

# ILLINOIS INDUSTRIAL COMMISSION FY00 ANNUAL REPORT



**George H. Ryan, Governor**  
**John W. Hallock, Jr., Chairman**

## TABLE OF CONTENTS

---

TRANSMITTAL LETTER	1
HIGHLIGHTS	2
MISSION STATEMENT	2
BOARD MEMBERS	3
OVERVIEW OF WORKERS' COMPENSATION	4
FINANCES	5
INSURANCE	8
ADMINISTRATION	10
STATISTICS	12
INTERSTATE COMPARISONS	21

## INDUSTRIAL COMMISSION OFFICES

---

100 W. Randolph #8-200  
Chicago, IL 60601  
312/814-6611  
TDD 312/814-2959

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

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

701 S. Second Street  
Springfield, IL 62704  
217/785-7084

Web site: [www.state.il.us/agency/iic](http://www.state.il.us/agency/iic)

The cover depicts the Commission's 34 arbitration hearing sites, located throughout Illinois, which provide injured workers and their employers with easy access to the workers' compensation system. This report was printed by the authority of the State of Illinois. 2,000 copies printed on recycled paper. July 2001.



The Industrial Commission of Illinois  
 100 W. Randolph, Suite 8-200  
 Chicago, IL 60601  
 312/814-6500

George H. Ryan  
 Governor

John W. Hallock, Jr.  
 Chairman

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

On behalf of the entire Industrial Commission, we are pleased to submit this report.

The good news is that workers' compensation costs in Illinois continue to run below inflation. Accident rates have declined, reportedly due in part to greater safety efforts. Everyone wins when accidents are avoided.

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

*Richard Gilgis*

Richard Gilgis, Commissioner

*Barbara A. Sherman*

Barbara A. Sherman, Commissioner

*Jacqueline A. Kinnaman*

Jacqueline A. Kinnaman, Commissioner

*Diane Dickett Smart*

Diane Dickett Smart, Commissioner

*Michael L. Weaver*

Michael L. Weaver, Commissioner

*Douglas F. Stevenson*

Douglas F. Stevenson, Commissioner

*John W. Hallock, Jr.*

John W. Hallock, Jr., Chairman

*Janice Montoya*

Janice Montoya, Assistant Secretary

ARBITRATORS

Peter Akemann  
 Bernard Barasa  
 Brian Cronin  
 John Dibble  
 Thomas Dillon

Tony Erbacci  
 Robert Falcioni  
 Joann Fratianni  
 Gilberto Galicia  
 James Giordano

Kathleen Hagan  
 Leo Hennessy  
 Douglas Holland  
 Milton James  
 David Kane

Edward Lee  
 Stephen Mathis  
 Neva Neal  
 Valerie Peiler  
 Joseph Prieto

Joseph Reichart  
 Dennis Ruth  
 Ray Rybacki  
 Ruth White  
 Robert Williams

# HIGHLIGHTS

- Workers' compensation insurance rates continue to run below inflation. After adjusting for inflation, the 2001 advisory rate for workers' compensation insurance in Illinois actually represents a *31% decrease* since 1989.
- The 1996 injury rate in Illinois was *24% lower* than the 1991 rate. Although there is concern that some of this is due to underreporting, experts attribute some of the change to improved safety efforts, resulting in fewer accidents and less severe injuries. *Everyone* wins when accidents are prevented.
- In Illinois, the workers' compensation insurance business is profitable and highly competitive. Roughly 400 carriers write workers' compensation policies in Illinois, more than any other state. In addition, Illinois has a smaller residual market than most states, indicating that employers can obtain insurance with relative ease.
- Over \$1.5 million in fines have been assessed against employers that fail to carry workers' compensation insurance, bringing employees important protection and other employers a more fair competitive arena.
- 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.
- Proportionately, Illinois spends less on the administration of the workers' compensation program than nearly every other state in the country. Given its limited resources, the Commission does well with little.

## MISSION STATEMENT

The Industrial Commission was created to resolve disputes that occur between injured workers and their employers regarding workers' compensation. The Commission strives to assure financial protection to injured workers and their dependents at a reasonable cost to employers.

The Commission performs four main functions:

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

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

# BOARD MEMBERS

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

---

## COMMISSION REVIEW BOARD

---

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.

John W. Hallock, Jr., Chairman of Board  
Chairman, Industrial Commission

Joseph Reichart  
Chicago Arbitrator

Richard Gilgis  
Senior Business Commissioner

Ann Marie Walsh  
Attorney, Lord, Bissell & Brook

Robert Hanaford  
Attorney, Robert H. Hanaford, Ltd.

Ruth White  
Downstate Arbitrator

Jacqueline A. Kinnaman  
Senior Labor Commissioner

---

## 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.

John W. Hallock, Jr., Chairman of Board  
Chairman, Industrial Commission

Andrew J. Geryol  
Vice-President of Finance, Heinemann's, Inc.

Curtis C. Beam  
Claims Manager, Archer Daniels Midland Co.

Peter M. Greco  
CFO, Elmhurst-Chicago Stone

Margaret Blackshere  
President, Illinois State AFL-CIO

Denean V. Smith  
Manager of Accounting, Illinois Power Co.

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

---

## WORKERS' COMPENSATION ADVISORY BOARD

---

The board assists the Commission in formulating policies, setting priorities, and developing administrative goals.

Mark Isaf, Chairman of Board  
Asher Smith and Isaf

Margaret Blackshere  
President, Illinois State AFL-CIO

Gregory W. Baise  
President, Illinois Manufacturers Assoc.

David F. Vite  
President, Illinois Retail Merchants Assoc.

# 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 last 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.

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. If warranted, 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

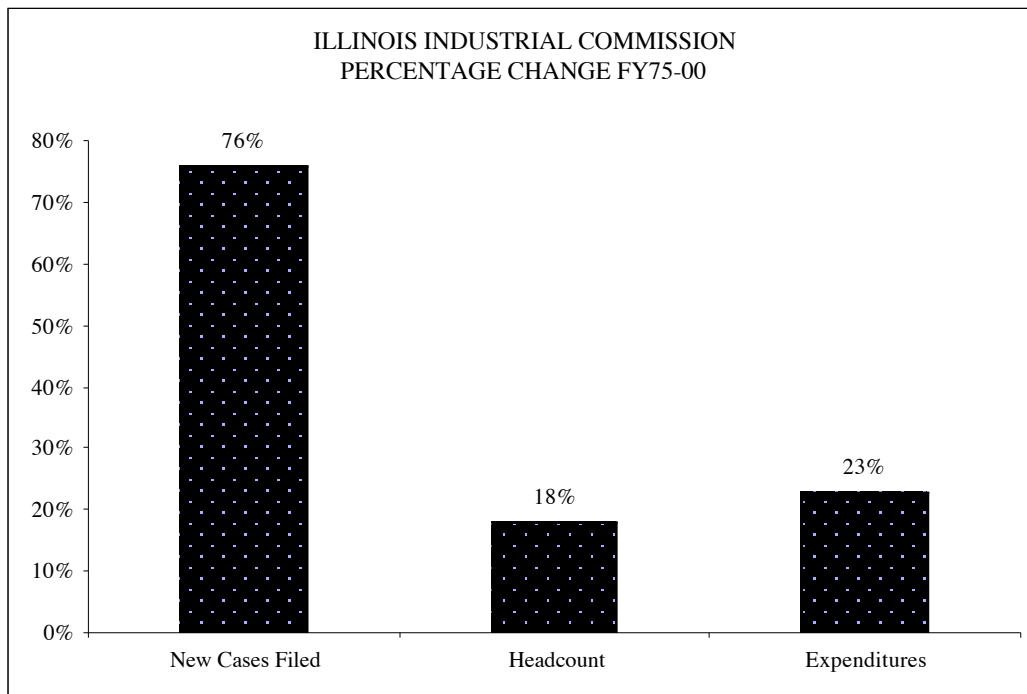
Illinois is one of the few states that rely on General Revenue Funds for the administration of their workers' compensation programs. In a U.S. Department of Labor study, Illinois' budget per worker ranked 41st out of 44 states for which information was available. <sup>1</sup>

Most states fund their workers' compensation agencies through assessments of various sorts, usually on insurers and self-insured employers. A joint business and labor panel created by the National Council of State Legislatures has encouraged the remaining states to establish independent funding sources through assessments against premiums or benefits paid.

The cost of administering Illinois' workers' compensation program is modest. Since 1975, the number of new cases filed has increased 76%, while the Commission's headcount increased by 18%, and expenditures (adjusted for inflation) have increased 23%.

## ILLINOIS INDUSTRIAL COMMISSION EXPENDITURES (in \$millions)

<u>Fiscal Year</u>	<u>Operating Expenditures</u>	<u>Expenditures Adjusted for Inflation</u>	<u>IIC 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



## SPECIAL FUNDS

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

### BALANCES OF SPECIAL FUNDS AS OF JUNE 30, 2000

	<u>Starting Balance</u>	<u>Income Received</u>	<u>Expenditures</u>	<u>Adjustments</u>	<u>Ending Balance</u>
GROUP SELF-INSURERS INSOLVENCY FUND	\$579,915	\$80,790	\$0	\$0	\$660,705
RATE ADJUSTMENT FUND	(\$5,996,593)	\$8,131,776	\$9,388,195	\$3,021	(\$7,249,991)
SECOND INJURY FUND	\$269,076	\$1,376,332	\$1,137,223	\$793	\$508,978
SELF-INSURERS ADMINISTRATION FUND	\$549,448	\$434,621	\$350,496	\$25,641	\$659,214
SELF-INSURERS SECURITY FUND	\$1,730,731	\$813,707	\$2,189,491	(\$1,028)	\$353,919
TRANSCRIPT DEPOSIT FUND	\$14,981	\$13,840	\$12,460	\$0	\$16,361
WORKERS' COMPENSATION BENEFIT TRUST FUND	\$164,263	\$9,416	\$0	\$0	\$173,679

#### GROUP SELF-INSURERS INSOLVENCY FUND

The Group Self-Insurers Insolvency Fund was created in 1983 to pay benefits to employees of insolvent group self-insurers. Employers in the group self-insurance pools pay 0.5% of their workers' compensation payments into the fund on January and July of each year.

If the available balance falls below \$1 million and the fund is unable to pay benefits due, the Director of Insurance may order a special assessment. If the available balance in the fund reaches \$2 million, assessments are waived.

Because the Illinois Department of Insurance regulates group self-insurers (the Commission regulates individual self-insurers), both agencies agreed that responsibility for this fund should transfer to DOI. This change was enacted during the 2000 session of the Illinois General Assembly.

On January 1, 2001, the Group Self-Insurers Insolvency Fund was eliminated and the Workers' Compensation Pool Insolvency Fund was created under the jurisdiction of the Illinois Department of Insurance. The balance was transferred to the Department of Insurance.

#### RATE ADJUSTMENT FUND

The Rate Adjustment Fund was created in 1975 to pay cost-of-living increases to roughly 1,400 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 to the extent that he or she is permanently and totally disabled, 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 120 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 who went bankrupt 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.

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 who went bankrupt before 1986. Benefits are paid from securities posted by the self-insurers; any unused funds are then returned to the bankrupt 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, and the number is increasing.<sup>2</sup>

### INSURANCE COMPANIES WRITING WORKERS' COMPENSATION POLICIES IN ILLINOIS

<u>Year</u>	<u># Companies</u>
1994	331
1995	337
1996	348
1997	362
1998	369
1999	383

Since 1983, Illinois insurance companies have set their own premium rates. This open competition is often credited as a factor in keeping Illinois' costs below the national average. While Illinois carriers are free to set their own rates, the National Council on Compensation Insurance, a private organization, issues advisory rates.

After years of increases, the advisory rates have dropped significantly, despite continuing inflation. Both the number and the severity of work-related accidents have declined. As the following chart shows, a premium of \$100 in 1989 would cost only \$101.57 in 2001. After adjusting for inflation, the 2001 rate actually represents a 31% decrease in costs since 1989.<sup>3</sup>

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

<u>Effective Date</u>	-----ILLINOIS RATES-----		-----CONSUMER PRICE INDEX-----	
	<u>Percentage Change From Previous Year</u>	<u>Scale</u>	<u>Percentage Change From Previous Year</u>	<u>Scale</u>
1/1/89		\$100.00		\$100.00
1/1/90	10.0%	110.00	5.2%	105.20
1/1/91	8.5%	119.35	5.7%	111.20
1/1/92	9.1%	130.21	2.7%	114.20
1/1/93	5.7%	137.63	3.2%	117.85
1/1/94	9.6%	150.85	2.5%	120.80
1/1/95	-6.8%	140.59	2.9%	124.30
1/1/96	-13.6%	121.47	2.7%	127.66
1/1/97	-10.1%	109.20	3.1%	131.62
1/1/98	-7.9%	100.57	1.6%	136.00
1/1/99	-0.2%	100.37	1.7%	138.31
1/1/00	1.2%	101.57	2.7%	142.04
1/1/01	0%	101.57	3.4%	146.87

CPI 1967=100

Employers that are unable to purchase workers' compensation insurance on the open market may buy it through the residual market. As conditions in workers' compensation have improved, the assigned risk pools have shrunk significantly, indicating that employers may obtain workers' compensation insurance with relative ease. In 1999, only 2% of Illinois premiums were in the residual market, down from 13% in 1993. <sup>4</sup>

#### 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 an employer knowingly and willfully fails to obtain insurance, it may be fined up to \$500 for every day of noncompliance. During FY00, the Commission levied roughly \$677,000 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.

The Illinois Department of Insurance does try to prevent insurance companies from balance billing. A IDOI publication stated, "It is our position that disagreements between the workers' compensation carrier and the health care provider should be settled without interjecting the injured worker into the dispute...Insurance companies that make a practice of allowing injured employees to pay the cost of disputed claims will therefore be cited for an unfair claims practice and be asked to reimburse the injured employee for out-of-pocket expenses." <sup>5</sup>

#### SELF-INSURANCE

Employers may obtain approval to insure themselves for their workers' compensation liabilities. Public employers may self-insure without obtaining approval. Private employers may insure themselves individually or join a pool with other employers. The Industrial Commission evaluates individual self-insurers, while the Illinois Department of Insurance evaluates pools.

Self-insurers pay roughly one-fourth of the benefits paid in Illinois. As the cost of conventional workers' compensation insurance has fallen, employers have chosen to purchase traditional insurance plans, and the number of applications for self-insurance has fallen.

#### 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

# ADMINISTRATION

At the end of FY00, the Industrial Commission consisted of the chairman, six commissioners, 155 regular employees, and nine employees in the separately-funded Self-Insurance Division, for a total of 171 people.

## CHAIRMAN'S OFFICE

---

John W. Hallock, Jr., Chairman Headcount: 4

Working in the Chairman's Office are Linda Freeman, administrative assistant; Gary Gale, executive director; Kathryn Kelley, legal counsel; and Dirk May, legislative liaison.

## FISCAL OFFICE

---

Charles Kusar, Manager Headcount: 9

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 Loredoz 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

---

Cynthia Doloughy, Judicial Coordinator Headcount: 77

*Arbitration* Bertha Parker, Coordinator

Arbitrators conduct hearings, issue decisions, and approve settlements of cases. Thirteen arbitrators work in the Chicago office, while another 15 arbitrators travel to 33 downstate hearing sites. The 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 staff attorneys analyze and summarize cases, and draft decisions and orders; the administrative assistants schedule cases, manage cases pending oral argument, and provide clerical support.

*Court Reporting* Marvin Goins, Supervisor

Court reporters record hearings and produce typewritten transcripts of Commission hearings.

## MANAGEMENT INFORMATION SYSTEMS

---

Terry W. Spurlin, Manager

Headcount: 10

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

## OPERATIONS DIVISION

---

Janice Montoya, Operations Manager/Assistant Secretary

Headcount: 47

*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*

Lether Scott and Sharon Clarke, Supervisors

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 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 nearly 90,000 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 to their proper destinations.

*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: 9

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

## STATISTICS

Illinois law directs the Industrial Commission to compile information from employers' reports of accidents and publish the data each year. Due to a lack of resources, however, the Commission is unable to do so. After the legislature made a special appropriation in 1989, we designed an accident reporting system, but subsequent statewide financial problems prevented the Commission from receiving the funds to fully operate the system.

In response, we invited insurance companies and self-insured employers to send us the accident reports electronically. Electronic transmission is considerably less expensive than the labor-intensive data entry of paper forms. At present, we receive the *First Report of Injury* electronically for roughly one-tenth of accidents. We encourage more insurance companies and self-insurers to participate in the program.

Until reliable accident information is available, the Commission will continue to report information that is available from the case management system. There are approximately 400,000 work-related accidents in Illinois each year, while 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.* Relying on a random sample of 25,000 cases that were filed with the Commission, the following chart gives a general sense of the parts of the body that were injured.

	PART OF BODY INJURED BY FISCAL YEAR OF ACCIDENT			
	<u>FY00</u>	<u>FY99</u>	<u>FY98</u>	<u>FY97</u>
Head and neck				
Eyes	1%	1%	1%	1%
Head--other parts	2%	3%	2%	3%
Neck	4%	4%	4%	4%
Trunk				
Back	19%	20%	20%	19%
Shoulder	5%	5%	5%	5%
Not specified	2%	2%	2%	2%
Upper extremities				
Arm	9%	8%	8%	9%
Hand	13%	12%	12%	14%
Finger	6%	6%	6%	7%
Not specified	2%	3%	2%	2%
Lower extremities				
Foot	5%	6%	5%	6%
Knee	5%	5%	5%	6%
Leg	7%	7%	7%	7%
Toe	<1%	<1%	<1%	<1%
Not specified	2%	1%	1%	2%
Body systems	<1%	<1%	<1%	<1%
Multiple parts	16%	18%	19%	16%

*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.

Relying on a sample of 25,000 cases that were filed with the Commission, the following table groups the 1,200 cities and towns in Illinois by the 34 hearing sites to which the claims were assigned, and gives a sense of where accidents occur.

LOCATION BY FISCAL YEAR OF ACCIDENT				
<u>Hearing Site</u>	<u>FY00</u>	<u>FY99</u>	<u>FY98</u>	<u>FY97</u>
Chicago	45%	43%	44%	44%
Downstate	55%	57%	56%	56%
Alton	1%	2%	2%	1%
Belleville	3%	3%	3%	2%
Benton	2%	2%	1%	1%
Bloomington	3%	3%	2%	2%
Carlinville	<1%	<1%	1%	<1%
Carlyle	1%	1%	1%	1%
Clinton	<1%	<1%	<1%	<1%
Danville	1%	1%	1%	1%
Decatur	2%	2%	2%	2%
De Kalb	1%	1%	1%	1%
Galesburg	1%	1%	1%	1%
Galva	<1%	<1%	<1%	<1%
Geneva	4%	4%	4%	4%
Granite City	1%	1%	1%	1%
Jacksonville	1%	1%	1%	1%
Joliet	4%	4%	3%	3%
Kankakee	1%	1%	1%	1%
Lawrenceville	<1%	1%	1%	1%
Marion	1%	1%	1%	1%
Mattoon	2%	2%	2%	2%
Mt. Vernon	1%	1%	1%	1%
Ottawa	1%	1%	1%	1%
Peoria	4%	4%	4%	4%
Quincy	1%	1%	1%	1%
Rock Falls	1%	1%	1%	1%
Rock Island	1%	1%	1%	1%
Rockford	4%	4%	4%	4%
Springfield	2%	2%	2%	2%
Taylorville	<1%	<1%	<1%	<1%
Urbana	1%	1%	1%	1%
Waukegan	3%	3%	4%	4%
Wheaton	6%	6%	6%	6%
Woodstock	1%	2%	2%	1%

## APPEAL RATES

As in most court systems, most of the cases filed with the Industrial Commission are settled. As would be expected, the more difficult cases tend to be the ones that go to trial. Fewer and fewer cases proceed on to the next level, as shown below.

### APPEAL RATES

- 2,606 arbitration decisions issued in FY00  
49% are appealed to the Commission
- 1,162 Commission decisions issued in FY00  
31% are appealed to the circuit courts
- 350 circuit court opinions issued in CY00 (est.)  
45% are appealed to the Appellate Court
- 138 Appellate Court opinions/orders issued in CY00  
5% cases are appealed to the Supreme Court
- 1-2 Supreme Court opinions issued/year

Parties are free to appeal decisions, but they may want to weigh the following information against the time involved in waiting for a review. On review, the Commission supports the arbitrator's decision more often than not. The results are particularly instructive when analyzed by the appealing party.

The petitioner appeals arbitration decisions 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 80% 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 76% of the time.

### OUTCOME OF APPEALS REVIEW DECISIONS ISSUED IN FY00

Arbitration decision was appealed by:	Petitioner (Worker)	Respondent (Employer)	Both	Total
Affirmed	78%	66%	49%	70%
Reversed	8%	6%	3%	7%
Modified, no change in benefits	0%	0%	3%	1%
Benefits increased	11%	10%	23%	12%
Benefits decreased	2%	18%	22%	11%

## ATTORNEY INVOLVEMENT

Most employees and employers who have workers' compensation cases on file with the Industrial Commission retain legal counsel. In FY00, 84% of workers had attorneys when they filed their cases. While only 7% of the original settlement contracts approved had petitioners' attorneys on file, attorneys were listed in 87% of arbitration decisions and 98% of review decisions.

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 additional fees are allowed by the Commission after a hearing. For more details, please refer to the *Handbook on Workers' Compensation and Occupational Diseases*.



## AVERAGE WEEKLY WAGE

Claimants' wages generally lag behind the statewide average weekly wage. The wages of workers who experienced accidents in FY00 averaged \$30,870 per year, 12% lower than the statewide average of \$35,093 per year. Paid at 66 2/3% of wages, the average Temporary Total Disability benefit would be \$395.77 per week.

	AVERAGE WEEKLY WAGE BY YEAR OF ACCIDENT			
	<u>FY00</u>	<u>FY99</u>	<u>FY98</u>	<u>FY97</u>
Claimants' Average Weekly Wage	\$593.66	\$575.15	\$549.17	\$528.77
Statewide Average Weekly Wage as of 6/30	\$674.86	\$632.60	\$611.31	\$585.88

## 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 by 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, 2000	
	<u>Minimum</u>	<u>Maximum</u>
TEMPORARY TOTAL DISABILITY		
Single	\$100.90	\$899.81
Married, no children	\$105.50	\$899.81
1 child under 18	\$108.30	\$899.81
2 children	\$113.40	\$899.81
3 children	\$117.40	\$899.81
4+ children	\$124.30	\$899.81

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	\$485.65
Married, no children	\$83.20	\$485.65
1 child under 18	\$86.10	\$485.65
2 children	\$88.90	\$485.65
3 children	\$91.80	\$485.65
4+ children	\$96.90	\$485.65

Benefits are paid at 60% of the worker's AWW, up to a maximum of \$485.65, except for cases of amputation or enucleation of an eye, for which benefits are paid at 66 2/3%, up to a maximum of \$899.81. The minimum benefit is the worker's AWW or the amounts listed, whichever is lower.

PERMANENT TOTAL DISABILITY	\$337.43	\$899.81
----------------------------	----------	----------

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	\$337.43	\$899.81
----------	----------	----------

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

TOTAL CASES CLOSED  
ARBITRATION AND REVIEW LEVELS

	<u>FY00</u>	<u>%</u>	<u>FY99</u>	<u>%</u>	<u>FY98</u>	<u>%</u>	<u>FY97</u>	<u>%</u>
Dismissals	7,131	10%	6,888	10%	8,316	11%	7,650	11%
Settlements	61,786	87%	62,787	87%	64,589	86%	62,711	86%
Decisions	<u>2,014</u>	3%	<u>2,374</u>	3%	<u>2,307</u>	3%	<u>2,213</u>	3%
Total	<u>70,931</u>		<u>72,049</u>		<u>75,212</u>		<u>72,574</u>	
Percentage change		(2%)		(4%)		4%		2%

*Arbitration.* Vacancies among arbitrators caused a decline in productivity in FY00.

As in other court systems, most cases at the Commission are settled. Arbitrators often hold pretrials to narrow the issues in dispute and help the parties to reach agreement. 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.<sup>6</sup>

CASES CLOSED  
AT ARBITRATION

Final action:	<u>FY00</u>	<u>%</u>	<u>FY99</u>	<u>%</u>	<u>FY98</u>	<u>%</u>	<u>FY97</u>	<u>%</u>
Dismissals:								
Voluntary	649		755		884		887	
Want of prosecution	<u>6,379</u>		<u>6,011</u>		<u>7,363</u>		<u>6,514</u>	
Total dismissals	7,028	10%	6,766	10%	8,247	11%	7,401	11%
Settlements:								
Original settlements	11,450		11,366		11,035		10,570	
Before arb. decision	49,354		49,912		51,399		50,536	
After arb. decision	<u>471</u>		<u>807</u>		<u>777</u>		<u>304</u>	
Total settlements	61,275	88%	62,085	88%	63,211	87%	61,410	88%
Decisions	1,090	2%	1,318	2%	1,193	2%	1,254	2%
Total closed	69,393		70,169		72,651		70,065	
Percentage change		(1%)		(3%)		4%		3%

*Review.* Commissioners closed more cases than they received, and continued to reduce the pending caseload on the review level.

CASES CLOSED  
AT REVIEW

Final action:	<u>FY00</u>	<u>%</u>	<u>FY99</u>	<u>%</u>	<u>FY98</u>	<u>%</u>	<u>FY97</u>	<u>%</u>
Dismissals at review	103	7%	122	6%	69	3%	249	10%
Settlements:								
Before arbitration decision	144		334		930		903	
After arbitration decision	223		188		265		269	
After review decision	<u>144</u>		<u>180</u>		<u>183</u>		<u>129</u>	
Total settlements	511	33%	702	37%	1,378	54%	1,301	52%
Review decisions	924	60%	1,056	56%	1,114	43%	959	38%
Total cases closed	1,538		1,880		2,561		2,509	
Percentage change		(18%)		(27%)		2%		(2%)

## CASES OPENED

After several years of virtually no growth in filings, the number grew in FY00.

	CASES OPENED			
	<u>FY00</u>	<u>FY99</u>	<u>FY98</u>	<u>FY97</u>
New claims filed	59,420	57,301	57,724	57,525
Original settlements filed	<u>11,416</u>	<u>11,635</u>	<u>11,318</u>	<u>11,065</u>
Total new cases filed	70,836	68,936	69,042	68,590
Percentage change	3%	0%	1%	(1%)
Reinstated	2,030	1,773	1,896	1,682
Remanded to arbitrator	31	41	39	41
Remanded to commissioner	<u>60</u>	<u>51</u>	<u>53</u>	<u>91</u>
Total cases returned to caseload	2,121	1,865	1,988	1,814
Total additions to the caseload	72,957	70,801	71,030	70,404
Illinois employment <sup>7</sup>	5,886,567	5,838,142	5,733,867	5,628,658
Percentage change	1%	2%	2%	2%

## CASES PENDING

*Arbitration.* At the end of FY00, there were roughly 113,000 cases pending at arbitration. In most cases, the parties to these pending cases are *not waiting* for the Commission to act. Nearly 90% of cases at arbitration are settled, and parties are free to settle a case at any time.

*Review.* Years ago, a backlog of cases at the review level attracted concern. Since FY89, when 5,300 cases were pending at the review level, the caseload has declined to roughly 1,300 at the end of FY00. The backlog has been eliminated.

## EXPEDITED CASES

In 1984, the legislature created a special process under Section 19(b-1) of the Act to expedite cases. If the injured worker is not receiving temporary total disability benefits or medical benefits, he or she 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.

In recent 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.

### PETITIONS FOR EXPEDITED HEARINGS BY YEAR MOTION FILED

	<u>FY00</u>	<u>FY99</u>	<u>FY98</u>	<u>FY97</u>
19(b) petition	9,204	7,888	7,785	7,507
19(b-1) petition	409	580	782	1,011

By law, the Commission is required to resolve 19(b-1) cases through both the arbitration and review levels within 180 days, or 6 months. In FY00, on average, 19(b-1) cases were resolved in 87 days at the arbitration level and 126 days at the review level, for a total of 213 days. Statistics on individual turnaround times are provided to each arbitrator and commissioner.

## FATAL INJURIES

The rate of work-related fatal injuries in the United States has dropped steadily and significantly. The fatal injury rate per 100,000 workers in 1999 was *one-tenth* the rate in 1939.<sup>8</sup>

*Bureau of Labor Statistics study.* The Industrial 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 figures provide a standard measure of fatal injuries (not illnesses) for the country.<sup>9</sup>

### LEADING CAUSES OF FATAL WORK-RELATED INJURIES IN ILLINOIS

	1999		1998		1997		1996	
	#	%	#	%	#	%	#	%
Assault or violent act	36	17%	38	18%	51	21%	50	19%
Contact with objects/equip.	40	19%	36	17%	34	14%	46	18%
Exposure to harmful subst.	23	11%	24	11%	20	8%	30	11%
Fall	29	14%	34	16%	36	15%	34	13%
Fire or explosion	9	4%	5	2%	4	2%	7	3%
Transportation accident	71	34%	79	37%	93	39%	95	36%
Other	0	0%	0	0%	2	1%	0	0%
Total	208		216		240		262	

### FATAL WORK-RELATED INJURIES IN ILLINOIS BY INDUSTRY

	1999		1998		1997		1996	
	#	%	#	%	#	%	#	%
Agriculture	34	16%	28	13%	33	14%	28	11%
Construction	37	18%	34	16%	42	18%	56	21%
Government	16	8%	15	7%	28	12%	14	5%
Manufacturing	27	13%	28	13%	19	8%	32	12%
Mining	4	2%	4	2%	5	2%	3	1%
Services (incl. Finance)	27	13%	30	13%	37	15%	35	13%
Transportation	37	18%	49	23%	44	18%	52	20%
Wholesale and retail trade	26	12%	28	13%	30	12%	42	16%
Other	0	0%	0	0%	2	1%	0	0%
Total	208		216		240		262	

## GENDER

Women constitute roughly 46% of the work force in Illinois, but they file a smaller share of workers' compensation claims. The most dangerous industries--agriculture, construction, etc.--are still male-dominated. Over the years, the proportion of female claimants has increased steadily, however, from 22% of claimants in FY85 to 32% in FY00.

## 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.

Reliable information on medical benefits is not available from the Commission's current computer system. 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.

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>FY00</u>	<u>FY99</u>	<u>FY98</u>	<u>FY97</u>
16	1	0	0	0
19(k)	9	9	4	6
16 and 19(k)	40	26	26	31
19(l)	21	25	29	44
16 and 19(l)	1	0	3	2
19(k) and 19(l)	4	10	6	10
16, 19(k), and 19(l)	<u>51</u>	<u>58</u>	<u>64</u>	<u>41</u>
Total	127	128	132	134

## 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>FY00</u>	<u>FY99</u>	<u>FY98</u>	<u>FY97</u>
8(a)	133	90	81	84
19(h)	11	12	11	15
8(a) and 19(h)	<u>63</u>	<u>113</u>	<u>77</u>	<u>59</u>
Total	207	215	169	158

## REHABILITATION

If an injury substantially impairs an employee's earning capacity, the employer may be required to pay for the physical, mental, and/or vocational rehabilitation of the employee. Before the Commission will order rehabilitation, there must be a reasonable and cost-effective plan that will likely lead to a job, increase the employee's earning capacity, and improve his or her job security.

According to Industrial Commission Rules (Section 7110.10), the employer, in consultation with the employee, must prepare a rehabilitation plan when it becomes clear that an injured worker will be unable to resume his or her previous duties, or when the period of temporary and total disability exceeds 120 continuous days, whichever comes first. The document must include a written assessment of the employee's medical condition and treatment, and an assessment of the rehabilitation that will be necessary to physically and economically restore the worker.

The plan should identify an occupation for which there is a stable job market in the employee's area and which the employee may reasonably train for and obtain. Although the employer is required to prepare a rehabilitation plan, either party may submit a plan for approval.

The employee must cooperate with the rehabilitation or risk termination of compensation benefits. If the employee has sufficient skills to obtain satisfactory employment without further training, or so lacks skills and educational abilities as to make employment unlikely, the Commission may find rehabilitation inappropriate. For more information, see National Tea Company v. Industrial Commission, 97 Ill.2d 424 (1983).

## TURNAROUND TIME

In 1989, the legislature prohibited the introduction of new evidence at the review level. Since then, cases at arbitration have taken longer and cases at review have moved more quickly. On average, in FY00 arbitration decisions were issued 2.6 years from the date a claim was filed; review decisions were issued 0.8 years from the date the petition for review was filed.

Nearly 90% of all cases are closed by settlement. On average, cases that don't go to trial are settled 1.7 years after they were filed. The time involved in these prearbitration cases is almost wholly dependent on the parties, because they decide when they are ready to settle. This indicates the time it takes for a worker to become medically stationary so that the extent of the disability can be assessed, and for the parties to negotiate a settlement.

A survey conducted by the Illinois State Bar Association supports this assertion. The survey concluded, "the amount of time between injury and award is not prolonged by delays at the arbitration level."<sup>10</sup> The Commission strives to move cases as quickly as possible and to see that parties are able to get a trial within one month of a request.

# INTERSTATE COMPARISONS

## BENEFITS

Proportionately, workers' compensation costs in Illinois rank below the national average and the average for large industrial states. Illinois used to be higher than most of its neighbors, but it has moved to the middle of the pack.<sup>11</sup>

### AVERAGE BENEFITS PAID PER COVERED EMPLOYEE (1996)

	National average	\$318		
	Illinois	\$295		
Neighboring States			Large Industrial States	
Indiana	\$149		California	\$520
Iowa	\$194		Florida	\$438
Kentucky	\$313		New York	\$328
Michigan	\$364		Ohio	\$468
Missouri	\$248		Pennsylvania	\$490
Wisconsin	\$257		Texas	\$284
<i>Median</i>	\$253		<i>Median</i>	\$453

### BENEFITS AS PERCENTAGE OF WAGES (1999)

	National average	1.05%		
	Illinois	0.83%		
Neighboring States			Large Industrial States	
Indiana	0.62%		California	1.49%
Iowa	0.75%		Florida	1.11%
Kentucky	0.93%		New York	0.82%
Michigan	0.90%		Ohio	1.21%
Missouri	0.82%		Pennsylvania	1.40%
Wisconsin	0.85%		Texas	0.74%
<i>Median</i>	0.84%		<i>Median</i>	1.16%

### INCREASE IN TOTAL INDEMNITY (CASH) AND MEDICAL BENEFITS, 1996 - 1999

	National average	4%		
	Illinois	5%		
Neighboring States			Large Industrial States	
Indiana	27%		California	15%
Iowa	9%		Florida	(23%)
Kentucky	(15%)		New York	9%
Michigan	3%		Ohio	(6%)
Missouri	(4%)		Pennsylvania	(4%)
Wisconsin	1%		Texas	33%
<i>Median</i>	(1%)		<i>Median</i>	3%

### TOTAL WORKERS' COMPENSATION BENEFIT PAYMENTS

In \$billions	<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>	<u>1990</u>	<u>1989</u>
Illinois	\$1.720	\$1.687	\$1.577	\$1.643	\$1.605	\$1.721	\$1.668	\$1.750	\$1.745	\$1.607	\$1.432
% Change	2%	7%	(4%)	2%	(7%)	3%	(5%)	0%	9%	12%	12%
U.S.	\$43.371	\$42.312	\$41.147	\$41.836	\$40.113	\$41.461	\$41.743	\$42.752	\$39.171	\$35.344	\$31.556
% Change	3%	3%	(2%)	4%	(3%)	(1%)	(2%)	9%	11%	12%	13%

Workers' compensation costs continue to run below inflation. The 1996 inflation-adjusted average indemnity cost represents a 15% decrease from 1993; the medical cost represents a 13% decrease. Medical costs in Illinois, moreover, represent a smaller proportion of costs than in the rest of the country (44% v. 55%). Indemnity costs in Illinois are generally higher than neighboring states, but comparable to other large industrial states.<sup>12</sup>

AVERAGE COST PER CASE IN ILLINOIS

<u>Policy Year</u>	<u>Total Indemnity</u>	<u>Indemnity as % of Total Losses</u>	<u>Total Medical</u>	<u>Medical as % of Total Losses</u>
1993	\$11,204	58%	\$2,407	42%
1994	\$10,676	56%	\$2,376	44%
1995	\$10,576	55%	\$2,461	45%
1996	\$10,374	56%	\$2,281	44%

AVERAGE INDEMNITY COST PER CASE BY INJURY TYPE

<u>POLICY YEAR 1996</u>	<u>Temporary Total</u>	<u>Permanent Partial</u>	<u>Permanent Total</u>	<u>Fatal</u>	<u>Total Indemnity</u>
Illinois	\$4,110	\$20,060	\$114,876	\$138,349	\$10,374
Neighboring States					
Indiana	\$2,316	\$11,502	\$137,661	\$96,941	\$4,521
Iowa	\$1,915	\$21,694	\$217,772	\$255,469	\$6,962
Kentucky	\$2,924	\$22,578	\$287,345	\$242,645	\$7,984
Michigan	\$4,008	\$69,818	\$119,375	\$146,182	\$11,804
Missouri	\$3,808	\$14,105	\$276,278	\$197,985	\$8,902
Wisconsin	\$1,969	\$18,083	\$295,538	\$104,463	\$4,689
<i>Median</i>	\$2,620	\$19,889	\$247,025	\$172,084	\$7,473
Large Industrial States					
California	\$1,416	\$26,563	\$231,430	\$90,204	\$13,588
Florida	\$4,073	\$29,276	\$193,726	\$71,138	\$12,857
New York	\$3,759	\$57,296	\$175,341	\$218,412	\$25,397
Texas	\$4,353	\$16,909	\$114,612	\$196,034	\$11,349
<i>Median</i>	\$3,916	\$27,920	\$184,534	\$143,119	\$13,223

AVERAGE MEDICAL COST PER CASE BY INJURY TYPE

<u>POLICY YEAR 1996</u>	<u>Medical Only</u>	<u>Temporary Total</u>	<u>Permanent Partial</u>	<u>Permanent Total</u>	<u>Fatal</u>	<u>Total Medical</u>
Illinois	\$445	\$3,734	\$12,927	\$32,375	\$17,418	\$2,281
Neighboring States						
Indiana	\$427	\$4,543	\$18,313	\$226,928	\$9,418	\$1,485
Iowa	\$336	\$2,828	\$16,721	\$344,080	\$15,814	\$1,767
Kentucky	\$401	\$4,591	\$37,501	\$2,144,904	\$51,345	\$2,656
Michigan	\$356	\$4,198	\$38,440	\$295,028	\$17,054	\$1,844
Missouri	\$424	\$3,378	\$13,052	\$335,353	\$13,997	\$2,437
Wisconsin	\$405	\$3,064	\$22,982	\$255,075	\$15,425	\$1,801
<i>Median</i>	\$403	\$3,788	\$20,648	\$315,191	\$15,620	\$1,823
Large Industrial States						
California	\$483	\$2,153	\$15,366	\$296,715	\$13,865	\$3,086
Florida	\$418	\$6,763	\$59,783	\$266,498	\$223,061	\$6,035
New York	\$540	\$3,256	\$15,390	\$29,215	\$17,507	\$3,044
Texas	\$572	\$8,589	\$20,432	\$438,813	\$62,828	\$4,652
<i>Median</i>	\$512	\$5,010	\$17,911	\$281,607	\$40,168	\$3,869



## 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 group further stated that 19 items were essential to an adequate workers' compensation system.<sup>13</sup>

NUMBER OF 19 ESSENTIAL RECOMMENDATIONS MET			
National average		12.76	
Illinois		15.00	
Neighboring States		Large Industrial States	
Indiana	11.50	California	12.00
Iowa	15.50	Florida	11.00
Kentucky	14.25	New York	10.75
Michigan	9.75	Ohio	14.50
Missouri	14.75	Pennsylvania	13.75
Wisconsin	15.00	Texas	10.50
<i>Median</i>	14.50	<i>Median</i>	11.50

## SAFETY

Overall, injury rates have declined dramatically since 1991. Illinois' 1996 total injury rate is 24% lower than the 1991 rate. The PPD rate, moreover, has fallen 39% since 1991, a much sharper decline than total injuries.<sup>14</sup>

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

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.<sup>15</sup>

---

<sup>1</sup> *State Workers' Compensation Administrative Profiles*, U.S. Department of Labor, October 1998, pp. 387 - 395; *1998 Analysis of Workers' Compensation Laws*, U.S. Chamber of Commerce, Chart XIV. Averages were calculated from the 44 states for which information was available. Five states run exclusive funds, in which the state manages all liabilities for workers' compensation; in the 12 competitive fund states, employers may purchase insurance either through the state or on the private market; in the 27 private insurance states (of which six are GRF-funded), the state does not operate an insurance fund.

<sup>2</sup> *Best's Review P/C*, November 2000, p. 92; "All Illinois Licensed Companies--Illinois Workers' Compensation," Illinois Department of Insurance, 1994-1999 reports.

<sup>3</sup> National Council on Compensation Insurance filings with the Illinois Department of Insurance. In the past, the differential between the assigned risk plan and the voluntary market fluctuated. Since 1/1/90, the assigned risk plan has been set at 20% higher than the voluntary market. The assigned risk plan consists of approximately 300 high-risk companies that cannot obtain workers' compensation insurance on the open market, and represents about 10% of the Illinois w.c. insurance market. 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.

<sup>4</sup> "Residual Market Management Summary 1999," National Council on Compensation Insurance, p. 12. The NCCI notes this is a preliminary figure. *Annual Statistical Bulletin*, 1999 edition, NCCI, Exhibit XIII, page 329.

<sup>5</sup> "Utilization Review in Workers' Compensation Claims," *Illinois Insurance*, Illinois Department of Insurance, August 1991, page 2.

<sup>6</sup> In FY95, a change was made in the way dismissals are counted. All dismissals are now counted as closing a case; if a case is reopened, it is counted in the number of cases added to the caseload (see Cases Opened).

<sup>7</sup> Illinois Department of Employment Security. These figures represent the average annual nonagricultural nonfederal employment. (DES was unable to estimate agricultural employment; federal workers are covered under a federal workers' compensation program.)

<sup>8</sup> *Accident Facts: 2000 edition*, National Safety Council, page 45.

<sup>9</sup> *Census of Fatal Occupational Injuries: Illinois, 1999*, Illinois Department of Public Health, December 2000, pp.12-13. For more information, contact the Division of Epidemiologic Studies at IDPH at 217/785-1873.

<sup>10</sup> "The Interval between Injury and Award: Is the Industrial Commission Dragging Its Feet?" Workers' Compensation Section of the Illinois State Bar Association, May 1996.

<sup>11</sup> "Fiscal Data for State Workers' Compensation Systems, 1987-1996," *Research Bulletin: A Publication of the National Foundation for Unemployment Compensation and Workers' Compensation*, August 1999, Tables 1, 6, and 7, and "Workers' Compensation: Benefits, Coverage, and Costs: 1999 New Estimates and 1996-98 Revisions," National Academy of Social Insurance, May 2001, Tables 10 and 11.

<sup>12</sup> *Annual Statistical Bulletin*, 1996-2000 editions, National Council on Compensation Insurance, Exhibits X and XI. This information refers only to the experience of employers with insurance, not self-insurers. The data for fatalities and PTDs come from small numbers of cases and should be viewed with caution.

<sup>13</sup> "National Commission on State Workmen's Compensation Laws", 1999, John Burton's Workers' Compensation Resources, Table1. The group 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, 1999, 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).

<sup>14</sup> *Annual Statistical Bulletin*, 1996 - 2000 editions, National Council on Compensation Insurance, Exhibit XII. This information refers only to the experience of employers with insurance, not self-insurers. The data for fatalities and PTDs come from small numbers of cases and should be viewed with caution.

<sup>15</sup> *Why Some Employers Have a Better Workers' Compensation Experience Than Others*, Edward M. Welch, 1991, pp. 3-7.