

# How Often Do Workplace Injuries Go Uncompensated?



NASI Conference on  
Health and Income Security for Injured  
Workers: Key Policy Issues

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# Income Maintenance for Injured Workers

- Workers' comp is main source of replacement for lost earnings
- Those who do not get WC are harmed financially
- Employer safety incentives are reduced
- Reported # and cost of work-related injuries declines, so public prevention efforts appear less important



# Factors Affecting WC Filing

- Knowledge of WC entitlement
- Stigma – fraud & malingering
- Expected benefits – claim acceptance, benefit levels & medical care coverage
- WC hassle
- Employers' attitudes & policies
- Concerns about job security
- Illegal immigrants – fear of deportation



# Capture-Recapture Analysis

- Uses information on individual reporting to multiple sources:
  - By linking individual reports, find cases reported to both sources and reported to one but not the other
  - Given certain assumptions, can estimate the number of cases reported to neither
- Calculate the number of unreported cases (uncompensated injuries)



# Data Sources for this Study

- Bureau of Labor Statistics Annual Survey of Injuries and Illnesses
  - Stratified probability sample of employers
  - For each days-away-from-work case: worker, employer and injury characteristics
- State Workers' Comp Databases
  - All lost-time injuries should be reported
  - Injury and worker characteristics reported

# Method Assumes

## Independence of Reporting

- Reporting likely to be positively correlated
  - Doctor doesn't diagnose (esp. disease)
  - Worker doesn't report an injury
  - Employer doesn't think it's work-related
- => Injury estimates are better than reports, but still below true number
- Also assumes no over-reporting



# What We Did

- Collect BLS and WC injury data
- Match individual injury records
- Determine comparable employer/injury samples
  - BLS sampled employers
  - Duration over waiting period
- Estimate how many injured workers don't get WC benefits



# Participating States

- Minnesota
- New Mexico
- Oregon
- Washington
- West Virginia
- Wisconsin
- California: just beginning





# Percent of Workplace Injuries Compensated 1998-2001

Source Independence (Odds Ratio=1)

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WA*	WV*	OR*	WI*	NM#	MN*
94%	91%	78%	73%	66%	63%

\*3-day waiting period

#7-day waiting period

Preliminary results: Final results available 12/06



# Percent of Workplace Injuries Compensated 1998-2001

## Impact of Source Dependence

Odds Ratio	WA*	WV*	OR*	WI*	NM#	MN*
1	94%	91%	78%	73%	66%	63%
5	85%	85%	58%	55%	46%	45%

\*3-day waiting period

#7-day waiting period

Preliminary results: Final results available 12/06



# Implications for WC

- Adequacy of benefits: Replacement Rate=0 for 6% to 37% (or 15%-55%) of injuries
- Safety incentives reduced as well
- Undercompensation may be concentrated among already marginal workers



# Conclusions

- Under the most conservative assumptions, in 4 of 6 states less than 80% of injured workers receive WC.
- Using less conservative assumptions, in 4 of 6 states less than 60% of injured workers receive WC.



# Important Questions Remain

- Can we identify the most important factors? For example:
  - State WC laws
  - Employer policies
  - Stigma of WC claim
- What is the impact on injured workers not receiving WC benefits?



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