

ILLINOIS  
WORKERS'  
COMPENSATION  
COMMISSION

**FY04  
ANNUAL  
REPORT**

**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:

FY04 was the first full year in which the Commission was supported by a dedicated source of funds. We expect and trust that these funds will bring important improvements to the Commission, and we are encouraged by the progress we have made.

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

Mario Basurto, Commissioner

Paul W. Rink, Commissioner

James F. DeMunno, Commissioner

Barbara A. Sherman, Commissioner

Susan O. Pigott, Commissioner

Ilonka Munoz Ulrich, Commissioner

Dennis R. Ruth, Chairman

Amy Masters, Chief of Staff/Asst. Secretary

Carolyn L. Parks, Executive Director

ARBITRATORS

Peter Akemann  
George Andros  
Milton Black  
Kurt Carlson  
Brian Cronin  
Charles DeVriendt  
John Dibble

Gregory Dollison  
Tony Erbacci  
Robert Falcioni  
Joann Fratianni  
Gilberto Galicia  
James Giordano  
Paula Gomora

Kathleen Hagan  
Leo Hennessy  
Douglas Holland  
Gerald Jutila  
David Kane  
Jacqueline Kinnaman  
Robert Lammie

Edward Lee  
Stephen Mathis  
Andrew Nalefski  
Neva Neal  
Peter O'Malley  
Valerie Peiler  
Richard Peterson

Joseph Prieto  
Maureen Pulia  
Joseph Reichart  
Jennifer Teague  
Jeffery Tobin  
Ruth White  
Robert Williams

## HIGHLIGHTS

- During FY04, the Commission hired more arbitrators and encouraged them to conduct more trials. The number of decisions issued by arbitrators has increased from the low point of 2,400 in FY01 to nearly 3,800 in FY04—over a 50% increase.
- Even though Illinois is a high-wage state, it is ranked much lower in various measures of workers' compensation than its wages would suggest. Among the 51 states (including DC), Illinois is ranked:
  - 7<sup>th</sup> highest in wages;
  - 14<sup>th</sup> highest in w.c. indemnity costs per claim;
  - 20<sup>th</sup> highest in w.c. medical costs per claim;
  - 23<sup>rd</sup> highest in w.c. insurance premium rates;
  - 28<sup>th</sup> highest in w.c. benefit cost rates (w.c. benefits divided by payroll); and
  - 37<sup>th</sup> highest in w.c. injury rate.
- Accident rates have fallen dramatically. Illinois' 2001 workers' compensation injury rate was *45% lower* than in 1991. Everyone wins when injuries are avoided.
- Workers' compensation insurance rates peaked in the mid-1990s and have been declining since then. After adjusting for inflation, the 2005 advisory rate for workers' compensation insurance in Illinois represents a *35% 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 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. The chairman of the Illinois Workers' Compensation Commission (IWCC) also serves as chairman of each board.

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### 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 Akemann, as of the end of FY04;  
Mario Basurto since 3/1/05  
Senior Business Commissioner  
IWCC

Joseph Reichart  
Chicago Arbitrator  
IWCC

Robert Hanaford  
Attorney  
Robert H. Hanaford, Ltd.

Ann Marie Walsh  
Attorney  
Lord, Bissell & Brook

Barbara A. Sherman  
Senior Labor Commissioner  
IWCC

Ruth White  
Downstate Arbitrator  
IWCC

---

### 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.

Paul M. McCloskey  
Senior Vice-President  
Amalgamated Bank of Chicago

Margaret Blackshere  
President  
Illinois State AFL-CIO

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

## **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.

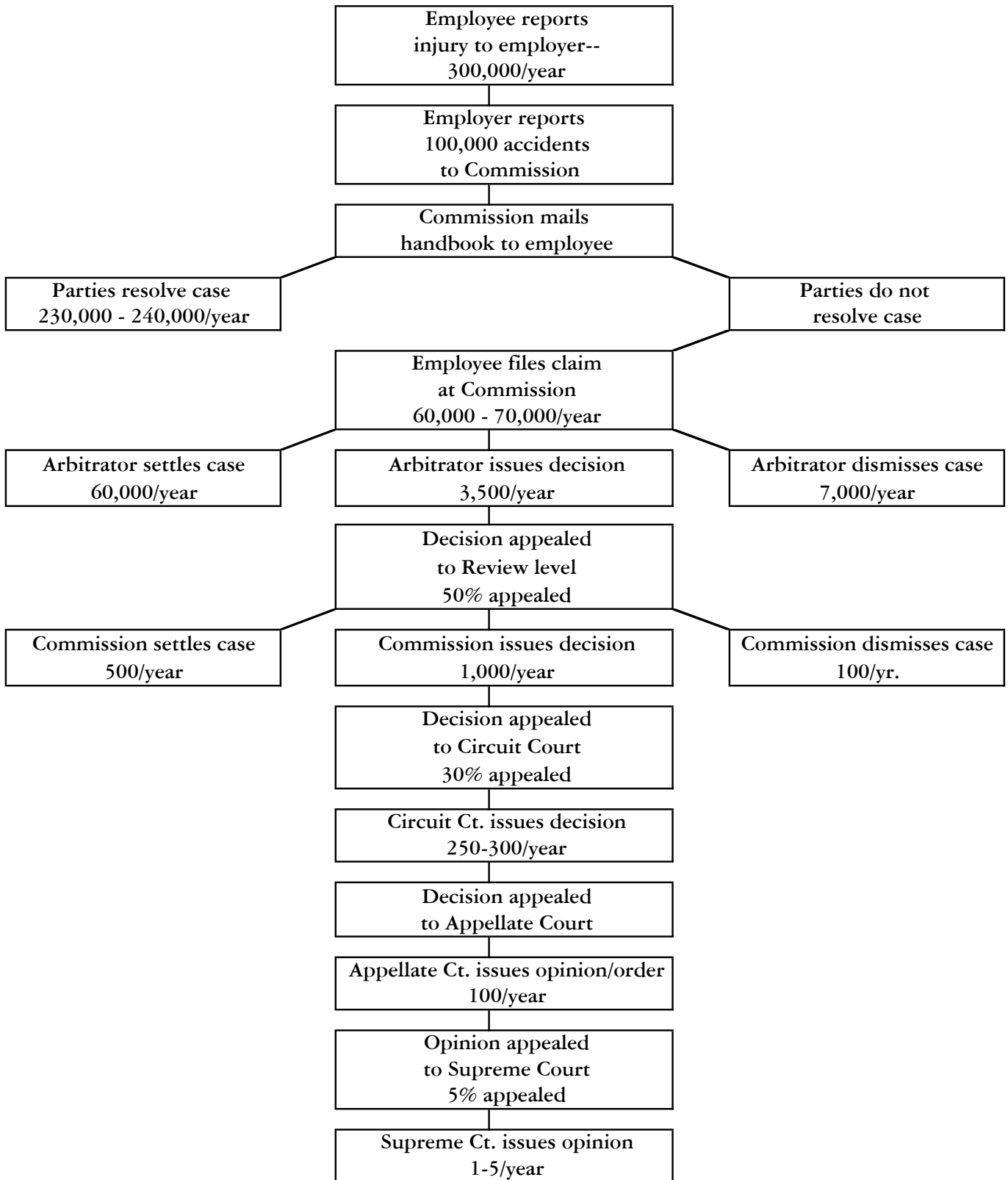
Workers' compensation was established as a no-fault system. The theory behind the law is that the cost of work-related injuries or illnesses should be part of the cost of the product or service.

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 are rough.

## FINANCES

During the Spring 2003 session, the legislature passed and the governor signed a bill authorizing 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.

With the assessment, the Commission's FY04 expenditures increased 24%. Even so, the cost of administering Illinois' workers' compensation program— \$2.24 per covered worker—is less than half the cost in other states with assessments.<sup>1</sup>

### IWCC OPERATING EXPENDITURES ( \$ in hundreds )

Fiscal Year	Operating Expenditures	Expenditures Adjusted for Inflation	IWCC Headcount At End of Year	New Claims Filed
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	65,303
04	12,747.7	2,229.0	150	62,267

### SPECIAL FUNDS

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

#### ACTIVITY OF SPECIAL FUNDS

	6/30/03 Balance	plus Income	minus Expenditures	plus/minus Adjustments	6/30/04 Balance
IWCC Operations Fund	\$473,075	\$42,510,511	\$37,429,109	\$0	\$5,554,477
Rate Adjustment Fund	(\$12,950,021)	\$8,846,528	\$10,725,784	\$798	(\$14,828,479)
Second Injury Fund	\$506,813	\$1,150,156	\$1,176,683	\$0	\$480,286
Self-Insurers Administration Fund	\$679,176	\$409,284	\$330,885	(\$28,907)	\$728,668
Self-Insurers Security Fund	\$6,817,131	\$3,202,329	\$4,029,566	(\$1,607,431)	\$4,382,463
Transcript Deposit Fund	\$25,037	\$11,410	\$10,435	\$0	\$26,012
Workers' Compensation Benefit Trust Fund	\$193,533	\$2,270	\$0	\$0	\$195,803

### IWCC OPERATIONS FUND

*Illinois Compiled Statutes, Chapter 820, Paragraph 305, Sect. 4(a-1), 4(d)*

In FY04, employers paid a 1.5% surcharge on workers' compensation insurance premiums and self-insured employers paid an assessment of 0.075% of payroll. The legislature later reduced the amounts so that employers now pay a 1.01% surcharge on workers' compensation insurance premiums and self-insured employers pay an assessment of 0.0045% of payroll.



## RATE ADJUSTMENT FUND

*Illinois Compiled Statutes, Chapter 820, Paragraph 305, Section 7*

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.

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

The RAF has run a deficit since FY94. In 1996, the legislature increased the assessment level from  $\frac{1}{2}$  of 1%, but it was not enough to cover expenses. The fund has been borrowing money from GRF to pay the benefits and is reaching the \$15 million borrowing limit.

## 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, 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  $\frac{1}{8}$  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.

## 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 to Commission court reporters, via this fund, for preparing the files.

## 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 healthy and highly competitive. More insurance companies sell workers' compensation policies in Illinois than in any other state.<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. Insurance companies file rates with the Illinois Division of Insurance that deviate roughly 10% above and below the advisory rate.

As the following chart shows, a premium of \$100 in 1990 would cost only \$98.14 in 2005. After adjusting for inflation, the 2005 rate actually represents a 35% decrease in costs.<sup>3</sup>

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

Effective Date	-----ILLINOIS RATE-----		-----CONSUMER PRICE INDEX-----	
	% Change From Previous Year	Scale	% Change From Previous Year	Scale
1/1/90		100.00		100.00
1/1/91	8.5%	108.50	4.4%	104.41
1/1/92	9.1%	118.37	4.7%	109.31
1/1/93	5.7%	125.12	2.7%	112.22
1/1/94	9.6%	137.13	3.1%	115.71
1/1/95	-6.8%	127.81	2.5%	118.62
1/1/96	-13.6%	110.43	3.4%	122.61
1/1/97	-10.1%	99.27	2.9%	126.18
1/1/98	-7.9%	91.43	2.8%	129.76
1/1/99	-0.2%	91.25	1.7%	131.92
1/1/00	1.2%	92.34	1.8%	134.25
1/1/01	0.0%	92.34	3.4%	138.82
1/1/02	-0.2%	92.16	3.5%	143.64
1/1/03	6.7%	98.33	0.6%	144.47
1/1/04	-0.3%	98.04	2.3%	147.80
1/1/05	0.1%	98.14	2.0%	150.79

## 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 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 FY04, the Commission brought 34 employers, with 139 employees, into compliance with the law. In FY04, the Commission collected \$108,000 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. Illinois is now the only state in the country that allows balance billing in workers' compensation cases.

## 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, and they employ roughly 10% of the employees in Illinois.

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

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

# ADMINISTRATION

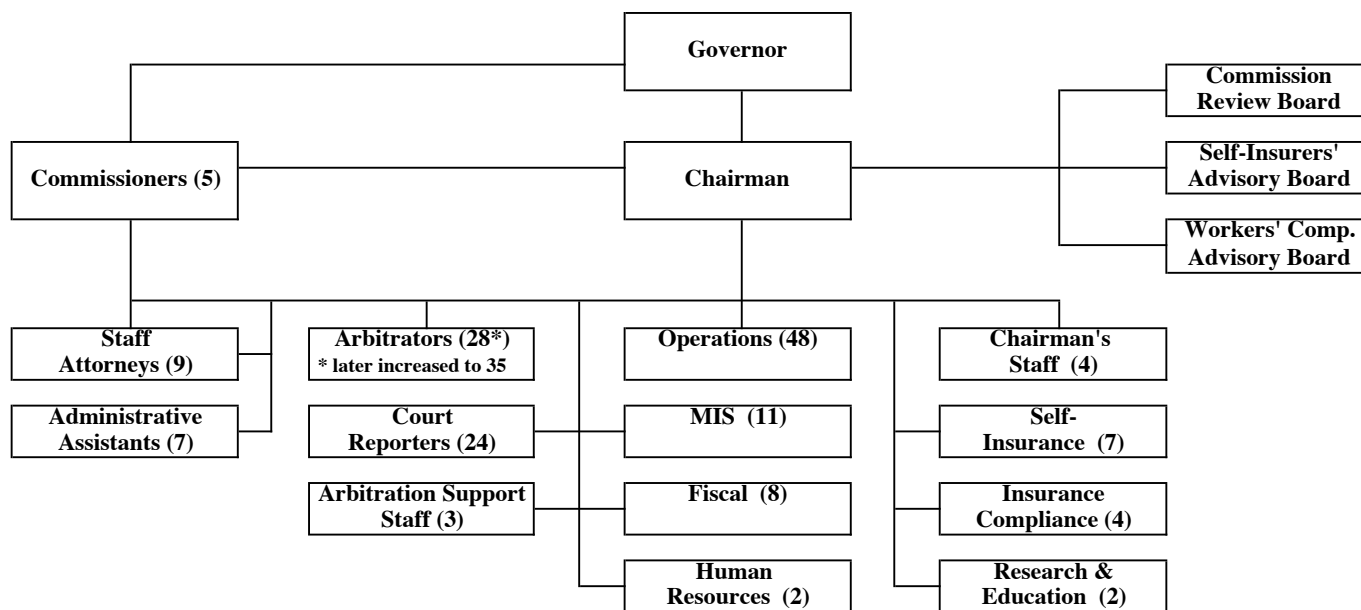
## ADMINISTRATIVE ACCOMPLISHMENTS

- During FY04, the Commission increased its staff of arbitrators by 27%, and established new policies that emphasized speedy trials. The number of decisions issued by arbitrators increased from the low point of 2,400 in FY01 to nearly 3,800 in FY04—over a 50% increase.
- Through our Web site, people now have better access to Commission information than ever before. In FY04, we added a page where users can look up the status of all pending cases. That page now receives over 50,000 hits each month. We added other information as well, 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.iwcc.il.gov](http://www.iwcc.il.gov) for the act, rules, forms, handbook, rates, calendars, call sheets, and other important information. In addition, we send speakers out upon request, hundreds of people come to the Commission for educational programs, and we answer 100,000 phone calls and letters each year.

## ORGANIZATIONAL STRUCTURE

At the end of FY04, the Workers' Compensation Commission consisted of the chairman, five commissioners, 150 regular employees, and seven employees in the separately-funded Self-Insurance Division, for a total of 163 people.

ILLINOIS WORKERS' COMPENSATION COMMISSION  
ORGANIZATIONAL CHART AS OF 6/30/04



## CHAIRMAN'S OFFICE

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Dennis R. Ruth, Chairman

Headcount: 4

Working in the Chairman's Office were Dan Creedon, legislative liaison; Linda Freeman, administrative assistant; Kathryn Kelley, legal counsel; and Amy Masters, chief of staff/assistant secretary. (Note: Linda Freeman has since moved to Human Resources; Lisa Hwang is now the chairman's administrative assistant.)

## FISCAL OFFICE

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Charles Kusar, Manager

Headcount: 8

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

## HUMAN RESOURCES

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Rebecca Loredoz Paz, Manager

Headcount: 2

This office handles all personnel transactions and benefit programs.

## INSURANCE COMPLIANCE

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At the end of FY04, Robert Harris served as manager;  
the position is currently vacant.

Headcount: 4

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

## JUDICIAL DIVISION

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Amy Masters, Manager

Headcount: 71

### *Arbitration*

Bertha Parker, Coordinator

Arbitrators conduct hearings, issue decisions, and approve settlements of cases. At the end of FY04, 14 arbitrators worked in the Chicago office and another 14 arbitrators traveled to 31 downstate hearing sites. Three support staff set schedules, conduct legal research, and provide clerical support.

### *Commission*

At the end of FY04, Greg Dollison served as coordinator;  
Dora Shabazz is now acting as the 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.

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.

### *Court Reporting*

Marvin Goins, Supervisor

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

## MANAGEMENT INFORMATION SYSTEMS

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Terry W. Spurlin, Manager

Headcount: 11

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

## OPERATIONS DIVISION

At the end of FY04, Janice Montoya served as Operations Manager;  
Carolyn Parks now holds the dual position of Operations Manager/Executive Director.

Headcount: 48

*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* At the end of FY04, the supervisor position was vacant;  
Jana Fortner Thompson now holds the position.

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))* At the end of FY04, Jana Fortner Thompson served as supervisor;  
the position is now vacant.

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* At the end of FY04, Velma Ephriam served as supervisor;  
Danny Welter is now acting as the 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: 7

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, 60,000 – 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

*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	FY04	FY03	FY02	FY01	FY00
1. Belleville*	1,459	1,681	1,689	1,829	1,906
2. Bloomington	1,940	1,854	1,805	1,790	1,970
3. Carlinville	322	366	389	369	374
4. Carlyle	652	703	892	991	959
5. Chicago	24,712	26,475	27,795	29,257	29,458
6. Clinton	255	240	231	273	324
7. Collinsville	2,095	2,021	2,013	2,016	2,080
8. Danville	541	653	625	632	718
9. Decatur	851	915	1,093	1,282	1,238
10. De Kalb	483	521	552	533	631
11. Galesburg	664	734	753	865	932
12. Geneva	2,704	2,773	2,824	2,859	2,750
13. Herrin	601	856	886	1,036	993
14. Jacksonville	533	542	486	579	456
15. Joliet	2,543	2,617	2,671	2,651	2,697
16. Kankakee	728	781	797	863	811
17. Lawrenceville	357	475	438	430	442
18. Mattoon	1,090	1,162	1,292	1,410	1,449
19. Mt. Vernon	492	506	515	508	502
20. Ottawa	983	931	1,086	1,013	1,030
21. Peoria	2,845	2,838	2,738	2,954	2,705
22. Quincy	525	558	554	532	459
23. Rock Falls	555	634	692	872	727
24. Rock Island	795	799	899	947	999
25. Rockford	2,612	2,649	2,886	2,975	2,914
26. Springfield	1,435	1,424	1,399	1,324	1,179
27. Taylorville	150	139	146	170	182
28. Urbana	934	964	1,060	1,013	966
29. Waukegan	2,272	2,462	2,480	2,550	2,475
30. Wheaton	3,219	3,456	3,829	3,953	4,170
31. Whittington	1,886	1,610	1,482	1,435	1,314
32. Woodstock	1,034	964	1,081	1,127	1,026
Total new cases filed	62,267	65,303	68,078	71,038	70,836

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

*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

	FY04	FY03	FY02	FY01	FY00
Head and neck					
Eyes	1%	<1%	1%	1%	1%
Head--other parts	3%	3%	3%	3%	3%
Neck	4%	4%	4%	4%	4%
Trunk					
Back	18%	18%	18%	18%	18%
Shoulder	6%	7%	6%	6%	6%
Not specified	2%	2%	2%	2%	3%
Upper extremities					
Arm	10%	11%	10%	10%	10%
Hand	13%	14%	14%	14%	14%
Finger	5%	6%	6%	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	1%	1%	2%	2%	2%
Body systems	<1%	<1%	<1%	<1%	<1%
Multiple parts	16%	13%	13%	13%	13%
Total	100%	100%	100%	100%	100%

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

	FY04	FY03	FY02	FY01	FY00
Cases filed during FY	83%	83%	83%	83%	84%
Original settlements approved*	6%	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 FY04 averaged \$35,211/year, 12% lower than the statewide average of \$39,770.

	AVERAGE WEEKLY WAGE BY YEAR OF ACCIDENT				
	FY04	FY03	FY02	FY01	FY00
Claimants' Average Weekly Wage	\$677.14	\$670.85	\$653.98	\$631.99	\$603.50
Statewide Average Weekly Wage as of 6/30	\$764.80	\$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. 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, 2004	
	Minimum	Maximum
TEMPORARY TOTAL DISABILITY		
Single	\$100.90	\$1,019.73
Married, no children	\$105.50	\$1,019.73
1 child under 18	\$108.30	\$1,019.73
2 children	\$113.40	\$1,019.73
3 children	\$117.40	\$1,019.73
4+ children	\$124.30	\$1,019.73

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	\$550.47
Married, no children	\$83.20	\$550.47
1 child under 18	\$86.10	\$550.47
2 children	\$88.90	\$550.47
3 children	\$91.80	\$550.47
4+ children	\$96.90	\$550.47

Benefits are paid at 60% of the worker's AWW, up to a maximum of \$550.47, except for cases of amputation or enucleation of an eye, for which the maximum is \$1,019.73. The minimum benefit is the worker's AWW or the amounts listed, whichever is lower.

PERMANENT TOTAL DISABILITY	\$382.40	\$1,019.73
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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	\$382.40	\$1,019.73
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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.

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

	FY04	%	FY03	%	FY02	%	FY01	%	FY00	%
Dismissals	6,785	10%	6,707	10%	7,856	11%	8,059	11%	7,131	10%
Settlements	57,482	87%	61,815	88%	62,316	87%	61,995	87%	61,786	87%
Decisions	<u>2,108</u>	3%	<u>1,914</u>	3%	<u>1,846</u>	3%	<u>1,611</u>	2%	<u>2,014</u>	3%
Total	66,375		70,436		72,018		71,665		70,931	

CASES CLOSED  
AT ARBITRATION

FINAL ACTION	FY04	%	FY03	%	FY02	%	FY01	%	FY00	%
Dismissals:										
Voluntary	590		582		627		602		649	
DWP*	<u>6,069</u>		<u>6,042</u>		<u>7,143</u>		<u>7,369</u>		<u>6,379</u>	
Total dismissals	6,659	10%	6,624	10%	7,770	11%	7,971	11%	7,028	10%
Settlements:										
Original settlements	10,480		10,723		11,401		11,501		11,450	
Before arb. decision	45,922		50,206		50,014		49,660		49,354	
After arb. Decision	<u>668</u>		<u>549</u>		<u>495</u>		<u>450</u>		<u>471</u>	
Total settlements	57,070	88%	61,478	89%	61,910	87%	61,611	87%	61,275	88%
Decisions	1,379	2%	1,180	2%	1,093	2%	925	1%	1,090	2%
Total closed	65,108		69,282		70,773		70,507		69,393	

\* DWP = Dismissed for Want of Prosecution

CASES CLOSED  
AT REVIEW

FINAL ACTION	FY04	%	FY03	%	FY02	%	FY01	%	FY00	%
Dismissals at review	126	10%	83	7%	86	7%	88	8%	103	7%
Settlements:										
Before arb. decision	45		42		49		42		144	
After arb. decision	252		196		235		211		223	
After review decision	<u>115</u>		<u>99</u>		<u>122</u>		<u>131</u>		<u>144</u>	
Total settlements	412	33%	337	29%	406	33%	384	33%	511	33%
Review decisions	729	58%	734	64%	753	60%	686	59%	924	60%
Total cases closed	1,267		1,154		1,245		1,158		1,538	

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

## CASES OPENED

### CASES OPENED

	FY04	FY03	FY02	FY01	FY00
New claims filed	51,752	54,504	56,548	59,320	59,420
Original settlements filed*	<u>10,515</u>	<u>10,799</u>	<u>11,530</u>	<u>11,718</u>	<u>11,416</u>
Total new cases filed	62,267	65,303	68,078	71,038	70,836
Returned for further action**	42	384			
Reinstated	1,914	2,244	2,616	1,975	2,030
Remanded to arbitrator (regular awards)	54	36	32	25	31
Remanded to commissioner	<u>73</u>	<u>55</u>	<u>50</u>	<u>56</u>	<u>60</u>
Total cases returned to caseload	2,083	2,719	2,698	2,056	2,121
Total additions to the caseload	64,350	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 make the caseload numbers balance, accounting for those cases that opened and closed more than once.

## CASES PENDING

*Arbitration.* At the end of FY04, there were roughly 108,000 cases pending at arbitration. In most cases, the parties to these pending cases are *not waiting* for the Commission to act. Roughly 90,000 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.

*Review.* At the end of FY04, there were 1,800 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. 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	# Appeals to App. Ct.	Appellate Ct. Opinions/Orders Issued	Supreme Ct. Opinions Issued
2000	2,606	49%	1,162	31%	250-300	160	138	1-5
2001	2,409	52%	941	29%	250-300	130	100	1-5
2002	2,802	50%	1,093	29%	250-300	144	112	1-5
2003	2,912	50%	1,055	29%	250-300	150	107	1-5
2004	3,759	51%	1,026	31%	250-300	148	123	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 let the benefits stand or decreased the benefits in 65% 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 79% of the time.

OUTCOME OF APPEALS  
REVIEW DECISIONS ISSUED IN FY04

Arbitration decision was appealed by:	Petitioner (Employee)	Respondent (Employer)	Both	Total
Affirmed	62%	73%	52%	66%
Reversed	14%	8%	5%	11%
Modified, no change in benefits	1%	2%	1%	1%
Benefits increased	21%	3%	34%	15%
Benefits decreased	2%	14%	7%	7%

*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 44 months.

DECISIONS ISSUED  
DURING FY04

	Regular Cases	19(b)/8(a) Cases	19(b-1) Cases
Arbitration decisions*	2,925	827	7
# Months to issue	32	6	3
Commission decisions**	708	224	5
# Months to issue	12	9	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 expedited 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.

EXPEDITED DECISIONS ISSUED BY ARBITRATORS

	19(b)/8(a)	19(b-1)	Total
FY90	170	342	512
FY95	419	132	551
FY00	347	20	367
FY03	516	14	530
FY04	827	7	834

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 FY04.

## INJURY RATES

The Commission does not have the ability to produce data on the frequency of injury. 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—NCCI excludes self-insurers, the BLS nonfatal survey 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.

In rough terms, both data sets indicate that about 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 continues to decrease: Illinois' 2001 total injury rate is 45% lower than in 1991. (This is the most recent data available.)<sup>5</sup>

### PERCENTAGE OF WORKERS EXPERIENCING WORK-RELATED INJURIES IN ILLINOIS EACH YEAR BY INJURY TYPE

#### 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%

### RATE OF NONFATAL WORK-RELATED INJURIES AND ILLNESSES IN ILLINOIS, 2002<sup>6</sup>

#### BLS DATA

Workers' Injury Rate by Industry		Distribution of Injuries by Event	
Government	7.7%	Overexertion	32%
Construction	7.5%	Contact w. objects/equip.	30%
Transportation	7.3%	Fall	19%
Manufacturing	6.8%	Exposure to harmful substances	5%
Mining	5.5%	Repetitive motion	5%
Trade, wholesale and retail	5.0%	Slip or trip (no fall)	4%
Agriculture	4.7%	Transportation accident	4%
Services	3.8%	Assault or violent act	1%
Finance	1.2%	Fire or explosion	<1%
Average for all workers	5.3%		

### FATAL WORK-RELATED INJURIES IN ILLINOIS, 2002<sup>7</sup>

#### BLS DATA

Number of Fatalities by Industry		Distribution of Fatalities by Event	
Services	42	Transportation accident	31%
Construction	31	Assault or violent act	23%
Transportation	28	Contact with objects/equip.	18%
Agriculture	27	Fall	15%
Trade, wholesale and retail	25	Exposure to harmful subst.	10%
Manufacturing	19	Fire or explosion	4%
Government	12		
Finance	4	Total number of fatalities	190
Other	2	as % of employment	.003%

## 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.

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.

## 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.

### PERCENTAGE OF DECISIONS AND ORDERS AWARDING PENALTIES BY YEAR AWARDED

	ARBITRATION DECISIONS		COMMISSION DECISIONS	
	Emergency	Regular	Emergency	Regular
FY00	9%	1%	8%	2%
FY01	12%	2%	4%	3%
FY02	10%	2%	7%	2%
FY03	10%	2%	4%	3%
FY04	12%	3%	6%	3%

## 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

Section	FY04	FY03	FY02	FY01	FY00
8(a)	201	131	123	123	133
19(h)	16	9	4	12	11
8(a) and 19(h)	<u>47</u>	<u>52</u>	<u>39</u>	<u>84</u>	<u>63</u>
Total	264	192	166	219	207

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

Section	FY04	FY03	FY02	FY01	FY00
8(a)					
Granted	25%	22%	14%	17%	13%
Denied	4%	1%	9%	5%	12%
Dismissed	46%	40%	50%	47%	45%
Withdrawn	25%	38%	28%	32%	30%
19(h)					
Granted	26%	36%	11%	18%	19%
Denied	21%	20%	32%	29%	13%
Dismissed	35%	28%	46%	44%	51%
Withdrawn	18%	16%	11%	9%	17%

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

Workers' compensation benefits are based on wages and, all things being equal, a high-wage state would be expected to have high costs. Yet Illinois is ranked much lower in various measures of workers' compensation than its wages would suggest. Among the 50 states and D.C., Illinois is ranked:

7<sup>th</sup> highest in wages;<sup>8</sup>

14<sup>th</sup> highest in w.c. indemnity costs per claim;<sup>9</sup>

20<sup>th</sup> highest in w.c. medical costs per claim;<sup>10</sup>

23<sup>rd</sup> highest in w.c. insurance premium rates;<sup>11</sup>

28<sup>th</sup> highest in w.c. benefit cost rate (w.c. benefits divided by payroll);<sup>12</sup>

37<sup>th</sup> highest in w.c. injury rate.<sup>13</sup>

Details follow.



INTERSTATE COMPARISON #1: ILLINOIS IS 7<sup>TH</sup> HIGHEST IN WAGES

AVERAGE ANNUAL WAGES		
1	District of Columbia	\$57,914
2	Connecticut	\$46,852
3	New York	\$46,328
4	New Jersey	\$45,182
5	Massachusetts	\$44,954
6	California	\$41,419
7	<b>ILLINOIS</b>	\$39,688
8	Delaware	\$39,684
9	Maryland	\$39,382
10	Washington	\$38,242
11	Michigan	\$38,135
12	Colorado	\$38,005
13	Minnesota	\$37,458
14	Virginia	\$37,222
15	Alaska	\$37,134
16	Texas	\$36,248
17	New Hampshire	\$36,176
18	Pennsylvania	\$35,808
19	Georgia	\$35,734
20	Rhode Island	\$34,810
21	Ohio	\$34,214
22	Arizona	\$34,036
23	Nevada	\$33,993
24	Oregon	\$33,684
25	Missouri	\$33,118
26	North Carolina	<b>MEDIAN</b> \$32,689
27	Hawaii	\$32,671
28	Indiana	\$32,603
29	Tennessee	\$32,531
30	Wisconsin	\$32,464
31	Florida	\$32,426
32	Alabama	\$31,163
33	Vermont	\$31,041
34	Kentucky	\$30,904
35	Kansas	\$30,825
36	Utah	\$30,585
37	Louisiana	\$30,115
38	South Carolina	\$30,003
39	Maine	\$29,736
40	Iowa	\$29,668
41	Nebraska	\$29,448
42	New Mexico	\$29,431
43	Wyoming	\$28,975
44	Oklahoma	\$28,654
45	West Virginia	\$28,612
46	Idaho	\$28,163
47	Arkansas	\$28,074
48	Mississippi	\$26,665
49	North Dakota	\$26,550
50	South Dakota	\$26,360
51	Montana	\$26,001

INTERSTATE COMPARISON #2: ILLINOIS IS 14<sup>TH</sup> HIGHEST IN W.C. INDEMNITY COSTS PER CLAIM  
 (OUT OF THE 46 STATES (INCL. D.C.) WITH AVAILABLE DATA)

AVERAGE INDEMNITY COST PER CLAIM		
1	New York	\$30,731
2	California	\$25,216
3	Louisiana	\$24,103
4	North Carolina	\$23,103
5	Georgia	\$21,702
6	Connecticut	\$19,681
7	South Carolina	\$19,617
8	Pennsylvania	\$19,453
9	Tennessee	\$19,354
10	Colorado	\$18,767
11	Michigan	\$18,483
12	Nevada	\$17,593
13	Massachusetts	\$17,407
14	<b>ILLINOIS</b>	\$17,393
15	Alaska	\$17,330
16	Nebraska	\$16,339
17	Kentucky	\$16,085
18	Maine	\$16,024
19	Maryland	\$15,960
20	Florida	\$15,903
21	Dist. of Columbia	\$15,341
22	Vermont	\$14,944
23	New Jersey <b>MEDIAN = \$14,847</b>	\$14,910
24	Virginia	\$14,783
25	New Mexico	\$14,563
26	Delaware	\$14,469
27	Texas	\$13,998
28	Alabama	\$13,675
29	Missouri	\$13,550
30	Oklahoma	\$13,235
31	Minnesota	\$13,152
32	Mississippi	\$12,955
33	Kansas	\$12,371
34	New Hampshire	\$12,160
35	Rhode Island	\$12,107
36	Montana	\$11,938
37	Arizona	\$11,745
38	Iowa	\$11,427
39	Hawaii	\$11,119
40	Idaho	\$10,963
41	South Dakota	\$9,462
42	Arkansas	\$9,047
43	Oregon	\$8,937
44	Indiana	\$8,294
45	Utah	\$8,282
46	Wisconsin	\$7,827
47	North Dakota	na
48	Ohio	na
49	Washington	na
50	West Virginia	na
51	Wyoming	na

INTERSTATE COMPARISON #3: ILLINOIS IS 20<sup>TH</sup> HIGHEST IN W.C. MEDICAL COSTS PER CLAIM  
 (OUT OF THE 46 STATES (INCL. D.C.) WITH AVAILABLE DATA)

AVERAGE MEDICAL COST PER CLAIM		
1	California	\$9,705
2	Texas	\$8,385
3	Alaska	\$7,110
4	Louisiana	\$6,201
5	Kentucky	\$5,818
6	Florida	\$5,665
7	Delaware	\$5,288
8	Alabama	\$5,279
9	Tennessee	\$4,846
10	Dist. of Columbia	\$4,638
11	Oregon	\$4,564
12	Mississippi	\$4,488
13	South Carolina	\$4,431
14	New York	\$4,379
15	Arizona	\$4,335
16	Connecticut	\$4,308
17	Oklahoma	\$4,131
18	New Hampshire	\$4,114
19	Virginia	\$4,024
20	<b>ILLINOIS</b>	\$3,942
21	Georgia	\$3,795
22	New Jersey	\$3,778
23	Missouri	<b>MEDIAN = \$3,754</b>
24	New Mexico	\$3,748
25	Maryland	\$3,741
26	Montana	\$3,723
27	Hawaii	\$3,613
28	Nebraska	\$3,605
29	Pennsylvania	\$3,578
30	Wisconsin	\$3,515
31	Minnesota	\$3,507
32	Maine	\$3,331
33	Colorado	\$3,301
34	Kansas	\$3,258
35	North Carolina	\$3,207
36	Idaho	\$3,206
37	Vermont	\$3,104
38	Iowa	\$2,865
39	Michigan	\$2,815
40	Nevada	\$2,803
41	South Dakota	\$2,660
42	Arkansas	\$2,655
43	Massachusetts	\$2,345
44	Utah	\$2,343
45	Indiana	\$2,223
46	Rhode Island	\$1,558
47	North Dakota	na
48	Ohio	na
49	Washington	na
50	West Virginia	na
51	Wyoming	na

INTERSTATE COMPARISON #4: ILLINOIS IS 23<sup>RD</sup> HIGHEST IN W.C. INSURANCE PREMIUM RATES

AVERAGE W.C. INSURANCE PREMIUM RATES PER \$100 OF PAYROLL		
1	California	\$6.08
2	Alaska	\$4.39
3	Florida	\$4.20
4	Hawaii	\$3.73
5	Ohio	\$3.59
6	Kentucky	\$3.48
7	Delaware	\$3.44
8	Montana	\$3.41
9	Louisiana	\$3.37
10	Dist. of Columbia	\$3.26
11	Connecticut	\$3.23
12	New Hampshire	\$3.19
13	Maine	\$3.08
14	Texas	\$3.08
15	Oklahoma	\$3.07
16	Rhode Island	\$3.01
17	Vermont	\$2.99
18	New York	\$2.97
19	Alabama	\$2.88
20	Pennsylvania	\$2.82
21	Minnesota	\$2.74
22	Missouri	\$2.67
23	<b>ILLINOIS</b>	\$2.65
24	West Virginia	\$2.64
25	Tennessee	\$2.62
26	Nevada <b>MEDIAN</b>	\$2.58
27	New Mexico	\$2.56
28	Wyoming	\$2.43
29	New Jersey	\$2.38
30	Michigan	\$2.34
31	Colorado	\$2.33
32	North Carolina	\$2.32
33	Wisconsin	\$2.27
34	Idaho	\$2.25
35	Washington	\$2.20
36	Mississippi	\$2.19
37	Georgia	\$2.14
38	Nebraska	\$2.10
39	South Carolina	\$2.08
40	Maryland	\$2.06
41	South Dakota	\$2.05
42	Oregon	\$2.05
43	Iowa	\$1.91
44	Kansas	\$1.81
45	Massachusetts	\$1.70
46	Utah	\$1.63
47	Virginia	\$1.57
48	Arkansas	\$1.57
49	Arizona	\$1.49
50	Indiana	\$1.24
51	North Dakota	\$1.06

INTERSTATE COMPARISON #5: ILLINOIS IS 28<sup>TH</sup> HIGHEST IN W.C. BENEFIT COST RATE

W.C. BENEFIT COST RATE		
W.C. Benefits Paid/Covered Payroll		
1	West Virginia	4.13%
2	Montana	2.01%
3	Alaska	1.92%
4	California	1.88%
5	Washington	1.76%
6	Maine	1.73%
7	Vermont	1.66%
8	Hawaii	1.60%
9	Wyoming	1.59%
10	Missouri	1.52%
11	Idaho	1.50%
12	South Carolina	1.38%
13	Ohio	1.34%
14	Pennsylvania	1.32%
15	Oklahoma	1.26%
16	Nebraska	1.18%
17	Alabama	1.09%
18	Delaware	1.08%
19	Mississippi	1.07%
20	Florida	1.06%
21	Wisconsin	1.06%
22	Kansas	1.05%
23	Iowa	1.04%
24	Kentucky	1.03%
25	Colorado	1.02%
26	Nevada	<b>MEDIAN</b> 1.02%
27	New Hampshire	1.01%
28	<b>ILLINOIS</b>	0.99%
29	Connecticut	0.98%
30	New Mexico	0.98%
31	Minnesota	0.97%
32	North Dakota	0.95%
33	Michigan	0.94%
34	Louisiana	0.93%
35	Maryland	0.90%
36	North Carolina	0.87%
37	Oregon	0.87%
38	Rhode Island	0.87%
39	South Dakota	0.87%
40	Tennessee	0.86%
41	Georgia	0.85%
42	New York	0.84%
43	Texas	0.83%
44	Utah	0.79%
45	Arkansas	0.75%
46	New Jersey	0.75%
47	Arizona	0.72%
48	Indiana	0.64%
49	Virginia	0.61%
50	Massachusetts	0.57%
51	Dist. of Columbia	0.41%

INTERSTATE COMPARISON #6: ILLINOIS IS 37<sup>TH</sup> HIGHEST IN INJURY RATE  
 (OUT OF THE 46 STATES (INCL. D.C.) WITH AVAILABLE DATA)

PERCENTAGE OF WORKERS EXPERIENCING WORK-RELATED INJURIES/YEAR		
1	Montana	9.09%
2	Alaska	8.83%
3	Wisconsin	8.78%
4	Idaho	8.46%
5	South Dakota	8.33%
6	Maine	8.12%
7	Pennsylvania	7.59%
8	Nevada	7.45%
9	Indiana	7.40%
10	Colorado	7.24%
11	Rhode Island	7.16%
12	Utah	7.06%
13	Vermont	7.06%
14	Minnesota	6.96%
15	Kentucky	6.92%
16	California	6.92%
17	Arkansas	6.91%
18	Iowa	6.88%
19	Oregon	6.88%
20	Kansas	6.81%
21	Michigan	6.81%
22	New Hampshire	6.77%
23	Oklahoma	<b>MEDIAN = 6.4%</b> 6.45%
24	Nebraska	6.35%
25	Florida	6.35%
26	Arizona	6.29%
27	Mississippi	6.07%
28	Missouri	6.01%
29	Tennessee	6.01%
30	Alabama	5.92%
31	New Mexico	5.83%
32	Delaware	5.76%
33	Hawaii	5.38%
34	Connecticut	5.31%
35	Massachusetts	5.23%
36	South Carolina	4.94%
37	<b>ILLINOIS</b>	4.85%
38	Georgia	4.80%
39	North Carolina	4.75%
40	Louisiana	4.67%
41	Texas	4.24%
42	Virginia	4.18%
43	New Jersey	3.95%
44	Maryland	3.88%
45	New York	3.74%
46	Dist. of Columbia	1.39%
47	North Dakota	na
48	Ohio	na
49	Washington	na
50	West Virginia	na
51	Wyoming	na

OTHER INTERSTATE COMPARISONS: BENEFIT PAYMENTS

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

In \$billions	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
Illinois	\$2.2	\$2.1	\$2.0	\$2.0	\$1.8	\$1.8	\$1.6	\$1.4	\$1.6	\$1.7	\$1.7
% Change	4%	3%	5%	6%	4%	7%	14%	(9%)	(5%)	(5%)	0%
U.S.	\$50.0	\$46.7	\$44.7	\$42.4	\$40.4	\$39.5	\$38.8	\$39.0	\$40.4	\$39.7	\$41.5
% Change	8%	5%	6%	5%	2%	2%	(1%)	(3%)	2%	(4%)	6%

INCREASE IN TOTAL BENEFITS  
1978 - 2002

	1992-2002	1982-1992	1978-1982
National average	23%	200%	70%
Illinois	28%	136%	51%
Neighboring states median	52%	170%	46%
Large industrial states median	13%	224%	71%

OTHER INTERSTATE COMPARISONS: COMPLIANCE WITH 1972 RECOMMENDATIONS

In 1972, the National Commission on State Workmen's Compensation Laws unanimously listed 19 items as essential to an adequate system. Illinois meets more of these requirements than most other 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

OTHER INTERSTATE COMPARISONS: 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> *State Workers' Compensation Administration Profiles*, US Department of Labor, October 2003 (released October 2004), pp. 382-390. IWCC FY04 expenditures were compared to the expenditures listed for the other 28 state agencies that do not operate state insurance funds in the 2003 report.

<sup>2</sup> "Workers' Compensation, Top Writers by State—2003," A.M. Best, November 22, 2004. See also: "All Illinois Licensed Companies--Illinois Workers' Compensation," Illinois Department of Insurance.

<sup>3</sup> National Council on Compensation Insurance filings with the Illinois Department of Insurance. For more information, call the Illinois Department of Insurance (217/524-8361). 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. The HALF1 figure was used for each year.

<sup>4</sup> "Workforce Availability Information, 2004," Illinois Department of Employment Security, Table II.

<sup>5</sup> *Annual Statistical Bulletin*, National Council on Compensation Insurance, various years, Exhibit XII. 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> *Workplace Nonfatal Injuries and Illnesses*, 2002 edition, Illinois Department of Public Health, Tables 1, 2, 9. This is the most recent data available. Because of changes in methodology, 2002 data is not comparable to prior years. Federal employees and farms with fewer than 11 employees are excluded from the survey. Reports are available at [www.idph.state.il.us](http://www.idph.state.il.us). 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*, 2002 editions, Illinois Department of Public Health, pp 13, 15. 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> "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](http://www.bls.gov/cew)), then click on link for "Annual Data Tables"). This chart captures the 2002 wages.

<sup>9</sup> *Annual Statistical Bulletin*, Exhibit XI.

<sup>10</sup> *Annual Statistical Bulletin*, Exhibit XI.

<sup>11</sup> "2004 Oregon Workers' Compensation Premium Rate Ranking Summary," Oregon Department of Consumer and Business Services, December 2004, Table 2, and an advance copy of Appendix 4 from the full report, due out in 2005. Available at [www.cbs.state.or.us/imd/wc\\_ins.html](http://www.cbs.state.or.us/imd/wc_ins.html). There seems to be agreement that the best way to measure employers' costs is through the premiums that employers pay for comparable employees in different states. 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 per \$100 of payroll in 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> "Fiscal Data," Table 4.

<sup>13</sup> *Annual Statistical Bulletin*, Exhibit XII.

<sup>14</sup> "Fiscal Data," various years, Table 11.

<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 noted above).

<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.