

Michigan Workers' Compensation Benefits and Coverage, 2004

by Virginia P. Reno and Ishita Sengupta

Summary

This brief summarizes the most recent data on workers' compensation benefits and coverage for workers in Michigan and in the nation as a whole. It is based on the report *Workers' Compensation: Benefits, Coverage, and Costs, 2004*, issued by the National Academy of Social Insurance (NASI) in July 2006. That report is the ninth in a series on workers' compensation that provides the only comprehensive national data on these state-run programs. The full report is available on NASI's website, www.nasi.org.

In Michigan, total workers' compensation payments to injured workers and their medical care providers rose by a 2.7 percent to \$1,517 million in 2004, the latest year for which comprehensive data are available. Most of the increase was for medical payments, which rose by 5.0 percent, while cash benefits to workers rose by 1.4 percent. At the same time, total covered payroll for Michigan workers rose by 1.8 percent in 2004 (see Table 1).

As a result, when payments are shown relative to covered payroll, Michigan payments for medical care and cash benefits combined per \$100 of payroll rose by one cent to \$0.91 from \$0.90 between 2003 and 2004 (see Figure 1).

The increase occurred in payments for medical care. Workers' compensation benefit payments to medical providers rose by a cent per \$100 of Michigan payroll, from \$0.33 to \$0.34 between 2003 and 2004 (see Figure 2). Wage replacement benefits paid directly to Michigan workers remained at \$.57 per \$100 of covered payroll in both 2003 and 2004.

Over the past seven years, Michigan benefit payments varied only slightly as a share of payroll. Payments ranged from a low of 90 cents per \$100 of covered payroll in 1999, 2000, and 2003 to a high of 94 cents per \$100 of payroll in 1998 and 2002.

While total benefits have varied little as a share of payroll, the composition of Michigan benefits has changed. Between 1998 and 2004, payments to providers of medical care grew from 26 cents to 34 cents per \$100 of payroll, while cash payments to injured workers in Michigan declined from 68 cents to 57 cents per \$100 of payroll.

As a share of payroll, Michigan payments for workers' compensation were lower than for the nation as a whole, in each of the last 15 years. While benefits in Michigan were \$0.91 per \$100 of state covered payroll in 2004, national benefits were \$1.13 per \$100 of national payroll.

Table 1.
Workers' Compensation Benefits and Coverage
Michigan and the United States, 2004

	Total 2004	Percent Change 2003-2004
Michigan		
Covered workers (in thousands)	4,152	-0.6
Covered wages (in billions)	\$167	1.8
Workers' compensation benefits paid (in millions)	\$1,517	2.7
Medical benefits	\$570	5.0
Cash benefits	\$948	1.4
United States		
Covered workers (in thousands)	125,863	0.9
Covered wages (in billions)	\$4,953	5.0
Workers' compensation benefits paid (in millions)	\$55,968	2.3
Medical benefits	\$26,099	2.3
Cash benefits	\$29,869	2.3

Figure 1.
Workers' Compensation Payments per \$100 of Payroll 1989-2004
Michigan and the United States

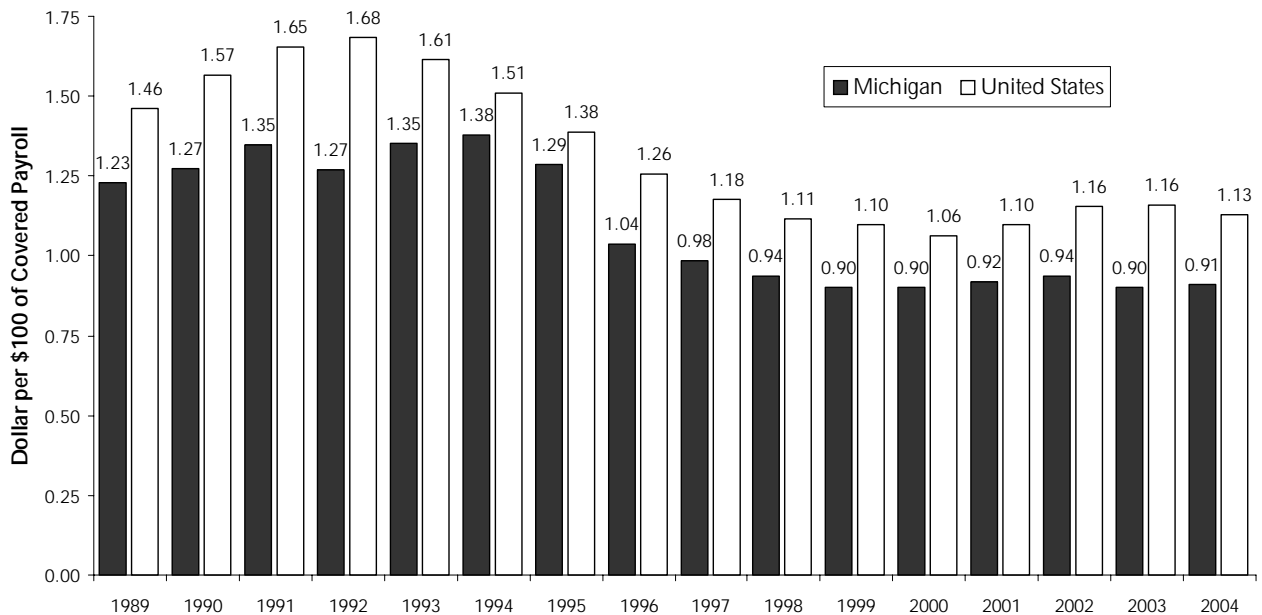
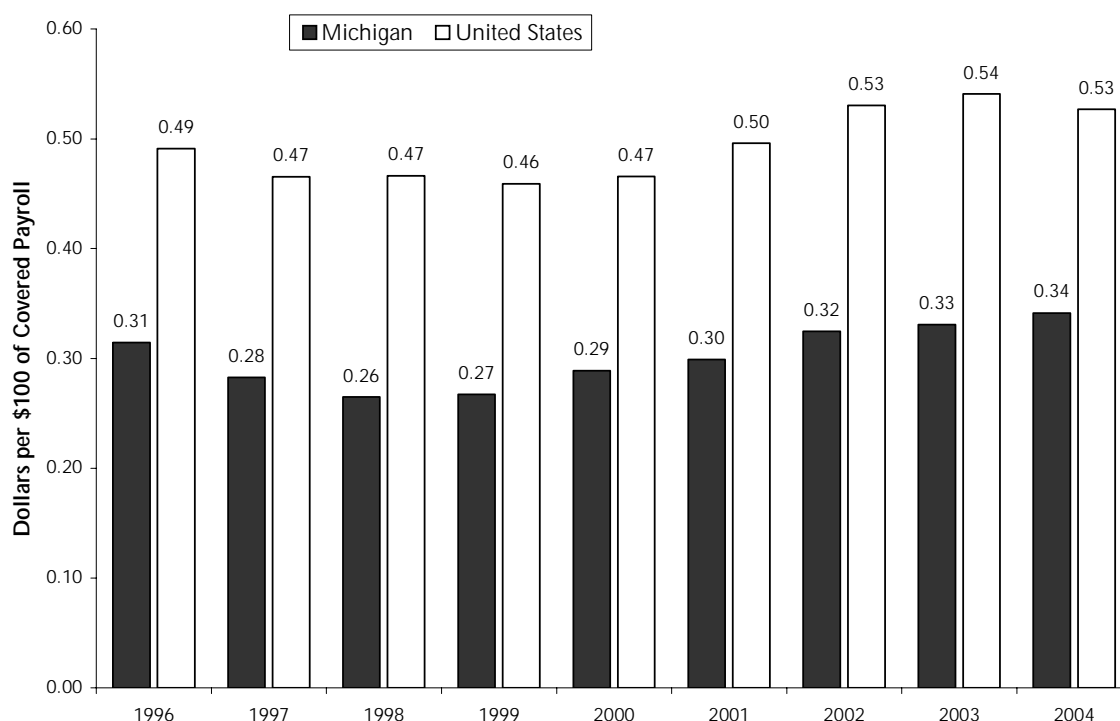


Figure 2.
Workers' Compensation Medical Payments per \$100 of Payroll, 1996-2004
Michigan and the United States



Michigan saw some shifts in workers' compensation payments over the past 15 years. As a share of payroll:

- Michigan payments peaked in 1994 at \$1.38 per \$100 of payroll (see Figure 1).
- After 1994, Michigan payments per \$100 of payroll fell every year until 1999, when benefits reached their low point of \$0.90 per \$100 of payroll.
- Benefits fluctuated between \$0.90 and \$0.94 between 1999 and 2004 per \$100 of payroll.

For the nation as a whole, benefits peaked as a share of payroll in 1992 at \$1.68 per \$100 of payroll and then fell every year until they reached a low of \$1.06 per \$100 of payroll in 2000. Since 2000, national benefits rose slightly but never returned to the peak level experienced in the early 1990s. Since 2000, national payments grew faster than in Michigan.

Table 2 provides annual data on covered payroll and benefits paid to Michigan workers and their medical care providers in 1989 through 2004. To learn about the methods used to produce the estimates, see the NASI report *Workers' Compensation: Benefits, Coverage, and Costs, 2004*.

Appendix A of the report explains the estimates of covered jobs and covered payroll. Appendixes C through G describe the estimates of total, medical, and cash benefits. Each annual report updates the data for the previous four years. Data for cash and medical benefits are available separately only since 1996. Estimates for 1993 and prior years come from the *Social Security Bulletin*.

Table 2.
Michigan Workers' Compensation Coverage and Benefits, 1989-2004
(in millions of dollars)

Year	Covered Payroll	Total Benefits	Medical Benefits	Cash Benefits
1989	91,138	1,120	-	-
1990	94,637	1,205	-	-
1991	95,353	1,286	-	-
1992	101,384	1,428	-	-
1993	106,335	1,437	-	-
1994	115,425	1,589	-	-
1995	123,160	1,585	-	-
1996	129,757	1,346	408	938
1997	135,520	1,332	383	949
1998	146,142	1,367	387	980
1999	154,893	1,393	414	979
2000	163,500	1,474	472	1,002
2001	161,252	1,478	483	995
2002	161,193	1,512	523	989
2003	163,935	1,477	543	934
2004	166,930	1,517	570	948



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ACADEMY
OF SOCIAL
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National Academy of Social Insurance (NASI)
1776 Massachusetts Avenue, NW, Suite 615
Washington, DC 20036-1904
(202) 452-8097 ■ (202) 452-8111 Fax
e-mail: nasi@nasi.org ■ web: www.nasi.org