

Workers' Compensation Advisory Committee (WCAC)

June 25, 2024



This meeting will be streamed by TVW

AGENDA

Time	Topic	Presenter(s)	
9:00 am – 9:15 am	Welcome		
	<ul style="list-style-type: none">• Introductions• Motion to approve minutes• Safety Message	Mike Ratko Mike Ratko Xenofon Moniodis	
	<hr/>		
	General Updates		
9:15 am – 9:45 am	<ul style="list-style-type: none">• Workers' Compensation Systems Modernization (WCSM)• Independent Medical Exam (IME) Recordings Update• Vocational Conference• Caseload and Staffing Update	Mike Ratko Brenda Heilman Amy Rhodes Mike Ratko	
	<hr/>		
	9:45 am – 10:05 am	Leg implementation/status of agency request	Brenda Heilman
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10:05 am – 10:35 am	PTSD Subcommittee/ Updated Data	Brenda Heilman Dr. Jennifer Jutte	
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10:35 am – 10:45 am	Break		
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10:45 am – 11:00 am	Board of Industrial Insurance Appeals (BIIA) Update	Holly Kessler	
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11:00 am – 11:25 am	Updates on the Centers of Occupational Health and Education (COHE)	Morgan Wear	
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11:25 am – 11:40 am	Operational Health Dashboard	Mike Ratko	
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11:40 am – 11:50 am	Industrial Insurance State Fund Financial Overview	Kim Hurley	
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11:50 am – 12:00 pm	Closing comments & adjourn	Joel Sacks Mike Ratko	

Safety Message

Xenofon Moniodis

Communications Consultant for Public Affairs



Problem

- Historically, young workers (16-24) have nearly 2X the workplace accident rate of older workers

Goal

- Measurably raise workplace safety awareness in students and young workers by modeling innovative WorkSafeBC program

L&I's Program

- Modeled on 10-year WorkSafeBC Speakers Bureau effort
- L&I Injured Young Worker Speakers Program
 - 2008 Pilot; five schools, 750 students
 - 2009 rolled out to 20 schools, 2,000 participants
 - 2008-2011 used a rotation of three WorkSafeBC speakers
 - Customized Canadian “Lost Youth” DVD with Washington State young worker injury data
- 2008-2011 Pre-test/post-test evaluations; instrument developed with UW assistance

L&I's Program

- Added Washington Speaker Matt Pomerinke in 2011
- 2012-2023, average 32 venues and 5,000 participants a year



Statewide Results

- Significant measured increase in student safety awareness across different demographics
- Positive administrative/teacher/student feedback
- Positive press coverage (TV, radio, newspapers) resulting in unsolicited presentation requests from schools, colleges, and worksites
- Strong positive results from professional conferences and worksites

Private Sector Feedback

I wanted to reach out to you and share the impact of your program now that we have had some time pass. **Today we are at 320 days without an accident.** The impact of Matt's message is still a topic of discussion and was key in our Safety Culture Development.

I was speaking with our Canadian Supply Chain Director and sharing our experience. I also shared that Canada has a sister program. He expressed interest. Do you have any contact information for these folks?

Thanks,

Ian T. McCloskey

Operations Manager

Nestle Waters, Indianapolis Factory

(317) 885-2014

<https://lni.wa.gov/workers-rights/youth-employment/injured-young-workers-speakers-program>

General Updates

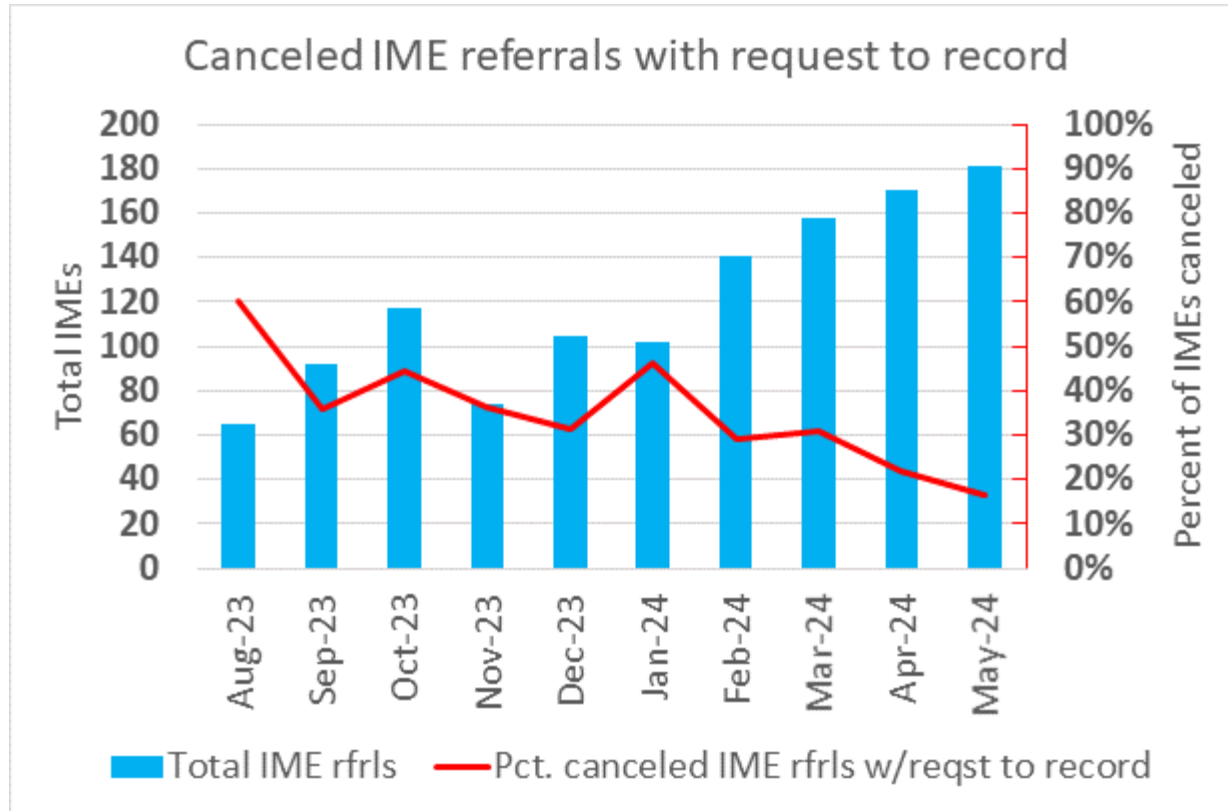
- Workers' Compensation Systems Modernization (WCSM)
- Independent Medical Exam (IME) Recordings Update
- Vocational Provider Summit
- Staffing and Caseload Update



IME Recordings

- Listening sessions in May
- Exploring feedback and options
 - Potential Rulemaking
 - L&I to contract with a vendor to perform recordings
 - IME firms or doctors may co-record with defined criteria
 - Workers has the choice to agree or not (both options)
 - Address concerns about ownership, retention, privacy, chain of custody, etc.

IME Recordings



OPENING DOORS

Vocational Provider Summit

L&I hosted an in-person Vocational Summit on June 7th featuring interactive discussions, engaging speakers, and case studies focused on overcoming barriers in vocational recovery.

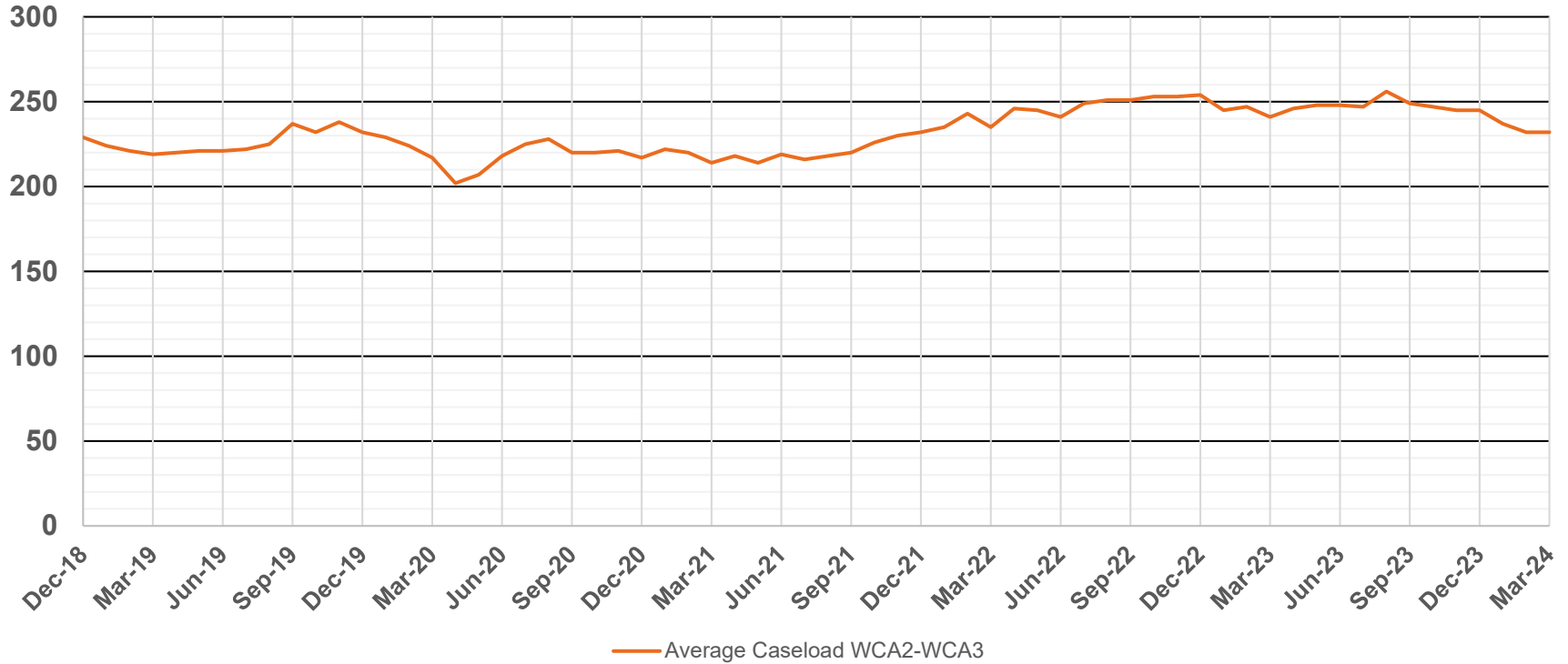
Topics included:

- Messages from L&I leadership
- “CALM” – A model for navigating intense interactions
- Q&A panel on post-traumatic stress disorder (PTSD)
 - Including Brenda Heilman, Dr. Jutte (associate medical director for psychology), and Don Seese (Department of Veteran Affairs)
- Return-to-work tools, including Job Scan and On the Job Recovery
- Updates on the new interpreter scheduling system
- Updates on the new skill enhancement opportunity

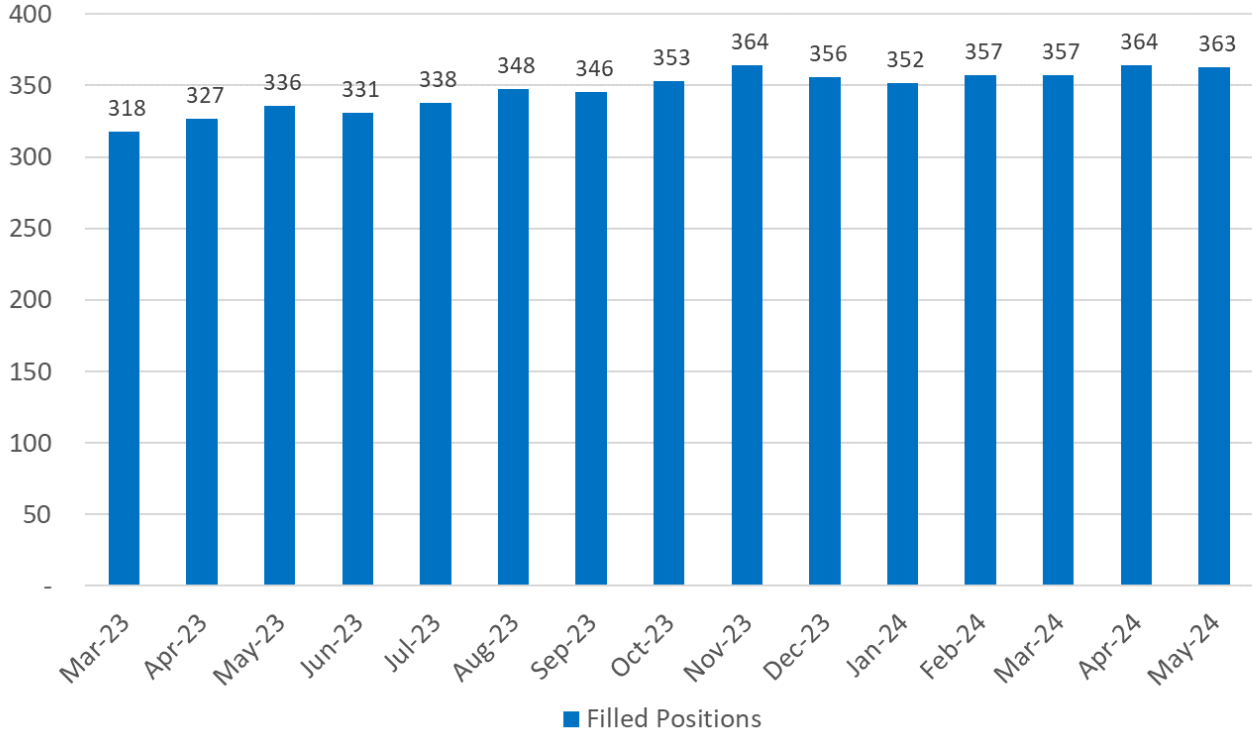
Over 200 vocational rehabilitation counselors were in attendance with an additional 50 vocational services specialists and RTW Partnerships staff.

Average Claim Manager Caseload

(Includes open claims except those scheduled for future closure and closed claims with unresolved protests or pending reopening applications)



Workers' Compensation Adjudicator Staffing Levels by Month, 3/23 - 5/24



Legislative implementation/status of agency request for 2024

Brenda Heilman

Deputy Assistant Director for Insurance Services



Bill	Implementation/Status
HB 1927	Reducing the number of days that a worker's temporary total disability must continue to receive industrial insurance compensation for the day of an injury and the three-day period following the injury. Effective 6/6/2024
SHB 2127	Concerning workers' compensation incentives to return to work. Effective 1/1/2025
SHB 2382	Death benefits for Transportation Network Company drivers; report due 7/1/2029
Proviso funding	\$200k to staff a new light duty job offer complaint process and provide a report to the legislature by June 30, 2025
Proviso funding	\$400k (608/609) to contract to assess PTSD workers' comp policies and claims in WA and other states, including best practices and recommendations; report due 6/30/25

PTSD Subcommittee/Updated data

Brenda Heilman

Deputy Assistant Director for Insurance Services

Jennifer Jutte, PhD, MPH

Associate Medical Director for Psychology



Purpose

Review and advise the WCAC on the best practices and policies for the prevention, treatment, return to work, and adjudication of PTSD claims

Scope

- Review PTSD claim data
- Research prevention programs
- Review industry best practices
- Align with PTSD study
- Share recommendations with WCAC

Membership

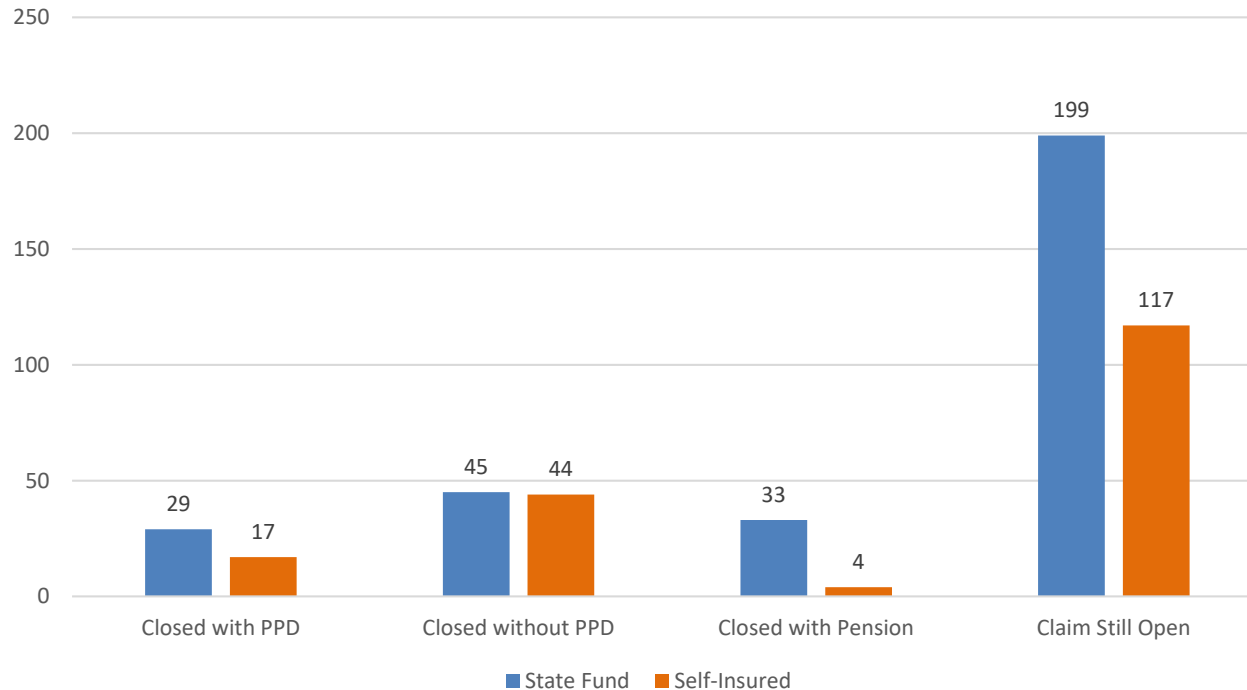
Role	Representation Group	Name
Chair	Assistant Director, Insurance Services	Mike Ratko
Co-Chair	Deputy Assistant Director, Insurance Services	Brenda Heilman
Labor Representative	Vice President – Director of Government Affairs at Teamsters 117	Brenda Wiest
Labor Representative	Legislative Liaison – WA Council of Fire Fighters	A.J. Johnson
Business Representative	Association of Washington Business	Bob Battles
Business Representative	TBD	TBD
Facilitator	Insurance Services Administration	Sheri Sundstrom
Subject Matter Experts (SMEs)	Representation Group	Name
Agency Staff	Office of the Medical Director (OMD)	Jennifer Jutte
Agency Staff	Office of the Medical Director (OMD)	Kim Wallace
Agency Staff	SHARP	Dave Bonauto
Agency Staff	Return to Work Partnerships	Kirsta Glenn
Agency Staff	Claims Administration	Catherine Pederson
Agency Staff	Claims Administration	Coral Suhrbier
Agency Staff	Claims Administration	Mark Goodwin
Agency Staff	Self-Insurance	Knowrasa Patrick
Agency Staff	Self-Insurance	Stephanie Scheurich

PTSD Claims Received by Year (2018-2024*)

Year Received	State Fund	Self-Insured
2018	17	9
2019	35	22
2020	44	36
2021	97	54
2022	96	42
2023	79	50
*2024	22	11
Total	390	224

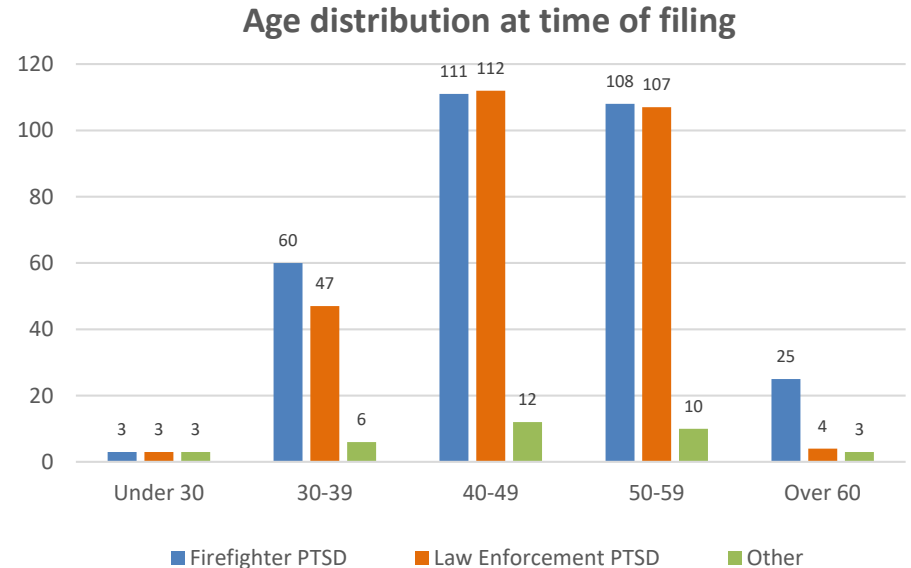
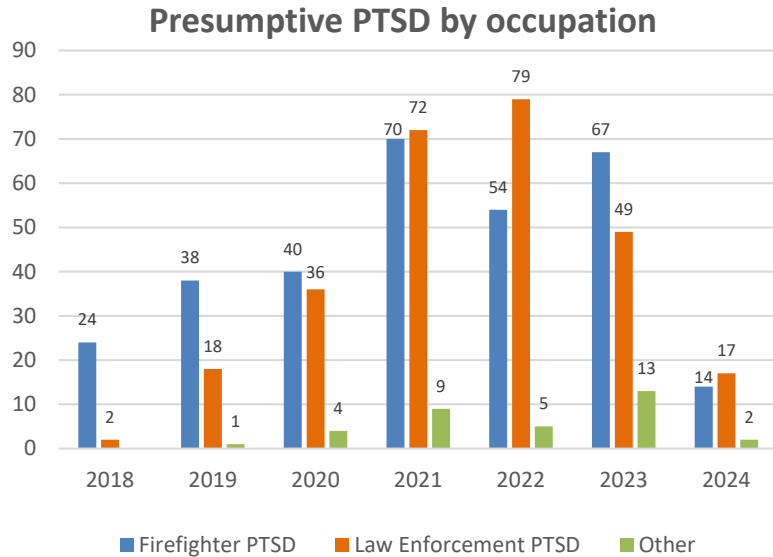
*2024 – claims from January to May 31st

Status of PTSD presumptive accepted claims



Data are through May 2024

Presumptive PTSD by occupation and age

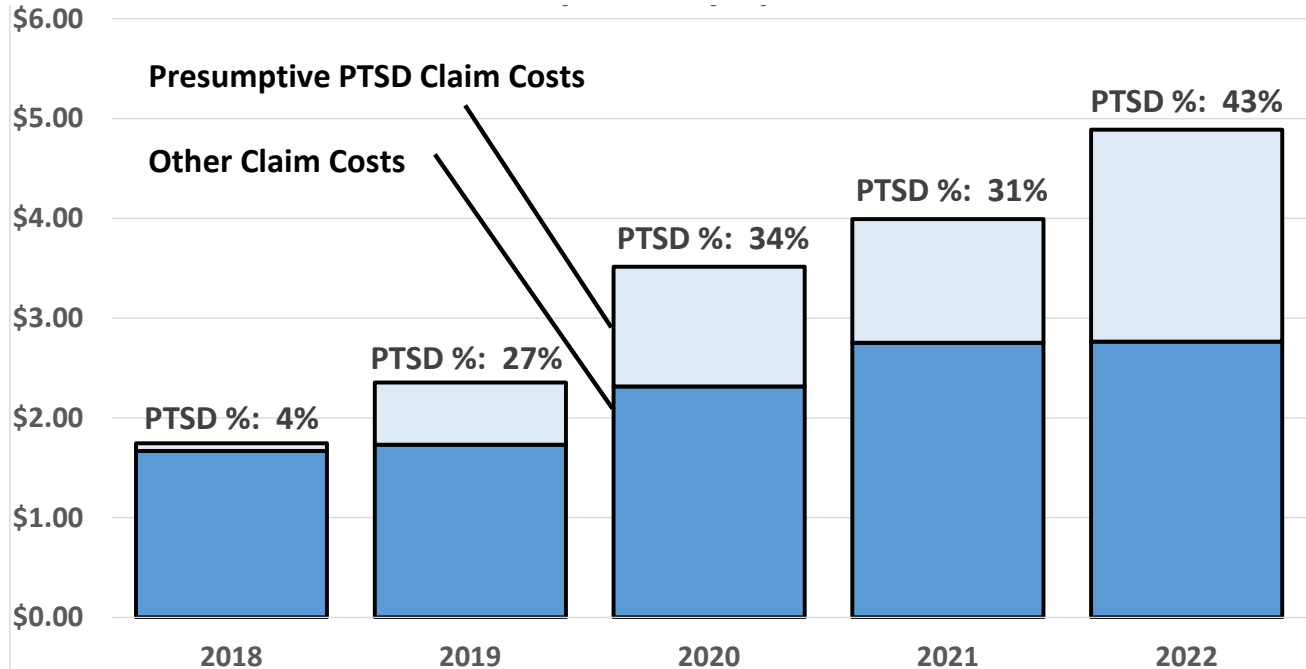


Combination of state fund and self-insured

Influence on Rates

- For each industry, rates rely on a previous five-year window.
- PTSD claims continue to make up a greater portion of total claim costs.

Increasing Proportion of PTSD Claim Costs



Projected 2024 claims cost per hours worked for the combined FF & LEO risk classes during last year's rating for 2024

Mental Healthcare in Washington Workers' Compensation

Jennifer Jutte, PhD, MPH

Associate Medical Director for Psychology



Professional Background

Education

- Master's in Public Health; Emory University Rollins School of Public Health
- Doctorate in Clinical Psychology (PhD); Washington State University
- Residency and post-doctoral fellowship in rehabilitation psychology; University of Washington

Professional Highlights

- Public health expertise, program manager, Centers for Disease Control and Prevention
 - Engagement in prevention efforts, which has continued across my career
 - Serving in liaison role between several federal and state government agencies, as well as internationally
- Rehabilitation psychology expertise
 - Engagement in clinical, research, teaching/education, and advocacy efforts designed to enhance outcomes
 - Focusing on recovery, returning to function after critical illnesses/injuries, returning to work, and community re-integration
- Leadership experience across my career

Additional Areas of Expertise for Workers' Compensation

- Critical illnesses and injuries common in workers' compensation
 - Traumatic brain injury, orthopedic/spinal conditions, cancer, chronic pain, long COVID
- Mental and behavioral health outcomes from physical conditions
- Transdisciplinary models of care
 - Patient and family centered with tailored treatment goals and collaborative communication with attending providers within and across treatment teams
 - Collaborative and coordinated models of care
- Neuropsychological and psychological evaluation

Mental Health in Workers' Compensation

- Mental and behavioral healthcare are insufficient across workers' compensation systems
- Labor & Industries is leading the charge to address this issue in several important ways:
 - Hiring an AMD for Psychology into the Office of the Medical Director
 - Researching gaps in mental healthcare while also learning from workers' compensation systems across the United States (e.g., PTSD study)
 - Collaborating with the Industrial Insurance Medical Advisory Committee to address clinical issues (e.g., PTSD, broader mental health issues in the future)

Aspirational Goals

- Identify gaps in our workers' compensation system in WA state
- Improve access and quality of care for injured workers
- Explore how we may interpret mental health parity in our system
- Engage in policy discussions designed to improve mental healthcare in our system

Aspirational Goals

- Partner with other programs on prevention efforts (e.g., FIIRE, DOSH)
- Partner with return to work programming
- Develop a team across agency divisions
 - Advance a common vision for mental healthcare delivery in workers' compensation
- Develop Centers of Excellence for mental healthcare delivery
 - Collaborative and coordinated care

Questions



Break Time

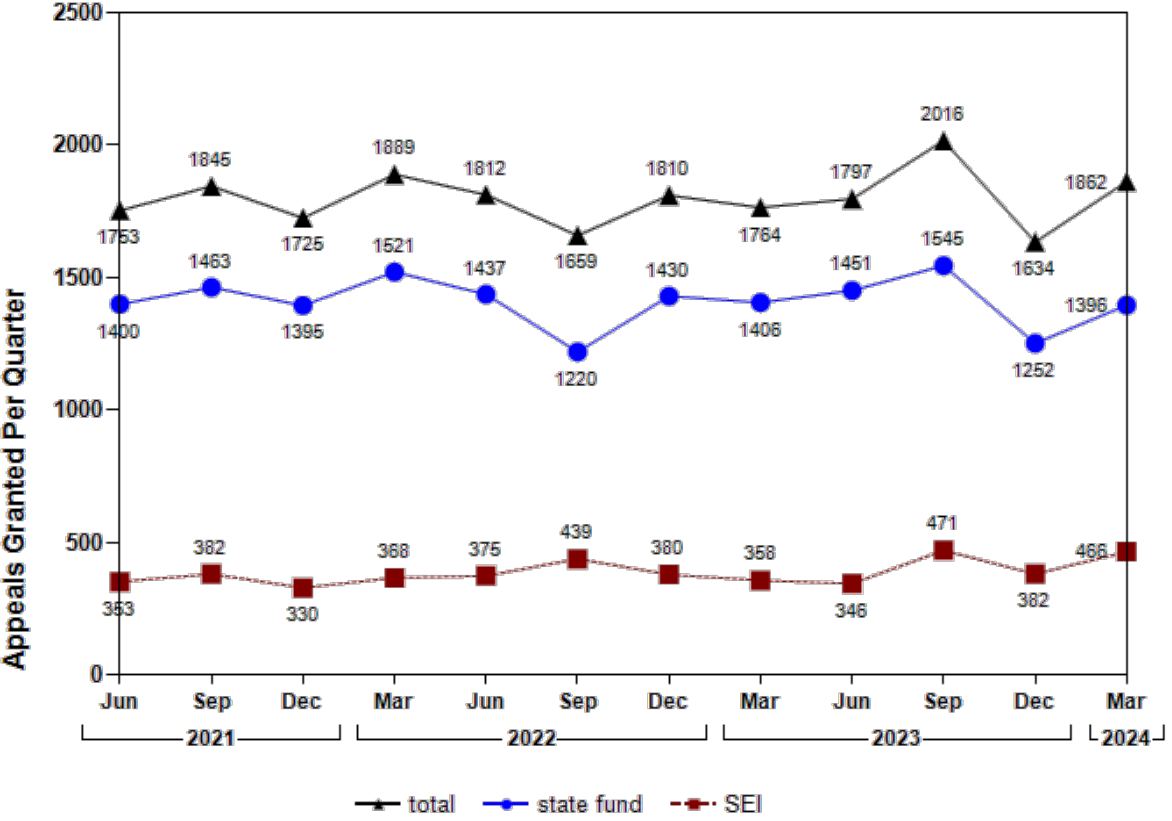


Board of Industrial Insurance Appeals (BIIA) Update

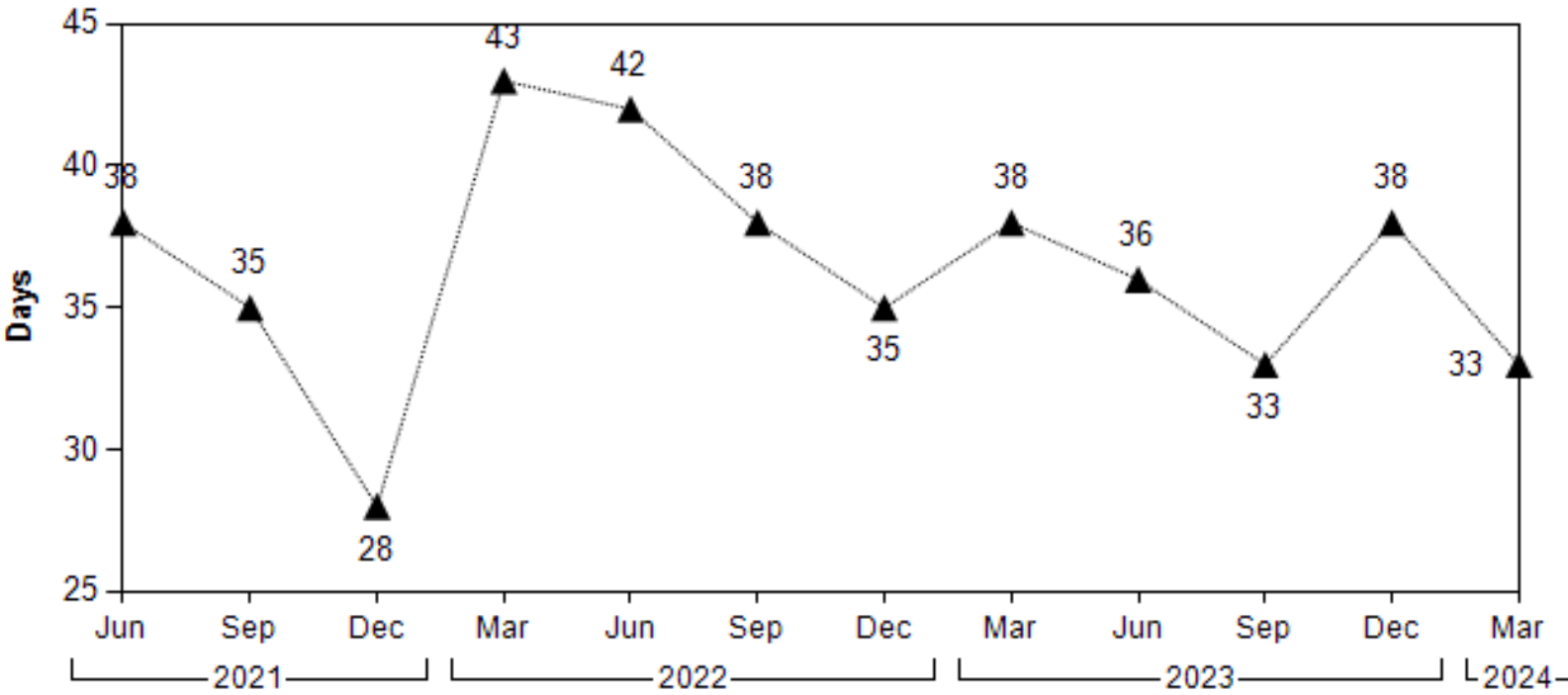
Holly Kessler
BIIA Chair



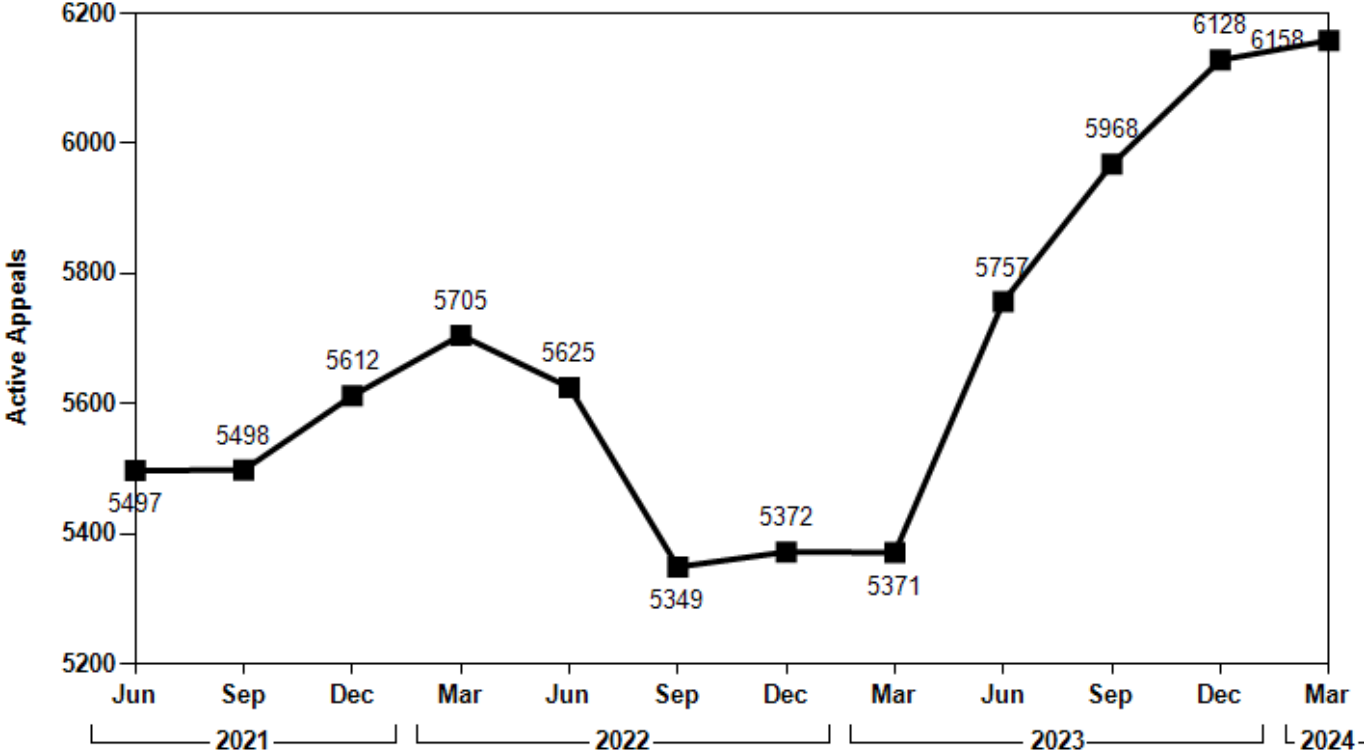
Total Industrial Insurance Appeals Granted by Quarter



Average Proposed Decision and Order Time-lag by Quarter for Hearing Judges



Caseload at End of Quarter



Updates on the Centers of Occupational Health and Education (COHE)

Morgan Wear
COHE Program Director



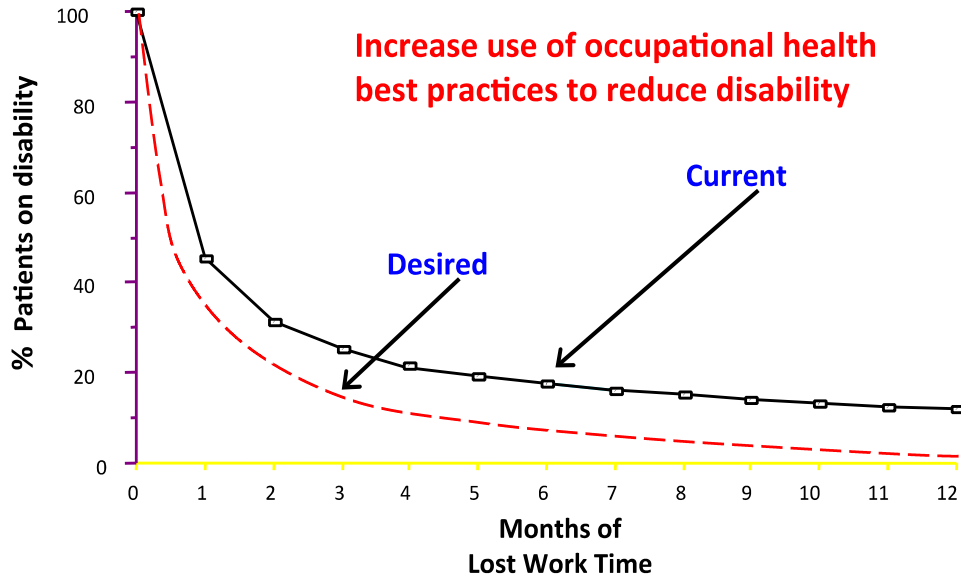
Part 1. Origins of COHE



OCCUPATIONAL HEALTH **BEST PRACTICES**

WORKING TOGETHER TO KEEP PEOPLE WORKING

Key Health Issue: Preventable Long-Term Work Disability



Cheadle A et al. Factors influencing the duration of work-related disability. Am J Public Health 1994; 84:190-196.



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Collaboratively Designing a Solution to Help Workers

In the late 1990s, L&I:

- ✓ Collaborated with key stakeholders to co-design a population health solution to prevent long-term disabilities.
- ✓ Agreed on common goals & guiding principles,
- ✓ Focused on known gaps in healthcare,
- ✓ Selected evidence-based best practices, &
- ✓ Launched in 2002 as the “**Centers of Occupational Health & Education**” (**COHE**) pilot.



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How COHE is Designed so Healthcare Systems Can Best Help Injured Workers Recover

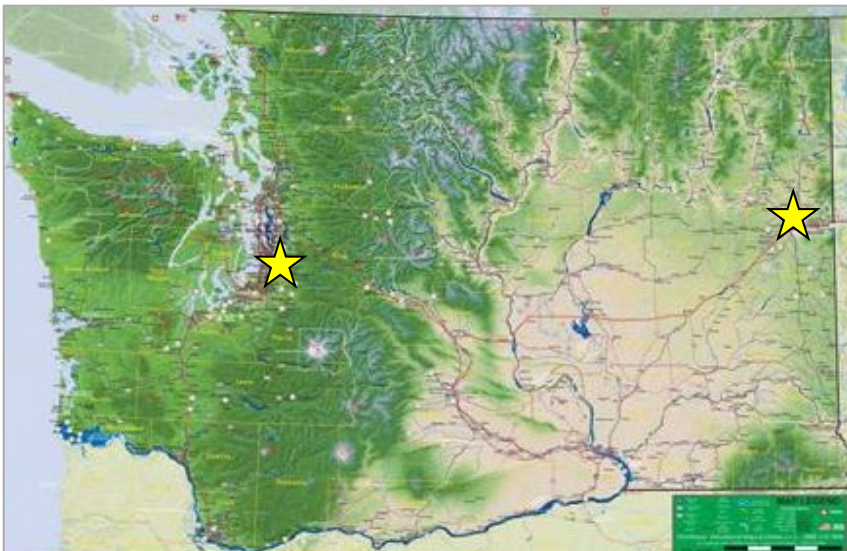
- ✓ Worker's choice of provider preserved
- ✓ Healthcare system intervention, **not** an insurance intervention (L&I contracts with each health system operating a COHE)
- ✓ Promotion of occupational health best practices, with accountability
- ✓ Health services coordination available
- ✓ COHE supported by healthcare, business, and labor leaders
- ✓ Occupational Health Management System (portal used by COHE staff to coordinate health services)



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Testing the Concept: The First Two COHEs



★= COHE staff office locations as of 2002-2003; COHE staff work with providers in medical facilities throughout the surrounding communities

Main efforts:

- ✓ Enrolling & training providers on **occupational health best practices**
- ✓ Giving providers regular **performance feedback**
- ✓ Providing **health services coordination** to prevent unnecessary work disability



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COHE Provider Focus: Best Practices

To prevent the worker from falling through the cracks of the workers' comp system, **COHEs train providers** to:

1. Complete the **Report of Accident** and submit it in a timely fashion,
2. Complete an **Activity Prescription Form** to communicate status and plans,
3. Foster **communication** with the worker, employer, and medical provider when the worker hasn't returned to full-duty work,
4. Administer the **Functional Recovery Questionnaire** to identify claims at risk for long-term disability and trigger a full system response (including vocational services) to support the worker's recovery, and
5. Adhere to safe standards when prescribing **opioids**.



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Care Coordination in COHE

Health Services Coordinators (HSCs):



Screen claims using the **Occupational Health Management System (OHMS)** to identify workers at high-risk of falling thru the cracks of our system



Ensure crucial information flows between worker, provider, and employer



Document their claim-specific services in a case note, submitted to department



Align their work with other department initiatives to help high risk claims, such as the Vocational Recovery Program



Focus on first 3-months of claim; help select cases up to 12 months



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COHE Evaluation Results: Better Worker Outcomes!

- Claims treated by COHE providers resolve faster than other claims
- 20% reduction in likelihood of one year disability*
- 30% reduction for back injuries*
- Among COHE participating doctors, high adopters of best practices had 57% fewer disability days than low adopters*

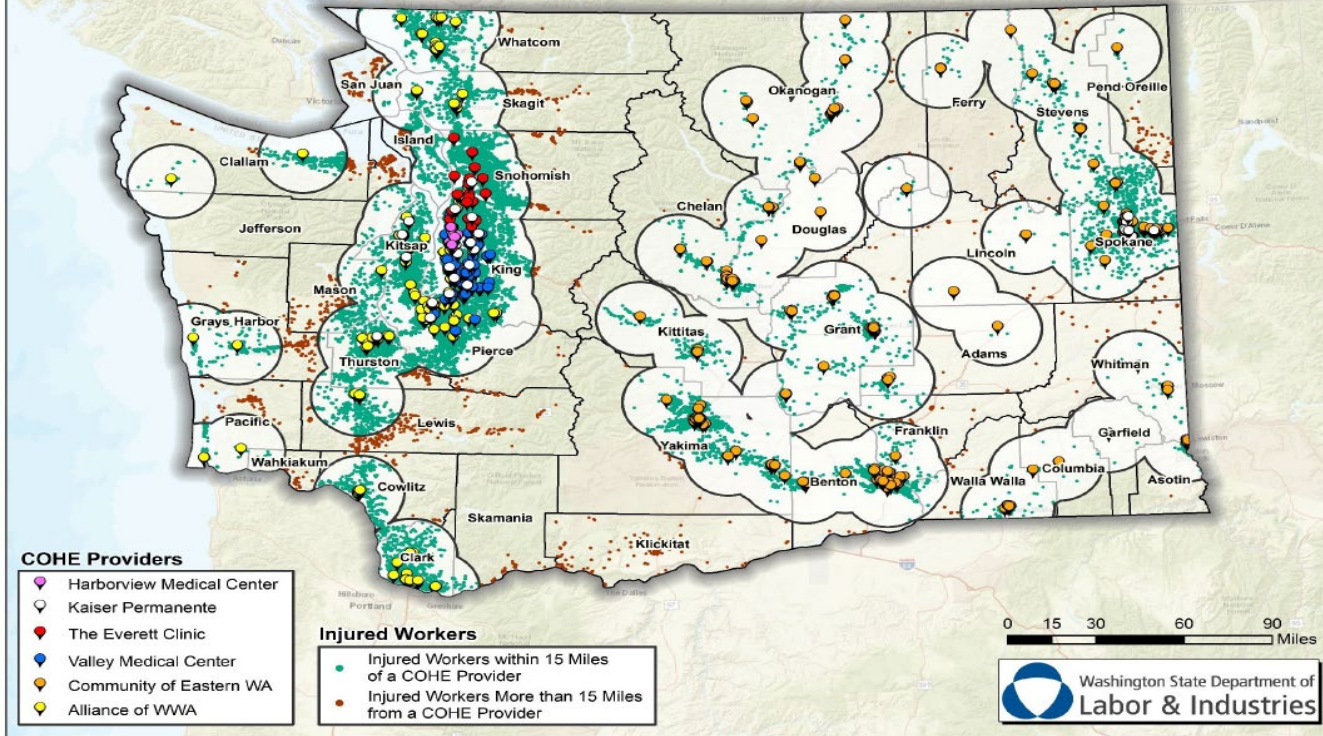
*Wickizer, et al. Improving Quality, Preventing Disability and Reducing Costs in Workers' Compensation Healthcare: A Population-based Intervention Study, Medical Care 2011; 49: 1105-1111.



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All Injured Workers within 15 Miles of a COHE Provider as of March 2019



Part 2. COHE Today



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Seven Current COHE Sponsors Include Enough Providers to Cover All 39 Washington Counties*

# providers in 2013	# providers in 2024	COHE name
265	336	COHE at UW Medicine Valley Medical Center (Renton)
1,149	1,310	COHE Community at Providence (Eastern WA)
220	241	COHE at The Everett Clinic
171	235	COHE at UW Medicine Harborview Medical Center
36	351	COHE at Kaiser Permanente Washington
109	1,325	COHE Alliance of Western Washington
n/a	142	COHE of Central Washington at Confluence Health
1,950	3,940	TOTAL

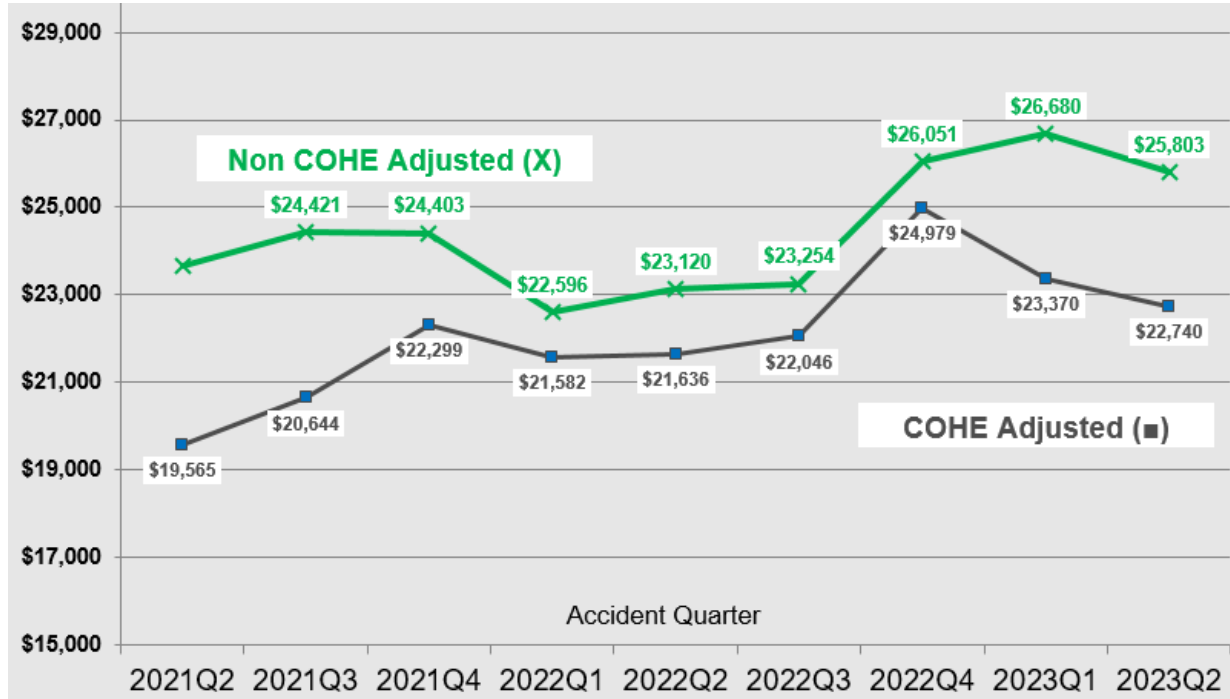
* >97% of State Fund injured workers live within 15-miles of a COHE provider, June 2024.



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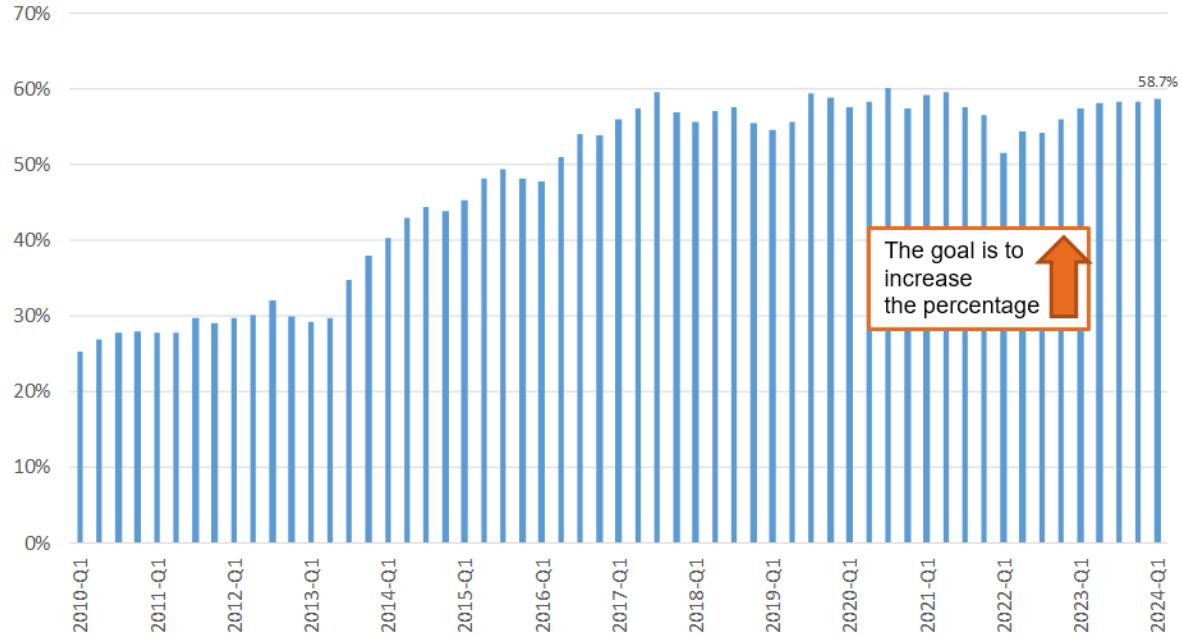
Estimated Ultimate Accident Fund + Medical Aid Fund Incurred Cost Per Claim



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Percent of claims for injured workers initiated with a COHE provider



*Average share for most recent 4 quarters.



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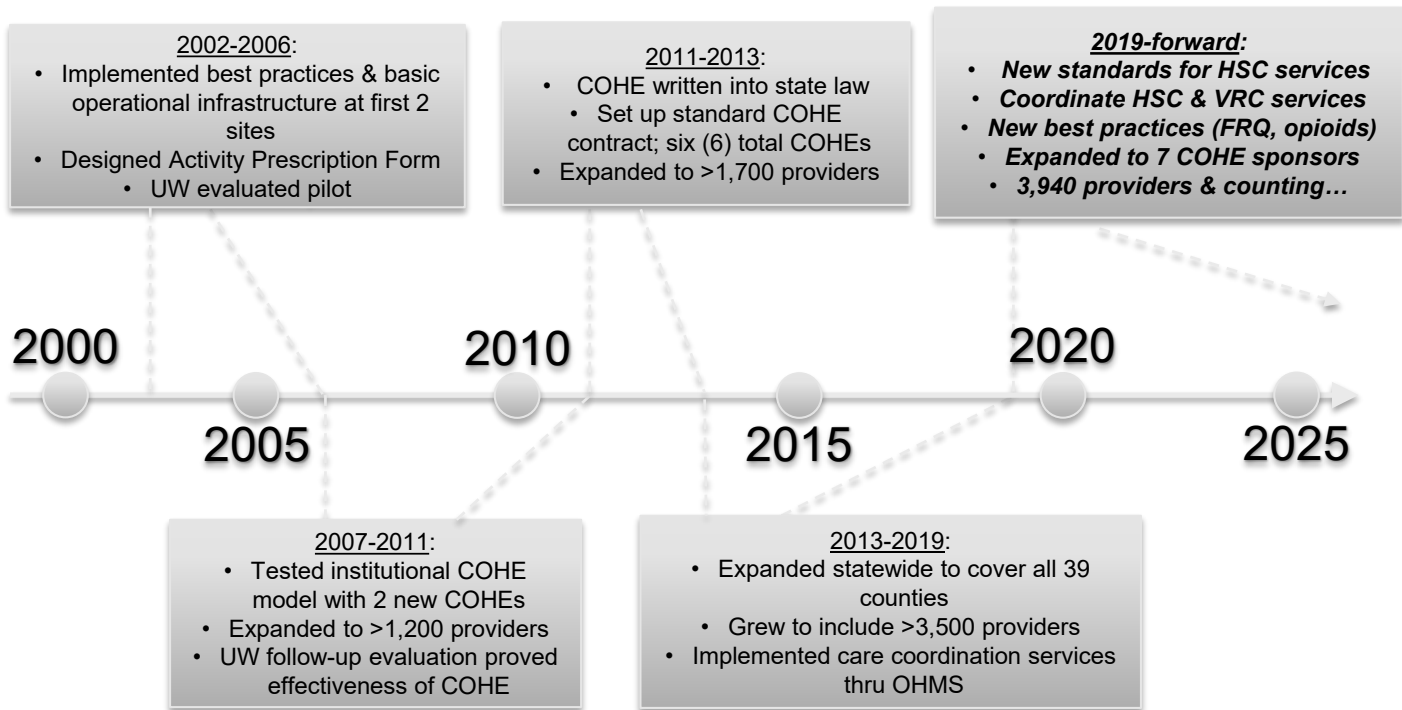
Part 3. COHE Moving Forward



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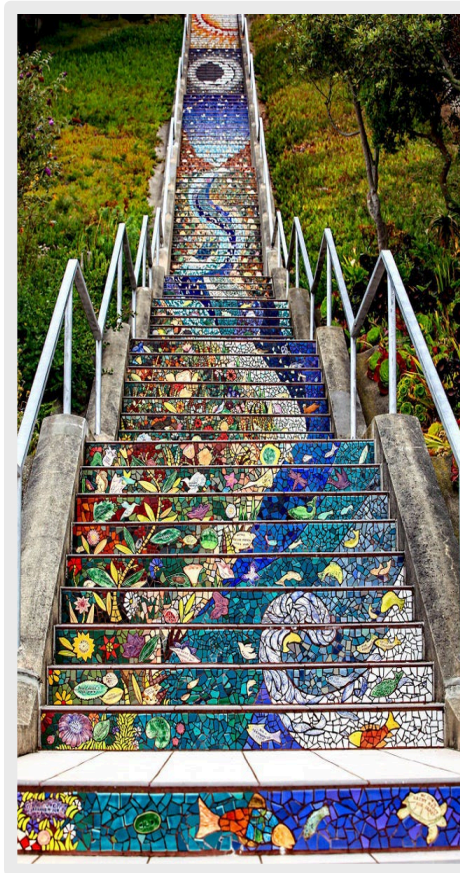
WORKING TOGETHER TO KEEP PEOPLE WORKING

A Key to COHE Successes: Incremental Innovations



Where Do We Go From Here?

- ✓ Continue to focus on incremental quality improvements
- ✓ Make COHE available to even more workers:
 - Additional contracts or organizations?
 - Translate COHE contract into payment policy?
 - Other strategies?
- ✓ Search for a solution that makes it possible for Self-Insured Employers to be involved with COHE
- ✓ Surgical Quality Care Program (and more!)



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Part 4. Questions & Answers



OCCUPATIONAL HEALTH **BEST PRACTICES**

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Thank you!

For more information, contact the
COHE team at
HSACOHE@Lni.wa.gov



OCCUPATIONAL HEALTH **BEST PRACTICES**

WORKING TOGETHER TO KEEP PEOPLE WORKING

Operational Health Dashboard

Mike Ratko

Assistant Director for Insurance Services

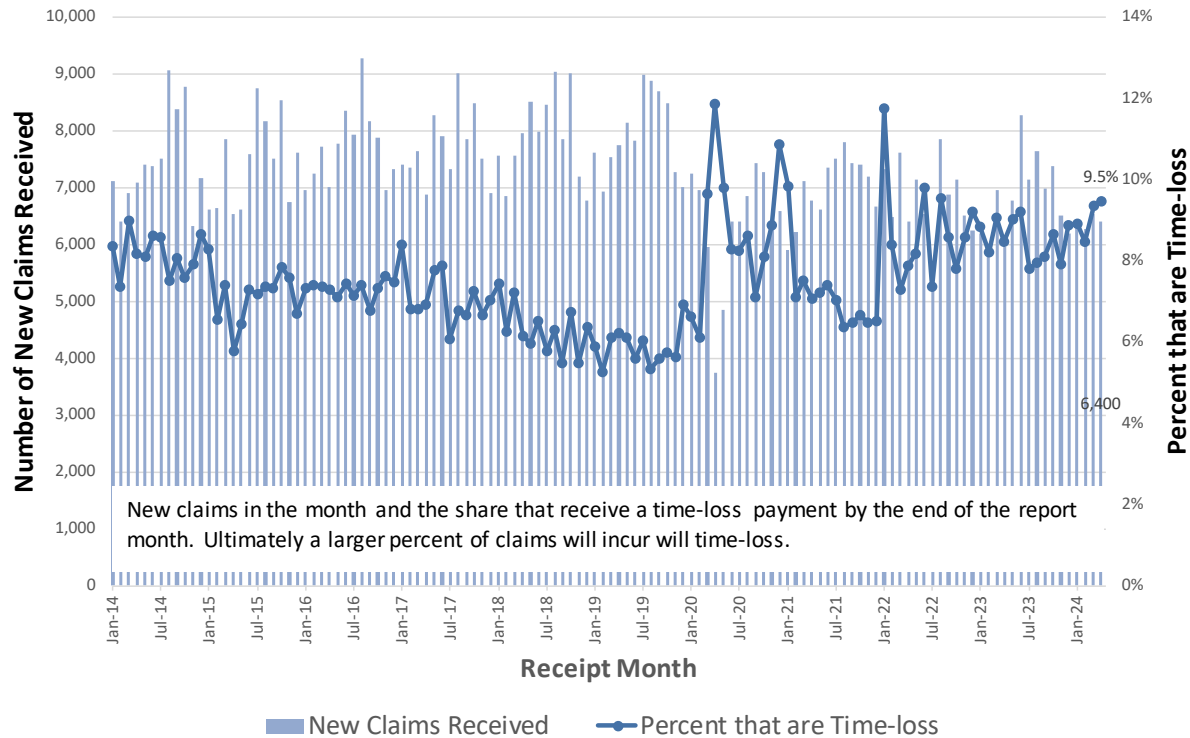


Operational Health Dashboard

Measure	Trend	Status	Definition
Percent of new claims that are time-loss	steady	—	Claims new (received) in the month and percent with a time-loss payment by the end of the month – increase in percent that are time-loss indicates a more severe claim mix.
Long-term disability rate	steady	—	Percent of all compensable claims with a time-loss payment 12 months post injury – decrease indicates less long-term disability
Pensions funded	steady	—	Number of pensions funded in the quarter – decrease indicates less permanent total disability
Covered hours and claim rate	steady	—	Claims received per 100 FTE indicates the rate of claims considering volume of work - increase indicates higher claim frequency.
Medical cost growth	declining	●	Percent change in medical costs for services performed in the current quarter vs. the same quarter last year – increase means higher costs estimated for the quarter.
Operational efficiency	steady	●	Percent of operational measures meeting target greater than 80 percent– increase indicates more measures exceeding target.

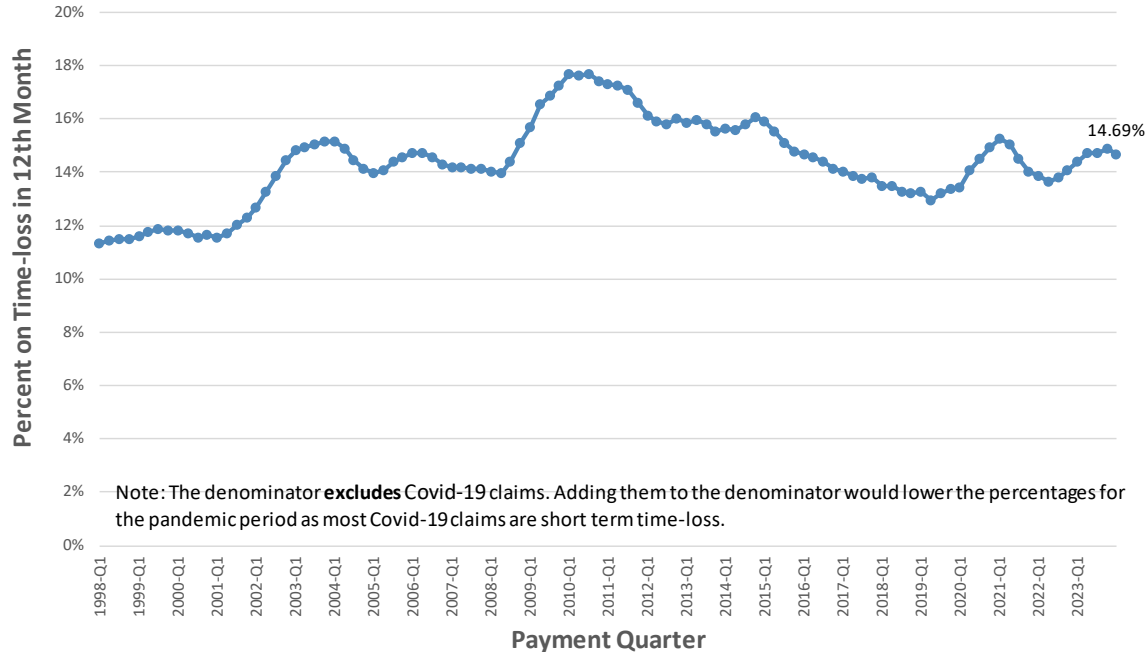
● Right direction — Neutral ▲ Wrong direction

Number of New State Fund Claims and the Percent that are Time-loss

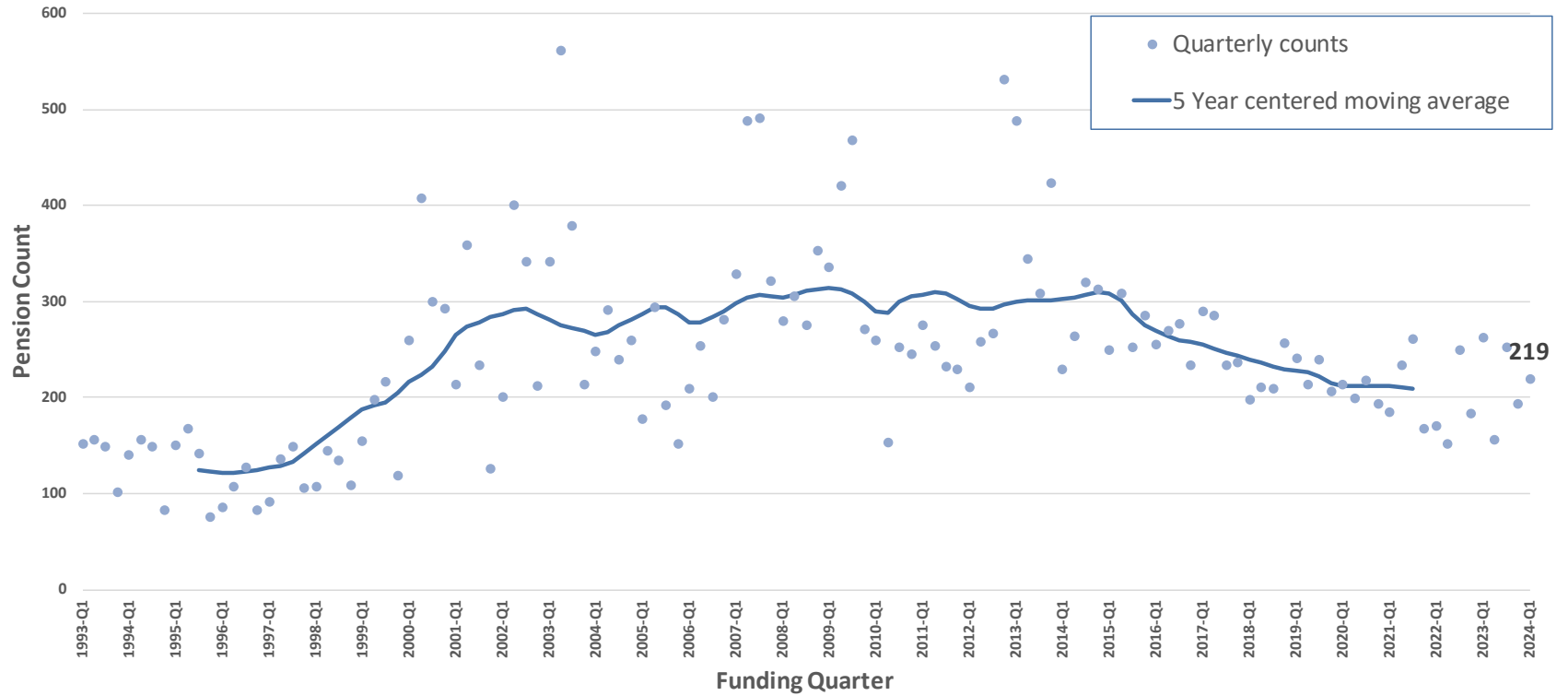


Long-Term Disability Claims

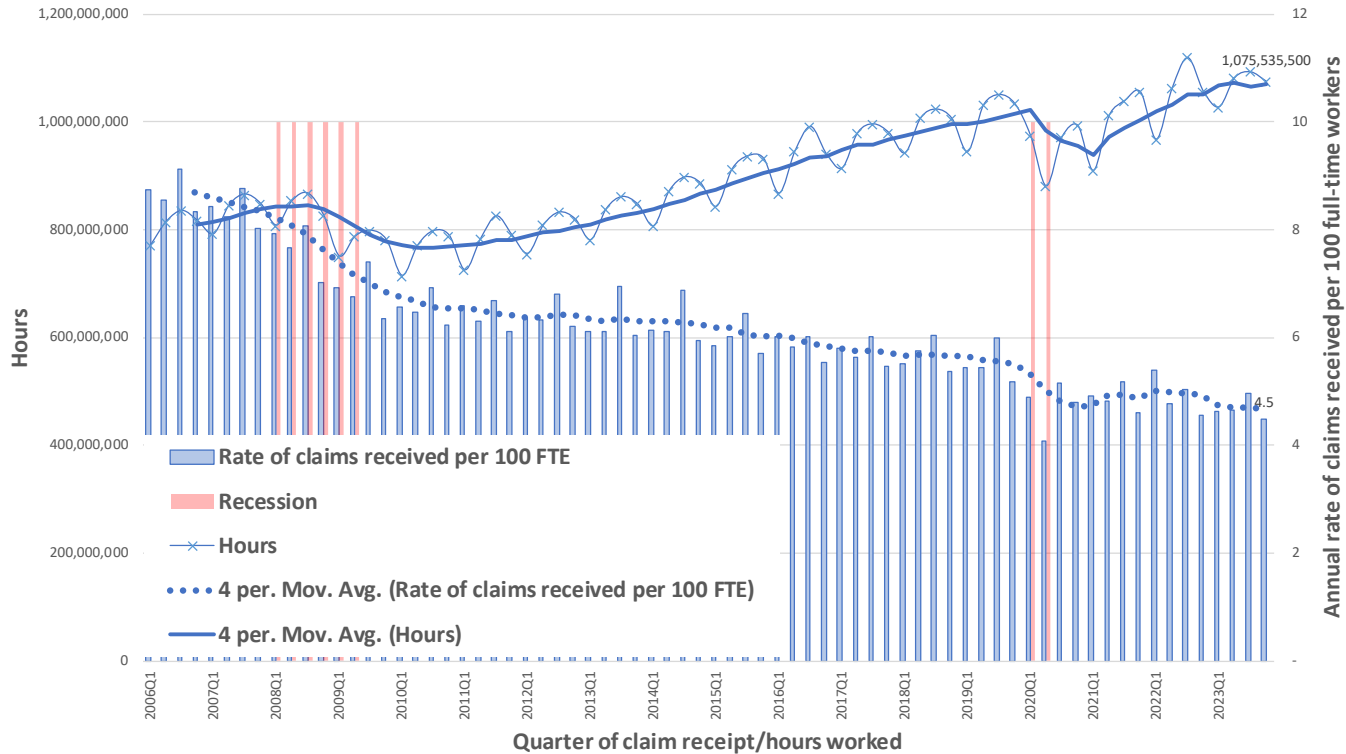
The percent of injured workers with compensable claims that have time-loss paid in the 12th month post injury: *smaller percentage indicates less long-term disability*



State Fund Total Permanent Disability Pensions Funded per Quarter

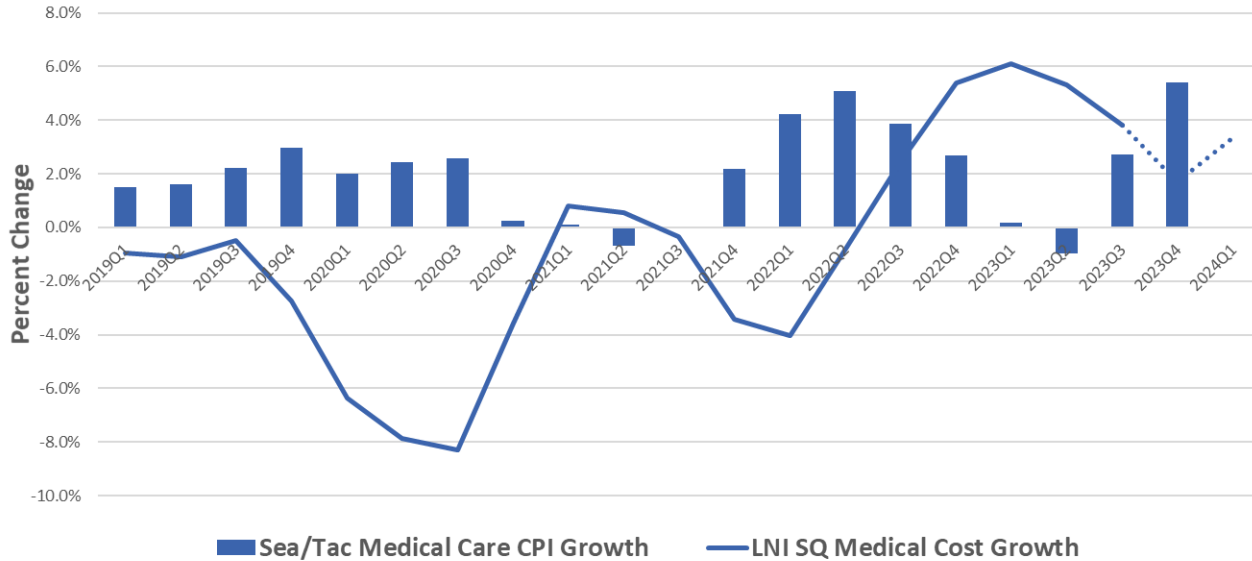


Covered Hours and the Rate of Claims Received



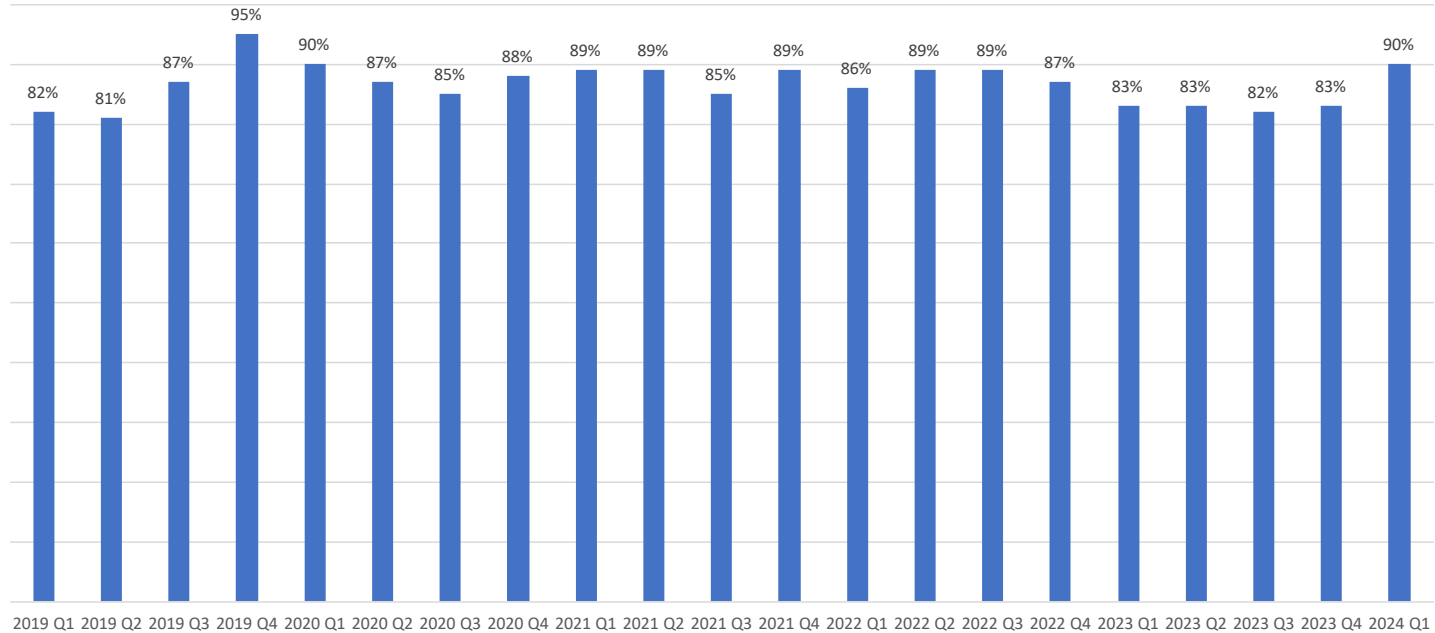
Annualized Medical Cost Growth

All Claims Excluding Hearing Loss



Percent of Workers' Comp Operational Measures Meeting Target

The percent of operational measures that meet operational targets is consistently above 80%.



Currently there are 40 active operational measures in Insurance Services

Metrics: March to April 2024

Into-standard:



Legal Services

- Vocational Dispute Resolution Office (VDRO)

Support Services

- Word Processing

Out-of-standard:



Employer Services

- Quarterly Business License Applications (BLAs)

Employer Services

Measure: Washington State at Work (WSAW) – Oldest Unworked Application From Date of Receipt

Goal:

Green: ≤30 Days

Yellow: 31-40 Days

Red: ≥41 Days

Metric Status: 60 Days

Mitigation Plan:

- The WSAW unit has added four new adjudicators since February 2023 (two WCA 3s joined in February 2023, one WCA 2 joined in March 2023, and one WCA 3 joined in June 2023). One of the new WCA 3 staff left January 2024, and that role was filled April 2024
- It takes time and staff resources to train new hires to reach full productivity. As the new hires become more experienced they will increase their production, and staff providing training and work checking can return their focus to reviewing applications as well.
- Initiated a project to identify processing efficiencies to help reduce the amount of time spent on each application.

Employer Services

Measure: Business License Applications (BLA) – 95% completed before quarterly report is due

Goal:

Green: ≥95%

Yellow: 86%-94%

Red: ≤85%

Metric Status: 81%

Mitigation Plan:

- The Employer Services quarterly BLA metric changed from yellow to red over the last quarter due to an increase of over 2,000 more BLAs received since the quarter before.
- The program has eliminated some incoming BLAs because they did not require a workers compensation account (such as: minor work permits, city licenses, x-ray endorsements, tradename registrations), as well as automatically posting some BLAs (such as: domestic worker and owner coverage).
- Over 2,473 BLAs were eliminated upon receipt from DOR, based on criteria developed by BLA Business Process Improvement Team. (January 1 through March 31, 2024).
- Over the last several months the program has streamlined their BLA process by emailing business when there is missing information (ownership, nature of business, etc.) within a few days of receiving the BLA from Dept. of Revenue. Without this information there were delays in creating an employer's workers compensation account.
- Continued commitment to fill vacant underwriter positions.

Self-Insurance

Measure: Self-Insurance Audit Cycle

Goal:

Green: $\leq 10\%$

Yellow: 11-14%

Red: $\geq 15\%$

Metric Status: 57%

Mitigation Plan:

- The audit program is being reevaluated.
- Self-Insurance is currently recruiting an auditor to fill one vacancy.

Support Services

Measure: Bill Processing - Bills are entered within 4 calendar days of receipt

Goal:

Green: ≤ 4

Yellow: 4.1-8.9

Red: ≥ 9

Metric Status: 15.3 days

Mitigation Plan:

- Bill Processing has continued to put in extra staffing hours
- Staff are being cross-trained to assist with the workload
- With the additional trained staff we expect to see a decrease in processing days as more bills are keyed

Industrial Insurance (State) Fund Financial Overview Statutory Financial Information Fiscal Year 2024 July 2023 – December 2023

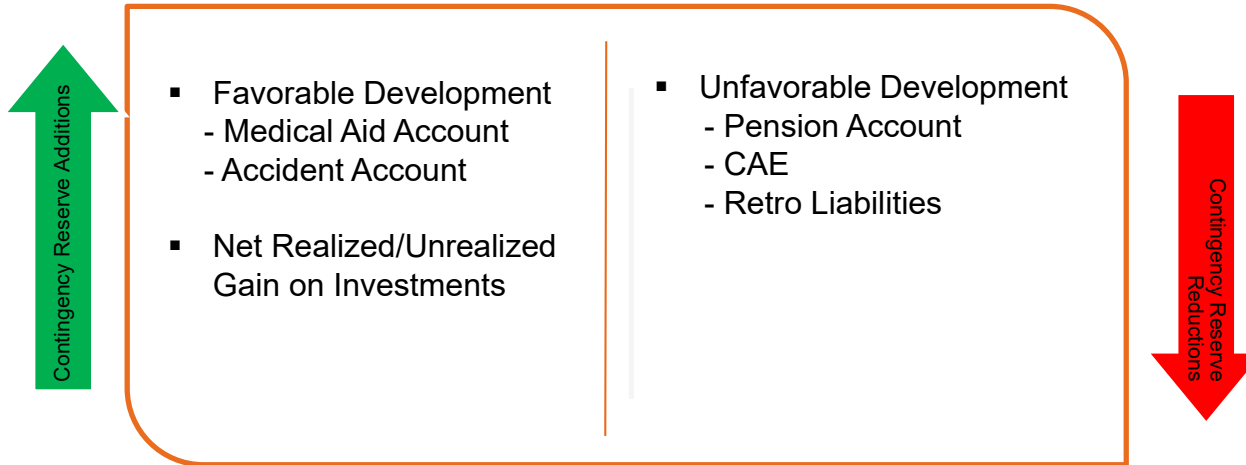
Kim Hurley
Interim Chief Accounting Officer



Significant Financial Highlights

July 2023 through March 2024

The contingency reserve increased **\$708 million**, from \$4,699 million on July 1, 2023 to \$5,407 million on March 31, 2024.



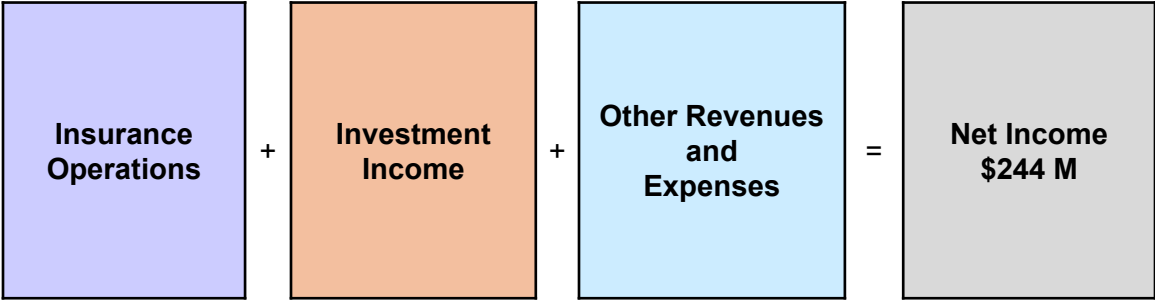
Change in contingency reserve by quarter for fiscal year 2024.

- July 1 to September 30, 2023 – an increase of \$19 million
- October 1 to December 31, 2023 – an increase of \$503 million
- January 1 to March 31, 2024 – an increase of \$186 million

State Fund Results

“Net Income”

July 2023 through March 2024



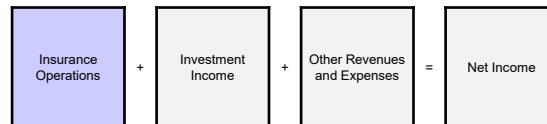
Insurance Operations

July through March 2024
(in millions)

Nine Months Ended

		March 31, 2024	March 31, 2023
We took in (Premiums Earned)	+	\$ 1,500	\$ 1,443
We spent (Expenses Incurred)			
Benefits Incurred		1,436	1,703
Claim Administrative Expenses		168	156
Other Insurance Expenses		76	73
Total Expenses Incurred	-	1,680	1,932
Net Income (Loss) from Insurance Operations	=	\$ (180)	\$ (489)

Net loss from insurance operations is normal for workers compensation insurers who routinely rely on investment income to cover a portion of benefit payments.



Premiums Earned

July 2023 through March 2024
(in millions)

	Nine Months Ended		Difference
	March 31, 2024	March 31, 2023	
Standard Premiums Collected	\$1,675	\$1,602	
Less Retrospective Rating Adjustments	(38)	(43)	
Less Ceded Reinsurance Premiums	(8)	(15)	
Net Premiums Collected	1,629	1,544	
Changes in future Premium Amounts To Be Collected	(14)	(1)	
Changes in future Retrospective Rating Adjustment Refunds	(115)	(100)	
Net Premiums Earned	\$ 1,500	\$ 1,443	\$ 57

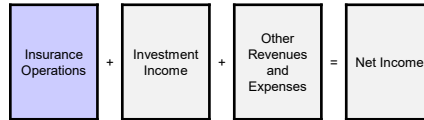


Benefits Incurred

July 2023 through March 2024
(in millions)

Nine Months Ended

	March 31, 2024	March 31, 2023	Difference
Benefits Paid	\$ 1,330	\$ 1,287	\$ 43
Change in Benefit Liabilities	106	416	(310)
Total Benefits Incurred	\$ 1,436	\$ 1,703	\$ (267)



Investment Income

July 2023 through March 2024
(in millions)

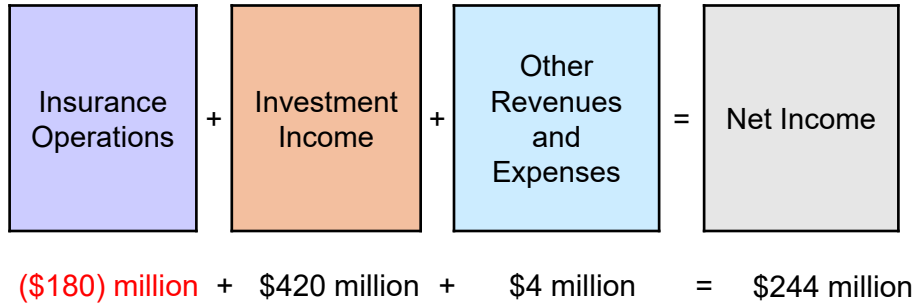
Nine Months Ended

		March 31, 2024	March 31, 2023
Investment Income Earned from Interest on bonds	+	\$ 435	\$ 372
Realized Gain/(Loss) from Fixed Income Investments Sold	+	(15)	(16)
Realized Gains from Stocks (Equity Investments) Sold	+	0	14
Total Investment Income	=	\$ 420	\$ 370



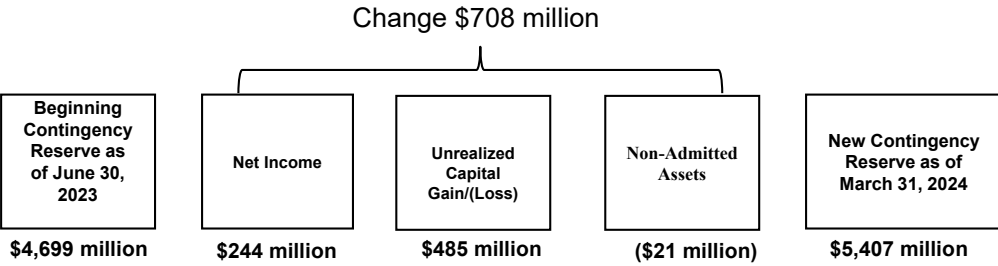
Results of Operations

July 2023 through March 2024



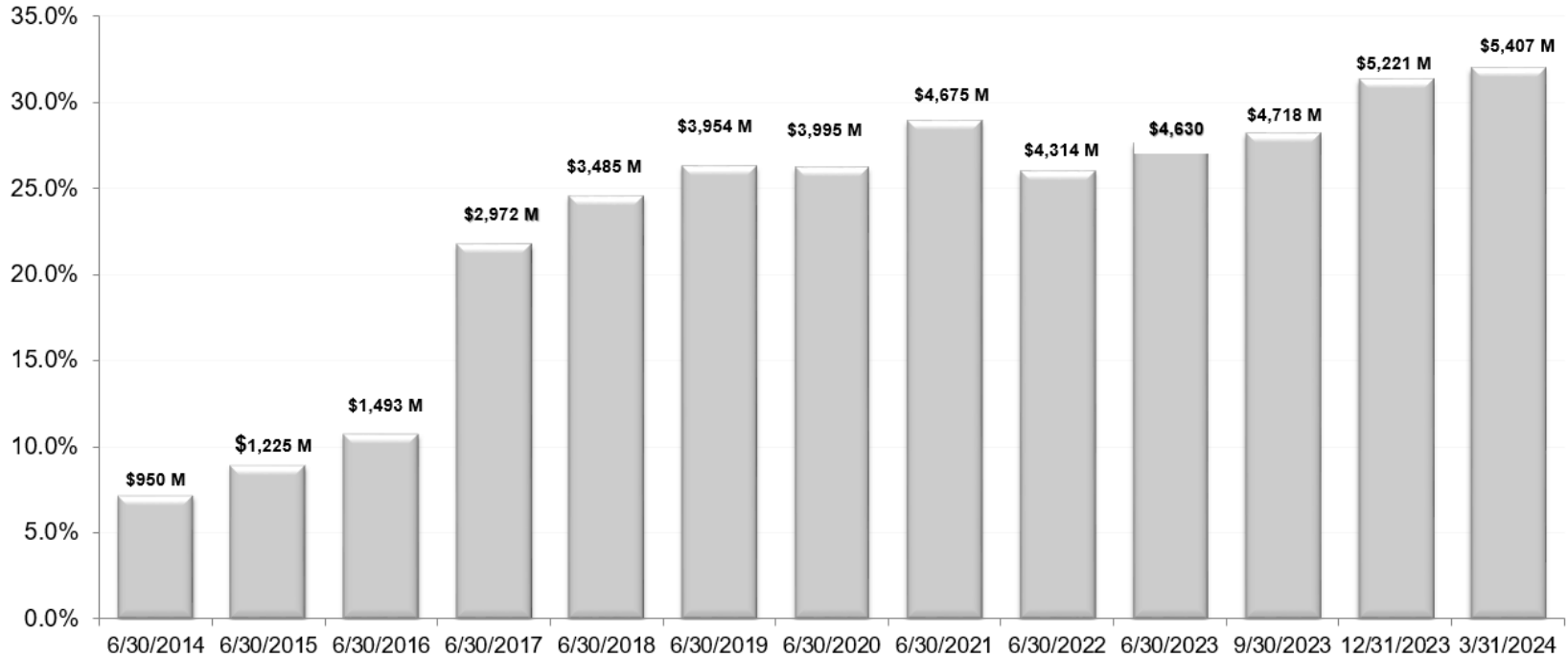
How Did Contingency Reserve Perform?

July 2023 through March 2024



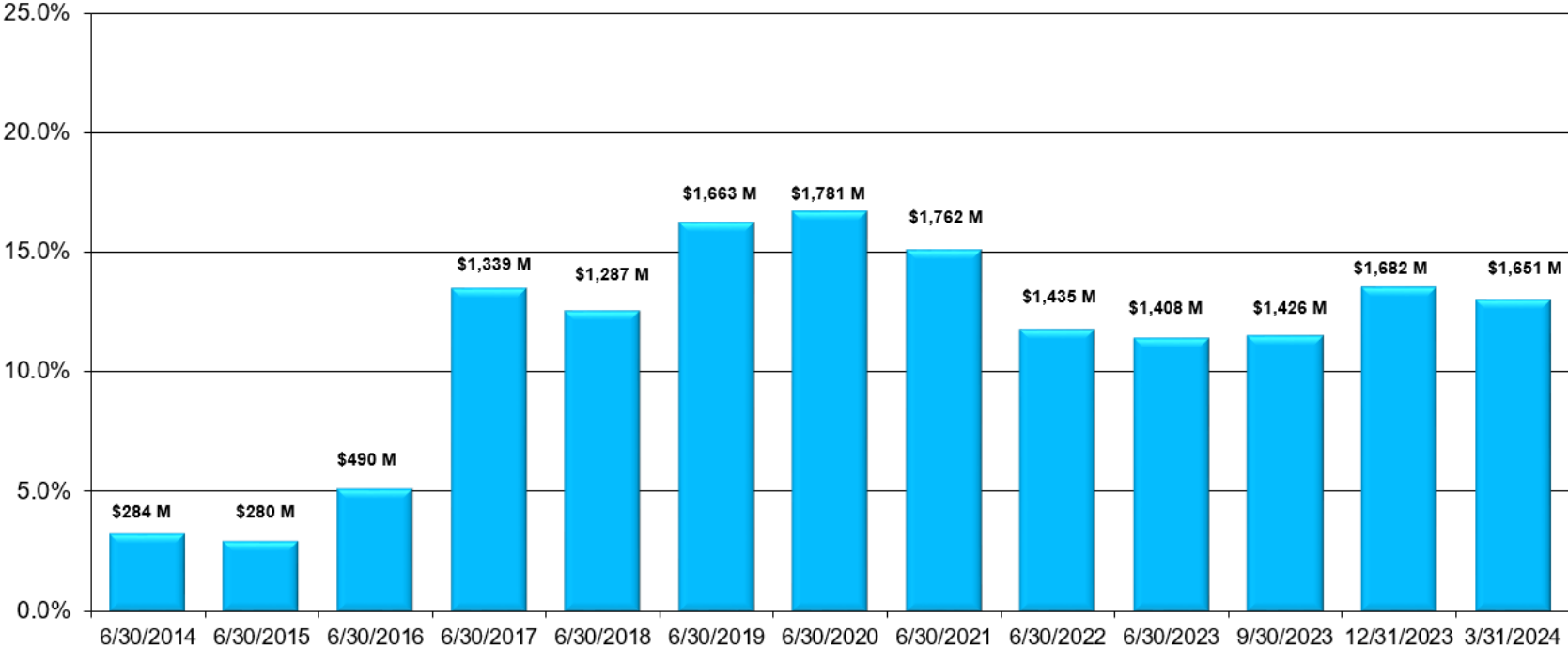
Combined Contingency Reserve

Combined Contingency Reserve is 32.0% of Total Liabilities



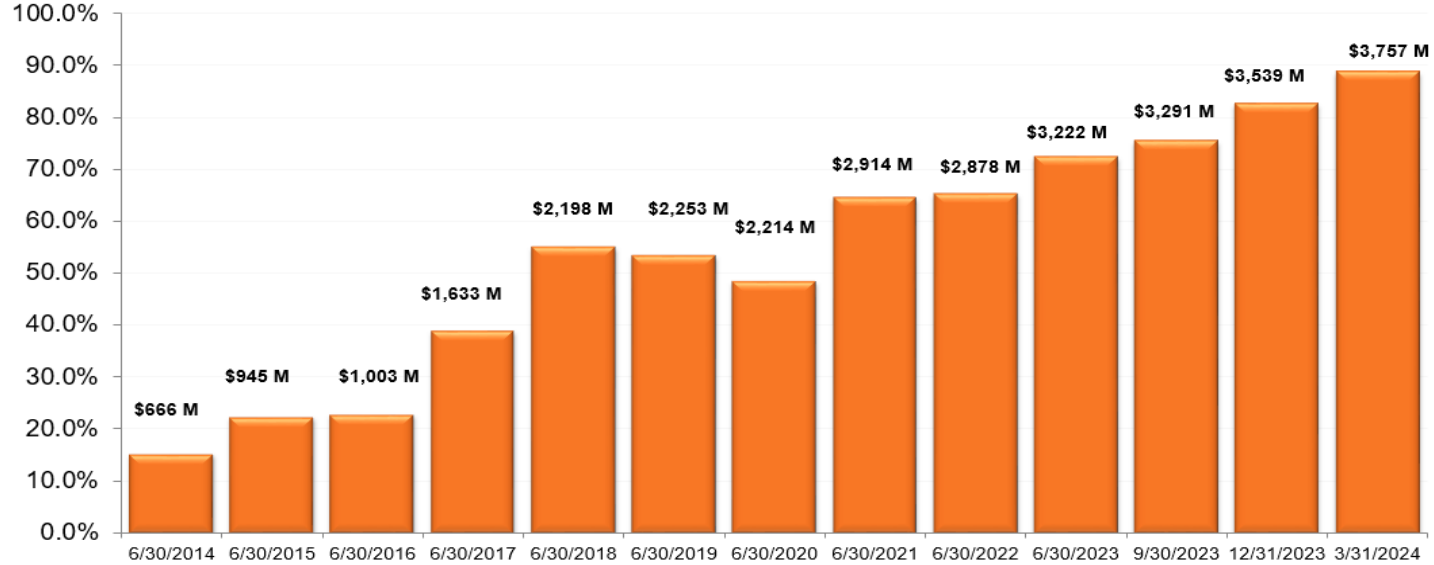
Accident & Pension Contingency Reserve is 13.1% of Liabilities

Accident & Pension Contingency Reserve



Medical Aid Contingency Reserve is 88.8% of Liabilities

Medical Aid Contingency Reserve



Key Financial Ratios

Ratios	Quarter Ended March 31, 2024		10 Year Rolling Average	Fiscal Year Ended June 30, 2023	Fiscal Year Ended June 30, 2022
	State Fund	Industry Forecast *			
Current Year Benefit (Loss Ratio)	97.5%			99.8%	104.2%
Prior Year Benefit (Loss Ratio)	(1.8%)			14.5%	(6.1%)
Total Benefit (Loss Ratio)	95.7%	44.6%	100.5%	114.3%	98.1%
Current Year CAE Ratio	11.4%			12.0%	12.7%
Prior Year CAE Ratio	(0.2%)			(1.2%)	(1.5%)
Total Claim Administration Expense (CAE) Ratio	11.2%	12.7%	11.6%	10.8%	11.2%
Sub-Total: Benefit and Claim Administration Expense Ratios	106.9%	57.3%	112.1%	125.1%	109.3%
Underwriting Expense Ratio includes all insurance administrative expenses except CAE	5.0%	26.9%	4.7%	5.2%	5.1%
Combined Ratio (Industry omits dividends)	111.9%	84.2%	116.8%	130.3%	114.4%
Investment Income Ratio	29.0%	19.4%	25.1%	25.9%	24.6%
Operating Ratio	82.9%	64.8%	91.7%	104.4%	89.8%

* Industry Forecast: State of the Line Report of 2024 issued by National Council of Compensation Insurance (NCCI)

Questions & Comments

Contact Kim Hurley,

Interim Chief Accounting Officer

- Email: kim.hurley@Lni.wa.gov.

Thank You!

Closing Comments & Adjourn

Joel Sacks

Agency Director

Mike Ratko

Assistant Director for Insurance Services



**Next WCAC meeting
September 17, 2024**

APPENDIX SLIDES – Operational Health Dashboard

COVID Claims – received through 05/31/24

	State Fund	Self-Insured	Total
Accepted total	13,012	10,176	23,188
<i>Open</i>	68	187	255
<i>Closed</i>	12,944	9,989	22,933
Rejected	2,759	1,096	3,855
Pending	8	-	8
Total	15,779	11,272	27,051

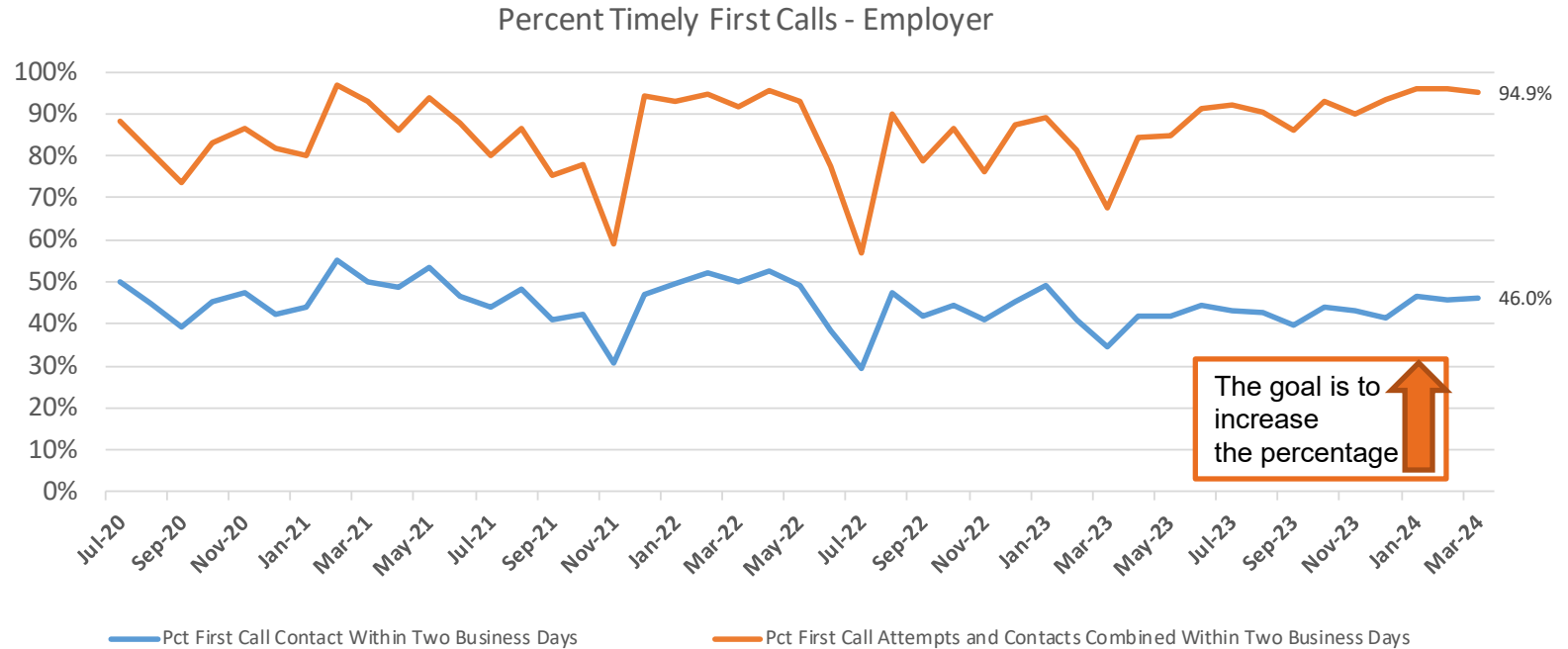
Fatal Claims

State Fund	39
Self-Insured	17
Total	56

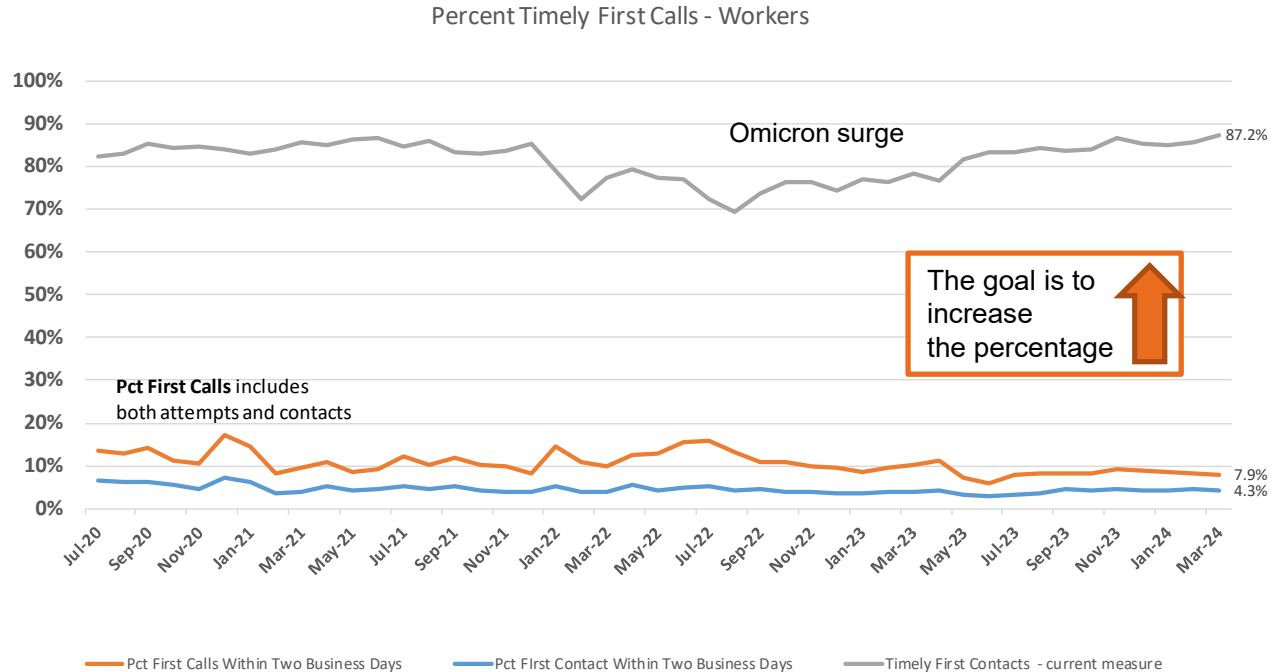
Accepted Claims	State Fund	Self-Insured	Total
Time-loss	11,216	9,881	21,097
Medical	809	191	1,000
KOS	987	104	1,091
Total	13,012	10,176	23,188

	State Fund	Self-Insured	Total
Healthcare related	7,506	5,546	13,052
First responders	2,355	1,652	4,007
Miscellaneous Services	1,850	63	1,913
Government	547	980	1,527
Schools	93	954	1,047
Misc. Professional and Clerical	234	790	1,024
Stores	142	28	170
Transportation and Warehousing	63	64	127
Agriculture	100	11	111
Food Processing and Manufacturing	52	20	72
Miscellaneous Manufacturing	13	31	44
Temporary Help	13	16	29
Trades	16	5	21
Other	28	16	44
Total	13,012	10,176	23,188

JLARC recommended employer contact measure



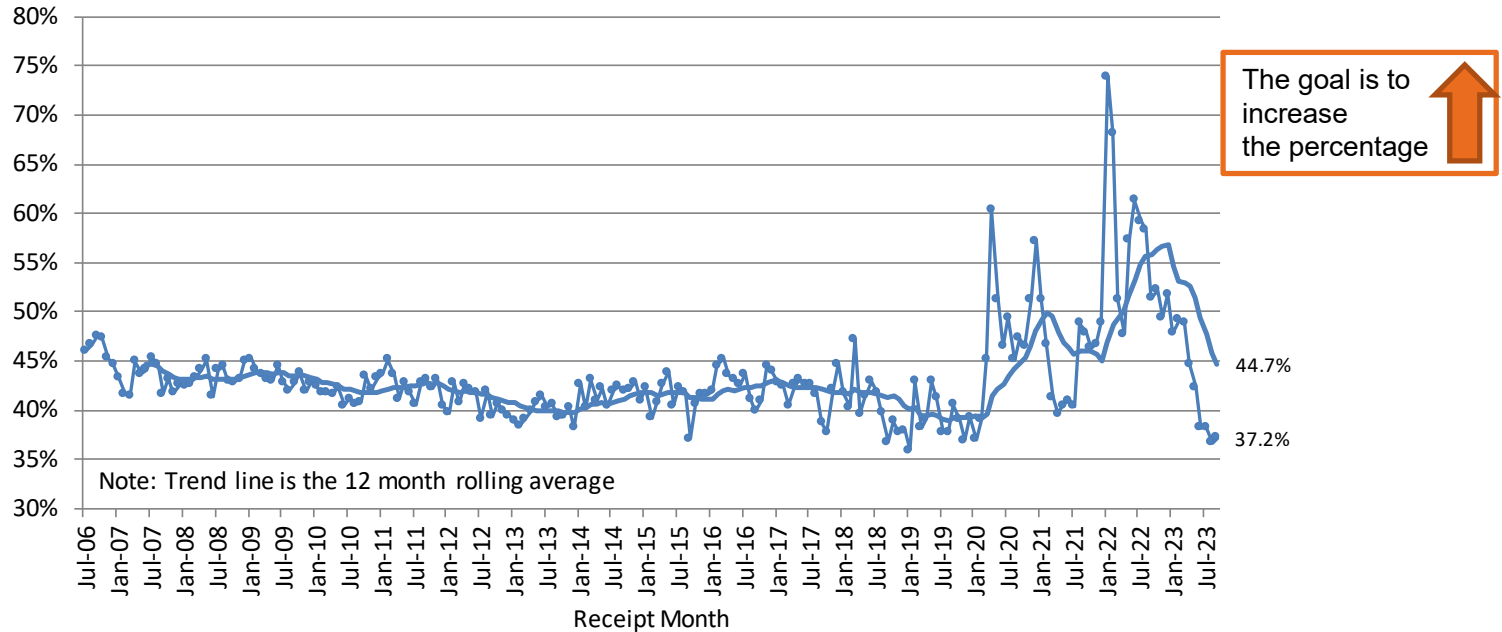
JLARC recommended worker contact measures & L&I's current measure



Note: Clock starts when firm and class are assigned on the JLARC recommended measure and when time loss is first paid on the current operational measure.

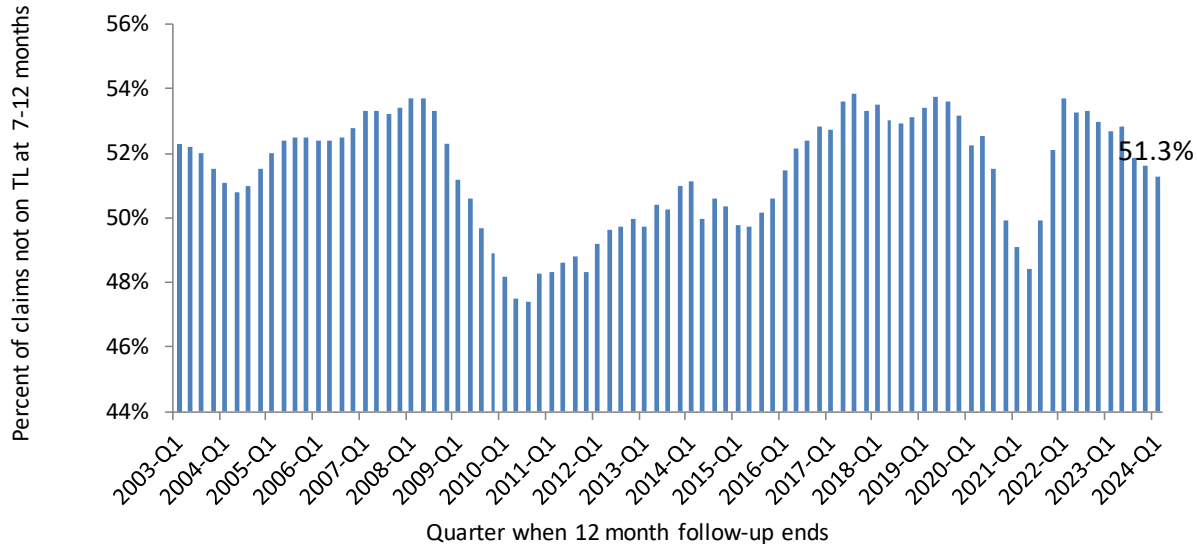
The share of time-loss claims resolved six months after claim receipt


Share of time-loss claims resolved six months after claim receipt



High risk claims – Initiatives in the first year are improving RTW outcomes

The share of injured workers off work 40 days after claim receipt who are likely to have returned to work: Note: 12-month rolling average



The goal is to increase the percentage 

High risk workers are defined as those being disabled on the 40th day following claim receipt, about 1,400 claims per quarter. RTW is defined as the status of not receiving disability benefits between 7 and 12 months

Transitioned to COTS

Workers newly on opioids transitioned to chronic opioid therapy

52

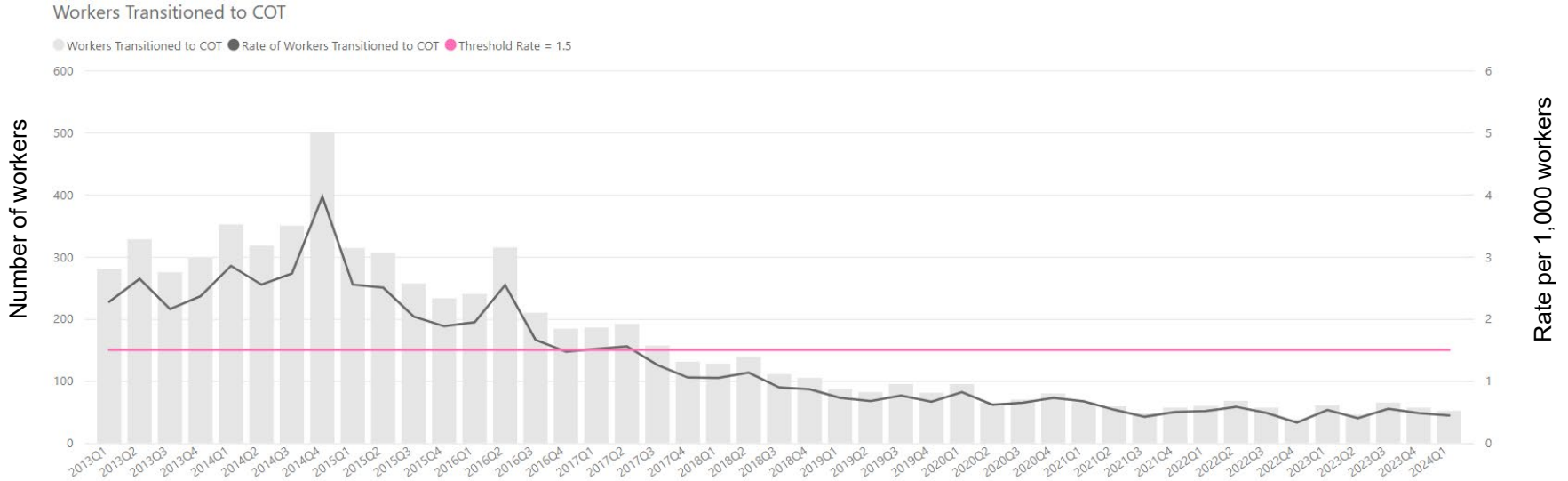
Workers Transitioned to COT

-9%

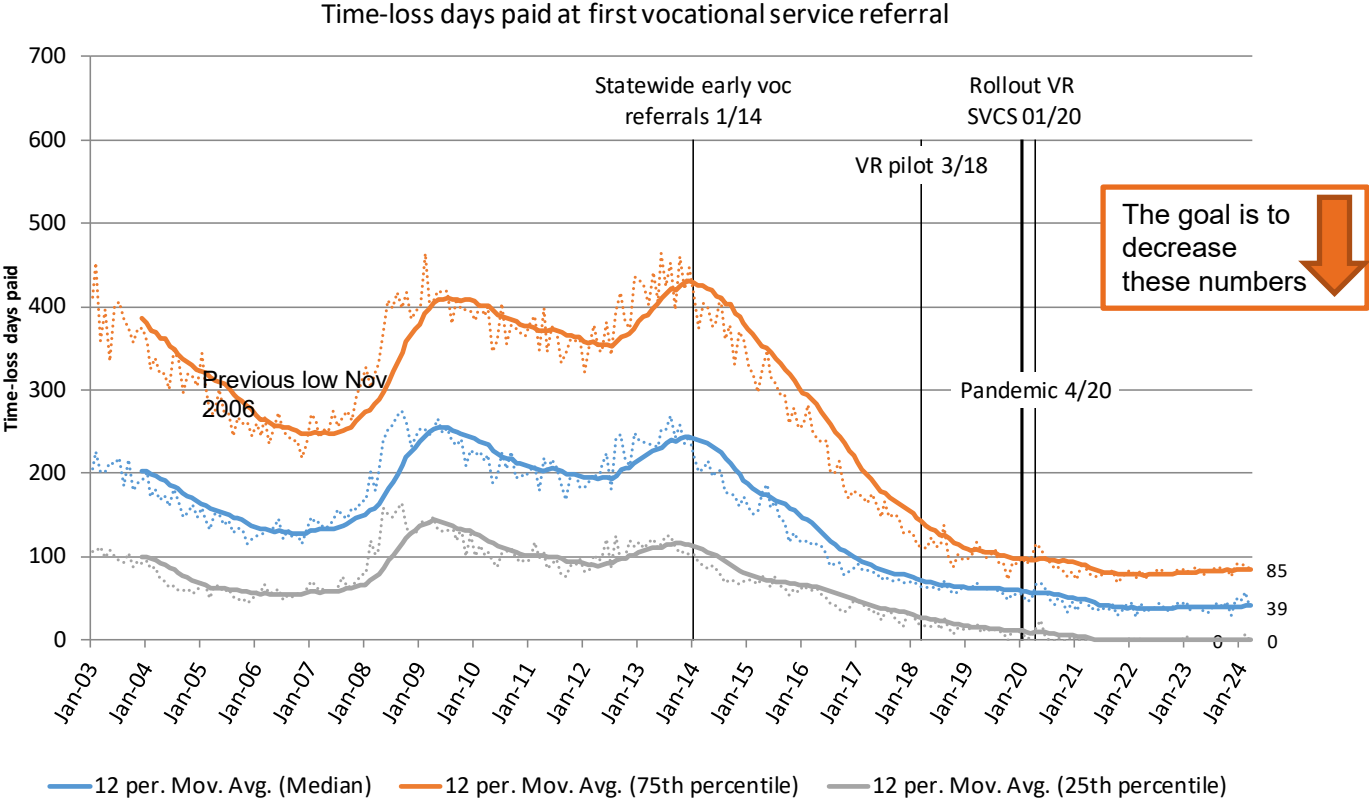
Change Since Previous Quarter

0.44

Rate per 1000 Injured Workers

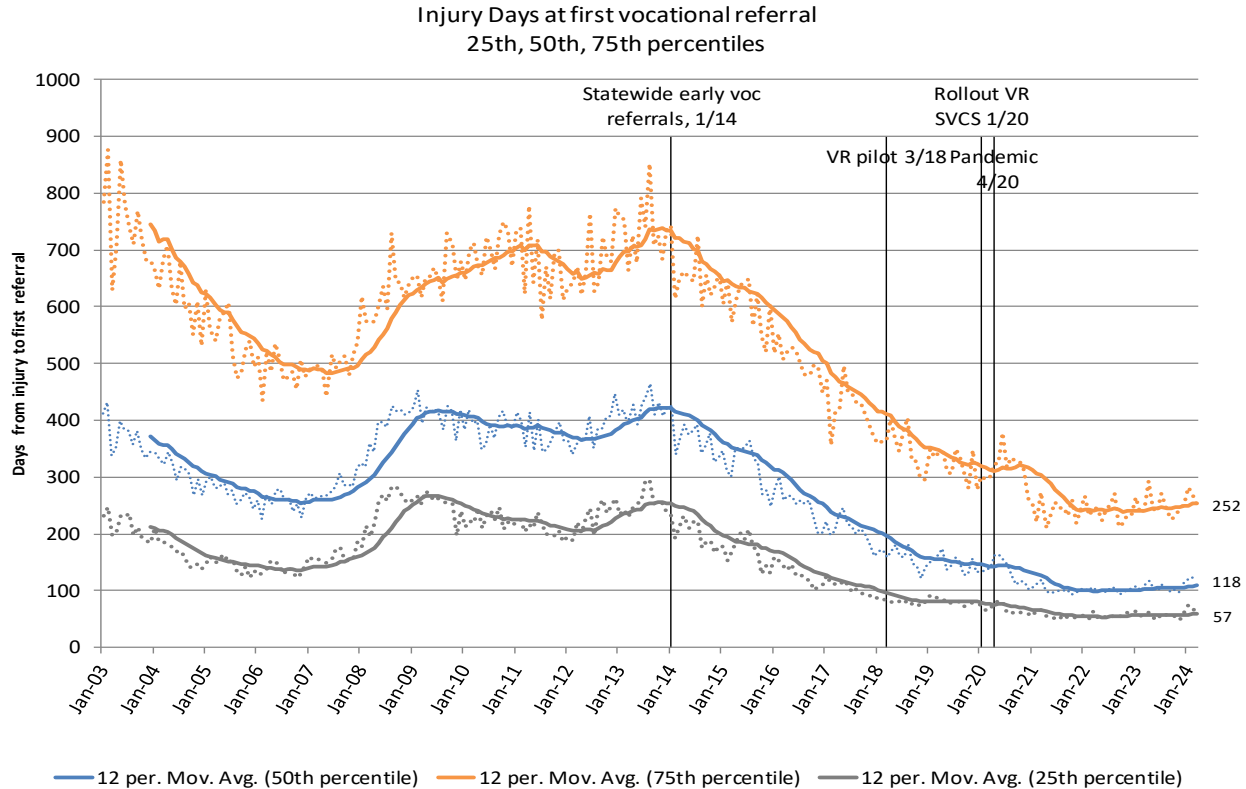


Referrals are now targeted to address the onset of disability



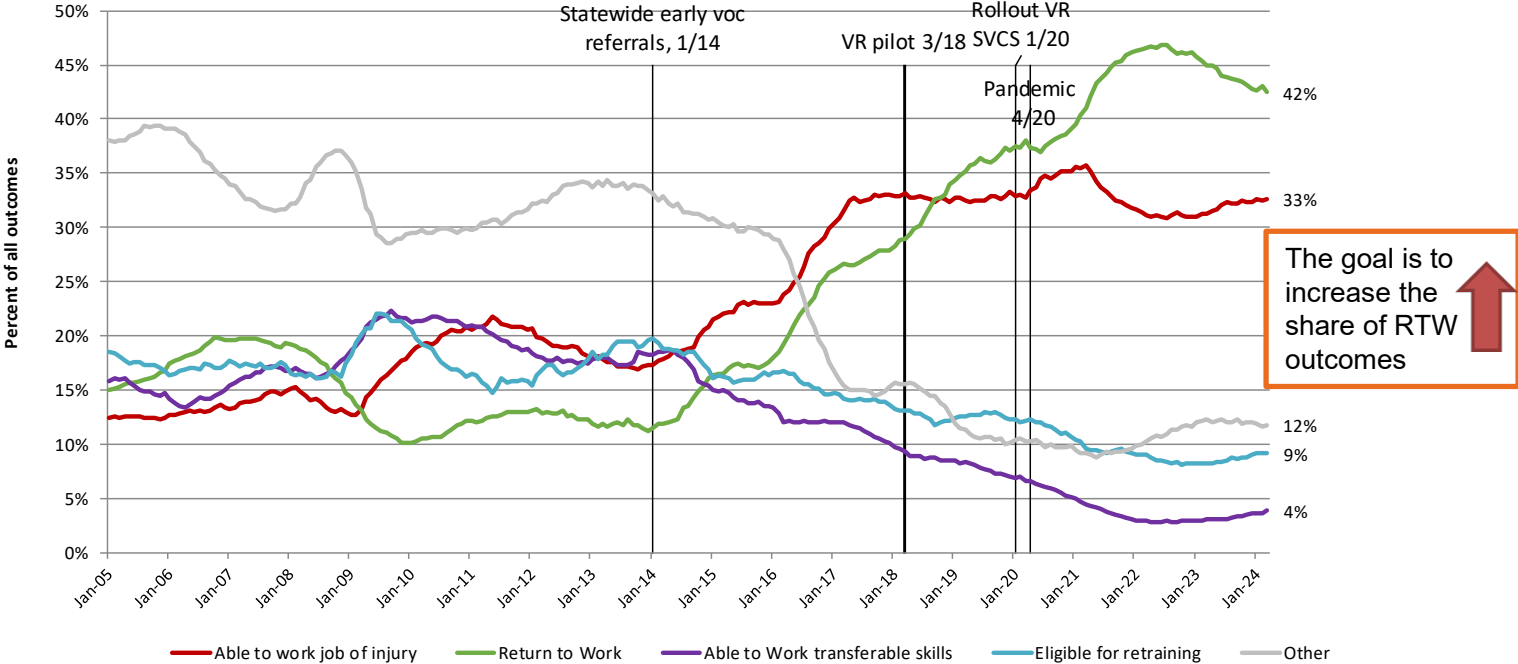
Referrals are now targeted to address the onset of disability

- days from date of injury



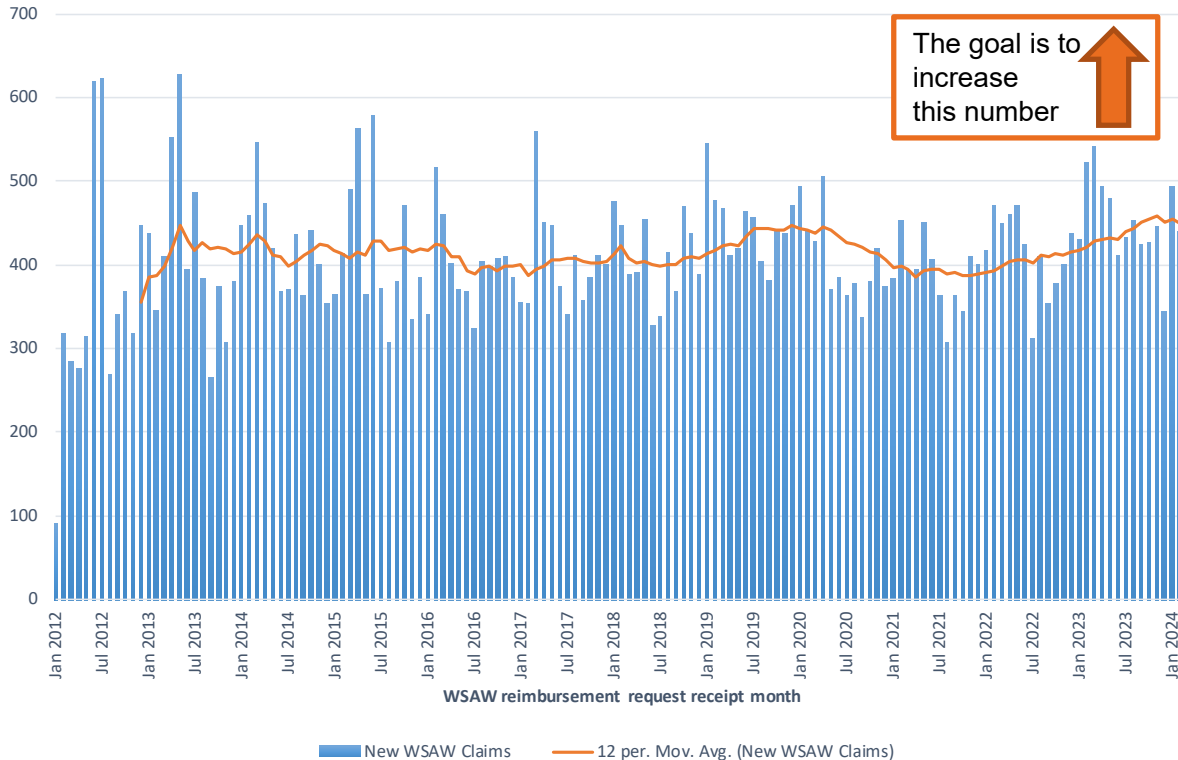
New focus on return to work has increased positive employable outcomes for all first vocational service referrals

Outcome distribution, first vocational service referrals, select outcomes (12-month average)

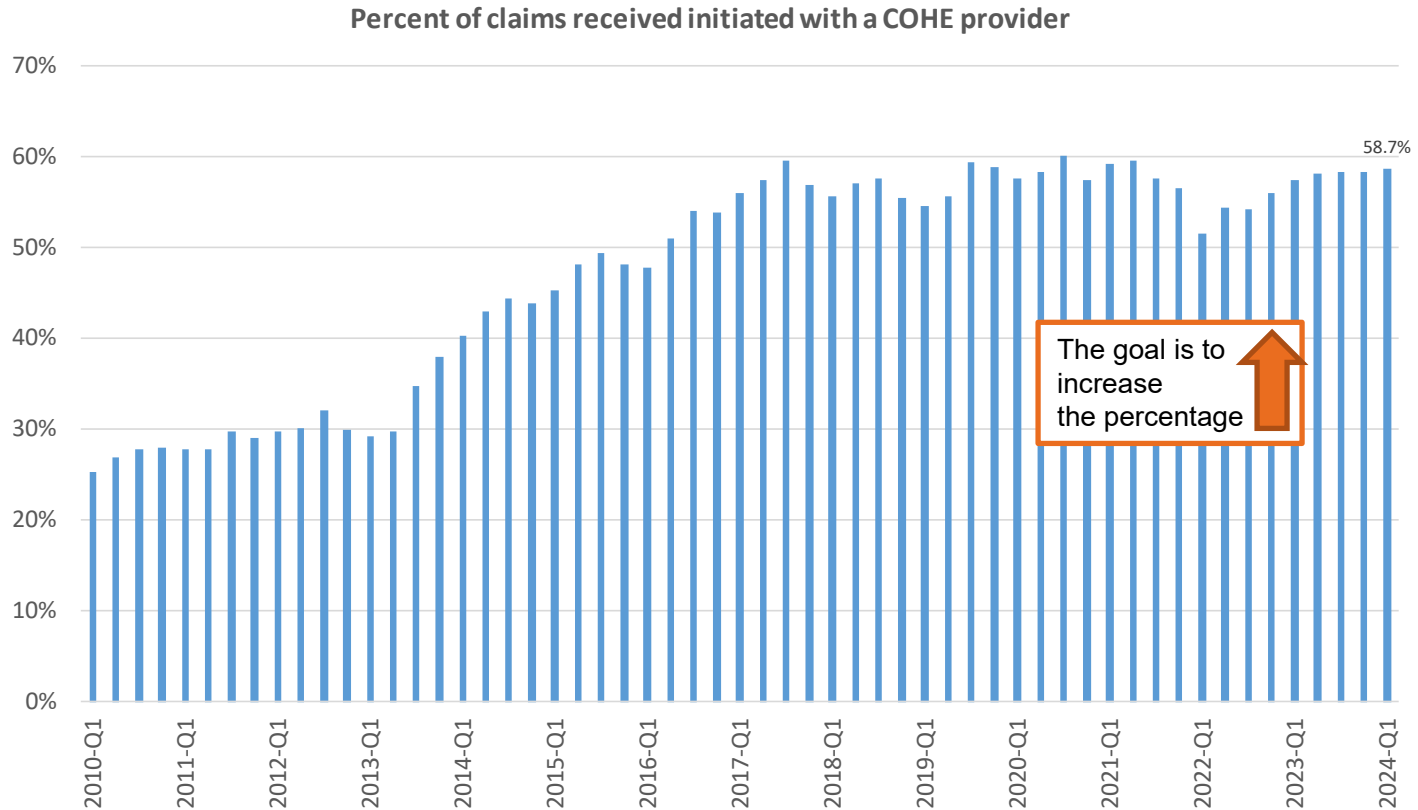


Participation in light duty job assignments helps maintain the employer/injured worker relationship.

New WSAW Claims



Percentage of claims for injured workers initiated with a COHE provider



APPENDIX SLIDES – Industrial Insurance (State) Fund Financial Overview

Reconciliation of Change in Benefit Liabilities

(In \$1,000s)

July 1, 2023 Benefit Liability Beginning Balance	\$15,267,934
Prior Year Benefit Payments	(\$1,163,889)
Prior Year Development and Model Change (Favorable)	(\$302,853)
Self Insurance Prefunded Pension Transfers	\$0
Regular reserve discount reduction	\$276,405
Net Total Prior Year Benefit Liability as of March 31, 2024	<u>\$14,077,597</u>
New Current Year Benefit Liabilities	\$1,296,198
March 31, 2024 Benefit Liabilities Ending Balance	<u>\$15,373,795</u>
Change Between Beginning and Ending Balance	\$105,861

Highlights of Changes in the Contingency Reserve

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
*Actuarial Development ¹	\$149M	\$543M	\$147M	\$926M	\$941M	\$352M	\$(171)M	\$287M	\$532M	\$(40)M	\$303M
Rate Changes	\$58M	\$59M	\$38M	\$27M	\$(14)M	\$(120)M	\$(110)M	\$(44)M	\$(29)M	\$17M	\$66M
Greater (less) than expected changes in the stock market	\$279M	\$(29)M	\$(101)M	\$411M	\$199M	\$50M	\$340M	\$1,263M	\$(639)M	\$413M	\$396M
Mortality table change	-	\$(146)M	-	-	-	-	-	-	-	-	-
Adjustments to avoid double counting 2011 reform savings	\$(130)M	\$(83)M	-	-	-	-	-	-	-	-	-
*Discount rate change - State Fund	\$(256)M ²	\$(31)M	\$(31)M	\$(36)M	\$(639)M ³	-	\$(84)M ⁴	\$(384)M ⁵	-	\$102M ⁷	-
Discount rate change - Self-Insurance	-	\$(6)M	\$(7)M	\$(8)M	\$(7)M ³	-	\$(6)M ⁴	-	\$(6)M ⁶	\$(7)M ⁸	-

1. Includes numerous, offsetting factors including model changes, operational influences, and the state of the economy.

2. Model change for 13-year plus claims \$102 M; Pension Discount change \$154 M.

3. Pension Discount Rate reduction from 6.2% to 4.5%

4. Non-Pension Discount Rate reduction from 1.5% to 1.0%

5. Proposed Pension Discount Rate 4.5% to 4.0%

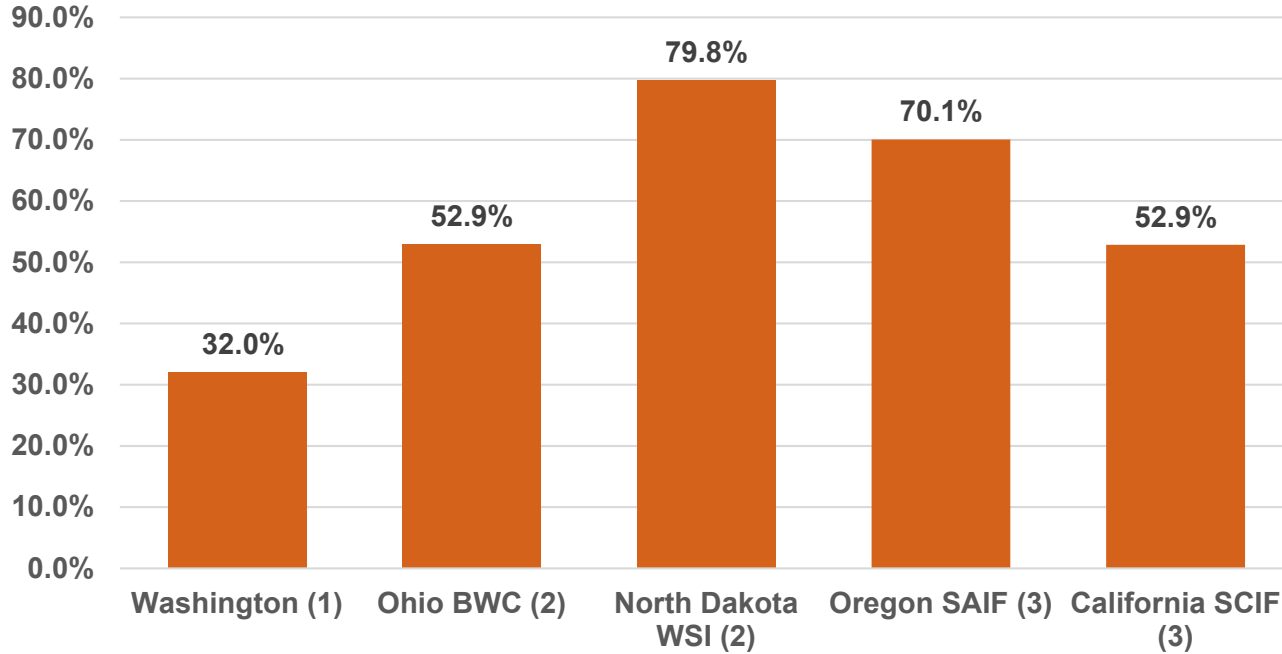
6. Self-insurance prefunded rate reduction from 5.8% to 5.7%.

7. Non-Pension Discount Rate increase from 1.0% to 1.5%

8. Self-insurance prefunded rate reduction from 5.7% to 5.6%

* Actuarial Development and Discount Rate Change is only for Benefit Liabilities

Washington's CR is below most other funds as a percentage of liabilities



- (1) Preliminary as of 3/31/2024
- (2) As of 6/30/2023
- (3) As of 12/31/2023

Historic Results of Operations

July through March
(in millions)

As of Quarter Ended March 31,	Insurance Operations	+	Investment Income	+	Other Revenues & Expenses	=	Net Income (Loss)
2024	(180)		420		4		244
2023	(489)		370		(13)		(132)
2022	(120)		486		(12)		354
2021	(824)		643		(26)		(207)
2020	(639)		513		(13)		(139)
2019	(14)		347		16		349
2018	(301)		491		36		226
2017	119		387		45		551
2016	(219)		462		43		286
2015	(475)		420		40		(15)
2014	(470)		597		43		170
2013	(579)		427		26		(126)

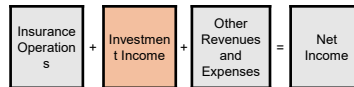
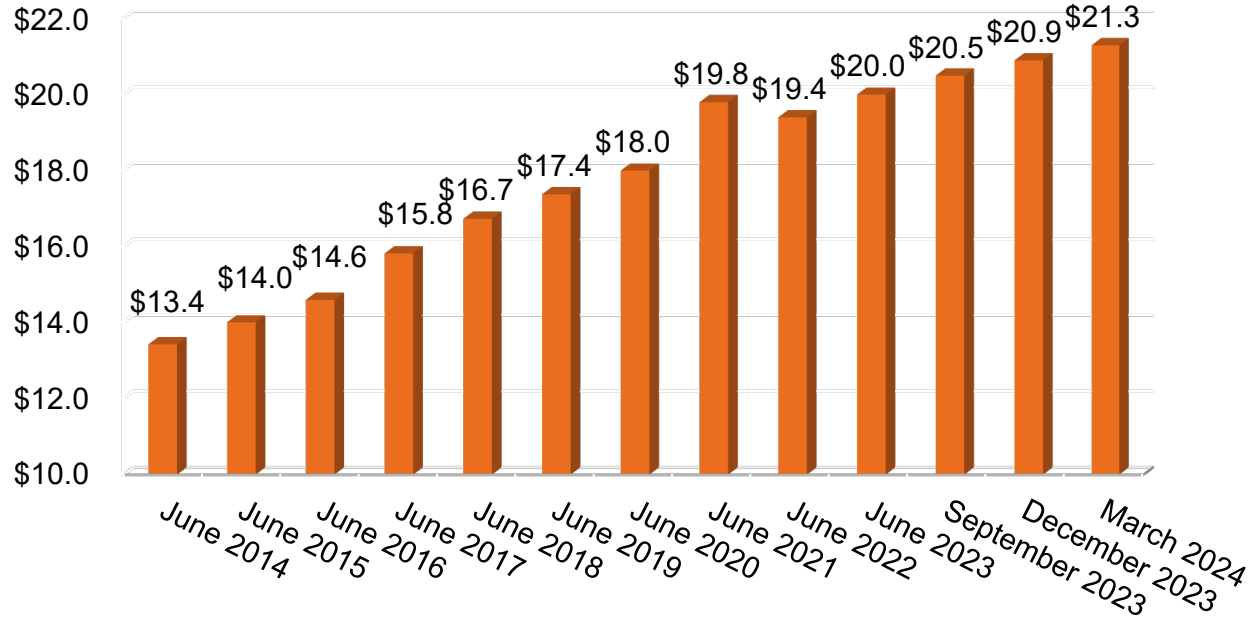
Historical Investment Performance

Fiscal Year Ended

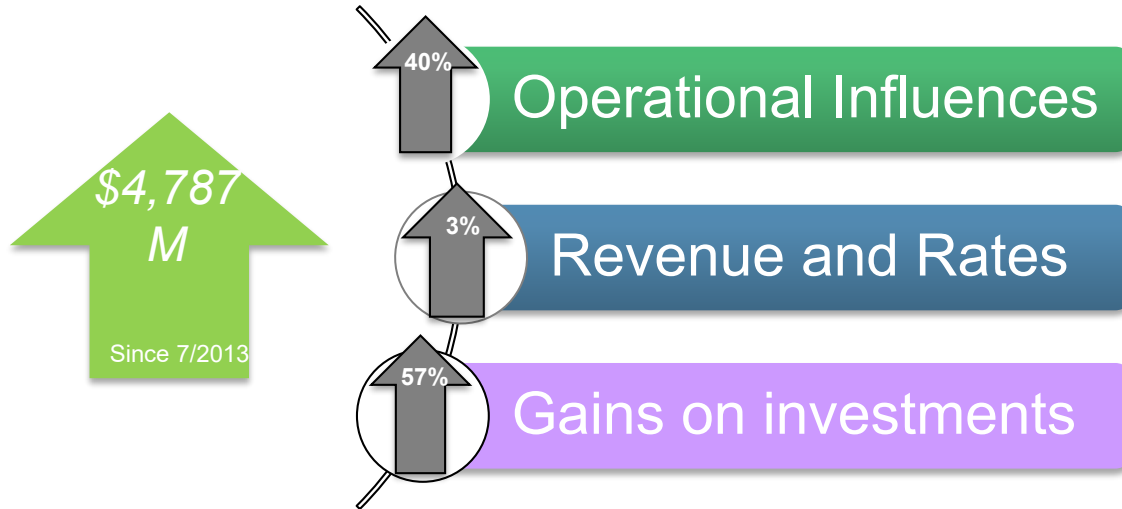
	Quarter Ended March 31, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Investment Income	435,206,000	504,416,000	456,375,000	462,700,000	496,981,000	498,626,000
Realized Gain (Loss)	(15,583,000)	139,573,000	141,857,000	299,787,000	272,266,000	(23,498,000)
Unrealized Gain (Loss)	484,887,000	360,212,000	(676,444,000)	1,069,560,000	161,264,000	151,820,000
Total Invested Assets	21,338,109,000	20,028,515,000	19,420,354,000	19,793,907,000	17,992,984,000	17,443,448,000

Total Investments

(rounded to billions)



Contingency Reserve Drivers



As of 3/31/2024 the CR is at \$5,407M

Benefit Liability History

(in thousands)

	Benefit Liabilities	\$ Increase/ (Decrease)	% Increase/ (Decrease)
March 31, 2024	\$ 15,373,795	105,861	0.7%
June 30, 2023	15,267,934	499,244	3.4%
June 30, 2022	14,768,690	146,597	1.0%
June 30, 2021	14,622,093	728,107	5.2%
June 30, 2020	13,893,986	730,933	5.6%
June 30, 2019	13,163,053	71,245	0.5%
June 30, 2018	13,091,808	365,076	2.9%
June 30, 2017	12,726,732	(251,425)	(1.9%)
June 30, 2016	12,978,157	317,999	2.5%
June 30, 2015	12,660,158	287,485	2.3%

The 10-year average increase is \$300,112.