

ILLINOIS INDUSTRIAL COMMISSION FY01 ANNUAL REPORT



GEORGE H. RYAN, GOVERNOR
JOHN W. HALLOCK, JR., CHAIRMAN

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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. May 2002.



The Industrial Commission of Illinois
 100 W. Randolph, Suite 8-200
 Chicago, IL 60601
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George H. Ryan
 Governor

John W. Hallock, Jr.
 Chairman

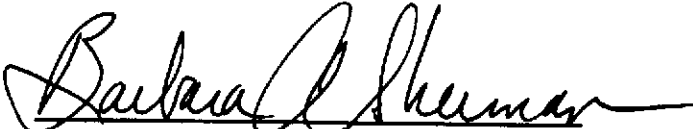
Dear Governor Ryan,
 Members of the General Assembly,
 and Citizens of Illinois:

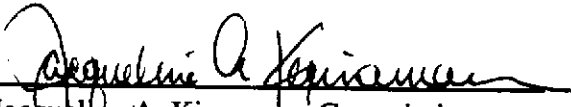
On behalf of the entire Industrial Commission, we are pleased to submit this report.

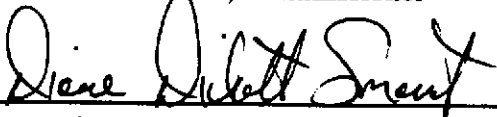
At the commissioner level, we have eliminated the backlog. At the arbitration level, we have taken a number of steps to move cases more quickly. In addition, we are making sure employers obtain workers' compensation insurance, as required by law. We have converted our forms from legal size to a more convenient letter size. And our information is more accessible than ever, thanks to our Web site.

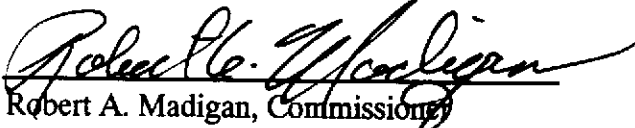
Administratively, we will continue to work together to serve the employers and employees of Illinois. We ask for your support and participation in this effort.


 Richard Gilgis, Commissioner

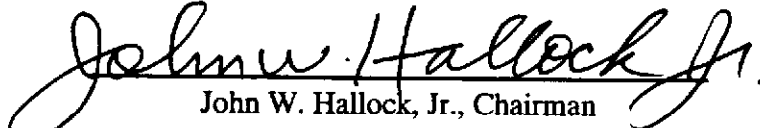

 Barbara A. Sherman, Commissioner


 Jacqueline A. Kinnaman, Commissioner


 Diane Dickett Smart, Commissioner


 Robert A. Madigan, Commissioner


 Douglas F. Stevenson, Commissioner


 John W. Hallock, Jr., Chairman


 Janice Montoya, Assistant Secretary

ARBITRATORS

Peter Akemann
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 Robert Falcioni

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 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

- Illinois workers are experiencing fewer accidents and less severe injuries. Employees benefit by avoiding the pain and uncertainty involved in injuries, while employers benefit through lower insurance premiums. In fact, after adjusting for inflation, the 2002 Illinois advisory rate for workers' compensation insurance represents a *39% decrease* since 1989.
- In Illinois, the workers' compensation insurance business is highly competitive. More carriers write w.c. policies in Illinois than in any other state. In addition, Illinois has a smaller residual market than most states, indicating that employers can buy insurance with relative ease.
- The Commission converted all its forms from legal size to letter size, and posted them on the Web site.
- Since 1996, the Commission has enforced the law requiring employers to obtain workers' compensation insurance. Over \$2.5 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

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

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

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

Margaret Blackshere
President, Illinois State AFL-CIO

Peter M. Greco
CFO, Elmhurst-Chicago Stone

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.

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

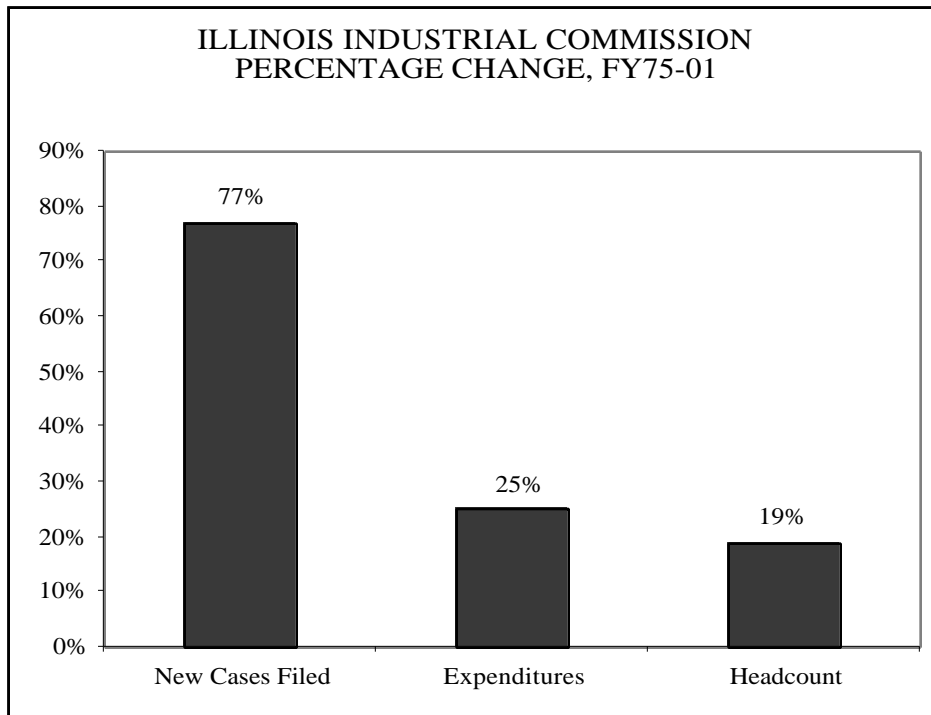
Illinois is one of the few states that rely on General Revenue Funds for the administration of their workers' compensation programs. In a U.S. Department of Labor study, Illinois' budget per worker ranked 41st out of 44 states for which information was available. ¹

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 77%, while expenditures (adjusted for inflation) have increased 25% and the Commission's headcount increased by 19%.

ILLINOIS INDUSTRIAL COMMISSION EXPENDITURES (\$ in hundreds)

<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
01	10,772.9	2,024.2	156	71,038



SPECIAL FUNDS

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

BALANCES OF SPECIAL FUNDS AS OF JUNE 30, 2001

	<u>Starting Balance</u>	<u>Income Received</u>	<u>Expenditures</u>	<u>Adjustments</u>	<u>Ending Balance</u>
RATE ADJUSTMENT FUND	(\$7,249,991)	\$8,655,875	\$10,066,130	(\$151,338)	(\$8,811,584)
SECOND INJURY FUND	\$508,978	\$1,137,820	\$1,106,615	\$2,080	\$542,263
SELF-INSURERS ADMINISTRATION FUND	\$659,214	\$386,039	\$377,969	(\$12,607)	\$654,677
SELF-INSURERS SECURITY FUND	\$353,919	\$8,577,405	\$2,688,604	(\$1,081,204)	\$5,161,516
TRANSCRIPT DEPOSIT FUND	\$16,361	\$11,270	\$8,800	\$0	\$18,831
WORKERS' COMPENSATION BENEFIT TRUST FUND	\$173,679	\$10,603	\$0	\$0	\$184,282

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 in the U.S. ²

Illinois carriers are free to set their own rates, but the National Council on Compensation Insurance, a private organization, issues advisory rates. After years of increases, the advisory rates have fallen 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 1990 would cost only \$92.16 in 2002. After adjusting for inflation, the 2002 rate represents a 39% decrease in costs! ³

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

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

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 residual market has shrunk significantly--from 15% of premiums in 1990 to 2% in 1999--indicating that employers may obtain workers' compensation insurance with relative ease. ⁴

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, with a minimum fine of \$10,000. Corporate officers may be held personally liable if the company fails to pay the fine.

In FY01, the Commission responded to over 7,900 inquiries, sent 575 legal notices to employers, reached settlements totalling \$98,000 with 58 employers, and levied another \$1,268,500 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. An 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." ⁵

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
6/30/01	335

ADMINISTRATION

ADMINISTRATIVE ACCOMPLISHMENTS

- The Commission has taken a number of steps to move cases through its system more quickly:
 - * Injured workers and employers are now guaranteed a trial date within the same month of request.
 - * After attending special training programs, arbitrators are pretrying more cases than ever before.
 - * Special "Settlement Days" are held for participants to resolve issues in an informal environment.
 - * Each day, a Chicago arbitrator is on call to promptly review "Settlement Day" contracts and contracts involving claimants without attorneys.
 - * Retired arbitrators return to the Commission to assist and keep the cases moving.

- Since 1989, the number of cases pending on the commissioner level has fallen 75%. The backlog has been eliminated.

- People now have better access to Commission information than ever before.
 - * The Commission's Web site contains the act, rules, forms, handbook, rates, calendars, call sheets, and other important information.
 - * The act and rules were reprinted and widely distributed, and are updated regularly.
 - * Each year, the Commission sends out roughly 150,000 handbooks that explain the rights and responsibilities of workers and employers under the program. Upon receipt of an accident report, we send a handbook to the injured worker. Thanks to improvements we have made in our processing, handbooks are getting out in half the time it used to take.
 - * Each year, hundreds of people come to the Commission for educational programs, we send speakers out upon request, and we answer 100,000 phone calls and letters.

- Like many court systems, we have converted our forms from legal size to a more convenient letter size. Practicing attorneys participated in the review process. The forms are available in various formats on our Web site.

- Since 1996, the Commission has taken steps to see that all employers have workers' compensation insurance, as required by law. So far, the Commission has levied \$2.5 million in fines against noncomplying employers, bringing workers the proper legal protection and other employers a more fair competitive environment.

- To protect individuals' privacy, the Commission removed the first five digits of claimants' Social Security numbers from the computers to which the public has access.

ORGANIZATIONAL STRUCTURE

At the end of FY01, the Industrial Commission consisted of the chairman, six commissioners, 156 regular employees, and nine employees in the separately-funded Self-Insurance Division, for a total of 172 people.

CHAIRMAN'S OFFICE

John W. Hallock, Jr., Chairman Headcount: 3

Working in the Chairman's Office are Linda Freeman, administrative assistant; 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

Robert M. Harris, Acting Coordinator Headcount: 76

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: 49

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 Fortner Thompson, Supervisor

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

Information

Jeanie Thompson, Supervisor

Employees in four locations handle 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.

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. We now 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 roughly 350,000 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. Using the entire database, the following data was compiled to give a general sense of the parts of the body that were injured. If a case involved more than one body part, each part was counted separately.

	PART OF BODY INJURED BY FISCAL YEAR OF ACCIDENT			
	<u>FY01</u>	<u>FY00</u>	<u>FY99</u>	<u>FY98</u>
Head and neck				
Eyes	1%	1%	1%	1%
Head--other parts	3%	3%	2%	2%
Neck	4%	4%	4%	4%
Trunk				
Back	18%	18%	19%	19%
Shoulder	6%	6%	6%	6%
Not specified	2%	2%	2%	2%
Upper extremities				
Arm	9%	10%	10%	9%
Hand	13%	14%	14%	14%
Finger	6%	6%	6%	7%
Not specified	3%	3%	3%	3%
Lower extremities				
Foot	5%	5%	6%	5%
Knee	5%	6%	6%	6%
Leg	7%	7%	7%	7%
Toe	<1%	<1%	<1%	<1%
Not specified	1%	1%	1%	1%
Body systems	<1%	<1%	<1%	<1%
Multiple parts	16%	14%	14%	13%

Location of accident. Cases are assigned to the hearing site nearest the site of the accident. If the accident occurred outside of Illinois, the case is assigned to the hearing site closest to the petitioner's home; if the petitioner lives outside of Illinois, the case is set at the site most convenient to the parties.

The following table groups the 1,200 cities and towns in Illinois by the 34 hearing sites to which the claims were assigned, and indicates where accidents occur.

LOCATION BY FISCAL YEAR OF ACCIDENT				
<u>Hearing Site</u>	<u>FY01</u>	<u>FY00</u>	<u>FY99</u>	<u>FY98</u>
Chicago	44%	42%	42%	43%
Downstate	56%	58%	58%	57%
Alton	2%	1%	2%	2%
Belleville	2%	3%	3%	3%
Bloomington	2%	3%	3%	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%
Herrin	1%	1%	1%	1%
Jacksonville	1%	1%	1%	1%
Joliet	4%	4%	4%	3%
Kankakee	1%	1%	1%	1%
Lawrenceville	<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	2%	1%	1%	1%
Waukegan	4%	4%	4%	4%
Wheaton	6%	6%	6%	6%
Whittington (Benton)	1%	2%	2%	2%
Woodstock	2%	2%	1%	2%

APPEAL RATES

As in other 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

2,409 arbitration decisions issued in FY01
49% are appealed to the Commission

941 Commission decisions issued in FY01
29% are appealed to the circuit courts

250 circuit court opinions issued in CY01 (est.)
40% are appealed to the Appellate Court

100 Appellate Court opinions/orders issued in CY01
5% cases are appealed to the Supreme Court

1-5 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 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 83% 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 FY01

Arbitration decision was appealed by:	Petitioner <u>(Worker)</u>	Respondent <u>(Employer)</u>	<u>Both</u>	<u>Total</u>
Affirmed	78%	65%	49%	69%
Reversed	6%	4%	8%	6%
Modified, no change in benefits	2%	1%	3%	2%
Benefits increased	11%	10%	21%	12%
Benefits decreased	3%	20%	20%	11%

ATTORNEY INVOLVEMENT

Most employees and employers who have workers' compensation cases on file with the Industrial Commission retain legal counsel. In FY01, 83% of workers had attorneys when they filed their cases. While only 6% of the original (IC5) settlement contracts approved had petitioners' attorneys on file, attorneys were listed in 89% of arbitration decisions and 99% 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 FY01 averaged \$32,379 per year, 13% lower than the statewide average of \$37,296 per year. Paid at 66 2/3% of wages, the average Temporary Total Disability benefit would be \$415 per week.

	AVERAGE WEEKLY WAGE BY YEAR OF ACCIDENT			
	<u>FY01</u>	<u>FY00</u>	<u>FY99</u>	<u>FY98</u>
Claimants' Average Weekly Wage	\$622.67	\$599.99	\$576.42	\$548.12
Statewide Average Weekly Wage as of 6/30	\$717.24	\$674.86	\$632.60	\$611.31

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, 2001	
	<u>Minimum</u>	<u>Maximum</u>
TEMPORARY TOTAL DISABILITY		
Single	\$100.90	\$956.32
Married, no children	\$105.50	\$956.32
1 child under 18	\$108.30	\$956.32
2 children	\$113.40	\$956.32
3 children	\$117.40	\$956.32
4+ children	\$124.30	\$956.32

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	\$516.15
Married, no children	\$83.20	\$516.15
1 child under 18	\$86.10	\$516.15
2 children	\$88.90	\$516.15
3 children	\$91.80	\$516.15
4+ children	\$96.90	\$516.15

Benefits are paid at 60% of the worker's AWW, up to a maximum of \$516.15, except for cases of amputation or enucleation of an eye, for which benefits are paid at 66 2/3%, up to a maximum of \$956.32. The minimum benefit is the worker's AWW or the amounts listed, whichever is lower.

PERMANENT TOTAL DISABILITY	\$358.62	\$956.32
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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	\$358.62	\$956.32
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The minimum benefit cannot be less than 50% of the SAWW. The maximum benefit can be no more than 133 1/3% of the SAWW. Benefits are paid for up to 20 years or \$250,000, whichever is greater.

CASES CLOSED

TOTAL CASES CLOSED ARBITRATION AND REVIEW LEVELS

	<u>FY01</u>	<u>%</u>	<u>FY00</u>	<u>%</u>	<u>FY99</u>	<u>%</u>	<u>FY98</u>	<u>%</u>
Dismissals	8,059	11%	7,131	10%	6,888	10%	8,316	11%
Settlements	61,995	87%	61,786	87%	62,787	87%	64,589	86%
Decisions	<u>1,611</u>	2%	<u>2,014</u>	3%	<u>2,374</u>	3%	<u>2,307</u>	3%
Total	<u>71,665</u>		<u>70,931</u>		<u>72,049</u>		<u>75,212</u>	
Percentage change		1%		(2%)		(4%)		4%

Arbitration. 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.⁶

CASES CLOSED AT ARBITRATION

Final action:	<u>FY01</u>	<u>%</u>	<u>FY00</u>	<u>%</u>	<u>FY99</u>	<u>%</u>	<u>FY98</u>	<u>%</u>
Dismissals:								
Voluntary	602		649		755		884	
Want of prosecution	<u>7,369</u>		<u>6,379</u>		<u>6,011</u>		<u>7,363</u>	
Total dismissals	<u>7,971</u>	11%	<u>7,028</u>	10%	<u>6,766</u>	10%	<u>8,247</u>	11%
Settlements:								
Original settlements	11,501		11,450		11,366		11,035	
Before arb. decision	49,660		49,354		49,912		51,399	
After arb. decision	<u>450</u>		<u>471</u>		<u>807</u>		<u>777</u>	
Total settlements	<u>61,611</u>	87%	<u>61,275</u>	88%	<u>62,085</u>	88%	<u>63,211</u>	87%
Decisions	925	1%	1,090	2%	1,318	2%	1,193	2%
Total closed	<u>70,507</u>		<u>69,393</u>		<u>70,169</u>		<u>72,651</u>	
Percentage change		2%		(1%)		(3%)		4%

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>FY01</u>	<u>%</u>	<u>FY00</u>	<u>%</u>	<u>FY99</u>	<u>%</u>	<u>FY98</u>	<u>%</u>
Dismissals at review	88	8%	103	7%	122	6%	69	3%
Settlements:								
Before arbitration decision	42		144		334		930	
After arbitration decision	211		223		188		265	
After review decision	<u>131</u>		<u>144</u>		<u>180</u>		<u>183</u>	
Total settlements	<u>384</u>	33%	<u>511</u>	33%	<u>702</u>	37%	<u>1,378</u>	54%
Review decisions	686	59%	924	60%	1,056	56%	1,114	43%
Total cases closed	<u>1,158</u>		<u>1,538</u>		<u>1,880</u>		<u>2,561</u>	
Percentage change		(25%)		(18%)		(27%)		2%

CASES OPENED

	CASES OPENED			
	<u>FY01</u>	<u>FY00</u>	<u>FY99</u>	<u>FY98</u>
New claims filed	59,320	59,420	57,301	57,724
Original settlements filed	<u>11,718</u>	<u>11,416</u>	<u>11,635</u>	<u>11,318</u>
Total new cases filed	71,038	70,836	68,936	69,042
Percentage change	0%	3%	0%	1%
Reinstated	1,975	2,030	1,773	1,896
Remanded to arbitrator	25	31	41	39
Remanded to commissioner	<u>56</u>	<u>60</u>	<u>51</u>	<u>53</u>
Total cases returned to caseload	2,056	2,121	1,865	1,988
Total additions to the caseload	73,094	72,957	70,801	71,030
Illinois employment ⁷	5,903,600	5,886,567	5,838,142	5,733,867
Percentage change	1%	1%	2%	2%

CASES PENDING

Arbitration. At the end of FY01, there were roughly 114,000 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 1,200 at the end of FY01. 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.

ARBITRATION AWARDS ISSUED DURING FY01

	<u>19(b-1) Cases</u>	<u>19(b) Cases</u>	<u>Regular Cases</u>
Number of awards	15	235	2,012
# Months to issue	3	6	32

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 FY01, on average, 19(b-1) cases were resolved in 81 days at the arbitration level and 90 days at the review level, for a total of 171 days. Statistics on individual turnaround times are provided to each arbitrator and commissioner.

GENDER

Women constitute 47% 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, however, from 22% of claimants in FY85 to 32% in FY01.

INJURY RATES

The Commission does not have the ability to produce data on the frequency of injury. The statistics in this section come from outside sources, which use different methods to derive their data. See the footnotes for details.

National Council on Compensation Insurance data. Overall, injury rates have declined dramatically. The injury rate in Illinois has tended to be lower than other states, and it continues to show progress: Illinois' 1998 total injury rate is 35% lower than in 1991. The one area Illinois seemed out of balance was in the comparatively high rate of permanent partial disability benefits. Fortunately, there is even greater improvement there: Illinois' 1998 PPD rate has dropped 43%.⁸

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

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

Bureau of Labor Statistics survey of nonfatal injuries and illnesses. Since 1998, the Illinois Department of Public Health has participated in the U.S. Bureau of Labor Statistics' federal/state Survey of Occupational Injuries and Illnesses. A sample of employers representing the private and nonfederal public sectors are surveyed each year.⁹

NONFATAL WORK-RELATED INJURIES AND ILLNESSES IN ILLINOIS BY EVENT OR EXPOSURE PRIVATE SECTOR ONLY

	<u>1999</u>		<u>1998</u>	
	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>
Assault or violent act	637	0.8%	662	0.8%
Contact w. objects/equip.	22,665	28.1%	23,277	28.8%
Exposure to harmful substances	3,415	4.2%	3,355	4.2%
Fall	12,013	14.9%	11,721	14.5%
Fire or explosion	84	0.1%	366	0.5%
Overexertion	23,238	28.8%	24,029	29.7%
Repetitive motion	3,788	4.7%	3,090	3.8%
Slip or trip (no fall)	3,192	4.0%	4,062	5.0%
Transportation accident	2,830	3.5%	3,261	4.0%
Other/not reported	<u>8,766</u>	10.9%	<u>6,998</u>	8.7%
Total	80,628		80,821	

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

	<u>1999</u>	<u>1998</u>
Agriculture	9.1%	9.0%
Construction	9.9%	9.1%
Finance	1.2%	1.2%
Government	8.2%	8.5%
Manufacturing	8.4%	9.3%
Mining	7.2%	8.6%
Services	4.4%	5.9%
Trade, wholesale and retail	5.7%	6.7%
Transportation	9.0%	9.9%
Total	6.3%	7.1%

Bureau of Labor Statistics study of fatal injuries. 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 program provides a standard measure of fatal occupational injuries for the country.¹⁰

FATAL WORK-RELATED INJURIES IN ILLINOIS
BY EVENT OR EXPOSURE

	<u>2000</u>		<u>1999</u>		<u>1998</u>		<u>1997</u>	
	#	%	#	%	#	%	#	%
Assault or violent act	29	14%	36	17%	38	18%	51	21%
Contact with objects/equip.	44	21%	40	19%	36	17%	34	14%
Exposure to harmful subst.	11	5%	23	11%	24	11%	20	8%
Fall	25	12%	29	14%	34	16%	36	15%
Fire or explosion	9	4%	9	4%	5	2%	4	2%
Transportation accident	85	41%	71	34%	79	37%	93	39%
Other	<u>0</u>	0%	<u>0</u>	0%	<u>0</u>	0%	<u>2</u>	1%
Total	205		208		216		240	

FATAL WORK-RELATED INJURIES IN ILLINOIS
BY INDUSTRY

	<u>2000</u>		<u>1999</u>		<u>1998</u>		<u>1997</u>	
	#	%	#	%	#	%	#	%
Agriculture	21	10%	34	16%	28	13%	33	14%
Construction	47	23%	37	18%	34	16%	42	18%
Government	15	7%	16	8%	15	7%	28	12%
Manufacturing	29	14%	27	13%	28	13%	19	8%
Mining	4	2%	4	2%	4	2%	5	2%
Services (incl. Finance)	22	11%	27	13%	30	14%	37	15%
Transportation	38	19%	37	18%	49	23%	44	18%
Wholesale and retail trade	27	13%	26	12%	28	13%	30	12%
Other	<u>0</u>	0%	<u>0</u>	0%	<u>0</u>	0%	<u>2</u>	1%
Total	205		208		216		240	

MEDICAL CARE

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.

By law, the employer is required to pay for medical care that is reasonably required to cure or relieve the employee from the effects of a work-related injury or disease. The employer shall pay for all necessary first aid and emergency services, two treating physicians, surgeons, or hospitals of the employee's choice, and any additional medical care providers to whom the employee is referred by the two physicians, surgeons, or hospitals.

The employer shall also pay for necessary physical, mental, and vocational rehabilitation of the employee. The employee must cooperate in reasonable programs to assist in his or her recovery and return to work.

PENALTIES

Under Section 16 of the Act, the Commission may order the respondent to pay the petitioner's attorneys' fees if the respondent or its agent has unreasonably delayed benefits to an employee, intentionally underpaid an employee, engaged in frivolous defenses, or has otherwise treated an employee unfairly.

Under Section 19(k), the Commission may award the petitioner additional compensation equal to 50% of the amount of compensation payable at the time of the award if there was an unreasonable or vexatious delay of payment, or an intentional underpayment of compensation.

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>FY01</u>	<u>FY00</u>	<u>FY99</u>	<u>FY98</u>
16	0	1	0	0
19(k)	8	9	9	3
16 and 19(k)	44	40	26	26
19(l)	19	21	25	30
16 and 19(l)	4	1	0	3
19(k) and 19(l)	8	4	10	6
16, 19(k), and 19(l)	<u>69</u>	<u>51</u>	<u>58</u>	<u>63</u>
Total	152	127	128	131

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 claimant'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>FY01</u>	<u>FY00</u>	<u>FY99</u>	<u>FY98</u>
8(a)	123	133	90	81
19(h)	12	11	12	11
8(a) and 19(h)	<u>84</u>	<u>63</u>	<u>113</u>	<u>77</u>
Total	219	207	215	169

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 v. Industrial Commission, 97 Ill.2d 424 (1983).

TURNAROUND TIME

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.

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. In FY01, on average, arbitration decisions were issued 2.7 years from the date a claim was filed; review decisions were issued 0.9 years from the date the petition for review was filed.

A survey conducted by the Illinois State Bar Association concluded, "the amount of time between injury and award is not prolonged by delays at the arbitration level."¹¹ 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

Even though Illinois is a high-wage state, its workers' compensation costs 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.¹²

AVERAGE BENEFITS PAID PER COVERED EMPLOYEE, 1999

	National average	\$323		
	Illinois	\$301		
Neighboring States			Large Industrial States	
Indiana	\$185		California	\$556
Iowa	\$202		Florida	\$309
Kentucky	\$256		New York	\$346
Michigan	\$321		Ohio	\$376
Missouri	\$244		Pennsylvania	\$453
Wisconsin	\$251		Texas	\$232
<i>Median</i>	\$248		<i>Median</i>	\$361

BENEFITS AS PERCENTAGE OF WAGES, 1999

	National average	1.10%		
	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, 1988 - 1999

	National average	53%		
	Illinois	35%		
Neighboring States			Large Industrial States	
Indiana	113%		California	67%
Iowa	68%		Florida	46%
Kentucky	47%		New York	107%
Michigan	35%		Ohio	18%
Missouri	57%		Pennsylvania	65%
Wisconsin	55%		Texas	(32%)
<i>Median</i>	56%		<i>Median</i>	56%

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	\$1.72	\$1.69	\$1.58	\$1.64	\$1.44	\$1.58	\$1.67	\$1.75	\$1.75	\$1.61	\$1.43
% Change	2%	7%	(4%)	14%	(9%)	(5%)	(5%)	0%	9%	12%	12%
U.S.	\$40.38	\$39.32	\$38.14	\$38.77	\$39.05	\$40.39	\$39.74	\$41.50	\$39.17	\$35.34	\$31.56
% Change	3%	3%	(2%)	(1%)	(3%)	2%	(4%)	6%	11%	12%	13%

The following figures compare indemnity and medical costs among states for different types of cases. As in other calculations, Illinois' costs run below other large industrial states.¹³

AVERAGE INDEMNITY COST PER CASE
BY INJURY TYPE

POLICY YEAR 1997	<u>Temporary Total</u>	<u>Permanent Partial</u>	<u>Permanent Total</u>	<u>Fatal</u>	<u>Total Indemnity</u>
Illinois	\$3,960	\$22,926	\$148,534	\$130,132	\$11,244
Neighboring States					
Indiana	\$2,604	\$12,735	\$118,275	\$91,258	\$5,014
Iowa	\$2,172	\$21,834	\$81,273	\$230,091	\$7,758
Kentucky	\$2,885	\$25,541	\$163,454	\$237,561	\$7,780
Michigan	\$4,294	\$59,650	\$205,823	\$154,663	\$10,989
Missouri	\$4,038	\$14,197	\$191,569	\$203,932	\$9,039
Wisconsin	\$2,060	\$18,816	\$397,223	\$92,403	\$5,024
<i>Median</i>	\$2,745	\$20,325	\$177,512	\$179,298	\$7,769
Large Industrial States					
California	\$1,706	\$30,351	\$228,493	\$97,480	\$15,862
Florida	\$4,746	\$28,259	\$196,743	\$61,943	\$13,006
New York	\$3,708	\$49,757	\$238,485	\$209,402	\$21,831
Texas	\$4,905	\$17,357	\$177,548	\$227,021	\$11,651
<i>Median</i>	\$4,227	\$29,305	\$212,618	\$153,441	\$14,434

AVERAGE MEDICAL COST PER CASE
BY INJURY TYPE

POLICY YEAR 1997	<u>Medical Only</u>	<u>Temporary Total</u>	<u>Permanent Partial</u>	<u>Permanent Total</u>	<u>Fatal</u>	<u>Total Medical</u>
Illinois	\$475	\$3,680	\$14,930	\$87,380	\$7,624	\$2,579
Neighboring States						
Indiana	\$448	\$4,906	\$18,030	\$156,745	\$26,010	\$1,510
Iowa	\$380	\$3,011	\$17,000	\$82,929	\$12,989	\$1,905
Kentucky	\$427	\$4,899	\$45,910	\$918,697	\$30,215	\$2,424
Michigan	\$372	\$4,456	\$32,009	\$486,588	\$10,374	\$1,795
Missouri	\$439	\$3,654	\$13,198	\$121,210	\$8,909	\$2,437
Wisconsin	\$438	\$3,304	\$21,753	\$338,727	\$29,407	\$1,814
<i>Median</i>	\$433	\$4,055	\$19,892	\$247,736	\$19,500	\$1,860
Large Industrial States						
California	\$501	\$2,408	\$18,469	\$181,038	\$17,957	\$3,563
Florida	\$418	\$7,705	\$56,648	\$233,647	\$53,199	\$5,195
New York	\$539	\$3,333	\$13,677	\$343,365	\$21,404	\$3,361
Texas	\$643	\$9,505	\$24,694	\$340,395	\$80,362	\$5,101
<i>Median</i>	\$520	\$5,519	\$21,582	\$287,021	\$37,302	\$4,332

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.¹⁴

NUMBER OF 19 ESSENTIAL RECOMMENDATIONS MET			
National average		12.89	
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

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.¹⁵

¹ *State Workers' Compensation Administrative Profiles*, U.S. Department of Labor, October 2000, pp. 389 - 397; *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. This is the most recent data available.

² "Workers' Compensation, Top Writers by State--2000," *Best's Review*, November 2001, p. 92; see also: "All Illinois Licensed Companies--Illinois Workers' Compensation," Illinois Department of Insurance, 1994-2001 reports.

³ National Council on Compensation Insurance filings with the Illinois Department of Insurance. Before 1/1/1991, the rates for the assigned risk plan and the voluntary market varied. (The assigned risk plan (residual market) consists of high-risk companies that cannot obtain workers' compensation insurance on the open market.) From 1/1/1991 - 1/1/2001, the assigned risk plan was set at 20% higher than the voluntary market, and the same percentage change applied to both. Beginning 1/1/2002, the rates again vary: there was a 0.2% decrease in the voluntary market and a 4.0% increase in the residual 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. CPI 1982-84 = 100 Midwest Urban Area--All Urban Consumers, not seasonally adjusted.

⁴ *Annual Statistical Bulletin*, 1996 - 2001 editions, National Council on Compensation Insurance, Exhibit XIII.

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

⁶ 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).

⁷ 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.)

⁸ *Annual Statistical Bulletin*, 1996 - 2001 editions, National Council on Compensation Insurance, 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.

⁹ *Workplace Nonfatal Injuries and Illnesses*, 1999 and 1998 editions, Illinois Department of Public Health, June 2001 and June 2000, Tables 1, 2, 9.

¹⁰ *Census of Fatal Occupational Injuries and Illnesses*, 1997-2000 editions, Illinois Department of Public Health, Tables 4, 5, 8, and 10. For more information, contact the IDPH Division of Epidemiologic Studies at 217/785-1873.

¹¹ "The Interval between Injury and Award: Is the Industrial Commission Dragging Its Feet?" Workers' Compensation Section of the Illinois State Bar Association, May 1996.

¹² "Fiscal Data for State Workers' Compensation Systems, 1988-1999," *Research Bulletin*, National Foundation for Unemployment Compensation and Workers' Compensation, August 2001, Tables 4, 10.

¹³ *Annual Statistical Bulletin*, 1996-2001 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.

¹⁴ "2001 National Commission on State Workmen's Compensation Laws," U.S. Department of Labor, Office of Workers' Compensation Programs, Table 1. 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, 2001, 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).

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