

# Workers' Compensation Advisory Committee (WCAC)

*September 17, 2024*



This meeting will be streamed by TVW

<b>9:00 am – 9:15 am</b>	<b>Welcome</b>	<ul style="list-style-type: none"> <li>• Introductions</li> <li>• Motion to approve minutes</li> <li>• Safety Message</li> </ul>	Mike Ratko Mike Ratko Dr. Dave Bonauto	
	<b>9:15 am – 9:40 am</b>	<b>General Updates</b>	<ul style="list-style-type: none"> <li>• Leadership Changes</li> <li>• Workers’ Compensation Systems Modernization (WCSM)</li> <li>• Independent Medical Exam (IME) Implementation</li> <li>• Staffing and Caseload Updates</li> </ul>	Joel Sacks/Mike Ratko Elizabeth Smith Brenda Heilman Mike Ratko
		<b>2024 - 2025 Legislative Update</b>		Brenda Heilman Kirsta Glenn
<b>9:40 am – 9:55 am</b>				
<b>9:55 am – 10:40 am</b>		<b>Rates</b>		Joel Sacks
<b>10:40 am – 10:50 am</b>	<b>Break</b>			
<b>10:50 am – 11:05 am</b>	<b>Board of Industrial Insurance Appeals (BIIA) Update</b>		Holly Kessler	
<b>11:05 am – 11:25 am</b>	<b>Operational Health Dashboard</b>		Mike Ratko	
<b>11:25 am – 11:40 am</b>	<b>Limited English Proficiency Update</b>		Cherell Fisher Uriel Iniguez Angelique Guppy Amy Updike	
<b>11:40 am – 11:50 am</b>	<b>Industrial Insurance State Fund Financial Overview</b>		Kim Hurley	
<b>11:50 am – 12:00 pm</b>	<b>Closing comments &amp; adjourn</b>		Joel Sacks Mike Ratko	

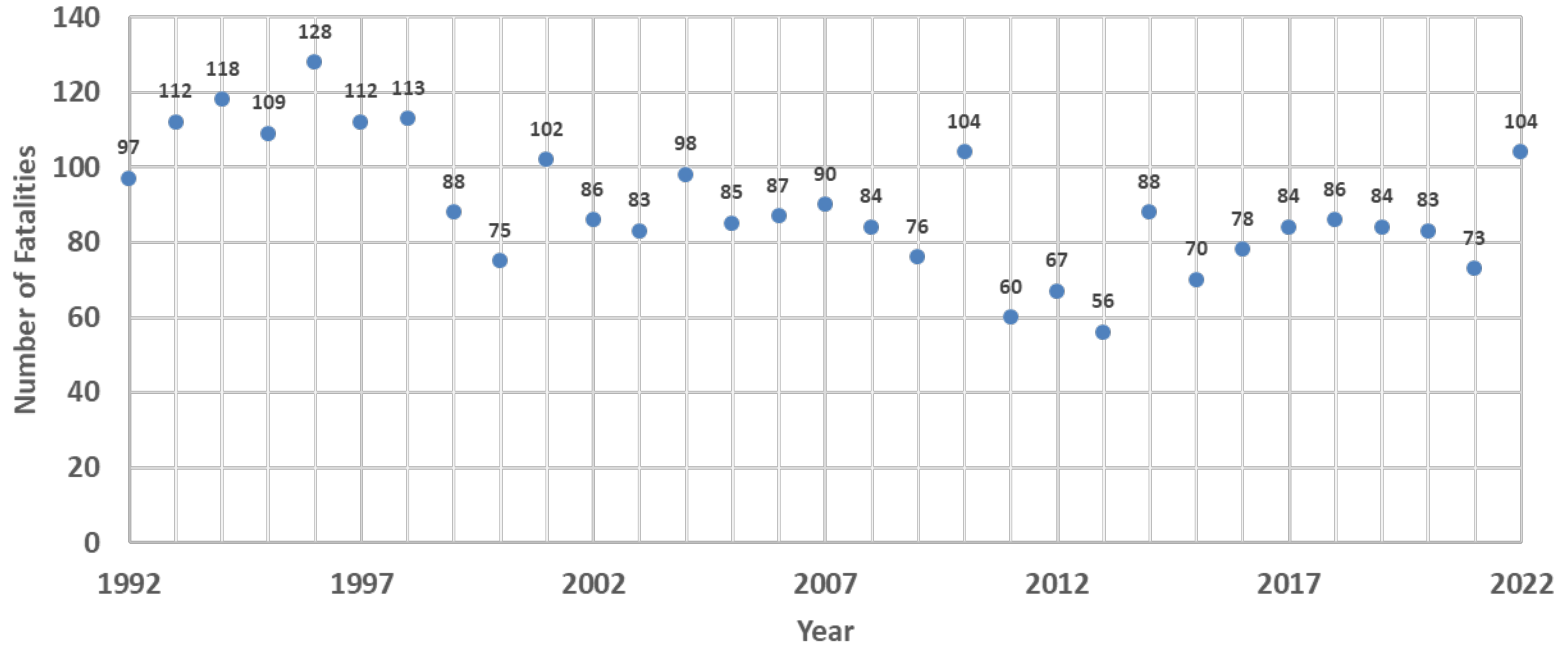
# Safety Message – Information for Action

*David Bonauto, MD, MPH*



# Fatal Occupational Injuries

Number of Fatal Occupational Injuries, WA State, BLS CFOI

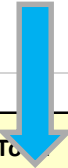


# Fatal Occupational Injuries

Fatality rate per 100,000 FTE; WA State vs US, BLS CFOI

Year	Washington	All US	Washington Rank Among 50 States
2011	1.9	3.5	3rd
2012	2.2	3.4	5th
2013	1.7	3.3	2nd
2014	2.7	3.4	9th
2015	2.1	3.4	4th
2016	2.4	3.6	4th
2017	2.5	3.5	9th
2018	2.4	3.5	5th
2019	2.3	3.5	5th
2020	2.5	3.4	10th
2021	2.1	3.6	3rd
2022	2.9	3.7	8th

# Fatal Occupational Injuries, 2019-2023, WA FACE

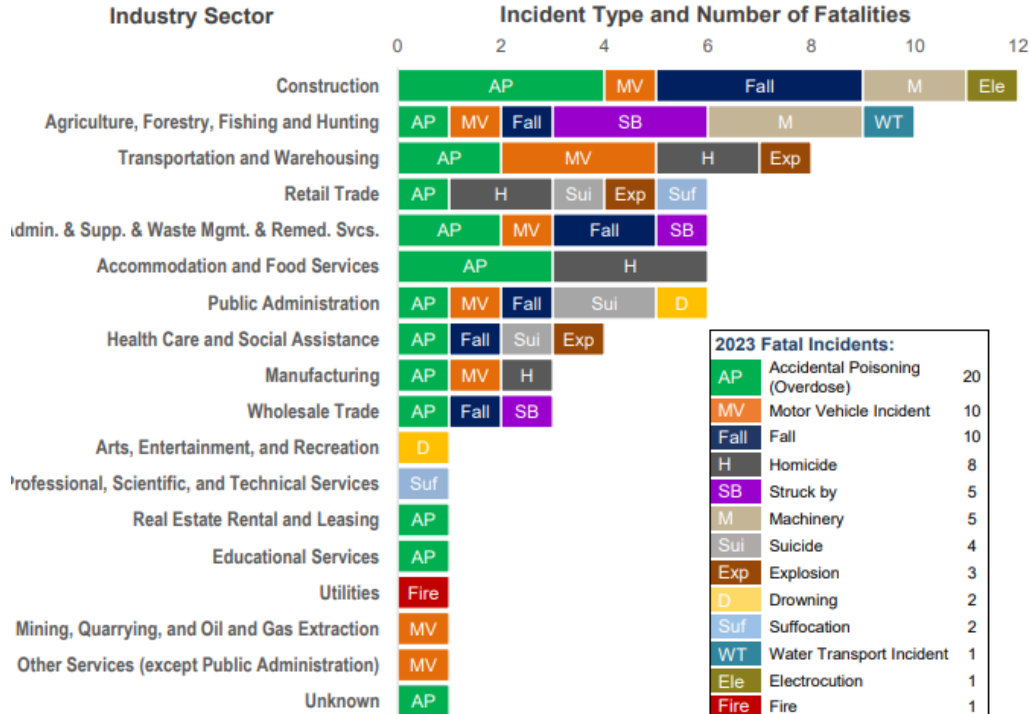


NAICS Industry Sector	Incident Type											
	Motor Vehicle	Fall	Homicide	Poisoning	Struck by	Suicide	Machinery	Air Transport	Electro-cution	Fire	Other	Total
Construction	28	3	11	11	5	4		5	1			84
Agriculture, Forestry, Fishing	12	2	3	2	9	13	1	1			4	52
Transportation and Warehousing	31	2	5	5	1	2	2				1	49
Public Administration	9	3	7	2		8			1	2		32
Retail Trade	5	10	5	1	2						3	27
Admin & Support & Waste Mgmt Serv	6	6	1	2	5	1						21
Other Svcs (not Public Admin)	6	1	2	1	1	1	2		1			15
Manufacturing	2	1	2	4	2		2				2	15
Wholesale Trade		2			2	1	1	4	1		2	13
Accom & Food Services	1		6	4								11
Healthcare and Soc Assist	1	1	3	1		2					2	10
Real Estate, Rental and Leasing		1	4	1			1			1		8
Education Svcs	1		1	1		3		1				7
Prof, Scientific, and Tech Svcs	2	2			1						1	6
Other	2			1						1	1	5
<b>Total</b>	<b>94</b>	<b>50</b>	<b>47</b>	<b>40</b>	<b>33</b>	<b>28</b>	<b>25</b>	<b>8</b>	<b>7</b>	<b>5</b>	<b>18</b>	<b>355</b>

Note: Poisoning by overdose except one carbon monoxide in transportation and warehousing; other is industry sector counts and incident types with < 5 fatalities.

### Washington State Work-Related Fatalities, 2023

Washington Fatality Assessment and Control Evaluation program (WA FACE)<sup>1</sup>



# FACE Prevention Publications and Outreach



**WASHINGTON**  
State FACE Program  
Facility Assessment & Control Evaluation

**AGRICULTURA**  
**NARRATIVA DE LESIONES**



**DATOS DEL INCIDENTE**

**N.º DE INFORME:**  
71-232-2023-SP

**FECHA DEL INFORME:**  
30 de enero de 2023

**FECHA DEL INCIDENTE:**  
8 de septiembre de 2022

**TRABAJADOR:**  
32 años de edad


**INDUSTRIA:**

**La mano de un trabajador agrícola fue aplastada en una cosechadora de lúpulo**

**RESUMEN**


Un trabajador de 32 años de edad de una granja de lúpulo se destruyó la mano en una máquina cosechadora de lúpulo armada por el empleador. Se trataba de un trabajador hispanoparlante que empezó a trabajar en la granja familiar ocho días antes, para la cosecha anual de lúpulo. Trabajó el turno nocturno como asistente de mecánico de maquinaria. La lesión ocurrió alrededor de las 4 a.m., cuando el turno del cobrador estaba por terminar. Cuando se preparaba para marcar su salida, observó un tallo largo que salía del recogedor de la cosechadora de lúpulo. El recogedor eliminaba las hojas y los brotes de los tallos de lúpulo, usando una transmisión de cadenas e engranajes que funcionaba a una velocidad de 200 a 230 rpm. Cuando el trabajador puso la mano en una abertura






**WASHINGTON**  
State FACE Program  
Facility Assessment & Control Evaluation

**INJURY NARRATIVE**




**Resources**




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**Recommendations**




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**Requirements**



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**INJURY NARRATIVE**



**Farm Worker's Hand Mangled in Hop Harvester**

**INCIDENT FACTS**

**REPORT #:** 71-232-2023s

**REPORT DATE:** January 30, 2023

**INCIDENT DATE:** September 8, 2022


**WORKER:** 32 years old

**INDUSTRY:** Miscellaneous Crops Farming

**OCCUPATION:** Hop Farm Worker

**SCENE:** Indoor Hop Sorting Area

**EVENT TYPE:** Amputation / Machine





# General Updates

- Leadership Changes
- Workers' Compensation Systems Modernization (WCSM)
- Independent Medical Exam (IME) Update
- Staffing and Caseload Updates



# Workers' Compensation Systems Modernization (WCSM)

- We've put in a placeholder request (\$39M) for the 2025-27 biennium for the next phase of WCSM.

## What we're asking for:

**Business** – Consolidated customer dashboard (360-degree view), and technologies that will improve results and outcomes for L&I employees and our customers.

**Technology** – Application Programming Interface, integrated services, application services, cloud infrastructure services, hosting services, and skilled IT professionals to develop and maintain these IT components.

**Foundational** – Support for data readiness, project management, procurement, agency culture, strategic planning, change management, and appropriation flexibility.

- Over the next year, we'll figure out even more details to shape our FY2026 supplemental budget request.

# IME Referrals With Request to Record

(State Fund)

Month	Cancelled IME referrals	Pct. Cancelled IME referrals	Total IME referrals
Aug-23	41	59.4%	69
Sept-23	34	35.4%	96
Oct-23	52	43.3%	120
Nov-23	27	37.0%	73
Dec-23	32	30.8%	104
Jan-24	48	46.6%	103
Feb-24	42	31.6%	133
Mar-24	47	32.2%	146
Apr-24	37	23.7%	156
May-24	30	21.3%	141
Jun-24	36	18.7%	139
Jul-24	23	16.2%	142
Aug-24	21	12.8%	164
<b>Total</b>	<b>460</b>	<b>29.0%</b>	<b>1586</b>

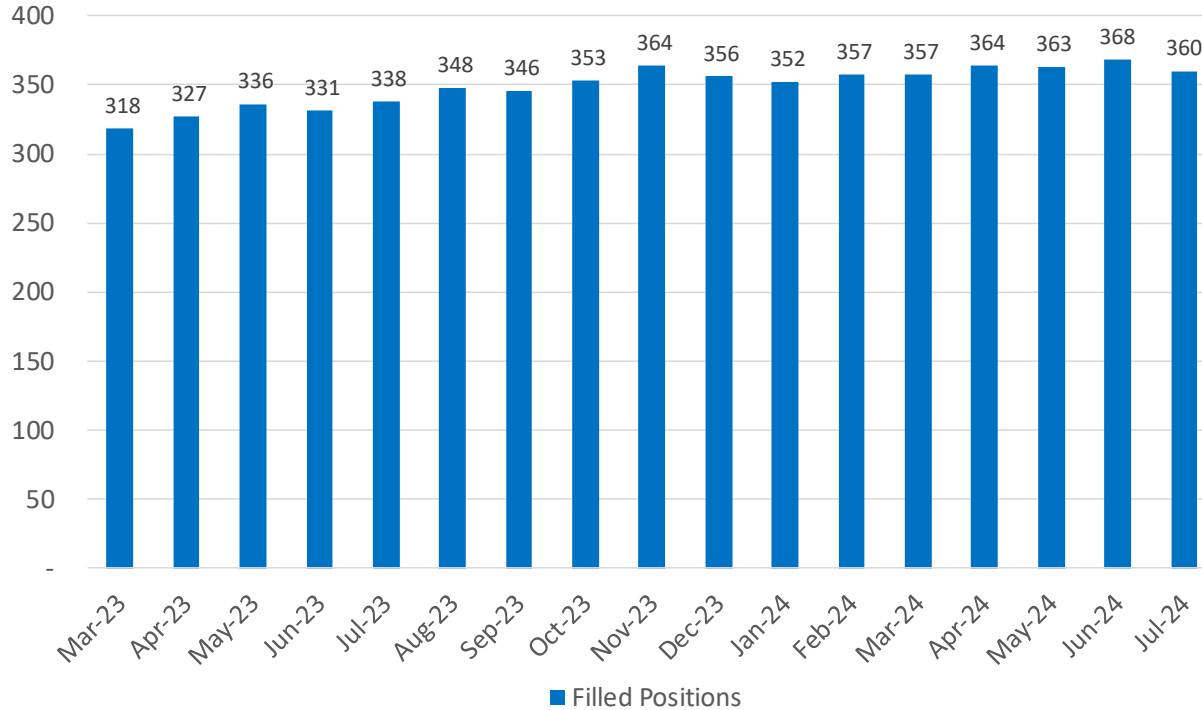
# IME Recordings Update

- Listening sessions in early August
- Decision to pursue rulemaking
- Two rules under development (with worker consent)
  - Co-recording by IME panel/doctor
  - Recording by third party vendor (pilot rulemaking)
    - L&I will absorb cost during pilot

## Next steps:

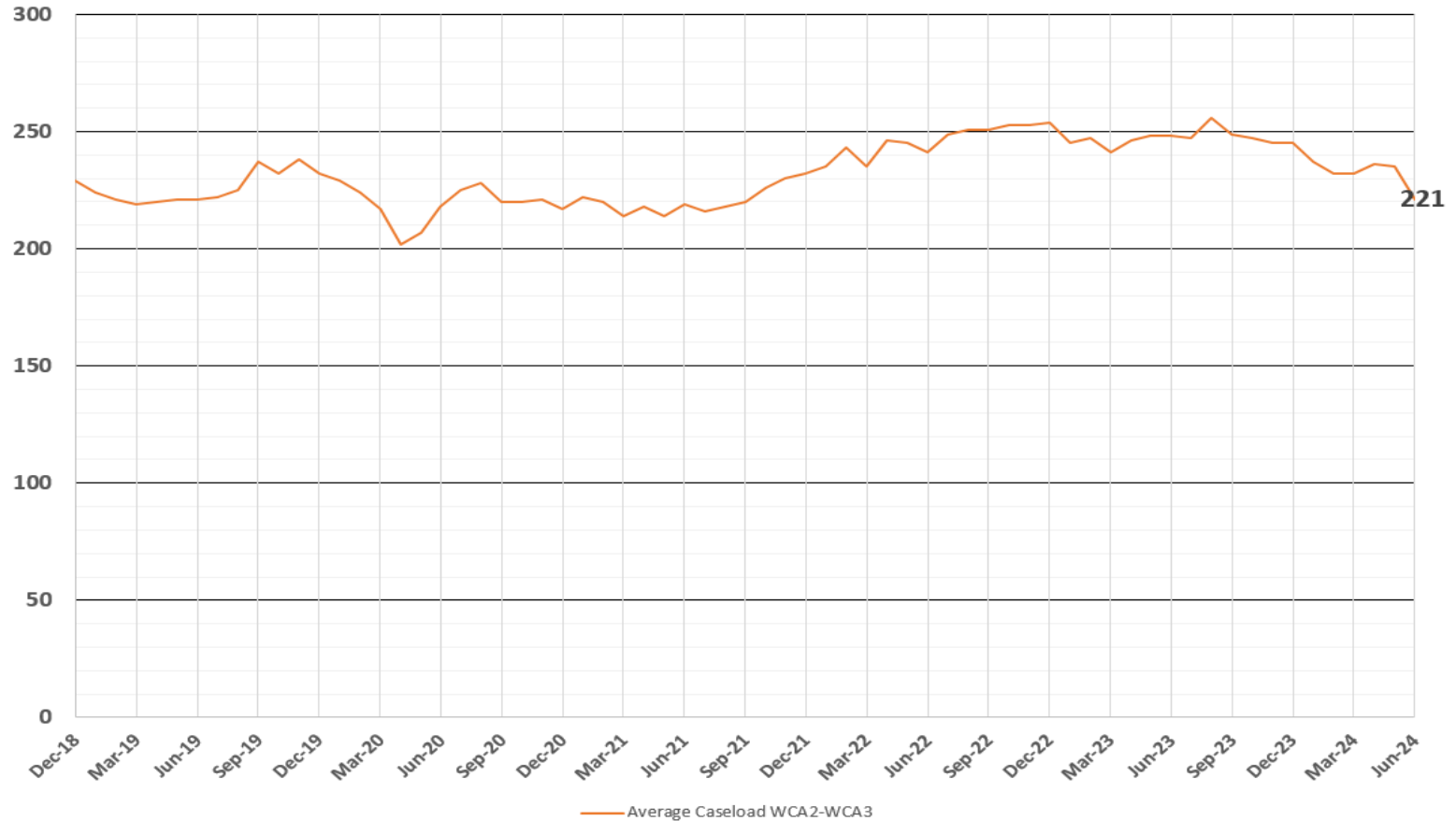
- Additional listening sessions in late September or early October
- Finalize rule language
- Contract with third party vendor
- Launch pilot
- File CR102

# Workers' Compensation Adjudicator Staffing Levels by Month, 3/23 - 7/24



## Average Claims Manager Caseload

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



# 2024-2025 Legislative Updates

*Brenda Heilman, Deputy Assistant Director for Insurance Services*  
*Kirsta Glenn, Chief of Return to Work Partnerships*



# Workers' Comp Legislation Updates

Bill	Implementation Status
<b>HB 1197 (2023 session)</b>	Adding psychologist as attending provider for mental health only claims and defining attending provider. Effective 7/1/2025
<b>HB 1927</b>	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
<b>SHB 2127</b>	Concerning workers' compensation incentives to return to work. Effective 1/1/2025
<b>Proviso funding</b>	\$200k to staff a new light duty job offer complaint process and provide a report to the legislature by 6/30/2025
<b>Proviso funding</b>	\$400k (608/609) to contract to assess PTSD workers' comp policies and claims in WA and other states, including best practices and recommendations; reports due 6/30/2025



# Agency Request Legislation

Bill	Description
<b>Z-0006</b>	Establishing department authority to ensure payment is received from the self-insured employer after a self-insured group or municipal employer has their self-insurer certification withdrawn.
<b>Z-0033</b>	Creating a pilot program for flexible and customizable vocational and re-employment services.
<b>Z-0004</b>	Making administrative enforcement of labor laws by the Department of Labor & Industries consistent with the wage payment act.
<b>Z-0005</b>	Explicitly listing the Department of Labor & Industries in the definition of limited authority Washington law enforcement agency while not granting new authority.

# Decision Packages

- Additional Claims staff
- Light Duty job offer dispute office

# Z-0033 Vocational Award

- Workers with permanent restrictions face significant challenges returning to work successfully.
- This proposal creates a pilot to test an alternative to the existing self-directed training option, called Option 2.
- In the pilot, workers could:
  - Select the option earlier in their claim
  - Use their reemployment/retraining fund more flexibly
  - Receive a possible extension of the nine month award
- L&I will partner with the statutory Vocational Advisory Committee\* and the Employment Security Department to develop and implement services available through the pilot.
- The pilot will be informed by a series of independent evaluations and is anticipated to start in January 2027 and end in June 2030.

\*Vocational Rehabilitation Advisory Committee established in RCW 51.32.099 and referenced in RCW 51.32.096

# 2025 Workers' Compensation Rates: 3.8% overall rate change

*Joel Sacks, Agency Director*



# L&I's rate-making philosophy

1. Steady and predictable rates
2. Benchmark against wage inflation
3. Maintain adequate reserves
4. Focusing on better outcomes for injured workers lowers costs

# Additional inputs to the overall rate decision

- Rate indication
- Size of contingency reserve
- State of the economy
- Prior year rating decisions

# 2025: Proposed Overall Rate Change of 3.8%

Funds	2024 Average Hourly Rate	2025 Proposed Hourly Rate	2025 Proposed % Change	2025 Break-even Hourly Rate	2025 Break-even Indication
Accident	\$0.3596	\$0.3837	6.7%	\$0.3950	9.7%
Medical Aid	\$0.1809	\$0.1791	-1.0%	\$0.1850	2.1%
Supplemental Pension	\$0.1708	\$0.1756	2.8%	\$0.1710	0.1%
Stay-at-Work	\$0.0054	\$0.0057	5.0%	\$0.0057	5.0%
<b>Overall*</b>	<b>\$0.7167</b>	<b>\$0.7441</b>	<b>3.8%</b>	<b>\$0.7558</b>	<b>5.5%</b>
<b>Per \$100 of payroll**</b>	<b>\$ 1.48</b>	<b>\$1.48</b>	<b>0.0%</b>	<b>\$1.50</b>	<b>1.6%</b>

\*Before retrospective premium refunds and based on year-ending December 31, 2023 mix of business.

\*\*Before retrospective premium refunds and based on year ending December 31, 2023 mix of business and current wage inflation assumptions as of June 30, 2024. After retrospective premium refunds, the net rate per \$100 of payroll is projected to be \$1.37.

# Overall per FTE increase

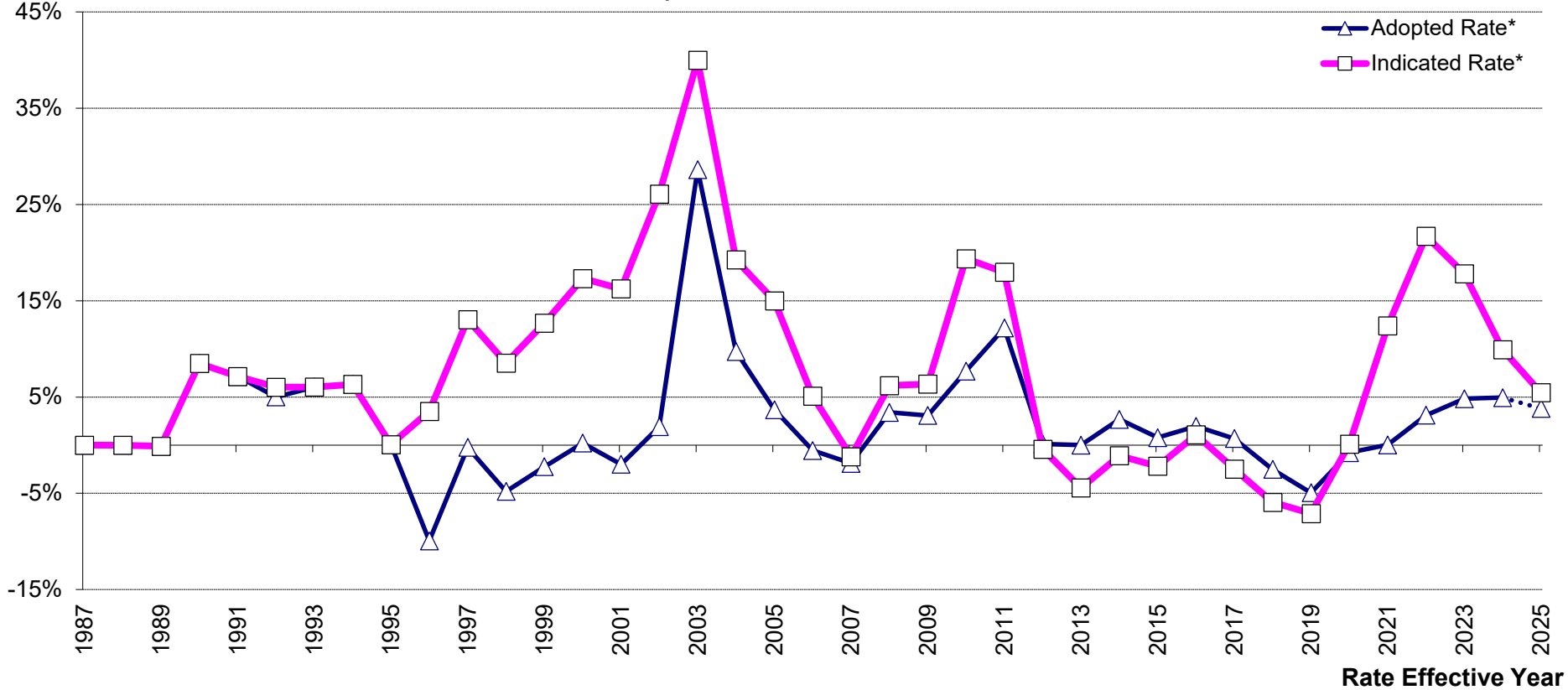
*before Retro refunds*

- Average annual increase of \$52.50 per FTE:
  - \$3.12 paid by workers.
  - \$49.38 paid by employers.
- Overall worker/employer split:
  - 24% Worker
  - 76% Employer
- \$1.01 overall increase per FTE, per week.



# % Change in Average Premium Rate\*

per Hour Worked



\*Accident, Medical Aid, Stay at Work, and Supplemental Pension Fund, assuming a 91% average experience factor

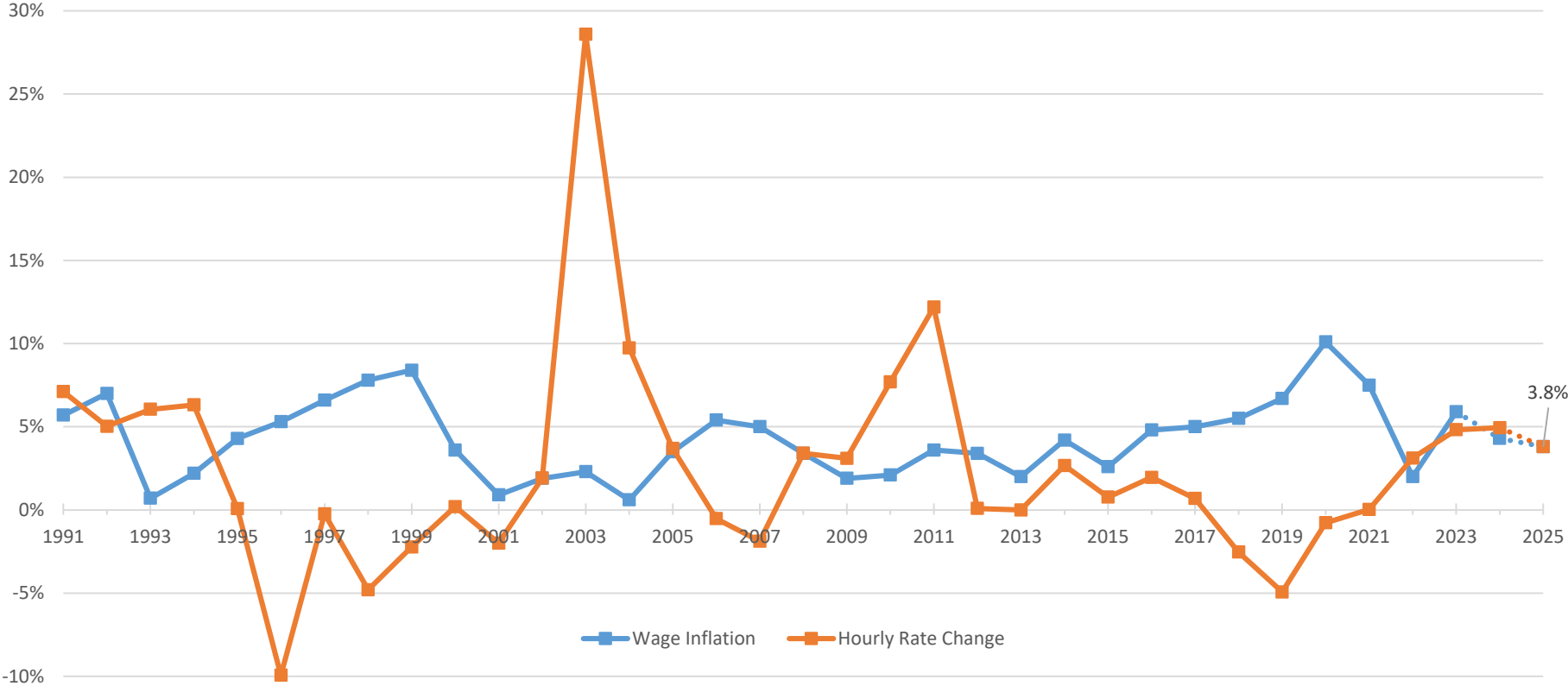
1. Steady and predictable rates

2. Benchmark against wage inflation

3. Maintain adequate reserves

4. Better outcomes for injured workers

# Hourly Rate Change vs. Wage Inflation\*



\* Indicates projected 2024 and 2025 wage inflation rates known when rates were set

- 1. Steady and predictable rates
- 2. Benchmark against wage inflation
- 3. Maintain adequate reserves
- 4. Better outcomes for injured workers

# Washington compared to other states

## Rates in other states

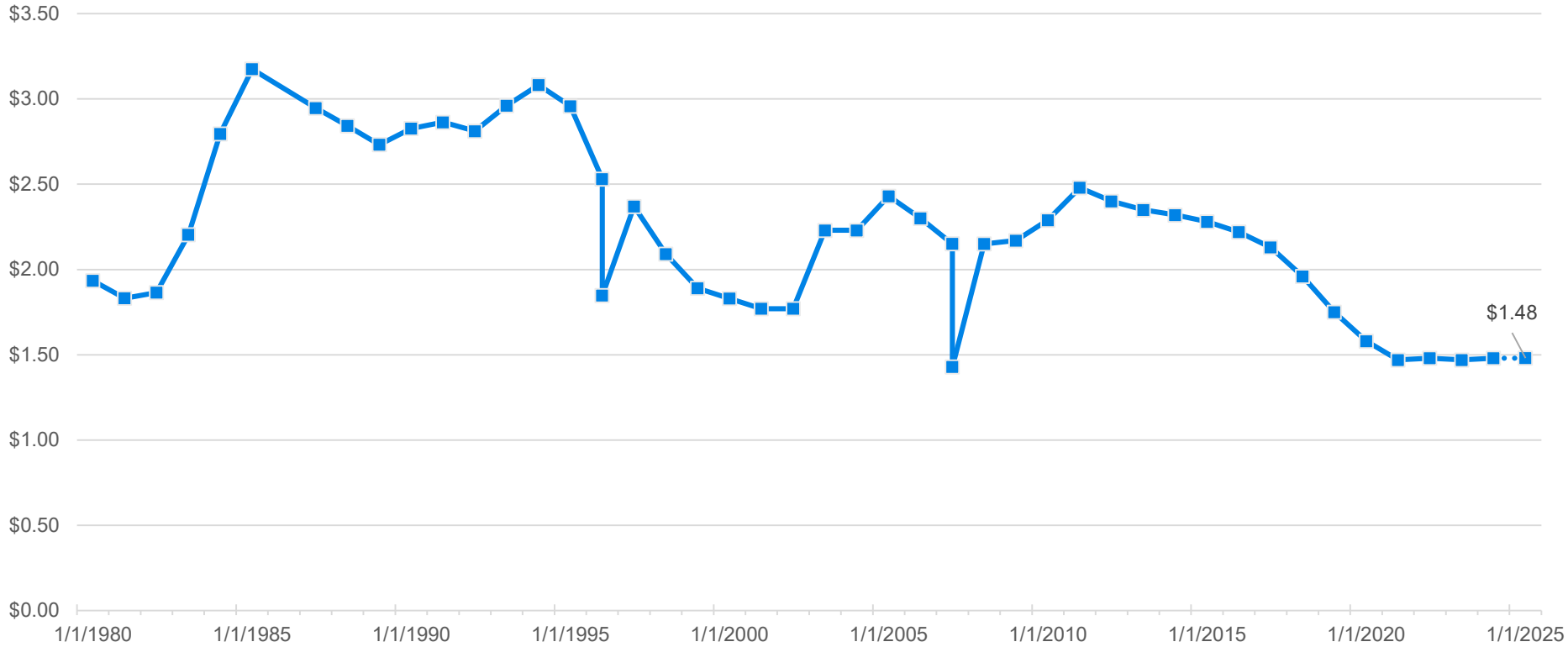
- Charged as a percent of wages.
- When wages go up, more premium is collected.

## Rates in Washington

- Charged as an amount per hour.
- When wages go up, rate paid stays the same.

# Rate per \$100 of Payroll

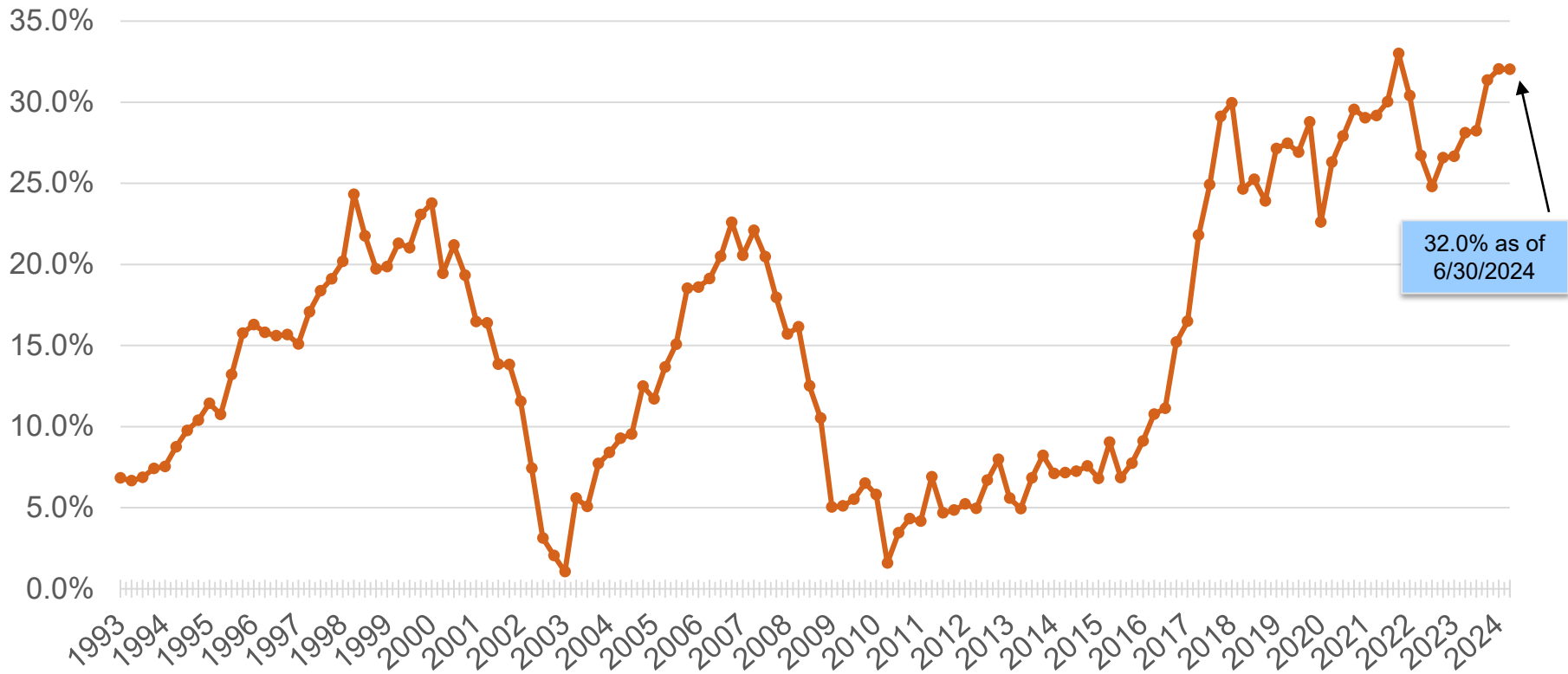
*Combined Accident, Medical Aid, Supplemental Pension, and Stay-at-Work rates, before retrospective premium refunds*



\$1.48

1. Steady and predictable rates
2. Benchmark against wage inflation
3. Maintain adequate reserves
4. Better outcomes for injured workers

# Contingency Reserve as a percent of liabilities is at 32.0%



32.0% as of 6/30/2024

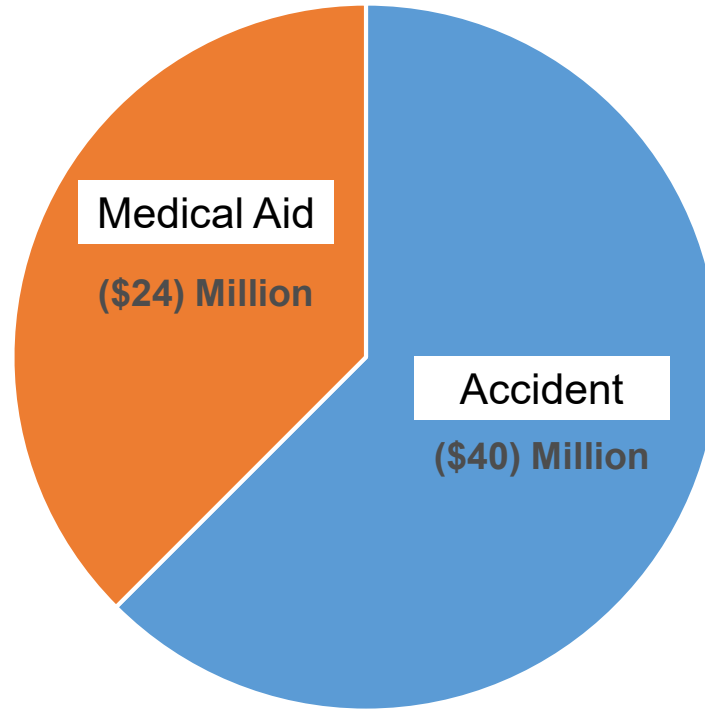
1. Steady and predictable rates

2. Benchmark against wage inflation

3. Maintain adequate reserves

4. Better outcomes for injured workers

## Expected \$64 Million Contingency Reserve Decrease During 2025 from Rate Inadequacy



1. Steady and predictable rates

2. Benchmark against wage inflation

3. Maintain adequate reserves

4. Better outcomes for injured workers

# Better Outcomes for Workers

- Strategies to reduce case loads
- Enhance claims training
- Improve access to care (retain, recruit, expand)
- Sustain gains made with early vocational services (Q/A)
- Expand Stay at Work and Preferred Worker incentives for employers
- Create new basic skills/skill enhancement opportunity for workers
- Begin focused efforts on PTSD (subcommittee, leg funding for study – RFP is out)
- 2025 agency request proposals
  - Technology improvements
  - Vocational and Re-employment Services Pilot

# Next steps in adopting rates

1. Public hearings
  - a. Hybrid Hearing at L&I Headquarters in Tumwater (10/28/24)
  - b. In-Person Hearing in Spokane (10/29/24)
2. Adopt final 2024 rates (11/26/24)
3. Begin mailing rates to employers (12/6/24)
4. New rates are effective (1/1/25)



**Questions?**

# Break Time

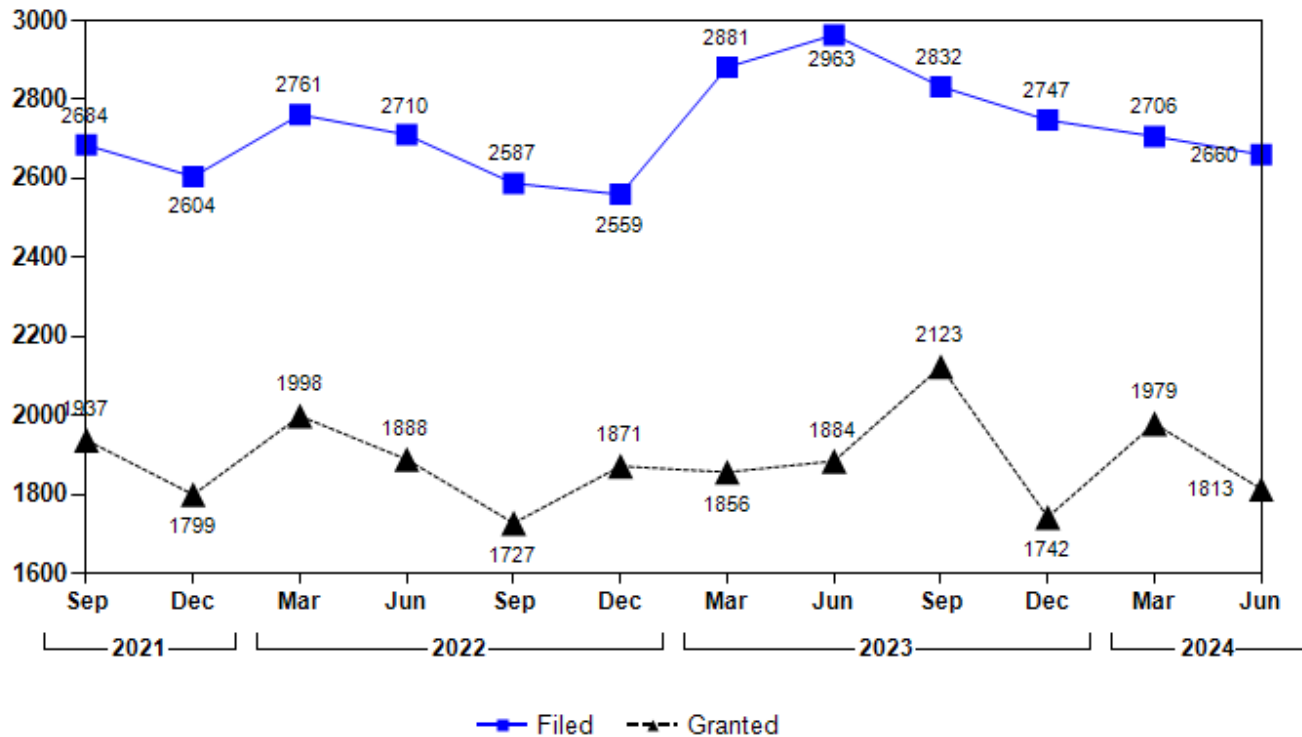


# Board of Industrial Insurance Appeals (BIIA) Update

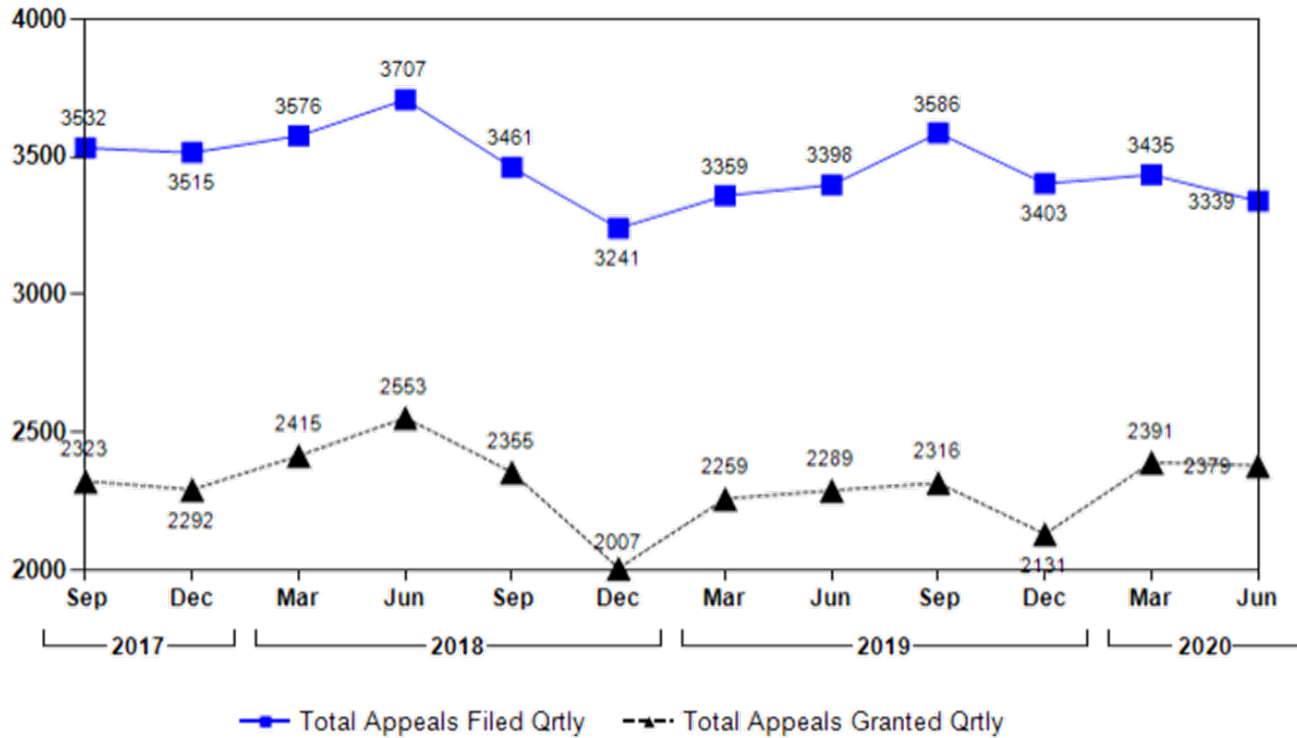
*Holly Kessler, BIIA Chair*



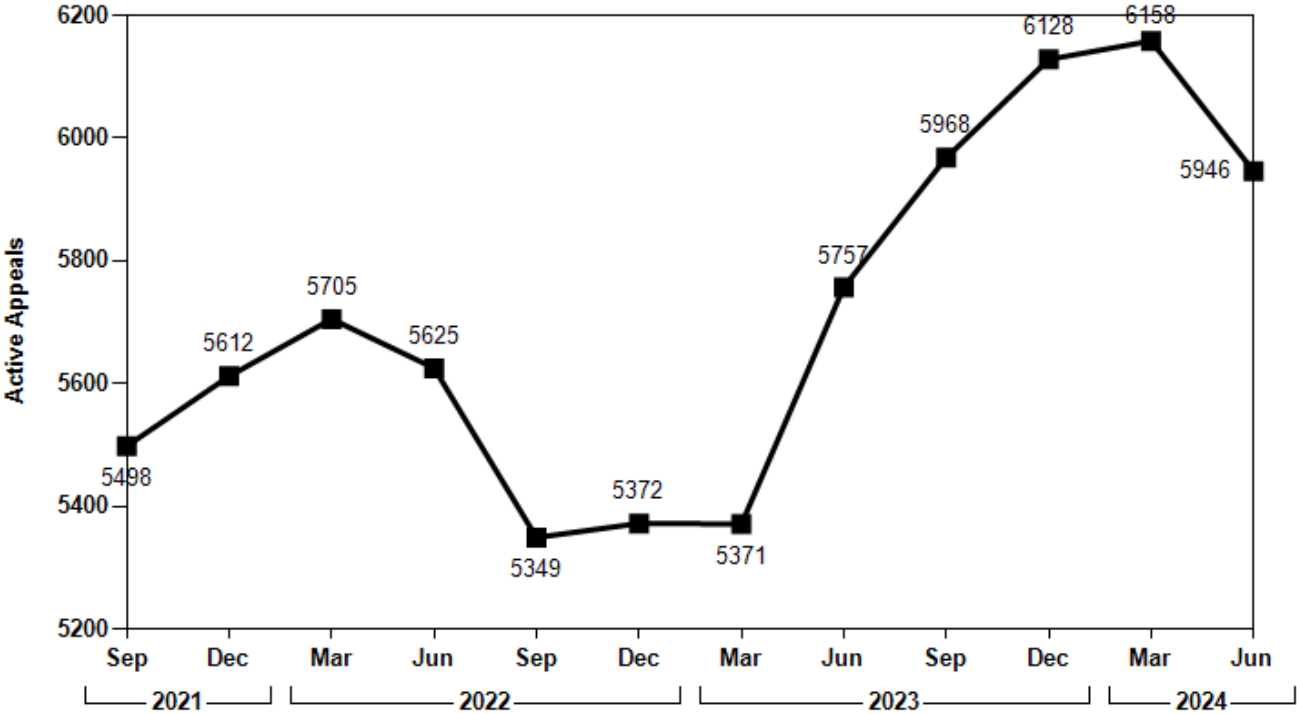
# Total Appeals Filed and Granted



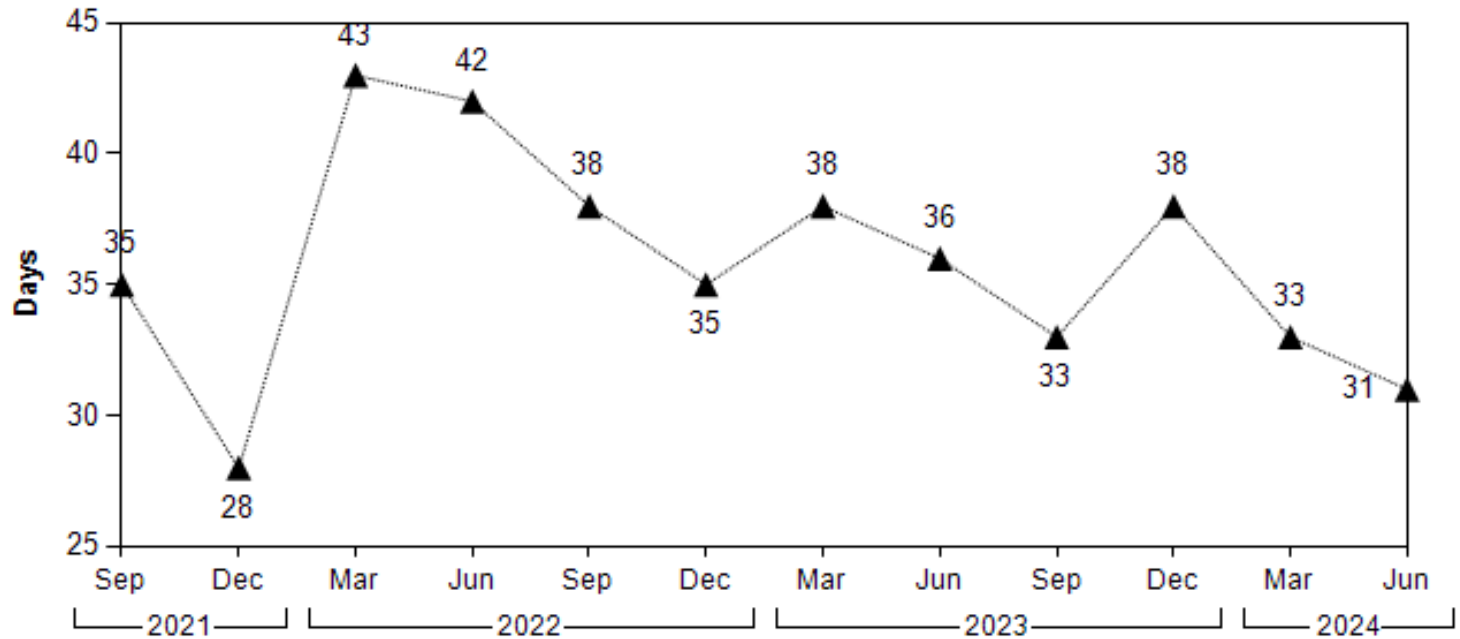
# Total Appeals Filed and Granted



# Caseload at End of Quarter



# Average PDO Lagtime for Hearing Judges



# BAMS Update

- New Case Management System is Board Appeals Management System
- Quality Assurance Coordinator is Jeff Schraeder
- New Project Manager Stu Olson is coming on board









# Operational Health Dashboard

*Mike Ratko, Assistant Director for Insurance Services*

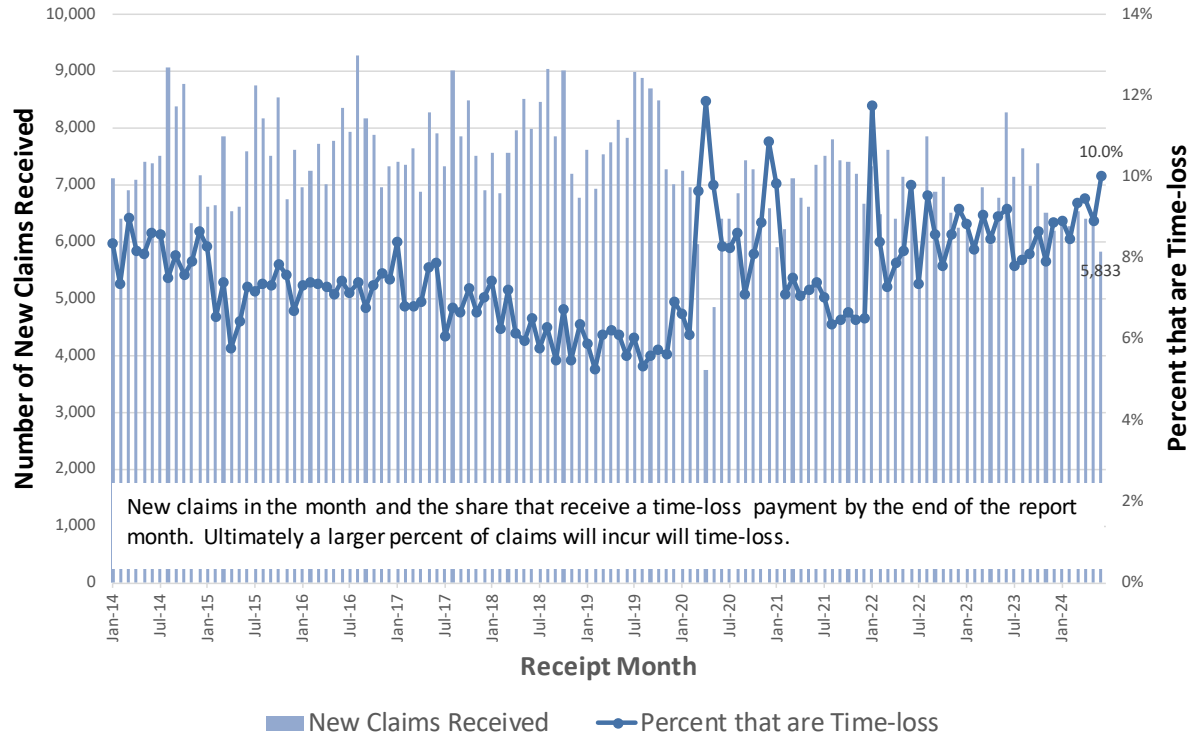


# Operational Health Dashboard

Measure	Status	Definition
Percent of new claims that are time-loss		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		Percent of all compensable claims with a time-loss payment 12 months post injury – decrease indicates less long-term disability
Pensions funded		Number of pensions funded in the quarter – decrease indicates less permanent total disability
Covered hours and claim rate		Claims received per 100 FTE indicates the rate of claims considering volume of work - increase indicates higher claim frequency.
Medical cost growth		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		Percent of operational measures meeting target greater than 80 percent– increase indicates more measures exceeding target.

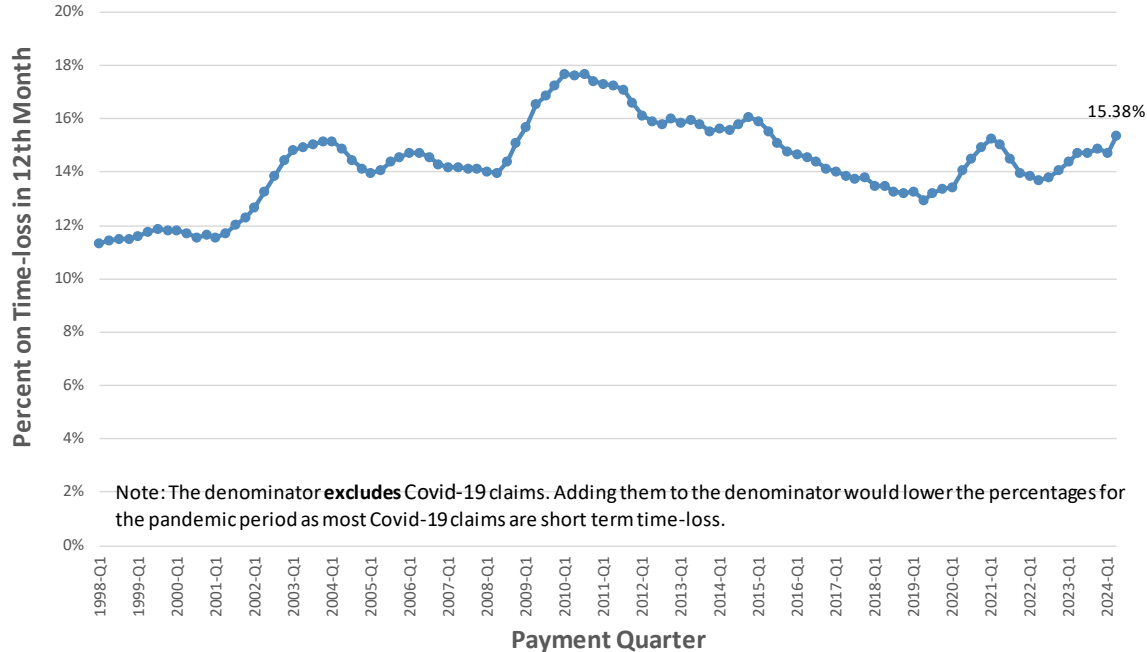
● Right direction — Neutral ▲ Wrong direction

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

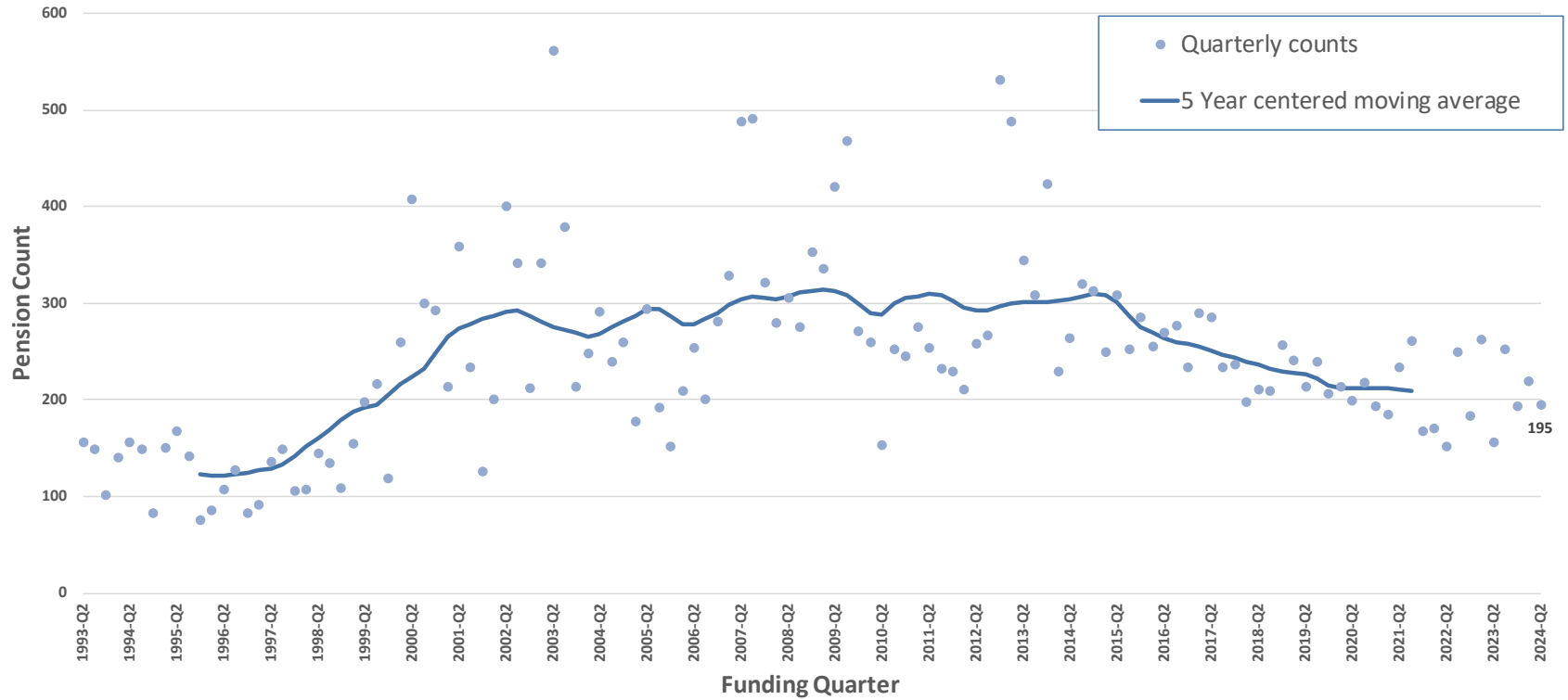


# Long-Term Disability Claims

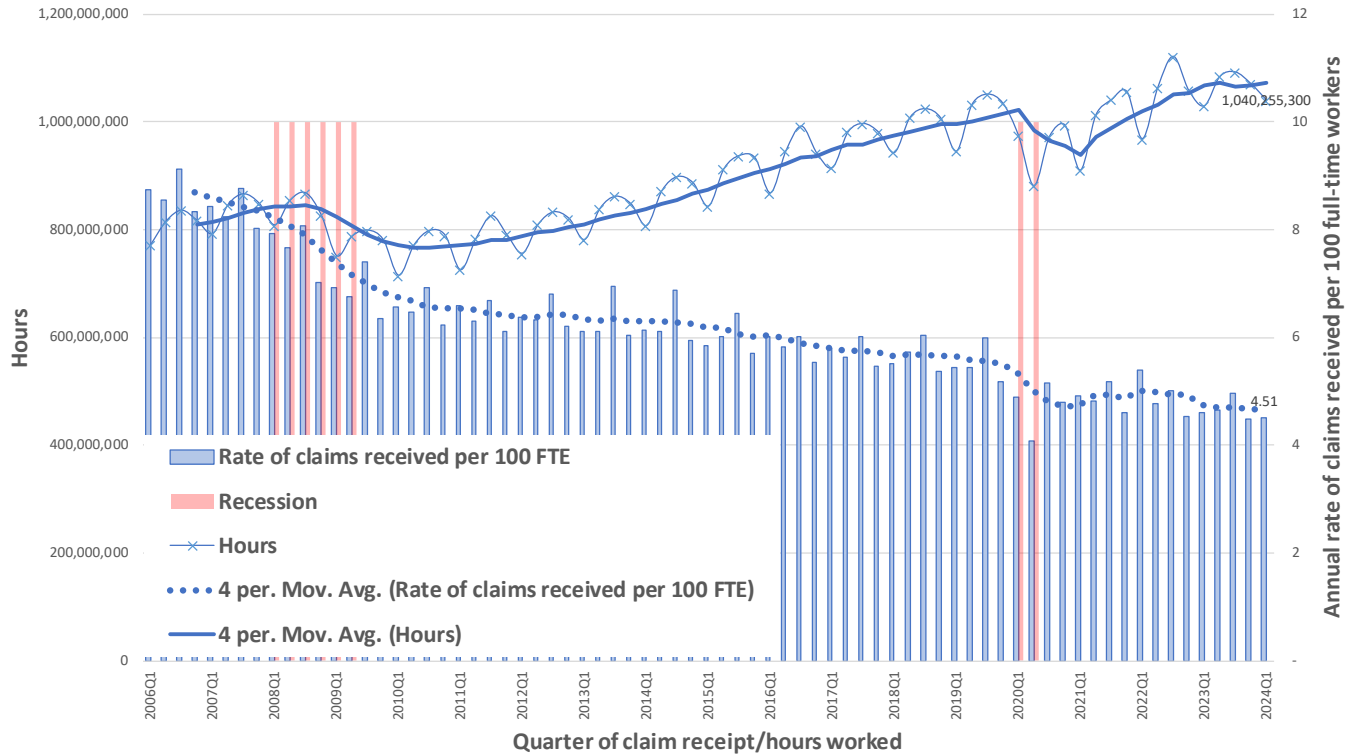
The percent of injured workers with compensable claims that have time-loss paid in the 12th month post injury: *smaller percentage indicates less long-term disability*



# State Fund Total Permanent Disability Pensions Funded per Quarter

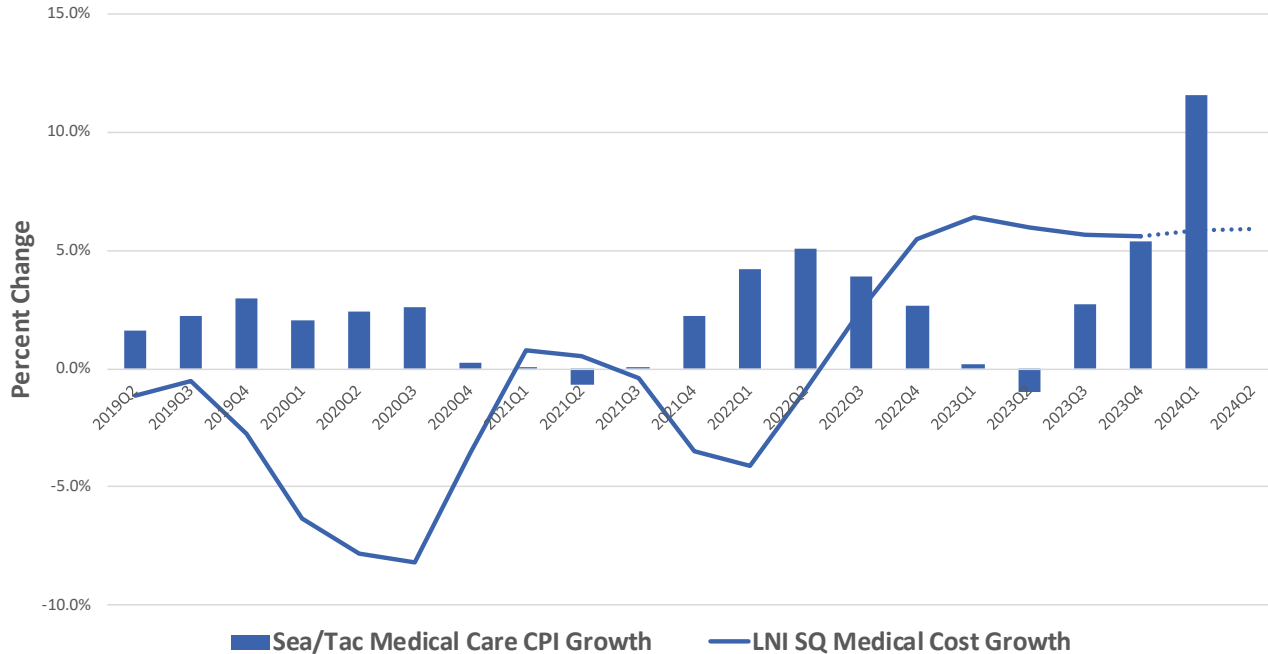


# Covered Hours and the Rate of Claims Received



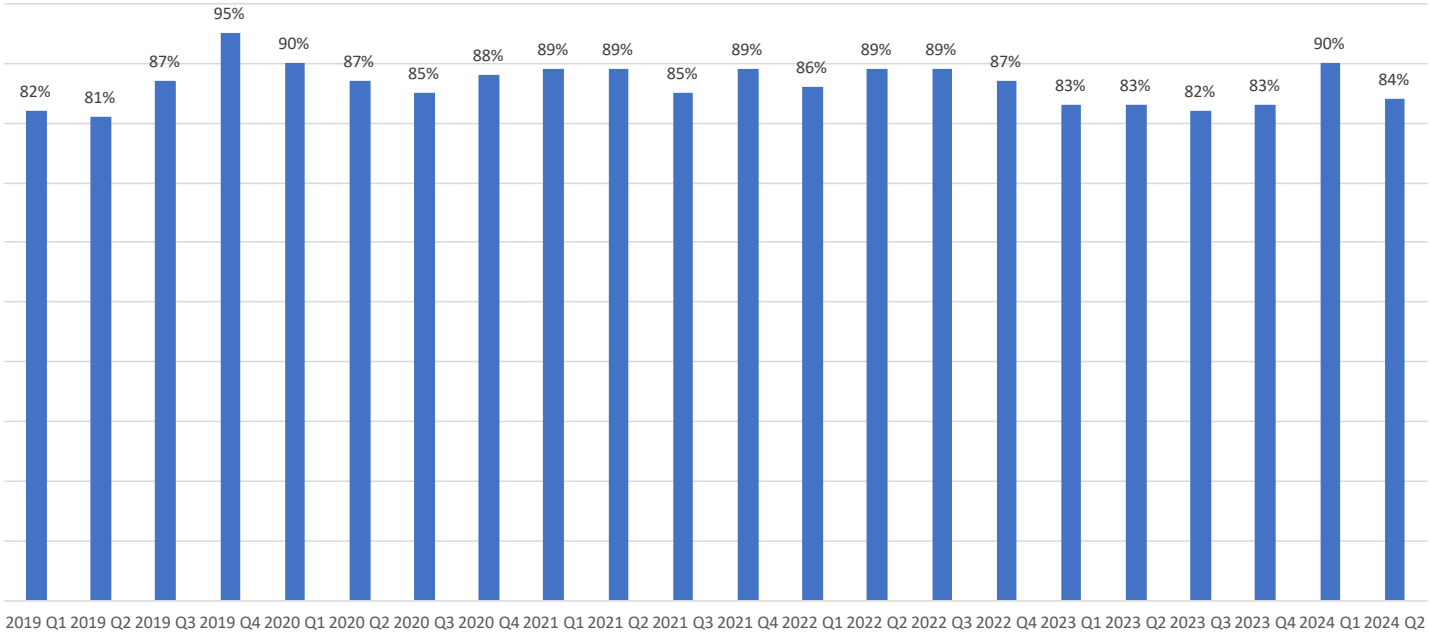
# Annualized Medical Cost Growth

## 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 43 active operational measures in Insurance Services



# Metrics: June to July 2024

Into-standard:



## Legal Services

- CRSAs to BIIA

## Support Services

- Bill Processing

## Employer Services

- Average BLA Inventory



Out-of-standard:

## Claims Administration

- New Pensions

## Self-Insurance

- Disputes completed

# Claims Administration

**Measure:** New Pensions: Timely 1<sup>st</sup> payments for pensions made 90% of the time

**Goal:**

Green:  $\geq 90\%$

Yellow: 81%-89%

Red:  $\leq 80\%$

**Metric Status:** 71%

**Mitigation Plan:**

- This quarter is historically challenging as we have increased workload with the annual cost of living adjustment (COLA) process that involves a manual review of hundreds of claims. We fully expect to be back in standard next quarter.

# Employer Services

**Measure:** Washington Stay at Work – Oldest Unworked Application From Date of Receipt

**Goal:**

Green:  $\leq 30$  Days

Yellow: 31-40 Days

Red:  $\geq 41$  Days

**Metric Status:** 79 Days

**Mitigation Plan:**

- 4 new adjudicators continue training to reach full proficiency. There are a total of 10 adjudicators in the unit.

# Employer Services

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

**Goal:**

Green:  $\geq 95\%$

Yellow: 86%-94%

Red:  $\leq 85\%$

**Metric Status:** 77%

**Mitigation Plan:**

- Attempting to fill vacancies and expect productivity to increase as summer leave subsides into next quarter.

# Office of the Medical Director

**Measure:** Occupational Nurse Consultant (ONC) Monthly Referrals: 10% or less of referrals are outstanding

**Goal:**

Green:  $\leq 10\%$

Yellow: 11-14%

Red:  $\geq 15\%$

**Metric Status:** 25%

**Mitigation Plan:**

- ONC supervisors continue to work notifications and workloads are adjusted daily to help offset those staff that have heavier workloads and/or are out on leave.
- Notifications are triaged to ensure the most urgent and oldest referrals are answered first.

# Self-Insurance

**Measure:** Disputes: 90% completed within 90 days

**Goal:**

Green:  $\geq 90\%$

Yellow: 81-89%

Red:  $\leq 80\%$

**Metric Status:** 80%

**Mitigation Plan:**

- The performance measure was not met for the quarter due to many staffing challenges, leaving the adjudicators with a higher than normal case loads.

# Legal Services

**Measure:** VDRO Dispute Resolution: Resolved in an average of 26 days or less

**Goal:**

Green:  $\leq 26$  days

Yellow: 27-29 days

Red:  $\geq 30$  days

**Metric Status:** 37 days

**Mitigation Plan:**

- This metric is out of the control of staff and will be replaced.

# Self-Insurance

**Measure:** Self-Insurance Audit Cycle

**Goal:**

Green:  $\geq 90\%$

Yellow: 84-89%

Red:  $\leq 83\%$

**Metric Status:** 76%

**Mitigation Plan:**

- This metric will change soon as the audit program is being redesigned, so it is not of concern right now.



# Limited English Proficiency (LEP) Update Sept 2024

*Cherell Fisher – Chief of Claims*

*Uriel Iniguez – Director of Community Relations & Tribal Liaison*

*Angelique Guppy – Insurance Services Language Access Manager*

*Amy Updike – Nursing Director, Office of the Medical Director*



# Communication with LEP customers

- To communicate directly with LEP customers in their language of preference, all Claims staff have access to the language line, which provides interpretation services in a variety of languages
- In 2023, we communicated with customers in 68 languages
  - 5 most requested language needs: Spanish, Russian, Vietnamese, Mandarin, and Korean

# Bilingual Claim Units

- **Tumwater Headquarters**
  - Two claim units with Spanish/English bilingual staff
  - One Spanish/English bilingual Pension Adjudicator
- **Union Gap (Yakima) Field Office**
  - One claim unit with Spanish/English bilingual staff

\*To communicate directly with LEP customers, all claims staff have access to the language line

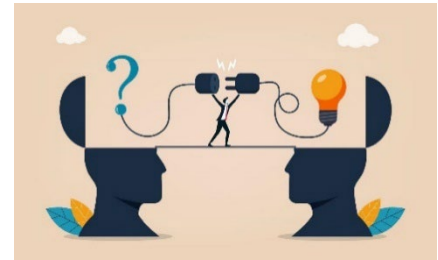


# Spanish/English bilingual claims staff

## *Connecting with injured workers*

Spanish-speaking claim managers are able to speak directly with workers in their language of preference.

- Our staff can:
  - Explain how the system works and what next steps are
  - Answer questions workers may have about their claims
  - Develop a rapport and trust with the worker so we can partner with them in their recovery and return to work

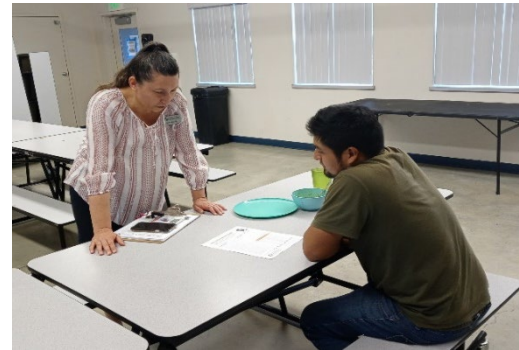


# Community Relations Outreach & Engagement Unit

## Making it easy access L&I services



textfree.us



# The Community Relations Outreach & Engagement Unit

- ❖ Provide information on workplace rights
- ❖ Help workers access L&I services and resources in the language of preference
- ❖ Collaborate at events to connect with multilingual communities





# How do we conduct outreach?

- Visits to Farms/warehouses/housing facilities
- 1-on-1 interactions with workers
- Events
- External Collaborative meetings
- Internal Collaborative meetings
- Media interviews



# Types of Activities and Number of Workers Reached

2023	2024
144 workplace visits	162 workplace visits
8,182 workers reached	13,593 workers reached
196 events	128 events
16,834 workers reached	6,981 workers reached
920 one/one worker interactions	734 one/one worker interactions
920 workers reached	745 workers reached
368 external meetings	307 external meetings
501 workers reached	581 workers reached
114 radio interviews	100 radio interviews



# Worker Outreach Grants (WOG)

Grants with community organizations that provide services to underserved workers, with a particular focus on limited English proficiency and other underserved workers.

L&I's goals:

- Increase knowledge of workers' rights and protections.
  - Increase access to L&I services and remedies, if workers haven't received what is due to them.
  - Decrease fear – of government and employer retaliation.
  - Empower workers to self-advocate.
- CAFE-The Community for Advancement of Family Education (Northwest WA)
  - CFS Comunidades Sin Fronteras de Washington (Eastern WA)
  - Eritrean Association in Greater Seattle (King Co)
  - Indian American Community Services (King Co)
  - Latino Civic Alliance (King/Grant Co's)
  - Nuestras Raíces Community Center (Eastern WA)
  - Seattle Korean Cultural Center (King Co)
  - West African Community Council (King Co)

# Education and Bridging the Gap

- Real time liaison with Community Relations and other outreach teams for LEP workers
- Education for claim managers on Language Access
- Vocational and Medical Provider education on Language Access



# Radio Outreach

- We currently participate in one interview per month covering:
  - Workers' Compensation Benefits
  - Stay-at-Work Program
  - Workers' Compensation Rates
- Markets Reached:
  - Seattle: Spanish (El Rey) and Vietnamese (KXPA)
  - Tri-Cities: Spanish (KePari Radio)
  - Yakima: Spanish (KDNA)
  - Wenatchee: (Alpha Media)
- We have upcoming interviews scheduled in:
  - Russian (Hubbard Radio-Seattle) and
  - Spanish (El Rey, Alcon Media, KDNA, La Pera)



# New Field Team

- Office of the Medical Director
  - As of October 1, 2024
  - Comprised of 10 Field Occupational Nurse Consultants and 3 Provider Navigators
  - Located across Washington State in each region (Live and work in communities)
  - All 3 Provider Navigators are Bilingual in English and Spanish

# Field Team Objectives

- Assist providers on a daily basis to problem solve claim issues, train, and support improving health care delivery needs (i.e. access to care)
- Network and recruit providers to promote access to health services in high need areas by attending health fairs/conferences, working with Centers of Occupational Health & Education (COHE) partners, and other outreach events throughout Washington State
- Ensure access to care for Limited English Proficient (LEP) communities and advocating for health equity throughout Washington State
- Ensure injured workers receive safe, appropriate, and cost-effective care

# 2023 Achievements

- A Field Occupational Nurse Consultant (FONC) needed assistance locating Master Level Therapist (MLT) providers in Eastern Washington. The field team cold called over 25 MLTs and successfully created a list of active providers from Yakima to Spokane.
- FONC requested assistance in locating an attending provider in Snohomish County for an injured worker (IW). The health equity team contacted over 30 clinics and found 5 clinics that were accepting new L&I patients.
- Assisted FONC in locating a pulmonologist who would be willing to treat an IW who has moved to Arizona. The IW was traveling back to the University of WA for treatment. Cold-called all-listed pulmonologists in Arizona. Success with a clinic that would be willing to enroll with L&I and take on this patient.

# Questions?



# Industrial Insurance (State) Fund Financial Overview

**Statutory Financial Information**  
**Fiscal Year 2024**  
**July 2023 – June 2024**

*Kim Hurley, Chief Accounting Officer*

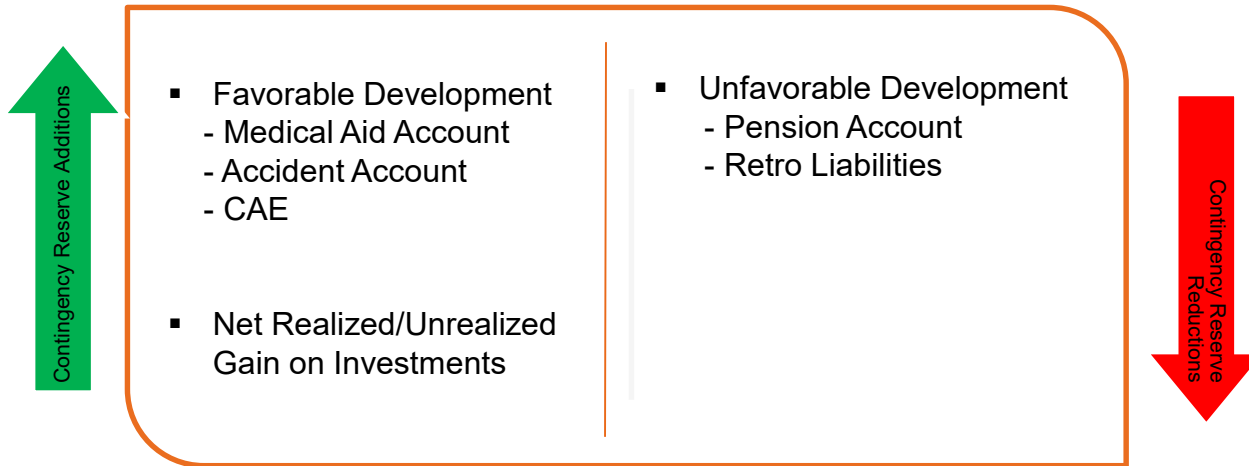




# Significant Financial Highlights

July 2023 through June 2024

The contingency reserve increased **\$750 million**, from \$4,699 million on July 1, 2023 to \$5,449 million on June 30, 2024.



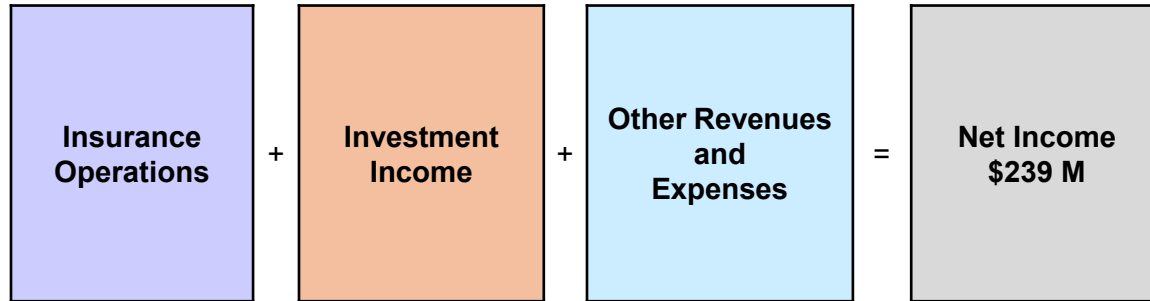
## Change in contingency reserve by quarter for fiscal year 2024.

- 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 \$187 million
- April 1 to June 30, 2024 – an increase of \$41 million

# State Fund Results

“Net Income”

July 2023 through June 2024



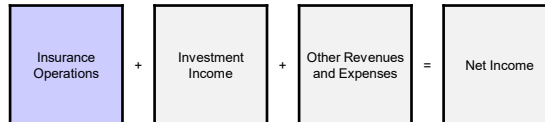
# Insurance Operations

July through June 2024  
(in millions)

## Twelve Months Ended

		June 30, 2024	June 30, 2023
We took in (Premiums Earned)	+	\$ 2,054	\$ 1,945
We spent (Expenses Incurred)			
Benefits Incurred		2,083	2,230
Claim Administrative Expenses		234	212
Other Insurance Expenses		105	102
Total Expenses Incurred	-	2,422	2,544
Net Income (Loss) from Insurance Operations	=	\$ (368)	\$ (599)

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 June 2024  
(in millions)

	Twelve Months Ended		Difference
	June 30, 2024	June 30, 2023	
Standard Premiums Collected	\$2,204	\$2,121	
Less Retrospective Rating Adjustments	(188)	(198)	
Less Ceded Reinsurance Premiums	(16)	(15)	
Net Premiums Collected	2,000	1,908	
Changes in future Premium Amounts To Be Collected	74	43	
Changes in future Retrospective Rating Adjustment Refunds	(20)	(6)	
Net Premiums Earned	\$ 2,054	\$ 1,945	\$ 109



# Benefits Incurred

July 2023 through June 2024  
(in millions)

## Twelve Months Ended

	June 30, 2024	June 30, 2023	Difference
Benefits Paid	\$ 1,813	\$ 1,731	\$ 82
Change in Benefit Liabilities	270	499	(229)
<b>Total Benefits Incurred</b>	<b>\$ 2,083</b>	<b>\$ 2,230</b>	<b>\$ (147)</b>



# Investment Income

July 2023 through June 2024  
(in millions)

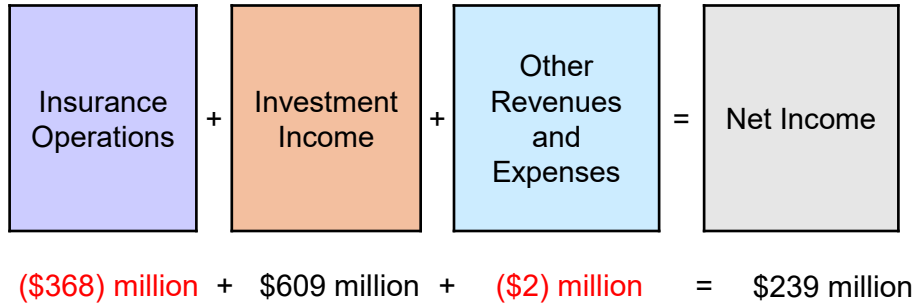
## Twelve Months Ended

		June 30, 2024	June 30, 2023
Investment Income Earned from Interest on bonds	+	\$593	\$ 504
Realized Gain/(Loss) from Fixed Income Investments Sold	+	(17)	(22)
Realized Gains from Stocks (Equity Investments) Sold	+	33	162
Total Investment Income	=	\$ 609	\$ 644



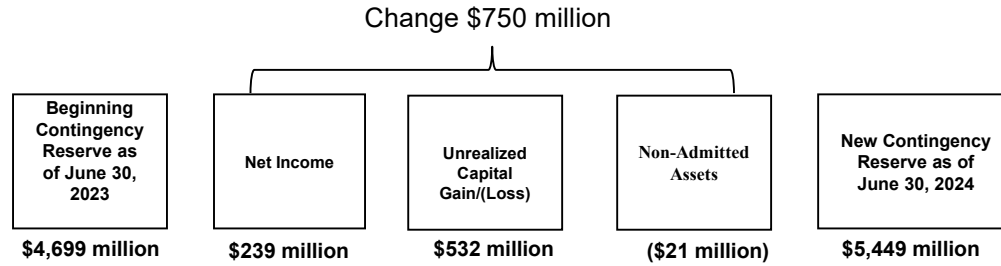
# Results of Operations

July 2023 through June 2024



# How Did Contingency Reserve Perform?

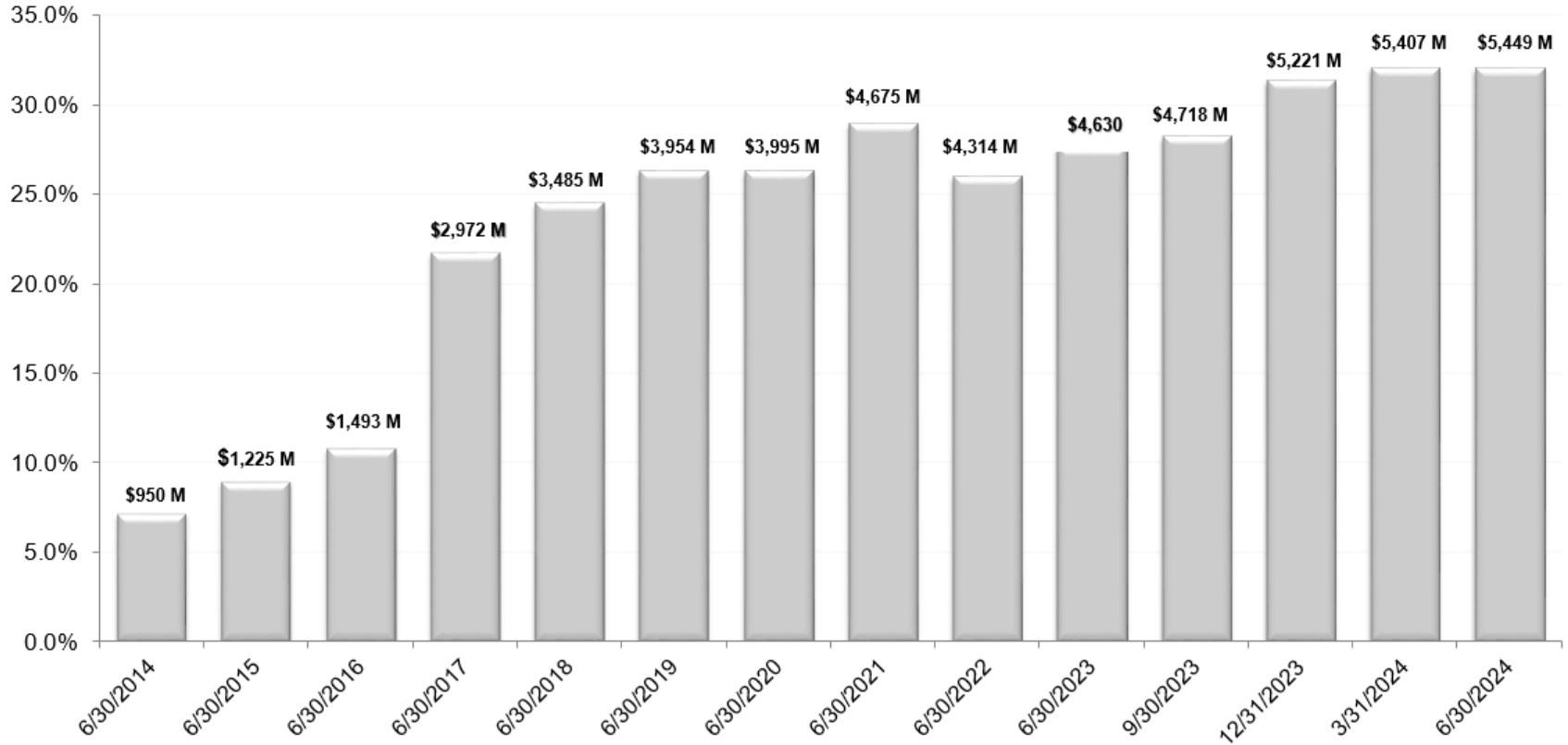
July 2023 through June 2024





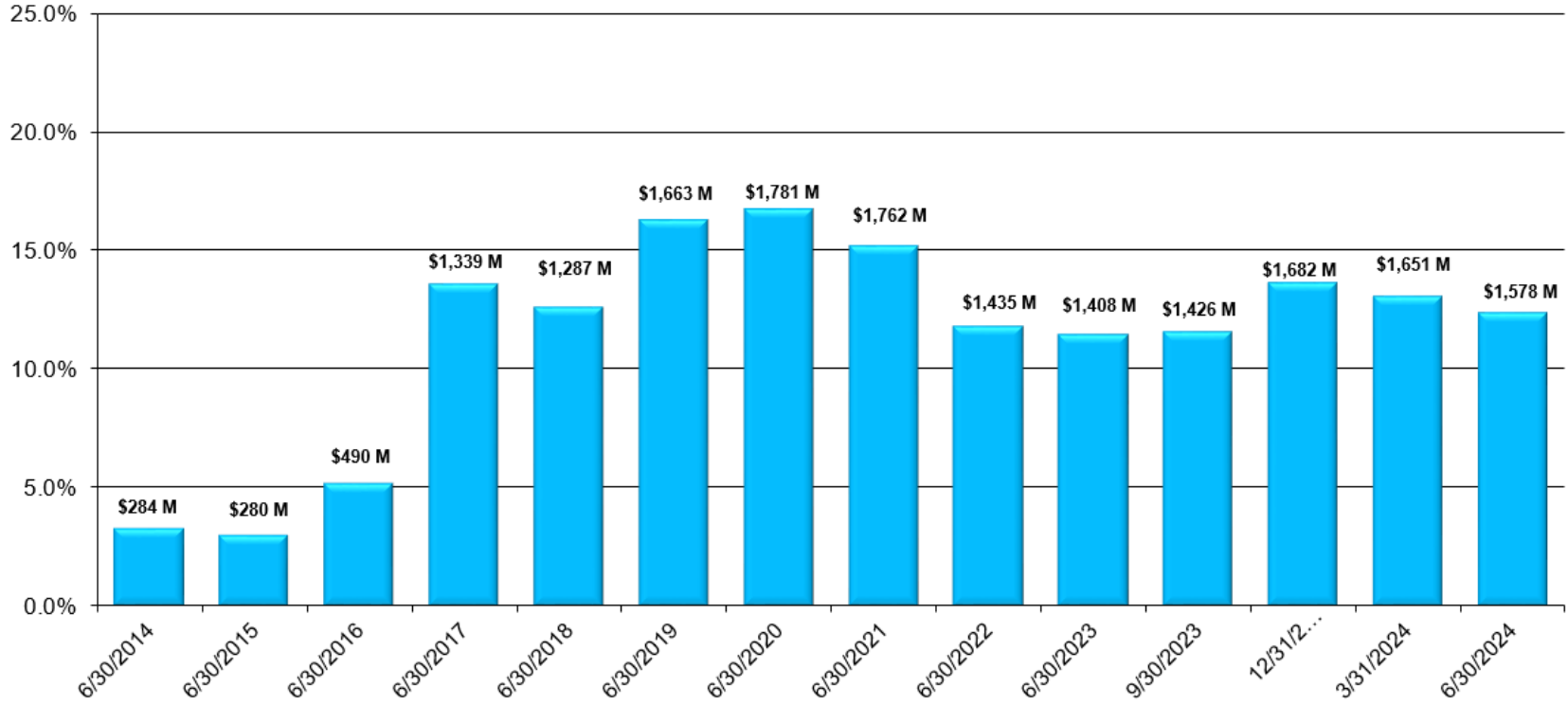
# Combined Contingency Reserve

## Combined Contingency Reserve is 32.0% of Total Liabilities



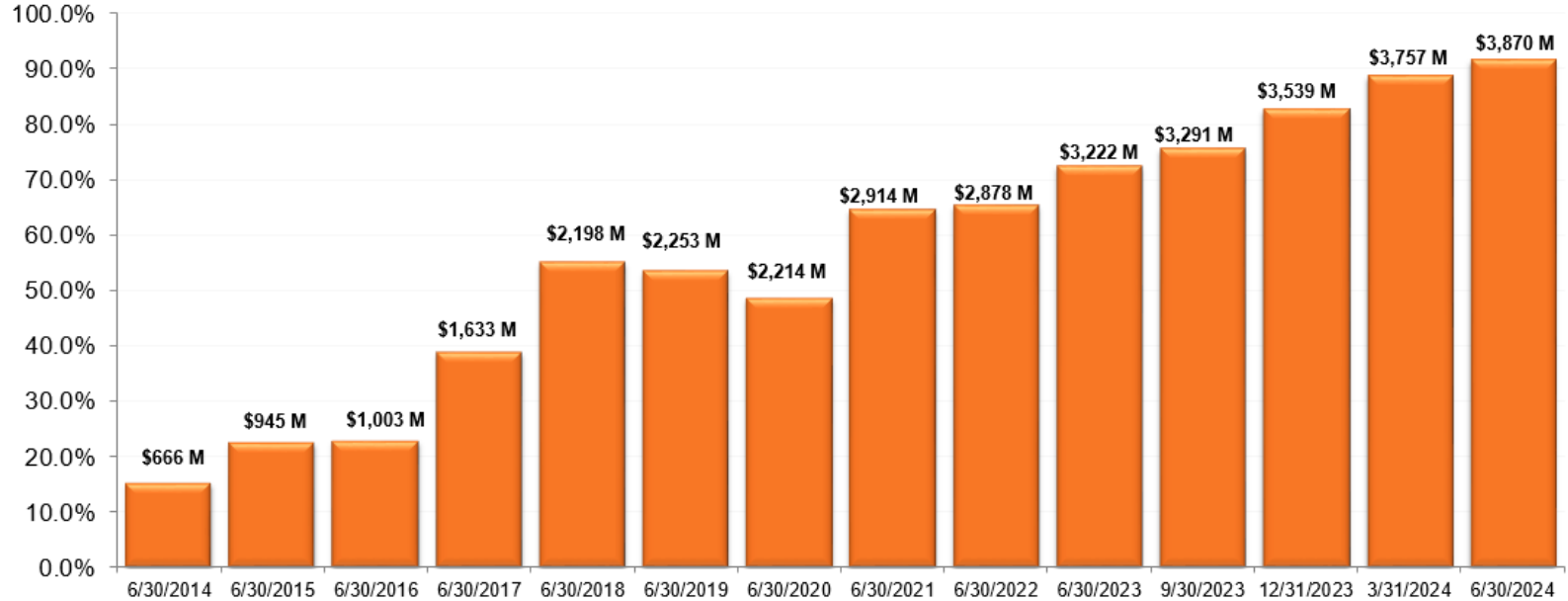
# Accident & Pension Contingency Reserve is 12.4% of Liabilities

## Accident & Pension Contingency Reserve



# Medical Aid Contingency Reserve is 91.5% of Liabilities

## Medical Aid Contingency Reserve



# Key Financial Ratios

as a percentage of premium earned

Ratios	Quarter Ended June 30, 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)	97.6%			99.8%	104.2%
Prior Year Benefit (Loss Ratio)	3.8%			14.5%	(6.1%)
<b>Total Benefit (Loss Ratio)</b>	<b>101.4%</b>	<b>44.6%</b>	<b>99.8%</b>	<b>114.3%</b>	<b>98.1%</b>
Current Year CAE Ratio	11.9%			12.0%	12.7%
Prior Year CAE Ratio	(0.5%)			(1.2%)	(1.5%)
<b>Total Claim Administration Expense (CAE) Ratio</b>	<b>11.4%</b>	<b>12.7%</b>	<b>11.8%</b>	<b>10.8%</b>	<b>11.2%</b>
Sub-Total: Benefit and Claim Administration Expense Ratios	112.8%	57.3%	114.9%	125.1%	109.3%
Underwriting Expense Ratio includes all insurance administrative expenses except CAE	5.1%	26.9%	4.8%	5.2%	5.1%
<b>Combined Ratio (Industry omits dividends)</b>	<b>117.9%</b>	<b>84.2%</b>	<b>119.7%</b>	<b>130.3%</b>	<b>114.4%</b>
Investment Income Ratio	28.9%	19.4%	25.8%	25.9%	24.6%
<b>Operating Ratio</b>	<b>89.0%</b>	<b>64.8%</b>	<b>93.9%</b>	<b>104.4%</b>	<b>89.8%</b>

*Note: a ratio of 100% would indicate that costs = premium for the period.*

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

## Questions & Comments

Contact Kim Hurley,  
Chief Accounting Officer

- Email: [kim.hurley@Lni.wa.gov](mailto:kim.hurley@Lni.wa.gov).

Thank You!

# Closing Comments & Adjourn

*Mike Ratko, Assistant Director for Insurance Services*

*Joel Sacks, Agency Director*



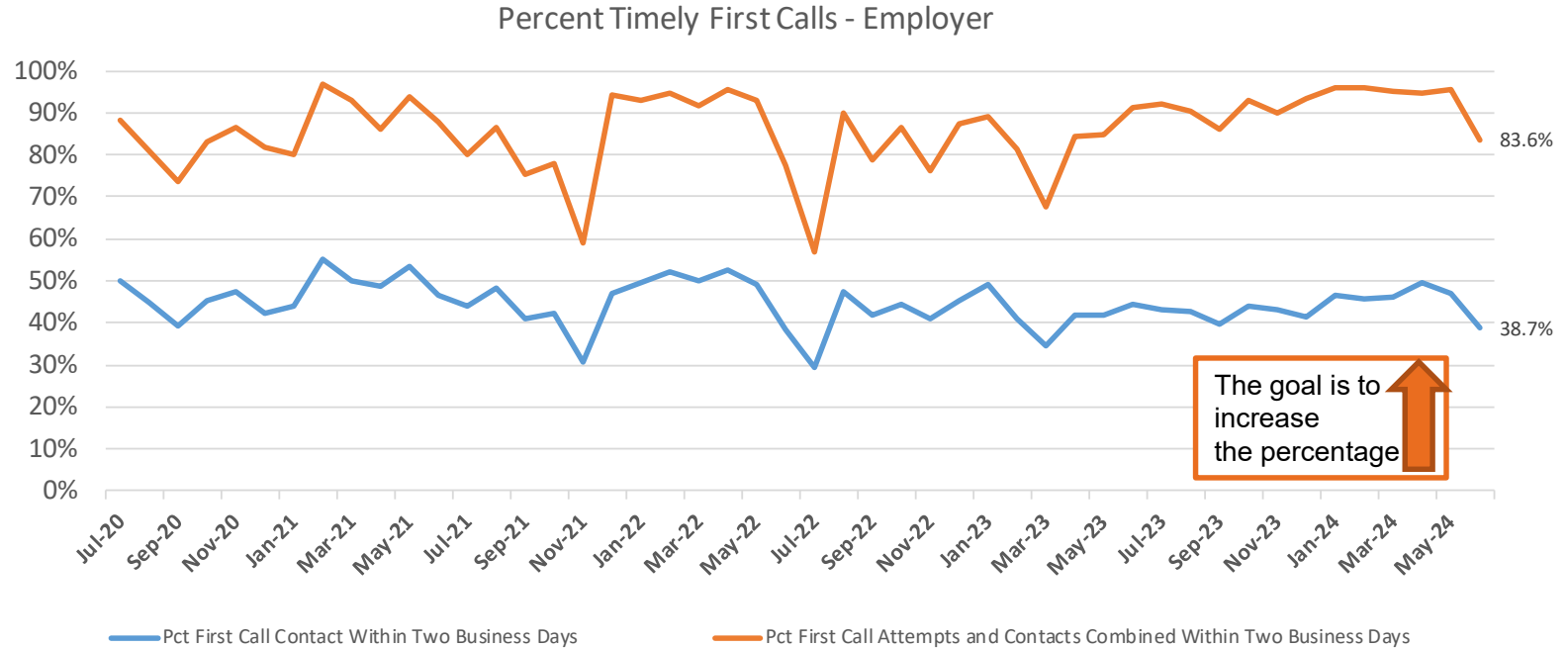
# Next Meeting

- December 19, 2024 - Tumwater Headquarters

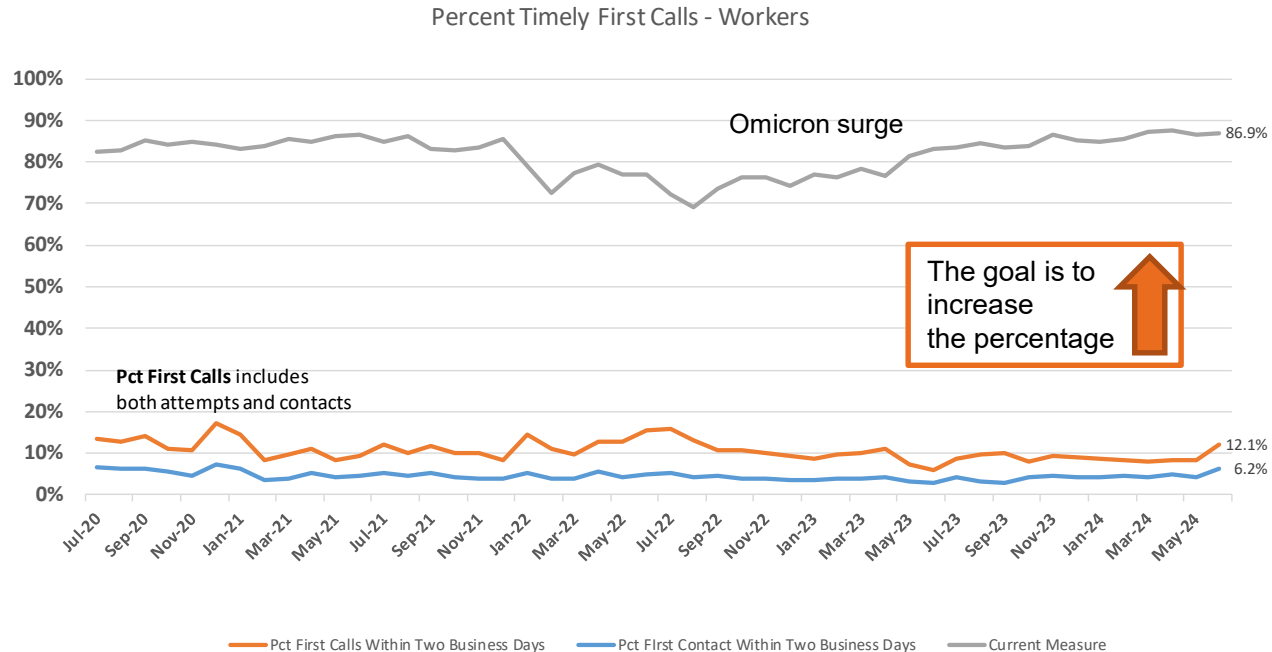
# **OPERATIONAL HEALTH DASHBOARD AUGUST 2024 – APPENDIX SLIDES**



# JLARC recommended employer contact measure



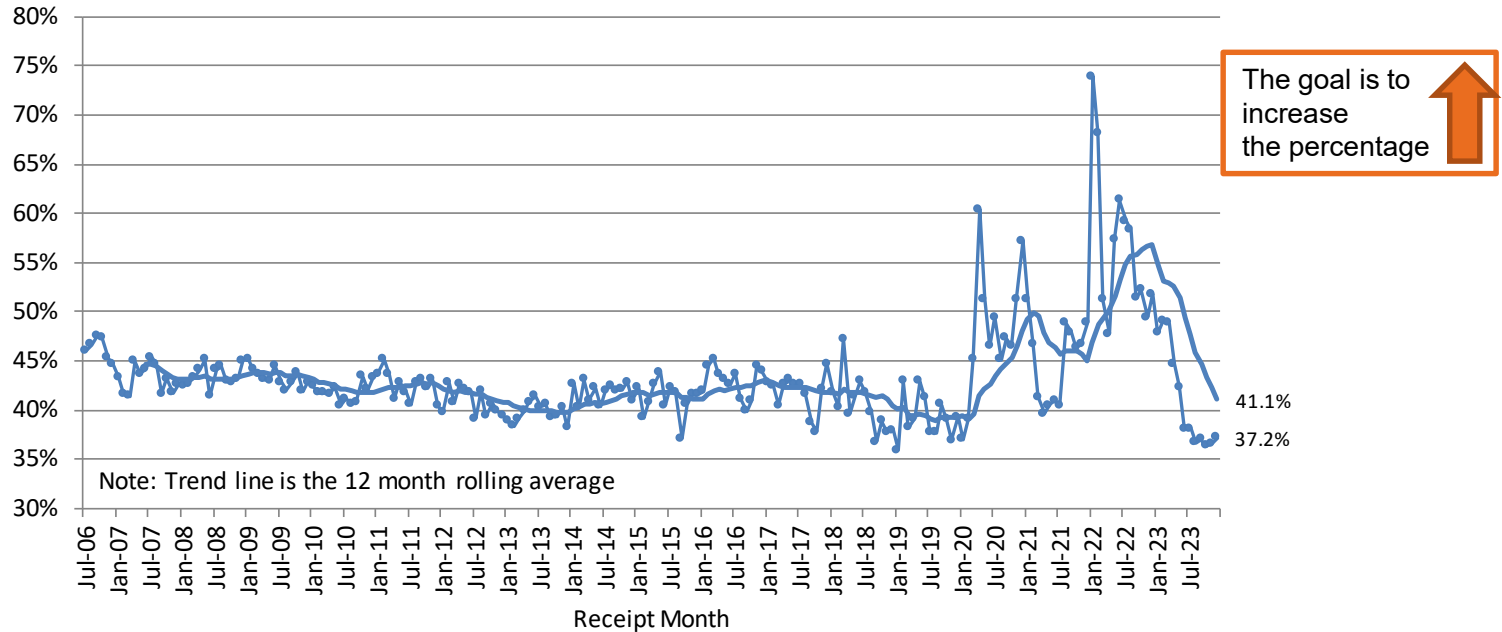
# JLARC recommended worker contact measures & L&I's current measure



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.

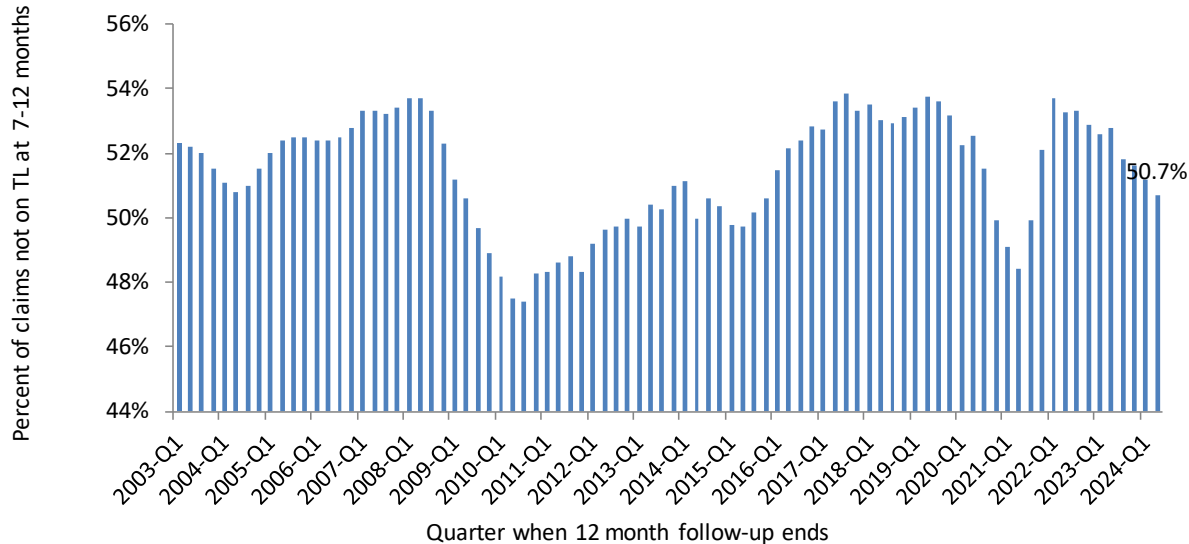
# The share of time-loss claims resolved six months after claim receipt

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



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

56

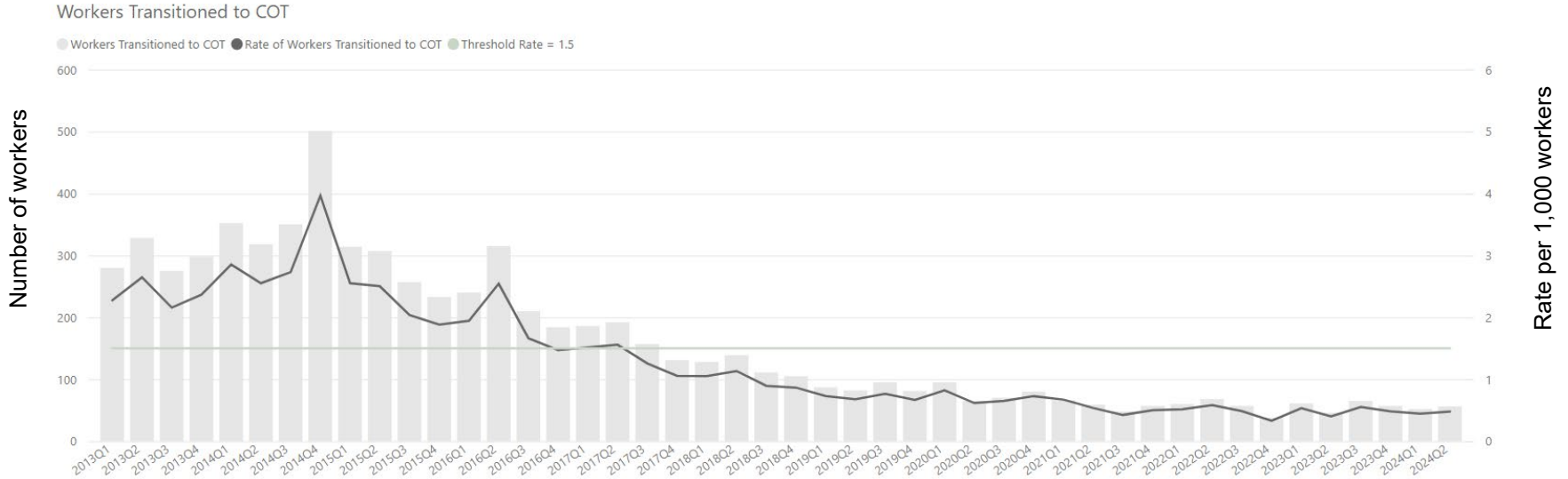
Workers Transitioned to COT

+8%

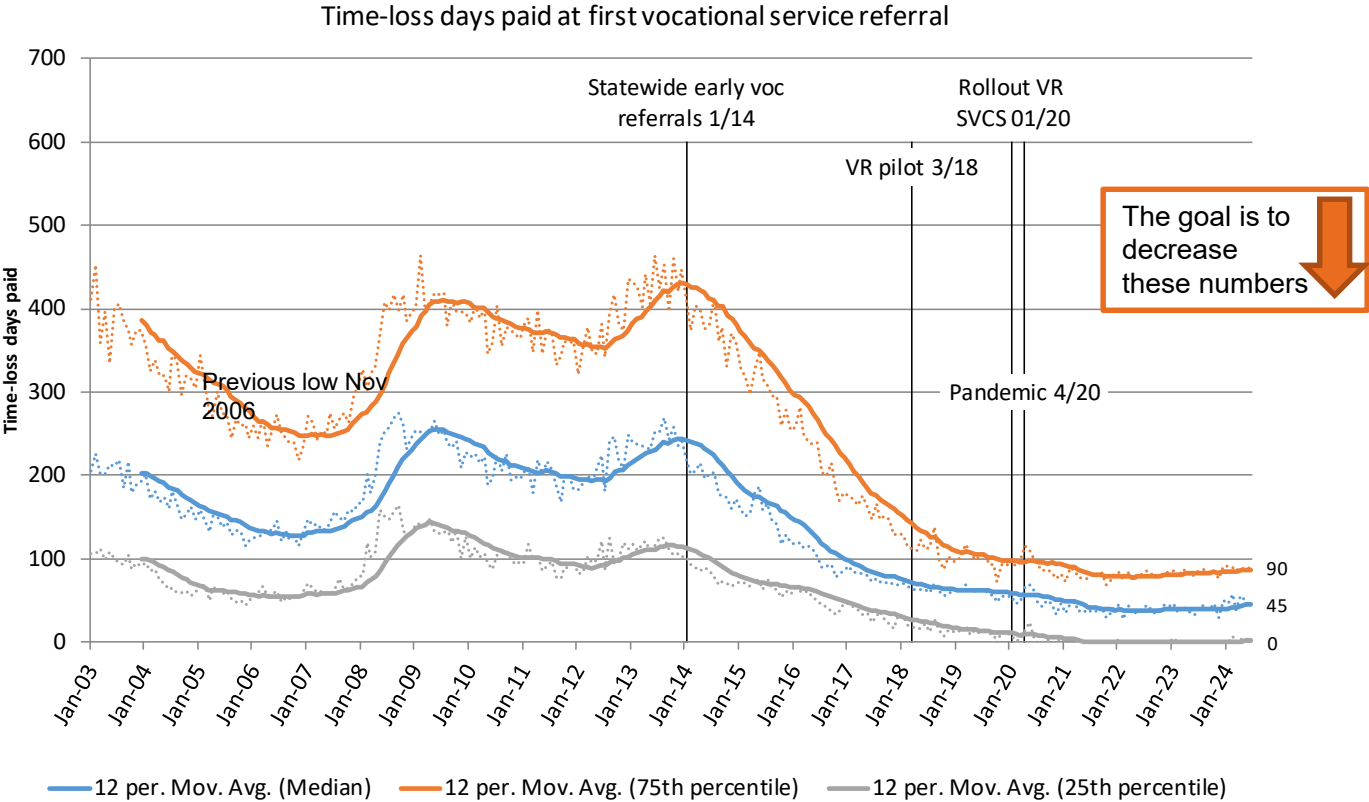
Change Since Previous Quarter

0.48

Rate per 1000 Injured Workers

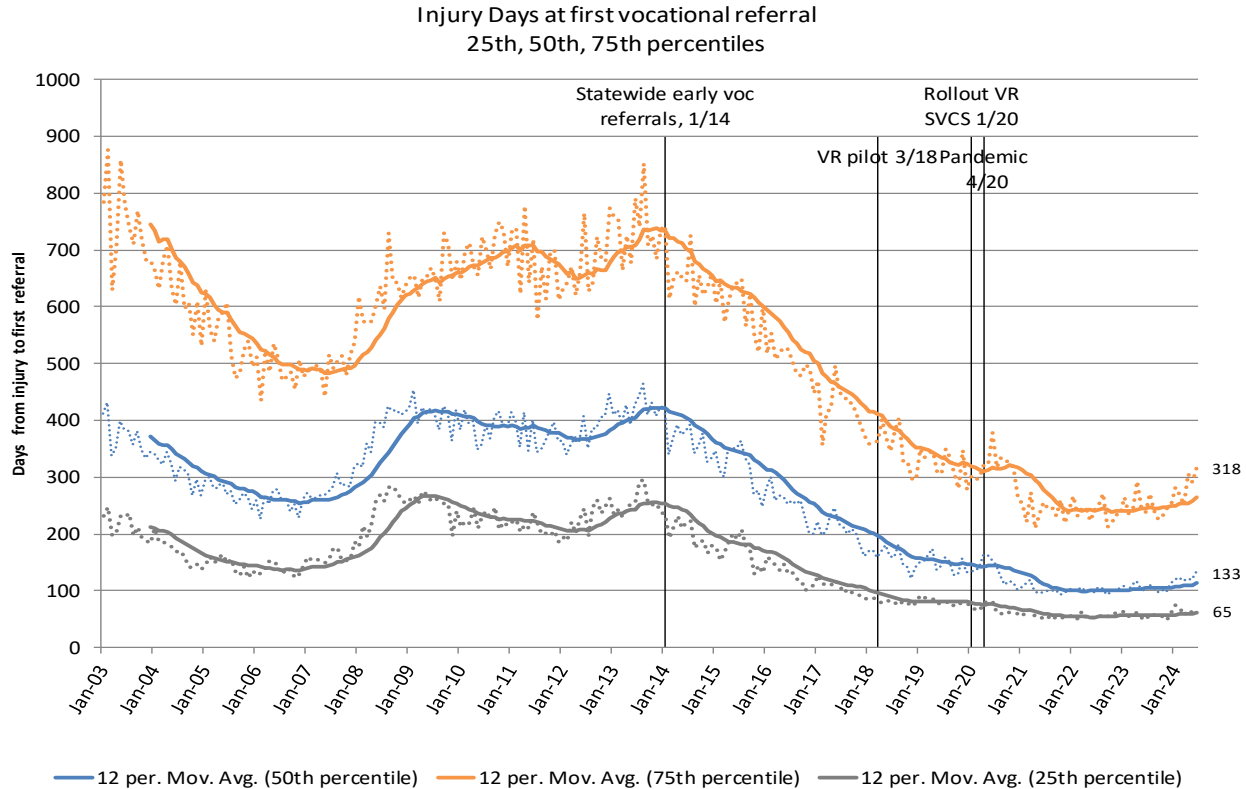


# Referrals are now targeted to address the onset of disability



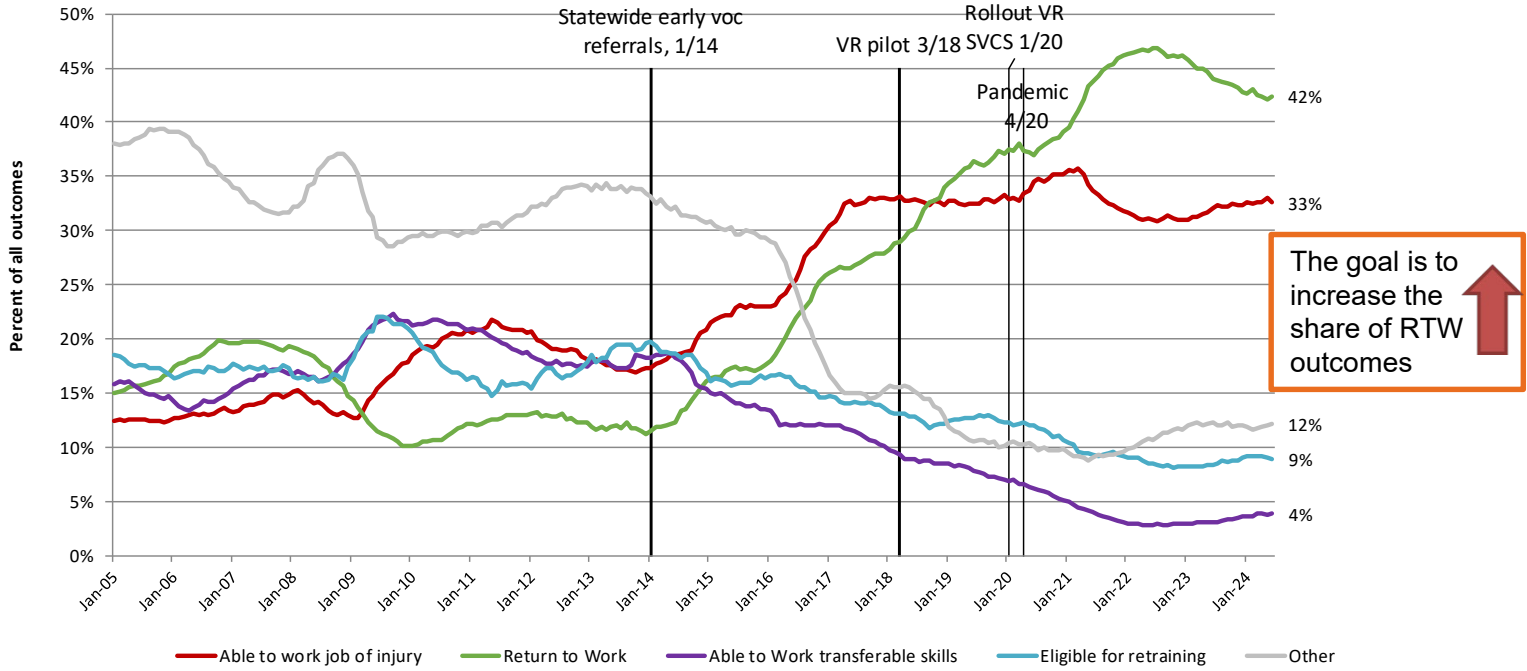
# Referrals are now targeted to address the onset of disability

- days from date of injury



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

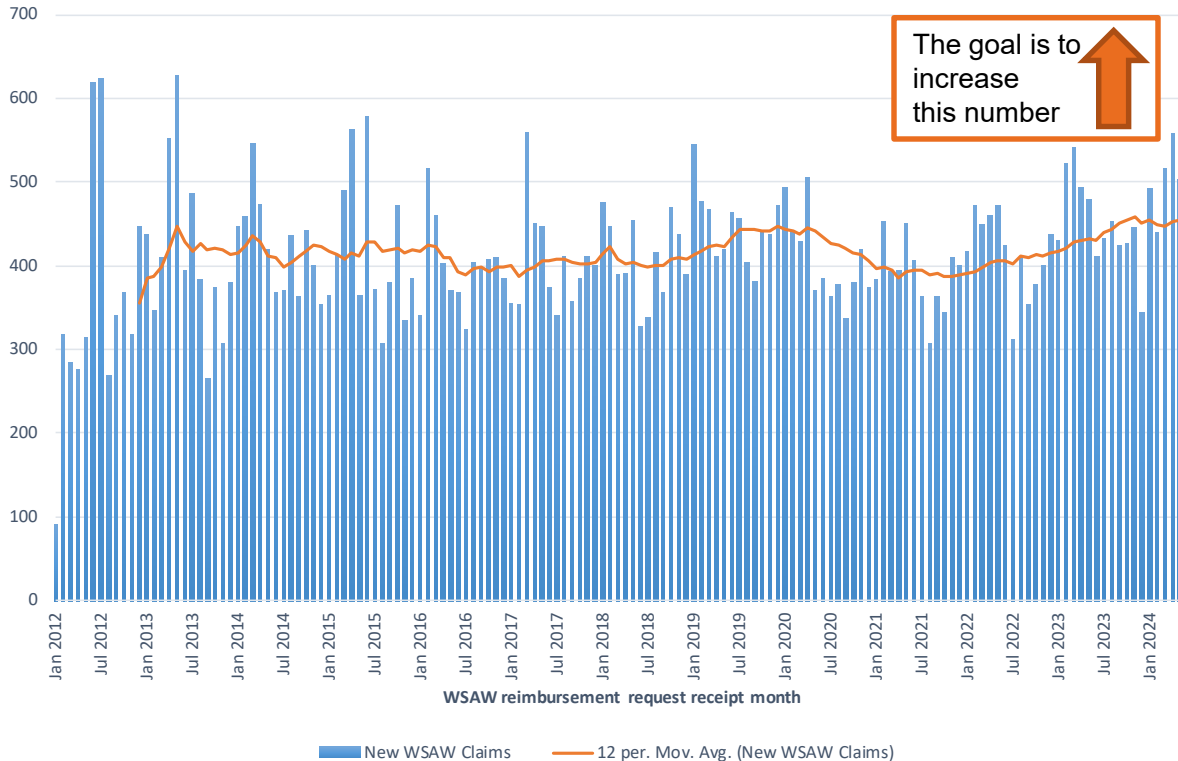
Outcome distribution, first vocational service referrals, select outcomes (12-month average)



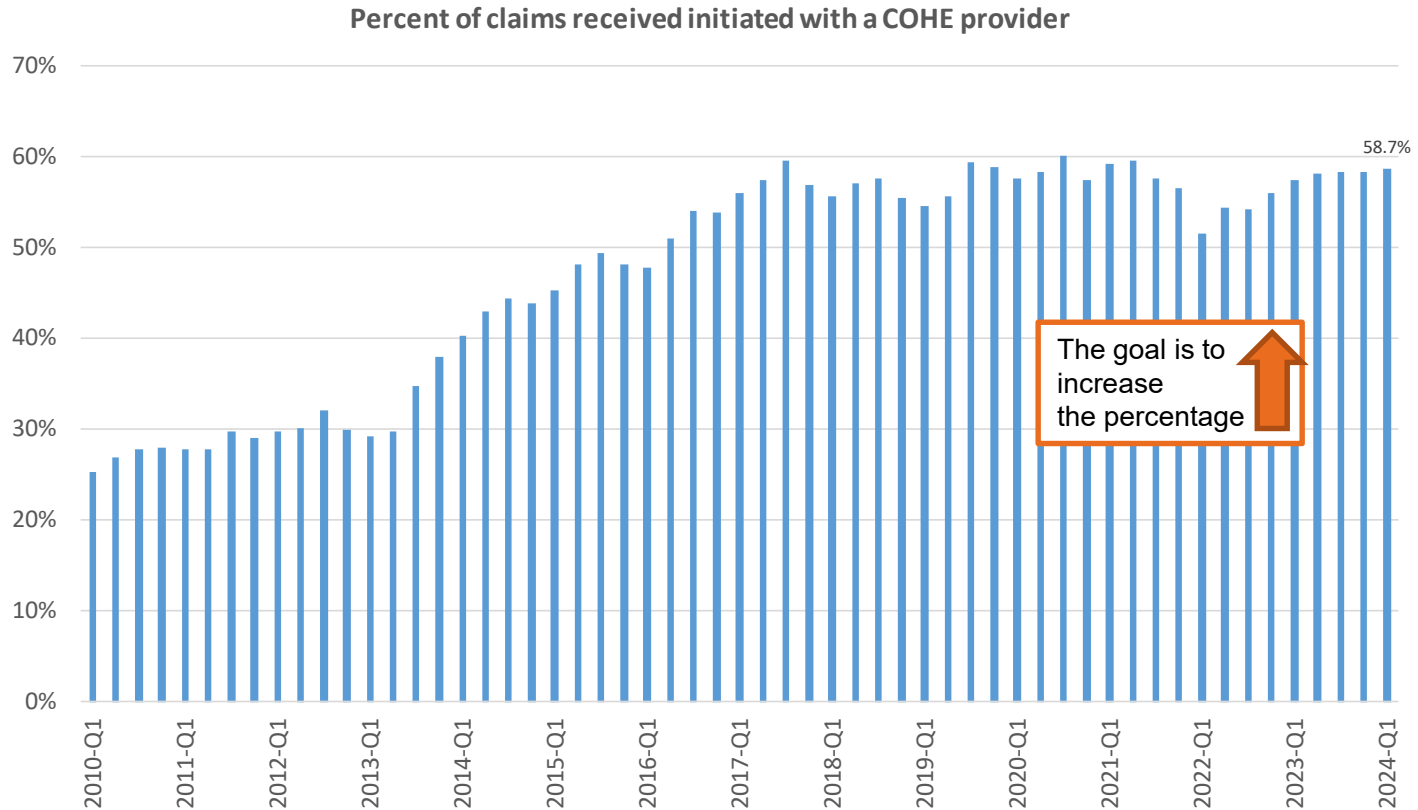


# Participation in light duty job assignments helps maintain the employer/injured worker relationship.

## New WSAW Claims



# Percentage of claims for injured workers initiated with a COHE provider



# **Industrial Insurance (State) Fund Financial Overview Appendix Slides**

# Reconciliation of Change in Benefit Liabilities

(In \$1,000s)

July 1, 2023 Benefit Liability Beginning Balance	\$15,267,934
Prior Year Benefit Payments	(\$1,531,258)
Prior Year Development and Model Change (Favorable)	(\$311,485)
Self Insurance Prefunded Pension Transfers	\$0
Regular reserve discount reduction	\$388,830
Net Total Prior Year Benefit Liability as of June 30, 2024	<u>\$13,814,021</u>
New Current Year Benefit Liabilities	\$1,724,234
June 30, 2024 Benefit Liabilities Ending Balance	<u>\$15,538,255</u>
<b>Change Between Beginning and Ending Balance</b>	<b>\$270,321</b>

# Highlights of Changes in the Contingency Reserve

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Total
*Actuarial Development <sup>1</sup>	\$149M	\$543M	\$147M	\$926M	\$941M	\$352M	\$(171)M	\$287M	\$532M	\$(40)M	\$311M	\$3,977M
Rate Changes	\$58M	\$59M	\$38M	\$27M	\$(14)M	\$(120)M	\$(110)M	\$(44)M	\$(29)M	\$17M	\$75M	\$(43)M
Greater (less) than expected changes in the stock market	\$279M	\$(29)M	\$(101)M	\$411M	\$199M	\$50M	\$340M	\$1,263M	\$(639)M	\$413M	\$445M	\$2,631M
Mortality table change	-	\$(146)M	-	-	-	-	-	-	-	-	-	\$(146)M
Adjustments to avoid double counting 2011 reform savings	\$(130)M	\$(83)M	-	-	-	-	-	-	-	-	-	\$(213)M
*Discount rate change - State Fund	\$(256)M <sup>2</sup>	\$(31)M	\$(31)M	\$(36)M	\$(639)M <sup>3</sup>	-	\$(84)M <sup>4</sup>	\$(384)M <sup>5</sup>	-	\$102M <sup>7</sup>	-	\$(1,359)M
Discount rate change - Self-Insurance	-	\$(6)M	\$(7)M	\$(8)M	\$(7)M <sup>3</sup>	-	\$(6)M <sup>4</sup>	-	\$(6)M <sup>6</sup>	\$(7)M <sup>8</sup>	-	\$(47)M

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%

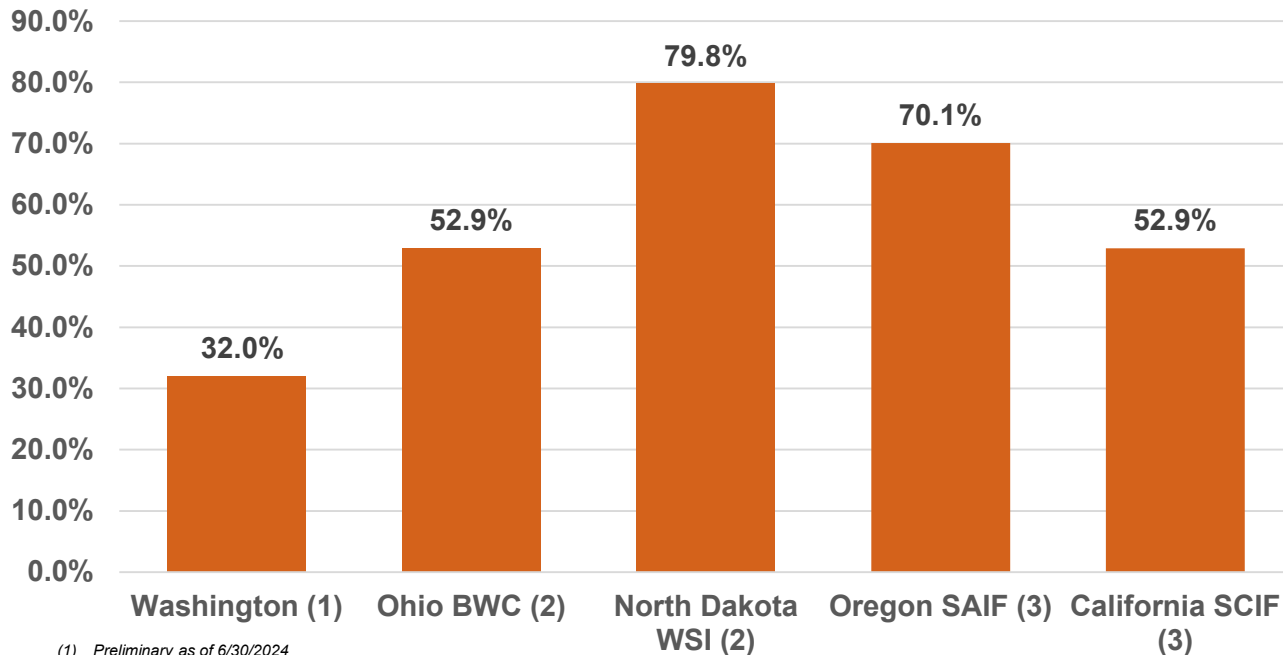
6. Self-insurance prefunded rate reduction from 5.8% to 5.7%.

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 6/30/2024

(2) As of 6/30/2023

(3) As of 12/31/2023

# Historic Results of Operations

July through June  
(in millions)

As of Quarter Ended June 30,	Insurance Operations	+	Investment Income	+	Other Revenues & Expenses	=	Net Income (Loss)
2024	(368)		609		(2)		239
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 June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Investment Income	592,620,000	504,416,000	456,375,000	462,700,000	496,981,000	498,626,000
Realized Gain (Loss)	16,179,000	139,573,000	141,857,000	299,787,000	272,266,000	(23,498,000)
Unrealized Gain (Loss)	532,457,000	360,212,000	(676,444,000)	1,069,560,000	161,264,000	151,820,000
Total Invested Assets	21,396,956,000	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)



# Total Investments

(rounded to billions)

