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BULLETIN

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A National Academy of Social Insurance (NASI) report on calendar year 2020 workers' compensation benefits, coverage, and costs across the U.S. estimates that in the first year of the pandemic California accounted for 11.9 percent of all jobs covered by workers' compensation in the U.S., 14.7 percent of covered wages, and 20.1 percent of all cash and medical benefits paid to injured workers.

NASI reports that state and federal workers' compensation programs, including insured and self-insured employers, covered 135.6 million jobs and an estimated $8.69 trillion in covered payroll in 2020. Benefits paid under these programs totaled more than $58.9 billion ($27.7 billion for medical care and $31.2 billion in cash benefits), 6.5 percent less than the pre-pandemic total of $63.0 billion for CY 2019. Most of that decline reflected the sharp reduction in paid medical, which fell by $3.6 billion after the pandemic hit as medical resources were diverted to treating the coronavirus and many individuals chose to delay treatment.

Although California was hit hard by COVID-19 and the ensuing recession in 2020, the state's workers' compensation system remained the largest in the country, with more than 16.1 million covered jobs, nearly $1.28 trillion in covered wages, and close to $11.9 billion in benefit payments – just slightly below the combined total for New York, Florida, and Pennsylvania, which ranked second, third and fourth respectively, and more than 3.6 times the total paid to injured workers under federal programs. Fourteen states had more than $1.0 billion in workers' compensation benefit payments in 2020, with the top 10 states accounting for 50.9 percent of the nation's covered jobs, 54.7 percent of covered payroll, and 59.4 percent of the paid benefits. The table below notes the estimated total paid benefits for 2019 and 2020 (in $ billions) for the top 10 states based on aggregate benefit payments; summarizes the payments for non-federal versus federal workers' compensation programs; and shows the total payments nationwide for both years.

	2019 Paid WC Benefits	2020 Paid WC Benefits			'19-'20 % Change	2020 % of U.S. Covered Jobs / Payroll	2020 % of U.S. Paid WC Benefits
Jurisdiction	Total	Medical	Indemnity	Total			
California	$12.404	$ 5.895	$ 5.970	$11.865	-4.3%	11.9% / 14.7%	20.1%
New York	$ 6.192	$ 1.829	$ 4.050	$ 5.879	-5.1%	6.2% / 8.1%	10.0%
Florida	$ 3.565	$ 2.178	$ 1.268	$ 3.446	-3.3%	5.9% / 5.1%	5.8%
Pennsylvania	$ 2.892	$ 1.236	$ 1.484	$ 2.720	-5.9%	4.0% / 3.8%	4.6%
Washington	$ 2.621	$ 0.716	$ 1.906	$ 2.622	0.0%	2.3% / 2.8%	4.4%
New Jersey	$ 2.516	$ 1.065	$ 1.172	$ 2.237	-11.1%	2.7% / 3.1%	3.8%
Illinois	$ 2.180	$ 0.867	$ 1.073	$ 1.940	-11.0%	4.0% / 4.2%	3.3%
Ohio	$ 1.824	$ 0.541	$ 1.075	$ 1.616	-11.4%	3.7% / 3.2%	2.7%
Texas	$ 1.518	$ 0.724	$ 0.617	$ 1.341	-11.7%	7.0% / 6.9%	2.3%
Georgia	$ 1.423	$ 0.640	$ 0.687	$ 1.327	-6.7%	3.0% / 2.8%	2.3%
Top 10 States Subtotal	$37.135	$15.691	$ 19.302	$34.993	-5.7%	50.7% / 54.7%	59.3%
All Non-Fed Total	$59.678	$26.803	$ 28.857	$55.660	-6.7%	97.8% / 97.1%	94.5%
Fed Programs Total	$ 3.375	$ 0.925	$ 2.340	$ 3.265	-3.3%	2.2% / 2.9%	5.5%
Nationwide Total	$63.052	$27.728	$ 31.197	$58.925	-6.5%	100% / 100%	100.0%

There were no changes in the top 10 rankings of the states from 2019 and 2020. Estimated total workers' compensation benefit payments decreased in 45 of the 50 states and in the District of Columbia in CY 2020, with the $539 million decline in California benefits representing the largest dollar decrease, but that was only a 4.3 percent decline -- well below the 6.5 percent nationwide decline -- so the state's share of total paid benefits nationwide increased from 19.7 percent in 2019 to 20.1 percent in 2020. Many large states saw big dollar decreases in total paid benefits between 2019 and 2020 including New York (-$337.1 million), Florida (-$265.9 million), Illinois (-$251.8

million), New Jersey (-$233,481), Ohio (-$213.6 million), and Texas (-$177.5 million), though on a percentage basis the biggest declines were in smaller jurisdictions: North Dakota (-22.0 percent) and Alabama (-20 percent). South Carolina recorded the only significant increase in total paid benefits in 2020, as its benefit payments increased by $66.0 million (+6.7 percent), while marginal increases in total benefit payments were noted in Missouri (+0.1 percent), Montana (+1.8 percent) Oklahoma (+0.3 percent), and Washington (+ 0.2 percent). Looking at the paid benefits on a standardized basis (per $100 of covered wages) to control for differences in changes in wages and employment among the states, the nationwide decline was 7.9 percent between 2019 and 2020, while California saw a 7.6 percent drop, though at 93 cents in paid benefits per $100 of covered wages, California ranked second only to Alaska, where paid benefits consumed $1.11 per $100 of covered wages. Using the standardized measure, the biggest benefit decreases were in Alabama (-21.9 percent), Virginia (-20.0 percent) and North Dakota (-18.4 percent), though increases were noted in three states: Hawaii (+2.5 percent), Oklahoma (+2.0 percent), and South Carolina (+5.0 percent).

Nationwide medical payments represented 47.1 percent of all CY 2020 benefit payments, while indemnity represented 52.9 percent. In California, however, benefit payments were nearly even split, with medical payments accounting for just under $5.9 billion, or 49.7 percent of the total, and indemnity benefits accounting for just under 6.0 billion, or 50.3 percent.

Private insurers paid $32.6 billion in workers' compensation benefits in 2020, or 58.6 percent of the nationwide total, while self-insurers paid about $14.5 billion (26.1 percent), and state funds paid more than $8.5 billion (15.3 percent). Payments under federal programs totaled nearly $3.3 billion, which brought total benefits paid nationwide to more than $58.9 billion. The use of deductible plans has increased over the past two decades, with reimbursements under deductible provisions totaling an estimated $10.6 billion, or 18.0 percent of all CY 2020 workers' compensation benefit payments nationwide. Employers covered through private insurers accounted for 97.3 percent of the 2020 benefits paid under deductible provisions, while employers covered by state funds accounted for 2.7 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 $93.0 billion in 2020, down 7.3 percent from 2019, and the second consecutive year that 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 8.8 percent from $1.17 per $100 of covered wages in 2019 to $1.07 per $100 of covered wages in 2020. California had the sixth highest employer costs per $100 of covered wages (behind Wyoming, Hawaii, Montana, South Carolina, and Idaho), though the 2020 rate of $1.45 per $100 of covered wages was 9.9 percent below the $1.61 rate for 2019.

The NASI report, Workers' Compensation: Benefits, Coverage, and Costs – 2020 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 25th year that NASI has published its report on workers' compensation benefits, costs, and coverage, and the latest report features the new data from CY 2020 along with updated data from 2016 through 2019 for comparisons, and 20-year trends for key metrics. The report may be downloaded from the NASI web site here.