



WORKERS' COMPENSATION AGENCY

2010 Annual Report



Pictured Rocks National Lakeshore, Lake Superior, Michigan.

Jennifer M. Granholm, Governor
State of Michigan

Andrew S. Levin, Acting Director
Department of Energy, Labor & Economic Growth

Susan Corbin, Acting Director
Workers' Compensation Agency

Table of Contents

Overview of the Michigan Workers' Compensation Program	1
2010 Highlights	3
What to Look for in 2011	3
Organizational Chart	4
How to Contact Us	5
Office Locations	5
Program Descriptions	
Administration	6
Claims Processing	7
Mediation	9
Compliance and Employer Records	10
Self-Insured Programs	11
Health Care Services	12
Funds Administration	13
Board of Magistrates	14
Workers' Compensation Appellate Commission	15
Qualifications Advisory Committee (QAC)	18
Statistics and Charts	
State Average Weekly Wage and Maximum Benefit Amounts	20
Claim/Case Trends	21
Indemnity Payments	21
Compensation Supplement Fund Reimbursements	22
Payout in Workers' Compensation Benefits and Medical Care	22
Magistrate Case Disposition Chart	23
Magistrate Aged Case Distribution Chart	23
Workers' Compensation Trends	24
Average Redemption Amounts	24
Statutory Mediation Dispositions	25

Health Care Rule Dispositions	25
2010 VR Case Activity	26
Avg Days From Injury to Referral for VR Services	26
Average Cost Per VR Case.....	27
Vocational Case Closures.....	27
Forms 400 & 401 Received.....	28
Exclusion Forms Processed.....	28
Number of Approved Self-Insured Groups	29
Number of Approved Individual Self-Insured Employers	29
Workers' Comp Cases – By Case Type	30
Health Care Costs – Percent Paid Per Case Type.....	30
Workers' Compensation Annual Health Care Costs	31
Funds Administration Assessments.....	31
Benefits Paid by Second Injury Fund.....	32
Benefits Reimbursed to Carriers by the Silicosis, Dust Disease, and Logging Industry Compensation Fund.....	32
Benefits Paid to Workers by Self-Insurers' Security Fund	33
Appellate Commission Claims Filed by Employees/Employers	33
Appellate Commission Claim Activity	34
 Publications	 35

Overview

2010 marked the 98th anniversary of workers' compensation law in Michigan. Prior to the initial enactment in 1912, a worker who was injured in the course of his or her employment could sue his or her employer in a civil or "tort" action. This was the same remedy available to any person injured under other circumstances. The tort remedy, however, has certain problems. It requires the worker prove that the injury occurred because the employer was negligent. The employer could then assert one or more of three important defenses: (1) that the worker was also negligent, (2) that the worker knew of the dangers involved and "assumed the risk," or (3) that the injury occurred because of the negligence of a "fellow employee." Under this system it was very difficult for workers to recover against their employers. If they did win, however, they could receive damages similar to other civil actions.

In 1912 Michigan, along with most other states, adopted a Workmen's Compensation Act. The new remedy was essentially a "no-fault" system under which a worker no longer had to prove negligence on the part of the employer, and the employer's three indicated defenses were eliminated. The intent of the new law was to require an employer to compensate a worker for any injury suffered on the job, regardless of the existence of any fault or whose it might be.

Workers' compensation law became Michigan's first "tort reform" legislation. In exchange for the simplified burden of proof and elimination of the common law tort defenses indicated above, injured workers are now entitled only to (1) certain wage loss benefits, (2) medical treatment subject to cost containment rules, and (3) limited vocational rehabilitation services. Recovery under workers' compensation is limited to these three areas, no matter how serious the injury. There is no pain and suffering compensation. There are no jury trials. The cases are adjudicated before an appointed Board of Magistrates and the first level of appeal is to another appointed body, the Workers' Compensation Appellate Commission. Appeals to the Court of Appeals and Supreme Court are only by leave granted. Employers are protected from most other injury claims by employees since the benefits under the Workers' Disability Compensation Act are deemed to be the employee's "exclusive remedy."

Nearly all employers in Michigan are covered by workers' compensation. This includes both public and private employers. In fact, when talking about workers' compensation, it is easier to discuss the exceptions. There are a few classes of workers who are covered by federal laws and are not covered by the Workers' Disability Compensation Act of Michigan. Employees of the federal government (such as postal workers, employees at a veteran's administration hospital, or members of the armed forces) are covered by federal laws. People who work on interstate railroads are covered by the Federal Employers Liability Act. Seamen

on navigable waters are covered by the Merchant Marine Act of 1920, and people loading and unloading vessels are covered by the Longshoremen's and Harbor Workers' Compensation Act. Virtually all other workers and employers are subject to Michigan's law.

Certain very small employers are exempt. If a private employer has three or more employees at any one time, or employs one or more workers for 35 or more hours per week for 13 or more weeks, the employer is subject to the Workers' Disability Compensation Act (Section 115).

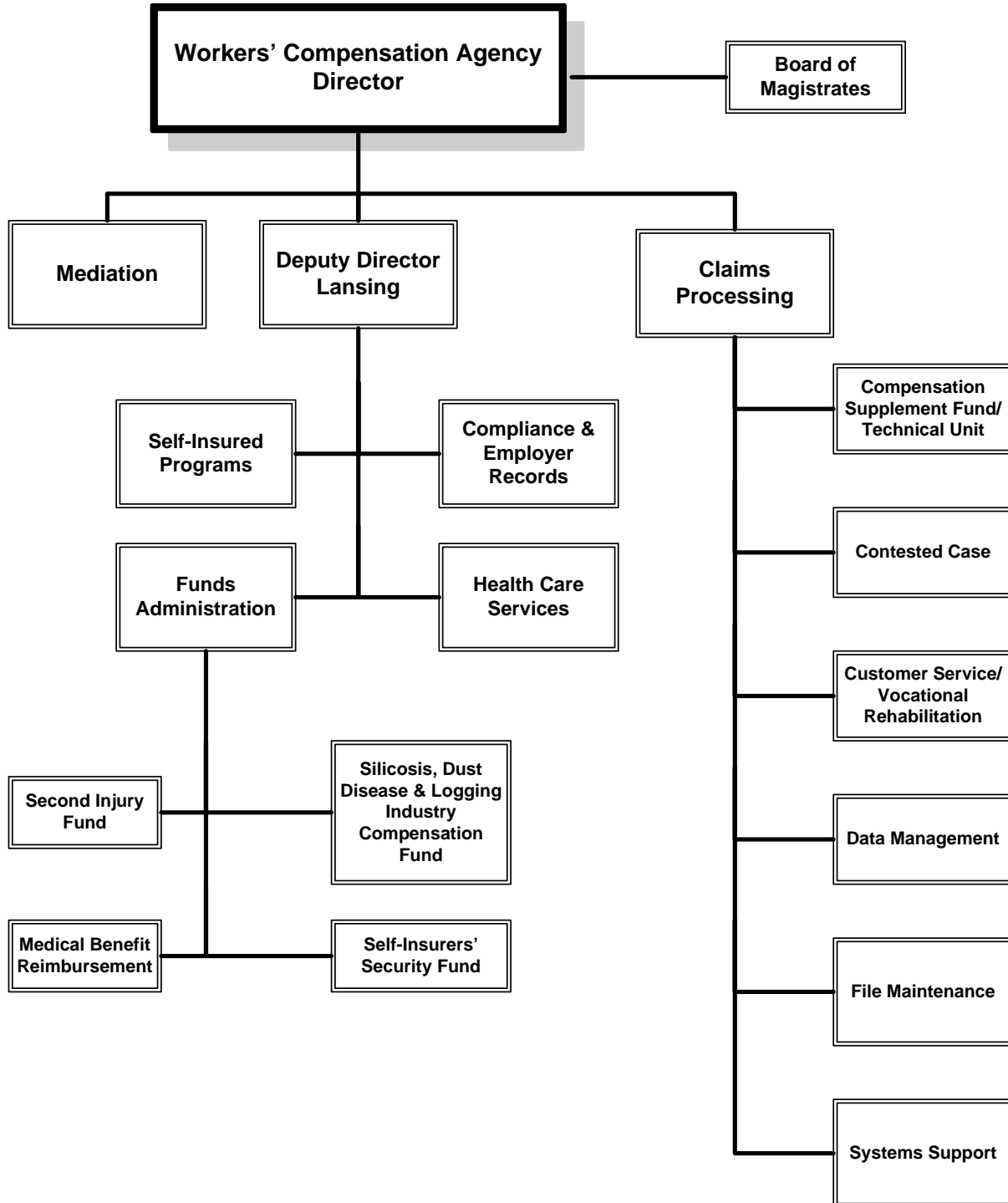
2010 Highlights

- ◆ The Health Care Services Rules were updated and effective December 8, 2010. The updates adjusted the conversion factor to be budget neutral and continued to be consistent with Medicare which required the change in the Ambulatory Surgery Center payments and also disallowed the consultation codes. The new Rule also allows for payment of the Tetanus, Diphtheria and Acellular Pertussis.
- ◆ Health Care Services has put in place an internet automated Certification of a Carrier's Professional Health Care Review program so insurance carriers, self-insured's and insured groups can go online and submit renewal information. This new process decreases manpower hours used for processing and improves on the efficiency of the unit.
- ◆ Governor Granholm appointed James P. Harvey and George H. Wyatt III to the Appellate Commission, replacing Donna J. Grit and Rodger G. Will respectively. Commissioner Grit left the Commission to become a Social Security Administrative Law Judge, and Commissioner Will retired at the end of his term. Commissioner Granner S. Ries was re-appointed to the Commission.
- ◆ The rule promulgation process was completed on Board of Magistrates rule R418.55. The rule now requires that the parties exchange any necessary *Notice of Intent* and corresponding *Objection* amongst themselves without submitting copies to the Board of Magistrates. It is estimated that this rule change will result in a 50% reduction in contested case correspondence.
- ◆ We streamlined the processing of contested case files by eliminating needless procedures.
- ◆ Through a partnership with DTMB, we were able to streamline the processing of outgoing mail creating efficiencies and eliminating redundancy.
- ◆ We are currently working with 39 additional insurance companies to send workers' compensation insurance coverage information electronically.

What to look for in 2011

- ◆ Continue to monitor medical care providers' compliance with the agency's Health Care Services Rules (cost containment fees) to ensure that the cost of providing health care services remains reasonable and that injured workers have access to quality health care statewide.
- ◆ The Funds Administration will undergo a reorganization which will combine the three claims handling areas into two sections. The early retirement incentive in the fall of 2010 decreased the overall staff, and the goal of the reorganization is to increase efficiency while continuing to provide timely determination of carrier and employee rights to benefits or reimbursement and make payments due in a timely and accurate manner.
- ◆ The Appellate Commission will be assimilated into the newly created Department of Licensing and Regulatory Affairs, under the Michigan Administrative Hearing System division.

Organization Chart



How to Contact Us

The agency is located at:

Michigan Dept. of Energy, Labor & Economic Growth
Workers' Compensation Agency
7150 Harris Drive
P.O. Box 30016
Lansing, Michigan 48909

Telephone (toll free): 888-396-5041

Website address: www.michigan.gov/wca

Office Locations

LOCATION	ADDRESS	Telephone #
Detroit	Cadillac Place, Ste. 3-700 3026 West Grand Blvd P.O. Box 02989, 48226	(313) 456-3650
Escanaba	State Office Building 305 Ludington, 49829	(906) 786-2081
Flint	Bristol West Center, Ste. 110 G-1388 W. Bristol Rd., 48507	(810) 760-2618
Grand Rapids	2942 Fuller Street NE, 49505	(616) 447-2680
Kalamazoo	940 N. 10 th Street, 49009	(269) 544-4440
Lansing	General Office Building 7150 Harris Drive, Lansing P.O. Box 30016, 48909	(517) 636-4717
Pontiac	28 N. Saginaw, NBD Building 4th Floor, 48342	(248) 334-2497
Saginaw	State Office Building 411-K E. Genesee, 48607	(989) 758-1768

Administration

The mission of the Workers' Compensation Agency is to efficiently administer the Workers' Disability Compensation Act of Michigan, which includes carrier and employer compliance, timely benefit payments and the prompt and fair adjudication of claims involving Michigan's injured workers.

Goals:

- ◆ Ensure that employees that have suffered a work-related injury or occupational disease are provided correct wage loss replacement, medical and vocational rehabilitation services during periods of incapacity, and that these benefits are paid timely and accurately.
- ◆ Provide leadership to carry out a legislative agenda for more efficient regulation and delivery of workers' compensation benefits.
- ◆ Provide an informal and formal dispute resolution process for employers, insurance carriers, injured workers, and health care providers.
- ◆ Monitor medical care providers' compliance with the agency's Health Care Services Rules (cost containment fees) to ensure that the cost of providing health care services remains reasonable and that injured workers have access to quality health care statewide.
- ◆ Monitor the financial position of all individual and group self-insureds to ensure their ability to meet future payment of benefits on a timely basis.
- ◆ Maintain a historical insurance coverage record system for the more than 241,000 employers subject to the Workers' Disability Compensation Act.
- ◆ Monitor and enforce employers' compliance with the requirements for insurance coverage.
- ◆ Ensure carrier and employee rights to benefits or reimbursement, within Chapter 5-Funds of the Workers' Disability Compensation Act, are determined and paid in a timely and accurate manner.

The Workers' Compensation Agency has a website which contains a variety of information about the agency, the Board of Magistrates and the Workers' Compensation Appellate Commission. The address is www.michigan.gov/wca.

Claims Processing

The Claims Processing Division maintains a current and historical claims/case records system. Its objective is to ensure that employees that have suffered work related injuries are provided correct wage loss replacement and that both voluntary claims and litigated cases are processed in a timely manner.

This division performs a wide variety of functions relating to workers' compensation claims. The program is broken down into six major sections:

- ◆ ***Compensation Supplement Fund.*** The Compensation Supplement Fund was established to provide a cost-of-living adjustment to workers who were injured between 9/1/65 and 12/31/79. The staff reviews and processes all applications for reimbursement, which are submitted by carriers on a quarterly basis. In 2010, the Compensation Supplement Fund reimbursed 2,464 claims, including \$527,385.26 in payments and \$4,213,350.69 in Michigan Business Tax Credits, for a total of \$4,740,735.95. The section is also responsible for collecting and auditing all redemption fees. In 2010, we collected \$1,613,800 in Redemption Fees.
- ◆ ***Contested Case.*** The Contested Case staff screens and data enters all applications for mediation or hearing, creates case files, and schedules and mails out notices for the initial magistrate pre-trial or mediation hearing. The staff also handles all mail related to litigated cases and data enters and mails orders.

In 2010, the staff processed over 20,000 applications for mediation or hearing; 28,500 pieces of correspondence, including Carrier's Response and Claim for Review forms; and 12,000 magistrate and mediator orders. In addition, the staff responded to approximately 4,000 requests for copies/subpoenas of our records.

- ◆ ***Customer Service/Vocational Rehabilitation.*** The Customer Service Section is responsible for answering general claims questions received on the agency's toll free telephone line, and assisting customers by responding to general correspondence and other inquiries. The section is responsible for efficiently handling all first level Health Care Service Rule hearings via teleconference, and boasts a 98% resolution rate. The staff also investigates allegations of violations of the Act in accordance with R408.35 (Rule 5). In addition, the staff is responsible for ensuring that customers promptly receive any forms that are requested. In 2010, the agency received approximately 22,750 calls via the toll-free line.

This section is also responsible for ensuring that employers provide vocational rehabilitation services according to the provisions of the Act and that the injured employees accept such services. The VR staff provides information and assistance to all parties, approves and monitors

rehabilitation facilities, oversees ongoing rehabilitation programs, conducts periodic training seminars, and facilitates VR advisory committee meetings. The staff also conducts first level vocational rehabilitation hearings on behalf of the director. In addition, the VR staff coordinates the 2nd level hearing process.

- ◆ **Data Management.** The Data Management section is responsible for reviewing, evaluating and data entering all claims forms required by the statute. The staff also manually audits all opinions, orders and voluntary pay agreements as well as certain forms that cannot be audited by the system. In addition, this section is responsible for microfilming all agency mail. In 2010, the staff data entered 129,299 claims forms.
- ◆ **File Maintenance.** The File Maintenance staff prepares all agency mail for microfilming (which includes automatic date stamping). The preparation includes opening, sorting, screening, and matching agency forms and correspondence. In 2010, the section processed 408,541 forms and correspondence relating to claim, case and insurance records. This section is also responsible for housing and maintaining workers' compensation cases that are in open payment status. In addition, the staff prepares closed files for Records Center and recalls them when necessary. In 2010, approximately 13,972 claims/cases were retired.
- ◆ **Systems Support.** The Systems Support staff is responsible for overseeing the agency's automated system, including scheduling of all mainframe jobs, creating and running all ad hoc reports, identifying and working with the programmers to fix all system problems, and designing and developing new applications.

Mediation

The purpose of mediation is to resolve cases between employers and employees in an informal setting. Intervention of a mediator in a claim before it becomes a formal dispute could resolve claims short of costly litigation. These individuals are available to answer questions and try to assist workers, employers, insurance carriers, and health care providers in resolving problems without the necessity of going through the formal litigation process.

Mediation conferences are held by two methods: in person or by teleconference. Conferences held by mediators include:

- ◆ *Statutory Mediation.* Section 223 of the statute provides for mediation in specific cases being disputed. They are: all applications for hearing filed by an injured employee without an attorney, all medical only disputes, all closed periods of disability being alleged and any other disputes that the agency believes would be assisted by mediation.
- ◆ *Vocational Rehabilitation Director Hearings.* Disputes concerning the proper course of vocational rehabilitation are first submitted to the agency director. The director then refers the dispute to one of his representatives to conduct a vocational rehabilitation hearing. The goal of the vocational rehabilitation hearing is to facilitate a voluntary agreement between the parties regarding the appropriate course of vocational rehabilitation for the injured worker. If the parties cannot reach an agreement, an order can be entered specifying the appropriate vocational rehabilitation plan.
- ◆ *Magistrate Referral Mediation.* These are cases on the magistrates' dockets that they believe mediation would be helpful in resolving the disputed claim. If the matter is not resolved before the mediator, then the claim goes back before the assigned magistrate for a hearing and decision.

Compliance and Employer Records

The Compliance and Employer Records Division works to ensure that all employers subject to the Michigan Workers' Disability Compensation Act have complied with the requirements by securing workers' compensation coverage either through a policy of insurance or through approved self-insured authority.

The division maintains the current and historical record system for over 241,000 employers. This includes coverage records on self-insurers, employers with insurance, and employers who have excluded themselves from the Act. In addition, this division has the responsibility to enforce employers' compliance with insurance requirements of the statute.

The major objectives of this program are:

- ◆ To keep an accurate insurance coverage record;
- ◆ To identify the responsible insurance carriers for employers listed on applications for mediation or hearing;
- ◆ To communicate with those employers who fail to maintain insurance coverage, using the civil process to enforce such compliance if the employer fails to comply even after being advised of the requirements of the statute by division staff.

Since 1983, workers' compensation insurance premiums in Michigan have been set in the marketplace. This means that different insurance companies charge different premiums. Research done by the insurance commissioner suggests that employers should "shop around" for the best deal on insurance. All workers' compensation insurance policies provide the same coverage. However, some cost more than others and some companies provide more services than others. Employers should shop for the best price and the most service from their workers' compensation insurance company.

In addition, the agency has been penalizing employers when they allow their workers' compensation coverage to lapse. To date, the agency has collected \$4.1 million in fines as a result of these lapses in coverage.

Self-Insured Programs

The Workers' Disability Compensation Act permits employers to request authority to self-insure and assume responsibility for direct payment of benefits to injured workers. The Act also permits providers of claims adjusting, underwriting and loss control services to apply and be approved by the agency to provide these services to approved self-insurers.

Two types of self-insured authority are permitted by the Act. Individual employers may be approved as self-insurers or, two or more employers in the same industry may apply for group self-insured authority. Statutory requirements, administrative rules and agency policy require annual renewal applications and various monitoring and approval tasks throughout the year.

Self-Insured Programs conducts initial regulatory reviews on employer self-insured applications and in the formation of group self-insured programs; provides guidance through the approval, formation, and review process; and issues decisions that detail the required security and exposure limiting devices based on statutory authority and the agency's established policy. Initial and annual regulatory reviews are also conducted on service company applications. The staff works to resolve all issues and disputes generated by self-insured employers by telephone, informal meetings and through the formal hearing process. The section also provides information to the public relevant to self-insured concepts and notifies self-insured employers and other interested parties of changes in the statute, administrative rules, and departmental policy.

This division also provides final approval for distributions of surplus funds not needed to pay claims or administrative expenses to members of approved group self-insured programs. This process requires the review and assessment of documents provided in support of the specific request made by the group programs. Surplus return authorizations range between \$50,000,000 and \$80,000,000 on average annually. These are funds returned to the members of the various groups reducing the cost of their workers' compensation program in Michigan and therefore reducing their overall business costs.

Health Care Services

The Health Care Services Division performs a wide variety of functions mandated in section 418.315 of the Workers' Disability Compensation Act of 1969, as amended. These functions include; (1) Rule Development, Review and Revision, (2) Evaluation, and (3) Information and Education. A brief summary that delineates the responsibilities of each category is below:

- ◆ *Rule Development, Review and Revision.* The Act and the Workers' Compensation Health Care Services Rules identify policies for coverage and reimbursement to health care providers. Health care trends and policies are researched and developed by staff and Health Care Services (HCS) Advisory Committee members in accordance with nationally recognized standards of practice and reimbursement methodologies. Practitioner reimbursement is based upon resource based relative value units (RBRVS).
- ◆ *Evaluation.* The evaluation process consists of compiling carrier data and analyzing charges, payments, health care procedures and medical diagnosis. The results of the data analysis are used to decide reimbursement levels, utilization parameters, and level of care diagnosis. Provider and carrier compliance is also monitored through the case samples and other reports provided by carriers. A carrier's professional review process is certified by staff to assure that appropriate medical review criteria are utilized according to Rule requirements. Carriers must also attest that professional review staff are licensed and certified as required by Workers' Compensation Health Care Services Rules.
- ◆ *Information and Education.* Staff responds to numerous telephone and written inquiries for information and clarification of the rules, assists in resolving differences between a carrier and a provider, meets with provider, carrier and employee organizations, professional review companies, attorneys, mediators, magistrates and legislators. Staff also provides educational seminars for providers, carriers and professional review agencies regarding the application of the rules, billing procedures, carrier and provider responsibilities and rights outlined in the rules. Staff also participates on panels and programs on workers' compensation health care.

Funds Administration

The Funds Administration Division, consisting of the Second Injury Fund; Silicosis, Dust Disease and Logging Industry Compensation Fund; and the Self-Insurers' Security Fund is managed by a board of three trustees. Two trustees are appointed by the Governor with the advice and consent of the Senate. One represents employers authorized to act as self-insurers in Michigan and the second represents the insurance industry. The third trustee is the director of the Workers' Compensation Agency.

Responsibilities of the Funds Administration are defined within the Workers' Disability Compensation Act. The applicable sections of the Act are 351, 356(1), 361(3), 372, and 862. The applicable chapters of the Act are 5 and 9.

The Funds Administration is funded 100% by insurers who write workers' compensation policies in the State of Michigan, and employers who self-insure their workers' compensation risk. These assessments cover all benefits paid by the Funds Administration, and all administrative costs.

The Funds Administration handled approximately 3,359 cases during 2010. At the close of the calendar year, the Funds Administration had 2,722 open files. The total expenditures for the Funds Administration during 2010 were \$28,441,626. Benefit payments were \$23,535,323, and administrative costs including the costs of litigation equaled \$4,906,303. Complete fiscal and calendar year accounting may be obtained from the Funds Administration office. Detailed information regarding the Funds Administration Division can be found in the Funds Administration Overview located on the Workers' Compensation Agency's web site at www.michigan.gov/wca.

The Medical Benefit Reimbursement Provision [MCL 418.862(2)] is also administered by the Funds Administration. The funds for this provision, however, come through the State of Michigan General Fund.

Board of Magistrates

Section 213 of Public Act 103 of 1985 authorizes the Workers' Compensation Board of Magistrates. By statute, the Board of Magistrates originally consisted of 30 members that are appointed by the Governor and confirmed by the Senate, and responsible for hearing and deciding contested cases filed after March 31, 1986. Executive Order 2003-18 reduced the number of magistrates to 26 in December 2003, and was amended in October 2009 reducing the number to 17. Each magistrate must be a licensed attorney in Michigan, and either pass an exam or have five years of experience in workers' compensation. A magistrate cannot be reappointed after serving a total of 12 years.

Magistrates decide claims at the formal hearing level of the contested claims process of the workers' compensation system. All resolutions require a formal written order or opinion with findings of fact and conclusions of law. Parties to a decision may stipulate to modify or correct a decision within 30 days. Additionally, the board is responsible for hearing any dispute meeting the requirements for the Small Claims Division established under Section 841 of Public Act 103 of 1985. The magistrates must also approve the settlement of Workers' Compensation claims by conducting Redemption hearings.

Appellate Commission

The Workers' Compensation Appellate Commission is an independent body of five attorneys, appointed by the Governor with advice and consent of the Senate, to serve 4-year terms (12 years term limit). The Worker's Disability Compensation Act, MCL 418.101 *et seq.*, provides general policies for administration; gives the chairperson work assignment authority; grants rule-making authority to the Commission; sets forth the scope of appellate review; and provides procedures for employers, employees, insurance carriers, and attorneys seeking review of a hearing officer's decision. The primary legal foundation for the Commission is found in §274 and §861 of the Act, as modified by Executive Reorganization Order No. 2003-1 (E.O. 2003-18).

During 2010, Murray A. Gorchow served as Chairperson of the Commission. Also serving on the Commission during the year were Gregory A. Przybylo, Granner S. Ries, Donna J. Grit (who was replaced by James P. Harvey), and Rodger G. Will (who was replaced by George H. Wyatt III). Commissioners Harvey and Wyatt began their service on November 1, 2010.

By providing expeditious, impartial administrative review of contested claims for workers' compensation benefits, the Commission serves to minimize any undue financial suffering of employees, as well as reduce the costs to Michigan's employers. Created as an independent body, the Commission has the power and authority to review the decisions of the Board of Magistrates and the Director of the Workers' Compensation Agency regarding benefits for work-related disabilities and related issues. The Commission also acts as an administrative buffer to minimize the number of appeals to the state Court of Appeals.

When decisions issued by the Workers' Compensation Agency and Board of Magistrates are appealed, the Commission's caseload is created. The Commission sits in randomly selected panels of three Commissioners, although occasionally all members will participate in the decision of a case if the matter may establish a precedent. By law, commissioners are required to perform both a qualitative and quantitative analysis of the record of a case in order to ensure a full, thorough and fair review. The Commission must issue and publish scholarly and concise opinions that reflect relevant statutory and case law. To accomplish this, the Commission strives to promptly review cases and write dispute-resolving opinions that comply with the requirements set forth in § 418.861(a) of the Act. Decisions on legal points provide guidance to the agency, magistrates, attorneys, employees, employers and insurance carriers regarding benefit entitlement and hearing procedures. Commission opinions continue to be published online at: <http://www.michigan.gov/wca>.

For administrative efficiency, the Commission utilizes administrative support staff to assist the commissioners. The staff docket transcripts and briefs, types and formats routine orders and draft and final opinions, as well as processing

routine correspondence. Staff support helps ensure excellence in the Commission's final published product, and in the providing of top-quality customer service. The Commission's support staff includes one executive secretary, four legal secretaries and one word processor.

The appeal process is governed in part by the Administrative Appellate Rules, which the Commission has the authority to promulgate and amend. No new rules or amendments were filed in 2010.

The average time span between when a case is ready or "perfected" for review and when it is actually decided is approximately four months. The Commission continues to accept electronic filings, such as, regular correspondence and motions requesting an extension of time to file briefs, transcripts, and other motions. A link on the Workers' Compensation Agency website, <http://www.michigan.gov/wca>, directs users to the DELEG site where valuable WCAC information can be accessed. New policies and procedures are posted at this site, as well as "Recent Opinions of Interest," published opinions and appellate rules, and "Procedural Reminders."

The Commission continues to encourage Oral Arguments, although only one such argument was held in 2010.

During 2010, the Commission received 163 new claims, down from 253 in 2009. Including reconsiderations and remands from higher courts, the total incoming caseload was 173 for the year. This decline is attributable to several factors, including the continuing decade long decrease in the number of cases filed before, and decided by, the Board of Magistrates. In addition, a number of factors specific to the Board of Magistrates significantly contributed to a reduction in the number of cases tried that could then be appealed to the Commission, including: the number of magistrates was reduced in January from 26 to 17 for budgetary reasons, pursuant to Governor Granholm's Executive Reorganization Order; Magistrate Harris unexpectedly passed away; and four magistrates, including the Chairperson, Chris Ambrose, and Magistrates Valencia Jarvis, Melody Paige, and Jim Kent all resigned to take positions as administrative law judges with the Social Security Administration. The result was a significant increase in the caseloads of the other magistrates, which reduced the number of trials, decisions, and appeals.

The Commission published 151 opinions (126 dispositive and 25 non-dispositive). There were 29 dissenting and 27 concurring opinions written. In addition, 91 other dispositive actions were processed, consisting of 35 redemptions, 8 withdrawals, and 48 orders. There were also 327 non-dispositive orders issued for a total production of 625 dispositions.

The caseload is tracked to document the number of currently "perfected appeals" cases (*i.e.*, all required transcripts and briefs have been filed). At the beginning of 2010 there were a total of 65 perfected appeals ready for review. At the 2010 year end, the number of perfected appeals ready for review had increased to 91.

This increase is attributable to the departure of Commissioner Donna Grit for the Social Security Administration at the end of August and the retirement of Commissioner Rodger Will at the end of September. The absence of these two experienced commissioners, until they were replaced in November, resulted in perfected cases having to await the appointment of a three member panel and the understandable start-up learning curve for the two new commissioners before cases could be reviewed and opinions written and issued.

A major portion of cases pending before the Commission have been, or will continue to be, remanded to the Board of Magistrates for purposes of preserving due process in changing legal environment. These remanded cases will return to the Commission for decision following the issuance of the magistrate's supplemental opinion on remand.

Qualifications Advisory Committee (QAC)

The Qualifications Advisory Committee (QAC) consists of 10 individuals appointed by the governor to oversee the appointment process for the Workers' Compensation Board of Magistrates and Appellate Commission. The committee's duties include recommending candidates to the governor for the board and commission, evaluating the performance of individuals appointed to those positions, and reviewing caseloads and making recommendations to the governor concerning reductions or increases in the number of magistrates and appellate commissioners. The QAC members are appointed for four-year terms and serve at the pleasure of the governor.

The QAC met four times during 2010 and interviewed 32 applicants for the Board of Magistrates and 5 applicants for the Appellate Commission. They also reviewed and evaluated the work performance of 13 magistrates and 2 appellate commissioners.

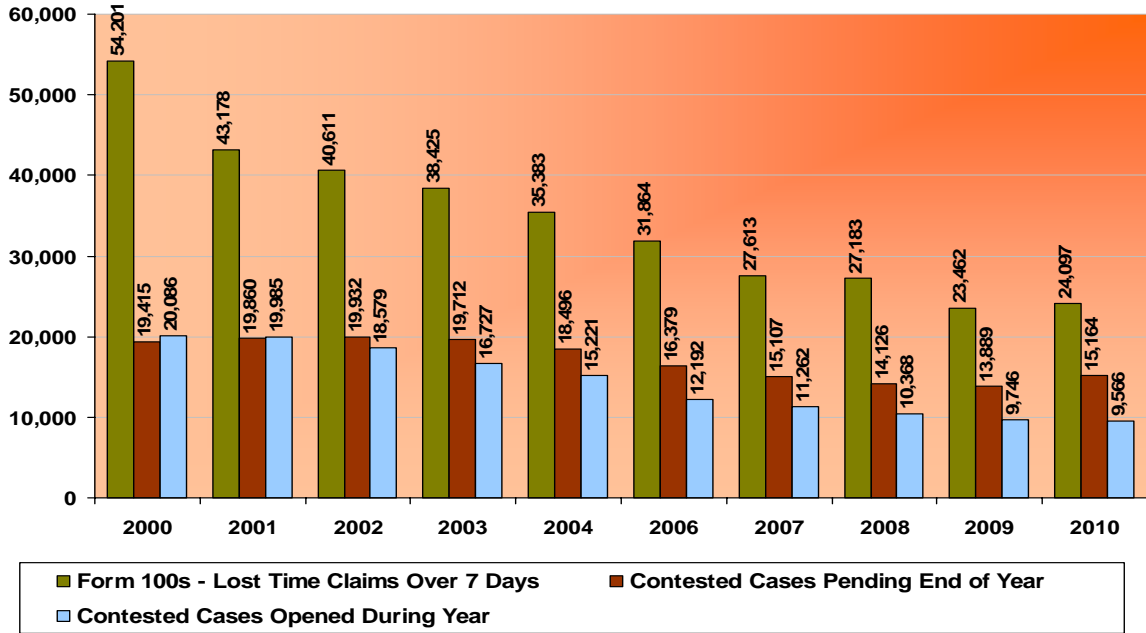
Statistics & Charts

State Average Weekly Wage Chart

Year	SAWW	90% of SAWW (Maximum)	2/3 of SAWW*	50% of SAWW (Minimum Benefit for Death Cases)	25% of SAWW (Minimum Benefit for Specific Loss and T&P)
2011	\$823.35	\$742.00	\$548.90	\$411.68	\$205.84
2010	\$828.73	\$746.00	\$552.49	\$414.37	\$207.18
2009	\$834.79	\$752.00	\$556.53	\$417.40	\$208.70
2008	\$820.04	\$739.00	\$546.69	\$410.02	\$205.01
2007	\$803.17	\$723.00	\$535.45	\$401.59	\$200.79
2006	\$784.31	\$706.00	\$522.87	\$392.16	\$196.08
2005	\$765.12	\$689.00	\$510.08	\$382.56	\$191.28
2004	\$744.49	\$671.00	\$496.33	\$372.25	\$186.12
2003	\$724.96	\$653.00	\$483.31	\$362.48	\$181.24
2002	\$715.11	\$644.00	\$476.74	\$357.56	\$178.78
2001	\$714.46	\$644.00	\$476.31	\$357.23	\$178.62
2000	\$678.23	\$611.00	\$452.15	\$339.12	\$169.56
1999	\$644.06	\$580.00	\$429.37	\$322.03	\$161.02
1998	\$614.10	\$553.00	\$409.40	\$307.05	\$153.53
1997	\$591.18	\$533.00	\$394.12	\$295.59	\$147.80
1996	\$581.39	\$524.00	\$387.59	\$290.70	\$145.35
1995	\$554.22	\$499.00	\$369.48	\$277.11	\$138.56
1994	\$527.29	\$475.00	\$351.53	\$263.65	\$131.82
1993	\$506.80	\$457.00	\$337.87	\$253.40	\$126.70
1992	\$489.01	\$441.00	\$326.01	\$244.51	\$122.25
1991	\$477.40	\$430.00	\$318.27	\$238.70	\$119.35
1990	\$474.22	\$427.00	\$316.15	\$237.11	\$118.56
1989	\$454.15	\$409.00	\$302.77	\$227.08	\$113.54
1988	\$440.77	\$397.00	\$293.85	\$220.39	\$110.19
1987	\$433.91	\$391.00	\$289.27	\$216.96	\$108.48
1986	\$414.70	\$374.00	\$276.47	\$207.35	\$103.68
1985	\$397.48	\$358.00	\$264.99	\$198.74	\$99.37
1984	\$370.65	\$334.00	\$247.10	\$185.33	\$92.66
1983	\$358.89	\$324.00	\$239.26	\$179.45	\$89.72
1982	\$340.45	\$307.00	\$226.97	\$170.23	\$85.11

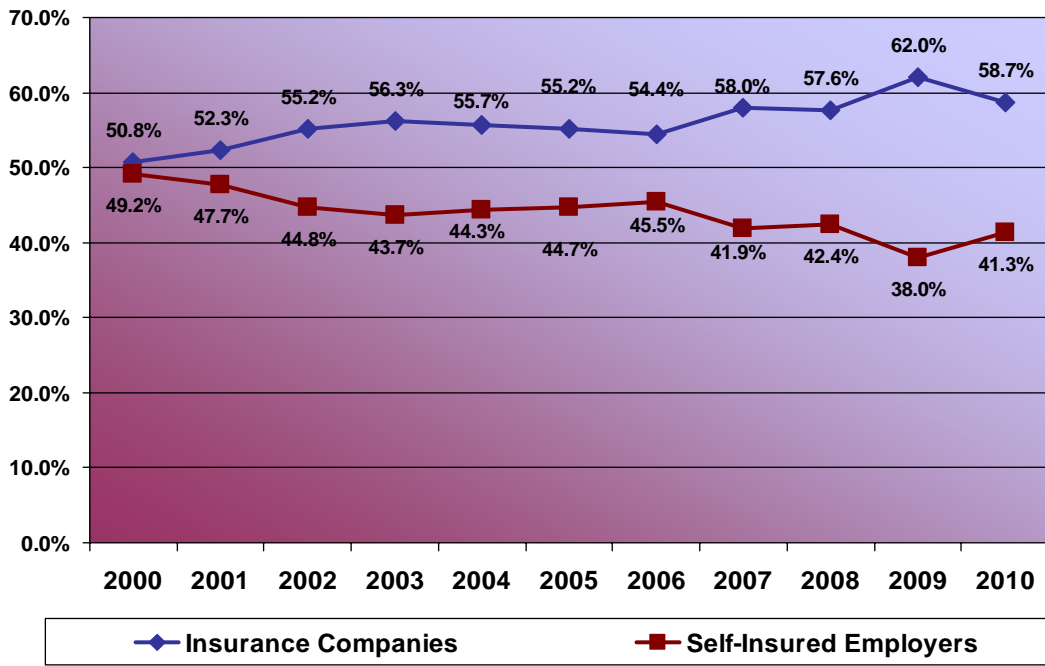
*Discounted fringe benefits may not be used to raise the weekly benefits above this amount. Attorney Fees may not be based on a benefit rate higher than this amount.

Claim/Case Trends

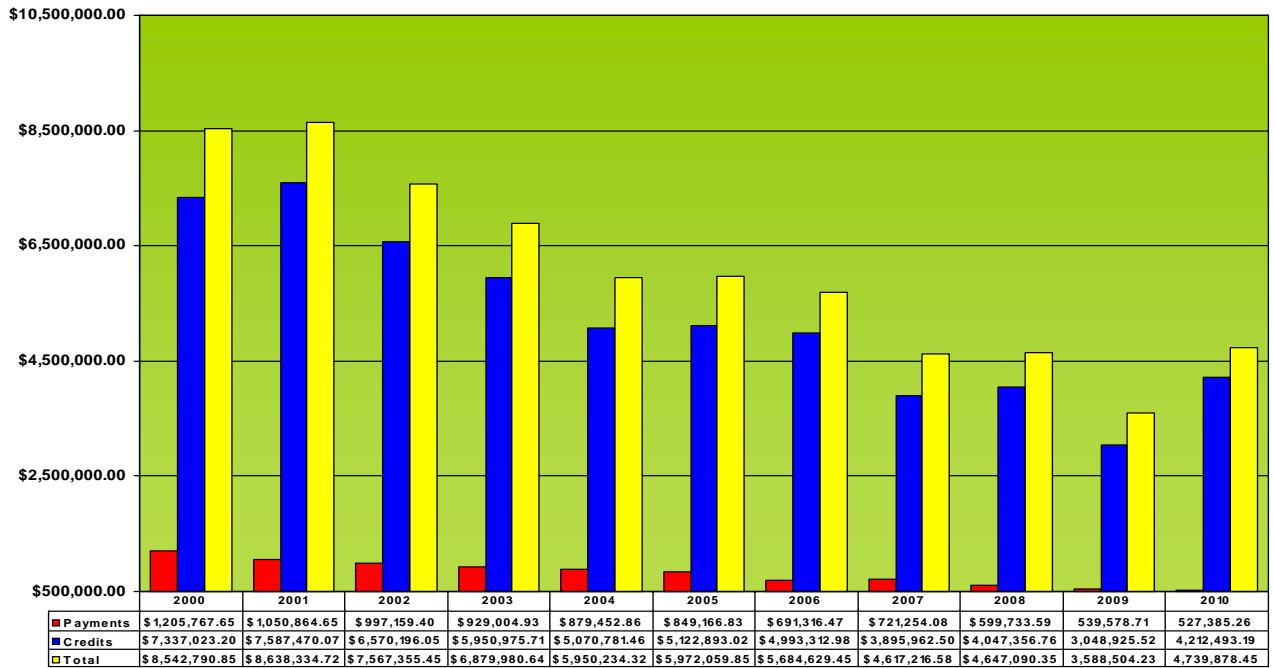


NOTE: 2005 figures not available due to system "crash."

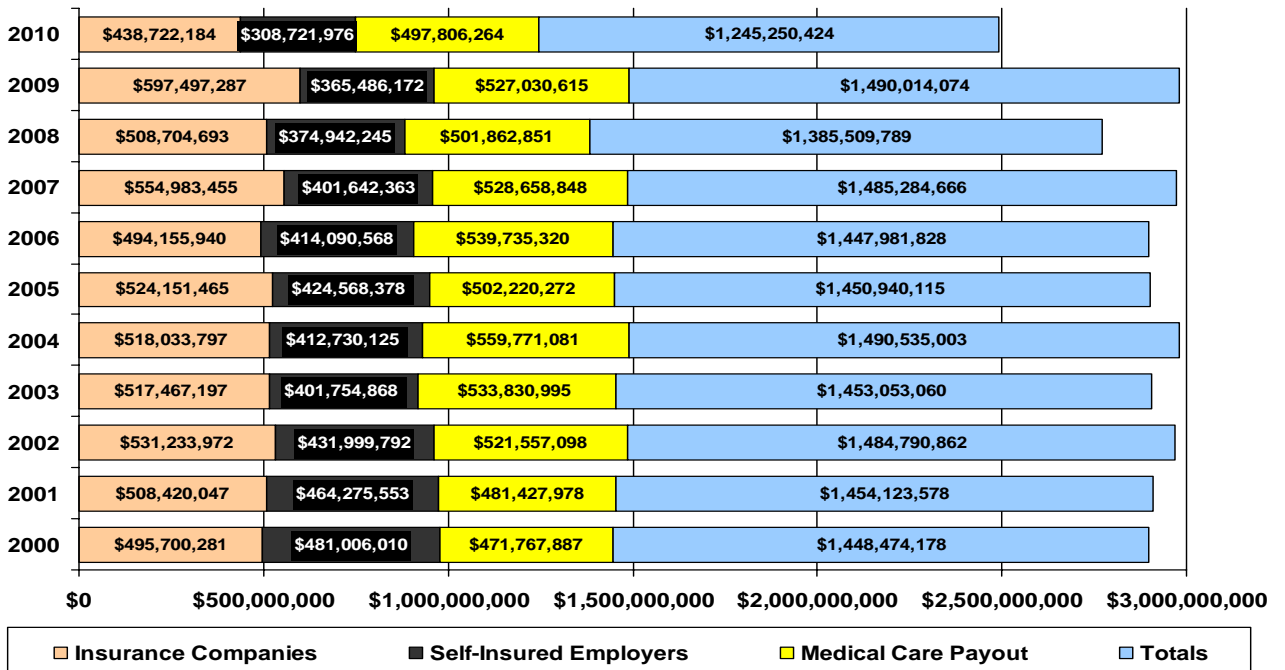
Indemnity Payments



Compensation Supplement Fund Reimbursements



Payout in Workers' Compensation Benefits and Medical Care



Magistrate Case Disposition Chart

	2000	2001	2002	2003	2004	2005*	2006	2007	2008	2009	2010
Redemptions	12,928	12,332	11,528	10,803	11,425	9,486	8,845	8,889	8,123	7,347	6,237
Opinions	812	817	860	769	792	702	473	453	335	310	286
Other Dispositions	5,689	5,868	5,839	5,707	6,103	4,405	4,297	3,866	3,308	2,817	2,137
Total Dispositions	19,429	19,017	18,227	17,279	18,320	14,593	13,615	13,208	11,766	10,474	8,660

*2005 statistics are based on a manual count corresponding to the order mailed date and may be subject to revision. The numbers should not be compared to our system-generated reports from previous and/or future years because those are based on file received dates rather than mailed dates.

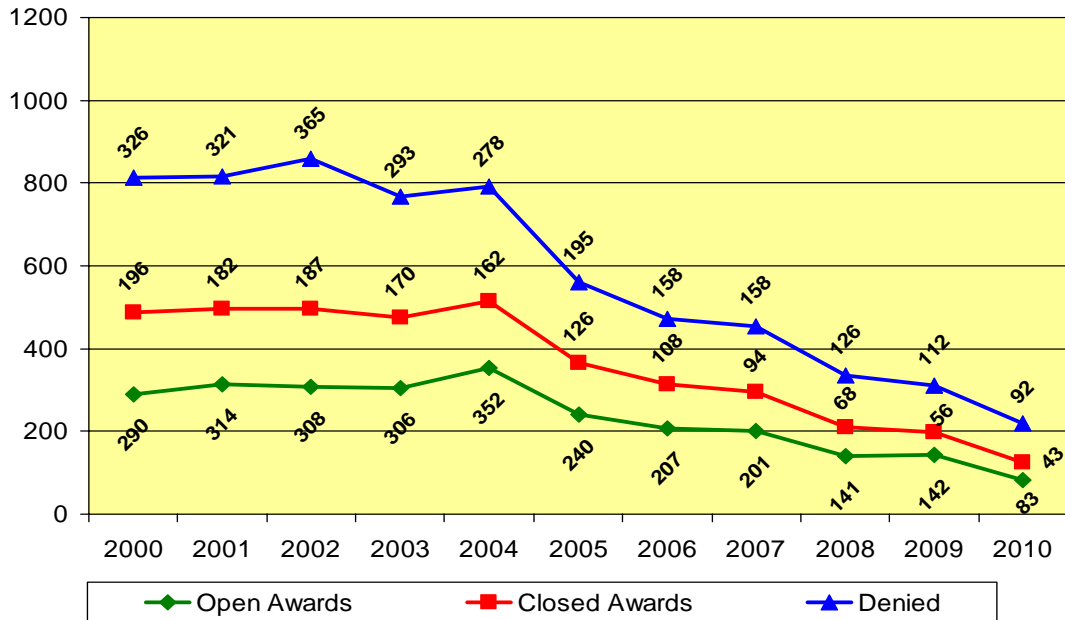
Magistrate Aged Case Distribution Chart

	2000	2001	2002	2003	2004*	2006	2007	2008	2009	2010
0 - 12 Months	12,698	12,999	13,533	12,742	11,452	9,295	8,755	7,991	7,735	7,423
13 - 18 Months	2,466	2,745	3,190	3,370	3,151	2,786	2,604	2,455	2,210	2,343
19 - 24 Months	761	823	997	1,462	1,272	1,513	1,273	1,250	1,351	1,346
Over 24 Months	285	160	222	418	701	1,338	1,253	1,284	1,385	1,109
Total Docket Load	16,210	16,727	17,942	17,942	16,576	14,932	13,885	12,980	12,681	12,221

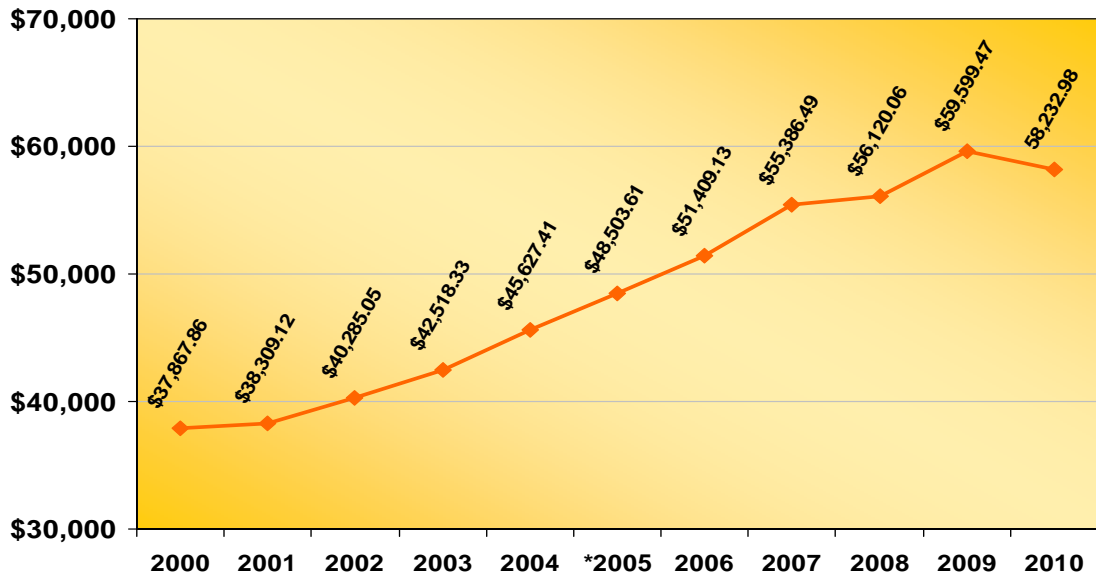
NOTE: 2005 figures not available due to system "crash."

*Figures revised from previous year's reports because they did not include the cases awaiting external resolution (e.g. Medicare, Friend of the Court, pension, etc.)

Workers' Compensation Trends



Average Redemption Amounts

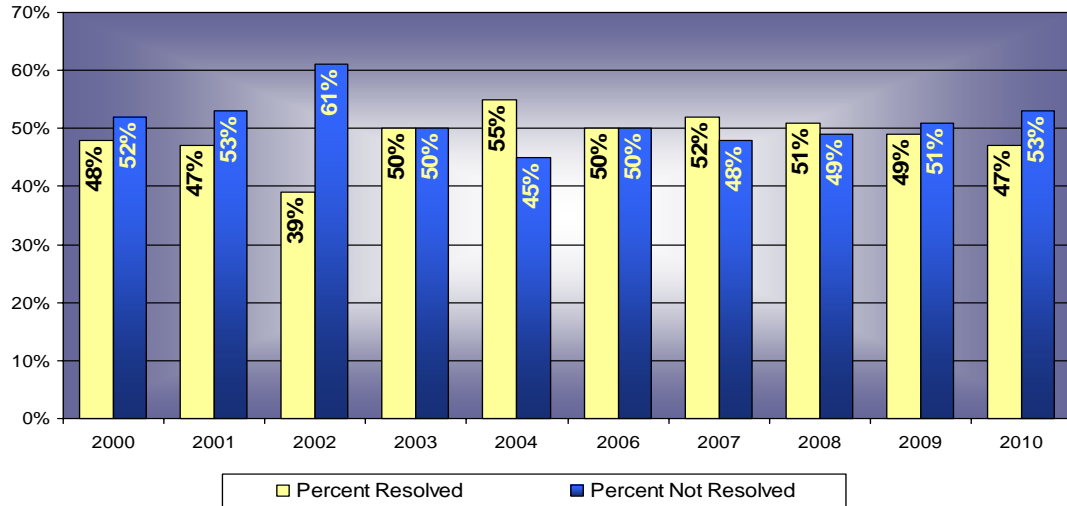


* 2005 statistics are based on a manual count corresponding to the order mailed date and may be subject to revision. The numbers should not be compared to our system-generated reports from previous and/or future years because those are based on file received dates rather than mailed dates.

Statutory Mediation Dispositions

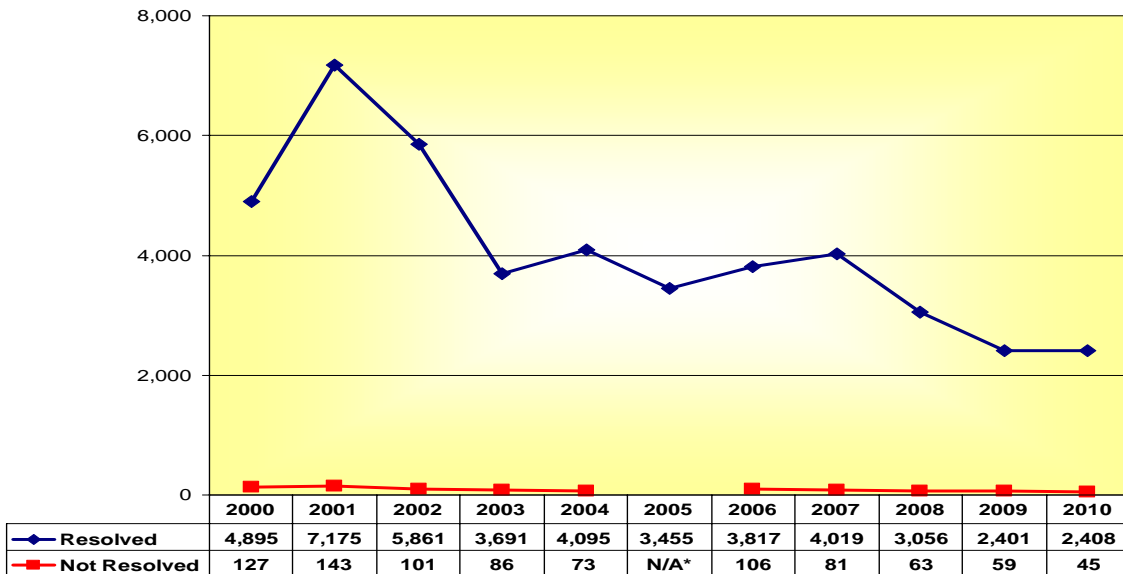
(Not including VR & Health Care Rule Hearings)

	2000	2001	2002	2003	2004	2006	2007	2008	2009	2010
Resolved	3,926	3,255	2,631	1,628	1,579	1,498	1,453	1,433	1,259	1,165
Not Resolved	4,228	3,689	4,143	1,635	1,294	1,478	1,325	1,372	1,297	1,289



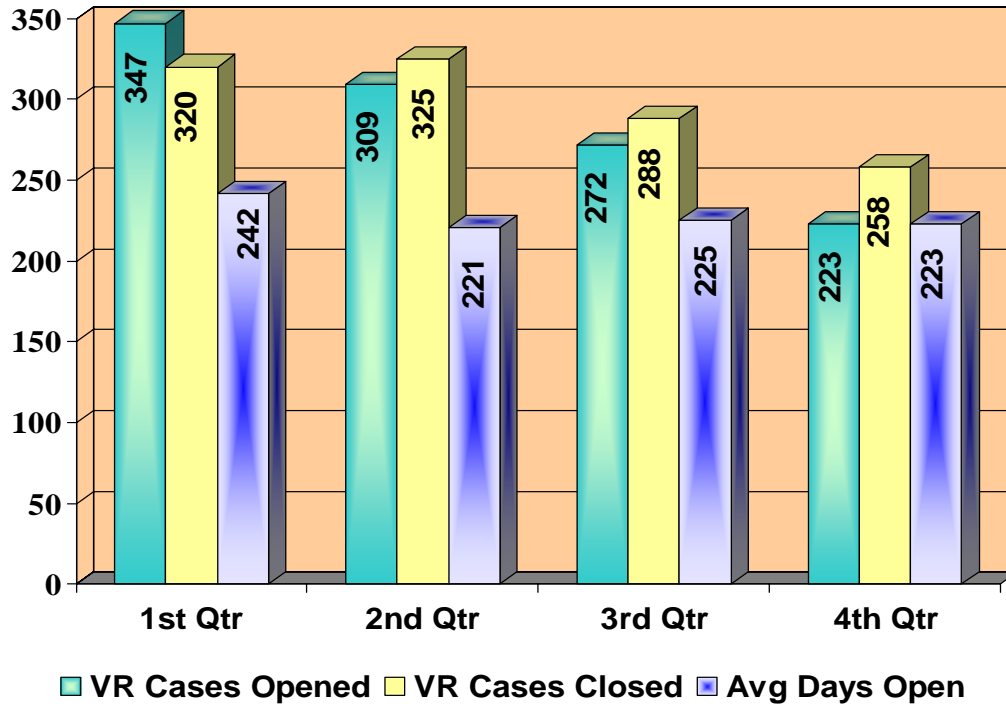
NOTE: 2005 figures not available due to system "crash."

Health Care Rule Dispositions

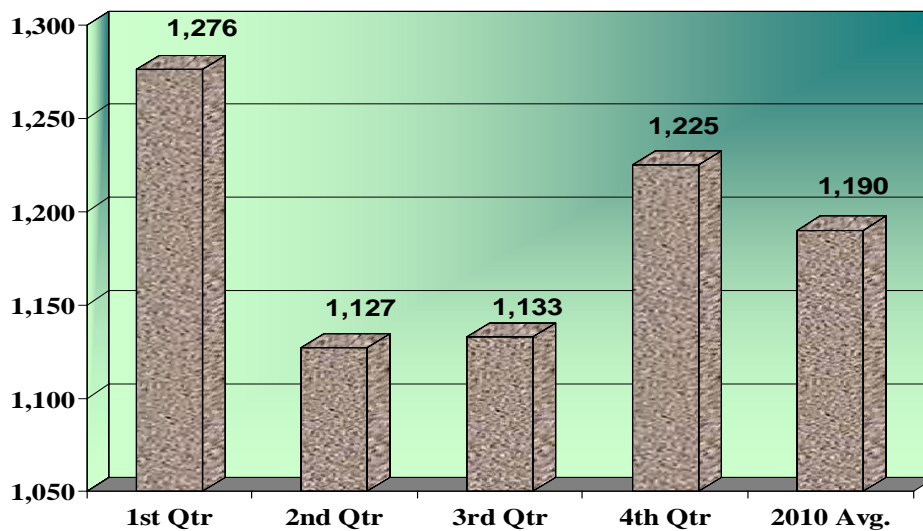


* Figure not available due to system "crash."

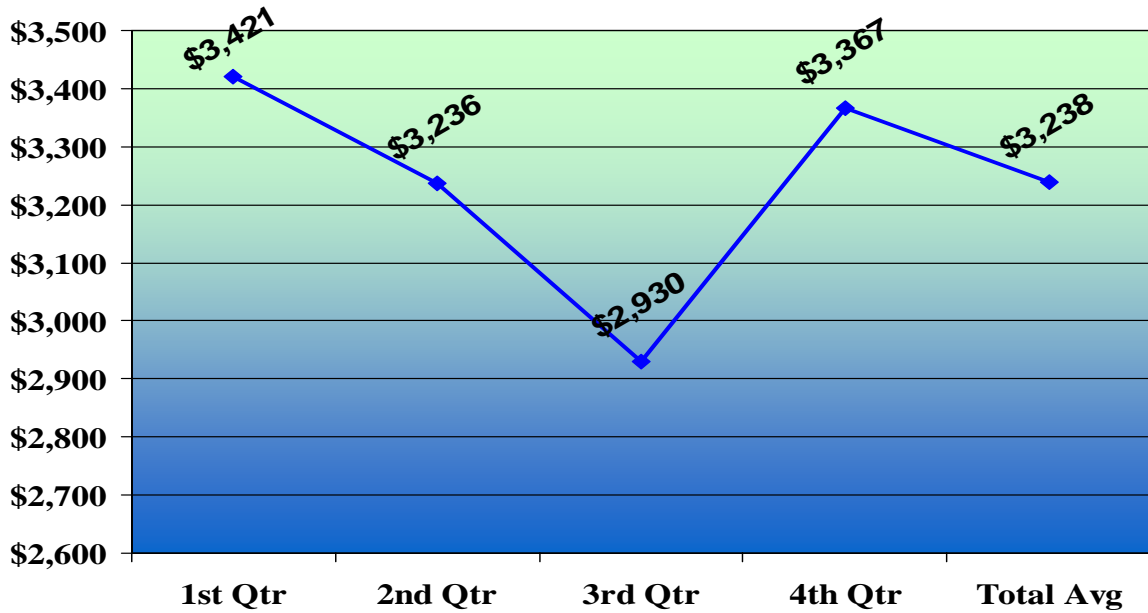
2010 VR Case Activity



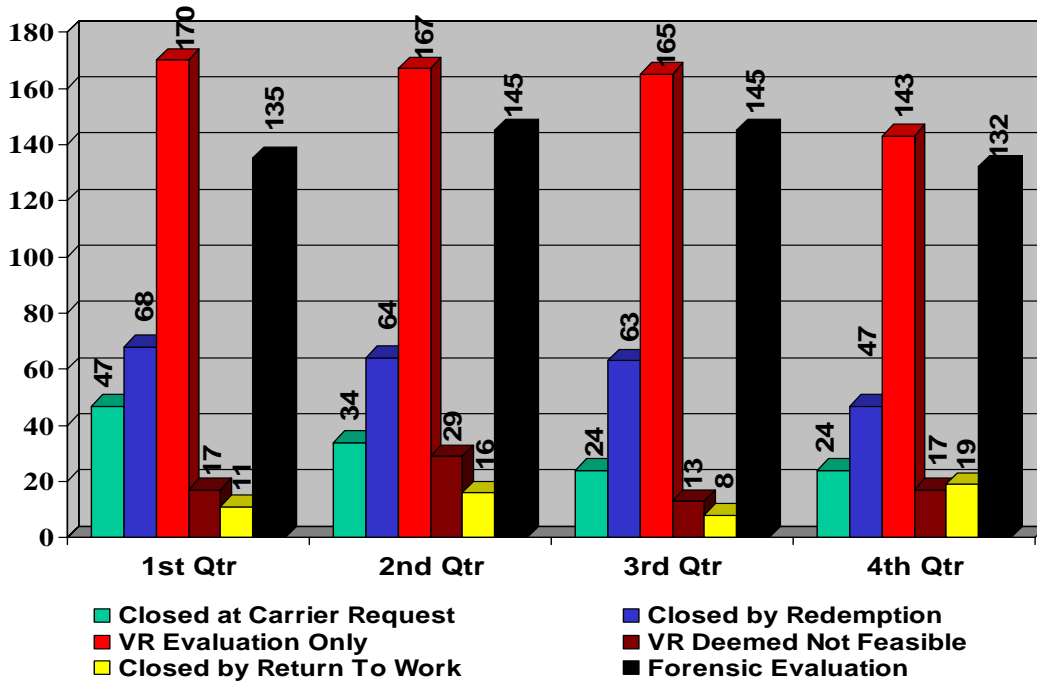
Avg Number of Days from Injury to Referral for VR Services 2010



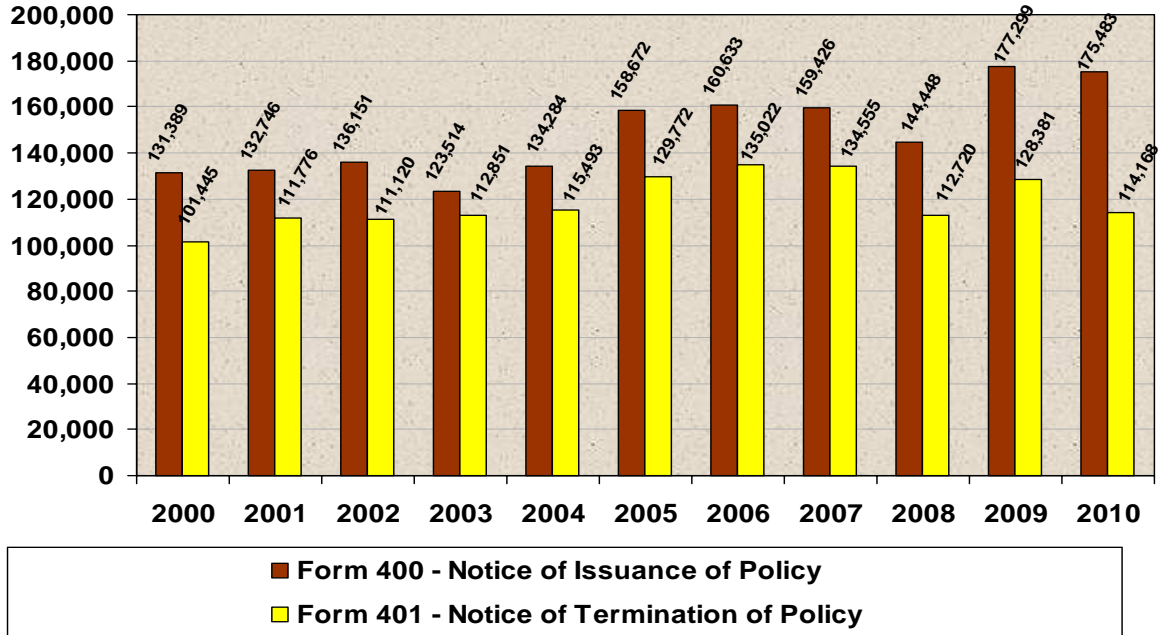
2010 Average Billing Cost Per VR Case



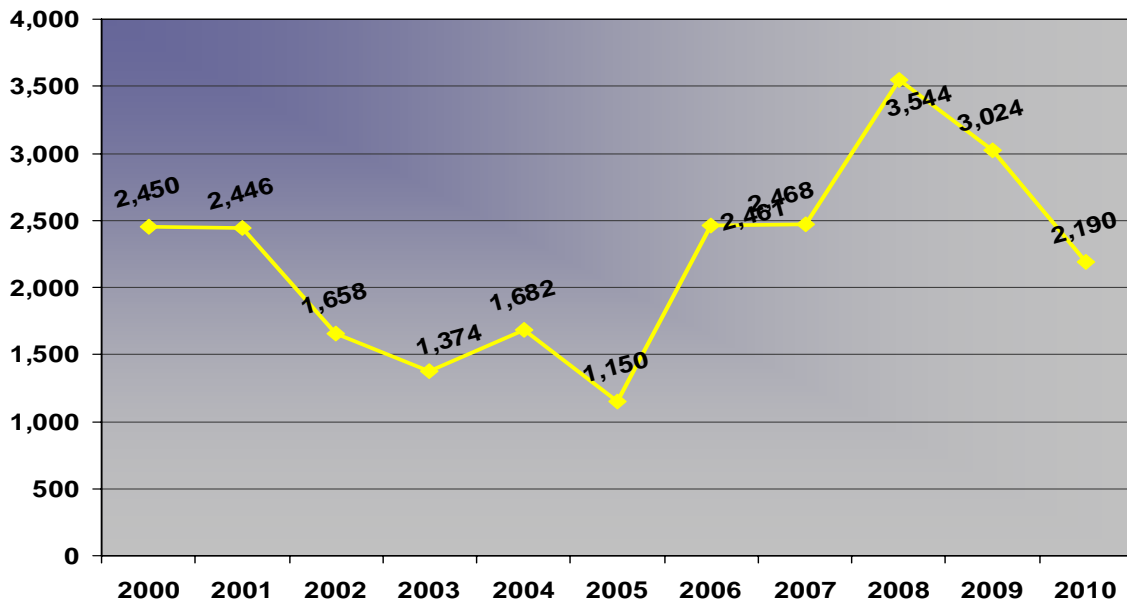
2010 Vocational Case Closures



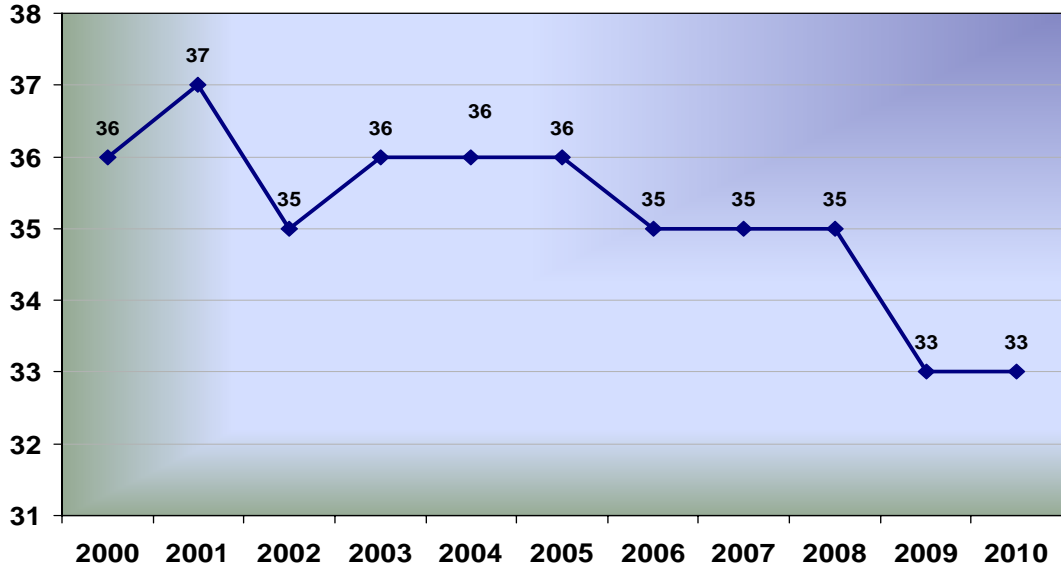
Forms 400 & 401 Received



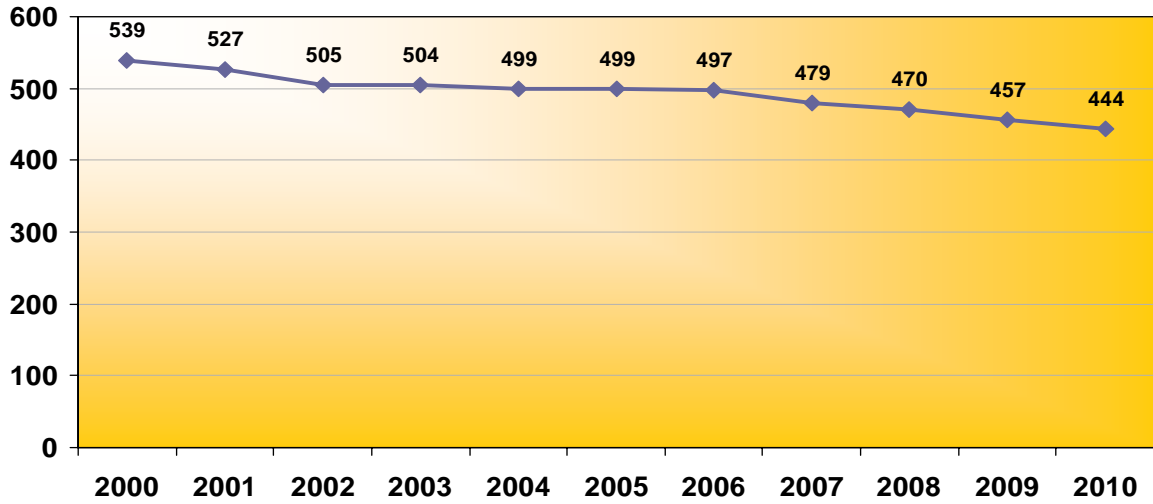
Exclusion Forms Processed



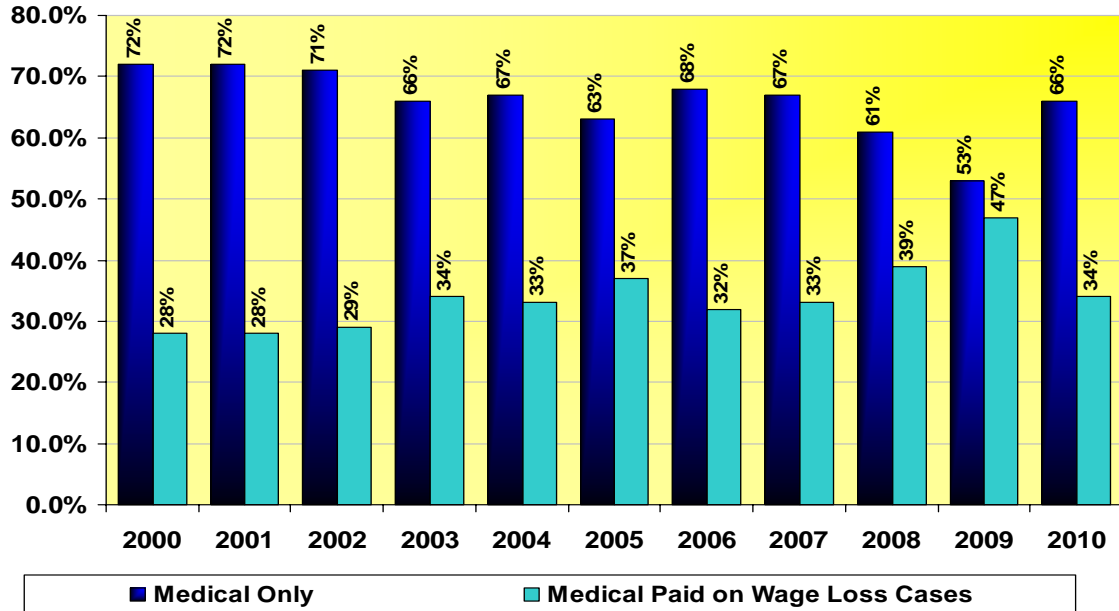
Number of Approved Self-Insured Groups



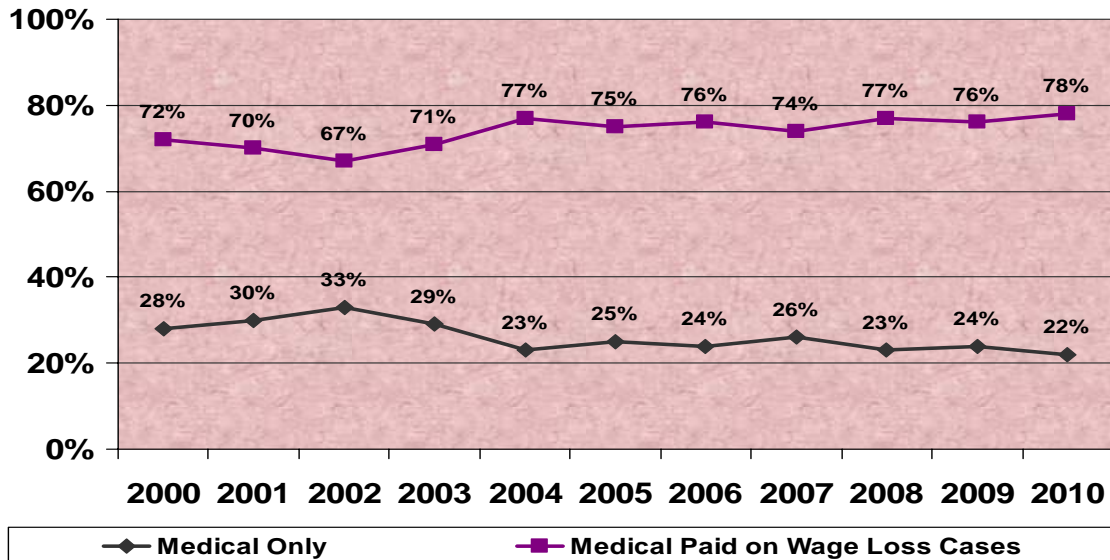
Number of Approved Individual Self-Insured Employers



Workers' Comp Cases - By Case Type



Health Care Costs - Percent Paid by Case Type



Workers' Compensation Annual Health Care Costs 2005-2010

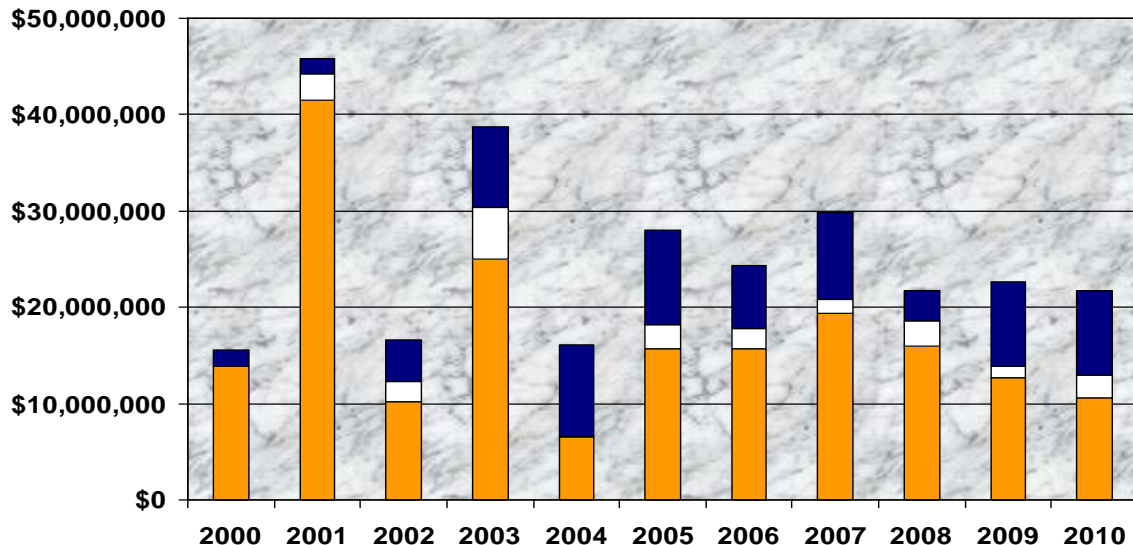
	JAN-DEC 2005	JAN-DEC 2006	JAN-DEC 2007	JAN-DEC 2008	JAN-DEC 2009	JAN-DEC 2010
MEDICAL ONLY						
Number of Cases	229,711	202,826	184,652	190,704	155,629	141,381
Amount Paid	\$124,461,364	\$132,170,897	\$136,657,539	\$116,932,799	\$123,918,088	\$109,709,617
Cost/Case	\$542	\$652	\$740	\$613	\$796	\$776
% of Total Cases	63%	68%	67%	61%	53%	66%
% of Total Cost	25%	24%	26%	23%	24%	22%
MEDICAL PAID ON WAGE LOSS CASES						
Number of Cases	135,748	94,403	90,205	121,664	140,527	71,983
Amount Paid	\$377,758,909	\$407,564,424	\$392,001,309	\$384,930,052	\$403,112,527	\$388,096,647
Cost/Case	\$2,783	\$4,317	\$4,346	\$3,164	\$2,869	\$5,392
% of Total Cases	37%	32%	33%	39%	47%	34%
% of Total Cost	75%	76%	74%	77%	76%	78%
TOTAL						
Number of Cases	365,459	297,229	274,857	312,368	296,156	213,364
Amount Paid	\$502,220,272	\$539,735,320	\$528,658,848	\$501,862,851	\$527,030,615	\$497,806,264
Cost/Case	\$1,374	\$1,816	\$1,923	\$1,607	\$1,780	\$2,333

FIGURES REPRESENT PAYMENTS MADE IN ANY GIVEN ANNUAL REPORT PERIOD

*The 2010 number of cases for medical paid on wage loss are being audited for accuracy. Confirmation or correction will be posted as soon as determined.

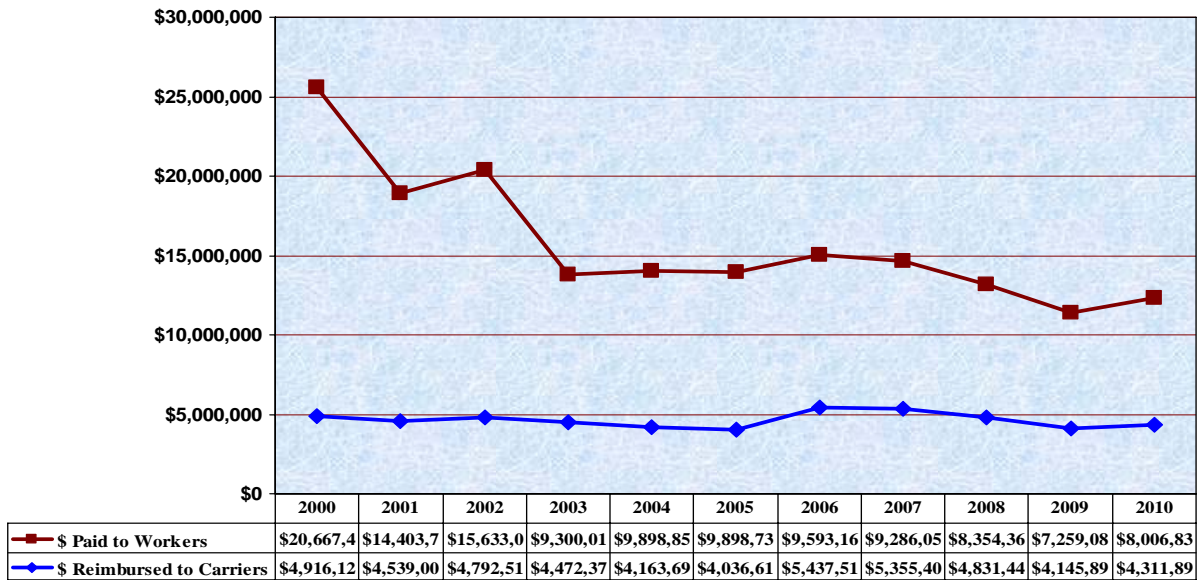
2010 numbers represent 95% of carriers reporting.

Funds Administration Assessments

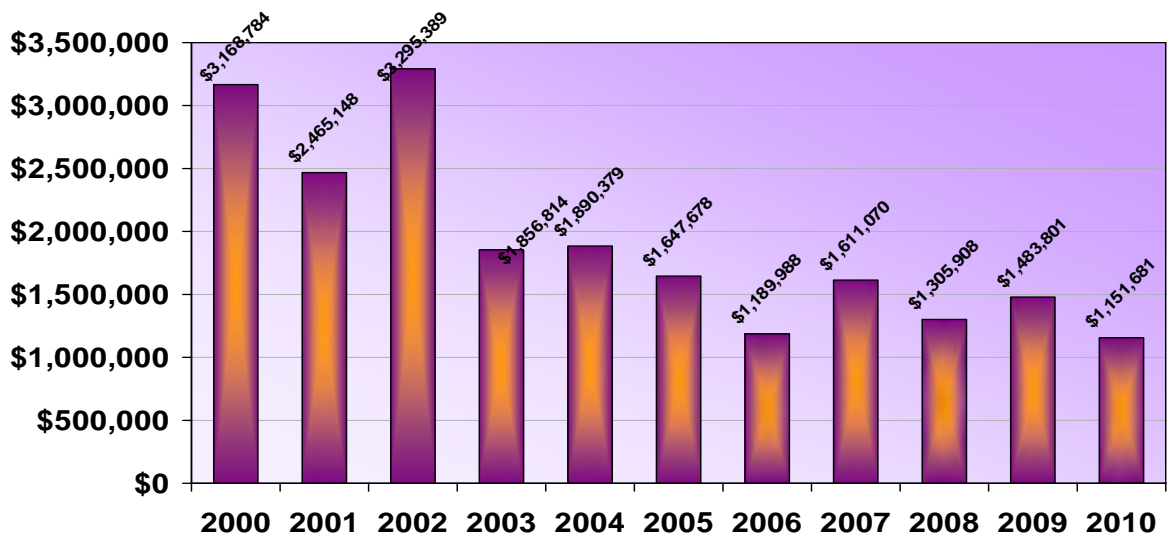


■ Second Injury Fund
 ■ Silicosis, Dust Disease & Logging Industry Fund
 ■ Self-Insurers' Security Fund

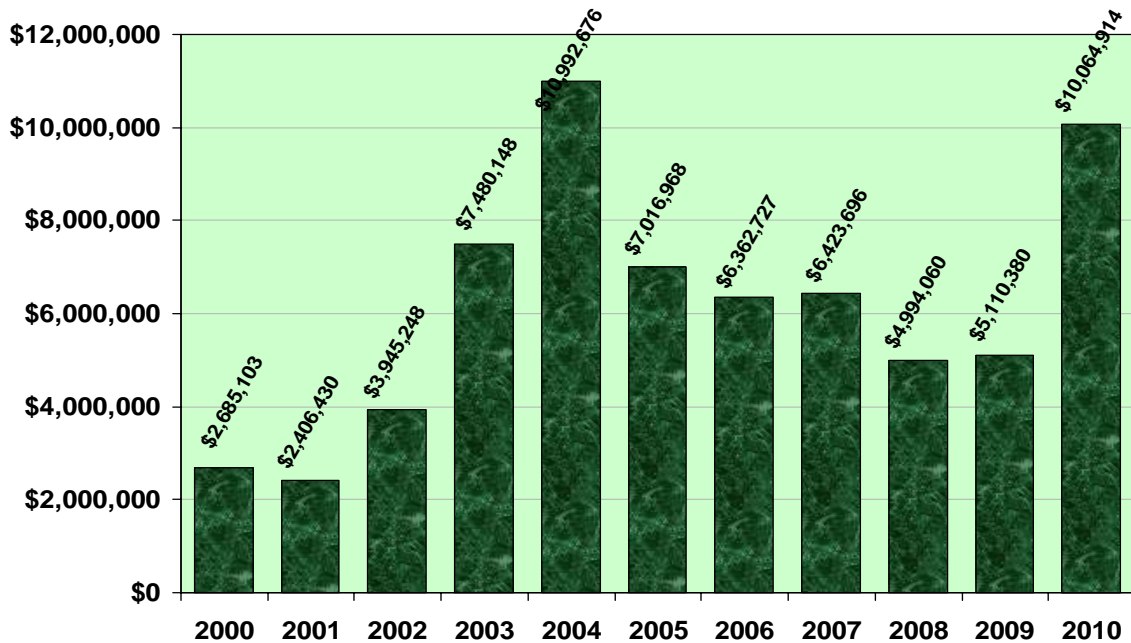
Benefits Paid Out by Second Injury Fund



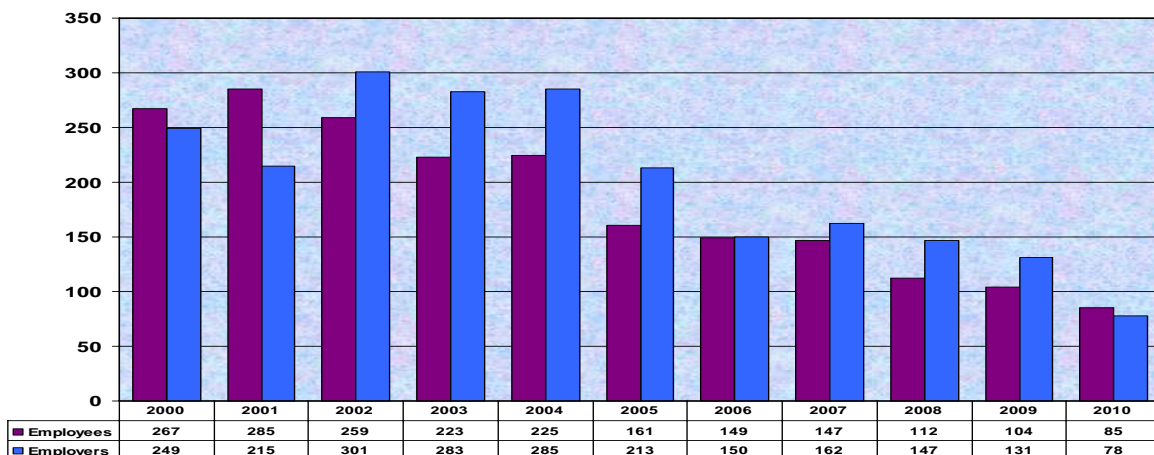
Benefits Reimbursed to Carriers and Redemptions by the Silicosis, Dust Disease and Logging Industry Compensation Fund



Benefits Paid to Workers by the Self-Insurers' Security Fund



Worker's Compensation Appellate Commission New Claims Filed by Employees/Employers

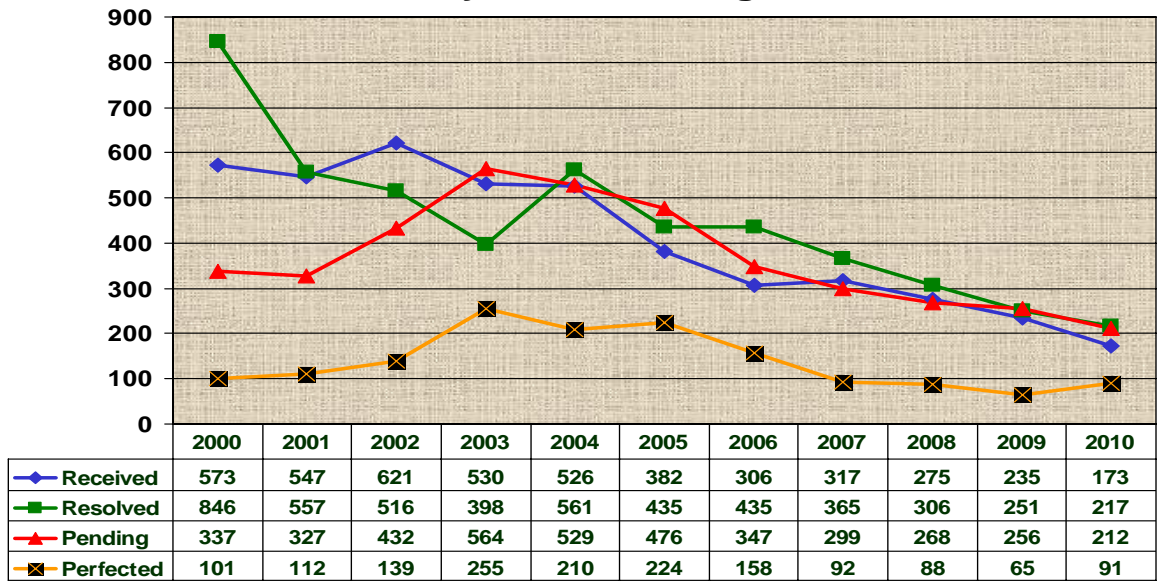


New Claims Filed by Employees/Employers

The number of claims filed by employees and employers is represented in this illustration. The total number of claims received in 2010 versus 2009 has decreased by 72. The number of employee claims received decreased by 26, and the number of employer claims received decreased by 46.

In the 11 year span depicted above, employee claims peaked in 2001 with 285 claims being filed, with an overall low in 2010 of 78 claims, for a decrease of 73%. Receipt of employer claims peaked in 2002 with 301 claims being filed, with an overall low in 2010 of 85, for a decrease of 72%.

Workers' Compensation Appellate Commission Claim Activity: 2000 through 12/31/2010



Received: Includes all new claims filed with the Commission as well as reinstatements and remands from the Michigan Court of Appeals and the Michigan Supreme Court.

Resolved: Includes all dispositive opinions, orders, redemptions and withdrawals.

Pending: This figure includes all pending appeals before the Commission at the end of December 2010, including active appeals (claims received prior to 2010 and new claims received in 2010), higher court reinstatements, remanded cases where the Commission retained jurisdiction.

Perfected: All cases ready for review pending before the Commission (all required transcripts and briefs have been filed) awaiting disposition.

INFORMATION/PUBLICATIONS AVAILABLE ON OUR WEBSITE

Most Frequently Requested

- **Calculation Program**
- **Michigan Workers' Compensation Forms (Most Forms)**
- **Weekly Benefit Rate Books (2005 – 2011)**
- **Workers' Disability Compensation Act & Administrative Rules**
(Printed copies available from Institute of Continuing Legal Education at www.icle.org)

General Information/Publications

- **Annual Reports (1997 – 2010)**
- **Coverage Questions for Subcontractors, General Contractors, and Independent Contractors (Booklet)**
- **Funds Administration Overview**
- **Overview of Workers' Compensation in Michigan (Booklet)**
- **Summary of Your Rights and Responsibilities Under Workers' Disability Compensation (Pamphlet)**
- **Vocational Rehabilitation for Injured Workers (Pamphlet)**

Associated Workers' Compensation Listings

- **Approved Vocational Rehabilitation Facilities**
- **Individual Self-Insured Employer List**
- **Self-Insured Group List**
- **Service Company List**

Litigation Information

- **Board of Magistrates Opinions**
- **Workers' Compensation Appellate Commission Opinions**

**Website address: www.michigan.gov/wca
Request forms at: 888-396-5041**