

DIVISION OF WORKERS' COMPENSATION ANNUAL REPORT
2004 *TOM GALLAGHER, CHIEF FINANCIAL OFFICER*



Message from the Director

September 15, 2004

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

I am pleased to be serving the citizens of Florida and the Chief Financial Officer Tom Gallagher, as the Director of the Division of Workers' Compensation during the past year. We have just completed another successful fiscal year as part of the Florida Department of Financial Services.

This annual report details the division's administration of Chapter 440, F.S., an accounting of the Workers' Compensation Administration Trust Fund, and a description of the causes of workers' compensation injuries, as required by s.440.59; F.S. In addition to the required information, this report also contains a description of the division's mission and goals and how each bureau and office contribute to the accomplishment of these goals; trends in division productivity; and a summary of claims data.

Last year, in an effort to optimize our efforts in meeting our duties and responsibilities, the division refined its mission statement. The division's mission is: "To actively ensure the self-execution of the workers' compensation system through educating and informing all stakeholders in the system of their rights and responsibilities, compiling and monitoring system data, and holding parties accountable for meeting their obligations." By adhering to this mission, the division has made tremendous progress in facilitating a self-executing workers' compensation system.

The division is striving to reach three over-arching goals that must be addressed during the next few years to ensure that the Division of Workers' Compensation becomes the best division in Florida state government.

To maximize the self-execution of the system, the division will:

- Serve as a comprehensive resource to all system stakeholders;
- Create an unparalleled real-time workers' compensation information environment and measure the health of the workers' compensation system and;
- Be the leading catalyst in promoting and advocating accident prevention in the workplace.

A review of this annual report will clearly show that the division has taken significant steps in achieving these goals.

When SB 50-A, the most significant workers' compensation reform legislation in ten years became law in 2003, the division was tasked as the principal agency for implementing the administrative and regulatory provisions of the bill and educating system stakeholders about the changes. As part of the comprehensive reform, the Legislature gave the division greater regulatory authority with respect to employer and carrier compliance and enforcement. This authority has allowed the division to create an atmosphere in the system that is beneficial for employers and their employees. The division appreciates the Legislature, and the Governor for recognizing the need for compliance resources by funding 35 new compliance investigator positions to combat premium evasion and fraud. As a result, stop work orders issued to non-compliant employers increased by 42 percent over the previous year.

With the support of the Legislature, the Governor, and Chief Financial Officer Tom Gallagher, the Division of Workers' Compensation is continuing on the path of becoming the best division in state government. We welcome any suggestions and comments with regards to this annual report. If you have any questions about the contents of this report, please feel free to contact my office.

Sincerely,



Tanner Holloman

Director

Division of Workers' Compensation Annual Report 2004

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Executive Summary

This issue of the Division of Workers' Compensation Annual Report contains a summary of the division's work on implementing the 2003 legislative reforms in SB 50A. The annual report also includes an update of the division's mission, goals, and accomplishments; data on assessments, revenues, and disbursements; an analysis of selected data on lost time claims; a list of division contacts; and a glossary of workers' compensation terms.

Division Highlights

- The division has doubled the number of compliance investigators to 70. The scope of investigations has been expanded to include not only whether the employer has coverage, but also if the coverage conforms to Florida's insurance code.
- A partnership has been established with the Department of Business and Professional Regulation and the Division of Insurance Fraud to refer employers who violate Chapter 489 and s.440.105.
- A stop work order now will be issued to an employer who does not provide business records to the division within five business days of a written request to produce records.
- Stop work orders and penalties are now also in effect against successor or related corporations.
- In September and October of 2003, the division contacted all current construction exemption holders to inform them of changes in exemption requirements and has subsequently processed over 77,000 applications for re-issuance of exemption.
- The division has enhanced its website by providing access to its databases in a more user-friendly manner. Construction contractors can register their subcontractors and be kept informed of each subcontractor's coverage status through the use of the Construction Policy Tracking Database. Users can produce loss runs for any employer and can generate reports about employer coverage information. Draft rules, workshops, and audit hearing information are also publicized on the website.
- Three healthcare provider reimbursement manuals and two hospital reimbursement manuals were adopted in fiscal year 2004.
- The medical data collection system was redesigned to receive over 3.5 million electronic submissions of all medical billing information. (This new system will allow the Division to monitor 100 percent of all medical bills for timely payment or denial within the specified statutory 45 day time frame requirement.)
The electronic medical bill submission will become mandatory by March 16, 2005.
- The division has developed an optical character recognition process to help automate the coding of data on paper filed DWC-13 Claim Cost Reports.
- The division has improved its monitoring and audit processes of insurers and claims handling entities by increasing the number of claim files reviewed.
- New claim information will be collected on the DWC-1 First Report of Injury or Illness to allow for better determination of the timeliness of first indemnity payments in cases of discontinuous disability.
- A claims performance system is being developed to automate insurer penalty assessments.
- All division customer service functions have been consolidated into a single bureau. These functions include responding to consumers that have questions about employer compliance and exemptions. The Customer Service Unit provides quality personalized customer service to inquiries by either telephone or e-mail.
- Employer and employee brochures that provide workers' compensation system information were updated and also translated into Spanish.
- A periodic payment plan became effective on July 1, 2004. The division can now issue a conditional release of a stop work order to an employer that has entered into a periodic payment plan with the division. The periodic payment plan allows an employer to submit monthly payments to the division to repay the assessed penalty.

Lost Time Claims Data Reported by Insurers

- For mature injury years (1994-2000), the number of lost time claims has generally hovered around 80,000 claims per year. However, claim counts for injury year 2001 already exceed 80,000, and it appears likely that 2002 injuries will reach 80,000 as well.
- Temporary Total claims are by far the most frequent disability type in Florida, followed by Permanent Partial (Impairment Income). The mix of disability types varies over time as cases are reclassified from temporary to permanent disability types.
- Counts of claims by industry type are generally reflective of their size in the Florida economy. In recent years, approximately half of all claims have been in the Services and Retail Trade industries. Goods-producing industries have a slightly larger proportion of permanent disabilities than the services-producing sector.
- The median age of workers at the time of injury has risen slowly over the last ten years, currently reaching age 41. Analy-

sis by disability type shows that workers over age 50 are significantly more likely than younger workers to sustain a permanent disability.

- Females have consistently comprised a little more than a third of all lost time claimants over the past decade. Comparisons of gender composition by disability type show that females are proportionally represented in the temporary and permanent disability types. The one exception is death cases; about one sixth of workplace fatalities are female.
- The distribution of injuries by injured body location shows a slight decrease in the proportion of back injuries over the past ten years. Upper extremities are the most likely body part to be injured, and injuries to the neck are the most likely to result in permanent disability or death.
- Strains and sprains have consistently been the most frequent cause of injury, accounting for more than 35% of lost time cases for each of the past ten years. Injuries caused by motor vehicles are more likely to result in permanent disability or death.
- Strains and sprains likewise are the most common nature of injury, with more than 40% of lost time cases. Amputations are the nature of injury most likely to result in permanent disability or death, with the proportion approaching two thirds.
- Florida's seven most populous counties contain more than half of the state's population, employment, and, predictably, workers' compensation claims. Miami-Dade, Broward, Orange, Palm Beach, Hillsborough, Duval, and Pinellas Counties have collectively been the site of more than 55% of Florida's lost time injuries for each of the last ten years.
- During the past decade, there has been a slight increase in the proportion of cases involving intermittent work absences, as indicated by the fact that they were initially classified as medical only and later became lost time. This may be due to increased emphasis on return-to-work efforts by employers and/or use of modified work duty.
- The proportion of claims reported by commercial carriers (versus self-insurers) increased dramatically during the latter part of the 1990's: starting at less than half in 1994 and leveling off since 1999 to the current plateau of 80% for lost time cases.
- Mature data on claims with a reported date of Maximum Medical Improvement show that the median time to reach this point is five to six months post-injury.
- Based on mature data, between 25 and 30% of lost time claimants are eventually assigned a (non-zero) permanent

impairment rating, but the median rating has never exceeded 5% in any year. Only a small proportion of lost time claimants has a rating of 20% or more.

- Benefits paid to lost time claimants are a very slow-maturing data series because workers compensation benefits are often paid out during a long period of time. Nevertheless, for the seven mature data years (1994-2000) total benefits, including settlements, have amounted to roughly 1.4 billion dollars or more per year. Medical benefits account for the largest portion of benefit dollars paid.
- Analysis of total benefits paid by disability type shows that the greatest proportion of benefits paid were to claimants with permanent partial injuries (Impairment Income and Supplemental Income). In fact, for the seven mature injury years, total benefits paid to cases with permanent partial disability exceeded those paid to all other disability types combined.
- Trends in total settlement amounts paid track those of indemnity and medical benefits, with the greatest amount being paid to Permanent Partial claims.
- Average settlement amounts correlate with the severity of the disability type. Average settlements for Temporary Partial cases have remained in the area of \$10,000, whereas Permanent Total settlements have averaged greater than \$100,000 for all ten injury years. One exception to the severity rule is death cases, where the maximum amount of benefits is specified in the law. During the period 1994 through 2002 the average settlement amount for death cases has never exceeded \$45,000.
- The percentage of cases with a settlement also correlates with severity of the disability type. Only about ten percent of Temporary Partial cases have a reported settlement, while for the most mature years more than half of Permanent Total claims have settlement dollars reported. A review of settlement dates revealed that most settlements occur in the two years immediately following the year of injury.
- Initial trends show slight increases from 2001 through 2003 in indemnity benefits and settlement amounts paid at the same level of data maturity. Both total and average medical benefits paid show significant increases during this period. At least two more years of data will be needed to validate this trend.

Implementation of 2003 Reforms

Introduction

The 2003 Legislature enacted two bills, Senate Bill 50-A and Senate Bill 14-E, that have changed the nature of Florida's workers' compensation system. These reforms required the Division of Workers' Compensation (DWC) to develop or revise administrative rules relating to employer compliance, exemptions, insurer compliance and claims handling procedures, and claims and medical data reporting. The reforms significantly affect insurers, employers, injured workers, and healthcare providers. This section enumerates the steps the DWC is taking to implement the law changes.

DWC Implementation of Reforms Passed in the 2003 Legislative Session

Exemptions

The division revised rule 69L-6.012 Notice of Election to be exempt to reflect the new exemption eligibility requirements. In the construction industry, independent contractors, sole proprietors, and partners are now defined as employees and are ineligible for exemption.

Effective January 1, 2004 for employers engaged in the construction industry:

- Up to 3 corporate officers or 3 members of a Limited Liability Company (LLC) who own at least 10% of the corporation or company are eligible for exemption.
- Exemptions now only apply to the person named and the scope of business described on the certificate of exemption.

Outreach to Employers and Employees

- Between the end of the 2003 Legislative Session and November 2003, the division proactively contacted all current construction exemption-holders to inform them of changes in exemption requirements and the procedures to conform with the requirements
- From August 2003 through October 2003, in conjunction with legislators and trade associations, the division sponsored Town Hall meetings throughout the state to explain recent law changes. The meetings were held in the following areas: Orlando, Pensacola, Panama City, Jacksonville, St. Augustine, Tampa, Ft. Myers, Miami, and West Palm Beach.
- The division revised Rule 69L-26.004 requesting assistance. The rule adds a section that requires carriers to provide a letter to injured employees about availability of services through the Bureau of Employee Assistance and Ombudsman.

Employer Compliance

The division's authority to issue a stop work order has been expanded to include employers that, materially understate

or conceal payroll, misrepresent employee duties to avoid paying the proper premium, or misrepresent information pertinent to the calculation of an experience modification. These new enforcement provisions allow investigators to identify and sanction employers who are not paying the appropriate amount of premium.

- Out-of-state employers with employees engaged in work in Florida must use Florida rates, rules and classifications. (Rule 69L-6.019, F.A.C.)

The division also:

- Implemented a process to report employers to the Department of Business and Professional Regulation (DBPR) and to the Division of Fraud when investigations show that a business may be committing insurance fraud or violating DBPR rules.
- Established a partnership with DBPR to verify that Professional Employee Organization's (PEO) client companies have workers' compensation coverage.
- Strategically placed new investigators in areas of high employment and construction growth.

Medical Reimbursement Rates and Standards

- Physician reimbursements are now tied to a percent of the medicare reimbursement amounts. The division implemented and adopted three healthcare provider reimbursement manuals and two hospital reimbursement manuals.
- In conjunction with health care providers and insurers, the division adopted a uniform medical treatment form to improve communication and cooperation between health care providers and insurers relating to patient care and to implement the requirements of the new "Standards of Care" section of Chapter 440, Florida Statutes (section 440.13(16)), (Rule 69L-7.602, F.A.C.)

Claim Payment and Reporting Requirements for Carriers

Recent reforms established very clear guidelines regarding insurer responsibilities in reporting policy information, claims data, and medical data, including new and increased penalties for untimely reporting. In addition, the reforms provide performance standards for insurers regarding when payments

are due to injured workers and health care providers, and the sanctions for not meeting those timelines.

- Insurers must notify the division and the employer 30 days before cancellation of a workers' compensation insurance policy unless cancellation is due to non-payment of premium, in which case cancellation cannot occur less than ten days after notification. (Rule 69L-6.008, F.A.C.)
- All medical data will be required to be filed electronically by March 16, 2005. Fines have been established for late reporting and late payment. Phase-in for the electronic medical reporting began in August 2004.
- The medical data collection system has been redesigned to accommodate the larger volume of forms anticipated due to the mandate for electronic submission (over 3.5 million documents annually). Stringent edits will be applied to data submitted, and submitters will receive rapid feedback regarding submission errors in need of correction.
- The division improved the insurer monitoring and audit processes by expanding the information examined to ensure provision of appropriate benefits and services to injured workers. Improvements include:
 - An integrated process involving all division bureaus to facilitate monitoring of carrier performance was developed. This process is used to bring potentially poor insurer patterns or practices to the division's attention.
 - New data will be collected on the First Report of Injury or Illness to permit automated examination of the timeliness of first payments for a large percentage of cases. With the new data, the division will be able to determine if first payments were made timely in cases where the first eight days of disability are discontinuous.
 - New audits involve inspection of a greater number of files and include a more thorough inspection of each file.
 - All medical payment data is electronically scrutinized and insurers are penalized for every late payment.

As a result of the improvements listed above, the number of files reviewed during an audit increased over 400% (from 2,366 in FY 2003 to 13,792 in FY 2004); the value of penalties assessed for late reporting and late payments has increased more than 100% (from \$915,630 in FY 2003 to \$1,821,372 in FY 2004); the audit process has helped the division identify over \$412,000 in underpayments to injured workers, and \$72,000 plus in penalties and interest, resulting in injured workers receiving additional benefits and payments.

Communication with Stakeholders

The workers' compensation system has many different active participants, all of whom need current information, especially in the wake of major changes in the law.

- The division has improved its website to meet our customers' needs for workers' compensation information.

- Customers can sign up to receive automatic e-mails called e-Alerts from the division. The e-Alerts provide information about rule workshops and hearings and other critical workers' compensation information. Presently over 2,200 participants receive e-Alerts. These participants include healthcare providers, researchers, insurers, employers, employees, and attorneys.
- Construction general contractors can register their sub-contractors on the website and be kept informed of each sub-contractor's coverage status via e-mail. Currently there are 2,655 contractors registered, tracking 10,344 sub-contractor policies.
- Customers can produce loss runs for any employer automatically.
- Customers can generate customized statistical reports about lost time accidents.
- Customers can generate reports about employer coverage information.
- A new publication explaining basic facts about the workers' compensation system and the division, *Introduction to Workers' Compensation*, is now available on our website.
- Draft rules, workshop, and hearing information are published on our website.
- The website now has an e-mail box for individuals to submit questions about Florida's workers' compensation system.

Safety

- The division promotes workplace safety by advising employers of services provided by the University of South Florida SafetyFlorida Consultation Program and by distributing the program's safety brochures in our district offices.

**Table 1
Indemnity Benefits Structure Prior to October 1, 2003**

Type of Benefit Effective January 1, 1994	Temporary Partial	Temporary Total	Impairment Income	Supplemental Income	Permanent Total	Death Benefits
<p>Initial Eligibility</p> <p>After 7 days of disability</p>	<p>After 7 days of disability</p> <ul style="list-style-type: none"> • Doctor determines worker is able to return to modified duty • Worker is earning less than 80% of previous AWW 	<p>Temporary Total and Temporary Total –Catastrophic: After 7 days of disability After division approves participation in a training and education program</p> <p>Temporary Total:</p> <ul style="list-style-type: none"> • Doctor determines worker is unable to immediately return to work • Worker is not receiving unemployment compensation <p>Temporary Total-Catastrophic:</p> <ul style="list-style-type: none"> • Catastrophic injury defined by loss of arm, leg, hand, or foot, rendered paraplegic or paraquadriparetic, or loss of sight in both eyes <p>Temporary Total-Training and Education: Worker or carrier requests screening and the division determines the worker qualifies for re-employment services</p>	<p>MMI, Impairment Rating and 20 days after carrier notification</p> <p>Doctor determines worker has reached MMI and assigns an Impairment Rating, or temporary disability benefits end and an Impairment Rating is assigned</p>	<p>After Impairment Income benefits end</p> <ul style="list-style-type: none"> • Impairment Rating must be 20% or more • Made good faith effort to find suitable work • Not able to earn at least 80% of AWW • Completed the required form and returned it to carrier 	<p>After the doctor certifies there is an injury as defined below</p> <p>Unable to work and has one of the following conditions:</p> <ul style="list-style-type: none"> • Spinal cord injury causing paralysis • Loss of arm, leg, hand, or foot • Severe brain or head injury • Second or third degree burns over 25% of the body, or third degree burns to 5% of face and hands • Total or industrial blindness • Any other injury qualifying for Social Security Benefits 	<p>After death of a person eligible for workers' compensation; awarded to dependents as defined by law</p> <p>If death results from workplace injury within one year or follows continuous disability and death results from the injury within five years thereafter</p>
<p>Conditions for Eligibility</p>	<ul style="list-style-type: none"> • 80% of the difference between: 80% AWW and current earning ability • Not greater than 66 2/3% of AWW or the maximum compensation rate • Sworn law enforcement officers maliciously or intentionally injured receive 100% AWW 	<p>Temporary Total:</p> <ul style="list-style-type: none"> • 66 2/3% of AWW but not exceeding current maximum compensation rate <p>If receiving Social Security benefits and the injured worker is not yet 62 years old, the total benefits from workers' compensation and Social Security must not exceed 80% of AWW.</p> <p>Sworn law enforcement officers, maliciously or intentionally injured, receive 100% AWW.</p> <p>Temporary Total-Catastrophic: 80% of AWW if worker has catastrophic injury, but not more than \$700 per week.</p> <p>Temporary Total-Training and Education: 66 2/3% of AWW but not exceeding current maximum compensation rate.</p>	<ul style="list-style-type: none"> • 50% of average weekly Temporary Total benefits • Sworn law enforcement officers maliciously or intentionally injured receive 100% AWW 	<ul style="list-style-type: none"> • 80% of the difference between: 80% AWW and earning ability after MMI reached • Not greater than 66 2/3% of AWW or maximum compensation rate • Sworn law enforcement officers, maliciously or intentionally injured receive 100% AWW 	<ul style="list-style-type: none"> • 66 2/3% AWW but not exceeding current maximum compensation rate • Benefits increase, until age 62, at the rate of 5% compounded annually up to the current maximum weekly compensation rate • If receiving Social Security benefits and the injured worker is not yet 62 years old, the total benefits from workers' compensation and Social Security must not exceed 80% of AWW • Sworn law enforcement officers maliciously or intentionally injured receive 100% AWW 	<ul style="list-style-type: none"> • Benefits not to exceed \$100,000 • Up to 66 2/3 % of AWW for all dependents combined. If spouse is the sole survivor, 50% AWW. Spouse with children receives 66 2/3% AWW. Upon remarriage, the spouse receives lump sum equal to 26 weeks of 50% AWW. If the spouse remarries or is deceased, children receive up to 33 1/3% each. Dependent parents receive up to 24% AWW each, dependent siblings or grandchildren receive up to 15% AWW each. For multiple dependents, JCC may adjust apportionment based on type of dependent receiving benefit so that all benefits combined do not exceed 66 2/3% • Spouses are entitled to 1,800 hours training at a voc-tech or 80 semester hours at a community college • Funeral expenses paid up to \$5,000
<p>Amount of Payment</p>	<p>Combined 104 weeks for Temporary Total and Temporary Partial benefits or MMI</p>	<p>Temporary Total: Combined 104 weeks for Temporary Total and Temporary Partial benefits, or MMI.</p> <p>Temporary Total-Catastrophic: Until worker has been re-trained but for not more than 6 months from date of injury.</p> <p>Temporary Total-Training and Education: 26 weeks in addition to Temporary Total or up to 52 weeks with JCC order.</p>	<p>Three weeks of benefits for each percentage point of permanent impairment rating</p>	<p>Until 401 weeks have passed since the date of injury</p>	<ul style="list-style-type: none"> • Until re-employed or death • Payment suspended if incarcerated, except in the case of dependents who receive benefits as if the injured worker were deceased 	<ul style="list-style-type: none"> • Until the spouse dies or receives lump sum payment after remarriage • Spouse training benefit eligibility terminates after 7 years • Children, unless disabled, receive benefits until age 18, or age 22 if enrolled as a full time student, or until marriage
<p>Length of Benefits</p>	<p>Combined 104 weeks for Temporary Total and Temporary Partial benefits or MMI</p>	<p>Temporary Total: Combined 104 weeks for Temporary Total and Temporary Partial benefits, or MMI.</p> <p>Temporary Total-Catastrophic: Until worker has been re-trained but for not more than 6 months from date of injury.</p> <p>Temporary Total-Training and Education: 26 weeks in addition to Temporary Total or up to 52 weeks with JCC order.</p>	<p>Three weeks of benefits for each percentage point of permanent impairment rating</p>	<p>Until 401 weeks have passed since the date of injury</p>	<ul style="list-style-type: none"> • Until re-employed or death • Payment suspended if incarcerated, except in the case of dependents who receive benefits as if the injured worker were deceased 	<ul style="list-style-type: none"> • Until the spouse dies or receives lump sum payment after remarriage • Spouse training benefit eligibility terminates after 7 years • Children, unless disabled, receive benefits until age 18, or age 22 if enrolled as a full time student, or until marriage

Table 2

Current Indemnity Benefits, effective for injuries occurring on or after October 1, 2003

	Temporary Partial Disability (TPD)	Temporary Total Disability (TTD)	Temporary Total Disability At 80% (Catastrophic)	Temporary Total Training & Education (Rehabilitation)	Impairment Income	Permanent Total Disability (PTD)	Death Benefits
Initial Eligibility	After 7 days of disability	After 7 days of disability	After 7 days of disability	After Bureau of Rehabilitation & Reemployment (BRR) approves participation in a training and education program	MMI, Impairment Rating, and 14 days after carrier notification of impairment	After the doctor certifies there is an injury as defined below	After death due to a workplace injury or illness; awarded to dependents as defined by law
Conditions for Eligibility	<ul style="list-style-type: none"> • Doctor determines worker is able to return to modified duty • Worker is earning less than 80% of previous pre-injury average weekly wage (AWW) • No longer payable if worker terminated for misconduct 	<ul style="list-style-type: none"> • Doctor determines worker is unable to immediately return to work • Worker is not receiving unemployment compensation 	<ul style="list-style-type: none"> • Catastrophic injury defined by loss of arm, leg, hand, or foot, rendered paral/quadriplegic or paral/sight in both eyes lost • Not eligible for Permanent Total benefits 	<ul style="list-style-type: none"> • Worker or carrier requis screening and BRR determines the worker qualifies for reemployment services • Worker unable to earn 80% of Temporary Total compensation rate • Worker has not received more than 104 weeks of temporary benefits 	<ul style="list-style-type: none"> • Doctor determines worker has reached MMI and assigns an Impairment Rating, or temporary disability benefits terminate and an Impairment Rating is assigned 	<ul style="list-style-type: none"> • Unable to work and have one of the following conditions: <ul style="list-style-type: none"> • Spinal cord injury involving severe paralysis of arm, leg, or trunk • Amputation of arm, hand, foot, or leg • Severe brain or closed head injury • Severe burns • Total or industrial blindness • Or unable to do sedentary work within 50 miles of home 	<ul style="list-style-type: none"> • If death results from workplace injury within one year or follows continuous disability and death results from the injury within five years thereafter
Amount of Payment	<ul style="list-style-type: none"> • 80% of the difference between: 80% AWW and current earning ability, up to the maximum compensation rate • Sworn law enforcement officers maliciously or intentionally injured receive 100% AWW 	<ul style="list-style-type: none"> • 66 2/3% of AWW but not exceeding current maximum compensation rate • Sworn law enforcement officers maliciously or intentionally injured receive 100% AWW 	<ul style="list-style-type: none"> • 80% of AWW if worker has catastrophic injury, but not more than \$700 per week 	<ul style="list-style-type: none"> • 66 2/3% of AWW but not exceeding current maximum compensation rate 	<ul style="list-style-type: none"> • 75% of average weekly Temporary Total Benefits • Reduced by 50% for each week in which earned income is greater than or equal AWW • Sworn law enforcement officers maliciously or intentionally injured receive 100% AWW 	<ul style="list-style-type: none"> • 66 2/3% AWW but not exceeding current maximum compensation rate • Sworn law enforcement officers maliciously or intentionally injured receive 100% AWW • Benefits increase until the age of 62 at the rate of 3% compounded annually up to the current maximum weekly compensation rate 	<ul style="list-style-type: none"> • Benefits not to exceed \$150,000 • Up to 66 2/3 % of AWW for all dependents combined. • Spouses are entitled to 1,800 hours training at a voc-tech or 80 semester hours at a community college • Funeral expenses paid up to \$7,500
Length of Benefits	<ul style="list-style-type: none"> • Combined 104 weeks for Temporary Total and Temporary Partial benefits or until MMI 	<ul style="list-style-type: none"> • Combined 104 weeks for Temporary Total and Temporary Partial benefits or until MMI 	<ul style="list-style-type: none"> • Until worker has been re-trained, but for not more than 6 months from date of injury 	<ul style="list-style-type: none"> • 26 weeks in addition to Temporary Total or up to 52 additional weeks with JCC order • Included in 104 week total for all temporary benefits 	<p>Based on Impairment Rating:</p> <ul style="list-style-type: none"> • 2 weeks for each percentage point from 1 to 10 • 3 weeks for each percentage point from 11 to 15 • 4 weeks for each percentage point from 16 to 20 • 6 weeks for each percentage point 21 and higher 	<ul style="list-style-type: none"> • Until re-employed or death • If the employee is age 70 or older when the accident occurs, benefits are payable for no more than 5 years • Until age 75, unless not eligible for Social Security because of the injury 	<ul style="list-style-type: none"> • Until the spouse dies or receives lump sum payment after remarriage

Mission, Goals, and Accomplishments

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
- Create an unparalleled real-time workers' compensation information environment.
- Be the leading catalyst in promoting and advocating accident prevention in the workplace

Fiscal year 2004 saw much progress towards accomplishment of the division's mission.

Accomplishments

Activities that educated and informed all stakeholders in the system of their rights and responsibilities include the following:

- Through suggestions from our employees and division customers we have made significant enhancements to the division's website.
- Customers can now register at our website (www.fldfs.com/WC/) to receive automated messages via the E-Alert system to learn about new developments at the division and in the workers' compensation system.
- The division revised Rule 69L-26.004 Requesting for Assistance. The rule adds a section that requires carriers to provide a letter to injured employees about availability of services through the Bureau of Employee Assistance and Ombudsman.
- From August 2003 through October 2003, in conjunction with legislators and trade associations, the division sponsored Town Hall meetings throughout the state to explain recent law changes. The meetings were held in the following areas: Orlando, Pensacola, Panama City, Jacksonville, St. Augustine, Tampa, Ft. Myers, Miami, and West Palm Beach.
- The Early Intervention Program is a proactive approach to reduce litigation by reaching injured workers immediately after a work-related injury to advise them of their rights and responsibilities and to offer our services in resolving disputes. Table 3 shows that if the Employee Assistance Office is successful in contacting an injured worker, the injured worker is less likely to file a Petition for Benefits, which starts the formal litigation process.

Table 3 Bureau of Employee Assistance and Ombudsman

Fiscal Year

	2000	2001	2002	2003
Percent of early intervention attempts resulting in voice contact	NA	NA	22.5%	22.6%
Percent of cases with DWC-1's with Petitions for Benefits within 24 months of the date of injury	23.8% IY 1998	22.9% IY 1999	21.9% IY 2000	19.0% IY 2001

Activities that hold parties accountable for meeting their obligations under the law include the following:

- The Bureau of Compliance established a referral process to share information about non-compliant employers with the Division of Insurance Fraud and the Department of Business and Professional Regulation.
- The Bureau of Compliance doubled its investigative staff. These additional positions allowed investigators to increase the number of stop work orders to 1,690, which represents a 42 percent increase from the previous year (see Table 4).

Table 4 **Bureau of Compliance**
Fiscal Year

	2000	2001	2002	2003	2004
Employers Contacted for Investigation	36,539	37,433	34,268	26,980	27,333
Stop Work Orders Issued	1264	1124	1352	1193	1690
New Premium Dollars Added to the System (millions)	\$22.7	\$21.1	\$20.8	\$47.4	\$25.5

- The division has expanded its insurer compliance efforts through performance monitoring, focused investigations, and full audits. As a result, insurer performance has improved across the board. For example: timely payment of compensation has increased from 89% in fiscal year 2000 to 93% in fiscal year 2004; timely mailing of employee brochures has increased from 64% in fiscal year 2000 to 87% in fiscal year 2004.
- Part of the division's efforts to hold insurers accountable includes reviewing more files during audits and assessing more and higher penalties for violations of the requirements of Chapter 440, F.S. (see Table 5)

Table 5 **Bureau of Monitoring and Audit**
Fiscal Year

	2000	2001	2002	2003	2004
Files Reviewed	3,866	4,305	2,524	2,366	10,413
Penalties Assessed	\$242,134	\$371,567	\$143,638	\$167,219	\$730,619

- When poor performance is identified on audit, the insurer rather than the claims-handling entity is held accountable for the violation.
- Through Electronic Data Interchange (EDI) team participation in insurer field audits, the 5,238 forms that had not been resubmitted after errors were detected has been reduced to only 336 forms.
- In preparation for 100% of medical forms being submitted electronically, the division designed and implemented a new medical data system to efficiently collect, process, and store medical data. The system responds quickly to submitters so they can correct and reprocess claims with errors to avoid penalties and fines.
- The number of forms submitted to the division continues to increase, as does the percent of forms submitted electronically (see Table 6).

Table 6 Office of Data Quality and Collection

Fiscal Year

	2000	2001	2002	2003	2004
Number of forms loaded into the division's databases (claims, medical coverage)	3,159,231	3,881,831	3,827,433	4,026,580	4,607,425
Percent of claims, medical, and coverage forms successfully submitted electronically	82.09%	88.15%	85.94%	89.89%	90.22%

- Through audits of reimbursement requests the Special Disability Trust Fund saved more than \$12 million (see Table 7)

Table 7 Bureau of Operations and Support

Fiscal Year

	1999	2000	2001	2002	2003	2004
Number of reimbursement requests audited	7,652	8,492	9,008	8,893	7,470	6,299
Costs avoided as a result of the reimbursement audit process (in millions)	\$13.3	\$10.5	\$14.3	\$11.2	\$10.7	\$12.9

Activities that compile data and monitor the workers' compensation include the following:

- The division has begun to monitor the impact of 2003 reforms on the workers' compensation system, developing baseline values (pre-reform) for over 20 indicators of system performance. In addition, every injured worker calling the Bureau of Employee Assistance and Ombudsman (EAO) will be asked to answer a brief survey regarding their satisfaction with the workers' compensation system.
- The division developed and implemented an optical character recognition process to automate the coding of hard copy data.

What's in Store for the Future:

The division and its employees are continuously seeking new opportunities to provide value to our customers and improve our business processes. We have outlined some of our future initiatives as they relate to our goals.

Goal: To maximize the self-execution of the system, the division will serve as a comprehensive resource to all system stakeholders.

- Every worker calling the Bureau of Employee Assistance and Ombudsman will be surveyed to evaluate the effectiveness of the workers' compensation system and EAO.
- Exemption information will be added to the construction policy-tracking database which will provide users information on the status of exemptions for subcontractors.
- The website will be reorganized based on customer groups to enhance its functionability.
- The division will increase its outreach efforts to educate and inform parties of their obligations under the law.

Goal: To maximize the self-execution of the system, the division will create an unparalleled real-time workers' compensation information environment and measure the health of the system.

- The division will establish a database to track employee leasing companies and their clients.
- The division will cross check data from the Division of Corporations on dissolved corporations with the exemption database to determine which exemption holders are no longer corporate officers and thus are subject to revocation.
- An Automated Performance System will be unveiled to automate insurer penalty assessments: first, for late payment and reporting of medical bills; second, for late payment of indemnity and reporting of claims data; and last, for late reporting of coverage information.
- The division will develop a medical data warehouse to turn medical data into information that can be used for monitoring insurer performance, providing business information to insurers, and for reporting trends to public policy makers.
- The division has also provided a way for the customer to generate customized statistical reports regarding workers' compensation injury data. They can also generate reports about coverage and expiring workers' compensation policies.
- General contractors can register to receive real time information about coverage status for their sub-contractors.

Goal: To maximize the self-execution of the system, the division will be the leading catalyst in promoting and advocating accident prevention in the workplace

- The division will solicit best safety practices from employers and post validated best practices on the division's website.

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 funds are supported by annual assessments on workers' compensation insurance premiums. For insurance companies, self-insurance funds, the Workers' Compensation Joint Underwriting Association and assessable mutual insurance companies assessments are based on premiums from workers' compensation policies written in Florida. Self-insured employer assessments are based upon imputed premiums determined by the division, as if insurance had been purchased in the voluntary market. The Joint Underwriting Association has been exempted from payment of assessments, beginning July 1, 2004.

The Workers' Compensation Administration Trust Fund (WCATF)

Prior to the implementation of 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 of administration were prorated among the carriers writing compensation insurance in the state and self-insurers. The assessment rate was determined as a percentage of net premiums collected for compensation insurance in the state, and the amount of imputed net premiums the division had computed for the self-insurers. The assessment rate was limited to 4% of net premiums.

Under the 2000 legislation, the WCATF assessment rate is to be applied to a calendar year period, beginning January 1, 2001. The department is required to notify carriers and self-insurers, by July 1, of the assessment rate to take effect January 1 of the next calendar year. The calendar year assessment rate is based on the anticipated expenses of the administration of the workers' compensation statute during the next calendar year. The maximum assessment rate was lowered to 2.75% of net premiums beginning January 1, 2001. Also, carriers are required to pay the WCATF assessment on the full policy premium value of its deductible policies, which means that the net premiums assessed are equal to premiums computed without regard to the deductible clause of the policy, beginning July 1, 2001.

Table 8 summarizes the WCATF assessment rates and total revenues generated from all sources for the past 10 fiscal years. Since the 2001 modification that included deductible policy premium discounts in the net premiums to be assessed, the WCATF assessment rate has declined from 3.74% to 1.5%.

Table 8

Workers' Compensation Administration Trust Fund Assessment Rates and Total Revenues (Fiscal Years 1995 through 2004)

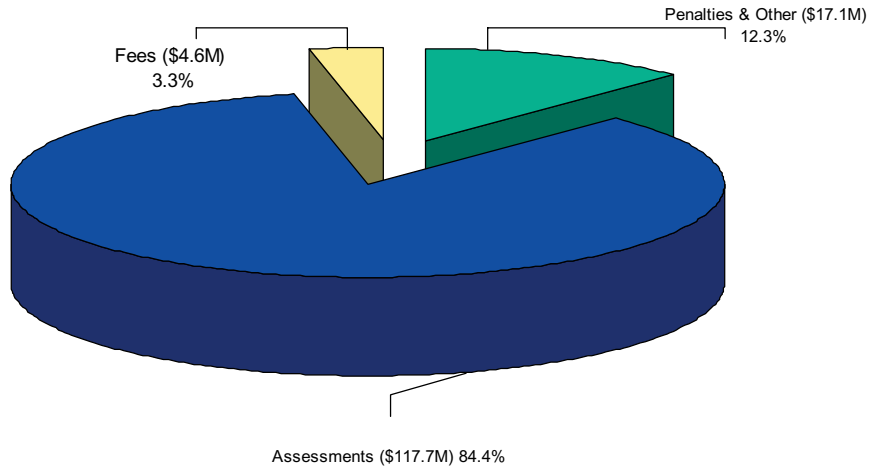
Fiscal Year	Assessment Rate	Revenues
1995	3.22%	\$93,436,220
1996	3.15%	\$98,710,066
1997	2.50%	\$90,165,687
1998	2.40%	\$92,485,615
1999	2.75%	\$82,953,596
2000	3.48%	\$103,738,676
*2001	3.74%/2.75%	\$119,419,182
2002	2.75%/2.56%	\$146,752,416
2003	2.56%/1.75%	\$158,889,383
2004	1.75%/1.5%	\$139,417,773

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

Revenues derived from Workers' Compensation Administration Trust Fund assessments cover expenses for the Division of Workers' Compensation (administrative costs as well as 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 2004. Whenever revenues exceed disbursements, the excess revenue is applied to reduce the subsequent year's assessment rate. **The rate reductions reflected for 2002 – 2004 continue through 2005, when the assessment rate will decrease to 0.75% , effective January 1, 2005.**

Figure 1

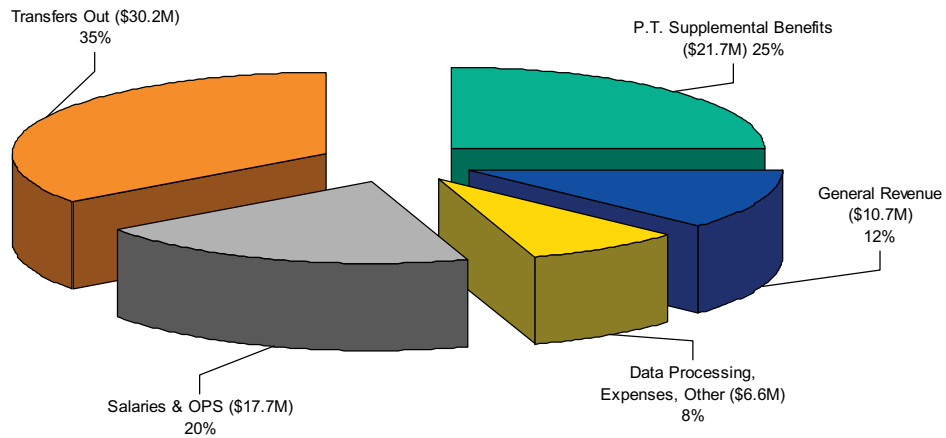
FY 2003-04
Workers' Compensation Administration Trust Fund
Revenues



Source: Division of Workers' Compensation

Figure 2

FY 2003-04
Workers' Compensation Administration Trust Fund
Disbursements



Source: Division of Workers' Compensation

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 make the reimbursements. Having been prospectively abolished by the Legislature, the SDTF does not accept new claims for injuries sustained after December 31, 1997, but continues to reimburse companies for approved claims in earlier accidents.

The annual assessment calculation is defined by formula, in section 440.49, F.S., and is based on the disbursements from the fund over the past three years and the balance remaining in the fund including the outstanding amount of unpaid approved claims. However, the SDTF assessment rate has been legislatively capped at 4.52% since 1995.

Table 9 summarizes the SDTF assessment rates and total revenues generated since 1995. Breakouts of fund revenues and disbursements during fiscal year 2004 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.

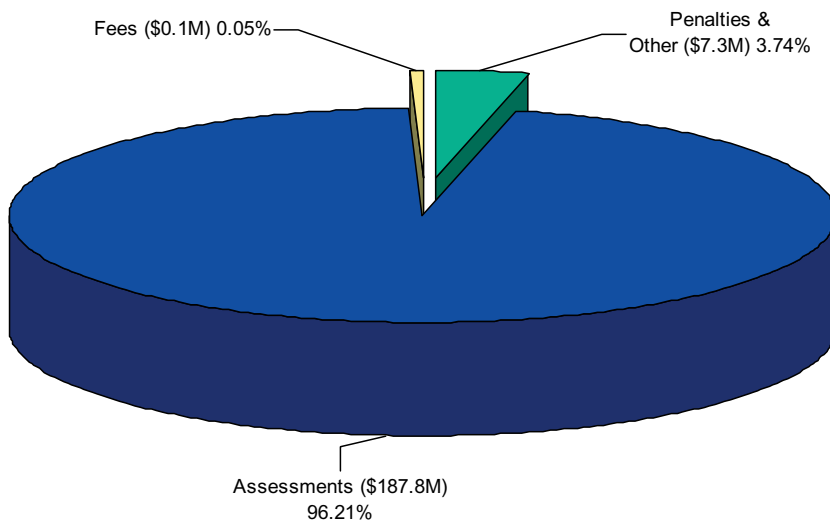
Table 9

Special Disability Trust Fund Assessment Rates and Total Revenues (Fiscal Years 1992 through 2004)

Fiscal Year	Assessment Rate	Revenues
1995	4.52%	\$166,827,717
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

Figure 3

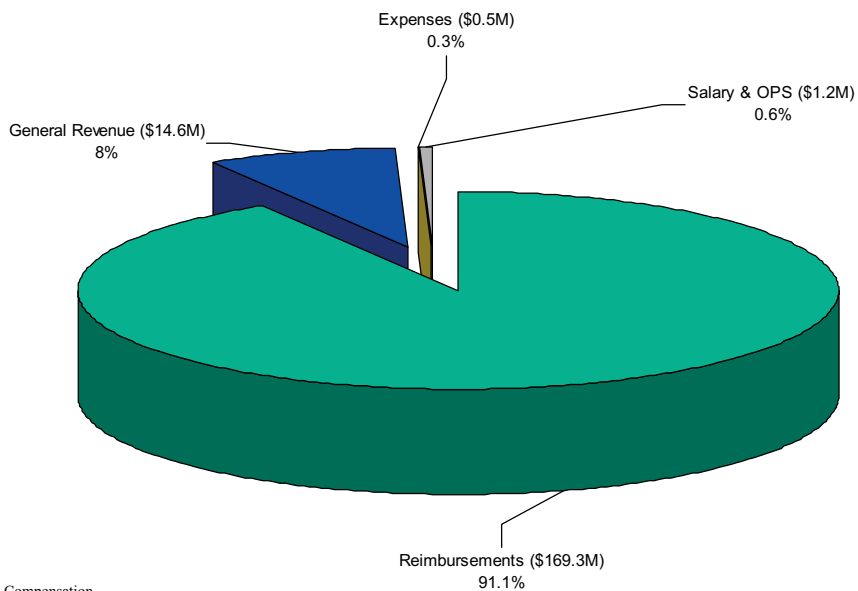
FY 2003-04 Special Disability Trust Fund Revenues



Source: Division of Workers' Compensation

Figure 4

FY 2003-04 Special Disability Trust Fund Disbursements



Source: Division of Workers' Compensation

Workers' Compensation Claims Data

This year's annual report returns to the traditional data analysis format using the past ten years of data on lost time cases, that is, for injury years 1994 through 2003. New disability type definitions became effective at the beginning of 1994. In particular, in the "Permanent Partial" disability group, Wage Loss and Permanent Impairment benefits were replaced by Impairment Income and Supplemental Income. The latter disability type itself was abolished effective for injuries occurring on or after October 1, 2003, in conjunction with the redefinition of Impairment Income benefits. The number of claims receiving Supplemental Income benefits, and their related benefit amounts, are so small as to be statistically insignificant in analysis of lost time claims and/or benefits payment. So, in the following analysis the terms "Impairment Income" and "Permanent Partial" are essentially equivalent. The source file for all figures in this section is the division's lost time claims file as of June 30, 2004. Also note that for all exhibits providing data by injury year, the data for injury years 2001 through 2003 are still considered preliminary.

Number of Lost Time Cases

The number of lost time cases, which dropped yearly from the late 1980's to 1995, now shows a pattern of slow growth through 2000, as shown in Figure A1. The claims data after 2000 are preliminary, but it appears that the total for 2001 is likely to remain below that for 2000. Beyond that, the data are too immature to make a prediction about trends in case volume.

Injured Workers' Highest Disability Type

Much analysis of lost time case data is done based on the injured worker's disability type. This is based on the following hierarchy from low to high: temporary partial, temporary total, permanent partial (i.e., Impairment Income), permanent total, and death. As the case progresses over time, the disability type is likely to change. Generally, the movement is up the hierarchy, but a claimant may move back, temporarily or not, to a lower disability type. For classification purposes however, cases are grouped based on the highest disability type in which indemnity payments have been made. There are also two additional categories of "no indemnity reported" disability type. One is "Settled, No Indemnity Reported" where only settlement information (and possibly some medical benefits) are reported. Experience had shown that these are generally low-cost claims similar to temporary partial cases. The other disability type is "Lost Time, No Indemnity Reported." Many

of these claims are established from something other than a regular DWC-1 First Report of Injury or Illness, so a disability type cannot be determined. Most of these cases also have no reported medical benefits.

Because of the dynamic changes in disability type as claims age, the disability types show different trends over time, as shown in Figure A2. For example, the two temporary disability types do not show a consistent trend over time, even though total case counts are low for the three most recent injury years. This effect is offset for these disability types by the fact that most claims begin with a temporary disability designation. Over a period of years, those cases that remain open are likely to be reassigned a permanent disability type. This is shown clearly by the fact that permanent disability types show a definite problem with data immaturity for the three most recent injury years, and, in the case of permanent total claims even beyond three years. Some cases that are initially assigned as Lost Time, No Indemnity Reported, are later assigned another disability type as a DWC-13 Claim Cost Report (with information on indemnity benefit payments) or other case documentation is received. Permanent Partial cases show a reasonable consistent trend for mature years, accounting for 20,000-22,000 cases annually. Although permanent total/death cases appear to be declining for more recent years, this is an artifact of data immaturity, so it is too early to tell if the trend is real. Additional cases with injury date from 1998 to date may be reclassified as Permanent Total in the future.

Figure A1

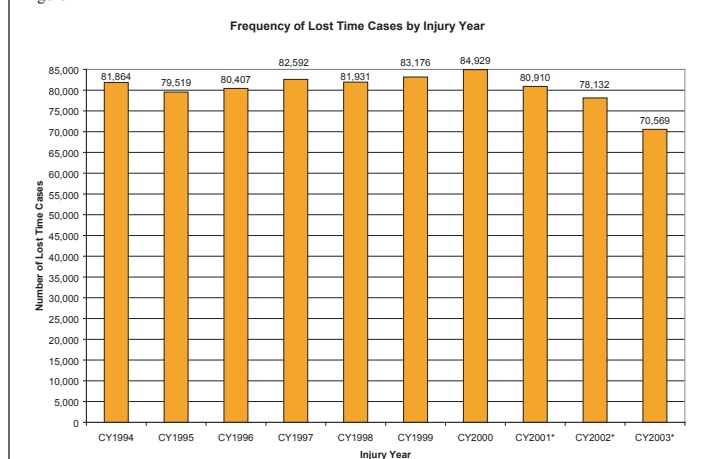
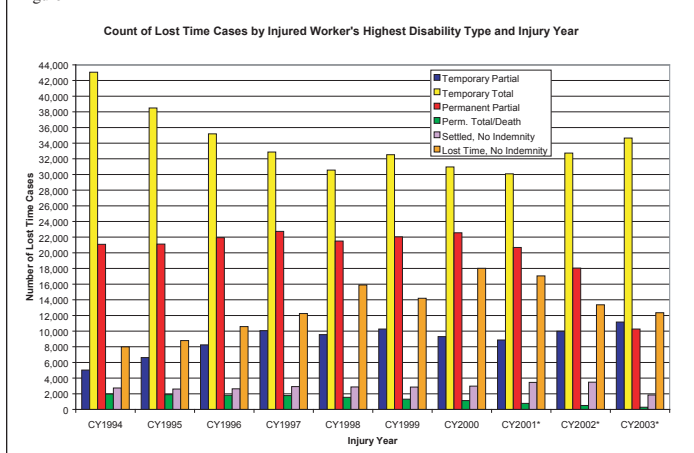


Figure A2



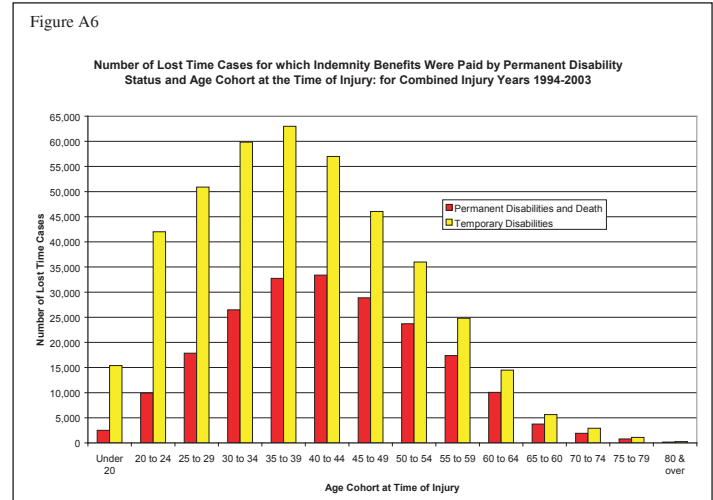
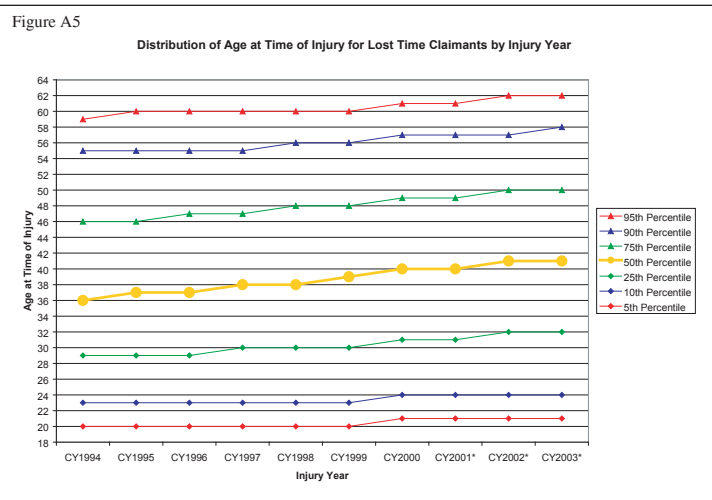
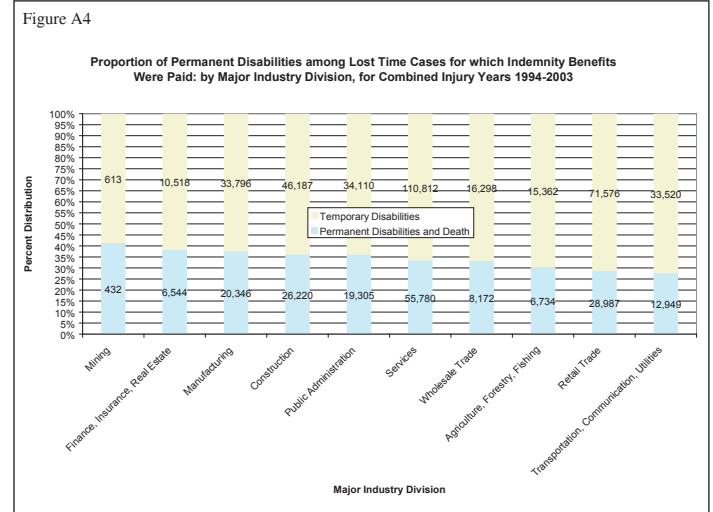
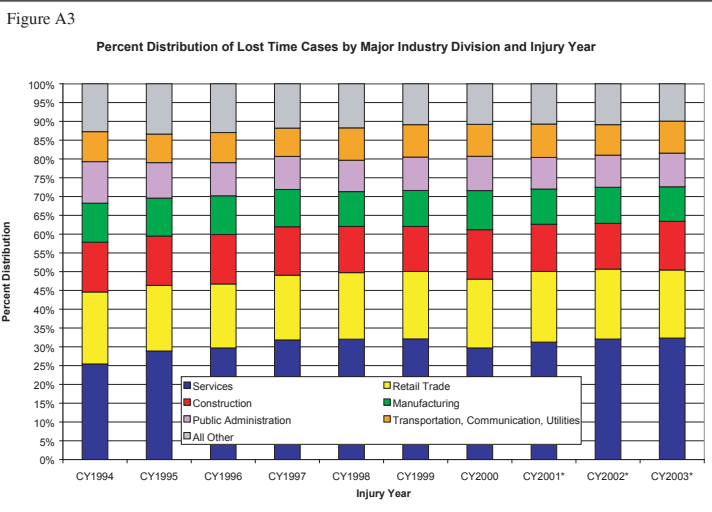
Industry Type

In recent years lost time cases have been primarily in the industry divisions of Services and Retail Trade, accounting for roughly half of all claims for the past seven years (Figure A3). This is not necessarily an indication that these are dangerous industries, but rather reflects the size and importance of these industries to the state economy. Also, the Services industry data are somewhat overstated, for two reasons. First of all, during the 1990's a number of small employers became clients of leasing firms, or professional employee organizations (PEO's). Thus, in effect, these companies would go out of business and become sole proprietorships leasing their employees back from the PEO. Thus, while the affected workers were likely doing the same jobs as before, they might now be classified based on their employer of record as being in Business Services. Also, particularly in the case of Educational Services, it is difficult to tell if claimants are government employees or not. Information on the private sector versus government status of the employer is no longer reported to the division, so a distinction cannot readily be made of employees of county school districts versus those of private schools. The Public Administration category is used for categories that are performed exclusively by government entities, such as courts, tax offices, and public safety. The data show a high degree of consistency, unaffected by data maturity, over the past ten years, although there has been a slight shifting away from

goods-producing industries (primarily Construction, Manufacturing, and Agriculture) toward service-producing industries, as has been the case with the state economy as a whole. Figure A4 shows, among those lost time cases with reported indemnity benefits, the proportion of cases involving permanent disability, which would be an indicator of more severe injuries. As might be expected, three goods-producing industries (mining, manufacturing, and construction) are among the top four in the proportion of permanent disabilities and death. Surprisingly, the fourth industry with a high proportion of permanent disabilities is Finance, Insurance, and Real Estate.

Age of Injured Worker

The data on worker age at injury in Figure A5 show a long-term pattern of increase of about one year of age for each two years of passing time. Age 41 continued to be the halfway point in 2003 with half each of injured workers being above and below this age. Fewer than ten percent of all injuries are to workers younger than 21 or older than 62. In recent years roughly one quarter each of all claimants were in their 40's and 50's respectively at the time of injury. Figure A6 shows a distribution of lost time cases by five-year age cohorts and by temporary/permanent disability status. Comparison of the two sub-distributions shows that permanent disabilities appear to be skewed more toward older workers. The median age for workers with temporary disabilities is 37, compared to 41 for



permanent disability and death cases. This effect is also shown in Figure A7, giving the same data as a percent distribution. This shows that the proportion of permanent disabilities rises with increasing age up to about 50, beyond which it plateaus at forty percent.

Gender

Data on claimant gender have remained very stable over the past ten years, with females accounting for a little more than one third of all injured workers (Figure A8). Data by highest disability type show that women make up roughly 35% of claimants in each disability type, with the exception of death cases, of which females compose approximately one-sixth (Figure A9).

Injured Body Part

The ten-year trend of percent distribution by injured body part shows a slight increase in the percentage of injuries to upper and lower extremities and a corresponding reduction in back injuries (Figure A10). Comparison of data on injured body part by grouped disability type for the past ten years (Figure A11) shows the highest proportion of permanent disabilities for neck injuries. Surprisingly perhaps, the lowest percentage of permanent disabilities was for head and trunk injuries.

Cause of Injury

Lost time injuries are concentrated in the two categories of Strain/Sprain and Fall/Slip Injury, which have comprised more than 60% of injuries for each of the past ten years, with no major year-to-year trends apparent in the annual summaries (Figure A12). Looking at the combined decade-long data by disability group, accidents involving motor vehicles are most likely to result in permanent disability or death (Figure A13). At the other extreme, burns and hot/cold exposure injuries are least likely to result in permanent disability. Although burns can certainly cause catastrophic injuries, it appears that many of them are relatively minor. Detailed data by industry similarly show that restaurant injuries have a low percentage of permanent disabilities, which may have a further correlation with worker age.

Figure A7

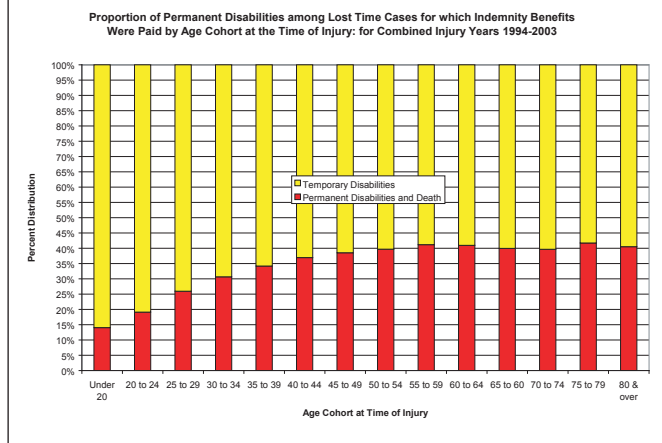


Figure A8

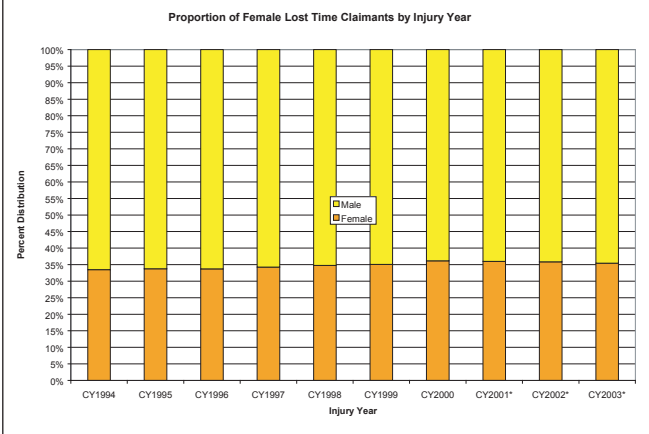


Figure A9

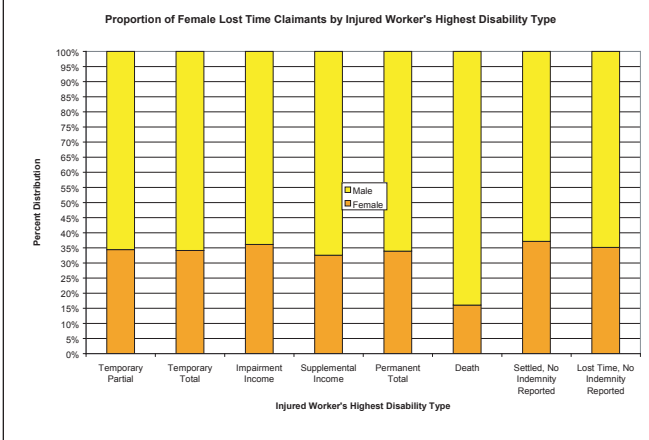


Figure A10

Percent Distribution of Lost Time Cases by Injured Body Part and Injury Year

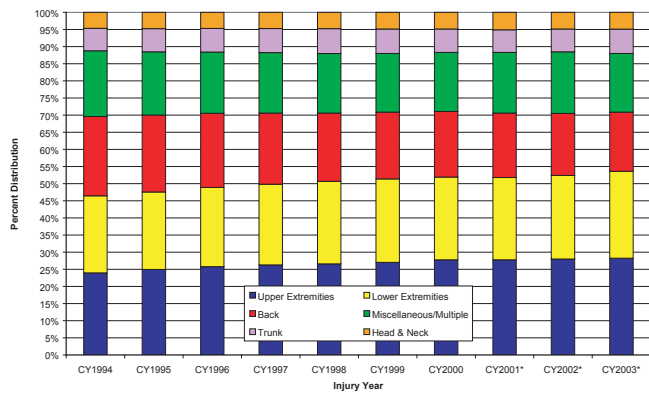


Figure A11

Proportion of Permanent Disabilities among Lost Time Cases for which Indemnity Benefits Were Paid by Specified Injured Body Part: for Combined Injury Years 1994-2003

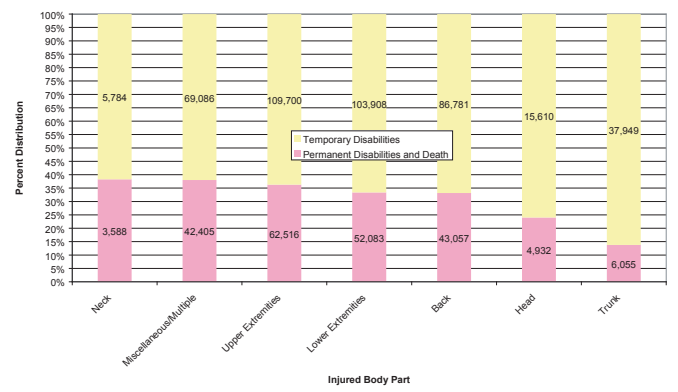


Figure A12

Percent Distribution of Lost Time Cases by Cause of Injury and Injury Year

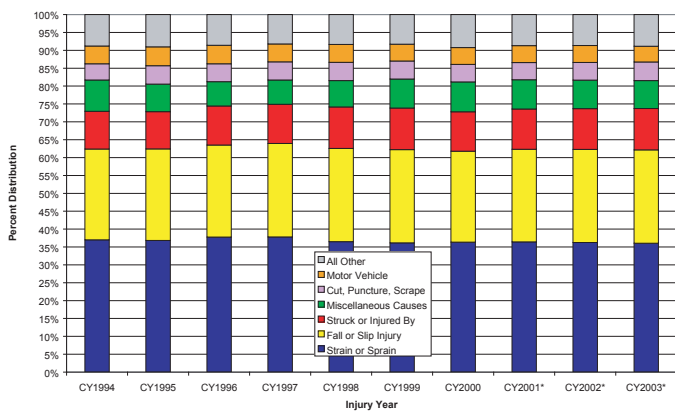


Figure A13

Proportion of Permanent Disabilities among Lost Time Cases for which Indemnity Benefits Were Paid by Cause of Injury: for Combined Injury Years 1994-2003

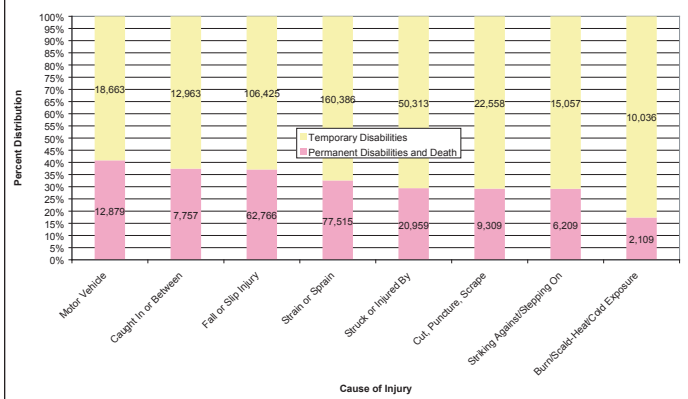


Figure A14

Percent Distribution of Lost Time Cases by Nature of Injury and Injury Year

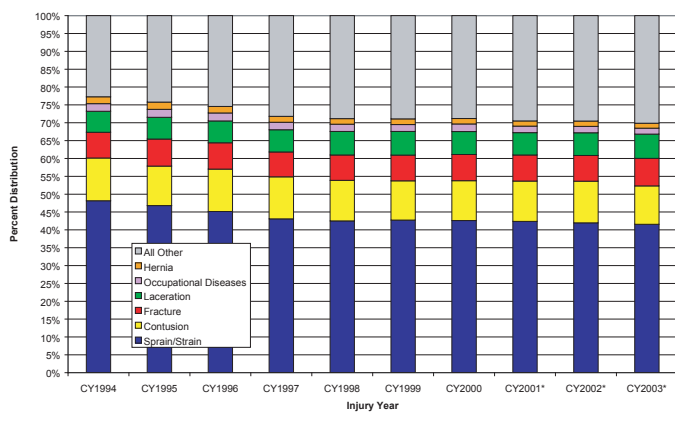
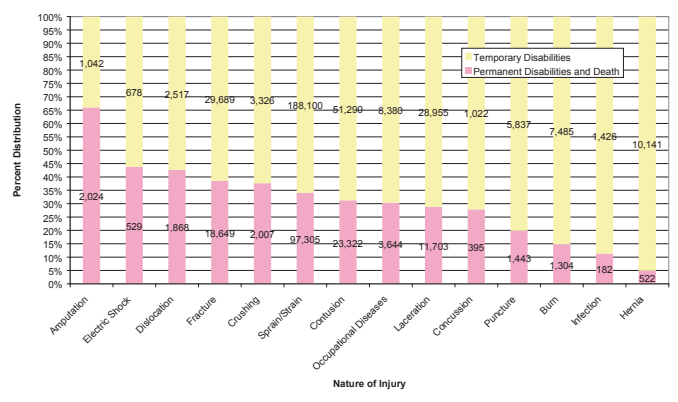


Figure A15

Proportion of Permanent Disabilities among Lost Time Cases for which Indemnity Benefits Were Paid by Nature of Injury: for Combined Injury Years 1994-2003



Nature of Injury

Among the nature of injury classifications, Sprain/Strain is by far the largest category (Figure A14). Although it has shown a slight decrease as a percentage of all lost time cases, it still accounts for more than 40%, with Contusion as a distant second. The comparison data by claimant's highest disability group shows more of a spread than for other variables (Figure A15). As expected, amputation injuries result in permanent disability approximately two-thirds of the time. In contrast, injuries involving punctures, burns, infections, and hernias show permanent disability proportions of less than 20%.

County Location of Injury

Of Florida's sixty-seven counties, seven account for the bulk of the state's economy, containing more than half of Florida population, employment, and other population-related variables, such as workers' compensation claims. The effect of these seven counties is shown in Figure A16 where they collectively have accounted for more than 55% of the state's lost time cases for each of the past ten years. Their proportion has dropped slightly over time as less-populous counties have shown larger percentage growth in population, but these seven counties continue to predominate the state economy. Their relative importance compared to second-tier counties is shown in Figure A17, giving total lost time case counts over this ten-year period.

Initial Case Type

In Florida a lost time case is defined based on more than seven days of work absence. There are situations, however, involving partial disability where the injured worker may experience intermittent absences, so the seven-day lost time criterion may not be met until some time after the seventh calendar day following the injury. As shown in Figure A18, the proportion of these "medical only to lost time" cases has shown a pattern of proportional growth since the mid-1990's up to more than a third of all lost time claims. There are multiple explanations for this phenomenon. One is that employers' increased emphasis on return-to-work programs, using part-time or "light duty" positions, may prevent some injuries from immediately turning into lost time cases. However, there has also been concern that some carriers, employers, or their servicing agents may be using this classification to avoid penalties related to timely initial payments of indemnity benefits. This is an issue that the division is monitoring more closely. The remaining classification, of claims that were initially denied but later determined to be legitimate lost time cases, have remained at less than five percent of cases during each of the past ten years.

Figure A16

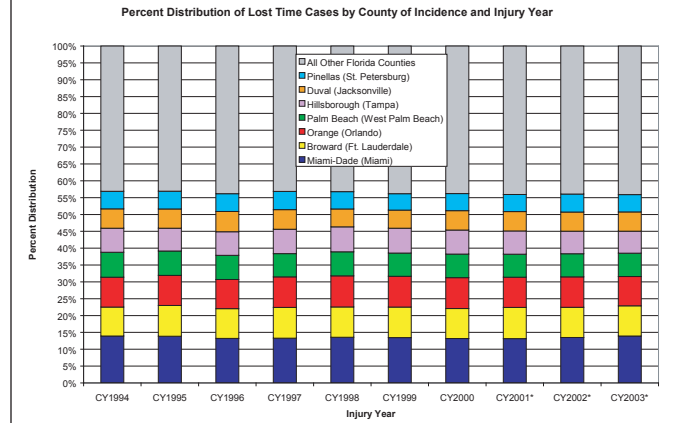


Figure A17

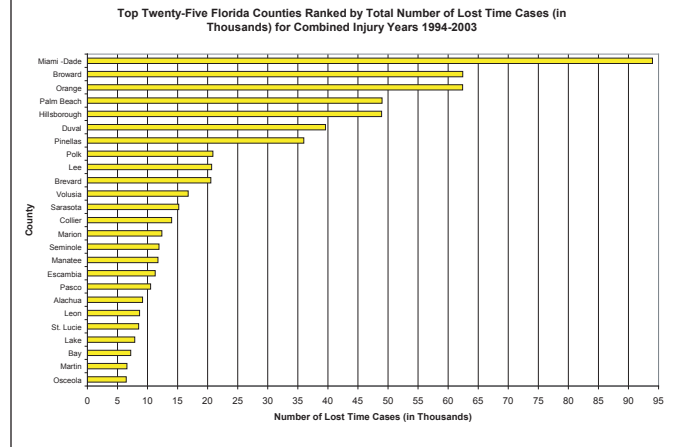
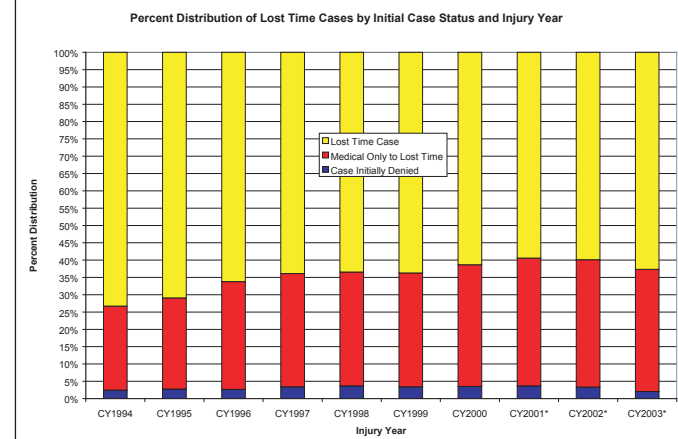


Figure A18



Type of Carrier

Although workers' compensation is clearly a social (and commercial) insurance system, precise data on premium "market share" are hard to come by. A significant proportion of large employers and government entities in the state are self-insured, so they do not pay premium per se to an insurer. (It is for this reason that equivalent premium must be estimated for purposes of making trust fund assessments.) Another methodology for gauging trends in the workers' compensation market is looking at the proportion of cases, as shown in Figure A19, by type of employer/carrier reporting the case. The late 1990's showed a dramatic shifting away from self-insurance as the commercial market became more attractive. The proportion of claims submitted by commercial carriers peaked at over 80% in injury years 2000 and 2001. The slight shifting back towards self-insurance since then may be an artifact of data maturity, as shown in Figure A20, where a drop in claims from injury year 2000 to 2003 is much more pronounced for commercial carriers than for the other two carrier types. In contrast, the number of claims filed by self-insured funds for 2003 injuries was higher than for any year since 1999, so this may signal a resurgence of activity in this market sector.

Another facet of market activity is the use of third party administrators (TPA's), or servicing agents, in the processing of workers' compensation claims. For the earliest injury year, 1994, TPA's were used in seventy percent of claims. From 1994 to 1997, the number of cases with a TPA declined even as the number of cases without a TPA grew, so that the proportion of TPA cases dropped to 57% for 1997 injuries. As shown in Figure A21, both of these trends reversed themselves from injury year 1997 through 2000. During the past four injury years, the proportion of cases submitted by a TPA has remained stable at about 64% (Figure A22), so this percentage measure does not appear at this point to be highly affected by data maturity.

Figure A19

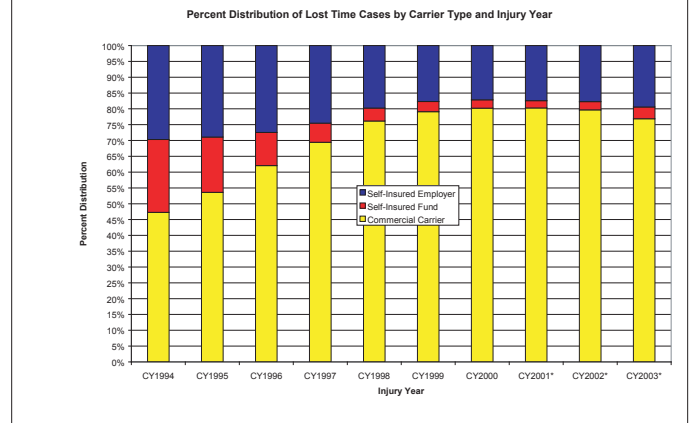


Figure A20

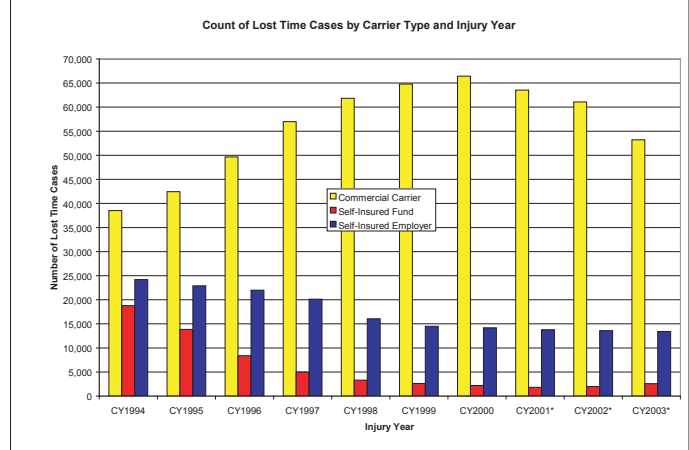
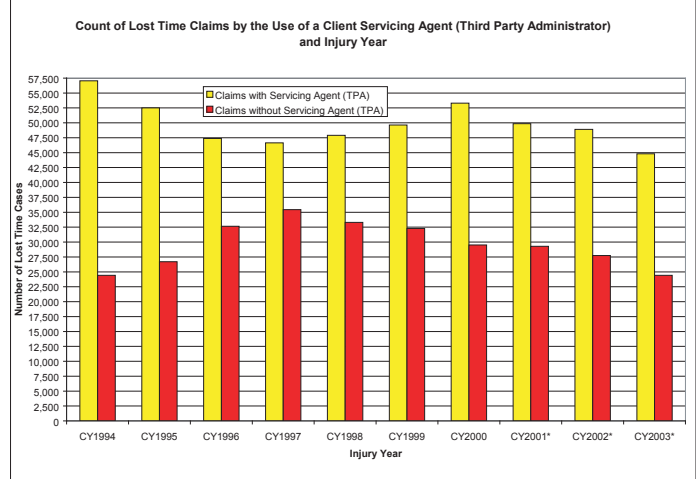


Figure A21



Date of Maximum Medical Improvement

As shown in Figure A23, a large minority of lost time claimants (40-50%) are at least evaluated to determine if they have reached maximum medical improvement (MMI): the point at which no further amelioration of their physical condition can reasonably be expected. On average, MMI is reached within seven to eight months, although the data for the past three injury years appear to be affected by data maturity (Figure A24). The data for mature injury years have been consistent, with the averages for injury years 1995 through 2000 staying within a three-week band (228-248 days). The medians have shown relative stability as well.

Permanent Impairment Rating

As shown in Figure A25, slightly over half of all claimants with an MMI date were assigned a permanent impairment rating, indicating that the injury did result in some type of permanent disability. However, by and large, the degree of permanent impairment has been small, with the median never exceeding 5% for any of the past ten injury years. Even the average impairment rating, which is influenced by high “outlier” permanent total disability ratings, remained below 7% for this entire period, as shown in Figure A26. This means that for the great majority of injured workers with permanent disabilities, the change in calculation of Impairment Income benefits in the 2003 law did not make any difference in the amount of benefits received. The 2003 legislation also eliminated Supplemental Income benefits. However, for 1994-2003 injuries, even among those workers having a permanent impairment rating, for fewer than one in fifty was the impairment rating at least 20%, which would qualify them for Supplemental Income benefits (Figure A27). It was in this context that Supplemental Income was eliminated and Impairment Income modified to provide a graduated schedule of benefits for cases with higher permanent impairment ratings.

Figure A22

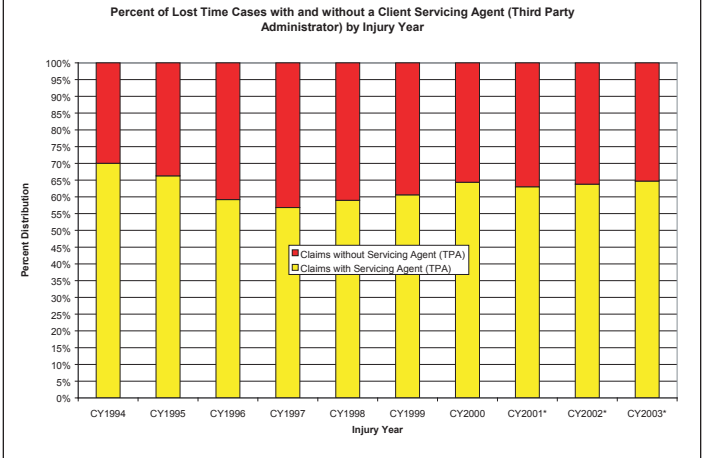


Figure A23

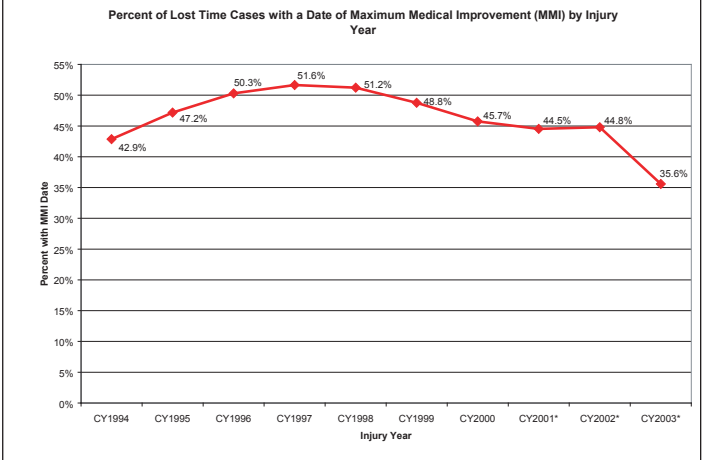


Figure A24

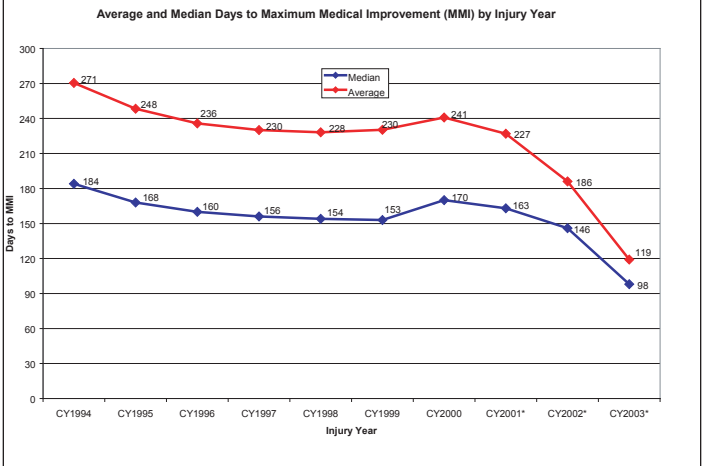


Figure A25

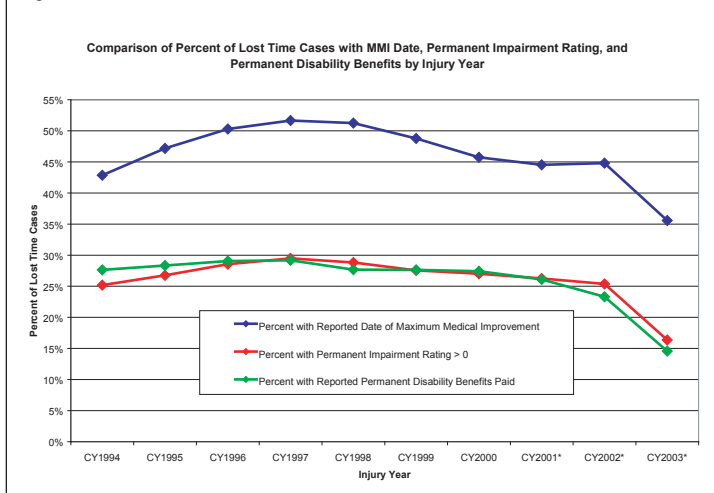


Figure A26

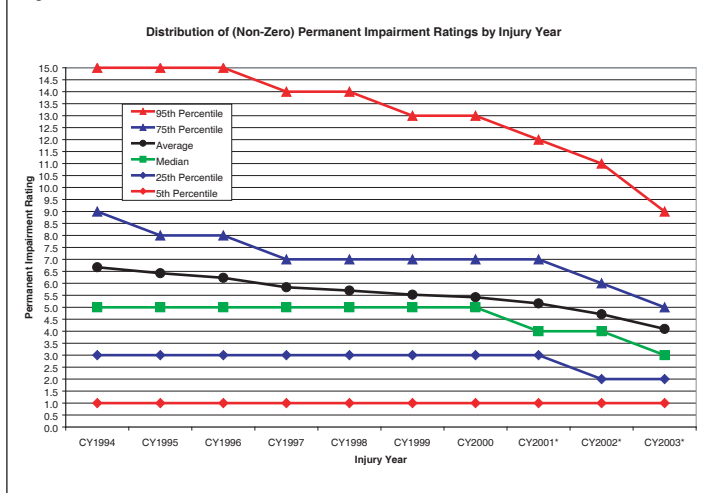
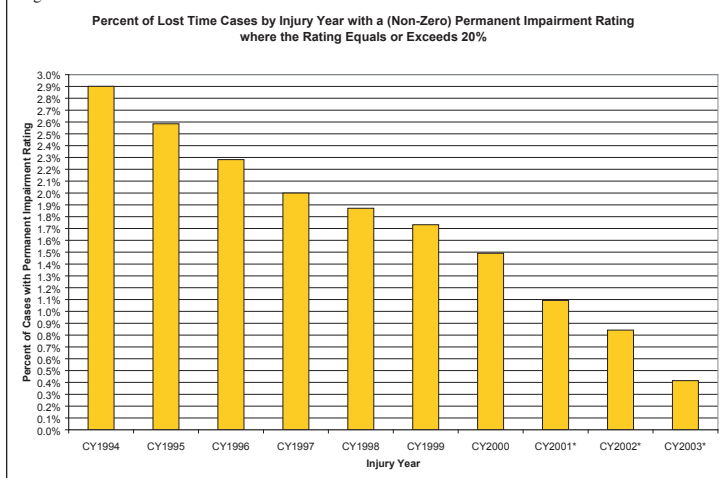


Figure A27



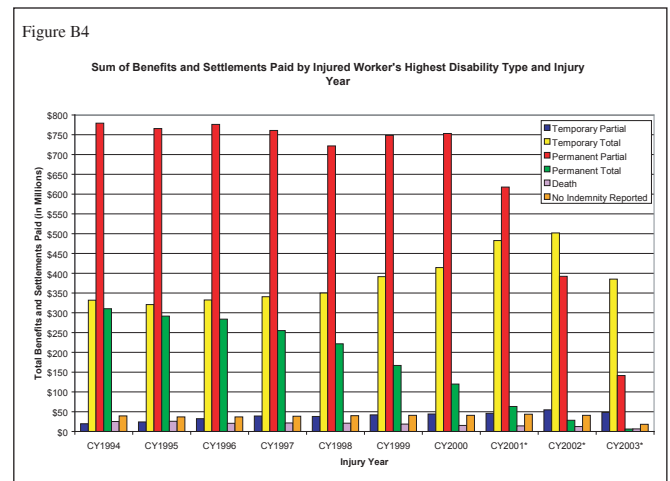
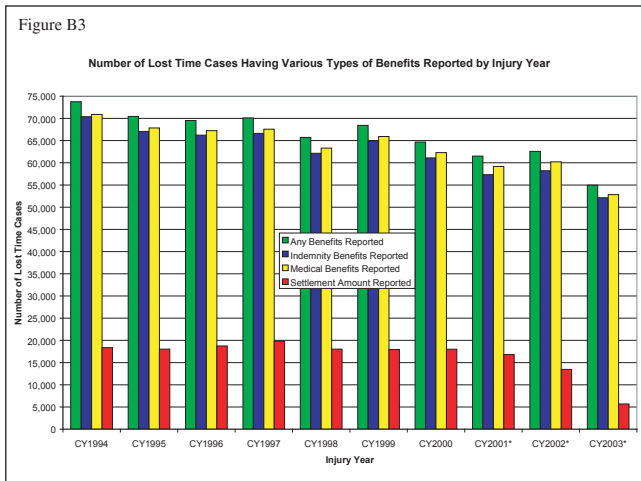
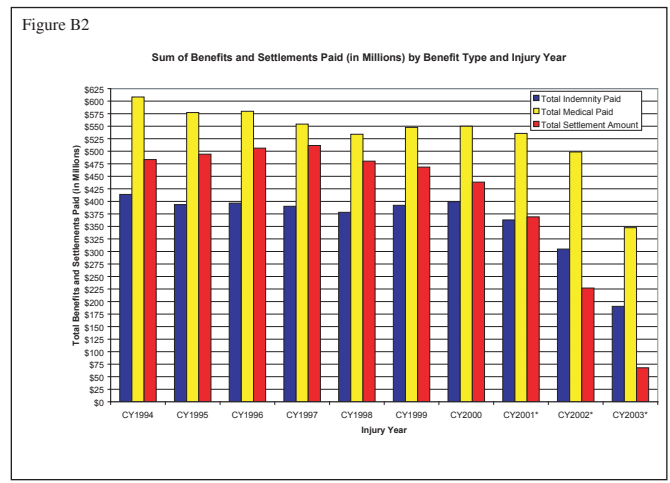
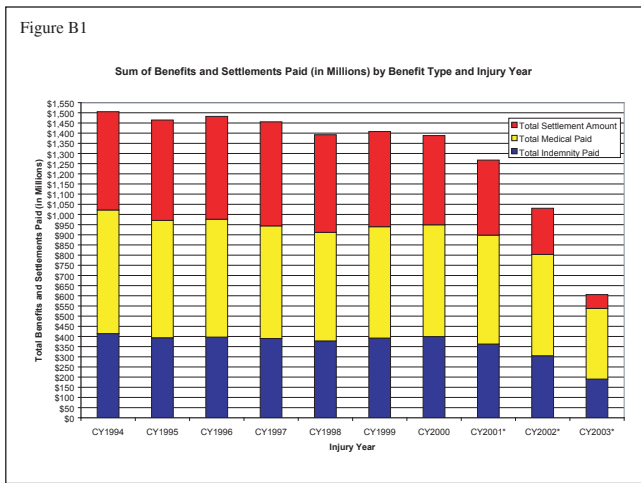
Total Benefits Paid

Based on the way that benefit data are reported in Florida on the DWC-13 Claim Cost Report, total benefits are disaggregated into three broad categories: indemnity (to compensate for lost wages), medical, and settlements (to close out the indemnity, medical, or both portions of the claim). Figure B1 shows total benefits paid, which have exceeded 1.5 billion dollars to date for 1994 injuries, and have exceeded 1.25 billion dollars for each injury year having mature data. The same data are presented in Figure B2 in “unstacked” form so that year-to-year trends are more readily seen for the individual components.

Indemnity benefit data do not appear to be mature until about four years have elapsed from the injury year. Total indemnity payments averaged about \$400 million from injury years 1994 through 2000.

Settlement amounts show a pattern of growth going back six years from the most recent injury year. Note that settlement amounts are typically very low for the most recent injury year. Settlements for cases settled soon after the date of injury are generally low compared to those involving permanent disability since it takes time for the claimant to reach maximum medical improvement. For mature data years, settlement payments actually exceed total indemnity benefits paid.

Medical benefit data, in contrast, show a pattern of growth going back for earlier injury years through most of the ten-year period. Cases involving permanent total disability in particular may be open many years. Medical benefits are the largest component of total benefits for each of the past ten injury years, and are a particularly large proportion for immature data years. For most injury years, total medical benefits paid are 40-50% higher than indemnity benefits paid. Data from the National Council on Compensation Insurance indicate that the ratio of medical to indemnity is closer to 1% for the country as a whole, although it is possible that the high degree of settlement activity in Florida skews the data.



Although settlements comprise a large proportion of total benefit dollars paid, only a fraction of lost time claims result in settlements. As shown in Figure B3, compared to all cases for which some type of benefits were reported, a bit more than one fourth had settlement data recorded for mature injury years.

Total benefits can also be analyzed by looking at trends by the injured worker's highest disability type, as shown in Figure B4. This shows the largest portion of benefits going to claimants with Temporary Total disability during the two most recent injury years, shifting to Permanent Partial (Impairment Income) for more mature injury years. This trend is caused by changes in the proportions of injured workers by disability type over time. For recent injuries, Temporary Total is the most frequent disability type. Over time, many of the Temporary Total cases that remain open will change (along with all related benefit payments) to Permanent Partial. Some portion of these cases will eventually be reclassified as Permanent Total. Note in particular that the columns showing data for Permanent Total claims show continuous growth in benefits paid with increasing data maturity, indicating that the benefit data for this segment of lost time claims may still not be mature even a decade after the date of injury. For the most mature injury years, Permanent Total and Death cases account for more than 20% of all benefits paid (Figure B5).

Data on benefits paid by the worker's highest disability type

for the entire ten-year period, displayed in Figure B6, show that the largest benefits are paid for claimants with the Impairment Income disability type (which includes any benefit payments made when they were in temporary disability status). Next is Temporary Total, with Permanent Total third, and all other disability types being fairly small. It was interesting to note that indemnity benefit payments exceed total settlements for the temporary disability types, while the opposite is true for cases involving permanent disability. Also, Death cases were unique in being the only disability type where indemnity benefits exceed both medical benefits and settlement amounts.

Indemnity Benefits

Data on indemnity benefit payments can be disaggregated in the same way by injury year and claimant's disability type, as shown in Figure B7. The data trends look very similar to those for total benefits paid, with the largest benefits being paid for Temporary Total cases for the two most recent injury years. Then, with greater data maturity, many of these claims are reclassified as Permanent Partial cases, which then predominate in terms of cumulative indemnity benefits paid. The continued growth in payments for Permanent Total claims is perhaps even more apparent here than in the graph for total benefits. Permanent Total is the one disability type where, in general, indemnity benefits are not time-limited by statute. Thus, indemnity (and medical) benefits may continue for these claims over decades. These data would seem to indicate that

it is difficult to predict the ultimate benefit costs of Permanent Total cases for a given injury year without a long historical data series of benefit payments to use as the basis for projections.

The pattern of increase in Temporary Partial indemnity from 1994 through 2000 does provide evidence of return-to-work programs by employers or carriers, or use of a modified work schedule.

The indemnity payment data for Impairment Income and Death cases reflect the statutory time limitations on payment for these types of benefits. Eligibility for death benefits is predicated on the death occurring within five years after the triggering injury, although benefits to survivors may continue to be paid after that. Available information on date of death shows that approximately 80% of deaths occur within a year of the reported date of injury.

In the case of Impairment Income, claimants are usually eligible for no more than two years of temporary disability benefits. After that, considering that the permanent impairment rating for most injured workers does not exceed five percent, these claimants are eligible for no more than a few months of Impairment Income benefits. As a result, almost all claimants with a permanent disability will receive all the Impairment Income benefits they are eligible for within three years of the date of injury.

Medical Benefits

Data on medical benefits by injury year and worker's highest disability type, displayed in Figure B8, show remarkably similar trends to those for indemnity benefits. This is probably not surprising, considering the intuitive correlation between high indemnity benefit costs and medical expenditures.

Medical data are also broken out for several provider types, including physician, hospital, and rehabilitation, as shown in Figure B9. "Other Medical" benefits include transportation, drugs, supplies, home attendant care, and skilled nursing care. As is the case with total indemnity benefits, data on total medical benefits are considered preliminary for the three most recent injury years. Physician and hospital providers predominate, together comprising more than five sixths of medical benefit costs each year. Slightly higher hospital costs are typical of the data for less mature injury years.

Rehabilitation costs were fairly stable, comprising slightly less than 5% of medical benefits each year. It is notable that Other Medical appears most affected by data maturity; this category includes medical costs that would be more characteristic of severe long-term disability. These benefits continue to show notable increases even five to ten years following the injury year.

Figure B5

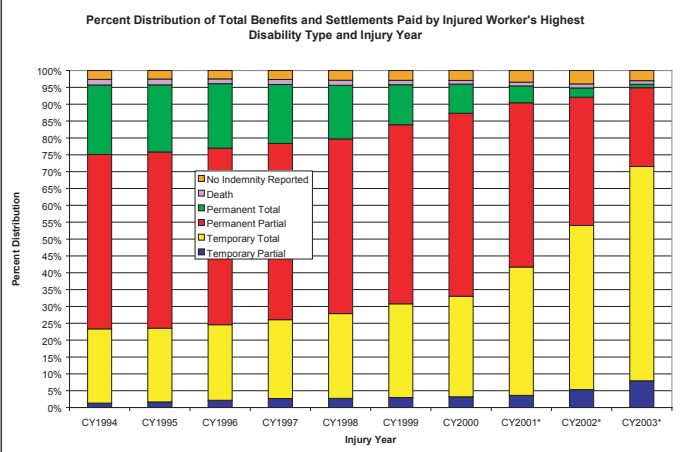


Figure B6

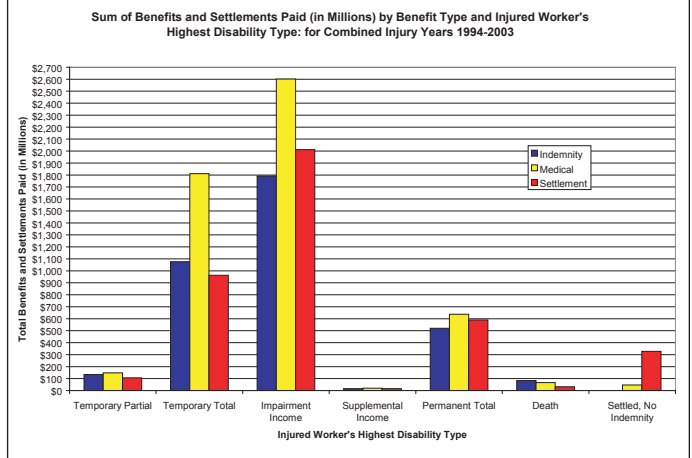


Figure B7

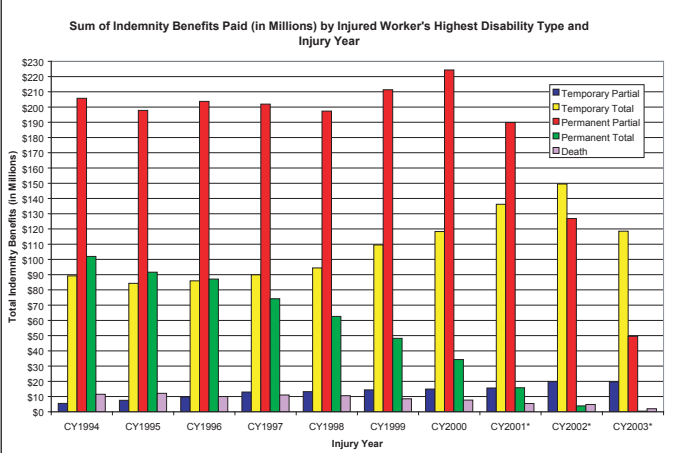
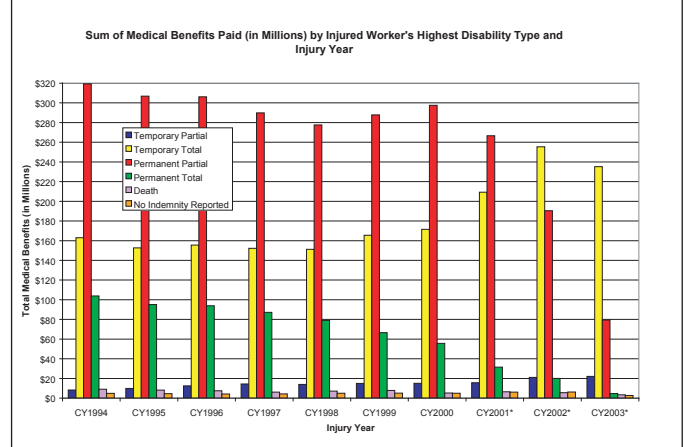


Figure B8



In comparing medical benefit data by provider type to the claimant's highest disability type, illustrated in Figure B10, one number that appeared to correlate with injury severity is the ratio of medical benefits paid to physicians compared to hospitals, with a high ratio generally more indicative of less severe injuries. For the combined ten-year period, the ratio of physician to hospital benefits was greater than two-to-one for both Temporary Partial and Settled, No Indemnity Reported. In contrast, for Permanent Total cases physician benefits were only 70% of those for hospitals, and for Death cases physician benefits were only a third of hospital payments.

The 2003 legislation changed some of the rules of reimbursements to hospitals, so it may be of interest in future analysis to examine if the proportion of hospital benefits declines for 2004 and later injuries, once mature benefit data are available.

Settlements

Figure B11 displays settlement data in the same format as was presented above for indemnity and medical benefits: by worker's highest disability group and injury year. The year-to-year trends are roughly comparable to those for indemnity and medical benefits, although the amounts for the most recent injury year are very low. Indemnity and medical benefits are due very soon after the date of injury, but generally some time passes before an assessment can be made of the long-term repercussions of an injury, i.e., before an appropriate settlement amount can be determined. There are some claims for which only a settlement amount is shown, without a report of indemnity benefits having been paid. These settlements are, on average, comparatively small, and roughly comparable to those for Temporary Partial injuries, as shown in Figure B12.

Comparison of Charts Figures B11 and B12 shows that while Permanent Partial cases account for the highest total dollar amount of settlements, average settlements are several times higher for Permanent Total cases. The primary reason for this difference is in the lower settlement rate for Permanent Partial cases, as shown in Figure B13. According to this information, it appears that over half of all Permanent Total cases eventually settle.

Figure B13 also shows a general pattern that the less severe the disability type, the smaller the percentage of cases with a settlement. The likely explanation for this is that statutory benefits run out more quickly for less severe injuries, so there is less time for settlement activity to occur, and less incentive for insurers to settle. Also, these cases are less likely to have

Figure B9

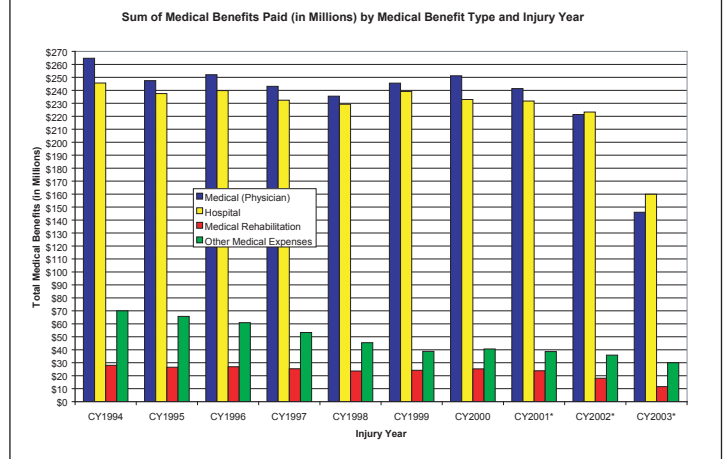


Figure B10

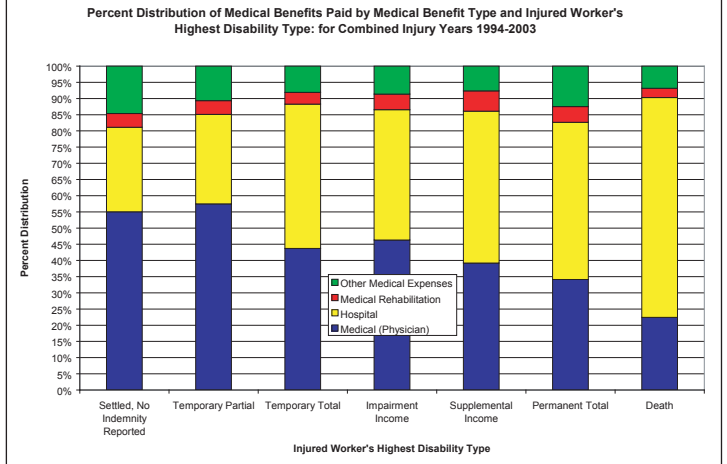
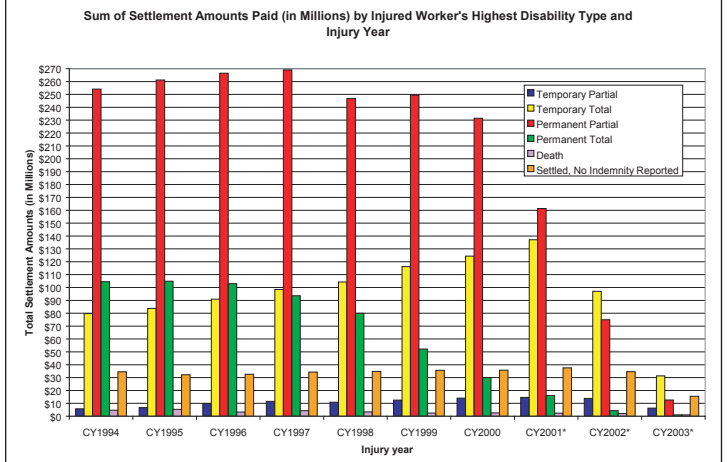


Figure B11



complicating factors, e.g., specialized medical care, that will result in a dispute requiring formal litigation. One exception to this rule is Death cases, which have a lower percentage of settlement payments than either of the permanent disability types. This may be due to the fact that death and funeral benefits are spelled out fairly specifically in the statute, so there is less ambiguity in determining benefits due, and thus lower likelihood of litigation.

Settlement data are different from indemnity and medical benefit data in that the carrier may report the date that the settlement was paid. Thus, this gives another way to look at the data on aggregate claim development. Figure B14 shows a graphic comparison of the injury year and the year of the latest settlement payment. (Carriers may report dates separately for settlement of the indemnity and medical portions of the claim. If these dates were different, the later date was chosen as being more representative of the likely date that the claim was closed.) This shows that most settlement activity occurs in the first and second years after the year of injury, but may continue indefinitely.

Comparable Vintage Description

In the above figures providing data by injury year, years 2001-2003 were noted as being preliminary. That is, the data are so incomplete as to be unreliable for making comments about year-to-year trends. Some examples were noted, in fact, where the data would be considered preliminary going back more than three years. Comparable vintage is a methodology in which “snapshots” are regularly taken of a database (in this case, the lost time claims file) in order to track the progress of a particular group of records (i.e., the injuries occurring in respective calendar years). Essentially, it is a tool for making projections, so that by looking only at recent preliminary data one can still make predictions about how year-to-year trends will look in future years. The methodology, therefore, is dependent upon a “steady state” situation of claims processing, so that by looking at the data six months after the end of an injury year, one can reliably compare the data to that for previous injury years at the same date of data maturity. Unfortunately, during the early part of this decade there were massive software and organizational changes that disrupted the expected flow of claims processing and thus broke the historical “thread” so that currently available data for injury year 2003 could not reliably be compared to that only for injuries occurring in 2000 and 2001.

Figure B12

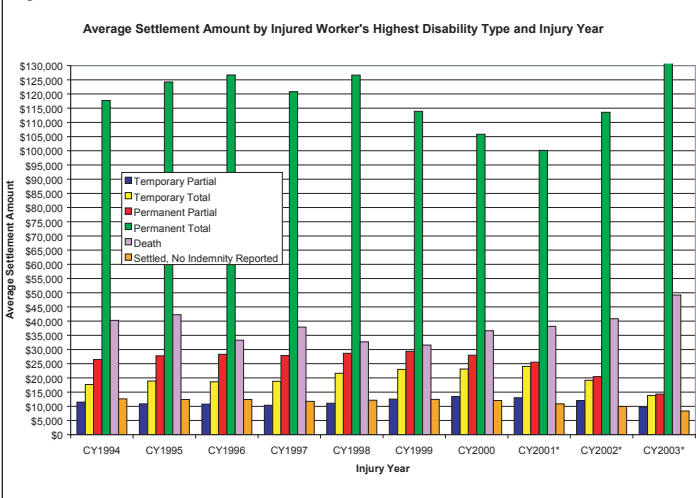
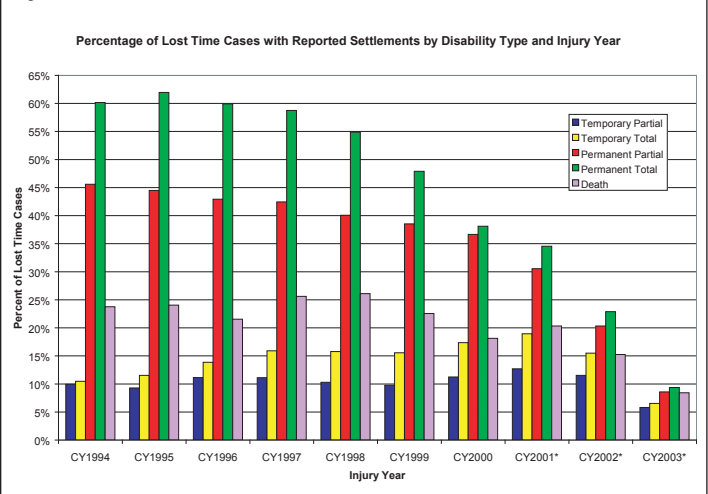


Figure B13



Comparable Vintage: Number of Lost Time Cases

Figure C1 displays comparable vintage analysis of the count of lost time cases for data of the same “age” for 2001 versus 2002 (a year and a half after the end of the injury year) and for 2002 versus 2003 (six months after the injury year). Comparing the first pair of columns, it appears that the count of lost time injures in 2002 will remain very close to that of the number occurring in 2001. These preliminary counts show that the number of lost time cases in 2003 will likely remain below or close to the count for 2002.

One interesting point that may be noted is the decrease in the proportion of Lost Time, No indemnity Reported cases. These are cases with incomplete data, with no indication of a settlement or of any wage replacement benefits being paid. The decrease in this proportion may reflect more concentrated follow-up by the division on cases with incomplete data, particularly for claims submitted through Electronic Data Interchange (EDI), which may be edited upon submission to the division.

Comparable Vintage: Total Benefits Paid

Although the decline in the proportion of Lost Time, No Indemnity Reported cases is good news, a likely result of this trend will be a corresponding increase in the benefit dollars reported paid. Figure C2 shows that this is indeed the case for 2001 to 2002 and 2002 to 2003 for indemnity, medical, and settlement amounts. To provide another view of the underlying trends in payment data, Figure C3 displays the averages for each benefit type. This figure indicates that, at comparable data maturity, indemnity benefits have held steady during the 2001-2003 period, and average settlements actually declined slightly from 2001 to 2002. However, average medical benefits continue to show growth during this period. It should be emphasized that, while data on counts of lost time cases are fairly mature (i.e., reliable) at 18 months’ data maturity, the benefit data are still extremely immature at this point. However, preliminary indications are that average medical benefit expenditures have been growing at a faster rate recently than either indemnity benefits or settlement amounts. As additional years’ data become available, estimates of year-to-year trends will become increasingly reliable, and the effects of legislative changes can be more accurately assessed.

Figure B14

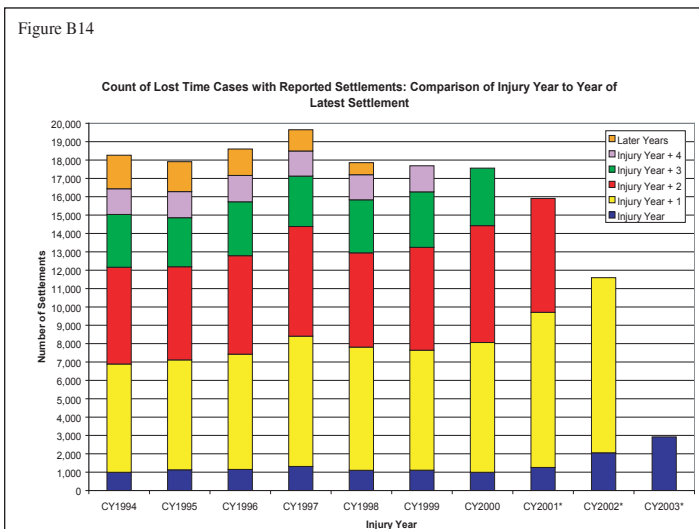


Figure C1

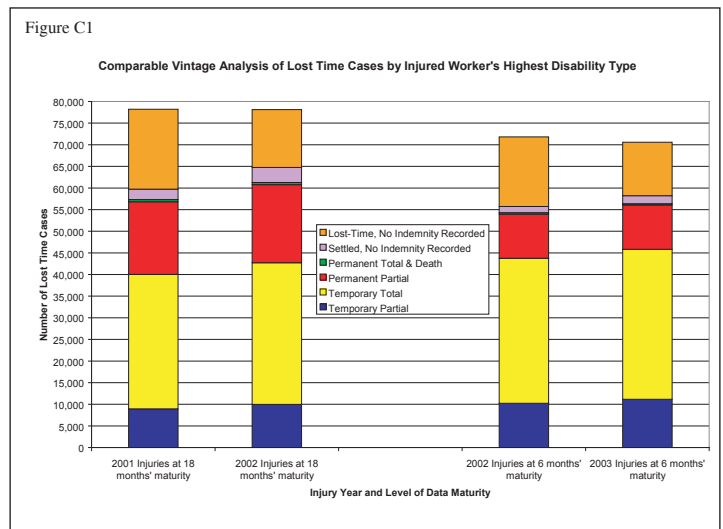


Figure C2

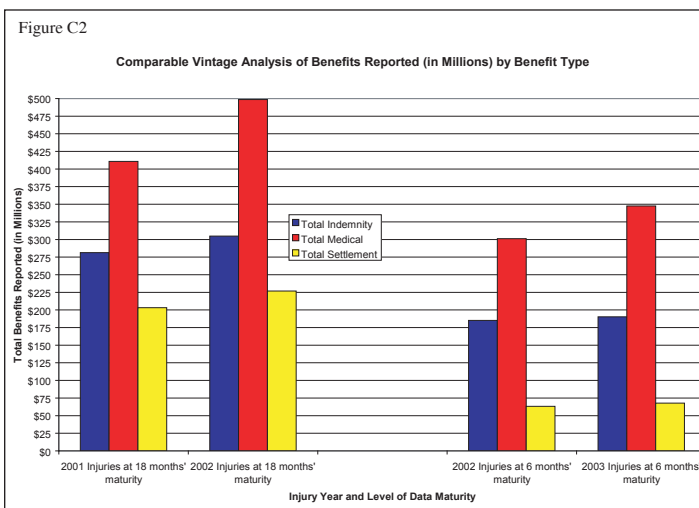
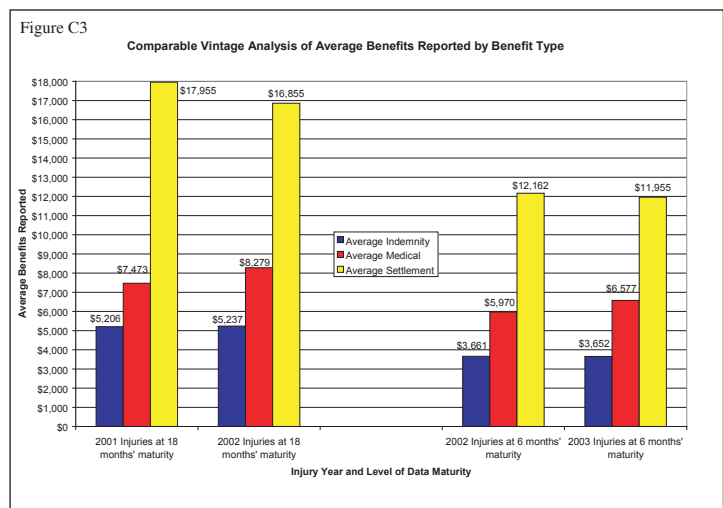


Figure C3



Recent legislative proposals have emphasized the role of compliance and enforcement activities in assuring that all appropriate employees are covered by workers' compensation policies. Also, particularly in the case of construction contracting, these efforts help to "level the playing field" for competitive bidding on contracts.

As part of efforts to begin tracking the effects of Senate Bill 50A, passed during the first special session of the Legislature in 2003, the division has begun to develop a series of outcome and process measures. Many of the legislative changes did not become effective until October 1, 2003, or the beginning of 2004, so it will take some time for sufficient data to become available to assess the practical effects of the new legislation, particularly as they relate to benefits. However, it has been possible to look at limited pre-legislative baseline data in the area of employer coverage and exemptions, in conjunction with short-term post-reform data, to detect emerging trends.

Exemptions: Florida residents have for years been able to request exemptions from workers' compensation coverage, but there were growing concerns that this had become a potential source of abuse, particularly involving erroneous classification of employees as independent contractors. During the years 2001-2003, construction employer exemptions remained in the range of 130,000 to 135,000. Due to changes in exemption eligibility requirements in the new law, all construction exemptions expired as of December 31, 2003, and it was necessary for all exemption holders to reapply. Because of the tightening of eligibility requirements pertaining to corporate officers, it was thought that the number of construction employer exemptions could decline dramatically from its pre-reform level. However, by March 31, 2004, the number of construction employer exemptions had already exceeded 90,000, and as of June 30, 2004 was over 110,000.

One explanation for the rebound in the number of construction exemptions is the fact that the proposed legislation raised awareness of the exemption process and of the need for individuals in the construction trades to either have coverage or obtain an exemption. Thus, the decline caused by individuals no longer being eligible for exemptions was partially offset by new applicants for exemptions.

The new legislation also specified that exemption holders cannot receive workers' compensation benefits. Available historical data have not shown this to be a pervasive problem, even considering the large number of construction exemption holders in recent years. Data queries of 2001 and 2002 claims revealed that only a few hundred, or less than one

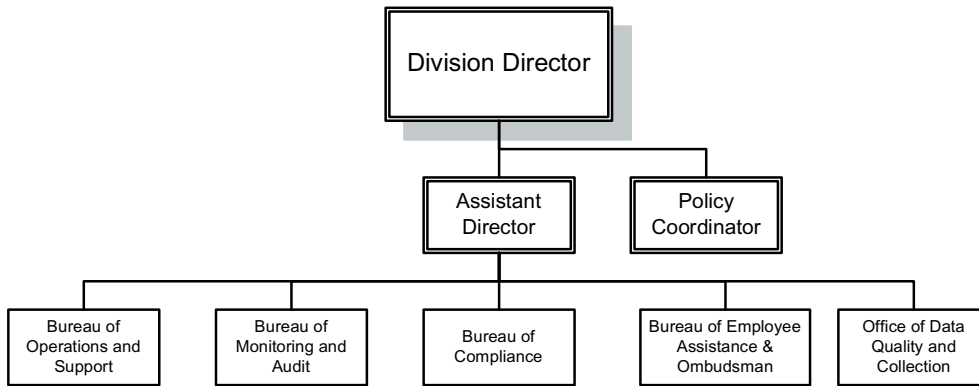
percent, of lost time cases were for workers who had an active exemption at the time of injury. Certificates of election to be exempt apply only within the scope of business or trade listed on the notice of election to be exempt. Business owners may be employed by other entities so it is likely that some of these claims were outside the scope of business of the exemption.

Stop Work Orders: Division investigators issue these orders (SWO's) upon finding that employers (primarily in construction) lack required workers' compensation coverage. In addition to purchasing coverage, there are other ways that an employer can come into compliance following an SWO. The employer may enter into a contract with a leasing firm or PEO; reduce employment levels so that coverage is no longer required (In the case of construction employers this would mean terminating all employees but exemption holders.); or, as a last resort, go out of business. In recent years the number of employers reducing their employment level has been on a par with, and even exceeded, the number purchasing workers' compensation coverage. There was also a concern that employers might purchase policies and then cancel them after the SWO was lifted, but available data do not indicate that this is a pervasive practice. The 2003 legislation also strengthened the division's authority to penalize employers who provide incomplete or misleading information for the purpose of avoiding or reducing the amount of premium due.

Joint Underwriting Association: The Florida Workers' Compensation Joint Underwriting Association (FWCJUA) administers the state's workers' compensation residual market mechanism. That is, the FWCJUA provides insurance to employers who are unable to obtain coverage in the voluntary market. Thus, trends in the number of policies written by the FWCJUA might be considered an indicator of the tightness of the voluntary market. The number of written and renewed policies issued through the FWCJUA increased from 662 at the end of 2001, to 1,140 at the end of 2002, and 4,178 at year-end 2003. The number and percent of policies bound for construction employers grew even more dramatically: from 45 (11.6%) in 2001 to 169 (21.4%) in 2002, and 1,725 (46.6%) in 2003. Of course, the higher profile attained by the workers' compensation law during this period, as legislative proposals were summarized in the media and announcements were made of staffing increases in compliance investigators, likely affected these counts as well. Notably, there have been concerns about the actuarial soundness of the cap on rates that FWCJUA is permitted to charge some policyholders.

Florida Department of Financial Services

Division of Workers' Compensation Contacts



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Glossary

Average Weekly Wage (AWW): The basis for calculating benefits for lost wages. It is the weekly average earned by an injured worker during the 13 full calendar weeks prior to the injury. Depending on the date of accident, the AWW may or may not include income from jobs other than the one where the injury occurred.

Claim Cost Report (DWC-13): The form used to provide information on benefits paid and settlement amounts for every lost-time case.

Compensation Rate (Comp Rate or CR): 66 2/3 percent of the injured workers' average weekly wage, up to a maximum of the Statewide Average Weekly Wage (SAWW).

Construction Employers: Risk classification codes for employers categorized as construction employers are defined in the Florida Administrative Code Chapter 69L-6.021.

Disability: Incapacity, due to an injury, that limits the employee's ability to earn, in the same or any other employment, the same wages he/she was receiving at the time of the injury.

Experience rating: A mandatory program of risk rating that compares an employer's past actual experience to the expected or average employer's experience. If an employer's past experience is better or worse than average, its premium is adjusted downward or upward, respectively.

Fee schedules: In accordance with section 440.13, Florida Statutes, fee schedules are promulgated to establish the maximum reimbursement allowance that may be paid to an authorized health care provider for services rendered to an injured employee. The statutes mandate the establishment of fee schedules for four primary areas of workers' compensation medical costs: 1) Hospitals; 2) Health Care Providers; 3) Ambulatory Surgical Centers; and 4) Work Hardening and Pain Programs.

First aid case: A work injury or illness that is treated at the workplace, does not require medical treatment for which charges are incurred, and does not cause the employee to miss more than one shift of work.

First Report of Injury or Illness (DWC-1): The document required to be completed by an employer in the event of an on-the-job injury by an employee.

Fraud: To knowingly present or cause to be presented any false, fraudulent, or misleading oral or written statement to any person regarding the provisions of Chapter 440, F.S. Fraud can be committed by: Employers misrepresenting their payroll to their insurance carrier; injured workers misrepresenting an aspect of their injury; doctors misrepresenting treatment for an injury.

Impairment Income benefits (IIB): A category of benefits paid to the injured employee after he or she reaches maximum medical improvement (MMI) and has been issued an impairment rating. Injured employees may receive this benefit even though they have returned to work.

Impairment rating: A determination of an injured worker's loss of physical function as a percentage of total bodily function or mobility. This percentage represents the extent a work-related injury has permanently impaired the injured worker.

Impairment rating guide: The impairment guide is designed to aid medical providers in establishing an impairment rating associated with the loss of a body part, or loss of bodily function or mobility. This impairment rating is established only after the worker has reached maximum medical improvement. The impairment rating assigned to the injured worker by the physician is then used to determine the amount of permanent partial disability benefits.

Indemnity benefits: Cash benefits paid to replace part of the injured worker's wages lost as a result of a workplace injury.

Independent Medical Examination (IME): An objective medical or chiropractic evaluation of the injured employee's medical condition and work status, performed by a physician. (An IME may be requested only by non-physician parties, such as

attorneys, insurance companies, injured workers, and judges of compensation claims.) An IME usually encompasses a study of previous history and medical care information, e.g., x-rays, laboratory studies, and usually an examination and evaluation of the patient. Typically, an IME is requested to make a judgment regarding the need for further medical services, the need to discontinue further medical services, and the return-to-work status of the injured worker.

Injury: Physical harm, disease, or death arising out of and in the course of employment. For an injury to be compensable, the workplace accident must be more than 50% responsible for the injury.

Judges of Compensation Claims, The Office of: The organizational unit within the Division of Administrative Hearings, Department of Management Services, consisting of the Deputy Chief Judge and judges of compensation claims. This office is responsible for administering the provisions of the workers' compensation law relating to mediation, pretrial hearings, final hearings, and emergency hearings.

Loss Ratio: The percentage of each premium dollar an insurer spends on claims.

Lost-Time case: A work injury or illness that has caused the employee to be out of work for more than seven days.

Managed Care Arrangement: An agreement between an insurer and health care provider(s) for which a plan of operation is approved by the Agency for Health Care Administration to provide and manage the medical treatment of injured employees.

Maximum Medical Improvement (MMI): The date after which further recovery from, or lasting improvement to, an injury or disease can no longer be anticipated based upon reasonable medical probability.

Maximum Reimbursement Allowance (MRA): The maximum amount that may be paid to an authorized health care provider for services rendered to an injured employee. These amounts are determined by the Three-Member Panel, and are set forth in the Reimbursement Manuals distributed by the Division of Workers' Compensation. These are commonly referred to as "fee schedules."

Medical only case: A work-related injury that requires treatment for which medical charges will be billed to the insurance carrier, but which does not cause the employee to miss more than seven days of work.

Modified duty work (also known as "light duty"): Employment that is within the physical capabilities of the injured worker as defined by the doctor. It may include a change in duties consistent with physical capabilities, number of hours he or she is able to work or a medically necessary break schedule.

Notice of Denial (DWC-12): The form used by carriers and employers to deny an employee's request for benefits.

Over-utilization: The provision of medically unnecessary services to an injured employee. Unnecessary medical services are often rendered by the same provider, who may continue treatment to an injured worker beyond the time those services are needed. However, over-utilization may also occur when a series of providers, many of whom specialize in different disciplines, render concurrent or consecutive treatment to an injured employee.

Permanent Impairment (PI): Any anatomical or functional abnormality or loss resulting from the injury and existing after the date of maximum medical improvement.

Permanent Partial Disability (PPD): Any permanent disability remaining after maximum medical improvement but which is not completely disabling and, hence, would allow return to gainful employment.

Permanent Total Disability (PTD): Any non-fatal injury that permanently and totally incapacitates an employee, preventing return to gainful employment. Specific qualifying conditions are defined by statute.

Permanent Total Supplemental: Additional indemnity benefits paid to injured workers who are permanently and totally disabled. These benefits provide cost-of-living adjustments.

Petition For Benefits (PFB): A form filed by an injured worker and/or his/her attorney with the judges of compensation claims requesting the provision of benefits that have been denied by the employer's insurance carrier.

Practice parameters: Guidelines used by medical providers to determine the appropriate course and level of treatment rendered to patients. These "parameters" are viewed as an effective method of both reducing and containing medical costs.

Re-employment Assessment: A written assessment developed by a qualified vocational rehabilitation provider that provides an analysis of the injured worker and a cost effective treatment plan.

Response to Petition: A form filed with the judges of compensation claims by an insurance carrier indicating a provision or denial of benefits requested in a Petition for Benefits.

Safety program: A comprehensive program designed to provide a safe work environment for all workers, including, but not limited to, safe working practices and procedures, employee training on equipment, proficiency training for all workers, job specific safety rules, and personal protective equipment.

Supplemental Income Benefits (SIB): A category of indemnity benefits that may be paid to workers after Impairment Income benefits are exhausted. To be eligible for this benefit, the injured employee must have a permanent impairment rating of 20 percent or more. In addition, the employee must not have returned to work, or alternatively, must be earning less than 80 percent of the pre-injury average weekly wage. This benefit type is no longer applicable to injuries occurring on or after October 1, 2003.

Temporary Partial Disability (TPD): A disability that is not permanent in nature; the doctor has released the injured worker to return to work with restrictions. Under these circumstances, and when the injury reduces the earning capacity of the injured worker to below the full rate of pay, the injured worker may be entitled to continued payment of indemnity benefits.

Temporary Total at 80 percent (also know as Temporary Total - Catastrophic): A benefit type paid to an injured employee who has sustained a catastrophic injury. This benefit is paid at a rate of 80 percent of the injured employee's average weekly wage for a 6-month period instead of the 66 2/3 percent that the injured worker normally receives.

Temporary Total Disability (TTD): A disability that is not permanent in nature, resulting from an injury that completely incapacitates the injured worker, preventing return to gainful employment for a period of time.

Temporary Total-training and education (also know as Temporary Total - Rehabilitation): Benefits paid to an employee while receiving training and education to obtain suitable employment. These benefits are generally for a period not to exceed 26 weeks. This period may be extended for an additional 26 weeks, or less, if such extended period is determined to be necessary by a judge of compensation claims. However, for dates of accident on or after October 1, 2003, these benefits may not be paid so that the duration of temporary benefits exceeds 104 weeks.