

State of Illinois
Workers' Compensation Commission
Fiscal Year 2017 Annual Report



Bruce Rauner, Governor
Joann M. Fratianni, Chairman

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Illinois Workers' Compensation Commission

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Bruce Rauner, Governor

Joann M. Fratianni, Chairman

June 28, 2018

The Honorable Governor Bruce Rauner
Office of the Governor
100 W. Randolph
James R. Thompson Center, 16th Floor
Chicago, IL 60601

Dear Governor Rauner,

On behalf of the entire Workers' Compensation Commission, I am pleased to submit the Fiscal Year 2017 annual report.

Administratively, we will continue to work together to serve the employers and employees in the State of Illinois. We appreciate your leadership and support in this process.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Joann M. Fratianni".

Joann M. Fratianni
Chairman

OVERVIEW OF WORKERS' COMPENSATION

Workers' compensation laws were the first acts of social legislation passed in the United States. 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 had to file a lawsuit against the employer, and prove the employer had failed to provide a safe workplace, to warn of danger, or to provide enough appropriate fellow workers. The employer then 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. Similar laws passed in other European countries.

In the U.S., workers' compensation laws were passed on a state-by-state basis. Most of the early laws covered only hazardous occupations and were found unconstitutional. Maryland passed the first act in 1902. Wisconsin's law of 1911 was the first that withstood legal challenges. Illinois also passed its first law in 1911, effective May 1, 1912.¹ It took until 1948 for all states to establish a law.

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

Almost every employee who is hired, injured, or whose employment is located in Illinois is protected by the Illinois Workers' Compensation Act. When an injury is sustained at work, the injury may be compensable according to the Act. Benefits may include an award for medical treatment, lost income, and permanent disability.

Illinois employers pay for workers' compensation benefits through insurance policies or by becoming self-insured. 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, if leave is granted, the Illinois Supreme Court. Most claims, however, are settled between the parties prior to, or subsequent to, the initial arbitration.

¹ Act of June 10, 1911. 1911 Ill. Laws 315-26.

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

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

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

⁵ P.A. 93-721.

MISSION STATEMENT

The Illinois Workers' Compensation Commission resolves claims made by injured workers for injuries arising out of and in the course of employment. 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 claims.* 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.

BOARD MEMBERS

The Commission is grateful to all board members, who serve without compensation. Membership listing is as of June 30, 2017.

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 Governor Appointee	Kevin Lamborn Senior Business Commissioner	Arbitrator George Andros Chicago Arbitrator
Velisha Haddox Governor Appointee	David L. Gore Senior Labor Commissioner	Arbitrator Maureen Pulia Downstate Arbitrator

SELF-INSURERS ADVISORY BOARD

The board reviews applications from private companies to self-insure, 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	Paul T. Bergmann Property-Casualty Insurance Consulting	Joan Vincenz United Airlines
Gerald F. Cooper, Jr. Scopelitis, Garvin, Light, Hanson & Feary	John Rittenhouse CCMSI	David Taylor Reyes Holdings

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, and Castenada	Philip Gruber Int'l. Assoc. of Machinists	Kim Maisch National Federation of Independent Business	Mark Flannery Corporate Counsel at Caterpillar Inc.
Aaron Anderson Painters Dist. Council #30	Joseph Coli Illinois Advocates, LLC	Todd Maisch Illinois Chamber of Commerce	Robert Karr IL Retail Merchants Assoc.
Michael Carrigan Illinois AFL-CIO	Sean Stott Laborers' International Union	Jay Dee Shattuck Shattuck & Associates	Mark Denzler Illinois Manufacturers Assoc.

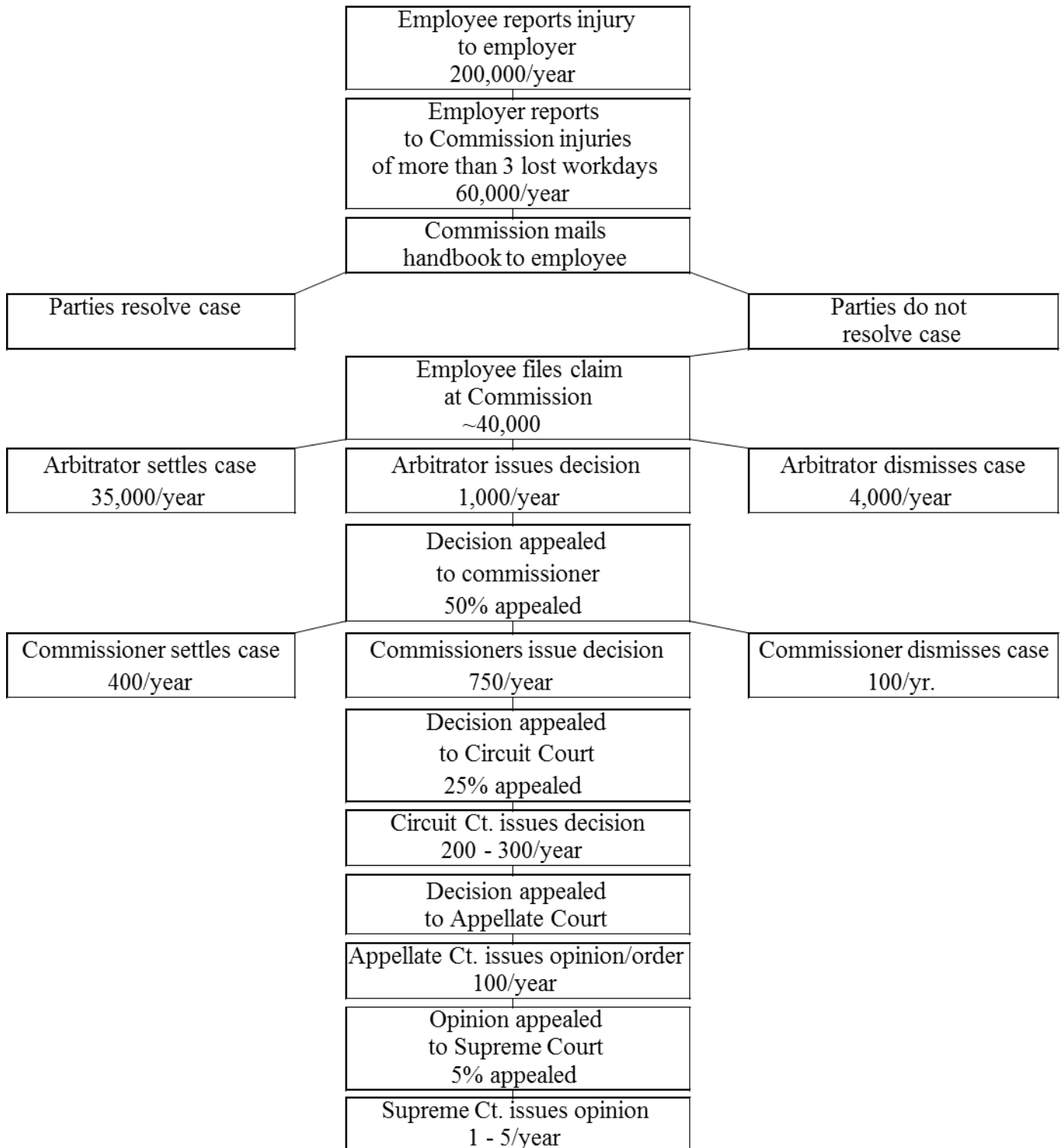
WORKERS' COMPENSATION MEDICAL FEE ADVISORY BOARD

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	Diana Alvarez Hyatt	Preston Wolin, MD Clinic for Athletic Medicine, Ltd.
Dianne McGuire College of DuPage	Barb Molloy Molloy Consulting	Adam Low IL Hospital Assoc.
David Menchetti Cullen, Haskins, Nicholson & Menchetti	Kim Moreland Rising Medical Solutions	David Fletcher, MD Safeworks Illinois

STATISTICS

Each year in Illinois, approximately 200,000 work-related accidents occur. In most of these cases, the worker does not lose time from work. Fewer than 45,000 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 process.



DETAILED CASE INFORMATION

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.

NEW CASES FILED IN FY17

Chicago (1 hearing site)	16,663
Downstate (18 sites)	21,694

Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6
Collinsville 2,073	Quincy 340	Bloomington 701	Kankakee 417	Rockford 1,456	Elgin 594
Herrin 951	Springfield 1,357	Peoria 1,299	Joliet 2,452	Waukegan 1,598	Geneva 1,379
Mt. Vernon 1,059	Urbana 1,198	Rock Island 875	Ottawa 802	Woodstock 594	Wheaton 2,545

CASES OPENED

CASES OPENED

	FY13	FY14	FY15	FY16	FY17
New claims filed	42,543	43,732	42,758	41,777	38,357
Reinstated	1,594	1,387	1,258	1,188	1,145
Remanded to Arbitrator	439	353	402	315	301
Remanded to Commissioner	48	61	40	32	37
Total cases returned to caseload	2,081	1,801	1,700	1,535	1,483
Total additions to the caseload	44,624	45,533	44,458	43,312	39,840
Change from previous year	(9%)	2%	(2%)	(3%)	(8%)

CASES CLOSED

As in other court systems, most cases filed at the Commission are settled. Please note that the figures below 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.⁶

CASES CLOSED BY ARBITRATORS

FINAL ACTION	FY13	FY14	FY15	FY16	FY17
Voluntary dismissals	607	629	767	657	677
DWP	<u>4,663</u>	<u>3,881</u>	<u>3,757</u>	<u>3,873</u>	<u>3,298</u>
Total dismissals	5,270	4,510	4,628	4,751	3,975
Original settlements	4,925	4,610	4,278	5,527	4,233
SC before arb. dec.	33,496	33,258	32,258	34,824	34,095
SC after arb. decision	<u>759</u>	<u>578</u>	<u>643</u>	<u>528</u>	<u>584</u>
Total settlements	39,180	38,446	37,179	41,220	39,300
Arbitration decisions	<u>1,048</u>	<u>1,113</u>	<u>941</u>	<u>861</u>	<u>811</u>
Total	45,498	44,069	42,644	46,270	43,698

CASES CLOSED BY COMMISSIONERS

	FY13	FY14	FY15	FY16	FY17
Dismissals at review	201	162	104	221	167
SC before arb. decision	111	110	184	134	144
SC before review dec.	193	144	118	133	137
SC after review dec.	<u>126</u>	<u>109</u>	<u>115</u>	<u>74</u>	<u>105</u>
Total settlements	430	343	417	341	388
Review decisions	<u>1,162</u>	<u>890</u>	<u>922</u>	<u>789</u>	<u>675</u>
Total	1,793	1,415	1,443	1,351	1,230

TOTAL CASES CLOSED

	FY13		FY14		FY15		FY16		FY17	
Dismissals	5,471	12%	4,672	10%	4,732	10%	4,972	10%	4,142	9%
Settlements	37,610	84%	38,809	85%	37,596	85%	41,561	86%	39,300	87%
Decisions	<u>2,210</u>	5%	<u>2,003</u>	4%	<u>1,863</u>	4%	<u>1,650</u>	3%	<u>1,486</u>	3%
Total	47,291		45,484		44,191		48,183		44,928	

⁶ “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

DECISIONS AND APPEALS

	Arbitration Decisions	% Appealed	Commission Decisions	% Appealed	Circuit Ct. Decisions	Appellate Opinions	Supreme Ct. Opinions
2012	3,096	57%	1,410	29%	245	109	0
2013	3,326	57%	1,504	27%	219	128	1
2014	2,693	52%	1,069	26%	202	113	0
2015	2,450	55%	1,183	33%	282	94	0
2016	2,280	57%	977	28%	218	113	0
2017	2,099	53%	864	18%	206	79	2

GENDER

Women constitute 47% of the Illinois labor force.⁷

EMPLOYMENT STATUS OF CIVILIAN NON-INSTITUTIONAL POPULATION BY SEX

(NUMBERS IN THOUSANDS)

Population Group	Civilian Non- institutional Population	Number	Percentage of Population
Total	10,106	6,004	61.8
Men	4,902	3,012	64.2
Women	5,204	2,992	57.6

AVERAGE FUNERAL BENEFIT IN DEATH CASES

Section 7(f) of the Illinois Workers' Compensation Act states employers are required to pay the sum of \$8,000 to the widow or widower, other dependent, next of kin or the person or persons incurring the expense of burial. This fee is assessed to fatal cases in the State of Illinois.

⁷ See <http://www.bls.gov/lau/ptable14full2016.pdf>

INJURY DATA

The statistics in this section come from the U.S. Bureau of Labor Statistics (BLS) and the Illinois Department of Employment Security.

The BLS data set indicates that 3.5% of Illinois workers were injured each year.

BLS DATA

RATE OF NONFATAL WORK-RELATED INJURIES AND ILLNESSES IN ILLINOIS IN 2015-2016⁸

Workers' Nonfatal Injury Rate by Industry		Number of Private Sector Workers' Injuries	
Government	4.9%	Overexertion and bodily reaction	14,990
Manufacturing	3.4%	Contact w. object, equipment	8,860
Natural resources and mining	5.4%	Fall, slip, trip	9,720
Construction	2.1%	Transportation accident	1,860
Services	2.6%	Exposure to harmful substance/envIRON.	1,580
		Violence—intentional injury	780
Incidence rate for all workers	3.0%	Fire or explosion	40

DISTRIBUTION OF 171 FATAL WORK-RELATED INJURIES IN ILLINOIS IN 2015-2016⁹

Distribution by Industry		Distribution by Event	
Goods-producing	44%	Transportation incident	59%
Agriculture	38%	Violence/injuries	27%
Construction	41%	Falls, slips, trips	33%
Manufacturing	19%	Contact with objects/equip.	29%
Service-providing	56%	Exposure to harmful substance	19%
Trade	26%	Fires and explosions	5%
Transportation	39%		
Government (state and local)	9%		

AVERAGE WEEKLY WAGE BY YEAR OF ACCIDENT¹⁰

	FY13	FY14	FY15	FY16	FY17
Claimants' Average Weekly Wage	\$838.83	\$820.69	\$833.10	\$877.14	\$849.52
SAWW as of end of FY	\$990.02	\$1,002.68	\$1,021.34	\$1,048.67	\$1,076.38
Claimants' wages as % of SAWW	85%	82%	82%	84%	84%

⁸ See <http://www.bls.gov/iif/data.htm>

⁹ See <http://www.bls.gov/iif/data.htm>

¹⁰ The average maximum rate for Temporary Total Disability (TTD) in FY '17 was \$1,435.17. The average maximum rate for Permanent Partial Disability (PPD) in FY '16 was \$775.18.

AGGREGATE BENEFIT PAYMENTS

TOTAL WORKERS' COMPENSATION BENEFIT PAYMENTS

\$ in thousand	2011	2012	2013	2014	2015
Illinois	\$3,026,105	\$2,952,908	\$2,623,840	\$2,752,343	\$2,420,417
% change from prior yea		(2.4%)	(11.1%)	4.9%	(12.1%)
U.S. nonfederal total	\$57,179,393	\$59,286,249	\$58,819,04	\$59,625,531	\$58,150,694
% change from prior yea		3.7%	(0.8%)	0.3%	(0.3%)

TOTAL WORKERS' COMPENSATION MEDICAL BENEFIT PAYMENTS

\$ in thousands	2011	2012	2013	2014	2015
Illinois	\$1,426,421	\$1,449,452	\$1,296,326	\$1,180,728	\$1,241,307
% change from prior year		1.2%	(10.2%)	(8.9%)	5.1%
U.S. nonfederal total	\$28,184,947	\$29,412,219	\$30,402,033	\$30,283,667	\$30,264,429
% change from prior year		4.4%	3.4%	(0.4%)	(0.1%)

COST TO EMPLOYERS

OREGON ESTIMATE OF PREMIUM RATES¹¹

Per \$100 of payroll/	1994	2000	2006	2010	2012	2014	2016
Illinois	\$5.48	\$2.74	\$2.69	\$3.05	\$2.83	\$2.35	\$2.23
Median	\$4.35	\$2.26	\$2.48	\$2.04	\$1.88	\$1.85	\$1.84
IL as % median	26%	21%	8%	50%	51%	27%	26%
IL rank among 51	9	15	20	3	4	7	8
(1= most expensive)							

¹¹ See "2016 Oregon Workers' Compensation Premium Rate Ranking Summary."

INSURANCE

COVERAGE OF EMPLOYEES

Employers are responsible for the payment of benefits to injured workers. Employers are required to either purchase workers' compensation insurance or obtain permission to self-insure. More workers are covered under the law in Illinois than in most other states.¹²

PERCENTAGE OF EMPLOYEES COVERED BY WORKERS' COMP 2015

Illinois		99.7%	
U.S. nonfederal average		97.0%	
NEIGHBORING STATES		LARGE INDUSTRIAL STATES	
Indiana	99.1%	California	100.0%
Iowa	98.6%	New York	99.9%
Wisconsin	96.3%	Pennsylvania	99.8%
Michigan	94.9%	Florida	92.7%
Missouri	94.9%	Texas	80.5%

DURATION OF DISABILITY

The duration of temporary total disability charted below is for claims with more than seven days of lost time at 36 months average maturity. TTD claims in Illinois are longer than most states in the study.¹³

TTD DURATION IN WEEKS

Illinois	19
10-state Median	13

NEIGHBORING STATES		LARGE INDUSTRIAL STATES	
Minnesota	13	California	21
Indiana	12	Texas	16
Iowa	12	New Jersey	14
Wisconsin	11	Florida	12

¹² See NASI *Annual Report*.

¹³ See WCRI *Compscope Benchmarks for Illinois, 18th Edition*.

INJURY RATES

FREQUENCY OF INJURY PER 100,000 WORKERS

Illinois 2,991
Countrywide 3,114

NEIGHBORING STATES		LARGE INDUSTRIAL STATES	
Wisconsin	4,212	Pennsylvania	4,784
Iowa	4,784	California	4,403
Indiana	4,102	Florida	3,115
Michigan	3,465	Texas	2,009

INSURANCE FRAUD

The Illinois Department of Insurance investigates workers' compensation fraud through its Fraud Unit, which is funded by the Commission. It is illegal for anyone—a worker, employer, insurance carrier, or 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://insurance.illinois.gov/wcfu/>.

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 insurance pools. Public employers may self-insure without obtaining approval. Self-insured employers pay 25% of benefits.¹⁴

PARENT COMPANIES IN THE COMMISSION'S SELF-INSURANCE PROGRAM

Date	# Parent Companies
6/30/05	319
6/30/10	268
6/30/11	249
6/30/12	241
6/30/13	240
6/30/14	236
6/30/15	226
6/30/16	225
6/30/17	217

¹⁴ See NASI *Workers' Compensation: Benefits, Coverage and Cost*.

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