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BULLETIN

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Californians accounted for 12.0 percent of all jobs covered by workers' compensation in the U.S. in calendar year 2018, 14.3 percent of covered wages, and 19.5 percent of all cash and medical benefits paid to injured workers according to new estimates released by the National Academy of Social Insurance (NASI).

Nationwide, state and federal workers' compensation programs, encompassing both insured and self-insured employers, covered nearly 143 million workers and nearly $8.2 trillion in covered wages in CY 2018. Benefit payments under these programs totaled $62.9 billion ($30.2 billion for medical care and $32.7 billion in cash benefits to injured workers), which according to NASI was up 0.6 percent from $62.5 billion in CY 2017, but represented a 5-year decline of 1.2 percent from the nationwide total of $63.6 billion paid in CY 2016. California remains by far the largest jurisdiction in the country, with 17.1 million covered jobs, $1.167 trillion in covered wages, and $12.275 billion in CY 2018 benefit payments -- nearly double the $6.286 billion in benefits paid in New York, which ranked second, and 3.5 times the $3.466 billion in benefits paid in Florida, which ranked third in terms of workers' comp payments. Twelve other state workers' comp programs and the federal workers' comp programs also paid more than $1 billion in benefits in 2018, and the ten highest volume states together accounted for nearly 59 percent of the nationwide total.

The rankings of the top 10 states based on total workers' compensation benefit payments showed no change between 2017 and 2018. The table below compares updated benefit figures for 2017 (in $ billions) to the 2018 estimates for the 10 largest state workers' comp programs in the U.S.; shows the total amounts paid under non-federal and federal programs; provides the medical and indemnity payment distributions for 2018; and notes the aggregate payments nationwide for both years.

	2017 Paid WC Benefits	2018 Paid WC Benefits			'17-'18 % Change	2018 % of U.S. Covered Jobs / Payroll	2018 % of U.S. Paid WC Benefits
Jurisdiction	**Total**	**Medical**	**Indemnity**	**Total**			
California	$12.192	$ 6.555	$ 5.720	$12.275	+0.7%	12.0% / 14.3%	19.5%
New York	$ 6.260	$ 2.050	$ 4.236	$ 6.286	+0.4%	6.5% / 8.3%	10.0%
Florida	$ 3.566	$ 2.319	$ 1.147	$ 3.466	-2.8%	5.8% / 5.0%	5.5%
Pennsylvania	$ 2.818	$ 1.392	$ 1.512	$ 2.904	+3.1%	4.0% / 3.9%	4.6%
Washington	$ 2.465	$ 0.779	$ 1.759	$ 2.538	+3.0%	2.3% / 2.7%	4.0%
New Jersey	$ 2.405	$ 1.195	$ 1.224	$ 2.419	+0.6%	2.8% / 3.2%	3.8%
Illinois	$ 2.335	$ 1.038	$ 1.208	$ 2.246	-3.8%	4.1% / 4.3%	3.6%
Ohio	$ 1.881	$ 0.712	$ 1.126	$ 1.838	-2.3%	3.7% / 3.3%	2.9%
Texas	$ 1.431	$ 0.870	$ 0.651	$ 1.521	+6.3%	6.9% / 6.9%	2.4%
Georgia	$ 1.386	$ 0.720	$ 0.729	$ 1.449	+4.5%	3.0% / 2.7%	2.3%
Top 10 States Subtotal	$36.739	$17.630	$ 19.312	$36.942	+0.6%	51.1% / 54.6%	58.6%
All Non-Fed Total	$59.004	$29.919	$ 29.486	$59,405	+0.7%	98.0% / 97.1%	94.5%
Fed Programs Total	$ 3.483	$ 1.203	$ 2.252	$ 3,455	-0.8%	2.0% / 2.9%	5.5%
Nationwide Total	$62.488	$31.122	$31.738	$62,860	+0.6%	100% / 100%	100.0%

A review of benefit payments across all states shows total workers' compensation benefit payments increased in 27 out of the 50 states and the District of Columbia in CY 2018. The biggest dollar increase was in Alabama (+$107.5 million), followed by Texas (+$90.0 million), Maryland ($86.0 million), Pennsylvania (+$85.8 million), California (+$82.9 million), and Washington (+$73.0 million). On the flip side, the biggest dollar decreases were in Florida (-$100.2 million), Illinois (-$89.1 million) and Missouri (-$87.8 million). On a percentage basis, smaller jurisdictions tended to register the biggest year-to-year changes. For example, benefit payouts decreased 6.8 percent in Arkansas and 8.3 percent in Missouri, but rose 20.1 percent in Alabama, 10.4 percent in Nevada, 10.3 percent in Hawaii, and 9.5 percent in South Dakota.

Excluding the federal programs, the distribution of paid benefits by market sector shows private insurers accounted for 58.5 percent of the $59.4 billion paid nationwide in CY 2018, self-insurers accounted for 26.6 percent of the paid benefits, while state funds paid 14.9 percent. Payments under federal programs added almost $3.5 billion, bringing the total benefits paid nationwide to nearly $62.9 billion in 2018. The use of deductible plans has grown over the past 20 years, with reimbursements under deductible provisions increasing to an estimated $10.9 billion, or 17.4 percent of all CY 2018 workers' comp benefit payments nationwide. More than 97 percent of the benefits paid under deductible provisions were paid by employers covered by private insurance, with the balance paid by employers covered by a state fund.

The California data show that of the nearly $12.275 billion in workers' compensation benefits paid in CY 2018, an estimated 53.4 percent went toward medical benefits, while 46.6 percent was paid in indemnity benefits to injured workers. That is in contrast with the nationwide results which show an almost even split, as medical benefits accounted for 49.8 percent of all payments, while indemnity payments represented 50.2 percent. NASI estimates that nationwide, employers' workers' comp costs for 2018 – insurance premiums, payments made under deductible plans, plus self-insured benefit payments and administrative costs – totaled $98.6 billion, 0.7 percent more than in 2017 and 5 percent more than in 2014. (NASI notes that premiums paid in a given year do not necessarily correspond to benefits paid in that year because premiums must cover all compensable consequences of injuries that occur in that year – including benefits paid in the current and in future years.) When adjusted for increases in covered wages, employers' costs fell almost 4 percent from $1.26 per $100 of covered wages in 2017 to $1.21 per $100 of covered wages in 2018. California had the third highest employer costs per $100 of covered wages (behind Alaska and Montana), though the 2018 rate of $1.70 per $100 of covered wages was down 7.6 percent from $1.84 in 2017 and down 15.8 percent from $2.02 in 2014. Meanwhile, benefits to injured workers nationwide declined from .80 to .77 per $100 of covered wages between 2017 and 2018, while in California, workers' comp benefits fell from 1.10 to 1.05 percent of covered wages. Even after those reductions, however, the scope of the California workers' compensation system, whether measured by covered wages, covered employees, employer costs or employee benefits, means the California workers' compensation system remains the largest in the nation, if not the largest in the world.

The NASI report, Workers' Compensation: Benefits, Coverage, and Costs – 2018 Data, uses data from state agencies, A.M. Best, the National Association of Insurance Commissioners, the National Council on Compensation Insurance, the U.S. Census Bureau, the Department of Labor, and the Social Security Administration. Estimated losses reflect benefits paid during each calendar year, regardless of the year in which the injury occurred. Though paid data has limitations, the estimates provide a uniform method of tracking workers' comp benefits over time. This is the 23rd year that NASI has published its report on workers' compensation benefits, costs, and coverage, and the November 2020 report includes new data from 2018 along with updated data from 2014-2017 for comparisons. The report may be downloaded from the NASI web site here.

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