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BULLETIN

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California's share of all U.S. jobs covered by workers' compensation held steady at 11.9 percent between 2020 and 2021, but its share of covered wages increased from 14.7 to 15.1 percent and its share of cash and medical benefits paid to injured workers rose from 20.0 percent to 20.7 percent according to the 26th annual National Academy of Social Insurance (NASI) Report on Workers' Compensation Benefits, Coverage, and Costs issued last month.

The NASI report shows that state and federal workers' compensation programs, including insured and self-insured employers, covered 140.2 million jobs and an estimated $9.5 trillion in covered payroll in 2021. Aggregate benefits paid under these programs totaled more than $60.0 billion ($28.5 billion for medical care and $31.5 billion in cash benefits), up 1.1 percent from the $59.4 billion paid in 2020, the first year of the pandemic.

California's rebound from 2020's pandemic-driven recession kept pace with the rest of the country, as in 2021 the state regained 604,000 covered jobs – half of the 1.27 million jobs that had been lost the prior year, and a year-to-year increase of 3.7 percent. The state's workers' compensation system remained by far the largest in the country, with more than 16.7 million covered jobs, over $1.4 trillion in covered wages, and more than $12.4 billion in benefit payments – more than the combined total for New York, Florida, and Washington, which ranked second, third and fourth respectively, and almost quadruple the total paid to injured workers under federal programs. Fifteen states had more than $1.0 billion in workers' compensation benefit payments in 2021, with the top 10 states accounting for 51.5 percent of the nation's covered jobs, 55.0 percent of covered payroll, and 59.5 percent of the paid benefits. The table below shows the estimated total paid benefits for 2020 and 2021 (in $ billions) for the top 10 states based on their 2021 aggregate benefit payments; summarizes the payments under non-federal and federal workers' compensation programs; and shows the total payments nationwide for both years.

	2020 Paid WC Benefits	2021 Paid WC Benefits			'20-'21 % Change	2021 % of U.S. Covered Jobs / Payroll	2021 % of U.S. Paid WC Benefits
Jurisdiction	**Total**	**Medical**	**Indemnity**	**Total**			
California	$11.874	$ 6.285	$ 6.144	$12.428	+4.7%	11.9% / 15.1%	20.7%
New York	$ 5.892	$ 1.774	$ 3.740	$ 5.514	-6.4%	6.2% / 8.0%	9.2%
Florida	$ 3.589	$ 2.244	$ 1.296	$ 3.540	-1.4%	6.0% / 5.3%	5.9%
Washington	$ 2.619	$ 0.760	$ 2.022	$ 2.782	+6.2%	2.7% / 2.8%	4.6%
Pennsylvania	$ 2.715	$ 1.234	$ 1.470	$ 2.704	-0.4%	3.9% / 3.7%	4.5%
New Jersey	$ 2.272	$ 1.147	$ 1.227	$ 2.374	+4.5%	2.8% / 3.1%	4.0%
Illinois	$ 1.966	$ 0.901	$ 1.067	$ 1.968	+0.1%	4.0% / 4.1%	3.3%
Ohio	$ 1.563	$ 0.516	$ 1.093	$ 1.609	+2.9%	3.7% / 3.2%	2.7%
Georgia	$ 1.436	$ 0.701	$ 0.735	$ 1.436	+0.0%	3.1% / 2.8%	2.4%
Texas	$ 1.349	$ 0.724	$ 0.621	$ 1.345	-0.3%	7.2% / 6.9%	2.2%
Top 10 States Subtotal	$35.275	$16.286	$ 19.415	$35.701	+1.2%	51.5% / 55.0%	59.5%
All Non-Fed Total	$56.137	$27.643	$ 29.179	$56.821	+1.2%	97.9% / 97.3%	94.6%
Fed Programs Total	$ 3.265	$ 0.886	$ 2.332	$ 3.218	-1.4%	2.1% / 2.7%	5.4%
Nationwide Total	$59.402	$28.529	$ 31.511	$60.039	+1.1%	100% / 100%	100.0%

There was one change in the top 10 rankings of the states for 2020 and 2021, as Washington moved ahead of Pennsylvania into the number 4 slot as its total medical and indemnity payments increased by 6.2 percent in 2021 while total paid benefits in Pennsylvania fell by 0.4 percent. Estimated total workers' compensation benefit payments increased in 29 of the 50 states in CY 2021. The $554 million increase in California (+4.7 percent) was the largest dollar increase and far outpaced the 1.1 percent nationwide increase, so the state's share of the nation's total paid benefits increased from 20.0 percent in 2020 to 20.7 percent in 2021.

Results from across the nation showed that Washington's increase of nearly $164 million in paid benefits was the second largest dollar increase in 2021, followed by Massachusetts, where total payments rose by $117.6 million, and New Jersey, where payments were up by $101.6 million. The state with the largest dollar decrease in their estimated total paid benefits between 2020 and 2021 was New York (-$378.1 million), followed by South Carolina, where benefit payments fell by $61.5 million and Missouri, where benefit payments were down by $42.6 million.

NASI also looked 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. Nationwide total benefits per $100 of covered payroll fell 7.5 percent between 2020 and 2021, though in California the decline was 6.5 percent. Despite that decline, California still ranked eighth among all states, paying 87 cents in total benefits per $100 of covered payroll. Using the standardized measure, the biggest benefit decreases in 2021 were in smaller jurisdictions, including the District of Columbia (-22.9 percent), Rhode Island (-17.8 percent) and New Hampshire (-17.1 percent), though New York's total benefits per $100 of payroll also declined by 14.1 percent in 2021. After controlling for the effect of wages and employment changes on total benefits, only one state, Massachusetts, saw an increase in 2021, and that was only a 0.9 percent bump.

Nationwide medical payments represented 47.5 percent of all CY 2021 benefit payments, while indemnity represented 52.5 percent. In California, however, benefit payments were more evenly split, with medical payments accounting for nearly $6.3 billion, or 50.6 percent of the total, and indemnity benefits accounting for more than 6.1 billion, or 49.4 percent.

The breakdown of benefit payments by payer type shows private insurers paid $32.9 billion of workers' comp benefits nationwide in 2021 (57.9 percent), while self-insurers paid more than $15.4 billion (27.1 percent), and state funds paid $8.5 billion (15.0 percent). Estimated payments under federal programs totaled $3.2 billion, which brought total paid benefits nationwide to just over $60 billion. The use of deductible plans has increased over the past two decades, with reimbursements under deductible provisions totaling nearly $10.7 billion, or 17.8 percent of all 2021 benefit payments nationwide. Employers covered by private insurers accounted for 97.0 percent of 2021 benefits paid under deductible provisions and employers covered by state funds accounted for 3.0 percent.

NASI estimates that nationwide, employers' workers' compensation costs, including insurance premiums, payments under deductible plans, and self-insured benefit payments and administrative costs – totaled $96.0 billion in 2021, up 4.4 percent from the 8-year low of just under 92.0 billion recorded in 2020. It should be noted that the 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. After controlling for the effect of increases in covered wages, NASI says employers' costs nationwide fell 4.4 percent from about $1.06 per $100 of covered wages in 2020 to $1.01 per $100 of covered wages in 2021. California had the seventh highest employer costs per $100 of covered wages, but the 2021 rate of $1.34 per $100 of covered wages was 1.8 percent below the rate for 2020.

The NASI report, Workers' Compensation: Benefits, Coverage, and Costs – 2021 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 26th year that NASI has published its report on workers' compensation benefits, costs, and coverage, and the latest report features the new data from CY 2021 along with updated data from 2017 through 2020 for comparisons, and 20-year trends for several key metrics. The report may be downloaded from the NASI web site here.