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BULLETIN

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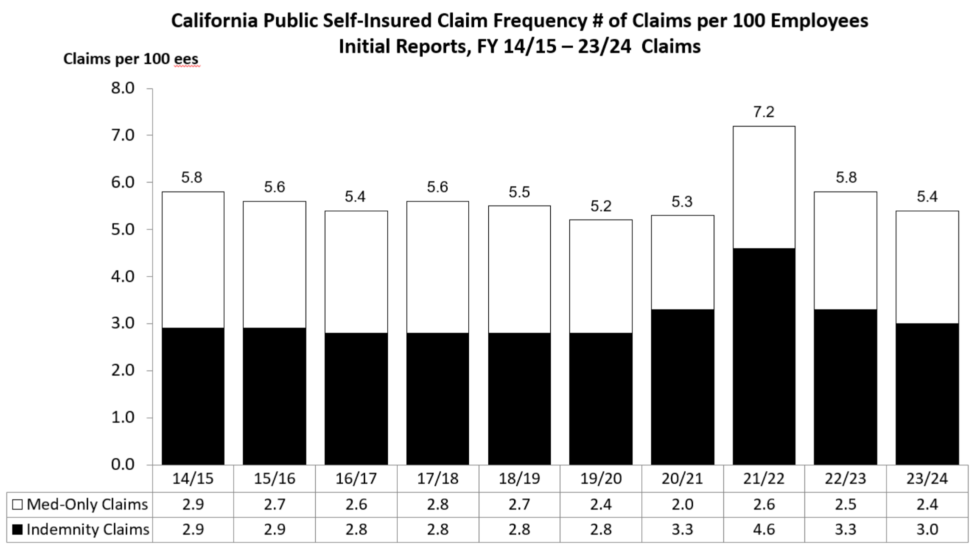
Spurred by an 18.7 percent increase in average paid medical and a 5.3 percent increase in average paid indemnity, California public self-insureds' first report total paid losses rose by nearly $42.6 million to $552.9 million in FY 2023/24 despite a 1.8 percent reduction in claim volume according to a CWCI analysis of data from the California Office of Self-Insurance Plans. Meanwhile, total incurred losses (paid plus reserves for future payments) increased by $149.6 million to a record $1.69 billion as average incurred medical rose 14.8 percent and average incurred indemnity jumped 9.4 percent.

The OSIP Summary of Public Self-Insured Claims data provides the first measure of public self-insured claims experience based on claims data reported to the state by cities and counties; local fire, school, transit, utility and special districts; and joint powers authorities for the 12 months ending June 30, 2024, as well as updated figures (2nd, 3rd, 4th and 5th valuations) on claims reported for each of the 4 prior years. Public self-insured entities included in the FY 2023/24 summary covered about 2.18 million California workers, which was 94,362 more employees than in the FY 2022/23 initial report, with wages and salaries of those covered employees totaling nearly $174.2 billion, up 7.5 percent from the $162.0 billion recorded in the first reports from the prior year.

Even with public sector employment on the rise, public self-insured entities reported just 118,114 claims last year, 2,214 fewer (-1.8 percent) than in the FY 2022/23 first reports. To control for the effect that year-to-year fluctuations in the public self-insured workforce have had on claim volume over time, CWCI calculated the claim frequency rates (number of public self-insured claims per 100 employees) for each of the past 10 years. The most significant decline in the past decade was in FY 2022/23, which followed a record 35 percent increase in public self-insured claim volume in FY 2021/22 that occurred when public safety/government workers filed more than 39,000 COVID-19 claims. Last year, however, with claim volume down for a second year in a row and the covered work force increasing by 4.5 percent, public self-insured claim frequency fell to 5.4 claims per 100 employees (2.4 medical only + 3.0 indemnity), marking a return to pre-pandemic levels.



	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24
□ Med-Only Claims	2.9	2.7	2.6	2.8	2.7	2.4	2.0	2.6	2.5	2.4
■ Indemnity Claims	2.9	2.9	2.8	2.8	2.8	2.8	3.3	4.6	3.3	3.0

Source: OSIP 14/15 –23/24 Summaries of Public Self-Insured Claims Experience

The slight reduction in the number of public self-insured claims and the decline in claim frequency in the FY 2023/2024 first reports did not translate to a reduction in total paid losses due to increases in average medical and indemnity payments. Aggregate first report losses on the FY 2023/24 claims were almost $552.9 million, up $42.6 million (8.3 percent) from the comparable figure for FY 2022/23, though still $32.1 million (5.5 percent) below the 10-year high noted two years earlier in the FY 2021/22 first reports.

CWCI calculates that the average amount paid in the first report for all FY 2023/24 public self-insured claims (med-only and indemnity) was $4,681, or 10.4 percent more than the $4,241 average noted in the first report for the prior year, and 59.4 percent more than the $2,937 noted a decade earlier in the initial report for FY 2014/15 claims. The following table summarizes California public self-insured paid and incurred losses at first report for claims from the past decade.

California Public Self-Insured Paid & Incurred Losses (FY 2014/15 – FY 2023/2024 Claims at 1st Report)

		Total Paid ($ millions)			Avg Paid/Claim			Total Incurred ($ millions)			Avg Incurred/Claim		
Fiscal Year	# of Claims	Indem	Medical	Total	Indem	Medical	Total	Indem	Medical	Total	Indem	Medical	Total
2014/15	114,795	$178.0	$159.2	$337.2	$1,550	$1,387	$2,937	$465.2	$651.0	$1,116.2	$4,052	$5,671	$ 9,723
2015/16	115,830	$181.3	$168.9	$350.2	$1,565	$1,458	$3,023	$501.4	$680.0	$1,181.4	$4,329	$5,871	$10,200
2016/17	116,251	$198.9	$173.2	$372.1	$1,711	$1,490	$3,201	$556.8	$710.8	$1,267.6	$4,790	$6,115	$10,905
2017/18	115,870	$216.1	$190.5	$406.6	$1,865	$1,644	$3,509	$588.2	$741.0	$1,329.2	$5,076	$6,396	$11,472
2018/19	115,517	$223.3	$189.4	$412.7	$1,934	$1,639	$3,573	$606.2	$762.6	$1,368.8	$5,248	$6,602	$11,850
2019/20	108,080	$244.3	$170.6	$414.9	$2,260	$1,578	$3,838	$629.6	$700.7	$1,330.3	$5,825	$6,484	$12,309
2020/21	107,161	$284.3	$160.7	$445.0	$2,653	$1,500	$4,152	$733.8	$673.8	$1,407.6	$6,847	$6,316	$13,135
2021/22	144,676	$384.1	$200.9	$585.0	$2,654	$1,389	$4,043	$869.9	$809.4	$1,679.3	$6,013	$5,595	$11,608
2022/23	120,328	$317.1	$193.2	$510.3	$2,636	$1,605	$4,241	$779.3	$757.6	$1,537.0	$6,477	$6,297	$12,774
2023/24	118,114	$327.9	$225.0	$552.9	$2,776	$1,905	$4,681	$837.3	$849.3	$1,686.6	$7,089	$7,190	$14,279

Source: OSIP FY 2014/15 – 2023/24 Summaries of Public Self-Insured Claims Experience

A breakdown of the first report payments on FY 2023/24 public self-insured claims by benefit type shows average medical payments increased to $1,905, up 18.7 percent from the FY 2022/23 first report level, while average indemnity payments rose 5.3 percent to $2,776. The latest results represent the most significant increase in average medical payments on public self-insured claims in the past decade, and the largest increase in average indemnity payments since the pandemic year or FY 2020/21, driving the average benefit payment per claim to a record high of $4,681. In the two years since their brief decline in FY 2021/22, average first report payments on public self-insured claims have risen 15.8 percent.

The public self-insured first report incurred results show incurred losses on the FY 2023/24 claims totaled nearly $1.687 billion, or $149.6 million (9.7 percent) more than the first report total incurred from the prior year, and $7.3 million more than the previous record of $1.679 billion noted in the FY 2021/22 first reports which involved 26,562 more claims. Just as was the case with the average paid losses, public self-insureds' average incurred losses per claim increased for the second year in a row in FY 2023/24, as both average incurred medical and average incurred indemnity rose.

The biggest increase in public self-insured first report incurred losses over the past two years has been on the medical side, as average incurred medical is up 28.5 percent from the FY 2021/22 level, while average incurred indemnity over that same period has increased 17.9 percent.

The public self-insured first report data provide an initial look at new claims reported within the most recent fiscal year, and are the most current, yet least developed, data on public self-insured claims experience for a given year. Growth patterns for public self-insureds' average paid and incurred losses can also be determined from more developed data on older claims. OSIP's FY 23/24 public self-insured summary and summaries dating back to FY 2000/2001 are posted on the Department of Industrial Relations' website, www.dir.ca.gov/SIP/StatewideTotals.html.

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