

## California Workers' Compensation Benefits and Coverage, 2004

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### Summary

This brief summarizes the most recent data on workers' compensation benefits and coverage for workers in California and in the nation as a whole. It is based on the report *Workers' Compensation: Benefits, Coverage, and Costs, 2004*, issued by the National Academy of Social Insurance (NASI) in July 2006. That report is the ninth in a series on workers' compensation that provides the only comprehensive national data on these state-run programs. The full report is available on NASI's website, [www.nasi.org](http://www.nasi.org).

After four years of rapid growth, the dollar amount of California workers' compensation payments to injured workers and their medical care providers stabilized in 2004, the latest year for which comprehensive data are available. Dollar benefits were \$12.5 billion, a slight increase from \$12.4 billion in 2003. At the same time, total covered payroll for California workers rose by 5.9 percent in 2004 (see Table 1).

As a result, when payments are shown relative to covered payroll for California workers, total workers' compensation payments fell by 10 cents, from \$2.01 to \$1.91 per \$100 of California payroll between 2003 and 2004 (see Figure 1).

The decline occurred in payments for medical care. Workers' compensation payments to medical providers fell by 10 cents per \$100 of California payroll, from \$1.03 in 2003 to \$0.93 in 2004 (see Figure 2). Wage replacement benefits paid directly to California workers were constant at \$0.98 per \$100 of wages in both 2003 and 2004.

The decline in medical payments per \$100 of payroll stemmed, at least in part, from legislative changes enacted in 2003 and 2004 that were designed to reduce the cost of workers' compensation. The new laws will continue to affect medical and cash payments in 2005 and beyond.

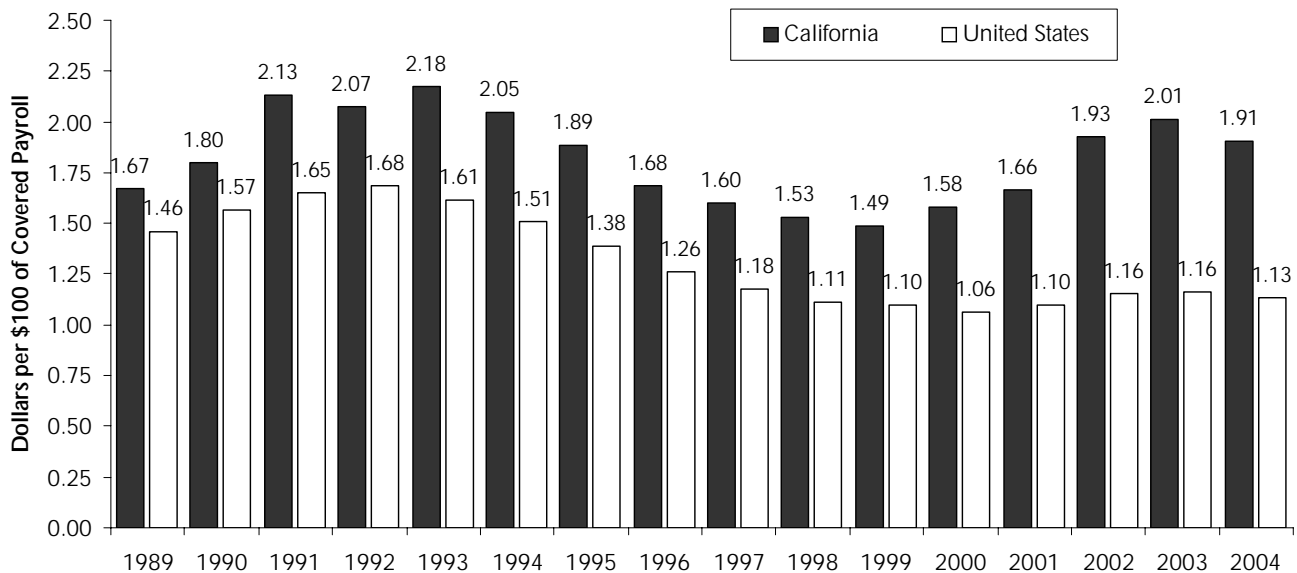
As a share of payroll, California payments for workers' compensation were higher than for the nation as a whole. While benefits in California were \$1.91 per \$100 of state covered payroll in 2004, national benefits were \$1.13 per \$100 of national payroll.

Developments in California are important to national trends. In 2004, California accounted for 13 percent of national payroll and 22 percent of total workers' compensation payments to injured workers and their medical providers.

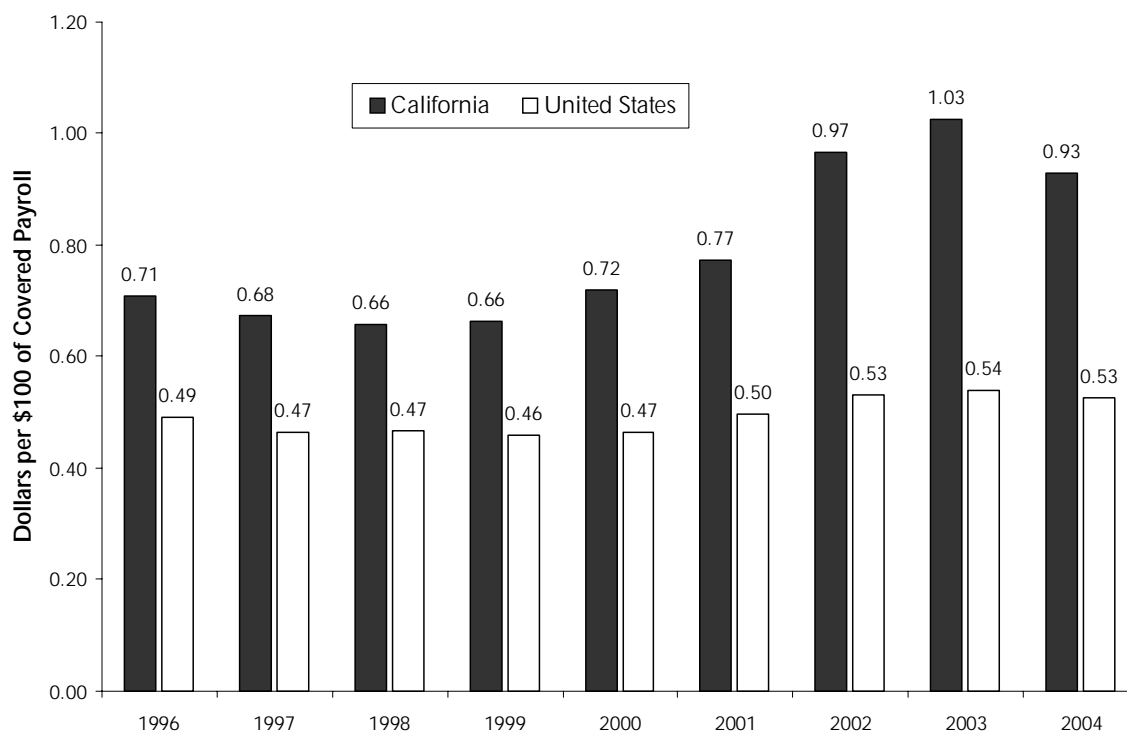
**Table 1.**  
**Workers' Compensation Benefits and Coverage**  
**California and the United States, 2004**

	Total 2004	Percent Change 2003-2004
<b>California</b>		
Covered workers (in thousands)	14,706	1.0
Covered wages (in billions)	\$653	5.9
Workers' compensation benefits paid (in billions)	\$12.5	0.5
Medical benefits	\$6.1	-4.1
Cash benefits	\$6.4	5.1
<b>United States</b>		
Covered workers (in thousands)	125,863	0.9
Covered wages (in billions)	\$4,953	5.0
Workers' compensation benefits paid (in billions)	\$56.0	2.3
Medical benefits	\$26.1	2.3
Cash benefits	\$29.9	2.3

**Figure 1.**  
**Workers' Compensation Payments per \$100 of Payroll, 1989-2004**  
**California and the United States.**



**Figure 2.**  
**Workers' Compensation Medical Payments per \$100 of Payroll, 1996-2004**  
**California and the United States**



Like the nation as a whole, California saw large shifts in workers' compensation payments over the past 15 years. As a share of payroll:

- California payments peaked in 1993 at \$2.18 per \$100 of payroll.
- After 1993, California payments per \$100 of payroll fell every year until 1999, when benefits reached a low of \$1.49 per \$100 of payroll.
- Benefits rose in 2000 through 2003 but did not reach their prior peak. In 2003, benefit payments amounted to \$2.01 per \$100 of payroll.
- In 2004, benefits declined as a share of payroll due to the decline in medical payments.

For the nation as a whole, payments followed a similar trend in the 1990s. Benefits peaked as a share of payroll in 1992 at \$1.68 per \$100 of payroll and then fell every year until they reached a low of \$1.06 per \$100 of payroll in 2000. Since 2000, national benefits rose slightly but never returned to the peak level experienced in the early 1990s. Since 2000, national payments grew more slowly than in California. As in California, national benefits declined as a share of payroll in 2004.

Table 2 provides annual data on covered payroll and benefits paid to California workers and their medical care providers in 1989 through 2004. To learn about the methods used to produce the estimates, see the NASI report *Workers' Compensation: Benefits, Coverage, and Costs, 2004*. Appendix A of the report explains the estimates of covered jobs and covered payroll. Appendixes C through G describe the estimates of total, medical, and cash benefits. Each annual report updates the data for the previous four years. Data for cash and medical benefits are available separately only since 1996. Estimates for 1993 and prior years come from the *Social Security Bulletin*.

**Table 2.**  
**California Workers' Compensation Coverage and Benefits, 1989-2004**  
(in millions of dollars)

Year	Covered Payroll	Total Benefits	Medical Benefits	Cash Benefits
1989	313,946	5,242	-	-
1990	336,862	6,065	-	-
1991	340,434	7,248	-	-
1992	349,677	7,907	-	-
1993	350,286	7,625	-	-
1994	360,471	7,390	-	-
1995	380,560	7,177	-	-
1996	405,942	6,830	2,882	3,948
1997	442,333	7,074	2,986	4,088
1998	482,120	7,366	3,172	4,194
1999	528,468	7,852	3,504	4,347
2000	599,367	9,449	4,307	5,143
2001	606,472	10,083	4,690	5,393
2002	601,288	11,582	5,809	5,773
2003	616,879	12,404	6,329	6,075
2004	653,145	12,460	6,072	6,387



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