



# BULLETIN

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A new CWCI Industry Research Information System (IRIS) Regional Score Card examining job injury claims filed by workers living in the Inland Empire Counties of San Bernardino and Riverside east of Los Angeles, and Orange and Imperial Counties to the south shows that this region accounts for 19 percent of all workers' compensation claims in the state, but due to relatively high medical and indemnity payments, it accounts for 21 percent of loss costs in the state.

For its latest Regional Score Card, CWCI compiled data on more than 360,000 claims from accident years 2005 through 2015 filed by workers living in the Inland Empire/Orange County region, which resulted in \$6.2 billion in paid losses. The region is one of the most heavily populated areas of California, so for the 11-year span ending in 2015, claims by Inland Empire/Orange County residents accounted for between 18.3 percent and 19.6 percent of all job injury claims in the state. Reflecting the largely urban and suburban makeup of the region, the Score Card found that a relatively high proportion of the Inland Empire/Orange County claims came from the manufacturing, clerical, retail and wholesale trade sectors, with these four sectors alone accounting for 42.5 percent of the claims in the region compared to just 35.2 percent of the claims in the rest of the state. The prevalence of large employers in the area was also evident, as 21.3 percent of the Inland Empire/Orange County claims involved employers that paid at least \$1 million in annual premium vs. just 16.5 percent elsewhere.

The demographic profile of injured workers from the Inland Empire/Orange County shows that at the time of injury they were slightly younger (averaging 37.9 years vs. 38.4 years for the rest of the state) and had less job tenure (4.3 years vs. 4.7 years in other regions), though the breakdown by gender was similar to other regions, with males filing 63.4 percent of the claims and females filing 36.6 percent. The regional distribution of workers' compensation translation services from 2013 through 2015 shows that just under 11 percent of those services involved Inland Empire/Orange County residents, which was disproportionately low relative to the 19 percent of all claims that came from the region.

Med-only claims represented 69.4 percent of the Inland Empire/Orange County claims, slightly more than in other regions, while permanent disability (PD) claims accounted for 16.1 percent compared to 14.9 percent elsewhere. Conversely, temporary disability (TD) claims represented 14.4 percent of the Inland Empire/Orange County claims vs. 16.3 percent of the claims in the rest of California. The distribution of paid losses by claim type shows med-only claims, TD claims and death claims each represented a slightly smaller share of total loss payments in the Inland Empire/Orange County, while payments on PD cases represented a slightly higher proportion of the Inland Empire/O.C. losses over the 11-year span – 82.9 cents out of every dollar paid vs. 81.4 cents in the rest of the state and 81.7 cents statewide. Though relatively high, the proportion of the Inland Empire/Orange County loss payments going to PD claims was still slightly below the percentage noted for Los Angeles County, where PD claims accounted for 84 cents out of every dollar paid.

As in other regions, strains and sprains were the top nature of injury categories, identified in 37.9 percent of all Inland Empire/Orange County claims between AY 2005 and AY 2015. Overall the “nature of injury” and “cause of injury” distributions for claims from this region were very similar to those for claims from other areas, with the biggest differential being less than 1 percentage point in claims involving “all other, not otherwise classified” claims, which accounted for 10.8 percent of the Inland Empire/Orange County claims vs. 9.9 percent of claims from other regions. The mix of diagnoses on claims from this region was also similar to other regions, with more than half involving minor wounds and injuries to the skin, medical back problems without spinal cord involvement (back sprains and strains), or sprains of the shoulder, arm, knee or lower leg. Likewise, the distribution of loss payments across the major diagnostic categories showed only minor variations from payment distribution for other regions, although the percentage of Inland Empire/Orange County loss payments going toward claims for medical back problems without spinal cord involvement was 27.8 percent, or 1.8 percentage points more than in other regions, and claims for “other injuries, poisonings and toxic effects” accounted for 13.5 percent of the paid losses in the region, 2 percentage points more than in the rest of the state.

Loss development data from AY 2005 through AY 2014 shows average loss payments per indemnity claim on Inland Empire/Orange County claims exceeded those in other regions at 12, 24 and 36 months post injury, as both medical and indemnity payments were higher across all years and at each of the valuation points. The biggest difference was in medical losses, where the average amount paid was as much as 10 percent higher at 12 months post injury, 16 percent higher at 24 months, and 19 percent higher at 36 months. One reason for these higher medical payments was the volume of treatment, as the average number of visits per indemnity claim at 24 months was higher for all six major treatment categories. Thus, the Score Card found that the average amounts paid at 24 months for all medical service categories except surgery were higher on the Inland Empire/Orange County claims, with significant differences noted in average 2-year payments for radiology (\$131 more); evaluation/management (\$132 more); physical therapy (\$150 more), and medicine section services (\$156 more). Indemnity payments also were higher on Inland Empire/Orange County claims, averaging 5.7 percent more at 12 months post injury, 9.2 percent more at 24 months and 10.9 percent more at 36 months. Comparing the 36-month results (the most developed data in the Scorecard) across accident years shows that average paid losses on Inland Empire/Orange County claims increased 42.7 percent from \$28,858 for AY 2005-2007 claims to \$41,174 on AY 2011-2012 claims, exceeding the growth in loss payments in other regions, which increased 38.5 percent from \$25,730 on AY 2005-2007 claims to \$35,645 on AY 2011-2012 claims. Medical payments accounted for the majority of that growth, increasing nearly 50 percent in the Inland Empire/Orange County compared to 45 percent elsewhere, though average indemnity payments at 36 months also grew slightly faster in this region, climbing 34.4 percent to \$17,847 on AY 2011-2012 claims, while in other regions average indemnity payments at 36 months increased 31.5 percent to \$16,092.

Other factors associated with high claim costs also were documented by the Score Card for this region. For example, AY 2013 data show that average time lags from the Inland Empire/Orange County claims were significantly greater than those noted for claims from other regions, as on average it took 3.8 days longer for employers to be notified of the injury (15.3 days vs. 11.5 days); 8.5 days longer for the carrier to be notified (41.0 days vs. 32.5 days); and 5.1 days longer for the first treatment visit (39 days vs. 33.9 days). Furthermore, Inland Empire/Orange County claims had larger differentials between the average and median time lags between the injury date and the employer and claims administrator notifications, indicating that these results were highly skewed by outlier claims in which key notifications were delayed for long periods, leading to higher costs, more disputes and litigation. Attorney involvement rates for indemnity claims in the Inland Empire/Orange County, while less than in neighboring Los Angeles County, were consistently higher than the rates in other regions. The attorney involvement rate for Inland Empire/Orange County indemnity claims across the entire 11-year span covered by the Score Card was 53.7 percent, with rates for individual accident years ranging from 24.0 percent for AY 2015 claims (the least developed claims in the data set) to 59.1 percent in AY 2012, and in each of those accident years the level of attorney involvement on Inland Empire/Orange County indemnity claims exceeded the rates for other regions. Attorney involvement rates on PD claims that were at least three years old also were higher for claims filed by Inland Empire/Orange County injured workers, and these results were fairly consistent across accident years 2005 through AY 2012, ranging from 84.5 percent to 86.4 percent.

As in Los Angeles County, the high volume of claims, the longer notification time lags, the large number of liens at the Appeals Boards, the high volume of treatment, and the higher levels of attorney involvement were all evident in the Inland Empire/Orange County claims -- and all of these characteristics are associated with longer claim durations, lower claim closure rates, and higher costs. For example, among closed and resolved claims, average claim duration in this region was significantly longer than in other regions. Overall, Inland Empire/Orange County claims averaged 423 days from claim filing to closure, 44 days longer than in other regions and 36 days longer than the statewide average. Claim closure rates further confirm the longer duration of claims from this region, showing that statewide, 74.5 percent of all AY 2005-2013 claims closed within 2 years, while among Inland Empire/Orange County claims the claim closure rate was 70.9 percent.

The Inland Empire/Orange County Score Card is the second in the Regional Scorecard series and includes more detailed data and graphics on workers' compensation claims experience within this region. CWCI members and subscribers may access the Inland Empire/Orange County Score Card, as well as the Los Angeles County Score Card, in the Research section of its website at [www.cwci.org](http://www.cwci.org). The Score Card series will continue next month with a look at claims from a much different part of the state: the largely agricultural Valley region, stretching from Kern County in the south through the Central Valley farm belt all the way to Glenn and Butte Counties in the north.

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