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BULLETIN

No. 25-04 March 26, 2025

California accounted for a slightly higher share of U.S. jobs covered by workers' compensation in 2022 as the state's economy rebounded from the pandemic, and though its share of covered wages fell from 15.1 to 14.5 percent, its share of cash and medical benefits paid to injured workers edged up to 21.2 percent according to the latest National Academy of Social Insurance (NASI) Report on Workers' Compensation Benefits, Coverage, and Costs.

The NASI report, based on 2022 experience, shows that state and federal workers' compensation programs in the U.S., including insured and self-insured employers, covered 146.3 million jobs and an estimated $10.26 trillion in covered payroll in 2022. Total benefits paid under these programs amounted to nearly $61.7 billion ($29.0 billion for medical care and $31.7 billion in cash benefits), up 3.3 percent from the $59.7 billion paid in 2021.

California's recovery from the short, pandemic-driven recession of 2020 gained steam in 2022, as the state gained 944,000 covered jobs, a year-to-year increase of 5.6 percent on top of the 3.7 percent increase the prior year, pushing employment back above the pre-pandemic level. With nearly 17.7 million covered jobs and $1.49 trillion in covered wages, California's workers' compensation system remained the largest in the country, paying out almost $13.1 billion in benefit payments, exceeding the combined total for New York, Florida, and Washington, which ranked second, third, and fourth respectively, and almost quadrupling the total paid to injured workers under federal programs. Fourteen states had more than $1.0 billion in workers' compensation benefit payments in 2022, with the top 10 states accounting for 46.5 percent of the nation's covered jobs, 50.8 percent of covered payroll, and 60.5 percent of paid benefits. The table below shows the estimated total paid benefits for 2021 and 2022 (in $ billions) for the top 10 states (based on 2022 aggregate benefit payments); summarizes the payments under non-federal and federal workers' compensation programs; and shows the total payments nationwide for both years.

	2021 Paid WC Benefits	2022 Paid WC Benefits			'21-'22 % Change	2022 % of U.S. Covered Jobs / Payroll	2022 % of U.S. Paid WC Benefits
Jurisdiction	Total	Medical	Indemnity	Total			
California	$12.430	$ 6.485	$ 6.579	$13.064	+5.1%	12.1% / 14.5%	21.2%
New York	$ 5.505	$ 1.917	$ 4.208	$ 6.125	+11.3%	6.2% / 8.0%	9.9%
Florida	$ 3.721	$ 2.289	$ 1.266	$ 3.555	-4.5%	6.1% / 5.5%	5.8%
Washington	$ 2.766	$ 0.756	$ 2.180	$ 2.936	+6.1%	2.3% / 2.8%	4.8%
Pennsylvania	$ 2.701	$ 1.253	$ 1.451	$ 2.704	+0.1%	3.9% / 3.7%	4.4%
New Jersey	$ 2.484	$ 1.221	$ 1.289	$ 2.510	+1.0%	2.8% / 3.1%	4.1%
Illinois	$ 1.973	$ 0.923	$ 1.096	$ 2.019	+2.3%	4.0% / 4.1%	3.3%
Ohio	$ 1.608	$ 0.518	$ 1.071	$ 1.589	-1.2%	3.6% / 3.1%	2.6%
Massachusetts	$ 1.292	$ 0.353	$ 1.013	$ 1.366	+5.7%	2.4% / 3.1%	2.2%
Georgia	$ 1.314	$ 0.678	$ 0.685	$ 1.363	+3.7%	3.1% / 2.9%	2.2%
Top 10 States Subtotal	$35.794	$16.393	$ 20.838	$37.231	+4.0%	46.5% / 50.8%	60.5%
All Non-Fed Total	$56.506	$28.153	$ 30.244	$58.397	+3.3%	98.1% / 97.4%	94.7%
Fed Programs Total	$ 3.218	$ 0.886	$ 2.414	$ 3.300	+2.5%	1.9% / 2.6%	5.3%
Nationwide Total	$59.724	$29.039	$ 32.658	$61.697	+3.3%	100% / 100%	100.0%

Most of the top 10 rankings of the states remained unchanged from 2021 to 2022, though Texas fell out of the top 10 list as its total benefit payment rose less than 1.1 percent, and it was surpassed by Massachusetts, where paid benefits increased by 5.7 percent, and Georgia, where total medical and indemnity payments rose 3.7 percent. Among the top 10 states, only Ohio saw a decline in total paid benefits (-1.2 percent) in CY 2022. Overall, estimated workers' compensation benefit payments increased in 35 of the 50 states, the District of Columbia, and in federal programs. California's year-to-year increase of $634 million (+5.1 percent) was the largest dollar increase, though it was just slightly more than New York state, which registered a $620 million (11.3 percent) increase in payments. Nationwide, workers' compensation benefit payments rose 3.3 percent for the year, so California's 5.1 percent increase pushed its share of the nation's total paid benefits up from 20.8 percent in 2021 to 21.2 percent in 2022.

In addition to New York, several smaller states registered double-digit percentage increases in paid benefits in 2022, including Kansas where total benefits rose by nearly $46.4 million (11.5 percent) to $448.8 million; Utah, where total payments increased by $35.3 million (13.2 percent) to $303.5 million; and Nevada, where total paid benefits climbed by $59.2 million (14.5 percent) to $467.6 million. By far the largest dollar decrease in total paid benefits between 2021 and 2022 was in Florida (-$166.4 million, or -4.5 percent), followed by Oklahoma, where benefit payments fell by $47.6 million (-10 percent) and Delaware, where they fell by $23.2 million (-12.3 percent).

To control for differences in changes in wages and employment among states, NASI also measures paid benefits on a standardized basis (per $100 of covered wages). Nationwide, total benefits fell 4.4 percent to $0.60 per $100 of covered wages between 2021 and 2022, though in California total benefits per $100 of payroll increased by 1.2 percent. Among all states, California was tied for sixth with Montana, paying 88 cents in total benefits per $100 of covered payroll. Using the standardized measure, double-digit benefit decreases were noted in several smaller jurisdictions, including Delaware (-19.9 percent); Oklahoma (-17.6 percent); Arkansas (-16.8 percent); Maine (-11.7 percent); and South Dakota (-10.0 percent); though Texas (-10.7 percent); North Carolina (-11.3 percent); and Florida (-14.6 percent) also registered sharp declines in their average paid benefits per $100 of payroll. After controlling for the effect of wages and employment changes on total benefits, only 7 states saw a benefit increase in 2022, with New York recording the largest increase, climbing 4 percent from $0.72 to $0.75 per $100 of covered wages. Nationwide medical payments accounted for 47.1 percent of CY 2022 benefit payments, and indemnity accounted for 53.1 percent. In California, medical payments consumed nearly $6.5 billion, or 49.6 percent of the total, while indemnity benefits represented almost $6.6 billion, or 50.6 percent.

The payment distribution by payer type shows private insurers paid $33.8 billion of workers' compensation benefits nationwide in 2022 (57.9 percent), while self-insurers paid $16.1 billion (27.6 percent), and state funds paid just under $8.5 billion (14.5 percent). Estimated payments under federal programs added another $3.3 billion, bringing the total paid benefits nationwide to just over $61.7 billion in 2022. The use of deductible plans has grown over the past two decades, with payments under deductible provisions totaling more than $11.0 billion in 2022, or 17.9 percent of all benefit payments nationwide. Employers covered by private insurers accounted for almost 97.1 percent of 2022 benefits paid under deductible provisions and employers covered by state funds accounted for 2.9 percent.

Nationwide, NASI estimates that employers' workers' compensation costs, including insurance premiums, payments under deductible plans, and self-insured benefit payments and administrative costs hit an all-time high of nearly $103 billion in 2022, up 7.4 percent from $95.9 billion in 2022 and up 10.2 percent from the 9-year low of less than $93.5 billion in 2020. Premiums paid in a given year, however, 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 estimates that nationwide, employer costs showed a marginal decline, falling from $1.01 per $100 of covered wages in 2021 to $1.00 per $100 of covered wages in 2022. California had the fifth highest employer costs per $100 of covered wages in 2022, with the rate of $1.43 per $100 of covered wages up 7.2 percent from the rate for 2021.

The NASI report, Workers' Compensation: Benefits, Coverage, and Costs – 2022 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' compensation benefits over time. NASI has published its report on workers' compensation benefits, costs, and coverage for 27 years, and the latest report features the new data from CY 2022 along with updated data from 2018 through 2021 to show 5-year trends, plus annual changes in results between 2020 and 2022 to show the impact of the COVID-19 pandemic on workers' compensation benefits, costs, and coverage. The report may be downloaded from the NASI web site here.

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