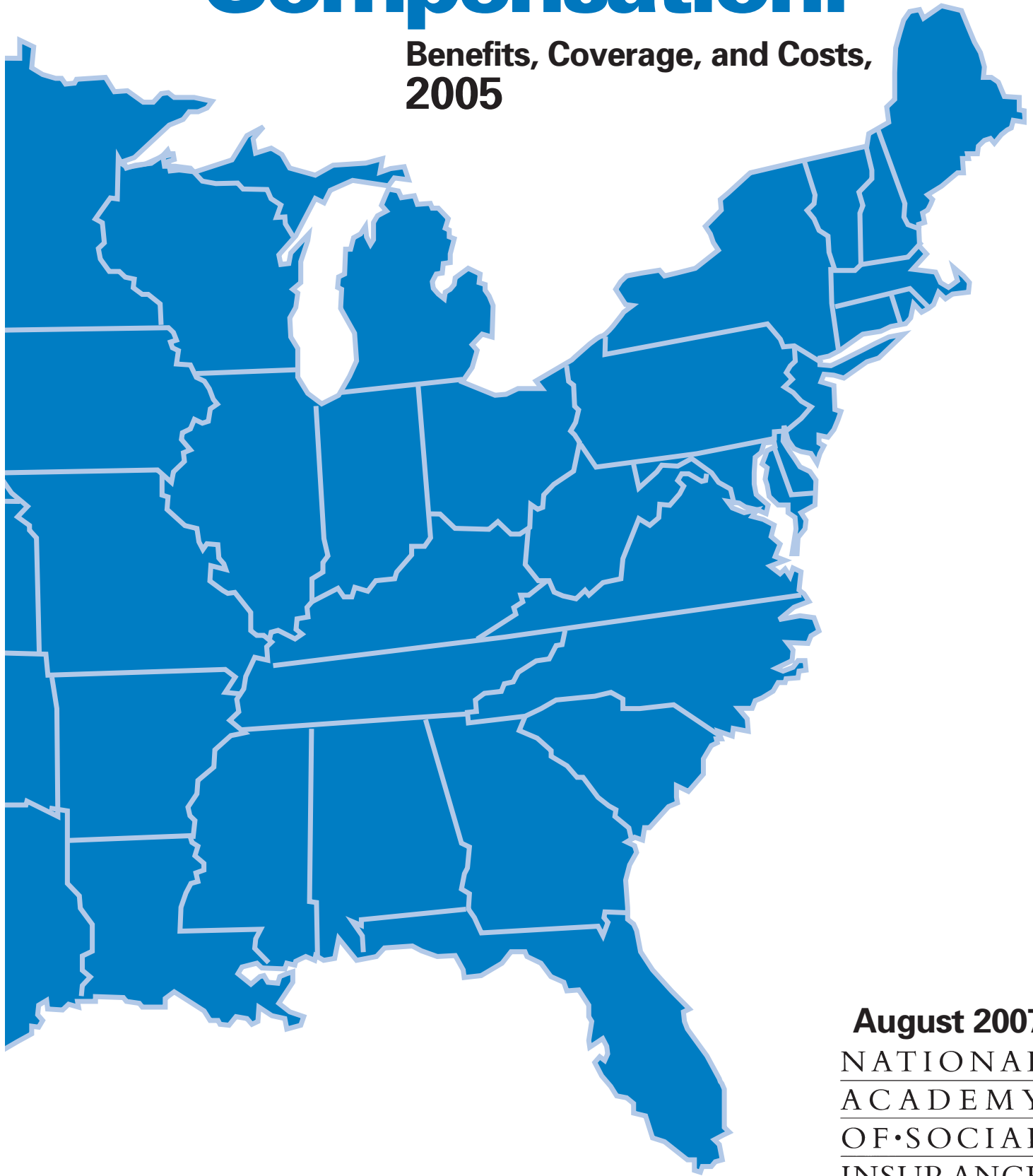


Workers' Compensation:

Benefits, Coverage, and Costs,
2005



August 2007
NATIONAL
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The Academy convenes steering committees and study panels that are charged with conducting research, issuing findings and, in some cases, reaching recommendations based on their analyses. Members of these groups are selected for their recognized expertise and with due consideration for the balance of disciplines and perspectives appropriate to the project. The findings and any recommendations are those of the Study Panel and do not represent an official position of the National Academy of Social Insurance or its funders.

This research report presents new data and does not make recommendations. It was prepared with the guidance of the Workers' Compensation Steering Committee and the Study Panel on National Data on Workers' Compensation. In accordance with procedures of the Academy, it has been reviewed by a committee of the Board for completeness, accuracy, clarity, and objectivity.

This project received financial support from the Social Security Administration, the Centers for Medicare & Medicaid Services, and the Office of Workers' Compensation Programs of the U.S. Department of Labor. It also received in-kind support in data from the National Council of Compensation Insurance, and the National Association of Insurance Commissioners.

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Workers' Compensation:

Benefits, Coverage, and Costs,

2005

by

Ishita Sengupta, Virginia Reno, and John F. Burton, Jr.

with advice of the

**Study Panel on National Data on
Workers' Compensation**

August 2007

**NATIONAL
ACADEMY
OF SOCIAL
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Washington, DC**

Preface

Because workers' compensation statutes are enacted and administered at the state level, it is difficult to get a complete picture of national developments. Until 1995, the U.S. Social Security Administration (SSA) produced the only comprehensive national data on workers' compensation benefits and costs. For more than four decades, the research office of SSA filled part of the void in workers' compensation data by piecing together information from various sources to estimate the number of workers covered and, for each state and nationally, the aggregate benefits paid. SSA discontinued the series in 1995 after publishing data for 1992–93.

The SSA data on workers' compensation were a valuable reference for employers, insurance organizations, unions, and researchers, who relied on them as the most comprehensive and objective information available. Users of the data turned to the National Academy of Social Insurance (NASI) as a reliable and independent source to continue and improve upon the data series. The need to continue the series remains particularly urgent as workers' compensation programs are changing rapidly.

In February 1997, the Academy received start-up funding from The Robert Wood Johnson Foundation to launch a research initiative in workers' compensation with its first task to develop methods to continue the national data series. Today funding for the project comes from the Social Security Administration, the Centers for Medicare & Medicaid Services, and the U.S. Department of Labor. In addition, the National Council on Compensation Insurance and National Association of Insurance Commissioners provide access to important data for the project. Without support from these sources, continuing this vital data series would not be possible.

The Academy's Study Panel on National Data on Workers' Compensation, listed on page iii, provides technical advice for the data report.

This is the tenth report the Academy has issued on workers' compensation national data. In December 1997, it published a report that extended the data series through 1995. Jack Schmulowitz, a retired SSA analyst, prepared the report and provided the Academy with full documentation of the methods

used to produce the estimates. Subsequent reports published by the Academy through 2006 extended the data series through 2004. Those reports used the same basic methodology followed in prior reports but incorporated several improvements. In particular, the Academy reports:

- Provide state-level information separating medical and cash benefits;
- Place workers' compensation in context with other disability insurance programs;
- Compare the recent trends in the benefit spending for workers' compensation to those for Social Security disability insurance;
- Discuss the relative advantages and drawbacks of using calendar year benefits paid vis-à-vis accident year incurred benefits to measure benefit trends;
- Estimate benefits paid under deductible provisions for individual states;
- Present state-level estimates of the number of covered workers and total covered wages;
- Report estimates of benefits relative to total wages in each state;
- Provide information on special federal programs that are similar to workers' compensation, but are not included in national totals in the Academy's series;
- Compare trends in workers' compensation claims frequency for privately insured employers with trends in incidence of work-related injuries reported by private employers to the Bureau of Labor Statistics;
- Update estimates for the past ten years of workers' compensation benefits, costs, and coverage in each report; and
- Provide more complete documentation of methods for collecting data and estimating coverage, deductibles, self-insured benefits, and costs.

This data report benefited from the expertise of members of the Study Panel on National Data on Workers' Compensation, who gave generously of their time and knowledge in advising on data sources and presentation, interpreting results, and carefully reviewing the draft report. We would like to

especially acknowledge Barry Llewellyn, Senior Divisional Executive and Actuary with the National Council on Compensation Insurance, Eric Nordman, Director of Research, National Association of Insurance Commissioners, Greg Krohm, Executive Director, International Association of Industrial Accident Boards and Commissions, and Allan Hunt, Assistant Executive Director, W.E. Upjohn Institute, who provided the Academy with

data and their considerable expertise on many data issues. This report also benefited from helpful comments during Board review by Fred Kilbourne, Paul Cullinan and Paul Van De Water.

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Highlights

This report provides a benchmark of the benefits and costs of workers' compensation to facilitate policy-making and comparisons with other social insurance and employee benefit programs. Workers' compensation pays for medical care, rehabilitation and cash benefits for workers who are injured on the job or who contract work-related illnesses. It also pays benefits to families of workers who die of work-related causes. Each state has its own workers' compensation program.

Need for this Report

The lack of uniform reporting of states' experiences with workers' compensation makes it necessary to piece together data from various sources to develop estimates of benefits paid, costs to employers, and the number of workers covered by workers' compensation. Unlike other U.S. social insurance programs, state workers' compensation programs have no federal involvement in financing or administration. And, unlike private pensions or employer-sponsored health benefits that receive favorable federal tax treatment, no federal laws set standards for "tax-qualified" plans or impose any reporting requirements. Consequently, states vary greatly in the data they have available to assess the performance of workers' compensation programs.

For more than forty years, the research office of the U.S. Social Security Administration produced national and state estimates of workers' compensation benefits, but that activity ended in 1995. In response to requests from stakeholders and scholars in the workers' compensation field, the National Academy of Social Insurance took on the challenge of continuing that data series. This is the Academy's tenth annual report on workers' compensation benefits, coverage, and costs. This report presents new data on developments in workers' compensation in 2005 and updates estimates of benefits, costs, and coverage for the years 1996–2004. The revised estimates in this report replace estimates in the Academy's prior reports.

Target Audience

The audience for the Academy's reports on workers' compensation includes journalists, business and labor leaders, insurers, employee benefit specialists, federal and state policymakers, and researchers in

universities, government, and private consulting firms. The data are published in the *Statistical Abstract of the United States* by the U.S. Census Bureau, *Injury Facts* by the National Safety Council, *Employee Benefit News*, which tracks developments for human resource professionals and *Fundamentals of Employee Benefit Programs* from the Employee Benefit Research Institute. The U.S. Social Security Administration publishes the data in its *Annual Statistical Supplement to the Social Security Bulletin*. The federal Centers for Medicare & Medicaid Services use the data in their estimates and projections of health care spending in the United States. The National Institute for Occupational Safety and Health uses the data to track the cost of workplace injuries in the United States. In addition, the International Association of Industrial Accident Boards and Commissions (the organization of state and provincial agencies that oversee workers' compensation in the United States and Canada) uses the information to track and compare the performance of workers' compensation programs in the United States with similar systems in Canada.

The report is produced with the oversight of the members of the Academy's Study Panel on National Data on Workers' Compensation, who are listed in the front of this report. The Academy and its expert advisors are continually seeking ways to improve the report and to adapt estimation methods to new developments in the insurance industry and in workers' compensation programs.

Workers' Compensation and Other Disability Benefits

Workers' compensation is an important part of American social insurance. As a source of support for disabled workers, it is surpassed in size only by Social Security disability insurance and Medicare. Workers' compensation programs in the fifty states, the District of Columbia, and federal programs paid \$55.3 billion in benefits in 2005. Of the total, \$26.2 billion was for medical care and \$29.1 billion was for cash benefits (Table 1).

Workers' compensation differs from Social Security disability insurance and Medicare in important ways. Workers' compensation pays for medical care for work-related injuries beginning immediately after the injury occurs; it pays temporary disability benefits after a waiting period of three to seven days; it pays

Table 1**Comparison of Workers' Compensation Benefits*, Coverage, and Costs**, Total United States, 2004-2005, Summary**

Aggregate Amounts	2004	2005	Change In percent
Covered workers (in thousands)	125,863	128,141	1.8
Covered wages (in billions)	4,953	5,212	5.2
Workers' compensation benefits paid (in billions)	\$ 56.1	\$ 55.3	-1.4
Medical benefits	\$26.4	\$26.2	-0.5
Cash benefits	\$29.7	\$29.1	-2.1
Employer costs for workers' compensation (in billions)	\$86.8	\$88.8	2.3
Amount per \$100 of covered Wages			In amount
Benefits paid	\$1.13	\$1.06	-\$0.07
Medical payments	\$0.53	\$0.50	-\$0.03
Cash payments to workers	\$0.60	\$0.56	-\$0.04
Employer costs	\$1.75	\$1.70	-\$0.05

Figures are rounded to nearest digit

* Benefits are payments in the calendar year to injured workers and to providers of their medical care.

** Costs are employer expenditures in the calendar year for workers' compensation benefits, administrative costs, and/or insurance premiums. Costs for self-insuring employers are benefits paid in the calendar year plus the administrative costs associated with providing those benefits. Costs for employers who purchase insurance include the insurance premiums paid during the calendar year plus the payments of benefits under large deductible plans during the year. The insurance premiums must pay for all of the compensable consequences of the injuries that occur during the year, including the benefits paid in the current as well as future years.

Source: National Academy of Social Insurance estimates based on Tables 2, 8, 9, 11, 12 and D1.

permanent partial and permanent total disability benefits to workers who have lasting consequences of disabilities caused on the job; it pays rehabilitation and training benefits for those unable to return to pre-injury careers; and it pays benefits to survivors of workers who die of work-related causes. Social Security and Medicare, in contrast, pay benefits to workers with long-term disabilities of any cause, but only when the disabilities preclude work. Social Security begins after a five-month waiting period and Medicare begins twenty-nine months after the onset of medically verified inability to work. In 2005, Social Security paid \$85.4 billion in cash benefits to disabled workers and their dependents, while Medicare paid \$48.8 billion for health care for disabled persons under age 65 (SSA, 2006d and CMS, 2006).

Paid sick leave, temporary disability benefits, and long-term disability insurance for non-work-related injuries or diseases are also available to some workers. About 70 percent of private sector employees have sick leave or short-term disability coverage, while 30 percent have no income protection for temporary incapacity other than workers' compensation. Sick leave typically pays 100 percent of wages for a few weeks. Private long-term disability insurance that is financed, at least in part, by employers covers about 30 percent of private sector employees and is usually paid after a waiting period of three to six months, or after short-term disability benefits end. Long-term disability insurance is generally designed to replace 60 percent of earnings and is reduced if the worker receives workers' compensation or Social Security disability benefits.

Trends in Workers' Compensation Benefits and Costs

Total cash benefits to injured workers and medical payments for their health were \$55.3 billion in 2005, a 1.4 percent decline from \$56.1 billion in 2004. Medical payments declined by 0.5 percent from the prior year (\$26.2 billion in 2005 compared to \$26.4 billion in 2004), while cash benefits to injured workers declined by 2.1 percent, to \$29.1 billion from \$29.7 billion in the prior year (Table 1).

While benefits paid to workers and their medical providers fell, costs to employers rose by 2.3 percent in 2005 to \$88.8 billion. Costs for self-insured employers are the benefits they pay plus their administrative costs. For employers who buy insurance, costs are the premiums they pay in the year, plus benefits they pay under deductible arrangements in

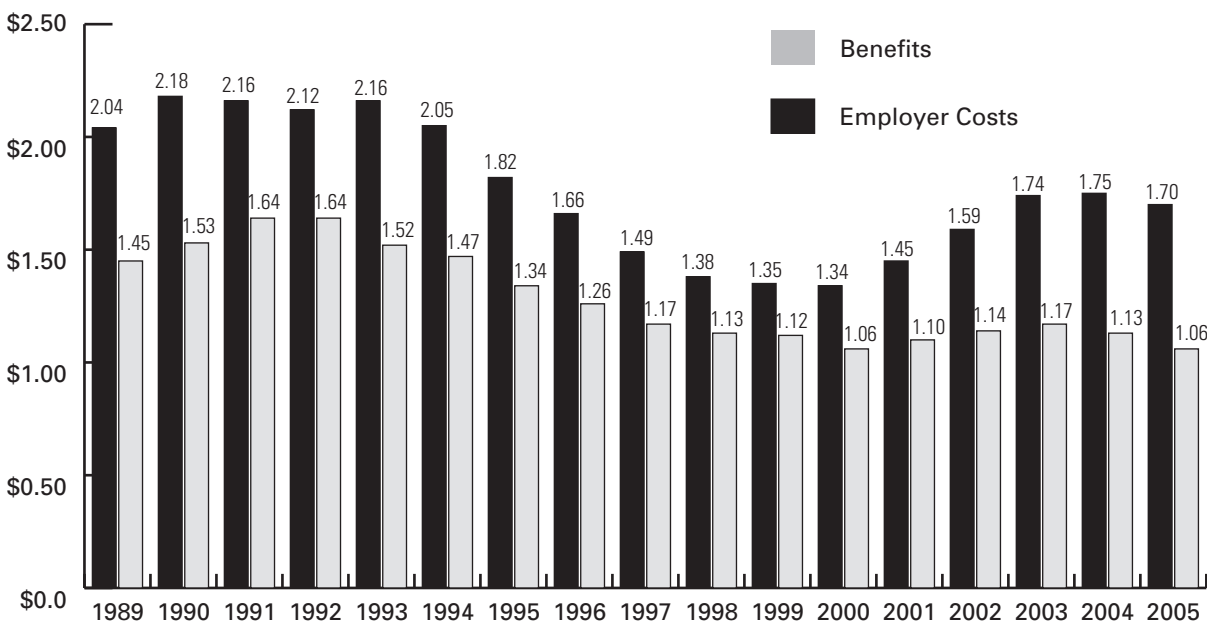
their insurance policies. From an insurance company's perspective, premiums received in a year are not expected to match up with benefits paid that year. Rather the premiums are expected to cover all future liabilities for injuries that occur in the year.

NASI measures of benefits and employer costs are designed to reflect the aggregate experience of two stakeholder groups – workers who rely on compensation for workplace injuries and employers who pay the bills. The NASI measures are not designed to assess the performance of the insurance industry or insurance markets. Other organizations analyze insurance trends.¹

For long-term trends, it is useful to consider workers' compensation benefits and employer costs relative to aggregate wages of covered workers. In a steady state,

Figure 1

Workers' Compensation Benefits* and Costs Per \$100 of Covered Wages, 1989–2005**



Source: National Academy of Social Insurance estimates.

* Benefits are payments in the calendar year to injured workers and to providers of their medical care.

** Costs are employer expenditures in the calendar year for workers' compensation benefits, administrative costs, and/or insurance premiums. Costs for self-insuring employers are benefits paid in the calendar year plus the administrative costs associated with providing those benefits. Costs for employers who purchase insurance include the insurance premiums paid during the calendar year plus the payments of benefits under large deductible plans during the year. The insurance premiums must pay for all of the compensable consequences of the injuries that occur during the year, including the benefits paid in the current as well as future years.

¹ Rating bureaus, for example, assess insurance developments in the states and advise regulators and insurers on premium changes.

one might expect benefits to keep pace with covered wages. This would be the case with no change in the frequency or severity of injuries and if wage replacement benefits for workers and medical payments to providers tracked the growth of wages in the economy generally. However, in reality benefits and costs relative to wages vary significantly over the years.

In 2005, aggregate wages of covered workers rose by 5.2 percent. This increase was the combined effect of 1.8 percent increase in covered workers – due to job growth in the economy – and a 3.3 percent increase in the workers’ average wages.

When measured relative to the wages of covered workers, both employer costs and benefits for workers fell in 2005. The cost to employers fell by five cents per \$100 of covered wages, to \$1.70 in 2005 from \$1.75 in 2004. Total payments on workers’ behalf fell by seven cents to \$1.06 per \$100 of covered wages: Medical payments fell by three cents per \$100 of wages to \$0.50, while wage-replacement benefits fell by four cents per \$100 of wages to \$0.56 (Table 1).

Figure 1 shows the trends in employer costs and in cash and medical benefits combined as a share of covered wages over the past 17 years. Benefits and

costs declined sharply from their peaks in the early 1990s, reached a low point in 2000, and rebounded somewhat after 2000. As a share of covered wages, benefits in 2005 returned to their low point of \$1.06 per \$100 of wages in 2000. Figure 2 shows the trend in medical and cash payments separately. The decline in benefits overtime has been largely in cash payments. In 2005, cash benefits per \$100 of wages were at their lowest point in the past 17 years, at \$0.56 per \$100 of wages.

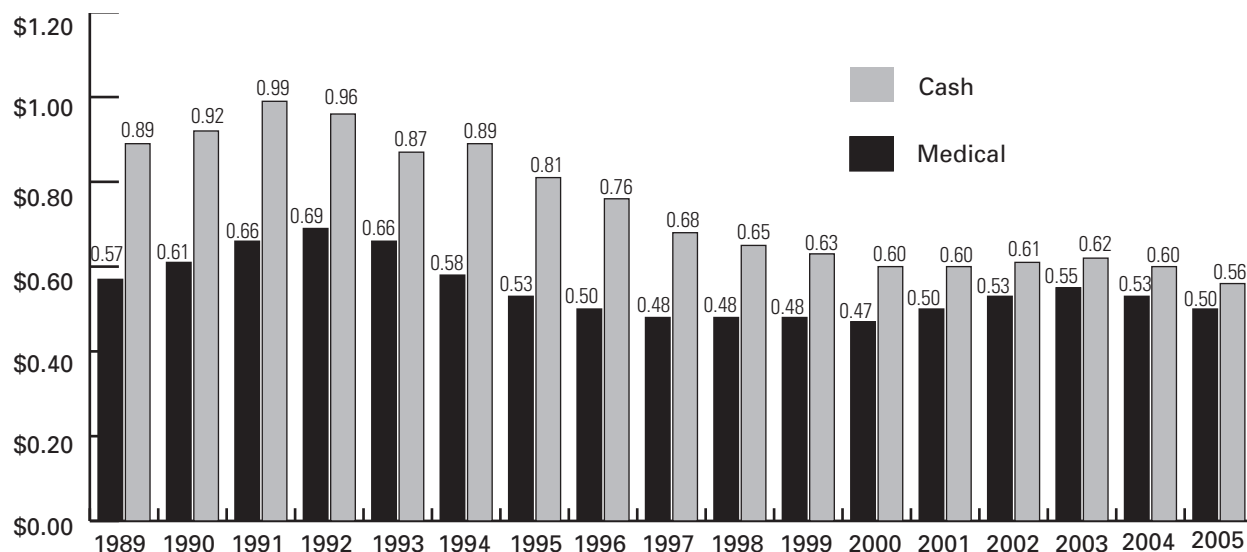
National Trends Outside of California

California’s workers’ compensation program has changed significantly over the past few years. Because it is a big state (with 13 percent of national payroll and 20 percent of total benefits in 2005), California’s large shifts in benefits and employer costs have altered the course of national trends. For that reason, it is useful to examine national trends outside of California.

Three developments in California were in sharp contrast with national trends elsewhere in 2005. First, California benefit payments declined sharply, while benefits elsewhere grew at a modest rate. Second, unlike in most other jurisdictions, California medical payments declined faster than cash benefits as

Figure 2

Workers’ Compensation Medical and Cash Benefits per \$100 of Covered Wages, 1989-2005



Source: National Academy of Social Insurance estimates.

reforms that were adopted in 2003 to curb medical spending took effect. Finally, unlike in the rest of the country, California employer costs declined in 2005. Table 1a summarizes national trends in 2005 outside California. When California is excluded, total benefit payments rose in 2005 by 1.7 percent (instead of the decline of 1.4 percent shown in Table 1). The growth in benefits outside California was due entirely to medical benefits. Medical payments outside California rose by 4.1 percent, while cash benefits to workers declined by 0.3 percent. Declining employer costs in California tended to offset an increase in employer costs elsewhere. Outside California, employer costs rose by 6.5 percent. When California's decline in costs is included, total costs rose by 2.3 percent.

When changes outside of California are shown relative to aggregate wages of covered workers, medical payments per \$100 of covered workers were virtually unchanged at \$0.47 per \$100 of wages, cash payments to workers fell by three cents to \$0.51 per \$100 of covered wages, and employer costs fell by two cents to \$1.51 per \$100 of covered wages.

Overview of Workers' Compensation

Workers' compensation provides benefits to workers who are injured on the job or who contract a work-related illness. Benefits include medical treatment for work-related conditions and cash payments that partially replace lost wages. Temporary total disability benefits are paid while the worker recuperates away

Table 1a

Comparison of Workers' Compensation Benefits*, Coverage, and Costs, in the United States without the state of California, 2004-2005, Summary**

Aggregate Amounts	2004	2005	Change In percent
Covered workers (in thousands)	111,157	113,149	1.8
Covered wages (in billions)	4,317	4,541	5.2
Workers' compensation benefits paid (in billions)	\$43.6	\$ 44.4	1.7
Medical benefits	\$20.3	\$21.1	4.1
Cash benefits	\$23.3	\$23.3	-0.3
Employer costs for workers' compensation (in billions)	\$64.3	\$68.4	6.5
Amount per \$100 of covered Wages			In amount
Benefits paid	\$1.01	\$0.98	-\$0.03
Medical payments	\$0.47	\$0.47	\$0.00
Cash payments to workers	\$0.54	\$0.51	-\$0.03
Employer costs	\$1.49	\$1.51	\$0.02

Figures are rounded to nearest digit

* Benefits are payments in the calendar year to injured workers and to providers of their medical care.

** Costs are employer expenditures in the calendar year for workers' compensation benefits, administrative costs, and/or insurance premiums. Costs for self-insuring employers are benefits paid in the calendar year plus the administrative costs associated with providing those benefits. Costs for employers who purchase insurance include the insurance premiums paid during the calendar year plus the payments of benefits under large deductible plans during the year. The insurance premiums must pay for all of the compensable consequences of the injuries that occur during the year, including the benefits paid in the current as well as future years.

Source: National Academy of Social Insurance estimates based on Tables 2, 8, 9, 11, 12 and D1.

from work. If the condition has lasting consequences after the worker heals, permanent disability benefits may be paid. In case of a fatality, the worker's dependents receive survivor benefits.

Germany enacted the first modern workers' compensation laws, known as Sickness and Accident Laws, in 1884, following their introduction by Chancellor Otto von Bismarck (Clayton, 2004). The next such laws were adopted in England in 1897. Workers' compensation was the first form of social insurance in the United States. The first workers' compensation law in the United States was enacted in 1908 to cover certain federal civilian workers. The first state laws were passed in 1911. The subsequent adoption of state workers' compensation programs has been called a significant event in the nation's economic, legal, and political history.

These laws were adopted throughout the nation, despite the great efforts required to reach agreements between business and labor on the specifics of the benefits to be provided and on which industries and employers would have to provide these benefits. Today, each of the fifty states and the District of Columbia has its own program. A separate program covers federal civilian employees. Other federal programs provide benefits to coal miners with black lung disease, longshore and harbor workers, employees of overseas contractors with the U.S. government, certain energy employees exposed to hazardous material, workers engaged in the manufacturing of atomic bombs, and veterans injured on active duty in the armed forces.

Before workers' compensation laws were enacted, an injured worker's only legal remedy for a work-related injury was to bring a tort suit against the employer and prove that the employer's negligence caused the injury. At the time, employers could use three common-law defenses to avoid compensating the worker: assumption of risk (showing that the injury resulted from an ordinary hazard of employment); the fellow worker rule (showing that the injury was due to a fellow-worker's negligence); and contributory negligence (showing that, regardless of any fault of the employer, the worker's own negligence contributed to the accident).

Under the tort system, workers often did not recover damages and always experienced delays or high costs when they did. While employers generally prevailed

in court, they nonetheless were at risk for substantial and unpredictable losses if the workers' suits were successful. Litigation created friction between employers and workers. Ultimately, both employers and employees favored legislation to insure that a worker who sustained an occupational injury or disease arising out of and in the course of employment would receive predictable compensation without delay, irrespective of who was at fault. As a *quid pro quo*, the employer's liability was limited. Under the exclusive remedy concept, the worker accepts workers' compensation as payment in full and gives up the right to sue.

Workers' compensation programs vary across states in terms of who is allowed to provide insurance, which injuries or illnesses are compensable, and the level of benefits. Generally, state laws require employers to obtain insurance or prove they have the financial ability to carry their own risk (self-insure). Workers' compensation is financed almost exclusively by employers, although economists argue that workers pay for a substantial portion of the costs of the program in the form of lower wages (Leigh et al., 2000). The premiums paid by employers are based in part on their industry classifications and the occupational classifications of their workers. Many employers are also experience-rated, which results in higher (or lower) premiums for employers whose past experience – as evaluated by actuarial formulas that consider injury frequency and aggregate benefit payments – is worse (or better) than the experience of similar employers in the same insurance classification. The employers' costs of workers' compensation can also be affected by other factors, such as deviations, schedule rating, and dividends (Thomason, Schmidle, and Burton, 2001). These competitive pricing adjustments vary over the course of the insurance underwriting cycle.

Types of Workers' Compensation Benefits

Workers' compensation pays for medical care immediately and pays cash benefits for lost work time after a three-to-seven day waiting period. Most workers' compensation cases do not involve lost work time greater than the waiting period for cash benefits. In these cases, only medical benefits are paid. "Medical only" cases are quite common, but they represent a small share of benefit payments. Medical-only cases accounted for 77 percent of workers' compensation

cases, but only 6 percent of all benefits paid, according to information about insured employers in forty-one states for policy years spanning 1998–2002 (NCCI, 2006a). The remaining 23 percent of cases that involved cash benefits accounted for 94 percent of benefits (for cash and medical care combined).

Cash benefits differ according to the duration and severity of the worker’s disability. Temporary total disability benefits are paid when the worker is temporarily precluded from performing the pre-injury job or another job at the employer that the worker could have performed prior to the injury. Most states pay weekly benefits for temporary total disability that replace two-thirds of the worker’s pre-injury wage, subject to a dollar maximum that varies from state to state. In most cases, workers fully recover, return to work, and benefits end. In some cases, they return to work before they reach maximum medical improvement and have reduced responsibilities and lower pay. In those cases, they receive temporary partial disability benefits. Temporary disability benefits are the most common type of cash benefits. They account for 64 percent of cases involving cash benefits and 20 percent of benefits incurred (Figures 3).

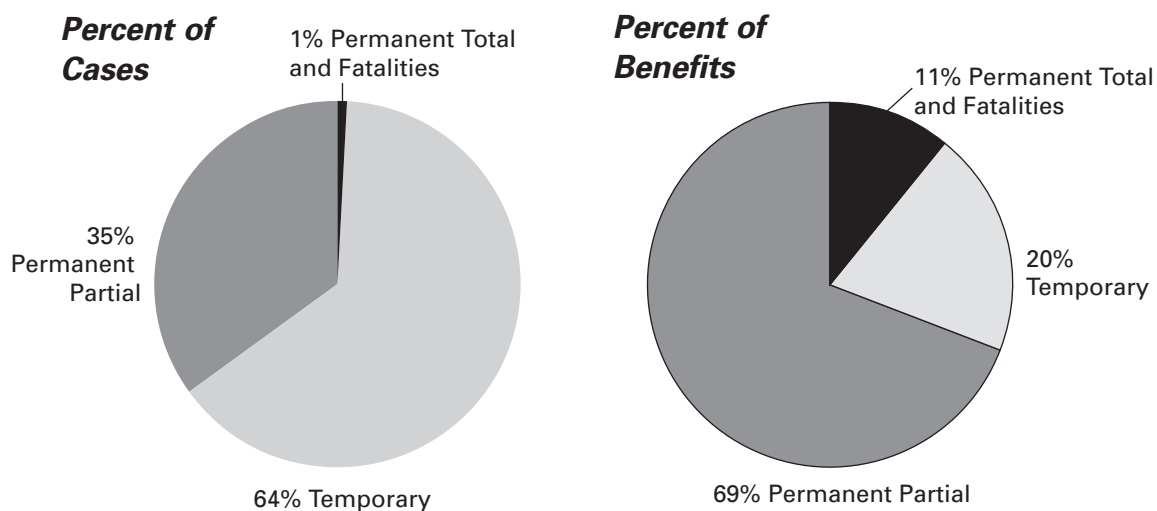
If a worker has very significant impairments that are judged to be permanent after he or she reaches maximum medical improvement, permanent total disability benefits might be paid. These cases are relatively rare. Permanent total disabilities, together with fatalities, account for 1 percent of all cases that involve cash benefits, and 11 percent of total cash benefit payments.

Permanent partial disability benefits are paid when the worker has impairments that, although permanent, do not completely limit the workers ability to work. States differ in their methods for determining whether a worker is entitled to permanent partial benefits, the degree of partial disability and the amount of benefits to be paid (Barth and Niss, 1999; Burton, 2005a). Cash benefits for permanent partial disability are frequently limited to a specified duration or an aggregate dollar limit. Permanent partial disabilities account for 35 percent of cases that involve any cash payments and for 69 percent of payments.

A recent in-depth study examined the likelihood that workers’ compensation claimants would receive permanent partial disability benefits. It focused on individuals in six states who had experienced more than

Figure 3

Types of Disabilities in Workers’ Compensation Cases with Cash Benefits, 2002



Cases classified as permanent partial include cases that are closed with lump sum settlements. Benefits paid in cases classified as permanent partial, permanent total and fatalities can include any temporary total disability benefits also paid in such cases. The data are from the first report from the NCCI *Annual Statistical Bulletin*.

Source: *Annual Statistical Bulletin*, NCCI 2006, Exhibits X and XII.

seven days of lost work time. Those who subsequently received permanent partial benefits ranged from about 3 in 10 in one state, to more than half of cases with at least one week of lost work time in two other states (Barth et al., 2002).

Methods for compensating permanent impairments fall into several broad categories (Barth, 2004).

About 43 jurisdictions use a schedule—a list of body parts that are covered. Typically, a schedule appears in the underlying statute and lists benefits to be paid for specific losses, for example, the loss of a finger.

These losses invariably include the upper and lower extremities and may also include an eye. Most state schedules also include the loss of hearing in one or both ears. Injuries to the spine that are permanently disabling are typically not scheduled, nor are injuries to internal organs, head injuries, and occupational diseases.

For unscheduled conditions, the approaches used can be categorized into four methods:

- An *impairment-based approach*, used in 19 states, is most common. In approximately 14 of those states, the worker with an unscheduled permanent partial disability receives a benefit based entirely on the degree of impairment. Any future earnings losses of the worker are not considered.
- A *loss-of-earning-capacity approach* is used in 13 states. This approach links the benefit to the worker's ability to earn or to compete in the labor market and involves a forecast of the economic impact that the impairment will have on the worker's future earnings.
- In a *wage-loss approach*, used in 10 states, benefits are paid for the actual or ongoing losses that a worker incurs. In some states, the permanent partial disability benefit begins after maximum medical improvement has been achieved. In some cases permanent disability benefits can simply be the extension of temporary disability benefits until the disabled worker returns to employment.
- In a *bifurcated approach* used in nine jurisdictions, the benefit for a permanent disability depends on the worker's employment status at the time that the worker's condition is assessed, after the condition has stabilized. If the worker has returned to employment with earnings at or near the pre-injury level, the benefit is based

on the degree of impairment. If the worker has not returned to employment, or has returned but at lower wages than before the injury, the benefit is based on the degree of lost earning capacity.

Total Covered Employment

In 2005, workers' compensation covered an estimated 128.1 million workers, an increase of 1.8 percent from the 125.9 million workers covered in 2004 (Table 2). Total wages of covered workers were \$5.2 trillion in 2005, an increase of 5.2 percent from 2004. After three years of declining employment in 2001 through 2003, the back-to-back increases in employment in 2004 and 2005 caused total employment to exceed the past peak in 2000. These developments reflect the condition of the overall economy. Workers' compensation coverage rules did not change significantly during the last decade.

Coverage Rules

Every state except Texas mandates coverage under workers' compensation for almost all private employees (U.S. DOL, 2005). In Texas, coverage is voluntary, but employers not offering coverage are not protected from tort suits. An employee not covered by workers' compensation insurance is allowed to file suit claiming the employer is liable for his or her work-related injury or illness.

Other states exempt from mandatory coverage certain categories of workers, such as those in very small firms, certain agricultural workers, household workers, employees of charitable or religious organizations, or employees of some units of state and local government. Employers with fewer than three workers are exempt from mandatory workers' compensation coverage in Arkansas, Colorado, Georgia, Michigan, New Mexico, North Carolina, Virginia, and Wisconsin. Employers with fewer than four workers are exempt in Florida and South Carolina. Those with fewer than five employees are exempt in Alabama, Mississippi, Missouri, and Tennessee.

The rules for agricultural workers vary among states. In eleven states (in addition to Texas), farm employers are exempt from mandatory workers' compensation coverage altogether. In other states, coverage is compulsory for some or all farm employers.

Method for Estimating Coverage

Because no national system exists for counting workers covered by workers' compensation, the number of covered workers and their covered wages must be estimated. The Academy's methods for estimating coverage are described in Appendix A. In brief, we start with the number of workers and total wages in each state that are covered by unemployment insurance (UI). About 96 or 97 percent of all U.S. wage and salary workers are covered by UI (NASI, 2002). We subtract from UI coverage the estimates of the workers and wages that are not required to be covered by workers' compensation because of exemptions for small firms and farm employers and because coverage for employers in Texas is voluntary.

Using these methods we estimate that in 2005, 97.4 percent of all UI-covered workers and wages were covered by workers' compensation. They account for about 96 percent of all wage and salary workers in the United States. Self-employed persons are not

covered by Unemployment Insurance or by workers' compensation.

Changes in State Coverage

Because workers' compensation coverage rules did not change between 2004 and 2005, differences in growth rates among states generally reflect changes in the states' overall employment and wages. In Texas, where workers' compensation is voluntary for employers, coverage slightly increased from 76 percent of workers in 2004 to 77 percent in 2006 according to surveys in Texas. Due to unavailability of data we have assumed coverage to be at 76.5 percent in 2005. Only Louisiana, Maine and Michigan experienced a decline in the number of covered workers due to decline in overall employment. Other jurisdictions experienced an increase in covered jobs in 2005. With regard to wages covered under workers' compensation, all jurisdictions registered increases in 2005 over 2004 (Table 3).

Table 2

Number of Workers Covered under Workers' Compensation Programs and Total Covered Wages, 1989–2005

Year	Total Workers		Total Wages	
	(in thousands)	Percent Change	(in billions)	Percent Change
1989	103,900		\$ 2,360	
1990	105,500	1.5	2,506	6.2
1991	103,700	-1.7	2,567	2.4
1992	104,588	0.9	2,719	5.9
1993	106,503	1.8	2,819	3.7
1994	109,582	2.9	2,965	5.2
1995	112,377	2.6	3,143	6.0
1996	114,773	2.1	3,337	6.2
1997	118,145	2.9	3,591	7.6
1998	121,485	2.8	3,885	8.2
1999	124,349	2.4	4,151	6.8
2000	127,141	2.2	4,495	8.3
2001	126,972	-0.1	4,604	2.4
2002	125,603	-1.1	4,615	0.2
2003	124,685	-0.7	4,717	2.2
2004	125,863	0.9	4,953	5.0
2005	128,141	1.8	5,212	5.2

Source: National Academy of Social Insurance estimates. See Appendix A.

Table 3**Number of Workers Covered by Workers' Compensation and Total Covered Wages, By State, 2001–2005**

	Covered Workers (in thousands)					Covered Wages (in millions)						
	2001	2002	2003	2004	2004-2005 2005 % Change	2001	2002	2003	2004	2004-2005 2005 % Change		
Alabama	1,726	1,704	1,698	1,720	1,763	2.5	\$51,057	\$52,037	\$53,617	\$56,310	\$59,734	6.1
Alaska	266	270	275	279	285	2.3	9,391	9,786	10,098	10,582	11,145	5.3
Arizona	2,195	2,191	2,222	2,304	2,438	5.8	72,747	73,890	77,118	83,541	92,048	10.2
Arkansas	1,071	1,064	1,061	1,073	1,092	1.8	28,874	29,515	30,246	32,014	33,674	5.2
California	14,728	14,588	14,553	14,706	14,992	1.9	606,472	601,288	616,879	653,145	689,220	5.5
Colorado	2,148	2,101	2,064	2,074	2,120	2.2	80,930	79,093	79,589	82,643	87,206	5.5
Connecticut	1,644	1,627	1,605	1,611	1,624	0.8	77,254	76,191	77,519	82,095	85,989	4.7
Delaware	400	396	396	406	412	1.6	15,331	15,654	16,166	17,209	18,370	6.7
District of Columbia	452	458	459	467	474	1.5	23,788	24,634	25,560	27,418	28,975	5.7
Florida	6,754	6,765	6,840	7,039	7,309	3.8	211,244	217,178	227,172	245,133	266,392	8.7
Georgia	3,682	3,624	3,597	3,663	3,751	2.4	128,313	128,121	130,129	137,088	144,796	5.6
Hawaii	527	528	538	554	572	3.4	15,994	16,694	17,564	18,893	20,170	6.8
Idaho	558	558	562	578	601	4.1	15,301	15,515	15,890	16,988	18,234	7.3
Illinois	5,793	5,679	5,606	5,611	5,660	0.9	225,549	224,324	226,180	235,915	246,223	4.4
Indiana	2,822	2,785	2,774	2,802	2,827	0.9	89,178	90,220	91,998	96,522	99,459	3.0
Iowa	1,410	1,393	1,385	1,404	1,428	1.7	40,418	41,038	42,247	44,770	46,958	4.9
Kansas	1,286	1,270	1,251	1,263	1,272	0.7	38,411	38,730	38,953	40,854	42,610	4.3
Kentucky	1,696	1,676	1,673	1,688	1,717	1.7	50,503	51,360	52,803	55,423	57,711	4.1
Louisiana	1,835	1,812	1,820	1,831	1,807	-1.3	52,870	53,956	55,315	57,648	59,917	3.9
Maine	579	577	577	583	581	-0.4	16,445	16,887	17,450	18,282	18,636	1.9
Maryland	2,295	2,299	2,306	2,332	2,372	1.7	85,056	87,514	90,465	95,769	101,405	5.9
Massachusetts	3,222	3,150	3,089	3,087	3,110	0.8	144,680	141,163	142,621	150,515	155,261	3.2
Michigan	4,325	4,242	4,175	4,152	4,148	-0.1	161,252	161,193	163,935	166,930	170,240	2.0
Minnesota	2,576	2,552	2,542	2,567	2,607	1.6	93,929	95,206	97,750	103,238	105,878	2.6

Mississippi	1,033	1,027	1,020	1,026	1,032	0.6	26,364	26,900	27,629	28,730	30,123	4.9
Missouri	2,482	2,457	2,447	2,466	2,499	1.4	79,804	80,636	81,917	85,074	88,993	4.6
Montana	371	374	380	390	400	2.7	9,102	9,482	9,935	10,542	11,342	7.6
Nebraska	1,021	850	850	866	876	1.2	24,190	24,792	25,571	26,990	28,106	4.1
Nevada	866	1,027	1,062	1,127	1,197	6.2	33,784	34,677	37,255	41,514	46,104	11.1
New Hampshire	602	595	596	605	613	1.3	21,267	21,418	22,135	23,566	24,714	4.9
New Jersey	3,809	3,792	3,787	3,812	3,856	1.2	168,391	170,802	174,951	182,512	190,048	4.1
New Mexico	673	680	688	703	720	2.5	18,801	19,441	20,187	21,420	22,790	6.4
New York	8,287	8,135	8,089	8,142	8,220	1.0	387,229	375,634	381,651	405,898	426,395	5.0
North Carolina	3,660	3,607	3,577	3,633	3,707	2.0	116,573	117,180	119,091	125,399	132,140	5.4
North Dakota	300	300	302	309	316	2.3	7,593	7,843	8,221	8,811	9,313	5.7
Ohio	5,352	5,252	5,202	5,214	5,232	0.3	176,803	178,285	181,304	188,314	193,622	2.8
Oklahoma	1,417	1,393	1,366	1,382	1,420	2.8	38,877	38,991	39,576	41,442	43,994	6.2
Oregon	1,567	1,543	1,533	1,565	1,623	3.7	51,598	51,496	52,299	55,191	58,792	6.5
Pennsylvania	5,444	5,396	5,364	5,390	5,446	1.0	189,065	191,743	196,858	206,104	214,203	3.9
Rhode Island	439	439	443	447	468	4.6	14,563	15,058	15,906	16,576	17,865	7.8
South Carolina	1,698	1,677	1,679	1,697	1,725	1.6	49,306	49,868	51,154	53,504	56,244	5.1
South Dakota	354	352	353	358	365	1.7	8,881	9,101	9,413	9,930	10,410	4.8
Tennessee	2,479	2,455	2,453	2,494	2,537	1.7	77,275	78,948	81,411	86,074	89,989	4.5
Texas	7,705	7,386	7,102	6,949	7,193	3.5	276,163	265,805	260,476	265,326	284,550	7.2
Utah	1,017	1,006	1,006	1,037	1,080	4.2	30,124	30,233	30,732	32,742	35,320	7.9
Vermont	292	290	288	292	295	0.9	8,758	8,896	9,148	9,610	9,962	3.7
Virginia	3,216	3,186	3,191	3,268	3,348	2.5	115,570	115,504	119,804	128,706	137,742	7.0
Washington	2,622	2,575	2,583	2,625	2,697	2.7	97,512	97,585	99,821	102,162	108,677	6.4
West Virginia	664	661	656	665	673	1.3	18,187	18,483	18,738	19,689	20,550	4.4
Wisconsin	2,630	2,604	2,602	2,626	2,657	1.2	82,627	84,191	86,579	90,812	93,822	3.3
Wyoming	228	230	232	240	247	2.9	6,295	6,564	6,833	7,373	8,087	9.7
Total non-federal	124,219	122,602	121,920	123,123	125,407	1.9	4,469,716	4,470,740	4,565,857	4,796,160	5,049,814	5.3
Federal employees	2,753	2,758	2,764	2,740	2,734	-0.2	134,712	144,329	150,819	158,294	163,663	3.4
TOTAL	126,972	125,360	124,685	125,863	128,141	1.8	\$4,604,428	\$4,615,069	\$4,716,676	\$4,953,089	\$5,212,075	5.2

Source: National Academy of Social Insurance estimates. See Appendix A.

Benefit Payments

Workers' compensation payments for medical treatment and cash benefits combined were \$55.3 billion in 2005, a decrease of 1.4 percent from \$56.1 billion in 2004 (Table 4). These are benefits paid to all workers in a given year, regardless of the year their injuries occurred or their illnesses began. This measure is known as calendar year paid benefits. That is, in 2005 \$55.3 billion in benefits were paid for all workers' compensation cases, whether workers were injured in 2005 or in a previous year.

Method for Estimating Benefits

Our estimates of workers' compensation benefits paid are based on three main sources: responses to the Academy's questionnaire from state agencies, data from National Association of Insurance Commissioners (NAIC), and data purchased from A.M. Best, a private company that specializes in collecting insurance data and rating insurance companies.

The A.M. Best data used for this report show benefits paid in each state for 1996 through 2005. They include information for all private carriers in every

Table 4

Workers' Compensation Benefits, by Type of Insurer, 1987–2005 (in millions)

Year ^a	Total	Percent Change in Total	Private Carriers	State Funds	Self- Insured	Federal ^b	Medical	Percent Medical
1987	27,317	11.0	\$15,453	\$4,084	\$5,082	\$2,698	\$9,912	36.3
1988	30,703	12.4	17,512	4,687	5,744	2,760	11,507	37.5
1989	34,316	11.8	19,918	5,205	6,433	2,760	13,424	39.1
1990	38,237	11.4	22,222	5,873	7,249	2,893	15,187	39.7
1991	42,187	10.3	24,515	6,713	7,962	2,998	16,832	39.9
1992	44,660	5.9	24,030	7,829	9,643	3,158	18,664	41.8
1993	42,925	-3.9	21,773	8,105	9,857	3,189	18,503	43.1
1994	43,482	1.3	21,391	7,398	11,527	3,166	17,194	39.5
1995	42,122	-3.1	20,106	7,681	11,232	3,103	16,733	39.7
1996	41,960	-.4	21,024	8,042	9,828	3,066	16,739	39.9
1997	41,971	.03	21,676	7,157	10,357	2,780	17,397	41.5
1998	43,987	4.8	23,579	7,187	10,354	2,868	18,622	42.3
1999	46,313	5.3	26,383	7,083	9,985	2,862	20,055	43.3
2000	47,699	3.0	26,874	7,388	10,481	2,957	20,933	43.9
2001	50,827	6.6	27,905	8,013	11,839	3,069	23,137	45.5
2002	52,416	3.1	28,151	9,308	11,803	3,154	24,310	46.4
2003	55,066	5.1	28,581	10,542	12,758	3,185	25,832	46.9
2004	56,074	1.8	28,150	11,110	13,559	3,256	26,356	47.0
2005	55,307	-1.4	28,107	10,756	13,186	3,258	26,219	47.4

(a) Estimated benefits paid under deductible provisions are included beginning in 1992. Benefits are payments in the calendar year to injured workers and to providers of their medical care.

(b) In all years, federal benefits includes those paid under the Federal Employees' Compensation Act for civilian employees and the portion of the Black Lung benefit program that is financed by employers and are paid through the federal Black Lung Disability Trust fund. In years before 1997, federal benefits also include the other part of the Black Lung program that is financed solely by federal funds. In 1997–2005, federal benefits also include a portion of employer-financed benefits under the Longshore and Harbor Workers Compensation Act that are not reflected in state data—namely, benefits paid by self-insured employers and by special funds under the LHWCA. See Appendix H for more information about federal programs.

Source: National Academy of Social Insurance estimates. See Appendices B and H.

state and for eighteen of the twenty-six state funds, but do not include any information about self-insured employers or about benefits paid under deductible arrangements. Under deductible policies written by private carriers or state funds, the insurer pays all of the workers' compensation benefits, but employers are responsible for reimbursing the insurer for those benefits up to a specified deductible amount. Deductibles may be written into an insurance policy on a per-injury basis, or an aggregate basis, or a combination of a per-injury basis with an aggregate cap. States vary in the maximum deductibles they allow. In return for accepting a policy with a deductible, the employer pays a lower premium.

Appendix C summarizes the kinds of data each state reported. States had the most difficulty reporting amounts of benefits paid under deductible arrangements. The Academy's methods for estimating these benefits are described in Appendix G. If states were unable to report benefits paid by self-insured employers, these amounts had to be estimated; the methods for estimating self-insured benefits are described in Appendix E. A detailed, state-by-state explanation of how the estimates in this report are produced is in *Sources and Methods: A Companion to Workers' Compensation: Benefits, Coverage, and Costs, 2005* on the Academy's website at www.nasi.org.

Sources of Insurance Coverage

Private insurance carriers remain the largest source of workers' compensation benefits (Table 4). In 2005, they accounted for 50.8 percent of benefits paid, a slight increase from 50.2 percent of total benefits in 2004 (Table 5). Private carriers are allowed to sell workers' compensation insurance in all but five states that have exclusive state funds—Ohio, North Dakota, Washington, West Virginia, and Wyoming. When benefits paid under deductible arrangements are excluded, privately insured benefits account for 37.1 percent of total benefits paid. (Table 5).

Employers are allowed to self-insure for workers' compensation in all states except North Dakota and Wyoming, which require all employers to obtain insurance from the state fund. In other states, employers can self-insure their risk for workers' com-

penensation benefits if they prove they have the financial capacity to do so. Many large employers choose to self-insure. Some states permit groups of employers in the same industry or trade association to self-insure through group self-insurance. Benefits provided under group self-insurance are included with the self-insured benefits in this report.

The share of benefits provided by state funds fell to 19.4 percent in 2005, from 19.8 percent in 2004. However, if we exclude California, the share of benefits provided by state funds actually rose to 15.3 percent in 2005 from 15.0 percent in 2004. A total of twenty-six states have state funds that provide workers' compensation insurance. They include the five exclusive state fund states and twenty-one others. In general, state funds are established by an act of the state legislature, have at least part of their board appointed by the governor, are usually exempt from federal taxes, and typically serve as the insurer of last resort—that is, cover insurance coverage to employers who have difficulty purchasing it privately. Not all state funds meet all these criteria, however. In some cases, it is not altogether clear whether an entity is a state fund or a private insurer, or whether it is a state fund or a state entity that is self-insuring workers' compensation benefits for its own employees. Consequently, the Academy's expert panel decided to classify as state funds all twenty-six entities that are members of the American Association of State Compensation Insurance Funds (AASCIF, 2006). This includes the South Carolina fund, which is the required insurer for state employees and is available to cities and counties to insure their employees, but does not insure private employers.

Federal programs accounted for 5.9 percent of benefits paid in 2005. These benefits include payments under the Federal Employee' Compensation Act for civilian employees and the portion of the Black Lung benefit program that is financed by employers and paid through the federal Black Lung Disability Trust Fund. Finally, the federal benefits include benefits under the Longshore and Harbor Workers' Compensation Act that are paid by self-insured employers and by special funds under that Act. More detail about federal programs is in Appendix H.

Table 5**Total Amount and Percentage Distribution of Workers' Compensation Benefit Payments by Type of Insurer, 1990–2005**

Year	Total Benefits (in millions)	Percentage Distribution							
		Private Carriers		State Funds		Federal ^b	Self-Insured	Self-Insured plus Deductibles	Total
		All	Deductibles ^a	All	Deductibles ^a				
(1)	(2)	(3)	(4)	(5)	(6)	(2)+(4)+(6)	(1)+(3)+(5)+(6)		
1990	38,237	58.1	n/a	15.4	n/a	7.6	19.0	19.0	100.0
1991	42,187	58.1	n/a	15.9	n/a	7.1	18.9	18.8	100.0
1992	44,660	53.8	2.8	17.5	*	7.1	21.6	24.0	100.0
1993	42,925	50.7	4.7	18.9	*	7.4	23.0	27.9	100.0
1994	43,482	49.2	6.1	17.0	0.4	7.3	26.5	33.0	100.0
1995	42,122	47.7	7.3	18.2	0.8	7.4	26.7	34.7	100.0
1996	41,960	50.1	8.3	19.2	0.6	7.3	23.4	32.3	100.0
1997	41,971	51.6	9.0	17.1	0.6	6.6	24.7	34.2	100.0
1998	43,987	53.6	10.0	16.3	0.6	6.5	23.5	34.1	100.0
1999	46,313	57.0	11.8	15.3	0.5	6.2	21.6	33.8	100.0
2000	47,699	56.3	12.4	15.5	0.6	6.2	22.0	35.0	100.0
2001	50,827	54.9	12.0	15.8	0.6	6.0	23.3	35.9	100.0
2002	52,416	53.7	13.0	17.8	0.8	6.0	22.5	36.4	100.0
2003	55,066	51.9	14.4	19.1	0.8	5.8	23.2	38.4	100.0
2004	56,074	50.2	13.6	19.8	0.9	5.8	24.2	38.7	100.0
2005	55,307	50.8	13.7	19.4	1.0	5.9	23.8	38.5	100.0

* Negligible
n/a Not available

(a) The percentage of total benefits paid by employers under deductible provisions with this type of insurance.
(b) Reflects federal benefits included in Table 4.

Source: National Academy of Social Insurance estimates based on Tables 4 and 6.

Trends in Deductibles and Self-Insurance

Prior to the 1990s, policies with deductibles were not common, but their popularity grew in the mid 1990s. In 1992, benefits under deductible policies totaled \$1.3 billion, or about 2.8 percent of total benefits (Table 6). By 2000 they had risen to \$6.2 billion, or 13.0 percent of total benefits. In 2005 deductibles totaled \$8.1 billion, which was 14.7 percent of total benefits paid.

In Tables 4 and 5, benefits reimbursed by employers under deductible policies are included with private carrier or state fund benefits, depending on the type of insurer. Table 6 shows separately the estimated

dollar amount of benefits that employers paid under deductible provisions with each type of insurance.

Employers who have policies with deductibles are, in effect, self-insuring up to the amount of the deductible. That is, they are bearing that portion of the financial risk. Adding deductibles to self-insured benefit payments shows the share of the total market where employers are assuming financial risk. This share of total benefit payments rose from 19.0 percent in 1990 to 32.3 percent in 1996, and then remained between 33 and 36 percent of total benefits through 2001. By 2005 this share had increased to 38.5 percent of benefit payments (Table 5).

The growth in self-insurance and in deductible policies in the early 1990s, as well as the down-turn in

Table 6**Estimated Employer-Paid Benefits under Deductible Provisions for Workers' Compensation, 1992–2005 (in millions)**

Year	Total	Private Carriers	State Funds	Deductibles as a % of Total Benefits
1992	\$1,250	\$1,250	*	2.8
1993	2,027	2,008	\$ 19	4.7
1994	2,834	2,645	189	6.5
1995	3,384	3,060	324	8.0
1996	3,716	3,470	246	8.9
1997	3,994	3,760	234	9.5
1998	4,644	4,399	245	10.6
1999	5,684	5,452	232	12.3
2000	6,201	5,931	270	13.0
2001	6,388	6,085	303	12.6
2002	7,272	6,839	414	13.9
2003	8,385	7,933	452	15.2
2004	8,159	7,632	527	14.5
2005	8,107	7,576	531	14.7

* Negligible

Note: Data on deductible benefits were available from six states. Four states do not allow policies with deductibles. For thirteen states data were computed by subtracting various components from total benefit figures provided. For the other twenty-seven states and the District of Columbia, deductible benefits were calculated using a ratio of the manual equivalent premiums.

self-insurance later in the 1990s, probably reflects dynamics of the insurance market that altered the relative cost to employers of purchasing private insurance vis-à-vis self insuring.

In the late 1980s and early 1990s, when workers' compensation benefits and costs rose rapidly, many states had administrative pricing systems that set the premium levels that insurance companies could charge, and often states limited the rate of increase in premiums. As a result, premiums did not rise as fast as costs. Growing numbers of employers were not able to buy insurance in the voluntary market because insurers did not want to sell insurance at premiums that were less than their expected costs.

Because states require that employers have insurance, they provide ways for high cost employers to buy it. In some states, the state fund insures all applicants. Some states use a residual market for high-risk

employers and require that insurers underwrite a share of the residual market as a condition for doing business in the state. During the late 1980s and early 1990s, some states set premiums in the residual market that did not recognize the higher cost associated with residual market employers. To cover the gap between premiums charged to employers in the residual market and their actual losses, residual market pools assessed fees on insurance companies based on the insurer's share of aggregate premiums written in the voluntary market in the state. (Similar fees generally were not assessed on self-insured employers in the state). As costs rose during the late 1980s, more employers ended up in the residual market, residual market losses grew, and rising fees assessed on insurers drove up the price of premiums charged to employers who were not in the residual market.

The combination of rising costs and the structure of administered prices in the private insurance market

encouraged employers to set up self-insured plans, which did not share in assessments to cover the cost of the residual market. Similarly, insurers and employers turned to hybrid plans that combine large deductibles with private insurance as a way to lower their aggregate premiums, and consequently, their share of assessments for the operating losses in the residual market.

Declining workers' compensation benefits and costs in the mid-1990s combined with a vibrant economy and high financial market returns enabled insurance companies to earn more from invested premiums. The combination of improved underwriting results and higher returns on reserves led to high profits by historical standards within the workers' compensation insurance industry (Burton, 2006). These relatively high profits led to fierce underwriting competition. Insurance companies began offering multi-year guaranteed cost programs that locked in low premium rates for employers, thus greatly reducing the employers' cost and risk. The timing of tax advantages also made the purchase of insurance attractive—that is, employers can take an immediate tax deduction for premiums they pay for insurance, while when they self-insure, tax deductions accrue only later as they pay claims. These factors led to a shift away from self-insurance in favor of the purchase of insurance later in the 1990s.

Since 1999, the share of benefits paid directly by employers (through self-insurance and large deductibles combined) has been rising. In 2005, the share of benefits paid by employers reached 38.5 percent. Since 2003, the share of benefits paid by employers (through self-insurance or deductibles) has exceeded the share paid by private carriers excluding deductibles, which was 37.1 percent in 2005 (Table 5).

Changes in State Benefits

On a national level, total benefits (cash plus medical) were 1.4 percent lower in 2005 than in 2004. The decline for the nation was driven by a large drop in California's benefit payments (12.2 percent). Outside California, benefits for the nation increased by 1.7 percent. Table 7 shows annual changes in state benefit payments between 2001 and 2005.

In eighteen states, benefits declined between 2004 and 2005. Arizona, Arkansas, California, District of

Columbia, Hawaii, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Missouri, New York, North Dakota, Rhode Island, Texas, Vermont, West Virginia, Wyoming. The rest of the states showed an increase in benefits.

Benefits vary within a state from year to year for many reasons, including:

- Changes in workers' compensation statutes, new court rulings, or new administrative procedures;
- Changes in the mix of occupations or industries, because jobs differ in their rates of injury and illness;
- Fluctuations in employment, because more people working means more people at risk of a job-related illness or injury;
- Changes in wage rates to which benefit levels are linked;
- Variations in health care practice patterns across states, which influence the costs of medical care;
- Fluctuations in the number and severity of injuries and illnesses for other reasons (for example, in a small state, one industrial accident involving many workers in a particular year can show up as a noticeable increase in statewide benefit payments); and
- Changes in reporting procedures (for example, as state agencies update their record keeping systems, the type of data they are able to report often changes, and new legislation can also affect the data a state is able to provide).

Medical Payments in States

The share of benefits for medical care varies among states. In 2005, the share of benefit spending for medical care ranged from lows of less than 40 percent—in the District of Columbia, Hawaii, Maine, Massachusetts, Michigan, New York, Rhode Island and Washington—to highs of over 60 percent in Alabama, Arizona, Arkansas, Florida, Indiana, South Dakota, Texas, Utah and Wisconsin (Table 8). Many factors in a state can influence the relative share of benefits for medical care as opposed to cash wage replacement or survivor benefits. Among them are:

- Different levels of earnings replacement provided by cash benefits, which mean that, all else

being equal, states with more generous cash benefits have a lower share of benefits used for medical care;

- Differences in medical costs, medical practices, and the role of workers' compensation programs in regulating allowable medical costs;
- Differences in waiting periods for cash benefits and in statutes determining permanent disability awards; and
- The industry mix in each state, which influences the types of illnesses and injuries that occur, and thus the level of medical costs.

Medical benefits were estimated based on information from the National Council on Compensation Insurance for all those states where it was available (NCCI states) and on reports from the states where NCCI data were not available. Methods for estimating medical benefits are described in Appendix F.

In seventeen jurisdictions medical benefits rose faster than cash benefits. In nine states, medical benefits rose but cash benefits fell. In contrast, in five states cash benefits to workers grew faster than medical payments. In six states, cash benefits rose but medical benefits actually decreased, including Maryland, where cash benefits remained the same but the medical benefits declined. Finally, in thirteen states, cash and medical benefits decreased and in one state both cash and medical benefits increased at the same rate (Table 9).

State Benefits Relative to Wages

One way to standardize state benefit payments to take account of states' differing sizes is to divide each state's total benefits by total wages of covered workers, which takes account of the number of workers and prevailing wage levels in the state. The measure of benefits as a percent of covered wages helps show whether large growth in benefits payments may be due to growth in the state's population of covered workers and covered payroll. Benefits per \$100 of covered payroll in 2001 through 2005 are shown in Table 10. In 2005, covered payroll rose by 5.2 percent between (Table 3). In ten jurisdictions covered payroll rose more than seven percentage points—Arizona, Florida, Idaho, Montana, Nevada, Rhode Island, Texas, Utah, Virginia and Wyoming. Consequently, when benefits are standardized relative

to covered payroll, the state patterns of change are somewhat different from those revealed by looking only at dollar changes in benefits.

While benefit payments that are standardized relative to wages in a state provide a useful perspective for looking at changes within particular states over time, the data do not provide meaningful comparisons of the adequacy of benefits across states. Measures of benefit adequacy would compare benefits injured workers received with their wage loss. A state with relatively high payments as indicated in Table 10 may in fact be replacing a relatively low portion of injured workers' earnings losses.

Alternatively, a state with relatively low benefits as indicated in Table 10 may be replacing a relatively high portion of earnings losses. By the same token, these figures do not show the comparative cost to employers of locating their business in one state versus another. Some reasons for cautioning against using these data to compare the adequacy of benefits for workers or the costs to employers across states are set out below.

Caveats on comparing benefit adequacy across states. As discussed in the Academy's study panel report titled *Adequacy of Earnings Replacement in Workers' Compensation Programs* (Hunt, 2004), an appropriate study of adequacy compares the benefits disabled workers actually receive with the wages they lose because of their injuries or occupational diseases. Such data are not available on a consistent basis across states. Aggregate benefits relative to aggregate covered wages could be high or low in a given state for a number of reasons unrelated to the adequacy of benefits that injured workers receive.

First, states with more workers in high-risk industries—such as mining or construction—may pay more benefits simply because they have a higher proportion of injured workers and more workers with serious, permanent disabilities that occurred on the job.

Second, states differ considerably in their compensability rules—that is, the criteria they use for determining whether an injury is work-related and therefore will be paid by the workers' compensation program. A state with a relatively lenient compensability threshold might pay more cases, and therefore have

Table 7**Workers' Compensation Benefits* by State, 2001–2005**
(in thousands)

State	2001	2002	2003	2004	2005	2001–2002	2002–2003	2003–2004	2004–2005
Alabama ²	\$562,773	\$565,264	\$580,184	\$575,697	\$608,522	0.4	2.6	-0.8	5.7
Alaska ²	158,520	178,789	182,204	187,080	189,212	12.8	1.9	2.7	1.1
Arizona ^{1,5,6}	452,011	477,568	515,231	548,172	535,539	5.7	7.9	6.4	-2.3
Arkansas ¹	223,416	217,346	224,275	227,243	208,021	-2.7	3.2	1.3	-8.5
California ^{2,6}	10,082,580	10,974,355	12,409,808	12,459,589	10,938,475	8.8	13.1	0.4	-12.2
Colorado ^{1,5,6}	566,354	760,958	753,049	843,256	896,430	34.4	-1.0	12.0	6.3
Connecticut ^{1,5}	641,341	675,895	677,088	711,237	713,275	5.4	0.2	5.0	0.3
Delaware ^{1,4,5}	126,270	137,264	156,494	157,398	168,146	8.7	14.0	0.6	6.8
District of Columbia ^{1,4,5}	99,496	89,315	84,015	96,141	91,270	-10.2	-5.9	14.4	-5.1
Florida ^{1,5}	3,033,955	2,623,239	2,805,941	2,710,272	2,899,301	-13.5	7.0	-3.4	7.0
Georgia ^{1,4,5}	1,006,721	917,266	981,142	1,114,154	1,197,521	-8.9	7.0	13.6	7.5
Hawaii ^{2,6}	248,100	267,827	274,922	271,290	250,779	8.0	2.6	-1.3	-7.6
Idaho ^{1,4,5,6}	199,044	202,181	213,604	236,149	243,168	1.6	5.7	10.6	3.0
Illinois ^{1,4,5}	2,122,283	2,148,757	2,146,926	2,246,186	2,404,456	1.2	-0.1	4.6	7.0
Indiana ^{1,5,9}	556,866	547,305	563,577	595,245	609,596	-1.7	3.0	5.6	2.4
Iowa ^{1,4,5}	391,156	401,983	427,030	447,343	473,724	2.8	6.2	4.8	5.9
Kansas ^{1,5}	339,258	341,606	295,520	371,011	383,283	0.7	-13.5	25.5	3.3
Kentucky ^{1,4,5,6}	725,056	692,398	717,309	719,833	705,802	-4.5	3.6	0.4	-1.9
Louisiana ^{1,5,6}	633,703	621,449	669,218	726,004	667,097	-1.9	7.7	8.5	-8.1
Maine ¹	245,343	260,310	233,458	268,040	268,936	6.1	-10.3	14.8	0.3
Maryland ^{1,5,6}	681,633	664,282	723,475	786,631	769,563	-2.5	8.9	8.7	-2.2
Massachusetts ^{1,5}	901,729	887,313	1,058,838	968,085	903,555	-1.6	19.3	-8.6	-6.7
Michigan ²	1,477,986	1,512,457	1,476,850	1,517,386	1,473,598	2.3	-2.4	2.7	-2.9
Minnesota ³	901,780	921,473	885,006	931,005	945,888	2.2	-4.0	5.2	1.6
Mississippi ^{1,5}	284,729	290,378	291,151	310,030	311,796	2.0	0.3	6.5	0.6
Missouri ²	958,708	1,033,458	1,080,870	1,119,871	1,050,889	7.8	4.6	3.6	-6.2
Montana ²	181,770	196,197	216,715	223,048	239,498	7.9	10.5	2.9	7.4
Nebraska ^{1,4,5}	235,434	266,304	267,372	282,636	298,366	13.1	0.4	5.7	5.6
Nevada ²	310,750	315,886	329,333	358,732	394,373	1.7	4.3	8.9	9.9
New Hampshire ^{1,4,5}	217,879	212,571	221,050	212,060	216,968	-2.4	4.0	-4.1	2.3

New Jersey ^{1,4}	1,312,381	1,382,123	1,659,898	1,478,882	1,608,345	5.3	20.1	-10.9	8.8
New Mexico ²	158,815	175,551	188,959	196,123	230,591	10.5	7.6	3.8	17.6
New York ²	2,881,566	2,976,380	3,143,350	3,278,654	2,895,331	3.3	5.6	4.3	-11.7
North Carolina ^{1,4,5}	916,541	993,658	1,077,322	1,159,566	1,398,001	8.4	8.4	7.6	20.6
North Dakota ^{3,7}	70,984	73,517	78,453	83,237	82,282	3.6	6.7	6.1	-1.1
Ohio ⁷	2,248,369	2,388,186	2,442,187	2,434,715	2,447,038	6.2	2.3	-0.3	0.5
Oklahoma ^{1,5,6}	526,070	508,931	555,127	579,795	587,523	-3.3	9.1	4.4	1.3
Oregon ³	503,895	504,085	497,612	533,831	550,878	0.0	-1.3	7.3	3.2
Pennsylvania ³	2,406,272	2,478,709	2,565,344	2,594,238	2,677,899	3.0	3.5	1.1	3.2
Rhode Island ^{1,5,6,9}	137,518	143,894	134,072	147,674	142,170	4.6	-6.8	10.1	-3.7
South Carolina ³	532,374	592,530	656,935	688,115	769,553	11.3	10.9	4.7	11.8
South Dakota ²	70,736	73,478	74,241	77,409	85,889	3.9	1.0	4.3	11.0
Tennessee ^{1,4,5}	860,144	721,733	783,400	818,627	880,100	-16.1	8.5	4.5	7.5
Texas ^{1,5,6,9}	2,298,129	2,370,797	1,967,609	1,640,765	1,554,796	3.2	-17.0	-16.6	-5.2
Utah ^{1,4,5,6}	199,567	212,537	187,182	216,599	240,767	6.5	-11.9	15.7	11.2
Vermont ^{1,5,9}	98,518	119,329	120,009	123,823	122,160	21.1	0.6	3.2	-1.3
Virginia ^{2,4}	612,083	630,107	706,110	753,409	853,877	2.9	12.1	6.7	13.3
Washington ⁷	1,639,435	1,716,435	1,800,849	1,836,174	1,864,015	4.7	4.9	2.0	1.5
West Virginia ^{6,7,9}	686,808	791,762	823,300	796,680	695,771	15.3	4.0	-3.2	-12.7
Wisconsin ^{4,5,7}	930,762	899,700	843,888	1,038,893	1,188,459	-3.3	-6.2	23.1	14.4
Wyoming ^{6,7,8}	100,076	107,475	114,252	120,062	116,528	7.4	6.3	5.1	-2.9
Non-federal total	\$47,757,688	\$49,262,314	\$51,881,754	\$52,818,090	\$52,049,021	3.2	5.3	1.8	-1.5
Federal ^(a)	3,069,267	3,153,626	3,184,685	3,256,202	3,258,155	2.7	1.0	2.2	0.1
Federal employees	2,223,088	2,317,325	2,367,757	2,445,077	2,462,059	4.2	2.2	3.3	0.7
TOTAL	\$50,826,955	\$52,415,940	\$55,066,439	\$56,074,292	\$55,307,176	3.1	5.1	1.8	-1.4

* Benefits are payments in the calendar year to injured workers and to providers of their medical care

(a) Includes federal benefits as included in Table 8.

1) Deductible data were not available. Deductibles were estimated using the a ratio based on Manual Equivalent premiums.

2) Deductible data were estimated by subtracting the AM Best data from Agency data.

3) Deductible data was given by the Agency.

4) Self-insurance data were not available and were imputed. Method is outlined in Appendix E.

5) AM Best data are used for private carrier benefit estimates for all the five years.

6) A.M. Best or NAIC data used for the State fund data.

7) Deductibles not allowed.

8) Self-insurance is not allowed.

9) Self-insurance is imputed using previous years' data.

Source: National Academy of Social Insurance estimates based on data from state agencies, A.M. Best, National Association of Insurance Commissioners (NAIC), the U.S. Department of Labor and the Social Security Administration.

Table 8

Workers' Compensation Benefits* by Type of Insurer and Medical Benefits, by State, 2005
(in thousands)

State	Private Carriers	State Funds	Self-Insured ^b	Total	Percent Medical	Medical
Alabama	\$300,234	\$	\$308,288	\$ 608,522	66.0	\$401,621 ^c
Alaska	144,134	-	45,079	189,212	57.4	108,563 ^c
Arizona	131,050	306,361	98,128	535,539	65.0	348,066 ^c
Arkansas	137,816	-	70,205	208,021	64.9	135,089 ^c
California	5,120,508	2,681,112	3,136,855	10,938,475	46.6	5,102,013
Colorado	266,509	421,565	208,356	896,430	48.8	437,694 ^c
Connecticut	531,495	-	181,780	713,275	41.7	297,522 ^c
Delaware	127,535	-	40,611	168,146	45.4	76,338 ^d
District of Columbia	73,478	-	17,793	91,270	34.6	31,543 ^c
Florida	2,207,274	-	692,027	2,899,301	62.3	1,805,804 ^c
Georgia	856,289	-	341,232	1,197,521	50.6	605,829 ^c
Hawaii	134,670	34,782	81,327	250,779	39.3	98,665 ^c
Idaho	72,178	131,205	39,785	243,168	59.9	145,542 ^c
Illinois	1,798,774	-	605,682	2,404,456	49.5	1,189,744 ^c
Indiana	510,345	-	99,251	609,596	68.5	417,296 ^c
Iowa	363,855	-	109,869	473,724	50.9	241,213 ^c
Kansas	256,004	-	127,279	383,283	57.1	218,966 ^c
Kentucky	369,501	78,212	258,089	705,802	55.1	388,668 ^c
Louisiana	274,638	153,499	238,961	667,097	51.0	340,180 ^c
Maine	95,714	89,175	84,047	268,936	39.8	107,090 ^c
Maryland	425,022	215,186	129,355	769,563	40.1	308,432 ^c
Massachusetts	754,809	-	148,746	903,555	36.4	328,979
Michigan	858,953	-	614,645	1,473,598	34.6	510,063
Minnesota	584,403	123,310	238,176	945,888	50.5	477,628
Mississippi	172,712	-	139,084	311,796	55.1	171,807 ^c
Missouri	648,435	101,563	300,891	1,050,889	51.7	543,822 ^c
Montana	76,130	119,915	43,453	239,498	55.4	132,568 ^c
Nebraska	236,254	-	62,111	298,366	59.8	178,518 ^c
Nevada	272,027	-	122,346	394,373	46.3	182,487 ^c

New Hampshire	170,825	-	46,143	216,968	59.4	128,862 ^c
New Jersey	1,230,686	-	377,659	1,608,345	49.6	797,692
New Mexico	116,557	28,979	85,055	230,591	58.1	134,028 ^c
New York	1,458,234	757,238	679,859	2,895,331	34.7	1,004,575
North Carolina	1,015,863	-	382,138	1,398,001	44.7	624,901 ^c
North Dakota ^a	-	82,282	-	82,282	54.8	45,085
Ohio ^a	37,693	1,961,918	447,428	2,447,038	46.8	1,144,090
Oklahoma	235,863	228,782	122,878	587,523	46.9	275,621 ^c
Oregon	217,850	260,832	72,196	550,878	54.6	300,806 ^c
Pennsylvania	1,819,582	271,457	586,860	2,677,899	42.9	1,147,532
Rhode Island	31,133	93,544	17,494	142,170	34.0	48,276 ^c
South Carolina	524,368	56,579	188,606	769,553	45.9	353,033 ^c
South Dakota	70,270	-	15,619	85,889	66.3	56,924 ^c
Tennessee	682,109	-	197,991	880,100	54.2	477,153 ^c
Texas	899,363	344,482	310,951	1,554,796	62.1	965,280 ^c
Utah	71,400	123,279	46,089	240,767	69.4	167,161 ^c
Vermont	106,166	-	15,994	122,160	48.3	58,982 ^c
Virginia	631,073	-	222,804	853,877	56.5	482,507 ^c
Washington ^a	-	1,375,657	488,358	1,864,015	35.6	662,936
West Virginia ^a	5,966	598,708	91,097	695,771	48.8	339,319 ^f
Wisconsin	981,099	-	207,360	1,188,459	65.7	780,485 ^d
Wyoming ^a	-	116,528	-	116,528	48.8	56,829 ^f
Non-federal total	\$28,106,848	\$10,756,148	\$13,186,026	\$52,049,021	48.8	\$25,383,827
Federal ^e				3,258,155	25.6	835,208
Federal employees				2,462,059	27.3	671,056
TOTAL				\$55,307,176	47.4	\$26,219,035

*Benefits are payments in the calendar year to injured workers and to providers of their medical care.

(a) States with exclusive funds (Ohio, North Dakota, Washington, West Virginia, and Wyoming) may have small amounts of benefits paid in the private carrier category. This results from the fact that some employers doing business in states with exclusive state funds may need to obtain coverage from private carriers under the LHWCA act or employers liability coverage which the state fund is not authorized to provide. In addition, private carriers may provide excess compensation coverage in some of these states.

(b) Self-insurance includes individual self-insurers and group self-insurance.

(c) Medical percentages based on data provided by NCCI, see Appendix F.

(d) Medical percentage based on incurred share of medical benefits based on NCCI *Annual Statistical Bulletin*, see Appendix F.

(e) Federal benefits include: those paid under the Federal Employees' Compensation Act for civilian employees; the portion of the Black Lung benefit program that is financed by employers; and a portion of benefits under the Longshore and Harbor Workers' Compensation Act that are not reflected in state data, namely, benefits paid by self-insured employers and by special funds under the LHWCA. See Appendix H for more information about federal programs.

(f) Medical percentage based on the weighted average of states where medical data were available, see Appendix F.

Source: National Academy of Social Insurance estimates based on data received from state agencies, the U.S. Department of Labor, A.M. Best, and the National Council on Compensation Insurance.

Table 9**Medical, Cash and Total Benefits, by state, 2004-2005^a**
(in thousands)

State	2004			2005			2004-2005 Percent Change		
	Medical	Cash	Total	Medical	Cash	Total	Medical	Cash	Total
Alabama	357,739	217,958	575,697	401,621	206,901	608,522	12.3	-5.1	5.7
Alaska	104,378	82,702	187,080	108,563	80,649	189,212	4.0	-2.5	1.1
Arizona	352,096	196,076	548,172	348,066	187,472	535,539	-1.1	-4.4	-2.3
Arkansas	137,889	89,354	227,243	135,089	72,933	208,021	-2.0	-18.4	-8.5
California	6,072,536	6,387,053	12,459,589	5,102,013	5,836,462	10,938,475	-16.0	-8.6	-12.2
Colorado	411,154	432,102	843,256	437,694	458,736	896,430	6.5	6.2	6.3
Connecticut	281,449	429,787	711,237	297,522	415,752	713,275	5.7	-3.3	0.3
Delaware	71,459	85,940	157,398	76,338	91,808	168,146	6.8	6.8	6.8
District of Columbia	36,692	59,449	96,141	31,543	59,727	91,270	-14.0	0.5	-5.1
Florida	1,607,939	1,102,333	2,710,272	1,805,804	1,093,497	2,899,301	12.3	-0.8	7.0
Georgia	532,314	581,840	1,114,154	605,829	591,692	1,197,521	13.8	1.7	7.5
Hawaii	103,900	167,390	271,290	98,665	152,114	250,779	-5.0	-9.1	-7.6
Idaho	139,536	96,614	236,149	145,542	97,626	243,168	4.3	1.0	3.0
Illinois	1,089,531	1,156,655	2,246,186	1,189,744	1,214,712	2,404,456	9.2	5.0	7.0
Indiana	404,818	190,428	595,245	417,296	192,300	609,596	3.1	1.0	2.4
Iowa	230,897	216,446	447,343	241,213	232,511	473,724	4.5	7.4	5.9
Kansas	203,917	167,095	371,011	218,966	164,317	383,283	7.4	-1.7	3.3
Kentucky	388,512	331,321	719,833	388,668	317,135	705,802	0.0	-4.3	-1.9
Louisiana	366,033	359,970	726,004	340,180	326,917	667,097	-7.1	-9.2	-8.1
Maine	112,571	155,469	268,040	107,090	161,846	268,936	-4.9	4.1	0.3
Maryland	325,506	461,125	786,631	308,432	461,132	769,563	-5.2	0.0	-2.2
Massachusetts	332,069	636,016	968,085	328,979	574,575	903,555	-0.9	-9.7	-6.7
Michigan	569,855	947,531	1,517,386	510,063	963,535	1,473,598	-10.5	1.7	-2.9
Minnesota	454,206	476,799	931,005	477,628	468,260	945,888	5.2	-1.8	1.6
Mississippi	173,190	136,840	310,030	171,807	139,989	311,796	-0.8	2.3	0.6
Missouri	564,841	555,029	1,119,871	543,822	507,067	1,050,889	-3.7	-8.6	-6.2

Montana	119,631	103,417	223,048	132,568	106,930	239,498	10.8	3.4	7.4
Nebraska	166,560	116,075	282,636	178,518	119,847	298,366	7.2	3.2	5.6
Nevada	176,186	182,546	358,732	182,487	211,886	394,373	3.6	16.1	9.9
New Hampshire	118,620	93,440	212,060	128,862	88,106	216,968	8.6	-5.7	2.3
New Jersey	729,172	749,710	1,478,882	797,692	810,653	1,608,345	9.4	8.1	8.8
New Mexico	115,830	80,293	196,123	134,028	96,563	230,591	15.7	20.3	17.6
New York	1,107,308	2,171,347	3,278,654	1,004,575	1,890,756	2,895,331	-9.3	-12.9	-11.7
North Carolina	512,344	647,222	1,159,566	624,901	773,100	1,398,001	22.0	19.4	20.6
North Dakota	46,870	36,367	83,237	45,085	37,197	82,282	-3.8	2.3	-1.1
Ohio	1,141,082	1,293,634	2,434,715	1,144,090	1,302,949	2,447,038	0.3	0.7	0.5
Oklahoma	267,040	312,754	579,795	275,621	311,902	587,523	3.2	-0.3	1.3
Oregon	284,661	249,170	533,831	300,806	250,072	550,878	5.7	0.4	3.2
Pennsylvania	1,068,661	1,525,577	2,594,238	1,147,532	1,530,367	2,677,899	7.4	0.3	3.2
Rhode Island	51,889	95,785	147,674	48,276	93,894	142,170	-7.0	-2.0	-3.7
South Carolina	318,811	369,305	688,115	353,033	416,520	769,553	10.7	12.8	11.8
South Dakota	48,712	28,698	77,409	56,924	28,965	85,889	16.9	0.9	11.0
Tennessee	422,621	396,006	818,627	477,153	402,947	880,100	12.9	1.8	7.5
Texas	999,007	641,757	1,640,765	965,280	589,515	1,554,796	-3.4	-8.1	-5.2
Utah	148,102	68,497	216,599	167,161	73,606	240,767	12.9	7.5	11.2
Vermont	56,664	67,158	123,823	58,982	63,178	122,160	4.1	-5.9	-1.3
Virginia	415,184	338,225	753,409	482,507	371,370	853,877	16.2	9.8	13.3
Washington	636,238	1,199,936	1,836,174	662,936	1,201,079	1,864,015	4.2	0.1	1.5
West Virginia	384,508	412,171	796,680	339,319	356,452	695,771	-11.8	-13.5	-12.7
Wisconsin	671,479	367,414	1,038,893	780,485	407,974	1,188,459	16.2	11.0	14.4
Wyoming	57,947	62,115	120,062	56,829	59,699	116,528	-1.9	-3.9	-2.9
Non-federal total	25,490,154	27,327,936	52,818,090	25,383,827	26,665,194	52,049,021	-0.4	-2.4	-1.5

a) In states with a note, there was a difference in methods between the two years being compared for at least one component of the estimates. Some of the percent change in benefits, therefore, might be due to the differing methods. The notes are given in Table 8. For more detail on state by state methodologies, see, *Sources and Methods: A Companion to Workers' Compensation: Benefits, Coverage, and Costs, 2005* section of the Academy's website at www.nasi.org.

Source: National Academy of Social Insurance estimates based on data from state agencies and A.M. Best.

Table 10**State Workers' Compensation Benefits Per \$100 of Covered Wages, by State, 2001–2005**

	2001	2002	2003	2004	2005	Dollar Amount Change	
						2004-2005	2001-2005
Alabama	1.10	1.09	1.08	1.02	1.02	.00	-.08
Alaska	1.69	1.83	1.80	1.77	1.70	-.07	.01
Arizona	0.62	0.65	0.67	0.66	0.58	-.07	-.04
Arkansas	0.77	0.74	0.74	0.71	0.62	-.09	-.16
California	1.66	1.83	2.01	1.91	1.59	-.32	-.08
Colorado	0.70	0.96	0.95	1.02	1.03	.01	.33
Connecticut	0.83	0.89	0.87	0.87	0.83	-.04	.00
Delaware	0.82	0.88	0.97	0.91	0.92	.00	.09
District of Columbia	0.42	0.36	0.33	0.35	0.31	-.04	-.10
Florida	1.44	1.21	1.24	1.11	1.09	-.02	-.35
Georgia	0.78	0.72	0.75	0.81	0.83	.01	.04
Hawaii	1.55	1.60	1.57	1.44	1.24	-.19	-.31
Idaho	1.30	1.30	1.34	1.39	1.33	-.06	.03
Illinois	0.94	0.96	0.95	0.95	0.98	.02	.04
Indiana	0.62	0.61	0.61	0.62	0.61	.00	-.01
Iowa	0.97	0.98	1.01	1.00	1.01	.01	.04
Kansas	0.88	0.88	0.76	0.91	0.90	-.01	.02
Kentucky	1.44	1.35	1.36	1.30	1.22	-.08	-.21
Louisiana	1.20	1.15	1.21	1.26	1.11	-.15	-.09
Maine	1.49	1.54	1.34	1.47	1.44	-.02	-.05
Maryland	0.80	0.76	0.80	0.82	0.76	-.06	-.04
Massachusetts	0.62	0.63	0.74	0.64	0.58	-.06	-.04
Michigan	0.92	0.94	0.90	0.91	0.87	-.04	-.05
Minnesota	0.96	0.97	0.91	0.90	0.89	-.01	-.07
Mississippi	1.08	1.08	1.05	1.08	1.04	-.04	-.04
Missouri	1.20	1.28	1.32	1.32	1.18	-.14	-.02
Montana	2.00	2.07	2.18	2.12	2.11	.00	.11
Nebraska	0.97	1.07	1.05	1.05	1.06	.01	.09
Nevada	0.92	0.91	0.88	0.86	0.86	-.01	-.06
New Hampshire	1.02	0.99	1.00	0.90	0.88	-.02	-.15
New Jersey	0.78	0.81	0.95	0.81	0.85	.04	.07
New Mexico	0.84	0.90	0.94	0.92	1.01	.10	.17
New York	0.74	0.79	0.82	0.81	0.68	-.13	-.07
North Carolina	0.79	0.85	0.90	0.92	1.06	.13	.27
North Dakota	0.93	0.94	0.95	0.94	0.88	-.06	-.05
Ohio	1.27	1.34	1.35	1.29	1.26	-.03	-.01
Oklahoma	1.35	1.31	1.40	1.40	1.34	-.06	-.02
Oregon	0.98	0.98	0.95	0.97	0.94	-.03	-.04
Pennsylvania	1.27	1.29	1.30	1.26	1.25	-.01	-.02
Rhode Island	0.94	0.96	0.84	0.89	0.80	-.10	-.15
South Carolina	1.08	1.19	1.28	1.29	1.37	.08	.29

continued on p.25

Table 10 continued**State Workers' Compensation Benefits Per \$100 of Covered Wages, by State, 2001–2005**

	2001	2002	2003	2004	2005	Dollar Amount Change	
						2004-2005	2001-2005
South Dakota	0.80	0.81	0.79	0.78	0.83	.05	.03
Tennessee	1.11	0.91	0.96	0.95	0.98	.03	-.14
Texas	0.83	0.89	0.76	0.62	0.55	-.07	-.29
Utah	0.66	0.70	0.61	0.66	0.68	.02	.02
Vermont	1.12	1.34	1.31	1.29	1.23	-.06	.10
Virginia	0.53	0.55	0.59	0.59	0.62	.03	.09
Washington	1.68	1.76	1.80	1.80	1.72	-.08	.03
West Virginia	3.78	4.28	4.39	4.05	3.39	-.66	-.39
Wisconsin	1.13	1.07	0.97	1.14	1.27	.12	.14
Wyoming	1.59	1.64	1.67	1.63	1.44	-.19	-.15
Total non-federal	1.07	1.10	1.14	1.10	1.03	-.07	-.04
Federal Employees ^(a)	1.65	1.61	1.57	1.54	1.50	-.04	-.15
Total	1.10	1.14	1.17	1.13	1.06	-.07	-.04

(a) includes FECA only.

Source: National Academy of Social Insurance estimates based on Tables 3, 8, D1, D2, D3 and D4.

higher aggregate benefits relative to the total number of workers in the state, yet pay below average benefits to workers with serious injuries.

Third, states have different policies about how they pay permanent disabilities. Some pay benefits for life or until retirement age. Others limit benefits for permanent disabilities to a few years or to a specified dollar amount. Still others have policies that permit or encourage lump-sum settlements for permanent disabilities. Differences in these policies can have a major impact on the benefits a state pays in a given year, relative to the size of its total workforce or total covered wages.

Fourth, benefits actually paid in the year (which are the data reported here) will be influenced by injuries that occurred in prior years. A state with a disproportionately large number of injured workers who are being compensated for permanent disabilities that occurred in the past would appear to pay above average benefits, when, in fact, the actual benefits for recently injured workers may not be above average. Alternatively, a state with a long period of future

benefit payments for current year injuries may appear to be below average on the basis of the current year's payments when in fact the ultimate benefits required to be paid for recent injuries may be above average.

Fifth, variations in state wages can lead to cross-state differences in benefits per covered worker. In a state, the mix of industries and occupations influences wages. Because the cash component of benefits paid is linked to wages, states with higher wages will tend to pay higher benefits all else being equal. To some extent, this is controlled for when using benefits relative to covered wages. However, because benefits are capped to not exceed a maximum dollar amount, states with many highly paid workers could have lower benefits relative to covered wages.

Sixth, the demographic composition of the workforce varies among states. Younger workers are more likely to experience injuries, but older workers are prone to certain chronic conditions that are relatively expensive.

Seventh, state economic activity can influence benefits per covered worker in other ways apart from differing wage rates. A state experiencing a recession will have fewer workers and fewer people working overtime. Furthermore, the reductions in hours worked will probably not be distributed evenly across industries or occupations. This will affect those who are working, what they are earning, and the distribution of the type of injury or illness occurring.

Eighth, variations among states in both the price of medical care services and the variations in use of services and practice patterns will have an impact on the amount of medical benefits paid.

Ninth and finally, migration into or out of a state will affect benefits per covered worker. For example, a state that is paying a large number of permanently disabled workers from past years would have rising benefits relative to its current work force if it experienced substantial out-migration of healthy workers, but could have declining benefits per worker if it experienced substantial in-migration of uninjured workers. Yet the benefits actually received by permanently injured workers in that state may not have changed.

Caveats on using benefits data to compare employer costs across states. These are benefits paid to workers not necessarily employer costs in a given year. An employer's costs for workers' compensation in different states is best compared by knowing the premiums that comparable employers are charged in each state (Thomason et al., 2001). These premiums would be affected by the employer's insurance classification and its own experience with past injury rates and the severity of injuries its workers sustained. Data on aggregate benefits per worker, or relative to total wages in the state do not provide this information for the following reasons.

First, a company in a high-risk industry would not necessarily experience lower costs if it moved to a state with predominantly low-risk industries, since the migrating company will still be in the high-risk insurance classification.

Second, changes in state policies would affect new employers, but these changes are not fully reflected in our data on benefits relative to wages. Premiums

charged to employers in a given year are based on the costs of injuries it is expected to incur in that year under policies in effect that year. If a state had changed its policies either to lower future costs or to make future benefits more adequate, those policies would not be fully reflected in benefits currently being paid to workers in that state as shown in Table 10. For example, a state that tightened its rules would be expected to have lower future costs for new employers, yet it would not show lower benefits per worker immediately because it would continue to pay workers who were permanently disabled in the past under the old rules.

Third, employers' costs for workers' compensation nationally exceed the benefits paid to workers because of factors such as administrative costs and profits (or losses) of private carriers. The relationship of employers' costs relative to workers' benefits varies among states because of various factors, such as the extent of competition in the workers' compensation insurance market.

In brief, state-level benefits paid per worker or relative to total wages in the state are a way to standardize aggregate benefit payments between large and small states. However, much more refined data and analyses are needed to assess the adequacy of benefits that individual workers receive, or the costs that particular employers would incur in different states.

Employer Costs

Employer costs for workers' compensation in 2005 were \$88.8 billion, an increase of 2.3 percent from \$86.8 billion in 2004 (Table 11). Relative to total wages of covered workers, employer costs decreased by five cents to \$1.70 per \$100 of covered wages in 2005, down from \$1.75 per \$100 of covered wages in 2004 (Table 12).

For self-insured employers, the costs include benefit payments made during the calendar year and the administrative costs associated with providing those benefits. Because self-insured employers often do not separately record administrative costs for workers' compensation, their administrative costs must be estimated. The costs are assumed to be the same share of benefits as are administrative costs reported by private insurers to the National Association of Insurance Commissioners. These administrative costs

Table 11**Employer Costs for Workers' Compensation by Type of Insurer, 1987–2005
(in millions)**

Year	Total	% Change	Private Carriers		State Funds		Federal ^a		Self-Insurance	
			Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total
1987	\$38,095	*	\$25,448	66.8	\$5,515	14.5	\$1,728	4.5	\$5,404	14.2
1988	43,284	13.6	28,538	65.9	6,660	15.4	1,911	4.4	6,175	14.3
1989	47,955	10.8	31,853	66.4	7,231	15.1	1,956	4.1	6,915	14.4
1990	53,123	10.8	35,054	66.0	8,003	15.1	2,156	4.1	7,910	14.9
1991	55,216	3.9	35,713	64.7	8,698	15.8	2,128	3.9	8,677	15.7
1992	57,395	3.9	34,539	60.2	9,608	16.7	2,454	4.3	10,794	18.8
1993	60,819	6.0	35,596	58.5	10,902	17.9	2,530	4.2	11,791	19.4
1994	60,517	-0.5	33,997	56.2	11,235	18.6	2,490	4.1	12,795	21.1
1995	57,089	-5.7	31,554	55.3	10,512	18.4	2,556	4.5	12,467	21.8
1996	55,293	-3.1	30,453	55.1	10,190	18.4	2,601	4.7	12,049	21.8
1997	53,544	-3.2	29,862	55.8	8,021	15.0	3,358	6.3	12,303	23.0
1998	53,431	-0.2	30,377	56.9	7,926	14.8	3,471	6.5	11,657	21.8
1999	55,835	4.5	33,422	59.9	7,484	13.4	3,496	6.3	11,433	20.5
2000	60,065	7.6	35,673	59.4	8,823	14.7	3,620	6.0	11,949	19.9
2001	66,642	10.9	37,768	56.7	11,534	17.3	3,778	5.7	13,561	20.3
2002	73,446	10.2	41,370	56.3	14,625	19.9	3,898	5.3	13,552	18.5
2003	82,047	11.7	45,345	55.3	17,788	21.7	3,970	4.8	14,945	18.2
2004	86,849	5.9	47,951	55.2	19,072	22.0	4,073	4.7	15,753	18.1
2005	88,832	2.3	50,876	57.3	18,202	20.5	4,096	4.6	15,657	17.6

(a) In all years, federal costs include those paid under the Federal Employees' Compensation Act for civilian employees and the portion of the Black Lung benefit program that is financed by employers and are paid through the federal Black Lung Disability Trust Fund, including interest payments on past Trust Fund advances from the U.S. Treasury. In years before 1997, federal costs also include the other part of the Black Lung program that is financed solely by federal funds. In 1997–2005, federal costs also include a portion of employer-financed benefits under the Longshore and Harbor Workers Compensation Act that are not reflected in state data—namely, costs paid by self-insured employers and by special funds under the LHWCA. See Appendix H for more information about federal programs.

Source: National Academy of Social Insurance estimates of costs for private carriers and state funds are based on information from A.M. Best and direct contact with state agencies. Costs for federal programs are from the Department of Labor and the Social Security Administration. Self-insured administrative costs are based on information from the National Association of Insurance Commissioners.

include direct defense and cost containment expenses and expense for taxes, licenses, and fees. For more information on the self-insurance costs estimates, see Appendix C. For the federal employee program, employer costs are benefits paid plus administrative costs (U.S. DOL, 2005). For employers who purchase insurance from private carriers and state funds, costs consist of premiums written in the calendar year plus payments of benefits made under deductible provisions. The growing use of large

deductible policies complicates the measurement of benefits and costs. Under deductible policies, the insurer pays all of the workers' compensation insured benefits, but employers are responsible for reimbursing the insurers for those benefits up to a specified deductible amount. In return for accepting a policy with a deductible, the employer pays a lower premium. Our industry sources of data do not provide separate information on deductibles and many states lack data on deductible payments. Consequently,

Table 12**Workers' Compensation Benefit* and Cost** Ratios, 1989–2005**

Year	Employer Costs per \$100 of Wages	Benefits per per \$100 of Wages	Benefits per \$1 in Employer Cost	Medical Benefits per \$100 of Wages	Cash Benefits per \$100 of Wages
1989	\$2.04	\$1.45	0.71	\$0.57	\$0.89
1990	2.18	1.53	0.70	0.61	0.92
1991	2.16	1.64	0.76	0.66	0.99
1992	2.12	1.64	0.78	0.69	0.96
1993	2.16	1.52	0.70	0.66	0.87
1994	2.05	1.47	0.72	0.58	0.89
1995	1.82	1.34	0.74	0.53	0.81
1996	1.66	1.26	0.76	0.50	0.76
1997	1.49	1.17	0.78	0.48	0.68
1998	1.38	1.13	0.82	0.48	0.65
1999	1.35	1.12	0.83	0.48	0.63
2000	1.34	1.06	0.79	0.47	0.60
2001	1.45	1.10	0.76	0.50	0.60
2002	1.59	1.14	0.71	0.53	0.61
2003	1.74	1.17	0.67	0.55	0.62
2004	1.75	1.13	0.65	0.53	0.60
2005	1.70	1.06	0.62	0.50	0.56

* Benefits are payments in the calendar year to injured workers and to providers of their medical care.

** Costs are employer expenditures in the calendar year for workers' compensation benefits, administrative costs, and/or insurance premiums. Costs for self-insuring employers are benefits paid in the calendar year plus the administrative costs associated with providing those benefits. Costs for employers who purchase insurance include the insurance premiums paid during the calendar year plus the payments of benefits under large deductible plans during the year. The insurance premiums must pay for all of the compensable consequences of the injuries that occur during the year, including the benefits paid in the current as well as future years.

Source: National Academy of Social Insurance estimates based on Tables 2, 4, and 11.

these benefits had to be estimated, as described in Appendix G.

According to these estimates, costs for employers insuring through private carriers were \$50.8 billion in 2005, or approximately 57.3 percent of total costs. Self-insurers accounted for 17.6 percent of total employer costs, state funds represented 20.5 percent of costs, and federal programs were 4.6 percent (Table 11).

Trend in Benefit and Cost Ratios

Table 12 shows the trend in benefits paid and employer costs per \$100 of covered wages over the last 17 years. As in 2004, workers' compensation benefits relative to covered wages fell in 2005. Employers' cost per \$100 of covered wages fell for the first time since 2000. As noted earlier, the national decline in employer costs was driven by a sharp decline in employer costs in California. If California is excluded, employer costs fell two cents

per \$100 of covered wages (Table 1a, page 5). Nationally, employer costs of \$1.70 per \$100 of covered wages in 2005 remain well above their lowest point at \$1.34 per \$100 of wages in 2000 but well below their peak of \$2.18 per \$100 of wages in 1990. As premiums rose faster and benefits fell in 2005, total benefits declined from \$0.65 per \$1.00 of total costs in 2004 to \$0.62 per \$1.00 of costs in 2005- the lowest level since 1989.

What accounts for the difference between benefits paid to workers and costs to employers? For self-insured employers (or the federal employee program), the difference reflects our estimates of administrative costs (or actual reported costs in the case of the federal program). For self-insuring employers, the costs in a calendar year pertain to benefits paid in the same year.

For insured benefits, employer costs are influenced by trends in premiums. Premiums paid by employers do not necessarily track trends in benefits received by workers in a given year for a number of reasons. First, premiums in a calendar year must pay for all of the compensable consequences of the injuries that occur during the year, including the benefits paid in the current as well as future years. Thus, the premiums for 2005 include benefit payments during the year for 2005 injuries, plus reserves for payment of benefits for the 2005 injuries in 2006 and after. In addition, premiums must cover expenses such as administrative and loss adjustment costs, taxes, profits or losses of insurance carriers, and contributions for special funds, which can include the support of workers' compensation agencies.

Premiums paid by employers and benefits paid to workers do not change at the same rate from year to year for a number of reasons. First, benefits and premiums do not reflect the same time period in the same way. Benefits are those actually paid to workers in a given year, including benefits paid for injuries that occurred in prior years. Premiums written in a given year reflect the insurer's expected future liabilities for injuries that occur in the year. From the employer's perspective, the premiums written reflect the employer's cost for the year. From the insurer's perspective, the premiums reflect all future costs the insurer expects to incur for injuries that occur in the year. Thus, an increase in expected liabilities could lead to an increase in premiums and a decline in

expected liabilities could lead to a decline in premiums. Second, premiums can be influenced by insurers' past and anticipated investment returns on reserves that they set aside to cover future liabilities. Thus, a decline in investment returns would contribute to an increase in premiums, while an improvement in investment returns could lead to a decline in premiums. Finally, premiums reflect insurers' profits (or losses), since the profitability (or lack thereof) will affect the extent of dividends, schedule ratings, and deviations offered by the insurers.

Work Injuries, Occupational Illness and Fatalities

National data are not available on the number of persons who file workers' compensation claims or receive benefits in a given year, but trends can be seen in related data series: The Bureau of Labor Statistics collects information about work-related fatalities and nonfatal work injuries or occupational illnesses and the NCCI has information on privately insured workers' compensation claims in forty-one states (NCCI, 2006).

Fatalities at Work

A total of 5,734 fatal work injuries occurred in 2005 (Table 13), which is a 1 percent decrease from the number reported in 2004. Transportation incidents continued to be the leading cause of on-the-job fatalities in 2005, accounting for 43 percent of the total. Contact with objects and equipment, violent acts (homicides, suicides and animal attacks), and falls, were the other leading causes of death, accounting for 18 percent, 14 percent, and 13 percent respectively (U.S. DOL, 2006b).

Nonfatal Injuries and Illnesses

A total of 4.2 million nonfatal workplace injuries and illnesses were reported in private industry workplaces during 2005, resulting in a rate of 4.6 cases per one hundred full-time equivalent workers, according to a Bureau of Labor Statistics survey of private sector employers (U.S. DOL, 2006d). Many of these cases involved relatively minor injuries that did not result in lost workdays. The frequency of non-fatal occupational injuries and illnesses has declined every year since 1992 (Table 14).

Table 13
Number of Fatal Occupational Injuries,
1992–2005

Year	Number of Injuries
1992	6,217
1993	6,331
1994	6,632
1995	6,275
1996	6,202
1997	6,238
1998	6,055
1999	6,054
2000	5,920
2001	8,801
September 11 events	2,886
Other	5,915
2002	5,534
2003	5,575
2004	5,764
2005	5,734

Source: U.S. DOL 2006b.
http://www.bls.gov/iif/oshwc/cfoi/cfoi_revised05.htm

A total of 1.2 million workplace injuries or illnesses that required recuperation away from work beyond the day of the incident were reported in private industry in 2005 (U.S. DOL, 2006c). The rate of such reported injuries or illnesses, most often involving the back, per one hundred full-time workers declined from 3.0 in 1992 to 1.4 in 2005 (Table 14). The median time away from work beyond the day of the injury was seven days.

A number of recent studies have looked into the completeness of data on occupational injuries and illnesses, including some studies that suggest that various systems — including the BLS Survey of Occupational Injuries and Illnesses and State workers' compensation programs — undercount total workplace injuries and illnesses. (See, for example, Rosenman et al, 2006.) Further studies are underway to verify the accuracy of BLS data and to help understand whether certain injuries or illnesses are more likely to be underreported.

The most common causes of reported injuries or illnesses were: Sprains and strains, most often involving the back, bruises and contusions, cuts, lacerations and punctures, fractures, carpal tunnel syndrome, heat burns, and tendonitis, chemical burns and amputations.

The National Council on Compensation Insurance reports on the frequency of workers' compensation claims for privately insured employers and some state funds in forty one states (Table 15). These data show declining trends similar to national trends in workplace injuries reported by the Bureau of Labor Statistics. Temporary total disability claims are those in which days away from work exceeded the three-to-seven-day waiting period. The frequency of these claims per 100,000 insured workers declined by 43.9 percent between 1992 and 2002 (Table 15). This decline is very similar to the decline in injuries reported by the BLS that involved days away from work. Between 1992 and 2002, the incidence of injuries that involved days away from work declined by about 47 percent (from 3.0 per one hundred full-time workers in 1992 to 1.6 per one hundred full-time workers in 2002) (Table 14).

The frequency of total workers' compensation claims—including medical-only cases that involve little or no lost work time—declined by about 40 percent between 1992 and 2002. This rate of decline is identical to the 40 percent decline in the incidence rate for all injuries reported to the BLS in the same period (from 8.9 to 5.3 per one hundred full-time workers between 1992 and 2002). Various studies indicate that some workplace injuries and diseases do not show up as workers' compensation claims because workers don't know they are eligible or do not file for other reasons (Leigh and Robbins, 2004; Leigh et al, 2000; Azaroff et al., 2002; Shannon and Lowe 2002; and Biddle et al., 1998). Other research suggests that tighter eligibility standards and claims filing restrictions for workers' compensation may explain part of the decline in injury rates as measured in BLS surveys. Boden and Ruser (2003) find that between 7.0 and 9.4 percent of the decline in injury rates measured by BLS between 1991 and 1997 is an indirect result of tighter eligibility standards and claims filing restrictions for workers' compensation. Fewer cases entered into the workers' compensation system could result in fewer injuries reported to the BLS

Table 14**Private Industry Occupational Injury and Illness: Total Non-fatal Cases and Incidence Rates, 1987–2005**

Year ^a	Number of Cases (in millions)		Incidence Rate ^b	
	All Cases	Cases with Any Days Away from Work	All Cases	Cases with Any Days Away from Work
1987	6.0	2.5	8.3	3.4
1988	6.4	2.6	8.6	3.5
1989	6.6	2.6	8.6	3.4
1990	6.8	2.6	8.8	3.4
1991	6.3	2.6	8.4	3.2
1992	6.8	2.3	8.9	3.0
1993	6.7	2.3	8.5	2.9
1994	6.8	2.2	8.4	2.8
1995	6.6	2.0	8.1	2.5
1996	6.2	1.9	7.4	2.2
1997	6.1	1.8	7.1	2.1
1998	5.9	1.7	6.7	2.0
1999	5.7	1.7	6.3	1.9
2000	5.7	1.7	6.1	1.8
2001	5.2	1.5	5.7	1.7
2002 ^c	4.7	1.4	5.3	1.6
2003	4.4	1.3	5.0	1.5
2004	4.3	1.3	4.8	1.4
2005	4.2	1.2	4.6	1.4

a Data after 1991 exclude fatal work-related injuries and illnesses.

b The incidence rate is the number of cases per one hundred full-time workers.

c Data for 2002 and beyond are not strictly comparable to prior year data due to changes in OSHA recordkeeping requirements.

Source: U.S. DOL 2006b.

<http://www.bls.gov/news.release/pdf/osh.pdf>

Comparing Workers' Compensation with Other Disability Benefit Programs

Other sources of support for disabled workers include sick leave, short-term and long-term disability benefits, Social Security disability insurance, and Medicare. Unlike workers' compensation, these programs are not limited to injuries or illnesses caused on the job.

Other Disability Benefits

Sick leave is the most common form of wage replacement for short-term absences from work due to illness or injury. Benefits typically pay 100 percent of wages for a few weeks. Laws in five states require short-term disability insurance: California, Hawaii, New Jersey, New York, and Rhode Island. These state programs generally pay benefits that replace half of the worker's lost earnings, subject to a maximum weekly benefit. Most programs pay benefits for up to twenty-six weeks, although California pays for up to fifty-two weeks. In California and Rhode Island, the

Table 15**Number of Workers' Compensation Claims per 100,000 Insured Workers:
Private Carriers in Thirty-six Jurisdictions, 1992-2002**

Policy Period	Temporary Total	Permanent partial	Total (including medical only)
1992	1,358	694	8,504
1993	1,331	644	8,279
1994	1,300	565	7,875
1995	1,217	459	7,377
1996	1,124	419	6,837
1997	1,070	414	6,725
1998	977	452	6,474
1999	909	459	6,330
2000	862	430	5,903
2001	797	417	5,431
2002	762	414	5,114
Percent decline, 1992–2002	-43.9	-40.3	-39.9

Source: NCCI 1996–2006

benefits are financed solely by employee contributions. In Hawaii, New Jersey, and New York, employers also contribute. Workers in other states may have short-term disability insurance that is offered and financed, at least in part, by employers. Benefits usually last for up to twenty-six weeks and typically replace about half of the worker's prior earnings. About 40 percent of private sector employees were covered by short-term disability insurance in 2005 (U.S. DOL, 2006c).

An estimated 70 percent of all private sector workers have some coverage for temporary sickness or disability other than workers' compensation. They include 26 percent who have only sick leave, 20 percent who have only temporary disability insurance, and 24 percent who have both (Mashaw and Reno, 1996). Thus, about 30 percent of private sector employees have no provision other than workers' compensation for wage replacement during temporary absence from work due to sickness or disability.

Long-term disability insurance that is financed, at least in part, by employers, covers about 30 percent

of private sector employees. Such coverage is most common among white-collar workers. About 42 percent of white-collar workers, 23 percent of blue-collar workers, and 12 percent of service workers had this coverage as of March 2006 (U.S. DOL, 2006c). Long-term disability insurance benefits are usually paid after a waiting period of three to six months, or after short-term disability benefits end. Long-term disability insurance is generally designed to replace 60 percent of earnings, although replacement rates of between 50 percent and 66 percent are also common. Almost all long-term disability insurance is coordinated with Social Security disability benefits and workers' compensation benefits. That is, the private long-term disability benefits are reduced dollar for dollar by the social insurance benefits. For example, if Social Security benefits replaced 40 percent of the worker's prior earnings, the long-term disability benefit would pay the balance to achieve a 60 percent replacement. Long-term disability insurance is also sold in individual policies, typically to high-earning professionals. Such individual policies are not included in these data.

Retirement benefits may also be available to workers who become disabled. Most defined benefit pension plans have some disability provision; benefits may be available at the time of disability or may continue to accrue until retirement age. Defined contribution plans will often make funds in the employee's account available to a disabled worker without penalty.

Social Security Disability Insurance and Medicare

Workers' compensation is surpassed in size only by the federal Social Security disability insurance program and the accompanying Medicare program in providing cash and medical benefits to disabled workers.

While Social Security disability benefits and workers' compensation are the nation's two largest work-based disability benefit programs, the two programs differ, in many respects. Workers are eligible for workers' compensation benefits from their first day of employment, while Social Security disability benefits require workers to have a substantial work history. Workers' compensation provides benefits for both short-term and long-term disabilities, and for partial as well as total disabilities. These benefits cover only those disabilities arising out of and in the course of employment. Social Security disability benefits are paid only to workers who have long-term impairments that preclude any gainful work. Social Security disability benefits are provided whether the disability arose on or off the job. By law, the benefits are paid only to workers who are unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment that is expected to last a year or result in death. The impairment has to be of such severity that the worker is not only unable to do his or her prior work, but is unable to do any substantial gainful work that exists in the national economy. Social Security disability benefits begin after a five-month waiting period. Medicare coverage begins for those on Social Security disability benefits after a further twenty-four-month waiting period, or twenty-nine months after the onset of disability.

Many who receive Social Security disability benefits have impairments associated with aging. The portion of insured workers who receive benefits rises sharply

at older ages, from less than 1 percent of the youngest insured workers to about 15 percent of insured workers age 60–64 (Reno and Eichner, 2000). Relatively few individuals who receive Social Security disability benefits return to work. Typically, they leave the disability benefit rolls when they die or reach retirement age and shift to Social Security retirement benefits.

While workers' compensation paid \$29.1 billion in cash benefits and \$26.2 billion for medical care in 2005, Social Security paid \$85.4 billion in wage replacement benefits to disabled workers and their dependents and Medicare paid \$48.8 billion for medical and hospital care for disabled persons under age 65 (SSA 2006d and CMS, 2005). Thus, aggregate workers' compensation cash benefits were about one-third the total amount of Social Security disability benefits, and workers' compensation medical benefits were just over half of the total amount paid by Medicare. Medicare benefits are less comprehensive than medical care under workers' compensation. Medicare requires beneficiary cost sharing in the form of deductibles and co-insurance, and it does not cover certain services. At the same time, Medicare covers all medical conditions, not just work-related injuries or illnesses. When a worker receiving workers' compensation is also Medicare eligible, Medicare is the secondary payer under the Medicare Secondary Payer Act.

Coordination between Workers' Compensation and Social Security Disability Benefits

If a worker becomes eligible for both workers' compensation and Social Security disability benefits, one of the programs will limit benefits in order to avoid excessive payments relative to the worker's past earnings. The Social Security amendments of 1965 required that Social Security disability benefits be reduced so that the combined total of workers' compensation and Social Security disability benefits would not exceed 80 percent of the workers' prior earnings². States, however, were allowed to establish reverse offset laws, whereby workers' compensation payments would be reduced if the worker received Social Security disability benefits. The reverse offset shifts costs to Social Security that would otherwise fall upon the workers' compensation employer or insurer. Legislation in 1981 eliminated the states'

option to adopt reverse offset laws, but the sixteen states that already had such laws were allowed to keep them³.

As of December 2006, about 6.8 million disabled workers and 1.8 million of their dependents received Social Security disability benefits (Table 16). About 1.4 million of these individuals (or 16.7 percent) had some connection to workers' compensation or some other of public disability benefits. Of these, 0.8 million (or 9.1 percent of the total) had their social security benefits reduced at some time on account of the offset.

Trends in Social Security Disability Benefits and Workers' Compensation

Figure 4 illustrates the long-term trend in Social Security disability benefits and workers' compensa-

tion as a share of covered wages. Social Security disability benefits grew rapidly in the early 1970s and then declined through the late 1980s, after policy changes in the late 1970s and early 1980s reduced benefits and tightened eligibility rules. From 1990 to 1996, Social Security benefits again rose as claims and allowances increased, particularly during the economic recession of 1990–1991. Between 1996–2001, disability insurance benefits relative to covered wages leveled off and then rose again following the recession of 2001.

The trend in workers' compensation benefits as a share of covered wages followed a different pattern. Total workers' compensation benefits (cash and medical combined) were less than Social Security disability benefits during the 1970s, but grew steadily throughout the 1970s and surpassed Social Security disability benefits in the mid-1980s. When Social

Table 16

Social Security Disability Insurance (DI) Beneficiaries with Workers' Compensation (WC) or Public Disability Benefit (PDB)¹ Involvement, December 2006

Type of Case	Beneficiaries					
	Total		Workers		Auxilliarities	
	Number	Percent	Number	Percent	Number	Percent
All disability insurance beneficiaries	8,614,568	100.0	6,806,918	100.0	1,807,650	100.0
Total with some connection to WC or PDB	1,436,976	16.7	1,072,270	15.8	364,706	20.2
Current connection to WC or PDB	783,709	9.1	584,801	8.6	198,908	11.0
DI reduced by cap	183,165	2.1	123,223	1.8	59,942	3.3
DI not reduced by cap	347,455	4.0	272,581	4.0	74,874	4.1
Reverse jurisdiction	59,323	0.7	45,170	0.7	14,153	0.8
Pending decision on WC or PDB	193,766	2.2	143,827	2.1	49,939	2.8
DI previously offset for WC or PDB	653,267	7.6	487,469	7.2	165,798	9.2

1 Social Security disability benefits are offset against workers' compensation and certain other public disability benefits (PDB). In general, the PDB offset applies to disability benefits earned in state, local, or federal government employment that is not covered by Social Security.

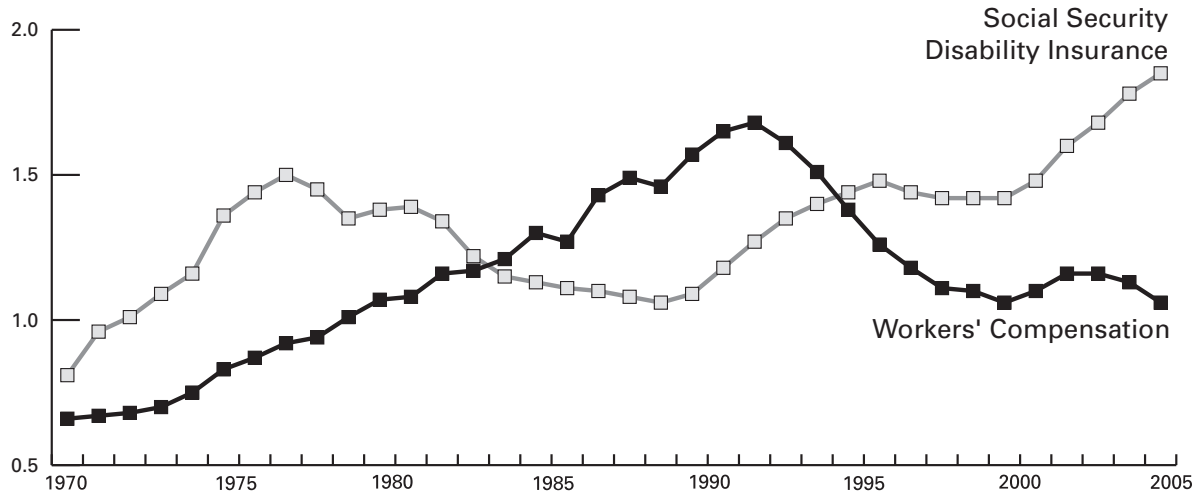
Source: Social Security Administrations' Office of Disability, unpublished tabulations.

2 The cap remains at 80 percent of the worker's average indexed earnings before disability, except in the relatively few cases when Social Security disability benefits for the worker and dependents exceed 80 percent of prior earnings, the benefits are not reduced below the Social Security amount.

3 States with reverse offset laws are: California, Colorado, Florida, Hawaii, Illinois, Louisiana, Minnesota, Montana, Nevada, New Jersey, New York, North Dakota, Ohio, Oregon, Washington, and Wisconsin.

Figure 4

Social Security Disability Insurance and Workers' Compensation Benefits as a Percent of Wages, 1970-2005



* Starting in 1989, a new method was used to estimate covered wages for the workers' compensation program that accounts for the decrease of benefits as a percent of covered wages in that year.

Source: National Academy of Social Insurance and the Office of the Chief Actuary, Social Security Administration.

Security benefits flattened out during the mid-1980s, workers' compensation payments continued to grow at a rapid rate. Then, as workers' compensation payments declined as a share of covered wages in 1992–2000, Social Security benefits rose.

The opposite trends in workers' compensation and Social Security disability benefits during much of the last twenty-five years raise the question of whether retrenchments in one program increase demands placed on the other, and vice versa. The substitutability of Social Security disability benefits and workers' compensation for workers with severe, long-term disabilities that are, at least arguably, work related, or might be exacerbated by the demands of work, has received little attention by researchers and is not well understood (Burton and Spieler, 2001). A recent study finds that work-related disabilities are much more common than might previously have been thought, both among older persons in general and among recipients of Social Security disability benefits in particular (Reville and Schoeni, 2005). Based on reports in the 1992 Health and Retirement Study, more than one third (36 percent) of 51-61 year olds whose health limits the amount of work they can do became disabled because of an accident, injury, or illness at work. Of those receiving Social

Security disability insurance, a similar portion (37 percent) attributed their disability to an accident, injury or illness at work. The study also finds that the 51–61 year olds who attribute their disabling conditions to their jobs are far more likely to receive Social Security disability insurance (29.0 percent) than to report ever having received workers' compensation (12.3 percent).

Incurred Benefits Compared with Benefits Paid

The Academy's estimates of workers' compensation benefits in this report are the amounts paid to workers in a calendar year regardless of whether the injuries occurred in the current year or a past year. This measure, calendar year benefits paid, is commonly used in reporting about other social insurance, private employee benefits, and other income security programs. A different measure, accident year incurred losses, which is equivalent to accident year incurred benefits, is commonly used for workers' compensation insurance that is purchased from private carriers and some state funds. It measures benefit liabilities incurred by the insurer for injuries that

Table 17**Comparison of Accident-Year Incurred Benefits with Calendar-Year Benefits Paid by Private Carriers and State Funds in Thirty-six States, 2001–2005**

Year	Accident year incurred benefits ^a		Calendar year benefits paid ^b	
	Billions of dollars	Percent Change	Billions of dollars	Percent change
2001	12.3		12.9	
2002	12.2	-1.1	12.9	.2
2003	12.5	2.6	13.0	.7
2004	12.9	3.2	13.1	.6
2005	13.5	4.5	13.5	2.8
Cumulative % change from 2002-2005		9.2	4.4	

(a) These data are for the thirty-seven states reported in the *Calendar-Accident Year Underwriting Results* of the National Council on Compensation Insurance, page 17. They include private carrier and state fund (where relevant) losses incurred in Alabama, Alaska, Arizona, Arkansas, Colorado, Connecticut, the District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, and Virginia.

Accident year data exclude benefits paid under the following categories: underground coal mining, F-classification, national defense project, and excess business. The accident year data also exclude benefits paid under deductible policies.

(b) Based on National Academy of Social Insurance data in this report for the states listed in note (a). These data are for private carriers and states funds (where relevant) and excludes benefits paid under deductible policies.

Source: NCCI 2006 and calendar year benefits estimated by the National Academy of Social Insurance.

occur in a particular year, regardless of whether the benefits are paid in the current year or a future year. (The term losses and benefits are used interchangeably because benefits to the worker are losses to the insurer.) Both measures, calendar year benefits paid and accident year benefits incurred, reveal important information⁴.

For the purpose of setting insurance premiums, it is vital to estimate the incurred benefits that the premiums are to cover. When an employer purchases workers' compensation insurance for a particular year, the premiums cover current and future benefit liabilities for all injuries that occur during the policy year. State rating bureaus and the National Council on Compensation Insurance, which provides advisory ratemaking and statistical services in thirty-eight states, focus on accident year (or policy year) incurred benefits.

Accident year incurred benefits are considered more sensitive at picking up the ultimate amount of benefits that will be owed to newly injured workers in response to policy changes. For example, if a state lowered benefits or tightened compensability rules for new injuries as of a given date, then future benefits would be expected to decline. Similarly, if a state raised benefits or expanded the range of injuries that would be compensated by workers' compensation, then future benefits would be expected to increase. The policy change would show up immediately in estimates of accident year incurred benefits, but it would show up more slowly in measures of calendar year benefits paid because the latter measure includes payments for past injuries that would not be affected by the policy change.

A disadvantage of relying solely on accident year incurred benefits is that it takes many years before the losses from a particular year are actually known;

4 A fuller discussion of these measures is in Thomason et al. 2001, Appendix B.

in the meantime, estimates for the losses for that accident year are updated annually. The National Council on Compensation Insurance updates accident year incurred benefits for sixteen years before the data for a particular year are considered final. In contrast, calendar year benefits paid are final at the end of the calendar year.

Accident year incurred benefits are estimated for insurance policies purchased from private carriers and from some state funds, but this information is not routinely available for other state funds and for self-insured employers. In addition, accident year

data exclude benefits under large deductible policies and all benefits of certain categories of privately insured employers. For the years 2000 through 2005, Table 17 compares accident year incurred benefits reported by the National Council on Compensation Insurance and calendar year benefits paid estimated by the National Academy of Social Insurance for private carriers and state funds in the thirty-seven states included in the NCCI data. Between 2001 and 2005, the dollar amounts of accident year incurred benefits and calendar year paid benefits are quite similar.

Glossary

AASCIF: The American Association of State Compensation Insurance Funds (AASCIF) is an association of workers' compensation insurance entities – loosely referred to as state funds – that specialize in writing workers' compensation insurance in a single U.S. state or Canadian province. For more information, visit www.aascif.org.

Accident Year: The year in which an injury occurred or the year of onset of an illness. Accident year benefits refer to the benefits associated with all injuries and illnesses occurring in that year, regardless of the year they were actually paid.

BLS: The Bureau of Labor Statistics (BLS) in the U.S. Department of Labor is a statistical agency that collects, processes, analyzes, and disseminates statistical data about the labor market. For more information, visit www.bls.gov.

Calendar Year Benefits: Benefits paid to workers in a given year, regardless of when the injury or illness occurred.

Combined Operating Ratio: The ratio of underwriting results to premiums. It is the ratio of payments made by insurers to premiums collected. It does not take into account income that insurers receive from the investment of their reserves.

Covered Employment: Jobs that are covered by workers' compensation programs.

CPS: The Current Population Survey (CPS) is a monthly survey of about 50,000 U.S. households conducted by the Bureau of the Census for the Bureau of Labor Statistics. It is the primary source of information on the labor force characteristics of the U.S. population. For more information, visit www.bls.census.gov/cps.

Deductibles: Under deductible policies written by private carriers or state funds, the insurer pays all of the workers' compensation benefits, but employers are responsible for reimbursing the insurer for those benefits up to a specified deductible amount. Deductibles may be written into an insurance policy on a per injury basis, or an aggregate basis, or a combination of a per injury basis with an aggregate cap.

DI: Disability insurance from the Social Security program. See SSDI.

FECA: The Federal Employees' Compensation Act (FECA) provides workers' compensation coverage to three million federal civilian and postal workers around the world for employment related injuries and occupational diseases.

Incurred Losses (Incurred Benefits): Benefits paid to date plus liabilities for future benefits for injuries that occurred in a specified period.

Loss Adjustment Expenses: Salaries and fees paid to adjusters, as well as other expenses incurred from adjusting claims.

Losses: Benefits paid by insurers.

Managed Care: A system of health care payment or delivery arrangements where the health plan attempts to control or coordinate use of health services by its enrolled members in order to contain health expenditures, improve quality, or both. Arrangements often involve a defined delivery system of providers with some form of contractual arrangement with the plan.

NAIC: The National Association of Insurance Commissioners (NAIC) is the national organization of insurance regulators in each state. It assists state insurance regulators, individually and collectively, to achieve insurance regulatory goals. For more information, visit www.naic.org.

NCCI: National Council on Compensation Insurance, Inc. (NCCI) is a national organization that assists private carriers and insurance commissioners in setting workers' compensation rates in thirty-seven states. For more information, visit www.ncci.com.

Overall Operating Ratio: The ratio of [(1) the total of all carrier expenditures, including losses, loss adjustment expenses, underwriting expenses, and dividends (2) minus investment income earned by carriers on their reserves] (3) divided by premiums.

Permanent Partial Disability (PPD): A disability that, although permanent, does not completely limit a person's ability to work.

Permanent Total Disability (PTD): A permanent disability that precludes all work.

Residual Market: The mechanism used to provide insurance for employers who are unable to purchase insurance in the voluntary private market. In some states the state fund is the “insurer of last resort”. In others, there is a separate pool financed by assessments of private insurers, which is also known as an assigned risk pool.

SSA: The U.S. Social Security Administration (SSA) administers the Social Security program, which pays retirement, disability and survivors’ benefits to workers and their families, and the federal Supplemental Security Income program that provides income support benefits to low-income aged and disabled individuals. For more information, visit www.ssa.gov.

SSDI: Social Security disability insurance (SSDI) pays benefits to insured workers who sustain severe, long-term work disabilities of any cause. Also, DI.

Temporary Partial Disability (TPD): A temporary disability that does not completely limit a person’s ability to work.

Temporary Total Disability (TTD): A disability that temporarily precludes a person from performing the pre-injury job or another job at the employer that the worker could have performed prior to the injury.

Underwriting Expenses: Commissions, brokerage expenses, general expenses, taxes, licenses, and fees.

Underwriting Results: The sum of losses, loss adjustment expenses, and underwriting expenses.

Unemployment Insurance (UI): Federal/state program that provides cash benefits to workers who become unemployed through no fault of their own and who meet certain eligibility criteria set by the states.

USDOL: The U.S. Department of Labor Department administers a variety of Federal labor laws including those that guarantee workers’ rights to safe and healthful working conditions; a minimum hourly wage and overtime pay, freedom from employment discrimination, unemployment insurance, and other income support. For more information, visit www.dol.gov.

WC: Workers’ compensation.

Work Related Injury/Illness: An injury or illness that arises out of and in the course of employment. The definition of a work related injury or disease that is compensable under a state’s workers’ compensation program can be quite complex and varies across states.

Appendix A: Coverage Estimates

The National Academy of Social Insurance's estimates of workers' compensation coverage start with the number of workers in each state who are covered by Unemployment Insurance (UI) (U.S. DOL, 2006e). Those who are not required to be covered include: Some farm and domestic workers who earn less than a threshold amount from one employer; some state and local employees, such as elected officials; employees of some non-profit entities, such as religious organizations, for whom coverage is optional in some states; unpaid family workers; and railroad employees who are covered under a separate unemployment insurance program. Railroad workers are also not covered by state workers' compensation because they have other arrangements (NASI, 2002).

The largest groups of workers who are not covered under either unemployment insurance or workers' compensation are self-employed individuals who have not incorporated their businesses.

All U.S. employers who are required to pay unemployment taxes must report quarterly to their state employment security agencies information about their employees and payroll covered by unemployment insurance. These employer reports are the basis for statistical reports prepared by the U.S. Bureau of Labor Statistics, known as the ES-202 data. These data are a census of the universe of U.S. workers who are covered by unemployment insurance.

Key assumptions underlying the NASI estimates of workers' compensation coverage are shown in Table A1:

- (1) Workers whose employers do not report that they are covered by UI are not covered by workers' compensation.
- (2) Workers that are reported to be covered by UI are generally covered by workers' compensation as well, except in the following cases:
 - (a) Workers in small firms (which are required to provide UI coverage in every state) are not covered by workers' compensation if the state law exempts small firms from mandatory workers' compensation coverage.
 - (b) Employees in agricultural industries (who may be covered by UI) are not covered by

workers' compensation if the state law exempts agricultural employers from mandatory workers' compensation coverage.

- (c) In Texas, where workers' compensation coverage is elective for almost all employers, estimates are based on periodic surveys conducted by the Texas Research and Oversight Council.

All federal employees are covered by workers' compensation, regardless of the state in which they work.

Small Firm Exemptions. NASI assumes that workers are not covered by workers' compensation if they work for small firms in the fourteen states that exempt small employers from mandatory coverage. Private firms with fewer than three employees are exempt from mandatory coverage in eight states: Arkansas, Colorado, Georgia, Michigan, New Mexico, North Carolina, Virginia, and Wisconsin. Those with fewer than four employees are exempt in two states: Florida, and South Carolina. Finally, firms with fewer than five employees are exempt from mandatory coverage in Alabama, Mississippi, Missouri, and Tennessee (U.S. DOL, 2005).

The number of employees in small firms is estimated using data from the U.S. Small Business Administration for each state, which show the proportion of employees in all private firms who worked for firms with fewer than five employees in 2004 (the most recent year for which data are available). Those percentages for the fourteen states with numerical exemptions are: Alabama, 4.8 percent; Arkansas, 5.1 percent; Colorado, 6.2 percent; Florida, 6 percent; Georgia, 4.7 percent; Michigan, 4.6 percent; Mississippi, 5.2 percent; Missouri, 4.9 percent; New Mexico, 5.9 percent; North Carolina, 4.8 percent; South Carolina, 5.0 percent; Tennessee, 4.2 percent; Virginia, 4.7 percent; and Wisconsin, 4.3 percent (U.S. SBA, 2006).

To estimate the proportion of workers in firms with fewer than three or four employees, we used national data on small firms from the U. S. Census Bureau (U.S. Census Bureau, 2004). Of workers in firms with fewer than five employees, 78.8 percent worked in firms with fewer than four employees and 56.6

Table A1**Documenting Workers' Compensation Coverage Estimates, 2005 Annual Averages**

State	UI Covered Jobs ^a		Workers' Compensation Exemptions			WC Covered Jobs (7)	WC as a % of UI (8)
	Total (1)	Private, non-farm firms (2)	Small Firm ^b (3)	Agriculture (4)	Texas ^c (6)		
Alabama	1,843,166	1,542,201	73,858	5,867	-	1,763,441	95.7
Alaska	285,457	226,091	-	-	-	285,457	100.0
Arizona	2,437,888	2,092,915	-	-	-	2,437,888	100.0
Arkansas	1,126,783	949,789	27,408	7,596	-	1,091,779	96.9
California	14,991,504	12,678,266	-	-	-	14,991,504	100.0
Colorado	2,136,890	1,831,213	16,562	-	-	2,120,328	99.2
Connecticut	1,624,409	1,404,272	-	-	-	1,624,409	100.0
Delaware	412,310	359,891	-	-	-	412,310	100.0
District of Columbia	473,819	435,692	-	-	-	473,819	100.0
Florida	7,621,843	6,635,878	312,629	-	-	7,309,214	95.9
Georgia	3,839,100	3,275,283	88,191	-	-	3,750,909	97.7
Hawaii	572,378	480,595	-	-	-	572,378	100.0
Idaho	601,476	489,826	-	-	-	601,476	100.0
Illinois	5,660,060	4,931,087	-	-	-	5,660,060	100.0
Indiana	2,837,438	2,465,462	-	10,585	-	2,826,853	99.6
Iowa	1,428,475	1,207,565	-	-	-	1,428,475	100.0
Kansas	1,280,387	1,059,730	-	8,220	-	1,272,167	99.4
Kentucky	1,720,722	1,460,245	-	3,782	-	1,716,940	99.8
Louisiana	1,807,262	1,477,573	-	-	-	1,807,262	100.0
Maine	580,686	493,457	-	-	-	580,686	100.0
Maryland	2,371,676	2,045,272	-	-	-	2,371,676	100.0
Massachusetts	3,110,045	2,754,407	-	-	-	3,110,045	100.0
Michigan	4,242,239	3,644,122	94,365	-	-	4,147,874	97.8
Minnesota	2,607,078	2,252,399	-	-	-	2,607,078	100.0
Mississippi	1,085,714	869,430	45,325	8,426	-	1,031,963	95.0
Missouri	2,610,202	2,238,912	110,789	-	-	2,499,413	95.8

Montana	399,977	331,251	-	399,977	100.0
Nebraska	876,091	730,928	-	876,091	100.0
Nevada	1,198,997	1,073,095	1,991	1,197,006	99.8
New Hampshire	613,029	534,953	-	613,029	100.0
New Jersey	3,855,955	3,300,968	-	3,855,955	100.0
New Mexico	748,216	588,849	19,601	720,299	96.3
New York	8,219,923	6,909,875	-	8,219,923	100.0
North Carolina	3,795,118	3,186,867	88,079	3,707,039	97.7
North Dakota	318,070	262,454	2,176	315,894	99.3
Ohio	5,231,982	4,543,197	-	5,231,982	100.0
Oklahoma	1,420,226	1,152,800	-	1,420,226	100.0
Oregon	1,623,226	1,356,905	-	1,623,226	100.0
Pennsylvania	5,446,427	4,817,515	-	5,446,427	100.0
Rhode Island	467,533	414,129	-	467,533	100.0
South Carolina	1,790,559	1,493,981	59,045	1,724,819	96.3
South Dakota	364,508	303,977	-	364,508	100.0
Tennessee	2,637,483	2,283,369	95,775	2,536,850	96.2
Texas	9,402,193	7,881,170	2,209,515	7,192,678	76.5
Utah	1,080,123	921,345	-	1,080,123	100.0
Vermont	294,839	247,931	-	294,839	100.0
Virginia	3,426,643	2,921,864	78,171	3,348,472	97.7
Washington	2,696,904	2,150,366	-	2,696,904	100.0
West Virginia	673,452	557,961	-	673,452	100.0
Wisconsin	2,714,788	2,349,983	57,609	2,657,179	97.9
Wyoming	247,390	193,192	-	247,390	100.0
U.S. non-federal	128,852,659	109,810,498	1,167,409	125,407,223	97.3
Federal	2,733,775	-	-	2,733,775	100.0
U.S. TOTAL	131,586,434	109,810,498	1,167,409	128,140,998	97.4

a UI-covered employment reported in the ETA-202 data produced by the United States Bureau of Labor Statistics.

b Data not available for 2005, applied 2004 data.

c Data not available for 2005, used the average from the 2006 and 2004 survey.

Source: National Academy of Social Insurance estimates.

percent worked in firms with fewer than three employees. These ratios were applied to the percentage of workers in firms with fewer than five employees in the respective states. For example, the proportion of Arkansas private sector workers in firms with fewer than three employees is: (5.1 percent) x (56.6 percent) = 2.88 percent. These ratios are applied to the number of UI covered workers in private, non-farm firms in each state. In the fourteen States together, we estimate that 1.2 million workers were excluded from workers' compensation coverage in 2005 because of the small employer exclusion from mandatory coverage.

Agricultural Exemptions. We estimate agricultural workers to be excluded from workers' compensation coverage if they work in the eleven states where agricultural employers are exempt from mandatory coverage. These states are: Alabama, Arkansas, Indiana, Kansas, Kentucky, Mississippi, Nevada, New Mexico, North Dakota, South Carolina, and Tennessee. In each of these jurisdictions, we subtract from UI coverage those workers employed in agricultural industries.

Texas. In Texas, where workers' compensation coverage is elective for almost all employers, the NASI estimate of coverage is based on periodic surveys conducted by the Texas Workers' Compensation Research Institute and the Texas Department of Insurance, which found 76.0 percent of Texas employees were covered in 2004 and 77 percent were covered in 2006. (TDI et al, 2006). For 2005 we used the average of 2004 and 2006 coverage. This ratio was applied to all UI-covered Texas employees other than federal government workers (who were not included in the surveys cited above). A prior survey in 2001 found that 84.0 percent of non-federal workers in Texas were covered (Shields and Campbell, 2001). We revised our past coverage estimate in Texas to 78.6 percent in 2003 and 81.3 in 2002 to phase in the decline from 84.0 percent in 2001 to 76.0 percent in 2004. For the 2005 coverage estimates we used 76.5 percent.

Revisions in the Estimates of Workers' Compensation Coverage

This appendix explains and expands the methodology originally used by Burton (2005b) to prepare revised estimates of the number of workers covered by workers' compensation programs and of workers'

compensation benefits and costs as a percent of covered payroll for 1980 to 1988. Adjustments for some of the 1980 to 1988 data published in Table 9.B1 of the 2005 Edition of the *Annual Statistical Supplement to the Social Security Bulletin (2005 SSBSupp)* (Social Security Administration 2006a) are appropriate because of changes in the estimated proportions of the workforce and of total payroll covered by the workers' compensation program.

Workers' Compensation Coverage

The primary source of national data on workers' compensation coverage, benefits, and costs for many years was the Social Security Administration (SSA). The SSA estimated that the payroll covered by the workers' compensation was about 82 percent of all civilian wage and salary disbursements in 1993 (Schmulowitz 1995), which was similar to the SSA coverage estimates for prior years. The 1993 estimates were the last prepared by the SSA because of permanent staff limitations.

The National Academy of Social Insurance (NASI) assumed responsibility for publishing the national data on workers' compensation effective with the 1994 data. The first volume published by NASI was written by Jack Schmulowitz, who had been the author of the last article published by the SSA. The NASI volume contained data for 1994-95 and was published in 1997 (Schmulowitz 1997). Schmulowitz revised the procedure used to estimate the numbers of workers and the amounts of payroll covered by the workers' compensation program and substantially increased the estimated coverage of the program for 1989 to 1995. Appendix Table A2 is based on Table 9 in Schmulowitz (1997). The ratio of the average number of workers covered under the old procedure to the average number of workers covered under the new procedure is 0.90. This ratio of payroll under the old procedure to the payroll under the new procedure is also 0.90.

The Schmulowitz revisions in coverage of wages and payroll only went back to 1989. However, the proportion of the workers and payroll probably did not change much during the earlier portions of the 1980s. Subsequent to the publication of *The Report of the National Commission on State Workmen's Compensation Laws in 1972*, a number of states revised their laws to cover more workers. However, most of the statutory changes were completed by the

Table A2

Number of Workers Covered under Workers' Compensation Programs and Total Wages: Current and Former Estimates, 1989–1995

Year	Current Estimates		Former Estimates	
	Number of of Workers (in millions) (1)	Total Wages (in billions) (2)	Number of of Workers (in millions) (3)	Total Wages (in billions) (4)
1989	103.9	2,347.3	93.7	2,112.6
1990	105.5	2,442.1	95.1	2,251.0
1991	103.7	2,552.9	93.6	2,300.7
1992	104.3	2,699.6	94.6	2,402.3
1993	106.2	2,802.1	96.1	2,492.6
1994	109.4	2,948.7	99.0	2,626.1
1995	112.8	3,122.6	102.1	2,781.0
Total	745.8	18,915.3	674.2	16,966.3
Ratios of Former to Current	0.90	0.90		

Source: Data in Columns (1) - (4) from Schmulowitz (1997), Table 9.

end of the 1970s and only limited changes in statutory coverage rules have occurred since 1980, as discussed in the next two paragraphs.

The methodology used by NASI to estimate coverage for individual states is discussed in this Appendix. The state estimates are then added to prepare the national estimates of workers and payroll covered by workers' compensation programs. The methodology considers two provisions in state workers' compensation laws – small firm exemptions and agricultural exemptions – that reduce workers' compensation coverage relative to the coverage of workers by state unemployment insurance programs.

The small firm exemption assumes that workers are not covered by workers' compensation if they work for small firms that are exempted from mandatory coverage. Between 1980 and 1989, the only state that changed the numerical exemption provision was North Carolina, which reduced the exemption from four employees to three employees in 1988. We do

consider this significant enough to affect the methodology described in this appendix. The agricultural exemption assumes that workers not subject to mandatory coverage by the workers' compensation statutes are not covered by the program. Between 1980 and 1989, there were no significant changes in state coverage rules for agricultural workers.

We assume that the proportion of the workforce and payroll covered by workers' compensation programs did not change significantly during the 1980s. We have therefore revised the estimates of the number of workers covered by the program for 1980 to 1988 as shown in Appendix Table A3. Column (1) shows the estimated number of workers' covered in each month as shown in the *2005 SSBSupp*. Column (2) shows the estimated number of workers' covered in each month on the assumption that the actual number of covered workers in 1980 to 1988 was actually greater by the ratio used by Schmulowitz in his adjustments for 1989 to 1993.

Costs and Benefits as a Percentage of Payroll, 1980-1988

The revised procedure for estimating coverage of workers and payroll did not affect the total dollar amounts of benefits and costs. However, because the benefits and costs are divided by a larger payroll, the benefits and payroll as a percent of payroll are affected. For example, costs were \$2.27 per \$100 of payroll in 1989 using the older payroll estimates but are \$2.04 per \$100 of payroll using the new payroll estimates (Schmulowitz 1997, Table 11). The new estimate of \$2.04 per \$100 of payroll is the old estimate of \$2.27 times 0.90, the ratio of payroll under the old procedure to the payroll under the new procedure.

Table A4 provides the data published in the 2005 *SSBSupp* on costs and benefits as a percent of payroll for 1980 to 1988 in columns (1) and (2). In order to make the data comparable to those for later years, we have multiplied the 1980 to 1988 data on costs and benefits in columns (1) and (2) of Table A3 by 0.9, which is the ratio of unrevised to revised employment and wages for 1989 to 1995 shown in

Table A3

Number of Workers Covered under Workers' Compensation Programs, 1980-1988 (in millions)

Year	Published Data	Adjusted Data
1980	78.8	87.6
1981	78.3	87.0
1982	77.0	85.6
1983	78.0	86.7
1984	81.9	91.0
1985	84.3	93.7
1986	86.0	95.6
1987	88.4	98.2
1988	91.3	101.4

Source: Data in column (1) are from Social Security Bulletin *Annual Statistical Supplement, 2005*, Table 9.B.1. Data in column (2) are column (1) divided by 0.9

Appendix Table A.2. This corresponds to the procedure used by Schmulowitz (1997) in Table 11, where he multiplied the former estimates of costs per \$100 of payroll in 1989 to 1993 by 0.9 to obtain the current estimates of costs per \$100 of payroll.

The adjusted data for costs and benefits as a percent of payroll in 1980 to 1988 are shown in columns (3) and (4) of Appendix Table A4. For example, the data published in the 2005 *SSBSupp* indicate that workers' compensation costs were 1.96 percent of payroll in 1980 (Table A3, column (1)), and 0.9 times 1.96 percent is 1.76 percent of payroll (Table A3, column (3)).

Table A4

Workers' Compensation Costs and Benefits as Percentage of Covered Payroll, 1980-1988

Year	Published Data		Adjusted Data	
	Costs (1)	Benefits (2)	Costs (3)	Benefits (4)
1980	1.96	1.07	1.76	0.96
1981	1.85	1.08	1.67	0.97
1982	1.75	1.16	1.58	1.04
1983	1.67	1.17	1.50	1.05
1984	1.66	1.21	1.49	1.09
1985	1.82	1.30	1.64	1.17
1986	1.99	1.37	1.79	1.23
1987	2.07	1.43	1.86	1.29
1988	2.16	1.49	1.94	1.34

Appendix B: Questionnaire for State Agencies

2005 Annual Data Survey - Project on National Data for Workers' Compensation
National Academy of Social Insurance

Page 1

Your Name: _____ State: _____ Agency/Organization: _____
E-mail: _____ Phone: _____ Fax: _____

Calendar Year Paid Data — Please provide the information requested below for calendar years 2001-2005. Calendar year paid data refer to all payments made that year, regardless of accident year and regardless of whether the case was closed or remains open. If you are unable to report calendar year data, please indicate the 12-month period of the data you are reporting. Please be sure to list benefits paid, not incurred. If your agency does not have the data to fill out this questionnaire, please send N/A(S) the contact information for the entity or person in your state that may have the information.

	CY 2005 Payments	CY 2004 Payments	CY 2003 Payments	CY 2002 Payments	CY 2001 Payments
1) INDIVIDUAL SELF-INSURERS					
Medical Payments					
Cash Payments					
Compromise lump sum settlements (if not included above)					
TOTAL					
Is Group Self-Insurance allowed in your state?	yes <input type="checkbox"/> no <input type="checkbox"/>	yes <input type="checkbox"/> no <input type="checkbox"/>	yes <input type="checkbox"/> no <input type="checkbox"/>	yes <input type="checkbox"/> no <input type="checkbox"/>	yes <input type="checkbox"/> no <input type="checkbox"/>
Does the total above include Group Self Insured?	yes <input type="checkbox"/> no <input type="checkbox"/>	yes <input type="checkbox"/> no <input type="checkbox"/>	yes <input type="checkbox"/> no <input type="checkbox"/>	yes <input type="checkbox"/> no <input type="checkbox"/>	yes <input type="checkbox"/> no <input type="checkbox"/>
If not, fill in 2)					
2) GROUP SELF-INSURERS					
Medical Payments					
Cash Payments					
Compromise lump sum settlements (if not included above)					
TOTAL					
3) PRIVATE CARRIERS					
Medical Payments					
Cash Payments					
Compromise lump sum settlements (if not included above)					
TOTAL					
Are deductibles allowed for private carriers?	yes <input type="checkbox"/> no <input type="checkbox"/>	yes <input type="checkbox"/> no <input type="checkbox"/>	yes <input type="checkbox"/> no <input type="checkbox"/>	yes <input type="checkbox"/> no <input type="checkbox"/>	yes <input type="checkbox"/> no <input type="checkbox"/>
Does the amount above include deductible payments by employers?	yes <input type="checkbox"/> no <input type="checkbox"/>	yes <input type="checkbox"/> no <input type="checkbox"/>	yes <input type="checkbox"/> no <input type="checkbox"/>	yes <input type="checkbox"/> no <input type="checkbox"/>	yes <input type="checkbox"/> no <input type="checkbox"/>
How much was paid under the deductible amounts?					
4) STATE FUNDS (if state has competitive or exclusive funds)					
Medical Payments					
Cash Payments					
Compromise lump sum settlements (if not included above)					
TOTAL					
Are deductibles allowed for the state fund?	yes <input type="checkbox"/> no <input type="checkbox"/>	yes <input type="checkbox"/> no <input type="checkbox"/>	yes <input type="checkbox"/> no <input type="checkbox"/>	yes <input type="checkbox"/> no <input type="checkbox"/>	yes <input type="checkbox"/> no <input type="checkbox"/>
Does the amount above include deductible payments by employers?	yes <input type="checkbox"/> no <input type="checkbox"/>	yes <input type="checkbox"/> no <input type="checkbox"/>	yes <input type="checkbox"/> no <input type="checkbox"/>	yes <input type="checkbox"/> no <input type="checkbox"/>	yes <input type="checkbox"/> no <input type="checkbox"/>
How much was paid under the deductible amounts?					
5) SPECIAL FUNDS (including second injury, and other)					
Medical Payments					
Cash Payments					
Compromise lump sum settlements (if not included above)					
TOTAL					
Is this amount included in items 3 and/or 4?	yes <input type="checkbox"/> no <input type="checkbox"/>	yes <input type="checkbox"/> no <input type="checkbox"/>	yes <input type="checkbox"/> no <input type="checkbox"/>	yes <input type="checkbox"/> no <input type="checkbox"/>	yes <input type="checkbox"/> no <input type="checkbox"/>
Is so, which and how much?					
CALENDAR YEAR TOTAL BENEFITS PAID (should equal the sum of items #1-5)					
Medical Payments					
Cash Payments					
Compromise lump sum settlements (if not included above)					
TOTAL					

Appendix C: Data Availability

Estimates of benefits paid and employer costs for workers' compensation by the National Academy of Social Insurance (NASI) rely on two main sources: Responses to the NASI survey questionnaire from state agencies and data purchased from A.M. Best, a private company that specializes in collecting insurance data and rating insurance companies.

The A.M. Best data show the experience of private carriers in every state, but do not include any information about self-insured employers or about benefits paid under deductible arrangements. The A.M. Best data show total "direct losses" (that is, benefits) paid in each state in 2001–2005, by private carriers and by twenty-one entities that we classify as state funds, based on their membership in the American Association of State Compensation Insurance Funds. A.M. Best did not provide information on the state fund in Missouri, South Carolina, or on exclusive state funds in Ohio, North Dakota, Washington, West Virginia, and Wyoming.

The 2005 NASI survey questionnaire for state agencies asked states to report data for five years, from 2001 through 2005. These historical data were used to revise and update estimates for these past years. The data for 1996–2000 were updated using previous years data.

Table C1 describes the sources of data available for each state used in the data report.

Private Carrier Benefits

Of the fifty-one jurisdictions, forty-six allow private carriers to write workers' compensation policies. Of these, seventeen jurisdictions were able to provide data on the amount of benefits paid by private carriers. In the other states, A.M. Best data were used to estimate private carrier benefits. An estimate of benefits paid under deductible policies were added to benefits paid reported by A.M. Best to estimate total private carrier benefits in these states. Methods for estimating deductible amounts are described in Appendix G.

State Fund Benefits

Twenty-six states have a state fund for writing workers' compensation policies. Of these, twelve were able to provide benefit data. A.M. Best data and NAIC

(National Association of Insurance Commissioners) data were used to estimate state fund benefits in states unable to provide the data. An estimate of benefits paid under deductible policies was added to benefits reported by A.M. Best to estimate total state fund benefits in these states.

Self-Insured Benefits

All jurisdictions except North Dakota and Wyoming allow employers to self-insure. Twenty-nine of these jurisdictions were able to provide data on benefits paid by self-insurers. Prior years' self-insured benefit ratio to total benefits were used to estimate the self-insurance data for 5 states. Self-insurance benefits were imputed for the fifteen states that were unable to provide data. The self-insurance imputation methods are described in Appendix E.

Benefits under Deductible Policies

Forty-six jurisdictions allow carriers to write deductible policies for workers compensation. Of these jurisdictions, six were able to provide the amount of benefits paid under deductible policies. Benefits under deductible arrangements were estimated for another thirteen states by subtracting A.M. Best data on benefits paid (which do not include deductible benefits) from data reported by the state agency (which, in these cases, included deductible benefits). Deductible benefits in the remaining states were estimated using a ratio of Manual Equivalent Premiums, as described in Appendix G.

Medical Benefits

The agency data for medical share were used in nine states. The National Council on Compensation Insurance estimates of the medical share of the benefits were used in thirty-seven jurisdictions. Other methods were used for five states for which no information was available from the state or NCCI. More detail on methods to estimate medical benefits is in Appendix F.

Employer Costs

NASI estimates of employer costs for benefits paid under private insurance and state funds are the sum of "direct premiums written" as reported by A.M. Best and the NAIC, plus our estimate of benefits

paid under deductible arrangements (which are not reflected in premiums). In some cases, data provided by state agencies are used instead of A.M. Best data. State fund premium data for North Dakota, Ohio and Washington were provided by the state agencies.

For self-insured employers, the costs include benefit payments and administrative costs. Because self-insured employers often do not separately record administrative costs for workers' compensation, their administrative costs must be estimated. The costs are assumed to be the same share of benefits as administrative costs reported by private insurers to the National Association of Insurance Commissioners (NAIC, 1998; 1999; 2000; 2001; 2002; 2003;

2004; 2005; 2006). These administrative costs include direct defense and cost containment expense paid⁵ and their expense for taxes, licenses, and fees⁶. The ratios of these administrative costs to direct losses paid by private insurers were:

- 1997: 15.7 percent
- 1998: 14.5 percent
- 1999: 15.8 percent
- 2000: 14.0 percent
- 2001: 14.6 percent
- 2002: 14.8 percent
- 2003: 17.1 percent
- 2004: 16.2 percent
- 2005: 18.7 percent

5 Direct Defense and Cost Containment Expense Paid: In 1999, as part of a clarification effort, this line was renamed from "Direct Allocated Loss Adjustment Expenses" to "Direct Defense and Cost Containment Expenses". It includes defense, litigation and medical cost containment expenses, whether internal or external. The fees charged for insurer employees should include overhead, just as an outside firm's charges would include. The expenses exclude expenses incurred in the determination of coverage.

6 Taxes, Licenses, & Fees: State and local insurance taxes deducting guaranty association credits, insurance department licenses and fees, gross guaranty association assessments, and all other (excl. Fed. and foreign income and real estate).

Table C1**Data Sources for 2005**

State	Private Carrier	State Fund	Self-Insured	Second Injury Fund	PC Deductible	SF Deductible	Medical
Alabama	Agency	-	Agency	-	Subtraction	-	NCCI
Alaska	Agency	-	Agency	Yes	Subtraction	-	NCCI
Arizona	Agency	Agency	Agency	Yes	Agency given	Agency given	NCCI
Arkansas	AMBest	-	Agency	Yes	Manual Premium Method	-	NCCI
California	Agency	AMBest	Agency	-	Subtraction	Not Allowed	Agency
Colorado	AMBest	AMBest	Agency	Yes	Manual Premium Method	Manual Premium Method	NCCI
Connecticut	AMBest	-	Agency	Yes	Manual Premium Method	-	NCCI
Delaware	AMBest	-	Imputed thr' average	Yes	MPNational Average ratio	-	Agency
D.C.	AMBest	-	Imputation	-	Manual Premium Method	-	NCCI
Florida	AMBest	-	Agency	-	Manual Premium Method	-	NCCI
Georgia	AMBest	-	Imputation	-	Manual Premium Method	-	NCCI
Hawaii	Agency (includes SF)	AMBest	Agency	Yes	Subtraction	Subtraction	NCCI
Idaho	AMBest	AMBest	Imputation	-	Manual Premium Method	Manual Premium Method	NCCI
Illinois	AMBest	-	Imputation	Yes	Manual Premium Method	-	NCCI
Indiana	AMBest	-	Imputed from previous years data	-	Manual Premium Method	-	NCCI
Iowa	AMBest	-	Imputation	-	Manual Premium Method	-	NCCI
Kansas	AMBest	-	Agency	-	Manual Premium Method	-	NCCI
Kentucky	AMBest	AMBest	Imputation	Yes	Manual Premium Method	Manual Premium Method	NCCI
Louisiana	AMBest	AMBest	Agency	-	Manual Premium Method	Manual Premium Method	NCCI
Maine	AMBest	AMBest	Agency	-	Manual Premium Method	Manual Premium Method	NCCI
Maryland	AMBest	AMBest	Agency	-	Manual Premium Method	Manual Premium Method	NCCI
Massachusetts	AMBest	-	Agency	Yes	MPNational Average ratio	-	Agency
Michigan	Agency	-	Agency	Yes	Subtraction	-	Agency
Minnesota	Agency	Agency	Agency	-	Agency given	-	Agency
Mississippi	AMBest	-	Agency	Yes	Manual Premium Method	-	NCCI
Missouri	Agency	Agency	Agency	Yes	Subtraction	Subtraction	NCCI

Table C1 continued

Data Sources for 2005

State	Private Carrier	State Fund	Self-Insured	Second Injury Fund	PC Deductible	SF Deductible	Medical
Montana	Agency	Agency	Agency	Yes	Subtraction	Subtraction	NCCI
Nebraska	AMBest	-	Imputation	-	Manual Premium Method	-	NCCI
Nevada	Agency	-	Agency	Yes	Subtraction	-	NCCI
New Hampshire	AMBest	-	Imputation	-	Manual Premium Method	-	NCCI
New Jersey	Agency	-	Imputed thr' average	-	Subtraction	-	Incurred Medical share
New Mexico	Agency	Agency	Agency	Yes	Subtraction	Subtraction	NCCI
New York	Agency	Agency	Imputed thr' average	-	Subtraction	Not Allowed	Agency
North Carolina	AMBest	-	Imputation	-	Manual Premium Method	-	NCCI
North Dakota	-	Agency	-	-	Agency given	-	Agency
Ohio	AMBest	Agency	Agency	-	Not Allowed	Not Allowed	Agency
Oklahoma	AMBest	AMBest	Agency	-	Manual Premium Method	Manual Premium Method	NCCI
Oregon	Agency	Agency	Agency	-	Agency given	Not Allowed	NCCI
Pennsylvania	Agency	Agency	Agency	Yes	Agency given	Not Allowed	Agency
Rhode Island	AMBest	AMBest	Imputed from previous years data	-	Manual Premium Method	Manual Premium Method	NCCI
South Carolina	Agency	Agency	Agency	Yes	Agency given	Not Allowed	NCCI
South Dakota	Agency	-	Agency	-	Subtraction	-	NCCI
Tennessee	AMBest	-	Agency	Yes	Manual Premium Method	-	NCCI
Texas	AMBest	AMBest	Imputed from previous years data	-	MPNational Average ratio	MPNational Average ratio	NCCI
Utah	AMBest	AMBest	Imputation	-	Manual Premium Method	Manual Premium Method	NCCI
Vermont	AMBest	-	Imputed from previous years data	-	Manual Premium	- Method	NCCI
Virginia	Agency	-	Imputation	-	Subtraction	-	NCCI
Washington	-	Agency	Agency	Yes	Not Allowed	Not Allowed	Agency
West Virginia	AMBest	NAIC	Imputed from previous years data	-	Not Allowed	Not Allowed	National Average
Wisconsin	AMBest	-	Imputation	Yes	Not Allowed	-	Incurred Medical share
Wyoming	-	NAIC	-	-	Not Allowed	Not Allowed	National Average

Appendix D: Revised Data for 1996–2004

In preparing the 2005 estimates for workers' compensation benefits, the National Academy of Social Insurance reviewed and revised all data for calendar years 1996-2004. These revised data are shown in Table D1 to D9. The revision process began by requesting historical data from state workers' compensation agencies and from AM Best. The revised benefit estimates are reported in the following tables. Revisions to the historical data increase consistency in historical methodology and enhance comparability between years. The following are key revisions made to the historical data:

- Revised data consistently use the same medical benefit estimation methodology described in Appendix F.
- Revised data consistently use the same deductible estimation methodology described in Appendix G.
- Self-insurance benefit imputations were revised using historical data as reported in Appendix E.
- Changes in data reported by state agencies were captured by the revised data questionnaire and are reflected in the revised estimates.
- Administrative costs for self-insurance were reestimated based on updated information from the National Association of Insurance Commissioners as described in Appendix C. The revised data in this Appendix should be used in place of previously published data. Historical data displayed in the body of this report incorporate these revisions.

Table D1**Workers' Compensation Benefits by Type of Insurer and Medical Benefits, by State, 2004**
(in thousands)

State	Private Carriers ^a	State Funds	Self-Insured ^b	Total	Percent Medical	Medical Benefits
Alabama	\$277,585	-	\$298,112	\$575,697	62.1	\$357,739 ^c
Alaska	142,392	-	44,688	187,080	55.8	104,378 ^c
Arizona	140,811	303,989	103,372	548,172	64.2	352,096 ^c
Arkansas	155,328	-	71,915	227,243	60.7	137,889 ^c
California	5,561,971	3,202,628	3,694,990	12,459,589	48.7	6,072,536
Colorado	274,668	421,864	146,723	843,256	48.8	411,154 ^c
Connecticut	455,520	-	255,717	711,237	39.6	281,449 ^c
Delaware	119,037	-	38,361	157,398	45.4	71,459
District of Columbia	76,910	-	19,231	96,141	38.2	36,692 ^c
Florida	2,170,473	-	539,799	2,710,272	59.3	1,607,939 ^c
Georgia	809,505	-	304,649	1,114,154	47.8	532,314 ^c
Hawaii	150,840	34,015	86,436	271,290	38.3	103,900 ^c
Idaho	74,730	122,157	39,262	236,149	59.1	139,536 ^c
Illinois	1,685,915	-	560,271	2,246,186	48.5	1,089,531 ^c
Indiana	494,763	-	100,483	595,245	68.0	404,818 ^c
Iowa	342,293	-	105,049	447,343	51.6	230,897 ^c
Kansas	246,489	-	124,522	371,011	55.0	203,917 ^c
Kentucky	383,847	65,492	270,494	719,833	54.0	388,512 ^c
Louisiana	304,029	167,311	254,663	726,004	50.4	366,033 ^c
Maine	91,202	85,990	90,847	268,040	42.0	112,571 ^c
Maryland	455,812	199,150	131,669	786,631	41.4	325,506 ^c
Massachusetts	822,798	-	145,287	968,085	34.3	332,069
Michigan	827,277	-	690,109	1,517,386	37.6	569,855
Minnesota	573,177	120,488	237,339	931,005	48.8	454,206
Mississippi	176,947	-	133,083	310,030	55.9	173,190 ^c
Missouri	684,950	114,560	320,361	1,119,871	50.4	564,841 ^c
Montana	71,858	109,257	41,933	223,048	53.6	119,631 ^c
Nebraska	219,710	-	62,926	282,636	58.9	166,560 ^c
Nevada	240,152	-	118,580	358,732	49.1	176,186 ^c
New Hampshire	167,776	-	44,284	212,060	55.9	118,620 ^c

New Jersey	1,131,261	-	347,620	1,478,882	49.3	729,172
New Mexico	87,748	32,170	76,205	196,123	59.1	115,830 ^c
New York	1,732,841	775,146	770,668	3,278,654	33.8	1,107,308
North Carolina	854,191	-	305,375	1,159,566	44.2	512,344 ^c
North Dakota ^a	260	82,977		83,237	56.3	46,870
Ohio	37,509	1,935,728	461,479	2,434,715	46.9	1,141,082
Oklahoma	246,015	216,563	117,216	579,795	46.1	267,040 ^c
Oregon	236,327	228,642	68,862	533,831	53.3	284,661 ^c
Pennsylvania	1,803,792	226,158	564,288	2,594,238	41.2	1,068,661
Rhode Island	41,738	87,103	18,834	147,674	35.1	51,889 ^c
South Carolina	461,543	49,629	176,944	688,115	46.3	318,811 ^c
South Dakota	65,832	-	11,577	77,409	62.9	48,712 ^c
Tennessee	648,604	-	170,022	818,627	51.6	422,621 ^c
Texas	1,000,859	299,681	340,225	1,640,765	60.9	999,007 ^c
Utah	56,225	122,784	37,589	216,599	68.4	148,102 ^c
Vermont	107,014	-	16,809	123,823	45.8	56,664 ^c
Virginia	554,397	-	199,012	753,409	55.1	415,184 ^c
Washington ^a	30,843	1,323,410	481,921	1,836,174	34.7	636,238
West Virginia ^a	7,317	666,250	123,113	796,680	48.3	384,508 ^f
Wisconsin	843,049	-	195,844	1,038,893	64.6	671,479 ^d
Wyoming ^a	3,534	116,528	-	120,062	48.3	57,947 ^f
Non-federal total	\$28,149,664	\$11,109,670	\$13,558,756	\$52,818,090	48.3	\$25,490,154
Federal ^e			3,256,202	2,445,077	26.6	865,442
Federal employees					28.5	695,680
TOTAL			56,074,292		47.0	26,355,596

(a) States with exclusive funds (Ohio, North Dakota, Washington, West Virginia, and Wyoming) may have small amounts of benefits paid in the private carrier category. This results from the fact that some employers doing business in states with exclusive state funds may need to obtain coverage from private carriers under the LHWCA act or employers liability coverage which the state fund is not authorized to provide. In addition, private carriers may provide excess compensation coverage in some of these states.

(b) Self-insurance includes individual self-insurers and group self-insurance.

(c) Medical percentages based on data provided by NCCI, see Appendix F.

(d) Medical percentage based on incurred share of medical benefits based on NCCI *Annual Statistical Bulletin*, see Appendix F.

(e) Federal benefits include: those paid under the Federal Employees' Compensation Act for civilian employees; the portion of the Black Lung benefit program that is financed by employers; and a portion of benefits under the Longshore and Harbor Workers' Compensation Act that are not reflected in state data, namely, benefits paid by self-insured employers and by special funds under the LHWCA. See Appendix H for more information about federal programs.

(f) Medical percentage based on the weighted average of states where medical data were available, see Appendix F.

Source: National Academy of Social Insurance estimates based on data received from state agencies, the U.S. Department of Labor, A.M. Best, and the National Council on Compensation Insurance.

Table D2**Workers' Compensation Benefits by Type of Insurer and Medical Benefits, by State, 2003**
(in thousands)

State	Private Carriers ^a	State Funds	Self-Insured ^b	Total	Percent Medical	Medical Benefits
Alabama	\$294,746	-	\$285,438	\$580,184	62.8	\$364,616 ^c
Alaska	140,612	-	41,592	182,204	55.0	100,220
Arizona	143,808	283,626	87,797	515,231	63.4	326,899 ^c
Arkansas	157,270	-	67,004	224,275	62.1	139,291 ^c
California	5,909,998	2,917,587	3,582,223	12,409,808	51.0	6,333,900
Colorado	248,633	355,498	148,917	753,049	44.2	333,197 ^c
Connecticut	461,006	-	216,082	677,088	42.7	289,356 ^c
Delaware	119,389	-	37,105	156,494	45.4	71,048
District of Columbia	68,369	-	15,646	84,015	37.0	31,089 ^c
Florida	2,268,825	-	537,117	2,805,941	58.0	1,628,030 ^c
Georgia	731,597	-	249,545	981,142	47.4	464,692 ^c
Hawaii	162,168	24,652	88,102	274,922	38.4	105,503 ^c
Idaho	67,158	117,343	29,103	213,604	57.1	121,988 ^c
Illinois	1,644,193	-	502,733	2,146,926	46.4	995,491 ^c
Indiana	475,981	-	87,596	563,577	67.6	381,120 ^c
Iowa	335,630	-	91,400	427,030	48.4	206,835 ^c
Kansas	232,294	-	63,226	295,520	54.6	161,401 ^c
Kentucky	402,356	62,208	252,745	717,309	54.1	388,331 ^c
Louisiana	292,759	147,862	228,596	669,218	50.8	339,887 ^c
Maine	90,362	68,006	75,089	233,458	46.2	107,870 ^c
Maryland	434,727	166,227	122,521	723,475	41.7	301,793 ^c
Massachusetts	905,878	-	152,960	1,058,838	33.2	351,483
Michigan	877,007	-	599,843	1,476,850	36.7	542,574
Minnesota	549,184	113,629	222,193	885,006	46.7	413,726
Mississippi	165,650	-	125,501	291,151	55.9	162,630 ^c
Missouri	657,912	124,147	298,811	1,080,870	49.5	534,615 ^c
Montana	74,735	103,058	38,922	216,715	52.4	113,598 ^c
Nebraska	212,957	-	54,415	267,372	59.0	157,762 ^c
Nevada	216,774	-	112,559	329,333	46.0	151,427 ^c
New Hampshire	179,239	-	41,811	221,050	56.5	124,783 ^c

New Jersey	1,277,919	-	381,979	1,659,898	47.9	794,681
New Mexico	92,339	28,269	68,351	188,959	57.0	107,669 ^c
New York	1,631,501	788,496	723,353	3,143,350	32.3	1,014,633
North Carolina	816,944	-	260,378	1,077,322	45.1	485,754 ^c
North Dakota ^a	296	78,157	-	78,453	54.9	43,102
Ohio ^a	23,858	1,936,354	481,975	2,442,187	46.7	1,140,541
Oklahoma	257,093	181,084	116,949	555,127	47.5	263,525 ^c
Oregon	220,585	206,878	70,149	497,612	52.2	259,704 ^c
Pennsylvania	1,820,527	180,677	564,140	2,565,344	40.5	1,040,169
Rhode Island	37,560	81,034	15,478	134,072	31.0	41,574 ^c
South Carolina	441,662	52,085	163,188	656,935	47.5	312,056 ^c
South Dakota	63,857	-	10,383	74,241	62.8	46,628 ^c
Tennessee	640,856	-	142,544	783,400	52.9	414,365 ^c
Texas	1,300,627	291,323	375,659	1,967,609	63.0	1,239,610 ^c
Utah	50,850	109,566	26,766	187,182	65.4	122,397 ^c
Vermont	105,009	-	15,000	120,009	48.5	58,171 ^c
Virginia	541,701	-	164,409	706,110	56.2	396,529 ^c
Washington ^a	26,675	1,309,767	464,407	1,800,849	34.4	619,552
West Virginia ^a	3,274	702,884	117,142	823,300	28.9	237,776
Wisconsin	704,268	-	139,620	843,888	63.2	533,498 ^d
Wyoming ^a	2,169	112,083	-	114,252	63.1	72,090
Non-federal total	\$28,580,791	\$10,542,500	\$12,758,463	\$51,881,754	48.2	\$24,989,179
Federal ^c				3,184,685	26.5	842,779
Federal Employees				2,367,757	28.3	669,484
TOTAL				55,066,439	46.9	25,831,958

(a) States with exclusive funds (Ohio, North Dakota, Washington, West Virginia, and Wyoming) may have small amounts of benefits paid in the private carrier category. This results from the fact that some employers doing business in states with exclusive state funds may need to obtain coverage from private carriers under the LHWCA act or employers liability coverage which the state fund is not authorized to provide. In addition, private carriers may provide excess compensation coverage in some of these states.

(b) Self-insurance includes individual self-insurers and group self-insurance.

(c) Medical percentages based on data provided by NCCI, see Appendix F.

(d) Medical percentage based on incurred share of medical benefits based on NCCI *Annual Statistical Bulletin*, see Appendix F.

(e) Federal benefits include: those paid under the Federal Employees' Compensation Act for civilian employees; the portion of the Black Lung benefit program that is financed by employers; and a portion of benefits under the Longshore and Harbor Workers' Compensation Act that are not reflected in state data, namely, benefits paid by self-insured employers and by special funds under the LHWCA. See Appendix H for more information about federal programs.

Source: National Academy of Social Insurance estimates based on data received from state agencies, the U.S. Department of Labor, A.M. Best, and the National Council on Compensation Insurance.

Table D3**Workers' Compensation Benefits by Type of Insurer and Medical Benefits, by State, 2002
(in thousands)**

State	Private Carriers ^a	State Funds	Self-Insured ^b	Total	Percent Medical	Medical Benefits
Alabama	\$290,009	-	\$275,255	\$565,264	60.7	\$343,115 ^c
Alaska	140,738	-	38,051	178,789	54.0	96,546 ^c
Arizona	156,862	242,556	78,150	477,568	60.1	287,019 ^c
Arkansas	155,964	-	61,382	217,346	62.4	135,624 ^c
California	5,632,032	2,191,962	3,150,362	10,974,355	50.2	5,504,014
Colorado	299,716	322,249	138,993	760,958	45.1	343,192 ^c
Connecticut	467,522	-	208,373	675,895	41.5	280,497 ^c
Delaware	107,681	-	29,583	137,264	70.9	97,275 ^d
District of Columbia	71,905	-	17,410	89,315	36.2	32,332 ^c
Florida	2,208,833	-	414,405	2,623,239	56.9	1,492,623 ^c
Georgia	666,891	-	250,376	917,266	47.7	437,536 ^c
Hawaii	167,539	17,908	82,380	267,827	37.2	99,632 ^c
Idaho	76,921	97,335	27,925	202,181	56.7	114,636 ^c
Illinois	1,664,066	-	484,691	2,148,757	44.4	954,048 ^c
Indiana	462,687	-	84,618	547,305	65.6	359,032 ^c
Iowa	325,006	-	76,977	401,983	50.6	203,403 ^c
Kansas	235,253	-	106,353	341,606	54.2	185,151 ^c
Kentucky	424,193	47,014	221,190	692,398	53.9	373,202 ^c
Louisiana	265,187	153,769	202,494	621,449	52.7	327,504 ^c
Maine	97,788	75,470	87,051	260,310	39.6	103,083 ^c
Maryland	400,914	148,657	114,711	664,282	40.4	268,370 ^c
Massachusetts	783,598	-	103,716	887,313	32.6	289,296
Michigan	846,823	-	665,634	1,512,457	34.6	523,260
Minnesota	611,816	98,096	211,561	921,473	47.6	438,278
Mississippi	172,668	-	117,710	290,378	62.2	180,615 ^c
Missouri	629,112	113,951	290,394	1,033,458	49.7	513,629 ^c
Montana	76,312	87,997	31,888	196,197	53.6	105,162 ^c
Nebraska	206,943	-	59,361	266,304	57.1	152,059 ^c
Nevada	212,130	-	103,756	315,886	41.1	129,740
New Hampshire	175,188	-	37,383	212,571	55.6	118,190 ^c

New Jersey	1,096,539	-	285,584	1,382,123	46.2	638,294
New Mexico	89,258	24,948	61,344	175,551	56.8	99,713 ^c
New York	1,580,743	780,636	615,001	2,976,380	34.0	1,010,900
North Carolina	750,667	-	242,991	993,658	42.9	426,279 ^c
North Dakota ^a	222	73,295	-	73,517	53.3	39,205
Ohio ^a	37,652	1,878,257	472,277	2,388,186	46.3	1,106,572
Oklahoma	251,231	140,450	117,251	508,931	46.1	234,617 ^c
Oregon	238,333	192,157	73,595	504,085	50.6	255,067 ^c
Pennsylvania	1,761,444	157,299	559,966	2,478,709	40.0	990,861
Rhode Island	48,992	78,927	15,975	143,894	30.5	43,888 ^c
South Carolina	398,098	43,770	150,661	592,530	44.8	265,453 ^c
South Dakota	63,000	-	10,478	73,478	61.5	45,189 ^c
Tennessee	603,769	-	117,964	721,733	51.3	370,249 ^c
Texas	1,724,629	252,771	393,397	2,370,797	62.1	1,472,265 ^c
Utah	76,492	105,721	30,323	212,537	66.6	141,549 ^c
Vermont	107,329	-	12,000	119,329	52.7	62,886 ^c
Virginia	495,617	-	134,491	630,107	54.1	340,888 ^c
Washington ^a	28,773	1,225,241	462,420	1,716,435	34.4	590,036
West Virginia ^a	3,588	656,425	131,749	791,762	28.8	227,872
Wisconsin	756,599	-	143,101	899,700	61.3	551,165 ^c
Wyoming ^a	5,913	101,562	-	107,475	63.8	68,585 ^d
Non-federal total	\$ 28,151,187	\$ 9,308,424	\$ 11,802,703	\$ 49,262,314	47.6	\$ 23,469,598
Federale				3,153,626	26.7	840,445
Federal employees				2,317,325	28.7	665,378
TOTAL				52,415,940	46.4	24,310,043

(a) States with exclusive funds (Ohio, North Dakota, Washington, West Virginia, and Wyoming) may have small amounts of benefits paid in the private carrier category. This results from the fact that some employers doing business in states with exclusive state funds may need to obtain coverage from private carriers under the LHWCA act or employers liability coverage which the state fund is not authorized to provide. In addition, private carriers may provide excess compensation coverage in some of these states.

(b) Self-insurance includes individual self-insurers and group self-insurance.

(c) Medical percentages based on data provided by NCCI, see Appendix F.

(d) Medical percentage based on incurred share of medical benefits based on NCCI *Annual Statistical Bulletin*, see Appendix F.

(e) Federal benefits include: those paid under the Federal Employees' Compensation Act for civilian employees; the portion of the Black Lung benefit program that is financed by employers; and a portion of benefits under the Longshore and Harbor Workers' Compensation Act that are not reflected in state data, namely, benefits paid by self-insured employers and by special funds under the LHWCA. See Appendix H for more information about federal programs.

Source: National Academy of Social Insurance estimates based on data received from state agencies, the U.S. Department of Labor, A.M. Best, and the National Council on Compensation Insurance.

Table D4**Workers' Compensation Benefits by Type of Insurer and Medical Benefits, by State, 2001
(in thousands)**

State	Private Carriers ^a	State Funds	Self-Insured ^b	Total	Percent Medical	Medical Benefits
Alabama	\$304,347	-	\$258,425	\$562,773	60.9	\$342,729 ^c
Alaska	128,045	-	30,475	158,520	52.8	83,699 ^c
Arizona	185,302	186,671	80,038	452,011	61.4	277,535 ^c
Arkansas	158,166	-	65,250	223,416	61.2	136,731 ^c
California	5,573,930	1,544,302	2,964,348	10,082,580	46.5	4,690,006
Colorado	307,516	117,809	141,029	566,354	43.6	246,930 ^c
Connecticut	450,892	-	190,449	641,341	41.8	268,080 ^c
Delaware	97,153	-	29,117	126,270	46.8	59,081 ^d
District of Columbia	74,570	-	24,926	99,496	39.7	39,500 ^c
Florida	2,441,956	-	591,999	3,033,955	56.7	1,720,253 ^c
Georgia	715,164	-	291,556	1,006,721	48.3	486,246 ^c
Hawaii	163,287	9,182	75,631	248,100	39.2	97,255 ^c
Idaho	82,210	87,626	29,208	199,044	56.2	111,863 ^c
Illinois	1,591,222	-	531,061	2,122,283	44.9	952,905 ^c
Indiana	443,079	-	113,787	556,866	65.4	364,190 ^c
Iowa	319,193	-	71,963	391,156	46.2	180,714 ^c
Kansas	240,823	-	98,435	339,258	57.1	193,716 ^c
Kentucky	396,359	40,177	288,520	725,056	55.5	402,406 ^c
Louisiana	310,407	132,804	190,492	633,703	52.9	335,229 ^c
Maine	97,417	60,926	87,000	245,343	44.8	109,914 ^c
Maryland	408,593	157,709	115,331	681,633	42.3	288,331 ^c
Massachusetts	786,032	-	115,696	901,729	32.5	292,686
Michigan	809,463	-	668,523	1,477,986	32.7	482,602
Minnesota	607,638	91,622	202,520	901,780	47.6	429,322
Mississippi	183,238	-	101,491	284,729	54.8	156,031 ^c
Missouri	609,400	91,486	257,822	958,708	53.0	508,256 ^c
Montana	73,669	75,354	32,747	181,770	53.0	96,338 ^c
Nebraska	183,668	-	51,766	235,434	57.3	134,904 ^c
Nevada	211,271	-	99,479	310,750	40.9	127,224
New Hampshire	167,096	-	50,783	217,879	56.8	123,755

New Jersey	1,019,281	-	293,100	1,312,381	46.8	614,049
New Mexico	81,884	21,218	55,712	158,815	58.6	93,065 ^c
New York	1,440,904	797,109	643,553	2,881,566	34.5	992,773
North Carolina	705,188	-	211,353	916,541	44.8	410,610 ^c
North Dakota ^a	477	70,508	-	70,984	52.8	37,496
Ohio ^a	33,376	1,762,622	452,371	2,248,369	44.5	999,435
Oklahoma	292,480	120,815	112,775	526,070	47.7	250,935 ^c
Oregon	253,207	179,395	71,293	503,895	47.8	240,862 ^c
Pennsylvania	1,700,651	144,523	561,097	2,406,272	39.2	943,970
Rhode Island	54,249	65,097	18,172	137,518	30.6	42,081 ^c
South Carolina	367,262	39,444	125,668	532,374	45.8	243,827 ^c
South Dakota	60,209	-	10,526	70,736	61.1	43,219 ^c
Tennessee	648,863	-	211,282	860,144	51.7	444,695 ^c
Texas	1,684,296	255,379	358,454	2,298,129	60.3	1,385,772 ^c
Utah	73,614	87,522	38,431	199,567	66.6	132,911 ^c
Vermont	81,246	-	17,273	98,518	45.1	44,432 ^c
Virginia	468,588	-	143,494	612,083	56.4	345,215 ^c
Washington ^a	27,545	1,187,552	424,337	1,639,435	34.4	564,061
West Virginia ^a	633	589,259	96,916	686,808	26.3	180,972
Wisconsin	787,332	-	143,430	930,762	58.1	540,773 ^c
Wyoming ^a	3,017	97,059	-	100,076	67.5	67,567
Non-federal total	\$27,905,410	\$8,013,172	\$11,839,106	\$47,757,688	46.8	\$22,357,152
Federal^f				3,069,267	25.4	780,176
Federal employees				2,223,088	28.0	623,057
Total				50,826,955	45.5	23,137,328

(a) States with exclusive funds (Ohio, North Dakota, Washington, West Virginia, and Wyoming) may have small amounts of benefits paid in the private carrier category. This results from the fact that some employers doing business in states with exclusive state funds may need to obtain coverage from private carriers under the LHWCA act or employers liability coverage which the state fund is not authorized to provide. In addition, private carriers may provide excess compensation coverage in some of these states.

(b) Self-insurance includes individual self-insurers and group self-insurance.

(c) Medical percentages based on data provided by NCCI, see Appendix F.

(d) Medical percentage based on incurred share of medical benefits based on NCCI *Annual Statistical Bulletin*, see Appendix F.

(e) Federal benefits include: those paid under the Federal Employees' Compensation Act for civilian employees; the portion of the Black Lung benefit program that is financed by employers; and a portion of benefits under the Longshore and Harbor Workers' Compensation Act that are not reflected in state data, namely, benefits paid by self-insured employers and by special funds under the LHWCA. See Appendix H for more information about federal programs.

Source: National Academy of Social Insurance estimates based on data received from state agencies, the U.S. Department of Labor, A.M. Best and the National Council of Compensation Insurance.

Table D5**Workers' Compensation Benefits by Type of Insurer and Medical Benefits, by State, 2000
(in thousands)**

State	Private Carriers ^a	State Funds	Self-Insured ^b	Total	Percent Medical	Medical Benefits
Alabama	304,964	-	224,225	\$529,189	59.5	315,040 ^c
Alaska	109,467	-	29,911	139,378	53.5	74,531 ^c
Arizona	230,991	196,364	70,599	497,955	60.5	301,028 ^c
Arkansas	162,147	-	51,822	213,969	59.7	127,711 ^c
California	5,615,736	1,173,754	2,659,655	9,449,145	45.6	4,306,573
Colorado	339,521	264,636	206,144	810,301	44.0	356,634 ^c
Connecticut	452,501	-	185,934	638,435	43.9	280,270 ^c
Delaware	92,144	-	25,489	117,633	54.1	63,582 ^d
District of Columbia	63,485	-	14,032	77,517	51.2	39,700 ^c
Florida	2,350,035	-	226,840	2,576,875	54.2	1,395,609 ^c
Georgia	665,212	-	299,782	964,995	46.3	446,481 ^c
Hawaii	153,977	9,706	67,676	231,359	38.6	89,349 ^c
Idaho	50,841	53,562	9,195	113,598	56.1	63,783 ^c
Illinois	1,494,782	-	449,077	1,943,859	44.1	857,002 ^c
Indiana	448,933	-	95,676	544,609	65.0	353,807 ^c
Iowa	280,791	-	62,140	342,930	49.3	169,169 ^c
Kansas	225,234	-	97,473	322,707	59.8	193,093 ^c
Kentucky	386,593	27,259	170,076	583,928	53.7	313,861 ^c
Louisiana	283,913	117,001	145,631	546,544	49.9	272,728 ^c
Maine	105,099	50,024	89,591	244,714	42.9	104,864 ^c
Maryland	386,996	135,294	118,754	641,044	38.9	249,527 ^c
Massachusetts	677,122	-	123,716	800,837	30.8	246,854
Michigan	796,329	-	677,729	1,474,058	32.0	472,355
Minnesota	529,436	88,070	180,281	797,787	46.3	369,408
Mississippi	201,530	-	91,148	292,677	56.0	163,790 ^c
Missouri	507,713	60,290	211,782	779,786	48.2	376,084 ^c
Montana	63,437	66,736	24,624	154,797	52.4	81,160 ^c
Nebraska	180,838	-	48,806	229,644	55.0	126,340 ^c
Nevada	219,985	-	127,396	347,381	46.7	162,363
New Hampshire	141,197	-	35,972	177,169	60.1	106,480 ^d

New Jersey	1,092,081	-	285,868	1,377,949	45.5	627,200 ^d
New Mexico	74,752	13,865	54,974	143,592	53.8	77,197 ^c
New York	1,346,945	839,136	574,543	2,760,623	26.1	721,351
North Carolina	660,389	-	204,250	864,639	44.4	384,105 ^c
North Dakota ^a	432	69,534	-	69,966	54.1	37,866
Ohio ^a	28,216	1,630,453	439,876	2,098,545	41.5	871,623
Oklahoma	282,357	110,131	92,882	485,371	46.0	223,421 ^c
Oregon	235,228	158,660	31,572	425,460	48.9	207,921 ^c
Pennsylvania	1,660,330	154,580	563,919	2,378,828	38.1	906,449
Rhode Island	56,573	51,451	18,698	126,721	30.8	39,040 ^c
South Carolina	355,648	37,004	122,730	515,381	44.9	231,267 ^c
South Dakota	60,968	-	2,197	63,165	59.0	37,291 ^c
Tennessee	612,992	-	161,426	774,419	51.2	396,612 ^c
Texas	1,584,365	218,589	357,418	2,160,372	59.8	1,292,666 ^c
Utah	66,557	80,596	24,849	172,002	66.8	114,933 ^c
Vermont	86,984	-	14,495	101,479	47.9	48,627 ^c
Virginia	467,163	-	129,891	597,055	52.4	312,912 ^c
Washington ^a	20,742	1,135,120	370,652	1,526,514	35.0	533,628
West Virginia ^a	2,679	557,621	101,117	661,417	27.6	182,353
Wisconsin	656,232	-	108,278	764,510	59.0	451,050 ^c
Wyoming ^a	933	88,108	-	89,041	66.0	58,803
Non-federal total	\$26,873,516	\$7,387,540	\$10,480,812	\$44,741,869	45.2	\$20,235,488
Federal ^c				2,957,404	23.6	697,825
Federal employees				2,118,859	25.6	542,505
Total				47,699,273	43.9	20,933,313

(a) States with exclusive funds (Ohio, North Dakota, Washington, West Virginia, and Wyoming) may have small amounts of benefits paid in the private carrier category. This results from the fact that some employers doing business in states with exclusive state funds may need to obtain coverage from private carriers under the LHWCA act or employers liability coverage which the state fund is not authorized to provide. In addition, private carriers may provide excess compensation coverage in some of these states.

(b) Self-insurance includes individual self-insurers and group self-insurance.

(c) Medical percentages based on data provided by NCCI, see Appendix F.

(d) Medical percentages based on incurred share of medical benefits based on NCCI *Annual Statistical Bulletin*, see Appendix F.

(e) Federal benefits include: those paid under the Federal Employees' Compensation Act for civilian employees; the portion of the Black Lung benefit program that is financed by employers; and a portion of benefits under the Longshore and Harbor Workers' Compensation Act that are not reflected in state data, namely, benefits paid by self-insured employers and by special funds under the LHWCA. See Appendix H for more information about federal programs.

Source: National Academy of Social Insurance estimates based on data received from state agencies, the U.S. Department of Labor, A.M. Best and the National Council of Compensation Insurance.

Table D6**Workers' Compensation Benefits by Type of Insurer and Medical Benefits, by State, 1999**
(in thousands)

State	Private Carriers ^a	State Funds	Self-Insured ^b	Total	Percent Medical	Medical Benefits
Alabama	295,847	-	255,550	\$551,396	60.8	335,418 ^c
Alaska	104,415	-	28,105	132,520	49.2	65,199 ^c
Arizona	206,932	181,647	62,766	451,345	57.5	259,405 ^c
Arkansas	134,915	-	43,868	178,784	60.8	108,672 ^c
California	5,610,841	1,012,910	2,242,368	8,866,119	44.6	3,957,106
Colorado	331,968	194,397	193,668	720,033	40.3	290,033 ^c
Connecticut	521,350	-	222,626	743,975	39.2	291,587 ^c
Delaware	89,225	-	23,929	113,154	57.4	64,948 ^d
District of Columbia	67,473	-	13,857	81,330	34.6	28,110 ^c
Florida	2,206,193	-	476,708	2,682,901	54.3	1,457,569 ^c
Georgia	580,059	-	275,968	856,027	49.5	423,874 ^c
Hawaii	148,878	6,822	66,660	222,360	38.5	85,631 ^c
Idaho	62,110	75,371	10,396	147,877	55.8	82,533 ^c
Illinois	1,431,980	-	304,892	1,736,872	42.8	743,933 ^c
Indiana	422,763	-	69,466	492,229	65.8	323,646 ^c
Iowa	253,823	-	47,885	301,708	49.7	149,940 ^c
Kansas	214,731	-	92,621	307,352	55.6	170,904 ^c
Kentucky	396,516	26,727	167,074	590,317	54.1	319,418 ^c
Louisiana	276,162	126,370	161,642	564,174	50.3	283,677 ^c
Maine	102,882	47,505	94,872	245,259	39.3	96,478 ^c
Maryland	387,236	130,667	93,416	611,318	40.7	248,807 ^c
Massachusetts	665,397	-	123,013	788,410	31.9	251,684
Michigan	749,368	-	643,438	1,392,806	37.3	519,409 ^c
Minnesota	479,317	88,070	177,110	744,497	42.4	315,637
Mississippi	179,475	-	90,776	270,252	56.1	151,602 ^c
Missouri	604,821	39,354	223,701	867,876	48.3	419,275 ^c
Montana	58,017	63,437	24,542	145,996	47.5	69,355 ^c
Nebraska	162,578	-	42,065	204,644	52.7	107,777 ^c
Nevada	310,804	-	107,976	418,780	45.3	189,717 ^d
New Hampshire	147,419	-	29,516	176,935	50.9	90,138 ^c

New Jersey	1,042,149	-	101,991	1,144,140	43.4	496,785 ^d
New Mexico	85,087	11,727	53,130	149,944	58.4	87,525 ^c
New York	1,314,422	988,238	592,196	2,894,856	30.0	869,480
North Carolina	622,886	-	236,265	859,151	44.6	382,990 ^c
North Dakota ^a	394	68,711	-	69,105	53.4	36,885
Ohio ^a	37,923	1,571,005	429,814	2,038,742	39.8	811,564
Oklahoma	289,959	116,709	88,756	495,424	44.4	220,134 ^c
Oregon	202,220	145,285	36,605	384,110	47.9	184,165 ^c
Pennsylvania	1,709,939	177,860	579,315	2,467,114	35.3	870,282
Rhode Island	57,291	45,125	27,711	130,127	28.8	37,420 ^c
South Carolina	334,787	42,705	134,243	511,735	47.3	241,978 ^c
South Dakota	65,419	-	2,705	68,123	58.0	39,499 ^c
Tennessee	541,792	-	165,232	707,024	52.3	369,791 ^c
Texas	1,556,839	211,910	355,326	2,124,075	55.0	1,168,373 ^c
Utah	65,232	64,085	29,955	159,273	65.1	103,633 ^c
Vermont	80,792	-	18,162	98,954	47.4	46,876 ^c
Virginia	528,434	-	164,555	692,989	53.1	367,944 ^c
Washington ^a	24,628	1,032,108	338,510	1,395,246	34.4	479,577
West Virginia ^a	8,673	540,627	103,061	652,361	27.9	181,683
Wisconsin	609,241	-	117,091	726,332	58.2	422,779 ^c
Wyoming ^a	1,432	73,764	-	75,196	64.4	48,434
Non-federal total	\$26,383,033	\$7,083,135	\$9,985,099	\$43,451,266	44.6	\$19,369,279
Federal ^e				2,862,183	24.0	685,962
Federal employees				1,999,915	26.3	525,747
Total				46,313,449	43.3	20,055,241

(a) States with exclusive funds (Ohio, North Dakota, Washington, West Virginia, and Wyoming) may have small amounts of benefits paid in the private carrier category. This results from the fact that some employers doing business in states with exclusive state funds may need to obtain coverage from private carriers under the LHWCA act or employers liability coverage which the state fund is not authorized to provide. In addition, private carriers may provide excess compensation coverage in some of these states.

(b) Self-insurance includes individual self-insurers and group self-insurance.

(c) Medical percentages based on data provided by NCCI, see Appendix F.

(d) Medical percentages based on incurred share of medical benefits based on NCCI *Annual Statistical Bulletin*, see Appendix F.

(e) Federal benefits include: those paid under the Federal Employees' Compensation Act for civilian employees; the portion of the Black Lung benefit program that is financed by employers; and a portion of benefits under the Longshore and Harbor Workers' Compensation Act that are not reflected in state data, namely, benefits paid by self-insured employers and by special funds under the LHWCA. See Appendix H for more information about federal programs.

Source: National Academy of Social Insurance estimates based on data received from state agencies, the U.S. Department of Labor, A.M. Best and the National Council of Compensation Insurance.

Table D7**Workers' Compensation Benefits by Type of Insurer and Medical Benefits, by State, 1998****(in thousands)**

State	Private Carriers ^a	State Funds	Self-Insured ^b	Total	Percent Medical	Medical Benefits
Alabama	348,977	-	253,111	\$602,088	58.2	350,415 ^c
Alaska	101,335	-	33,688	135,023	51.1	68,997 ^c
Arizona	197,295	173,251	70,260	440,806	54.4	239,720 ^c
Arkansas	129,509	-	56,189	185,697	57.1	105,980 ^c
California	4,214,725	934,780	2,216,316	7,365,820	43.1	3,171,827
Colorado	301,391	331,740	186,144	819,276	37.9	310,505 ^c
Connecticut	478,649	-	126,697	605,346	41.3	250,008 ^c
Delaware	89,150	-	27,650	116,800	61.7	72,019 ^d
District of Columbia	65,105	-	14,629	79,734	32.4	25,874 ^c
Florida	2,187,927	-	752,497	2,940,424	56.4	1,658,121 ^c
Georgia	566,415	-	303,777	870,192	47.1	409,990 ^c
Hawaii	164,851	2,062	62,372	229,285	33.7	77,269 ^c
Idaho	63,488	72,390	10,311	146,189	55.5	81,147 ^c
Illinois	1,349,566	-	307,745	1,657,311	41.5	687,098 ^c
Indiana	406,621	-	125,800	532,421	66.7	355,219 ^c
Iowa	253,166	-	60,227	313,393	48.9	153,330 ^c
Kansas	210,309	-	96,729	307,039	54.3	166,673 ^c
Kentucky	353,554	27,486	219,564	600,604	52.8	317,366 ^c
Louisiana	232,864	110,151	141,970	484,985	48.9	237,311 ^c
Maine	105,069	46,149	86,768	237,986	35.2	83,660 ^c
Maryland	351,897	134,973	86,563	573,433	40.0	229,235 ^c
Massachusetts	645,112	-	146,955	792,067	31.1	246,129
Michigan	818,205	-	737,108	1,555,313	37.7	587,049 ^c
Minnesota	471,916	95,732	174,351	742,000	41.2	305,900
Mississippi	167,211	-	84,848	252,059	58.2	146,698 ^c
Missouri	519,919	39,889	192,299	752,107	48.1	361,400 ^c
Montana	44,874	68,653	23,447	136,975	48.5	66,365 ^c
Nebraska	153,442	-	37,930	191,373	53.4	102,285 ^c
Nevada	9,905	217,064	66,859	293,828	39.1	114,912
New Hampshire	135,087	-	37,000	172,087	50.8	87,420 ^c

New Jersey	982,880	-	93,963	1,076,843	35.2	379,037 ^c
New Mexico	88,416	12,394	43,670	144,479	56.7	81,891 ^c
New York	1,125,494	850,823	624,644	2,600,961	23.9	621,595
North Carolina	588,599	-	249,418	838,017	44.5	372,918 ^c
North Dakota ^a	224	68,711	-	68,935	53.4	36,794
Ohio ^a	27,447	1,616,286	432,812	2,076,545	39.4	818,019
Oklahoma	280,777	156,300	100,052	537,129	43.4	233,199 ^c
Oregon	221,916	145,135	63,470	430,521	48.0	206,452 ^c
Pennsylvania	1,668,404	204,336	577,512	2,450,253	34.0	834,245
Rhode Island	62,396	41,855	26,773	131,024	28.0	36,637 ^c
South Carolina	288,480	49,104	129,693	467,277	45.3	211,676 ^c
South Dakota	66,186	-	6,160	72,346	55.1	39,872 ^c
Tennessee	514,659	-	149,678	664,338	51.4	341,470 ^c
Texas	1,283,463	176,587	381,858	1,841,908	58.7	1,081,200 ^c
Utah	66,744	63,496	34,063	164,302	66.8	109,785 ^c
Vermont	74,824	-	12,925	87,749	46.1	40,468 ^c
Virginia	497,512	-	161,172	658,684	52.1	343,455 ^c
Washington ^a	17,222	964,077	305,381	1,286,680	34.9	449,549
West Virginia ^a	2,404	512,387	105,268	620,059	28.9	179,287
Wisconsin	580,797	-	115,861	696,658	58.2	405,608 ^c
Wyoming ^a	2,181	70,899	-	73,080	63.8	46,657
Non-federal total	\$23,578,561	\$7,186,710	\$10,354,179	\$41,119,450	43.6	\$17,939,732
Federal ^c				2,867,876	23.8	682,653
Federal employees				2,009,862	23.6	473,432
Total				43,987,326	42.3	18,622,385

(a) States with exclusive funds (Ohio, North Dakota, Washington, West Virginia, and Wyoming) may have small amounts of benefits paid in the private carrier category. This results from the fact that some employers doing business in states with exclusive state funds may need to obtain coverage from private carriers under the LHWCA act or employers liability coverage which the state fund is not authorized to provide. In addition, private carriers may provide excess compensation coverage in some of these states.

(b) Self-insurance includes individual self-insurers and group self-insurance.

(c) Medical percentages based on data provided by NCCI, see Appendix F.

(d) Medical percentage based on incurred share of medical benefits based on NCCI *Annual Statistical Bulletin*, see Appendix F.

(e) Federal benefits include: those paid under the Federal Employees' Compensation Act for civilian employees; the portion of the Black Lung benefit program that is financed by employers; and a portion of benefits under the Longshore and Harbor Workers' Compensation Act that are not reflected in state data, namely, benefits paid by self-insured employers and by special funds under the LHWCA. See Appendix H for more information about federal programs.

Source: National Academy of Social Insurance estimates based on data received from state agencies, the U.S. Department of Labor, A.M. Best and the National Council of Compensation Insurance.

Table D8**Workers' Compensation Benefits by Type of Insurer and Medical Benefits, by State, 1997**
(in thousands)

State	Private Carriers ^a	State Funds	Self-Insured ^b	Total	Percent Medical	Medical Benefits
Alabama	\$ 265,486	\$ -	\$ 264,744	\$ 530,230	61.0	\$ 323,440 ^c
Alaska	98,493	-	31,803	130,296	49.5	64,496 ^c
Arizona	163,472	181,485	73,445	418,401	54.0	225,937 ^c
Arkansas	120,150	-	53,313	173,464	56.7	98,354 ^c
California	3,869,236	904,451	2,299,857	7,073,544	42.2	2,985,926
Colorado	281,219	324,494	220,212	825,926	40.8	336,978 ^c
Connecticut	492,939	-	230,669	723,607	39.7	287,272 ^c
Delaware	80,507	-	26,577	107,085	63.4	67,884 ^d
District of Columbia	72,988	-	17,670	90,657	33.1	30,008 ^c
Florida	1,572,377	-	614,049	2,186,426	57.1	1,248,449 ^c
Georgia	509,463	-	314,314	823,778	48.0	395,413 ^c
Hawaii	186,226	110	68,580	254,915	33.2	84,632 ^c
Idaho	58,531	64,276	11,593	134,400	52.0	69,888 ^c
Illinois	1,282,544	-	452,276	1,734,820	42.7	740,768 ^c
Indiana	372,545	-	91,354	463,898	66.9	310,348 ^c
Iowa	239,136	-	45,352	284,488	47.5	135,132 ^c
Kansas	198,033	-	106,716	304,750	53.7	163,651 ^c
Kentucky	353,385	31,065	244,669	629,118	48.4	304,346 ^c
Louisiana	212,239	99,623	143,114	454,976	47.6	216,568 ^c
Maine	112,885	41,327	104,232	258,445	31.4	81,152 ^c
Maryland	328,017	152,537	114,582	595,136	37.5	223,176 ^c
Massachusetts	693,379	-	155,112	848,491	28.7	243,549
Michigan	771,601	-	720,449	1,492,050	36.4	543,106 ^c
Minnesota	468,928	105,910	170,162	745,000	40.8	304,213
Mississippi	148,212	-	101,314	249,525	58.2	145,224 ^c
Missouri	385,395	45,076	172,383	602,854	44.5	268,270 ^c
Montana	42,516	72,328	22,397	137,241	44.8	61,547 ^c
Nebraska	144,455	-	42,874	187,329	53.3	99,847 ^c
Nevada	6,057	223,326	70,120	299,502	36.4	109,107
New Hampshire	124,154	-	41,000	165,154	47.3	78,118

New Jersey	1,057,853	-	93,710	1,151,563	41.6	478,696 ^d
New Mexico	69,433	13,185	50,460	133,078	54.5	72,527 ^c
New York	1,167,535	856,447	595,789	2,619,771	31.6	829,103
North Carolina	501,764	-	257,055	758,819	41.1	311,875 ^c
North Dakota ^a	228	68,095	-	68,323	51.8	35,403 ^c
Ohio ^a	24,190	1,575,658	436,058	2,035,906	35.9	731,276
Oklahoma	241,845	209,588	106,786	558,218	42.4	236,582 ^c
Oregon	208,179	144,492	64,551	417,222	46.0	191,922 ^c
Pennsylvania	1,639,917	241,606	610,824	2,492,347	32.2	802,477
Rhode Island	52,050	40,790	30,904	123,744	26.5	32,792 ^c
South Carolina	287,411	44,410	127,556	459,377	45.1	207,179 ^c
South Dakota	63,423	-	6,226	69,649	54.5	37,959 ^c
Tennessee	425,267	-	141,628	566,895	48.7	276,078 ^c
Texas	1,128,350	204,892	119,778	1,453,020	57.0	828,221 ^c
Utah	55,942	58,426	16,083	130,451	66.2	86,407 ^c
Vermont	69,914	-	12,538	82,452	43.2	35,619 ^c
Virginia	455,818	-	160,565	616,383	50.3	310,041 ^c
Washington ^a	13,283	924,884	279,355	1,217,522	35.0	426,182
West Virginia ^a	2,729	459,663	104,946	567,339	29.3	166,100
Wisconsin	555,104	-	117,712	672,816	56.6	380,814
Wyoming ^a	1,310	69,072	-	70,382	62.0	43,639
Non-federal total	\$21,676,113	\$7,157,215	\$10,357,455	\$39,190,783	42.8	\$16,767,689
Federal ^e				2,780,051	22.6	629,599
Federal employees				1,900,779	24.2	459,912
Total				41,970,834	41.5	17,397,288

(a) States with exclusive funds (Ohio, North Dakota, Washington, West Virginia, and Wyoming) may have small amounts of benefits paid in the private carrier category. This results from the fact that some employers doing business in states with exclusive state funds may need to obtain coverage from private carriers under the LHWCA act or employers liability coverage which the state fund is not authorized to provide. In addition, private carriers may provide excess compensation coverage in some of these states.

(b) Self-insurance includes individual self-insurers and group self-insurance.

(c) Medical percentages based on data provided by NCCI, see Appendix F.

(d) Medical percentage based on incurred share of medical benefits based on NCCI *Annual Statistical Bulletin*, see Appendix F.

(e) Federal benefits include: those paid under the Federal Employees' Compensation Act for civilian employees; the portion of the Black Lung benefit program that is financed by employers and a portion of benefits under the Longshore and Harbor Workers' Compensation Act that are not reflected in state data, namely, benefits paid by self-insured employers and by special funds under the LHWCA. See Appendix H for more information about federal programs.

Source: National Academy of Social Insurance estimates based on data received from state agencies, the U.S. Department of Labor, A.M. Best and the National Council of Compensation Insurance.

Table D9**Workers' Compensation Benefits by Type of Insurer and Medical Benefits, by State, 1996
(in thousands)**

State	Private Carriers ^a	State Funds	Self-Insured ^b	Total	Percent Medical	Medical Benefits
Alabama	\$ 170,935	\$ -	\$ 275,084	\$446,019	55.4	\$ 247,095
Alaska	96,329	-	25,679	122,008	51.6	62,956
Arizona	176,507	185,137	67,800	429,443	45.8	196,875 ^c
Arkansas	124,269	-	59,285	183,554	29.2	53,598 ^c
California	3,778,411	947,143	2,167,789	6,893,344	42.2	2,908,991
Colorado	260,195	321,732	186,938	768,864	36.6	281,320
Connecticut	459,328	-	215,823	675,151	42.5	287,211 ^c
Delaware	79,522	-	29,142	108,664	61.3	66,567 ^d
District of Columbia	77,601	-	15,662	93,263	35.3	32,922 ^c
Florida	1,483,954	-	612,661	2,096,614	58.8	1,232,809
Georgia	520,804	-	254,684	775,488	44.5	344,966 ^c
Hawaii	225,355	-	74,578	299,933	37.6	112,775
Idaho	57,676	66,691	29,565	153,931	44.7	68,807 ^c
Illinois	1,284,623	-	478,171	1,762,794	39.0	686,822 ^c
Indiana	370,484	-	95,134	465,618	51.0	237,394 ^c
Iowa	229,000	-	43,188	272,188	41.4	112,773 ^c
Kansas	202,973	-	108,470	311,443	47.1	146,804
Kentucky	295,485	11,608	180,658	487,751	64.5	314,661
Louisiana	232,173	98,449	172,169	502,792	53.4	268,491 ^c
Maine	135,244	39,737	120,729	295,711	31.5	93,149
Maryland	316,615	147,849	83,957	548,421	46.0	252,274
Massachusetts	658,721	-	124,000	782,721	26.9	210,552
Michigan	774,958	-	667,192	1,442,150	30.3	436,971
Minnesota	390,583	119,447	190,754	700,784	39.1	274,007
Mississippi	137,439	-	99,554	236,993	55.6	131,768
Missouri	392,032	31,061	175,303	598,397	42.7	255,682 ^c
Montana	38,411	82,906	22,120	143,437	42.3	60,674
Nebraska	142,710	-	45,076	187,786	57.9	108,728
Nevada	1,660	248,529	86,307	336,497	33.6	113,063
New Hampshire	158,525	-	40,692	199,217	43.7	86,993 ^c

New Jersey	965,464	-	99,056	1,064,520	57.0	606,776
New Mexico	84,206	15,247	59,919	159,372	53.7	85,583
New York	1,095,013	986,224	293,466	2,374,703	33.7	800,275
North Carolina	424,083	-	153,158	577,241	38.8	223,969 ^c
North Dakota ^a	20	69,832	-	69,852	44.4	31,014
Ohio ^a	13,940	2,146,314	464,589	2,624,843	34.3	900,321
Oklahoma	229,832	228,822	157,739	616,393	40.6	250,024 ^c
Oregon	219,618	150,494	77,185	447,297	44.3	198,153
Pennsylvania	1,657,817	264,293	611,678	2,533,788	31.1	788,008
Rhode Island	59,655	36,103	46,510	142,268	24.3	34,571 ^c
South Carolina	207,930	34,500	112,309	354,739	40.4	143,398
South Dakota	60,986	-	13,677	74,664	50.1	37,406
Tennessee	488,542	-	171,600	660,142	42.4	280,147 ^c
Texas	1,079,757	270,356	149,573	1,499,686	60.9	912,675 ^d
Utah	59,135	58,920	35,730	153,785	46.9	72,078
Vermont	69,162	-	17,184	86,346	43.1	37,215
Virginia	458,812	-	170,594	629,406	27.6	173,716 ^c
Washington ^a	14,214	985,204	220,505	1,219,923	32.8	400,135
West Virginia ^a	5,551	425,997	101,545	533,092	26.9	143,402
Wisconsin	555,572	-	123,641	679,213	46.9	318,717 ^c
Wyoming ^a	2,283	69,695	-	71,978	58.8	42,323
Non-federal total	\$21,024,114	\$8,042,292	\$9,827,823	\$38,894,229	41.6	\$16,167,603
Federal ^c				3,065,904	18.6	571,659
Federal employees				1,911,682	24.9	476,659
Total				41,960,133	39.9	16,739,262

(a) States with exclusive funds (Ohio, North Dakota, Washington, West Virginia, and Wyoming) may have small amounts of benefits paid in the private carrier category. This results from the fact that some employers doing business in states with exclusive state funds may need to obtain coverage from private carriers under the LHWCA act or employers liability coverage which the state fund is not authorized to provide. In addition, private carriers may provide excess compensation coverage in some of these states.

(b) Self-insurance includes individual self-insurers and group self-insurance.

(c) Medical percentages based on data provided by NCCI, see Appendix F.

(d) Medical percentage based on incurred share of medical benefits based on NCCI *Annual Statistical Bulletin*, see Appendix F.

(e) Federal benefits include: those paid under the Federal Employees' Compensation Act for civilian employees; the portion of the Black Lung benefit program that is financed by employers; and a portion of benefits under the Longshore and Harbor Workers' Compensation Act that are not reflected in state data, namely, benefits paid by self-insured employers and by special funds under the LHWCA. See Appendix H for more information about federal programs.

Source: National Academy of Social Insurance estimates based on data received from state agencies, the U.S. Department of Labor, A.M. Best and the National Council of Compensation Insurance.

Appendix E: Self-Insurer Benefits Estimates

This report uses a methodology that incorporates historical data to estimate self-insurance benefits in states that were not able to provide recent information. That methodology is as follows:

Step A: Calculate the share of payroll that is self-insured (in states where we can).

- 1) Use NASI estimates of total covered payroll for calendar years 2005. This procedure is outlined in Appendix A.
- 2) Obtain total payroll for workers insured by private carriers and competitive state funds for calendar years from NCCI. This information is available for a subset of states (about 37-39 states), which we call “NCCI states.”
- 3) For each of the NCCI states, use [1] and [2] to estimate the payroll covered by self-insurers. This is given by [1]-[2].
- 4) For the NCCI states, use [1] and [2] to estimate the percent of payroll covered by self-insurers. The percentage of payroll covered by self-insurers is [3] / [1].

Step B: Calculate the share of benefits that is self-insured (in states where we can); and

- 5) Compile state-reported data on self-insured benefits where we can.
- 6) Estimate total benefits in states that report self-insured benefits.
- 7) Calculate the share of total benefits that is self-insured in states where we can by dividing self-insured benefits by total benefits.[5] / [6].

Step C: In states where we have both shares described above, calculate the average relationship between the two shares.

- 8) For each state where we have a self-insured share of payroll [4] and a self-insured share of benefits [7], calculate the ratio between the two shares. This ratio is [7] / [4].
- 9) Determine the number of states where we have both shares. There were 21 such states in 2005.

- 10) Calculate the average ratio between the two shares for the 21 states. The average ratio in 2005 is 64.5 percent (Table E1). That is, on average, the share of benefits that is self-insured is about 64.5 percent of the share of payroll that is self-insured in states where we have both pieces of information.

Step D: For those states where we have prior years’ data on self-insured benefits, use latest available years self-insured benefits to self-insured payroll ratio to estimate the self-insured benefits for 2005.

- 11) The self-insurance data has been imputed using previous years’ data in 5 (out of which 4 were NCCI states and one was a non-NCCI state) states where they were available. Use the ratio of self-insured benefit ratio of the state to the total self-insured benefit ratio (in available years)

$$\left[\frac{\text{State Self Insured Benefits}}{\text{State Total Benefits}} \right] \div \left[\frac{\text{Total available Self Insured Benefits}}{\text{Total Benefits}} \right]$$

to impute the ratio in the later years when data was not available.

Step E: Use the average relationship between the two shares to estimate the share of benefits that is self-insured in states where we lack that information, but have an estimate of the share of payroll that is self-insured.

- 12) For each of the NCCI states where we lack self-insured benefit data (39-21-4=12 states), multiply [4] the percentage of payroll covered by self-insurers by the average ratio in [10].
- 13) The ratio in [12] is used to estimate self-insured benefits in those 11 states. We get the self-insured benefits by multiplying (Private Carrier + State Fund Benefits) * $\left[\frac{\text{Ratio in (12)}}{(1-\text{Ratio in (12)})} \right]$

Table E1

Self-Insurer Estimation Results, 1996–2005

Average Ratio of the percent of total benefits paid by self-insurers to the percent of payroll covered by self-insurers, (7)/(4)

Year	Ratio
1996	55.0
1997	55.3
1998	46.3
1999	53.5
2000	56.6
2001	55.8
2002	61.5
2003	63.8
2004	63.6
2005	64.5

Step F: For states where we lack both ratios described in A and B (above), use the average share of total benefits that is self-insured in the rest of the states.

For 2005, 29 states reported self-insured benefits. For 13 other states, we imputed self-insured benefits using NCCI payroll data. For 5 states we used prior year's data to estimate self-insured benefit payments in 2005. Two exclusive state fund states – North Dakota and Wyoming – do not allow self insurance. For the remaining 3 states – Delaware, New Jersey and New York – we can estimate self-insured benefits based on the average of the other states where we have reported or imputed data.

Appendix F: Medical Benefit Estimates

Estimates by the National Academy of Social Insurance (NASI) of the percent of total benefits paid that were for medical care are based on reports from state agencies and from estimates provided by the National Council on Compensation Insurance (NCCI).

For 2005, we used the NCCI data for the medical share for thirty-seven states.

The National Council on Compensation Insurance (NCCI) is a national organization that assists private carriers and insurance commissioners in setting workers' compensation rates in selected states. NCCI provided NASI estimates of the percent of private carrier benefits paid that were for medical care in thirty-seven states. For ten states we used the agency

information on medical share given to NASI by the state agencies. For New Jersey we used data on calendar year paid data provide by the New Jersey Compensation Rating and Inspection Bureau. For Wisconsin, we have used incurred share of medical benefits from NCCI as a close substitute for calendar year share of medical benefits. For 2005, we used these percentages to estimate the share of total benefits (including self-insured benefits) that were for medical care in two jurisdictions for which state reports of medical benefits were not available.

For two states, West Virginia, and Wyoming neither state reports nor NCCI estimates of medical benefits were available. For these states, the weighted average of the share of total benefits that were for medical care in the other forty-seven jurisdictions was used.

Appendix G: Deductible Benefit Estimates

NASI has five methods for estimating deductible benefits and total benefits, depending on what is reported by the state.

Method A:

State reports deductible amounts.

Method: Use deductible amount reported by state.

Six States: Arizona, Minnesota, North Dakota, Oregon, Pennsylvania, and South Carolina.

Method B:

States say deductibles are included in their totals, but do not report amounts of deductibles.

Method: Estimate deductibles by subtracting Net Losses Paid as reported by A.M. Best from state report.

Thirteen States: Alabama, Alaska, California, Hawaii, Michigan, Missouri, Montana, Nevada, New Jersey, New Mexico, New York, South Dakota and Virginia.

Note: Before using A.M. Best data, state fund and private carrier data are separated out from both data reported by A.M. Best and state agencies (where necessary, i.e., where A.M. Best or the state agency classify as private carrier an entity that we classify as a state fund).

Method C:

Deductibles are not allowed in the state.

Method: Use state reports as totals. Deductibles equal zero.

Five States: Ohio, Washington, West Virginia, Wisconsin, and Wyoming.

Method D:

State does not report benefit amounts. Deductibles are allowed.

Method: Use Net Losses Paid as reported by A.M. Best and add estimated deductibles, based on the ratio of Manual Equivalent Premiums.

Twenty-four Jurisdictions: Arizona, Colorado, Connecticut, the District of Columbia, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Mississippi, Nebraska, New Hampshire, North Carolina, Oklahoma, Rhode Island, Tennessee, Utah and Vermont.

Method E:

State does not report benefit amounts. Deductibles are Allowed. Manual Equivalent Premiums are not available.

Method: Estimate the average ratio of Manual Equivalent Premiums from those states where it is available. Use this average with the Net Losses paid as reported by A.M. Best to impute deductibles.

Three States: Delaware, Massachusetts and Texas.

Appendix H: Federal Programs

Various federal programs compensate certain categories of workers for disabilities caused on the job and provide benefits to dependents of workers who die of work-related causes. Each program is described briefly below along with an explanation of whether and how it is included in our national totals of workers' compensation benefits. Our aim in this report is to include in national totals for workers' compensation those federally administered programs that are financed by employers and that are not otherwise included in workers' compensation benefits reported by states, such as the benefits paid under the Federal Employees' Compensation Act. Programs that cover private sector workers and are financed by federal general revenues, such as the Radiation Exposure Compensation Act, are not included in our national totals for workers' compensation benefits and employer costs. More detail on these programs is given below.

Federal Employees. The Federal Employees' Compensation Act of 1916, which superseded previous workers' compensation laws for federal employees, provided the first comprehensive workers' compensation program for federal civilian employees. In 2005, total benefits were \$2,462 million, of which 27 percent were for medical care. The share of benefits for medical care is lower than in most state programs because federal cash benefits, particularly for higher-wage workers, replace a larger share of pre-injury wages than is the case in most state programs. Administrative costs of the program were \$129 million in calendar year 2005, or 5.2 percent of total benefits (U.S. DOL, 2006a). Table H-1 reports benefits and administrative costs for federal civilian employees under the Federal Employees' Compensation Act in 1997 through 2005. These benefits to workers and costs to the federal government as employer are included in national totals in this report, and are classified with federal programs.

Longshore and Harbor Workers. The Longshore and Harbor Workers' Compensation Act (LHWCA) requires employers to provide workers' compensation protection for longshore, harbor, and other maritime workers. The original program, enacted in 1927, covered maritime employees injured while working over navigable waters because the Supreme Court held that the Constitution prohibits states from extending coverage to such individuals. The program

also covers other workers who fall outside the jurisdiction of state programs, such as employees on overseas military bases, those working overseas for private contractors of the United States, and private employees engaged in offshore drilling enterprises.

Private employers cover longshore and harbor workers by purchasing private insurance or self-insuring. In fiscal year 2005, about 300 self-insured employers and 250 insurance companies reported a total of 24,980 lost-time injuries to the federal Office of Workers' Compensation Programs. Total benefits paid under the Act in 2005 were \$795 million, which included \$325 million paid by private insurance carriers, \$326 million paid by self-insured employers, \$134 million paid from the federally administered special fund for second injuries and other purposes, and \$10 million for the District of Columbia Workmen's Compensation Act (DCCA) Fund. Federal direct administrative costs were \$12.6 million or about 1.6 percent of benefits paid (Table H2). The Academy's data series on benefits and costs of workers' compensation includes at least part of the benefits paid by private carriers under the LHWCA in the states where the companies operate. The benefits are not identified separately in the information provided by A.M. Best and state agencies. Benefits paid by private employers who self-insure under the Longshore and Harbor Workers' Compensation Act are not reported by states or A.M. Best. Consequently, these benefits and employer costs are included with federal programs in this report.

Table H-2 shows benefits reported to the U.S. Department of Labor by insurers and self-insured employers under the Longshore and Harbor Workers' Compensation Act in 1997 through 2005. Ideally, benefits and employer costs under the LHWCA would be counted in the states where the employee is located, because our estimates of covered employment and covered workers count these workers and wages in the states where they work. We believe that at least part of LHWCA benefits paid through private insurance carriers are included in state data that are reported to us by A.M. Best or the states. At the same time, self-insured employers under the LHWCA are not included in A.M. Best data and are unlikely to be included in state reports; benefits paid from the LHWCA special funds are not included in state data. Thus, for 1997–2005

Table H1**Federal Employees' Compensation Act, Benefits and Costs, 1997–2005 (in thousands)**

	1997	1998	1999	2000	2001	2002	2003	2004	2005
Total Benefits	\$1,900,779	\$2,009,862	\$1,999,915	\$2,118,859	\$2,223,088	2,317,325	2,367,757	2,445,077	2,462,059
Compensation Benefits	1,440,867	1,536,430	1,474,168	1,576,354	1,600,031	1,651,947	1,698,273	1,749,397	1,791,003
Medical Benefits	459,912	473,432	525,747	542,505	623,057	665,378	669,484	695,680	671,056
% Medical	24	24	26	26	28	29	28	28	27
Direct Administrative Costs	80,893	80,235	87,425	91,532	109,326	115,226	130,672	131,920	128,582
Total Costs	1,981,672	2,090,097	2,087,340	2,210,391	2,332,414	2,432,551	2,498,429	2,576,997	2,590,641
Indirect Administrative Costs ^(a)	6,835	5,750	5,584	6,197	5,056	4,596	4,806	4,587	5,494

(a) Includes legal and investigative support from the Office of the Solicitor and the Office of the Inspector General. Funded by General Revenues.

Source: U.S. DOL 2006b.

Table H2**Longshore and Harbor Workers' Compensation Act, Benefits, Costs and Number of DBA Death Claims, 1997–2005 (in thousands)**

	1997	1998	1999	2000	2001	2002	2003	2004	2005
Total Benefits	\$617,927	\$642,321	\$659,800	\$671,991	\$689,149	700,563	716,218	747,321	795,466
Insurance Carriers	219,352	238,464	232,778	249,671	236,726	246,603	262,753	278,887	325,027
Self-Insured Employers	263,255	261,559	283,991	278,952	307,708	310,940	309,843	322,520	325,694
LHWCA Special Fund	123,772	129,777	131,152	131,564	133,374	131,684	132,504	135,073	134,230
DCCA Special Fund	11,548	12,521	11,879	11,804	11,341	11,336	11,118	10,841	10,515
DBA benefits ¹	6,108	7,691	5,452	8,583	9,411	7,582	11,338	30,079	59,797
Number of DBA Death Claims	4	1	3	3	5	7	56	231	284
Total Annual Assessments	121,300	122,000	141,300	145,700	145,000	136,000	135,800	148,500	146,500
LHWCA	110,000	111,000	130,000	133,000	133,000	125,000	125,000	137,000	135,000
DCCA	11,300	11,000	11,300	12,700	12,000	11,000	10,800	11,500	11,500
Administrative Expenses ²	9,356	9,821	10,822	11,144	11,713	11,970	12,314	12,514	12,570
General Revenue	8,378	8,596	8,947	9,373	9,807	9,988	10,297	10,495	10,554
Trust Fund	978	1,225	1,875	1,771	1,906	1,982	2,017	2,019	2,016
Indirect Administrative Costs ³	1,799	2,107	2,247	1,787	2,207	2,514	2,347	2,396	2,019

1 Included in Total Benefits. Defense Base Act benefits are paid for injuries or deaths of employees working overseas for companies under contract with the US. government.

2 Longshore program administrative funding is divided between two sources. Industry oversight and claims activities are funded from general tax revenues. The program also exercises fiduciary responsibility for a Special Fund, which draws its revenue primarily from annual industry assessments based on anticipated benefit liabilities. This Fund makes direct benefits payments for certain categories of claims and provides funding for the program's rehabilitation staff and Special Fund oversight activities.

3 Includes legal and investigative support from the Office of the Solicitor and the Office of the Inspector General. Funded by General Revenues.

Source: U.S. DOL 2006b.

data, our estimates of total federal benefits include benefits paid by self-insured employers and the special funds under the LHWCA. Without other information, we assume that privately insured benefits under the program are included in state reports. Whether and how LHWCA benefits can be reflected in state reports is a subject for analysis.

Total benefits under the Longshore and Harbor Workers' Compensation Act include benefits paid under the Defense Base Act (DBA). Under the DBA, benefits are paid for injuries or deaths of employees (of any nationality) working overseas for companies under contract with the United States government. These benefits are also shown separately in Table H2. Total payments rose from about \$8 million in 2002 to \$60 million in 2005. The number of DBA death claims per year rose from single digits prior to 2003, to 284 in 2005. The increase reflects, in large part, claims and deaths of employees of companies working under contract for the U.S. government in the war zones in Iraq and Afghanistan.

Coal Miners with Black Lung Disease. The Black Lung Benefits Act, enacted in 1969, provides compensation for coal miners with pneumoconiosis, or black lung disease, and their survivors. The program has two parts. Part B is financed by federal general revenues, and was administered by the Social Security Administration until 1997 when administration shifted to the U.S. Department of Labor. Part C is paid through the Black Lung Disability Trust Fund, which is financed by coal-mine operators through a federal excise tax on coal that is mined and sold in the United States. In this report, only the Part C benefits that are financed by employers are included in national totals of workers' compensation benefits and employer costs in 1997–2005. Total benefits in 2005 were \$664 million, of which \$339 million was paid under Part B and \$276 million was paid under Part C. Part C benefits include \$49 million for medical care.

Medical benefits are available only to Part C beneficiaries and only for diagnosis and treatment of black lung disease. Medical benefits are a small share of black lung benefits because many of the recipients of benefits are deceased coal miners' dependents, whose medical care is not covered by the program. Federal direct administrative costs were \$37.9 million or about 5.7 percent of benefit payments.

Table H-3 shows benefits under the Black Lung Benefit program in 1997 through 2005 for both parts of the program. Its benefits are paid directly by the responsible mine operator or insurer or from the federal Black Lung Disability Trust Fund. No data are available on the experience of employers who self-insure under the Black Lung program. Any such benefits and costs are not reflected in Table H-3 and are not included in national estimates.

Energy Employees. The Energy Employees Occupational Illness Compensation Program Act (EEOICPA) provides lump-sum payments up to \$150,000 to civilian workers (and/or their survivors) who became ill as a result of exposure to radiation, beryllium, or silica in the production or testing of nuclear weapons. This is Part B of the program, which went into effect in July 2001. It provides smaller lump-sum payments to individuals previously found eligible for an award under the Radiation Exposure Compensation Act. Medical benefits are awarded for the treatment of covered conditions. Total benefits in 2005 were \$393 million, of which \$359 million were paid as compensation benefits (U.S. DOL, 2006a). The EEOICPA originally included a Part D program that required the Department of Energy (DOE) to establish a system for contractor employees and eligible survivors to seek DOE assistance in obtaining state workers' compensation benefits for work-related exposure to toxic substances at a DOE facility. In October 2004 Congress abolished Part D, creating a new Part E program to be administered by the Department of Labor. Part E provides benefit payments up to \$250,000 for DOE contractor employees, eligible survivors of such employees, and uranium miners, millers, and ore transporters. Wage-loss, medical, and survivor benefits are also provided under certain conditions. Total Part E benefits in 2005 were \$269 million. Benefits under both Part B and Part E are financed by general revenues and are not included in our national totals. Table H-4 provides information on both Part B and Part E of the EEOICPA, as amended

Workers Exposed to Radiation. The Radiation Exposure Compensation Act of 1990 provides lump-sum compensation payments to individuals who contracted certain cancers and other serious diseases as a result of exposure to radiation released during above ground nuclear weapons tests or during employment in underground uranium mines. The

Table H3**Black Lung Benefits Act, Benefits and Costs, 1997–2005
(in thousands)**

	1997	1998	1999	2000	2001	2002	2003	2004	2005
Total Benefits	\$1,095,585	\$1,000,383	\$982,787	\$927,973	\$866,069	821,625	769,137	714,045	664,295
Part C Compensation	388,656	373,707	360,470	346,903	332,620	316,585	303,724	289,699	276,413
Part C Medical Benefits	92,041	80,450	74,776	69,322	61,136	65,756	59,739	52,992	49,244
Part B Compensation	614,888	546,226	547,541	511,748	472,313	439,284	405,674	371,354	338,638
Total Direct									
Administrative Costs	25,759	31,030	33,246	32,866	34,657	36,123	37,393	38,062	37,930
Part C (DOL)	25,759	26,698	29,023	28,591	29,897	31,488	31,991	32,157	32,724
Part B (SSA)	*	4,332	4,223	4,275	4,760	4,635	5,402	5,905	5,206
Trust Fund Advances from U.S. Treasury ^(b)	370,000	360,000	402,000	490,000	505,000	465,000	525,000	497,000	446,000
Interest Payments on Past Advances	470,635	494,726	515,016	541,117	567,814	595,589	620,582	650,579	674,894
Coal Tax Revenues Received by the Black Lung Trust Fund	635,342	634,270	569,704	512,799	511,520	588,000	480,080	577,575	620,420
Indirect Administrative Costs ^(a)	19,903	20,115	20,882	21,348	22,207	23,050	23,459	23,914	24,424

* information not available

(a) Includes legal and investigative support from the Office of the Solicitor and the Office of the Inspector General, services provided by the Department of the Treasury, and costs for the Office of Administrative Law Judges (OALJ) and the Benefits Review Board (BRB). (Note: OALJ and BRB costs are not included for any other program, but cannot be separately identified for Coal Mine Workers' Compensation).

(b) Total Trust Fund debt (cumulative advances) at the end of CY 2004 was \$8,740,557,000. In the recent past, most, if not all, of these advances were necessary to pay interest charges on past debt.

Source: U.S. DOL 2006b.

lump-sum payments are specified in law and range from \$50,000 to \$100,000. From the beginning of the program through February 2007, 17,299 claims were paid for a total of \$1,162 million, or roughly \$67,203 a claim (U.S. DOJ, 2006). The program is financed with federal general revenues and is not included in national totals in this report. Table H-5 shows cumulative payments under the Radiation Exposure Compensation Act since its enactment in 1990.

Veterans of Military Service. U.S. military personnel are covered by the federal veterans' compensation program of the Department of Veterans Affairs, which provides cash benefits to veterans who sustained total or partial disabilities while on active

duty. In September 2006, 2.7 million veterans were receiving monthly compensation payments for service-connected disabilities. Of these, 44 percent of the veterans had a disability rating of 30 percent or less, while the others had higher-rated disabilities. Total monthly payments for the disabled veterans and their dependents were \$2.1 billion as of September 2006, or about \$25.6 billion on an annual basis (U.S. Department of Veterans Affairs, 2006). Veterans' compensation is not included in our national estimates of workers' compensation.

Table H-6 provides information on the Veterans' Compensation program. This program is somewhat similar to workers' compensation in that it is financed by the employer (the federal government)

and compensates for injuries or illness caused on the job (the armed forces). It is different from other workers' compensation programs in many respects. With cash benefits of about \$25.6 billion in 2005, veterans' compensation is about 87.9 percent of the size of total cash benefits in other workers' compensation programs, which were \$29.1 billion in 2005. Because it is large and qualitatively different from other programs, veterans' compensation benefits are reported, but they are not included in national totals to measure trends in regular workers' compensation programs.

Railroad Employees and Merchant Seamen.

Finally, federal laws specify employee benefits for railroad workers involved in interstate commerce and merchant seamen. The benefits are not workers' compensation benefits and are not included in our

national totals. Instead, these programs provide health insurance and short-term and long-term cash benefits for ill or injured workers whether or not their conditions are work-related. Under federal laws, these workers also retain the right to bring tort suits against their employers for negligence in the case of work-related injuries or illness (Williams and Barth, programs. 1973).

This report includes in national totals for workers' compensation those federal programs that are financed by employers and that are not otherwise included in workers' compensation benefits reported by states in 1997 through 2005. The accompanying tables provide detailed information on federally administered programs, including some that are not included in national totals in this report.

Table H4

Energy Employees Occupational Illness Compensation Program Act, Part B and Part E Benefits and Costs, 2001-2005 (in thousands)

	2001	2002	2003	2004	2005
Total Benefits Part B	\$67,341	369,173	303,981	275,727	392,552
Compensation Benefits	67,330	363,671	288,274	250,123	358,756
Medical Benefits*	11	5,502	15,707	25,604	33,796
Direct Administrative Costs**	30,189	69,020	65,941	94,158	106,818
Total Benefits Part E***	n/a	n/a	n/a	n/a	268,616
Compensation Benefits	n/a	n/a	n/a	n/a	268,586
Medical Benefits****	n/a	n/a	n/a	n/a	30
Direct Administrative Costs**	n/a	n/a	n/a	n/a	39,160

* Medical payments made for claimants eligible under Part B only and claimants eligible under both Part B and Part E.
 ** Part B costs for 2002-05 include funding for the Department of Health and Human Services/National Institute for Occupational Safety and Health's conduct of those reconstructions and Special Exposure Cohort determinations. For 2002, these costs were \$32.7 million; 2003, \$26.8 million; 2004, \$51.7 million; and 2005, \$50.5 million. Part E costs for 2005 include funding for an Ombudsman position in the amount of \$0.3 million.
 *** The Energy Part E benefit program was established in October 2004.
 **** Medical payments made for claimants eligible under Part E only.

Source: U.S. DOL 2006b.

Table H5**Radiation Exposure Compensation Act, Benefits Paid as of February 27, 2007 (benefits in thousands)**

Claim Type	Claims	Benefits
Downwinder	10,730	536,470
Onsite Participant	1,053	75,173
Uranium Miner	4,385	437,799
Uranium Miller	933	93,300
Ore Transporter	198	19,800
TOTAL	17,299	\$1,162,542

Source: U.S. DOJ 2006.

Table H6**Federal Veterans' Compensation Program, Compensation Paid in September, 2006 (benefits in thousands)**

Class of Dependent	Number	Monthly Value
Veteran Recipients - total	2,725,824	\$2,135,238
Veterans less than 30 percent disabled (no dependency benefit)	1,207,358	180,406
Veterans 30 percent or more disabled	1,518,466	1,954,832
Without dependents	483,384	577,418
With dependents	1,035,082	1,377,414
Spouse only	706,349	985,269
Spouse, child or children	258,050	303,303
Spouse, child or children, and parents or parents	858	1,667
Spouse, parent or parents	1,209	2,552
Child or children only	65,984	79,014
Child or children, and parent or parents	353	654
Parent or parents only	2,279	4,955
Total dependents on whose account additional compensation was being paid	1,537,038	-
Spouse	966,466	-
Children	565,386	-
Parents	5,186	-

Source: U.S. Department of Veterans Affairs 2006, Table 12.

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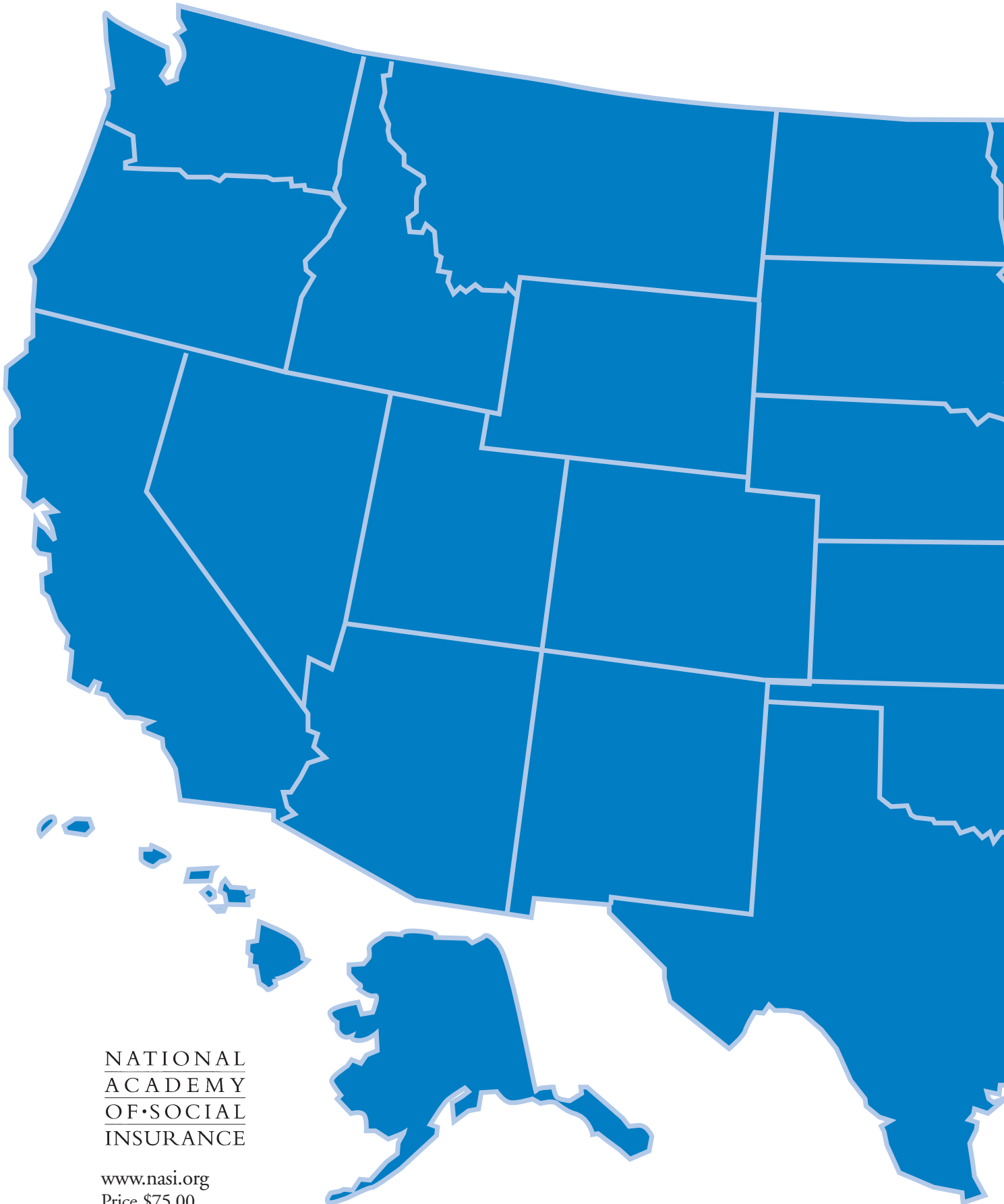
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