



WORKERS' COMPENSATION STATISTICAL BRIEF

THE EFFECTS OF AGING ON WORKERS' COMPENSATION IN MONTANA

Pressures to retire from the workforce later have risen due to two major stock market downturns in the last decade as millions of people lost value on their investments. The choice to retire later exposes older workers to continued occupational injury and illness potential. While older workers were believed to have a lower frequency of occupational injury and illness, the research had previously suggested that the severity is greater (NCCI, 2005 and 2006). These claims have been disputed by more recent research (NCCI, 2011) suggesting that there may be no discernible effect.

While aging and the choice to work or retire are personal and unique to each individual, businesses and government alike will have to manage the effects of aging and the choices people make. Unfortunately, what aging means to the workforce is not entirely clear (MacDonald and Dwyer, 2008). The goal of this brief, then, is to improve the understanding of aging within the context of Montana's Workers' Compensation system. This brief examines characteristics and trends of older workers' injuries and illnesses in Montana.

The Data

The Employment Relations Division maintains a database on all workers' compensation claims in Montana. Claims data is generated from the mandatory reporting of injury information on behalf of self-insureds, private insurers, and the Montana State Fund. Other data sources include the Bureau of Labor Statistics and the Current Population Survey from the US Census Bureau. The most recent Annual Report issued by the Employment Relations Division shows a major reduction of claims from fiscal year 2008 to 2010, from 32,303 to 26,132 total claims or a reduction of about 20%. Of those claims, roughly 15% garner wage loss benefits.

Incidence Rates per 10,000 Workers

Fiscal Year	45-54	55-64	65 and Over
2006	123	122	106
2007	123	119	96
2008	116	116	102
2009	108	106	98
2010	115	108	98

Source: Bureau of Labor Statistics, 2011

The Big Picture

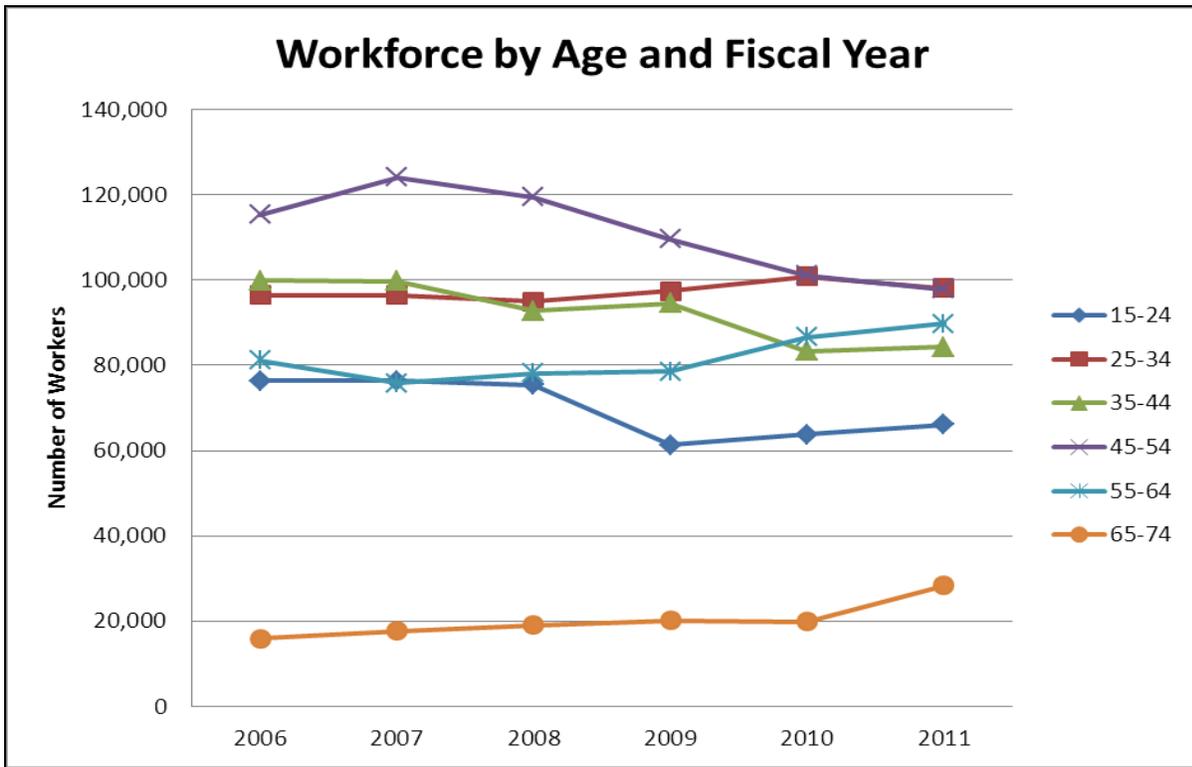
The total number of workers' compensation claims has declined in Montana over the past three years. Claimants age 55-64, however, have risen during that time. The increase in total number of claims does not suggest an increase in likelihood for injury as the number of workers age 55-64 has also risen during the same period. The frequency for workers' compensation claims among workers age 55-64 reported by the Bureau of Labor Statistics (2011) declined over the same period.

MONTANA FOLLOWS NATIONAL TRENDS

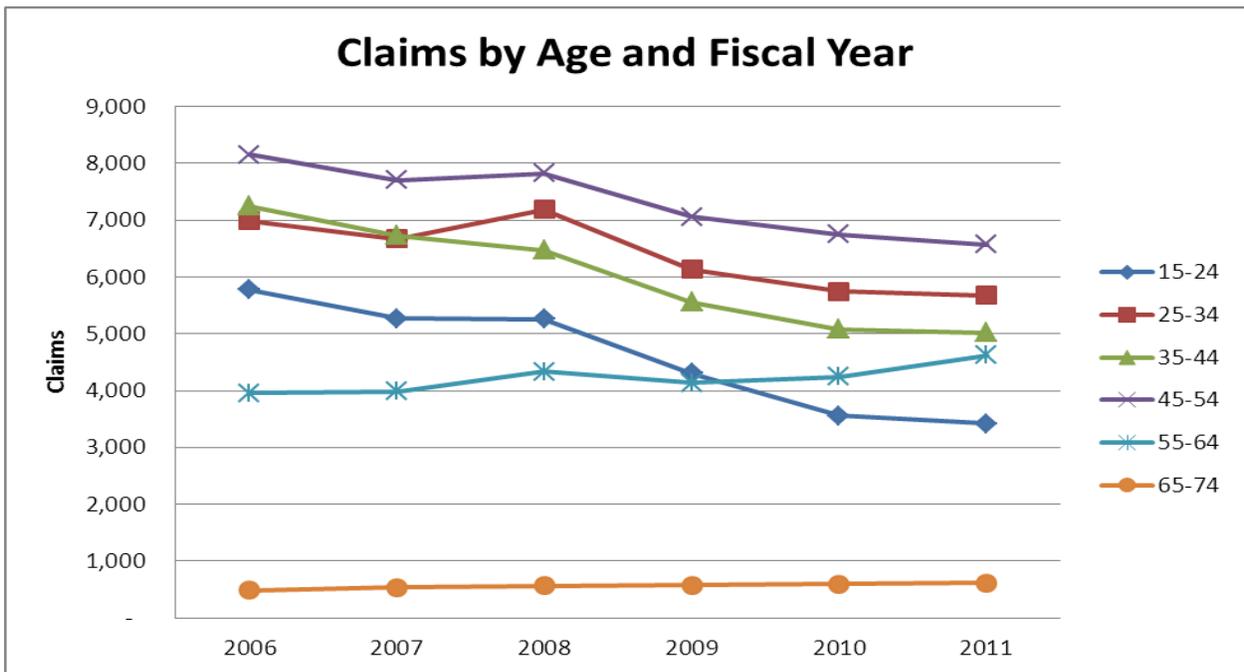
The severity of workers' compensation claims does not appear to be related to a worker's age. Montana reflects the most current research that the aging workforce is not significantly affecting the workers' compensation system.

For further information, please contact:

Ryan Morton
Workers' Compensation Analyst, DLI/ERD
rmorton@mt.gov
406-444-1722.



Source: Current Population Survey.



Source: Employment Relations Division

Injuries Vary by Age Group

This section utilizes injury information from the First Report of Injury (FROI). The table looks at distribution of the injuries and illnesses by body part for all claims over the last decade. From this table it is clear that the body parts injured do not vary across ages significantly, though injuries to the trunk and knees rise slightly as age increases. Percentages are of all claims in a given age range.

Percent of Claims by Body Part and Age							
Body Part	15-24	25-34	35-44	45-54	55-64	65-74	Average
Upper Extremities	38%	32%	30%	29%	28%	27%	31%
Back	16%	20%	21%	20%	19%	16%	20%
Head	13%	13%	11%	10%	9%	11%	11%
Lower Extremities	12%	11%	10%	11%	11%	12%	11%
Knee	6%	7%	7%	9%	10%	9%	8%
Trunk	5%	6%	6%	7%	8%	10%	6%
Multiple	3%	4%	5%	6%	8%	9%	5%
Wrist	5%	5%	5%	4%	4%	4%	5%
Neck	2%	2%	3%	3%	2%	2%	2%

Severity – Paid Disability and Medical Costs

Severity can be defined in the workers’ compensation system as the time spent away from work due to an injury and the cost of associated medical care. Presumably, more days away from work and more medical dollars spent mean the injury is more severe. Only claims where the insurer pays out wage-loss benefits for time away from work or time spent on reduced earnings work are included in the analysis below, which represent about 15% of all reported claims.

The length of temporary total disability (TTD) provides a proxy for the time it takes to heal before returning to work. The following table breaks down the average weeks of paid temporary total disability by age segment and fiscal year of injury, for which there are 34,315 claims from fiscal years 2001 to 2009. There doesn’t seem to be a patterned increase in paid disability duration for the top three age groups (in blue). It should be noted, however, that the number of claims for people aged 65 and older are relatively small compared to other states, which may prevent us from observing a pattern more in line with prior research.

Average Paid Duration (Weeks) Per Claim by Fiscal Year

AGE	2001	2002	2003	2004	2005	2006	2007	2008	2009	Average
15-24	18.1	15.9	16.1	14.0	15.9	13.9	14.9	14.5	16.7	15.5
25-34	24.7	23.3	22.1	20.5	20.2	21.4	22.5	20.8	19.2	21.7
35-44	31.7	31.3	30.4	25.0	24.1	25.0	26.1	23.7	24.7	27.2
45-54	33.1	33.5	30.1	25.1	27.2	25.6	25.9	25.1	21.9	27.5
55-64	28.2	30.7	30.1	23.7	23.7	26.0	23.5	20.9	21.6	25.1
65-74	33.6	24.9	23.2	25.7	23.7	22.4	24.0	22.8	29.4	25.3
75-84	32.6	38.8	14.1	7.8	32.8	25.3	27.3	14.5	22.4	24.7
Average	28.9	28.5	27.0	22.7	23.3	23.4	23.7	22.0	21.6	24.6

For average medical costs, the number of cases expanded to 55,675 claims where any wage loss benefit was paid. Again, there does not appear to be the pattern of higher average medical costs per claim for older workers. Medical dollars are not adjusted for inflation as the reports from insurer for any fiscal year of injury could be reported in later fiscal years.

Average Medical Costs Per Claim by Fiscal Year

AGE	2001	2002	2003	2004	2005	2006	2007	2008	2009
15-24	\$8,348	\$7,121	\$8,002	\$7,373	\$8,211	\$8,306	\$11,461	\$9,102	\$11,535
25-34	\$12,186	\$13,225	\$11,694	\$10,867	\$14,963	\$12,140	\$14,345	\$14,148	\$12,719
35-44	\$15,586	\$16,286	\$16,929	\$15,164	\$16,978	\$17,600	\$16,110	\$15,842	\$14,658
45-54	\$16,352	\$16,701	\$17,020	\$16,034	\$17,077	\$16,819	\$17,190	\$16,666	\$14,891
55-64	\$16,143	\$16,162	\$16,498	\$14,100	\$14,835	\$17,806	\$16,338	\$15,331	\$14,747
65-74	\$10,354	\$15,430	\$8,321	\$12,335	\$12,321	\$11,663	\$19,859	\$14,843	\$20,217
75-84	\$12,076	\$18,272	\$10,718	\$5,160	\$21,089	\$13,227	\$20,705	\$7,979	\$16,992
Average	\$14,322	\$14,808	\$14,794	\$13,486	\$15,241	\$15,186	\$15,742	\$14,908	\$14,205

Conclusion

While Montana does appear to be experiencing the baby boomer bump with an increase in the number of older claimants, the incidence rate and severity of claims do not appear to be related to a worker's age. Older workers appear to experience more injuries than younger workers for some trunk and knee injuries. As of March 2012, Montana reflects the most current research that the aging workforce is not significantly affecting the workers' compensation system in regards to claim frequency, severity, or disability duration. Future research should consider the relationship of aging with the types of injuries and diseases.

Sources

Bureau of Labor Statistics. Databases, Tables & Calculators by Subject, downloaded December 19, 2011 from www.data.bls.gov/cgi-bin/dsrv.

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