

# Illinois Workers' Compensation Commission

*Pat Quinn*  
Governor

*Michael P. Latz*  
Chairman

Fiscal Year 2012



Annual Report

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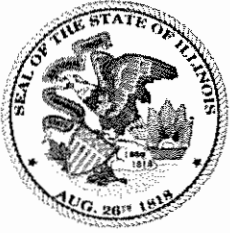
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# Illinois Workers' Compensation Commission

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*Pat Quinn, Governor*

*Michael P. Latz, Chairman*

June 30, 2013

The Honorable Pat Quinn  
Governor, State of Illinois  
207 State House  
Springfield, IL 62706

Dear Governor Quinn:

On behalf of the entire Workers' Compensation Commission, I am pleased to submit the Fiscal Year 2012 annual report.

Fiscal Year 2012 was a landmark year, as the Commission implemented Public Act 97-18, the most recent workers' compensation reform legislation. The Commission responded to these comprehensive mandates by executing the necessary changes with virtually no interruption in services to the parties. Highlights of this process included a complete reorganization of the Commission's hearing sites throughout the State of Illinois, the hiring of new Arbitrators, and significant changes to the Commission's medical fee schedule.

We will continue to work to improve the workers' compensation program in Illinois. We appreciate your continued support in this process.

A handwritten signature in cursive script that reads "Michael P. Latz".

Michael P. Latz, Chairman

## MISSION STATEMENT

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The Illinois Workers' Compensation Commission resolves disputes that occur between injured workers and their employers regarding workers' compensation. The Commission strives to assure financial protection for injured workers and their dependents at a fair cost to employers.

The Commission performs three main functions:

- 1) *Resolves disputes.* The Commission strives to provide a fair, timely process by which disputed claims may be resolved.
- 2) *Ensures compliance with the law.* The Commission protects the rights of employees and employers under the Illinois Workers' Compensation and Occupational Diseases Acts.
- 3) *Administers self-insurance.* The Commission evaluates and approves eligible employers that wish to insure themselves for their workers' compensation liabilities.

The Commission strives to accomplish these goals while looking constantly for ways to improve the quality of service.

## OVERVIEW OF WORKERS' COMPENSATION

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

Before the advent of workers' compensation laws, an injured worker seeking compensation was required 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 order to obtain compensation, the employee was required to prove the employer was negligent. 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 employer's liability was unlimited.

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.

Workers' compensation 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 first workers' compensation law in 1911, effective May 1, 1912.<sup>1</sup> It took until 1948 for all states to establish a workers' compensation law.

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<sup>1</sup> Act of June 10, 1911. 1911 Ill. Laws 315-26.

Workers' compensation laws balance competing interests: employees gave up their right to sue in civil court and potentially win large awards in exchange for more modest but prompt compensation; 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 Act; however, the volume overwhelmed the courts. On July 1, 1913, a three-member Industrial Board was created.<sup>2</sup> In 1917, a five-member Industrial Commission was created within the Illinois Department of Labor.<sup>3</sup> In 1957, the Commission separated from the Department of Labor and became a self-standing agency.<sup>4</sup> On January 1, 2005, the agency officially became the Illinois Workers' Compensation Commission.<sup>5</sup>

Almost every employee who is hired, injured, or whose employment is localized in Illinois is covered by workers' compensation. For the most part, benefits are paid for accidental injuries that are caused, in whole or in part, by the employee's work. This includes the aggravation of a pre-existing condition and injuries brought on by the repetitive use of a part of the body.

Illinois employers pay for workers' compensation benefits through insurance policies or by self-insurance. Benefits are based on the worker's earnings, subject to certain limits. Cases are first heard by Arbitrators, whose decisions may be appealed to Commissioners. Cases may proceed on to the circuit court, Illinois Appellate Court, and Illinois Supreme Court. Most claims, however, are settled between the parties prior to, or subsequent to, the initial arbitration.

## **FISCAL YEAR 2012 HIGHLIGHTS**

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- Illinois workers' compensation advisory insurance rates are now 9% below pre-reform levels.
- Since the enactment of Public Act 97-18, Arbitrators and Commissioners have received over 46 hours of continuing legal education on subjects including judicial conduct, ethics, evidence-based medicine, fraud prevention, and pneumoconiosis.
- Accidents continue to decline. From the FY95 peak of 72,000 cases, fewer than 47,000 were filed in FY12, a 35% decrease. The overall injury rate in Illinois is lower than most states, and the injury rate has declined dramatically over the years: the 2009 injury rate is *64% lower* than in 1990. Roughly 3-4% of Illinois workers experience an injury each year; only 1% lose time from work.
- In FY12, the Commission collected \$1 million in fines from 218 uninsured employers that were found to be operating without workers' compensation insurance. These fines will be used to pay benefits to injured workers whose cases were closed in FY12 and whose uninsured employers failed to pay the benefits. Without this program, these workers and their medical providers might have received nothing.
- Parties may now search the Commission's website for cases using the petitioner or respondent name. This web page is receiving roughly 1.5 million hits per year. This represents an enormous convenience to the parties, who previously had to call the Commission for that information.

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<sup>2</sup> Act of June 28, 1913, sec. 1, § 13. 1913 Ill. Laws 346-347.

<sup>3</sup> Act of May 31, 1917, sec. 1, § 13(a) and (b). 1917 Ill. Laws 498-99.

<sup>4</sup> Act of July 11, 1957, sec. 1, § 13(a). 1957 Ill. Laws 2633.

<sup>5</sup> P.A. 93-721.

## **LEGISLATIVE AND RULEMAKING ACTIVITY**

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FY12 did not yield many legislative changes involving the Workers' Compensation Act during the second half of the 97<sup>th</sup> General Assembly. In the wake of the comprehensive reforms of Public Act 97-18, the Commission focused on making administrative rule changes to supplement its operational implementation of the legislation. A summary of legislation passed during FY12 and rulemaking is listed below:

### **LEGISLATION**

#### Public Act 97-719 (Cullerton/Mussman) – Effective June 29, 2012

Part of this legislation amended the Act to provide that Arbitrators at the Commission are to be appointed by the Governor with the advice and consent of the Senate. Previously, after the initial round of appointments mandated by P.A. 97-18, the Commission was required to either reappoint or appoint new Arbitrators.

#### Public Act 97-895 (Althoff/Currie) – Effective August 3, 2012

Part of this legislation directed the Department of Central Management Services to prepare a plan by September 15, 2012 that would outline the transfer of the administration of the State workers' compensation program for State employees to a private vendor. In addition, the Chief Procurement Officer of CMS was required to procure the actual vendor to administer the program by January 1, 2013.

### **RULEMAKING**

These rules were filed with the Secretary of State in FY12, but did not take effect until FY13.

#### Updates to the Medical Fee Schedule Rule – 50 Ill. Adm. Code 7110.90 – Effective November 5, 2012

The updated rule implements P.A. 97-18, which reduced the fee schedule by 30%, effective September 1, 2011; set reimbursement for medical implants at 25% above the net manufacturer's invoice price less rebates, plus actual and reasonable customary shipping prices; revised the provision for the reimbursement of out-of-state treatment; added accredited Ambulatory Surgical Treatment Facilities (ASTFs) to the fee schedule and specified the organizations providing accreditation; and revised the outlier formula in the hospital fee schedules to accommodate the 30% fee reduction.

#### Procedures for Drug and Alcohol Testing – 50 Ill. Adm. Codes 9140 – Effective November 5, 2012

P.A. 97-18 amended Section 11 of the Act to provide that an employee will not receive workers' compensation benefits if the employee's intoxication is the proximate cause of the employee's accidental injury or if at the time the employee incurred the accidental injury, the employee was so intoxicated that the intoxication constituted a departure from the employment.

P.A. 97-18 also required that any testing for drugs and alcohol be performed in accordance with rules to be adopted by the Commission. Section 11 mandates that these rules follow several specific guidelines, including compliance with regulations promulgated by the United States Department of Transportation, that samples are collected and tested in a manner reasonably calculated to ensure sample reliability and prevent erroneous identification of test results, and that split testing procedures are utilized.

The new rules set forth the process for the collection of blood, urine, breath, and saliva. These rules include requirements for documentation, transportation, and disposal of samples collected, as well as associated records. The rules also set forth the qualifications for those collecting samples.

## BOARD MEMBERS

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The Commission is grateful to all board members. Membership listing is for FY12.

### 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	Mario Basurto Senior Business Commissioner	Arbitrator Milton Black Chicago Arbitrator
Velisha Haddox Governor's Office	David L. Gore Senior Labor Commissioner	Arbitrator Douglas Holland 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 City of Aurora	Gerald F. Cooper Scopelitis, Garvin, Light, Hanson & Feary	Debbie Stafford Archer Daniels Midland Co.
Brian C. Baer Dominicks	David Henwood CCMSI	David Taylor Navistar

### WORKERS' COMPENSATION ADVISORY BOARD

The board assists the Commission in formulating policies, setting priorities, and developing administrative goals. The board also makes recommendations to the Governor regarding Commission appointments.

<u>EMPLOYEES</u>		<u>EMPLOYERS</u>	
Richard Aleksy Corti, Aleksy, & Castenada	Philip Gruber Int'l. Assoc. of Machinists	Mitchell Abbett Holten Meat Inc.	David Halffield Sears Holding Mgmt. Co.
Aaron Anderson Painters Dist. Council #30	Mark Prince Prince Law Firm	John Carpenter Chicagoland Chamber of Commerce	William Lowry Nyhan, Bambrick, Kinzie, & Lowry
Michael Carrigan Illinois AFL-CIO	Sean Stott Laborers' International Union	Mark Denzler IL Manufacturers' Assoc.	David Vite IL Retail Merchants Assoc.

### WORKERS' COMPENSATION MEDICAL FEE ADVISORY BOARD

The board advises the IWCC on the establishment of medical fees and the accessibility of treatment.

<u>EMPLOYEES</u>	<u>EMPLOYERS</u>	<u>MEDICAL PROVIDERS</u>
Jason Keller IL AFL-CIO	Barb Molloy Molloy Consulting	Avi Bernstein, MD Spine Center
Dianne McGuire College of DuPage	Kim Moreland Rising Medical Solutions	William McAndrew IL Hospital Assoc.
vacant	John Smolk United Airlines	Michael Vendor, MD Hand Surgery Assoc.

## FINANCIAL INFORMATION

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The Commission operates eight funds that are independent of the General Revenue Fund. Two of the funds (IWCC Operations Fund and Self-Insurers Administration Fund) pay for Commission administration, while four (Injured Workers' Benefit Fund, Rate Adjustment Fund, Second Injury Fund, and Self-Insurers Security Fund) pay benefits to injured workers and their heirs.

Two technical changes have been made to this Financial Information section. First, the Commission changed its accounting procedure from a modified accrual method to a cash basis method. Second, the newly created Settlement Fund has been added and, because the Workers' Compensation Benefit Trust Fund was dissolved in FY11, the WCBTF is no longer included. These changes make the report more consistent and accessible.

The following table summarizes the starting and ending fund balances for FY12:

Fund Name	SPECIAL FUNDS				6/30/12 Balance
	6/30/11 Balance	plus Income	minus Expenditures	plus/minus Adjustments <sup>6</sup>	
IWCC Operations Fund	\$5,154,539	\$24,840,685	(\$22,714,471)	\$11,205,913	\$18,486,666
Injured Workers' Benefit Fund	\$305,405	\$999,464	(\$173,749)		\$1,131,121
Rate Adjustment Fund	\$16,813,182	\$71,348	(\$11,237,536)	\$41,057	\$5,688,051
Second Injury Fund	\$728,448	\$1,025,208	(\$1,282,546)	\$522	\$471,631
Self-Insurers Administration Fund	\$88,251	\$343,765	(\$377,199)	\$1,996	\$56,814
Self-Insurers Security Fund	\$22,888,832	\$2,699,582	(\$2,598,379)	\$9,962,455	\$32,952,491
Settlement Fund	\$30,815,769				\$30,815,769
Transcript Fund	\$48,635	\$16,313	(\$9,092)		\$55,856

Each of the Commission's funds, their specific statutory authorization, and purposes are described in greater detail below.

### **ILLINOIS WORKERS' COMPENSATION COMMISSION OPERATIONS FUND (IWCCOF)**

*820 ILCS 305/4d; 215 ILCS 5/416*

The Commission's Operations Fund (IWCCOF) was created in 2003 to pay for the administrative costs of the Commission, making Illinois the 46<sup>th</sup> state in the country to pay for its workers' compensation agency through an independent source of funds. Insured employers pay a 1.01% surcharge on workers' compensation insurance premiums. The IL Department of Insurance (DOI) collects and then transfers these funds to the Commission. In FY12, IDOI transferred \$23.7 million. Self-insured employers pay an assessment to the Commission based on 0.0075% of payroll, totaling \$2.0 million in FY12.

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<sup>6</sup> The "Adjustments" column includes transfers, refunds and voided transactions.



In March 2012, the Governor's Office of Management and Budget returned \$11.2 million that it had borrowed from the fund in the prior fiscal year. These transfer revenues are shown in the "Adjustment" column of the table above.

IWCCOF revenues are used to pay for most of the Commission's operations. In FY12, the Commission expended \$22.7 million on its appropriated operations.<sup>7</sup> At the end of FY12, the Commission consisted of the Chairman, nine Commissioners, 155 employees, and four employees in the separately funded Self-Insurance Division, for a total of 169 people.<sup>8</sup>

### **INJURED WORKERS' BENEFIT FUND (IWBF)**

*820 ILCS 305/4(d)*

The Injured Workers' Benefit Fund (IWBF) was created in 2005 to pay workers' compensation benefits to injured employees whose employers failed to provide workers' compensation insurance and failed to pay benefits. The IWBF is funded solely through the penalties and fines collected by the Insurance Compliance Division from uninsured employers.

In FY12, the Commission collected approximately \$1 million in fines. The Commission will pay \$1.3 million in benefits to injured employees whose cases were closed in FY12.<sup>9</sup>

### **RATE ADJUSTMENT FUND (RAF)**

*820 ILCS 305/7-8*

The Rate Adjustment Fund (RAF) Program was created in 1975 to pay cost-of-living increases to individuals who are either permanently and totally disabled or are the survivors of fatally-injured workers. Benefit payments are made each month to recipients, beginning on July 15 of the second year after the award is final. Recipients are given an amount equal to the percentage increase in the statewide average weekly wage, as calculated by the Illinois Department of Employment Security.

Revenues to support the fund are generated through assessments. The Commission assesses self-insured employers and insurance companies under this program. Assessment schedule and rates depend upon: 1) indemnity benefits paid in the preceding six-month period; 2) estimated benefit expenditures; and 3) the projected RAF fund balance. Based on these factors, the Commission may assess up to twice a year in the spring and fall at either half (0.625%) or full (1.25%) assessment rates. In FY11, the Commission issued a full assessment in the fall, but no assessment in the spring. In FY12, the Commission issued no assessments in the fall or the spring due to a sufficient fund balance.

In FY12, the Commission paid \$11.2 million for RAF benefits. During this fiscal year, the Commission funded benefits for 1,412 RAF recipients per month at an average monthly benefit rate of \$664.<sup>10</sup>

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<sup>7</sup> The IWCCOF supports expenditures that are appropriated through the General Assembly. Non-appropriated programs, including IWBF, RAF, SIF, SISF, SIAF, and SETT, are excluded.

<sup>8</sup> Temporary employees, student workers, and employees on leave were not included. The Commission reports the headcount as of the end of the fiscal year. Salaries for the Chairman and Commissioners are paid out of the Comptroller's budget.

<sup>9</sup> The \$173,749 FY12 expenditure reflects a portion of the expenditures used to pay for FY11 benefits. As noted in the text, revenues collected in one year for the IWBF Fund are usually paid out in benefits in the following fiscal year.

<sup>10</sup> Average monthly benefit estimates factor in several one-time payouts, which occurred in FY12.

## **SECOND INJURY FUND (SIF)**

*820 ILCS 305/7-8*

The Second Injury Fund (SIF) Program provides an incentive to employers to hire disabled workers by limiting the liability of employers who agree to hire injured workers. If a worker who had previously incurred the complete loss of a member or the use of a member (one hand, arm, foot, leg, or eye) is injured on the job and suffers the complete loss of another member so that he or she is permanently and totally disabled (PTD), the employer is liable only for the injury due to the second accident. The SIF Fund pays the amount necessary to provide the worker with a PTD indemnity benefit.

Similar to the RAF Program, the SIF Program relies on revenues from self-insured employers and insurance companies. As with RAF, the SIF assessment schedule and assessment rates depend upon: 1) indemnity benefits paid in the preceding six-month period; 2) estimated benefit expenditures; and 3) the projected SIF fund balance. Based on these factors, the Commission may assess up to twice a year in the spring and fall at either half (0.0625%) or full (0.125%) assessment rates. In FY12, the Commission issued half assessments in both the fall and the spring for SIF.

In FY12, the Commission paid \$1.3 million for SIF benefits. During the year, the Commission funded benefits for an average of 83 SIF recipients per month at an average monthly benefit rate of \$1,285.<sup>11</sup>

## **SELF-INSURERS ADMINISTRATION FUND (SIAF)**

*820 ILCS 305/4a-6.1*

The Self-Insurers Administration Fund (SIAF) was created in 1988 to pay the administrative costs of the Commission's self-insurance program. Revenues from the fund come from a \$500 fee paid by private self-insured employers when applying for or renewing the privilege to self-insure.

In FY12, the Commission expended \$377,199 on its non-appropriated operations for this program and collected \$343,765 in fee revenue.

## **SELF-INSURERS SECURITY FUND (SISF)**

*820 ILCS 305/4a-5, 7*

The Self-Insurers Security Fund (SISF) was created in 1986 to pay benefits to employees of private self-insurers that became insolvent after 1986. SISF also pays for a portion of operations costs related to the self-insurance program.

Self-insurance offers employers an alternative to conventional insurance. Qualified employers may manage their workers' compensation risk by controlling costs in an efficient manner and ensuring their injured employees receive timely and proper care. Employers that want to self-insure must apply to the Commission and meet certain financial requirements.

Revenues from the SISF come from two major sources: assessments and securities (i.e., surety bonds, escrow deposits, and letters of credit posted by self-insurers). The securities are called when self-insured employers file bankruptcy and default on their workers' compensation benefits. A letter of credit may also be called as it approaches expiration and is not replaced.

To determine if an assessment is needed, the Self-Insurers Advisory Board reviews the SISF fund balance and outstanding liabilities on a quarterly basis. Upon approval, the Board assesses current and

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<sup>11</sup> Average monthly benefit estimates factor in several one-time payouts, which occurred in FY12.

former self-insured employers. Assessments are based on employer indemnity payments. The Commission may assess up to a maximum of 1.2% of indemnity benefits paid during the preceding year. In FY12, the Governor's Office of Management and Budget returned \$10 million to the SISF that had been borrowed in the previous year. This transfer is included in the "Adjustments" column of the Special Funds table. Also included in these adjustments are prior year collections and payments related to bankrupt companies.

In FY12, the Commission paid \$2.6 million for SISF benefits. During the year, the Commission funded benefits for an average of 60 SISF recipients per month at an average monthly benefit rate of \$1,898.<sup>12</sup>

### **SETTLEMENT FUND (SETT)**

*820 ILCS 305/7*

The Settlement Fund was created in FY11 as a result of litigation between the State of Illinois and the Chamber of Commerce (Chamber of Commerce v. Filan, et al, case #04CH6750). At issue was the constitutionality of the IWCC Operating Fund surcharge. The litigation started in FY04 and was amicably resolved in FY10. During FY04-FY10, the State collected the surcharge revenues, but placed them in an escrow account. In FY10, a Settlement Agreement, Release and Consent Decree (Settlement Agreement) was entered into by the parties.<sup>13</sup>

By June 2011, \$30.8 million had accrued in the Settlement Fund. Based on the terms of the Settlement Agreement, the Commission may use these funds to pay for capital/systems improvements to the Commission's Information Technology (IT) infrastructure or pay prior-year RAF liabilities.

In FY12, the Commission continued analysis of the RAF liability, subject to the Settlement Agreement, and anticipates a motion to release funds in the near future.

### **TRANSCRIPT DEPOSIT FUND (TDF)**

*820 ILCS 305/19a*

The TDF was created to cover the costs of transcripts copies and related document production. When a case is appealed to the circuit court, the appealing party pays a \$35 fee for the preparation of the file.

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<sup>12</sup> Unlike the RAF and SIF Programs, which provide only cash benefits, SISF provides both cash and medical benefits.

<sup>13</sup> On July 19, 2010, the Circuit Court gave order for Final Approval of the Settlement Agreement. The order established a Settlement Fund of \$44.0 million, which was composed of \$31.6 million from the Protest Fund and \$12.4 million from the Escrow Account. A transfer of \$13.2 million from the Fund to the General Revenue Fund (GRF) was made to release the loan of Rate Adjustment Fund (RAF) from the GRF incurred in prior years in accordance with Public Act 094-0277, which authorized the State Comptroller and Treasurer to transfer at the request of the Chairman of the Commission up to a total of \$19,000,000 from the GRF to the Rate Adjustment Fund to the extent that there were insufficient money in the Rate Adjustment Fund to pay claims and obligations.

## WORKERS' COMPENSATION INSURANCE

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Employers are responsible for the payment of benefits to injured workers. They must either purchase insurance or obtain permission to self-insure. More insurers sell workers' compensation policies in Illinois than in 48 other states.<sup>14</sup> In the last five years, the number of Illinois workers' compensation carriers has jumped 11%.<sup>15</sup>

Illinois premiums average less than 3% of payroll. Illinois 2013 advisory insurance premium rates are now 9% below pre-reform levels. Workers' compensation insurance rates are *declining significantly* across the country, though Illinois premiums fell less than other states (from 1994 to 2012, 48% v. 57%).<sup>16</sup>

### INSURANCE COMPLIANCE PROGRAM

Illinois law requires employers to insure against workers' compensation liabilities, but some 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 that 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. An employer may also face criminal charges and/or a work-stop order for failing to obtain insurance.

In FY12, the Insurance Compliance Division collected \$1.0 million in fines. Fines collected are paid into the Injured Workers' Benefit Fund (IWBF), which pays benefits to injured workers whose uninsured employers failed to pay. By law, IWBF benefits are paid in the year after a case is closed. The IWBF will pay \$1.3 million to injured workers whose cases were closed in FY12. Without this program, these claimants and their medical providers might have received nothing.

### INSURANCE FRAUD

The Illinois Department of Insurance investigates workers' compensation fraud through its Fraud Unit, which is funded by the Commission. The Fraud Unit annual reports are available at [http://insurance.illinois.gov/reports/report\\_links.asp](http://insurance.illinois.gov/reports/report_links.asp).

It is illegal for anyone—a worker, employer, insurance carrier, medical provider—to intentionally make a false statement in order to obtain or deny workers' compensation benefits, obtain workers' compensation insurance at less than the proper rate, obtain approval to self-insure, etc. A "statement" includes any writing, notice, proof of injury, medical bill, record, report, or test result.

More information is available at <http://www.insurance.illinois.gov/wcfu/>.

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<sup>14</sup> For years, Illinois had more companies writing workers' compensation insurance than any other state. A.M. Best last reported there are now more insurers in Indiana than in Illinois.

<sup>15</sup> See *Market Share Reports* from 2007 – 2011.

<sup>16</sup> See "Oregon Workers' Compensation Oregon Workers' Compensation Premium Rate Ranking Summary," 1994-2010 reports, Table 2, and "2012 Oregon Workers' Compensation Premium Rate Ranking Summary."

## SELF-INSURANCE

Private employers may obtain approval to insure themselves for their workers' compensation liabilities, or they may join a pool of other employers. The Commission evaluates individual self-insurers, while the Illinois Department of Insurance evaluates pools. Public employers may self-insure without obtaining approval. Self-insured employers pay roughly 23% of benefits.<sup>17</sup>

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

Date	# Parent Companies
6/30/00	361
6/30/05	319
6/30/10	268
6/30/11	249
6/30/12	241

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<sup>17</sup> See *Workers' Compensation: Benefits, Coverage, and Costs*, 2010 24-25.

## **ADMINISTRATION**

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At the end of FY12, the Commission consisted of the Chairman, nine Commissioners, 155 employees, and four employees in the separately funded Self-Insurance Division, for a total of 169 people.<sup>18</sup>

Activity during FY12 was primarily focused on the implementation of Public Act 97-18. The Commission implemented these many changes without interrupting services to injured employees and employers. A summary of administrative achievements in FY12 appears below.

### **SELECTION OF ARBITRATORS**

The Commission and the Workers' Compensation Advisory Board participated in the interviewing and selection process for all serving Arbitrators and new Arbitrator candidates. This involved over 70 persons interviewed, 100 hours of interviewing time, and many hours of deliberation. The result was the addition of seven new Arbitrators with excellent credentials and the integrity to perform their vital duty as decision makers for disputed claims before the Commission.

### **ROTATION OF ARBITRATORS**

The hearing sites for the Commission were reorganized to fulfill the legislative mandate that each downstate hearing site be assigned three Arbitrators that serve on a rotating basis. This particular mandate conflicted with the prior organization of downstate hearing sites. To prevent high costs and the interruption of services, the Commission designed six zones with three Arbitrators per zone. This change, along with the appointment of the new Arbitrators, required the reassignment of over 90,000 pending cases. Reassignment of cases to these new venues also required working with the Commission's 30-year-old IBM Mainframe system, involving significant staff time and the ingenuity of the Commission's Information Technology (IT) Department.

### **TRAINING REQUIREMENTS**

Public Act 97-18 also increased the educational and training requirements required for Arbitrators and Commissioners. The Commission responded to this mandate by obtaining a diverse group of highly qualified attorneys and professionals to participate in the Commission's biannual training program. Since the enactment of Public Act 97-18, Arbitrators and Commissioners have received over 46 hours of continuing legal education, including judicial conduct, ethics, evidence-based medicine, fraud, and pneumoconiosis.

### **CERTIFIED INDEPENDENT ARBITRATORS**

Also pursuant to Public Act 97-18, all claims of current or former employees of the Commission must be adjudicated by Certified Independent Arbitrators (CIA) not employed by the Commission. The Commission Review Board generated a list of candidates for the CIA positions, and the Chairman selected the final four Arbitrators. All current claims from current or former employees of the Commission were reassigned to the CIAs.

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<sup>18</sup> Temporary employees, student workers, and people on leave were not included. The Commission reports the headcount as of the end of the fiscal year. Salaries for the Chairman and Commissioners are paid out of the Comptroller's budget.

## **REMOVAL OF SOCIAL SECURITY NUMBERS FROM COMMISSION FORMS**

On November 16, 2011, the Commission stopped collecting Social Security numbers on its forms. The Social Security field was eliminated from the application and settlement contract forms, as well as the paper and electronic versions of the First Report of Injury forms. This policy change was in response to the Illinois Supreme Court Order M.R. 138, which prohibited the submission of personal identity information, like Social Security numbers, in documents filed in civil court cases.

## **COMMISSION UPDATES RECORDS RETENTION POLICY AND IMPLEMENTS DOCUMENT DESTRUCTION PLAN**

The Commission obtained approval of a new records retention policy from the State Records Commission. The Commission's previous policy was over ten years old and included references to outdated technology.

Pursuant to the approved records retention policy, Commission employees identified, audited, and destroyed 96,000 pounds of outdated case files at the Commission's Chicago warehouse, which had been filled to capacity. This destruction reduced storage costs and allowed for the transfer of over 1,000 boxes of case documents from the Commission's Chicago office to the warehouse.

## **IMPROVED SEARCH OF CASE INFORMATION ON THE COMMISSION'S WEBSITE**

The Commission's case status web page was improved to allow searches by either petitioner or respondent name. This improvement has increased transparency and public access to Commission information. Previously, the public had to call the Commission to search for a case by petitioner or respondent name. The new online search function has reduced the average number of phone calls to the Information staff from nearly 500 calls per day to 180.

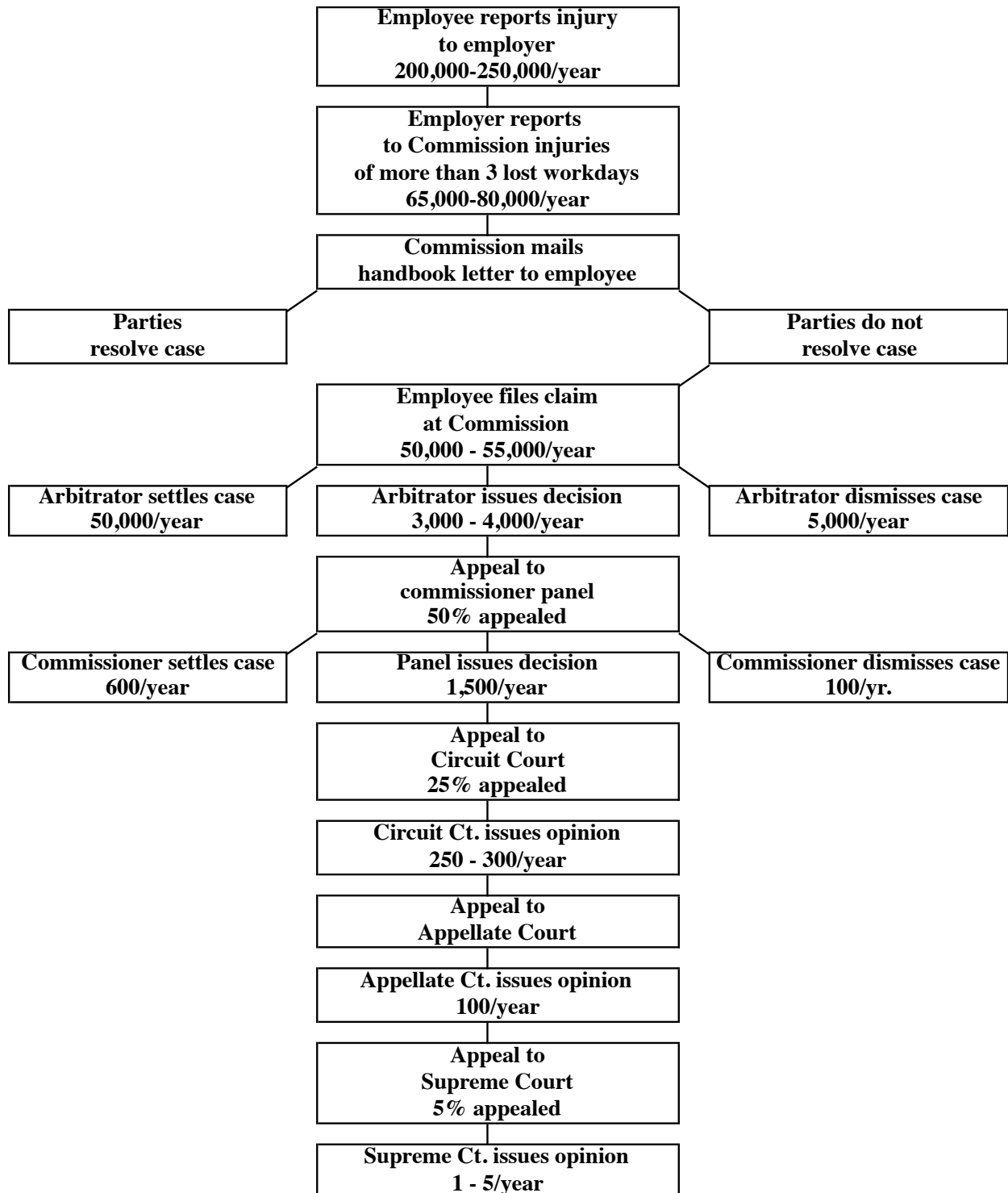
## **COMPUTER SECURITY**

In FY12, the Commission continued to make efforts at improving the security of its operating systems and the use of State computer resources by Commission employees. Some of the major highlights have been the development of a disaster recovery plan for electronic data stored on the Commission's Mainframe, the encryption of the Commission's many laptop computers, which are used by Arbitrators who travel all around the state, and the implementation of controlled Internet usage by Commission employees. The efforts of the IT Department have been focused at making significant reductions in previous audit findings.

# STATISTICS

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Each year in Illinois, approximately 200,000 – 250,000 work-related accidents occur. In most of these cases, the worker does not lose time from work. Roughly 50,000 claims are filed with the Commission. The statistics in this section refer only to those cases that are filed with the Commission. The flowchart below illustrates the main process. Note that cases can go back and forth, and there are other processes to hear insurance compliance cases, motions, etc.





## 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 Chicago and the 16 downstate hearing sites to which claims are assigned.

### NEW CASES FILED IN FY12

Chicago 18,951 (41%)  
Downstate 27,738 (59%)

#### Downstate Zones:

Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6 <sup>19</sup>
Collinsville 2,745 (6%)	Quincy 635 (1%)	Bloomington 1,062 (2%)	Geneva 2,271 (5%)	Rockford 1,690 (4%)	Wheaton 2,928 (6%)
Herrin 1,592 (3%)	Springfield 2,137 (5%)	Kewanee/Rock Isl. 1,240 (3%)	New Lenox 3,037 (7%)	Waukegan 1,830 (4%)	
Mt. Vernon 1,339 (3%)	Urbana 1,587 (3%)	Peoria 2,228 (5%)	Ottawa 737 (2%)	Woodstock 680 (1%)	

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

## CASES OPENED

Filings peaked in FY95 at 72,000 cases and continue to decline.

### CASES OPENED

	FY12	FY11	FY10	FY09	FY08
New claims filed	40,596	42,883	42,701	46,752	48,193
Original settlements filed <sup>20</sup>	<u>6,093</u>	<u>7,498</u>	<u>8,153</u>	<u>8,745</u>	<u>9,322</u>
Total new cases filed	46,689	50,381	50,854	55,497	57,515
Reinstated	1,592	1,659	1,511	1,644	1,657
Remanded to Arbitrator	505	486	396	49	49
Remanded to Commissioner	<u>22</u>	<u>21</u>	<u>22</u>	<u>93</u>	<u>87</u>
Total cases returned to caseload	2,119	2,166	1,929	1,786	1,793
Total additions to the caseload	<b>48,808</b>	<b>52,547</b>	<b>52,783</b>	<b>57,283</b>	<b>59,308</b>

In total, injured workers are unrepresented in 14% of cases. A new claim is usually opened when a worker files an application with the Commission; in 99% of those cases, the worker has an attorney. When a settlement contract is filed without a prior application, it is referred to as an original settlement; in 96% of those cases, the worker *does not* have an attorney.

<sup>19</sup> Zone 6 Arbitrators hear Chicago cases during the two months they are not in Wheaton.

<sup>20</sup> "Original settlement" refers to a settlement contract filed without a prior application.

## CASES PENDING

At the end of FY12, there were roughly 93,000 cases pending at arbitration. In approximately 99% of the cases, the parties have not petitioned the Commission to act, and therefore cases are automatically continued. The majority of cases at arbitration are settled, and parties are free to settle at any time.

At the review level, roughly 2,000 appeals of Arbitrators' decisions were pending. Another 1,000 pending cases involved issues such as attorneys' fees, insurance compliance, medical care, and penalties.

## CASES CLOSED

As in other court systems, most cases filed at the Commission are settled. Please note that these figures report only the final action on a case. If a case had more than one action (e.g., a case was decided at arbitration, then decided on the Commission level, then settled), only the final action is reported here. An Arbitration case is counted as closed if it was dismissed, settled, or if a decision was issued and no appeal was filed. A Commissioner's decision is counted as closed if no appeal was filed.

### TOTAL CASES CLOSED<sup>21</sup>

FINAL ACTION	FY12	%	FY11	%	FY10	%	FY09	%	FY08	%
Dismissals	5,184	11%	5,616	11%	5,172	9%	5,271	9%	5,434	9%
Settlements	40,934	84%	43,324	85%	47,946	86%	51,230	87%	51,549	87%
Decisions	<u>2,178</u>	<u>5%</u>	<u>2,196</u>	<u>4%</u>	<u>2,802</u>	<u>5%</u>	<u>2,402</u>	<u>4%</u>	<u>2,550</u>	<u>4%</u>
<b>Total</b>	<b>48,296</b>		<b>51,136</b>		<b>55,920</b>		<b>58,903</b>		<b>59,533</b>	

### CASES CLOSED BY ARBITRATORS

Voluntary dismissals	587		569		606		595		604	
DWP	<u>4,422</u>		<u>4,930</u>		<u>4,390</u>		<u>4,593</u>		<u>4,724</u>	
Total dismissals	5,009	11%	5,499	11%	4,996	9%	5,188	9%	5,328	9%
Original settlements	5,895		6,786		7,853		9,016		9,041	
SC before arb. dec.	33,778		35,322		38,691		40,750		41,005	
SC after arb. decision	<u>778</u>		<u>973</u>		<u>985</u>		<u>844</u>		<u>843</u>	
Total settlements	40,451	87%	43,081	87%	47,529	88%	50,610	88%	50,889	88%
Arbitration decisions	<u>1,020</u>	<u>2%</u>	<u>1,066</u>	<u>2%</u>	<u>1,601</u>	<u>3%</u>	<u>1,394</u>	<u>2%</u>	<u>1,355</u>	<u>2%</u>
<b>Total</b>	<b>46,480</b>		<b>49,646</b>		<b>54,126</b>		<b>57,192</b>		<b>57,572</b>	

### CASES CLOSED BY COMMISSIONERS

Dismissals at review	175	10%	117	8%	176	10%	83	5%	106	5%
SC before arb. decision	191		43		109		140		174	
SC before review dec.	195		117		200		306		328	
SC after review dec.	<u>97</u>		<u>83</u>		<u>108</u>		<u>174</u>		<u>158</u>	
Total settlements	483	27%	243	16%	417	23%	620	36%	660	34%
Review decisions	<u>1,158</u>	<u>64%</u>	<u>1,130</u>	<u>76%</u>	<u>1,201</u>	<u>67%</u>	<u>1,008</u>	<u>59%</u>	<u>1,195</u>	<u>61%</u>
<b>Total</b>	<b>1,816</b>		<b>1,490</b>		<b>1,794</b>		<b>1,711</b>		<b>1,961</b>	

<sup>21</sup> "DWP" refers to cases that were Dismissed for Want of Prosecution. "Original settlements" are settlements that were filed without a prior application. "SC" refers to settlement contracts.

## DECISIONS ISSUED

Most of the cases filed with the Commission are settled. The cases that go to trial are usually more complex, often dealing with new benefit categories or emerging legal issues. Cases with more difficult issues are often appealed. Fewer and fewer cases proceed on to the next level, as shown below. Out of over 200,000 work-related injuries that occur each year, fewer than 400 remain pending when they leave the Commission and go into the circuit court systems.

### DECISIONS AND APPEALS<sup>22</sup>

	Arbitration Decisions Issued	% Appealed	Commission Decisions Issued	% Appealed	Circuit Ct. Decisions Issued	Appellate Ct. Opinions/Orders Issued	Supreme Ct. Opinions Issued
2008	3,594	48%	1,777	25%	291	120	0
2009	3,541	48%	1,470	25%	278	127	1
2010	3,581	49%	1,503	26%	295	119	1
2011	3,171	55%	1,405	25%	218	140	0
2012	3,096	57%	1,410	29%	245	109	0

*Outcome of appeals.* Parties have the right to appeal Arbitrators' decisions, but history has shown that, in the majority of cases, Commissioners affirm the decisions of the Arbitrators. Petitioners (workers) appeal in hopes of higher benefits, but their appeals do not result in higher benefits 82% of the time. Similarly, 73% of cases appealed by Respondents (employers) do not result in lower benefits.

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

Over the years, there has been a clear shift from 19(b-1) petitions, which involve statutorily set deadlines, to 19(b) petitions. Each year, Arbitrators issue fewer than a dozen 19(b-1) decisions and roughly 1,000 19(b) decisions.

## GENDER

Women constitute 46% of the Illinois workforce<sup>23</sup>, but they file a smaller share of claims. This is partially due to the fact that the most dangerous industries—construction, agriculture, transportation—are still male-dominated. Over the years, the proportion of female claimants has increased, however, from 22% of claimants in FY85 to 35% in FY12.

## INJURY RATES

The statistics in this section come from the National Council on Compensation Insurance (NCCI) and the U.S. Bureau of Labor Statistics (BLS), which use different methods. NCCI excludes self-insurers,

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<sup>22</sup> Commission figures are for the fiscal year. Figures for the courts are for the calendar year. Note the Supreme Court affirmed the IWCC in both cases listed above (*Interstate Scaffolding v. Ill. Workers' Comp. Comm'n*, 236 Ill.2d 132 (2010) and *Beelman Trucking v. Workers' Comp. Comm'n*, 233 Ill.2d 364 (2009)). Note also that the law requires circuit courts to send the IWCC their orders, but they do not always do that. The figures reflect the orders we received.

<sup>23</sup> See U.S. Bureau of Labor Statistics: [bls.gov/lau/table14full11.pdf/](http://bls.gov/lau/table14full11.pdf/).

while the BLS nonfatal survey is prone to sampling error. Despite these limitations, these two sources produce the best data now available.

Both data sets indicate that 3-4% of Illinois workers were injured each year. The overall injury rate in Illinois is lower than most states, and continues to drop. The 2009 injury rate is 64% lower than in 1990.

NCCI DATA

PERCENTAGE OF  
WORKERS EXPERIENCING WORK-RELATED INJURIES  
IN ILLINOIS EACH YEAR BY INJURY TYPE<sup>24</sup>

Policy Year	Medical Only	Temporary Total	Permanent Partial	Permanent Total	Fatal	Total
1990	6.9%	1.66%	0.92%	.004%	.007%	9.5%
1995	4.9%	1.23%	0.68%	.004%	.004%	6.8%
2000	3.9%	0.84%	0.69%	.007%	.005%	5.4%
2005	2.6%	0.60%	0.54%	.013%	.002%	3.7%
2009	2.3%	0.55%	0.54%	.003%	.003%	3.4%

BLS DATA

RATE OF NONFATAL  
WORK-RELATED INJURIES AND ILLNESSES  
IN ILLINOIS IN 2010<sup>25</sup>

Workers' Nonfatal Injury Rate by Industry		Private Sector Workers' Injury Rate by Event	
Government	9%	Overexertion	28%
Manufacturing	5%	Contact w. objects/equip.	26%
Natural resources and mining	4%	Fall	20%
Construction	3%	Slip or trip (no fall)	6%
Services	3%	Exposure to harmful substances	4%
		Repetitive motion	3%
Incidence rate for all workers	4%	Transportation accident	3%
		Assault or violent act	3%

<sup>24</sup> See *Annual Statistical Bulletin*, 1994 – 2012 editions, Exhibit XII First Report data. Figures for fatalities and PTDs come from a small number of cases and should be viewed with caution. This information refers only to the experience of employers with insurance, not self-insurers or monopolistic state funds. The NCCI updated figures from earlier reports. This is the most recent information available.

<sup>25</sup> Since 1992, the Illinois Department of Public Health has participated in the U.S. Bureau of Labor Statistics' Survey of Occupational Injuries and Illnesses (SOII). Each year IDPH surveys a sample of employers in the private and nonfederal public sectors. See *Survey of Occupational Injuries and Illnesses in Illinois, 2010* 32, 46.

FATAL WORK-RELATED INJURIES  
IN ILLINOIS IN 2011<sup>26</sup>

Total fatalities: 177

Distribution of Fatal Injuries Among Industries

Transportation	19%
Agriculture	12%
Construction	12%
Trade, wholesale & retail	11%
Manufacturing	8%
Administrative and waste serv.	8%
Educational & health serv.	6%
Government	2%
Other	22%

Distribution of Fatal Injuries by Event

Transportation incident	31%
Violence/injuries by person/animal	25%
Falls, slips, trips	16%
Exposure to harmful subst/env.	14%
Contact with objects/equip.	11%
Fires and explosions	2%

**MEDICAL CARE**

Illinois' medical fee schedule took effect for treatment on or after February 1, 2006. Because the Commission is unable to produce its own statistics on medical costs, it must rely on research done by outside groups to assess the effectiveness of the fee schedule.

Although the estimated medical costs differ in the two studies cited below, both research groups found double-digit medical cost growth in the years before the fee schedule, a sharp decline in the fee schedule's first two years, then the resumption of higher rates.<sup>27</sup>

AVERAGE MEDICAL COST PER CASE IN ILLINOIS  
FOR ALL CASES  
AT 12 MONTHS EXPERIENCE

Year	NCCI Data	% Annual Change	WCRI Data	% Annual Change
2000	\$3,538	16%	\$2,422	20%
2005	\$7,735	16%	\$3,921	15%
2006	\$8,234	7%	\$3,954	8%
2007	\$8,604	5%	\$4,143	5%
2008	\$9,468	10%	\$4,613	11%
2009	\$10,278	9%	\$5,165	12%
2010	na		\$5,447	6%

Public Act 97-18 cut all fees by 30%, effective September 1, 2011. The legislation also limited reimbursements for implants and physician-dispensed medications, established Preferred Provider Programs (PPP) to limit employees' choice of physician, and made other changes that were intended to further reduce employers' medical costs.

<sup>26</sup> The Commission provides fatal claim information to the Illinois Department of Public Health, which participates in the U.S. Bureau of Labor Statistics Census of Fatal Occupational Injuries (CFOI). The CFOI methodology does not correspond exactly to workers' compensation criteria, but it provides a standard measure for the country. See *Census of Fatal Occupational Injuries and Illnesses in Illinois, 2011* 12, 14.

<sup>27</sup> See NCCI *Annual Statistical Bulletin*, 1996-2012 editions, Exhibit XI "First Report" data, and WCRI *Anatomy of Medical Costs*, 2003-2004 editions, Figure 3.1, *CompScope Medical Benchmark* studies, 2008-2013 editions, Figure 2. Note that NCCI reports by Policy Year and WCRI reports by Accident Year.

## **PENALTIES**

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 \$30 per day for every day that a cash or medical benefit has been withheld without good and just cause, up to \$10,000.

Under Section 16, 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.

Over the last several years, Arbitrators have awarded penalties in roughly 10% of expedited decisions and 2% of regular decisions. Commissioners have awarded penalties in roughly 5% of expedited decisions and 2% of regular decisions. This represents less than 1% of all cases closed.

## **POST-AWARD PETITIONS**

Cases that were closed by decisions 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), either party may petition if the injured worker's physical condition changes significantly within 30-60 months of the decision or settlement. Each year, approximately 300 post-award petitions are filed.

## **WAGES**

Claimants' wages generally are lower than the statewide average weekly wage (SAWW), and the gap is widening. Claimants' wages actually decreased in FY12. The wages of injured workers were 22% lower than the SAWW.

## INTERSTATE COMPARISONS

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Although Illinois has consistently ranked in the top 10 states for the highest wages paid to workers, our workers' compensation costs have historically ranked near the median for all states. That changed as injuries and premiums declined across the country. While Illinois premiums also went down, they declined less than in other states, causing Illinois in 2010 to become the 3rd most expensive state for workers' compensation insurance.

This high ranking in part contributed to the drive for legislative changes that ultimately culminated in the enactment of Public Act 97-18. No comprehensive study on the effects of the legislation has yet been produced. All figures are the most recent available.

Illinois wages are 6% higher than the median: \$49,504 v. \$46,748<sup>28</sup>

Illinois indemnity costs per claim are 58% higher than the median: \$32,346 v. \$20,520<sup>29</sup>

Illinois workers' compensation insurance rates are 51% higher than the median: \$2.83 v. \$1.88<sup>30</sup>

Illinois medical costs per claim are 41% higher than the median: \$9,468 v. \$6,737<sup>31</sup>

From 2006-2010, Illinois benefits grew at over four times the rate of other states: 19% v. 4%<sup>32</sup>

Illinois benefit cost rate (benefits/payroll) is 15% higher than the national total: 1.10% v. 0.96%<sup>33</sup>

Illinois injury rate is 16% lower than the median: 3.9% v. 4.5%<sup>34</sup>

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<sup>28</sup> See U.S. Bureau of Labor Statistics website: <http://www.bls.gov/cew/cewbultn10.htm> Table 5. 2010 annual averages.

<sup>29</sup> See *Annual Statistical Bulletin* 2011 401-402 and 2012 403-404. Policy Year 2008 data. Most recent data available.

<sup>30</sup> See "2012 Oregon Workers' Compensation Premium Rate Ranking Summary." The estimated premiums are per \$100 of payroll. The report compares employers' w.c. insurance costs in 50 different class codes. Note that discounts are not included, and Illinois reportedly gives more discounts than most states, so Illinois rates look higher here than they really are. A review of the results over the years is instructive.

Report year	Workers' Compensation Premium Rate Rankings						% Change 1994-2012
	2012	2010	2008	2006	2000	1994	
IL est. premium	\$2.83	\$3.05	\$2.79	\$2.69	\$2.74	\$5.48	(48%)
Median est. premium	\$1.88	\$2.04	\$2.26	\$2.48	\$2.26	\$4.35	(57%)
IL as % over median	51%	49%	23%	8%	21%	26%	
IL rank (50 states + DC)	4	3	11	20	15	9	

*1 = most expensive*

<sup>31</sup> See *Annual Statistical Bulletin* 405-406. Policy Year 2008 data.

<sup>32</sup> See *Workers' Compensation: Benefits, Coverage, and Costs, 2010* 22-23.

<sup>33</sup> See *Workers' Compensation: Benefits, Coverage, and Costs, 2010* 29-30.

<sup>34</sup> See *Annual Statistical Bulletin* 432-433. Policy Year 2008 data.

## TOTAL BENEFITS PAID

Illinois total benefit payments in 2010 declined and at a faster rate than most states.

### TOTAL WORKERS' COMPENSATION BENEFIT PAYMENTS<sup>35</sup>

\$ in billions	2010	2009	2008	2007	2006
Illinois	\$2.9	\$3.0	\$2.9	\$2.7	\$2.4
% change from prior year	(4%)	4%	7%	12%	1%
U.S. nonfederal total	\$53.9	\$54.4	\$54.3	\$52.3	\$51.6
% change from prior year	(1%)	<1%	4%	1%	(4%)

## COMPLIANCE WITH 1972 RECOMMENDATIONS

In 1972, the National Commission on State Workmen's Compensation Laws, appointed by President Nixon, unanimously listed 19 items as essential to an adequate system. Decades later, no state in the country meets all the requirements; Illinois meets more than most states.

### NUMBER OF 19 ESSENTIAL RECOMMENDATIONS MET

	National average	12.83		
	Illinois	15.00		
NEIGHBORING STATES			LARGE INDUSTRIAL STATES	
Iowa	15.50		Ohio	15.50
Illinois	15.00		Illinois	15.00
Wisconsin	15.00		Pennsylvania	13.75
Kentucky	14.25		Texas	12.50
Missouri	13.75		California	12.00
Indiana	11.50		New York	10.75
Michigan	9.75		Florida	9.75

## COVERAGE OF EMPLOYEES

More workers are covered under the law in Illinois than in most other states.

### PERCENTAGE OF EMPLOYEES COVERED, 2010<sup>36</sup>

	National nonfederal average	97.0%		
	Illinois	99.8%		
NEIGHBORING STATES			LARGE INDUSTRIAL STATES	
Illinois	99.8%		California	100.0%
Kentucky	99.8%		Ohio	100.0%
Indiana	99.6%		Illinois	99.8%
Iowa	99.1%		New York	99.8%
Wisconsin	97.1%		Pennsylvania	99.6%
Michigan	97.0%		Florida	94.9%
Missouri	95.5%		Texas	78.6%

<sup>35</sup> See *Workers' Compensation: Benefits, Coverage, and Costs, 2010* 22-23.

<sup>36</sup> See *Workers' Compensation: Benefits, Coverage, and Costs, 2010* 56-57. States with the same figure are listed alphabetically.



**DURATION OF DISABILITY**

Figures on duration of disability are not available for all states with which Illinois is usually compared. The information that is available appears below.

		TTD DURATION IN WEEKS <sup>37</sup>			
		Median	17.8		
		Illinois	20.9		
NEIGHBORING STATES			LARGE INDUSTRIAL STATES		
Illinois	20.9	Pennsylvania	25.8		
Michigan	18.1	California	22.3		
Indiana	12.0	Illinois	20.9		
Iowa	11.5	Texas	17.4		
Wisconsin	10.8	Florida	15.3		

**PROMPTNESS OF FIRST TTD PAYMENT**

Figures on the promptness of the first TTD payment are not available for all states with which Illinois is usually compared. The information that is available appears below.

		PERCENTAGE OF CLAIMS WITH FIRST INDEMNITY PAYMENT WITHIN 21 DAYS OF INJURY <sup>38</sup>			
		Median	44.4%		
		Illinois	39.0%		
NEIGHBORING STATES			LARGE INDUSTRIAL STATES		
Wisconsin	51.6%	Texas	49.0%		
Iowa	44.4%	Pennsylvania	45.0%		
Michigan	41.4%	Florida	44.9%		
Indiana	39.3%	California	44.2%		
Illinois	39.0%	Illinois	39.0%		

<sup>37</sup> Figures reflect 2006 claims involving more than seven lost workdays, assessed as of 2009. See *CompScope Benchmarks for Illinois, 11th edition* 49.

<sup>38</sup> See *CompScope Benchmarks for Illinois, 11th edition* 59.

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