

# Workers' Compensation Coverage by State

*Prepared for the International Association of Industrial Accident Boards and Commissions*

Workers' compensation systems are highly individualistic and can not be easily compared. This lack of comparability hampers policy analysis and system improvement. Ideally, systems would be comparable in performance through time and across jurisdictions. Good bench-marking information helps system managers measure and improve their operations. It also tells policy makers how their systems excel or fall behind other jurisdictions.

The National Academy of Social Insurance (NASI) is pleased to announce a collaborative effort with the International Association of Industrial Accident Boards and Commissions (IAIABC) to improve and share benchmarking and system performance data. NASI has taken on responsibility for maintaining a data series on workers' compensation costs and benefits formerly published by the U. S. Social Security Administration. The series is highly regarded and a very useful tool for researchers, analysts and administrators.

One of the Academy's new efforts is to develop a practical and consistent method for computing the percentage of the workforce covered by workers' compensation laws in each jurisdiction. This effort is a work in progress and NASI welcomes comments and advice from experts in individual States.

Table 1 shows NASI estimates of the number of workers covered by workers' compensation in column (4) and various measures of the larger workforce shown in columns (1) through (3). For the purpose of estimating overall coverage, federal employees are classified in the states where they work in Table 1. Column (5) shows workers' compensation coverage as a percent of the entire

workforce in each state, including self-employed persons. The coverage rates reflect the fact that self-employed persons in the United States are neither required nor permitted to be covered by workers' compensation. For the nation as a whole, NASI estimates that 87.5 percent of the entire workforce was covered by workers' compensation in 2000. Coverage rates range from a high of 94.4 percent in the District of Columbia (which has relatively few self-employed persons and a large share of federal employees, all of whom are covered by workers' compensation) to a low of 73.7 percent in Texas, where workers' compensation coverage is elective for most employers.

Column (6) in Table 1 shows NASI estimates of workers' compensation coverage as a percent of wage and salary workers only. For the nation as a whole, NASI estimates that 93.9 percent of all wage and salary workers were covered by workers' compensation in 2000. Finally, column (7) in Table 1 shows NASI estimates of workers' compensation coverage as a percent of wage and salary workers who are covered by unemployment insurance (UI) in each state. NASI estimates that in twenty-three jurisdictions, all employees who are covered by unemployment insurance are also covered by workers' compensation.

NASI estimates of workers' compensation coverage begin with the number of employees who are reported by their employers to be covered by UI in each state. In the United States, unemployment insurance coverage for employees is almost universal, with between 96 and 97 percent of wage and salary workers covered by that program.

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Workers' compensation programs provide benefits to workers who are injured on the job or who contract a work-related illness. The National Academy of Social Insurance publishes the only publicly-available national data series on workers' compensation benefits, coverage and costs.

**Table 1. Workers' Compensation Coverage Rates, 2000\***

State	Total employment (including self-employed) (1)	Total wage & salary employment (2)	Employment covered by unemployment insurance (UI) (3)	Employment covered by workers' compensation (4)	Workers' Compensation Coverage Rates		
					Percent of total employment (including self-employed) (5)	Percent of wage and salary employment only (6)	Percent of UI covered wage and salary employment (7)
Alabama	2,115,483	1,972,483	1,877,943	1,784,960	84.4	90.5	95.0
Alaska	315,620	286,620	275,640	275,640	87.3	96.2	100.0
Arizona	2,472,277	2,317,277	2,220,766	2,220,766	89.8	95.8	100.0
Arkansas	1,276,242	1,188,242	1,130,895	1,086,073	85.1	91.4	96.0
California	16,693,332	15,187,332	14,869,280	14,869,280	89.1	97.9	100.0
Colorado	2,449,710	2,267,710	2,186,639	2,186,639	89.3	96.4	100.0
Connecticut	1,852,919	1,724,919	1,674,755	1,674,755	90.4	97.1	100.0
Delaware	451,330	429,330	407,323	403,445	89.4	94.0	99.0
District of Columbia	670,190	657,190	637,352	632,450	94.4	96.2	99.2
Florida	7,729,189	7,298,189	7,061,067	6,778,393	87.7	92.9	96.0
Georgia	4,265,792	4,018,792	3,883,963	3,756,719	88.1	93.5	96.7
Hawaii	612,013	564,013	553,187	553,187	90.4	98.1	100.0
Idaho	654,304	589,304	563,214	563,214	86.1	95.6	100.0
Illinois	6,455,321	6,123,321	5,941,249	5,900,870	91.4	96.4	99.3
Indiana	3,237,443	3,038,443	2,936,634	2,895,919	89.5	95.3	98.6
Iowa	1,677,403	1,535,403	1,443,449	1,438,487	85.8	93.7	99.7
Kansas	1,488,999	1,379,999	1,313,687	1,297,380	87.1	94.0	98.8
Kentucky	2,013,148	1,879,148	1,763,089	1,746,620	86.8	92.9	99.1
Louisiana	2,097,221	1,962,221	1,869,225	1,869,225	89.1	95.3	100.0
Maine	696,184	615,184	590,818	590,818	84.9	96.0	100.0
Maryland	2,648,251	2,495,251	2,405,578	2,405,578	90.8	96.4	100.0
Massachusetts	3,580,884	3,370,884	3,275,064	3,247,871	90.7	96.4	99.2
Michigan	5,053,456	4,753,456	4,585,201	4,485,123	88.8	94.4	97.8
Minnesota	2,939,372	2,724,372	2,608,331	2,608,331	88.7	95.7	100.0
Mississippi	1,282,680	1,178,680	1,137,312	1,073,147	83.7	91.0	94.4
Missouri	2,983,304	2,790,304	2,677,116	2,541,580	85.2	91.1	94.9
Montana	471,389	407,389	379,209	379,209	80.4	93.1	100.0
Nebraska	1,048,469	949,469	883,103	868,891	82.9	91.5	98.4
Nevada	1,088,984	1,041,984	1,017,916	1,007,440	92.5	96.7	99.0
New Hampshire	693,625	631,625	606,528	606,528	87.4	96.0	100.0
New Jersey	4,249,809	4,049,809	3,877,589	3,877,589	91.2	95.7	100.0
New Mexico	840,653	767,653	717,244	683,027	81.2	89.0	95.2
New York	9,356,803	8,826,803	8,472,168	8,459,573	90.4	95.8	99.9
North Carolina	4,323,936	4,029,936	3,862,197	3,775,272	87.3	93.7	97.7
North Dakota	381,573	338,573	309,230	305,630	80.1	90.3	98.8
Ohio	6,050,147	5,704,147	5,513,214	5,513,214	91.1	96.7	100.0
Oklahoma	1,678,718	1,521,718	1,452,011	1,452,011	86.5	95.4	100.0
Oregon	1,856,445	1,664,445	1,608,063	1,591,402	85.7	95.6	99.0
Pennsylvania	6,162,180	5,783,180	5,558,163	5,558,163	90.2	96.1	100.0
Rhode Island	507,192	483,192	467,602	417,532	82.3	86.4	89.3
South Carolina	2,013,246	1,892,246	1,820,208	1,743,985	86.6	92.2	95.8
South Dakota	440,466	391,466	364,120	364,120	82.7	93.0	100.0
Tennessee	2,976,572	2,761,572	2,667,339	2,551,163	85.7	92.4	95.6
Texas	10,534,113	9,718,113	9,289,227	7,759,910	73.7	79.8	83.5
Utah	1,176,937	1,099,937	1,044,145	1,044,145	88.7	94.9	100.0
Vermont	342,032	307,032	296,434	296,434	86.7	96.5	100.0
Virginia	3,788,217	3,588,217	3,428,202	3,356,085	88.6	93.5	97.9
Washington	3,047,735	2,823,735	2,706,726	2,706,726	88.8	95.9	100.0
West Virginia	793,100	748,100	686,688	686,688	86.6	91.8	100.0
Wisconsin	3,118,632	2,895,632	2,736,066	2,676,535	85.8	92.4	97.8
Wyoming	279,367	248,367	230,869	230,869	82.6	93.0	100.0
<b>US Total</b>	<b>144,933,891</b>	<b>135,026,891</b>	<b>129,883,038</b>	<b>126,798,612</b>	<b>87.5</b>	<b>93.9</b>	<b>97.6</b>

- (1) Total employment, including the self-employed
- (2) Total employment, excluding the self-employed
- (3) Wage and salary workers covered by unemployment insurance
- (4) Wage and salary workers covered by workers' compensation
- (5) Column (4) divided by Column (1)
- (6) Column (4) divided by Column (2)
- (7) Column (4) divided by Column (3)

\* In all columns federal employees are classified in the states where they work.

Source: National Academy of Social Insurance, for details see *Workers' Compensation Coverage: Technical Note on Estimates*, Workers' Compensation Data Fact Sheet No. 2, available at [www.nasi.org](http://www.nasi.org)

NASI's current estimates of workers' compensation coverage take into consideration state differences in coverage rules between unemployment insurance and workers' compensation laws with regard to employees in small private firms, agricultural workers and state and local government employees. The estimates reflect the following assumptions:

1. Workers whose employers do not report they are covered by unemployment insurance are not covered by workers' compensation.
2. Workers whose employers report they are covered by unemployment insurance are generally covered by workers' compensation as well, except in the following cases:
  - Employees in small firms (which are required to provide UI coverage in every state) are not covered by workers' compensation if state laws exempt small firms from mandatory workers' compensation coverage. Fourteen states exempt small firms from mandatory coverage. Firms with fewer than three employees are exempt from mandatory coverage in seven states: Arkansas, Georgia, Michigan, New Mexico, North Carolina, Virginia and Wisconsin. Those with fewer than four employees are exempt in Florida, Rhode Island and South Dakota. Finally, firms with fewer than five employees are exempt from mandatory coverage in Alabama, Mississippi, Missouri and Tennessee.
  - Employees in agricultural industries (which may be required to provide UI coverage) are not covered by workers' compensation if state laws exempt agricultural employers from mandatory workers' compensation coverage. NASI determined that workers' compensation coverage for farm workers was elective in sixteen states: Alabama, Arkansas, Delaware, Georgia, Indiana, Kansas, Kentucky, Missouri, Mississippi, North Dakota, Nebraska, New Mexico, Nevada, Rhode Island, South Carolina, and Tennessee.
  - State and local government employees who are exempt from workers' compensation coverage are not covered. For example, police and fire fighters in some jurisdictions are not covered by workers' compensation because they are covered under alternative systems that provide medical, disability and death benefits for injuries on the job.
  - Finally, in Texas workers' compensation coverage is elective for almost all employers. NASI

estimates of coverage in Texas are based on periodic surveys conducted by the Texas Workers' Compensation Research and Oversight Council. Based on these surveys NASI estimates that 83.2 percent of non-federal Texas workers who were covered by unemployment insurance were covered by workers' compensation in 2000.

Details of the NASI methods are reported in *Workers' Compensation Coverage: Technical Note on Estimates*, October 2002, Workers' Compensation Data Fact Sheet No. 2, which is available on the website at [www.nasi.org](http://www.nasi.org).

The National Academy of Social Insurance (NASI)—with encouragement from the International Association of Industrial Accident Boards and Commissions (IAIABC)—is continually improving its methods and welcomes feedback on the methodological accuracy in each jurisdiction. NASI plans to further refine its methods in developing future estimates of workers' compensation coverage in each jurisdiction.

NASI is a non-profit, non-partisan organization devoted to research and public education on social insurance programs—such as Social Security, Medicare, workers' compensation and unemployment insurance—and related private employee benefits and public social assistance programs. Its 650 members include the nation's leading experts on these social insurance programs.

The IAIABC is an international association of state, provincial and national jurisdictions charged with the administration and regulation of workers' compensation systems. Its mission is research and information sharing for the betterment of workers' compensation systems. The IAIABC promotes and assists in the development of good systems data based on open, objective and verifiable methods.

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*This note was prepared by Cecili Thompson, Data Specialist on Income Security, and Virginia Reno, Vice-President for Research, at the National Academy of Social Insurance, with advice from the Academy's Study Panel on Workers' Compensation Data and experts at the Bureau of Labor Statistics. We are particularly grateful to John F. Burton Jr., chair of the study panel, and panel members Gregory Krohm, Executive Director of the International Association of Industrial Accident Boards and Commissions, and John Ruser, Chief Economist for Compensation Research at the Bureau of Labor Statistics, for their advice and comments. Any errors or omissions remain the responsibility of the authors.*

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