per month at an average monthly benefit rate of $1,964.[12]

Settlement Fund (SETT)

820 ILCS 305/7

The Settlement Fund was created in FY11 as a result of litigation between the State of Illinois and the Chamber of Commerce (*Chamber of Commerce v. Filan*, et al, case #04CH6750). At issue was the constitutionality of the IWCC Operating Fund surcharge. The litigation started in FY04 and was amicably resolved in FY10. During FY04-FY10, the State collected the surcharge revenues, but placed them in an escrow account. In FY10, a Settlement Agreement, Release and Consent Decree (Settlement Agreement) was entered into by the parties.[13]

By June 2011, $30.8 million had accrued in the Settlement Fund. Based on the terms of the Settlement Agreement, the Commission may use these funds to pay for capital/systems improvements to the Commission's Information Technology (IT) infrastructure or pay prior-year RAF liabilities.

In FY13, $58,000 was transferred into the fund as a result of the Claims Fund closeout pursuant to the terms of the original agreement.

Transcript Deposit Fund (TDF)

820 ILCS 305/19a

The Transcript Deposit Fund (TDF) was created to cover the costs of transcripts copies and related document production.

On June 28, 2013, Governor Quinn signed into law HB 3390 (Public Act 98-40), which eliminated the transcript fee, and directed all remaining funds in the Transcript Fund shall be transferred to the IWBF. The Commission transferred a majority of the funds in August 2013, but left a small balance to cover outstanding expenses. The Commission will conduct a second transfer at the end of FY14 to close out the entire fund.

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[12] Unlike the RAF and SIF Programs, which provide only cash benefits, SISF provides both indemnity and medical benefits.

[13] On July 19, 2010, the Circuit Court gave order for Final Approval of the Settlement Agreement. The order established a Settlement Fund of $44.0 million, which was composed of $31.6 million from the Protest Fund and $12.4 million from the Escrow Account. A transfer of $13.2 million from the Fund to the General Revenue Fund (GRF) was made to release the loan of Rate Adjustment Fund (RAF) from the GRF incurred in prior years in accordance with Public Act 094-0277, which authorized the State Comptroller and Treasurer to transfer at the request of the Chairman of the Commission up to a total of $19,000,000 from the GRF to the Rate Adjustment Fund to the extent that there were insufficient money in the Rate Adjustment Fund to pay claims and obligations.

INSURANCE

Employers are responsible for the payment of benefits to injured workers. Employers are required to either purchase workers' compensation insurance or obtain permission to self-insure.

More insurers sell workers' compensation policies in Illinois than in any other state.[14] Since 2006, the number of insurance companies writing workers' compensation policies has jumped 13%.[15]

Illinois 2013 and 2014 advisory insurance premium rates declined 3.8% and 4.5%, respectively. Since 2011, advisory rates decreased 13.3%.[16]

Some may counter that those premium rates are only advisory, but in real terms, Illinois insurers reported a 12% decrease in incurred losses from 2006-2012.[17] The indemnity loss ratio (the portion of the premium that covers indemnity costs) dropped three years in a row and the medical loss ratio has declined every year since 2006.[18]

Illinois benefits average 1% of payroll, while Illinois workers' compensation premiums average 3% of payroll.[19]

INSURANCE COMPLIANCE PROGRAM

Illinois law requires employers to insure against workers' compensation liabilities, but some employers fail to comply. These employers enjoy an unfair competitive advantage over law-abiding companies, while leaving employees vulnerable if accidents should occur.

If the Commission finds that an employer knowingly and willfully failed to obtain insurance, the employer may be fined up to $500 for every day of noncompliance, with a minimum fine of $10,000. Corporate officers may be held personally liable if the company fails to pay the fine. An employer may also face criminal charges and/or a work-stop order for failing to obtain insurance.

In 2005, the legislature made workers' compensation fraud a felony. In FY13, three felony indictments for workers' compensation were returned. Armed with the new ability to issue citations to uninsured employers, the Insurance Compliance Division also collected over $100,000 from 199 uninsured employers. In total, the Division collected $1.1 million in fines. These fines were used to pay benefits to 45 injured workers whose cases were closed in FY13 and whose uninsured employers failed to pay benefits.

By law, only one payment is made to injured workers who make claims to the IWBF, and if the fund cannot pay all benefits, payments are pro-rated. Unfortunately, the balance of the Injured Workers Benefit Fund (IWBF) could not cover all claims this year, and it paid only 31% of the benefits that were awarded. This includes two workers who were permanently and totally disabled, and two who were killed. The Commission has requested more investigators to increase revenues in the future.

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14 See "Insurance Oversight Report, Part A" 1.

15 See *Market Share Reports*.

16 See "NCCI Proposes Decrease for Workers' Compensation Advisory Loss Costs and Rates in Illinois."

17 See *Market Share Report*s.

18 See *Illinois Voluntary Market* 9, 12.

19 See *Workers' Compensation: Benefits, Coverage, and Costs, 2011* 26 for benefit information and "2012 Oregon Workers' Compensation Premium Rate Ranking Summary" for premium information.

INSURANCE FRAUD

The Illinois Department of Insurance investigates workers' compensation fraud through its Fraud Unit, which is funded by the Commission. The Fraud Unit annual reports are available at http://www.insurance.illinois.gov/wcfu/report-data.asp/.

It is illegal for anyone—a worker, employer, insurance carrier, or medical provider—to intentionally make a false statement in order to obtain or deny workers' compensation benefits, obtain workers' compensation insurance at less than the proper rate, obtain approval to self-insure, etc. A "statement" includes any writing, notice, proof of injury, medical bill, record, report, or test result.

More information is available at http://www.insurance.illinois.gov/wcfu/.

SELF-INSURANCE

Private employers may obtain approval to insure themselves for their workers' compensation liabilities, or they may join a pool of other employers. The Commission evaluates individual self-insurers, while the Illinois Department of Insurance evaluates insurance pools. Public employers may self-insure without obtaining approval. All together, self-insured employers pay 26% of benefits.[20]

PARENT COMPANIES PARTICIPATING IN THE COMMISSION'S SELF-INSURANCE PROGRAM

Date	# Parent Companies
6/30/00	361
6/30/05	319
6/30/10	268
6/30/11	249
6/30/12	241
6/30/13	240

[20] See *Workers' Compensation: Benefits, Coverage, and Costs, 2011* Table 8 22-23.

ADMINISTRATION

At the end of FY13, the Commission consisted of the Chairman, seven Commissioners, 149 employees, and six employees in the separately funded Self-Insurance Division, for a total of 163 people.[21]

During FY13, the Commission continued to work on the implementation of House Bill 1698 (Public Act 97-18), as well as House Bill 3390 (Public Act 98-40). Other administrative achievements:

ARBTRACK NOW UPDATES MAINFRAME CASE RECORDS

A Commission programmer connected the Arbitrators' case tracking system, ArbTrack, with the Commission's mainframe case management system so that when Arbitrators enter dismissal notices, the mainframe computer system is automatically updated overnight. This eliminates double data entry, and publishes the information several weeks earlier than in the past.

OLD FILES DESTROYED

To reduce storage costs, the Commission undertook an extensive process by which old cases were reviewed and, when appropriate, destroyed. Approximately 100,000 pounds of files were shredded, thereby freeing up storage space.

FILE ROOM REORGANIZED

The Commission removed all desks from the File Room and replaced the old shelves, thereby doubling the available storage space.

FILE SECURITY INCREASED

To protect privacy, the Commission tightened access to case files. An individual who is not a party to a case must submit a written request under the Freedom of Information Act (FOIA) for a file. Confidential information is redacted before the case documents are released.

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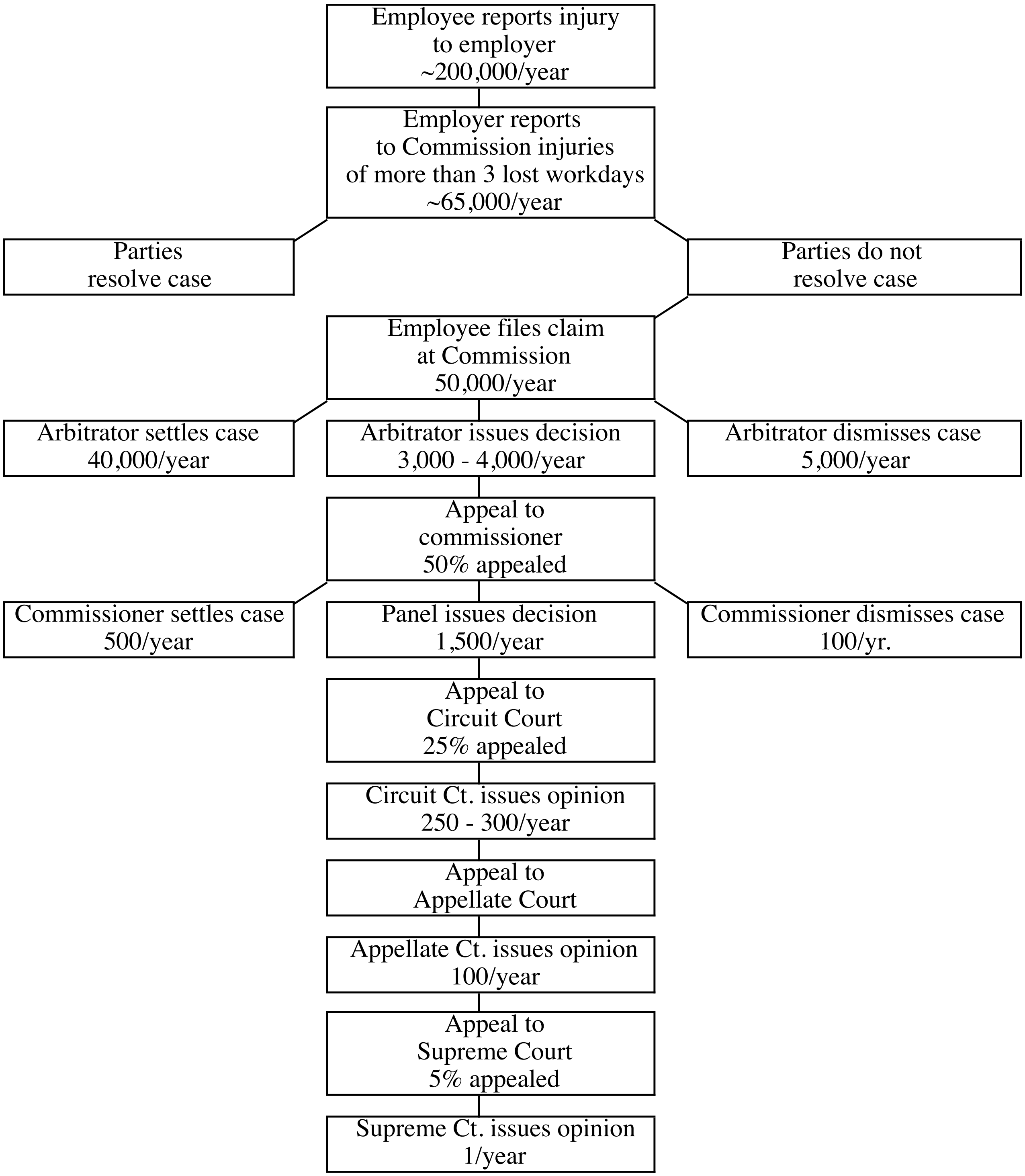
21 Temporary employees, summer workers, and employees on leave were not included. These figures represent the headcount as of the end of the fiscal year.

STATISTICS

Each year in Illinois, approximately 200,000 work-related accidents occur. In most of these cases, the worker does not lose time from work. Fewer than 50,000 claims are filed with the Commission. The statistics in this section refer only to those cases that are filed with the Commission. The flowchart below illustrates the main process. Note that cases can go back and forth, and there are other processes to hear insurance compliance cases, motions, etc.



ACCIDENT

Cases are assigned to the hearing site nearest the site of the accident. If the accident occurred outside of Illinois, the case is assigned to the hearing site closest to the petitioner's home; if the petitioner lives outside of Illinois, the case is set at the site most convenient to the parties. The following table lists the 17 hearing sites to which claims are assigned.

NEW CASES FILED IN FY13

Chicago (1 hearing site)	17,784 (42%)
Downstate (16 sites)	24,759 (58%)

Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6[22]
Collinsville 2,325 (4%)	**Quincy** 408 (1%)	**Bloomington** 960 (2%)	**Geneva** 2,049 (5%)	**Rockford** 1,735 (4%)	**Wheaton** 2,786 (7%)
Herrin 1,171 (3%)	**Springfield** 1,853 (4%)	**Kewanee** 1,213 (3%)	**New Lenox** 2,847 (7%)	**Waukegan** 1,689 (4%)	
Mt. Vernon 1,186 (3%)	**Urbana** 1,506 (4%)	**Peoria** 1,672 (4%)	**Ottawa** 678 (2%)	**Woodstock** 681 (2%)	

Because of rounding, percentages may not add up to 100%.

CASES OPENED

Filings have been declining since FY95, when roughly 72,000 cases were filed.

CASES OPENED

	FY09	FY10	FY11	FY12	FY13
New claims filed	46,752	42,701	42,883	40,596	37,752
Original settlements filed[23]	8,745	8,153	7,498	6,093	4,791
Total new cases filed	55,497	50,854	50,381	46,689	42,543
Reinstated	1,644	1,511	1,659	1,592	1,594
Remanded to Arbitrator	49	396	486	505	439
Remanded to Commissioner	93	22	21	22	48
Total cases returned to caseload	1,786	1,929	2,166	2,119	2,081
Total additions to the caseload	**57,283**	**52,783**	**52,547**	**48,808**	**44,624**

A new claim is usually opened when a worker files an application with the Commission; in 99% of those cases, the worker has an attorney. When a settlement contract is filed without a prior application, it is referred to as an original settlement; in 97% of those cases, the worker *does not* have an attorney. In total, injured workers are unrepresented in 14% of cases.

22 Zone 6 Arbitrators hear Chicago cases during the two months they are not in Wheaton.

23 "Original settlements" are settlements that were filed without a prior application.

Cases Pending

At the end of FY13, there were roughly 90,000 cases pending at arbitration. In the vast majority of the cases, the parties have not petitioned the Commission to act, and therefore cases are automatically continued. The majority of cases at arbitration are settled, and parties are free to settle at any time. At the review level, roughly 3,000 appeals of Arbitrators' decisions were pending. Another 1,000 pending cases involve issues such as attorneys' fees, insurance compliance, medical care, and penalties.

Cases Closed

As in other court systems, most cases filed at the Commission are settled. Please note that the figures below report only the final action on a case. If a case had more than one action (e.g., a case was decided at arbitration, then decided on the Commission level, then settled), only the final action is reported here. An Arbitration case is counted as closed if it was dismissed, settled, or if a decision was issued and no appeal was filed. A Commissioner's decision is counted as closed if no appeal was filed.[24]

Note that cases opened decreased 9% between FY12-13 and 22% between FY09-13. Cases closed decreased less, 2% and 20%, respectively.

Total Cases Closed

Final action	FY09	%	FY10	%	FY11	%	FY12	%	FY13	%
Dismissals	5,271	9%	5,172	9%	5,616	11%	5,184	11%	5,471	12%
Settlements	51,230	87%	47,946	86%	43,324	85%	40,934	84%	39,610	84%
Decisions	2,402	4%	2,802	5%	2,196	4%	2,178	5%	2,210	5%
Total	**58,903**		**55,920**		**51,136**		**48,296**		**47,291**	

Cases Closed by Arbitrators

	FY09	%	FY10	%	FY11	%	FY12	%	FY13	%
Voluntary dismissals	595		606		569		587		607	
DWP	4,593		4,390		4,930		4,422		4,663	
Total dismissals	5,188	9%	4,996	9%	5,499	11%	5,009	11%	5,270	12%
Original settlements	9,016		7,853		6,786		5,895		4,925	
SC before arb. dec.	40,750		38,691		35,322		33,778		33,496	
SC after arb. decision	844		985		973		778		759	
Total settlements	50,610	88%	47,529	88%	43,081	87%	40,451	87%	39,180	86%
Arbitration decisions	1,394	2%	1,601	3%	1,066	2%	1,020	2%	1,048	2%
Total	**57,192**		**54,126**		**49,646**		**46,480**		**45,498**	

Cases Closed By Commissioners

	FY09	%	FY10	%	FY11	%	FY12	%	FY13	%
Dismissals at review	83	5%	176	10%	117	8%	175	10%	201	11%
SC before arb. decision	140		109		43		191		111	
SC before review dec.	306		200		117		195		193	
SC after review dec.	174		108		83		97		126	
Total settlements	620	36%	417	23%	243	16%	483	27%	430	24%
Review decisions	1,008	59%	1,201	67%	1,130	76%	1,158	64%	1,162	65%
Total	**1,711**		**1,794**		**1,490**		**1,816**		**1,793**	

24 "DWP" refers to cases that were Dismissed for Want of Prosecution. "Original settlements" are settlements that were filed without a prior application. "SC" refers to settlement contracts.

Decisions Issued

Most of the cases filed with the Commission are settled. More complex cases are usually disputed and go to contested hearing. Cases involving novel or difficult issues are often appealed. Out of 200,000 work-related injuries that occur each year, only about 400 cases are appealed from the Commission to the circuit courts.[25]

Decisions and Appeals

	Arbitration Decisions Issued	% Appealed	Commission Decisions Issued	% Appealed	Circuit Ct. Decisions Issued	Appellate Ct. Opinions/Orders Issued	Supreme Ct. Opinions Issued
2009	3,541	48%	1,470	25%	278	127	1
2010	3,581	49%	1,503	26%	295	119	1
2011	3,171	55%	1,405	25%	218	140	0
2012	3,096	57%	1,410	29%	245	109	0
2013	3,326	57%	1,504	27%	219	128	1

Outcome of appeals. Parties have the right to appeal Arbitrators' decisions, but history has shown that, in most cases, Commissioners affirm the Arbitrators' decisions. Petitioners (workers) appeal in hopes of higher benefits, but 84% of the time their appeals *do not* result in higher benefits. Similarly, 71% of cases appealed by Respondents (employers) *do not* result in lower benefits.

Trends. Under Section 19(b-1), an injured worker who is not receiving temporary total disability or medical benefits may petition for an emergency hearing. Alternately, the worker may choose to file under 19(b) if he or she is not receiving TTD or medical benefits.

Over the years, there has been a clear shift from 19(b-1) petitions, which involve statutorily set deadlines, to 19(b) petitions. Each year, Arbitrators issue fewer than a dozen 19(b-1) decisions and roughly 1,000 19(b) decisions.

Gender

Women constitute 47% of the Illinois workforce,[26] but they file a smaller share of claims. This might be due to the fact that the most dangerous industries—construction, agriculture, and transportation—are still male-dominated. Over the years, the proportion of female claimants has increased, however, from 22% of claimants in FY85 to 35% in FY13.

Injury Rates

The statistics in this section come from the National Council on Compensation Insurance (NCCI) and the U.S. Bureau of Labor Statistics (BLS), which use different methods. NCCI excludes self-insurers, while the BLS nonfatal survey is prone to sampling error. Despite these limitations, these two sources produce the best data now available.

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25 Commission figures are for the fiscal year. Court figures are for the calendar year. Note that the law requires circuit courts to send the IWCC their orders, but they do not always do so: the circuit court figures represent the orders we received.

26 See U.S. Bureau of Labor Statistics: www.bls.gov/lau ptable14full12.pdf

Both data sets indicate that 3-4% of Illinois workers were injured each year. Only 1% loses time from work. For decades, the overall injury rate in Illinois has been below average and continues to drop. The 2010 injury rate is *65% lower* than 1990.

NCCI DATA

PERCENTAGE OF WORKERS EXPERIENCING WORK-RELATED INJURIES IN ILLINOIS EACH YEAR BY INJURY TYPE[27]

Policy Year	Medical Only	Temporary Total	Permanent Partial	Permanent Total	Fatal	Total
1990	6.9%	1.66%	0.92%	.004%	.007%	9.5%
1995	4.9%	1.23%	0.68%	.004%	.004%	6.8%
2000	3.9%	0.84%	0.69%	.007%	.005%	5.4%
2005	2.6%	0.60%	0.54%	.013%	.002%	3.7%
2009	2.3%	0.55%	0.54%	.003%	.003%	3.4%
2010	2.2%	0.53%	0.56%	.002%	.002%	3.3%

BLS DATA

RATE OF NONFATAL WORK-RELATED INJURIES AND ILLNESSES IN ILLINOIS IN 2011[28]

Workers' Nonfatal Injury Rate by Industry

Government	6%
Natural resources and mining	5%
Manufacturing	4%
Services	3%
Construction	2%
Incidence rate for all workers	3.6%

Private Sector Workers' Injury Rate by Event

Overexertion	37%
Contact w. objects/equip.	25%
Fall	19%
Slip or trip (no fall)	5%
Transportation accident	4%
Exposure to harmful substances	4%
Assault or violent act	4%
Repetitive motion	3%

FATAL WORK-RELATED INJURIES IN ILLINOIS IN 2011[29]

Distribution of Fatal Injuries Among Industries

Transportation	19%
Agriculture	12%
Construction	12%
Trade, wholesale & retail	11%
Manufacturing	8%
Administrative and waste serv.	8%
Educational & health serv.	6%
Government	2%
Other	22%

Distribution of Fatal Injuries by Event

Transportation incident	31%
Violence/injuries by person/animal	25%
Falls, slips, trips	16%
Exposure to harmful subst/env.	14%
Contact with objects/equip.	11%
Fires and explosions	2%

27 See *Annual Statistical Bulletin*, 1994 – 2013 editions, Exhibit XII First Report data. Figures for fatalities and PTDs come from a small number of cases and should be viewed with caution. This information refers only to the experience of employers with insurance, not self-insurers or monopolistic state funds. The NCCI updated figures from earlier reports.

28 Since 1992, the Illinois Department of Public Health has participated in the U.S. Bureau of Labor Statistics' Survey of Occupational Injuries and Illnesses (SOII). Each year IDPH surveys a sample of employers in the private and nonfederal public sectors. See *Survey of Occupational Injuries and Illnesses in Illinois, 2011* 18.

29 See *Census of Fatal Occupational Injuries and Illnesses in Illinois, 2011* 12, 14.

Medical Care

Illinois' first medical fee schedule took effect for treatment on or after February 1, 2006. There have been a number of substantial changes since then.

February 1, 2006	Fee schedules take effect for treatment on or after this date
February 1, 2009	Fee schedules were created for Ambulatory Surgical Treatment Centers and Hospital Outpatient services: before, treatment paid at 76% of charge (POC)
	A new fee schedule was created for three Rehabilitation Hospitals
June 30, 2009	Hospital Inpatient fee schedule converted to new MS-DRG coding system
May 21, 2010	Fee schedule created for Ambulatory Surgical Treatment Centers in Geozip 607, Chicago/Niles (formerly POC)
July 6 – Oct. 28, 2010	Emergency rule limiting implant reimbursements in effect
June 28, 2011	Physician-dispensed medicines capped
	Ambulatory Surgical Treatment Center (ASTC) fee schedule expanded to include both licensed and certified ambulatory surgical centers
	Out-of-state reimbursements reduced
September 1, 2011	Implant reimbursements were again limited to 25% over invoice
	All fee schedule amounts were cut by 30%
	PPD awards hereafter shall consider AMA Guides rating
	Utilization review provisions strengthened
	Intoxicated injured workers barred from compensation
January 1, 2012	Geozips were converted to regions, making reimbursements more consistent
June 20, 2012	First dental fee schedule took effect
November 20, 2012	Reimbursement for repackaged drugs must now be based on the original National Drug Code (NDC)
March 4, 2013	Preferred Provider Program (PPP) rules took effect: employer's PPP counts as one of employee's two chosen medical providers

Interest in the effects of these changes is high, but no comprehensive study on their effects has yet been produced. The fee schedule is constantly evolving, it is difficult and sometimes impossible to identify the effect of various provisions, and there is a long time lag to obtain data. Indications, however, are encouraging.

The National Council on Compensation Insurance (NCCI) reported the medical loss ratio (the portion of the premium that pays medical costs) has declined *every year since 2006*, and the average medical cost per case dropped 4% from 2008-2011.[30]

The Workers' Compensation Research Institute (WCRI) reported the 30% cut in fee schedule amounts resulted in an overall 24% decrease in prices paid for professional services from 2010 to 2012.[31]

CHANGE IN AVERAGE PRICE PAID FROM 2010 TO 2012 IN ILLINOIS

Emergency Room	-18%
Evaluation and Management	-25%
Major Radiology	-13%
Major Surgery	-23%
Minor Radiology	-22%
Neurological Testing	-34%
Pain Management Injections	-26%
Physical Medicine	-27%

The WCRI found significant reductions in the growth of both indemnity and medical costs per case.[32]

AVERAGE COST PER CASE IN ILLINOIS
FOR ALL CASES AT 12 MONTHS EXPERIENCE

Year	Indemnity Cost per case	% Annual Change	Medical Cost per case	% Annual Change	Total Benefit Cost per case	% Annual Change
2005	$1,649	6%	$3,799	14%	$5,448	11%
2010	$2,398	-3%	$5,434	5%	$7,832	3%
2011	$2,441	2%	$5,276	-3%	$7,717	-1%

Both the NCCI and WCRI (in a different study than above, producing different results) indicate that the double-digit medical cost growth in the years before the fee schedule has been stemmed.[33]

AVERAGE MEDICAL COST PER CASE IN ILLINOIS
FOR ALL CASES AT 12 MONTHS EXPERIENCE

Year	NCCI Data	% Annual Change	WCRI Data	% Annual Change
2000	$3,538	16%	$2,422	20%
2005	$7,735	16%	$3,921	15%
2010	$10,665	4%	$5,447	6%
2011	na	na	$5,276	-3%

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30 See *Illinois Voluntary Market* 9-12.

31 See *Early Evidence and Baselines 2013* 14-15.

32 See *Early Evidence 2013* 57; *Baseline for Monitoring 2012* 50; and *Baseline Metrics for 2005 Reforms 2008* 38.

33 See NCCI *Annual Statistical Bulletin*, 1996-2013 editions, Exhibit XI "First Report" data; WCRI *Anatomy of Medical Costs,* 2003-2004 editions, Figure 3.1, *CompScope Medical Benchmark* studies, 2008-2014 editions, Figure 2. Note that NCCI reports by Policy Year and WCRI reports by Accident Year.

Penalties

Under Section 19(k), the Commission may award the petitioner additional compensation equal to 50% of the amount of compensation payable at the time of the award if there was an unreasonable or vexatious delay of payment, or an intentional underpayment of compensation.

Under Section 19(l), the Commission may award the petitioner $30 per day for every day that a cash or medical benefit has been withheld without good and just cause, up to $10,000.

Under Section 16, the Commission may order the respondent to pay the petitioner's attorneys' fees if the respondent or its agent has unreasonably delayed benefits to an employee, intentionally underpaid an employee, engaged in frivolous defenses, or has otherwise treated an employee unfairly.

Arbitrators award penalties in roughly 10% of expedited decisions and 2% of regular decisions. Commissioners award penalties in roughly 5% of expedited decisions and 2% of regular decisions. This represents less than 1% of all cases closed.

Post-Award Petitions

Cases that were closed by decisions or some settlements may return to the Commission for additional hearings. Under Section 8(a) of the Act, an injured worker may petition the Commission to order payment for additional medical treatment. Under Section 19(h), either party may petition if the injured worker's physical condition changes significantly within 30-60 months of the decision or settlement. Each year, approximately 300 post-award petitions are filed.

Wages

Claimants' wages generally are lower than the statewide average weekly wage (SAWW). The wages of injured workers who filed in FY13 were 15% lower than the SAWW.

Average Weekly Wage
By Year of Accident

	FY09	FY10	FY11	FY12	FY13
Claimants' Average Weekly Wage	$771.31	$772.86	$796.37	$790.54	$838.83
SAWW as of end of FY	$923.56	$922.45	$930.39	$966.72	$990.02
Claimants' wages as % of SAWW	84%	84%	86%	82%	85%

INTERSTATE COMPARISONS

Although Illinois has consistently ranked in the top 10 states for the highest wages paid to workers, historically our workers' compensation costs have ranked near the median. In 2010, Illinois rose to become the 3rd most expensive state for workers' compensation insurance.

This high ranking contributed to the drive for legislative changes, which culminated in the enactment of House Bill 1698 (Public Act 97-18) in 2011. The 2012 ranking, which mostly covered time before the reform took effect, moved Illinois down to #4. The study comes out every two years. The 2014 report is due out in 2015.

Figures in this section are the latest available, but were produced before House Bill 1698 took effect.

	Illinois v. Median/Average
Illinois wages are 6% higher[34]	\$49,504 v. \$46,748
Illinois indemnity cost per claim is 71% higher[35]	\$34,945 v. \$20,382
Illinois medical cost per claim is 41% higher[36]	\$10,278 v. \$6,800
Illinois insurance rates are 51% higher[37]	\$2.83 v. \$1.88 per \$100 of payroll
Illinois benefit rates are 14% higher[38]	\$1.11 v. \$0.97 per \$100 of payroll
Illinois has a much larger gap between the rates employers pay and the benefits employees receive[39]	\$1.73 v \$0.91 per \$100 of payroll
Illinois injury rate is 16% lower[40]	3.4% v. 4.0%

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34 See U.S. Bureau of Labor Statistics website: http://www.bls.gov/cew/cewbultn10.htm Table 5. 2010 annual averages.

35 See *Annual Statistical Bulletins,* Exhibit XI, First report. Policy Year 2009. Most recent complete data available.

36 See *Annual Statistical Bulletins,* Exhibit XI, First report. Policy Year 2009. Most recent complete data available.

37 See "2012 Oregon Workers' Compensation Premium Rate Ranking Summary." The report compares employers' w.c. insurance costs in 50 different class codes. Note that discounts are not included, and Illinois reportedly gives more discounts than most states, so Illinois rates look higher here than they really are. A review of the results over the years is instructive.

Workers' Compensation Premium Rate Rankings

Per \$100 of payroll/ Report year	1994	2004	2006	2008	2010	2012	% Change 1994-2012
IL est. premium	\$5.48	\$2.65	\$2.69	\$2.79	\$3.05	\$2.83	(48%)
Median est. premium	\$4.35	\$2.58	\$2.48	\$2.26	\$2.04	\$1.88	(57%)
IL as % over median	26%	3%	8%	23%	50%	51%	
IL rank (50 states + DC)	9	23	20	10	3	4	*1= most expensive*

38 See *Workers' Compensation: Benefits, Coverage, and Costs, 2011* Tables 10 and 12, 26-27, 30.

39 See "2012 Oregon Workers' Compensation Premium Rate Ranking Summary," and *Workers' Compensation: Benefits, Coverage, and Costs, 2011* Tables 10 and 12, 26-27, 30.

40 See *Annual Statistical Bulletin,* Exhibit XII, First report. Policy Year 2009. Most recent complete data available.

Total Benefits Paid

The annual percentage change in benefits has run below the national average for the past two years.[41]

Total Workers' Compensation Benefit Payments

$ in billions	2006	2007	2008	2009	2010	2011
Illinois	$2.4	$2.8	$3.0	$3.1	$3.0	$3.1
% change from prior year	1%	12%	6%	3%	(2%)	3%
U.S. nonfederal total	$51.6	$53.0	$54.9	$54.9	$54.5	$56.4
% change from prior year	3%	1%	4%	0%	(1%)	4%

Compliance with 1972 Recommendations

In 1972, the National Commission on State Workmen's Compensation Laws, appointed by President Nixon, unanimously listed 19 items as essential to an adequate system. Decades later, no state in the country meets all the requirements; Illinois meets more than most.[42]

Number of 19 Essential Recommendations Met

National average	12.83
Illinois	15.00

Neighboring States		Large Industrial States	
Iowa	15.50	Ohio	15.50
Illinois	15.00	Illinois	15.00
Wisconsin	15.00	Pennsylvania	13.75
Kentucky	14.25	Texas	12.50
Missouri	13.75	California	12.00
Indiana	11.50	New York	10.75
Michigan	9.75	Florida	9.75

Coverage of Employees

More workers are covered under the law in Illinois than in most other states.[43]

Percentage of Employees Covered

National nonfederal average	97.3%
Illinois	99.8%

Neighboring States		Large Industrial States	
Illinois	99.8%	California	100.0%
Kentucky	99.8%	Ohio	100.0%
Indiana	99.6%	Illinois	99.8%
Iowa	99.1%	New York	99.8%
Wisconsin	97.0%	Pennsylvania	99.6%
Michigan	96.9%	Florida	94.9%
Missouri	95.4%	Texas	82.6%

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41 See *Workers' Compensation: Benefits, Coverage, and Costs, 2011* Table 7, 18-19. Previous years' figures were revised.

42 See "State Workers' Compensation Laws in Effect" Table 1, 2.

43 See *Workers' Compensation: Benefits, Coverage, and Costs, 2011* Table A2, 48-49.

Duration of Disability

The duration of temporary total disability in Illinois is longer than most states, perhaps partly due to our higher unemployment rates.[44]

TTD Duration in Weeks

Median	16.7
Illinois	20.8

Neighboring States

Illinois	20.8
Michigan	16.8
Indiana	11.8
Wisconsin	10.8
Iowa	10.7

Large Industrial States

Pennsylvania	24.9
California	22.7
Illinois	20.8
Texas	16.6
Florida	12.1

Promptness of First TTD Payment

Illinois is behind most states in the prompt payment of TTD benefits.[45]

Percentage of Claims with First Indemnity Payment within 14 Days of Notice

Median	43.6%
Illinois	38.2%

Neighboring States

Wisconsin	51.3%
Iowa	45.8%
Michigan	42.7%
Illinois	38.2%
Indiana	35.6%

Large Industrial States

Texas	49.7%
California	44.3%
Florida	42.7%
Illinois	38.2%
Pennsylvania	35.9%

44 Figures reflect PY2009 (10/1/08 – 9/30/09) injuries involving more than seven lost workdays, assessed as of March 31, 2012. See *Early Evidence and Baselines CompScope 14th edition* 65. The median was calculated from the 16 states in the WCRI study.

45 See *Early Evidence and Baselines CompScope, 14th edition* 75.

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