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BULLETIN

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A new National Academy of Social Insurance (NASI) report provides calendar year (CY) 2019 estimates of workers' compensation benefits, coverage, and costs across the U.S. and shows that in the final year before the pandemic, California accounted for 12.0 percent of all jobs covered by workers' compensation in the U.S., 14.4 percent of covered wages, and 19.7 percent of all cash and medical benefits paid to injured workers.

Nationwide, NASI reports state and federal workers' compensation programs, encompassing both insured and self-insured employers, covered 144.4 million jobs and an estimated $8.56 trillion in covered payroll in 2019. Benefits paid under these programs totaled more than $63.0 billion ($31.3 billion for medical care and almost $31.8 billion in cash benefits), nearly matching the nationwide total of $62.9 billion for CY 2018. Total paid benefits for 2019 were up only 0.2 percent from 2018 but they reached the highest level since 2014 when workers' compensation payments nationwide hit an all-time high of $63.6 billion.

The prominence of the California workers' compensation system is clear as the Golden State remained far and away the largest jurisdiction in the country, with nearly 17.4 million covered jobs, nearly $1.24 trillion in covered wages, and $12.4 billion in benefit payments – more than twice the benefit total for New York (which ranked second), and nearly 3.7 times the total paid to injured workers under federal programs. There were 15 states that had more than $1.0 billion in workers' compensation benefit payments in 2019, with the 10 highest volume states accounting for 51.1 percent of the nation's covered jobs, 54.7 percent of covered payroll, and 59.1 percent of the paid benefits.

	2018 Paid WC Benefits	2019 Paid WC Benefits			'18-'19 % Change	2019 % of U.S. Covered Jobs / Payroll	2019 % of U.S. Paid WC Benefits
Jurisdiction	Total	Medical	Indemnity	Total			
California	$12.303	$ 6.493	$ 5.911	$12.404	+0.8%	12.0% / 14.4%	19.7%
New York	$ 6.288	$ 1.979	$ 4.213	$ 6.192	-1.5%	6.5% / 8.3%	9.8%
Florida	$ 3.586	$ 2.378	$ 1.187	$ 3.565	-0.6%	5.8% / 5.1%	5.7%
Pennsylvania	$ 2.904	$ 1.374	$ 1.518	$ 2.892	-0.4%	4.0% / 3.9%	4.6%
Washington	$ 2.538	$ 0.803	$ 1.818	$ 2.621	+3.3%	2.3% / 2.7%	4.2%
New Jersey	$ 2.417	$ 1.254	$ 1.262	$ 2.516	+4.1%	2.8% / 3.2%	4.0%
Illinois	$ 2.240	$ 1.040	$ 1.140	$ 2.180	-2.5%	4.1% / 4.2%	3.5%
Ohio	$ 1.858	$ 0.697	$ 1.127	$ 1.824	-1.6%	3.7% / 3.2%	2.9%
Texas	$ 1.522	$ 0.850	$ 0.668	$ 1.518	-0.3%	6.9% / 6.9%	2.4%
Georgia	$ 1.445	$ 0.703	$ 0.720	$ 1.423	-1.5%	3.0% / 2.8%	2.3%
Top 10 States Subtotal	$37.101	$17.571	$ 19.564	$37.135	+0.1%	51.1% / 54.7%	59.1%
All Non-Fed Total	$59.494	$30.278	$ 29.400	$59.678	+0.3%	98.0% / 97.2%	96.8%
Fed Programs Total	$ 3.455	$ 1.017	$ 2.358	$ 3.375	-2.3%	2.0% / 2.8%	3.2%
Nationwide Total	$62.949	$31.295	$ 31.757	$63.052	+0.2%	100% / 100%	100.0%

The table above shows the estimated total paid benefits for 2018 and 2019 (in $ billions) for the top 10 states based on aggregate benefit payments; breaks down the payments for non-federal versus federal workers' compensation programs; and provides the total payments nationwide for both years. There were no changes in the top 10 rankings among the states from 2018 and 2019. In California, estimated total paid losses for calendar year 2019 showed a net increase of $101 million (+0.8 percent) from the 2018 level.

Total workers' compensation benefit payments increased in 28 of the 50 states and in the District of Columbia in CY 2019. California had the biggest dollar increase (+$101.6 million), followed by New Jersey (+$99.2 million), Washington (+$76.5 million), Colorado (+ $57.2 million) and South Carolina (+48.3 million). On the other hand, the biggest dollar decreases in paid benefits were in Maryland (-$119.5 million), New York (-95.7 million), Illinois (-$54.8 million), and Louisiana (-$49.1 million). On a percentage basis, smaller jurisdictions tend to register the biggest year-to-year changes. For example, benefit payouts decreased 8.7 percent in Alaska, but rose 9.4 percent in Idaho, 8.9 percent in Wyoming, and 7.3 percent in South Dakota.

In 2019, private insurers paid just under $35.1 billion for workers' compensation benefits nationwide, or 55.6 percent of the total. Self-insurers accounted for about $15.8 billion (25.0 percent) of the paid benefits, while state funds paid more than $8.8 billion (14.0 percent). Payments under federal programs added almost $3.4 billion, which brought total benefits paid nationwide to nearly $63.1 billion. The use of deductible plans has increased over the past two decades, with reimbursements under deductible provisions increasing to an estimated $10.8 billion, or 17.6 percent of all CY 2019 workers' compensation benefit payments nationwide. The vast majority (97.2 percent) of the 2019 benefits paid under deductible provisions were paid by employers covered by private insurance, with 2.8 percent paid by employers covered by a state fund.

The breakdown of California's $12.4 billion in 2019 benefit payments shows that medical payments accounted for nearly $6.5 billion, or 52.3 percent, while indemnity benefits to injured workers accounted for more than $5.9 billion, or 47.7 percent. That differs from the nationwide results, where medical and indemnity payments were more evenly split, with medical benefits representing 49.6 percent of all payments, while indemnity represented 50.4 percent. NASI also estimates that nationwide, employers' workers' compensation costs, including insurance premiums, payments under deductible plans, and self-insured benefit payments and administrative costs – totaled almost $100.2 billion in 2019, down 1.2 percent from 2018, the first time since 2010 that those aggregate costs have declined. (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 nationwide fell 5.6 percent from $1.24 per $100 of covered wages in 2018 to $1.17 per $100 of covered wages in 2019. California had the fifth highest employer costs per $100 of covered wages (behind Wyoming, Alaska, Montana, and Hawaii), though the 2019 rate of $1.61 per $100 of covered wages was down 8.0 percent from $1.75 in 2018 and down 21.4 percent from $2.04 in 2015. NASI also reports that benefits to injured workers nationwide declined from $0.77 to $0.74 per $100 of covered wages between 2018 and 2019, while in California, workers' compensation benefits per $100 of covered wages fell from $1.05 to $1.00 but were ninth highest among all states.

The NASI report, Workers' Compensation: Benefits, Coverage, and Costs – 2019 Data, uses data from state agencies, A.M. Best, the National Association of Insurance Commissioners, the U.S. Census Bureau, the National Council on Compensation Insurance, 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 24th year that NASI has published its report on workers' compensation benefits, costs, and coverage, and the October 2021 report features the new data from CY 2019 along with updated data from 2015 through 2018 for comparisons, and 20-year trends for key metrics. The report may be downloaded from the NASI web site here.

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