

WORKERS' COMPENSATION POLICY REVIEW

In This Issue:

FEATURED TOPICS

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This issue is being distributed in October 2006. Readers should prepare themselves for a deluge of issues in the next few months.

Summary of the Contents

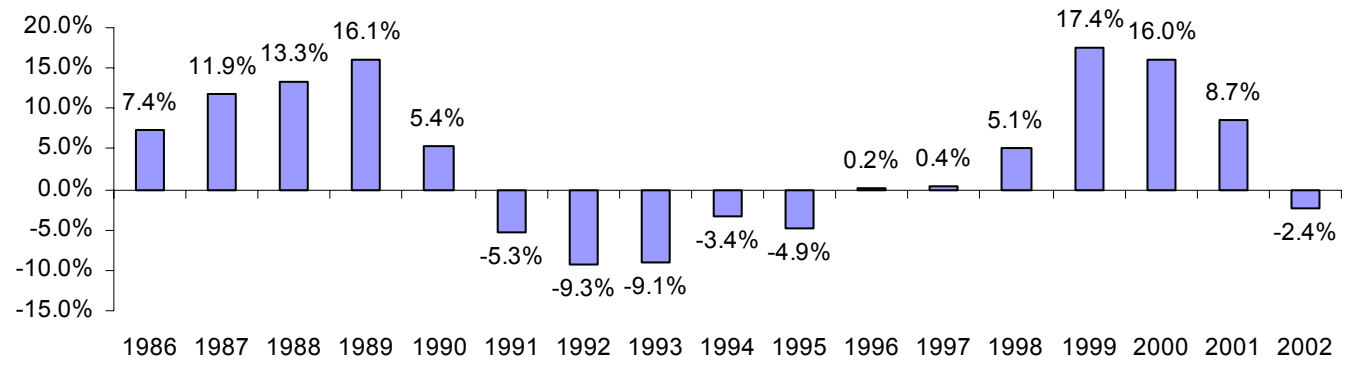
Workers' compensation incurred benefits per 100,000 workers vary significantly among jurisdictions in a particular year as well as nationally over time. This issue provides information on cash benefits, medical benefits, and total (cash plus medical) benefits per 100,000 workers for up to 48 jurisdictions for each of the years from 1985 to 2002.

Figure A provides an historical record of changes in the national averages of total benefits per 100,000 for the same 43 jurisdictions between 1985 and 1998, plus 42 identical jurisdictions for 1998 to 2002. The national averages account for most of the benefit payments in the U.S. (including the six states with the largest number of workers' covered by the program in 2002: California, New York, Florida, Texas, Illinois, and Pennsylvania).

The national data exhibit interesting developments over time. Total benefits increased for the five years between 1986 and 1990; declined for the five years between 1991 and 1995; marked time in 1996 and 1997; increased rapidly from 1998 to 2000; decelerated in 2001; and then dropped in 2002.

The article examines the changes in cash and medical benefits (as well as total benefits) from 1985 to 2002 for individual states. One striking result is that interstate differences in both cash and medical benefits narrowed considerably over these 18 years, although there was a modest increase in the dispersion of benefits per 100,000 workers among the states between 1998 and 2002.

Figure A
Changes in Total (Cash plus Medical) Benefits per 100,000 Workers
(Percentage Increase from Preceding Year)



Source: Table 2, Panels B and C.

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Workers' Compensation Incurred Benefits: 1985 to 2002

by John F. Burton, Jr. and Florence Blum

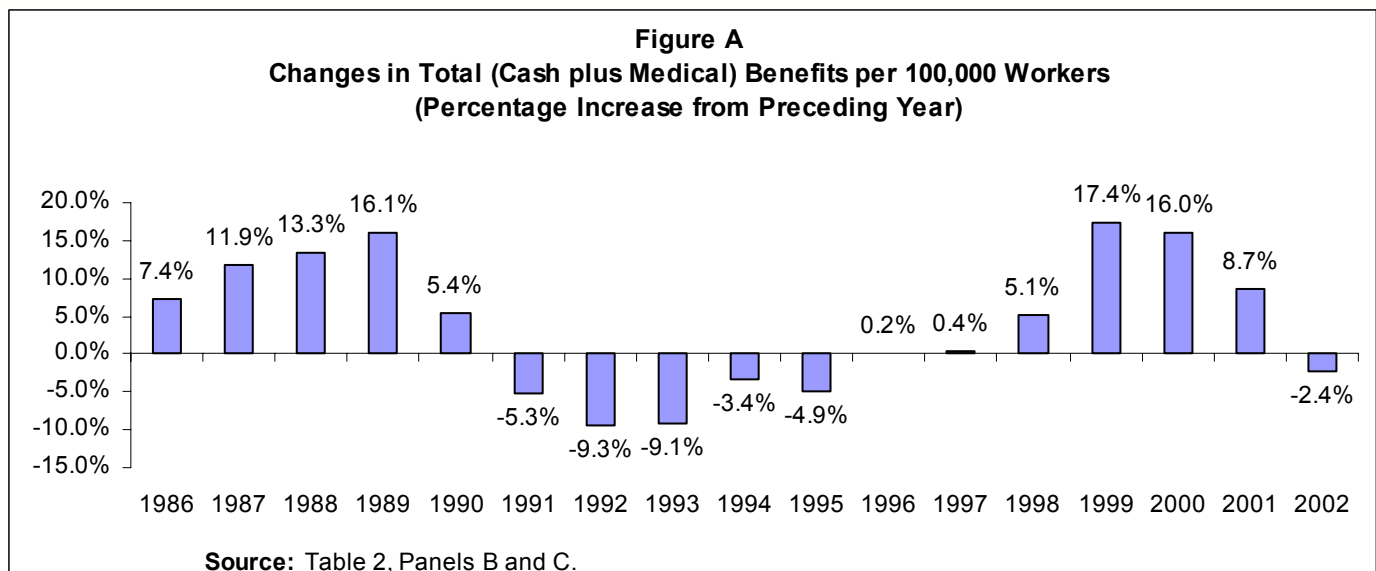
Workers' compensation incurred benefits decreased nationally by 2.4 percent in 2002 from the previous year. The data in Figure A show the annual changes for 18 years in total benefits (cash plus medical benefits) per 100,000 workers. The results are based on information from 43 states in most years, although the 1999 to 2002 data are based on only 42 states because data on West Virginia are not available for those years.

The results in Figure A document the substantial fluctuations over time in benefits provided by the workers' compensation program. From 1986 until 1990, benefits increased by over five percent in every year and were up by at least eleven percent a year between 1987 and 1989. Then benefits declined in every year between 1991 and 1995, with the sharpest drops in 1992 and 1993 exceeding nine percent. Benefits were relatively tranquil in 1996 and 1997, increasing by less than one percent a year. Total incurred benefits then increased by 5.1 percent in 1998, by 17.4 percent in 1999, by 16.0 percent in 2000, and by 8.7 percent in 2001, before declining by 2.4 percent in 2002. These increases in 1999 and 2000 were particularly noteworthy because these were the first double-digit increases since 1989. However, the increase of 8.7 percent in 2001 represented only about half the rate of increase in the two previous years, and the decline in incurred benefits in 2002 represented the first negative number since 1995.

The recent experience in national workers' compensation benefit payments is also interesting when the data are separated into cash benefits and medical benefits. As shown in Figure B, cash benefits had increased by 15.8 percent in 1999 and 12.0 percent in 2000, and so the modest increase of 3.4 percent in 2001 and the decline of 2.3 percent in 2002 are striking. The pattern for medical benefits in the last four years is also striking. Medical benefit had increased 19.0 percent in 1999 and 20.1 percent in 1999, but then medical benefits slowed to a 13.8 percent increase in 2001 and experienced a 2.5 percent decline in 2002.

Plan for Article

A companion article (Blum and Burton 2006) in the previous issue of the *Workers' Compensation Policy Review* provided three types of data on incurred benefits in 2001 not included in this article. First, we included state data on frequency of claims per 100,000 workers for four types of cash benefits, for all cash benefits, and for medical benefits. Second, we provided state data on average benefits per claim for the four types of cash benefits, for all cash benefits, and for medical benefits. Third, we provided state data on benefits per 100,000 workers for four types of cash benefits, for all cash benefits, and for medical benefits. The previous article will be updated through 2002 in a forthcoming issue of the *Workers' Compensation Policy Review*.



We also wrote an article (Burton and Blum 2005) that presents our traditional tables and figures containing information on cash benefits, medical benefits, and total (cash and medical benefits) per 100,000 workers for 1985 to 2001. The present article updates these traditional tables and figures through 2002, the latest year for which data are currently available. We also provide revised versions of the tables with data at both the national level and for individual states for 1998 to 2001. This article also contains Appendix A, which provides extended discussions of our methodology and sources of data for these articles.

National Data

The incurred benefits per 100,000 workers for 2002 in the 47 jurisdictions for which we have data for that year are provided in Table 1.2002. Similar data for 1998 to 2001 are included in Table 1.1998 to Table 1.2001.

Panel A of Table 1.2002 presents information on cash benefits, Panel B provides the data for medical benefits, and Panel C presents data for total (cash plus medical) benefits. As explained in Appendix A, we primarily rely on information published by the National Council on Compensation Insurance (NCCI) to develop our data. The NCCI publishes information on the frequency per 100,000 workers and the average cost per claim for four types of cash benefits: temporary total, permanent partial disability, permanent total, and fatal. We multiply the NCCI frequency and average cost per claim to obtain the cash benefits per 100,000 workers for each of the four types of cash benefits. The sum of these four types of cash benefits is \$16,738,752 per 100,000 Alabama workers in 2002, as shown in column (1) of Table 1.2002.

The derivation of the medical benefits per 100,000 workers in Panel B of Table 1.2002 is straightforward. The NCCI publishes the frequency of medical claims per 100,000 workers and the average medical benefits per claim. The data are for all claims, including the medical benefits in claims with cash benefits and the medical benefits in claims without cash benefits (the "medical only" category). We multiply the NCCI frequency and average cost per claim to obtain the medical benefits per 100,000 workers. The result of this multiplication for Alabama for 2002 is the medical benefits of \$40,995,327 per 100,000 workers in column (4) of Table 1.2002.

The derivation of the total (cash plus medical) benefits per 100,000 workers in Panel C of Table 1.2002 is also straightforward. For example, the 2002 Alabama total benefits of \$57,734,079 per 100,000 workers in column (7) are the sum of the cash benefits of \$16,738,752 in column (1) and the medical benefits of \$40,995,327 in column (4) of Table 1.2002.

The data from Tables 1.1998 through Table 1.2002 and similar tables for earlier years were used to produce the national data in Table 2. Panel A of the table shows the national averages for cash benefits, medical benefits, and total (cash plus medical) per 100,000 workers for all of the states available in each year between 1985 and 2002. Comparisons among years of the data in Panel A are inappropriate, however, because the number of states used to calculate the national average varies from year to year, depending on the available data. Nevada data, for example, only became available in 1996 after private carriers were permitted to provide workers' compensation insurance in the state. Since Nevada has paid above average benefits in 1996 to 1999 (as shown in Tables 1.1999 and similar tables for earlier years), the national averages

Figure B
Changes in Benefits per 100,000 Workers
(Percentage Increases from Preceding Year)

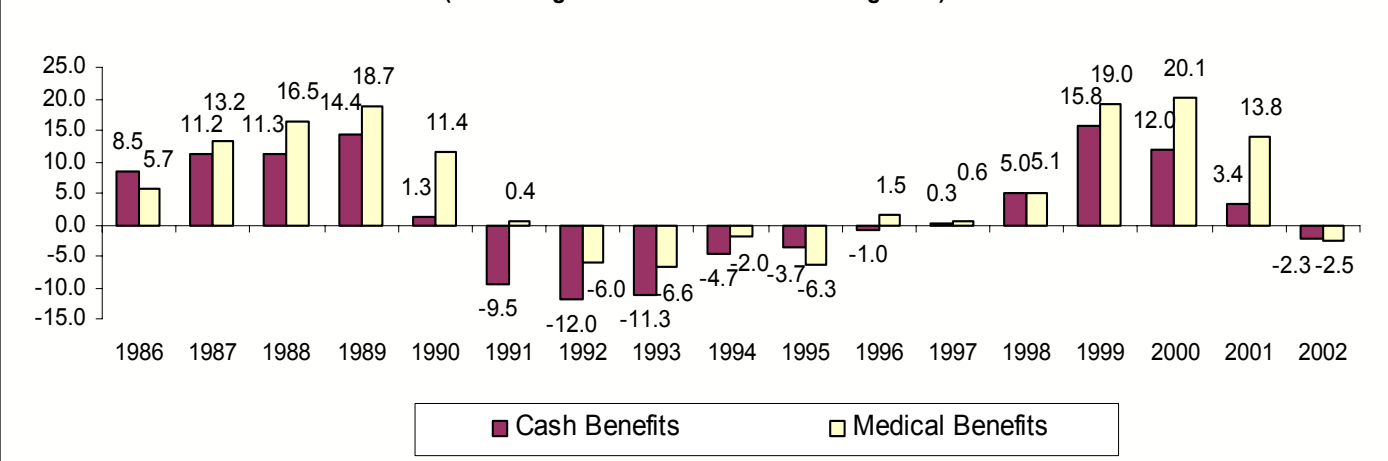


Table 1.1998 - Benefits Per 100,000 Workers For Employers Who Purchase Workers' Compensation Insurance for 1998

| State | Panel A: Cash Benefits | | | Panel B: Medical Benefits | | | Panel C: Total (Cash plus Medical) Benefits | | |
|--------------------------|------------------------|--|------------------------------------|---------------------------|--|------------------------------------|---|--|------------------------------------|
| | Dollar Amount (1) | State's Benefit as a Percentage of US Average (2) | Rank Among 48 Jurisdictions (3) | Dollar Amount (4) | State's Benefit as a Percentage of US Average (5) | Rank Among 48 Jurisdictions (6) | Dollar Amount (7) | State's Benefit as a Percentage of US Average (8) | Rank Among 48 Jurisdictions (9) |
| Alabama | 15,226,695 | 72.5 | 34 | 29,596,060 | 143.6 | 6 | 44,822,755 | 107.7 | 15 |
| Alaska | 32,041,964 | 152.6 | 7 | 42,083,468 | 204.2 | 2 | 74,125,432 | 178.2 | 3 |
| Arizona | 12,596,351 | 60.0 | 40 | 22,113,233 | 107.3 | 21 | 34,709,584 | 83.4 | 31 |
| Arkansas | 7,935,592 | 37.8 | 47 | 13,554,894 | 65.8 | 44 | 21,490,486 | 51.6 | 46 |
| California | 35,198,318 | 167.6 | 3 | 26,930,227 | 130.7 | 8 | 62,128,545 | 149.3 | 4 |
| Colorado | 25,786,175 | 122.8 | 9 | 19,543,163 | 94.8 | 25 | 45,329,338 | 108.9 | 14 |
| Connecticut | 21,515,808 | 102.4 | 17 | 15,542,328 | 75.4 | 39 | 37,058,136 | 89.1 | 26 |
| Delaware | 17,486,752 | 83.3 | 24 | 28,123,032 | 136.5 | 7 | 45,609,784 | 109.6 | 12 |
| Dis. Of Columbia | 9,035,521 | 43.0 | 44 | 6,701,778 | 32.5 | 48 | 15,737,299 | 37.8 | 48 |
| Florida | 21,695,623 | 103.3 | 16 | 34,697,526 | 168.4 | 3 | 56,393,149 | 135.5 | 6 |
| Georgia | 13,843,820 | 65.9 | 36 | 13,333,632 | 64.7 | 45 | 27,177,452 | 65.3 | 42 |
| Hawaii | 22,927,904 | 109.2 | 12 | 15,988,405 | 77.6 | 33 | 38,916,309 | 93.5 | 22 |
| Idaho | 18,303,668 | 87.1 | 22 | 23,274,660 | 113.0 | 13 | 41,578,328 | 99.9 | 18 |
| Illinois | 20,474,229 | 97.5 | 20 | 16,781,064 | 81.4 | 30 | 37,255,293 | 89.5 | 25 |
| Indiana | 6,808,609 | 32.4 | 48 | 14,516,074 | 70.4 | 42 | 21,324,683 | 51.3 | 47 |
| Iowa | 16,689,070 | 79.5 | 28 | 16,454,998 | 79.9 | 32 | 33,144,068 | 79.7 | 33 |
| Kansas | 13,059,610 | 62.2 | 39 | 17,283,237 | 83.9 | 29 | 30,342,847 | 72.9 | 39 |
| Kentucky | 10,535,903 | 50.2 | 43 | 22,597,500 | 109.7 | 19 | 33,133,403 | 79.6 | 34 |
| Louisiana | 21,278,964 | 101.3 | 18 | 23,302,814 | 113.1 | 12 | 44,581,778 | 107.1 | 16 |
| Maine | 22,528,307 | 107.3 | 13 | 21,561,045 | 104.6 | 22 | 44,089,352 | 106.0 | 17 |
| Maryland | 17,498,158 | 83.3 | 23 | 17,565,845 | 85.3 | 28 | 35,064,003 | 84.3 | 30 |
| Massachusetts | 22,261,789 | 106.0 | 15 | 10,888,325 | 52.8 | 47 | 33,150,114 | 79.7 | 32 |
| Michigan | 16,421,779 | 78.2 | 29 | 15,932,896 | 77.3 | 35 | 32,354,675 | 77.8 | 36 |
| Minnesota | 14,815,267 | 70.5 | 35 | 15,674,592 | 76.1 | 38 | 30,489,859 | 73.3 | 38 |
| Mississippi | 13,640,867 | 64.9 | 37 | 17,763,791 | 86.2 | 27 | 31,404,658 | 75.5 | 37 |
| Missouri | 18,949,912 | 90.2 | 21 | 19,767,328 | 95.9 | 24 | 38,717,240 | 93.1 | 23 |
| Montana | 23,425,055 | 111.5 | 11 | 30,482,300 | 147.9 | 5 | 53,907,355 | 129.6 | 7 |
| Nebraska | 15,869,326 | 75.6 | 31 | 21,120,307 | 102.5 | 23 | 36,989,633 | 88.9 | 27 |
| Nevada | 33,751,347 | 160.7 | 4 | 26,351,731 | 127.9 | 9 | 60,103,078 | 144.5 | 5 |
| New Hampshire | 16,877,718 | 80.4 | 27 | 24,450,607 | 118.7 | 11 | 41,328,325 | 99.3 | 19 |
| New Jersey | 15,337,869 | 73.0 | 33 | 11,313,540 | 54.9 | 46 | 26,651,409 | 64.1 | 43 |
| New Mexico | 12,149,963 | 57.8 | 41 | 17,811,960 | 86.4 | 26 | 29,961,923 | 72.0 | 40 |
| New York | 32,222,157 | 153.4 | 6 | 15,729,372 | 76.3 | 37 | 47,951,529 | 115.2 | 11 |
| North Carolina | 21,058,745 | 100.3 | 19 | 14,825,559 | 72.0 | 41 | 35,884,304 | 86.2 | 28 |
| Oklahoma | 25,500,344 | 121.4 | 10 | 23,105,104 | 112.1 | 15 | 48,605,448 | 116.8 | 9 |
| Oregon | 15,750,014 | 75.0 | 32 | 22,691,900 | 110.1 | 17 | 38,441,914 | 92.4 | 24 |
| Pennsylvania | 26,473,154 | 126.0 | 8 | 22,669,524 | 110.0 | 18 | 49,142,678 | 118.1 | 8 |
| Rhode Island | 33,348,862 | 158.8 | 5 | 15,092,245 | 73.2 | 40 | 48,441,107 | 116.4 | 10 |
| South Carolina | 17,016,808 | 81.0 | 26 | 15,980,130 | 77.6 | 34 | 32,996,938 | 79.3 | 35 |
| South Dakota | 8,923,879 | 42.5 | 45 | 15,881,454 | 77.1 | 36 | 24,805,333 | 59.6 | 44 |
| Tennessee | 17,358,665 | 82.6 | 25 | 22,205,820 | 107.8 | 20 | 39,564,485 | 95.1 | 21 |
| Texas | 15,938,978 | 75.9 | 30 | 25,234,902 | 122.5 | 10 | 41,173,880 | 99.0 | 20 |
| USL&HW | 137,951,809 | 656.8 | 1 | 123,542,725 | 599.6 | 1 | 261,494,534 | 628.5 | 1 |
| Utah | 8,449,098 | 40.2 | 46 | 14,179,420 | 68.8 | 43 | 22,628,518 | 54.4 | 45 |
| Vermont | 22,467,364 | 107.0 | 14 | 23,141,808 | 112.3 | 14 | 45,609,172 | 109.6 | 13 |
| Virginia | 11,048,245 | 52.6 | 42 | 16,591,207 | 80.5 | 31 | 27,639,452 | 66.4 | 41 |
| West Virginia | 43,961,146 | 209.3 | 2 | 32,083,898 | 155.7 | 4 | 76,045,044 | 182.8 | 2 |
| Wisconsin | 13,120,906 | 62.5 | 38 | 22,714,992 | 110.2 | 16 | 35,835,898 | 86.1 | 29 |
| National Average* | 21,003,369 | | | 20,604,815 | | | 41,608,184 | | |

* Weighted averaged based on 47 jurisdictions (including the District of Columbia), using 1998 state employment as weights. Data from USL&HW were not used to calculate national averages.

Sources: NCCI, Annual Statistical Bulletin, 1986-2006 editions.

Table 1.1999 - Benefits Per 100,000 Workers For Employers Who Purchase Workers' Compensation Insurance for 1999

| State | Panel A: Cash Benefits | | | Panel B: Medical Benefits | | | Panel C: Total (Cash plus Medical) Benefits | | |
|--------------------------|------------------------|--|------------------------------------|---------------------------|--|------------------------------------|---|--|------------------------------------|
| | Dollar Amount (1) | State's Benefit as a Percentage of US Average (2) | Rank Among 47 Jurisdictions (3) | Dollar Amount (4) | State's Benefit as a Percentage of US Average (5) | Rank Among 47 Jurisdictions (6) | Dollar Amount (7) | State's Benefit as a Percentage of US Average (8) | Rank Among 47 Jurisdictions (9) |
| Alabama | 15,426,077 | 64.9 | 36 | 33,886,327 | 139.6 | 6 | 49,312,404 | 102.6 | 13 |
| Alaska | 37,853,055 | 159.2 | 4 | 48,604,268 | 200.2 | 3 | 86,457,323 | 179.9 | 3 |
| Arizona | 11,962,923 | 50.3 | 42 | 20,681,498 | 85.2 | 23 | 32,644,421 | 67.9 | 37 |
| Arkansas | 9,466,677 | 39.8 | 44 | 15,518,992 | 63.9 | 42 | 24,985,669 | 52.0 | 45 |
| California | 49,490,943 | 208.2 | 2 | 40,512,979 | 166.9 | 5 | 90,003,922 | 187.3 | 2 |
| Colorado | 25,105,994 | 105.6 | 11 | 22,207,256 | 91.5 | 21 | 47,313,250 | 98.5 | 15 |
| Connecticut | 25,075,959 | 105.5 | 12 | 19,683,772 | 81.1 | 28 | 44,759,731 | 93.2 | 20 |
| Delaware | 21,951,558 | 92.3 | 17 | 29,575,856 | 121.8 | 10 | 51,527,414 | 107.2 | 10 |
| Dis. Of Columbia | 8,521,285 | 35.8 | 45 | 4,893,287 | 20.2 | 47 | 13,414,572 | 27.9 | 47 |
| Florida | 22,481,381 | 94.6 | 15 | 40,888,249 | 168.4 | 4 | 63,369,630 | 131.9 | 5 |
| Georgia | 16,002,153 | 67.3 | 34 | 16,342,370 | 67.3 | 39 | 32,344,523 | 67.3 | 40 |
| Hawaii | 26,693,799 | 112.3 | 9 | 19,290,849 | 79.5 | 29 | 45,984,648 | 95.7 | 19 |
| Idaho | 16,564,598 | 69.7 | 32 | 24,549,634 | 101.1 | 16 | 41,114,232 | 85.6 | 24 |
| Illinois | 22,347,574 | 94.0 | 16 | 18,641,822 | 76.8 | 30 | 40,989,396 | 85.3 | 25 |
| Indiana | 7,808,679 | 32.8 | 47 | 16,335,483 | 67.3 | 40 | 24,144,162 | 50.2 | 46 |
| Iowa | 17,695,405 | 74.4 | 27 | 18,293,515 | 75.3 | 32 | 35,988,920 | 74.9 | 32 |
| Kansas | 13,894,175 | 58.4 | 38 | 18,450,782 | 76.0 | 31 | 32,344,957 | 67.3 | 39 |
| Kentucky | 13,707,326 | 57.7 | 39 | 29,097,752 | 119.9 | 11 | 42,805,078 | 89.1 | 22 |
| Louisiana | 27,208,445 | 114.5 | 7 | 28,756,560 | 118.4 | 12 | 55,965,005 | 116.5 | 7 |
| Maine | 19,241,275 | 80.9 | 24 | 20,665,311 | 85.1 | 24 | 39,906,586 | 83.1 | 26 |
| Maryland | 18,300,074 | 77.0 | 25 | 15,253,886 | 62.8 | 43 | 33,553,960 | 69.8 | 36 |
| Massachusetts | 22,524,333 | 94.8 | 14 | 11,733,878 | 48.3 | 46 | 34,258,211 | 71.3 | 34 |
| Michigan | 20,038,794 | 84.3 | 20 | 15,879,975 | 65.4 | 41 | 35,918,769 | 74.8 | 33 |
| Minnesota | 17,924,611 | 75.4 | 26 | 21,685,040 | 89.3 | 22 | 39,609,651 | 82.4 | 28 |
| Mississippi | 17,214,024 | 72.4 | 28 | 22,410,323 | 92.3 | 20 | 39,624,347 | 82.5 | 27 |
| Missouri | 21,656,128 | 91.1 | 18 | 20,634,588 | 85.0 | 25 | 42,290,716 | 88.0 | 23 |
| Montana | 20,882,746 | 87.8 | 19 | 56,432,660 | 232.4 | 2 | 77,315,406 | 160.9 | 4 |
| Nebraska | 16,464,972 | 69.3 | 33 | 19,784,460 | 81.5 | 27 | 36,249,432 | 75.4 | 31 |
| Nevada | 30,949,038 | 130.2 | 6 | 25,632,889 | 105.6 | 14 | 56,581,927 | 117.8 | 6 |
| New Hampshire | 16,792,530 | 70.6 | 31 | 30,810,270 | 126.9 | 7 | 47,602,800 | 99.1 | 14 |
| New Jersey | 15,824,743 | 66.6 | 35 | 12,144,040 | 50.0 | 45 | 27,968,783 | 58.2 | 43 |
| New Mexico | 12,470,584 | 52.5 | 41 | 20,043,285 | 82.6 | 26 | 32,513,869 | 67.7 | 38 |
| New York | 34,255,660 | 144.1 | 5 | 16,804,672 | 69.2 | 36 | 51,060,332 | 106.3 | 11 |
| North Carolina | 19,652,352 | 82.7 | 23 | 14,408,082 | 59.3 | 44 | 34,060,434 | 70.9 | 35 |
| Oklahoma | 24,264,982 | 102.1 | 13 | 22,573,901 | 93.0 | 19 | 46,838,883 | 97.5 | 18 |
| Oregon | 16,985,624 | 71.5 | 29 | 29,952,282 | 123.4 | 9 | 46,937,906 | 97.7 | 17 |
| Pennsylvania | 26,087,505 | 109.7 | 10 | 24,608,140 | 101.4 | 15 | 50,695,645 | 105.5 | 12 |
| Rhode Island | 39,429,996 | 165.9 | 3 | 16,381,452 | 67.5 | 38 | 55,811,448 | 116.2 | 8 |
| South Carolina | 19,944,494 | 83.9 | 21 | 17,251,789 | 71.1 | 34 | 37,196,283 | 77.4 | 30 |
| South Dakota | 12,895,674 | 54.2 | 40 | 16,680,428 | 68.7 | 37 | 29,576,102 | 61.6 | 41 |
| Tennessee | 19,894,135 | 83.7 | 22 | 22,976,062 | 94.6 | 18 | 42,870,197 | 89.2 | 21 |
| Texas | 16,813,869 | 70.7 | 30 | 30,197,496 | 124.4 | 8 | 47,011,365 | 97.8 | 16 |
| USL&HW | 170,498,753 | 717.2 | 1 | 93,944,781 | 387.0 | 1 | 264,443,534 | 550.4 | 1 |
| Utah | 8,515,016 | 35.8 | 46 | 16,925,279 | 69.7 | 35 | 25,440,295 | 52.9 | 44 |
| Vermont | 26,936,867 | 113.3 | 8 | 27,746,395 | 114.3 | 13 | 54,683,262 | 113.8 | 9 |
| Virginia | 11,914,706 | 50.1 | 43 | 17,366,939 | 71.5 | 33 | 29,281,645 | 60.9 | 42 |
| Wisconsin | 14,869,191 | 62.6 | 37 | 23,819,910 | 98.1 | 17 | 38,689,101 | 80.5 | 29 |
| National Average* | 23,771,466 | | | 24,278,230 | | | 48,049,696 | | |

* Weighted averaged based on 46 jurisdictions (including the District of Columbia), using 1999 state employment as weights. Data from USL&HW were not used to calculate national averages.

Sources: NCCI, Annual Statistical Bulletin, 1986-2006 editions.

Table 1.2000 - Benefits Per 100,000 Workers For Employers Who Purchase Workers' Compensation Insurance for 2000

| State | Panel A: Cash Benefits | | | Panel B: Medical Benefits | | | Panel C: Total (Cash plus Medical) Benefits | | |
|--------------------------|------------------------|--|------------------------------------|---------------------------|--|------------------------------------|---|--|------------------------------------|
| | Dollar Amount (1) | State's Benefit as a Percentage of US Average (2) | Rank Among 47 Jurisdictions (3) | Dollar Amount (4) | State's Benefit as a Percentage of US Average (5) | Rank Among 47 Jurisdictions (6) | Dollar Amount (7) | State's Benefit as a Percentage of US Average (8) | Rank Among 47 Jurisdictions (9) |
| Alabama | 16,047,766 | 61.0 | 37 | 33,332,167 | 115.3 | 8 | 49,379,933 | 89.4 | 14 |
| Alaska | 46,866,194 | 178.2 | 3 | 59,585,060 | 206.1 | 3 | 106,451,254 | 192.8 | 3 |
| Arizona | 11,590,050 | 44.1 | 42 | 26,115,304 | 90.3 | 17 | 37,705,354 | 68.3 | 34 |
| Arkansas | 10,617,075 | 40.4 | 44 | 18,125,157 | 62.7 | 36 | 28,742,232 | 52.0 | 43 |
| California | 62,016,464 | 235.8 | 2 | 67,129,485 | 232.1 | 2 | 129,145,949 | 233.9 | 2 |
| Colorado | 23,931,102 | 91.0 | 15 | 23,708,102 | 82.0 | 22 | 47,639,204 | 86.3 | 20 |
| Connecticut | 27,494,300 | 104.5 | 8 | 21,826,723 | 75.5 | 28 | 49,321,023 | 89.3 | 15 |
| Delaware | 23,472,200 | 89.2 | 16 | 30,474,744 | 105.4 | 11 | 53,946,944 | 97.7 | 9 |
| Dis. Of Columbia | 7,540,475 | 28.7 | 47 | 6,313,742 | 21.8 | 47 | 13,854,217 | 25.1 | 47 |
| Florida | 22,953,651 | 87.3 | 19 | 35,967,085 | 124.4 | 5 | 58,920,736 | 106.7 | 4 |
| Georgia | 17,417,263 | 66.2 | 33 | 17,082,719 | 59.1 | 39 | 34,499,982 | 62.5 | 40 |
| Hawaii | 26,931,837 | 102.4 | 10 | 19,453,945 | 67.3 | 33 | 46,385,782 | 84.0 | 22 |
| Idaho | 16,309,039 | 62.0 | 36 | 24,233,086 | 83.8 | 20 | 40,542,125 | 73.4 | 29 |
| Illinois | 24,130,344 | 91.7 | 14 | 19,125,939 | 66.1 | 34 | 43,256,283 | 78.3 | 27 |
| Indiana | 8,362,893 | 31.8 | 46 | 16,957,937 | 58.6 | 40 | 25,320,830 | 45.9 | 46 |
| Iowa | 18,875,615 | 71.8 | 27 | 19,533,374 | 67.5 | 32 | 38,408,989 | 69.6 | 33 |
| Kansas | 15,246,084 | 58.0 | 40 | 20,837,534 | 72.1 | 31 | 36,083,618 | 65.3 | 38 |
| Kentucky | 18,564,506 | 70.6 | 28 | 36,538,155 | 126.4 | 4 | 55,102,661 | 99.8 | 7 |
| Louisiana | 27,843,952 | 105.9 | 6 | 28,504,380 | 98.6 | 13 | 56,348,332 | 102.0 | 5 |
| Maine | 21,151,493 | 80.4 | 24 | 23,984,341 | 82.9 | 21 | 45,135,834 | 81.7 | 24 |
| Maryland | 18,148,439 | 69.0 | 29 | 14,385,318 | 49.7 | 44 | 32,533,757 | 58.9 | 42 |
| Massachusetts | 24,572,585 | 93.4 | 12 | 12,113,265 | 41.9 | 45 | 36,685,850 | 66.4 | 36 |
| Michigan | 23,309,415 | 88.6 | 17 | 18,327,801 | 63.4 | 35 | 41,637,216 | 75.4 | 28 |
| Minnesota | 19,759,875 | 75.1 | 25 | 24,398,199 | 84.4 | 19 | 44,158,074 | 80.0 | 25 |
| Mississippi | 16,798,832 | 63.9 | 34 | 23,555,200 | 81.5 | 24 | 40,354,032 | 73.1 | 30 |
| Missouri | 23,123,721 | 87.9 | 18 | 22,238,219 | 76.9 | 26 | 45,361,940 | 82.1 | 23 |
| Montana | 22,041,736 | 83.8 | 21 | 33,838,347 | 117.0 | 7 | 55,880,083 | 101.2 | 6 |
| Nebraska | 17,848,408 | 67.9 | 31 | 22,375,582 | 77.4 | 25 | 40,223,990 | 72.8 | 31 |
| Nevada | 27,554,825 | 104.8 | 7 | 23,681,295 | 81.9 | 23 | 51,236,120 | 92.8 | 13 |
| New Hampshire | 19,384,395 | 73.7 | 26 | 29,199,103 | 101.0 | 12 | 48,583,498 | 88.0 | 19 |
| New Jersey | 17,903,710 | 68.1 | 30 | 14,934,434 | 51.6 | 43 | 32,838,144 | 59.5 | 41 |
| New Mexico | 15,271,791 | 58.1 | 39 | 21,707,709 | 75.1 | 29 | 36,979,500 | 67.0 | 35 |
| New York | 35,906,956 | 136.5 | 4 | 17,771,292 | 61.5 | 37 | 53,678,248 | 97.2 | 10 |
| North Carolina | 21,397,299 | 81.3 | 23 | 15,242,871 | 52.7 | 42 | 36,640,170 | 66.4 | 37 |
| Oklahoma | 24,269,131 | 92.3 | 13 | 24,411,467 | 84.4 | 18 | 48,680,598 | 88.2 | 18 |
| Oregon | 17,787,793 | 67.6 | 32 | 31,391,192 | 108.6 | 9 | 49,178,985 | 89.1 | 16 |
| Pennsylvania | 27,441,113 | 104.3 | 9 | 27,153,442 | 93.9 | 14 | 54,594,555 | 98.9 | 8 |
| Rhode Island | 28,408,272 | 108.0 | 5 | 11,153,722 | 38.6 | 46 | 39,561,994 | 71.6 | 32 |
| South Carolina | 22,394,380 | 85.1 | 20 | 20,880,145 | 72.2 | 30 | 43,274,525 | 78.4 | 26 |
| South Dakota | 12,885,358 | 49.0 | 41 | 22,160,460 | 76.6 | 27 | 35,045,818 | 63.5 | 39 |
| Tennessee | 21,931,524 | 83.4 | 22 | 26,946,812 | 93.2 | 15 | 48,878,336 | 88.5 | 17 |
| Texas | 16,647,247 | 63.3 | 35 | 35,535,630 | 122.9 | 6 | 52,182,877 | 94.5 | 12 |
| USL&HW | 146,272,341 | 556.1 | 1 | 134,587,200 | 465.4 | 1 | 280,859,541 | 508.6 | 1 |
| Utah | 9,331,625 | 35.5 | 45 | 17,334,254 | 59.9 | 38 | 26,665,879 | 48.3 | 45 |
| Vermont | 26,777,206 | 101.8 | 11 | 26,731,328 | 92.4 | 16 | 53,508,534 | 96.9 | 11 |
| Virginia | 10,968,443 | 41.7 | 43 | 16,868,165 | 58.3 | 41 | 27,836,608 | 50.4 | 44 |
| Wisconsin | 15,723,641 | 59.8 | 38 | 30,854,670 | 106.7 | 10 | 46,578,311 | 84.3 | 21 |
| National Average* | 26,303,836 | | | 28,917,573 | | | 55,221,410 | | |

* Weighted averaged based on 46 jurisdictions (including the District of Columbia), using 2000 state employment as weights. Data from USL&HW were not used to calculate national averages.

Sources: NCCI, Annual Statistical Bulletin, 1986-2006 editions.

Table 1.2001 - Benefits Per 100,000 Workers For Employers Who Purchase Workers' Compensation Insurance for 2001

| State | Panel A: Cash Benefits | | | Panel B: Medical Benefits | | | Panel C: Total (Cash plus Medical) Benefits | | |
|--------------------------|------------------------|--|------------------------------------|---------------------------|--|------------------------------------|---|--|------------------------------------|
| | Dollar Amount (1) | State's Benefit as a Percentage of US Average (2) | Rank Among 47 Jurisdictions (3) | Dollar Amount (4) | State's Benefit as a Percentage of US Average (5) | Rank Among 47 Jurisdictions (6) | Dollar Amount (7) | State's Benefit as a Percentage of US Average (8) | Rank Among 47 Jurisdictions (9) |
| Alabama | 15,255,232 | 56.5 | 39 | 32,991,647 | 100.7 | 11 | 48,246,879 | 80.7 | 23 |
| Alaska | 49,602,061 | 183.8 | 3 | 70,290,848 | 214.5 | 3 | 119,892,909 | 200.6 | 3 |
| Arizona | 9,807,417 | 36.3 | 45 | 26,435,025 | 80.7 | 23 | 36,242,442 | 60.6 | 42 |
| Arkansas | 10,229,573 | 37.9 | 44 | 21,907,219 | 66.8 | 32 | 32,136,792 | 53.8 | 43 |
| California | 61,782,080 | 228.9 | 2 | 80,693,152 | 246.2 | 2 | 142,475,232 | 238.4 | 2 |
| Colorado | 22,400,448 | 83.0 | 23 | 25,087,157 | 76.5 | 25 | 47,487,605 | 79.5 | 26 |
| Connecticut | 31,746,939 | 117.6 | 5 | 24,015,659 | 73.3 | 27 | 55,762,598 | 93.3 | 14 |
| Delaware | 25,323,886 | 93.8 | 16 | 38,212,544 | 116.6 | 7 | 63,536,430 | 106.3 | 6 |
| Dis. Of Columbia | 10,908,309 | 40.4 | 43 | 7,151,157 | 21.8 | 47 | 18,059,466 | 30.2 | 47 |
| Florida | 22,167,311 | 82.1 | 24 | 36,973,347 | 112.8 | 8 | 59,140,658 | 98.9 | 9 |
| Georgia | 19,360,872 | 71.7 | 32 | 19,429,505 | 59.3 | 39 | 38,790,377 | 64.9 | 39 |
| Hawaii | 28,446,965 | 105.4 | 9 | 22,909,547 | 69.9 | 30 | 51,356,512 | 85.9 | 18 |
| Idaho | 20,042,177 | 74.3 | 31 | 27,724,490 | 84.6 | 18 | 47,766,667 | 79.9 | 24 |
| Illinois | 25,564,909 | 94.7 | 15 | 21,172,997 | 64.6 | 36 | 46,737,906 | 78.2 | 27 |
| Indiana | 8,606,543 | 31.9 | 47 | 17,235,027 | 52.6 | 44 | 25,841,570 | 43.2 | 46 |
| Iowa | 20,403,412 | 75.6 | 30 | 20,165,631 | 61.5 | 37 | 40,569,043 | 67.9 | 35 |
| Kansas | 16,051,837 | 59.5 | 37 | 21,912,546 | 66.9 | 31 | 37,964,383 | 63.5 | 41 |
| Kentucky | 23,465,360 | 86.9 | 20 | 48,678,463 | 148.5 | 5 | 72,143,823 | 120.7 | 5 |
| Louisiana | 23,929,508 | 88.7 | 19 | 29,170,106 | 89.0 | 15 | 53,099,614 | 88.8 | 17 |
| Maine | 30,356,142 | 112.5 | 7 | 30,407,611 | 92.8 | 13 | 60,763,753 | 101.7 | 8 |
| Maryland | 20,799,624 | 77.1 | 29 | 21,570,389 | 65.8 | 34 | 42,370,013 | 70.9 | 32 |
| Massachusetts | 26,965,099 | 99.9 | 11 | 13,062,669 | 39.9 | 45 | 40,027,768 | 67.0 | 36 |
| Michigan | 21,962,984 | 81.4 | 25 | 19,307,466 | 58.9 | 41 | 41,270,450 | 69.1 | 34 |
| Minnesota | 21,611,380 | 80.1 | 27 | 27,131,220 | 82.8 | 22 | 48,742,600 | 81.6 | 20 |
| Mississippi | 17,772,141 | 65.8 | 34 | 27,263,174 | 83.2 | 21 | 45,035,315 | 75.3 | 28 |
| Missouri | 24,209,701 | 89.7 | 18 | 23,320,464 | 71.2 | 29 | 47,530,165 | 79.5 | 25 |
| Montana | 29,871,319 | 110.7 | 8 | 56,145,304 | 171.3 | 4 | 86,016,623 | 143.9 | 4 |
| Nebraska | 18,586,651 | 68.9 | 33 | 24,028,857 | 73.3 | 26 | 42,615,508 | 71.3 | 31 |
| Nevada | 26,674,527 | 98.8 | 12 | 34,308,300 | 104.7 | 9 | 60,982,827 | 102.0 | 7 |
| New Hampshire | 21,873,764 | 81.0 | 26 | 34,278,910 | 104.6 | 10 | 56,152,674 | 94.0 | 12 |
| New Jersey | 23,354,341 | 86.5 | 21 | 19,864,295 | 60.6 | 38 | 43,218,636 | 72.3 | 29 |
| New Mexico | 16,926,398 | 62.7 | 36 | 21,638,851 | 66.0 | 33 | 38,565,249 | 64.5 | 40 |
| New York | 37,213,612 | 137.9 | 4 | 19,320,712 | 58.9 | 40 | 56,534,324 | 94.6 | 11 |
| North Carolina | 21,474,631 | 79.6 | 28 | 21,297,053 | 65.0 | 35 | 42,771,684 | 71.6 | 30 |
| Oklahoma | 25,928,909 | 96.1 | 14 | 29,334,385 | 89.5 | 14 | 55,263,294 | 92.5 | 15 |
| Oregon | 17,705,634 | 65.6 | 35 | 30,657,780 | 93.5 | 12 | 48,363,414 | 80.9 | 22 |
| Pennsylvania | 27,371,387 | 101.4 | 10 | 28,430,649 | 86.7 | 16 | 55,802,036 | 93.4 | 13 |
| Rhode Island | 26,438,489 | 97.9 | 13 | 12,396,672 | 37.8 | 46 | 38,835,161 | 65.0 | 38 |
| South Carolina | 24,996,298 | 92.6 | 17 | 23,436,827 | 71.5 | 28 | 48,433,125 | 81.0 | 21 |
| South Dakota | 11,911,686 | 44.1 | 42 | 27,284,120 | 83.2 | 20 | 39,195,806 | 65.6 | 37 |
| Tennessee | 23,076,989 | 85.5 | 22 | 27,776,015 | 84.7 | 17 | 50,853,004 | 85.1 | 19 |
| Texas | 15,440,963 | 57.2 | 38 | 39,267,424 | 119.8 | 6 | 54,708,387 | 91.5 | 16 |
| USL&HW | 132,814,068 | 492.0 | 1 | 84,949,380 | 259.2 | 1 | 217,763,448 | 364.3 | 1 |
| Utah | 9,245,887 | 34.3 | 46 | 18,249,011 | 55.7 | 43 | 27,494,898 | 46.0 | 45 |
| Vermont | 30,690,350 | 113.7 | 6 | 25,948,643 | 79.2 | 24 | 56,638,993 | 94.8 | 10 |
| Virginia | 12,559,811 | 46.5 | 41 | 18,750,600 | 57.2 | 42 | 31,310,411 | 52.4 | 44 |
| Wisconsin | 14,773,004 | 54.7 | 40 | 27,511,906 | 83.9 | 19 | 42,284,910 | 70.7 | 33 |
| National Average* | 26,992,569 | | | 32,775,662 | | | 59,768,231 | | |

* Weighted averaged based on 46 jurisdictions (including the District of Columbia), using 2001 state employment as weights. Data from USL&HW were not used to calculate national averages.

Sources: NCCI, Annual Statistical Bulletin, 1986-2006 editions.

Table 1.2002 - Benefits Per 100,000 Workers For Employers Who Purchase Workers' Compensation Insurance for 2002

| State | Panel A: Cash Benefits | | | Panel B: Medical Benefits | | | Panel C: Total (Cash plus Medical) Benefits | | |
|--------------------------|------------------------|--|------------------------------------|---------------------------|--|------------------------------------|---|--|------------------------------------|
| | Dollar Amount (1) | State's Benefit as a Percentage of US Average (2) | Rank Among 47 Jurisdictions (3) | Dollar Amount (4) | State's Benefit as a Percentage of US Average (5) | Rank Among 47 Jurisdictions (6) | Dollar Amount (7) | State's Benefit as a Percentage of US Average (8) | Rank Among 47 Jurisdictions (9) |
| Alabama | 16,738,752 | 63.3 | 37 | 40,995,327 | 128.1 | 9 | 57,734,079 | 98.8 | 15 |
| Alaska | 42,828,254 | 162.0 | 4 | 70,354,760 | 219.8 | 2 | 113,183,014 | 193.6 | 2 |
| Arizona | 9,657,836 | 36.5 | 45 | 30,442,608 | 95.1 | 16 | 40,100,444 | 68.6 | 36 |
| Arkansas | 10,902,276 | 41.2 | 43 | 21,894,560 | 68.4 | 40 | 32,796,836 | 56.1 | 44 |
| California | 50,938,387 | 192.7 | 2 | 59,805,200 | 186.8 | 5 | 110,743,587 | 189.5 | 3 |
| Colorado | 21,732,830 | 82.2 | 25 | 23,535,040 | 73.5 | 32 | 45,267,870 | 77.4 | 32 |
| Connecticut | 31,602,362 | 119.5 | 7 | 24,829,071 | 77.6 | 27 | 56,431,433 | 96.5 | 18 |
| Delaware | 27,569,896 | 104.3 | 15 | 67,065,888 | 209.5 | 3 | 94,635,784 | 161.9 | 5 |
| Dis. Of Columbia | 9,658,196 | 36.5 | 44 | 7,550,808 | 23.6 | 47 | 17,209,004 | 29.4 | 47 |
| Florida | 21,018,703 | 79.5 | 28 | 38,399,655 | 120.0 | 10 | 59,418,358 | 101.7 | 11 |
| Georgia | 21,000,609 | 79.4 | 30 | 22,303,884 | 69.7 | 38 | 43,304,493 | 74.1 | 35 |
| Hawaii | 30,872,090 | 116.8 | 8 | 26,610,788 | 83.1 | 24 | 57,482,878 | 98.3 | 16 |
| Idaho | 18,975,398 | 71.8 | 35 | 25,021,365 | 78.2 | 26 | 43,996,763 | 75.3 | 34 |
| Illinois | 27,623,899 | 104.5 | 14 | 23,460,247 | 73.3 | 34 | 51,084,146 | 87.4 | 24 |
| Indiana | 8,689,398 | 32.9 | 47 | 18,923,053 | 59.1 | 43 | 27,612,451 | 47.2 | 46 |
| Iowa | 21,016,462 | 79.5 | 29 | 23,330,605 | 72.9 | 35 | 44,347,067 | 75.9 | 33 |
| Kansas | 15,559,997 | 58.9 | 39 | 22,813,008 | 71.3 | 37 | 38,373,005 | 65.7 | 38 |
| Kentucky | 24,112,215 | 91.2 | 19 | 52,039,304 | 162.6 | 6 | 76,151,519 | 130.3 | 7 |
| Louisiana | 23,279,521 | 88.1 | 22 | 30,332,654 | 94.8 | 17 | 53,612,175 | 91.7 | 20 |
| Maine | 35,648,600 | 134.8 | 5 | 42,835,457 | 133.8 | 7 | 78,484,057 | 134.3 | 6 |
| Maryland | 22,934,114 | 86.7 | 23 | 23,925,950 | 74.7 | 30 | 46,860,064 | 80.2 | 30 |
| Massachusetts | 23,800,386 | 90.0 | 21 | 13,184,707 | 41.2 | 45 | 36,985,093 | 63.3 | 40 |
| Michigan | 19,128,540 | 72.4 | 34 | 18,857,123 | 58.9 | 44 | 37,985,663 | 65.0 | 39 |
| Minnesota | 21,149,371 | 80.0 | 27 | 28,433,988 | 88.8 | 21 | 49,583,359 | 84.8 | 27 |
| Mississippi | 19,159,376 | 72.5 | 33 | 28,754,057 | 89.8 | 20 | 47,913,433 | 82.0 | 28 |
| Missouri | 25,668,953 | 97.1 | 17 | 26,241,393 | 82.0 | 25 | 51,910,346 | 88.8 | 22 |
| Montana | 34,047,991 | 128.8 | 6 | 65,363,032 | 204.2 | 4 | 99,411,023 | 170.1 | 4 |
| Nebraska | 19,743,419 | 74.7 | 32 | 27,626,929 | 86.3 | 23 | 47,370,348 | 81.0 | 29 |
| Nevada | 30,699,399 | 116.1 | 9 | 22,891,732 | 71.5 | 36 | 53,591,131 | 91.7 | 21 |
| New Hampshire | 21,340,969 | 80.7 | 26 | 42,474,534 | 132.7 | 8 | 63,815,503 | 109.2 | 9 |
| New Jersey | 24,106,056 | 91.2 | 20 | 21,829,392 | 68.2 | 41 | 45,935,448 | 78.6 | 31 |
| New Mexico | 17,183,320 | 65.0 | 37 | 22,025,843 | 68.8 | 39 | 39,209,163 | 67.1 | 37 |
| New York | 43,202,811 | 163.4 | 3 | 23,552,640 | 73.6 | 31 | 66,755,451 | 114.2 | 8 |
| North Carolina | 25,680,280 | 97.1 | 16 | 24,098,690 | 75.3 | 28 | 49,778,970 | 85.2 | 25 |
| Oklahoma | 30,304,270 | 114.6 | 10 | 33,440,329 | 104.5 | 13 | 63,744,599 | 109.1 | 10 |
| Oregon | 20,618,526 | 78.0 | 31 | 38,121,080 | 119.1 | 11 | 58,739,606 | 100.5 | 14 |
| Pennsylvania | 28,917,215 | 109.4 | 12 | 29,899,728 | 93.4 | 18 | 58,816,943 | 100.6 | 13 |
| Rhode Island | 22,036,850 | 83.4 | 24 | 12,259,632 | 38.3 | 46 | 34,296,482 | 58.7 | 43 |
| South Carolina | 28,840,576 | 109.1 | 13 | 27,726,702 | 86.6 | 22 | 56,567,278 | 96.8 | 17 |
| South Dakota | 11,783,043 | 44.6 | 42 | 24,009,920 | 75.0 | 29 | 35,792,963 | 61.2 | 42 |
| Tennessee | 24,509,161 | 92.7 | 18 | 31,043,151 | 97.0 | 15 | 55,552,312 | 95.0 | 19 |
| Texas | 13,788,694 | 52.2 | 40 | 37,407,384 | 116.9 | 12 | 51,196,078 | 87.6 | 23 |
| USL&HW | 93,869,581 | 355.1 | 1 | 107,272,300 | 335.1 | 1 | 201,141,881 | 344.1 | 1 |
| Utah | 9,194,318 | 34.8 | 46 | 19,647,052 | 61.4 | 42 | 28,841,370 | 49.3 | 45 |
| Vermont | 30,194,321 | 114.2 | 11 | 29,018,019 | 90.7 | 19 | 59,212,340 | 101.3 | 12 |
| Virginia | 13,269,013 | 50.2 | 41 | 23,473,106 | 73.3 | 33 | 36,742,119 | 62.9 | 41 |
| Wisconsin | 17,633,350 | 66.7 | 36 | 32,064,550 | 100.2 | 14 | 49,697,900 | 85.0 | 26 |
| National Average* | 26,438,377 | | | 32,010,903 | | | 58,449,281 | | |

* Weighted averaged based on 46 jurisdictions (including the District of Columbia), using 2002 state employment as weights. Data from USL&HW were not used to calculate national averages.

Sources: NCCI, Annual Statistical Bulletin, 1986-2006 editions.

Table 2: National Averages of Benefits Per 100,000 Workers By Policy Year

Panel A: All States with Data for the Particular Policy Year

| Policy Year | No. of States Used To Construct Avg.* | Cash Benefits | | Medical Benefits | | Total Benefits | |
|-------------|---------------------------------------|----------------|-----------------------------|------------------|-----------------------------|----------------|-----------------------------|
| | | Dollar Amounts | Increase from Previous Year | Dollar Amounts | Increase from Previous Year | Dollar Amounts | Increase from Previous Year |
| 1985 | 44 (DE, NV, PA) | 20,225,223 | -- | 12,834,744 | -- | 33,059,967 | -- |
| 1986 | 45 (DE, NV) | 22,303,418 | 10.3% | 13,791,840 | 7.5% | 36,095,258 | 9.2% |
| 1987 | 44 (NV, PA, TX) | 24,060,662 | 7.9% | 14,932,437 | 8.3% | 38,993,099 | 8.0% |
| 1988 | 45 (NV, PA) | 27,336,755 | 13.6% | 18,052,779 | 20.9% | 45,389,534 | 16.4% |
| 1989 | 45 (NV, TX) | 31,425,071 | 15.0% | 21,316,011 | 18.1% | 52,741,082 | 16.2% |
| 1990 | 46 (NV) | 31,506,766 | 0.3% | 23,794,856 | 11.6% | 55,301,622 | 4.9% |
| 1991 | 46 (NV) | 28,344,969 | -10.0% | 24,522,926 | 3.1% | 52,867,895 | -4.4% |
| 1992 | 46 (NV) | 25,108,442 | -11.4% | 22,543,962 | -8.1% | 47,652,404 | -9.9% |
| 1993 | 46 (NV) | 22,165,182 | -11.7% | 20,756,541 | -7.9% | 42,921,723 | -9.9% |
| 1994 | 46 (NV) | 21,154,903 | -4.6% | 20,523,482 | -1.1% | 41,678,385 | -2.9% |
| 1995 | 46 (NV) | 20,290,105 | -4.1% | 19,394,209 | -5.5% | 39,684,314 | -4.8% |
| 1996 | 47 | 20,068,618 | -1.1% | 19,429,245 | 0.2% | 39,497,863 | -0.5% |
| 1997 | 47 | 20,170,219 | 0.5% | 19,720,439 | 1.5% | 39,890,658 | 1.0% |
| 1998 | 47 | 21,003,369 | 4.1% | 20,604,815 | 4.5% | 41,608,184 | 4.3% |
| 1999 | 46 (WV) | 23,771,466 | 13.2% | 24,278,230 | 17.8% | 48,049,696 | 15.5% |
| 2000 | 46 (WV) | 26,303,836 | 10.7% | 28,917,573 | 19.1% | 55,221,409 | 14.9% |
| 2001 | 46 (WV) | 26,992,569 | 2.6% | 32,775,662 | 13.3% | 59,768,231 | 8.2% |
| 2002 | 46 (WV) | 26,438,377 | -2.1% | 32,010,903 | -2.3% | 58,449,280 | -2.2% |

Panel B: Forty-three States with Data for Policy Years 1985 - 1998

| Policy Year | No. of States Used To Construct Avg.** | Cash Benefits | | Medical Benefits | | Total Benefits | |
|-------------|--|----------------|-----------------------------|------------------|-----------------------------|----------------|-----------------------------|
| | | Dollar Amounts | Increase from Previous Year | Dollar Amounts | Increase from Previous Year | Dollar Amounts | Increase from Previous Year |
| 1985 | 43 | 19,969,369 | -- | 12,481,272 | -- | 32,450,641 | -- |
| 1986 | 43 | 21,668,611 | 8.5% | 13,193,493 | 5.7% | 34,862,104 | 7.4% |
| 1987 | 43 | 24,089,681 | 11.2% | 14,932,961 | 13.2% | 39,022,642 | 11.9% |
| 1988 | 43 | 26,819,269 | 11.3% | 17,403,080 | 16.5% | 44,222,349 | 13.3% |
| 1989 | 43 | 30,688,988 | 14.4% | 20,653,246 | 18.7% | 51,342,234 | 16.1% |
| 1990 | 43 | 31,093,724 | 1.3% | 22,998,134 | 11.4% | 54,091,858 | 5.4% |
| 1991 | 43 | 28,133,853 | -9.5% | 23,096,421 | 0.4% | 51,230,274 | -5.3% |
| 1992 | 43 | 24,762,432 | -12.0% | 21,718,996 | -6.0% | 46,481,428 | -9.3% |
| 1993 | 43 | 21,958,156 | -11.3% | 20,284,014 | -6.6% | 42,242,170 | -9.1% |
| 1994 | 43 | 20,936,029 | -4.7% | 19,880,114 | -2.0% | 40,816,143 | -3.4% |
| 1995 | 43 | 20,169,372 | -3.7% | 18,635,803 | -6.3% | 38,805,175 | -4.9% |
| 1996 | 43 | 19,967,345 | -1.0% | 18,922,832 | 1.5% | 38,890,177 | 0.2% |
| 1997 | 43 | 20,022,430 | 0.3% | 19,037,605 | 0.6% | 39,060,035 | 0.4% |
| 1998 | 43 | 21,030,935 | 5.0% | 20,004,309 | 5.1% | 41,035,244 | 5.1% |

Panel C: Forty-Two States with Data for Policy Years 1998 - 2002

| Policy Year | No. of States Used To Construct Avg.** | Cash Benefits | | Medical Benefits | | Total Benefits | |
|-------------|--|----------------|-----------------------------|------------------|-----------------------------|----------------|-----------------------------|
| | | Dollar Amounts | Increase from Previous Year | Dollar Amounts | Increase from Previous Year | Dollar Amounts | Increase from Previous Year |
| 1998 | 42 | 20,882,055 | -- | 19,925,879 | -- | 40,807,934 | -- |
| 1999 | 42 | 24,184,423 | 15.8% | 23,709,527 | 19.0% | 47,893,950 | 17.4% |
| 2000 | 42 | 27,088,482 | 12.0% | 28,480,455 | 20.1% | 55,568,937 | 16.0% |
| 2001 | 42 | 28,009,729 | 3.4% | 32,400,587 | 13.8% | 60,410,316 | 8.7% |
| 2002 | 42 | 27,375,617 | -2.3% | 31,604,006 | -2.5% | 58,979,623 | -2.4% |

* Maximum number of states is 47, including the District of Columbia. States missing from all years are four states with exclusive state funds, namely, North Dakota, Ohio, Washington, and Wyoming. States missing for a particular year in Panel A are shown in parentheses. In addition, the USL&HW is excluded from all calculations of National Averages.

**The states excluded from Panel B are the same states missing in Panel A plus Delaware, Nevada, Pennsylvania, and Texas.

***The states excluded from Panel C are the same states missing in Panel B plus West Virginia.

for 1996 to 1999 shown in Panel A of Table 2 are not comparable to the national average for earlier years.¹ There are also some years when data from Delaware, Pennsylvania, Texas, and/or West Virginia are unavailable, which again limits the comparability of the data from different years in Panel A of Table 2.²

The data in Panels B and C of Table 2 are more comparable among years than the Panel A data, and were therefore used to produce Figures A and B. Panel B of Table 2 presents national averages for cash, medical and total benefits per 100,000 workers for the same 43 states for 1985 to 1998. Because data for West Virginia are not available for 1999 to 2002, Panel C presents national averages for cash, medical, and total benefits per 100,000 workers for the same 42 states for 1998 to 2002. The national averages in Panels B and C are not comparable (since the exclusion of West Virginia data probably lowers the 1999 to 2002 national averages for cash benefits, medical benefits, and total benefits); but the percentage changes for benefits between 1998 and 2002 shown in Panel C are based on the same set of states and therefore the percentage changes for 1998 to 2002 are reasonably comparable to the changes in earlier years.

The data in Panels B and C of Table 2, and the results in Figures A and B, document the dramatic fluctuations in incurred workers' compensation benefits in recent decades. For the four years from 1986 through 1989, total benefits per 100,000 workers increased at least 7 percent a year. The fastest growth year was 1989, when total benefits were up 16.1 percent from the previous year. Then a sudden deceleration occurred, with total benefits per 100,000 workers up only 5.4 percent in 1990 from the previous year. Deceleration was followed by decline: total benefits were down 5.3 percent in 1991 from the previous year, and 1991 was followed by another four years of decline. Then total benefits were relatively stable in 1996 and 1997, followed by a 5.1 percent increase in 1998, a 17.4 percent increase in 1999, a 16.0 percent increase in 2000, and an 8.7 percent increase in 2001, before declining 2.4 percent in 2002, which is the most recent year for which we have data.

The data on total benefits per 100,000 workers are the combined total of cash benefits per 100,000 workers and medical benefits per 100,000 workers. Panels B and C of Table 2 and Figure B provide information on the development of cash and medical benefits since 1985. The movements of cash and medical benefits through time have been similar to the movements for total benefits: initially several years when benefits were generally accelerating, followed by decelerating benefits in 1990, followed (with a minor exception) by a pe-

riod of decline in benefits until 1995, then relative stability in 1996 and 1997, followed by an increase in both types of benefits from 1998 through 2001 before another decline in 2002. The similarity in movement of cash and medical benefits should not be exaggerated, however, because in some years the two types of benefits behave quite differently. In 2001, for example, the increase in cash benefits of 3.4 percent was much more modest than the 13.8 percent increase in medical benefits.

The data in Table 2 are for benefits in current dollars unadjusted for inflation. The benefits adjusted for changes in the CPI are shown in Table 3. The decline in benefits during the 1990s is even more dramatic when measured in constant (1982-84) dollars. Measured in current dollars, total benefits per 100,000 workers declined by 27.8 percent in the 43 jurisdictions between 1990 and 1997 (Table 3, Column (9)). Measured in constant dollars, total benefits per 100,000 workers declined by 45.3 percent from 1990 to 1997 (Table 3, Column (10)). Moreover, in constant dollars, the decline in total benefits began in 1990 and continued through 1997; this eight-year stretch of declining total benefits in constant dollars is three years longer than the decline in total benefits measured in current dollars between 1991 and 1995. Of particular interest is that in constant dollars, cash, medical, and total benefits each increased by more than 13 percent between 1998 and 1999, but each declined by more than 3 percent between 2001 and 2002.

Explanations of the National Developments

The latest national data on incurred benefits per 100,000 workers indicate that both cash and medical benefits declined substantially during most of the 1990s. Between 1990 and 1997, as previously noted, the cumulative decline in total benefits per 100,000 workers in current dollars was 27.8 percent in the 43 jurisdictions with data available for all years. The components of total benefits also experienced decline over this period, albeit at different rates, with cash benefits down 35.6 percent and medical benefits down 17.2 percent measured in current dollars.

Why did incurred benefits decline so rapidly during these years? One partial explanation is that the workplace appears to have become safer during the 1990s. The annual number of lost workday cases per 100 full-time workers in the private sector dropped from 4.1 in 1990, to 3.8 in 1994, to 3.3 in 1997.³ These declines in the occupational injury and injury rate translated into lower cash and medical benefits per 100,000 workers.

Another factor that explains at least a part of the decline in cash benefits paid to workers during most of

Table 3 - National Averages of Benefits Per 100,000 Workers By Year in Current and Constant Dollars

Panel A: Forty-Three States with Data for Policy Years 1985 - 1998

| Policy Year | No. of States Used To Construct Avg.* | Cash Benefits | | | | Medical Benefits | | | | Total Benefits | | |
|-------------|---------------------------------------|----------------------------|---------|--------------------------|---------------------------------|----------------------------|---------|--------------------------|---------------------------------|----------------------------|---------------------------|----------------------------------|
| | | Benefits in Current \$ (1) | CPI (2) | Benefits in 82-84 \$ (3) | Increase from Previous Year (4) | Benefits in Current \$ (5) | CPI (6) | Benefits in 82-84 \$ (7) | Increase from Previous Year (8) | Benefits in Current \$ (9) | Benefits in 82-84 \$ (10) | Increase from Previous Year (11) |
| 1985 | 43 | 19,969,369 | 107.2 | 18,628,143 | -- | 12,481,272 | 113.5 | 10,996,715 | -- | 32,450,641 | 29,624,858 | -- |
| 1986 | 43 | 21,668,611 | 108.8 | 19,916,003 | 6.9% | 13,193,493 | 122.0 | 10,814,339 | -1.7% | 34,862,104 | 30,730,341 | 3.7% |
| 1987 | 43 | 24,089,681 | 112.6 | 21,394,033 | 7.4% | 14,932,961 | 130.1 | 11,478,064 | 6.1% | 39,022,642 | 32,872,097 | 7.0% |
| 1988 | 43 | 26,819,269 | 117.0 | 22,922,452 | 7.1% | 17,403,080 | 138.6 | 12,556,335 | 9.4% | 44,222,349 | 35,478,787 | 7.9% |
| 1989 | 43 | 30,688,988 | 122.4 | 25,072,703 | 9.4% | 20,653,246 | 149.3 | 13,833,386 | 10.2% | 51,342,234 | 38,906,089 | 9.7% |
| 1990 | 43 | 31,093,724 | 128.8 | 24,141,090 | -3.7% | 22,998,134 | 162.8 | 14,126,618 | 2.1% | 54,091,858 | 38,267,708 | -1.6% |
| 1991 | 43 | 28,133,853 | 133.8 | 21,026,796 | -12.9% | 23,096,421 | 177.0 | 13,048,825 | -7.6% | 51,230,274 | 34,075,621 | -11.0% |
| 1992 | 43 | 24,762,432 | 137.5 | 18,009,041 | -14.4% | 21,718,996 | 190.1 | 11,425,037 | -12.4% | 46,481,428 | 29,434,079 | -13.6% |
| 1993 | 43 | 21,958,156 | 141.2 | 15,551,102 | -13.6% | 20,284,014 | 201.4 | 10,071,506 | -11.8% | 42,242,170 | 25,622,608 | -12.9% |
| 1994 | 43 | 20,936,029 | 144.7 | 14,468,576 | -7.0% | 19,880,114 | 211.0 | 9,421,855 | -6.5% | 40,816,143 | 23,890,431 | -6.8% |
| 1995 | 43 | 20,169,372 | 148.6 | 13,572,929 | -6.2% | 18,635,803 | 220.5 | 8,451,611 | -10.3% | 38,805,175 | 22,024,540 | -7.8% |
| 1996 | 43 | 19,967,345 | 152.8 | 13,067,634 | -3.7% | 18,922,832 | 228.2 | 8,292,214 | -1.9% | 38,890,177 | 21,359,848 | -3.0% |
| 1997 | 43 | 20,022,430 | 156.3 | 12,810,256 | -2.0% | 19,037,605 | 234.6 | 8,114,921 | -2.1% | 39,060,035 | 20,925,177 | -2.0% |
| 1998 | 43 | 21,030,935 | 158.6 | 13,260,363 | 3.5% | 20,004,309 | 242.1 | 8,262,829 | 1.8% | 41,035,244 | 21,523,192 | 2.9% |

Panel B: Forty-Two States with Data for Policy Years 1998 - 2002

| Policy Year | No. of States Used To Construct Avg.* | Cash Benefits | | | | Medical Benefits | | | | Total Benefits | | |
|-------------|---------------------------------------|------------------------|-------|----------------------|-----------------------------|------------------------|-------|----------------------|-----------------------------|------------------------|----------------------|-----------------------------|
| | | Benefits in Current \$ | CPI | Benefits in 82-84 \$ | Increase from Previous Year | Benefits in Current \$ | CPI | Benefits in 82-84 \$ | Increase from Previous Year | Benefits in Current \$ | Benefits in 82-84 \$ | Increase from Previous Year |
| 1998 | 42 | 20,882,055 | 158.6 | 13,166,491 | -- | 19,925,879 | 242.1 | 8,230,433 | -- | 40,807,934 | 21,396,924 | -- |
| 1999 | 42 | 24,184,423 | 162.0 | 14,928,656 | 13.4% | 23,709,527 | 250.6 | 9,461,104 | 15.0% | 47,893,950 | 24,389,760 | 14.0% |
| 2000 | 42 | 27,088,482 | 167.3 | 16,191,561 | 8.5% | 28,480,455 | 260.8 | 10,920,420 | 15.4% | 55,568,937 | 27,111,981 | 11.2% |
| 2001 | 42 | 28,009,729 | 171.9 | 16,294,200 | 0.6% | 32,400,587 | 272.8 | 11,877,048 | 8.8% | 60,410,316 | 28,171,248 | 3.9% |
| 2002 | 42 | 27,375,617 | 174.3 | 15,706,034 | -3.6% | 31,604,006 | 285.6 | 11,065,828 | -6.8% | 58,979,623 | 26,771,862 | -5.0% |

Notes: CPI in column (2) is the Consumer Price Index for all items less medical care with 1982-84 = 100 from Table B-62 of Council of Economic Advisers (2006: 354).
CPI in column (6) is the Consumer Price Index for medical care with 1982-84 = 100 from Table B-60 of Council of Economic Advisers (2006: 351).

the 1990s is that the statutory level of cash benefits provided by workers' compensation statutes were scaled back during several years in the period, as shown in Figure C. Benefits were scaled back in four of the eight years between 1990 and 1997, and the net effect of the statutory changes during the eight years was to reduce benefits, which is a record that probably cannot be matched since at least the 1930s.

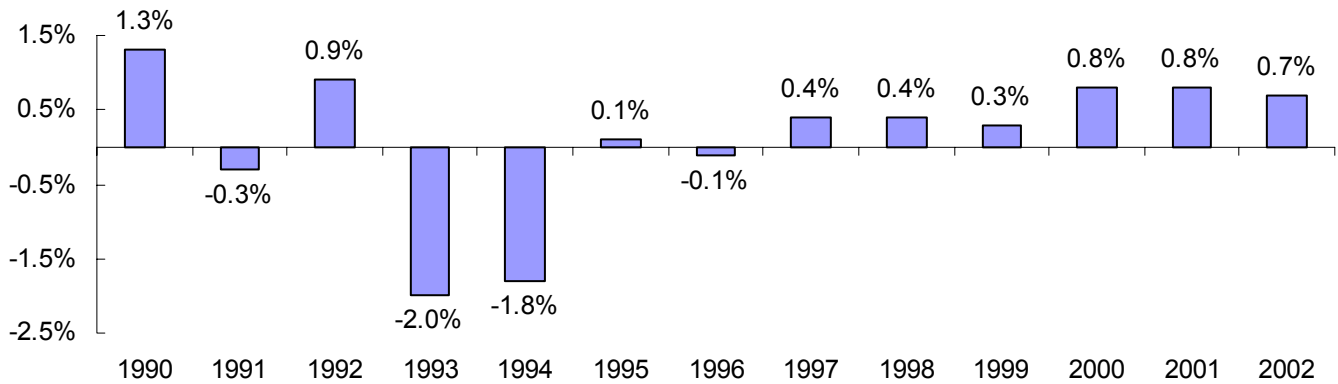
A possible explanation of the decline in incurred medical benefits during the period from 1990 to 1997 was the rapid emergence of managed care and the general increase in employer control over provision of medical care for injured workers. While we are skeptical that large reductions in medical expenditures due to managed care can be sustained over an extended period, it is possible that the rapid spread of HMOs, PPOs, et al. in workers' compensation programs in the early 1990s drove down incurred medical benefits between 1990 and 1997.

Another possible explanation for the decline in both cash and medical benefits per 100,000 workers between 1990 and 1997 that may be of major significance is the tightening of the eligibility standards for workers' com-

penetration benefits that occurred in a number of jurisdictions during the 1990s. The trend to limit compensability of workers' compensation claims nationally was documented by Spieler and Burton (1998). In Oregon, Thomason and Burton (2001) estimated that the effect of a series of statutory changes in the late 1980s and early 1990s was to reduce benefit payments by 20 to 25 percent below the amounts workers would have received in the absence of these statutory changes. Thus, the reductions in benefits paid to disabled workers through 1997 may not have reflected just the beneficial consequences of safer workplaces and the reductions of unnecessary medical treatment resulting from managed care, but may also have reflected the shifting of costs of workplace disability to other public and private sources of cash and medical benefits or to the workers and their families.

The cumulative increase in total incurred benefits by more than fifty percent between 1997 and 2002 is more difficult to explain, since benefits accelerated in 1998 and 1999, increased at almost the same rate in 2000 as in 1999, then rapidly decelerated in 2001 and 2002 (Figure A). The story is even more confusing when we separate cash and medical benefits (Figure B). The increase in

Figure C
Countrywide Changes in Statutory Benefits, 1990-2002



Source: 1990-1993: NCCI, *Annual Statistical Bulletin*, 2003 Edition, Exhibit I, p.6.
1994-2002: NCCI, *Annual Statistical Bulletin*, 2006 Edition, Exhibit I, p.6.

incurred medical benefits from 1998 to 2001 does not appear to reflect an increase in health care prices in the U.S. The annual rates of increase in the consumer price index (CPI) for medical care shown in Column (6) of Table 3 indicate that the price of medical care was increasing at less than five percent a year from 1998 to 2001. For example, in 2000, the medical CPI was up only 4.1 percent from the previous year ($1.041 = 260.8/250.6$) and in 2001, the medical CPI was only up 4.6 percent ($1.046 = 272.8/260.8$). The 19.0 percent surge in health care costs in the workers' compensation in 1999, the 20.1 percent increase in 2000, and the 13.8 percent increase in 2001 (Table 2, Panel C) are products of changes in the price per unit of health care service times the changes in the number of health care units used in workers' compensation. Since the price per unit of health care does not appear to have increased rapidly between 1998 and 2001, the implication is that the quantity of health care provided to injured workers increased rapidly during 1999 to 2001. This may suggest that the various health-care cost containment policies introduced into workers' compensation in the early and mid-1990s were not working. This explanation must be qualified, however, by the experience in 2002. The medical CPI was up 4.7 percent ($1.047 = 285.6/272.8$) in 2002, but incurred medical benefits declined in 2002, suggesting that the quantity of health care provided to injured workers declined.

The explanations of the annual changes in incurred cash benefits from 1998 to 2002 are also not obvious. The rapid increases in cash benefits per 100,000 workers in 1999 and 2000 were surprisingly large. The eco-

nomie expansion that began in 1992 continued in those years, there were only modest increases of less than 1.0 percent in the statutory level of benefits in 1999 and 2000 (as shown in Figure C), and the injury rate dropped from 3.1 lost time injuries per 100 workers in 1998 to 3.0 in both 1999 and 2000. These factors could have been expected to produce relatively modest increases in incurred cash benefits. The 15.8 percent increase in incurred cash benefits in 1999 and the 12.0 percent increase in 2000 (Table 2, Panel C) suggests that injuries were becoming more severe or that the amount of cash benefits per claim were rapidly accelerating in those years, but it is unclear why these developments occurred.

The explanations for the sudden slow down in cash benefits to a 3.4 percent increase in 2001 and the decline of 2.3 percent in 2002 are also not evident. The injury rate dropped to 2.8 lost time injuries per 100 workers in these years, which could help explain part of the decline, but in part this was offset by the 0.8 percent and 0.7 percent increases in the workers' compensation benefit prescribed by statute (Figure C). One important development affecting the labor market was the beginning of the recession in March 2001, which was associated with a 0.1 percent decline in the number of workers covered by workers' compensation nationally that year (Sengupta, Reno, and Burton 2005, 8-9). However, since we are examining incurred benefits per 100,000 workers, any reduction in benefits due to a decline in employment is captured by our measure. Since the number of workers covered by the workers' compensation program continued to decline in 2002

and 2003 (Sengupta, Reno, and Burton 2006, Table 2), we will be interested to see if there is a continuing decline in incurred cash benefits per 100,000 workers when data for 2003 become available.

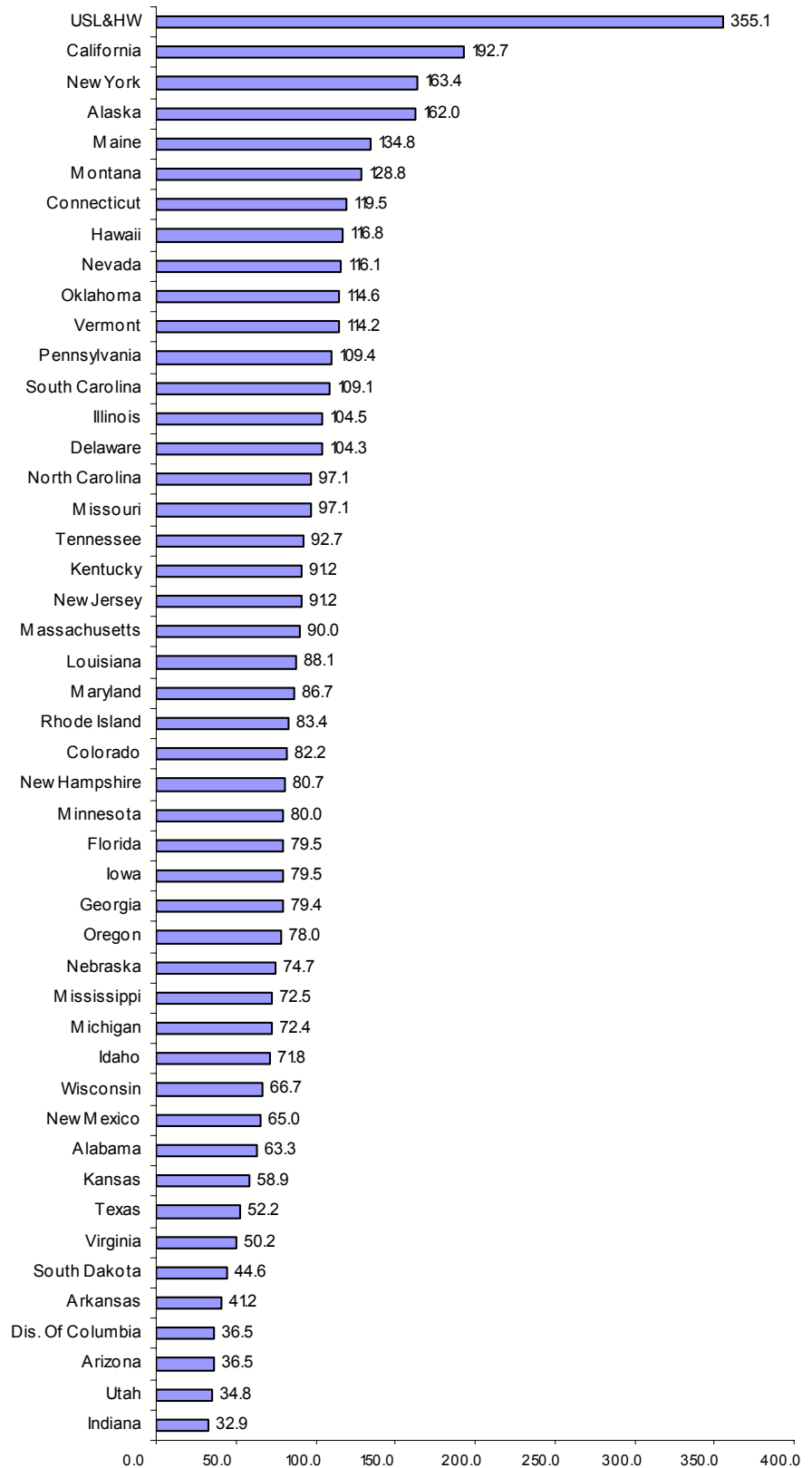
These catalogues of the possible causes and consequences of the rapid decline in cash and medical benefits from 1991 to 1997, the increase of these incurred benefits in 1998 to 2001, and the decline in benefits in 2002 are meant to be suggestive, rather than conclusive. For the sake of workers, employers, and other participants in the workers' compensation program, we need careful studies that will help us better understand these recent developments in benefit payments.

Comparisons of Individual States for 2002

The 2002 data in Table 1.2002 allow comparisons among 47 jurisdictions for that year. The cash benefits per 100,000 workers in 2002 ranged from \$93,869,581 in the USL&HW program to \$8,689,398 in Indiana. Medical benefits per 100,000 workers varied from \$107,272,300 in the USL&HW program to \$7,550,808 in the District of Columbia. Total benefits (cash plus medical) per 100,000 workers were highest in the USL&HW program at \$201,141,881 and were lowest in the District of Columbia at \$17,209,004. These data were used to construct Figures D through F.

Cash Benefits. Each of the state's cash benefits per 100,000 workers as a percentage of the U.S. average payment in 2002 is shown in column (2) of Panel A of Table 1.2002. (The averages were calculated excluding the USL&HW program because that program is obviously an outlier.) States were ranked in Figure D in terms of how their cash benefits compared to the national average.

Figure D - Cash Benefits per 100,000 Covered Workers, State's Benefits as a Percentage of U.S. Average Payments for 2002



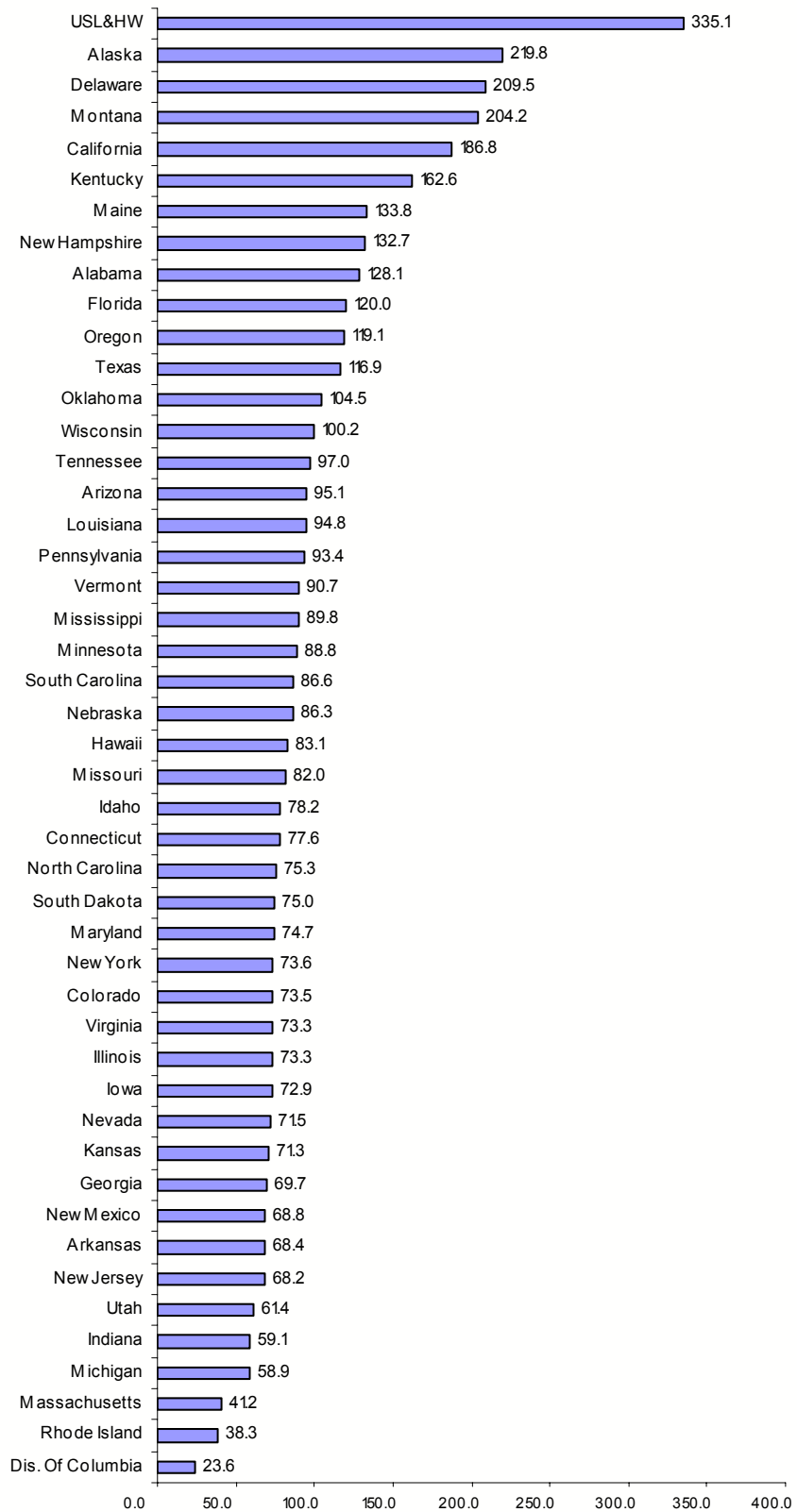
Source: Table 12002, Panel A

Three states plus the USL&HW program had cash benefits that were “well above average” – the benefits were more than 50 percent above the national average. The states were California (where benefits were almost 93 percent above the national average), Alaska (where benefits were 62 percent above the national average), and New York (where benefits were over 63 percent above the national average). In addition, the USL&HW program had cash benefits that were about three and a half times the national average. Two states, Maine and Montana, had cash benefits that were “above average” – where cash benefits were more than 25 percent, but less than 50 percent above the national average (Maine’s cash benefits were almost 35 percent and Montana’s were almost 29 percent above the national average).

Other states had much lower cash benefits relative to the national average in 2002. Six states had cash benefits that were “well below average” – benefits were at least 50 percent below the national average. These states ranged from South Dakota (where benefits were 55 percent below the national average) to Indiana (where cash benefits were 67 percent below the national average). In addition, 10 states had cash benefits that were “below average” – benefits were at least 25 percent, but no more than 50 percent, below the national average. These states ranged from Nebraska (where benefits were more than 25 percent below the national average) to Virginia (where benefits were almost 50 percent below the national average).

There were also 25 states with “average” cash benefits – the cash benefits were within 25 percent of the national average. These states ranged from Oregon (where benefits were 22 percent below the national average) to Connecticut (where benefits were 19.5 percent above the national average).

Figure E - Medical Benefits Per 100,000 Covered Workers, State's Benefits as a Percentage of U.S. Average Payments for 2002



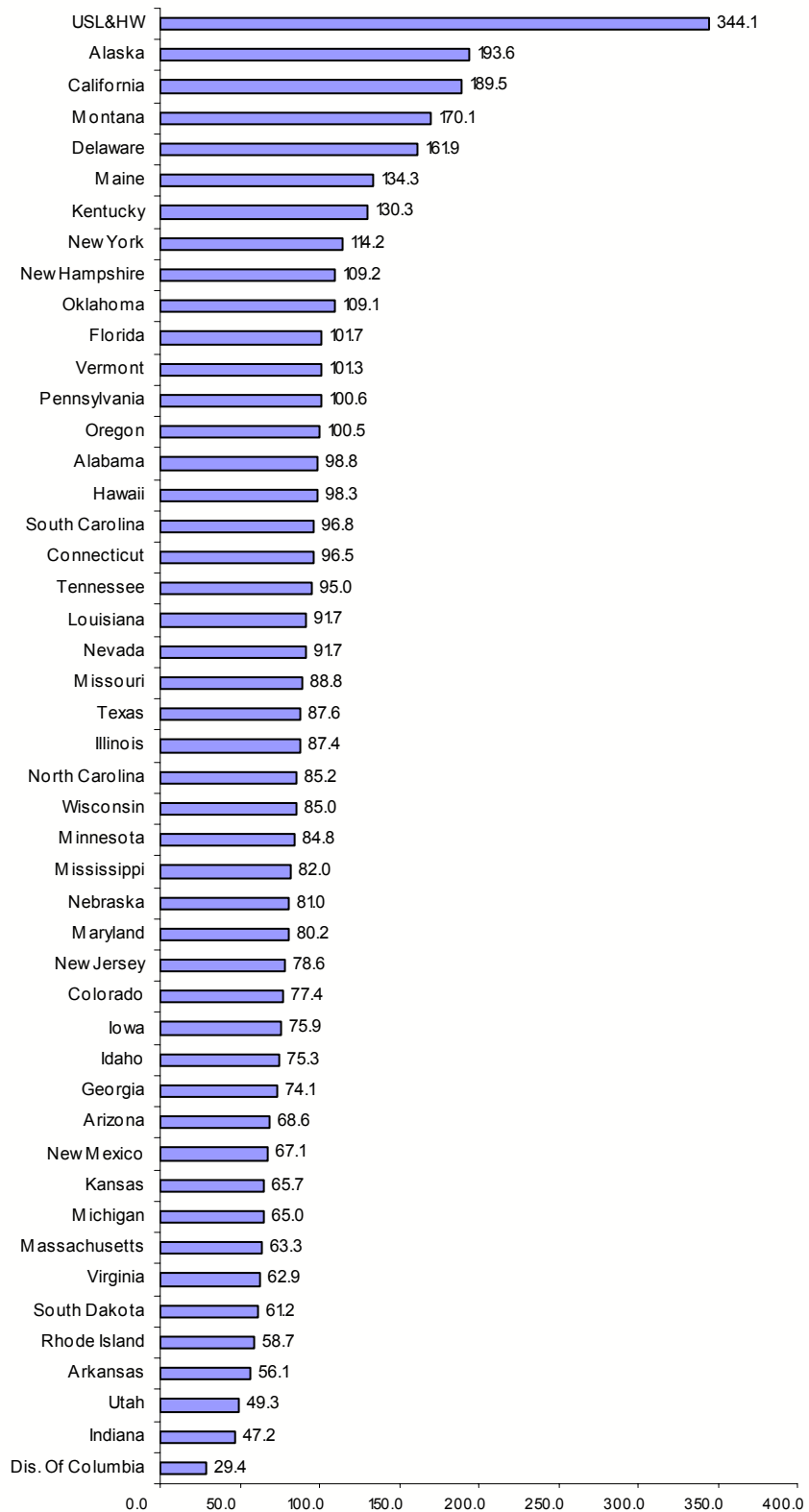
Source: Table 12002, Panel B

Medical Benefits. Each of the state's incurred medical benefits per 100,000 workers as a percentage of the U.S. average in 2002 is shown in column (5) of Panel B of Table 1.2002. States were ranked in Figure E in terms of how their medical benefits compared to the national average.

Five states plus the USL&HW program had medical benefits that were "well above average" – the benefits were more than 50 percent above the national average. The states ranged from Alaska (where benefits were almost 120 percent above the national average) to Kentucky (where benefits were almost 63 percent above the national average). In addition, the USL&HW program had medical benefits that were more than three times the national average. Three states had medical benefits that were "above average" – cash benefits were more than 25 percent, but less than 50 percent above the national average. These states ranged from Maine (where benefits were almost 34 percent above the national average) to Alabama (where benefits were 28 percent above the national average).

Other states had much lower medical benefits relative to the national average in 2002. Three states had medical benefits that were "well below average" – benefits were at least 50 percent below the national average. These states ranged from Massachusetts (where benefits were almost 60 percent below the national average) to the District of Columbia (where medical benefits were more than 76 percent below the national average). In addition, sixteen states had medical benefits that were "below average" – benefits were at least 25 percent, but no more than 50 percent, below the national average. These states ranged from South Dakota (where benefits were 25 percent below the national average) to Michigan (where medical benefits were 41 percent below the national average).

Figure F - Total (Cash plus Medical) Benefits per 100,000 Covered Workers, State's Benefits as a Percentage of U.S. Average Payments for 2002



Source: Table 12002, Panel C

There were also 19 states with “average” medical benefits – the medical benefits were within 25 percent of the national average. These states ranged from North Carolina (where benefits were almost 25 percent below the national average) to Florida (where benefits were 20 percent above the national average).

Total Benefits. Each of the state’s incurred total (cash plus medical) benefits per 100,000 workers as a percentage of the U.S. average in 2002 is shown in column (8) of Panel C of Table 1.2002. States were ranked in Figure F in terms of how their total benefits compared to the national average.

Four states plus the USL&HW program had total benefits that were “well above average” – the benefits were more than 50 percent above the national average. They ranged from Alaska (where benefits were almost 94 percent above the national average) to Delaware (where benefits were almost 62 percent above the national average). In addition, the USL&HW program had total benefits that were more than three times the national average. Only two states had total benefits that were “above average” – where total benefits were more than 25 percent, but less than 50 percent above the national average. Maine’s total benefits were over 34 percent above the national average and Kentucky’s total benefits were over 30 percent above the national average.

Other states had much lower total benefits relative to the national average in 2002. Three states had total benefits that were “well below average” – benefits were at least 50 percent below the national average. They ranged from the District of Columbia (where benefits were almost 71 percent below the national average) to Utah (where benefits were almost 51 percent below the national average). Ten states had total benefits that were “below average” – benefits were at least 25 percent, but no more than 50 percent, below the national average. These states ranged from Georgia (where benefits were more than almost 26 percent below the national average) to Arkansas (where benefits were almost 44 percent below the national average).

There were also 27 states with “average” cash benefits – the cash benefits were within 25 percent of the national average. These states ranged from Idaho (where benefits were almost 25 percent below the national average) to New York (where benefits were more than 14 percent above the national average).

Historical Comparisons of Individual States

Tables 1.1998 through 1.2002, plus comparable unpublished tables for earlier years, present a formida-

ble amount of data on incurred cash, medical and total benefits per 100,000 workers for each state for each year between 1985 and 2002. Some readers (and surely the authors) are likely to find that much data hard to assimilate. Tables 4 to 6 are designed to facilitate that assimilation.

Cash Benefits. Table 4 provides summary information on the relative amount of cash benefits for each of the 46 states plus the District of Columbia and the USL&HW for the 18 years included in this study. The coding scheme relies on the classifications previously introduced: a state receives a “++” in a particular year if its cash benefits are well above average; a “+” if the benefits are above average; a “-” if the benefits are well below average; a “-” if benefits are below average; a “0” if benefits are average; and a “N/A” if data are not available for that year. (The ranges for the various categories are shown in the notes to Tables 4 to 6.)

The entries in Table 4 permit a quick assessment of how the cash benefits in each jurisdiction have compared to the national averages during the 18 years. Some jurisdictions demonstrate a consistent record through the years. The USL&HW program and West Virginia had cash benefits that were well above the national average (benefits were at least 50 percent above the national average) in all years with data. Illinois was the only state that had average benefits (benefits were within 25 percent of the national average) in all 18 years. Kansas had below average cash benefits (benefits were from 25 to 50 percent below the national average) in every year. Indiana and the District of Columbia had well below average cash benefits (benefits were at least 50 percent below the national average) in all years. There was no state that always had above average cash benefits.

Other states showed somewhat less stability in terms of their benefits relative to the national average over the 18 year period and moved among adjacent categories. Connecticut had average or above average cash benefits in every year. Five states (Arkansas, Mississippi, Utah, Virginia, and Wisconsin) had below average or well below average cash benefits in every year. Ten states (Alabama, Delaware, Georgia, Idaho, Kentucky, Maryland, Michigan, New Jersey, South Carolina, and Vermont) had cash benefits that moved between average and below average over the 18-year period.

More interesting are the states that moved among three categories in terms of their cash benefits relative to the national averages over the 18 years. Twelve states (Alaska, California, Colorado, Florida, Hawaii, Louisiana, Massachusetts, Montana, Nevada, New

Table 4 - Cash Benefits per 100,000 Workers Relative to National Average

| | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |
|--------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| AL | - | - | - | - | - | - | - | - | - | 0 | 0 | 0 | 0 | - | - | - | - | - |
| AK | ++ | ++ | ++ | + | + | + | + | 0 | 0 | 0 | + | + | + | ++ | ++ | ++ | ++ | ++ |
| AZ | - | - | 0 | - | - | 0 | 0 | 0 | 0 | 0 | 0 | - | - | - | - | -- | -- | -- |
| AR | - | - | - | - | - | - | - | - | - | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| CA | + | + | + | 0 | 0 | 0 | + | 0 | 0 | 0 | + | + | ++ | ++ | ++ | ++ | ++ | ++ |
| CO | 0 | ++ | 0 | 0 | ++ | + | 0 | 0 | 0 | 0 | 0 | + | + | 0 | 0 | 0 | 0 | 0 |
| CT | 0 | 0 | + | + | + | + | + | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DE | 0 | 0 | - | - | - | - | - | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DC | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| FL | 0 | + | ++ | ++ | ++ | + | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GA | - | - | 0 | 0 | - | 0 | - | 0 | 0 | 0 | 0 | 0 | - | - | - | - | - | 0 |
| HI | 0 | 0 | 0 | 0 | 0 | + | ++ | ++ | ++ | ++ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ID | 0 | 0 | - | - | - | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | - | - | - |
| IL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| IN | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| IA | - | - | - | - | -- | - | - | - | - | - | - | - | - | 0 | - | - | 0 | 0 |
| KS | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| KY | - | - | - | - | 0 | 0 | 0 | 0 | 0 | 0 | - | - | - | - | - | - | 0 | 0 |
| LA | + | + | ++ | ++ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ME | ++ | ++ | ++ | ++ | ++ | ++ | ++ | + | 0 | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | + |
| MD | 0 | - | - | - | - | - | - | - | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MA | + | + | ++ | ++ | ++ | ++ | + | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - |
| MN | ++ | + | + | + | 0 | + | 0 | 0 | 0 | 0 | - | - | - | - | 0 | 0 | 0 | 0 |
| MS | -- | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| MO | -- | - | - | - | - | - | - | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MT | ++ | ++ | ++ | + | ++ | ++ | ++ | + | + | ++ | + | + | 0 | 0 | 0 | 0 | 0 | + |
| NE | -- | -- | -- | -- | - | - | - | - | - | - | - | - | - | 0 | - | - | - | - |
| NV | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | ++ | ++ | ++ | + | 0 | 0 | 0 |
| NH | 0 | 0 | 0 | + | + | + | + | + | 0 | 0 | 0 | 0 | 0 | 0 | - | - | 0 | 0 |
| NJ | - | - | - | - | - | - | - | 0 | 0 | - | 0 | 0 | 0 | - | - | - | 0 | 0 |
| NM | ++ | + | ++ | + | 0 | 0 | 0 | - | - | - | - | -- | - | - | - | - | - | - |
| NY | 0 | 0 | 0 | 0 | 0 | 0 | + | ++ | ++ | ++ | ++ | ++ | ++ | ++ | + | + | + | ++ |
| NC | -- | -- | -- | -- | -- | - | - | - | - | - | - | - | 0 | 0 | 0 | 0 | 0 | 0 |
| OK | 0 | 0 | 0 | 0 | 0 | 0 | + | ++ | ++ | ++ | ++ | + | + | 0 | 0 | 0 | 0 | 0 |
| OR | ++ | ++ | ++ | ++ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | - | - | 0 |
| PA | 0 | + | + | + | + | ++ | + | ++ | ++ | ++ | + | + | + | + | 0 | 0 | 0 | 0 |
| RI | ++ | ++ | ++ | ++ | ++ | ++ | ++ | - | - | 0 | 0 | 0 | + | ++ | ++ | 0 | 0 | 0 |
| SC | - | - | - | - | - | - | - | - | - | 0 | - | - | - | 0 | 0 | 0 | 0 | 0 |
| SD | - | - | - | - | - | - | - | 0 | - | - | 0 | 0 | -- | -- | - | -- | -- | -- |
| TN | -- | -- | - | - | - | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TX | 0 | 0 | N/A | + | N/A | 0 | 0 | - | - | - | 0 | - | 0 | 0 | - | - | - | - |
| USL&HW | N/A | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ |
| UT | -- | -- | -- | -- | -- | -- | -- | - | - | - | -- | -- | -- | -- | -- | -- | -- | -- |
| VT | - | - | - | - | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| VA | -- | - | - | - | - | - | - | -- | -- | -- | - | - | - | - | - | -- | -- | -- |
| WV | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | N/A | N/A | N/A | N/A |
| WI | - | - | - | -- | -- | -- | - | - | - | - | - | - | - | - | - | - | - | - |

Note: ++ 150.1% or more of National Average Well Above Average
+ 125.1 - 150.0% of National Average Above Average
0 75.0 - 125.0% of National Average Average
- 50.0 - 74.9% of National Average Below Average
-- 49.9% or less of National Average Well Below Average
N/A Data Not Available

Source: Tables 1.1985 - 1.2002

York, Oklahoma, and Pennsylvania) varied between average and well above average cash benefits during all the years with data. Of these states, only Alaska, California, and New York had well above average benefits in 2002, Montana had above average benefits in 2002, and eight states had average cash benefits in 2002, obviously well below their relatively high benefits in earlier years. Seven states (Arizona, Iowa, Missouri, Nebraska, North Carolina, South Dakota, and Tennessee) varied between average and well below average cash benefits between 1985 and 2002. New Hampshire and Texas varied between above average and below average cash benefits during these years.

Four states had cash benefits relative to the national averages that varied among four categories during the 18 years. Maine was well above average for seven years, and then dropped to below average in 1994, moved to average cash benefits for 1995 to 2001, and increased again to above average in 2002. Minnesota was well above average in 1985, dropped to average for most of the early 1990s, dropped further to below average cash benefits from 1995 to 1998, and then increased to average benefits from 1999 to 2002. Oregon had a similar pattern: cash benefits were well above average from 1985 to 1988, dropped to average cash benefits for most of the 1990s, had below average benefits from 1999 to 2001, and increased again to average benefits in 2002. Rhode Island had a unique pattern, beginning with cash benefits well above the national average for seven years, dropped to below average or average cash benefits from 1992 to 1996, increased to above average or well above average benefits from 1997 through 1999, and then dropped again to average from 2000 through 2002.

The most volatile state was New Mexico, which varied between well above average in 1985 and 1987 and well below average in 1996, thus spanning all five categories in Table 4. The experiences in Maine, Minnesota, and New Mexico clearly demonstrate that significant reductions in cash benefits are possible. There are also several states whose experience over the 18 years indicates that substantial increases in cash benefits are possible. The most notable example is New York, which provided average cash benefits from 1985 to 1990, well above average cash benefits from 1992 to 1998, dropped to above average benefits from 1999 to 2001, before returning to well above average benefits in 2002.

Medical Benefits. Table 5 provides summary information on the relative generosity of medical benefits for each of the 46 states plus the District of Columbia and the USL&HW for the 18 years included in this study. The entries in Table 5 permit a quick assessment of

how generous the medical benefits have been in each jurisdiction during the 18 years.

Some states demonstrate a consistent record in terms of generosity of medical benefits through the years. There were five programs that were in the same category of generosity of medical benefits for all 18 years: two (Idaho and Mississippi) were in the average category every year; one state (New Jersey) was in the below average category every year; one jurisdiction (the District of Columbia) was in the well below average category every year for which data are available; and one jurisdiction (the USL&HW) was in the well above average category every year for which data are available. There was no state in the above average category all 18 years.

There were a number of states that had relatively stable medical costs over the 18 years, with only movements among adjacent categories of relative generosity. For example, only one state, Alaska, moved between above average and well above average medical benefits between 1985 and 2002. Arizona, New Hampshire, Oklahoma and Texas moved between average and above average medical benefits during the 18 years. Georgia had average benefits from 1985 to 1996 and then dropped to below average medical benefits from 1997 to 2002. Indiana began with well below average medical benefits in 1985 and 1986 and moved to below average benefits during the period between 1987 and 2002. There are a number of other states that moved between adjacent categories of relative generosity of medical benefits during the 18 years included in Table 5.

As Table 5 also illustrates, there were 23 states that moved among non-adjacent categories during the 18 years. Ten states (Alabama, California, Delaware, Florida, Kentucky, Louisiana, Montana, Oregon, Pennsylvania, and West Virginia) varied among the average, above average, and well above average categories between 1985 and 2002. Six states (Iowa, Maryland, New York, North Carolina, Rhode Island and South Carolina) paid medical benefits that varied among the average, below average, and well below average categories between 1985 and 2002. Only three states (Arkansas, Colorado, and Nevada) varied among below average, average and above average during all the years with data. Four states (Hawaii, Maine, Minnesota, and New Mexico) had medical benefits relative to the national averages that varied among four categories during the 18 years, from below average to well above average.

The experiences in Louisiana, New Mexico, and Pennsylvania clearly demonstrate that significant reductions in medical benefits paid to workers are possi-

Table 5 - Medical Benefits per 100,000 Workers Relative to National Average

| | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |
|--------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| AL | 0 | 0 | 0 | + | + | + | + | + | + | + | + | ++ | ++ | + | + | 0 | 0 | + |
| AK | ++ | ++ | ++ | ++ | ++ | ++ | + | + | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ |
| AZ | 0 | 0 | + | 0 | 0 | 0 | 0 | 0 | + | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| AR | 0 | 0 | 0 | 0 | + | 0 | 0 | 0 | 0 | 0 | 0 | - | - | - | - | - | - | - |
| CA | ++ | ++ | ++ | ++ | + | ++ | ++ | + | 0 | 0 | 0 | 0 | 0 | + | ++ | ++ | ++ | ++ |
| CO | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | + | + | + | 0 | 0 | 0 | 0 | 0 | - |
| CT | 0 | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | 0 |
| DE | N/A | N/A | 0 | 0 | 0 | 0 | 0 | 0 | ++ | + | ++ | ++ | + | + | 0 | 0 | 0 | ++ |
| DC | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| FL | + | + | ++ | ++ | ++ | ++ | + | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | 0 | 0 | 0 |
| GA | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | - | - | - | - | - |
| HI | + | 0 | 0 | 0 | 0 | + | + | ++ | ++ | ++ | 0 | 0 | 0 | 0 | 0 | - | - | 0 |
| ID | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| IL | - | - | - | - | - | - | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | - | - |
| IN | -- | -- | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| IA | - | -- | - | - | - | - | - | - | - | - | - | - | - | 0 | 0 | - | - | - |
| KS | - | - | - | - | 0 | 0 | 0 | 0 | 0 | - | 0 | - | 0 | 0 | 0 | - | - | - |
| KY | 0 | 0 | 0 | 0 | 0 | 0 | + | + | + | + | + | 0 | 0 | 0 | 0 | + | + | ++ |
| LA | ++ | ++ | ++ | ++ | ++ | + | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ME | + | 0 | + | ++ | + | 0 | 0 | 0 | 0 | 0 | - | 0 | 0 | 0 | 0 | 0 | 0 | + |
| MD | 0 | - | - | - | - | - | - | - | 0 | 0 | - | - | - | 0 | - | -- | - | - |
| MA | - | - | - | - | - | - | - | - | - | -- | - | - | - | - | -- | -- | -- | -- |
| MI | 0 | 0 | 0 | 0 | 0 | 0 | - | - | - | 0 | 0 | 0 | 0 | 0 | - | - | - | - |
| MN | ++ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | 0 | 0 | 0 | 0 | 0 |
| MS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MO | - | - | - | - | - | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | 0 |
| MT | + | ++ | ++ | + | 0 | + | + | + | + | ++ | ++ | + | + | + | ++ | 0 | ++ | ++ |
| NE | - | - | - | - | - | - | - | 0 | - | - | 0 | 0 | 0 | 0 | 0 | 0 | - | 0 |
| NV | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | + | 0 | + | 0 | 0 | 0 | - |
| NH | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | + | 0 | + | 0 | + | 0 | 0 | + |
| NJ | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| NM | + | + | ++ | ++ | + | ++ | + | + | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | - |
| NY | - | -- | -- | -- | -- | - | - | - | - | - | - | - | 0 | 0 | - | - | - | - |
| NC | -- | -- | - | - | - | - | - | - | - | - | 0 | - | - | - | - | - | - | 0 |
| OK | 0 | 0 | 0 | 0 | 0 | 0 | 0 | + | + | + | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OR | ++ | ++ | ++ | ++ | 0 | 0 | 0 | + | + | 0 | + | ++ | ++ | 0 | 0 | 0 | 0 | 0 |
| PA | N/A | 0 | N/A | N/A | ++ | ++ | + | + | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| RI | 0 | 0 | - | 0 | 0 | 0 | - | -- | -- | -- | 0 | - | - | - | - | -- | -- | -- |
| SC | - | - | - | -- | - | - | - | - | - | 0 | - | - | - | 0 | - | - | - | 0 |
| SD | - | - | - | - | - | - | 0 | 0 | 0 | 0 | 0 | 0 | - | 0 | - | 0 | 0 | 0 |
| TN | - | - | - | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TX | + | + | N/A | + | N/A | 0 | + | 0 | 0 | + | + | 0 | + | 0 | 0 | 0 | 0 | 0 |
| USL&HW | N/A | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ |
| UT | 0 | - | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | - | - | - | - |
| VT | - | - | - | - | - | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| VA | - | 0 | - | - | 0 | 0 | - | 0 | 0 | - | 0 | 0 | 0 | 0 | - | - | - | - |
| WV | + | + | + | 0 | 0 | 0 | 0 | + | + | + | ++ | + | ++ | ++ | N/A | N/A | N/A | N/A |
| WI | - | - | - | - | - | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Note: ++ 150.1% or more of National Average Well Above Average
+ 125.1 - 150.0% of National Average Above Average
0 75.0 - 125.0% of National Average Average
- 50.0 - 74.9% of National Average Below Average
-- 49.9% or less of National Average Well Below Average
N/A Data Not Available

Source: Tables 1.1985 - 1.2002

ble. There were also two states – Iowa and New York – that had well below average medical benefits in 1986, but that paid average medical benefits in 1997, 1998 or 1999. These states demonstrate that states can also substantially increase the medical benefits paid to workers. Of particular interest are two states (Montana and Oregon) that had well above average medical benefits in at least two years between 1985 to 1988, reduced the relative generosity of their medical benefits to the average category for at least one year in the late 1980s or early 1990s, but had well above average medical benefits again in at least two years between 1994 to 2002. The “solutions” to high medical costs in these states are worth further examination.

Total Benefits. Table 6 provides summary information on the relative generosity of total (cash plus medical) benefits for each of the 46 states plus the District of Columbia and the USL&HW program for the 18 years included in this study. The entries in Table 6 permit a quick assessment of how generous the total benefits have been in each jurisdiction during these 18 years

Some states demonstrate a consistent record in terms of generosity of total benefits through the years. There were five programs that have been in the same category of generosity of total benefits for all 18 years. Two programs (USL&HW and West Virginia) had well above average total benefits in every year. One state (Alabama) was in the average category every year. One state (Virginia) was in the below average category every year; and one jurisdiction (the District of Columbia) was in the well below average category every year. There were no states that paid above average total benefits in all 18 years.

A number of states had relatively constant total benefits throughout the 18 years and only moved between adjacent categories of relative generosity. Nine states had been in a single category for at least 11 years and changed to an adjacent category for the remaining years. Connecticut had average benefits for 16 years and moved to above average benefits for two years. Three states (Georgia, Idaho and Illinois) had average benefits for at least 11 years and moved to below average benefits for one to seven years. Four states (Iowa, Kansas, New Jersey and South Carolina) had below average benefits for at least 12 years and moved to average in one to six years. One state (Indiana) had well below average benefits in 14 years, but paid only below average benefits in four years.

As shown in Table 6, there were 17 states that moved among non-adjacent categories during the 16 years shown. Ten states (California, Florida, Hawaii, Louisiana, Maine, Montana, Nevada, Oklahoma, Ore-

gon, and Pennsylvania) had total benefits that varied between average and well above average during the 18 years. Four states (Arizona, Kentucky, Massachusetts, and New York) had total benefits that varied among the above average, average, and below average categories of generosity during the 18 years, while three states (Nebraska, North Carolina and Utah) varied among the average, below average, and well below average categories over the years included in Table 6.

Finally, Delaware, Minnesota, New Mexico and Rhode Island experienced an exhilarating ride over the 18 years that ranged among four categories of generosity of total benefits. Of particular interest are New Mexico and Rhode Island which had well above average total benefits in at least three years between 1985 and 1990, reduced the relative generosity of their total benefits to the average category for at least five years in the late 1980s and 1990s, and reduced their benefits even further to below average in at least three of the most recent years in Table 6.

The experiences in seven jurisdictions (Hawaii, Louisiana, Minnesota, Nevada, Oklahoma, Oregon and Pennsylvania) that had average benefits in 2002 following well above average benefits in at least one earlier year make clear that significant reductions in total benefits (cash plus medical) provided to injured workers are possible. The fleeting nature of “reform” in Florida is also evident in the data in Table 6. The state began with average total benefits in 1985, achieved well above average total benefits in 1987-1989, cut total benefits to the average category again in 1991, and then re-achieved well above average total benefits in 1994 and 1996 before dropping to the average category again from 2000 through 2002.

Are the States Converging or Diverging?

A casual perusal of the information in Tables 4 to 6 suggests that the differences among states in workers' compensation benefits have narrowed over the 18 years for which we have data. For example, in terms of the data on total benefits (cash plus medical) shown in Table 6, there were eight states with well above average benefits and four jurisdictions with well below average benefits in 1985, while in 2002 there were only four states (Alaska, California, Delaware, and Montana) with well above average benefits and three jurisdictions (District of Columbia, Indiana, and Utah) with well below average benefits.

A more rigorous examination of whether the differences among states in the amounts of incurred benefits are narrowing over the 18 years for which we have data is presented in Table 7. For each of the years between

Table 6 - Total (Cash plus Medical) Benefits per 100,000 Workers Relative to National Average

| | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |
|--------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| AL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| AK | ++ | ++ | ++ | + | + | + | + | + | + | + | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ |
| AZ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | + | 0 | 0 | 0 | 0 | - | - | - | - | - |
| AR | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | - | - | - | - | - | - | - | - | - |
| CA | ++ | + | + | + | 0 | + | + | 0 | 0 | 0 | 0 | + | + | + | ++ | ++ | ++ | ++ |
| CO | 0 | + | 0 | 0 | + | + | 0 | 0 | 0 | + | 0 | + | 0 | 0 | 0 | 0 | 0 | 0 |
| CT | 0 | 0 | 0 | + | + | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DE | N/A | N/A | 0 | 0 | 0 | - | 0 | 0 | 0 | 0 | + | + | 0 | 0 | 0 | 0 | 0 | ++ |
| DC | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| FL | 0 | + | ++ | ++ | ++ | + | 0 | + | + | ++ | + | ++ | + | + | + | 0 | 0 | 0 |
| GA | 0 | 0 | 0 | 0 | 0 | 0 | - | 0 | 0 | 0 | 0 | 0 | - | - | - | - | - | - |
| HI | 0 | 0 | 0 | 0 | 0 | + | ++ | ++ | ++ | ++ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ID | 0 | 0 | 0 | - | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | 0 | 0 |
| IL | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| IN | -- | -- | -- | -- | -- | -- | -- | -- | -- | - | -- | -- | - | - | - | -- | -- | -- |
| IA | - | - | - | - | - | - | - | - | - | - | - | - | - | 0 | - | - | - | 0 |
| KS | - | - | - | - | - | - | - | 0 | 0 | - | - | - | - | - | - | - | - | - |
| KY | - | - | - | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | + |
| LA | + | + | ++ | ++ | + | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ME | ++ | ++ | ++ | ++ | ++ | ++ | ++ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | + |
| MD | 0 | - | - | - | - | - | - | - | 0 | 0 | 0 | - | - | 0 | - | - | - | 0 |
| MA | 0 | 0 | + | + | + | 0 | 0 | 0 | 0 | 0 | 0 | - | - | 0 | - | - | - | - |
| MI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | 0 | - | - |
| MN | ++ | 0 | + | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | 0 | - | - | 0 | 0 | 0 | 0 |
| MS | - | - | 0 | 0 | 0 | 0 | 0 | 0 | - | 0 | 0 | 0 | 0 | 0 | 0 | - | 0 | 0 |
| MO | - | - | - | - | - | - | - | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MT | ++ | ++ | ++ | + | ++ | ++ | ++ | + | + | ++ | ++ | + | + | + | ++ | 0 | + | ++ |
| NE | -- | - | - | - | - | - | - | - | - | - | - | 0 | 0 | 0 | 0 | - | - | 0 |
| NV | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | ++ | ++ | + | 0 | 0 | 0 | 0 |
| NH | 0 | 0 | 0 | + | 0 | + | + | + | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NJ | - | - | - | - | - | - | - | - | - | - | 0 | - | - | - | - | - | - | 0 |
| NM | ++ | + | ++ | ++ | 0 | + | 0 | 0 | 0 | - | 0 | - | 0 | - | - | - | - | - |
| NY | 0 | - | - | - | 0 | 0 | 0 | + | + | + | + | + | 0 | 0 | 0 | 0 | 0 | 0 |
| NC | -- | -- | -- | -- | - | - | - | - | - | - | - | - | - | 0 | - | - | - | 0 |
| OK | 0 | 0 | 0 | 0 | 0 | 0 | 0 | + | ++ | ++ | + | + | + | 0 | 0 | 0 | 0 | 0 |
| OR | ++ | ++ | ++ | ++ | 0 | 0 | 0 | + | 0 | 0 | 0 | + | 0 | 0 | 0 | 0 | 0 | 0 |
| PA | N/A | 0 | N/A | N/A | + | ++ | + | + | + | + | + | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| RI | + | ++ | ++ | ++ | ++ | ++ | 0 | - | - | - | 0 | - | 0 | 0 | 0 | - | - | - |
| SC | - | - | - | - | - | - | - | - | - | 0 | - | - | - | 0 | 0 | 0 | 0 | 0 |
| SD | - | - | - | - | - | - | 0 | 0 | 0 | 0 | 0 | 0 | - | - | - | - | - | - |
| TN | - | - | - | - | - | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TX | 0 | 0 | N/A | + | N/A | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| USL&HW | N/A | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ |
| UT | - | -- | -- | -- | - | - | - | 0 | - | - | 0 | - | - | - | - | -- | -- | -- |
| VT | - | - | - | - | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| VA | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| WV | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | ++ | N/A | N/A | N/A | N/A |
| WI | - | - | - | - | - | - | - | - | 0 | 0 | 0 | - | - | 0 | 0 | 0 | - | 0 |

Note: ++ 150.1% or more of National Average Well Above Average
+ 125.1 - 150.0% of National Average Above Average
0 75.0 - 125.0% of National Average Average
- 50.0 - 74.9% of National Average Below Average
-- 49.9% or less of National Average Well Below Average
N/A Data Not Available

Source: Tables 1.1985 - 1.2002

1985 and 1998, Panel A shows the dispersion among the same 43 states in each state's benefits as a percentage of the national average for cash benefits, for medical benefits, and for total (cash plus medical) benefits. Panel B of Table 7 shows the dispersion among the 42 states with data for 1998 through 2002. The dispersion is measured by the standard deviation, which is a commonly used statistical measure of the variability of the values of individual observations around the average value (mean) for all observations.

Several patterns revealed in Table 7 are worth mentioning. First, there was a pronounced tendency for the dispersion among states in incurred benefits to narrow over the 18 years, although the dispersion has been widening since 1998. Second, this narrowing has occurred for cash benefits, for medical benefits, and for total benefits, although all of the narrowing for medical benefits occurred between 1985 and 1991, and the differences among states in medical benefits increased significantly between 1998 and 2002. Third, there was a greater dispersion among states for cash benefits than for medical benefits in every year from 1985 to 1998, but the reverse has been true for 1999 through 2002. Fourth, between 1985 and 2002, the dispersion for cash benefits declined much more substantially than the dispersion for medical benefits.

Conclusions

Four conclusions seem warranted for the data on workers' compensation benefits presented in this article. First, as shown in Table 2 and Figures A and B, the national averages of incurred benefits per 100,000 workers have experienced dramatic swings in the last 18 years with available data. For example, cash benefits per 100,000 workers averaged increases of almost 12 percent annually for the four years from 1986 to 1989, but then average annual decreases of more than eight percent occurred from 1991 to 1995. The most recent data show a rapid increase of benefits from 1998 to 2000, and then a sudden slowdown in 2001 followed by a drop in the most recent year, with incurred cash benefits decreasing by 2.1 percent in 2002. Similar turnarounds occurred in the averages of medical benefits and total benefits per 100,000 workers over these 18 years.

Second, data are available for up to 48 jurisdictions for 1985 to 2002 for the averages of cash benefits, medical benefits, and total benefits per 100,000 workers. Again, the experience of individual states varies widely, including the changes in the amounts of benefits in a state relative to the national averages over the 18 years. Some states, such as Alabama, Indiana, Iowa, Michigan, and New Jersey, have shown little

Table 7
Standard Deviations for State's Benefits
as a Percentage of U.S. Average

Panel A

**Dispersion Among 43 States in Benefits
Per 100,000 Workers for Years 1985-1998**

| Year | Cash Benefits | Medical Benefits | Total Benefits |
|------|---------------|------------------|----------------|
| 1985 | 100.0 | 51.1 | 76.8 |
| 1986 | 96.9 | 48.0 | 72.9 |
| 1987 | 76.3 | 43.7 | 58.2 |
| 1988 | 69.7 | 41.8 | 53.4 |
| 1989 | 66.8 | 33.7 | 47.6 |
| 1990 | 63.2 | 32.3 | 43.4 |
| 1991 | 50.4 | 32.7 | 36.1 |
| 1992 | 48.0 | 34.5 | 36.4 |
| 1993 | 46.1 | 35.8 | 36.5 |
| 1994 | 46.4 | 38.2 | 38.0 |
| 1995 | 39.6 | 33.9 | 31.2 |
| 1996 | 37.8 | 37.3 | 31.8 |
| 1997 | 38.7 | 35.8 | 31.6 |
| 1998 | 37.7 | 33.7 | 30.8 |

Panel B

**Dispersion Among 42 States in Benefits
Per 100,000 Workers for Years 1998-2002**

| Year | Cash Benefits | Medical Benefits | Total Benefits |
|------|---------------|------------------|----------------|
| 1998 | 33.3 | 32.9 | 27.7 |
| 1999 | 35.3 | 41.5 | 32.1 |
| 2000 | 36.0 | 39.0 | 34.3 |
| 2001 | 36.0 | 42.7 | 36.4 |
| 2002 | 33.9 | 41.4 | 33.8 |

Note: The 43 states are those included in Panel B of Table 2. The 42 states are those included in Panel C of Table 2.

variation over the 18 years in their total benefits (cash plus medical) compared to the national averages in those years. But a couple of other states, such as New Mexico, and Rhode Island, have seen their benefits plummet. Other states, such as New York and Oklahoma, experienced significant increases in total benefits relative to national averages during the 1990s, although these states had total benefits that were much closer to the national averages in recent years. As these examples indicate, for better or worse, the amount of incurred benefits in a state is not an immutable condition.

Third, the dispersion in benefits among states has narrowed considerably over the 18 years encompassed

in this study. The explanation of this phenomenon apparent from the data in this article is that the narrowing of the dispersion is due both to the substantial reductions in the amounts of benefits in well above average states as well as some increases in benefits in well below average states.

Fourth, the national averages of benefits per 100,000 workers were basically stable in 1996 and 1997, but then averages for cash, medical and total benefits increased at moderate rates in 1998 and at a rapid rate in 1999 and 2000 (as shown in Table 2 and Figures A and B).

The reasons for the acceleration in incurred benefits in 1999 and 2000 are not clear. As we discussed earlier in this article, between 1998 and 2000, the injury rate continued to decline, the CPI for medical care increased less than five percent a year, the economy continued to grow, and statutory changes in cash benefits were modest. One possible explanation for higher medical benefits is that managed care may have lost the ability to constrain the use of medical services.

The rapid deceleration of incurred cash benefits and the significant slow down in the rate of increase of incurred medical benefits in 2001 followed by a decrease in benefits in 2002 are also hard to explain. The factors previously discussed that may explain these 2001 and 2002 developments were the beginning of the recession and the reduction of employment, although it is not evidence why our measure of benefits (incurred benefits per 100,000 workers) should have been affected by these labor market developments. Our perusal of the developments since 1998 suggests that the explanations of the causes and consequences of the increases in incurred benefits documented in this article are incomplete. We will continue to monitor these perplexing developments in subsequent issues of the *Workers' Compensation Policy Review*.

APPENDIX A: Data Sources, Terminology, and Methodology

This appendix provides additional information on the data sources and methodology used to prepare this article, as well as a discussion of some of the terminology used for workers' compensation data.

Data Sources

The primary source of the data used in this article is the National Council on Compensation Insurance (NCCI). The 2006 Edition of the *Annual Statistical Bulletin* published by the NCCI (the *NCCI Bulletin*) pro-

vides data for the 46 jurisdictions (including the District of Columbia) in which private insurance carriers sold workers' compensation insurance policies in 2002. For 1985 to 1998, we also obtained information from one state (West Virginia) with an exclusive state fund. (We appreciate the assistance of Judith Greenwood, formerly of the Research, Information and Analysis Division of the West Virginia Bureau of Employment Programs for providing the West Virginia data used in this study.) Comparable data are not available from four states that had exclusive state workers' compensation funds in 2002 (North Dakota, Ohio, Washington, and Wyoming). Several previous editions of the *NCCI Bulletin* did not contain data on some states with private carriers. For example, the 2001 *NCCI Bulletin* did not contain information on two states (Delaware and Pennsylvania), and we obtained information directly from the rating bureaus for those states.

Exclusion of the four states with exclusive state funds for which we do not have data means that 47 is the maximum number of jurisdictions we use in any year to calculate national averages. However, data are lacking for Nevada prior to 1996 and for Delaware, Pennsylvania, Texas, and/or West Virginia in certain years, and the averages in Panel A of Table 2 pertain only to the number of jurisdictions for which data are available in the designated year. (The jurisdictions missing in any year are shown in parentheses.) We also have calculated a national average for those 43 states with data available for all years between 1985 and 1998, and the results are shown in Panel B of Table 2. The latest data for West Virginia are from 1998, and so are not current enough to use for the 1999 through 2002 entries in the tables in the article. One consequence is that there are only 42 states with data available in 1999, 2000, 2001, and 2002 and so the averages in Panel C of Table 2 pertain to those 42 states.

In addition to the maximum of 47 jurisdictions used to calculate the national averages, the *NCCI Bulletin* also contains information on the federal Longshore and Harbor Workers' Compensation Act (USL&HW). However, the costs for the USL&HW are considerably higher than those in any other workers' compensation program, and so we do not include USL&HW data in calculating the national averages. We do include information on the USL&HW benefit payments in some of our tables, including Table 1.2002, where we show the USL&HW program's benefits relative to the national average in the other jurisdictions.

Data on the annual frequencies per 100,000 workers and the average costs for five types of injuries are presented in Exhibits XI and XII of the *NCCI Bulletin*.

The five types are fatalities, permanent total disabilities, permanent partial disabilities, temporary total disabilities, and “medical-only” cases, in which medical benefits but no cash benefits were paid. We used these data to calculate three variants of benefits incurred annually per 100,000 workers: (1) the cash (or “indemnity”) benefits (which are the sum of the cash benefits for the four types of cases paying cash benefits); (2) the medical benefits; and (3) the total (cash plus medical) benefits.

Insurance Terminology

The benefits are the incurred benefits for the injuries that occurred during the policy periods indicated in Exhibits XI and XII in the 2006 and earlier editions of the *NCCI Bulletin*. The following definitions of terms, such as “policy period” and “incurred,” are based on the more definitive descriptions in Appendix B of Thomason, Schmidle, and Burton (2001).

Policy Period. Data for a policy period include reports on all the financial transactions for all the insurance policies with coverage beginning during the policy period. The policy period typically is a 12-month period. In some states, the policy period begins on January 1, and thus the policy period and the calendar year correspond. (For example, the 2002 policy period for South Dakota began on January 1, 2002 and ended on December 31, 2002.) However, the policy period in many states begins on a date other than January 1. (For example, the 2002-03 policy period for Alabama began on May 1, 2002 and ended on April 30, 2003.) The experience in a single policy period occurs over a 24-month time span because a policy may be effective on any date during the policy period and does not expire until 12 months later. Thus the 2002-03 policy-period experience for Alabama includes those accidents that occurred between May 1, 2002 and April 30, 2004, and that were covered by policies sold during the 2002-2003 policy period.

One of the challenges we faced in preparing this and previous versions of this article is that the policy period sometimes changes between successive issues of the *NCCI Bulletin*. For example, the policy period changed in Florida between the 2003 and 2004 editions of the *NCCI Bulletins*. The policy period for Florida reported in the 2003 *NCCI Bulletin* was for the twelve months between October 1, 1998 and September 30 of 1999, while the policy period for Florida reported in the 2004 *NCCI Bulletin* was for the twelve months between January 1, 2000 and December 31, 2000. This meant that the successive issues of the *NCCI Bulletins* did not include information on the three months from October 1, 1999 to December 31, 1999. The NCCI provided us unpublished data for these three missing months for Florida, which we used to prepare the tables in this arti-

cle. (We appreciate the assistance of Derek Schaff of the NCCI, who provided us the missing data.)

First Reports. The data included in the *NCCI Bulletin*s are based on the first reports for each of the policies that are sold in the policy period. These first reports are based on an evaluation of the claims as of 18 months after the inception of each of the policies. Thus, the 2002-03 policy-period experience for Alabama is based on evaluations made between November 1, 2003 (for policies effective May 1, 2002) and October 31, 2004 (for policies effective April 30, 2003). All editions of the *NCCI Bulletin* prior to 2005 only contained information based on first reports. The *Revised 2005 Version* of the *NCCI Bulletin* also contains information in Exhibit XI on average cost per case for second reports and third reports of earlier policy periods. In order to make the 2002 results in Table 1.2002 of this article comparable to the results for earlier years, we have only used the data based on the first reports.

Paid Benefits and Incurred Benefits. The first reports contain information on the paid benefits (paid losses) that the insurance company has paid as of the valuation date for all the accidents occurring during the policy period. The first reports also contain information on the incurred benefits for these claims. Incurred benefits are the carrier’s estimates of the benefits that will ultimately be paid for all of these claims. These incurred benefits include the benefits actually paid to the date of the first report, plus case reserves (anticipated payments for the claims that are known as of the evaluation date), bulk reserves, and IBNR reserves (incurred but not reported reserves) that are reserves for claims that have not yet been reported as of the valuation date even though the claims occurred in the specified period (e.g., during the policy period).

Loss Development. The incurred loss development factor is the ratio between (1) incurred losses for a particular policy period (or policy year or accident year) at a particular evaluation date and (2) comparable estimates at a later evaluation date. Incurred loss development factors are available for each state based on historical experience in the state. An incurred loss development factor of 1.200 for first to second means that a 20 percent growth is expected between the first report and the second report. Incurred loss development factors are available from first to second, second to third, etc. through eighth to ultimate. Chain multiplication of the loss development factors means that once a first report is received on actual experience for a policy year, the incurred benefit estimated as of the evaluation date for the first report can be multiplied by the subsequent loss development factors to produce an estimate of the ultimate benefits that will be paid for the injuries and diseases that occurred during that policy period.

The frequency data in Exhibit XII of the 2006 *NCCI Bulletin* are based on actual data from the first reports developed to the fifth reporting basis. The average cost per case (benefits per case) data we use from Exhibit XI of the 2006 *NCCI Bulletin* are based on actual data from the first reports developed to the ultimate reporting basis in most states. (The losses are only developed to the fifth reporting basis in California, Massachusetts, New Jersey, and New York.)

Methodology

There are some limitations of the data on average benefits (losses) per case and frequency per 100,000 workers included in Exhibits XI and XII of the *NCCI Bulletins*. Some are inherent, such as the absence of data from the states with exclusive state workers' compensation funds for which the NCCI does not collect data. Another inherent limitation is that the data pertain only to the experience of employers who purchase insurance from private carriers and from some of the competitive and exclusive state workers' compensation funds. The most significant problem is that the experience of self-insuring employers is not included.

Other drawbacks of the data included in Exhibits XI and XII of the *NCCI Bulletins* can be overcome, however. We are able to add two states (Delaware and Pennsylvania) with data we obtained directly from these states for some earlier years. Another problem with the information in the *NCCI Bulletins* used to generate the data for this article is that in some editions of the *NCCI Bulletin*, the age of the first report for policy years varies considerably. In the 2006 *NCCI Bulletin*, the policy years ranged from the oldest results for California and several other states (January 2002 to December 2002) to the most recent results for Louisiana and Mississippi (September 2002 to August 2003). There is also considerable variation among policy years in earlier editions of the *NCCI Bulletin*. In the 1997 edition, for example, the policy years ranged from Georgia and Mississippi (January to December 1992) to Montana and South Dakota (January to December 1994). Given the recent volatility in workers' compensation costs, it is questionable whether, for example, the Georgia and Montana data in the 1997 *NCCI Bulletin* were comparable, since the Montana data were two years more current. Finally, the fact that different states often do not correspond in terms of the months included in their policy years complicates comparisons. For example, as noted, the Alabama policy period in the 2006 *NCCI Bulletin* covered May 2002 to April 2003, while the South Dakota data covered January to December 2002.

We have dealt with the problem of data with different vintages in a particular issue of the *NCCI Bulletin*

and with different months of inclusion in the policy periods by creating a series of tables that reallocate – by calendar year – data from the 1988 to 2006 issues of the *NCCI Bulletin*. Thus three months of data from the Michigan policy period from April 1999 to March 2000 that were published in the 2003 *NCCI Bulletin* were combined with nine months of data from the Michigan policy period from April 2000 to March 2001 that were published in the 2004 *NCCI Bulletin* to calculate a twelve-month average for calendar year 2000 for Michigan.

Table 1.2002 and Tables 2 to 6 present information for those jurisdictions for which data for at least six months in 2002 are found in any of the 18 issues of the *NCCI Bulletin*, or for which unpublished data were provided to us by the NCCI, or for which we were able to obtain data directly from state workers' compensation agencies. In similar fashion, Table 1.2001 and Tables 2 to 6 present information on those jurisdictions for which data for at least six months in 2001 are available from any of these sources.

The data included in this and the previous issues of the *Workers' Compensation Policy Review* are largely derived from data published in various editions of the *NCCI Bulletin*. There are several ways in which our tables and analysis are unique, however. First, we have added data from several states not included in the *NCCI Bulletin*. Second, the NCCI has provided us some unpublished data, such as data for policy periods or months skipped in successive issues of the *NCCI Bulletin*. Third, we have corrected some of the NCCI data based on error checks of the data and correspondence with the NCCI. Fourth, we have calculated incurred benefits per 100,000 workers, which are results not included in the *NCCI Bulletin*. Finally, we have reallocated policy period data as published in the *NCCI Bulletin* to calendar years.

The meaning of our data can be illustrated by reference to Table 1.2002. The data pertain to the incurred cash, medical, and total (cash plus medical) benefits for the policies that were first effective in the twelve months between January and December 2002. For a policy effective on January 1, 2002, the experience thus includes all injuries that occurred between January 1 and December 31, 2002. For a policy effective on December 31, 2002, the experience thus includes all injuries that occurred between December 31, 2002 and December 30, 2003. Thus our calendar year data encompass experience for injuries that occurred over a 24-month period. Ideally, we would like "calendar-accident" year data, which would pertain strictly to those injuries that occurred during a calendar year. That is, 2002 calendar-accident year data would pertain to the experience of all injuries that occurred between January 1 and De-

ember 31, 2002. Unfortunately, as far as we know, there are no published frequency and average benefits per case data on a calendar-accident year basis.

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ENDNOTES

1. Presumably, if Nevada data were available and used to construct the national averages for 1985 to 1995, the amounts for those years in Panel A of Table 2 would have been higher.

2. West Virginia data are not available for 1999 to 2002. Based on data from previous years, West Virginia probably had total costs that were well above the national average in 1999 to 2002.

We exclude the United States Longshore and Harbor Workers Act (USL&HW) from these comparisons because the program's costs are so out of line with other program. We also exclude the USL&HW data when we calculate the national averages shown in Tables 1 to 3.

3. Data on work-related injury and illness incidence rates from 1972 to 2003 are included in Table 12 of Burton and Blum (2005).

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