

ILLINOIS INDUSTRIAL COMMISSION

**FY03
ANNUAL
REPORT**

**ROD R. BLAGOJEVICH
GOVERNOR**

**DENNIS R. RUTH
CHAIRMAN**

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COMMISSION OFFICES

100 W. Randolph #8-200
Chicago, IL 60601
312/814-6611

202 N.E. Madison Ave. #201
Peoria, IL 61602
309/671-3019

701 S. Second St.
Springfield, IL 62704
217/785-7087

1014 Eastport Plaza Drive
Collinsville, IL 62234
618/346-3450

200 S. Wyman
Rockford, IL 61101
815/987-7292

Toll-free: 866/352-3033
Web site: www.state.il.us/agency/iic
E-Mail: iicoperations@mail.state.il.us



ILLINOIS INDUSTRIAL COMMISSION

100 W. RANDOLPH ST. #8-200
CHICAGO, IL 60601-3227
312/814-6500
WWW.STATE.IL.US/AGENCY/IIC

ROD R. BLAGOJEVICH
GOVERNOR

DENNIS R. RUTH
CHAIRMAN

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

To make the agency more user-friendly, the legislature has renamed the Industrial Commission as the Workers' Compensation Commission, effective January 1, 2005.


Legislation that took effect in 2003 created an independent source of funding for the Commission, making Illinois the 46th state to support its workers' compensation agency this way. Because the Commission has had one of the lowest budgets in the country, and because this measure should bring our budget in line with other comparable states, we anticipate improved service. Already we have added arbitrators and support staff to move cases more quickly. We are grateful to legislators and the governor for this action.

Administratively, we will continue to work together to serve the employers and employees of Illinois. We ask for your continued support and participation in this effort.


David R. Akemann, Commissioner


Paul W. Rink, Commissioner


James F. DeMunno, Commissioner


Barbara A. Sherman, Commissioner


Susan O. Pigott, Commissioner


Janice Montoya, Assistant Secretary


Dennis R. Ruth, Chairman

ARBITRATORS

- | | | | | |
|---------------|------------------|-----------------|------------------|-----------------|
| Peter Akemann | Robert Falcioni | Kathleen Hagan | Andrew Nalefski | Joseph Prieto |
| George Andros | Joann Fratianni | Leo Hennessy | Neva Neal | Maureen Pulia |
| Kurt Carlson | Gilberto Galicia | Douglas Holland | Peter O'Malley | Joseph Reichart |
| Brian Cronin | James Giordano | David Kane | Valerie Peiler | Jennifer Teague |
| John Dibble | Paula Gomora | Edward Lee | Richard Peterson | Ruth White |
| Tony Erbacci | | Stephen Mathis | | Robert Williams |

HIGHLIGHTS

- During FY03, the new administration at the Commission set a new focus on moving cases to trial. New trial policies, in which parties present and ready for trial are given priority over all other matters, have expedited the flow of cases. As a result, since the Blagojevich administration took office, arbitrators have conducted over 20% more trials.
- Even though Illinois is a high-wage state, its workers' compensation benefit cost rate ranks below the average for large industrial states, its costs are growing at a slower rate than the national average, and its accident rates are well below average. Among the 50 states, Illinois is ranked
 - #6 in wages;
 - #19 in w.c. insurance premium rates;
 - #23 in benefit cost rates (total w.c. benefits divided by payroll);
 - #25 in total incurred w.c. benefits per 100,000 employees; and
 - #36 in total w.c. injuries per 100,000 employees.
- Accident rates have fallen dramatically. Illinois' 2001 total workers' compensation injury rate was 45% lower than in 1991. Everyone wins when accidents are avoided.
- The inflation-adjusted 2004 advisory rate for workers' compensation insurance in Illinois represents a 36% decrease since 1990.
- In Illinois, the workers' compensation insurance business is highly competitive. More carriers write workers' compensation policies in Illinois than in any other state.
- Employers can dramatically reduce their workers' compensation costs by taking steps to prevent accidents. Costs vary more within a state than from state to state.

MISSION STATEMENT

The Industrial 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. The chairman of the Industrial Commission also serves as chairman of each board.

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.

David R. Akemann
Senior Business Commissioner
Illinois Industrial Commission

Joseph Reichart
Chicago Arbitrator
Illinois Industrial Commission

Robert Hanaford
Attorney
Robert H. Hanaford, Ltd.

Ann Marie Walsh
Attorney
Lord, Bissell & Brook

Barbara A. Sherman
Senior Labor Commissioner
Illinois Industrial Commission

Ruth White
Downstate Arbitrator
Illinois Industrial Commission

SELF-INSURERS ADVISORY BOARD

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
Director of Risk Management,
City of Aurora

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

Curtis C. Beam
Claims Manager
Archer Daniels Midland Co.

David Taylor
Mgr. of Workers' Comp. and Disability
International Truck and Engine Corp.

Margaret Blackshere
President
Illinois State AFL-CIO

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 will officially become 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.

FINANCES

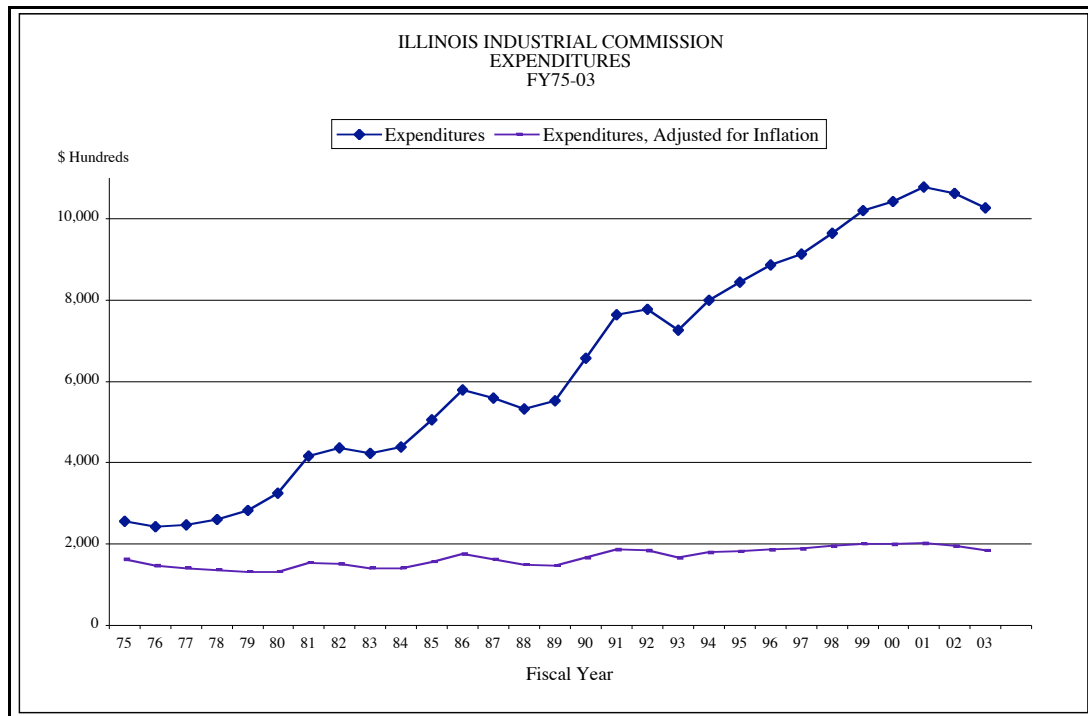
Until 2003, Illinois was one of only a handful of states that relied entirely on General Revenue Funds for the administration of their workers' compensation programs.¹ During the Spring 2003 session, the legislature passed and the governor signed a bill authorizing an independent source of operating funds for the Commission.

The cost of administering Illinois' workers' compensation program is modest. Since 1975, the number of new cases filed has increased 62%, while the Commission's headcount increased by 6%, and expenditures (adjusted for inflation) have increased 14%.

ILLINOIS INDUSTRIAL COMMISSION EXPENDITURES

(\$ in hundreds)

<u>Fiscal Year</u>	<u>Operating Expenditures</u>	<u>Expenditures Adjusted for Inflation</u>	<u>IIC/OMB Headcount At End of Year</u>	<u>New Claims Filed</u>
75	\$2,556.7	\$1,622.3	131	40,177
80	3,245.6	1,322.0	160	76,989
85	5,061.9	1,573.0	185	54,247
90	6,556.8	1,666.3	146	65,260
95	8,444.0	1,836.1	164	72,315
00	10,421.3	1,999.8	155	70,836
01	10,772.9	2,024.2	156	71,038
02	10,610.5	1,953.3	151	68,078
03	10,265.7	1,852.0	139	65,237



SPECIAL FUNDS

The Commission manages six special trust funds that are independent of the General Revenue Fund.

ACTIVITY OF SPECIAL FUNDS

	<u>6/30/02</u> <u>Starting</u> <u>Balance</u>	<i>plus</i> <u>Income</u> <u>Received</u>	<i>minus</i> <u>Expenditures</u>	<i>plus/minus</i> <u>Adjustments</u>	<u>6/30/03</u> <u>Ending</u> <u>Balance</u>
RATE ADJUSTMENT FUND	(\$10,301,516)	\$8,702,546	\$10,573,645	(\$777,406)	(\$12,950,021)
SECOND INJURY FUND	\$535,484	\$1,039,408	\$1,068,079	0	\$506,813
SELF-INSURERS ADMINISTRATION FUND	\$703,597	\$365,835	\$383,044	(\$7,212)	\$679,176
SELF-INSURERS SECURITY FUND	(\$3,597,655)	\$13,574,252	\$5,506,217	\$2,346,751	\$6,817,131
TRANSCRIPT DEPOSIT FUND	\$22,440	\$11,130	\$8,533	0	\$25,037
WORKERS' COMPENSATION BENEFIT TRUST FUND	\$190,069	\$3,464	0	0	\$193,533

RATE ADJUSTMENT FUND

The Rate Adjustment Fund was created in 1975 to pay cost-of-living increases to roughly 1,300 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.

Twice each year, self-insured employers and insurance companies pay an amount up to 3/4 of 1% of all indemnity payments paid in the six-month period preceding the payment date.

See Illinois Compiled Statutes, Chapter 820, Paragraph 305, Section 7.

SECOND INJURY FUND

The Second Injury Fund provides an incentive to employers to hire disabled workers, but 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 all compensation payments made during the previous six months.

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

SELF-INSURERS ADMINISTRATION FUND

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.

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

SELF-INSURERS SECURITY FUND

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.

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

TRANSCRIPT DEPOSIT FUND

The Transcript Deposit Fund was created under the State Finance Act. When a case is appealed to the circuit court, the fund receives \$35 from the appealing party and pays this fee to Commission court reporters for preparing the files.

WORKERS' COMPENSATION BENEFIT TRUST FUND

Created under the State Finance Act, 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 the Commission's approval to self-insure.

INSURANCE

The workers' compensation insurance business in Illinois is healthy and highly competitive. More insurance companies sell workers' compensation policies in Illinois than in any other state.²

Illinois carriers are free to set their own rates, but the National Council on Compensation Insurance, a private organization, issues advisory rates. As the following chart shows, a premium of \$100 in 1990 would cost only \$98.04 in 2004. After adjusting for inflation, the 2004 rate actually represents a 36% decrease in costs.³

NCCI ADVISORY INSURANCE RATES
FOR THE ILLINOIS VOLUNTARY MARKET
COMPARED TO
THE CONSUMER PRICE INDEX

Effective Date	-----ILLINOIS RATE-----		-----CONSUMER PRICE INDEX-----	
	Percentage Change From Previous Year	Scale	Percentage Change From Previous Year	Scale
1/1/90		100.00		100.00
1/1/91	8.5%	108.50	4.4%	104.40
1/1/92	9.1%	118.37	4.7%	109.31
1/1/93	5.7%	125.12	2.7%	112.26
1/1/94	9.6%	137.13	3.1%	115.74
1/1/95	-6.8%	127.81	2.5%	118.63
1/1/96	-13.6%	110.43	3.4%	122.67
1/1/97	-10.1%	99.27	2.9%	126.22
1/1/98	-7.9%	91.43	2.8%	136.00
1/1/99	-0.2%	91.25	1.7%	138.31
1/1/00	1.2%	92.34	1.8%	140.80
1/1/01	0.0%	92.34	3.4%	145.59
1/1/02	-0.2%	92.16	3.5%	150.68
1/1/03	6.7%	98.33	1.0%	152.19
1/1/04	-0.3%	98.04	1.0%	153.71

INSURANCE COMPLIANCE PROGRAM

Illinois law requires employers to insure themselves for their workers' compensation liabilities, but a small percentage of employers fail to comply. These employers enjoy an unfair competitive advantage over law-abiding companies, while leaving their employees financially 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.

During FY03, the Commission sought proof of insurance for roughly 300 employers, and brought 39 employers into compliance with the law. In FY03, the Commission collected over \$137,000 in fines.

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.

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 pools. Public employers may self-insure without obtaining approval. In 2001, self-insurers paid 24% of all benefits in Illinois.⁴

The number of self-insuring employers in Illinois has declined for several years. 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

<u>Date</u>	<u># Parent Companies</u>
6/30/95	496
6/30/96	449
6/30/97	439
6/30/98	394
6/30/99	382
6/30/00	361
6/30/01	335
6/30/02	329
6/30/03	314

ADMINISTRATION

ADMINISTRATIVE ACCOMPLISHMENTS

- During FY03, the Commission took a number of steps to move cases through the system more quickly.

New trial policies, in which parties present and ready for trial are given priority over all other matters, have expedited the flow of cases.

Split calls, in which arbitrators handled both Chicago and Downstate dockets, were eliminated.

A summer vacation schedule was established and published, so that attorneys would be able to plan accordingly.

Since the Blagojevich administration took office, arbitrators have conducted over 20% more trials.

- People now have better access to Commission information than ever before.

More information has been added to the Commission's Web site, including more schedules and contact information. All of the Commission forms on the Web site are now in fill-in-the-blank formats. Go to www.state.il.us/agency/iic for the act, rules, forms, handbook, rates, calendars, call sheets, and other important information.

Each year, hundreds of people come to the Commission for educational programs, we send speakers out upon request, and we answer 100,000 phone calls and letters.

ORGANIZATIONAL STRUCTURE

At the end of FY03, the Industrial Commission consisted of the chairman, six commissioners, 139 regular employees, and six employees in the separately-funded Self-Insurance Division, for a total of 152 people.

CHAIRMAN'S OFFICE

Dennis R. Ruth, Chairman

Headcount: 3

Working in the Chairman's Office were Linda Freeman, administrative assistant; Kathryn Kelley, legal counsel; and Dirk May, legislative liaison.

Note: Dan Creedon has replaced Dirk as our legislative liaison. And Amy Masters has joined the staff as the chairman's executive assistant.

FISCAL OFFICE

Charles Kusar, Manager

Headcount: 8

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

HUMAN RESOURCES

Rebecca Loreda Paz, Manager

Headcount: 2

This office handles all personnel transactions and benefit programs.

INSURANCE COMPLIANCE

Robert M. Harris, Manager

Headcount: 4

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

JUDICIAL DIVISION

Note: The coordinator position was vacant at the end of FY03;
it is now filled by Amy Masters.

Headcount: 68

Arbitration

Bertha Parker, Coordinator

Arbitrators conduct hearings, issue decisions, and approve settlements of cases. At the end of FY03, 11 arbitrators worked in the Chicago office and another 11 arbitrators traveled to 31 downstate hearing sites. (Since then, seven more arbitrators have been hired.) The four support staff set schedules, conduct legal research, and provide clerical support.

Commission

Greg Dollison, Coordinator

Two 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.

The 12 staff attorneys analyze and summarize cases, and draft decisions and orders; the six administrative assistants schedule cases, manage cases pending oral argument, and provide clerical support.

Court Reporting

Marvin Goins, Supervisor

Twenty-three court reporters record hearings and produce typewritten transcripts of hearings.

MANAGEMENT INFORMATION SYSTEMS

Terry W. Spurlin, Manager

Headcount: 11

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

OPERATIONS DIVISION

Janice Montoya, Operations Manager/Assistant Secretary

Headcount: 41

Central Files

Walter Bennett, Supervisor

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

Data Entry

Jana Fortner Thompson, Acting Supervisor

This unit enters data relating to cases, and types the decisions of arbitrators and commissioners.

Docket

Henriett Smith, Supervisor

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

Emergency Hearings (19(b-1)) Jana Fortner Thompson, Supervisor

This unit manages cases filed under Section 19(b-1) of the Act, which outlines the process by which emergency cases are to be handled within 180 days.

Information

Jeanie Thompson, Supervisor

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

Velma Ephriam, Supervisor

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

Reception

Alice Thompson

The receptionist directs visitors and telephone calls.

Review

Bessie Mims, Supervisor

The unit maintains files for cases on review and schedules oral arguments.

Transcript

Annis McMorris, Supervisor

This section tracks transcripts throughout the hearing process.

RESEARCH AND EDUCATION

Susan Piha, Manager

Headcount: 2

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

SELF-INSURANCE DIVISION

Maria Sarli-Dehlin, Manager

Headcount: 6

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

STATISTICS

Each year in Illinois, roughly 300,000 work-related accidents occur. In most of these cases, the worker does not lose time from work. Each year, roughly 70,000 claims are filed with the Commission; the statistics in this section refer only to those cases that are filed with the Commission.

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			
	<u>FY03</u>	<u>FY02</u>	<u>FY01</u>	<u>FY00</u>
Head and neck				
Eyes	<1%	1%	1%	1%
Head--other parts	3%	3%	3%	3%
Neck	4%	4%	4%	4%
Trunk				
Back	18%	18%	18%	18%
Shoulder	6%	6%	6%	6%
Not specified	2%	2%	2%	3%
Upper extremities				
Arm	10%	10%	10%	10%
Hand	13%	13%	14%	14%
Finger	5%	6%	6%	6%
Not specified	3%	3%	3%	3%
Lower extremities				
Foot	5%	5%	5%	5%
Knee	6%	6%	6%	6%
Leg	7%	7%	7%	7%
Toe	<1%	<1%	<1%	<1%
Not specified	2%	2%	2%	2%
Body systems	<1%	<1%	<1%	<1%
Multiple parts	15%	14%	13%	13%

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.

FILINGS
BY HEARING SITE

<u>Hearing Site</u>	<u>FY03</u>	<u>FY02</u>	<u>FY01</u>	<u>FY00</u>
1. Belleville	3%	2%	3%	3%
2. Bloomington	3%	3%	3%	3%
3. Carlinville	1%	1%	1%	1%
4. Carlyle	1%	1%	1%	1%
5. Chicago	41%	41%	41%	42%
6. Clinton	<1%	<1%	<1%	<1%
7. Collinsville	3%	3%	3%	3%
8. Danville	1%	1%	1%	1%
9. Decatur	1%	2%	2%	2%
10. De Kalb	1%	1%	1%	1%
11. Galesburg	1%	1%	1%	1%
12. Geneva	4%	4%	4%	4%
13. Herrin	2%	1%	2%	1%
14. Jacksonville	1%	1%	1%	1%
15. Joliet	4%	4%	4%	4%
16. Kankakee	1%	1%	1%	1%
17. Lawrenceville	1%	1%	1%	1%
18. Mattoon	2%	2%	2%	2%
19. Mt. Vernon	1%	1%	1%	1%
20. Ottawa	1%	2%	1%	1%
21. Peoria	4%	4%	4%	4%
22. Quincy	1%	1%	1%	1%
23. Rock Falls	1%	1%	1%	1%
24. Rock Island	1%	1%	1%	1%
25. Rockford	4%	4%	4%	4%
26. Springfield	2%	2%	2%	2%
27. Taylorville	<1%	<1%	<1%	<1%
28. Urbana	1%	2%	1%	1%
29. Waukegan	4%	4%	4%	3%
30. Wheaton	5%	6%	6%	6%
31. Whittington	2%	2%	2%	2%
32. Woodstock	1%	2%	2%	1%

ATTORNEY INVOLVEMENT

Most of the work-related injuries that occur each year are resolved informally between the employee and employer, without involving the Commission. In the claims that are filed with the Commission, most employees and employers retain legal counsel, especially the cases that go to trial. If the employee obtains a lawyer, Illinois law governs the relationship. Generally, the attorney's fee is limited to 20% of the amount recovered, unless the Commission authorizes additional fees.

CASES IN WHICH PETITIONER HAS AN ATTORNEY

	<u>FY03</u>	<u>FY02</u>	<u>FY01</u>	<u>FY00</u>
Cases filed during FY	83%	83%	83%	84%
Original settlements approved*	5%	6%	6%	7%

* A case is usually opened with an application. When a settlement contract is filed without a prior application, it is referred to as an original settlement.

AVERAGE WEEKLY WAGE

Claimants' wages generally lag behind the statewide average weekly wage. The wages of workers who experienced accidents in FY03 averaged \$34,884 per year, 11% lower than the statewide average of \$39,172 per year.

	AVERAGE WEEKLY WAGE BY YEAR OF ACCIDENT			
	<u>FY03</u>	<u>FY02</u>	<u>FY01</u>	<u>FY00</u>
Claimants' Average Weekly Wage	\$670.85	\$653.98	\$631.99	\$603.50
Statewide Average Weekly Wage as of 6/30	\$753.31	\$742.24	\$717.24	\$674.86

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. Maximum and some minimum benefit levels are set as a percentage of the statewide average weekly wage (SAWW) in effect at the time of the injury. The Illinois Department of Employment Security publishes the SAWW every six months.

	WEEKLY BENEFIT LIMITS AS OF JUNE 30, 2003	
	<u>Minimum</u>	<u>Maximum</u>
TEMPORARY TOTAL DISABILITY		
Single	\$100.90	\$1,004.41
Married, no children	\$105.50	\$1,004.41
1 child under 18	\$108.30	\$1,004.41
2 children	\$113.40	\$1,004.41
3 children	\$117.40	\$1,004.41
4+ children	\$124.30	\$1,004.41

The minimum benefit is the worker's AWW or the amounts listed above, whichever is lower. The maximum benefit can be no more than 133 1/3% of the SAWW. Less than 10% of claimants are affected by either the minimum or maximum benefit levels.

PERMANENT PARTIAL DISABILITY

Single	\$80.90	\$542.17
Married, no children	\$83.20	\$542.17
1 child under 18	\$86.10	\$542.17
2 children	\$88.90	\$542.17
3 children	\$91.80	\$542.17
4+ children	\$96.90	\$542.17

Benefits are paid at 60% of the worker's AWW, up to a maximum of \$542.17, except for cases of amputation or enucleation of an eye, for which the maximum is \$1,004.41. The minimum benefit is the worker's AWW or the amounts listed, whichever is lower.

PERMANENT TOTAL DISABILITY	\$376.66	\$1,004.41
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The minimum benefit cannot be less than 50% of the SAWW. The maximum benefit can be no more than 133 1/3% of the SAWW.

FATALITY	\$376.66	\$1,004.41
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The minimum benefit cannot be less than 50% of the SAWW. The maximum benefit can be no more than 133 1/3% of the SAWW. Benefits are paid for up to 20 years or \$250,000, whichever is greater.

CASES CLOSED

As in other court systems, most cases at the Commission are settled. Please note that these figures report the final action on a case, and that a case may have more than one action, e.g., a case could be decided at arbitration, then decided by the Commission, then settled. At arbitration, a case is counted as closed if it was settled or dismissed, or if a decision was issued and no appeal was filed.⁵

TOTAL CASES CLOSED ARBITRATION AND REVIEW LEVELS

	<u>FY03</u>	<u>%</u>	<u>FY02</u>	<u>%</u>	<u>FY01</u>	<u>%</u>	<u>FY00</u>	<u>%</u>
Dismissals	6,707	10%	7,856	11%	8,059	11%	7,131	10%
Settlements	61,815	88%	62,316	87%	61,995	87%	61,786	87%
Decisions	<u>1,914</u>	3%	<u>1,846</u>	3%	<u>1,611</u>	2%	<u>2,014</u>	3%
Total	70,436		72,018		71,665		70,931	
Percentage change		(2%)		0%		1%		(2%)

CASES CLOSED AT ARBITRATION

Final action:	<u>FY03</u>	<u>%</u>	<u>FY02</u>	<u>%</u>	<u>FY01</u>	<u>%</u>	<u>FY00</u>	<u>%</u>
Dismissals:								
Voluntary	582		627		602		649	
Want of prosecution	<u>6,042</u>		<u>7,143</u>		<u>7,369</u>		<u>6,379</u>	
Total dismissals	6,624	10%	7,770	11%	7,971	11%	7,028	10%
Settlements:								
Original settlements	10,723		11,401		11,501		11,450	
Before arb. decision	50,206		50,014		49,660		49,354	
After arb. decision	<u>549</u>		<u>495</u>		<u>450</u>		<u>471</u>	
Total settlements	61,478	89%	61,910	87%	61,611	87%	61,275	88%
Decisions	1,180	2%	1,093	2%	925	1%	1,090	2%
Total closed	69,282		70,773		70,507		69,393	
Percentage change		(2%)		0%		2%		(1%)

CASES CLOSED AT REVIEW

Final action:	<u>FY03</u>	<u>%</u>	<u>FY02</u>	<u>%</u>	<u>FY01</u>	<u>%</u>	<u>FY00</u>	<u>%</u>
Dismissals at review	83	7%	86	7%	88	8%	103	7%
Settlements:								
Before arbitration decision	42		49		42		144	
After arbitration decision	196		235		211		223	
After review decision	<u>99</u>		<u>122</u>		<u>131</u>		<u>144</u>	
Total settlements	337	29%	406	33%	384	33%	511	33%
Review decisions	734	64%	753	60%	686	59%	924	60%
Total cases closed	1,154		1,245		1,158		1,538	
Percentage change		(7%)		8%		(25%)		(18%)

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

CASES OPENED

	CASES OPENED			
	FY03	FY02	FY01	FY00
New claims filed	54,504	56,548	59,320	59,420
Original settlements filed*	<u>10,799</u>	<u>11,530</u>	<u>11,718</u>	<u>11,416</u>
Total new cases filed	65,303	68,078	71,038	70,836
Percentage change	(4%)	(4%)	0%	3%
Returned for further action**	384			
Reinstated	2,244	2,616	1,975	2,030
Remanded to arbitrator	36	32	25	31
Remanded to commissioner	<u>55</u>	<u>50</u>	<u>56</u>	<u>60</u>
Total cases returned to caseload	2,719	2,698	2,056	2,121
Total additions to the caseload	68,022	70,776	73,094	72,957

* A case is usually opened with an application. When a settlement contract is filed without a prior application, it is referred to as an original settlement.

** This category was created to count those cases that had more than one closing action (e.g., a Commission decision and a settlement); they are counted here as reopened to make the caseload numbers balance.

CASES PENDING

Arbitration. At the end of FY03, there were roughly 110,000 cases pending at arbitration. In most cases, the parties to these pending cases are *not waiting* for the Commission to act. The majority of cases at arbitration are settled, and parties are free to settle a case at any time.

Review. At the end of FY03, there were 1,350 cases pending at the commissioner level.

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. Note that cases involving state employees cannot proceed past the Commission.

	DECISIONS AND APPEALS						
	ARBITRATION DECISIONS ISSUED	% APPEALED	COMMISSION DECISIONS ISSUED	% APPEALED	CIRCUIT CT. DECISIONS ISSUED	APPELLATE CT. OPINIONS ISSUED	SUPREME CT. OPINIONS ISSUED
2000	2,606	49%	1,162	31%	250 <i>est.</i>	138	1-5
2001	2,409	52%	941	29%	250 <i>est.</i>	100	1-5
2002	2,802	50%	1,093	29%	250 <i>est.</i>	112	1-5
2003	2,912	50%	1,055	29%	250 <i>est.</i>	107	1-5

Note: Industrial 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 let the benefits stand or decreased the benefits in 77% of these cases. Similarly, the respondent appeals in the hope of a decreased benefit, but of the cases appealed by the respondent, the commissioners did not decrease benefits 80% of the time.

OUTCOME OF APPEALS
REVIEW DECISIONS ISSUED IN FY03

Arbitration decision was appealed by:	Petitioner (<u>Employee</u>)	Respondent (<u>Employer</u>)	<u>Both</u>	<u>Total</u>
Affirmed	75%	74%	56%	73%
Reversed	8%	2%	6%	5%
Modified, no change in benefits	1%	1%	0%	1%
Benefits increased	15%	5%	22%	12%
Benefits decreased	1%	18%	16%	9%

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 43 months.

DECISIONS ISSUED
DURING FY03

	<u>Regular Cases</u>	<u>19(b) Cases</u>	<u>19(b-1) Cases</u>
Arbitration decisions*	2,436	462	14
# Months to issue	32	6	2
Commission decisions**	724	208	9
# Months to issue	11	9	2

* 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.

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.

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

GENDER

Women constitute 47% of the work force in Illinois,⁶ 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 32% in FY03.

INJURY RATES

The Commission does not have the ability to produce data on the frequency of injury. The statistics in this section come from outside sources, which use different methods to derive their data. There are limitations to all these data collection methods—NCCI data excludes self-insurers, BLS nonfatal survey data is prone to sampling error, BLS fatal data excludes deaths that do not occur at the workplace, etc.—but they produce the best data now available.

National Council on Compensation Insurance data. Overall, injury rates have declined dramatically. The overall injury rate in Illinois has tended to be lower than other states (see “Interstate Comparisons”), and it continues to show progress: Illinois' 2001 total injury rate is 45% lower than in 1991.⁷

FREQUENCY OF INJURY PER 100,000 WORKERS IN ILLINOIS BY INJURY TYPE

<u>Policy Year</u>	<u>Medical Only</u>	<u>Temporary Total</u>	<u>Permanent Partial</u>	<u>Permanent Total</u>	<u>Fatal</u>	<u>Total</u>
1991	6,335	1,493	1,038	4	4	8,874
1992	5,618	1,240	1,016	3	3	7,880
1993	5,174	1,133	941	5	3	7,225
1994	5,044	1,176	842	5	3	7,070
1995	4,877	1,226	675	4	4	6,786
1996	4,825	1,232	630	9	5	6,702
1997	4,320	1,129	595	6	4	6,053
1998	4,185	1,019	591	4	9	5,808
1999	4,041	873	710	4	5	5,633
2000	3,869	842	689	7	5	5,412
2001	3,434	750	654	8	4	4,850

Bureau of Labor Statistics survey of nonfatal injuries and illnesses. Since 1998, the Illinois Department of Public Health 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.⁸

NONFATAL WORK-RELATED INJURIES AND ILLNESSES IN THE PRIVATE AND NONFEDERAL PUBLIC SECTORS IN ILLINOIS

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Total injuries and illnesses	266,800	300,700	302,400	338,500
Change from previous year	(11%)	(1%)	(11%)	

INCIDENCE RATES OF NONFATAL WORK-RELATED INJURIES AND ILLNESSES IN ILLINOIS BY INDUSTRY

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Government	8.2%	7.4%	8.2%	8.5%
Construction	8.1%	9.6%	9.9%	9.1%
Manufacturing	8.1%	8.6%	8.4%	9.3%
Agriculture	7.8%	6.6%	9.1%	9.0%
Transportation	7.7%	7.6%	9.0%	9.9%
Mining	7.0%	7.1%	7.2%	8.6%
Trade, wholesale and retail	4.9%	5.8%	5.7%	6.7%
Services	3.7%	4.7%	4.4%	5.9%
Finance	1.1%	1.3%	1.2%	1.2%
Total	5.6%	6.2%	6.3%	7.1%

Bureau of Labor Statistics study of fatal injuries and illnesses. The Commission provides information on fatal workers' compensation claims to the Illinois Department of Public Health, 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.⁹ The number of fatalities in Illinois in 2002 is the lowest level since IDPH started collecting data in 1992.

FATAL WORK-RELATED INJURIES IN ILLINOIS
BY EVENT OR EXPOSURE

	<u>2002</u>		<u>2001</u>		<u>2000</u>		<u>1999</u>	
	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>
Transportation accident	58	31%	75	32%	85	42%	71	34%
Assault or violent act	44	23%	43	19%	29	14%	36	17%
Contact with objects/equip.	34	18%	37	16%	44	22%	40	19%
Fall	28	15%	39	17%	25	12%	29	14%
Exposure to harmful subst.	19	10%	27	12%	11	5%	23	11%
Fire or explosion	<u>7</u>	4%	<u>10</u>	4%	<u>9</u>	4%	<u>9</u>	4%
Total	190		231		205		208	
Change from previous year		(18%)		13%		(1%)		(4%)

FATAL WORK-RELATED INJURIES IN ILLINOIS
BY INDUSTRY

	<u>2002</u>		<u>2001</u>		<u>2000</u>		<u>1999</u>	
	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>
Services	42	22%	30	13%	19	9%	24	12%
Construction	31	16%	47	20%	47	23%	37	18%
Transportation	28	15%	32	14%	38	19%	37	18%
Agriculture	27	14%	31	13%	21	10%	34	16%
Wholesale and retail trade	25	13%	35	15%	27	13%	26	12%
Manufacturing	19	10%	29	13%	29	14%	27	13%
Government	12	6%	21	9%	15	7%	16	8%
Finance	4	2%	4	2%	3	1%	6	3%
Other	<u>2</u>	1%	<u>2</u>	1%	<u>4</u>	2%	<u>4</u>	2%
Total	190		231		205		208	

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

MEDICAL CARE

The Commission does not have the ability to produce reliable information on medical benefits. Some medical data from external sources appears in the chapter on interstate comparisons.

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.

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).

Under Section 19(l), the Commission may award the petitioner additional compensation of \$10 per day for every day that a weekly compensation benefit has been withheld without good and just cause, up to \$2,500.

CASES WITH PENALTIES AWARDED BY YEAR AWARDED

<u>Section</u>	<u>FY03</u>	<u>FY02</u>	<u>FY01</u>	<u>FY00</u>
16, 19(k), and 19(l)	87	74	68	51
19(k) and 19(l)	14	17	8	4
19(l)	14	18	19	21
16 and 19(l)	1	7	4	1
19(k)	8	9	8	9
16 and 19(k)	47	44	44	40
16	<u>0</u>	<u>2</u>	<u>0</u>	<u>1</u>
Total	171	171	151	127

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 months of the award or settlement.

CASES WITH POST-AWARD PETITIONS FILED BY YEAR PETITION FILED

<u>Section</u>	<u>FY03</u>	<u>FY02</u>	<u>FY01</u>	<u>FY00</u>
8(a)	131	123	123	133
19(h)	9	4	12	11
8(a) and 19(h)	<u>52</u>	<u>39</u>	<u>84</u>	<u>63</u>
Total	192	166	219	207

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

BENEFITS

Even though Illinois is a high-wage state, its workers' compensation benefits as a percentage of payroll rank below the average for large industrial states, and its costs are growing at a slower rate than the national average.¹⁰ Among the 50 states, Illinois is ranked

- #6 in wages;¹¹
- #19 in w.c. insurance premium rates;¹²
- #23 in benefit cost rate (w.c. benefits divided by payroll);¹³
- #25 in total incurred benefits per 100,000 employees;¹⁴
- #36 in total w.c. injuries per 100,000 employees.¹⁵

AVERAGE BENEFITS PAID PER COVERED EMPLOYEE, 2001

		National average	\$350		
		Illinois	\$365		
Neighboring States			Large Industrial States		
Missouri	\$447			California	\$652
Wisconsin	\$351			Pennsylvania	\$448
Michigan	\$342			Ohio	\$420
Kentucky	\$309			Florida	\$391
Iowa	\$281			New York	\$359
Indiana	\$187			Texas	\$265
<i>Median</i>	<i>\$326</i>			<i>Median</i>	<i>\$406</i>

BENEFITS AS PERCENTAGE OF WAGES, 2001

		National average	1.08%		
		Illinois	0.94%		
Neighboring States			Large Industrial States		
Missouri	1.39%			California	1.58%
Wisconsin	1.12%			Pennsylvania	1.29%
Kentucky	1.04%			Ohio	1.27%
Iowa	0.98%			Florida	1.25%
Michigan	0.92%			New York	0.77%
Indiana	0.59%			Texas	0.74%
<i>Median</i>	<i>1.01%</i>			<i>Median</i>	<i>1.26%</i>

INCREASE IN TOTAL INDEMNITY (CASH) AND MEDICAL BENEFITS, 1991 - 2001

		National average	23%		
		Illinois	21%		
Neighboring States			Large Industrial States		
Missouri	99%			New York	48%
Iowa	64%			Florida	35%
Wisconsin	47%			California	33%
Indiana	39%			Pennsylvania	5%
Kentucky	22%			Ohio	2%
Michigan	15%			Texas	(37%)
<i>Median</i>	<i>43%</i>			<i>Median</i>	<i>19%</i>

TOTAL WORKERS' COMPENSATION BENEFIT PAYMENTS

In \$billions	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>
Illinois	\$2.1	\$2.0	\$2.0	\$1.8	\$1.8	\$1.6	\$1.4	\$1.6	\$1.7	\$1.7	\$1.7
% Change	3%	5%	6%	4%	7%	14%	(9%)	(5%)	(5%)	0%	9%
U.S.	\$46.3	\$44.7	\$42.3	\$40.5	\$39.5	\$38.8	\$39.0	\$40.4	\$39.7	\$41.5	\$39.2
% Change	3%	6%	5%	2%	2%	(1%)	(3%)	2%	(4%)	6%	9%

BENEFITS (CONT.)

The following figures break down costs by indemnity and medical benefits. As in other calculations, Illinois' costs run below other large industrial states.¹⁶

POLICY YEAR 2000	AVERAGE INDEMNITY COST PER CASE BY INJURY TYPE				
	Temporary <u>Total</u>	Permanent <u>Partial</u>	Permanent <u>Total</u>	<u>Fatal</u>	<u>Total Indemnity</u>
Illinois	\$5,412	\$23,602	\$192,770	\$129,916	\$14,815
Neighboring States					
Indiana	\$3,827	\$14,695	\$81,702	\$111,564	\$7,002
Iowa	\$3,215	\$24,129	\$202,804	\$215,826	\$10,647
Kentucky	\$3,594	\$34,556	\$209,895	\$214,205	\$10,439
Michigan	\$6,199	\$93,053	\$129,586	\$177,601	\$15,052
Missouri	\$4,754	\$15,612	\$125,702	\$242,569	\$11,691
Wisconsin	\$2,773	\$23,709	\$229,055	\$144,181	\$7,827
<i>Median</i>	\$3,711	\$23,919	\$166,195	\$195,903	\$10,543
Large Industrial States					
California	\$3,738	\$42,624	\$213,202	\$118,899	\$25,216
Florida	\$6,598	\$29,072	\$142,224	\$68,679	\$15,903
New York	\$4,637	\$64,396	\$171,189	\$158,156	\$30,731
Pennsylvania	\$5,957	\$84,880	\$634,456	\$215,451	\$19,453
Texas	\$7,213	\$19,180	\$101,441	\$229,265	\$13,998
<i>Median</i>	\$5,957	\$42,624	\$171,189	\$158,156	\$19,453

POLICY YEAR 2000	AVERAGE MEDICAL COST PER CASE BY INJURY TYPE					
	Medical <u>Only</u>	Temporary <u>Total</u>	Permanent <u>Partial</u>	Permanent <u>Total</u>	<u>Fatal</u>	<u>Total Medical</u>
Illinois	\$636	\$6,054	\$15,066	\$149,647	\$25,181	\$3,538
Neighboring States						
Indiana	\$561	\$7,232	\$20,673	\$574,317	\$12,800	\$2,117
Iowa	\$473	\$4,678	\$18,571	\$228,196	\$63,337	\$2,581
Kentucky	\$508	\$5,279	\$75,270	\$475,548	\$78,231	\$3,890
Michigan	\$418	\$5,702	\$44,546	\$79,305	\$15,524	\$2,135
Missouri	\$546	\$5,359	\$13,924	\$112,974	\$18,104	\$3,413
Wisconsin	\$584	\$5,179	\$35,174	\$1,392,708	\$53,129	\$3,515
<i>Median</i>	\$527	\$5,319	\$27,924	\$351,872	\$35,617	\$2,997
Large Industrial States						
California	\$703	\$4,920	\$42,110	\$325,831	\$30,471	\$9,705
Florida	\$536	\$9,671	\$43,577	\$190,201	\$97,507	\$5,665
New York	\$638	\$4,218	\$20,379	\$52,183	\$41,300	\$4,379
Pennsylvania	\$621	\$6,267	\$63,948	\$618,158	\$112,983	\$3,578
Texas	\$856	\$14,825	\$35,389	\$512,746	\$128,626	\$8,385
<i>Median</i>	\$638	\$6,267	\$42,110	\$325,831	\$97,507	\$5,665

COMPLIANCE WITH 1972 RECOMMENDATIONS

In 1972, the National Commission on State Workmen's Compensation Laws unanimously made 84 recommendations to improve the state systems. The National Commission further stated that 19 items were essential to an adequate workers' compensation system. Illinois meets more of these requirements than most other states.¹⁷

NUMBER OF 19 ESSENTIAL RECOMMENDATIONS MET

	National average	12.90		
	Illinois	15.00		
Neighboring States			Large Industrial States	
Iowa	15.50		Ohio	14.50
Wisconsin	15.00		Pennsylvania	13.75
Missouri	14.75		California	12.00
Kentucky	14.25		Florida	11.00
Indiana	11.50		New York	10.75
Michigan	9.75		Texas	10.50
<i>Median</i>	14.50		<i>Median</i>	11.50

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.¹⁸

PERCENTAGE OF TOTAL EMPLOYED COVERED

	National average	87.5%		
	Illinois	91.4%		
Neighboring States			Large Industrial States	
Indiana	89.5%		Ohio	91.1%
Michigan	88.8%		New York	90.4%
Kentucky	86.8%		Pennsylvania	90.2%
Iowa	85.8%		California	89.1%
Wisconsin	85.8%		Florida	87.7%
Missouri	85.2%		Texas	73.7%
<i>Median</i>	86.3%		<i>Median</i>	89.7%

SAFETY

Illinois' overall injury rate is lower than its neighbors and other large industrial states.¹⁹

POLICY YEAR 2000	FREQUENCY OF INJURY BY TYPE PER 100,000 WORKERS					
	<u>Medical Only</u>	<u>Temporary Total</u>	<u>Permanent Partial</u>	<u>Permanent Total</u>	<u>Fatal</u>	<u>Total Injuries</u>
Illinois	3,869	842	689	7	5	5,412
Neighboring States						
Indiana	7,096	855	289	2	3	8,246
Iowa	5,531	1,138	533	2	4	7,207
Kentucky	6,082	1,142	250	1	8	7,482
Michigan	5,986	1,263	130	3	5	7,385
Missouri	4,532	884	980	8	6	6,410
Wisconsin	6,761	1,570	442	2	3	8,778
<i>Median</i>	6,034	1,140	366	2	5	7,434
Large Industrial States						
California	4,455	1,172	1,271	14	4	6,917
Florida	4,907	1,024	379	34	5	6,349
New York	2,391	819	510	17	3	3,741
Pennsylvania	6,173	1,208	201	4	3	7,589
Texas	3,052	661	512	9	5	4,238
<i>Median</i>	4,455	1,024	510	14	4	6,349

Employers' safety efforts may affect their workers' compensation costs more than a state's public policy. A well-known study found a six-fold variation in costs among states; i.e., the state with the highest costs (Maine) spent six times that of the lowest-cost state (Indiana). Yet researchers found that within each of 29 different industries within one state (Michigan), some employers had 10 times the number of claims per 100 employees than others. The researchers concluded that employers that engage in safety efforts, maintain an open management style, and take steps to prevent and manage disability are most likely to have low workers' compensation claims.²⁰

¹ *State Workers' Compensation Administrative Profiles*, U.S. Department of Labor, October 2002, pp. 391 - 399; *2002 Analysis of Workers' Compensation Laws*, U.S. Chamber of Commerce, Chart XIV.

² "1999 Premium Distribution and Leading Workers' Comp Writers by State," *Best's Review*, November 2000, p. 92; this is the most recent published data. See also: "All Illinois Licensed Companies--Illinois Workers' Compensation," Illinois Department of Insurance, 1994-2001 reports.

³ National Council on Compensation Insurance filings with the Illinois Department of Insurance. Before 1/1/1990, the rates for the assigned risk plan and the voluntary market fluctuated. (The assigned risk plan consists of high-risk companies that cannot obtain workers' compensation insurance on the open market.) From 1/1/1990 - 1/1/2002, the assigned risk plan was set at 20% higher than the voluntary market, and the same percentage change applied to both. Since 1/1/2002, the rates again fluctuate. For more information, call the Illinois Department of Insurance (217/524-8361). For information about the assigned risk pool, see NCCI's *Annual Statistical Bulletin*, Ex. XIII. Consumer Price Index data came from the Bureau of Labor Statistics' web site. CPI 1982-84 = 100 Midwest Urban Area--All Urban Consumers, not seasonally adjusted.

⁴ "Fiscal Data for State Workers' Compensation Systems, 1991-2001," *Research Bulletin*, National Foundation for Unemployment Compensation and Workers' Compensation, August 2003, Table 19. This is the most recent year for which data is available.

⁵ Since FY95, we count every dismissal as closing a case; if a case is reopened, it is counted in the number of cases reinstated to the caseload (see Cases Opened).

⁶ "Workforce Availability Information, 2002," Illinois Department of Employment Security, Table II.

⁷ *Annual Statistical Bulletin*, Exhibit XII. This information refers only to the experience of employers with insurance, not state funds or self-insurers. The figures for fatalities and PTDs come from a small number of cases and should be viewed with caution.

⁸ *Workplace Nonfatal Injuries and Illnesses*, 1998-2001 editions, Illinois Department of Public Health, Tables 1, 2, 9. This is the most recent data available. Federal employees and farms with fewer than 11 employees are excluded from the survey. For more information, contact the IDPH Division of Epidemiologic Studies at 217/785-1873. Reports are available at www.idph.state.il.us.

⁹ *Census of Fatal Occupational Injuries: Illinois*, 1999-2002 editions, Illinois Department of Public Health.

¹⁰ "Fiscal Data," Tables 4, 11, 12. Note the figures for the past several years have been revised from previous reports for several states. The large change in Missouri's figures is due to a change in calculation methods.

¹¹ "Average Annual Wages for 2001 and 2002 for all Covered Workers by State," US Bureau of Labor Statistics, BLS Web site (www.bls.gov/cew, then click on link for "Annual Data Tables").

¹² *Oregon Workers' Compensation Premium Rate Ranking, CY2002*, Oregon Department of Consumer and Business Services, p. 3.

¹³ "Fiscal Data," Table 1.

¹⁴ "Workers' Compensation Incurred Benefits: 1985 to 1999," Florence Blum and John F. Burton, Jr., *Workers' Compensation Policy Review*, July/August 2003, Table 1.99, page 6.

¹⁵ *Annual Statistical Bulletin*, Exhibit XII. Note that information is not available for five states (ND, OH, WA, WV, WY).

¹⁶ *Annual Statistical Bulletin*, Exhibit XI.

¹⁷ "State Workers' Compensation Laws in Effect January 1, 2002," U.S. Department of Labor, Office of Workers' Compensation Programs, 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, 2002, compliance levels range from 7.25 in Mississippi to 16.50 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 noted above). The report may be found at www.workerscompresources.com.

¹⁸ "Workers' Compensation Coverage by State," *Workers' Compensation Data Fact Sheet, No. 1*, National Academy of Social Insurance, October 2002, Table 1, column 5.

¹⁹ *Annual Statistical Bulletin*, Exhibit XII.

²⁰ *Why Some Employers Have a Better Workers' Compensation Experience Than Others*, Edw. M. Welch, 1991, pp. 3-7.