

2012 Workers' Compensation Data Call Summary

In response to revisions to the Illinois Workers' Compensation Act (820 ILCS 305/29), instituted in the fall of 2011, the Department of Insurance (Department) is charged with the collection and analysis of the workers' compensation market within Illinois.

The 2012 Workers' Compensation Data Call consisted of 31 different data elements as outlined in Section 29.2 of the Workers' Compensation Act. A total of 323 individual insurers reported positive written premium for workers' compensation coverage on their 2010 financial documents (Illinois State page line 16). All of these insurers were surveyed during the data collection process. As of April 25, 2012, a total of 297 companies have submitted data as requested. A total of thirteen (13) companies requested and received an exemption from filing data for various reasons. As of April 25, 2012, thirteen (13) other companies surveyed have failed to respond or provide acceptable data. The chart below summarizes the participation levels described above.

Status	Company Count	% Company Count	2010 Written Premium(WP)	% of WP
Data Filed:	297	92%	2,207,967,792	97.56%
No Data Filed:	13	4.00%	54,947,938	2.43%
Exempt:	13	4.00%	187,850	0.01%
TOTALS:	323		2,263,103,580	

SUMMARY RESULTS:

A total of 339 insurers contributed data to the summary information outlined below. This total includes companies that did not report written premium for workers' compensation on their 2010 financial documents but did write workers' compensation insurance during the survey period of January 1, 2011 thru December 31, 2011.

A total of 139,119 workers' compensation claims were opened during the survey period.

- A total of 85,189 of the claims, reported above (61.23%), were reported as medical only claims. (Medical only claims were defined as any request for recovery that was limited to medical expenses only).
- A total of 11,910 of the claims, reported above (8.56%), were considered contested claims. (Contested claims were defined as any claim where resolution was delayed due to a dispute regarding policy language or litigation was involved).

A total of 48,878 of the claims opened during the survey period (35.13%) involved a term of lost work by the insured. A breakdown of these claims reveal:

- 26,457 (54.13%) involved a loss of less than 3 working days.
- 7,616 (15.58%) involved a loss of between 3 and 14 working days.
- 14,805 (30.29%) involved a loss of greater than 14 working days.

DATA DISCRIPTIONS:

The following table identifies and describes each data element included in the survey.

Field #	Data Field	2012: Data Definition	2012:Data Based On:	2012: Data Audits/Comments
1	Company NAIC #	Character value 5 digits '00000'		
2	Company FEIN #	Character value 10 digits '00-0000000'		
3	Company Name	Character value any length		
4	Company Contact	Character value any length		
5	Company Contact email	Character value any length		
6	The number of claims opened.	A formal request for payment related to an event or situation that is covered under an in-force insurance policy received by the insurer during the survey period.	Claims opened during survey period.	The total of #6 should be approximately equal to #7 + #10a + #10b + #10c). Current data reflect this at 96.37%.
7	The number of reported medical only claims.	The number of claims that are opened during the survey period in which recovery was limited to medical expenses only.	Claims opened during survey period.	Track the percent of all claims that are medical only (#7 / #6). Will use as baseline in future years, current data reflects this at 61.23%.
8	The number of contested claims.	The number of claims that are opened during the survey period in which resolution was delayed due to a dispute regarding policy language or litigation was involved.	Claims opened during survey period.	Track the percent of all contested claims (#8 / #6). Will use as baseline in future years, current data reflects this at 8.56%.
9	The number of claims for which the employee has attorney representation.	The number of claims that are opened during the survey period in which the insurer has received notice that the employee has retained legal counsel.	Claims opened during survey period.	Numerous companies indicated this data was not tracked. A significant number of companies were only able to report pending legal actions.

10a	The number of claims with lost time and the number for which temporary total disability was paid.	a) The number of claims that are opened during the survey period in which the insured incurred time off of less than 3 working days.	Claims opened during survey period.	Calculate a ratio of each item by the sum of all three (a,b,c). $10a / (10a + 10b + 10c)$ $10b / (10a + 10b + 10c)$ $10c / ((10a + 10b + 10c)$ Rank each ratio and identify any that are significantly outside range of all others
10b		b) The number of claims that are opened during the survey period in which the insured incurred time off of between 3 and 14 working days.		
10c		c) The number of claims that are opened during the survey period in which the insured incurred time off of greater than 14 working days.		
11	The number of claim adjusters employed to adjust workers' compensation claims.	The total number of man-hours allocated to adjust workers' compensation claims received by the company during the survey period.	All claims processed during survey period.	Calculate ratio of claims opened (#6) / allocated man-hours (#11). The current data reflects an average of 16 man-hours per claim received during the survey period. * See comments in following section.
12	The number of claims for which temporary total disability was not paid within 14 days from the first full day off, regardless of reason.	The number of temporary total disability claims that are opened during the survey period in which temporary total disability benefits were not paid within 14 days from the first full day off, regardless of reason.	All claims processed during survey period.	Calculate ratio of #12/ #10(all). Current data reflects 26% of all ttd claims were not paid within 14 days.
13a	The number of medical bills paid 60 days or later from date of service and the average days paid on those paid after 60 days for the previous calendar year.	a) The total number of medical bills paid during the survey period where the time between the date of service and the date paid was greater than 60 days.	All claims processed during survey period.	13b should be > 60. Current data indicates 110 of 339 companies where 13b < 60.
13b		b) The average number of days for all claim payments identified above.		
14a	The number of claims in which in-house defense counsel participated, and the total amount spend	a) The total number of claims in which internal defense counsel expenses were paid on, applied to, or associated with during the survey period.	All claims processed during survey period.	Calculate average 14a / 14b for each company The cost per claim for individual companies ranged from 0 to 4,800. The overall average was 1,008.
14b		b) The total amount of all internal defense costs associated with the		

	on in-house legal services.	above claims.		
15a	The number of claims in which outside defense counsel participated, and the total amount paid to outside defense counsel.	a) The total number of claims in which external defense counsel expenses were paid on, applied to, or associated with during the survey period.	All claims processed during survey period.	Calculate average 15a / 15b for each company The cost per claim for individual companies ranged from 0 to 17,283. The overall average was 2,266.
15b		b) The total amount of all defense costs associated with the above claims.		
16a	The total amount billed to employers for bill review.	a) The total amount billed to employers for all medical bill review services provided by the insurer during the survey period.	All claims processed during survey period.	Based on the inconsistency of the data no audit has been developed at this time. .
16b		b) The total allocated expenses for bill review paid on behalf of employers for all medical bill review services during the survey period.		
17	The total amount billed to employers for fee schedule savings.	The amount directly or indirectly billed to an employer for accessing discounts off of the workers' compensation fee schedule.	All claims processed during survey period.	Based on the inconsistency of the data no audit has been developed at this time.
18	The total amount charged to employers for any and all managed care fees.	The total amount directly or indirectly billed to an employer for managed care fees including but not limited to network access charges, fees paid for realized workers' compensation fee schedule savings, and charges associated with management of decisions involving the evaluation of proposed or provided health care services to determine the appropriateness of both the level of health care services medically necessity and the quality of health care services provided to a patient, including evaluation of their efficiency, efficacy, and appropriateness of treatment, hospitalization, or office visits based on medically accepted standards.	All claims processed during survey period.	Based on the inconsistency of the data no audit has been developed at this time.

19a	The number of claims involving in-house medical nurse case management, and the total amount spent on in-house medical nurse case management.	a) The total number of claims in which internal medical nurse management expenses were applied to or associated with during the survey period, regardless of when the claim was opened.	All claims processed during survey period.	Calculate the average expense per claim (19a / 19b) for each individual company. This average may be compared to the population mean.
19b		b) The total amount of all internal nurse management expenses associated with the above claims.		
20a	The number of claims involving outside medical nurse case management, and the total amount paid for outside medical nurse case management.	a) The total number of claims in which external medical nurse management expenses were applied to or associated with during the survey period, regardless of when the claim was opened.	All claims processed during survey period.	Calculate the average expense per claim (20a / 20b) for each individual company. This average may be compared to the population mean.
20b		b) The total amount of all outside nurse management expenses associated with the above claims.		
21	The total amount paid for Independent Medical exams.	The total amount paid for all independent medical exams by the insurer during the survey period.	All claims processed during survey period.	Trend analysis year to year – same company. Will use as baseline in future years
22	The total amount spent on in-house Utilization Review for the previous calendar year.	The total amount of all internal Utilization Review expenses incurred by the insurer during the survey period.	All claims processed during survey period.	Rank all companies; identify any outliers that are significantly outside range reported by all other filers.
23	The total amount paid for outside Utilization Review for the previous calendar year.	The total amount of all external Utilization Review expenses incurred by the insurer during the survey period.	All claims processed during survey period.	Rank all companies; identify any outliers that are significantly outside range reported by all other filers.

DATA INTEGRITY ISSUES:

A number of the data elements mandated by the Workers' Compensation Act presented significant challenges to the insurers due to the inability to track or generate consistent data. Within this section we will identify and clarify specific issues encountered with a number of the data elements.

Data field #11: The Act states that all insurers should report the number of claims adjusters employed to adjust workers' compensation claims. The Department requested that all insurers report this data in terms of allocated man-hours. Based on the overall volume of communication between insurers and the Department, it appears that a significant number of insurers reported this data as the number of employee's, not in terms of man-hours. A review of the data received by the Department supports this concern.

Data field #12: Numerous companies indicated that delays between the date of an accident/injury and the date that a claim was received by an insurer may be significant. This data may not be useful since reporting delays are out of an insurer's control. It should be noted that a significant number of insurers were unable to or simply did not report this field.

Data Field #13: Numerous companies had issues reporting this data. Based on a review of existing data, it does not appear that this element was consistently reported. Additionally, numerous companies commented that the requirements define "period" as the time between the date of service and payment. A more accurate indication of an insurer's action may be the time between the date that a claim was received and the date that it was paid.

Data Field #14 & #15: Numerous companies had issues reporting this data. Based on review of existing data, it does not appear that this element was consistently reported. It should be noted, a significant number of insurers were unable to or simply did not report these fields.

Data Field #16, #17, & #18: Based on the number of questions and amount of confusion related to #16, 17, & 18, it appears that the data, in its current form, is credible.

Data Field #19 & #20: More than half of companies reported 0 or null value for 19 & 20. Expense's per claim range from 0 to 4,305 per claim for internal management expenses and 0 to 66,344 for external management expenses. Due to the lack of credible data, the Department is not currently reporting any findings based on these fields The Department is currently verifying the accuracy of the data and requesting corrected data where necessary.

CONCLUSION:

Revisions to the Workers' Compensation Act, completed in the fall of 2011, mandate the collection of data to assist in the monitoring of the Illinois workers' compensation market. As required by the Act, the Department has developed and implemented data collection procedures intended to collect the required data. As of April 25, 2012, the Department has received data submissions from 297 different insurers representing over 90% of the Illinois workers' compensation market. In the process of completing the 2012 data collection, the Department identified two factors that should be considered during future data collection efforts.

A significant number of insurers expressed concerns and comments indicating that several of the data elements were not readily available in the required format. In response to these concerns, it is recommended that revisions to the data elements be considered prior to future collection efforts. Possible recommendations include clarification of or revisions to existing data elements.

Second, an analysis of the existing data has provided a number of ratios and insights into current market conditions. Due to the lack of previously collected data, we are unable to provide any

historical or trending analysis at this time. However, pursuant to the revisions in the Workers' Compensation Act, the ongoing collection of data will allow the Department to perform trending analysis. These efforts should increase the Department's ability to more fully monitor the market as well as increase data accuracy by participating insurers.