

ILLINOIS INDUSTRIAL COMMISSION FY02 ANNUAL REPORT

ROD R. BLAGOJEVICH
GOVERNOR

DENNIS R. RUTH
CHAIRMAN



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ILLINOIS INDUSTRIAL COMMISSION

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ROD R. BLAGOJEVICH
GOVERNOR


DENNIS R. RUTH
CHAIRMAN

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

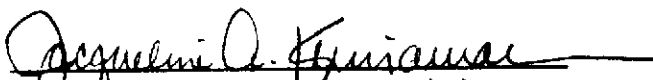
On behalf of the entire Industrial Commission, we submit this annual report.

We are pleased to report that, as we go to press, the legislature has just approved an independent funding source for the Commission. We are deeply grateful to the governor and legislators for approving this legislation.

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



David R. Akemann, Commissioner



James C. Serkland, Commissioner



Jacqueline A. Kinnaman, Commissioner


Barbara A. Sherman, Commissioner


Paul W. Rink, Commissioner


Douglas F. Stevenson, Commissioner


Dennis R. Ruth, Chairman


Janice Montoya, Assistant Secretary

ARBITRATORS

Peter Akemann
Brian Cronin
John Dibble
Tony Erbacci

Robert Falcioni
Joann Fratianni
Gilberto Galicia
James Giordano
Kathleen Hagan

Leo Hennessy
Douglas Holland
David Kane
Edward Lee

Stephen Mathis
Andrew Nalefski
Neva Neal
Valerie Peiler
Joseph Prieto

Joseph Reichart
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 2003 Illinois advisory rate for workers' compensation insurance represents a *35% decrease* since 1990.
- In Illinois, the workers' compensation insurance business is highly competitive. More carriers write workers' compensation policies in Illinois than in any other state. In addition, Illinois has a smaller residual market than most states, indicating that employers can buy insurance with relative ease.
- Since 1996, the Commission has enforced the law requiring employers to obtain workers' compensation insurance. Approximately \$400,000 has been collected in fines 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.

MISSION STATEMENT

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

The Commission performs four main functions:

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

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

BOARD MEMBERS

We are grateful to the individuals who serve on our boards. All serve without compensation. The chairman of the Industrial Commission also serves as chairman of each board.

COMMISSION REVIEW BOARD

The board investigates complaints made against arbitrators and commissioners. The governor appoints two public members, the senior labor and business commissioners serve by statute, and the arbitrators elect one Chicago and one Downstate arbitrator.

Robert Hanaford
Attorney, Robert H. Hanaford, Ltd.

Douglas F. Stevenson
Senior Business Commissioner

Jacqueline A. Kinnaman
Senior Labor Commissioner

Ann Marie Walsh
Attorney, Lord, Bissell & Brook

Joseph Reichart
Chicago Arbitrator

Ruth White
Downstate Arbitrator

SELF-INSURERS ADVISORY BOARD

The board reviews applications from private companies for the self-insurance privilege and makes recommendations to the chairman. The board also ensures the continued payment of benefits to workers of bankrupt self-insurers.

Alex G. Alexandrou
Director of Risk Management, City of Aurora

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

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

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

Margaret Blackshere
President, Illinois State AFL-CIO

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

OVERVIEW OF WORKERS' COMPENSATION

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

Before the laws took effect, an injured worker seeking compensation had to file a lawsuit against his or her employer in court. At the time, the common law held that the employer had a duty to provide a safe place to work and safe tools; to give warnings of dangers; and to provide a sufficient number of appropriate fellow servants to perform the tasks.

In court, the employee had to prove negligence. The employer could present a defense that blamed the injured worker's contributory negligence, or attributed the injury to the negligence of a fellow servant, or argued that the employee assumed certain risks in accepting the job. The process was prolonged and uncertain, with large risks to both employee and employer.

The high injury and death rates throughout the Industrial Revolution and growing dissatisfaction with the common law gradually led to the enactment of employer liability acts. Employers were held more responsible for negligence, but employees still had to file lawsuits for damages.

The first workers' compensation laws originated in Germany in 1884 with a compulsory system of accident insurance covering all employees in manufacturing, mining, and transportation. Similar laws passed in other European countries.

In the U.S., laws were passed on a state-by-state basis. Most of the early laws covered only hazardous occupations and were frequently challenged as unconstitutional. Maryland passed the first act in 1902, which was restricted to fatal cases. The first law of general application that withstood legal challenges was Wisconsin's act of 1911. Illinois passed its law in 1911, effective May 1, 1912. It took until 1948 for all states to establish a workers' compensation law.

Workers' compensation laws contain two tradeoffs:

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

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

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

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

In FY02, Illinois was one of only a handful of states that rely entirely on General Revenue Funds for the administration of their workers' compensation programs. Most other states fund their workers' compensation agencies through assessments on insurers and self-insured employers. Bipartisan study groups have recommended assessments for over 30 years.

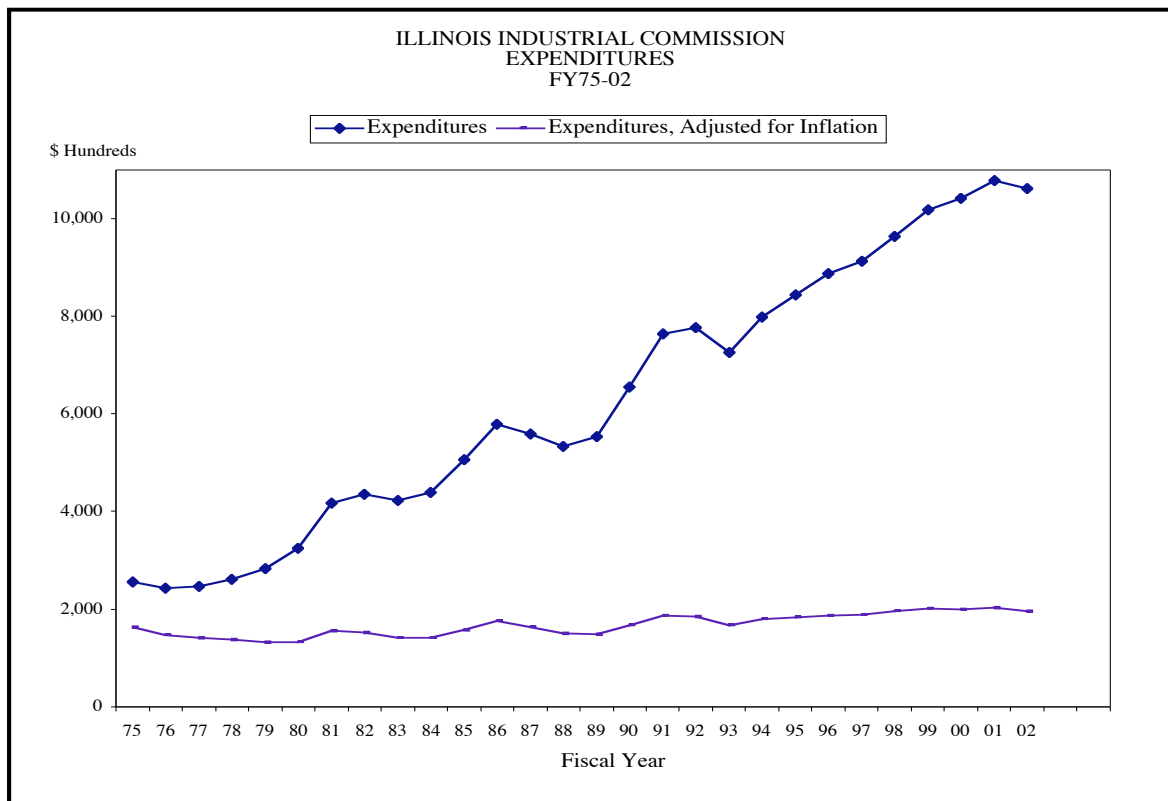
According to a U.S. Department of Labor study, state agencies that are funded by assessments have, proportionately, headcounts that are twice as big and budgets over four times larger than GRF states.¹ We are pleased to report that, as we go to press, the legislature has just approved an independent funding source for the Commission.

The cost of administering Illinois' workers' compensation program is modest. Since 1975, the number of new cases filed has increased 69%, while the Commission's headcount increased by 15%, and expenditures (adjusted for inflation) have increased 20%.

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
02	10,610.5	1,953.3	151	68,078



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, 2002

	<u>Starting Balance</u>	<u>Income Received</u>	<u>Expenditures</u>	<u>Adjustments</u>	<u>Ending Balance</u>
RATE ADJUSTMENT FUND	(\$8,811,584)	\$8,582,052	\$10,072,236	\$252	(\$10,301,516)
SECOND INJURY FUND	\$542,263	\$1,081,134	\$1,087,913		\$535,484
SELF-INSURERS ADMINISTRATION FUND	\$654,677	\$427,917	\$373,664	(\$5,333)	\$703,597
SELF-INSURERS SECURITY FUND	\$5,161,516	\$3,302,843	\$5,275,340	(\$6,786,674)	(\$3,597,655)
TRANSCRIPT DEPOSIT FUND	\$18,831	\$12,285	\$8,676		\$22,440
WORKERS' COMPENSATION BENEFIT TRUST FUND	\$184,282	\$5,787			\$190,069

RATE ADJUSTMENT FUND

The Rate Adjustment Fund was created in 1975 to pay cost-of-living increases to roughly 1,300 individuals who are either permanently and totally disabled or the survivors of fatally injured workers. Individuals who receive awards or settlements for permanent and total disability or death benefits are eligible.

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

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

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

SECOND INJURY FUND

The Second Injury Fund provides an incentive to employers to hire disabled workers, but Illinois' SIF is more narrowly constructed than most other states. If a worker who had previously incurred the complete loss of a member or the use of a member (one hand, arm, foot, leg, or eye) is injured on the job and suffers the complete loss of another member 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 100 individuals receive SIF benefits. In January and July each year, insurers and self-insured employers pay assessments up to 1/8 of 1% of all compensation payments made during the previous six months.

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

SELF-INSURERS ADMINISTRATION FUND

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

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

SELF-INSURERS SECURITY FUND

The Self-Insurers Security Fund was created in 1986 to pay benefits to employees of private self-insurers that became insolvent after 1986. Self-insured employers pay assessments based on their indemnity payments, up to a maximum of 1.2% of indemnity benefits paid during the preceding year.

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

TRANSCRIPT DEPOSIT FUND

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

WORKERS' COMPENSATION BENEFIT TRUST FUND

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

INSURANCE

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

INSURANCE

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

Illinois carriers are free to set their own rates, but the National Council on Compensation Insurance, a private organization, issues advisory rates. As the following chart shows, a premium of \$100 in 1990 would cost only \$98.33 in 2003. After adjusting for inflation, the 2003 rate actually represents a 35% 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
1/1/03	6.7%	98.33	1.0%	152.19

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 4% in 2000--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 the Commission finds an employer knowingly and willfully failed to obtain insurance, it may be fined up to \$500 for every day of noncompliance, with a minimum fine of \$10,000. Corporate officers may be held personally liable if the company fails to pay the fine.

During FY02, the Commission responded to thousands of inquiries, sought proof of insurance for 300 employers, and brought 63 employers into compliance with the law. Since 1996, approximately \$400,000 has been collected and deposited into the Industrial Commission Operations Fund. None has been spent.

BALANCE BILLING

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

SELF-INSURANCE

Private employers may obtain approval to insure themselves for their workers' compensation liabilities, or they may join a pool of other employers. The Industrial Commission evaluates individual self-insurers, while the Illinois Department of Insurance evaluates pools. Public employers may self-insure without obtaining approval. Self-insurers pay roughly one-fifth of the benefits paid in Illinois. ⁵

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

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

ADMINISTRATION

ADMINISTRATIVE ACCOMPLISHMENTS

- The Commission has taken a number of steps to move cases through its system more quickly:
 - Parties present and ready for trial are given priority over all other matters.
 - 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.
- Since 1989, the number of cases pending on the commissioner level has fallen 75%.
- 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 over 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.
- 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 collected approximately \$400,000 in fines against noncomplying employers, bringing workers the proper legal protection and other employers a more fair competitive environment.

ORGANIZATIONAL STRUCTURE

At the end of FY02, the Industrial Commission consisted of the chairman, six commissioners, 151 regular employees, and eight employees in the separately-funded Self-Insurance Division, for a total of 166 people.

CHAIRMAN'S OFFICE

Dennis R. Ruth, 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: 73

Arbitration

Bertha Parker, Coordinator

Arbitrators conduct hearings, issue decisions, and approve settlements of cases. Because of budget constraints, the number of arbitrators has declined dramatically. Currently, 11 arbitrators work in the Chicago office and another 11 arbitrators travel to 31 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: 11

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, Supervisor

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

Docket

Henriett Smith, Supervisor

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

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

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

Information

Jeanie Thompson, Supervisor

Employees in four locations handle 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: 8

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

STATISTICS

Each year in Illinois, over 300,000 work-related accidents occur, most of which do not involve lost workdays. 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 legislature from appropriating 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.

Each year, roughly 70,000 claims are filed with the Commission; the statistics in this section refer only to those cases that are filed with the Commission.

ACCIDENT

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

	PART OF BODY INJURED BY FISCAL YEAR OF ACCIDENT			
	<u>FY02</u>	<u>FY01</u>	<u>FY00</u>	<u>FY99</u>
Head and neck				
Eyes	1%	1%	1%	1%
Head--other parts	3%	3%	3%	2%
Neck	4%	4%	4%	4%
Trunk				
Back	19%	18%	18%	19%
Shoulder	6%	6%	6%	6%
Not specified	2%	2%	3%	2%
Upper extremities				
Arm	9%	10%	10%	10%
Hand	13%	14%	14%	14%
Finger	5%	6%	6%	6%
Not specified	3%	3%	3%	3%
Lower extremities				
Foot	5%	5%	5%	6%
Knee	6%	6%	6%	6%
Leg	7%	7%	7%	7%
Toe	<1%	<1%	<1%	<1%
Not specified	1%	1%	2%	1%
Body systems	<1%	<1%	<1%	<1%
Multiple parts	16%	14%	13%	13%

Location of accident. Cases are assigned to the hearing site nearest the site of the accident. If the accident occurred outside of Illinois, the case is assigned to the hearing site closest to the petitioner's home; if the petitioner lives outside of Illinois, the case is set at the site most convenient to the parties. The following table groups the 1,200 cities and towns in Illinois by the 32 hearing sites to which the claims were assigned, and indicates where accidents occur.

LOCATION BY FISCAL YEAR OF ACCIDENT

<u>Hearing Site*</u>	<u>FY02</u>	<u>FY01</u>	<u>FY00</u>	<u>FY99</u>
1. Belleville	3%	2%	3%	3%
2. Bloomington	2%	3%	3%	3%
3. Carlinville	1%	1%	1%	1%
4. Carlyle	1%	1%	1%	1%
5. Chicago	44%	42%	42%	42%
6. Clinton	<1%	<1%	<1%	<1%
7. Collinsville	3%	3%	3%	3%
8. Danville	1%	1%	1%	1%
9. Decatur	1%	2%	2%	2%
10. De Kalb	1%	1%	1%	1%
11. Galesburg	1%	1%	1%	1%
12. Geneva	4%	4%	4%	4%
13. Herrin	1%	2%	1%	1%
14. Jacksonville	1%	1%	1%	1%
15. Joliet	4%	4%	4%	4%
16. Kankakee	1%	1%	1%	1%
17. Lawrenceville	<1%	1%	1%	1%
18. Mattoon	2%	2%	2%	2%
19. Mt. Vernon	1%	1%	1%	1%
20. Ottawa	1%	1%	1%	1%
21. Peoria	4%	4%	4%	4%
22. Quincy	1%	1%	1%	1%
23. Rock Falls	1%	1%	1%	1%
24. Rock Island	1%	1%	1%	1%
25. Rockford	4%	4%	4%	4%
26. Springfield	2%	2%	2%	2%
27. Taylorville	<1%	<1%	<1%	<1%
28. Urbana	1%	2%	1%	1%
29. Waukegan	4%	4%	4%	4%
30. Wheaton	6%	6%	6%	6%
31. Whittington	2%	2%	2%	2%
32. Woodstock	1%	2%	2%	1%

* Cases that were formerly heard in Alton and Granite City now go to Collinsville. The Galva hearing site was eliminated and its cases redistributed among several other sites.

ATTORNEY INVOLVEMENT

Most employees and employers who have workers' compensation cases on file with the Commission retain legal counsel, and the vast majority of cases going to trial involve attorneys. If the employee obtains a lawyer, Illinois law governs the relationship. Generally, the attorney's fee is limited to 20% of the amount recovered, unless the Commission authorizes additional fees.

CASES IN WHICH PETITIONER HAS AN ATTORNEY

	<u>FY02</u>	<u>FY01</u>	<u>FY00</u>	<u>FY99</u>	<u>FY98</u>	<u>FY97</u>	<u>FY96</u>
Cases filed during FY	83%	83%	84%	83%	84%	84%	85%
Original settlements OK'd	6%	6%	7%	8%	8%	9%	12%

AVERAGE WEEKLY WAGE

Claimants' wages generally lag behind the statewide average weekly wage. The wages of workers who experienced accidents in FY02 averaged \$33,670 per year, 13% lower than the statewide average of \$38,596 per year.

	AVERAGE WEEKLY WAGE BY YEAR OF ACCIDENT			
	<u>FY02</u>	<u>FY01</u>	<u>FY00</u>	<u>FY99</u>
Claimants' Average Weekly Wage	\$647.50	\$630.39	\$603.84	\$576.27
Statewide Average Weekly Wage as of 6/30	\$742.24	\$717.24	\$674.86	\$632.60

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, 2002	
	<u>Minimum</u>	<u>Maximum</u>
TEMPORARY TOTAL DISABILITY		
Single	\$100.90	\$989.65
Married, no children	\$105.50	\$989.65
1 child under 18	\$108.30	\$989.65
2 children	\$113.40	\$989.65
3 children	\$117.40	\$989.65
4+ children	\$124.30	\$989.65

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	\$534.16
Married, no children	\$83.20	\$534.16
1 child under 18	\$86.10	\$534.16
2 children	\$88.90	\$534.16
3 children	\$91.80	\$534.16
4+ children	\$96.90	\$534.16

Benefits are paid at 60% of the worker's AWW, up to a maximum of \$534.16, except for cases of amputation or enucleation of an eye, for which the maximum is \$989.65. The minimum benefit is the worker's AWW or the amounts listed, whichever is lower.

PERMANENT TOTAL DISABILITY	\$371.12	\$989.65
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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	\$371.12	\$989.65
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The minimum benefit cannot be less than 50% of the SAWW. The maximum benefit can be no more than 133 1/3% of the SAWW. Benefits are paid for up to 20 years or \$250,000, whichever is greater.

CASES CLOSED

As in other court systems, most cases at the Commission are settled.

TOTAL CASES CLOSED ARBITRATION AND REVIEW LEVELS

	<u>FY02</u>	<u>%</u>	<u>FY01</u>	<u>%</u>	<u>FY00</u>	<u>%</u>	<u>FY99</u>	<u>%</u>
Dismissals	7,856	11%	8,059	11%	7,131	10%	6,888	10%
Settlements	62,316	87%	61,995	87%	61,786	87%	62,787	87%
Decisions	<u>1,846</u>	3%	<u>1,611</u>	2%	<u>2,014</u>	3%	<u>2,374</u>	3%
Total	72,018		71,665		70,931		72,049	
Percentage change		0%		1%		(2%)		(4%)

Arbitration. 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>FY02</u>	<u>%</u>	<u>FY01</u>	<u>%</u>	<u>FY00</u>	<u>%</u>	<u>FY99</u>	<u>%</u>
Dismissals:								
Voluntary	627		602		649		755	
Want of prosecution	<u>7,143</u>		<u>7,369</u>		<u>6,379</u>		<u>6,011</u>	
Total dismissals	7,770	11%	7,971	11%	7,028	10%	6,766	10%
Settlements:								
Original settlements	11,401		11,501		11,450		11,366	
Before arb. decision	50,014		49,660		49,354		49,912	
After arb. decision	<u>495</u>		<u>450</u>		<u>471</u>		<u>807</u>	
Total settlements	61,910	87%	61,611	87%	61,275	88%	62,085	88%
Decisions	1,093	2%	925	1%	1,090	2%	1,318	2%
Total closed	70,773		70,507		69,393		70,169	
Percentage change		0%		2%		(1%)		(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>FY02</u>	<u>%</u>	<u>FY01</u>	<u>%</u>	<u>FY00</u>	<u>%</u>	<u>FY99</u>	<u>%</u>
Dismissals at review	86	7%	88	8%	103	7%	122	6%
Settlements:								
Before arbitration decision	49		42		144		334	
After arbitration decision	235		211		223		188	
After review decision	<u>122</u>		<u>131</u>		<u>144</u>		<u>180</u>	
Total settlements	406	33%	384	33%	511	33%	702	37%
Review decisions	753	60%	686	59%	924	60%	1,056	56%
Total cases closed	1,245		1,158		1,538		1,880	
Percentage change		8%		(25%)		(18%)		(27%)

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

CASES OPENED

	CASES OPENED			
	<u>FY02</u>	<u>FY01</u>	<u>FY00</u>	<u>FY99</u>
New claims filed	56,548	59,320	59,420	57,301
Original settlements filed	<u>11,530</u>	<u>11,718</u>	<u>11,416</u>	<u>11,635</u>
Total new cases filed	68,078	71,038	70,836	68,936
Percentage change	(4%)	0%	3%	0%
Reinstated	2,616	1,975	2,030	1,773
Remanded to arbitrator	32	25	31	41
Remanded to commissioner	<u>50</u>	<u>56</u>	<u>60</u>	<u>51</u>
Total cases returned to caseload	2,698	2,056	2,121	1,865
Total additions to the caseload	70,776	73,094	72,957	70,801
Illinois employment ⁷	5,870,400	5,947,367	5,907,350	5,837,825
Percentage change	(1%)	1%	1%	2%

CASES PENDING

Arbitration. At the end of FY02, 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. At the end of FY02, there were roughly 1,200 cases pending at the commissioner level.

DECISIONS ISSUED

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

DECISIONS AND APPEALS

2,802 arbitration decisions issued in FY02
47% are appealed to the Commission

1,093 Commission decisions issued in FY02
29% are appealed to the circuit courts

250 circuit court opinions issued in CY02 (est.)
40% are appealed to the Appellate Court

112 Appellate Court opinions/orders issued in CY02
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 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 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 71% of the time.

OUTCOME OF APPEALS
REVIEW DECISIONS ISSUED IN FY02

Arbitration decision was appealed by:	Petitioner (Employee)	Respondent (Employer)	Both	Total
Affirmed	76%	63%	56%	68%
Reversed	6%	7%	3%	6%
Modified, no change in benefits	2%	2%	3%	2%
Benefits increased	13%	6%	18%	11%
Benefits decreased	2%	23%	21%	13%

The time involved in issuing decisions has increased over the years. Statistics on individual turnaround times are provided to each arbitrator and commissioner.

DECISIONS ISSUED
DURING FY02

	<u>Regular Cases</u>	<u>19(b) Cases</u>	<u>19(b-1) Cases</u>
Arbitration decisions*	2,339	451	12
# Months to issue	33	6	2
Commission decisions**	727	220	8
# Months to issue	11	8	3

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

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

The times shown above should be considered together. A regular case that is decided at both the arbitration and Commission levels, for example, would take about 44 months.

Under Section 19(b-1) of the Act, an injured worker who is not receiving temporary total disability benefits or medical benefits may petition for an emergency hearing. Alternately, the worker may choose to file under 19(b) of the Act if he or she is not receiving temporary total disability benefits. 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.

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

GENDER

Women constitute 47% of the work force in Illinois,⁸ but they file a smaller share of workers' compensation claims. The most dangerous industries—manufacturing, 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 FY02.

INJURY RATES

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

National Council on Compensation Insurance data. Overall, injury rates have declined dramatically. The overall injury rate in Illinois has tended to be lower than other states (see “Interstate Comparisons”), and it continues to show progress: Illinois' 2000 total injury rate is 39% lower than in 1991.⁹

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

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

Bureau of Labor Statistics survey of nonfatal injuries and illnesses. Since 1998, the Illinois Department of Public Health has participated in the U.S. Bureau of Labor Statistics' federal/state Survey of Occupational Injuries and Illnesses. Each year, they survey a sample of employers in the private and nonfederal public sectors.¹⁰

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

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

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

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Agriculture		6.6%	9.1%	9.0%
Construction		9.6%	9.9%	9.1%
Finance	DATA	1.3%	1.2%	1.2%
Government	NOT	7.4%	8.2%	8.5%
Manufacturing	AVAILABLE	8.6%	8.4%	9.3%
Mining	YET	7.1%	7.2%	8.6%
Services		4.7%	4.4%	5.9%
Trade, wholesale and retail		5.8%	5.7%	6.7%
Transportation		7.6%	9.0%	9.9%
Total		6.2%	6.3%	7.1%

Bureau of Labor Statistics study of fatal injuries and illnesses. 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.¹¹

FATAL WORK-RELATED INJURIES IN ILLINOIS
BY EVENT OR EXPOSURE

	2001		2000		1999		1998	
	#	%	#	%	#	%	#	%
Assault or violent act	43	19%	29	14%	36	17%	38	18%
Contact with objects/equip.	37	16%	44	22%	40	19%	36	17%
Exposure to harmful subst.	27	12%	11	5%	23	11%	24	11%
Fall	39	17%	25	12%	29	14%	34	16%
Fire or explosion	10	4%	9	4%	9	4%	5	2%
Transportation accident	75	32%	85	42%	71	34%	79	37%
Other	<u>0</u>	0	<u>0</u>	0%	<u>0</u>	0%	<u>0</u>	0%
Total	231		205		208		216	
Change from previous year		13%		(1%)		(4%)		(10%)

FATAL WORK-RELATED INJURIES IN ILLINOIS
BY INDUSTRY

	2001		2000		1999		1998	
	#	%	#	%	#	%	#	%
Agriculture	31	13%	21	10%	34	16%	28	13%
Construction	47	20%	47	23%	37	18%	34	16%
Government	21	9%	15	7%	16	8%	15	7%
Manufacturing	29	13%	29	14%	27	13%	28	13%
Mining	na	na	4	2%	4	2%	4	2%
Services (incl. Finance)	34	15%	22	11%	27	13%	30	14%
Transportation	32	14%	38	19%	37	18%	49	23%
Wholesale and retail trade	35	15%	27	13%	26	12%	28	13%
Other	<u>2</u>	1%	<u>0</u>	0%	<u>0</u>	0%	<u>0</u>	0%
Total	231		205		208		216	

MEDICAL CARE

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

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

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

PENALTIES

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

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

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>FY02</u>	<u>FY01</u>	<u>FY00</u>	<u>FY99</u>
16	2	0	1	0
19(k)	9	8	9	9
16 and 19(k)	44	44	40	26
19(l)	18	19	21	25
16 and 19(l)	7	4	1	0
19(k) and 19(l)	17	8	4	10
16, 19(k), and 19(l)	<u>74</u>	<u>68</u>	<u>51</u>	<u>58</u>
Total	171	151	127	128

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>FY02</u>	<u>FY01</u>	<u>FY00</u>	<u>FY99</u>
8(a)	123	123	133	90
19(h)	4	12	11	12
8(a) and 19(h)	<u>39</u>	<u>84</u>	<u>63</u>	<u>113</u>
Total	166	219	207	215

REHABILITATION

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

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

INTERSTATE COMPARISONS

BENEFITS

Even though Illinois is a high-wage state, its workers' compensation costs rank below the national average and the average for large industrial states. In addition, its costs are growing at a slower rate.¹²

AVERAGE BENEFITS PAID PER COVERED EMPLOYEE, 2000

	National average	\$323		
	Illinois	\$313		
Neighboring States			Large Industrial States	
Indiana	\$193		California	\$613
Iowa	\$232		Florida	\$338
Kentucky	\$302		New York	\$340
Michigan	\$356		Ohio	\$386
Missouri	\$214		Pennsylvania	\$437
Wisconsin	\$267		Texas	\$261
<i>Median</i>	\$250		<i>Median</i>	\$363

BENEFITS AS PERCENTAGE OF WAGES, 2000

	National average	1.03%		
	Illinois	0.82%		
Neighboring States			Large Industrial States	
Indiana	0.63%		California	1.49%
Iowa	0.84%		Florida	1.11%
Kentucky	1.06%		New York	0.76%
Michigan	0.97%		Ohio	1.19%
Missouri	0.69%		Pennsylvania	1.29%
Wisconsin	0.87%		Texas	0.75%
<i>Median</i>	0.86%		<i>Median</i>	1.15%

INCREASE IN TOTAL INDEMNITY (CASH) AND MEDICAL BENEFITS, 1990 - 2000

	National average	22%		
	Illinois	13%		
Neighboring States			Large Industrial States	
Indiana	57%		California	48%
Iowa	42%		Florida	15%
Kentucky	35%		New York	61%
Michigan	31%		Ohio	7%
Missouri	6%		Pennsylvania	18%
Wisconsin	25%		Texas	(33%)
<i>Median</i>	33%		<i>Median</i>	17%

TOTAL WORKERS' COMPENSATION BENEFIT PAYMENTS

In \$billions	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>	<u>1990</u>
Illinois	\$1.81	\$1.72	\$1.69	\$1.58	\$1.64	\$1.44	\$1.58	\$1.67	\$1.75	\$1.75	\$1.61
% Change	5%	2%	7%	(4%)	14%	(9%)	(5%)	(5%)	0%	9%	12%
U.S.	\$42.88	\$40.38	\$39.32	\$38.14	\$38.77	\$39.05	\$40.39	\$39.74	\$41.50	\$39.17	\$35.34
% Change	6%	3%	3%	(2%)	(1%)	(3%)	2%	(4%)	6%	11%	12%

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 1998	Temporary <u>Total</u>	Permanent <u>Partial</u>	Permanent <u>Total</u>	<u>Fatal</u>	<u>Total Indemnity</u>
Illinois	\$4,428	\$22,540	\$165,103	\$65,691	\$11,793
Neighboring States					
Indiana	\$2,988	\$11,474	\$209,219	\$123,408	\$5,391
Iowa	\$2,283	\$22,513	\$271,692	\$139,079	\$8,256
Kentucky	\$3,027	\$24,620	\$231,119	\$267,076	\$7,661
Michigan	\$4,709	\$65,987	\$135,744	\$167,108	\$11,447
Missouri	\$3,991	\$14,530	\$353,916	\$204,009	\$10,099
Wisconsin <i>na</i>					
<i>Median</i>	\$3,027	\$22,513	\$231,119	\$167,108	\$8,256
Large Industrial States					
California	\$1,845	\$32,254	\$232,222	\$102,717	\$17,345
Florida	\$5,228	\$29,366	\$178,604	\$60,665	\$15,448
New York	\$3,649	\$52,948	\$399,358	\$195,021	\$24,161
Pennsylvania	\$5,045	\$75,405	\$376,580	\$223,523	\$17,759
Texas	\$5,558	\$17,620	\$108,250	\$184,240	\$12,210
<i>Median</i>	\$5,045	\$32,254	\$232,222	\$184,240	\$17,345

AVERAGE MEDICAL COST PER CASE BY INJURY TYPE						
POLICY YEAR 1998	Medical <u>Only</u>	Temporary <u>Total</u>	Permanent <u>Partial</u>	Permanent <u>Total</u>	<u>Fatal</u>	<u>Total Medical</u>
Illinois	\$505	\$4,343	\$14,784	\$86,252	\$10,803	\$2,712
Neighboring States						
Indiana	\$476	\$5,594	\$17,312	\$266,443	\$26,175	\$1,646
Iowa	\$406	\$3,242	\$17,732	\$522,319	\$13,302	\$2,129
Kentucky	\$464	\$4,849	\$49,286	\$1,862,411	\$32,926	\$2,875
Michigan	\$390	\$4,795	\$44,650	\$99,076	\$31,319	\$1,914
Missouri	\$467	\$3,879	\$13,542	\$530,216	\$19,573	\$3,043
Wisconsin <i>na</i>						
<i>Median</i>	\$464	\$4,795	\$17,732	\$522,319	\$26,175	\$2,129
Large Industrial States						
California	\$553	\$2,605	\$20,710	\$226,784	\$12,617	\$4,247
Florida	\$434	\$7,941	\$43,130	\$235,982	\$61,536	\$5,124
New York	\$567	\$3,356	\$16,037	\$306,571	\$25,701	\$3,652
Pennsylvania	\$524	\$4,988	\$47,605	\$314,628	\$38,947	\$2,844
Texas	\$702	\$10,552	\$22,677	\$271,987	\$67,166	\$5,202
<i>Median</i>	\$553	\$4,988	\$22,677	\$271,987	\$38,947	\$4,247

COMPLIANCE WITH 1972 RECOMMENDATIONS

In 1972, the National Commission on State Workmen's Compensation Laws unanimously made 84 recommendations to improve the state systems. The National Commission further stated that 19 items were essential to an adequate workers' compensation system. Illinois meets more of these requirements than most other states.¹⁴

NUMBER OF 19 ESSENTIAL RECOMMENDATIONS MET			
	National average		12.90
	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

Even though Illinois does not meet four of the National Commission's recommendations concerning the coverage of employees, more workers are covered in Illinois than in most other states.¹⁵

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

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.¹⁶

Illinois' overall injury rate is lower than its neighbors, and in the middle of the range for large industrial states.¹⁷

FREQUENCY OF INJURY BY TYPE
PER 100,000 WORKERS

POLICY YEAR 1998	<u>Medical Only</u>	<u>Temporary Total</u>	<u>Permanent Partial</u>	<u>Permanent Total</u>	<u>Fatal</u>	<u>Total Injuries</u>
Illinois	4,185	1,019	591	4	9	5,808
Neighboring States						
Indiana	7,533	998	283	1	3	8,819
Iowa	5,324	1,243	452	1	5	7,025
Kentucky	6,481	1,140	235	1	4	7,860
Michigan	6,462	1,268	138	1	5	7,876
Missouri	4,628	1,014	844	4	6	6,496
Wisconsin	7,145	1,713	418	1	2	9,279
<i>Median</i>	6,472	1,192	351	1	5	7,868
Large Industrial States						
California	4,313	1,062	953	9	4	6,341
Florida	5,110	973	392	26	5	6,507
New York	2,899	951	549	8	5	4,412
Pennsylvania	6,483	1,259	218	8	3	7,971
Texas	3,549	716	573	7	6	4,851
<i>Median</i>	4,313	973	549	8	5	6,341

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

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 1/1/1990, the rates for the assigned risk plan and the voluntary market fluctuated. (The assigned risk plan (residual market) consists of high-risk companies that cannot obtain workers' compensation insurance on the open market.) From 1/1/1990 - 1/1/2002, the assigned risk plan was set at 20% higher than the voluntary market, and the same percentage change applied to both. Beginning 1/1/2002, the rates again fluctuate: 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 - 2003 editions, National Council on Compensation Insurance, Exhibit XIII.

⁵ "Fiscal Data for State Workers' Compensation Systems, 1990-2000," *Research Bulletin*, National Foundation for Unemployment Compensation and Workers' Compensation, September 2002, Table 19.

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 "Monthly Statewide and MSA data (1988-present)," Illinois Department of Employment Security Web site. These figures represent the average annual nonagricultural nonfederal employment. (DES is unable to estimate agricultural employment; federal workers are covered under a federal workers' compensation program.)

⁸ "Workforce Availability Information, 2002," Illinois Department of Employment Security, Table II.

⁹ *Annual Statistical Bulletin*, Exhibit XII. This information refers only to the experience of employers with insurance, not self-insurers. Data is not available for Ohio because the state runs an exclusive state w.c. insurance fund. The figures for fatalities and PTDs come from a small number of cases and should be viewed with caution.

¹⁰ *Workplace Nonfatal Injuries and Illnesses*, 1998-2000 editions, Illinois Department of Public Health, Tables 1, 2, 9. For more information, contact the IDPH Division of Epidemiologic Studies at 217/785-1873. Reports are available at www.idph.state.il.us.

¹¹ *Census of Fatal Occupational Injuries and Illnesses*, 1997-2001 editions, Illinois Department of Public Health. Data for 2001 occupational fatalities for the mining industry was not available.

¹² "Fiscal Data for State Workers' Compensation Systems, 1990-2000," Tables 4, 11, 12.

¹³ *Annual Statistical Bulletin*, Exhibit XI.

¹⁴ "State Workers' Compensation Laws in Effect January 1, 2002," U.S. Department of Labor, Office of Workers' Compensation Programs, Table 1. In 1972, the National Commission on Workmen's Compensation issued 84 recommendations concerning the coverage of employees and diseases, income protection, medical care, worker safety, and program administration. They identified 19 of the 84 recommendations as essential to ensuring a minimum level of protection. As of January 1, 2002, compliance levels range from 7.25 in Mississippi to 16.50 in Nebraska. Illinois does not comply with the National Commission's recommendations 2.4 (Illinois exempts farm workers below a certain number of hours), 2.5 (Illinois exempts household workers and casual workers below a certain number of days), 2.6 (Illinois exempts some governmental employees (Chicago police and fire fighters)) and 2.7 (Illinois exempts certain classes of employees, such as those noted above). The report may be found at www.workerscompresources.com.

¹⁵ "Workers' Compensation Coverage by State," *Workers' Compensation Data Fact Sheet, No. 1*, National Academy of Social Insurance, October 2002, Table 1, column 5.

¹⁶ *Why Some Employers Have a Better Workers' Compensation Experience Than Others*, Edw. M. Welch, 1991, pp. 3-7.

¹⁷ *Annual Statistical Bulletin*, Exhibit XII.