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BULLETIN

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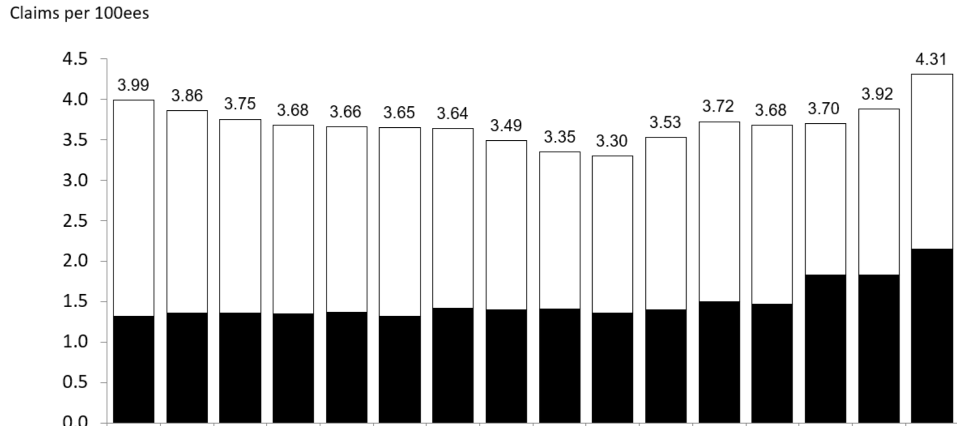
Total workers' compensation claim frequency among California private self-insured employers rose nearly 6% last year as both medical-only and indemnity claim frequency increased, though average paid and incurred losses both declined, so private self-insureds' paid losses at the first report edged down 1.2% to $311 million, while first report incurred losses fell 3.3% to just under $812 million according to a CWCI review of initial calendar year data from the state.

The Office of Self-Insurance Plan's (OSIP) initial summary of private self-insured data, issued June 6, offers an initial look at California private, self-insured claims experience for cases reported in 2022. The summary includes medical-only and indemnity claim counts, total paid and incurred amounts on those claims through the end of last year, the number of employees covered by private self-insured entities and their total wages and salaries. The summary also updates private self-insured experience for claims reported for calendar years (CY) 2018 through 2021.

California Private Self-Insured Claim Frequency # of Claims per 100 Employees
Initial Reports, CY 2007 – 2022 Claims



	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22
□ Med-Only Claims	2.67	2.50	2.39	2.33	2.29	2.33	2.22	2.09	1.94	1.94	2.13	2.22	2.21	1.87	2.05	2.16
■ Indemnity Claims	1.32	1.36	1.36	1.35	1.37	1.32	1.42	1.40	1.41	1.36	1.40	1.50	1.47	1.83	1.83	2.15

Source: OSIP 2007 –2022 Summaries of Private Self-Insured Claims Experience

The 2022 report summarizes the workers' compensation results for private self-insured employers who covered nearly 2.49 million employees last year (up from 2.38 million employees in the first report for 2021 claims). However, wages and salaries for those employees totaled about $1.36 billion in 2022, or 5.1% less than the $143.7 billion noted for self-insured employees in the 2021 first report. The state's private self-insured employers reported 104,278 claims for the year, up 11.6% from 93,430 claims in the 2021 first report, which works out to a claim frequency rate of 4.31 claims (2.16 medical-only + 2.15 indemnity) per 100 employees – the highest rate in at least 16 years, and up from a rate of 3.92 claims per 100 employees in 2021 (2.05 medical-only + 1.83 indemnity).

After dropping sharply in 2020, the first year of the pandemic, private self-insured medical-only claim frequency increased for the second year in a row last year, though it remained below the 2019 level (the final pre-pandemic year) and below the level from a decade earlier. In contrast, most of the growth in private self-insured claim frequency both in 2022, and over the past decade, has been spurred by increased indemnity claim frequency, as the number of indemnity claims climbed from 34,307 in 2019 to 42,724 claims in 2020, to 44,664 claims in 2021, and to 51,978 claims last year. Over the same 4-year span, the number of private self-insured medical-only claims noted in the first reports fell from 51,545 in 2019 to 43,779 when the pandemic hit in 2020, then jumped to 48,766 claims in 2021 and to 52,300 last year – so both indemnity and med-only claim volume surpassed the pre-pandemic level in 2022.

The recent surge in indemnity claim volume led to a redistribution within the private self-insured claim frequency rate, as the number of indemnity claims per 100 employees rose from 1.47 in 2019 to 1.83 in 2020, 1.87 in 2021, and 2.15 last year, while the number of med-only claims per 100 employees fell from 2.21 in 2019 to 1.87 in 2020, before rebounding back up to 2.05 in 2021 and to 2.16 in 2022. As a result, indemnity claims, which represented about 40% of private self-insured employers' total claim frequency in 2019, accounted for nearly 50% of the overall rate in 2022.

Even though the initial data on private self-insured experience for 2022 noted 10,848 more claims than the 2021 first report (+11.5%), paid losses on the 2022 claims through the end of last year totaled $311.0 million, $3.8 million (1.2%) less than the comparable figure for 2021, as total paid medical fell by $6.9 million, or 4.4%, from $156.1 million to $149.2 million, which more than offset the $3.2 million (2.0%) increase in paid indemnity, which edged up from $158.7 million to $161.9 million. The slight decline in private self-insureds' total paid losses in the face of an 11.5% increase in claim volume – which included an additional 7,314 indemnity claims – suggests an influx of relatively inexpensive claims. Many of those may have been COVID claims as CWCI's COVID-19/Non-COVID-19 claim application shows there were 112,298 COVID claims with 2022 injury dates, and 61.2% of those involved self-insured employers, including health care employers such as hospitals and retailers, many of which fall into the private self-insurer category. The average paid loss on a 2022 claim in the initial report was $2,983, down 11.5% compared to 2021, as average medical payments per claim fell 14.3% to $1,431, while average paid indemnity per claim, which consist primarily of temporary disability payments in the first reports, fell 8.7% to $1,552.

Total incurred losses on the private self-insured incurred claims, which include paid benefits plus reserves for future payments, were also down in 2022, with the total incurred at the first reports coming in at $811.8 million, $28.0 million (3.3%) less than the $839.8 million in initial incurred losses reported for 2021 claims. The breakdown by benefit type shows the overall decline was completely due to a sharp drop in total incurred medical indemnity at the first report which fell by $30.5 million (6.1%) from $497.2 million to $466.7 million, while total incurred indemnity increased by $2.5 million (0.7%) to $345.1 million. As with total paid losses, the decline in total incurred came despite the 11.5% increase in claim volume, again indicating that many of the 2022 private self-insured claims may have been inexpensive COVID claims, which helped drive down both the average incurred medical (-15.9%) and the average incurred indemnity (-9.8%) last year, pushing the total average incurred per claim at first report down 13.4% from $8,988 in 2021 to $7,785 in 2022.

CALIFORNIA WC PAID & INCURRED LOSSES: PRIVATE SELF-INSURED CLAIMS
2007 – 2022 Experience @ 1st Report

		TOTAL PAID ($ millions)		AVG PAID/CLAIM			TOTAL INCURRED ($ millions)		AVG INCURRED/CLAIM		
YEAR	# OF CLAIMS	INDEM	MEDICAL	INDEM	MEDICAL	TOTAL	INDEM	MEDICAL	INDEM	MEDICAL	TOTAL
2007	91,679	$ 69.8	$102.0	$ 761	$1,102	$1,863	$192.1	$357.7	$2,095	$3,902	$5,997
2008	91,715	$ 73.7	$117.7	$ 804	$1,283	$2,087	$202.7	$380.6	$2,211	$4,149	$6,360
2009	81,473	$ 69.3	$114.2	$ 850	$1,402	$2,252	$202.8	$377.2	$2,489	$4,630	$7,119
2010	79,075	$ 79.6	$116.8	$1,007	$1,478	$2,485	$208.1	$386.7	$2,632	$4,890	$7,522
2011	77,386	$ 76.1	$116.1	$ 983	$1,500	$2,483	$216.7	$402.9	$2,800	$5,206	$8,006
2012	77,557	$ 76.2	$110.0	$ 983	$1,418	$2,401	$209.8	$384.8	$2,705	$4,962	$7,667
2013	76,015	$ 76.7	$104.2	$1,009	$1,371	$2,380	$204.3	$376.2	$2,688	$4,949	$7,637
2014	76,427	$ 82.7	$111.4	$1,082	$1,458	$2,540	$212.4	$377.9	$2,779	$4,944	$7,723
2015	75,684	$ 86.2	$109.2	$1,138	$1,444	$2,582	$222.4	$372.8	$2,938	$4,927	$7,865
2016	78,404	$ 89.3	$116.6	$1,139	$1,487	$2,626	$231.9	$388.1	$2,957	$4,950	$7,907
2017	79,655	$ 90.4	$128.3	$1,135	$1,611	$2,746	$230.2	$400.8	$2,889	$5,032	$7,921
2018	83,873	$102.5	$136.1	$1,222	$1,622	$2,844	$244.3	$414.7	$2,913	$4,944	$7,857
2019	85,852	$111.5	$141.3	$1,299	$1,645	$2,944	$265.6	$428.8	$3,093	$4,995	$8,088
2020	86,503	$136.6	$131.8	$1,579	$1,523	$3,103	$305.8	$436.6	$3,535	$5,048	$8,583
2021	93,430	$158.7	$156.1	$1,699	$1,670	$3,370	$342.6	$497.2	$3,667	$5,321	$8,988
2022	104,278	$161.9	$149.2	$1,552	$1,431	$2,983	$345.1	$466.7	$3,309	$4,476	$7,785

Source: CWCI Analysis of OSIP 2007-2022 Summaries

OSIP's summaries of private self-insured employers' claims experience for CY 2022, with updates on CY 2018 through CY 2021 experience, are posted here. Summaries are also available for public self-insured employers, but that data is reported on a fiscal year basis, so the latest public self-insured data reflects claims and losses reported through June 2022 rather than through December. CWCI's analysis of FY 2021/22 public self-insured data was published in Bulletin 22-21, which is available to CWCI members and research subscribers under the Communications tab at www.cwci.org.

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