

State of Illinois

Workers' Compensation Commission

Fiscal Year 2016 Annual Report



Bruce Rauner, Governor

Joann M. Fratianni, Chairman

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Illinois Workers' Compensation Commission

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Bruce Rauner, Governor

Joann M. Fratianni, Chairman

June 30, 2017

The Honorable Bruce Rauner
Governor, State of Illinois
207 State House
Springfield, IL 62706

Dear Governor Rauner:

On behalf of the entire Workers' Compensation Commission, I am pleased to submit the Fiscal Year 2016 annual report.

Administratively, we will continue to work together to serve the employers and employees in the State of Illinois. We appreciate your leadership and support in this process.

Sincerely,

A handwritten signature in black ink, appearing to read "Joann M. Fratianni".

Joann M. Fratianni
Chairman

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 had to file a lawsuit against the employer, and prove the employer had failed to provide a safe workplace, to warn of danger, or to provide enough appropriate fellow workers. The employer then 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. 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 found unconstitutional. Maryland passed the first act in 1902. Wisconsin's law of 1911 was the first that withstood legal challenges. Illinois also passed its first law in 1911, effective May 1, 1912.¹ It took until 1948 for all states to establish a 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

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 sustained at work, the injury may be 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.

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.

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.

BOARD MEMBERS

The Commission is grateful to all board members, who serve without compensation. Membership listing is as of June 30, 2016.

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 Governor Appointee	Mario Basurto Senior Business Commissioner	Arbitrator Milton Black Chicago Arbitrator
Velisha Haddox Governor Appointee	David L. Gore Senior Labor Commissioner	Arbitrator George Andros 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	Paul T. Bergmann Property-Casualty Insurance Consulting	Joan Vincenz United Airlines
Gerald F. Cooper, Jr. Scopelitis, Garvin, Light, Hanson & Feary	John Rittenhouse CCMSI	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.

<u>EMPLOYEES</u>		<u>EMPLOYERS</u>	
Richard Aleksy Corti, Aleksy, and Castenada	Philip Gruber Int'l. Assoc. of Machinists	Kim Maisch National Federation of Independent Business	Mark Flannery Corporate Counsel at Caterpillar Inc.
Aaron Anderson Painters Dist. Council #30	Joseph Coli Illinois Advocates, LLC	Todd Maisch Illinois Chamber of Commerce	Robert Karr IL Retail Merchants Assoc.
Michael Carrigan Illinois AFL-CIO	Sean Stott Laborers' International Union	Jay Dee Shattuck Shattuck & Associates	Mark Denzler Illinois Manufacturers Assoc.

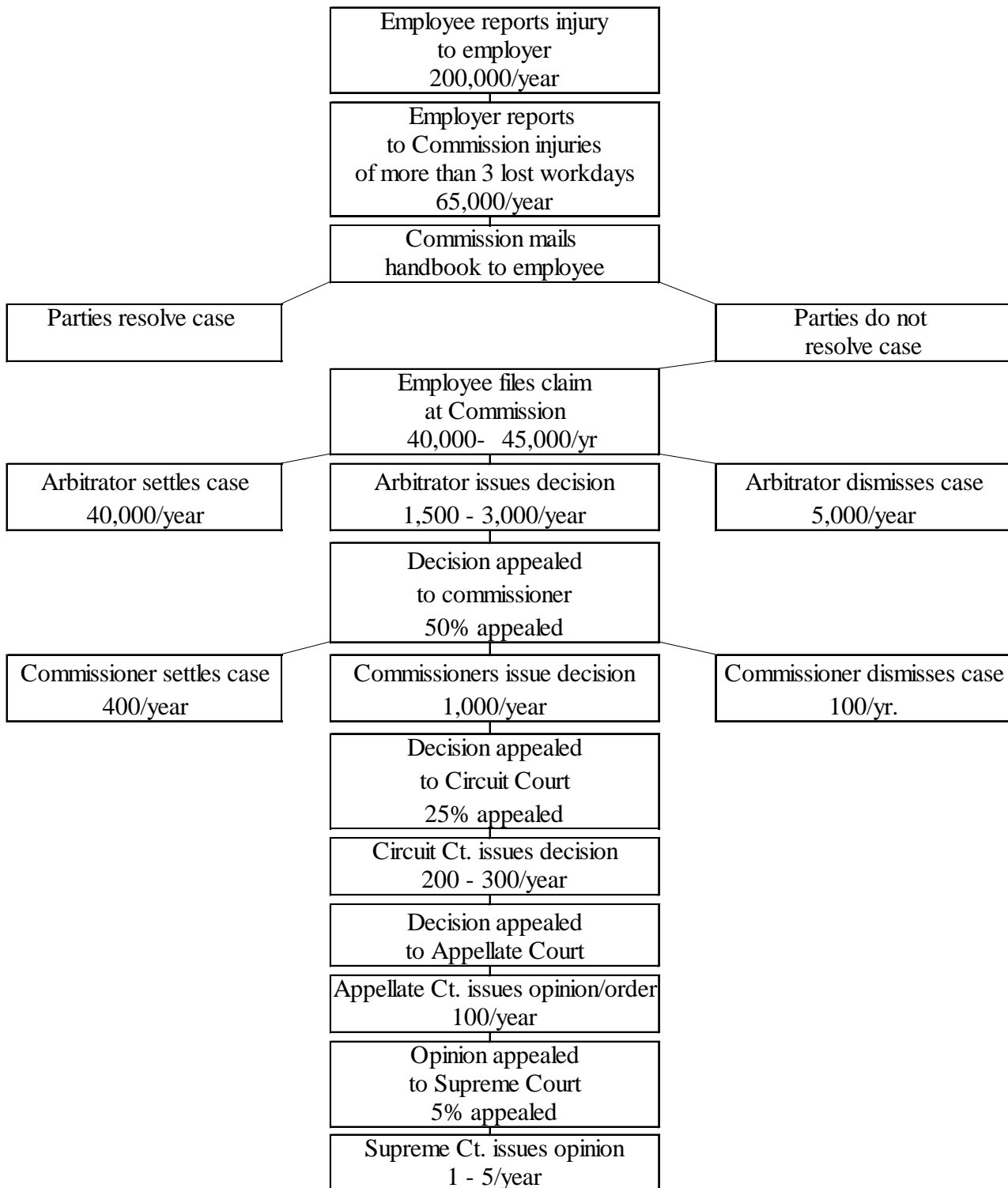
WORKERS' COMPENSATION MEDICAL FEE ADVISORY BOARD

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

<u>EMPLOYEES</u>	<u>EMPLOYERS</u>	<u>MEDICAL PROVIDERS</u>
Jason Keller IL AFL-CIO	Diana Alvarez Hyatt	Avi Bernstein, MD The Spine Center
Dianne McGuire College of DuPage	Barb Molloy Molloy Consulting	William McAndrew IL Hospital Assoc.
David Menchetti Cullen, Haskins, Nicholson & Menchetti	Kim Moreland Rising Medical Solutions	Michael Vender, MD Hand to Shoulder Associates

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 45,000 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 process.



DETAILED CASE INFORMATION

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.

NEW CASES FILED IN FY16

Chicago (1 hearing site)	17,495
Downstate (18 sites)	24,282

Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6
Collinsville 2,132	Quincy 389	Bloomington 2130	Kankakee 457	Rockford 1,536	Elgin 561
Herrin 1,115	Springfield 1,469	Peoria 1,403	Joliet 2,277	Waukegan 1,758	Geneva 1,443
Mt. Vernon 1,145	Urbana 1,236	Rock Island 1,043	Ottawa 819	Woodstock 669	Wheaton 2,700

CASES OPENED

CASES OPENED

	FY12	FY13	FY14	FY15	FY16
New claims filed	46,689	42,543	43,732	42,758	41,777
Reinstated	1,592	1,594	1,387	1,258	1,188
Remanded to Arbitrator	505	439	353	402	315
Remanded to Commissioner	22	48	61	40	32
Total cases returned to caseload	2,119	2,081	1,801	1,700	1,535
Total additions to the caseload	48,808	44,624	45,533	44,458	43,312
Change from previous year	(7%)	(9%)	2%	(2%)	(3%)

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.⁶

CASES CLOSED BY ARBITRATORS

FINAL ACTION	FY12	FY13	FY14	FY15	FY16
Voluntary dismissals	587	607	629	767	657
DWP	<u>4,422</u>	<u>4,663</u>	<u>3,881</u>	<u>3,757</u>	<u>3,873</u>
Total dismissals	5,009	5,270	4,510	4,628	4,751
Original settlements	5,895	4,925	4,610	4,278	5,527
SC before arb. dec.	33,778	33,496	33,258	32,258	34,824
SC after arb. decision	<u>778</u>	<u>759</u>	<u>578</u>	<u>643</u>	<u>528</u>
Total settlements	40,451	39,180	38,446	37,179	41,220
Arbitration decisions	<u>1,020</u>	<u>1,048</u>	<u>1,113</u>	<u>941</u>	<u>861</u>
Total	46,480	45,498	44,069	42,644	46,270

CASES CLOSED BY COMMISSIONERS

	FY12	FY13	FY14	FY15	FY16
Dismissals at review	175	201	162	104	221
SC before arb. decision	191	111	110	184	134
SC before review dec.	195	193	144	118	133
SC after review dec.	<u>97</u>	<u>126</u>	<u>109</u>	<u>115</u>	<u>74</u>
Total settlements	483	430	343	417	341
Review decisions	<u>1,158</u>	<u>1,162</u>	<u>890</u>	<u>922</u>	<u>789</u>
Total	1,816	1,793	1,415	1,443	1,351

TOTAL CASES CLOSED

	FY12		FY13		FY14		FY15		FY16	
Dismissals	5,184	11%	5,471	12%	4,672	10%	4,732	10%	4,972	10%
Settlements	40,934	84%	37,610	84%	38,809	85%	37,596	85%	41,561	86%
Decisions	<u>2,178</u>	5%	<u>2,210</u>	5%	<u>2,003</u>	4%	<u>1,863</u>	4%	<u>1,650</u>	3%
Total	51,136		47,291		45,484		44,191		48,183	

⁶ “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

DECISIONS AND APPEALS

	Arbitration Decisions	% Appealed	Commission Decisions	% Appealed	Circuit Ct. Decisions	Appellate Opinions	Supreme Ct. Opinions
2012	3,096	57%	1,410	29%	245	109	0
2013	3,326	57%	1,504	27%	219	128	1
2014	2,693	52%	1,069	26%	202	113	0
2015	2,450	55%	1,183	33%	282	94	0
2016	2,280	57%	977	28%	218	113	0

GENDER

Women constitute 47% of the Illinois labor force.⁷

EMPLOYMENT STATUS OF CIVILIAN NON-INSTITUTIONAL POPULATION BY SEX

(NUMBERS IN THOUSANDS)

Population Group	Civilian Non- institutional Population	Number	Percentage of Population
Total	10,082	6,133	60.8
Men	4,868	3,228	66.3
Women	5,214	2,905	55.7

AVERAGE FUNERAL BENEFIT IN DEATH CASES

Section 7(f) of the Illinois Workers' Compensation Act states employers are required to pay the sum of \$8,000 to the widow or widower, other dependent, next of kin or the person or persons incurring the expense of burial. This fee is assessed to fatal cases in the State of Illinois.

⁷ See <http://www.bls.gov/lau/ptable14full2015.pdf>

INJURY DATA

The statistics in this section come from the U.S. Bureau of Labor Statistics (BLS) and the Illinois Department of Employment Security.

The BLS data set indicates that 3.5% of Illinois workers were injured each year.

BLS DATA

RATE OF NONFATAL WORK-RELATED INJURIES AND ILLNESSES IN ILLINOIS IN 2013⁸

Workers' Nonfatal Injury Rate by Industry		Number of Private Sector Workers' Injuries	
Government	5.5%	Overexertion and bodily reaction	14,990
Manufacturing	4.3%	Contact w. object, equipment	8,860
Natural resources and mining	4.6%	Fall, slip, trip	9,720
Construction	3.7%	Transportation accident	1,860
Services	3.0%	Exposure to harmful substance/envIRON.	1,580
		Violence—intentional injury	780
Incidence rate for all workers	3.5%	Fire or explosion	40

DISTRIBUTION OF 164 FATAL WORK-RELATED INJURIES IN ILLINOIS IN 2014⁹

Distribution by Industry		Distribution by Event	
Goods-producing	44%	Transportation incident	36%
Agriculture	38%	Violence/injuries	19%
Construction	41%	Falls, slips, trips	19%
Manufacturing	19%	Contact with objects/equip.	19%
Service-providing	56%	Exposure to harmful substance	7%
Trade	26%	Fires and explosions	1%
Transportation	39%		
Government (state and local)	9%		

AVERAGE WEEKLY WAGE BY YEAR OF ACCIDENT¹⁰

	FY12	FY13	FY14	FY15	FY16
Claimants' Average Weekly Wage	\$790.54	\$838.83	\$820.69	\$833.10	\$877.14
SAWW as of end of FY	\$966.72	\$990.02	\$1,002.68	\$1,021.34	\$1,048.67
Claimants' wages as % of SAWW	82%	85%	82%	82%	84%

⁸ See <http://www.bls.gov/iif/data.htm>

⁹ See <http://www.bls.gov/iif/data.htm>

¹⁰ The average maximum rate for Temporary Total Disability (TTD) in FY '16 was \$1,402.23. The average maximum rate for Permanent Partial Disability (PPD) in FY '16 was \$755.22.

AGGREGATE BENEFIT PAYMENTS

TOTAL WORKERS' COMPENSATION BENEFIT PAYMENTS

\$ in thousands	2010	2011	2012	2013	2014
Illinois	\$3,002,991	\$3,026,105	\$2,952,908	\$2,623,840	\$2,752,343
% change from prior year		0.8%	(2.4%)	(11.1%)	4.9%
U.S. nonfederal total	\$55,266,619	\$57,179,393	\$59,286,249	\$58,819,042	\$59,625,531
% change from prior year		3.5%	3.7%	(0.8%)	(0.3%)

TOTAL WORKERS' COMPENSATION MEDICAL BENEFIT PAYMENTS

\$ in thousands	2010	2011	2012	2013	2014
Illinois	\$1,426,421	\$1,449,452	\$1,296,326	\$1,180,728	\$1,241,307
% change from prior year		1.2%	(10.2%)	(8.9%)	5.1%
U.S. nonfederal total	\$28,184,947	\$29,412,219	\$30,402,033	\$30,283,667	\$30,264,429
% change from prior year		4.4%	3.4%	(0.4%)	(0.1%)

COST TO EMPLOYERS

OREGON ESTIMATE OF PREMIUM RATES ¹¹							% Change
Per \$100 of payroll/	1994	2000	2006	2010	2012	2014	2012-2014
Illinois	\$5.48	\$2.74	\$2.69	\$3.05	\$2.83	\$2.35	(17%)
Median	\$4.35	\$2.26	\$2.48	\$2.04	\$1.88	\$1.85	(2%)
IL as % median	26%	21%	8%	50%	51%	27%	
IL rank among 51	9	15	20	3	4	7	
(1= most expensive)							

¹¹ See "2014 Oregon Workers' Compensation Premium Rate Ranking Summary."

INSURANCE

COVERAGE OF EMPLOYEES

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 workers are covered under the law in Illinois than in most other states.¹²

PERCENTAGE OF EMPLOYEES COVERED BY WORKERS' COMP 2015

NEIGHBORING STATES		Illinois U.S. nonfederal average	99.7% 97.0%	LARGE INDUSTRIAL STATES	
Indiana	99.1%			California	100.0%
Iowa	98.6%			New York	99.9%
Wisconsin	96.3%			Pennsylvania	99.8%
Michigan	94.9%			Florida	92.7%
Missouri	94.9%			Texas	80.5%

DURATION OF DISABILITY

The duration of temporary total disability charted below is for claims with more than seven days of lost time at 36 months average maturity. TTD claims in Illinois are longer than most states in the study.¹³

TTD DURATION IN WEEKS

Illinois	18.8
10-state Median	15.4

NEIGHBORING STATES		LARGE INDUSTRIAL STATES	
Michigan	15.9	Pennsylvania	23.0
Indiana	10.7	California	21.1
Wisconsin	10.4	Texas	16.4
Iowa	11.9	Florida	13.2

¹² See NASI *Annual Report*.

¹³ See WCRI *Compscope Benchmarks for Illinois, 16th Edition*.

INJURY RATES

FREQUENCY OF INJURY PER 100,000 WORKERS

Illinois **2,991**
Countrywide **3,114**

NEIGHBORING STATES		LARGE INDUSTRIAL STATES	
Wisconsin	4,212	Pennsylvania	4,784
Iowa	4,784	California	4,403
Indiana	4,102	Florida	3,115
Michigan	3,465	Texas	2,009

INSURANCE FRAUD

The Illinois Department of Insurance investigates workers’ compensation fraud through its Fraud Unit, which is funded by the Commission. 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://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. Self-insured employers pay 25% of benefits.¹⁴

PARENT COMPANIES IN THE COMMISSION’S SELF-INSURANCE PROGRAM

Date	# Parent Companies
6/30/05	319
6/30/10	268
6/30/11	249
6/30/12	241
6/30/13	240
6/30/14	236
6/30/15	226
6/30/16	225

¹⁴ See NASI *Workers’ Compensation: Benefits, Coverage and Cost*.

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