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Maine State Employees Workers' Compensation System

L.U.O.

Annual Report - Fiscal Year 2007



*Prepared by the Workers' Compensation Division & Maine Health Information Center
October 2007*

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EXECUTIVE SUMMARY

- ♦ The total workers' compensation expense for FY2007 was \$8,752,861, a 1% increase over the FY2006 total of \$8,660,532. Excluding lump sum payments and subrogation recovery, expenses for FY2007 increased by 5%, or \$345,120, to a total of \$7,432,447. This increase was equally distributed between Medical and Indemnity (see figure 1).
- ♦ Indemnity accounted for 42% of total expenses in FY2007, a total of \$3,080,972. Compared with FY2006, Indemnity expenses increased by 3%, though the trend has been stable since FY2004 (see figures 2 and 3).
- ♦ In FY2007, Medical expenses accounted for 51% of total expenses (figure 2). Though the three-year trend (FY2005-FY2007) is stable, medical expenses for FY2007 increased by 4% compared to FY2006, to a total of \$3,819,298 (figure 4). The provider types with the most significant increases in Medical payments from FY2006 to FY2007 were pharmacy and doctors, which increased by 33% and 24%, respectively. Decreases were observed in expenses related to hospitals and physical therapy (figure 5).
- ♦ The Other category, which accounted for 7% of total expenses, increased by 20%, or \$88,817 from FY2006 to FY2007. Despite this increase, Other expenses remain low compared to FY2000-FY2005 (figure 6).
- ♦ In FY2007, 1416 new claims were filed. This represents a 3.1% decrease or 45 fewer claims than FY2006. Of all new claims in FY2007, 781 (55%) were Medical Only and 635 (45%) were Indemnity and Lost Time (figures 7 and 8).
- ♦ As in FY2006, Continuous Trauma- Repetitive Motion/Office/Eye Strain claims accounted for the largest proportion of cause of injury for FY2007, at 16% of claims (figure 9). The most frequent nature of injury claims were Sprains/Strains at 33% (figure 10).
- ♦ Continuous Trauma injuries accounted for 16% of claim expenses in FY2007 (figure 11). The total number of Continuous Trauma claims in FY2007 was 274, which is lower than the 8-year average of 278, but represents a 5% increase over FY2006 (Figure 12).
- ♦ The number of Stress & Anxiety claims decreased slightly in FY2007 to 90 claims. This total, while lower than 2006, is well above the 8 year average of 76 claims (figure 13).
- ♦ In FY2007, Health and Human Services and Transportation accounted for 43% of total new claims and 54% of overall expenses (figures 14 and 15).
- ♦ Public Safety and Transportation had significantly higher expenses per employee than any other department. Further, Public Safety experienced the highest rate of injuries among all departments (figures 16 and 17).

TRENDS IN TOTAL EXPENSES

Expenses by Category

Trends in Expense Categories by Fiscal Year

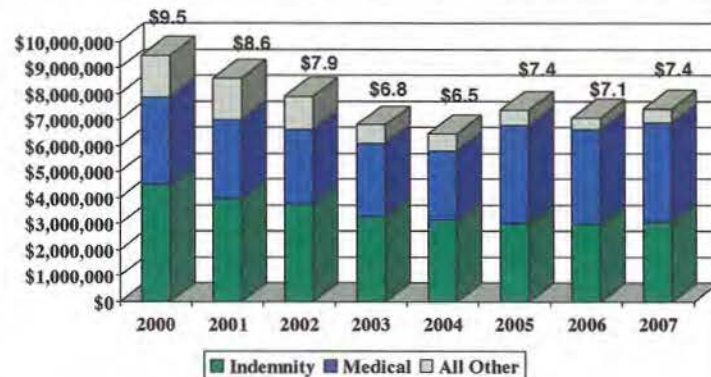


Figure 1

Expense Category Percent of Total

Expense Categories as Percent of Total by Fiscal Year

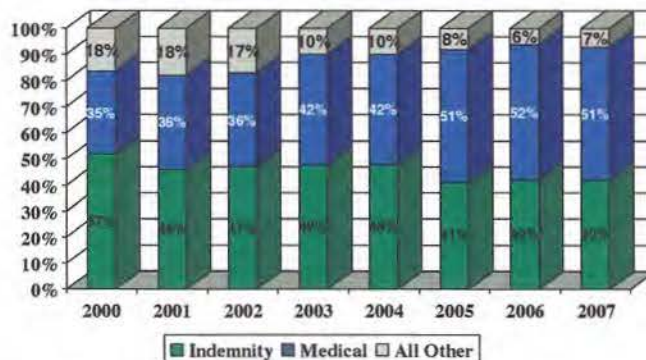


Figure 2

Figure 1 shows trends in total expenses by expense category since fiscal year (FY) 2000. Expenses are for all claims paid in a fiscal year, regardless of the date of injury. These totals do not include lump sum payments or subrogation recovery. The fiscal year for the State of Maine is July 1 through June 30.

Total expenses for FY2007 were \$7,432,447, an increase of \$345,120 from 2006 (\$7,087,327). While this represents a 5% increase from FY2006, the two year trend from 2005 to 2007 shows no increase. The increase in overall expenses was equally spread between Indemnity, which increased by \$163,994, and Medical, which increased by \$156,818.

Figure 2 shows the distribution of total expenses by Medical, Indemnity, and All Other, for FY2000-FY2007. In FY2007, Medical expenses comprised the highest proportion of total expenses, at 51%. Indemnity accounted for 42% and All Other for 7%. All three expense categories for FY2007, taken as a percentage of total expenses, are consistent with FY2005 and FY2006 percentages.

Indemnity Expenses

Trends in Weekly Indemnity Expenses by Fiscal Year

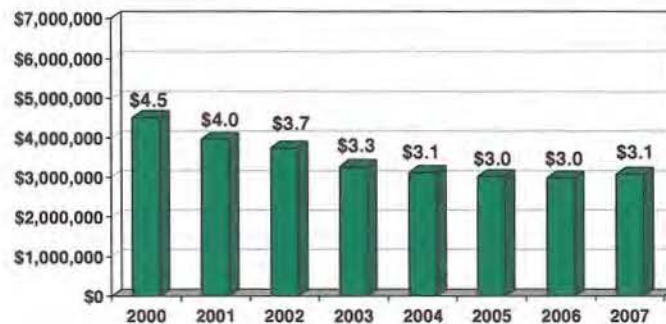


Figure 3

Figure 3 shows the trend in weekly Indemnity expenses for FY2000-FY2007. The Indemnity category includes weekly payments for total and partial disabilities as well as fatalities. FY2007 Indemnity payments increased by \$98,214 to a total of \$3,080,972, a 3.3% increase over FY2006. Taken over a 4 year period from FY2004 through FY2007, weekly Indemnity payments have been stable. Furthermore, Indemnity expenses for FY2007 were 31% lower than in FY2000 (\$4.5Million) and 46% less than 1998 (\$5.7Million).

Medical Expenses

Trends in Medical Expenses by Fiscal Year

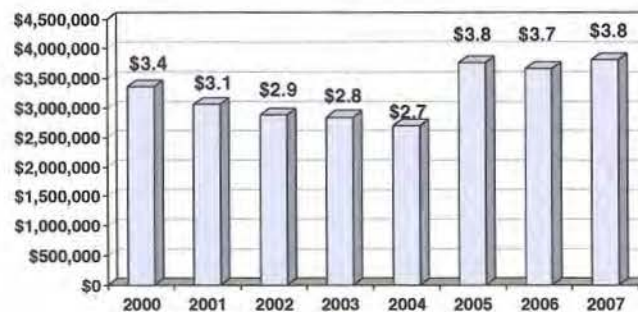


Figure 4

Figure 4 shows the trends in Medical expenses for FY2000-FY2007. The Medical expense category includes payments made to health care providers such as physicians, hospitals, physical therapists, ambulances, and counselors. It also includes payments for prescription drugs, medical supplies and equipment, and administrative costs for managing the injured worker's medical care.

Medical expenses for FY2007 totaled \$3,819,298, an increase of 4.2% (\$156,818) over FY2006. The three year (FY2005-FY2007) trend is stable; however, expenses remain well above the experience seen from FY2001-FY2004.

Medical Payments by Provider Type

Medical Payments by Provider Type
Fiscal Year 2007- \$3.8 Million

Figure 5

Note: All claims are irrespective of date of first report.

Figure 5 illustrates the distribution of medical care payments for various types of medical services. Payments for medical expenses provided to injured workers are made directly to the provider of the care.

Total medical payments for FY2007 were \$3,819,298. Significant decreases from FY2006 were observed in the hospital (-6.6%), physical therapy (-7.2%), and miscellaneous medical (-16.3%) categories. The most dramatic increases in payments from FY2006 were in the doctor (increased 24.5% or \$176,786) and pharmacy (increased 33.7% or \$106,167) categories. In total, these two categories produced an increase of \$282,953. As a percentage of total payments, hospital payments made up 33% in FY2006 and 29% in FY2007. Doctor payments comprised 20% of total payments in FY2006 and 24% in FY2007.

All Other Expenses

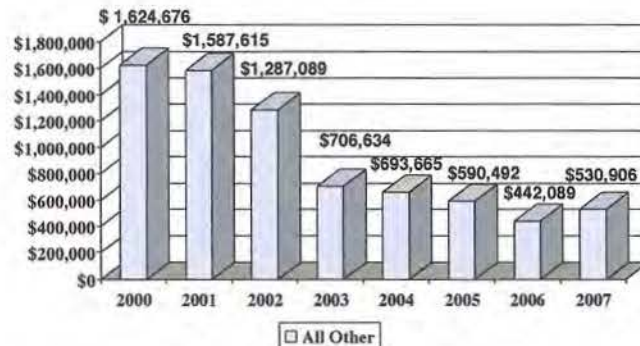
Trends in All Other Expenses by
Fiscal Year

Figure 6

Figure 6 shows the trends in the All Other expense category for FY2000-FY2007. The All Other category is primarily expenses associated with the administration of the workers' compensation system, including attorney fees, independent medical reviews, Return to Work Program, etc.

From FY2000 through FY2006, All Other expenses declined steadily. In FY2007, expenses in this category increased by 20% to \$530,906. The majority of this increase was from the Miscellaneous Expenses category, which increased by 23%, or \$65,137, from FY2006 to FY2007. Despite the large one-year increase, All Other expenses remained lower than any of the prior years FY2000-FY2005.

FY2006 CLAIMS AND EXPENSES

Trends in Total New Claims Filed

Trends in Total New Claims Filed by Fiscal Year

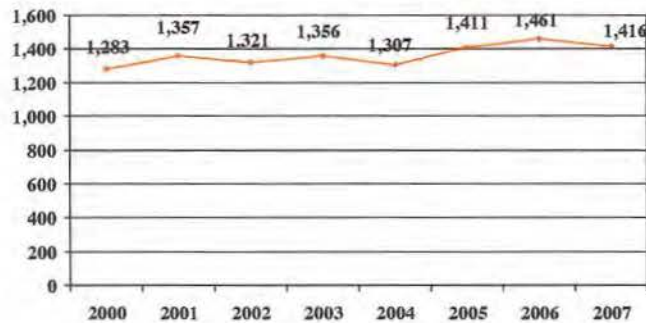


Figure 7

New Claims Filed by Type of Claim

% of New Claims Filed by Type of Claim by Fiscal Year

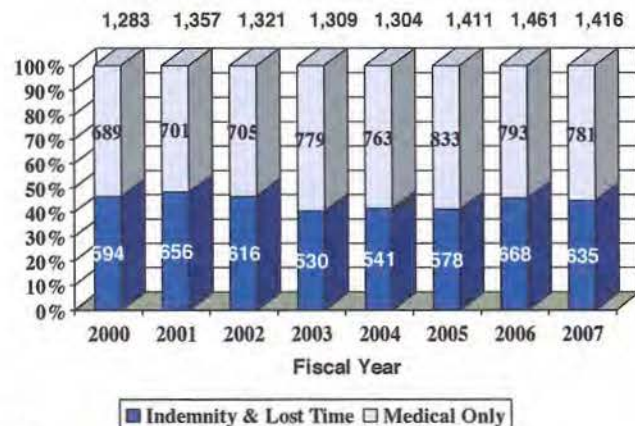


Figure 8

Figure 7 shows trends in total new claims filed by fiscal year for FY2000 – FY2007. In FY2007, 1,416 new claims were filed. This represents a 3.1% decrease, or 45 fewer claims, than in FY2006. Total new claims per year over the past 8 years range from 1,283 to 1,461. The 8 year average of new claims is 1,364 claims per year. The total of new claims for FY2007 was 3.8% higher than the 8 year average for new claims per year.

Figure 8 provides a breakdown of claims divided into two categories; Medical Only and Indemnity & Lost Time, for FY2000 – FY2007. Medical Only is defined as claims where no time was lost from work but an expense did occur. Indemnity & Lost Time are claims where an injured worker lost more than 8 hours and did or did not receive any indemnity payments. Both categories may have medical expenses. This graph shows the trend and distribution of type of claim for FY2000-FY2007.

Of the 1,416 claims in FY2007, 45% (635) were Medical Only and 55% (781) were Indemnity & Lost Time. These proportions were virtually unchanged from FY2006, when 46% of claims were Medical Only and 54% were Indemnity & Lost Time. In the past 8 years, the proportion of Medical Only claims has ranged from 51% to 59% while Indemnity & Lost Time claims have been 40% to 48%.

New Claims by Cause of Injury

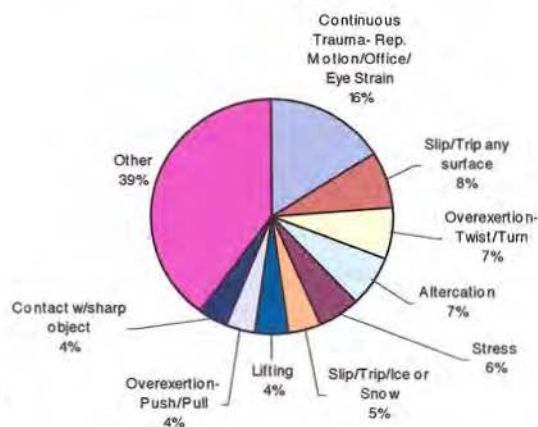
New Claims by Cause of Injury
Fiscal Year 2007

Figure 9

Figure 9 presents the distribution of the causes of injury as stated on the first report for FY2007. Continuous Trauma- Repetitive Motion/Office/Eye Strain claims accounted for the largest proportion of cause of injury for FY2007 at 16% of claims. This is followed by Slip/Trip any surface, which accounted for 8% of all injuries. The percent of claims by cause of injury were nearly identical to the FY2006 distribution.

New Claims by Nature of Injury

New Claims by Nature of Injury FY2007

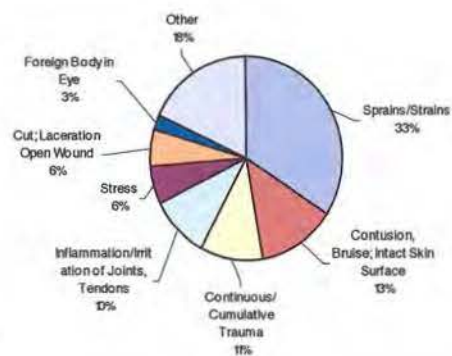


Figure 10

Figure 10 illustrates the proportion of claims by the nature of injury as stated in the initial report for FY2007. In FY2007, the two most frequent nature of injury claims were Sprains/Strains at 33%, and Contusion, Bruise; Intact Skin Surface at 13%. Noteworthy changes from FY2006 to FY2007 include an increase in Contusion, Bruise; Intact Skin Surface from 10% to 13%, a decrease in Inflammation/Irritation of Joints, Tendons from 15% to 10%, and an increase in Continuous/Cumulative Trauma from 5% to 11%.

New Claims Expenses by Cause of Injury

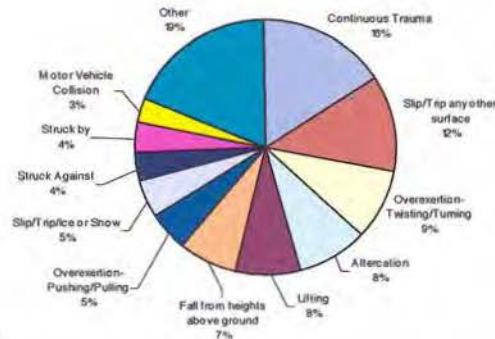
New Claim Expenses by Cause of Injury
Fiscal Year 2007

Figure 11

Figure 11 illustrates the FY2007 distribution of expenses for new claims by cause of injury. The bulk of new claim expenses were distributed among the following categories: Other – 19%, Continuous Trauma – 16%, and Slip/Trip any other surface – 12%. From FY2006 to FY2007, expenses due to Continuous Trauma increased from 9% to 16%, and expenses for Slip/Trip any other surface increased from 7% to 12% of total. Motor vehicle collision expense decreased from 9% of expenses to only 3% of expenses, from 2006 to 2007. No other major changes were observed.

Trends in Continuous Trauma Injuries

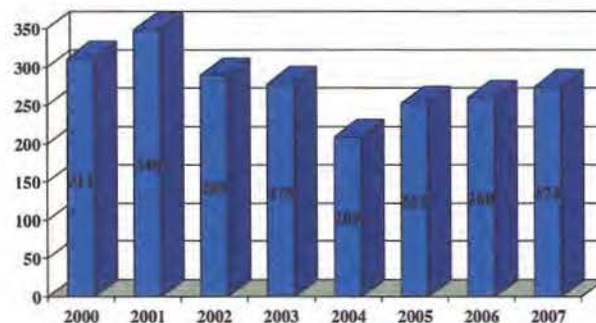
Trends in Continuous Trauma Injuries by
Fiscal Year

Figure 12

The trend in Continuous Trauma claims from FY2000-FY2007 is shown in figure 12. Continuous Trauma in this graph includes claims from Continuous Trauma/ Repetitive Motion/Office/Eye Strain and Continuous Trauma/Repetitive Motion/Industrial. In FY2007, there were 274 Continuous Trauma injuries. This represents a 5% increase from FY2006. Over the past 8 years, the number of these injuries has ranged from 209 to 348. The total number of Continuous Trauma injuries for FY2007, at 274, was consistent with the 8 year average of 278 injuries per year.

Trends in Stress and Anxiety Claims

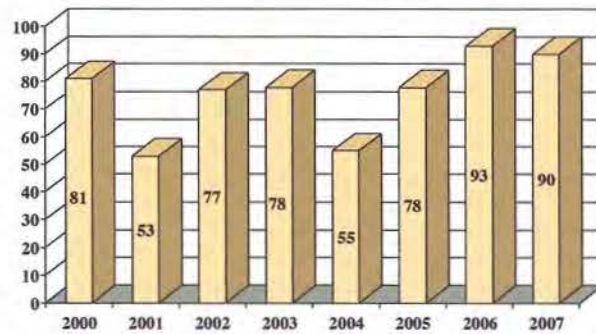
Trends in Stress & Anxiety Claims
by Fiscal Year

Figure 13

Figure 13 shows the trend in stress and anxiety claims for FY2000-FY2007. The number of claims for stress and anxiety stabilized in FY2007 after a two-year upward trend. Stress and Anxiety claims decreased slightly from 93 to 90, from 2006 to 2007. However, this figure is 18% higher than the 8 year average of 76 stress and anxiety claims per year. Since 1999, the number of claims in one year has ranged from a low of 53 in FY2001 to a high of 93 in FY2006.

CLAIMS AND EXPENSES BY DEPARTMENT

Percent of Expenses by Department

% of Expenses by Department
Fiscal Year 2007

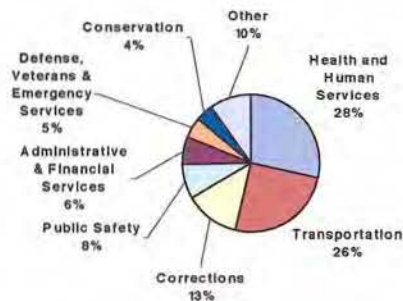


Figure 14

Percent of Claims by Department

% of New Claims by Department FY2007

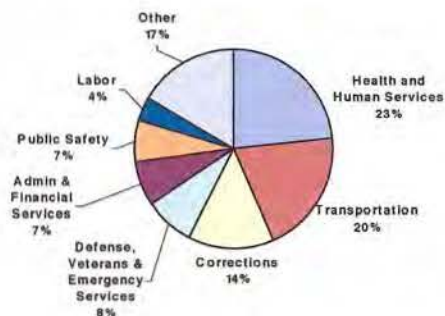


Figure 15

Figure 14 illustrates the percent of expenses by department for FY2007. Health and Human Services and Transportation accounted for more than half of all expenses at 28% and 26%, respectively. Corrections (13%), Public Safety (8%), Administrative & Financial Services (6%), Defense, Veterans & Emergency Services (5%), and Conservation (4%), accounted for another 36% of expenses in FY2007. Compared to FY2006, increases in percent of total expense were seen in Health and Human Services (25% to 28%) and Administration & Financial Services (3% to 6%), while decreases were observed for Transportation (28% to 26%), Corrections (15% to 13%), Public Safety (11% to 8%), and Defense, Veterans & Emergency Services (7% to 5%).

The proportion of new claims by department for FY2007 is depicted in figure 15. Health and Human Services accounted for the highest proportion of new claims at 23%, while Transportation had 20% of new claims for FY2007. The remaining new claims distribution was as follows: Corrections (14%), Defense, Veterans & Emergency Services (8%), Administrative & Financial Services (7%), Public Safety (7%), Labor (4%), and Other (17%). Compared to FY2006, increases in percent of new claims were seen in Transportation (17% to 20%), Administration & Financial Services (6% to 7%), and Public Safety (6% to 7%), while decreases were observed for Corrections (16% to 14%), and Defense, Veterans & Emergency Services (12% to 8%).

Average Cost by Department

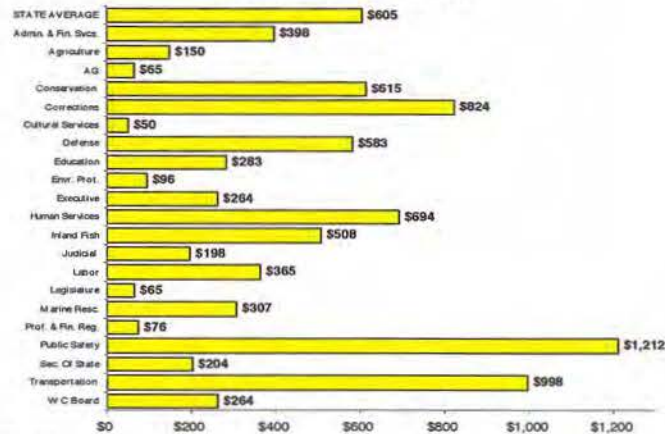
Expenses per Employee by Department
Fiscal Year 2007

Figure 16

Figure 16 provides the average expense per employee for each department with at least 100 employees for FY2007. These figures use all expenses, including lump sum, and are based on total number of employees. The state average expense per employee for FY2007 is \$605, compared to \$592 in FY2006. Public Safety (\$1,212), Transportation (\$998), Corrections (\$824), Health and Human Services (\$694) and Conservation (\$615) all had per employee expenses above the average for all departments. Large increases in per employee expense from FY2006 to FY 2007 were observed in Health & Human Services (\$569 to \$694), Administrative & Financial Services (\$203 to \$398), and Inland Fisheries and Wildlife (\$318 to \$508), while significant decreases were seen in Public Safety (\$1,510 to \$1,212), Defense, Veterans & Emergency Services (\$766 to \$583), Labor (\$511 to \$365) and Secretary of State (\$624 to \$204).

Injury Rates by Department

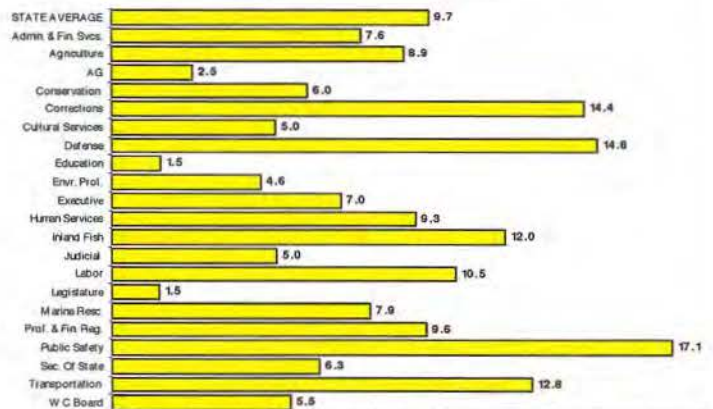
Injuries per 100 Employees by Department
Fiscal Year 2007

Figure 17

Figure 17 shows the FY2007 injury rates per 100 employees for each department with at least 100 employees. The average injury rate across all departments for FY2007 is 9.7, compared to 10.0 in FY2006. The highest injury rates were observed in Public Safety (17.1), Defense, Veterans & Emergency Services (14.8), Corrections (14.4), Transportation (12.8) and Inland Fisheries and Wildlife (12.0).

TIME OF INJURY

Day of Injury

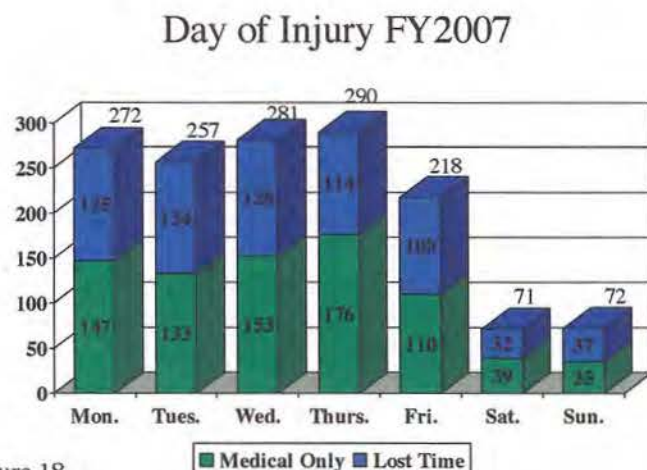


Figure 18

Figure 18 shows the distribution of injuries by the day of injury for FY2007. The highest proportion of injuries occurred on Thursdays, with 290 injuries, followed by 281 on Wednesdays, 272 on Mondays, 257 on Tuesdays, and 218 on Fridays. Significantly fewer injuries occurred on the weekend. The overall pattern is highly consistent with what was observed in FY2006.

Time of Injury

Time of Injury Fiscal Year 2007

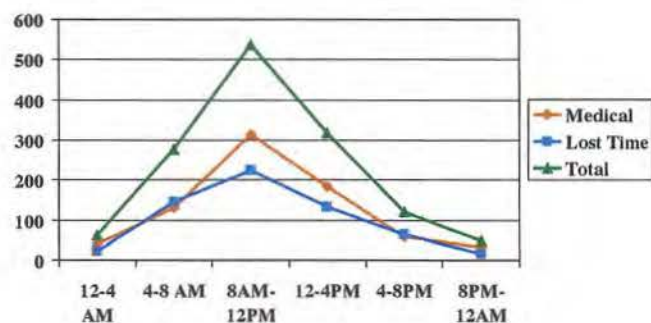


Figure 19

Figure 19 shows the distribution of injuries by the time period the injury occurred. The highest proportion of injuries occurred between 8:01am to Noon, with a total of 538 injuries occurring during that time. The second most common time of injury was 12:01pm to 4:00 with 318 injuries. This was followed by 4:01am to 8:00am with 278 injuries. The overall pattern of time of injury follows the same curve when looking at the Medical Only and Lost Time data.