California Workers' Compensation Institute
1900 Harrison St., Suite 2100, Oakland CA 94612
(510) 251-9470
www.cwci.org

BULLETIN

No. 24-07 July 8, 2024

The number of workers' compensation claims reported by California private self-insured employers fell 9.5 percent last year, fueling the biggest decline in claim frequency in more than 15 years, yet private self-insured total paid and incurred losses both increased sharply as the average paid loss per claim jumped 20.9 percent and the average incurred jumped 17.6 percent according to a CWCI analysis of initial calendar year data from the state.

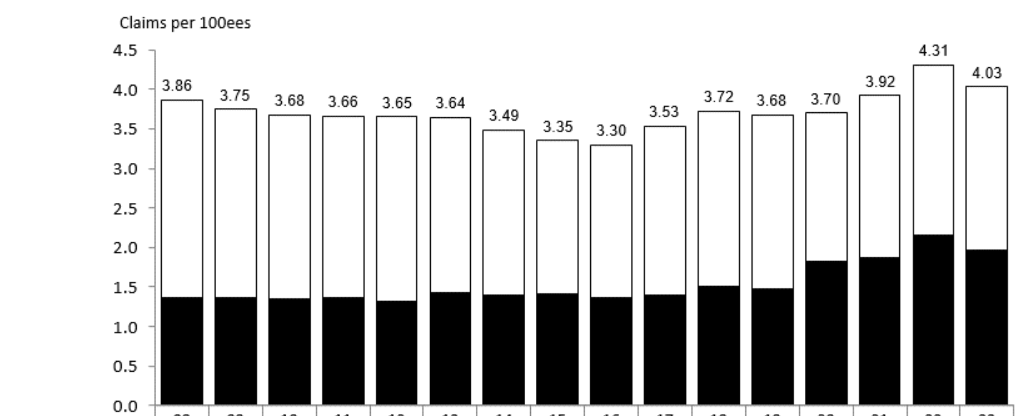
The Office of Self-Insurance Plan's (OSIP) initial summary of private self-insured data, released June 27, provides an initial snapshot of California private self-insured claims experience for cases reported in 2023. The summary includes medical-only and indemnity claim counts, total paid and incurred amounts on those claims through the end of the year, the number of employees covered by private self-insured entities and their total wages and salaries. In addition, the OSIP summary updates private self-insured experience for claims reported for calendar years (CY) 2019 through 2022.

The 2023 summary notes the workers' compensation results for private self-insured employers who covered 2.34 million employees last year, which was down from nearly 2.42 million employees in the first report for 2022 claims. Even though the number of covered employees was down, wages and salaries for those employees totaled nearly $141.5 billion in 2023, or 7.1 percent more than the $136.4 billion recorded for self-insured employees in the 2022 first report. At the same time, the state's private self-insured employers reported 94,386 claims last year, or 9,892 fewer than were reported in the 2022 first report, a year-to-year decline of 9.5 percent. That translates to a claim frequency rate of 4.03 claims (2.07 medical-only + 1.96 indemnity) per 100 employees, which was down from 4.31 clams per 100 employees in 2022, marking the biggest decline in at least 16 years.

After increasing in 2021 and 2022 as the state moved through and out of the pandemic, the number of reported private self-insured medical-only claims fell for the first time in three years, declining by 7.4 percent from 52,300 in 2022 to 48,404 last year. The number of private self-insured's indemnity claims, which had spiked to record levels with the addition of thousands of COVID-19 indemnity claims in 2020, 2021, and 2022, registered an even bigger decline, as the number of indemnity claims in the 2023 first reports fell 11.5 percent from 51,978 in 2022 to 45,982 in 2023.

The pandemic-driven surge in indemnity claims between 2020 and 2022 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 and 1.87 in 2021, then climbed to 2.15 in 2022 before falling back to 1.96 last year. At the same time, the number of med-only claims per 100 private self-insured employees fell from 2.21 in 2019 to 1.87 in 2020, then rebounded to 2.05 in 2021 and to 2.16 in 2022 at which point the private self-insured frequency rate was nearly evenly split between med-only and indemnity claims. Thus, the declines in both indemnity and med-only claim frequency in 2023 represent a sharp turnaround from the growth that was noted in the pandemic era.

California Private Self-Insured Claim Frequency # of Claims per 100 Employees
Initial Reports, CY 2008 – 2023 Claims



	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23
□ Med-Only Claims	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	2.07
■ Indemnity Claims	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	1.87	2.15	1.96

Source: OSIP 2008 –2023 Summaries of Private Self-Insured Claims Experience

Comparing initial report payments from the past two years shows that even though there were 9,892 fewer private self-insured claims in 2023, paid losses on the 2023 claims totaled $340.2 million, or $29.1 million (9.4 percent) more than the comparable figure for 2022. The breakdown of medical and indemnity payments shows that total paid medical increased by 12.2 percent, from $149.2 million to $167.4 million, while total paid indemnity climbed by 6.7 percent, from $161.9 million to $172.8 million. The increase in private self-insureds' total paid losses in the face of a 9.5 percent drop in claim volume, which included a decline of nearly 6,000 indemnity claims, points to recent growth in private self-insureds' average indemnity and medical losses, as well as the big decline in inexpensive COVID claims that drove up indemnity claim volume during the pandemic. CWCI's Covid-19/Non-Covid-19 Claim Application shows there were 110,154 COVID claims with 2022 injury dates, 61.2 percent of which involved self-insured employers, including health care employers and retailers, many of which are private self-insured employers. In contrast, there were only 25,266 COVID claims reported by all employers in 2023, so the impact of COVID claims on the private self-insured loss experience, as well as workers' comp loss experience overall, was significantly diminished. With low-cost COVID claims largely taken out of the mix, the average paid loss in the private self-insured initial reports, which had declined to $2,983 in 2022, increased to $3,605 in 2023, as average medical payments per claim climbed 24.0 percent to $1,774, and average paid indemnity, which consists primarily of temporary disability payments in the first reports, rose 18.0 percent to $1,831.

Total incurred losses (total paid benefits plus reserves for future payments) on the private self-insured claims also rose in 2023, with first report total incurred increasing to $864.0 million, $52.2 million (6.4 percent) more than the $811.8 million in initial incurred losses reported for 2022 claims. The distribution by benefit type shows the growth in incurred losses reflected increases in both total incurred medical at the first report which jumped by $35.9 million (7.7 percent) from $466.7 million to $502.6 million, while total incurred indemnity increased by $16.3 million (4.7 percent) to $361.4 million. As with total paid losses, last year's increase in total incurred came despite the 9.5 percent decline in claim volume, as average incurred medical rose 18.9 percent and average incurred indemnity rose 15.7 percent last year, driving the total average incurred per claim at first report up 17.6 percent from $7,785 in 2022 to $9,153 in 2023.

CALIFORNIA WC PAID & INCURRED LOSSES: PRIVATE SELF-INSURED CLAIMS
2008 – 2023 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
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
2023	94,386	$172.8	$167.4	$1,831	$1,774	$3,605	$361.4	$502.6	$3,829	$5,324	$9,153

Source: CWCI Analysis of OSIP 2008-2023 Summaries

OSIP's summaries of private self-insured employers' claims experience for CY 2023, with updates on CY 2019 through CY 2022 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 2023 rather than through December. CWCI's analysis of FY 2022/23 public self-insured data was published in Bulletin 23-19, which is available to CWCI members and research subscribers under the Communications tab at www.cwci.org.

BY/