

**FY2006 ANNUAL REPORT**

**ILLINOIS  
WORKERS' COMPENSATION  
COMMISSION**



**ROD R. BLAGOJEVICH  
GOVERNOR**

**DENNIS R. RUTH  
CHAIRMAN**

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## COMMISSION OFFICES

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**ILLINOIS WORKERS' COMPENSATION COMMISSION**

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ROD R. BLAGOJEVICH  
GOVERNOR

DENNIS R. RUTH  
CHAIRMAN

Dear Governor Blagojevich,  
Members of the General Assembly,  
and Citizens of Illinois:

During FY06, we worked to implement the biggest workers' compensation reform legislation in a generation. We created the first workers' compensation medical fee schedule in Illinois, and worked with the newly created Workers' Compensation Medical Fee Advisory Board to implement it.

This administration has put a focus on moving cases to trial. In FY06, arbitrators issued more decisions than any year in the past decade. The Commission has added three more commissioners to move cases at the review level.

We are committed to work together to serve the employers and employees of Illinois. We ask for your support and participation in this effort.

Dennis R. Ruth, Chairman

Mario Basurto, Commissioner

David L. Gore, Commissioner

Barbara A. Sherman, Commissioner

Yolaine Dauphin, Commissioner

Nancy Lindsay, Commissioner

Ilonka Ulrich, Commissioner

James F. DeMunno, Commissioner

Paul W. Rink, Commissioner

Amy Masters, Secretary  
and Chief of Staff

Carolyn L. Parks, Executive Director  
and Judicial Manager

## HIGHLIGHTS

- During FY06, we worked to implement the most comprehensive changes to the Workers' Compensation Act in nearly 30 years. This bill, agreed to by business and labor leaders through negotiations sponsored by the governor, established a medical fee schedule; regulated utilization review of medical treatment; increased benefits for widows, orphans, and the lowest-paid workers; created a workers' compensation fraud law and investigatory unit; and improved procedures for cases litigated before the Commission.
- Pursuant to the reform legislation, Governor Blagojevich appointed three more commissioners to move cases at the review level.
- Arbitrators decided more cases in FY06 than any year in the past decade.
- The Commission hired a former prosecutor to run the Insurance Compliance Division, which then collected over \$150,000 from uninsured employers, and brought nearly 500 employees under the protection of the law. (Note: In FY07, we collected over \$1 million in penalties.)
- The perception of workers' compensation costs is often different than the reality. Among the 50 states and the District of Columbia, Illinois is ranked:
  - 10<sup>th</sup> lowest in w.c. injury rate;
  - 25<sup>th</sup> lowest in w.c. benefit cost rates (w.c. benefits divided by payroll);
  - 26<sup>th</sup> lowest in w.c. medical costs per claim;
  - 30<sup>th</sup> lowest in w.c. insurance premium rates;
  - 30<sup>th</sup> lowest in w.c. indemnity costs per claim; and
  - 43<sup>rd</sup> lowest in wages.
- Accident rates have fallen dramatically. Illinois' 2003 workers' compensation total injury rate was 53% lower than in 1991. Everyone wins when injuries are avoided.
- After adjusting for inflation, the 2007 advisory rate for workers' compensation insurance in Illinois represents a 34% decrease since 1990.

## MISSION STATEMENT

The Illinois Workers' Compensation Commission resolves disputes that occur between injured workers and their employers regarding workers' compensation. The Commission strives to assure financial protection to injured workers and their dependents at a reasonable cost to employers.

The Commission performs four main functions:

- 1) *Resolve disputes.* The Commission strives to provide a fair, timely process by which disputed claims may be resolved.
- 2) *Ensure compliance with the law.* The Commission protects the rights of employees and employers under the Illinois Workers' Compensation and Occupational Diseases Acts.
- 3) *Administer self-insurance.* The Commission evaluates and approves eligible employers that wish to insure themselves for their workers' compensation liabilities.
- 4) *Collect statistics.* The Commission compiles information on work-related injuries and diseases.

The Commission intends to accomplish these goals while looking constantly for ways to improve the quality of service and treating the public and co-workers with respect. The success of this organization depends on the commitment and full participation of every member.

# BOARD MEMBERS

We are grateful to the individuals who serve on our boards. All serve without compensation.

## COMMISSION REVIEW BOARD

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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	Mario Basurto Senior Business Commissioner	Edward Lee Chicago Arbitrator
Ann Marie Walsh Attorney, Lord, Bissell & Brook	Barbara A. Sherman Senior Labor Commissioner	Ruth White Downstate Arbitrator

## SELF-INSURERS ADVISORY BOARD

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The board reviews applications from private companies for the self-insurance privilege 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	Margaret Blackshere (Public member) Illinois State AFL-CIO (ret.)	Paul M. McCloskey Amalgamated Bank of Chicago
Curtis C. Beam Archer Daniels Midland Co.	Gerald F. Cooper Scopelitis, Garvin, Light & Hanson	David Taylor Intl. Truck & Engine Corp.

## WORKERS' COMPENSATION ADVISORY BOARD

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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>	
Michael Carrigan Illinois AFL-CIO	Dave Menchetti Cullen, Haskins, Nicholson and Menchetti	David Buckman CORE Construction Group	Boro Reljic Abbott Industries
Frank Cavarretta United Steel Workers	Kim Presbrey Presbrey & Assoc.	Mark Flannery Caterpillar, Inc.	Gerald Roper Chgo. Chamber of Comm.
Elwood Flowers Amalg. Transit Union		Kim Maisch Natl. Fed. of Ind. Business	David Vite IL Retail Merchants Assoc.

## WORKERS' COMPENSATION MEDICAL FEE ADVISORY BOARD

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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>
Eric Dean Intl. Assoc. of Ironworkers	Maddy Bowling Maddy Bowling & Associates	Elena Butkus Illinois Hospital Assoc.
Roger Poole International Assoc. of Machinists	John Smolk United Airlines	Jesse Butler, MD Illinois Bone and Joint Institute
Ronald Powell United Food & Commercial Workers	Kathryn Tazic Sedgwick Claims Mgmt.	Edward Sclamberg, MD Illinois Bone and Joint Institute

# OVERVIEW OF WORKERS' COMPENSATION

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

Before the laws took effect, an injured worker seeking compensation had 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 place to work and safe tools; to give warnings of dangers; and to provide a sufficient number of appropriate fellow servants to perform the tasks.

In court, the employee had to prove negligence. 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 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., 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 law in 1911, effective May 1, 1912. It took until 1948 for all states to establish a workers' compensation law.

Workers' compensation laws contain two tradeoffs:

1. Employees gave up their right to sue and potentially win large awards in court in exchange for more modest but prompt compensation;
2. Employers gave up their common law defenses in exchange for limits on their liabilities.

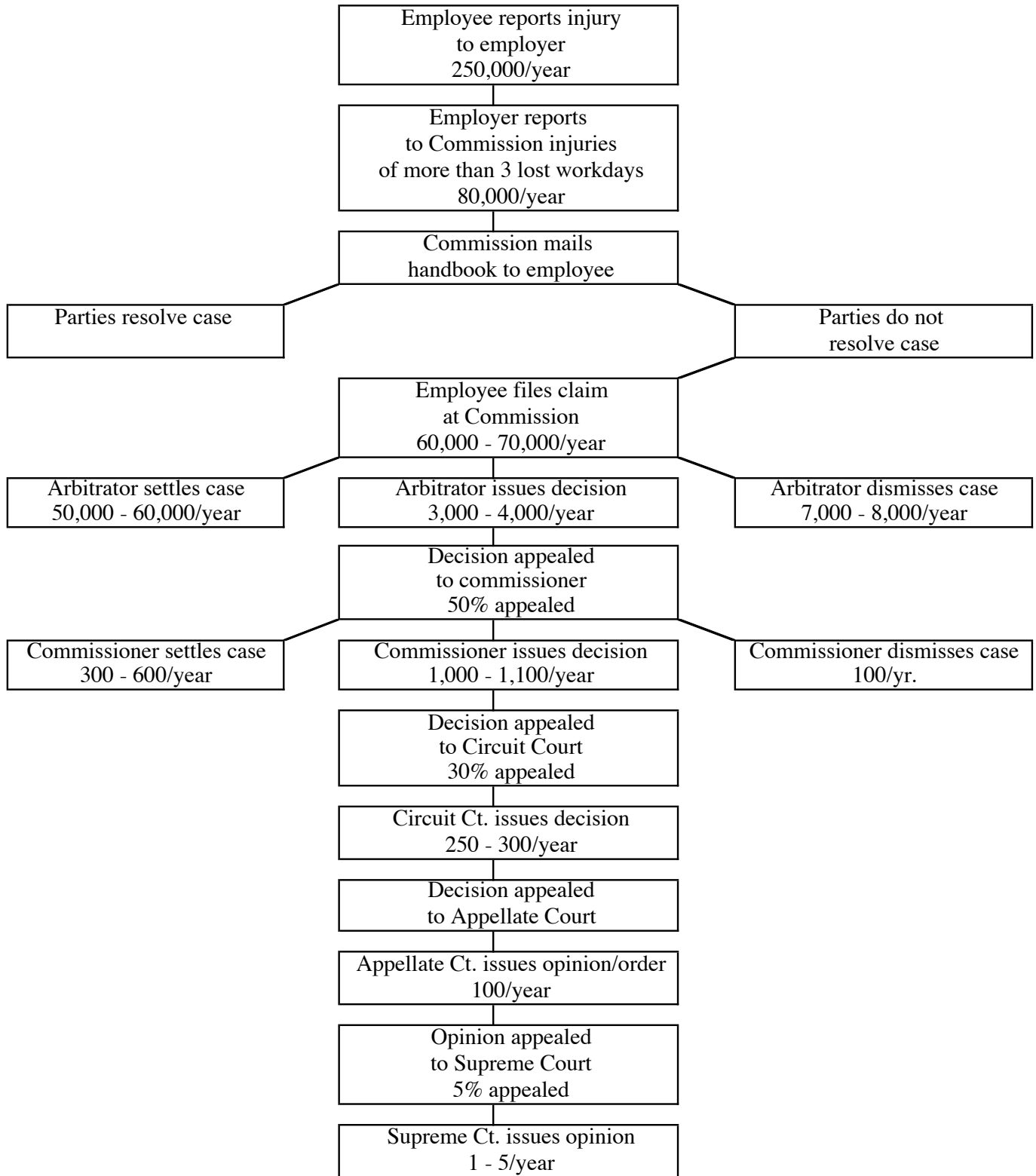
Workers' compensation was established as a no-fault system. The theory behind the law is that the cost of work-related injuries or illnesses should be part of the cost of the product or service.

Originally, the courts administered the Illinois act. The volume overwhelmed the courts, however, and on July 1, 1913, a three-member Industrial Board was created. In 1917, a five-member Industrial Commission was created within the Illinois Department of Labor. In 1957, the Commission separated from the Department of Labor and became a self-standing agency. On January 1, 2005, the agency officially became the Illinois Workers' Compensation Commission.

Almost every employee who is hired, injured, or whose employment is localized in Illinois is covered by workers' compensation. For the most part, benefits are paid for accidental injuries that are caused, in whole or in part, by the employee's work. This includes the aggravation of a pre-existing condition and injuries brought on by the repetitive use of a part of the body.

Illinois employers pay for workers' compensation benefits through insurance policies or by self-insurance. Benefits are based on the worker's earnings, subject to certain limits. 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 the Illinois Supreme Court. Most cases, however, are settled between the parties.

# OVERVIEW OF DISPUTE RESOLUTION PROCESS



Note: Cases can go back and forth between levels. Figures reflect the past five years, and are rough estimates.

## FINANCES

In 2003, the legislature and governor authorized an independent source of operating funds for the Commission. Illinois became the 46<sup>th</sup> state in the country to pay for its workers' compensation agency through an independent source of funds.

### SPECIAL FUNDS

The Commission operates eight funds that are independent of the General Revenue Fund.

	ACTIVITY OF SPECIAL FUNDS				
	6/30/05 Balance	<i>plus</i> Income	<i>minus</i> Expenditures	<i>plus/minus</i> Adjustments	6/30/06 Balance
IWCC Operations Fund	\$4,247,068	\$18,190,973	\$15,916,971	(\$3,148)	\$6,517,922
Injured Workers' Benefit Fund	\$0	\$159,467	\$0		\$159,467
Rate Adjustment Fund	(\$15,924,302)	\$12,099,357	\$11,184,046	\$751	(\$15,008,240)
Second Injury Fund	\$523,931	\$1,474,395	\$1,465,583		\$532,743
Self-Insurers Administration Fund	\$473,185	\$366,331	\$175,860	(\$256,423)	\$407,233
Self-Insurers Security Fund	\$21,058,586	\$5,185,636	\$6,860,402	(\$1,140,566)	\$18,243,254
Transcript Deposit Fund	\$30,496	\$11,340	\$7,700		\$34,136
Workers' Compensation Benefit Trust Fund	\$199,426	\$1,886	\$0	(\$199,931)	\$1,381

### IWCC OPERATIONS FUND

*Illinois Compiled Statutes, Ch. 820, Para. 305, Sec. 4d; Ch. 215, Para. 5, Sec. 416*

The IWCC Operations Fund was created in 2003 to pay for the administrative costs of the agency. Each year, employers pay a 1.01% surcharge on workers' compensation insurance premiums, while self-insured employers pay an assessment of 0.0075% of payroll.

### INJURED WORKERS' BENEFIT FUND

*Illinois Compiled Statutes, Chapter 820, Section 4(d)*

The Injured Workers' Benefit Fund was created as part of the 2005 legislative reform package. The IWBF collects fines from uninsured employers and pays benefits to the injured employees of uninsured employers whose employers fail to pay.

### RATE ADJUSTMENT FUND

*Illinois Compiled Statutes, Chapter 820, Paragraph 305, Sections 7-8*

The Rate Adjustment Fund was created in 1975 to pay cost-of-living increases to roughly 1,200 individuals who are either permanently and totally disabled or the survivors of fatally injured workers. Individuals who receive awards or settlements for permanent and total disability or death benefits are eligible.

Benefits are paid each month, beginning on July 15 of the second year after the award or settlement is entered by the Commission. Recipients are given an amount equal to the percentage increase in the statewide average weekly wage, as calculated by the Department of Employment Security. If there is a decrease in the statewide average weekly wage, there is no change in the compensation rate.



The fund has run a deficit since 1994. The assessment amount has been increased several times over the years, but it has never been enough to cover the benefits paid out.

As provided in the 2005 reform legislation, self-insured employers and insurance companies semiannually pay 1.25% of all indemnity payments paid in the six-month period preceding the payment date. This rate should guarantee that the Commission will pay benefits on time and pay off the debt over the next several years.

#### SECOND INJURY FUND

*Illinois Compiled Statutes, Chapter 820, Paragraph 305, Sections 7-8*

The Second Injury Fund provides an incentive to employers to hire disabled workers. Illinois' SIF is more narrowly constructed than most other states. 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 fund pays the amount necessary to provide the worker with a PTD benefit.

Approximately 100 individuals receive SIF benefits. In January and July each year, insurers and self-insured employers pay assessments up to 1/8 of 1% of compensation payments made during the previous six months.

#### SELF-INSURERS ADMINISTRATION FUND

*Illinois Compiled Statutes, Chapter 820, Paragraph 305, Section 4a-6.1*

The Self-Insurers Administration Fund was created in 1988 to pay the administrative costs of the Commission's self-insurance program. Private self-insured employers pay a fee of \$500 per entity when applying for or renewing the self-insurance privilege.

#### SELF-INSURERS SECURITY FUND

*Illinois Compiled Statutes, Chapter 820, Paragraph 305, Section 4a-5, 6*

The Self-Insurers Security Fund was created in 1986 to pay benefits to employees of private self-insurers that became insolvent after 1986. Self-insured employers pay assessments based on their indemnity payments, up to a maximum of 1.2% of indemnity benefits paid during the preceding year. The "income received" column also reflects the collection of bonds and escrows from self-insured employers during the year. The "adjustments" column reflects changes in the unpaid liability of the fund. This fund has always paid the benefits in full.

#### TRANSCRIPT DEPOSIT FUND

*Illinois Compiled Statutes, Chapter 30, Paragraph 105*

When a case is appealed to the circuit court, the appealing party pays a \$35 fee for the preparation of the file.

#### W.C. BENEFIT TRUST FUND

*Illinois Compiled Statutes, Chapter 30, Paragraph 105*

The Workers' Compensation Benefit Trust Fund pays benefits to employees of private self-insurers that became insolvent before 1986. Benefits are paid from securities posted by the self-insurers; any unused funds are then returned to the insolvent estate.

# INSURANCE

Employers are responsible for the payment of benefits to injured workers; they must either purchase insurance or obtain permission to self-insure.

## INSURANCE

The workers' compensation insurance business in Illinois is profitable and highly competitive. More insurance companies sell workers' compensation policies in Illinois than in any other state.<sup>1</sup> And, over the last 10 years, the number of companies selling w.c policies in Illinois actually increased 10%.<sup>2</sup>

The National Council on Compensation Insurance, a private organization, issues advisory insurance rates. Illinois carriers are free to set their own rates, and use the advisory rate in their calculations.

Using the NCCI advisory rates, a premium of \$100 in 1990 would cost only \$104.32 in 2007. After adjusting for inflation, the 2007 advisory rate actually represents a 34% decrease in costs.<sup>3</sup>

## INSURANCE COMPLIANCE PROGRAM

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

If the Commission finds an employer knowingly and willfully failed to obtain insurance, it 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.

Under legislation that took effect July 20, 2005, an employer may also face criminal charges and/or a work-stop order for failing to obtain workers' compensation insurance.

In FY06, the Commission hired a former prosecutor to run the Insurance Compliance Division. The unit brought 31 employers, with 467 employees, into compliance, and collected \$156,467 from employers found to be operating without insurance. (Note: In FY07, we collected over \$1 million in penalties.)

Pursuant to the 2005 reform legislation, fines are deposited into the newly created Injured Workers' Benefit Fund, which then pays benefits to injured workers whose uninsured employers fail to pay.

## BALANCE BILLING

By law, employers are responsible for the payment of all medical services reasonably necessary to cure or relieve the injured worker from the effects of the injury. In some cases, however, the medical provider or insurer will try to get the injured worker to pay any unpaid balances of medical bills. Workers may be pursued by collection agencies, and their credit records may be damaged, for bills that were never their responsibility.

The legislation that took effect July 20, 2005 contains a balance billing provision. If an employee informs the medical provider that a claim is on file at the Commission, the provider must cease all efforts to collect payment from the employee. Any statute of limitations applicable to the provider's efforts to collect from the employee is tolled from the date that the employee files the application with the Commission until the date that the provider is permitted to resume collection.

When an employee notifies a medical provider that the treatment or service is for a work-related injury, the provider shall bill the employer directly. If the employer does not dispute payment of first aid, medical, surgical, or hospital services, Section 8(a) provides that the employer shall make payment directly to the provider on behalf of the employee. The employer shall pay the bill within 60 days of receipt of the bill as long as the claim contains substantially all the required data elements necessary to adjudicate the bills.

Unpaid bills incur interest at a rate of 1% per month, payable to the provider. A provider cannot hold an employee liable for costs related to non-disputed services for a compensable injury and shall not bill or attempt to recover from the employee the difference between the provider's charge and the amount paid by the employer or insurer on a compensable injury.

While the claim at the Commission is pending, the provider may mail the employee reminders that the employee will be responsible for payment of the bill when the provider is able to resume collection efforts. The provider may request information about the Commission claim and if the employee fails to respond or provide the information within 90 days, the provider is entitled to resume collection efforts and the employee is responsible for payment of the bills. The reminders shall not be provided to any credit agency.

#### 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 Division of Insurance evaluates pools. Public employers may self-insure without obtaining approval.

Less than 1% of employers self-insure, but they are among the largest organizations in the state, and employ roughly 10% of the employees in Illinois.

As the cost of traditional insurance has decreased, many employers have stopped self-insuring and returned to conventional insurance arrangements.

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

Date	# Parent Companies
6/30/95	496
6/30/00	361
6/30/01	335
6/30/02	329
6/30/03	314
6/30/04	317
6/30/05	319
6/30/06	311

# ADMINISTRATION

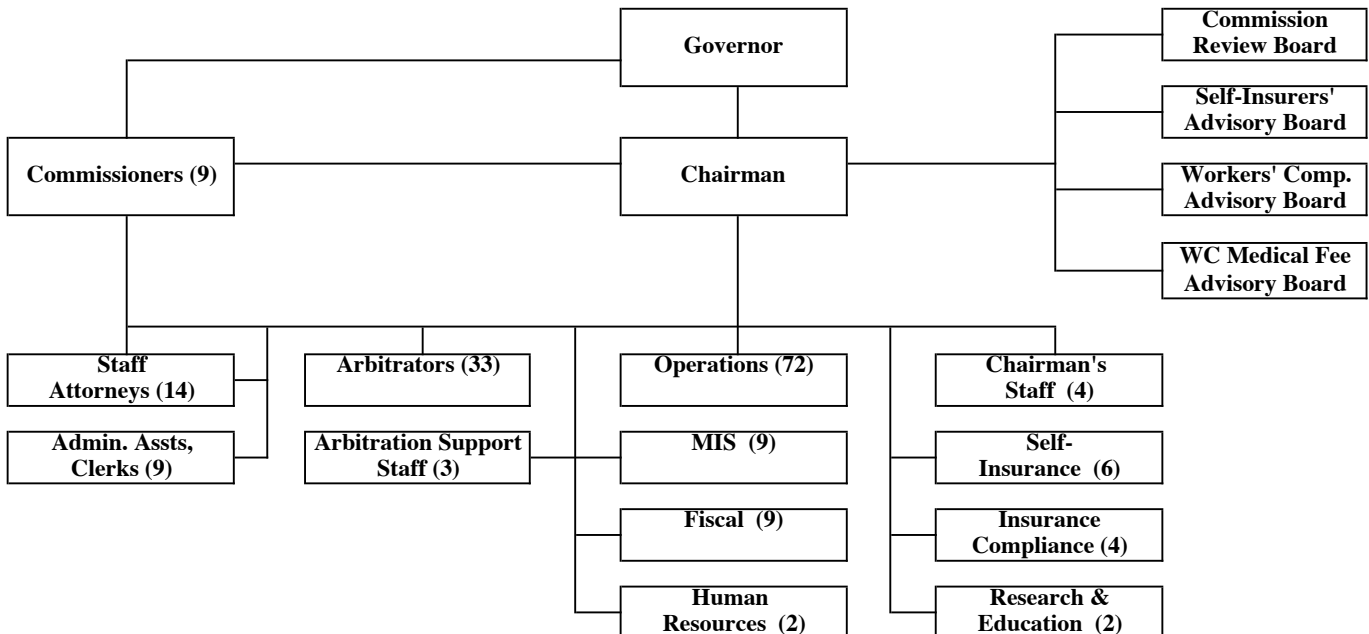
## ADMINISTRATIVE ACCOMPLISHMENTS

- In FY06, arbitrators issued the most decisions since FY93.
- The chairman directed arbitrators to give special attention to the oldest cases and make more efforts to resolve these cases. Since that directive, the number of red-line cases—those three years old or older—has dropped by 9%.
- The total number of cases pending at the Commission has declined from over 111,000 cases in FY03, when the Blagojevich administration took office, to less than 100,000 cases at the end of FY06.
- The Commission hired a former prosecutor to run the Insurance Compliance Division, which then collected over \$150,000 from uninsured employers, and brought nearly 500 employees under the protection of the law. (Note: In FY07, we collected over \$1 million in penalties.)
- The Commission implemented the first medical fee schedule in Illinois. The schedule is the first in the country to be offered completely online.
- The Commission expanded its web page, adding a page that allows users to check the status of all w.c. cases, and another page that allows users to check employers' w.c. insurance coverage. Previously, an individual would have to either call or come to the office to obtain this information.
- The Workers' Compensation Advisory Board was reactivated and met for the first time in over a decade. The board continues to meet quarterly.

## ORGANIZATIONAL STRUCTURE

At the end of FY06, the Workers' Compensation Commission consisted of the chairman, nine commissioners, 161 employees, and six employees in the separately funded Self-Insurance Division, for a total of 177 people.

ILLINOIS WORKERS' COMPENSATION COMMISSION  
ORGANIZATIONAL CHART



For the sake of clarity, we list the individual in a position as of the time this report went to print.

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CHAIRMAN'S OFFICE

Headcount: 4

Dennis R. Ruth, Chairman

The Chairman's Office consists of Katherine Devereaux, state purchasing officer; Kathryn Kelley, legal counsel; and Angela Moore-Gardner, private secretary to the chairman.

*The legislative liaison position was filled at the end of FY06 but is currently vacant.*

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FISCAL OFFICE

Headcount: 9

Carol Reckamp, Manager

The unit maintains the Commission's budget, manages the appropriations process, administers the Commission's seven special funds, and handles payroll and purchasing.

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HUMAN RESOURCES

Headcount: 2

*The manager position is currently vacant.*

This office handles all personnel transactions and benefit programs.

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INSURANCE COMPLIANCE

Headcount: 4

Jannis Eisbart, Manager

This unit enforces the law that requires employers to have workers' compensation insurance.

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JUDICIAL DIVISION

Headcount: 58

Carolyn Parks, Executive Director/Judicial Manager

*Arbitration*

Bertha Parker, Coordinator

Arbitrators conduct hearings, issue decisions, and approve settlements of cases. At the end of FY06, 15 arbitrators worked in the Chicago office and 18 arbitrators traveled to 31 downstate hearing sites. Two support staff set schedules, conduct legal research, and provide clerical support.

*Commission*

Dora Shabazz, Coordinator

Three panels of three commissioners conduct hearings, issue decisions, and approve settlements of cases that have been appealed from the arbitration level. On each panel, one member represents business, one represents labor, and one is a public member.

Each commissioner has two staff attorneys who analyze and summarize cases, and draft decisions and orders; each commissioner also has an administrative assistant who manages the caseload and provides clerical support.

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MANAGEMENT INFORMATION SYSTEMS

Headcount: 9

Daniel Coluzzi, Manager

MIS maintains the computer systems, and produces notices, call sheets, and other documents.

Amy Masters, Secretary of Commission/Chief of Staff

*Central Files*

Employees maintain the case files, coordinate correspondence with the downstate arbitrators, and provide copies of case records to the public.

*Court Reporting*

Court reporters record hearings and produce typewritten transcripts of hearings. One staff person tracks transcripts throughout the hearing process.

*Data Entry*

This unit enters case information into the mainframe computer system.

*Docket*

Employees process all incoming claims, motions, and other case documents.

*Information*

Employees in four locations handle roughly 100,000 telephone calls each year. They explain procedures, distribute informational materials, and prepare summons for the circuit courts.

*Mail Room*

The Mail Room handles nearly one-half million pieces of mail each year.

*Reception*

The receptionist directs visitors and telephone calls.

*Review and Emergency Hearings (19(b) and 19(b-1))*

The unit maintains files for cases on review and schedules oral arguments. It also manages cases filed under Sections 19(b) and 19(b-1) of the Act, which outlines the process by which emergency cases are to be handled.

Susan Piha, Manager

This unit conducts operations research, handles communications, and manages training programs.

Maria Sarli-Dehlin, Manager

This division administers the self-insurance privilege and handles insolvencies of individual bankrupt self-insurers.

## STATISTICS

Each year in Illinois, roughly 250,000 work-related accidents occur. In most of these cases, the worker does not lose time from work. Each year, approximately 60,000 claims are filed with the Commission; the statistics in this section refer only to those cases that are filed with the Commission.

### ACCIDENT

*Location of 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 groups the 1,200 cities and towns in Illinois by the 32 hearing sites to which the claims were assigned, and indicates where accidents occur.

#### NEW CASES FILED BY HEARING SITE

Hearing Site	FY06	FY05	FY04	FY03	FY02	FY01
1. Belleville*	1,277	1,365	1,459	1,681	1,689	1,829
2. Bloomington	1,396	1,682	1,940	1,854	1,805	1,790
3. Carlinville	319	309	322	366	389	369
4. Carlyle	522	619	652	703	892	991
5. Chicago	22,575	23,096	24,712	26,475	27,795	29,257
6. Clinton	211	175	255	240	231	273
7. Collinsville*	1,918	1,904	2,095	2,021	2,013	2,016
8. Danville	504	541	541	653	625	632
9. Decatur	816	853	851	915	1,093	1,282
10. De Kalb	410	458	483	521	552	533
11. Galesburg	570	710	664	734	753	865
12. Geneva	2,464	2,558	2,704	2,773	2,824	2,859
13/14. Herrin/Whittington	2,276	2,577	2,487	2,466	2,368	2,471
15. Jacksonville	491	535	533	542	486	579
16. Joliet	2,548	2,431	2,543	2,617	2,671	2,651
17. Kankakee	615	686	728	781	797	863
18. Lawrenceville	375	416	357	475	438	430
19. Mattoon	910	1,114	1,090	1,162	1,292	1,410
20. Mt. Vernon	561	527	492	506	515	508
21. Ottawa	925	898	983	931	1,086	1,013
22. Peoria	2,671	2,644	2,845	2,838	2,738	2,954
23. Quincy	492	478	525	558	554	532
24. Rock Falls	492	427	555	634	692	872
25. Rock Island	747	814	795	799	899	947
26. Rockford	2,320	2,314	2,612	2,649	2,886	2,975
27. Springfield	1,424	1,298	1,435	1,424	1,399	1,324
28. Taylorville	143	137	150	139	146	170
29. Urbana	820	892	934	964	1,060	1,013
30. Waukegan	2,066	2,178	2,272	2,462	2,480	2,550
31. Wheaton	3,107	3,135	3,219	3,456	3,829	3,953
32. Woodstock	946	944	1,034	964	1,081	1,127
Total new cases filed	56,911	58,715	62,267	65,303	68,078	71,038

\* In FY04, cases in eastern Madison County were moved from the Belleville docket to the new Collinsville docket.

ACCIDENT

*Part of body injured.* If a case involved more than one body part, each part was counted separately.

PART OF BODY INJURED  
BY FISCAL YEAR OF ACCIDENT

	FY06	FY05	FY04	FY03	FY02
Head and neck					
Eyes	<1%	<1%	1%	<1%	1%
Head--other parts	2%	3%	3%	3%	3%
Neck	4%	4%	4%	4%	4%
Trunk					
Back	17%	18%	18%	18%	18%
Shoulder	7%	6%	6%	7%	6%
Not specified	2%	2%	2%	2%	2%
Upper extremities					
Arm	10%	10%	10%	11%	10%
Hand	13%	13%	13%	14%	14%
Finger	5%	5%	5%	6%	6%
Not specified	3%	3%	3%	3%	3%
Lower extremities					
Foot	5%	5%	5%	5%	5%
Knee	6%	6%	6%	6%	6%
Leg	7%	7%	7%	7%	7%
Toe	<1%	<1%	<1%	<1%	<1%
Not specified	2%	2%	1%	1%	2%
Body systems	<1%	<1%	<1%	<1%	<1%
Multiple parts	15%	16%	16%	13%	13%
Total	100%	100%	100%	100%	100%

AVERAGE WEEKLY WAGE

Claimants' wages generally lag behind the statewide average weekly wage. The wages of workers who experienced accidents in FY06 averaged 13% lower than the statewide average.

AVERAGE WEEKLY WAGE  
BY YEAR OF ACCIDENT

	FY06	FY05	FY04	FY03	FY02
Claimants' Average Weekly Wage	\$716.48	\$690.49	\$677.14	\$670.85	\$653.98
Statewide Average Weekly Wage as of 6/30	\$822.20	\$788.99	\$764.80	\$753.31	\$742.24



## BENEFIT RATES

Unless otherwise noted, benefits are paid at 66 2/3% of the injured worker's gross average weekly wage (AWW) during the year preceding the accident or last exposure. Benefits are limited to a percentage of the statewide average weekly wage (SAWW) in effect at the time of the injury or exposure. The Illinois Department of Employment Security publishes the SAWW every six months.

### WEEKLY BENEFIT LIMITS AS OF JUNE 30, 2006

TEMPORARY TOTAL DISABILITY	# DEPENDENTS	MINIMUM	MAXIMUM
	0	\$173.32	\$1,096.27
	1	\$199.32	\$1,096.27
	2	\$225.32	\$1,096.27
	3	\$251.32	\$1,096.27
	4+	\$260.00	\$1,096.27

For injuries occurring on or after February 1, 2006, the minimum rates for TTD are 66 2/3% of the sum of the federal minimum wage or the Illinois minimum wage, whichever is higher, multiplied by 40 hours. The percentage increases by 10% for each spouse and child, not to exceed 100% of the total wage calculation. The benefit shall not exceed the worker's average weekly wage.

### TEMPORARY PARTIAL DISABILITY

For injuries occurring on or after February 1, 2006, an employee who works light-duty and earns less than he or she would be earning at full capacity is entitled to TPD. TPD shall be paid at two-thirds of the difference between the average amount the employee would be able to earn in the full performance of his or her duties in the occupation in which he or she was engaged at the time of the accident, and the net amount that he or she is earning in the modified job.

PERMANENT PARTIAL DISABILITY	# DEPENDENTS	MINIMUM	MAXIMUM
	0	\$173.32	\$591.77
	1	\$199.32	\$591.77
	2	\$225.32	\$591.77
	3	\$251.32	\$591.77
	4+	\$260.00	\$591.77

For injuries occurring on or after February 1, 2006, the minimum rates for PPD are 66 2/3% of the sum of the federal minimum wage or the Illinois minimum wage, whichever is higher, multiplied by 40 hours. The percentage increases by 10% for each spouse and child, not to exceed 100% of the total wage calculation. The benefit shall not exceed the worker's average weekly wage.

Amputations and enucleations are compensated at a higher rate: the minimum is 50% of the statewide average weekly wage, and the maximum is \$1,096.27.

The maximum benefit under Section 8(d)(1) is 100% of the statewide average weekly wage.

PERMANENT TOTAL DISABILITY	MINIMUM	MAXIMUM
	\$411.10	\$1,096.27

The minimum PTD benefit cannot be less than 50% of the SAWW. The maximum benefit can be no more than 133 1/3% of the SAWW.

FATALITY	MINIMUM	MAXIMUM
	\$411.10	\$1,096.27

The minimum death benefit cannot be less than 50% of the SAWW. The maximum benefit can be no more than 133 1/3% of the SAWW.

CASES CLOSED

As in other court systems, most cases at the Commission are settled. Please note that these figures 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 by the Commission, 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.

TOTAL CASES CLOSED  
ARBITRATION AND REVIEW LEVELS

	FY06	%	FY05	%	FY04	%	FY03	%	FY02	%
Dismissals	7,831	12%	7,173	11%	6,785	10%	6,707	10%	7,856	11%
Settlements	54,468	85%	56,327	86%	57,482	87%	61,815	88%	62,316	87%
Decisions	<u>2,160</u>	3%	<u>1,977</u>	3%	<u>2,108</u>	3%	<u>1,914</u>	3%	<u>1,846</u>	3%
Total	64,459		65,477		66,375		70,436		72,018	

CASES CLOSED  
AT ARBITRATION

FINAL ACTION	FY06	%	FY05	%	FY04	%	FY03	%	FY02	%
Dismissals:										
Voluntary	673		712		590		582		627	
DWP*	<u>7,043</u>		<u>6,352</u>		<u>6,069</u>		<u>6,042</u>		<u>7,143</u>	
Total dismissals	<u>7,716</u>	12%	<u>7,064</u>	11%	<u>6,659</u>	10%	<u>6,624</u>	10%	<u>7,770</u>	11%
Settlements:										
Original settlements	9,551		9,876		10,480		10,723		11,401	
Before arb. decision	43,605		45,223		45,922		50,206		50,014	
After arb. decision	<u>742</u>		<u>713</u>		<u>668</u>		<u>549</u>		<u>495</u>	
Total settlements	53,898	85%	55,812	87%	57,070	88%	61,478	89%	61,910	87%
Decisions	1,466	2%	1,303	2%	1,379	2%	1,180	2%	1,093	2%
Total closed	63,080		64,179		65,108		69,282		70,773	

\* DWP = Dismissed for Want of Prosecution

CASES CLOSED  
AT REVIEW

FINAL ACTION	FY06	%	FY05	%	FY04	%	FY03	%	FY02	%
Dismissals at review	115	8%	109	8%	126	10%	83	7%	86	7%
Settlements:										
Before arb. decision	129		75		45		42		49	
After arb. decision	323		321		252		196		235	
After review decision	<u>118</u>		<u>119</u>		<u>115</u>		<u>99</u>		<u>122</u>	
Total settlements	570	41%	515	40%	412	33%	337	29%	406	33%
Review decisions	694	50%	674	52%	729	58%	734	64%	753	60%
Total cases closed	1,379		1,298		1,267		1,154		1,245	

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

## CASES OPENED

### CASES OPENED

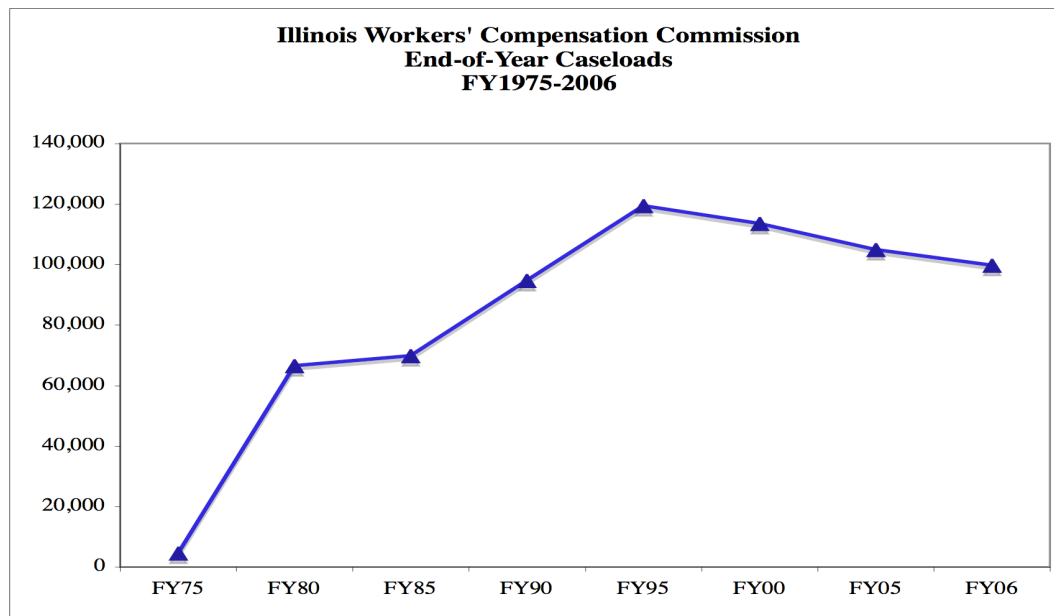
	FY06	FY05	FY04	FY03	FY02
New claims filed	47,135	48,711	51,752	54,504	56,548
Original settlements filed	<u>9,796</u>	<u>10,004</u>	<u>10,515</u>	<u>10,799</u>	<u>11,530</u>
Total new cases filed	56,931	58,715	62,267	65,303	68,078
Returned for further action*	39	222	42	384	
Reinstated	2,195	1,992	1,914	2,244	2,616
Remanded to arbitrator	53	52	54	36	32
Remanded to commissioner	<u>40</u>	<u>65</u>	<u>73</u>	<u>55</u>	<u>50</u>
Total cases returned to caseload	2,327	2,331	2,083	2,719	2,698
Total additions to the caseload	59,258	61,046	64,350	68,022	70,776

\* This category was created to make the caseload numbers balance, accounting for those cases that were counted closed more than once (e.g., a case was decided in one fiscal year, and counted as closed, but then a settlement was approved in the next fiscal year).

A new claim is opened when a worker files an application with the Commission; in 83% of those cases, the worker hires an attorney. When a settlement contract is filed without a prior application, it is referred to as an original settlement; in 94% of those cases, the worker *does not* have an attorney.

## CASES PENDING

As the chart below shows, the pending caseload had been rising rapidly since 1975, but the trend has finally reversed.



*Arbitration.* At the end of FY06, there were roughly 97,000 cases pending at arbitration. In most cases, the parties to these pending cases are *not waiting* for the Commission to act. Roughly 90% of these cases have the status, “continued at arbitration,” which means the case is being automatically continued, waiting for the parties to act. The majority of cases at arbitration are settled, and parties are free to settle at any time.

In May 2005, after the Commission hired more arbitrators, the chairman directed arbitrators to give special attention to the oldest cases, and make efforts to resolve these cases. By the end of FY06, the number of red-line cases—those three years old or older—had decreased by 9%.

*Review.* At the end of FY06, there were 2,600 cases pending before commissioners.

## DECISIONS ISSUED

As in other court systems, most of the cases filed with the Commission are settled. Fewer and fewer cases proceed on to the next level, as shown below. Cases involving state employees cannot proceed past the Commission.

Note that the Commission operated in FY06 with only two panels of commissioners. A third panel was added at the end of the year. Commissioners will issue approximately 1,500 decisions in FY07.

### DECISIONS AND APPEALS

	Arbitration		Commission		Circuit Ct.	Appellate Ct.	Supreme Ct.
	Decisions Issued	% Appealed	Decisions Issued	% Appealed	Decisions Issued	Opinions/Orders Issued	Opinions Issued
2002	2,802	50%	1,093	29%	250-300	112	1-5
2003	2,912	50%	1,055	29%	250-300	107	1-5
2004	3,759	51%	1,025	31%	250-300	123	1-5
2005	3,578	52%	1,054	28%	250-300	106	1-5
2006	3,899	50%	1,090	28%	250-300	108	1-5

Note: Commission figures are for the fiscal year; court figures are for the calendar year.

*Appeal rates.* The petitioner appeals an arbitration decision hoping for an increase in benefits, but of those cases appealed by the petitioner, the commissioners did not increase benefits in 63% of these cases. Similarly, the respondent appeals with the hope of a decreased benefit, but of the cases appealed by the respondent, the commissioners did not decrease benefits 75% of the time.

### OUTCOME OF APPEALS REVIEW DECISIONS ISSUED IN FY06

Arbitration decision was appealed by:	Petitioner (Employee)	Respondent (Employer)	Both	Total
Affirmed	61%	71%	51%	64%
Reversed	16%	4%	7%	9%
Modified, no change in benefits	0%	1%	7%	2%
Benefits increased	21%	3%	19%	13%
Benefits decreased	2%	20%	15%	12%

*Turnaround times.* The times shown below should be considered together. A regular case that is decided at both the arbitration and Commission levels, for example, would take about 52 months.

During FY06, we had only two panels of commissioners operating, whereas in FY07, we added a third panel. We expect to see improvement in these times, and substantially more decisions.

### DECISIONS ISSUED DURING FY06

	Regular Cases	19(b) Cases	19(b-1) Cases
Arbitration decisions*	2,987	895	17
# Months to issue	36	6	2
Commission decisions**	685	318	8
# Months to issue	16	14	3

\* For regular arbitration cases, the turnaround time is calculated from the date a claim is filed until the date the decision is filed; for 19(b) and 19(b-1) cases, the time is calculated from the date a petition is filed until the decision is filed.

\*\* For Commission decisions, the turnaround time is calculated from the date a *Petition for Review* is filed until the decision is filed.

Note: Some decisions—those involving only attorney fees or penalties, for example—are not included in the three categories above.

*Trends.* Under Section 19(b-1) of the Act, an injured worker who is not receiving temporary total disability benefits or medical benefits may petition for an emergency hearing. Alternately, the worker may choose to file under 19(b) of the Act if he or she is not receiving temporary total disability benefits. Over the years, there has been a clear shift from 19(b-1) petitions, which involve statutorily set deadlines, to 19(b) petitions, where the deadlines are not defined but expedited hearings are set. The new law requires the Commission to issue a 19(b) review decision within 180 days of the date the *Petition for Review* was filed.

	EXPEDITED DECISIONS ISSUED BY ARBITRATORS		
	19(b)/8(a)	19(b-1)	Total
FY90	170	342	512
FY00	347	20	367
FY05	825	10	835
FY06	895	17	912

## GENDER

Women constitute 47% of the work force in Illinois,<sup>4</sup> but they file a smaller share of workers' compensation claims. The most dangerous industries—construction, agriculture, transportation, etc.—are still male-dominated. Over the years, the proportion of female claimants has increased, however, from 22% of claimants in FY85 to 33% in FY06.

## INJURY RATES

The statistics in this section come from the National Council on Compensation Insurance and the U.S. Bureau of Labor Statistics, which use different methods to derive their data. There are limitations to all these data collection methods—e.g., NCCI excludes self-insurers, the BLS nonfatal survey is prone to sampling error—but they produce the best data now available.

In rough terms, both data sets indicate that less than 5% of Illinois workers experience an injury each year, and that the injury rates have declined dramatically over the years.

The overall injury rate in Illinois has tended to be lower than other states (see “Interstate Comparisons”), and it is declining dramatically: Illinois' 2003 total injury rate is 53% lower than in 1991.

### PERCENTAGE OF WORKERS EXPERIENCING WORK-RELATED INJURIES IN ILLINOIS EACH YEAR BY INJURY TYPE<sup>5</sup>

#### NCCI DATA

Policy Year	Medical Only	Temporary Total	Permanent Partial	Permanent Total	Fatal	Total
1991	6.3%	1.49%	1.04%	.004%	.004%	8.9%
1995	4.9%	1.23%	0.68%	.004%	.004%	6.8%
2000	3.9%	0.84%	0.69%	.007%	.005%	5.4%
2001	3.4%	0.75%	0.65%	.008%	.004%	4.9%
2002	3.2%	0.70%	0.64%	.006%	.002%	4.5%
2003	2.9%	0.66%	0.61%	.005%	.003%	4.2%

RATE OF NONFATAL WORK-RELATED INJURIES AND ILLNESSES  
IN ILLINOIS, 2004<sup>6</sup>

BLS DATA	Workers' Nonfatal Injury and Illness Rate by Industry	Distribution of Injuries In Private Sector by Event
	Transportation 8.3%	Overexertion 30%
	Government 6.9%	Contact w. objects/equip. 25%
	Mining 6.7%	Fall 18%
	Manufacturing 6.6%	Transportation accident 6%
	Construction 5.4%	Repetitive motion 5%
	Agriculture 4.2%	Exposure to harmful substances 4%
	Services (excl. Transp. & Fin.) 3.9%	Slip or trip (no fall) 3%
	Finance 1.0%	Assault or violent act 1%
		Fire or explosion <1%
	Average for all workers 4.7%	Data not available 9%

DISTRIBUTION OF THE 208 FATAL WORK-RELATED INJURIES  
IN ILLINOIS, 2004<sup>7</sup>

BLS DATA	Workers' Fatal Injury Rate by Industry	Distribution of Fatalities by Event
	Construction 19%	Transportation accident 40%
	Transportation 16%	Assault or violent act 20%
	Agriculture 15%	Fall 14%
	Trade, wholesale and retail 8%	Contact with objects/equip. 16%
	Manufacturing 7%	Exposure to harmful subst. 7%
	Government 4%	Fire or explosion 4%
	Other 30%	

**MEDICAL CARE**

By law, the employer is required to pay for medical care that is reasonably required to cure or relieve the employee from the effects of a work-related injury or disease. The employer shall pay for all necessary first aid and emergency services, two treating physicians, surgeons, or hospitals of the employee's choice, and any additional medical care providers to whom the employee is referred by the two physicians, surgeons, or hospitals. The employer shall also pay for necessary physical, mental, and vocational rehabilitation of the employee. The employee must cooperate in reasonable programs to assist in his or her recovery and return to work.

After Governor Blagojevich signed the reform legislation on July 20, 2005, the Commission then had only about six months to create the first fee schedule in Illinois. The schedule was in place and took effect on February 1, 2006. Fees for each procedure were set at 90% of the 80<sup>th</sup> percentile of actual bills in each geographic area. Each year, fees can rise only by the percentage change in the Consumer Price Index. Since medical costs are rising more rapidly than general inflation, this measure is expected to produce significant savings as the years go on.

Illinois is the first state in the country to publish its fee schedule and accompanying documents online, at no charge.

The 2005 legislation created a Medical Fee Advisory Board, composed of employee, employer, and medical provider representatives, which has been reviewing the process. As information about the effects of the fee schedule becomes available, we will report it.

PENALTIES

Under Section 16 of the Act, 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.

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. Based on current case law, medical expenses are now considered compensation under Section 19(k).

When awarding 19(k) penalties, the Commission shall consider whether an arbitrator has determined that the claim is not compensable or whether the employer has made payments under a group health plan (§8(j)).

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

The law also provides that, if the employee has made written demand for payment of benefits under Sections 8(a) or 8(b), the employer shall have 14 days after receipt of the demand to provide a written reason for the delay. If the demand is for medical benefits, the time for the employer to respond does not begin until the expiration of the 60-day period allotted the employer to pay medical bills under Section 8.2.

To put the below figures in perspective, the 226 cases in which penalties were awarded in FY06 represent less than 1/2 of 1% of total cases closed.

PERCENTAGE OF DECISIONS AWARDING PENALTIES BY YEAR AWARDED

	Arbitration Decisions		Commission Decisions	
	Expedited	Regular	Expedited	Regular
FY02	10%	2%	7%	3%
FY03	9%	2%	5%	2%
FY04	11%	3%	6%	2%
FY05	14%	3%	10%	4%
FY06	9%	3%	6%	4%

POST-AWARD PETITIONS

Cases that were closed by awards 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) of the Act, either party may petition if the injured worker's physical condition changes significantly within 30-60 months of the award or settlement.

CASES WITH POST-AWARD PETITIONS FILED BY YEAR PETITION FILED

Section	FY06	FY05	FY04	FY03	FY02
8(a)	146	169	201	131	123
19(h)	11	10	16	9	4
8(a) and 19(h)	<u>52</u>	<u>55</u>	<u>47</u>	<u>52</u>	<u>39</u>
Total	209	234	264	192	166

DISPOSITION OF POST-AWARD PETITIONS THROUGH DECISIONS AND ORDERS  
BY YEAR DECISION/ORDER ISSUED

Section	FY06	FY05	FY04	FY03	FY02
8(a)					
Granted	10%	15%	25%	22%	14%
Denied	2%	1%	4%	1%	9%
Dismissed	18%	33%	46%	40%	50%
Withdrawn	70%	50%	25%	38%	28%
19(h)					
Granted	24%	17%	26%	36%	11%
Denied	0%	9%	21%	20%	32%
Dismissed	35%	57%	35%	28%	46%
Withdrawn	41%	17%	18%	16%	11%

If one decision covered both 8(a) and 19(h) petitions, each outcome is reflected separately in this section. Because of rounding, percentages do not always total 100%.

### REHABILITATION

Section 8(a) of the Act requires an employer to pay for treatment, instruction, and training necessary for the physical, mental, and vocational rehabilitation of an injured worker, including maintenance and incidental expenses. Section 6(d) requires an employer to notify an injured worker of the right to rehabilitation services and the location of public rehabilitation centers. Finally, Section 7110.70 of the Commission's rules requires an employer to prepare an assessment of an employee's rehabilitation needs, both medical and vocational, when it becomes apparent the work injuries will prevent his or her return to the pre-accident job, or when the employee is off work for more than 120 days.

As with other employer obligations, where there is a dispute between the parties, the injured worker has the burden of proving entitlement to vocational rehabilitation benefits. In resolving these disputes, the Commission looks to the guidelines established by the Illinois Supreme Court in National Tea Company v. Industrial Commission, 97 Ill.2d 424 (1983).



## **INTERSTATE COMPARISONS OF WORKERS' COMPENSATION**

The perception of Illinois workers' compensation costs is often different than the reality. Among the 50 states and the District of Columbia, Illinois is ranked:

10<sup>th</sup> lowest in w.c. injury rate<sup>8</sup>

Illinois	4.5%
National median	5.8%

*Illinois' injury rate is 22% lower than the national median.*

25<sup>th</sup> lowest in w.c. benefit cost rates (w.c. benefits paid divided by payroll)<sup>9</sup>

Illinois	0.94%
National median	0.94%

*Illinois' benefit cost rate is equal to the national median.*

26<sup>th</sup> lowest in w.c. medical costs per claim<sup>10</sup>

Illinois	\$4,839
National median	\$4,669

*Illinois' medical costs are 4% higher than the national median.*

30<sup>th</sup> lowest in w.c. insurance premium rates<sup>11</sup>

Illinois	\$2.69
National median	\$2.48

*Illinois' insurance rates are 8% higher than the national median.*

30<sup>th</sup> lowest in w.c. indemnity costs per claim<sup>12</sup>

Illinois	\$19,289
National median	\$17,483

*Illinois' indemnity costs are 10% higher than the national median.*

43<sup>rd</sup> lowest in wages<sup>13</sup>

Illinois	\$42,276
National median	\$35,204

*Illinois' wages are 20% higher than the national median.*

## OTHER INTERSTATE COMPARISONS: BENEFIT PAYMENTS

For years, Illinois' costs have been growing at a slower rate than most other states. In 2004, Illinois' growth rate was lower than our neighbors, but it exceeded the national average and large industrial states.

### TOTAL WORKERS' COMPENSATION BENEFIT PAYMENTS<sup>14</sup>

In \$billions	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Illinois	\$2.2	\$2.1	\$2.1	\$2.1	\$1.9	\$1.9	\$1.8	\$1.8	\$1.6	\$1.4	\$1.6
% Change	5%	(1%)	2%	7%	1%	5%	4%	7%	14%	(9%)	(5%)
U.S.	\$52.7	\$51.5	\$50.2	\$47.5	\$44.7	\$41.7	\$40.4	\$39.5	\$38.8	\$39.0	\$40.4
% Change	2%	3%	6%	6%	7%	3%	2%	2%	(1%)	(3%)	2%

### CHANGE IN TOTAL BENEFIT PAYMENTS, 1978 - 2004

	2003-2004	1993-2003	1983-1993	1978-1983
Illinois	5%	26%	125%	51%
Neighboring states average	8%	38%	158%	49%
Large industrial states average	(1%)	36%	184%	86%
National average	2%	30%	166%	84%

## 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. Over 30 years later, no state in the country meets all the requirements; Illinois meets more than most states.<sup>15</sup>

### NUMBER OF 19 ESSENTIAL RECOMMENDATIONS MET

NEIGHBORING STATES		National average	12.85	LARGE INDUSTRIAL STATES	
Iowa	15.50	Illinois	15.00	Ohio	15.50
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
<i>Median</i>	14.00			<i>Median</i>	12.25

## COVERAGE OF EMPLOYEES

Even though Illinois does not meet four of the National Commission's recommendations concerning the coverage of employees, more workers are covered in Illinois than in most other states.<sup>16</sup>

### PERCENTAGE OF EMPLOYEES COVERED

NEIGHBORING STATES		National average	88%	LARGE INDUSTRIAL STATES	
Indiana	90%	Illinois	91%	Ohio	91%
Michigan	89%			New York	90%
Kentucky	87%			Pennsylvania	90%
Iowa	86%			California	89%
Wisconsin	86%			Florida	88%
Missouri	85%			Texas	74%
<i>Median</i>	87%			<i>Median</i>	90%

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<sup>1</sup> “Workers’ Compensation, Top Writers by State—2003,” A.M. Best, November 22, 2004. See also: “All Illinois Licensed Companies--Illinois Workers’ Compensation,” Illinois Division of Insurance.

<sup>2</sup> “Grand Total Premiums/Losses of Illinois Licensed Companies: Workers’ Compensation,” *Market Share Report*, Illinois Division of Insurance, 1995 – 2005.

<sup>3</sup> National Council on Compensation Insurance filings with the Illinois Division of Insurance. For more information, call the Illinois Division of Insurance (217/524-8361). The Consumer Price Index data came from the CPI Inflation Calculator on the Bureau of Labor Statistics’ web site ([www.bls.gov](http://www.bls.gov)), which showed that \$100 in 1990 represented \$157.12 in 2007:  $(104.32/157.12)-1 = 34\%$  decrease.

<sup>4</sup> “Employment status of the civilian noninstitutional population by sex, race...2004 annual averages,” Illinois table, U.S. Bureau of Labor Statistics (<http://www.bls.gov/gps/home.htm>), found under the heading, “Geographic Profile of Employment and Unemployment, Section II: Estimates for States.” This is the most recent data available.

<sup>5</sup> *Annual Statistical Bulletin*, National Council on Compensation Insurance, 1994 – 2006 editions, Exhibit XII, First Report. The statistic for the overall reduction in injury rate was calculated as follows: for Policy Year 1991, the NCCI reported 8,874 total injuries per 100,000 workers; for Policy Year 2003, the NCCI reported 4,152 total injuries per 100,000 workers, a 53% reduction. This information refers only to the experience of employers with insurance, not self-insurers. The figures for fatalities and PTDs come from a small number of cases and should be viewed with caution. Information is not available for the five states with exclusive state insurance funds (ND, OH, WA, WV, WY).

<sup>6</sup> *Nonfatal Workplace Injuries and Illnesses: Illinois, 2004*, Illinois Department of Public Health, Tables 3, 14, July 2006. This is the most recent data available. Because of changes in methodology, 2002 and 2003 data are not comparable to prior years. Federal employees and farms with fewer than 11 employees are excluded from the survey. Reports are available at <http://www.idph.state.il.us/about/epi/cfoirpt.htm>. Since 1998, IDPH has participated in the U.S. Bureau of Labor Statistics’ federal/state Survey of Occupational Injuries and Illnesses. Each year, they survey a sample of employers in the private and nonfederal public sectors. For more information, contact the IDPH Division of Epidemiologic Studies at 217/785-1873.

<sup>7</sup> *Census of Fatal Occupational Injuries: Illinois, 2004*, Illinois Department of Public Health, Tables 3, 5, November 2005. The IWCC provides information on fatal workers’ compensation claims to IDPH, which has participated in the U.S. Bureau of Labor Statistics Census of Fatal Occupational Injuries since 1992. The CFOI methodology does not correspond exactly to workers’ compensation criteria, but the program provides a standard measure of fatal occupational injuries for the country.

<sup>8</sup> *Annual Statistical Bulletin*, Exhibit XII. Policy Year 2002 data.

<sup>9</sup> “Fiscal Data for State Workers’ Compensation Systems 1994-2004,” National Foundation for Unemployment Compensation and Workers’ Compensation, August 2006, Table 2.

<sup>10</sup> *Annual Statistical Bulletin*, 2005-6, Exhibit XI. Policy Year 2002 data.

<sup>11</sup> “2006 Oregon Workers’ Compensation Premium Rate Ranking Summary,” Oregon Department of Consumer and Business Services, October 2006, Table 2. Available at <http://www4.cbs.state.or.us>. Indices are based on rates as of from 2004 – 2006; Illinois’ rates are as of 1/1/06. This report is produced every two years. This report compares employers’ w.c. insurance costs in 50 different class codes. Overall, Illinois ranks in the middle, but there is great variation in the manual premium among different classes. Employers in Illinois buy w.c. insurance in an open market, the way drivers buy car insurance, and costs are heavily dependent on accident history and market environment. The employer’s ability to shop for the best deal comes into play, too.

<sup>12</sup> *Annual Statistical Bulletin*, 2005-6 editions, National Council on Compensation Insurance, Exhibit XI. This analysis is based on Policy Year 2002, First Report data. When “First Report” information was not reported, “Second Report” data was used. Information is not available for the five states with exclusive state insurance funds (ND, OH, WA, WV, WY).

<sup>13</sup> “Total coverage (UI and UCFE) by State, 2004 annual averages,” US Bureau of Labor Statistics, BLS Web site (<http://www.bls.gov/cew/cewbultn04.htm>).

<sup>14</sup> “Fiscal Data,” August 2006, Table 15; December 9, 1993, Table 1; May 25, 1990, Table 1.

<sup>15</sup> “State Workers’ Compensation Laws in Effect January 1, 2004 Compared with the 19 Essential Recommendations of the National Commission on State Workmen’s Compensation Laws,” [www.workerscompresources.com](http://www.workerscompresources.com), John F. Burton, Jr. (former chairman of the National Commission), Table 1. In 1972, the National Commission on Workmen’s Compensation issued 84 recommendations concerning the coverage of employees and diseases, income protection, medical care, worker safety, and program administration. They identified 19 of the 84 recommendations as essential to ensuring a minimum level of protection. As of January 1, 2004, compliance levels range from 7.25 in Mississippi to 17.00 in Nebraska. Illinois does not comply with the National Commission’s recommendations 2.4 (Illinois exempts farm workers below a certain number of hours), 2.5 (Illinois exempts household workers and casual workers below a certain number of days), 2.6 (Illinois exempts some governmental employees (Chicago police and fire fighters)) and 2.7 (Illinois exempts certain classes of employees, such as those already noted).

<sup>16</sup> “Workers’ Compensation Coverage by State,” *Workers’ Compensation Data Fact Sheet, No. 1*, National Academy of Social Insurance, October 2002, Table 1, column 5. This is the most recent year for which data is available.

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