

Division of Workers' Compensation

2005 Annual Report

Tom Gallagher

Chief Financial Officer, State of Florida

*Serving Florida's Workers' Compensation
Stakeholders from Coast to Coast*

Message from the Director

September 15, 2005

Dear Governor, Mr. President, and Mr. Speaker:

The opportunity to serve the citizens of the State of Florida and Chief Financial Officer, Tom Gallagher, as Director of the Division of Workers' Compensation is an honor and a privilege. We are pleased with our accomplishments in the Division of Workers' Compensation during the past year and hope that the information presented in this report is beneficial to you and underscores our success.

This annual report, as required by Florida Statute, details the administration of Chapter 440, F.S., provides an accounting of the Workers' Compensation Administration Trust Fund, and describes the causes of workers' compensation injuries. The report also sets forth the division's mission and provides an overview of the responsibilities of the bureaus that comprise the division.

It's been two years since the Florida Legislature enacted Senate Bill 50A. The legislation provided for significant workers' compensation reform and required system stakeholders – from employers and carriers to the division itself – to bring about desired changes through increased accountability. For employers and carriers, reporting requirements were strengthened and penalties for non-compliance increased. For the division, regulatory authority was expanded. In fulfilling its regulatory obligations, the division has written and amended administrative rules to implement system changes and has regularly met with system stakeholders to increase awareness of new obligations under, and the division's activities in implementing, Senate Bill 50A. Further specifics concerning the division's rule-making and outreach efforts, which continue unabated, are addressed later in this report.

The division has also utilized technology to create electronic tools that provide real-time information and feedback to system stakeholders. At present, databases that are accessible through the division's website include the following:

- **Centralized Performance System (CPS Medical and Indemnity):** Provides feedback and monitors carrier (and third-party administrator) performance as to timeliness of payment of initial indemnity benefits and medical bills and the timeliness of filing of First Reports of Injury and medical bills. Fines are assessed for violations.
- **Electronic Data Interchange (EDI Medical and Indemnity):** Medical data are reported to the division electronically through EDI medical as required pursuant to Administrative Rule 69L-7.602. The division is currently drafting a rule to mandate the electronic reporting of First Reports of Injury (Form DWC-1) and Claim Cost Reports (DWC-13). It is anticipated that a workshop on the rule will be held this fall.
- **Proof of Coverage (POC):** Allows users to view the current and past workers' compensation coverage status of an employer and the exemption status of an individual.
- **Construction Policy Tracking Database:** Tracks the coverage status of subcontractors for contractors that register with the database.
- **Provider Databases:** Sets forth the Agency for Health Care Administration's medical provider lists, and the Bureau of Rehabilitation and Reemployment Services' approved companies, facilities and providers.
- **Claims Database:** Contains workers' compensation accident data on an individual claim basis, with certain information redacted as required by Florida law.
- **Statistical Reports Based on Claims Data:** Allows users to generate statistical reports from the most recent end-of-month claims file.
- **E-Alerts:** Allows those interested in workers' compensation developments to register to automatically receive electronic notification of significant workers' compensation issues within the division as they occur.

We are committed to continual improvement of Florida's workers' compensation system and making this division the best in state government. Please contact me at any time with comments or questions you may have about this report or workers' compensation in Florida.

Sincerely,



Tanner Holloman
Director

Division of Workers' Compensation Annual Report 2005

Table of Contents

Message from the Director	3
Table of Contents	4
List of Tables	5
List of Figures	6
The Division of Workers' Compensation	7
Mission Statement	7
Bureau of Compliance	8
Bureau of Monitoring and Audit	10
Office of Data Quality and Collection	11
Employee Assistance and Ombudsman Office	13
Bureau of Operations Support.....	15
Assessments and Funding	16
Workers' Compensation Claims Data	20
Division of Workers' Compensation Contacts	44
Division of Workers' Compensation District Offices	45

List of Tables

Table 1: Workers' Compensation Administration Trust Fund Assessment Rates and Total Revenues (Fiscal Years 1996 through 2005).....	16
Table 2: Special Disability Trust Fund Assessment Rates and Total Revenues (Fiscal Years 1996 through 2005)	18
Table A1: Comparison of Injury Year to Year of Case Closure	37

List of Figures

Figure 1: Fiscal Year 2005 Workers' Compensation Administration Trust Fund Revenues	17
Figure 2: Fiscal Year 2005 Workers' Compensation Administration Trust Fund Disbursements.....	17
Figure 3: Fiscal Year 2005 Special Disability Trust Fund Revenues	19
Figure 4: Fiscal Year 2005 Special Disability Trust Fund Disbursements.....	19
Figure A1: Number of Lost Time Cases by Injury Year, 1995-2004.....	24
Figure A2: Number of Lost Time Cases by Claimant's Highest Disability Type and Injury Year	25
Figure A3: Annual Average by Month of Injury, Adjusted for Length of Month, for Combined Injury Years 1995-2004 ..	26
Figure A4: Annual Average by Weekday of Injury, for Combined Injury Years 1995-2004.....	27
Figure A5: Proportion of Lost Time Claimants by Gender within Injury Year	28
Figure A6: Age Distribution of Lost Time Claimants by Injury Year	29
Figure A7: Percent Distribution of Lost Time Claims by Cause of Injury within Injury Year	30
Figure A8: Percent Distribution of Lost Time Claims by Nature of Injury within Injury Year.....	31
Figure A9: Percent Distribution of Lost Time Claims by Injured Body Location within Injury Year	32
Figure A10: Percent Distribution of Lost Time Claims by County Location of Injury within Injury Year	33
Figure A11: Percent Distribution of Lost Time Claims by Major Industry Division within Injury Year	34
Figure A12: Distribution of (Non-Zero) Permanent Impairment Ratings of Lost Time Claimants by Injury Year	35
Figure A13: Percent Distribution of Lost Time Claims by Carrier Type within Injury Year	36
Figure A14: Counts of Lost Time Claims with Various Types of Benefits Reported by Injury Year	38
Figure A15: Sum (in Millions) of All Benefits and Settlements Paid by Injury Year.....	39
Figure A16: Sum (in Millions) of All Benefits and Settlements Paid by Injury Year.....	40
Figure A17: Sum of Indemnity Benefits Paid (in Millions) by Type and Injury Year	41
Figure A18: Sum of Medical Benefits Paid (in Millions) by Type and Injury Year	42
Figure A19: Sum of Settlement Amounts Paid (in Millions) by Type and Injury Year	43

Mission Statement

The Division of Workers' Compensation's mission is to actively ensure the self-execution of the workers' compensation system through educating and informing all stakeholders of their rights and responsibilities, compiling and monitoring system data, and holding parties accountable for meeting their obligations. To facilitate the accomplishment of this mission, the division is pursuing the following goals:

- Serve as a comprehensive resource to all system stakeholders
- Continually utilize technological advances to translate data into real-time information about Florida's workers' compensation system
- Analyze accident and fatality data and share insights with system stakeholders.

The division is composed of, and accomplishes its objectives through, five organizational units:

- Bureau of Compliance
- Bureau of Monitoring and Audit
- Employee Assistance and Ombudsman Office
- Bureau of Operations Support
- Office of Data Quality and Collection

The responsibilities of each organizational unit and their accomplishments in Fiscal Year 2005 are highlighted in this annual report.

Bureau of Compliance

The Bureau of Compliance serves to ensure that employers comply with their statutory obligation, under Chapter 440, Florida Statutes, to obtain appropriate workers' compensation insurance coverage for affected employees. Attainment of this objective levels the economic playing field for all employers, adds premium dollars to the system that were previously evaded due to non-compliance, provides coverage for employees that were previously uncovered due to non-compliance, and ensures that covered employees with work-related injuries receive their statutory benefits.

The bureau accomplishes its mission through:

- Enforcement investigations: The bureau conducts on-site investigations of worksites to determine employer compliance.
- Enforcement tools: The bureau issues Stop Work Orders and assesses fines against employers found not to be in compliance.
- Management of the exemption process: The bureau processes applications from eligible employers seeking to utilize the exemption provision of the workers' compensation law.
- Education of employers: The bureau participates in employers' conferences and workshops to educate employers on workers' compensation coverage requirements.

Accomplishments

Through its enforcement and investigative efforts, in Fiscal Year 2005 the Bureau of Compliance:

- Increased the number of new employees covered under the workers' compensation law compared to the prior fiscal year. In FY 2004, 13,159 additional employees were provided coverage; while in FY 2005, 20,955 employees gained coverage, which represents a 59% increase.
- Increased the number of Stop Work Orders issued compared to the prior fiscal year by 50%. In FY 2004, 1,776 Stop Work Orders were issued. In FY 2005, 2,672 Stop Work Orders were issued.
- Increased the amount of penalties assessed for non-compliance compared to the prior fiscal year by 188%. In FY 2004, \$15,996,466 in penalties were assessed. In FY 2005, \$46,046,169 in penalties were assessed.
- Increased the amount of evaded premium that was added to the system compared to the prior fiscal year. In FY 2004, \$25,346,261 in evaded premium was added to the premium base. In FY 2005, \$52,621,146 in evaded premium was added, which represents a 108% increase.
- Processed 76,351 construction industry exemption applications and 15,443 non-construction industry exemptions.

Measures

In Fiscal Year 2005, the Bureau of Compliance increased the number of employers contacted in order to determine their workers' compensation status by 9,393 employers (an increase of 35% over the prior year's performance), which resulted in more employers obtaining workers' compensation coverage as a result of the bureau's activities (1,107 employers, or a 46% increase over FY 2004).

Rules Promulgated in FY 2005

The Bureau of Compliance promulgated the following rules in order to clarify and interpret some of the various enforcement and compliance provisions in Chapter 440:

- 69L-6.015: Record Maintenance and Production Requirements for Employers
- 69L-6.019: Policies and Endorsements Covering Employees Engaged in Work in Florida
- 69L-6.024: Subcontractors Requirement Regarding Proof of Coverage
- 69L-6.025: Conditional Release of Stop Work Order and Periodic Payment Agreement
- 69L-6.027: Penalty Calculation Worksheet
- 69L-6.028: Procedures for Imputing Payroll and Penalty Calculations

Outreach Efforts

Much of the staff of the Bureau of Compliance is located in field offices throughout the state. Several of the field offices were in the path, or in close proximity of the path of the 2004 hurricanes. As a result, bureau staff were called upon to be part of the frontline of the Department of Financial Services' personnel in providing assistance and information to citizens affected by the hurricanes.

Bureau personnel assisted in staffing disaster centers throughout Florida. The Division of Workers' Compensation developed and distributed a hurricane recovery and relief informational flyer to homeowners. The flyers were distributed door-to-door in some of the hardest impacted areas of the state as well as to churches, stores, civic organizations, and neighborhood centers. Bureau staff participated in Construction Industry Fair days in Ft. Myers and Pensacola where they provided insurance information to homeowners and contractors.

The Division of Workers' Compensation also produced a radio public service announcement (PSA) that reminded homeowners to use licensed and insured contractors. The PSA was aired in hardest hit areas from the hurricanes. The text of the PSA is provided below.

IN THE AFTERMATH OF A HURRICANE ...HOMEOWNERS CAN FACE ANOTHER DANGER...UNINSURED AND UNLICENSED CONTRACTORS. THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES WANTS YOU TO KNOW THAT CONTRACTORS MUST HAVE WORKERS' COMPENSATION INSURANCE OR A VALID EXEMPTION. IF NOT, YOU COULD BE ON THE HOOK IF THEY ARE INJURED WHILE WORKING ON YOUR HOME. FOR MORE INFORMATION, CALL OUR HOTLINE AT 1-800-22-STORM.

The division anticipated that many out-of-state contractors would come to Florida to aid in the clean-up and rebuilding effort and developed a flyer to inform out-of-state contractors of the coverage requirements of Florida's workers' compensation law and the consequences for not meeting those requirements. The division then contacted many state and national trade associations throughout the country and informed them of Florida's workers' compensation coverage requirements. The division also asked the associations to distribute the flyers to their members. Some of the associations that were contacted included American General Contractors Inc., American Subcontractors Association Inc., and the National Roofing Contractors Association. The division also contacted out-of-state chambers of commerce and asked them to distribute the flyer to their members.

The division launched a 13-week statewide radio campaign that focused on employer fraud and premium evasion. The PSA was produced in English and Spanish. The text of the PSA is provided below:

THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES IS COMMITTED TO STOPPING WORKERS' COMPENSATION FRAUD. EMPLOYERS WHO PAY CASH TO THEIR EMPLOYEES AND FAIL TO REPORT THESE CASH PAYMENTS TO THEIR INSURANCE COMPANY ARE BREAKING THE LAW. IF YOU SUSPECT AN EMPLOYER IS COMMITTING SUCH A CRIME OR DOES NOT HAVE WORKERS' COMPENSATION COVERAGE... CALL 1-800-742-2214. IF YOUR TIP LEADS TO A CRIMINAL CONVICTION YOU MAY BE ELIGIBLE FOR A REWARD OF UP TO \$25,000. AGAIN THAT NUMBER IS 1-800-742-2214.

The Bureau of Compliance also understands the importance of educating citizens and employers about workers' compensation coverage requirements and made presentations to various groups throughout the state.

Fiscal Year

	2001	2002	2003	2004	2005
Employers contacted for investigation	37,433	34,268	26,980	27,333	34,160
Stop Work Orders Issued	1,124	1,352	1,193	1,776	2,672
New Premium Dollars Added to the System (millions)	\$21.1	\$20.8	\$47.4	\$25.3	\$52.6

Bureau of Monitoring and Audit

The Bureau of Monitoring and Audit serves to ensure the timely and accurate payment of benefits to injured workers, the timely payment of medical bills, and that the resources of self-insured employers are sufficient to pay employees' claims.

The bureau achieves its mission through four sections, as follows:

- The Audit Section audits insurer claims handling practices, verifies the accuracy of data filed with the division, monitors insurer performance through review of the division's claims data, investigates and enforces compliance with compensation orders of Judges of Compensation Claims, and audits the accuracy of payroll and classification information reported to the division by self-insured employers.
- The Penalty Section evaluates and assesses insurer performance with respect to the timely payment of initial indemnity benefits and medical bills and the timely filing of First Reports of Injury and medical bills. Performance is monitored via the Centralized Performance System (CPS), an interactive web-based system that allows insurers to access their performance information and respond to the division in real-time. There are separate CPS Medical and CPS Indemnity Modules.
- The Permanent Total Section ensures the accuracy and timeliness of the payment of permanent total benefits and permanent total supplemental benefits. In addition to reviewing/auditing forms filed with the division, the section participates in hearings, depositions, and mediations to assist in resolving disputes, and performs audits of carriers and self-insured employers.
- The Self-insurance Section monitors the self-insurance programs of governmental and public entities, calculates experience modification factors, and certifies third-party administrators.

Accomplishments

In Fiscal Year 2005, the bureau:

- Reviewed over 10,000 claims files and completed 40 carrier audits, which resulted in the payment of an additional \$94,897 in penalties and interest to injured workers due to the late payment and underpayment of indemnity benefits. The audit process identified 319 claim files with underpayments totaling \$285,051.
- Launched the CPS medical billing module in November 2004, which enabled evaluation of 1,970,248 medical bills from approximately 900 insurers and self-insurers by the end of the fiscal year. This system will assess the timely performance of 4-5 million medical records in 2006.
- Evaluated approximately 6,000 First Reports of Injury (DWC-1) per month via the CPS Indemnity Module. The CPS Indemnity Module launched in June 2005.
- Identified \$875,000 in underpayments in permanent total benefits and \$47,000 in overpayments by carriers and self-insured employers.
- Assisted the Fiscal Office with the processing and payment of more than \$21 million in permanent total supplemental benefits for injuries that occurred before July 1, 1984.
- Promulgated 484 experience modification factors for self-insured employers.

Rules Promulgated in FY 2005

The Bureau of Monitoring and Audit took a leading role in revising the following rule to implement the mandates of Senate Bill 50A:

69L-3: Workers' Compensation Claims

The revised rule, effective January 2005, clarifies filing requirements for division forms and specifies filing timeframes.

Office of Data Quality and Collection

The Office of Data Quality and Collection is responsible for collecting workers' compensation claims, medical, and proof of coverage data, ensuring data quality, and organizing data to provide real-time feedback to data submitters and accurate and readily accessible information to all workers' compensation stakeholders.

The office accomplishes its mission by:

- Collecting, analyzing, organizing, and ensuring quality of workers' compensation accident claims, medical and proof of coverage information submitted to the division via electronic data interchange (EDI) and paper filed forms.
- Establishing and implementing administrative rules, requirements, and processes for electronic reporting of the First Report of Injury, Subsequent Report of Injury and Proof of Coverage forms, using national EDI standardized file formats.
- Processing and complying with public records and subpoena requests.
- Serving as records repository for workers' compensation claims records archived via electronic imaging technology.

Accomplishments

Through its activities in Fiscal Year 2005, the office:

- Received, accepted, and processed over 4.06 million medical bills from physicians, dentists, hospitals, and pharmacists, a 10% increase over the previous fiscal year.
- Implemented a new medical data system that provided continuous feedback to submitters on the reasons claims were rejected, resulting in an 86% decrease in the number of rejected medical bills that were not corrected and resubmitted to the division – from 55,959 in FY 2004 to only 7,513 in FY 2005.
- Received and processed over 100,000 electronic First Reports of Injury (DWC-1) and Claim Cost Reports (DWC-13).
- Received and processed over 411,000 paper filed First Reports of Injury (DWC-1), Claim Cost Reports (DWC-13) and Notice of Action/Change (DWC-4).
- Manually checked 5% of all paper filed claim forms and established an average of just below 99% accuracy for data recording.
- Received and processed over 7,500 Subpoenas and Public Records requests. Turnaround response time was three business days from receipt.
- Electronically imaged and archived over 850,000 paper filed workers' compensation documents.

Measures

In Fiscal Year 2005, the Office of Data Quality and Collection electronically processed, accepted, and quality checked over 5.3 million records (claims, medical, proof of coverage) submitted to the division.

Rules Promulgated in FY 2005

The office promulgated the following rules in order to implement electronic submission of medical, claims, and proof of coverage reporting and Health Care Reimbursement Manuals:

69L-56: Rules for Electronic Data Interchange (EDI) Requirements for Proof of Coverage and Claims

69L-7.020: Florida Health Care Provider Reimbursement Manual, 2005

69L-7.020: Florida Health Care Provider Reimbursement Manual, 2004, 2nd Edition

69L-7.501: Florida Workers' Compensation Reimbursement Manual for Hospitals, 2004, 2nd Edition

69L-7.602: Florida Workers' Compensation Medical Services Bills, Filing and Reporting Rule

Outreach Efforts

To assist stakeholders in the electronic submission of data, office representatives have regularly met with various submitter groups and shared insights into electronic filing at the Florida Workers' Compensation Institute's 2004 Conference, and various other workers' compensation seminars around the state.

Fiscal Year

	2001	2002	2003	2004	2005
Number of forms loaded into the division's databases (claims, medical, coverage)	3,881,831	3,827,433	4,026,580	4,607,425	5,379,659
Percent of claims, medical, and coverage forms successfully submitted electronically	88.15%	85.94%	89.89%	90.22%	92.3%

Employee Assistance and Ombudsman Office

The mission of the Employee Assistance and Ombudsman Office (EAO) is to effectuate the self-executing features of Florida workers' compensation system without undue expense or costly litigation. EAO accomplishes this mission through various activities designed to improve and facilitate communication and dispute resolution between the various stakeholders in the system.

- Through an Early Intervention Program (EIP) EAO contacts injured workers with lost time workplace injuries as soon as the division receives notice. EAO provides injured workers with information on their rights and responsibilities; informational literature; assists with issues relating to the claim; provides contact information and offers EAO as a resource for injured workers throughout their claim.
- EAO is actively involved in dispute resolution between injured employees and claims handling entities. Assistance includes obtaining medical authorization and/or change in physicians, as allowed by law; obtaining delinquent lost time wage replacement benefits; and acting as the conduit between the injured worker and claims handling entity when communications have broken down.
- EAO may assist injured employees with reporting claims to their employer's insurance company when the employer refuses to do so.
- When contacted by an injured employee whose employer is not in compliance with workers' compensation coverage requirements, EAO refers to the name of the non-compliant employer to the division's Bureau of Compliance and assists the injured worker in obtaining assistance or filing a Petition for Benefits with the Judges of Compensation Claims.
- EAO reviews notices of denial of claims to determine whether the denial was based upon valid reasons under Florida statutes.
- EAO assists health care providers in collecting on unpaid, undisputed, medical bills for treatment of workplace injuries.
- EAO maintains a staff of bilingual specialists and bilingual information to assist the growing Hispanic population in the State of Florida.
- EAO provides on-site field offices in the major metropolitan areas in the state as a presence in the community and resource for walk-in clients.
- EAO operates the customer service unit for the division providing information on Florida's workers' compensation system - from exemption issues and compliance with the law to special assignments presented to the division by state officials or highly litigated issues requiring special handling.

Accomplishments

Direct contact with clients through EIP program	25.4%
Resolution of issues presented by EIP clients	73.8%
Unpaid medical bills collected	\$2.1 million
Telephone calls presented	>150,000*
Walk-ins	> 1,000*
Bilingual calls handled	> 15,000*

* Estimated based on reported information.

EAO also assisted in the Department of Financial Services' hurricane relief efforts, directly assisting persons affected by hurricanes Charley, Frances, Jeanne and Ivan. EAO personnel:

- Assisted in relief efforts at disaster recovery centers
- Collected and disseminated items to other relief workers
- Provided telephone assistance for identifying insured contractors
- Assisted in the collection and analysis of applications for distribution of relief funds for those affected by double deductibles from multiple storms.

Goals

For Fiscal Year 2006 EAO is reorganizing to more effectively and efficiently assist injured workers and meet its responsibilities to all stakeholders as prescribed by Florida law. Specific core functions have been identified and will be implemented throughout the year. Briefly they are:

- Outreach and Education: Through educational materials, including informational brochures, and other outreach efforts, EAO will increase stakeholder awareness of rights and responsibilities and EAO's role in helping prevent and resolve disputes.
- Call Center/Request for Assistance: EAO will offer assistance to injured employees through a dedicated call center staffed by workers' compensation insurance experts.
- Early Intervention Program: Through EIP, EAO will talk with a greater percentage of claimants who suffer the most serious/potentially serious injuries and assist these workers throughout the claims process.
- Ombudsman: EAO ombudsmen will serve as advocates for injured workers and assist in clarifying issues and resolving disputes.
- Investigations: EAO employees will objectively pursue facts and facilitate dispute resolution whenever possible.

Bureau of Operations Support

The Bureau of Operations Support is composed of the Special Disability Trust Fund (SDTF), Assessment Section, Office of Research and Education Services, and the Occupational Safety and Health Unit. The mission of each of these areas is as follows:

- SDTF: To encourage the employment of workers with pre-existing permanent physical impairments; to reimburse employers or their carriers for benefits provided to an employee with a pre-existing impairment who was subsequently injured in a covered workers' compensation accident on or before December 31, 1997; and to assure that claims that are determined eligible for reimbursement are processed accurately and promptly.
- Assessment Section: To ensure the availability of resources to pay for the Administration of the Workers' Compensation Administration and Special Disability Trust Funds through the calculation and collection of assessments from carriers and self-insurers.
- Office of Research and Education Services: To analyze workers' compensation claims and medical data; to provide information on Florida's workers' compensation system to stakeholders and the general public; to coordinate the division's training and outreach activities.
- The Occupational Safety and Health Statistical (OSH) Unit: To receive and correctly report Florida-based employee injury and fatality data to the federal Bureau of Labor Statistics. This information may be utilized by researchers, economists, policy makers, and others as a means to promote employee safety. All workers' compensation system stakeholders may contact the Office of Research Services directly for the most recent information and publications pertaining to the OSH program.

Accomplishments

One of the major functions of the Bureau of Operations Support is to reimburse insurance carriers for benefits they have paid to injured workers who had pre-existing permanent impairments before the covered workplace injury occurred. Reimbursements are funded through the Special Disability Trust Fund (SDTF). Although the SDTF has been prospectively abolished for injuries occurring on or after January 1, 1998, carriers are still due reimbursements based on payments for earlier years. In Fiscal Year 2005, the SDTF paid out over \$190 million in reimbursements to insurers. To ensure that SDTF funds are correct and distributed fairly, requests for reimbursement are audited before they are approved for payment. In Fiscal Year 2005, the SDTF audited 5,138 reimbursement requests, which resulted in a cost avoidance of approximately \$14.5 million dollars.

Fiscal Year

	1998	1999	2000	2001	2002	2003	2004	2005
Number of reimbursement requests audited	8,798	7,652	8,492	9,008	8,893	7,470	6,299	5,138
Costs avoided as a result of the reimbursement audit process	NA	\$13.3	\$10.5	\$14.3	\$11.2	\$10.7	\$12.9	\$14.5

Assessments and Funding

The Division of Workers' Compensation manages two trust funds: the Workers' Compensation Administration Trust Fund (WCATF) and the Special Disability Trust Fund (SDTF). Both of these funds are supported by annual assessments applied to workers' compensation insurance premiums, actual or estimated. For carriers, assessable mutuals and self-insurance funds, the assessments are based on premiums from compensation policies written in Florida. For individual self-insured employers, the assessments are based on the amount of premium calculated by the department.

The Workers' Compensation Administration Trust Fund (WCATF)

Prior to January 1, 2001 and statutory changes passed by the 2000 Florida Legislature, the Division of Workers' Compensation, in accordance with section 440.51, F.S., determined the funding level for the WCATF for a fiscal year based upon administrative expenses for the previous fiscal year. Total expenses were prorated among the carriers writing compensation insurance, assessable mutuals, self-insurance funds and individual self-insurers. The assessment was a percentage of net premiums collected, or net premiums calculated for self-insurers, not to exceed 4%.

Beginning January 1, 2001, the assessment rate applies to a calendar year period and must be established the preceding June, in order to meet the July 1st statutory deadline for providing notification to carriers and self-insurers of the rate that will apply to the upcoming calendar year. The calendar year assessment rate is based upon the anticipated expenses of administering the workers' compensation statute during the following calendar year, and the maximum rate decreased to 2.75%. At the same time the statutory change was made, from a fiscal year assessment period to a calendar year assessment period, insurers were also required, beginning July 1, 2001, to pay the WCATF assessment on net premiums including the deductible policy premium discounts the company had applied to its deductible policies.

Table 1 summarizes the WCATF assessment rates and revenues, from all sources, during the past 10 fiscal years. Since the modification of the method for calculating the assessable premium base became effective in 2001, the assessment rate has declined from 3.74% for July 1, 2000 – December 31, 2000, to 2.75% for Calendar Year 2001, to 0.75% for Calendar Year 2005. At the same time, revenues steadily increased through 2003, at which time the effect of the lowered assessment rate began to show its effect.

Table 1

Workers' Compensation Administration Trust Fund Assessment Rates and Total Revenues
(Fiscal Years 1996 through 2005)

Fiscal Year	Assessment Rate	Revenues
1996	3.15%	\$98,710,066
1997	2.50%	\$90,165,687
1998	2.40%	\$92,485,615
1999	2.75%	\$82,953,596
2000	3.48%	\$103,738,676
*2001	3.74%/2.75%	\$119,419,182
2002	2.75%/2.56%	\$146,752,416
2003	2.56%/1.75%	\$158,889,383
2004	1.75%/1.5%	\$139,417,773
2005	1.5%/0.75%	\$115,793,918

*Chapter 2000-150, Laws of Florida, changed the assessment period to a calendar year effective January 1, 2001.

Revenues derived from Workers' Compensation Trust Fund assessments cover expenses for the Division of Workers' Compensation (administrative costs including payment of Permanent Total Supplemental Benefits), the Office of the Judges of Compensation Claims, a portion of the Agency for Health Care Administration, a portion of the Department of Education, and a portion of the Bureau of Workers' Compensation Fraud. Figures 1 and 2 illustrate the breakout of revenue sources and disbursements for fiscal year 2005. The excess of revenues over disbursements is applied toward estimated expenses for the subsequent calendar year, and included in the computation of that year's assessment rate. Thus, the WCATF assessment rate will be 0.6%, effective January 1, 2006.

Figure 1

**Fiscal Year 2005
Workers' Compensation Administration Trust Fund
Revenues**

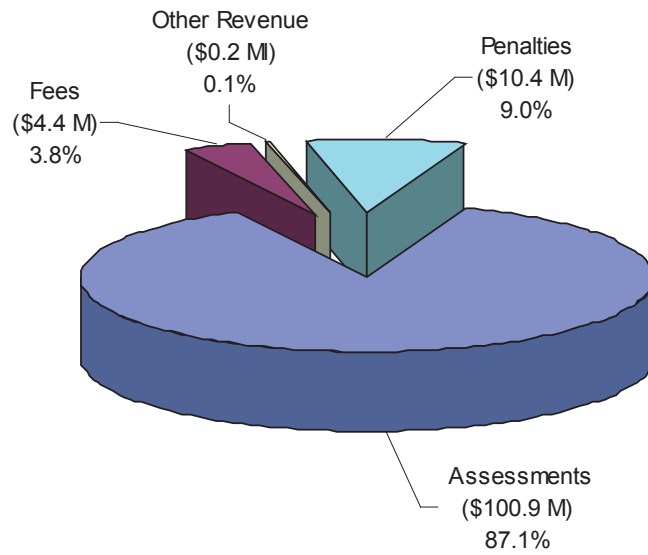
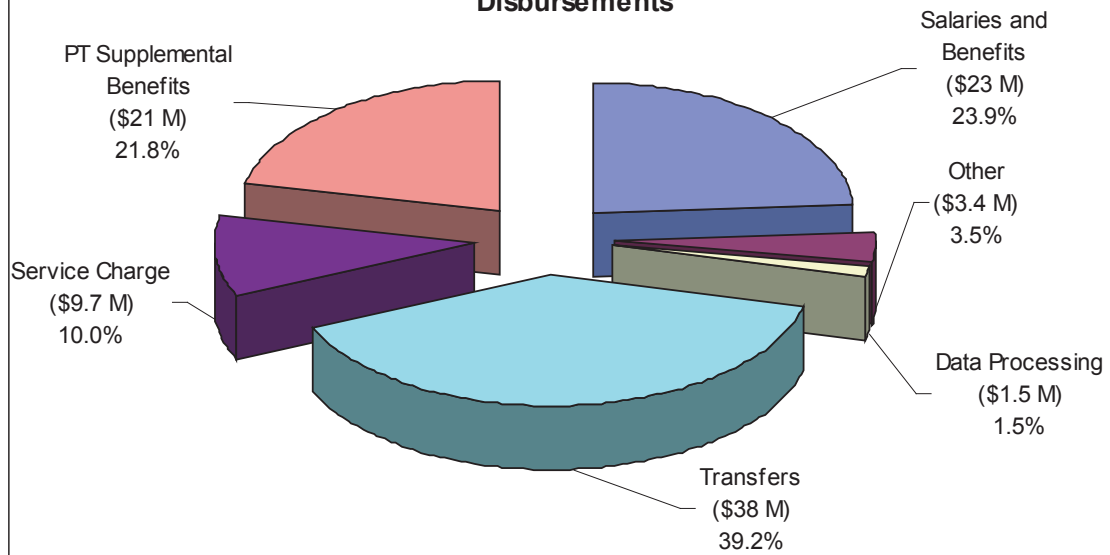


Figure 2

**Fiscal Year 2005
Workers' Compensation Administration Trust Fund
Disbursements**



The Special Disability Trust Fund (SDTF)

Annual assessments for the SDTF are used primarily to provide reimbursement to self-insurers and insurers for costs generated whenever a covered worker with a previous impairment sustains a subsequent work-related injury. A small portion of the assessment revenues fund administrative operations required to process the reimbursements. The SDTF was prospectively abolished by the Legislature, and will not accept claims for injuries sustained after December 31, 1997. However, the Fund will continue to make reimbursements on pre-1998 accidents that meet certain filing requirements, and the assessment on compensation premiums continues to apply.

The statutory assessment rate calculation, which is described in section 440.49, F.S., is first computed using actual disbursements over the past three calendar years and the Fund reserve in excess of \$100,000 and the payment of all approved claims. However, the rate computed under this formula is legislatively capped at 4.52%, which has applied since its enactment in 1995.

The SDTF assessment rates and total revenues for the past ten Fiscal Years are illustrated in Table 2. Total revenues include assessment paid by insurance companies and self-insurers and to a much smaller extent, filing fees for Notice of Claims and Proof of Claims.

Table 2
Special Disability Trust Fund Assessment Rates and Total Revenues
(Fiscal Years 1996 through 2005)

Fiscal Year	Assessment Rate	Revenues
1996	4.52%	\$172,868,903
1997	4.52%	\$139,176,056
1998	4.52%	\$140,898,077
1999	4.52%	\$132,339,956
2000	4.52%	\$138,006,002
2001	4.52%	\$166,434,403
2002	4.52%	\$174,885,932
2003	4.52%	\$179,233,662
2004	4.52%	\$195,208,510
2005	4.52%	\$225,119,020

Breakouts of fund revenues and disbursements during Fiscal Year 2005 are displayed in Figures 3 and 4. More than nine out of every ten dollars from the SDTF (91.1%) reimbursed carriers and self-insurers for payments issued to injured workers for subsequent workers' compensation injuries.

Figure 3

**Fiscal Year 2005
Special Disability Trust Fund
Revenues**

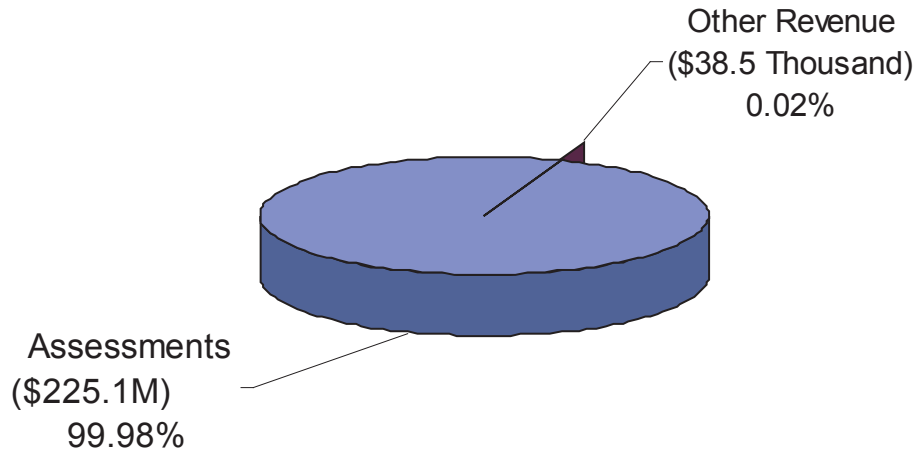
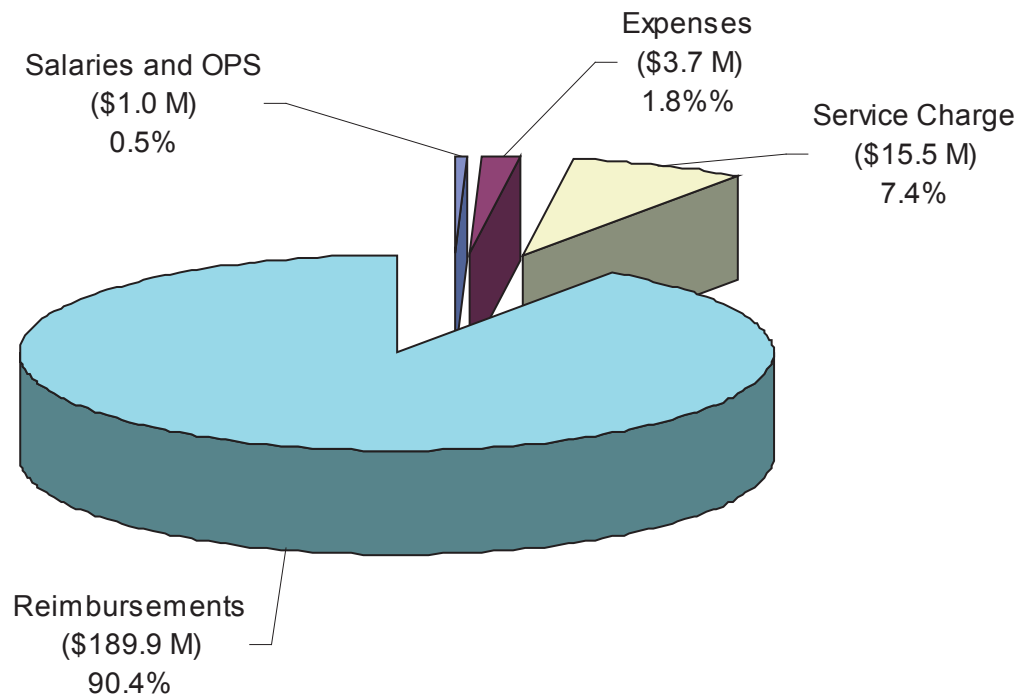


Figure 4

**Fiscal Year 2005
Special Disability Trust Fund
Disbursements**



Workers' Compensation Claims Data

Claim Counts

Counts of lost time claims in Florida, as shown in Figure A1, have been in the range of roughly 80,000 to 85,000 for the mature data years of 1995 to 2002, peaking in 2000. Figure A2, however, displaying these same cases by the claimants' highest disability type, shows that the count of claims for which some indemnity (partial wage replacement) benefits or settlement amounts has been reported have shown a slightly declining, although irregular trend during the ten-year reporting period. Some of the discrepancy may be due to a division policy of establishing lost time cases based on documentation other than a First Report of Injury or Illness (DWC-1) or Claim Cost Report (DWC-13).

[See pages 24 & 25](#)

Seasonality

Florida's employment patterns have become less seasonal in recent decades, as the summer increases due to family vacations have been offset with the winter residence of the so-called snowbirds. During the past ten years, the number of claims has peaked in the February through March period, and shows a notable drop-off in November and December, despite retail-related employment increases during these months (Figure A3).

[See page 26](#)

Conventional wisdom has been that workplace injuries peak on Monday, and Florida data bear out that claim, with slight declines as the weekday progresses. Sunday has roughly one-third of the injuries of a typical workday, and Saturday has about half (Figure A4).

[See page 27](#)

Claim Characteristics

Despite changes in labor force participation and occupational patterns over the past decade, the gender composition of lost time claimants has remained very consistent, with roughly two male claimants for every female claimant (Figure A5).

[See page 28](#)

Figure A6 shows that the age of the "typical" injured worker has shown a pattern of slow but steady growth over this entire period. For the past four years, the majority of injured workers have been over the age of 40 at the time of injury.

[See page 29](#)

Figure A7 shows that Strains/Sprains and Fall/Slip Injuries comprise more than 60% of all causes of injury. More detailed coding data show that many of these injuries are in the difficult-to-classify "miscellaneous" category within the broader classification groups, e.g., "Miscellaneous Strain" and "Miscellaneous Fall or Slip."

[See page 30](#)

Figure A8 tells a similar story with respect to the nature of injury, where a majority are Sprains/Strains and "Other Leading" Injuries, including inflammation, rupture, severance, foreign body, fainting, angina pectoris, and poisoning. More detailed data also list contusion, fracture, and laceration among the most common natures of injury.

[See page 31](#)

The long-term trends in Figure A9 show a slight decline in the proportion of back injuries, and a proportional increase in injuries to the extremities, the upper extremities in particular. The detailed data, however, show that the lower back remains the single most frequent specific bodily location of workplace injuries, followed by "multiple location" injuries and those to the knees and fingers. Together these four codes account for about half of all injuries.

[See page 32](#)

As shown in Figure A10, 7 of Florida's 67 counties comprise the majority of the state's claims (and the statewide labor force). These counties are the location of Miami, Ft. Lauderdale, Orlando, West Palm Beach, Tampa, Jacksonville, and St. Petersburg. Addition of the counties containing Ft. Myers, Lakeland, Melbourne, Daytona Beach, Sarasota, and Naples brings the cumulative total to more than 70% of all Florida claims.

[See page 33](#)

Florida's service-oriented economy is reflected in Figure A11, showing that about half of all claims are in the industry divisions of Services and Retail Trade. In recent years, approximately one-fourth of Florida claims have been in the "goods-producing" sector of the economy, consisting of construction, manufacturing, agriculture, and mining. The 2-digit SIC (Standard Industrial Classification) detail shows that the largest number of cases is in SIC 73, Business Services. This may be somewhat deceptive in that this code includes leasing companies (or professional employee organizations) that may handle personnel administrative functions for client companies across a broad spectrum of industries. However, because the leasing company is the employer of record for purposes of insurance coverage, they are frequently reported under Business Services.

[See page 34](#)

For cases in which the claimant is eventually assigned a (non-zero) permanent impairment rating, the percentage is generally low for most injured workers: 5% or less for most years (Figure A12). Fewer than one in twenty of these claims have a permanent impairment rating of more than 20%.

[See page 35](#)

Florida's workers' compensation insurance market has shown relative stability in recent years compared to volatility in the late 1980s and early 1990s (Figure A13). During the first half of the ten-year reporting period, there was continued proportional growth in the commercial market, primarily at the expense of self-insurance groups, although this trend appears to have reversed slightly in the most recent years.

[See page 36](#)

Table A1 shows that the largest number of cases close during the year after the year of injury, with a steady drop-off from that point. Still, many Permanent Total claims may remain open for many years after the injury year.

[See page 37](#)

Total Benefits

Figure A14 shows similar trends to those in Figure A2 (by claimant's highest disability type) in that the count of claims reporting indemnity or medical benefits, or both, shows a general pattern of slight decline from 1995 through 2003, although the counts for 2003, and especially 2004, will increase with additional data maturity and more complete reporting. On the other hand, the number of claims with some sort of settlement amount paid has remained very steady at about 20,000 per year for the first eight years of this reporting period.

[See page 38](#)

In terms of total system costs, Figure A15 shows totals of roughly \$1.5 billion paid out per year for injuries occurring from 1995 through 2001. Note, however, that these figures are for lost time claims only, which are estimated to be about one-fifth of all workplace injuries. Medical Only claims are not reported to the division, but preliminary data from medical billing data show that the added costs of Medical Only cases may cause total system costs to be almost twice the number shown in this figure: that is, in excess of \$2.5 billion annually.

[See page 39](#)

Figure A16 shows the same data as Figure A15, except grouped so that relative comparisons can be made of medical, indemnity, and settlement amounts. This shows that medical benefits form the largest portion of system costs. Notably, however, settlement totals exceed indemnity benefits for all seven mature data years, showing that settlements must be taken into account in analysis of total system expenditures. This graph shows that for older injury years the total of settlements paid out well exceeds the total of all indemnity benefits that were ever paid for all injuries occurring in these years. The figure also shows that settlement data generally take five or more years to mature. One unsettling trend is the rate of growth in medical benefits paid for 1998 through 2002, particularly considering the fact that the 2002 total is still immature data. However, these results do agree with those from other sources, indicating that medical benefits are growing at a faster rate than indemnity. Other data, not shown here, indicate that this reflects a general shifting of the costs of all claims, and is not being caused by a few expensive outlier claims.

[See page 40](#)

Indemnity Benefits

Figure A17 disaggregates indemnity payment by type of payment by injury year, and illustrates the data maturity problems inherent with workers' compensation benefit data. Generally, because of the 104-week limitation, almost all Temporary Partial and Temporary Total benefits will have been reported within three years of the end of each injury year. (Benefits are reported on the DWC-13 Claim Cost report, which is due on only an annual basis, so that adds another element of delay in compiling the data.) Note that Permanent Partial (Impairment Income) benefits can continue to accrue for several additional years, i.e., after temporary benefits have run out. Permanent Total benefits are not time-limited, however, and continue to increase for more than ten years after the year of injury, and this is true of the associated medical benefits as well. After eight years of data maturity, the data for injury years 1995 and 1996 show that Permanent Total benefits paid now exceed those under Impairment Income, despite the relatively small number of claims that reach Permanent Total status.

[See page 41](#)

Medical Benefits

Figure A18 shows medical benefits paid by type of payment, again showing data maturity problems for at least the two most recent years. Unlike the indemnity data, however, the proportions by type of payment have remained fairly steady over time, with approximately 44% being paid to health care providers, 42% to hospitals, and 4% for rehabilitation, with the remainder going for "all other" items such as drugs, home attendant care, and skilled nursing care.

[See page 42](#)

In most previous issues of the Annual Report this graph has shown declines in total benefits paid for successive injury years, with the decrease being particularly notable for the last four or five injury years. (For example, note the trends in indemnity payments in Figure A17, with significant drops from injury years 2000 through 2004.) Thus, in this historical context, the peak in payments of medical benefits for injuries in 2001 and 2002 is very significant in that these would generally be considered immature data years, subject to considerable change (i.e., increase). One confounding factor in this analysis is the fact that, as a result of the 2003 legislative reforms, the division has now mandated electronic reporting of all medical billings for workers' compensation cases. It is important to note that the data in this graph are based on reporting on the DWC-13 Claim Cost Reports, and not on the medical billing data. However, it is possible that the efforts made in reporting medical billings electronically resulted in timelier reporting of these benefits on the DWC-13 as well, so that older maturity trend data may not be applicable to the current situation. In any case, it will take another year or two of data reporting to determine if the current situation is a shift in reporting patterns or signals a longer-term divergence in the trends of medical and indemnity benefit amounts.

Settlements

Recall from Figure A14 that the count of claims with a reported settlement amount held steady at about 20,000 for injury years 1995 through 2002. The dollar totals shown in Figure A19, however, indicate that settlement amounts take about five years to reach data maturity. It is sometimes difficult to distinguish final settlements from partial settlements, but settlement payments continue to accrue after an initial settlement action has been reported. For mature injury years, around 10-15% of settlement totals are for cases that do not yet have a final Claim Cost Report submitted to close the case. The percentage is somewhat higher, close to 20%, for years with immature benefit data.

[See page 43](#)

The DWC-13 Claim Cost Report provides for separate reporting of a compensation (indemnity) settlement amount and a medical settlement amount. Figure A19 shows settlement data for four components: indemnity for cases with a corresponding medical settlement amount, medical for cases with a corresponding indemnity settlement amount, indemnity for cases with no medical settlement amount, and medical for cases with no indemnity settlement amount. Information from the Office of Judges of Compensation Claims indicates that it is now very rare for a

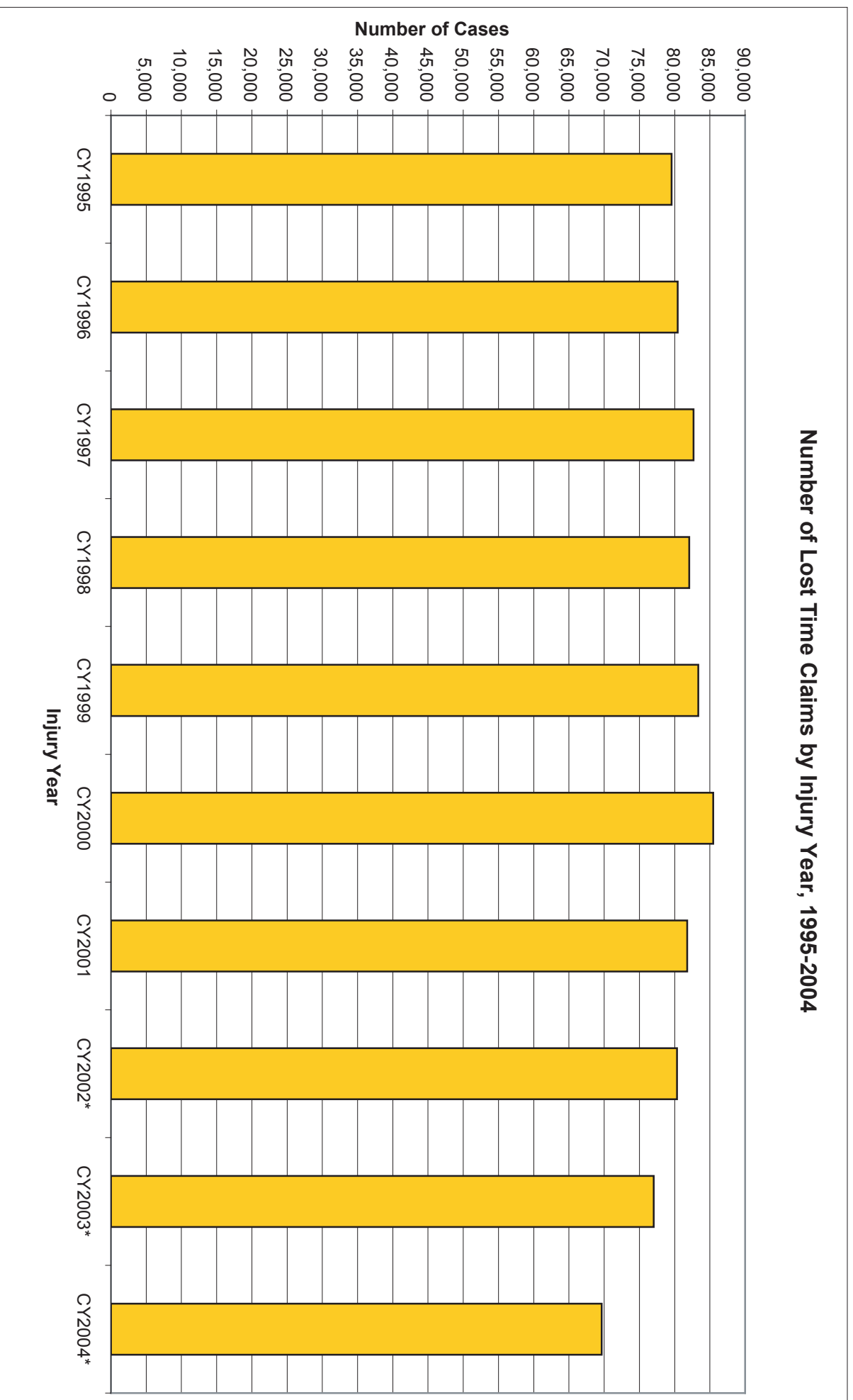
claim to settle indemnity benefits without a concurrent settlement of future medical expenses as well. For this reason, the latter two categories likely include claims for which the carrier or self-insurer found it difficult to provide separate amounts for the indemnity and medical portions of the settlement.

Considering only those cases with both an indemnity and medical settlement reported, it appears the indemnity and medical portions have remained comparable: about 53% indemnity and 47% medical, proportions that have changed very little over the ten-year reporting period. This is quite different from the proportions of actual benefits paid, where medical benefit totals significantly exceed those for indemnity benefits.

Settlement actions peak in the year following the injury year, but continue to occur even more than ten years past the injury date. In fact, more than half of Permanent Total cases eventually have some sort of settlement amount reported.

Figure A1

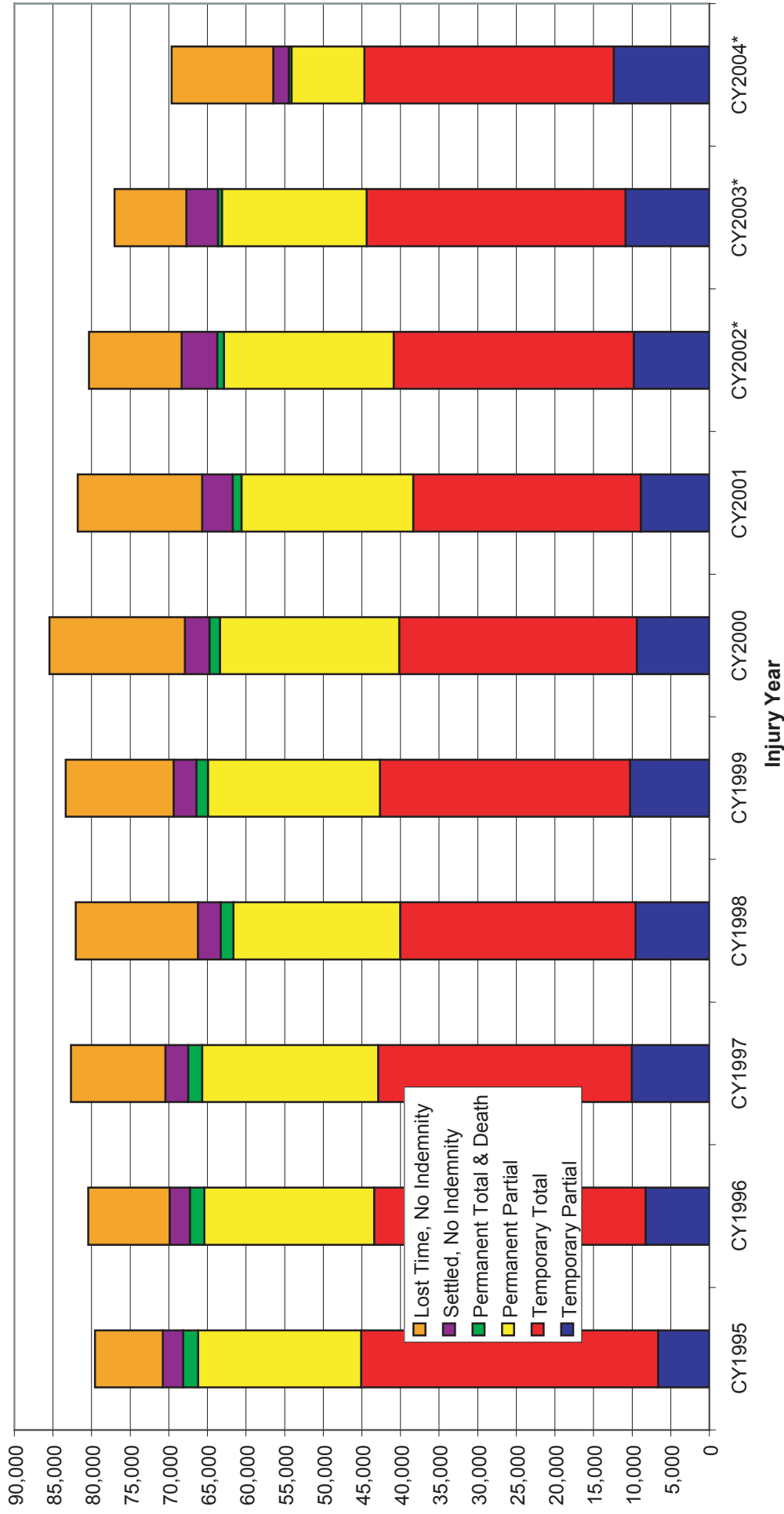
Number of Lost Time Claims by Injury Year, 1995-2004



*Preliminary Data

Figure A2

Number of Lost Time Cases by Claimant's Highest Disability Type and Injury Year



*Preliminary Data

Figure A3

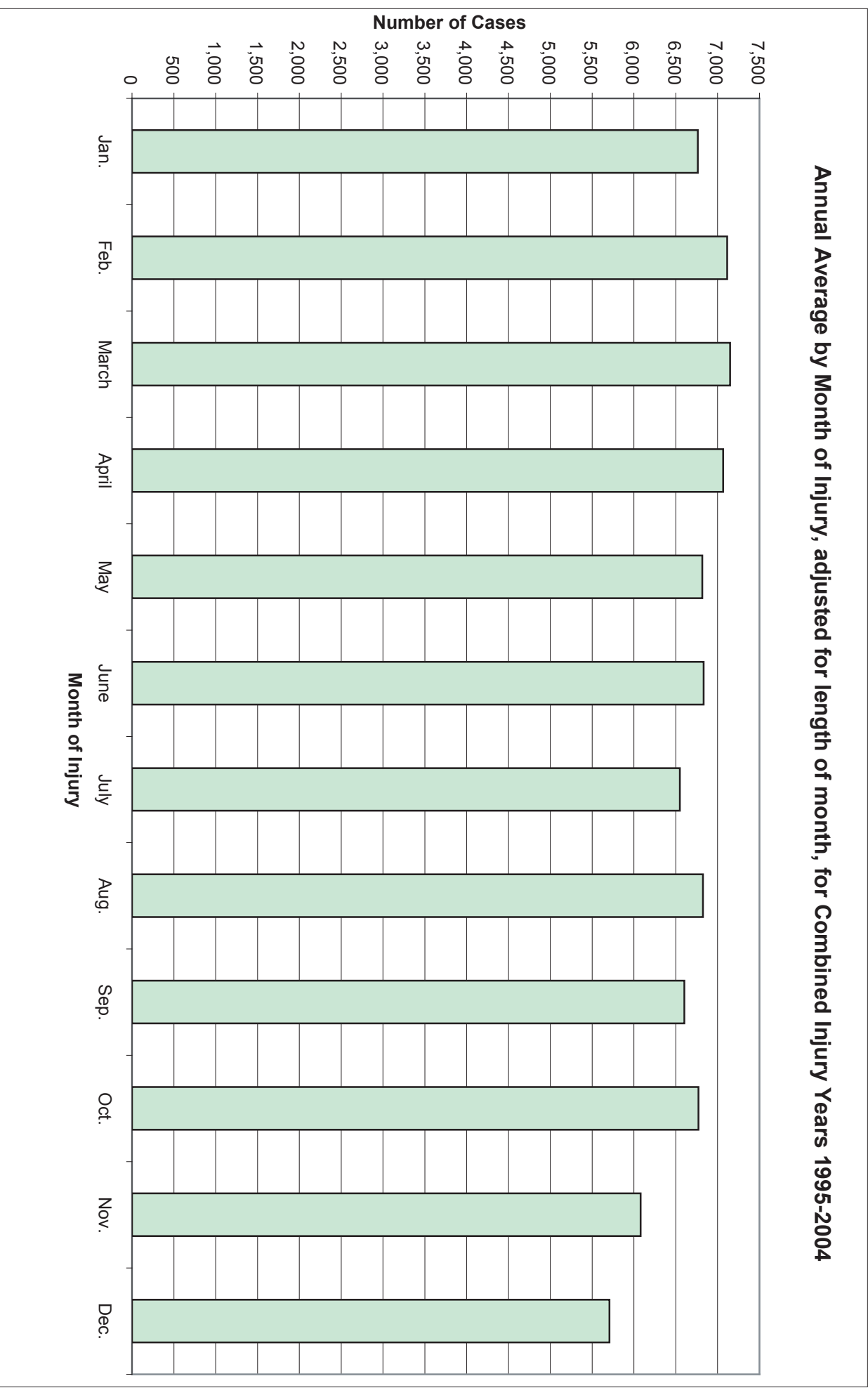


Figure A4

Annual Average by Weekday of Injury, for Combined Injury Years 1995-2004

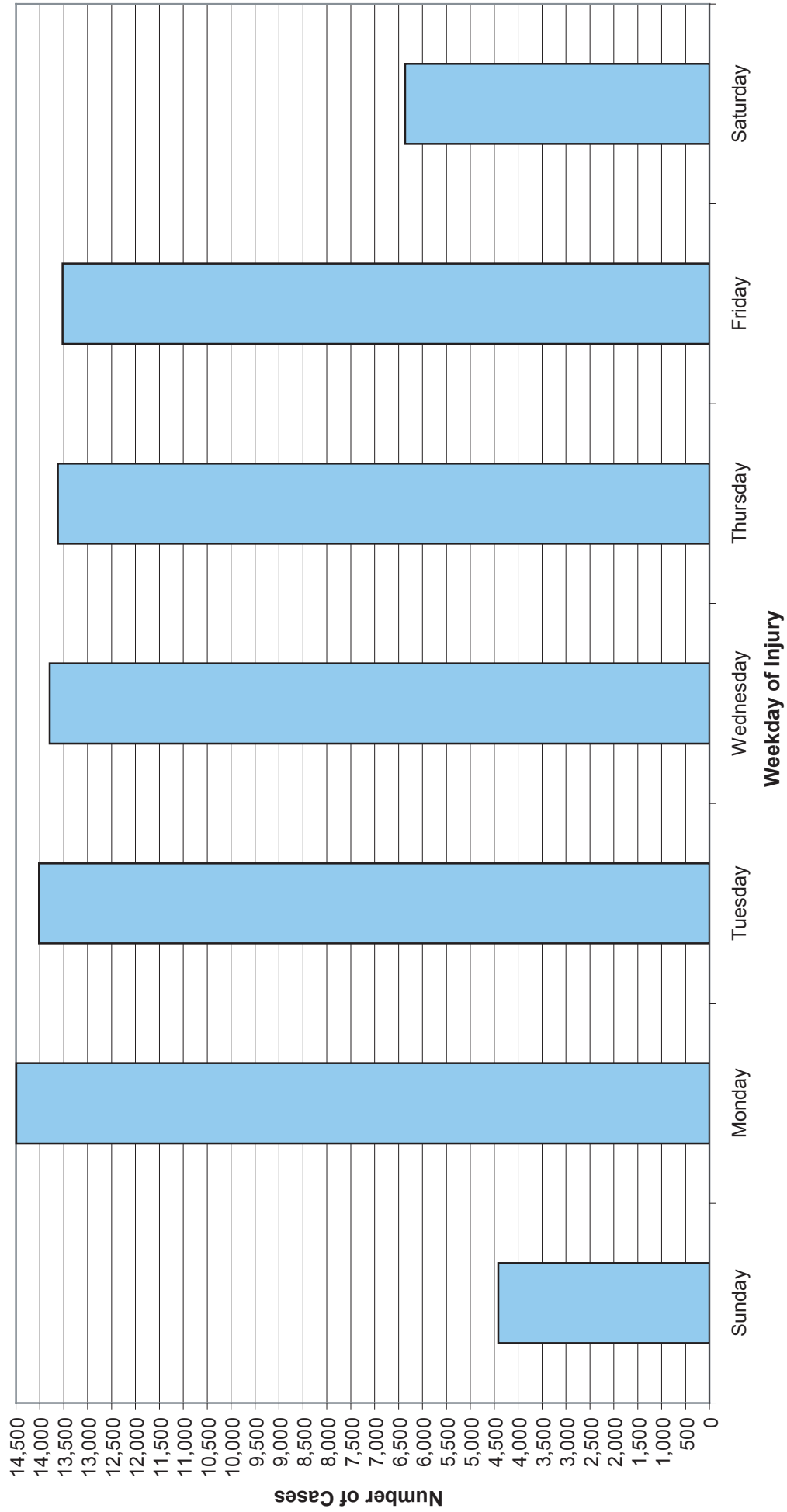
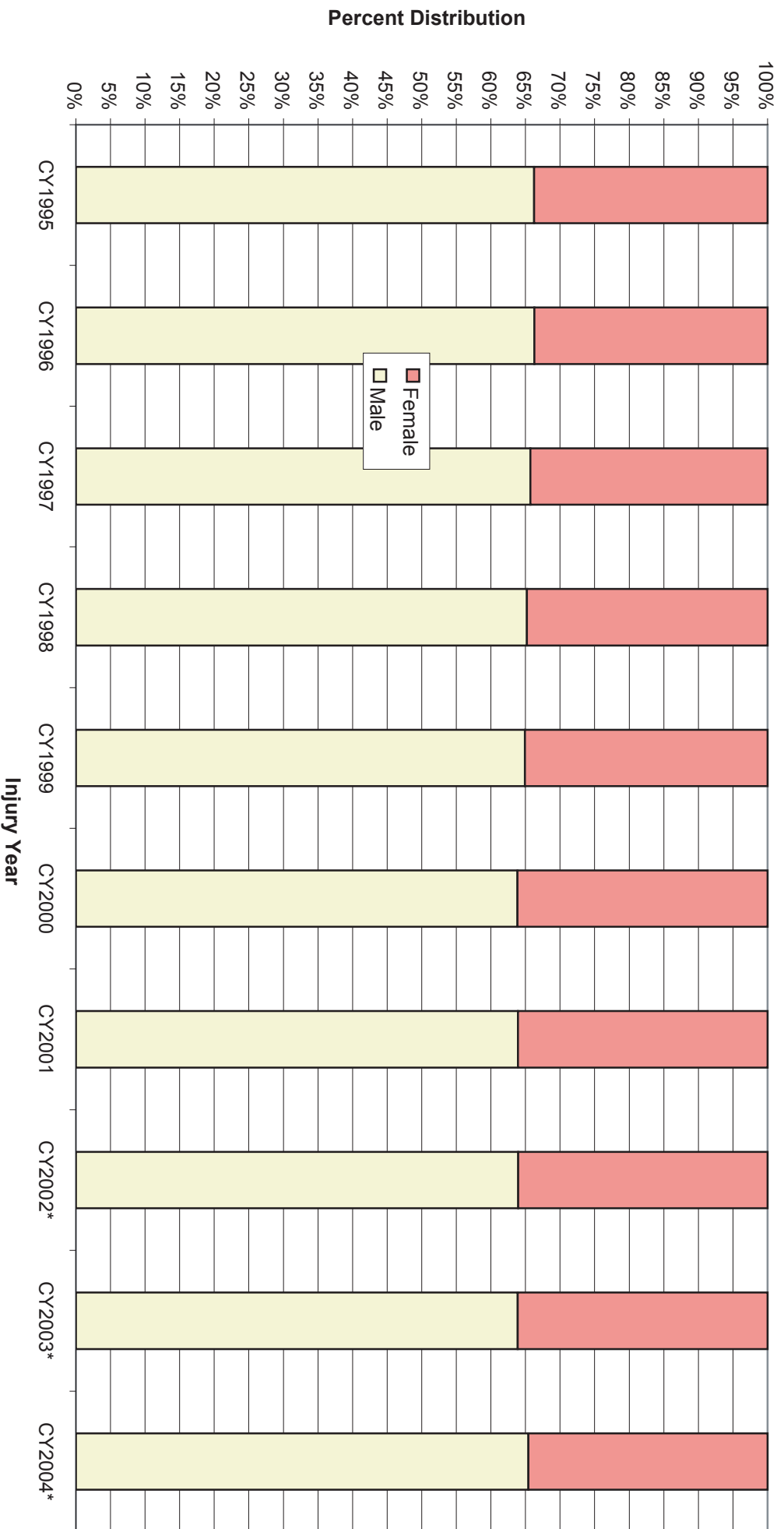


Figure A5

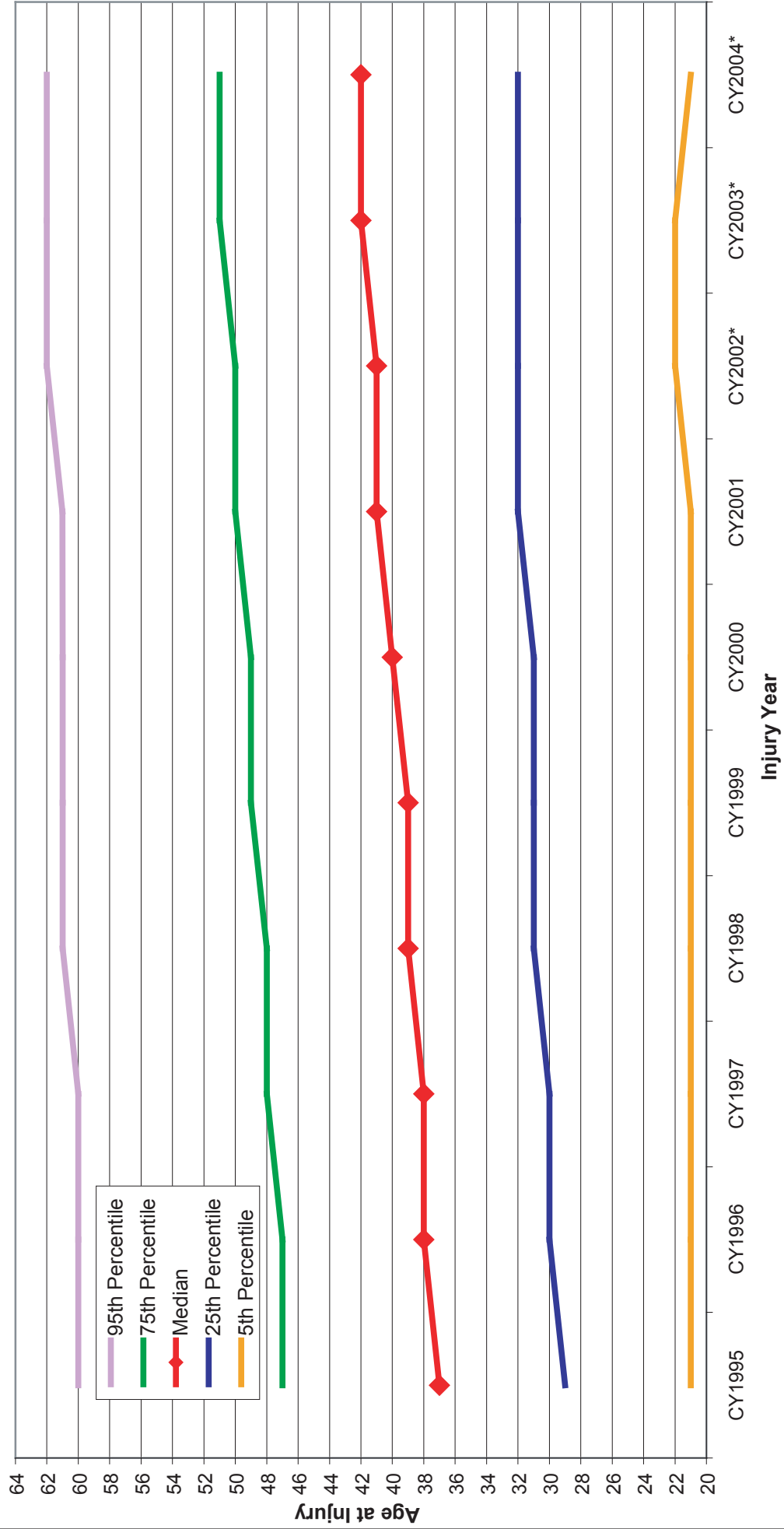
Proportion of Lost Time Claimants by Gender within Injury Year



*Preliminary Data

Figure A6

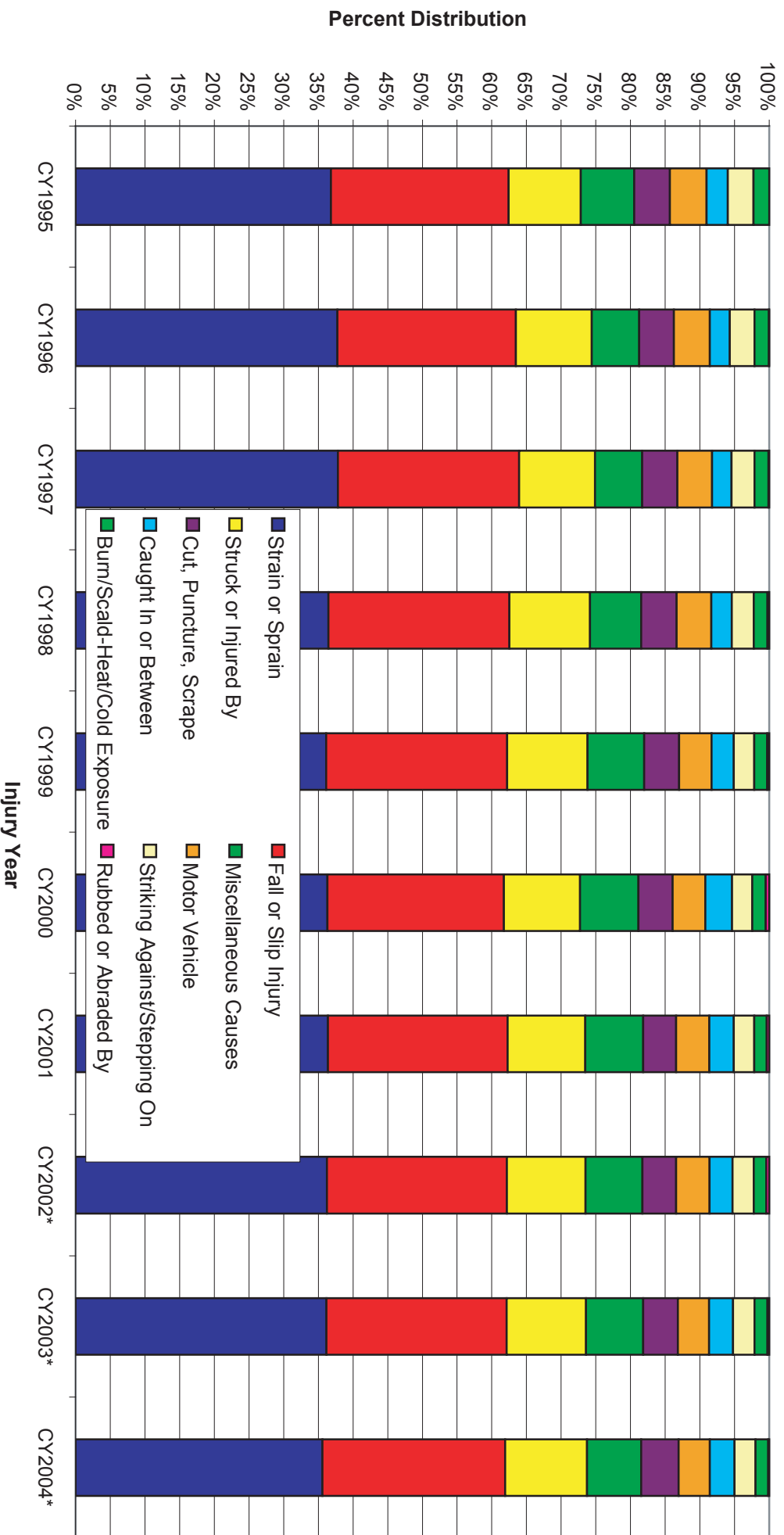
Age Distribution of Lost Time Claimants by Injury Year



*Preliminary Data

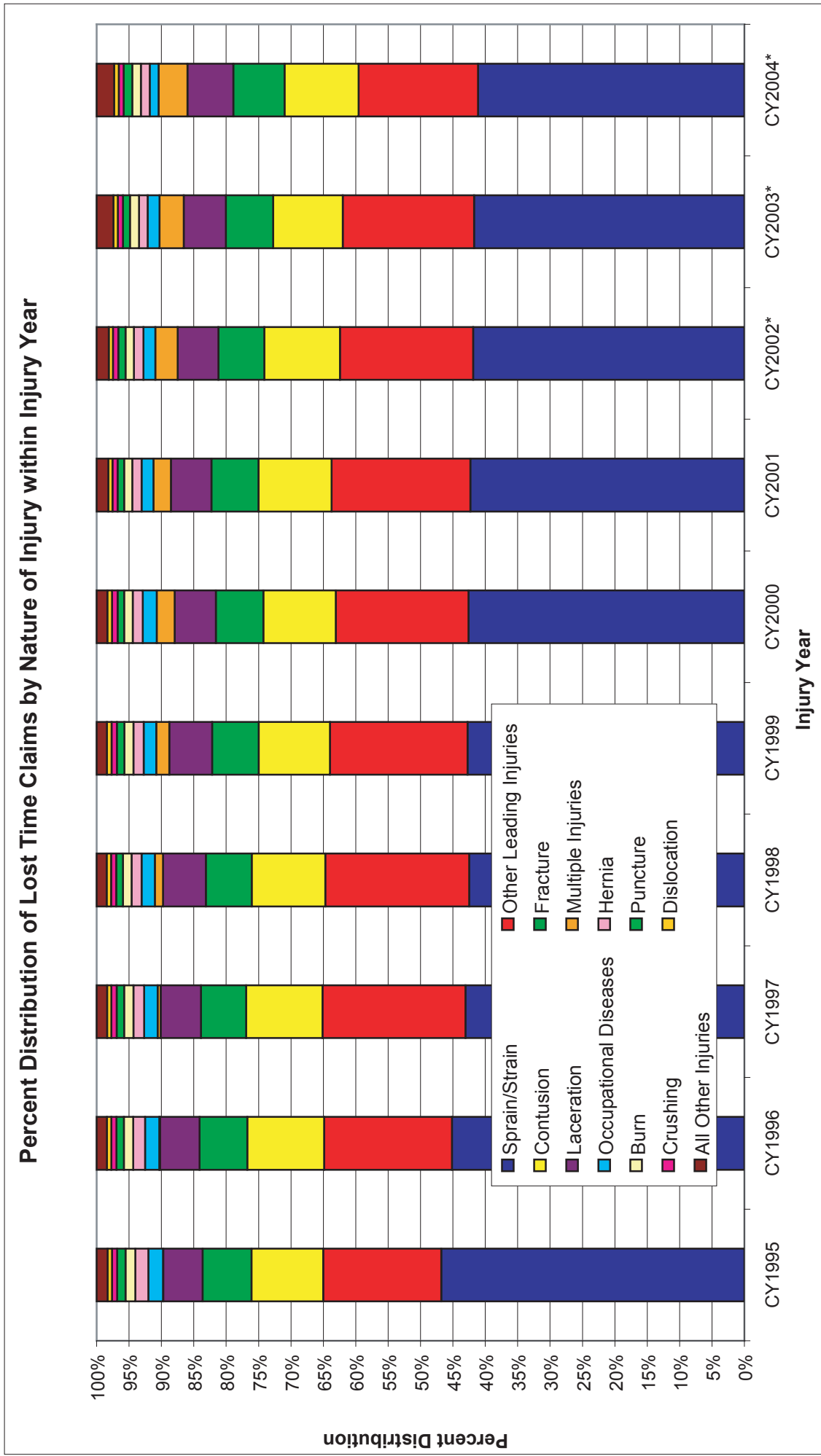
Figure A7

Percent Distribution of Lost Time Claims by Cause of Injury within Injury Year



*Preliminary Data

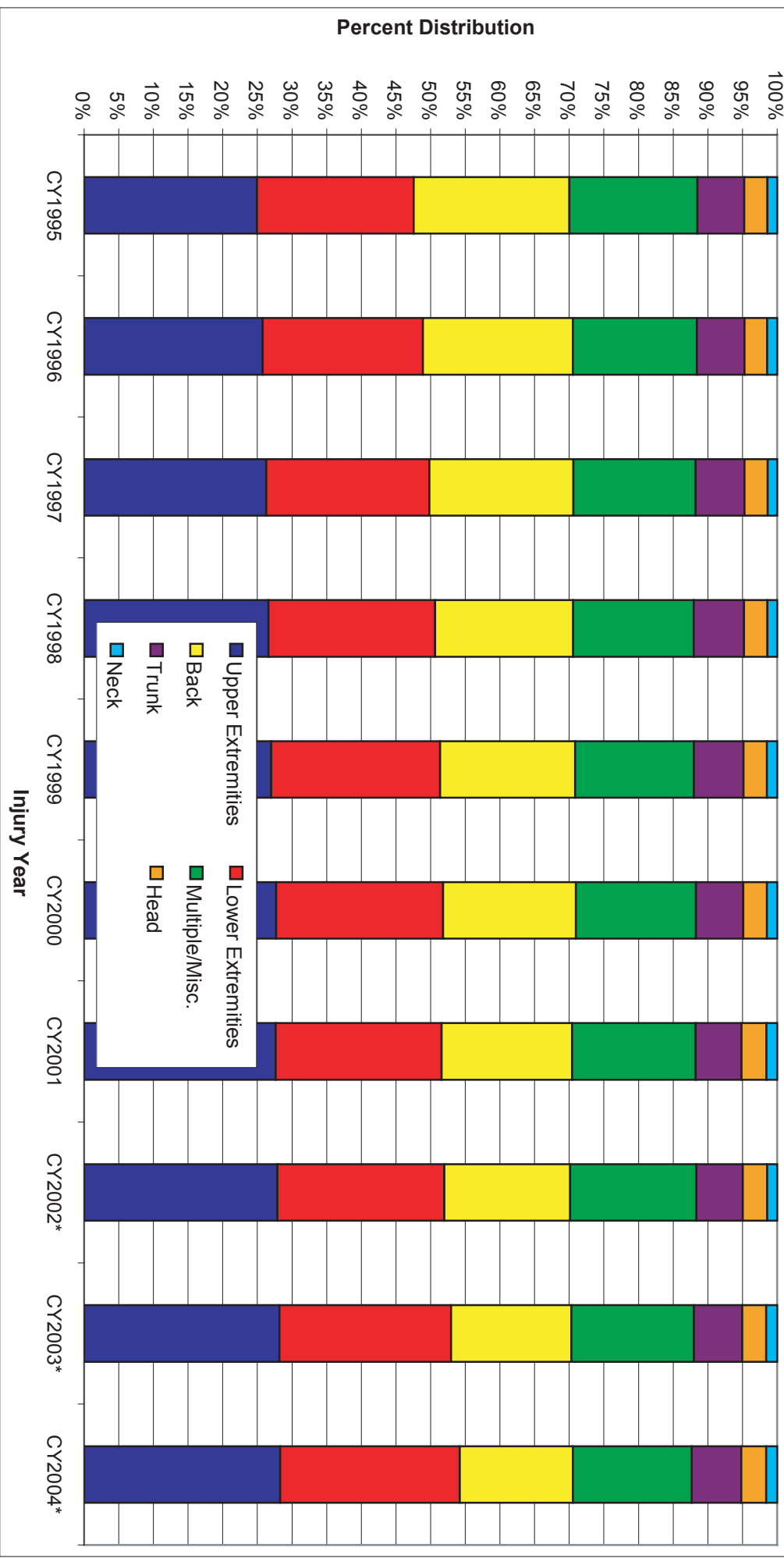
Figure A8



*Preliminary Data

Figure A9

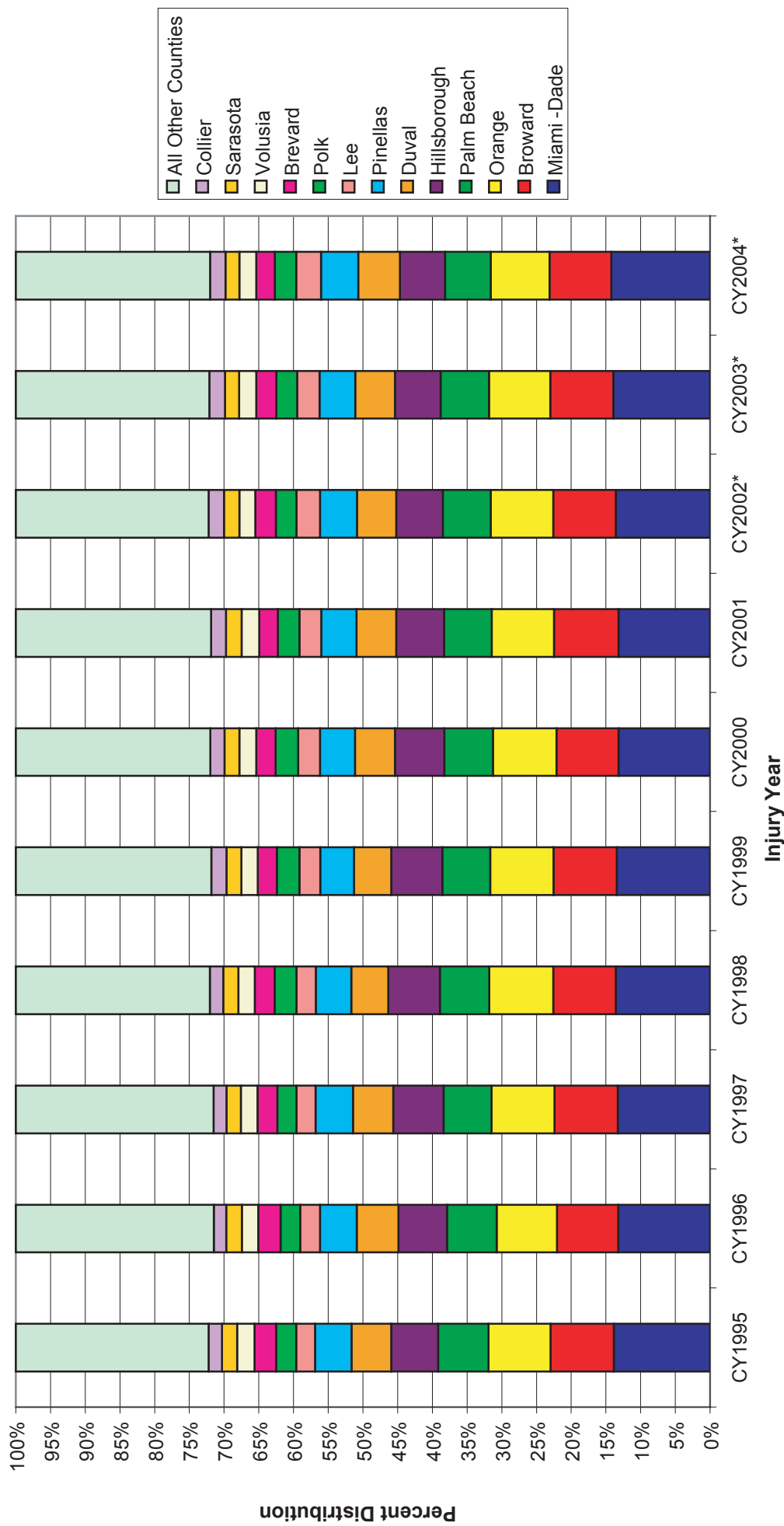
Percent Distribution of Lost Time Claims by Injured Body Location within Injury Year



*Preliminary Data

Figure A10

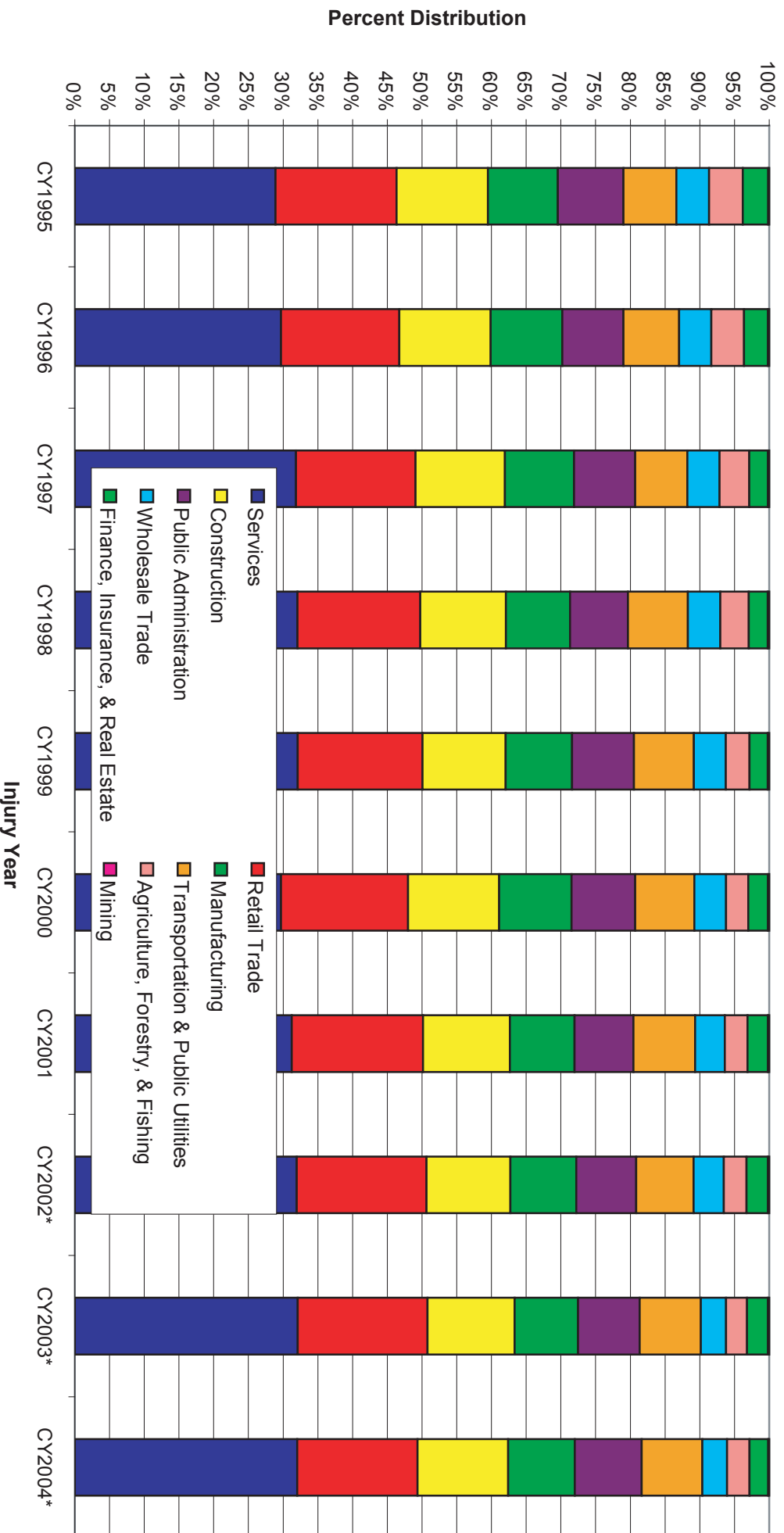
Percent Distribution of Lost Time Claims by County Location of Injury within Injury Year



*Preliminary Data

Figure A11

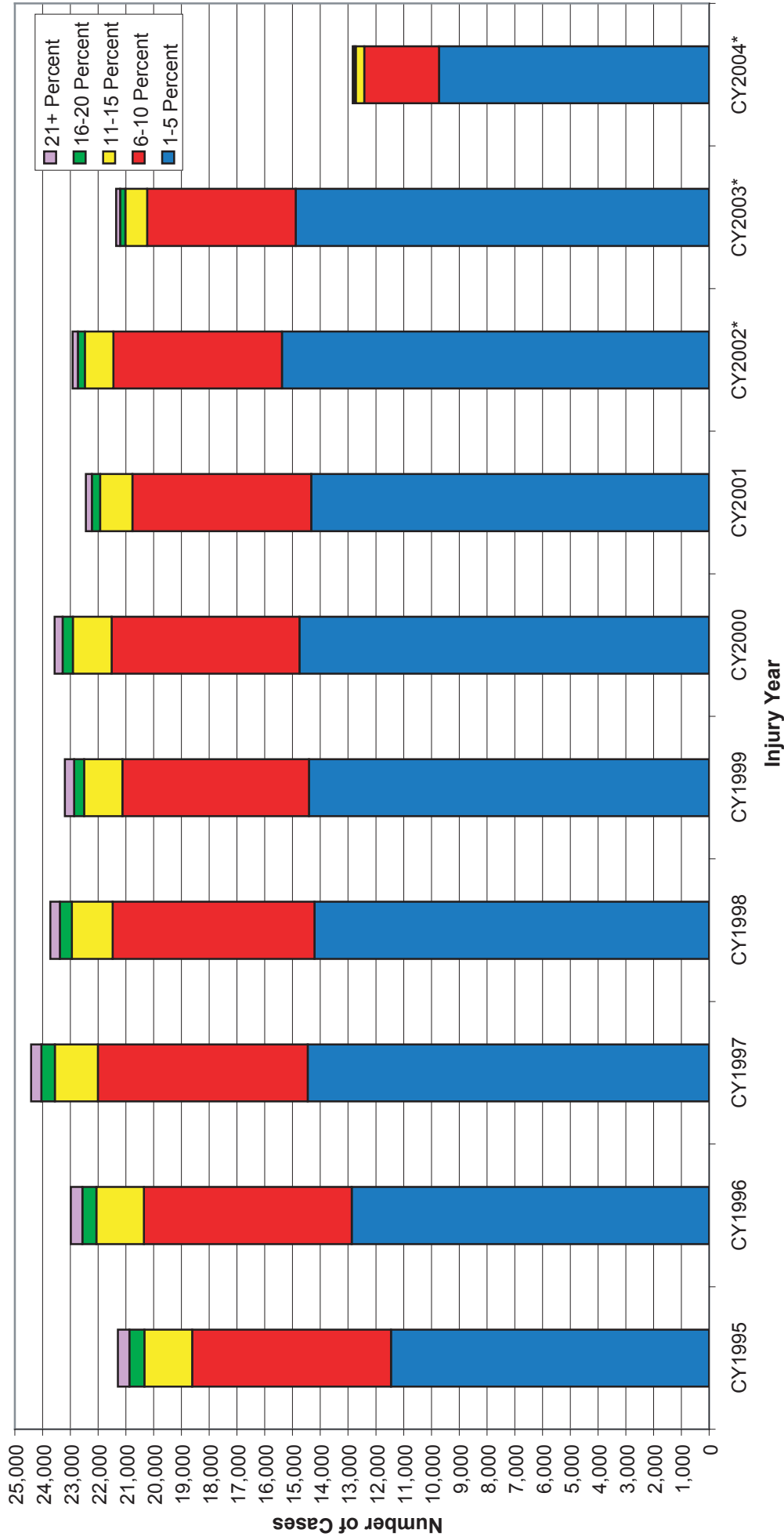
Percent Distribution of Lost Time Claims by Major Industry Division within Injury Year



*Preliminary Data

Figure A12

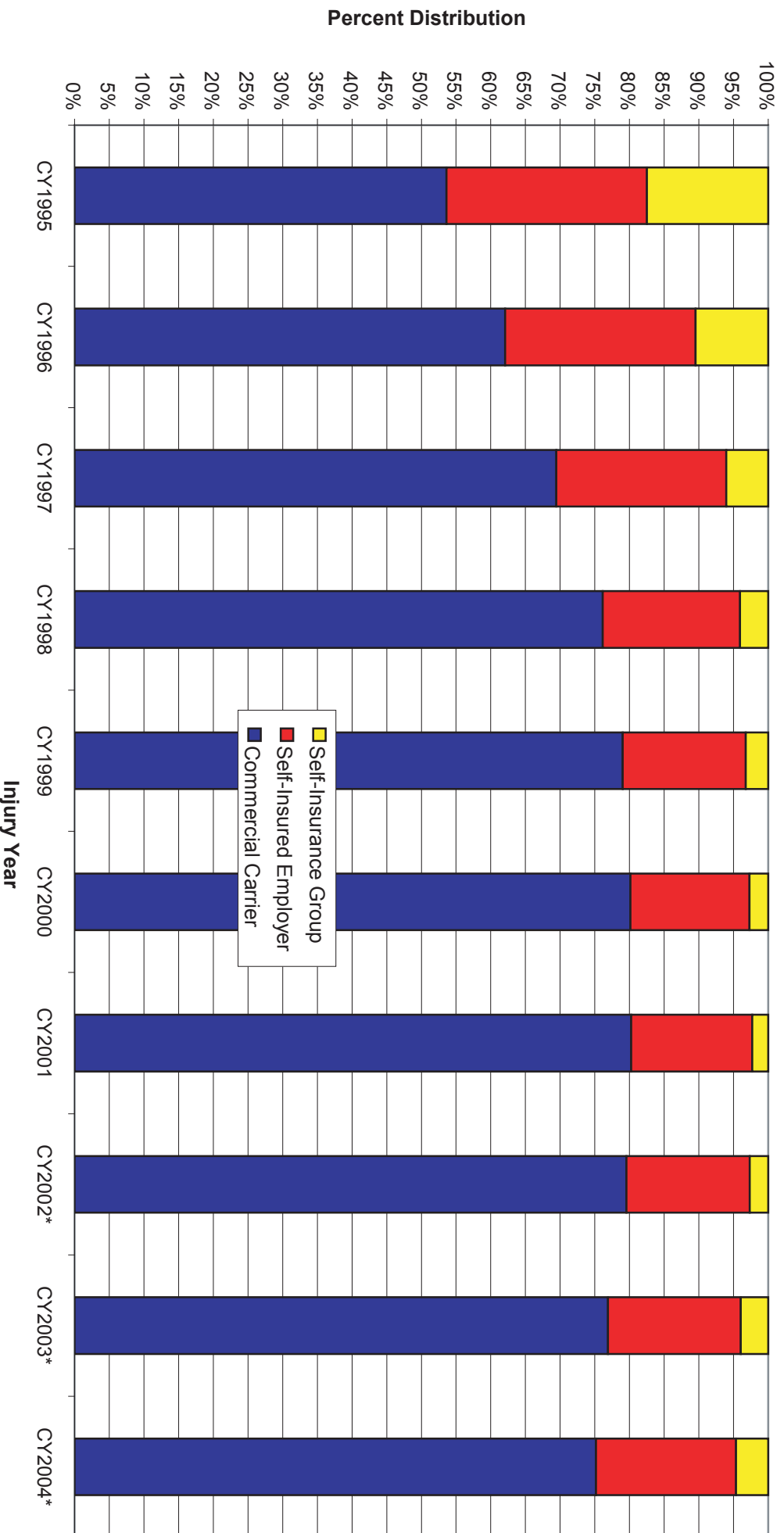
Distribution of (Non-Zero) Permanent Impairment Ratings of Lost Time Claimants by Injury Year



*Preliminary Data

Figure A13

Percent Distribution of Lost Time Claims by Carrier Type within Injury Year



*Preliminary Data

Table A1

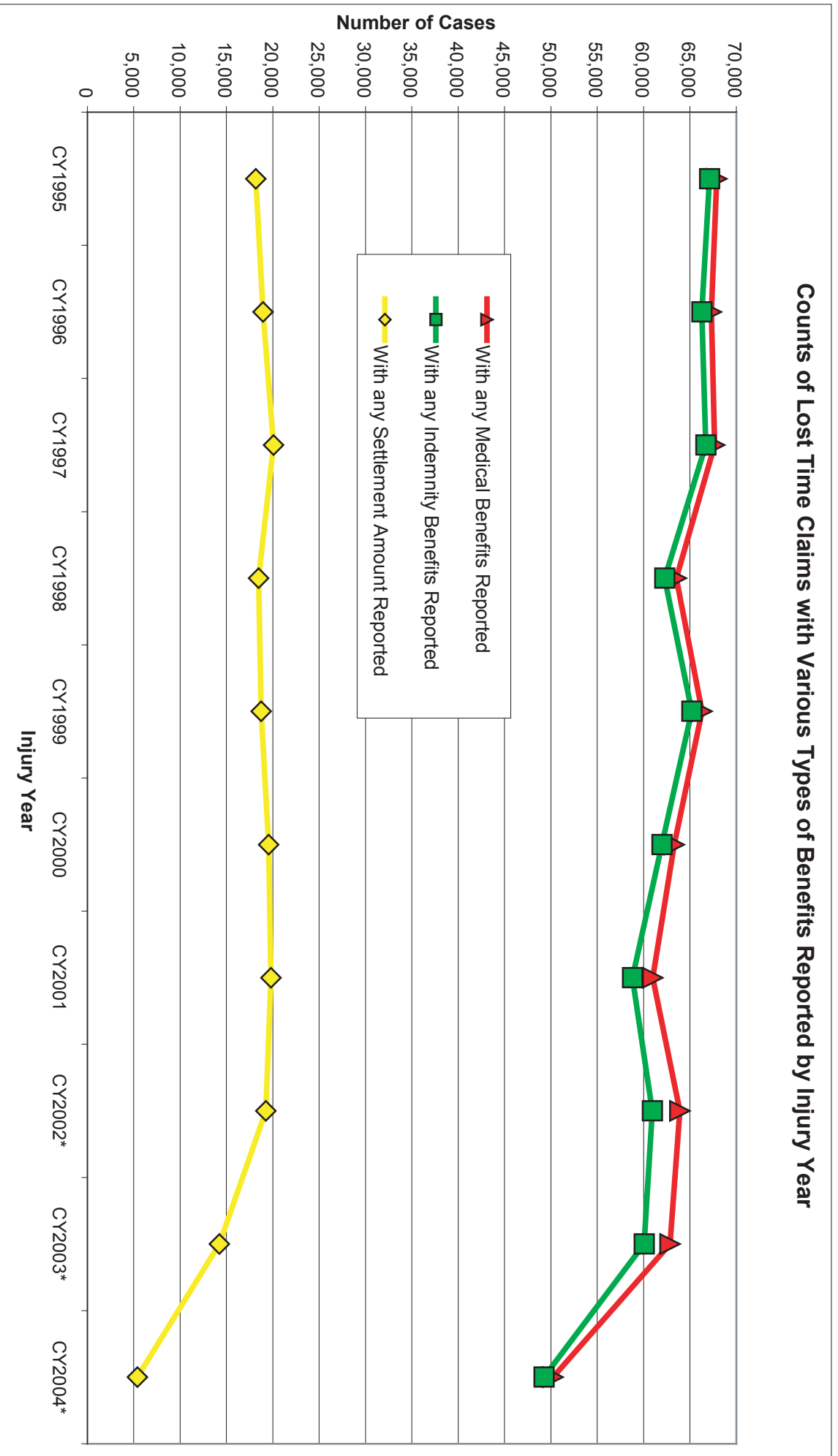
Comparison of Injury Year to Year of Case Closure

Injury Year	Year Closed											
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004		
1995	12,326	21,485	11,502	6,772	4,019	1,709	1,152	708	596	321		
1996		11,829	19,499	11,614	7,749	3,255	1,808	1,195	918	532		
1997			11,466	18,679	13,940	6,077	3,200	1,990	1,344	743		
1998				10,749	21,020	9,497	5,625	3,538	2,285	1,143		
1999					12,475	16,723	14,842	6,899	4,749	2,074		
2000						9,577	18,978	14,437	9,542	4,164		
2001							10,640	20,301	16,736	8,004		
2002*								11,544	24,565	15,074		
2003*									14,054	25,803		
2004*										14,890		

* preliminary data

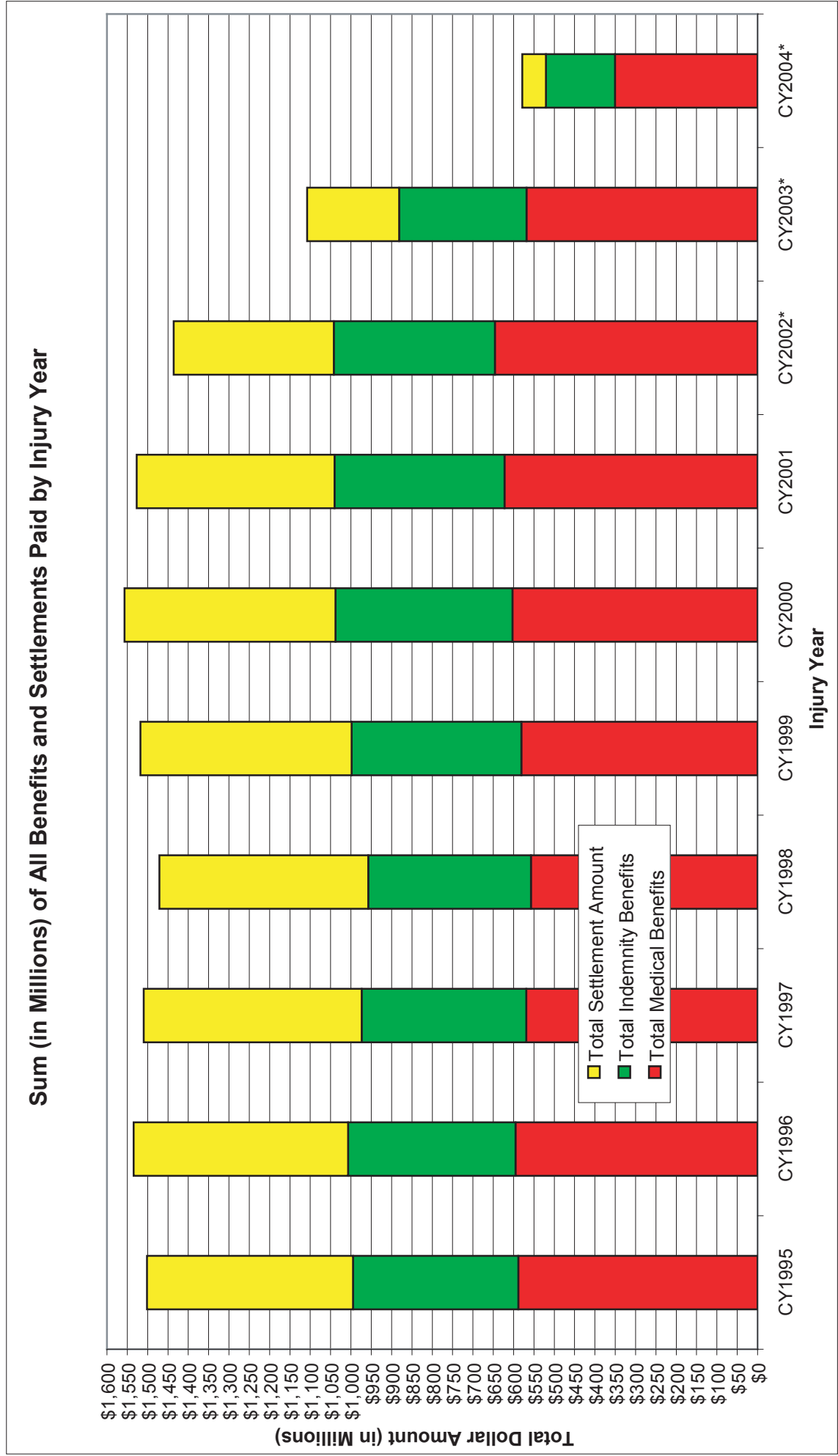
Figure A14

Counts of Lost Time Claims with Various Types of Benefits Reported by Injury Year



*Preliminary Data

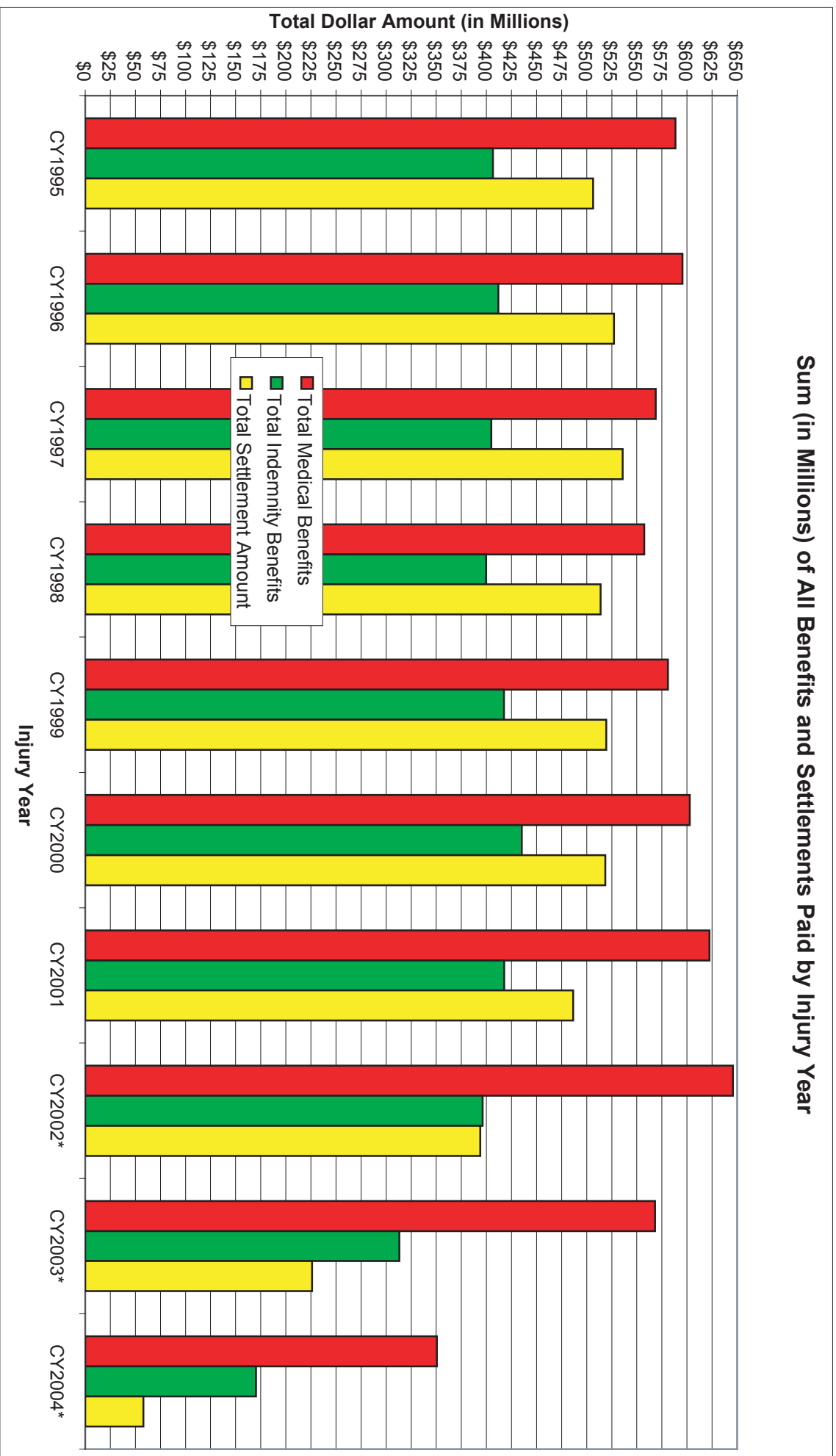
Figure A15



*Preliminary Data

Figure A16

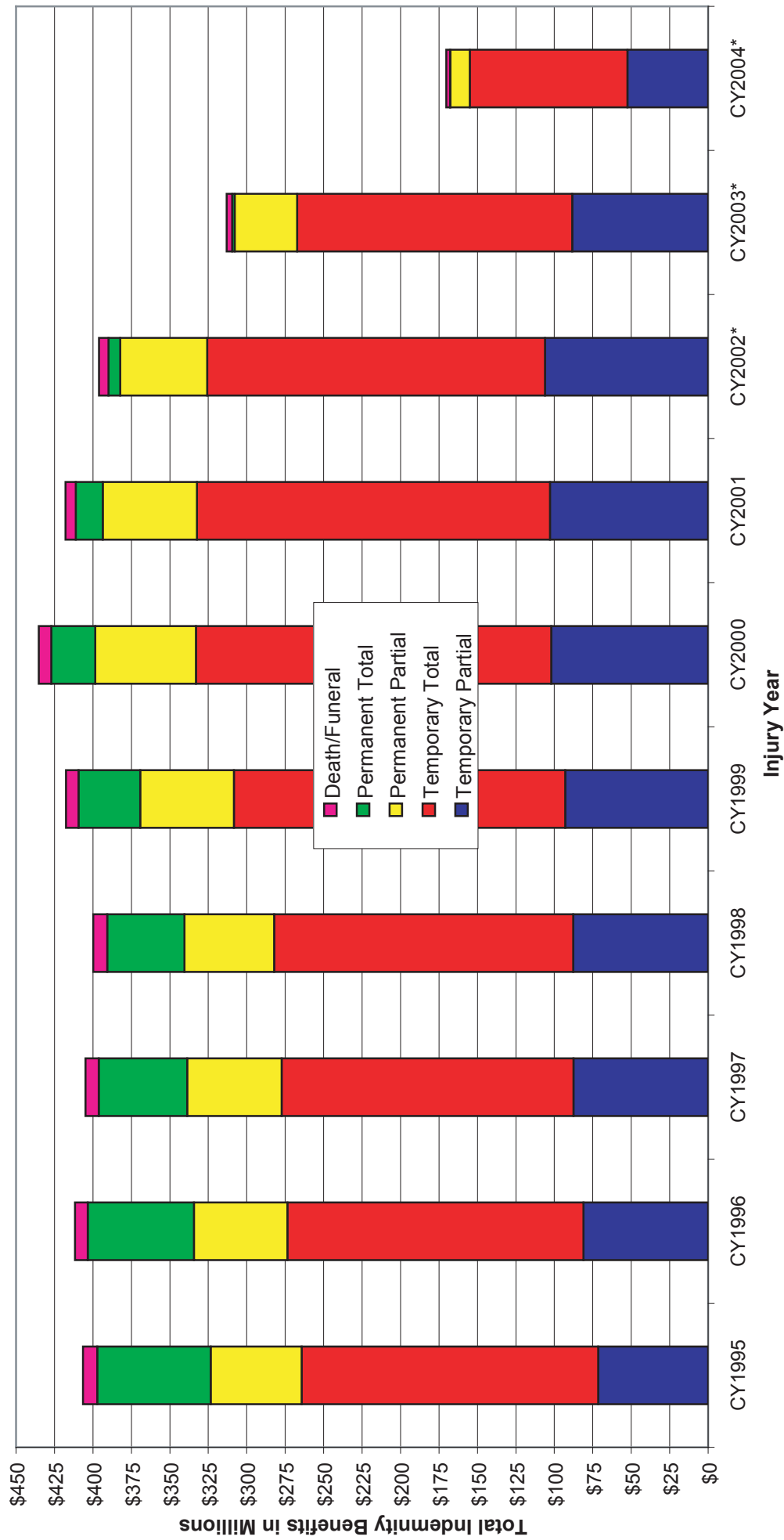
Sum (in Millions) of All Benefits and Settlements Paid by Injury Year



*Preliminary Data

Figure A17

Sum of Indemnity Benefits Paid (in Millions) by Type and Injury Year



*Preliminary Data

Figure A18

Sum of Medical Benefits Paid (in Millions) by Type and Injury Year

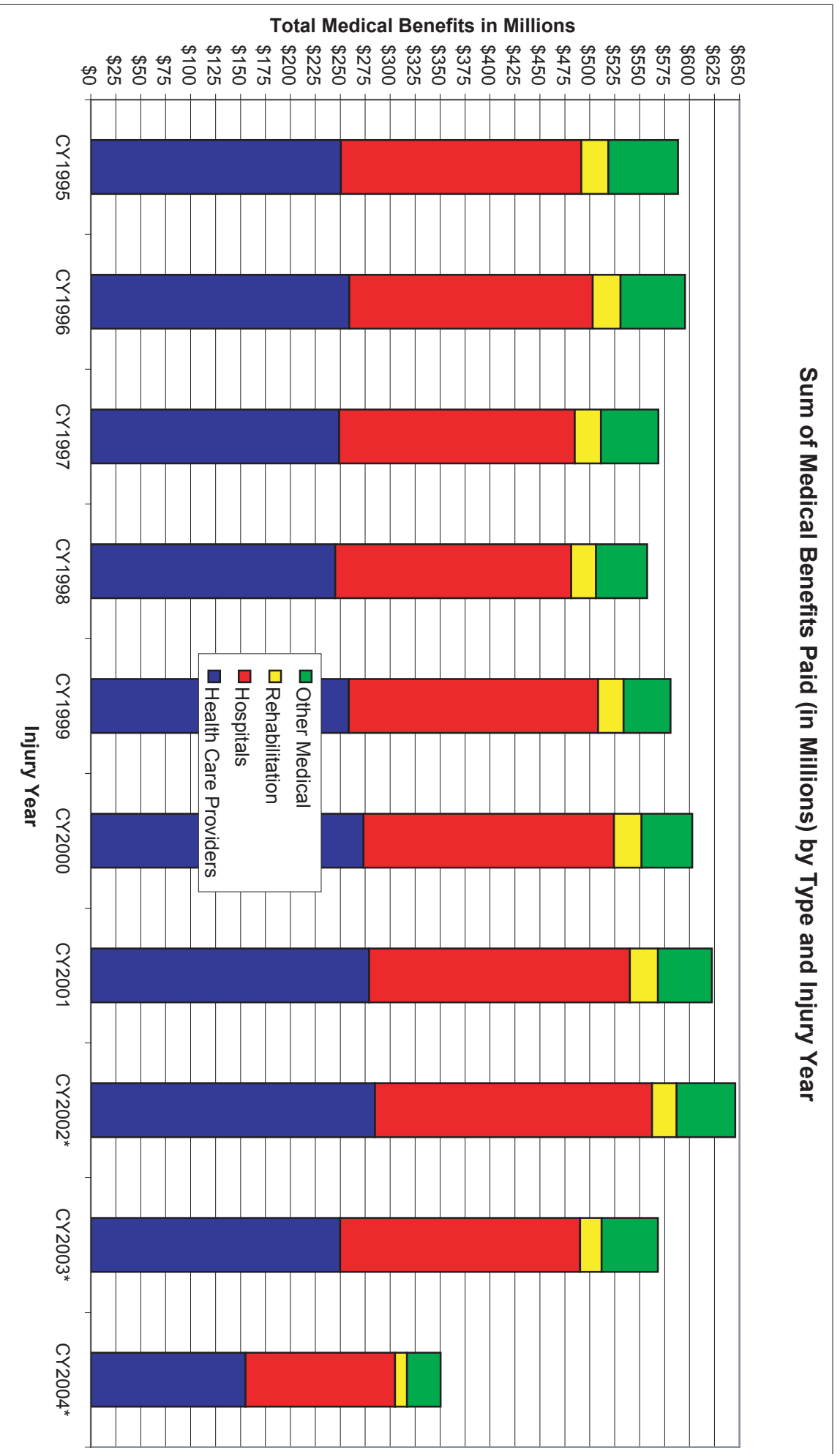
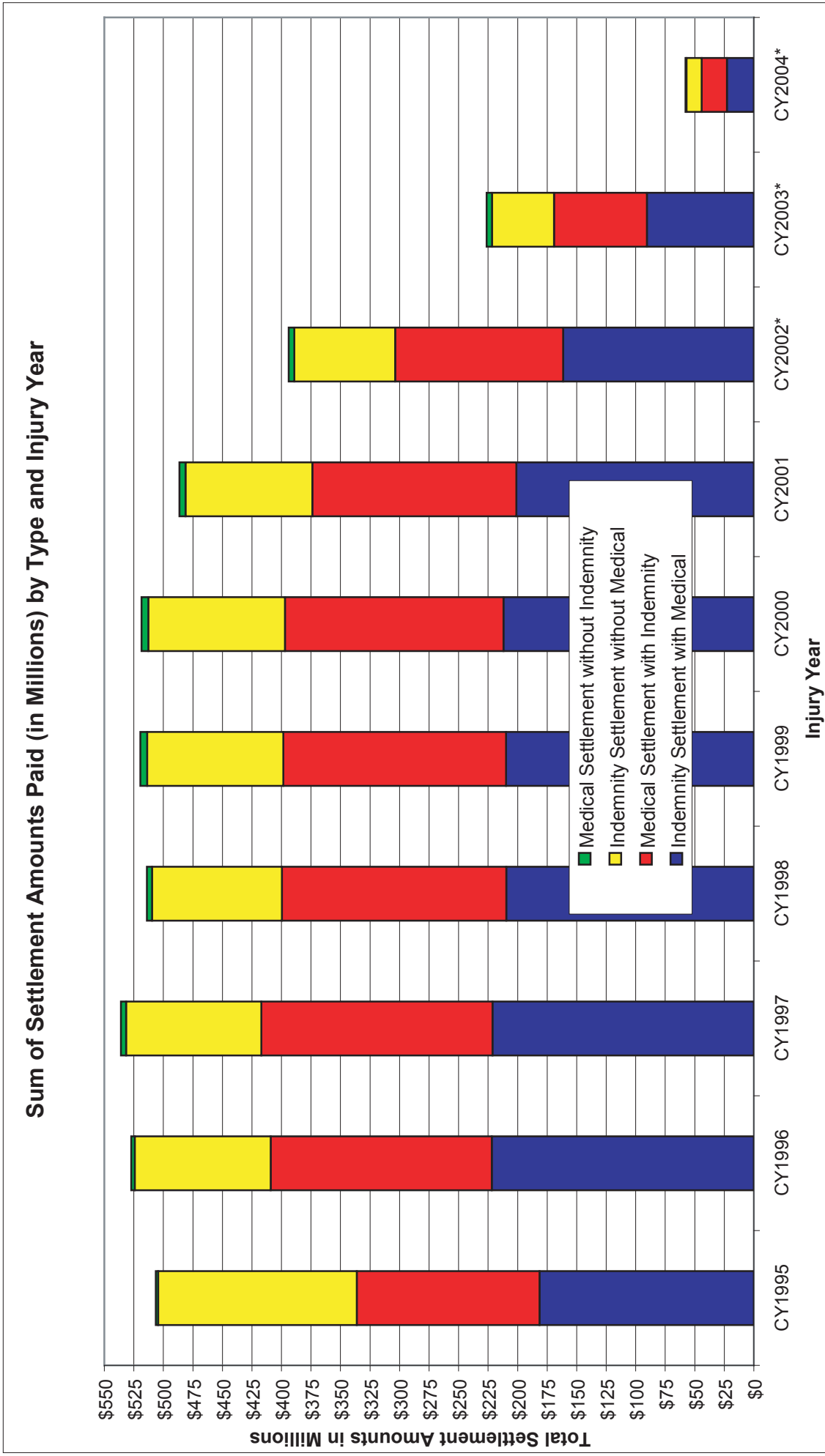


Figure A19



*Preliminary Data

Division of Workers' Compensation Contacts

Tanner Holloman, Director
Dan Sumner, Assistant Director
Andrew Sabolic, WC Policy Coordinator

Tanner.Holloman@fldfs.com
Dan.Sumner@fldfs.com
Andrew.Sabolic@fldfs.com

200 East Gaines Street
Tallahassee, Florida 32399
850-413-1600 SC293-1600

David Hershel
Office of Legal Services
850-413-1606
David.Hershel@fldfs.com

Roy Wood
Employee Assistance and Ombudsman Office
850-413-1610
Roy.Wood@fldfs.com

Don Davis
Office of Data Quality and Collection
850-413-1607
Don.Davis@fldfs.com

Andrew Sabolic, Interim Chief
Bureau of Compliance
850-413-1609
Andrew.Sabolic@fldfs.com

Bruce Brown
Bureau of Operations Support
850-413-1624
Bruce.Brown@fldfs.com

Greg Jenkins
Bureau of Monitoring and Audit
850-413-1608
Gregory.Jenkins@fldfs.com

Robert Reilly
Office of Research and Educational Services
850-413-1641
Robert.Reilly@fldfs.com

Please visit our website at: www.fldfs.com/wc.
On it you will find a wealth of information such as rules, forms, publications, and a number of useful databases that will give you a better understanding of workers' compensation.

Employee Assistance District Offices 1-800-342-1741

City	Address	Phone Number	Fax Number
Daytona Beach	955 Orange Ave. Daytona Beach, Florida 32114	386-323-0907	386-947-1746
Ft. Myers	4415 Metro Parkway, Suite 300 Ft. Myers, Florida 33916	239-278-7091	239-278-7249
Jacksonville	921 North Davis St., Bldg. B 250 Jacksonville, Florida 32209	904-798-5807	904-723-5704
Miami	401 N. W. Second Ave., Suite S-321 Miami, Florida 33128-1740	305-536-0307	305-377-5625
Ocala	1111 N.E. 25th Ave, Suite 403 Ocala, Florida 34470	352-401-5339	352-401-5344
Orlando	400 W. Robinson St., Suite N-602 Orlando, Florida 32801	407-835-4407	407-245-0891
Pensacola	610 E. Burgess Rd. Pensacola, Florida 32504-6320	850-453-7805	850-484-5111
Plantation	499 N.W. 70th Ave., Suite 116 Plantation, Florida 33317	954-321 2907	954-585-2657
Tallahassee	2012 Capital Circle S.E. Hartman Building, Suite 301 Tallahassee, Florida 32399-4225	850-413-1610	850-410-0669
			850-922-8427
Tampa	1313 N. Tampa St. Suite 503 Tampa, Florida 33602	813-221-6507	813-233-3741
West Palm Beach	3111 South Dixie Highway Suite 123 West Palm Beach, Florida 33405	561-837-5293	561-837-5416

Bureau of Compliance District Offices

City	Address	Phone Number	Fax Number
Daytona Beach	955 Orange Ave. #L Daytona Beach, Florida 32114	386-323-0906	386-226-7883
Ft. Myers	4415 Metro Parkway Suite 300 Ft. Myers, Florida 33916	239-278-7246	239-278-7209
Ft. Walton Beach	Busby Center 105-A Lewis Street, Suite 104 Fort Walton Beach, Florida 32547-3182	850-833-9019	850-833-7435
Jacksonville	921 North Davis St. Building B, Suite 250 Jacksonville, Florida 32209	904-798-5806	904-723-5705
Miami	401 N.W. 2nd Ave. # S-321 Miami, Florida, 33128-1740	305-377-5385	305-377-7239
Ocala	1111 N.E. 25th Ave.; Suite 403 Ocala, Florida 34470	352-401-5350	352-401-5344
Orlando	400 W. Robinson Street Room #211, North Tower Orlando, Florida 32801-1756	407-245-0896	407-999-5570
Panama City	2686 Chapman Dr. Panama City, Florida 32405	850-747-5425	850-747-5426
Pensacola	610 E. Burgess Rd. Pensacola, Florida 32504-6320	850-453-7804	850-484-5111
Plantation	499 Northwest 70th Ave., Suite 116 Plantation, Florida 33317	954-321-2906	954-585-2657
Port Richey	6709 Ridge Rd. Port Richey, Florida 34668-6842	727-816-1967	727-816-1970
Sarasota	1718 Main St., Suite 201 Sarasota, Florida 34236	941-329-1120	941-361-6042
St. Augustine	2200 A1A South St. Augustine, Florida 32080	904-461-2469	904-461-5087
Tallahassee	2012 Capital Circle SE Hartman Building Suite 106 Tallahassee, Florida 32399-4228	850-413-1609	850-488-7565
Tampa	1313 N. Tampa Street, Suite 503 Tampa, Florida 33602	813-221-6506	813-233-3742
Tavares	c/o Lake County Building Dept. 315 West Main Street. Suite 523 Tavares, Florida 32778	352-343-9653 x 5577	352-343-9616
Titusville	3880 S. Washington Ave. c/o Dept. of Children and Families 117 South Box 8 Titusville, Florida 32180	321-264-4050	321-264-4049
West Palm Beach	3111 South Dixie Highway, Suite 123 West Palm Beach, Florida 33405	561-837-5412	561-837-5416