



# Workers Compensation 38th Annual Statistical Report

**Fiscal Year 2012**



# **KANSAS DEPARTMENT OF LABOR**

## **Division of Workers Compensation 38<sup>th</sup> Annual Statistical Report Fiscal Year 2012**

**January 2013**

**Lana Gordon, Interim Secretary of Labor  
Larry Karns, Director of Workers Compensation**

**For More Information Contact:**

**KANSAS DEPARTMENT OF LABOR  
Division of Workers Compensation  
Technology and Statistics Unit**

Robert Soria  
401 SW Topeka Boulevard, Suite 2  
Topeka, KS 66603-3105  
(785) 296-4000 x2169  
robert.soria@dol.ks.gov

## MESSAGE FROM THE SECRETARY OF LABOR

Our mission at the Kansas Department of Labor is to enhance the economic well-being of all Kansans through responsive workforce services. Providing quality, timely services to those who are impacted by an injury in the workplace is very important to us. Each year we attempt to summarize these services into an annual report which presents the data from the previous fiscal and calendar year.

In Fiscal Year (FY) 2012, the division processed 15,407 applications for hearings. The business section issued 150 self-insurance permits to employers. The compliance section established more than 1,021 employer contacts. This year, the fraud and abuse unit collected \$214,416.18 in restitution and civil penalties. In addition, the ombudsman section answered information requests from 21,022 parties and the research unit responded to more than 43,000 requests for workers compensation histories.

We continue to pursue utilizing technology to make workers compensation claims easier for our customers to file and for us to process. The Electronic Data Interchange (EDI) which allows for electronic reporting of initial injuries and follow-up by insurers has 90 trading partners submitting data on behalf of more than 300 insurance carriers and self-insured employers. During FY2011, 50% of all original accident reports were filed electronically. We anticipate this number will grow as we migrate to a mandatory EDI system in April 2013.

We offer web-based services in the area of coverage verification. This allows external users to access coverage information through the Kansas Department of Labor web site: [www.dol.ks.gov](http://www.dol.ks.gov). We will continue to update and utilize our web site to make more information available to our customers.

Would you please provide us with your feedback? We would like to know what sections of this report are most helpful to you. We would also like to know how we can best improve our services to you, our customer. Please email us at [wc@dol.ks.gov](mailto:wc@dol.ks.gov) with your comments.

Sincerely,



Lana Gordon  
Interim Secretary, Department of Labor

## INTRODUCTION

The Kansas Legislature enacted the State's first law governing workers compensation, as a no-fault system, one hundred years ago in 1911. Although many significant changes to its provisions have been made since then, the basic premise and purpose of the law have remained much the same. The premise is that those injured in industrial accidents should be compensated regardless of who is at fault. The purpose is to provide protection to the injured employee through employer safety efforts, medical treatment and partial compensation for lost income.<sup>1</sup>

Until 1939, the responsibility for administering the workers compensation law resided with a "workmen's compensation commissioner" whose authority extended from a series of public commissions to which the position reported, including the Public Safety Commission in the 1920s and the Commission of Labor and Industry in the 1930s. In 1939, the Kansas Legislature created and transferred jurisdiction over workers compensation to a stand-alone agency named the Office of the Workmen's Compensation Commissioner. In 1961, the legislature reorganized the office again, into the Office of the Director of Workers Compensation. This office subsequently became a division under the Department of Labor. Today's Division of Workers Compensation, while having and undergone considerable organizational changes, is essentially the same agency created in 1939.

The current workers compensation law covers all employers in Kansas, regardless of the number of employees or the kind of work they do, with two exceptions: employers engaged in agricultural pursuits and any employer who during a given calendar year has an estimated payroll less than \$20,000, unless the employer is a subcontractor. The State of Kansas pays no workers compensation benefits to injured workers unless they are state employees. Private employers pay all benefits owed to their injured workers, either directly from the employer's own resources or indirectly through another party. While most covered employers obtain insurance from private carriers or group pools, provisions in the law establish criteria for certain employers to become self-insured. Potentially eligible employers must apply for approval to use the self-insurance option from the Director of Workers Compensation. Criteria include continuous operation for at least five years, a minimum level of after-tax earnings and a minimum debt/equity ratio. The Kansas Insurance Department approves the formation of group-funded self-insurance pools and determines whether employers qualify for membership in a pool.

---

<sup>1</sup> Madison v. Key Work Clothes, 182 Kan. 186, 192, 318 P. 2d 991 (1957).

## BENEFITS INFORMATION

### COMPENSATION

Kansas' workers compensation law requires that an employer or its insurance carrier pay an injured employee two-thirds of the employee's gross average weekly wage, up to the amount of the applicable maximum benefits listed below. To find the appropriate maximum using the list below, look for the range of dates that contain the date of injury and then go to the right to find the maximum dollar amount of the benefit. For example, if the date of injury was August 21, 2012, the maximum weekly benefit one could receive would be \$570. The actual amount a worker receives is the lesser of two amounts: either two-thirds of the worker's gross average weekly wage or the maximum in effect at the date of the injury. This effective maximum does not change over the life of one's claim, even though the maximum benefit level for each new 12-month interval usually increases by a small amount.

#### Maximum Compensation Schedule

<b>Date of Injury</b>	<b>Maximum Benefit</b>
July 1, 2002-June 30, 2003	\$432
July 1, 2003-June 30, 2004	\$440
July 1, 2004-June 30, 2005	\$449
July 1, 2005-June 30, 2006	\$467
July 1, 2006-June 30, 2007	\$483
July 1, 2007-June 30, 2008	\$510
July 1, 2008-June 30, 2009	\$529
July 1, 2009-June 30, 2010	\$546
July 1, 2010-June 30, 2011	\$545
July 1, 2011-June 30, 2012	\$555
July 1, 2001-June 30, 2002	\$570
 <b>Current Weekly Minimum:</b>	 \$25

### MEDICAL

A person injured on the job is entitled to all medical treatment that may be needed to cure or relieve the effects of the injury. Under the law, the employer has the right to choose the treating physician. If the worker seeks treatment from a doctor not authorized or agreed upon by the employer, the insurance company is only liable for a maximum of \$500 toward such medical bills. The employee does have the right to apply to the Director of Workers Compensation for a change of doctor. An injured worker is generally entitled to mileage reimbursement for trips to see a physician for distances in excess of five miles for the round trip. The injured worker generally also can obtain reimbursement if transportation must be hired. Weekly compensation is payable at the above applicable rate for the duration of the disability. In no case can such payments exceed a total of \$155,000 for permanent total or \$130,000 for permanent partial or temporary disability.

## BENEFITS INFORMATION

### CATEGORIES OF DISABILITY COMPENSATION BENEFITS

**Temporary Total Disability** is paid when the employee, due to an injury, is unable to engage in any type of substantial and gainful employment. Benefits are paid for the duration of the disability.

**Permanent Total Disability** is paid when the employee, due to an injury, has been rendered completely and permanently incapable of engaging in any type of substantial and gainful employment. The loss of both eyes, both hands, both arms, both feet or both legs, and any combination thereof, in the absence of proof to the contrary, shall also constitute a permanent total disability. Substantially total paralysis or incurable imbecility or insanity resulting from injury independent of all other causes also shall constitute permanent total disability.

**Permanent Partial Scheduled Disability** is paid when the employee sustains complete or partial loss of use of a body part, such as an arm, due to a job-related injury. Compensation is limited to a percentage of the scheduled number of weeks.

**Permanent Partial General Disability** is paid when the employee sustains permanent partial disability not specifically covered by the schedule. Compensation is based on the percentage of disability remaining after recovery and is limited to 415 weeks.

**Survivors' Benefits** of \$300,000 are paid to an employee's surviving spouse and dependent children if death occurs as a result of injury. If there is no surviving spouse or dependents, the legal heirs are entitled to \$25,000. Burial expenses up to \$5,000 also are covered.

## **ACKNOWLEDGEMENTS**

This 38<sup>th</sup> Annual Statistical Report would not have been possible without the dedication and resourcefulness of the following people and organizations:

### **KANSAS DEPARTMENT OF LABOR**

Lana Gordon, Interim Secretary

Michael Copeland, Deputy Secretary

### **Division of Workers Compensation**

Larry Karns, Director

Kristi Schmidt, Public Service Administrator

David Sprick, Administrator, Operations Section

Carol Cast, Administrator, Public Resources Section

Alan Stanton, Public Service Executive

### **Technology and Statistics Unit**

Robert Soria, Research Analyst and principal author

Derek Van, Research Analyst

Georgia Rogers, Research Analyst

Jessica Clemmons, Program Consultant

### **Cover design, editing and marketing:**

KDOL, Division of Marketing and Communications

### **KANSAS INSURANCE DEPARTMENT**

### **Insurance Experience and Workers Compensation Fund Tables furnished by:**

Jim Newins, Director, Property and Casualty Division

Kathy Bohnhoff, Comptroller

### **WASHBURN UNIVERSITY**

### **Statistical Consultation:**

Dr. Ron Wasserstein, Professor of Statistics

Special thanks are due to the carriers, group pools and self-insured entities that were asked to participate in the call for data that allowed the division to include an analysis of closed claims in Kansas in Section 3.

## TABLE OF CONTENTS

<b>SECTION ONE: Administrative Profile of the Division of Workers Compensation FY 2012</b> .....	11
Organizational Chart FY 2012.....	12
Business and Self-Insured.....	13
Coverage and Compliance.....	14
Technology and Statistics.....	16
Workers Compensation Appeals Board.....	17
Administrative Law Judges.....	18
Medical Services.....	23
Fraud and Abuse.....	24
Ombudsman.....	27
Mediation.....	30
Seminar Planning.....	31
Applications.....	32
Research.....	33
Rehabilitation.....	34
 <b>SECTION TWO: Workplace Injury and Illnesses in Kansas FY 2012</b> .....	 36
Occupational Injuries and Illnesses in Kansas.....	37
Kansas Occupational Injury and Illness Incidence Rates .....	38
 <b>SECTION THREE: Workers Compensation Claims Statistics</b> .....	 43
The Kansas Closed Claims Study (CCS).....	44
The 2012 Closed Claims Study (CCS) .....	44
Comparative Analysis of 1999-2012 CCS Claims Costs and Temporal Characteristics.....	47
Inflation-Adjusted Comparative Analysis of 2000-2010 CCS Claims Costs .....	48
Kansas Employer Workers Compensation Costs 1984-2010 .....	52
 <b>APPENDIX: Technical Notes</b> .....	 56
Occupational Injury and Illness Incidence Rates.....	57
BLS Survey of Occupational Injury and Illnesses .....	57
Incidence Rate Formula .....	58
Kansas Occupational Injury and Illness Incidence Rates .....	58
Kansas Closed Claims Study (CCS) Methodology.....	59
CCS Sample Design.....	59
CCS Data Collection.....	59
CCS Response Rate .....	60
CCS Adjusting for Inflation.....	60

**LISTS OF TABLES AND FIGURES**

**TABLES**

**SECTION ONE**

1-1 Assessments Collected To Finance FY 2013 ..... 13

1-2 Self-Insurance Summary ..... 13

1-3 Hearings Held FY 2012..... 18

1-4 Administrative Law Judges Monthly Case Report by Hearing Type FY 2012..... 19

1-5 Administrative Law Judges Monthly Case Report by Hearing Location FY 2012..... 20

1-6 Administrative Law Judges Monthly Case Report FY 2012..... 21

1-7 Administrative Law Judges Preliminary Order Activity FY 2012 ..... 22

1-8 Number of Fraud, Abuse and Compliance Cases Reported by Referral FY 2012 ..... 25

1-9 Number of Fraud, Abuse and Compliance Cases FY 2012 ..... 26

1-10 Fraud, Abuse and Compliance Collections FY 2012 ..... 26

1-11 FY 2009 – FY 2012 Ombudsman Contacts..... 27

1-12 FY 2012 Ombudsman Presentations ..... 28

1-13 Mediation FY 2012..... 30

1-14 Application for Hearings FY 2007 – FY 2012 ..... 32

1-15 Request for Records FY 2007-FY 2012 ..... 33

**SECTION TWO**

2-1 Kansas Total Occupational Injuries and Illnesses by Severity FY 1995-FY 2012..... 38

2-2 Kansas Occupational Injury & Illness Incidence Rate FY 1995-FY 2012..... 41

**SECTION THREE**

3-1 2012 Closed Claims Study Workers Compensation Claims in Kansas..... 45

3-2 2012 Closed Claims Study Time Intervals ..... 45

3-3 2012 Closed Claims Study Claim Costs by Part of Body Injured  
and Nature and Cause of Injury ..... 46

3-4 2012 Closed Claims Study Indemnity Costs by Benefit Type ..... 47

3-5 2012 Closed Claims Study Claim Costs for Repetitive Motion-  
Carpal Tunnel Syndrome Injuries ..... 47

3-6 2012 Closed Claims Study Total Claims Costs for Calendar Years 1998-2011 ..... 48

3-7 2012 Closed Claims Study Inflation-Adjusted Analysis  
Costs for Claims for Calendar Years 2000-2010 ..... 49

3-8 2012 Closed Claims Study Inflation-Adjusted Analysis  
Total Costs for Claims 2000-2010 ..... 51

3-9 Kansas Workers Total Wages 1984-2010 ..... 53

3-10 Kansas Employer Workers Compensation Premiums 1984-2010..... 54

3-11 Employer Workers Compensation Costs Kansas 1984-2010 ..... 55

**FIGURES**

**SECTION ONE**

1-1 Organizational Chart Kansas Department of Labor Division of Workers Compensation  
FY 2012 ..... 12

1-2 FY 2012 Ombudsman Contacts..... 28

1-3 FY 2012 Ombudsman Presentations ..... 29

**SECTION TWO**

2-1 Kansas Rate of Occupational Injury and Illness FY1995-FY2012 ..... 42

## **LISTS OF TABLES AND FIGURES**

### **FIGURES Continued**

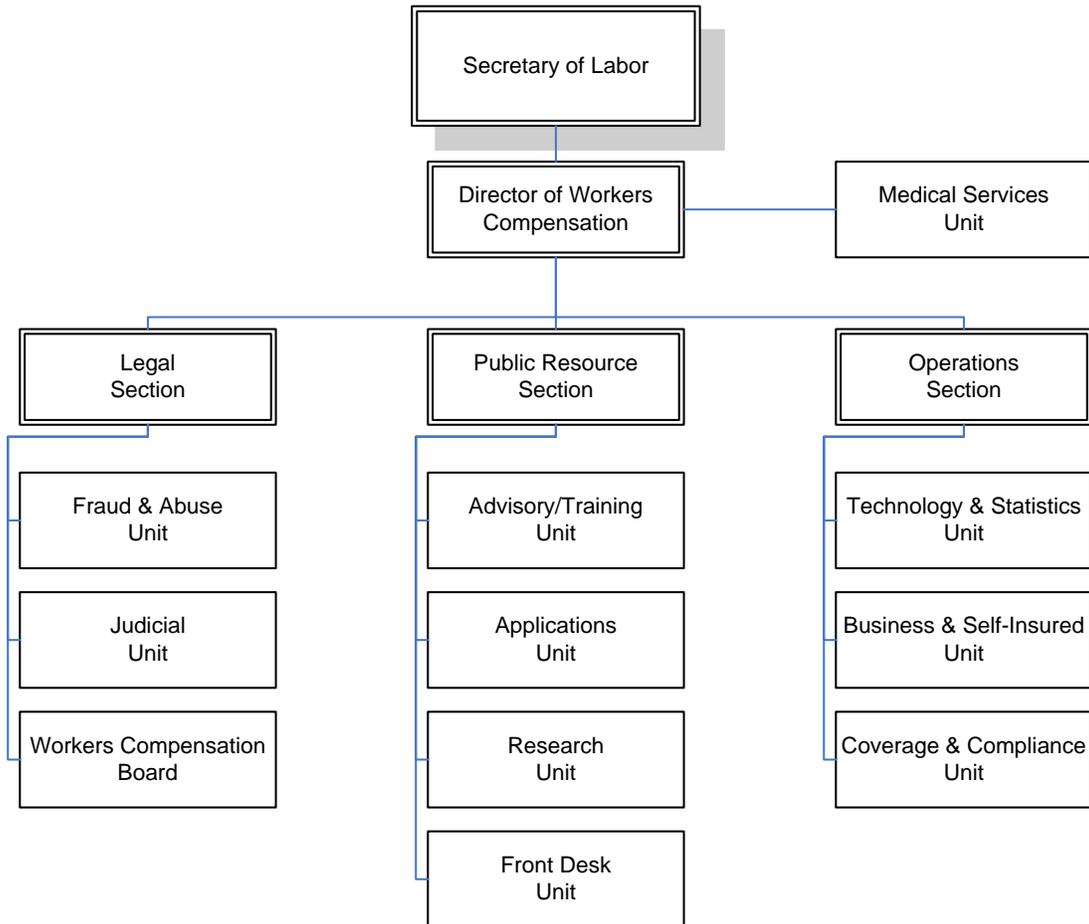
#### **SECTION THREE**

3-1	Average (Median) Total Indemnity & Total Medical Claim Costs in Kansas 2000-2010 (Inflation-Adjusted) .....	50
-----	--	----

# **Section 1**

## **Administrative Profile of the Kansas Division of Workers Compensation FY 2012**

**Figure 1-1  
Organizational Chart  
Kansas Department of Labor  
Division of Workers Compensation  
FY 2012**



## OPERATIONS SECTION

### Business and Self-Insured

The workers compensation self-insured unit is responsible for administering the State Self-Insurance program and for granting the privilege to employers that meet the standard to self insure under an extensive company and financial review. Self-insurance is one of the three methods employers may use to insure their workers' compensation liability. Only those companies that demonstrate adequate financial stability are approved to independently assume the responsibilities of workers compensation law. The staffing in the self-insured unit allows an extensive review of each self-insured employer which may include an on-site visit as well as a more extensive review of open accidents for security determination. There are currently 153 employers in Kansas approved for self-insurance, pursuant to K.S.A. 44-532 and K.A.R. 51-14-4.

This section's responsibility also entails the assessment of fees used to pay for the expenses necessary to administer the workers compensation law. The business and accounting unit manages all assessment accounting, mathematical calculations, data accumulation and storage, voucher preparation, fee fund deposits and registration for the division's workers compensation seminar.

Other important unit functions include ordering and accounting for equipment and supplies for the Division of Workers Compensation. The unit also sells the Workers Compensation Law Book and the Medical Fee Schedule. In addition, the unit prepares the annual division fiscal year budget.

**Table 1-1**  
**Assessments Collected To Finance FY 2013**

Description	Amount Collected
Reported losses paid in calendar year 2011	\$471,506,638
Current assessment factor	0.0279
Assessments collected during fiscal year 2012	\$13,155,005
Number of carriers and self-insurers reporting	825

Source: Kansas Division of Workers Compensation

**Table 1-2**  
**Self-Insurance Summary**

Activity	FY 12	FY 11	FY 10	FY 09	FY 08
Employers' New Applications Approved	3	4	3	5	8
Canceled Permits	6	4	43	12	8
Qualified Self-Insured Employers	150	153	153	193	200
# of Self-Insured Employees	174,767	177,394	180,923	190,845	186,666
Group-Funded Pools in Force	15	15	15	15	15

Source: Kansas Division of Workers Compensation

## OPERATIONS SECTION

### Coverage and Compliance

The compliance unit, with a staff of three employees, ensures that all businesses in Kansas are in compliance with and aware of their responsibilities regarding the Workers Compensation Act. The unit administers and enforces mandated proof of coverage and compliance. Compliance works closely with five other staff members to ensure that all of the accident reports are accurately received in regard to the reporting requirements of the first report of injury.

In FY 2012 the compliance unit researched approximately 36,258 employers. 1,021 businesses were contacted. Of those businesses, 308 might have been noncompliant. Approximately 186 of those businesses were referred to the fraud unit for further investigation and possible prosecution. Investigations by the compliance unit led to 85 businesses obtaining coverage. 473 businesses responded with proof of coverage or an explanation as to why that employer was not subject to Workers Compensation requirements. 1,133 businesses contacted the Division with renewed certificates showing current coverage.

This year, as in the past, the compliance unit worked closely with the National Council on Compensation Insurance (NCCI) in collecting information from the data providers licensed to write workers compensation insurance in Kansas. The unit has access to Alternative IAIABC Proof of Coverage (AIPOC), POC On-Line and Coverage Verification with NCCI. The AIPOC program allows the unit to cross match the AIPOC database with unemployment insurance records for a check on the employers not in compliance. The AIPOC program has been highly successful, which reflects in the decreasing numbers in each of the areas of research. The coverage verification program website provides public access to portions of the information reported by private workers compensation insurance carriers for use by the Kansas Department of Labor (KDOL). This program has been a successful avenue for obtaining employer coverage information via the Internet and allows the public to check on an employer's workers compensation insurance coverage status on certain dates.

Accident reports are received by an additional group of five staff members who ensure that all accident reports are properly processed and checked for complete information. All illegible, incomplete or unverifiable reports are sent back to the employer for correction. Complete and accurate reports are coded and keyed into the Web-based database system in a timely fashion.

Carrier and employer information is gathered from completed accident reports which aid in populating and maintaining employer carrier information in the Web-based database system. Problem reports with incomplete employer or carrier information are researched and resolved immediately.

Social Security numbers on new and existing claimants sent through EDI (Electronic Data Interchange) and on paper reports are verified through the Social Security Administration. After verification their names and addresses are updated in the database. The EDI reports and election forms are also researched for correct information. Labels are generated for letters to injured

workers which in turn answers questions about benefits and procedures. Statistics used in the annual statistical reports are developed from information in the accident reports.

## OPERATIONS SECTION

### Technology and Statistics

The technology and statistics unit is responsible for delivering workers compensation information to the Kansas Department of Labor, the Legislature and the general public through:

- an annual statistical report,
- a website and
- reports from research studies and evaluations.

Specifically, this unit is responsible for research studies mandated by statute, including studies of closed claims and the effectiveness of the Workers Compensation Act. The staff collects data as needed or requested, as well as conducts survey instrument research design, data collection, statistical analysis and reporting. The staff responds to individual research requests from both internal and external customers.

The technology and statistics unit administers the division's statutory Electronic Data Interchange (EDI) program, an electronic method for insurance carriers and self-insured employers to report occupational injury and workers compensation claims cost data by utilizing the International Association of Industrial Accident Boards and Commissions' (IAIABC) national data standard. The program went into production in November 2003. By the close of fiscal year 2012 more than 90 trading partners, sending on behalf more than 300 insurance carriers and 20 self-insured employers, were using EDI to send first and second reports of injuries to the division. This includes the State of Kansas Self-Insurance Fund and the Kansas Association of School Boards Workers Compensation Fund. The average weekly volume of EDI first reports of injury constitute more than 50 percent of the total number of accident reports filed with the division (the total includes paper and EDI reports).

The unit also maintains several data marts of workers compensation claims information on work-related accidents in the state of Kansas. Unit staff work extensively with the information services division of the Kansas Department of Labor to resolve the division's operational database implementation issues, and continue to maintain and enhance the database to insure data integrity and accuracy for both the division's administrative and statistical needs. In addition, the unit manages content for the division's Web pages located on the KDOL website.

## LEGAL SECTION

### Workers Compensation Appeals Board

The Workers Compensation Appeals Board, which was established in 1993, replaced the Director of the Division of Workers Compensation and the State's District Court judges in the appellate process. The Board has jurisdiction to review appeals from all final orders and certain preliminary hearing orders entered by the State's ten administrative law judges. In addition, the Board has jurisdiction to review appeals from orders entered in utilization review proceedings.

It is the Board's objective to make timely decisions while maintaining consistency and fairness within the law. Appeals of the Board's decisions are taken directly to the Kansas Court of Appeals.

During fiscal year 2012, the Appeals Board issued 349 decisions. It received 445 applications for review during that period and had a total of 401 dispositions (which include dismissals and settlements).

The Board's website is: [www.dol.ks.gov/WC/about\\_board.html](http://www.dol.ks.gov/WC/about_board.html).

## LEGAL SECTION

### Administrative Law Judges

The division employs 10 full-time administrative law judges to hold hearings and issue decisions in contested workers compensation claims. The division also utilizes special administrative law judges to hold settlement hearings and approve settlements between the parties. The administrative law judges are located in five offices throughout the state: Garden City, Overland Park, Salina, Topeka and Wichita. Hearings also are conducted in satellite locations including Cimarron, Ellsworth, Emporia, Great Bend, Hays, Hutchinson, Independence, Lawrence, Liberal, McPherson, Ottawa and Pittsburg.

In fiscal year 2012, 6,283 hearings were held by the judicial section. Of these, 1,655 hearings were preliminary hearings, 221 were motion hearings, 809 were regular hearings, 42 were settlement hearings, 40 were review and modifications hearings and 124 were post-award medical hearings (see Table 1-3).

**Table 1-3  
Hearings Held FY 2012**

Hearing	No. of Hearings Held	% of Total Hearings Held
Preliminary	1,655	26.3%
Motion	221	3.5%
Regular	809	12.9%
Settlement	42	0.7%
Pre-Hearing Settlement Conferences	3,392	54.0%
Review & Modify	40	0.6%
Post Award Medical	124	2.0%
<b>Total</b>	<b>6,283</b>	<b>100.0%</b>

Source: Kansas Division of Workers Compensation

Table 1-3 does not include settlement hearings conducted by part-time Special Administrative Law Judges. A total of 4,675 settlement hearings were held by Special Administrative Law Judges in FY 2012. Of these, 2,463 were docketed cases and 2,212 were undocketed cases.

The tables that follow provide a more detailed representation of the data found in Table 1-3. Table 1-4 displays the number of hearings held by Administrative Law Judges organized by type of hearing and the number of hearings held each month of the 2012 fiscal year. The highest number of hearings (657) was held in August 2011. Of those, approximately 55 percent were pre-hearing settlement conferences, 24 percent were preliminary hearings and 14 percent were regular hearings. November 2011 had the second most hearings held (614). Of the hearings held in November, 51 percent were pre-hearing settlement conferences, 29 percent were preliminary hearings and 13 percent were regular hearings.

**Table 1-4  
Administrative Law Judges Monthly Case Report  
by Hearing Type FY 2012**

Month	Hearing Type							Grand Total
	Preliminary	Motion	Regular	Settlement	Pre-Hearing Settlement Conferences	Review & Modify	Post-Award Medical	
July	118	21	56	3	268	2	7	475
August	159	22	91	6	360	5	14	657
September	162	22	79	0	256	5	10	534
October	116	13	69	6	269	7	12	492
November	175	28	82	2	313	2	12	614
December	124	14	69	5	255	3	8	478
January	129	20	65	4	258	1	9	486
February	133	18	56	4	281	3	8	503
March	142	15	73	1	258	4	9	502
April	96	15	51	3	280	3	9	457
May	142	14	59	6	292	3	11	527
June	159	19	59	2	302	2	15	558
Grand Total	1,655	221	809	42	3,392	40	124	6,283

Source: Kansas Division of Workers Compensation

Table 1-5 displays the number of hearings held by location for each month of FY 2012. Overland Park had the most hearings in FY 2012 (2,030), followed closely by Wichita (1,854).

**Table 1-5  
Administrative Law Judges Monthly Case Report  
by Hearing Location FY 2012**

Month	Hearing Location				Grand Total
	Overland Park	Topeka	Western Kansas <sup>1</sup>	Wichita	
July	172	111	68	124	475
August	235	122	106	194	657
September	171	118	88	157	534
October	179	93	72	148	492
November	191	172	85	166	614
December	164	127	73	114	478
January	176	89	70	151	486
February	159	98	99	147	503
March	169	126	76	131	502
April	85	99	79	194	457
May	156	120	89	162	527
June	173	148	71	166	558
Grand Total	2,030	1,423	976	1,854	6,283

<sup>1</sup> Garden City and Salina locations combined

Source: Kansas Division of Workers Compensation

Table 1-6 combines the data found in Tables 1-4 and 1-5 into one table.

**Table 1-6  
Administrative Law Judges Monthly Case Report FY 2012**

Location	Hearing Type	Month												Grand Total
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
Overland Park	Preliminary	31	47	56	44	50	40	40	35	38	19	41	44	485
	Motion	7	13	10	6	8	4	7	5	5	7	1	8	81
	Regular Pre-Hearing Settlement Conferences	18	31	22	17	21	20	20	18	21	6	12	16	222
	Review and Modify	111	138	80	105	108	96	107	93	100	49	99	97	1,183
	Post-Award Medical Settlements	2	1	2	5	0	2	0	2	2	0	1	2	19
		3	4	1	2	4	2	2	5	3	4	1	6	37
		0	1	0	0	0	0	0	1	0	0	1	0	3
<b>Total</b>		<b>172</b>	<b>235</b>	<b>171</b>	<b>179</b>	<b>191</b>	<b>164</b>	<b>176</b>	<b>159</b>	<b>169</b>	<b>85</b>	<b>156</b>	<b>173</b>	<b>2,030</b>
Topeka	Preliminary	32	40	30	26	46	34	37	36	34	18	34	42	409
	Motion	8	3	4	1	6	5	4	3	3	1	5	6	49
	Regular Pre-Hearing Settlement Conferences	15	16	21	17	33	21	16	18	26	16	20	20	239
	Review and Modify	51	53	57	38	85	60	27	39	58	58	51	73	650
	Post-Award Medical Settlements	0	0	0	1	0	0	0	0	2	1	1	0	5
		2	5	6	5	1	3	3	1	2	3	5	5	41
		3	5	0	5	1	4	2	1	1	2	4	2	30
<b>Total</b>		<b>111</b>	<b>122</b>	<b>118</b>	<b>93</b>	<b>172</b>	<b>127</b>	<b>89</b>	<b>98</b>	<b>126</b>	<b>99</b>	<b>120</b>	<b>148</b>	<b>1,423</b>
Western Kansas <sup>1</sup>	Preliminary	18	24	24	12	20	28	15	26	25	15	29	25	261
	Motion	3	4	2	5	11	2	2	6	6	4	5	3	53
	Regular Pre-Hearing Settlement Conferences	6	15	11	8	6	10	13	7	6	11	8	5	106
	Review and Modify	41	62	49	47	44	33	39	55	38	47	45	38	538
	Post-Award Medical Settlements	0	0	2	0	2	0	0	1	0	0	0	0	5
		0	1	0	0	2	0	1	2	1	2	2	0	11
		0	0	0	0	0	0	0	2	0	0	0	0	2
<b>Total</b>		<b>68</b>	<b>106</b>	<b>88</b>	<b>72</b>	<b>85</b>	<b>73</b>	<b>70</b>	<b>99</b>	<b>76</b>	<b>79</b>	<b>89</b>	<b>71</b>	<b>976</b>
Wichita	Preliminary	37	48	52	34	59	22	37	36	45	44	38	48	500
	Motion	3	2	6	1	3	3	7	4	1	3	3	2	38
	Regular Pre-Hearing Settlement Conferences	17	29	25	27	22	18	16	13	20	18	19	18	242
	Review and Modify	65	107	70	79	76	66	85	94	62	126	97	94	1,021
	Post-Award Medical Settlements	0	4	1	1	0	1	1	0	0	2	1	0	11
		2	4	3	5	5	3	3	0	3	0	3	4	35
		0	0	0	1	1	1	2	0	0	1	1	0	7
<b>Total</b>		<b>124</b>	<b>194</b>	<b>157</b>	<b>148</b>	<b>166</b>	<b>114</b>	<b>151</b>	<b>147</b>	<b>131</b>	<b>194</b>	<b>162</b>	<b>166</b>	<b>1,854</b>
<b>Grand Total</b>		<b>475</b>	<b>657</b>	<b>534</b>	<b>492</b>	<b>614</b>	<b>478</b>	<b>486</b>	<b>503</b>	<b>502</b>	<b>457</b>	<b>527</b>	<b>558</b>	<b>6,283</b>

<sup>1</sup> Garden City and Salina locations combined  
Source: Kansas Division of Workers Compensation

Table 1-7 displays the Administrative Law Judge preliminary order activity. It represents requests by order type and whether each was denied or granted.

**Table 1-7**  
**Administrative Law Judges Preliminary Order Activity FY 2012**

Preliminary Order	Granted			Denied			Total	
	No. of orders granted	% Granted	% Total Orders	No. of orders denied	% Denied	% Total Orders	No. of orders	% of Total Orders
Penalty	22	75.9%	0.7%	7	24.1%	0.2%	29	1.0%
Change Physician	7	35.0%	0.2%	13	65.0%	0.4%	20	0.7%
Additional Medical	100	65.4%	3.3%	53	34.6%	1.8%	153	5.1%
<b>Preliminary Temporary Total &amp; Medical</b>	<b>1,234</b>	<b>88.5%</b>	<b>41.2%</b>	<b>161</b>	<b>11.5%</b>	<b>5.4%</b>	<b>1,395</b>	<b>46.6%</b>
Temporary Total	175	77.8%	5.8%	50	22.2%	1.7%	225	7.5%
Medical	735	91.2%	24.6%	71	8.8%	2.4%	806	26.9%
Temporary Total & Medical	296	88.1%	9.9%	40	11.9%	1.3%	336	11.2%
Temporary Total, not Medical	2	n/a	0.1%	n/a	n/a	n/a	2	0.1%
Medical, not Temporary Total	26	n/a	0.9%	n/a	n/a	n/a	26	0.9%
<b>Total Preliminary Orders*</b>	<b>2,597</b>	<b>86.8%</b>	<b>86.8%</b>	<b>395</b>	<b>13.2%</b>	<b>13.2%</b>	<b>2,992</b>	<b>100.0%</b>

\*Does not include terminating orders.

Source: Kansas Division of Workers Compensation

## LEGAL SECTION

### Medical Services

The medical services section provides both administrative and developmental services for the medical fee schedule. Additionally, medical services administers utilization and peer review programs, acting as a liaison for all parties involved in health care related workers compensation issues. The medical services section works closely with the Kansas Department of Health and Environment to assure that payments to health care providers remain current, reasonable and fair.

*The Kansas Workers Compensation Schedule of Medical Fees (10<sup>th</sup> Revision)* was implemented on January 1, 2012. This revision has been refined to incorporate modifications of the 2011 Resource Based Relative Value System (RBRVS) to enhance reimbursement validity. Although not mandated for use, the Official Disability Guidelines—Treatment (ODG) remains as the primary standard of reference for evidence-based medicine used in caring for injured workers.

Reimbursement for inpatient hospital services (Peer Groups I and II) will be determined by use of the MS-DRG system. Peer Group III inpatient services will be determined by application of a 15 percent discount applied to the hospital's billed charges.

Hospital outpatient and ambulatory surgical center payments will be determined by peer group assignments and/or designations and the variable discount rates (ambulatory surgical centers and hospital outpatient centers are grouped in association with the nearest proximate hospital).

## LEGAL SECTION

### Fraud and Abuse

The workers compensation fraud and abuse investigation unit was established in 1994. The unit is staffed with three special investigators, an administrative specialist and an assistant attorney general who supervises the unit. The unit's responsibilities include identifying and investigating potential violations of the workers compensation laws, as set forth in K.S.A. 44-532, K.S.A. 44-557, K.S.A. 44-5,120 and K.S.A. 44-5,125. Provable violations may be taken before an administrative hearing officer or may be presented to local county or district attorneys for criminal prosecution.

In fiscal year 2012, the fraud and abuse unit received 685 referrals. Of these referrals, 676 cases were opened and 40 were referred for administrative charges. Collection for fines and assessments totaled \$214,416.18 for fiscal year 2012.

The objectives of the unit are to protect the employee, employer and insurance carrier from fraudulent and/or abusive acts and practices; ensure businesses within the state are compliant in maintaining workers compensation insurance coverage; and ensure the division receives reports of injury within the time period set by statute.

### Referrals

#### Information Received by the Unit

The fraud and abuse unit receives information regarding alleged fraud and other violations of the workers compensation laws by phone, fax, e-mail, regular mail or a submission by another section in the Division of Workers Compensation. An allegation of fraud or abuse is designated as a referral. Each referral is reviewed by the assistant attorney general to determine if there is sufficient information to warrant an investigation. If sufficient information exists, a case is opened and assigned to a special investigator. If insufficient information exists, the matter is returned to the complaining party for further information or, if that is not possible, the referral is recorded but no formal investigation commences.

A referral may also be sent to another state or federal agency if the fraud and abuse unit lacks jurisdiction over the matter. The Fraud and Abuse Unit refers reports monthly to the Social Security Administration, Office of the Inspector General, Office of Investigations. This year, we have received notice of approximately 18 criminal prosecutions in the Kansas City/Johnson County area as a result of these referrals to their office in Kansas City.

#### Types of Fraud

The unit classifies the type of fraud reported as it relates to the fraud and abuse statutes, as well as the compliance statutes. Table 1-8 lists the types of fraud, abuse and compliance cases reported to the unit over the past year.

**Table 1-8**  
**Number of Fraud, Abuse and Compliance Cases Reported by Referral**  
**FY 2012**

Type of Fraud, Abuse and Compliance Referrals	Total
Obtaining or denying benefits by making false statements either orally or written: K.S.A. 44-5,120 (d)(4)(A)	39
Refusing to pay compensation as and when due: K.S.A. 44-5,120(d)(18)	13
Failure to confirm medical compensation benefits to anyone providing treatment to a claimant: K.S.A. 44-5,120 (d)(15)	5
Collecting from an employee, through a deduction from wages or a subsequent fee, any premium or other fee paid by the employer to obtain workers compensation insurance coverage K.S.A. 44-5,120 (d)(1)	4
Misrepresenting the provisions of the workers compensation act to an employee, legal beneficiary, employer, or health care provider K.S.A. 44-5,120 (d)(11)	5
Failing to maintain workers compensation insurance when required: K.S.A. 44-532 (d)	234
Employers duty to report accidents: K.S.A. 44-557	377
All other fraudulent and abusive practices	8
<b>Total</b>	<b>685</b>

Source: Kansas Division of Workers Compensation

## Investigations

The fraud unit has three full-time investigators. These investigators are not law enforcement officers. However, they perform almost identical investigative duties as sworn law enforcement. The investigative process includes interviewing witnesses, collecting evidence, forming liaisons with law enforcement groups, as well as special fraud investigation units within the insurance industry, and testifying in administrative and criminal actions.

Once an investigation is complete, the investigator will prepare an investigative summary for the assistant attorney general to review. Criminal or administrative action commences if the assistant attorney general determines there is sufficient information to sustain the burden of proof in either a criminal or administrative action.

If the information indicates misconduct on the part of an insurance agent or carrier, that information is referred to the Kansas Insurance Department, which has an anti-fraud unit that investigates and prosecutes insurance fraud.

## Prosecution

The unit is authorized to initiate criminal or administrative action against individuals and entities, which are not licensed by the Kansas Insurance Department, that appear to have committed fraudulent or abusive acts. The unit has been extremely aggressive in this area. Civil actions are separated into compliance and fraud actions (see Table 1-9).

**Table 1-9  
Number of Fraud, Abuse and Compliance Cases  
FY 2012**

Compliance	611
Fraud/Abuse	73
Criminal	1
<b>Total</b>	<b>685</b>

Source: Kansas Division of Workers Compensation

**Collections**

During either a criminal or administrative action, a fine or restitution is requested but not necessarily ordered by the judge or hearing officer. The total amount collected for FY 2012 was \$214,416.18 (see Table 1-10). The unit makes every attempt to collect the civil monetary penalty owed to the unit without any assistance. However, in some instances, it may be necessary for the Legal Services Division of the Kansas Department of Labor to file a collection action. Once the money is received, by law it must be deposited in the appropriate fund.

**Table 1-10  
Fraud, Abuse and Compliance Collections FY 2012**

Fraud and Abuse Fines: K.S.A. 44-5,120	\$19,442.95
Compliance Fines: K.S.A. 44-532 & 44-557	\$182,857.90
Restitution	\$12,115.33
<b>Total</b>	<b>\$214,416.18</b>

Source: Kansas Division of Workers Compensation

Money received as a result of compliance violations is deposited in the state treasury to the credit of the workers compensation fund. Money received as a result of fraud and failure to timely file accident reports is deposited in the state treasury and credited to the workers compensation fee fund.

**FRAUD HOTLINE**

1-800-332-0353 24 hrs/day  
1-785-296-4000 ext. 2174 (8:00 a.m.-5:00 p.m.)

**FRAUD E-MAIL ADDRESS**

wcfraud@dol.ks.gov

## PUBLIC RESOURCE SECTION

### Ombudsman

The primary function of the ombudsman unit is to assist injured workers, employers and other parties to protect their rights under the Workers Compensation Act. The unit provides technical assistance to all parties on workers compensation issues. The unit also assists unrepresented claimants in obtaining a hearing, mediation or appeal. The ombudsman unit provides presentations and training opportunities to interested parties.

The ombudsman unit is responsible for establishing a set of protocols and guidelines for services to employers. Specifically during fiscal year 2012 the ombudsman unit provided a point of contact for all parties to clarify issues and obtain information. The unit received and/or initiated 21,022 contacts, which included general information, specific issues regarding reported and unreported accidents and on-site visits to employers. The ombudsman unit provided educational presentations to 1,397 individuals during fiscal year 2012, as well as increasing public awareness of resources for parties needing presentations on workers compensation issues.

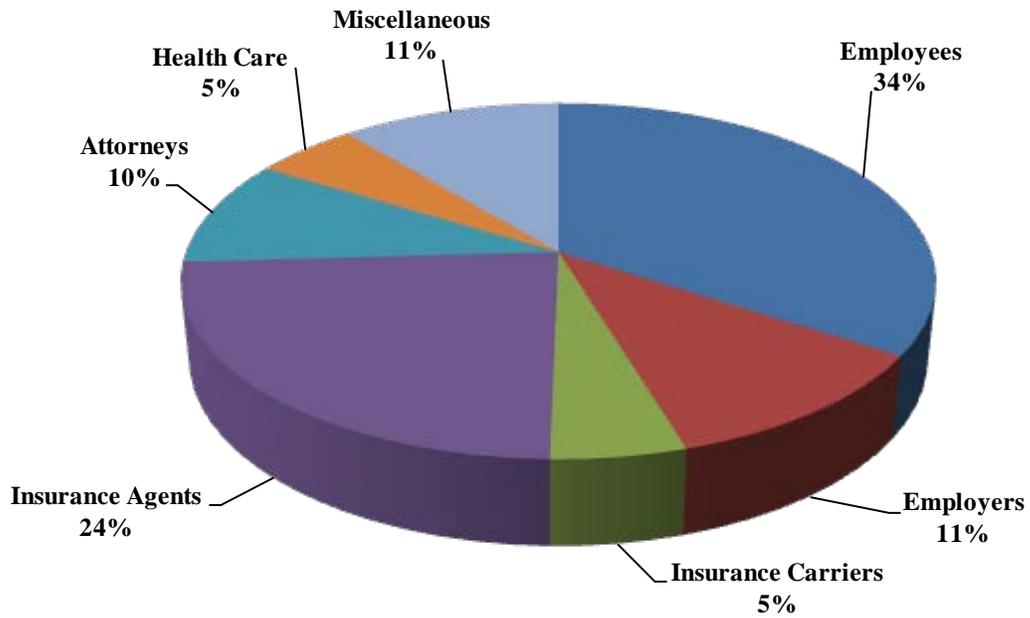
The objectives of the ombudsman unit involve maintaining employer contacts by providing training to employer groups who need assistance. The unit also intends to maintain the ability to initiate contact with injured workers to see if appropriate information is being received as required by statute. The ombudsman unit will seek to increase public awareness of the availability of ombudsman assistance in alternative dispute resolution by encouraging parties to participate in mediation. The unit continues to seek increasing public awareness and use of the website for information, which includes utilizing online forms and coverage verification.

**Table 1-11**  
**FY 2009 - FY 2012 Ombudsman Contacts**

Category	FY 09	FY 10	FY 11	FY 12	Total
Employees	8,840	8,512	8,109	7,194	32,655
Employers	3,394	2,841	2,750	2,332	11,317
Insurance Carriers	1,323	2,448	2,066	1,049	6,886
Insurance Agents	1,384	1,839	2,818	5,002	11,043
Attorneys	1,342	1,090	1,771	2,027	6,230
Health Care	2,012	2,061	1,547	1,101	6,721
Miscellaneous	2,277	2,404	2,518	2,317	9,516
<b>Total Contacts</b>	<b>20,572</b>	<b>21,195</b>	<b>21,579</b>	<b>21,022</b>	<b>84,368</b>

Source: Kansas Division of Workers Compensation

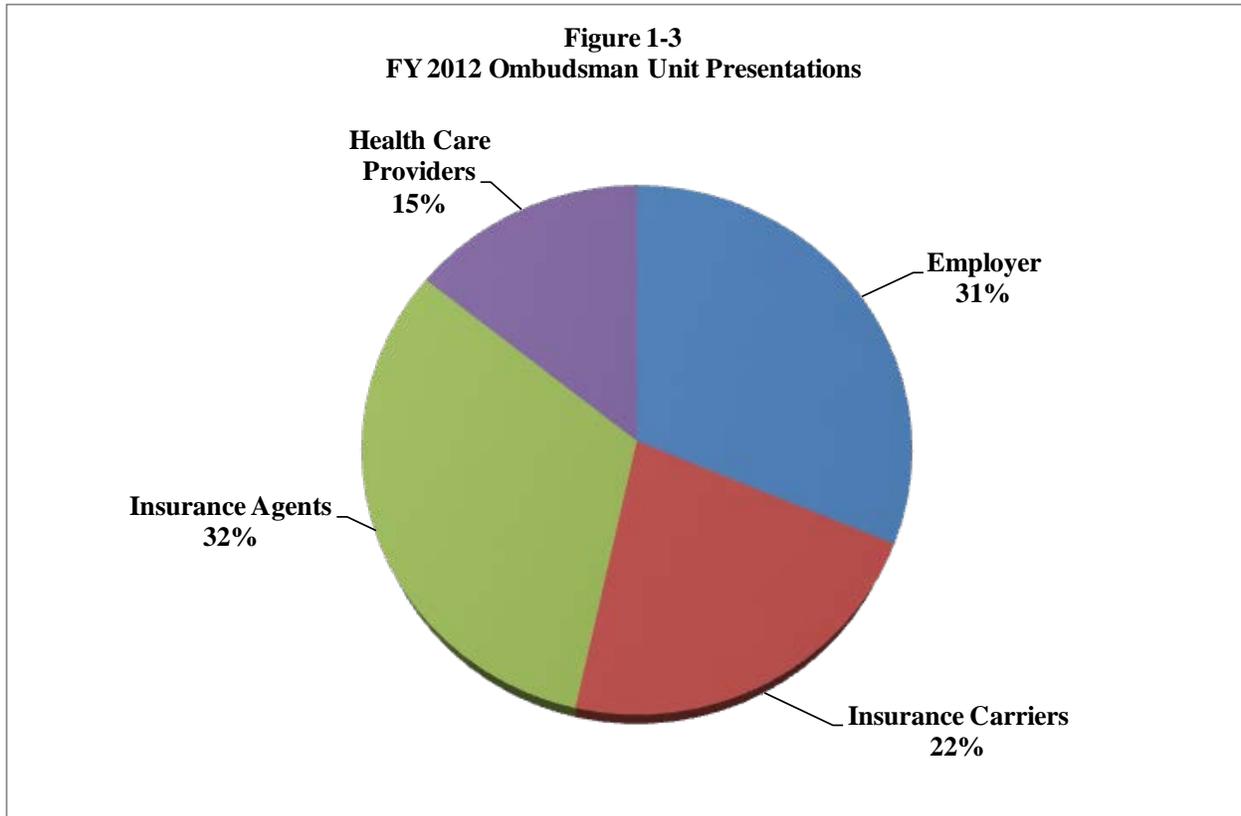
**Figure 1-2  
FY 2012 Ombudsman Contacts**



**Table 1-12  
FY 2012 Ombudsman Presentations**

Category	Number Attended
Employer	437
Insurance Carriers	310
Insurance Agents	450
Health Care Providers	200
<b>Total</b>	<b>1,397</b>

Source: Kansas Division of Workers Compensation



## PUBLIC RESOURCE SECTION

### Mediation

Upon the request of any party to a workers compensation claim and the acceptance of the other party (or parties), the parties may opt to participate in a mediation conference. Mediation is a means of resolving disputes in an informal, non-adversarial setting where the parties make use of a neutral third party to facilitate their discussion. The purpose of mediation is to assist the parties in reaching an agreement on any disputed issues in a workers compensation claim.

Mediation conferences are conducted by mediators appointed by the director. Mediators utilized by the director are required to be qualified pursuant to the Dispute Resolution Act, K.S.A. 5-501 *et seq.*, and relevant rules of the Kansas Supreme Court as authorized by K.S.A. 5-510. Mediation conferences are conducted in accordance with the Dispute Resolution Act. Individuals with final settlement authority for each party must be present, appear in person or by video or be available by telephone during the mediation conference. The division currently has three approved mediators who are available for travel statewide to mediate any disputed issue arising from a workers compensation claim.

In fiscal year 2012 the division initiated 28 mediation contacts per week on average. This involved calling parties and inquiring whether they were interested in mediating particular cases or by the mediation unit receiving a request for mediation. Forty nine mediation conferences were conducted. As displayed in Table 1-13, 25 resulted in full agreement, 10 resulted in a partial agreement and 14 reached no agreement. It should be noted that many cases that do not result in an agreement at the mediation conferences are settled at some future point. While some parties may reach an agreement in principle during the mediation conference, they often need additional time to consider and reflect on the proposed terms or verify information exchanged during the mediation conference before finalizing an agreement. These conferences are reported as non-agreed even though they may lay the groundwork for later resolution of issues at hand.

**Table 1-13**  
**Mediation FY 2012**

Held	49
Claims Resolved - Agreement Reached	25
Claims Partly Resolved - Agreement Reached	10
Claims Unresolved - Agreement Not Reached	14

Source: Kansas Division of Workers Compensation

## **PUBLIC RESOURCE SECTION**

### **Seminar Planning**

The seminar's primary function is to produce an education-based event which offers formal and informal sessions meant to encourage attendees, presenters and exhibitors to share and learn about workers compensation in Kansas. A variety of work-related continuing education is included.

Topics can include legislative and procedural changes, updates to forms and publications, current requirements in electronic reporting, advancements made in the field of medicine and more.

The unit guides staff and external planning committee members in the selection of presenters and topics based on relevance, attendee requests, educational value, and division input. Once selections are made the unit corresponds with presenters to gather educational and working background information needed to establish each topic's syllabus.

Once the agenda is set the unit uses the information to develop web and printed advertising and submit continuing education applications.

The 38<sup>th</sup> Annual Workers Compensation Seminar was held at the Overland Park Convention Center on October 2 and 3, 2012. Total attendance was 627. The seminar was sponsored by 53 companies and housed 92 exhibits.

Continuing education credits were awarded to 287 attorneys, 92 nurses and 50 certified case manager. Credits were also awarded to Certified Workers Compensation Professionals accredited by Michigan State University.

An additional 42 guests received certificates of attendance documenting the number of minutes they spent in education-based offerings at the seminar. These guests will submit their certificates directly to their accrediting authorities in exchange for continuing educational credit in occupations which were not preauthorized.

## PUBLIC RESOURCE SECTION

### Applications

The applications unit process all applications and motions for hearing. They assure the proper documentation has been filed, as required by the law. Applications for hearing are assigned to an administrative law judge. The unit enters the application for hearing into the division database and creates a physical docket. The docket becomes the official division documentation upon which present and future proceedings will rely for information. Notices of hearing are generated and sent to the parties involved in each case. The unit also e-mails notices of hearing. We maintain approximately 95 percent compliance when e-mailing the notices of hearing. The application unit strives to research and process all preliminary hearing applications within three days of receipt. The unit enters employer request for records and transfers them to archives. The applications unit also manages the attorney address files in the database and creates claimant identification numbers. In FY 2012 (see Table 1-14) 15,407 applications and motions were processed this includes 8,169 preliminary hearing applications (both new and previously docketed).

**Table 1-14**  
**Application for Hearings FY 2007 – FY 2012**

Type of Application	FY 12	FY 11	FY 10	FY 09	FY 08	FY 07
New Preliminary	473	492	577	618	686	679
Docketed Preliminary	7,696	7,779	7,759	7,999	6,877	6,847
Regular	4,472	4,728	4,576	4,958	4,864	5,019
Fatal	44	44	22	31	26	32
PA Medical	923	926	882	817	730	728
Review & Modification	203	220	194	195	127	170
Penalties	318	360	420	472	456	557
Miscellaneous	1,278	1,174	1,567	1,288	1,440	1,583
<b>Total Applications</b>	<b>15,407</b>	<b>15,273</b>	<b>15,997</b>	<b>16,378</b>	<b>15,206</b>	<b>15,615</b>

## PUBLIC RESOURCE SECTION

### Research

The research unit conducts research on all request for records regarding prior claim information. Customers who request these records include claimants, attorneys, judges, insurance companies and the general public. The unit researched 43,268 requests for records during FY 2012 (see Table 1-15). Turnaround time for the research on a request for record is generally within three days. Research also scans documents and uploads research for the division. During FY 2012 the unit scanned 28,666 accident reports, 2,282 election forms and 3,442 undocketed settlements, final receipts and joint petitions. The unit also manages docketed claimant files.

The data collection unit reviews awards, settlements, joint petitions and final receipts. The information is then entered into the division database and it is used to produce the annual statistical report, mandated by Kansas law. Some of the information collected includes dollar amounts paid, type of payments, body parts compensated, percentages of disability rating, attorney fees and court reporter fees. In FY 2012 the unit entered 7,927 awards, settlements joint petitions and final receipts.

**Table 1-15**  
**Request for Records FY 2007 – FY 2012**

Type of Research	FY 12	FY 11	FY 10	FY 09	FY 08	FY 07
Attorneys	6,700	7,151	7,922	8,908	8,789	8,941
Insurance	2,153	2,466	2,408	2,853	4,165	4,302
Employers	30,594	30,344	28,327	29,788	39,992	37,196
Social Security	112	56	59	44	29	26
Electronic/Other	3,709	2,503	701	34	1,201	1,042
<b>Total Requests</b>	<b>43,268</b>	<b>42,520</b>	<b>39,417</b>	<b>41,627</b>	<b>54,176</b>	<b>51,507</b>

Source: Kansas Division of Workers Compensation

## PUBLIC RESOURCE SECTION

### Rehabilitation

The rehabilitation unit coordinates vocational rehabilitation services for injured workers when the insurance company/employer elects to provide services. This unit also reviews medical management closures to determine the need for referral to other vocational programs and services when the insurance company/employer elects not to provide services. Monitoring and providing technical assistance for both public and private vocational rehabilitation providers are also part of the responsibilities of this unit.

Qualified private sector vocational rehabilitation vendors reported six vocational case closures during FY 2012. This represents a dramatic decrease from the previous fiscal year, but is close to the results for FY 2010. No vocational case closures were reported to the division by the state rehabilitation agency. Of the six private vendor closures, three (50 percent) closed with a vendor-assisted return to work. One closed due to the worker returning to work prior to an agreed-upon plan, and two closed due to return to work under some other circumstances.

Vendors furnished vocational case cost and worker wage data 67 percent and 83 percent of the time, respectively. Costs for a vocational case ranged from slightly more than \$600 for a single vendor-assisted return to work closure to an average of slightly less than \$3,140 for a generic case closure based on two cases. Of the six return to work closures, cost data was available for four; the average case cost of those four was \$2,025.

Five qualified vendors were responsible for all of the closed vocational rehabilitation cases. Four qualified vendors were responsible for essentially all (100 percent with rounding) of closed medical management cases, although not the same vendors as for vocational cases.

The unit received 620 reports of medical management referrals to qualified vendors, representing a decrease of slightly more than 25 percent from the previous fiscal year, and 506 medical management closure reports, representing a decrease of nearly 40 percent from the same period.

Vendors furnished medical management case cost and worker wage data 82 percent and eight percent of the time, respectively. The average case cost for medical management was \$4,554 based on 428 closures. The average wage at time of injury for medical management cases that closed was \$680 per week.

Of the 506 closures, 290 resulted in a return to work with the time-of-injury employer which is a 57 percent rate of return to work. While this rate may lead one to conclude that medical management services are more effective in returning injured workers to work than vocational services, the average case cost for return to work through vocational services (\$2,025 based on four cases) is half that for return to work through medical management services (\$4,086 based on 237 cases).

There were 13 reports of case closure due to claim denial, of which six were specifically for the reason of prevailing factor. There were three other reports indicating prevailing factor was an issue, but no indication that the claim was being denied.

The unit reviewed 216 medical management closure reports to determine whether the claimants in those cases might be in need of vocational rehabilitation or community services.

Initial referrals are cases without current vendor involvement that may become vocational. They are created when a claimant makes a cold call to the rehabilitation administrator's office, is referred by an ombudsman to the rehabilitation unit or responds to an informational letter about vocational rehabilitation services sent by the rehabilitation administrator based on the content of a medical management closure report. During FY 2012, more than 160 informational letters were actioned to injured workers based on reports received.

# **Section 2**

## **Workplace Injuries and Illnesses in Kansas FY 2012**

The State of Kansas has a compelling interest in the safety, health and productivity of its workforce. An important aspect of that commitment is the division's daily monitoring of the workplace environment and periodic analysis of the incidence and severity of occupational injuries and illnesses within the state. Every year the division publishes its decision support data for the Legislature and interested parties in the form of this *Annual Statistical Report*. The first part of this section provides information on many aspects of occupational injuries and illnesses in the State of Kansas for FY 2012, including the causes, nature and source, the industries in which they occur and the body member implicated in the reported injuries and illnesses. Discussed next is the widely-reported private industry injury incidence rates published by the federal Bureau of Labor Statistics (BLS) of the United States Department of Labor, which KDOL's Labor Market Information Services (LMIS) Division is responsible for reporting on behalf of the agency.

### **Occupational Injuries and Illnesses in Kansas**

Kansas classifies occupational injuries according to severity as "no time lost," "time lost" and "fatal." "Time lost" injuries are those that "incapacitate the person injured from labor or service for more than the remainder of the day, shift or turn." "No time lost" injuries are defined as those in which the employee did not miss work beyond the remainder of the day, shift or turn. Injuries resulting in death are coded as "fatal." In other words, the most severe types of occupational injury or illness are classified as "fatal" while the least severe are reported as "no time lost" cases. Table 2-1 contains the aggregate totals (by severity) of Kansas' occupational injuries and illnesses for the last 18 fiscal years.

- There were 58,252 total occupational injuries and illnesses reported to the Division of Workers Compensation during FY 2012. The FY 2012 total reflects all accidents occurring during the year, including fatalities, and represents a decrease of 44 reported injuries and illnesses, or a 0.08 percent decrease, from the previous year's total.
- From another perspective, 160 employees per day were either injured or killed on the job in Kansas last fiscal year.
- Workplace fatalities, the most severe type of injury, decreased in FY 2012 by 7.4 percent from the previous year (to 50 from 54 reported deaths) and were slightly less than the 18-year average of 53.2 reported deaths.
- The 26,137 "no time lost" injuries and illnesses reported were approximately 45 percent of all reported injuries and illnesses. "No time lost" injuries decreased 3.8 percent from the previous year's total.
- "Time lost" injuries and illnesses totaled 32,065, which is a 3.2 percent increase from the previous year.

**Table 2-1**  
**Kansas Total Occupational Injuries & Illnesses by**  
**Severity FY 1995 – FY 2012**

Fiscal Year	No Time Lost Injuries & Illnesses		Time Lost Injuries & Illnesses		Fatal Injuries		Total Injuries & Illnesses
	Total No Time Lost	% of Total Injuries & Illnesses	Total Time Lost	% of Total Injuries & Illnesses	Total Fatal	% of Total Injuries & Illnesses	
FY 1995	52,473	55.49%	42,030	44.44%	67	0.07%	94,570
FY 1996	68,674	71.79%	26,929	28.15%	60	0.06%	95,663
FY 1997	73,415	75.14%	24,220	24.79%	64	0.07%	97,699
FY 1998	63,071	63.77%	35,767	36.16%	70	0.07%	98,908
FY 1999	68,995	72.07%	26,674	27.86%	61	0.06%	95,730
FY 2000	71,327	79.21%	18,653	20.71%	69	0.08%	90,049
FY 2001	64,533	75.97%	20,368	23.98%	44	0.05%	84,945
FY 2002	52,549	72.16%	20,223	27.77%	53	0.07%	72,825
FY 2003	55,101	80.87%	12,994	19.07%	42	0.06%	68,137
FY 2004	48,298	75.03%	16,032	24.90%	44	0.07%	64,374
FY 2005	36,335	56.11%	28,369	43.81%	57	0.09%	64,761
FY 2006	37,619	56.60%	28,800	43.33%	50	0.08%	66,469
FY 2007	37,444	54.10%	31,718	45.83%	49	0.07%	69,211
FY 2008	38,778	55.19%	31,442	44.75%	43	0.06%	70,263
FY 2009	32,076	50.81%	31,020	49.14%	34	0.05%	63,130
FY 2010	27,401	47.09%	30,741	52.83%	46	0.05%	58,188
FY 2011	27,181	46.63%	31,061	53.28%	54	0.09%	58,296
FY 2012	26,137	44.87%	32,065	55.05%	50	0.09%	58,252

Source: Kansas Division of Workers Compensation

One limitation of reporting aggregate totals is that they do not account for year-to-year changes in the workforce population within Kansas. Perhaps the least sophisticated benchmark statistic for comparing year-to-year totals without controlling for workforce population increases/decreases would be to calculate the percentage of total injuries and illnesses that resulted in “no time lost,” “time lost” or fatalities. The rationale is that the state has an interest in knowing what percentage of total injuries and illnesses constitute the range of severity that decreases productivity, endangers worker safety, disrupts labor participation or results in death. In order to do a fair year-to-year comparison of occupational injury and illness behavior in Kansas, the incidence rate per 100 full-time equivalent workers is discussed below.

## Kansas Occupational Injury and Illness Incidence Rates

### Statewide Occupational Injury and Illness Incidence Rate for Non-Federal Workforce

There are two sources of occupational injury and illness data. The Survey of Occupational Injuries and Illnesses is a federal/state program administered by BLS and cooperating state agencies throughout the nation. In Kansas, the cooperating state division that helps administer the survey is LMIS. The annual survey measures the incidence rates of workplace injuries and illnesses for the nation as a whole and for each participating state, as well as case and injured

worker demographic data (see Appendix A). The Division of Workers Compensation does not directly participate in the BLS survey but is an active consumer of its information.

The division believes it can contribute to the discourse on workplace injury incidence rates in Kansas for several reasons:

First, employers covered under the Workers Compensation Act are required to report all employee occupational injuries and illnesses that “incapacitate the person injured from labor or service for more than the remainder of the day, shift or turn” to the division within 28 days of the date of injury or onset of illness. The division has aggregated and reported this data in its *Annual Statistical Report* for many years but did not publish its calculated rates of incidence per 100 full-time equivalent employees until FY 2001. The division reports its own calculated occupational injury incidence rates (see Appendix A for methodology).

Second, the division does have an institutional advantage (relative to BLS and LMIS) in that it, by law, is able to collect data on the entire population of workplace injuries and illnesses in Kansas because it has the legal authority to collect injury data on state and local public sector employees in addition to the private sector.<sup>2</sup> This is important because the state and local public sector workforce is one of the largest employers in Kansas and reports a significant percentage of the total workplace injuries and illnesses each year.

Finally, it should be noted that the Division of Workers Compensation is able to publish its occupational injury statistics in a timelier manner than both BLS and LMIS. In this report, it publishes incidence rates for all employers covered under the Workers Compensation Act through fiscal year 2012 (up to and including June 30, 2012) whereas the most recent national and state data available from BLS is through calendar year 2011. We may be able to identify injury and illness trends more quickly and use this in-house information as a basis for targeting resources, through the agency’s Industrial Safety and Health Division, for injury prevention and/or safety education.

While it is true that there is no absolute acceptable level of injury incidence, relatively speaking, the lower the rate of injury the better. An important question is: how should the average Kansan interpret the “Total Injuries and Illnesses” incidence rate? For example, if the incidence rate for total injuries and illnesses in Kansas for any given year was 5.3 injuries per 100 full-time workers, would it be reasonable to conclude that roughly five percent of full-time workers suffered some sort of occupational injury that year? We believe that this would be a fair

---

<sup>2</sup> Under its commerce power granted by the United States Constitution, and as interpreted by the United States Supreme Court (See *U.S. v. Lopez*, 514 U.S. 558-559 (1995); “[there are] three broad categories of activity that Congress may regulate under its commerce power...Congress may regulate the use of the channels of interstate commerce...Congress is empowered to regulate and protect the instrumentalities of interstate commerce, or persons or things in interstate commerce, even though the threat may come only from intrastate activities...Congress’ commerce authority includes the power to regulate those activities having a substantial relation to interstate commerce,...i.e., those activities that substantially affect interstate commerce.” The federal government can require employers to log all occupational injuries and illnesses and report them to BLS and/or OSHA. The United States Constitution, however, does not give Congress the authority to regulate the states (and its political subdivisions) as states and therefore, compel them to report the workplace injuries of state and local public servants to the Bureau of Labor Statistics.

interpretation provided that we assume each worker within this 5.3 percent was injured only once during the year under study. In other words, for every 100 full-time private sector workers in Kansas there were 5.3 injuries reported that year for our hypothetical example.

Under the Kansas Workers Compensation Act, employers are required to report to the division:

[I]f the personal injuries which are sustained by such accidents, are sufficient wholly or partially to incapacitate the person injured from labor or service for more than the remainder of the day, shift or turn on which such injuries were sustained.<sup>3</sup>

All of the division's severity classifications are similar to the BLS variables in the Occupational Injuries and Illnesses Survey and are broad enough to describe the diversity of injuries within each category yet specific enough to discern substantive differences in severity.<sup>4</sup> For example, the BLS measures of "Total Lost Workday Cases" and "Other Recordable Cases" (BLS used to categorize these as "Cases Without Lost Workdays" and it is roughly the same as no time lost cases<sup>5</sup>) are similar to measures reported by the Division of Workers Compensation in past annual statistical reports. The BLS classification "Total Lost Workday Cases" injuries and illnesses per 100 full-time workers is a statistic used to measure the incidence of injuries that meet the criterion of "lost workday." However, a year-to-year comparison between the BLS study and the division's data is difficult due to both the time lag in reporting by BLS and the differing time frames of the studies.<sup>6</sup>

Table 2-2 lists the Kansas occupational injury and illness rate for the last 18 fiscal years (FY 1995-FY 2012) as calculated by the Division of Workers Compensation. See Figure 2-1 for graphical representations of the data.

- For "Total Injuries and Illnesses" the incidence per 100 full-time equivalent workers (FTE) in the private and public sectors in Kansas was 4.4 in FY 2012. The total injuries and illnesses incidence rate decreased by 1.8 percent over the last year. However, the total injury and illness incidence rate has declined by 45.9 percent over the last eighteen years and by 35.6 percent since FY 2000.
- The average annual decrease between FY 1995 and FY 2012 of the incidence rate per 100 full-time workers (FTE) for "Total Injuries and Illnesses" was 3.4 percent.
- The "time lost" injuries and illnesses incidence rate was 2.4 per 100 FTE in FY 2012, a 1.7 percent increase in the rate from the previous year.

<sup>3</sup> K.S.A.44-557.

<sup>4</sup> See Appendix for more detailed explanations.

<sup>5</sup> Note, Division of Workers Compensation definitions do not specifically address restricted work activity or job transfer. Those cases are treated either as "time lost" or "no time lost" cases, depending on which definition they fit. The division has concluded that, for the purposes of this report, such cases are better represented through our analysis of specific benefit types (e.g., temporary partial claims, permanent partial claims) that appears in Section 3 of this report.

<sup>6</sup> In response to this issue, the division has begun publishing incidence rates organized by calendar year as well as fiscal year. See table 2-3. Additionally, despite the limitations, readers of this report have requested the inclusion of BLS national and Kansas data. Such readers may include employers, employees, policymakers, safety standards writers, safety inspectors, health and safety consultants and researchers. According to BLS, *Frequently Asked Questions*, <http://stats.bls.gov/iif/oshfaq1.htm>. "Policymakers need to know how the safety and health of workers in their State compares to workers in other States doing comparable work. The survey helps these managers determine the additional need for State safety and health programs." *Id.*

- The “time lost” incidence rate had an average annual increase of 1.3 percent from FY 1995 to FY 2012. However, the “time lost” incidence rate declined by 33 percent over the last 18 years from FY 1995 to FY 2012.
- The “no time lost” injuries and illnesses incidence rate was 2.0 per 100 FTE for FY 2012 and a 63.5 percent decrease from FY 2000 (5.45 injuries and illnesses per 100 FTE).
- The “no time lost” incidence rate had an average annual decrease of 4.0 percent between FY 1995 and FY 2012.
- The fatality rate decreased 9.5 percent from the previous year, and had an average annual decrease of 0.4 percent between FY 1995 and FY 2012.

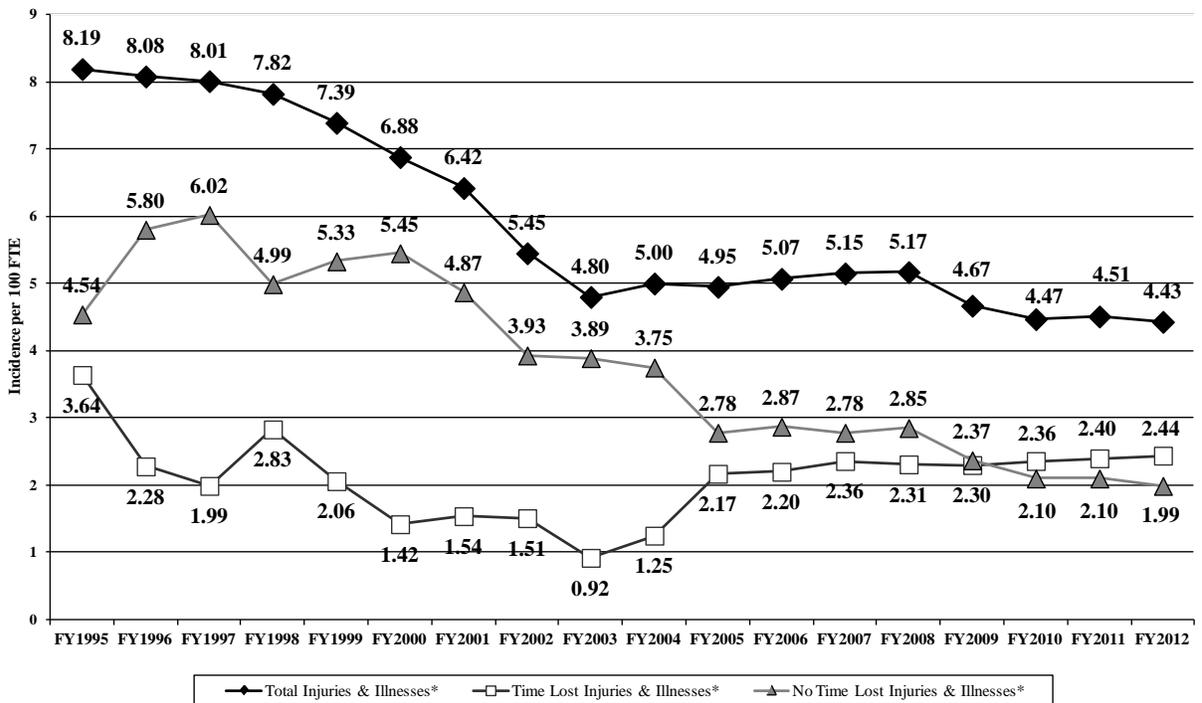
**Table 2-2**  
**Kansas Occupational Injury & Illness Incidence**  
**Rate\* FY 1995 - FY 2012**

Fiscal Year	No Time Lost Injuries & Illnesses*	Time Lost Injuries & Illnesses*	Fatal Injuries*	Total Injuries & Illnesses*
FY1995	4.54	3.64	0.0058	8.19
FY1996	5.80	2.28	0.0051	8.08
FY1997	6.02	1.99	0.0052	8.01
FY1998	4.99	2.83	0.0055	7.82
FY1999	5.33	2.06	0.0047	7.39
FY2000	5.45	1.42	0.0053	6.88
FY2001	4.87	1.54	0.0033	6.42
FY2002	3.93	1.51	0.0040	5.45
FY2003	3.89	0.92	0.0030	4.80
FY2004	3.75	1.25	0.0034	5.00
FY2005	2.78	2.17	0.0044	4.95
FY2006	2.87	2.20	0.0038	5.07
FY2007	2.78	2.36	0.0036	5.15
FY2008	2.85	2.31	0.0032	5.17
FY2009	2.37	2.30	0.0025	4.67
FY2010	2.10	2.36	0.0035	4.47
FY2011	2.10	2.40	0.0042	4.51
FY2012	1.99	2.44	0.0038	4.43

\*Per 100 Full-time Equivalent Non-Federal Workers

Source: Kansas Division of Workers Compensation, Kansas Labor Market Information Services

**Figure 2-1**  
**Kansas Rate of Occupational Injury and Illness FY1995-FY2012**





# **Section 3**

## **Workers Compensation Claims Statistics**



## The Kansas Closed Claims Study (CCS)

The Workers Compensation Act requires that employers (or their insurers) submit a first report of injury to the division. Not every injury, however, results in a claim by the injured worker for medical and/or indemnity compensation. Generally, the division becomes aware of a claim and obtains information that a given claim has closed, as well as information about the costs and duration of that claim, through only three means. One occurs when a claim is litigated through the division's administrative law court system. The second occurs when a sample of insurers are required by Kansas statute to provide information to the division. The third is through the filing of subsequent reports of injury through the electronic data interchange (EDI) claims system.

K.S.A. 44-557a(c) originally mandated that the Director of Workers Compensation “conduct studies of open and closed claims under the Workers Compensation Act” and seek advice in order to “make valid statistical conclusions as to the distributions of costs of workers compensation benefits.” It was expected that data collected for the division’s Open and Closed Claims Study would provide a foundation for meaningful statistical conclusions about costs and temporal characteristics of workers compensation claims in Kansas, and thus help identify trends in these claims characteristics. Due to the dynamic and continually evolving nature of medical and indemnity payments for open claims, no meaningful statistics on costs (including daily payments) could be reported and in 2003 the Legislature altered the statute to no longer obligate the division to collect data and report on open claims.

The Closed Claims Study is done annually using the original study as a baseline for comparison of subsequent studies. The intent of this statutory mandate is to enable the division to provide the legislature with information it can use to decide whether changes in provisions of the Workers Compensation Act are needed and, if so, to help formulate policy responses to identified problems.

### The 2012 Closed Claims Study (CCS)

This year’s Closed Claims Study marks the 14<sup>th</sup> consecutive year that the division has collected claims data directly from a stratified random sample of insurance carriers, self-insured organizations and group-funded pools underwriting workers compensation in the state of Kansas (see Appendix A). The following section summarizes findings of the 2012 CCS that used calendar year 2011 data.

### Highlights of the 2012 Closed Claims Study

- The mean total indemnity cost was \$25,522.04 (see Table 3-1). However, the median total indemnity cost was \$5,936.00. This significant difference indicates that there were many claims with large indemnity payouts that skewed the mean indemnity costs higher than the median.
- The mean total medical cost was \$13,991.27 (see Table 3-1). Of this total, the mean hospital cost was \$8,822.40, the mean physicians cost was \$3,836.04 and the mean cost categorized as “other medical” was \$5,844.01. As with indemnity costs, the median total

medical expense was only \$8,253.00, again indicating the presence of many large medical claims that skewed the mean total medical cost higher than the median.

- The median duration of a claim was 425 days (see Table 3-2).
- It took an average of 24 days following an accident for an insurer to be notified; however, for half the claims, notification took place within six days. Insurers took an average of 182 days from the date disability began to make the first payment to the claimant; however, for half the claims, first payment took place within 27 days (see Table 3-2).
- Median medical recovery time was 235 days (see Table 3-1), and median time away from work was 27 days (see Table 3-2).

**Table 3-1**  
**2012 Closed Claims Study**  
**Workers Compensation Claims in Kansas\***

	Univariate Statistics							n
	Mean	Standard Error	Median	Standard Deviation	Skewness	Kurtosis	Coefficient of Variation	
Total Cost of Claim (dollars)	39,513.31	3,313.58	15,778.00	153,465.78	26.71	930.11	388.39	2,145
Total Indemnity (dollars)	25,522.04	3,184.00	5,936.00	147,464.09	28.37	1,008.97	577.79	2,145
Total Medical (dollars)	13,991.27	452.67	8,253.00	20,964.92	4.64	32.44	149.84	2,145
Total Physician Costs (dollars)	3,836.04	114.31	2,308.00	4,829.40	3.38	18.20	125.90	1,785
Total Hospital Costs (dollars)	8,922.40	438.12	4,588.00	16,928.57	6.25	54.28	189.73	1,493
Total Other Medical (dollars)	5,044.01	211.24	2,016.00	9,161.56	5.42	42.52	181.63	1,881
Claim Duration (days)	544.27	9.76	425.00	452.16	1.98	5.70	83.08	2,145
Time Away from Work (days)	104.34	7.35	27.00	208.64	5.27	43.06	199.96	805
Medical Recovery (days)	353.86	9.85	235.00	369.23	2.22	6.71	104.34	1,404

\* Claims that closed in 2011 with paid indemnity & medical  
Source: Kansas Division of Workers Compensation

**Table 3-2**  
**2012 Closed Claims Study**  
**Time Intervals\***

	Claim Duration	Time Taken to Notify Insurer	Time Taken for Insurer to Issue First Payment	Time Away from Work
Mean	544	24	182	104
Median	425	6	27	27
Count	2,145	1,835	1,254	805
Max	3,793	1,097	2,647	2,647
Min	7	1	1	1

\* All time intervals are in days.  
Source: Kansas Division of Workers Compensation

- The most frequently injured body part(s) was the knee, followed by the lower back area and shoulder(s) (see Table 3-3). In prior years, all specific part of body codes were aggregated into boarder “major body regions.” The division discontinued this practice

because specificity and clarity were lost in this rollup process. Of the top five most frequently injured body parts, the highest median indemnity costs (\$13,231.00) involved injury to multiple body parts and the highest median medical costs (\$15,403.50) involved injury to the shoulder(s).

- The most frequent nature of injury was strain, followed by fracture and all other specific injuries, not otherwise classifiable (see Table 3-3). Of the top five most frequent nature of injury, the highest median indemnity costs (\$8,000.00) involved strain injuries and the highest median medical costs (\$8,979.00) involved fractures.
- The most frequent cause of injury was lifting, followed by strain and other miscellaneous, not otherwise classified (see Table 3-3). Of the top five most frequent cause of injury, the highest median indemnity costs (\$7,871.00) involved injury due to lifting and the highest median medical cost (\$11,030.50) involved injury due to a fall on the same level.

**Table 3-3**  
**2012 Closed Claims Study**  
**Claim Costs by Part of Body Injured,**  
**and Nature and Cause of Injury\***

<b>Part of Body Injured</b>	Median Indemnity	Mean Indemnity	Median Medical	Mean Medical	n
Knee	\$5,608.00	\$25,948.65	\$9,153.00	\$11,987.91	289
Lower Back Area	\$11,075.50	\$52,461.83	\$5,765.50	\$15,317.96	276
Shoulder(s)	\$12,195.00	\$24,000.12	\$15,403.50	\$17,239.02	226
Multiple Body Parts	\$13,231.00	\$26,972.23	\$9,743.00	\$20,877.31	154
Finger(s)	\$2,931.00	\$6,992.38	\$4,014.00	\$7,364.99	144
<b>Nature of Injury</b>					
Strain	\$8,000.00	\$34,908.17	\$8,388.50	\$13,488.84	686
Fracture	\$4,945.00	\$23,800.69	\$8,979.00	\$16,987.66	293
All Other Specific Injuries, NOC**	\$7,402.00	\$41,706.21	\$8,862.00	\$13,176.08	193
Sprain	\$5,663.00	\$18,874.66	\$7,394.00	\$10,471.88	180
Contusion	\$3,473.00	\$14,330.81	\$5,248.50	\$12,123.87	150
<b>Cause of Injury</b>					
Lifting	\$7,871.00	\$48,661.19	\$8,308.00	\$13,142.86	265
Strain or Injury by NOC**	\$7,492.00	\$18,094.23	\$9,008.00	\$12,995.90	163
Other – Miscellaneous, NOC**	\$6,668.00	\$17,766.75	\$7,305.00	\$11,429.54	153
Fall, Slip or Trip, NOC**	\$4,496.00	\$20,833.82	\$8,115.00	\$12,591.44	146
Fall on Same Level	\$5,354.50	\$14,462.00	\$11,030.50	\$14,729.50	126

\* Top ten part of body, nature, and cause of injury categories reported

\*\* NOC = not otherwise classifiable

Source: Kansas Division of Workers Compensation

- Temporary total disability (TTD) claims were the most common type of claim (1,367) and its median indemnity cost was \$4,747.00. The next two most frequent types of claims, scheduled permanent partial (402) and lump sum settlements (167), had median total indemnity costs of \$7,644.00 and \$5,460.00, respectively (see Table 3-4).

**Table 3-4  
2012 Closed Claims Study  
Indemnity Costs by Benefit Type\***

Benefit Type	Mean	Median	n
Temporary Total	\$23,597.56	\$4,747.00	1,367
Temporary Partial	\$4,942.39	\$844.00	52
Unscheduled Permanent Partial	\$40,527.70	\$19,947.50	130
Scheduled Permanent Partial	\$34,462.63	\$7,644.00	402
Lump Sum Settlements (Indemnity portion)	\$12,883.14	\$5,460.00	167

\*Claims that closed in 2011 with paid indemnity & medical  
Source: Kansas Division of Workers Compensation

**Table 3-5  
2012 Closed Claims Study  
Claim Costs For Repetitive Motion-Carpal Tunnel Syndrome Injuries**

Cause of Injury	Median Indemnity	Mean Indemnity	Median Medical	Mean Medical	Median Total Costs	Mean Total Costs	n
Repetitive Motion-Carpal Tunnel Syndrome	\$8,046.00	\$14,502.87	\$9,216.00	\$10,303.45	\$18,103.00	\$24,806.32	99

Source: Kansas Division of Workers Compensation

- Carpal tunnel syndrome injuries had median total indemnity costs of \$8,046.00 and median total medical costs of \$9,216.00. Median total costs for carpal tunnel claims totaled \$18,103.00 (see Table 3-5).

### Comparative Analysis of 1999-2012 CCS Total Claims Cost

Total costs for each claim were calculated for each year of the CCS and include:

- **total indemnity costs** for the claim
- **total medical costs** for the claim, which included the **total physician, hospital and other medical costs**

Median total claim costs per sample year are reported in Table 3-14. Median total claim costs for 2011 were \$15,778.00. Indemnity constituted 64.59 percent of median total claim cost for 2011, while medical was 35.41 percent.

**Table 3-6**  
**2012 Closed Claims Study**  
**Total Claims Costs\* for Calendar Years 1998-2011**

Calendar Year	Median Total Costs (Dollars)*	Percent Indemnity	Percent Medical
1998	7,396.00	52.58	47.42
1999	6,909.00	51.28	48.72
2000	7,064.00	47.88	52.12
2001	7,398.00	46.96	53.04
2002	9,147.00	52.51	47.49
2003	11,242.00	52.12	47.88
2004	9,715.00	48.04	51.96
2005	11,164.00	49.76	50.24
2006	11,795.50	50.35	49.65
2007	10,278.31	47.22	52.78
2008	13,195.00	46.02	53.98
2009	15,421.00	48.34	51.66
2010	18,706.00	50.55	49.45
2011	15,778.00	64.59	35.41

\*Sum of total incurred indemnity & medical costs per claim  
Source: Kansas Division of Workers Compensation

### Inflation-Adjusted Comparative Analysis of 2000-2010 CCS Claims Costs

In order to compare claim costs over time, the division used standard statistical procedures to adjust for inflation. Every year, the value of the dollar to the average American consumer and employers is driven down by inflation. This makes comparison of year-to-year costs difficult because the value of the dollar changes. In order to control for this fluctuation, BLS produces multiplying factors that are meant to allow costs to be compared over time to account for inflation. These factors are referred to as the Consumer Price Indexes and when used properly in an inflation adjustment formula, these indexes allow the researcher to represent each year's costs with a consistent dollar value. See Appendix A for detail on the methodology.

Highlights of this analysis are as follows:

- Table 3-7 shows both real (inflation adjusted) and nominal median indemnity costs for calendar years 2000 to 2010. All costs are expressed in 2010 dollars. Median total indemnity costs, adjusted for inflation, increased, on average, 12.15 percent yearly from 2000 to 2010. Inflation adjusted median total indemnity costs, over the same period, reveal that indemnity increased 158.00 percent in total.
- Median total medical costs, adjusted for inflation, increased, on average, 7.39 percent yearly from 2000 to 2010. Inflation adjusted median total medical costs, over the same period, reveal that medical costs increased 90.10 percent in total (see Table 3-7).
- Figure 3-1 illustrates the trend in the average, inflation-adjusted median of total indemnity and total medical costs for 2000 to 2010.

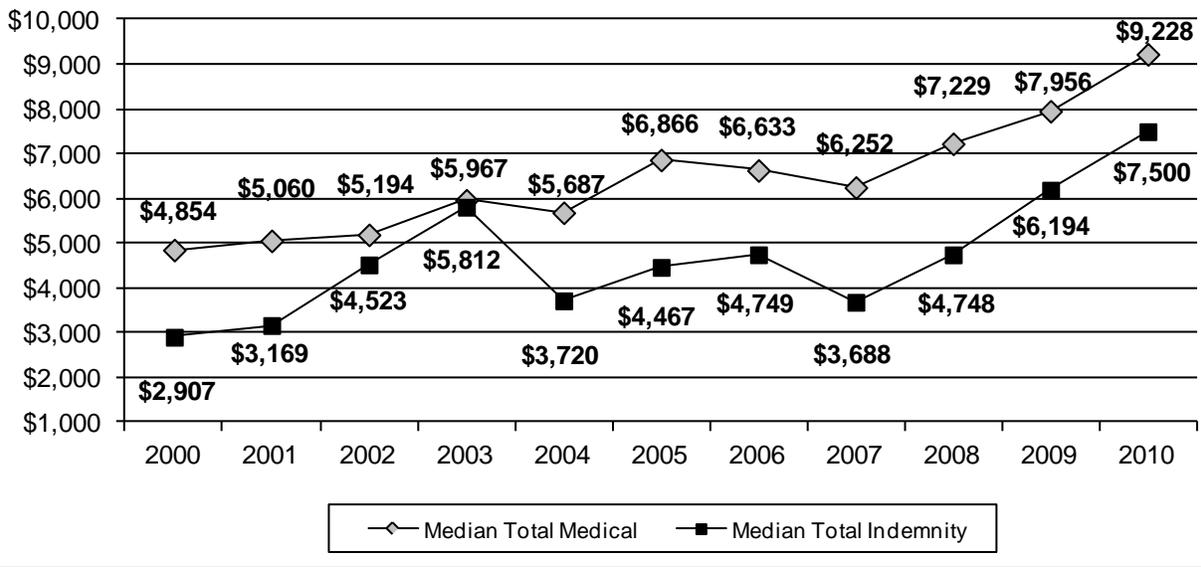
**Table 3-7  
2012 Closed Claims Study  
Inflation-Adjusted Analysis  
Costs for Claims for Calendar Years 2000-2010**

	Non- Inflation Adjusted Median Indemnity Costs	Inflation Adjusted Median Indemnity Costs	Inflation Adjusted Average Annual Increase 1999- 2010*	Inflation Adjusted Total Increase 1999- 2010*	Non- Inflation Adjusted Median Medical Costs	Inflation Adjusted Median Medical Costs	Inflation Adjusted Average Annual Increase 1999- 2010*	Inflation Adjusted Total Increase 1999- 2010*
Total Indemnity for all claims			12.15%	158.00%			7.39%	90.10%
2000	\$2,296	\$2,907			\$3,834	\$4,854		
2001	\$2,573	\$3,169			\$4,109	\$5,060		
2002	\$3,732	\$4,523			\$4,286	\$5,194		
2003	\$4,903	\$5,812			\$5,033	\$5,967		
2004	\$3,223	\$3,720			\$4,927	\$5,687		
2005	\$4,000	\$4,467			\$6,148	\$6,866		
2006	\$4,392	\$4,749			\$6,134	\$6,633		
2007	\$3,507	\$3,688			\$5,945	\$6,252		
2008	\$4,689	\$4,748			\$7,139	\$7,229		
2009	\$6,093	\$6,194			\$7,827	\$7,956		
2010	\$7,500	\$7,500			\$9,228	\$9,228		

\*Negative percentage indicates a decrease

Source: Kansas Division of Workers Compensation

**Figure 3-1  
Average (Median) Total Indemnity & Total  
Medical Claim Costs in Kansas 2000-2010  
(Inflation-Adjusted)**



- Table 3-8 lists both real (inflation adjusted) and nominal median total costs (medical and indemnity) for calendar years 2000 to 2010. Inflation-adjusted total costs increased, on average, 8.64 percent yearly from 2000 to 2010. The inflation-adjusted total increase for the same period was 109.15 percent.

**Table 3-8**  
**2012 Closed Claims Study**  
**Inflation-Adjusted Analysis**  
**Total Costs for Claims for Calendar Years 2000-2010**

	Non-Inflation Adjusted Median Costs	Inflation Adjusted Median Costs	Inflation Adjusted Average Annual Increase 2000-2010	Inflation Adjusted Total Increase 2000-2010
Total Indemnity & Medical Costs for all Claims			8.64%	109.15%
2000	\$7,064	\$8,944		
2001	\$7,399	\$9,112		
2002	\$9,148	\$11,086		
2003	\$11,243	\$13,328		
2004	\$9,715	\$11,214		
2005	\$11,164	\$12,468		
2006	\$11,796	\$12,756		
2007	\$10,278	\$10,808		
2008	\$13,195	\$13,362		
2009	\$15,421	\$15,676		
2010	\$18,706	\$18,706		

Source: Kansas Division of Workers Compensation

## Kansas Employer Workers Compensation Costs 1984-2010

The division has calculated and published standard measures of statewide employer costs for workers compensation, adjusted for inflation, for the period 1984 to 2010 (see Tables 3-9 to 3-11). Kansas Labor Market Information Services provided the nominal (non-inflation adjusted) wage data; Kansas Insurance Department provided the nominal insurance premiums data; and Kansas Division of Workers Compensation calculated the inflation adjustments, the increases and the ratios (premiums as a percentage of wages).

- Inflation-adjusted wages increased, on average, 1.90 percent yearly from 1984 to 2010, for a total increase of 61.75 percent (see Table 3-9).
- During this same period, inflation-adjusted total premiums paid for workers compensation insurance also rose, on average, 1.79 percent yearly, for a total increase of 44.89 percent (see Table 3-10).
- In Kansas from 1984 to 2010, inflation-adjusted premiums as a percentage of inflation-adjusted wages, a common statistic for measuring employer cost, decreased at an average annual rate of only 0.01 percent and decreased a total of 10.41 percent over the same period (see Table 3-11).

**Table 3-9  
Kansas Workers Total Wages 1984-2010**

	Non- Inflation Adjusted Total Wages Kansas	Inflation Adjusted Total Wages Kansas	Inflation Adjusted Average Annual Increase 1984- 2010	Inflation Adjusted Total Increase 1984- 2010
<b>Total Wages for Kansas</b>			1.90%	61.75%
1984	\$15,629,617,558	\$31,239,722,485		
1985	\$16,330,124,650	\$31,556,462,963		
1986	\$17,210,097,362	\$32,665,519,711		
1987	\$18,128,087,903	\$33,283,335,703		
1988	\$19,196,887,817	\$33,998,028,092		
1989	\$20,204,632,152	\$34,302,880,250		
1990	\$21,530,813,530	\$34,819,022,688		
1991	\$22,441,718,296	\$35,035,778,637		
1992	\$23,942,707,247	\$36,454,849,551		
1993	\$24,814,846,398	\$36,871,061,794		
1994	\$26,103,011,345	\$37,974,485,382		
1995	\$27,715,506,384	\$39,372,249,974		
1996	\$29,551,866,243	\$40,892,426,841		
1997	\$31,889,467,672	\$43,193,771,356		
1998	\$34,480,895,902	\$46,060,837,997		
1999	\$36,405,814,885	\$47,638,503,989		
2000	\$38,546,008,818	\$48,803,606,261		
2001	\$39,787,033,805	\$48,999,262,401		
2002	\$40,181,390,263	\$48,698,263,294		
2003	\$40,450,524,720	\$47,953,565,403		
2004	\$42,452,954,879	\$49,003,014,247		
2005	\$44,226,394,819	\$49,394,110,991		
2006	\$47,457,825,968	\$51,320,485,900		
2007	\$47,388,704,767	\$49,832,063,272		
2008	\$52,191,096,643	\$52,851,325,570		
2009	\$50,247,802,011	\$51,077,289,536		
2010	\$50,524,064,545	\$50,524,064,545		

Non-Inflation Adjusted Data Source: Kansas Department of Labor, Division of Labor Market Information Services

Inflation Adjustment and Increases: Kansas Division of Workers Compensation

**Table 3-10  
Kansas Employer Workers Compensation Premiums  
1984-2010**

	Non- Inflation Adjusted Total Premiums Kansas	Inflation Adjusted Total Premiums Kansas	Inflation Adjusted Average Annual Increase 1984- 2010	Inflation Adjusted Total Increase 1984- 2010
Total Premiums Earned for Kansas			1.79%	44.89%
1984	\$140,223,325	\$280,271,590		
1985	\$170,955,138	\$330,355,071		
1986	\$202,033,619	\$383,468,671		
1987	\$222,846,661	\$409,148,514		
1988	\$259,548,305	\$459,664,642		
1989	\$263,386,009	\$447,169,672		
1990	\$293,048,038	\$473,908,999		
1991	\$337,125,586	\$526,316,980		
1992	\$363,578,560	\$553,579,909		
1993	\$365,646,558	\$543,294,793		
1994	\$312,116,539	\$454,065,042		
1995	\$322,205,785	\$457,720,907		
1996	\$282,897,458	\$391,459,663		
1997	\$261,895,503	\$354,733,249		
1998	\$261,594,835	\$349,447,919		
1999	\$252,545,287	\$330,465,880		
2000	\$247,235,161	\$313,027,673		
2001	\$269,386,691	\$331,760,071		
2002	\$307,451,748	\$372,619,416		
2003	\$324,780,102	\$385,022,542		
2004	\$355,877,798	\$410,786,124		
2005	\$383,363,217	\$428,158,012		
2006	\$407,004,920	\$440,131,629		
2007	\$422,723,365	\$444,518,954		
2008	\$443,160,717	\$448,766,798		
2009	\$412,285,758	\$419,091,745		
2010	\$406,084,101	\$406,084,101		

Non-Inflation Adjusted Premiums Data Source: Kansas Insurance Department  
 Inflation Adjustment and Increases: Kansas Division of Workers Compensation

**Table 3-11  
Employer Workers Compensation Costs  
Kansas 1984-2010**

	Premiums as % of Total Wages	Average Annual Increase 1984-2010*	Total Increase 1984-2010*
Premiums as a Percent of Total Kansas Wages		-0.01%	-10.41%
1984	0.90%		
1985	1.05%		
1986	1.17%		
1987	1.23%		
1988	1.35%		
1989	1.30%		
1990	1.36%		
1991	1.50%		
1992	1.52%		
1993	1.47%		
1994	1.20%		
1995	1.16%		
1996	0.96%		
1997	0.82%		
1998	0.76%		
1999	0.69%		
2000	0.64%		
2001	0.68%		
2002	0.77%		
2003	0.80%		
2004	0.84%		
2005	0.87%		
2006	0.86%		
2007	0.89%		
2008	0.85%		
2009	0.82%		
2010	0.80%		

\*Negative percentage indicates a decrease  
Source: Kansas Division of Workers Compensation

# **Appendix A**

**Technical Notes:  
Occupational Injury and Illness  
Incidence Rates  
and  
Closed Claims Study**

## Occupational Injury and Illness Incidence Rates

**BLS Survey of Occupational Injuries and Illnesses:** The Bureau of Labor Statistics (BLS), with the help of the state agencies, selects a non-proportional stratified probability sample of employment establishments and mails them questionnaires. Employers are instructed to record all nonfatal employee injury and illness incidents, number of days away from work for each recorded injury/illness, the number of employee hours worked and the establishment's average employment. Participants in the annual survey consist of employers who maintain Occupational Safety and Health Administration (OSHA) records on employee injuries and illnesses on a regular basis under federal law and smaller employers who are exempt from OSHA record keeping requirements. The survey "excludes the self-employed; farms with fewer than 11 employees; private households; federal government agencies; and, for national estimates, employees in state and local government agencies."<sup>7</sup> Some states are experimenting with collecting data from the public sector,<sup>8</sup> but Kansas Labor Market Information Services does not currently do so.

The data collection process differs for the employers who maintain OSHA records on employee injuries and illnesses on a regular basis under federal law and those that are exempt from OSHA record keeping requirements. The former are mailed a questionnaire in February following the survey year and are asked to transfer from their records all injuries and illnesses incurred as well as demographic and hours worked data. The latter, exempt employers (those with fewer than 11 employees and those designated as "low-hazard industries" by OSHA) are notified in December of the prior year (e.g., contacted in December of 2008 to record injuries for the 2009 survey) that they have been chosen to participate in the survey and must keep records of all employee injuries. The participating state agencies are responsible for collecting data from employers within their jurisdiction and for submitting these questionnaires to BLS for analysis.

The BLS uses its incidence rates as a benchmark to compare the frequency of injuries and illnesses occurring within jurisdictions, industries or specific occupations for a calendar year. The variable "Total Injuries and Illnesses per 100 full-time workers" is the most widely quoted incidence rate, and reflects the incidence rate of "total recordable cases." BLS defines "recordable cases" as follows:

**Recordable cases include** work-related injuries and illnesses that result in:

- Death
- Loss of consciousness
- Days away from work
- Restricted work activity or job transfer
- Medical treatment (beyond first aid)

---

<sup>7</sup> BLS, 2005 News Release: *Workplace Injuries and Illnesses in 2005*, <http://stats.bls.gov/news.release/pdf/osh.pdf>.

<sup>8</sup> E.g., Christine Baker, *Trends in Occupational Injuries and Illnesses: USA and California*, IAIABC Journal, Vol. 44 No. 1, 151, 169 (Spring 2007) (explaining that the California Division of Labor Statistics and Research (DSLRL) surveys approximately 800 public sector employers).

- Significant work related injuries or illnesses that are diagnosed by a physician or other licensed health care professional. These include any work related case involving cancer, chronic irreversible disease, a fractured or cracked bone, or a punctured eardrum.
- Additional criteria that can result in a recordable case include:
  - Any needlestick injury or cut from a sharp object that is contaminated with another person's blood or other potentially infectious material.
  - Any case requiring an employee to be medically removed under the requirements of an OSHA health standard.
  - Tuberculosis infection as evidenced by a positive skin test or diagnosis by a physician or other licensed health care professional after exposure to a known case of active tuberculosis.
  - An employee's hearing test (audiogram) reveals 1) that the employee has experienced a Standard Threshold Shift (STS) in hearing in one or both ears (averaged at 2000, 3000, and 4000 Hz) and 2) the employee's total hearing level is 25 decibels (dB) or more above the audiometric zero (also averaged at 2000, 3000, and 4000 Hz) in the same ear(s) as the STS.

**The incidence rate is calculated as follows:**

**Formula:**  $IR = (N/EH) \times 200,000$

IR = Incidence Rate

N = total number of occupational injuries and/or illnesses

EH = total hours worked by all [private industry] employees during the calendar year

200,000 = Base for 100 full-time equivalent workers (working 40 hours per week, 50 weeks per year)<sup>9</sup>

**Kansas Occupational Injury and Illness Incidence Rates:** The division collects data on the entire population of workplace injuries and illnesses in the state of Kansas through its first report of injury form and stores it in its relational database. Every employer covered under the Workers Compensation Act that has workplace injuries must submit first reports of injury. The severity of each occupational accident or illness and the industrial classification code are mandatory data elements that must be reported by employers to the state. The severity of each accident or illness is exhibited by the numerical code representing the following severity categories: 0-No time lost, 1-Time lost and 2- Fatality. The division's analysts utilized the BLS statistical formula (see above) to calculate the incidence of injury for each severity classification for Kansas's non-federal employment hours for the past sixteen fiscal years. Injury and illness data was obtained from the Division of Workers Compensation, and the employment hour data used in the division's calculation of incidence rates was obtained from the Kansas Labor Market Information Services.

<sup>9</sup> Bureau of Labor Statistics, *Occupational Safety and Health Definitions*, <http://stats.bls.gov/iif/oshdef.htm>.

## Kansas Closed Claims Study (CCS) Methodology

The following is a description of the methodology used by the Technology and Statistics section of the division for the 2012 Closed Claims Study (CCS).

**Sample Design:** Rather than collecting data from the entire population of claims for a calendar year, which would be impractical (as it would result in very large data sets), extremely expensive and labor intensive, the division's researchers used a random sample from the population and make valid inferences about its characteristics using reliable and credible statistical techniques.

The Workers Compensation Division must have a sample that is sufficiently large and accurately representative of the population in order to perform relevant statistical inference. The sample must also preserve the power of equal probability associated with simple random sampling for statistical purposes. This enables the researchers to process the statistics without having to weigh different variables differently. Simple random sampling will not work with this data because carriers with higher paid losses tend to have a higher proportion of paid loss claims, making the distribution of paid loss claims unevenly distributed. In order to sample a larger percentage of those carriers, the division utilizes a two-stage type of probability sampling procedure known as "disproportionate stratified sampling." That procedure ensures that different groups within the loss claims population will be adequately represented in the sample.

The general strategy employed is to first create strata (subsets of the total population) that are more homogeneous than the population as a whole, and then to sample a different fraction of insurers within each strata. Then, when recombined through analysis, the resulting sample will be reasonably representative of the more heterogeneous total population. The population was stratified according to paid losses. The specific variable used to stratify the population was a percent of total paid losses for all workers compensation claims in the state of Kansas. Subsequent to stratification, the division selected carriers from each stratum by utilizing a random number generator. All carriers in any particular stratum had the same chance of being selected as any other carrier in the same stratum. The selected carriers were asked to randomly select claims from their own databases that met the CCS study criteria.

**Data Collection:** The organizations included in the study were then asked by the division to randomly sample from their databases approximately 200 (or less, if they did not have 200) claims for the specified calendar year. The sample was to be taken from each entity's pool of claims, including both medical and indemnity payments. Each claim in the sample also was required to have been open at least one day during the period of January 1, 2011, to December 31, 2011.

The division secured permission from the National Council on Compensation Insurance to print and use the Detailed Claim Information (DCI) survey instrument in order to create data definitions and structure for the Kansas Closed Claims Study survey. DCI is a national standard for reporting comprehensive claim data from insurance carriers. Adhering to the DCI structure, programmers in KDOL created two software packages to assist reporting entities. One package was a manual entry system; the other application allowed a text file to be imported electronically. Both products included editing limitations on inputs to certain data fields. In addition, the

division's analysts performed data scrubbing on the data sets to ensure that accurate aggregate statistics were reported to the legislature.

**Response Rate:** Non-response bias is always a threat to the accuracy of a sample because non-respondents may differ significantly from survey respondents. Typically, in any study such as this one, certain organizations do not respond due to various circumstances, including, but not limited to, bankruptcy, refusal to answer or lost forms. This year, we experienced a non-response rate of 12%.

**Adjusting for Inflation:** In order to compare claim costs over time, the division utilized standard statistical procedures to adjust past costs for the effects of inflation. Every year, the value of the dollar to the average American consumer is driven down by inflation. This makes comparison of costs from year to year difficult to accurately interpret because the value of the dollar does not remain constant. In order to remedy this situation, BLS has produced multiplying factors that are meant to "even out" cost data. These factors are referred to as Consumer Price Indexes and when used properly in an inflation adjustment formula, allow the researcher to represent each year's costs with a consistent dollar value.

Over the last 25 years, the BLS has made numerous improvements to the CPI-U (Consumer Price Index for All Urban Consumers), making it a more accurate conversion factor for comparing costs over time. However, because the CPI-U is tied to federal income tax brackets, Social Security benefits, wage levels specified in collective bargaining agreements, government programs and private contracts, it would be impracticable for the BLS to update older CPI-U's to reflect the changes. Therefore, the researcher is not able to represent costs over time in a consistent dollar value by using the CPI-U. The CPI-U is thus better situated for converting specific costs for simple comparisons and not for analyzing time series data.

In order to remedy the situation for the researcher, the BLS has developed the Consumer Price Index for All Urban Consumers Research Series (CPI-U-RS). This series, built exclusively for researchers doing time series analyses, allows the researcher to represent cost figures that reflect estimates of what inflation would have been if it had been measured using current CPI-U methods since 1978. The CPI-U-RS incorporates most of the improvements made to the CPI-U over time, however it has some limitations. The estimates are based on research covering a short time and extrapolated to a longer time period. Additionally, some of the improvements haven't been included for various reasons. In spite of these limitations, the CPI-U-RS is the most detailed and systematic estimate available of a consistent CPI series. CPI-U-RS is utilized by the Division of Workers Compensation for adjusting all costs for inflation from 2000-2010.