Washington State Department of
Labor & Industries

Workers' Compensation Advisory Committee (WCAC)

September 28, 2023

This meeting will be streamed by TVW

AGENDA

Workers' Compensation Advisory Committee (WCAC)
Quarterly Meeting

Thursday, September 28, 2023
Tumwater Headquarters and ZOOM
[9am] – [12:00pm]

Time	Topic	Presenter(s)
9:00 am - 9:10 am	**Welcome** • Introductions • Motion to approve minutes • Safety Message	 Joel Sacks Mike Ratko Anthony Felice
9:10 am – 9:40 am	**General Updates** • Covid-19 • Agency Request Legislation • Supplemental Decision Packages • WCSM • WMSD	 Mike Ratko Brenda Heilman Mike Ratko Liz Smith Joel Sacks
9:40 am – 10:30 am	**Rates**	Joel Sacks
10:30 am – 10:45 am	**Operational Health Dashboard**	Mike Ratko
10:45 am – 10:55 am	**Break**	All
10:55 am – 11:25	**PTSD Overview**	Dr. Gary Franklin
11:25 am – 11:40 am	**Industrial Insurance State Fund Financial Overview**	Rob Cotton
11:40 am – 11:50 am	**Board of Industrial Insurance (BIIA) Update**	Holly Kessler
11:50 am – 12:00 pm	**Closing Comments & Adjourn**	Mike Ratko Joel Sacks

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Safety Message

Anthony Felice, Internal Safety & Health Safety Officer 3

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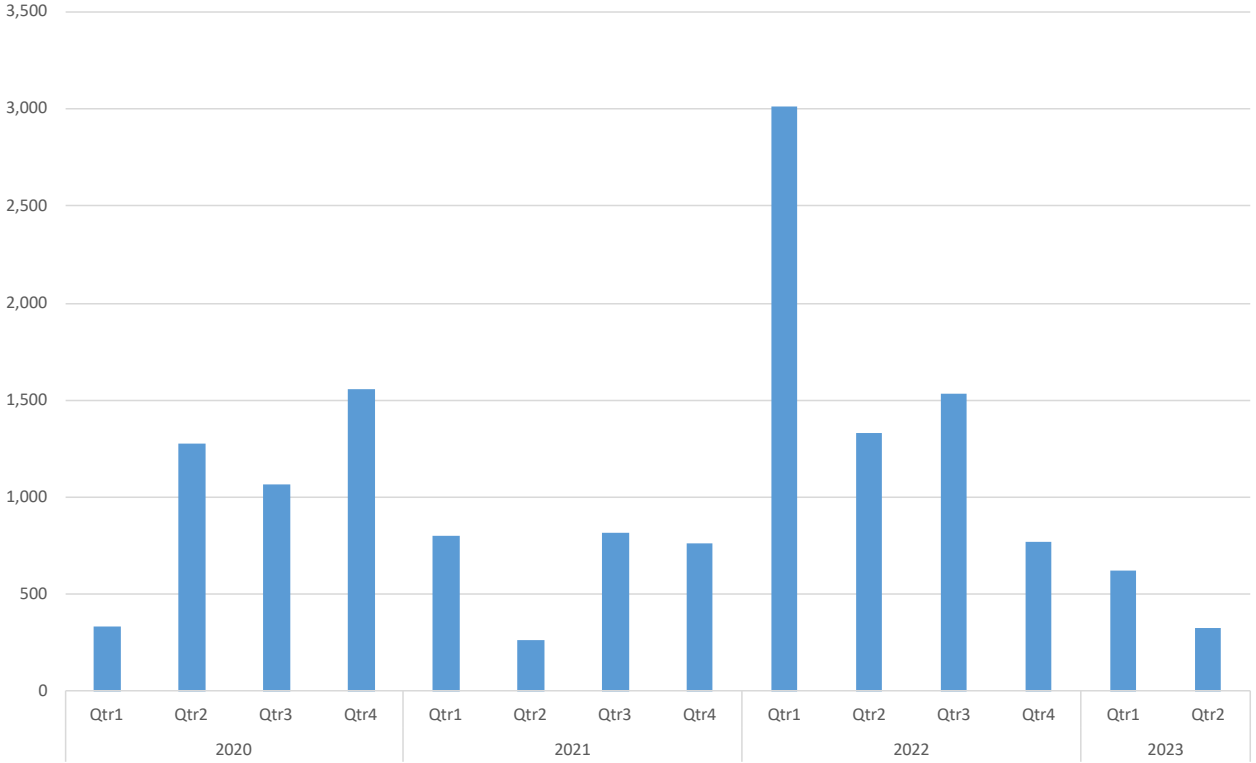
General Updates

- Covid-19
- Agency Request Legislation
- Supplemental Decision Packages
- WCSM
- WMSD Legislation

Covid-19 impact on incoming claims



Impact of COVID-19 Claims

- Total discounted COVID losses of $215 Million.
- Total cost about 5% of accident and 2% of medical aid cost between January 2020 and June 2023.
- Average discounted cost per claim were $22K for accident year 2021 and $14K for accident year 2022.

COVID Claims – received through 08/31/23 *Supplemental*

	State Fund	Self-Insured	Total
Accepted total	**12,781**	**9,951**	**22,732**
Open	108	393	501
Closed	12,673	9,558	22,231
Rejected	**2,422**	**870**	**3,292**
Pending	**127**	**4**	**131**
Total	15,330	10,825	26,155

Fatal Claims	
State Fund	38
Self-Insured	16
Total	54

Accepted Claims	**State Fund**	**Self-Insured**	**Total**
Time-loss	11,041	9,664	20,705
Medical	803	184	987
KOS	937	103	1,040
Total	12,781	9,951	22,732

	State Fund	Self-Insured	Total
Healthcare related	7,327	5,055	12,382
First responders	2,340	1,642	3,982
Miscellaneous Services	1,826	59	1,885
Government	539	957	1,496
Misc. Professional and Clerical	232	1,099	1,331
Schools	91	949	1,040
Stores	142	20	162
Transportation and Warehousing	62	74	136
Agriculture	100	11	111
Food Processing and Manufacturing	52	20	72
Miscellaneous Manufacturing	13	31	44
Temporary Help	13	16	29
Trades	16	4	20
Other	28	14	42
Total	12,781	9,951	22,732

Agency Request Legislation
Workers' Comp Incentives to RTW

- Return to Work Package
  - Stay at Work, Preferred Worker, and Job Mod/Pre-job accommodation increases.
  - Funding Basic Skills training for workers prior to vocational retraining.
  - Return from BIIA to L&I for vocational services.

Workers' Comp Supplemental Decision Packages

- $3M WCSM
- $400K PTSD Study

Workers' Compensation Systems Modernization

- Continue to "Measure twice, cut once" with pre-procurement work through June 30, 2024.

- Some of the work we'll be doing between now and then:
  - Finalizing details about how our business areas and technology systems function separately and together.
  - Exploring more how modern technology solutions will work with our existing systems.
  - Figuring out how and when we'll stop using some of our existing systems.
  - Doing even more market analysis to see what's available.
  - Using the results from these efforts to develop our procurement strategy.

Washington State Department of Labor & Industries

2024 Workers' Compensation Rates: 4.9% overall rate change

Joel Sacks, Agency Director

Mike Ratko, Assistant Director for Insurance Services

L&I’s rate-making philosophy

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

Additional inputs to the rate decision

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

Average per FTE increase

- Average $64.66 annual increase per FTE:
  - $11.26 paid by workers.
  - $53.40 paid by employers.

- The average split of premiums paid is 25% workers and 75% employers.

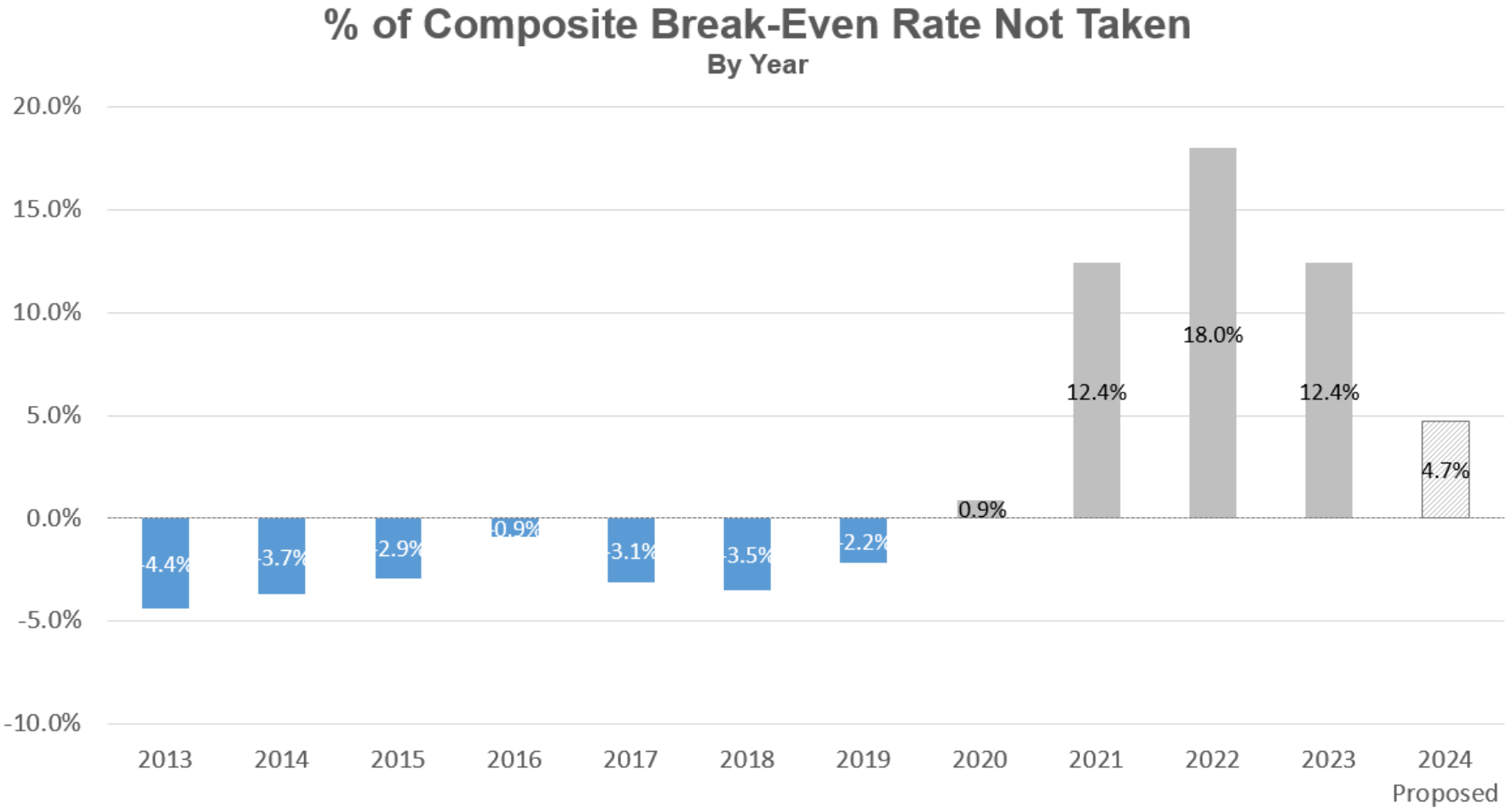
- Average $1.24 increase per FTE, per week.

2024: Proposed Overall Rate Change of 4.9%

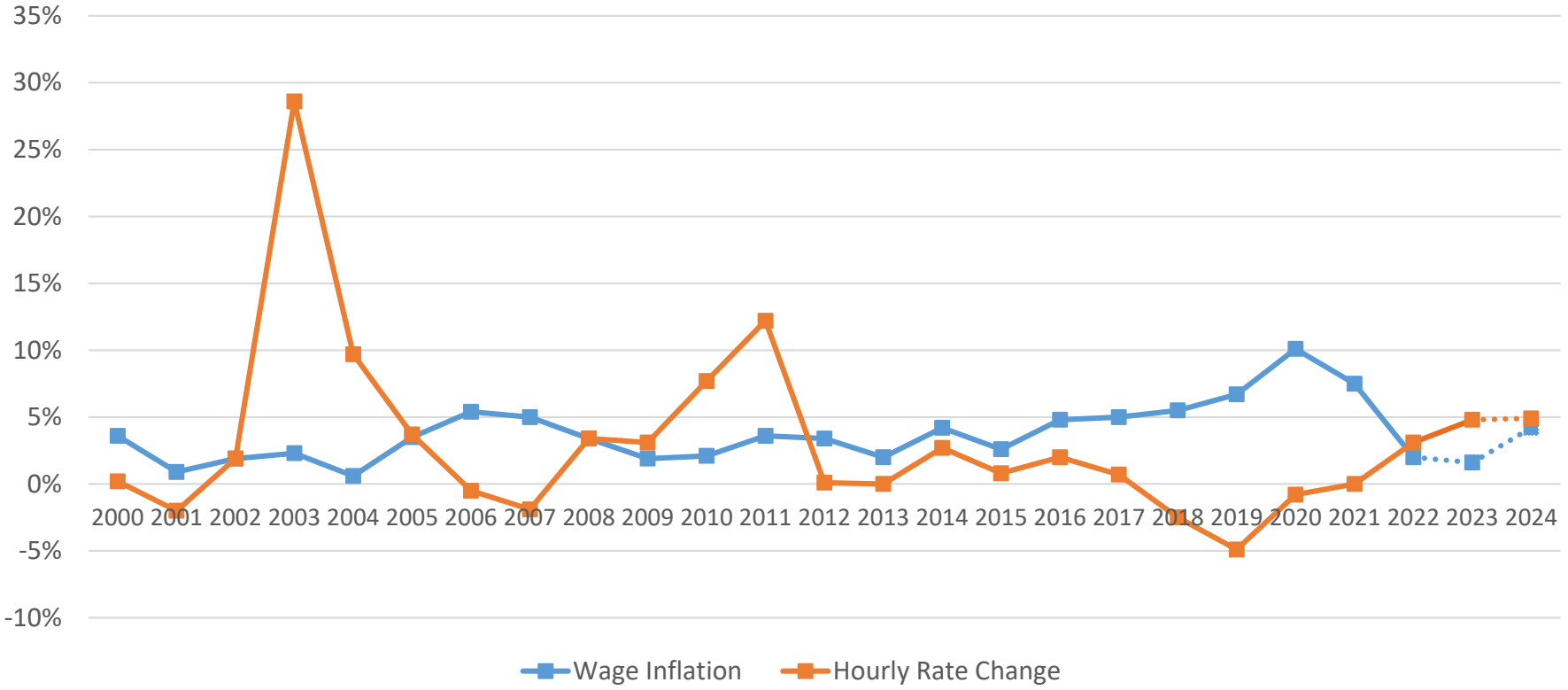
Funds	2023 Average Hourly Rate	2024 Proposed Hourly Rate	2024 Proposed % Change	2024 Break-even Hourly Rate	2024 Break-even Indication
Accident	$0.338	$0.360	6.5%	$0.380	12.5%
Medical Aid	$0.173	$0.181	4.7%	$0.198	14.8%
Supplemental Pension	$0.167	$0.171	2.2%	$0.168	0.2%
Stay-at-Work	$0.005	$0.005	0.0%	$0.005	-5.1%
Overall*	**$0.683**	**$0.717**	**4.9%**	**$0.751**	**9.9%**
Per $100 of payroll**	**$ 1.52**	**$ 1.53**	**0.7%**	**$1.60**	**5.5%**

**Before retrospective premium refunds and based on year-ending June 30, 2023 mix of business.*

***Before retrospective premium refunds and based on year ending June 30, 2023 mix of business and current wage inflation assumptions as of June 30, 2023. After retrospective premium refunds, the net rate per $100 of payroll is projected to be $1.42.*


% of Composite Break-Even Rate Not Taken
By Year
20.0%
15.0%
10.0%
5.0%
0.0%
-5.0%
-10.0%
-4.4%
-3.7%
-2.9%
-0.9%
-3.1%
-3.5%
-2.2%
0.9%
12.4%
18.0%
12.4%
4.7%
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024 Proposed

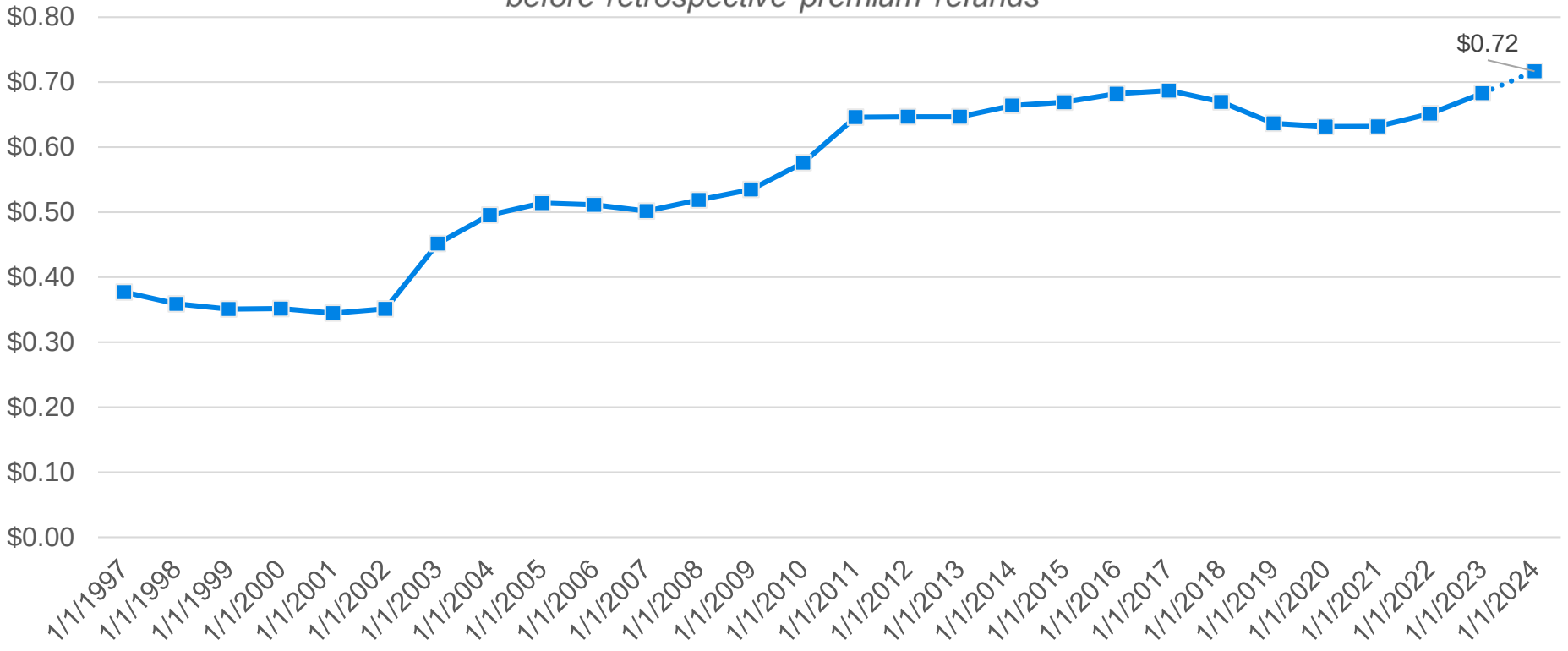
Hourly Rate Change vs. Wage Inflation*



** Indicates projected wage inflation rate for 2023 and 2024*

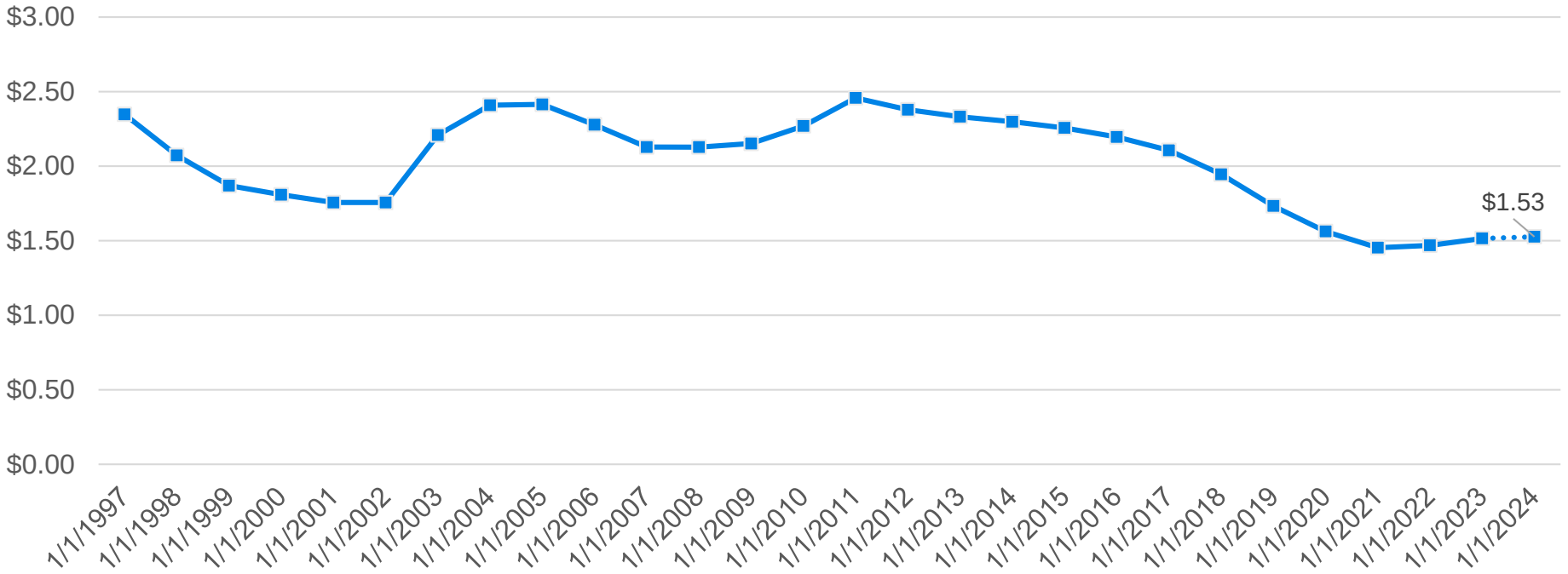
Hourly Premium Rate

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



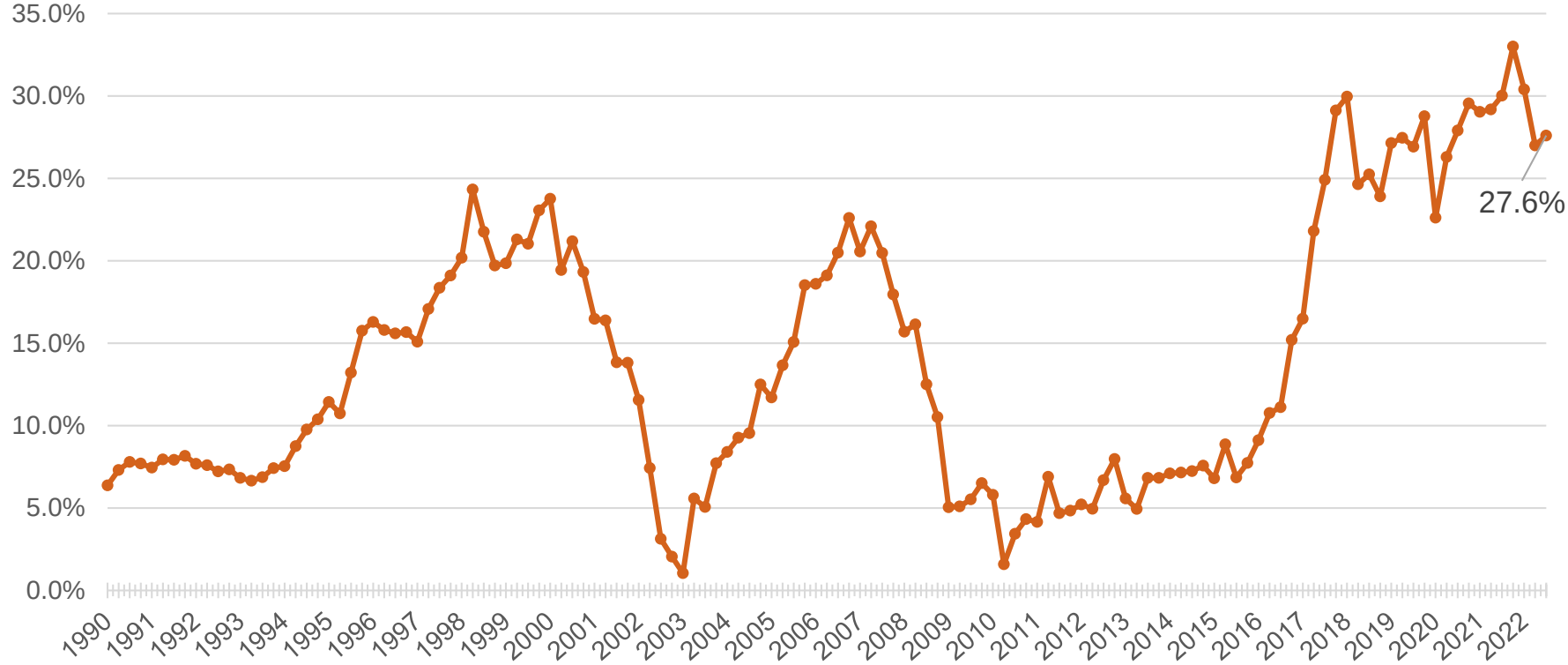
Rate per $100 of Payroll

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

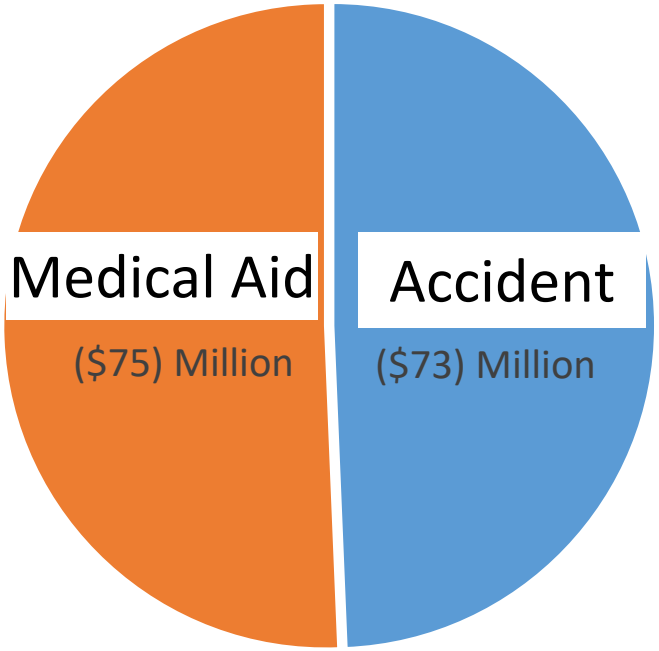


Contingency Reserve as a Percent of Liabilities is at 27.6%

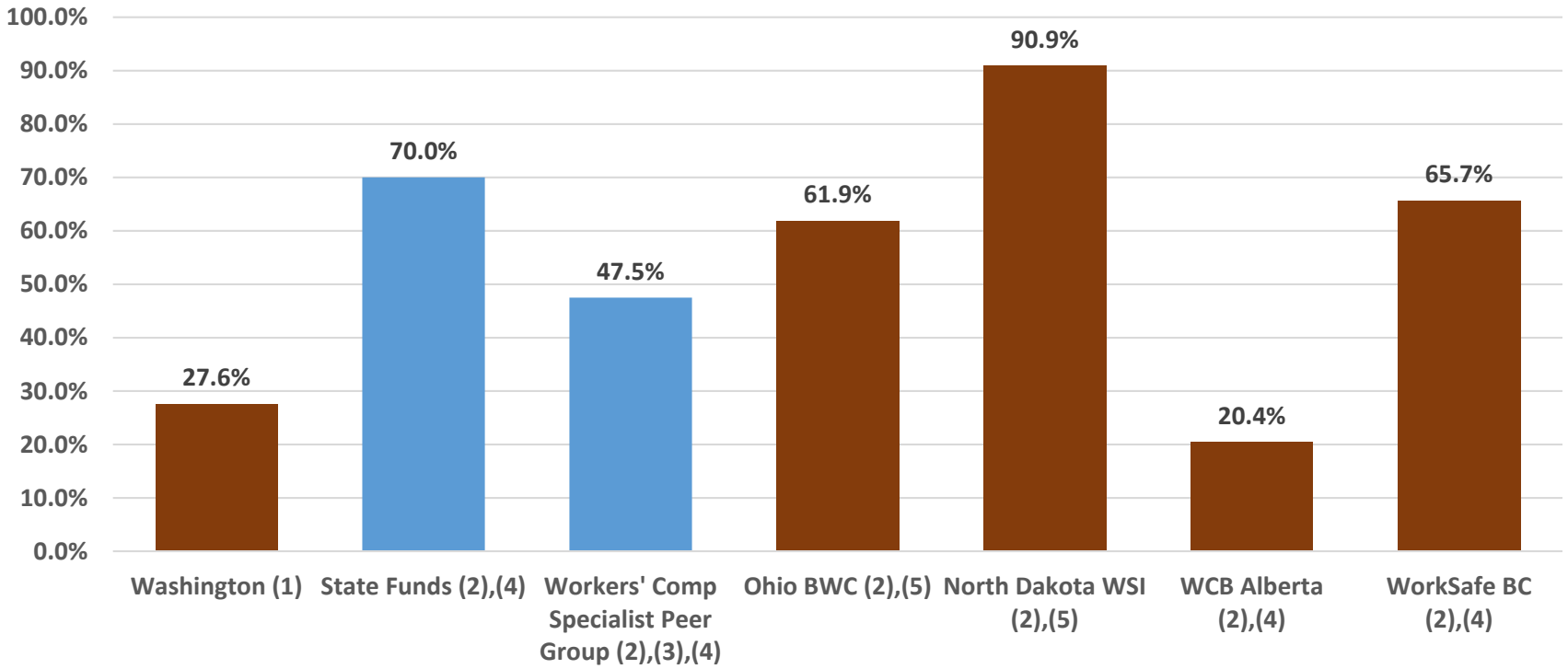
Total CR as of 6/30/2023: $4,630M



Expected $148 Million Contingency Reserve Decrease during 2024 From Rate Inadequacy



Washington's CR is Below Most Other Funds as a Percent of Liabilities



(1) Preliminary as of 6/30/2023
(2) Source: Conning Peer Analysis, August 17, 2022
(3) Worker's Comp Specialist Peer Group—workers' compensation specialist insurers including some state funds
(4) As of 12/31/2021
(5) As of 6/30/2021

Better Outcomes for Workers

- Fill claim manager vacancies
- Enhance claims training
- Improve access to care (retain and recruit)
- Sustain gains made with early vocational services (Q/A)

Next steps in adopting rates

1. Public hearings
   a. Hybrid Meeting at L&I Headquarters (10/26/23)
   b. In Person Meeting in Spokane (10/27/23)
   c. In Person Meeting in Yakima (10/31/23)
2. Adopt final 2024 rates (11/30/23)
3. Begin mailing rates to employers (12/7/23)
4. New rates are effective (1/1/24)

Questions?

Washington State Department of Labor & Industries

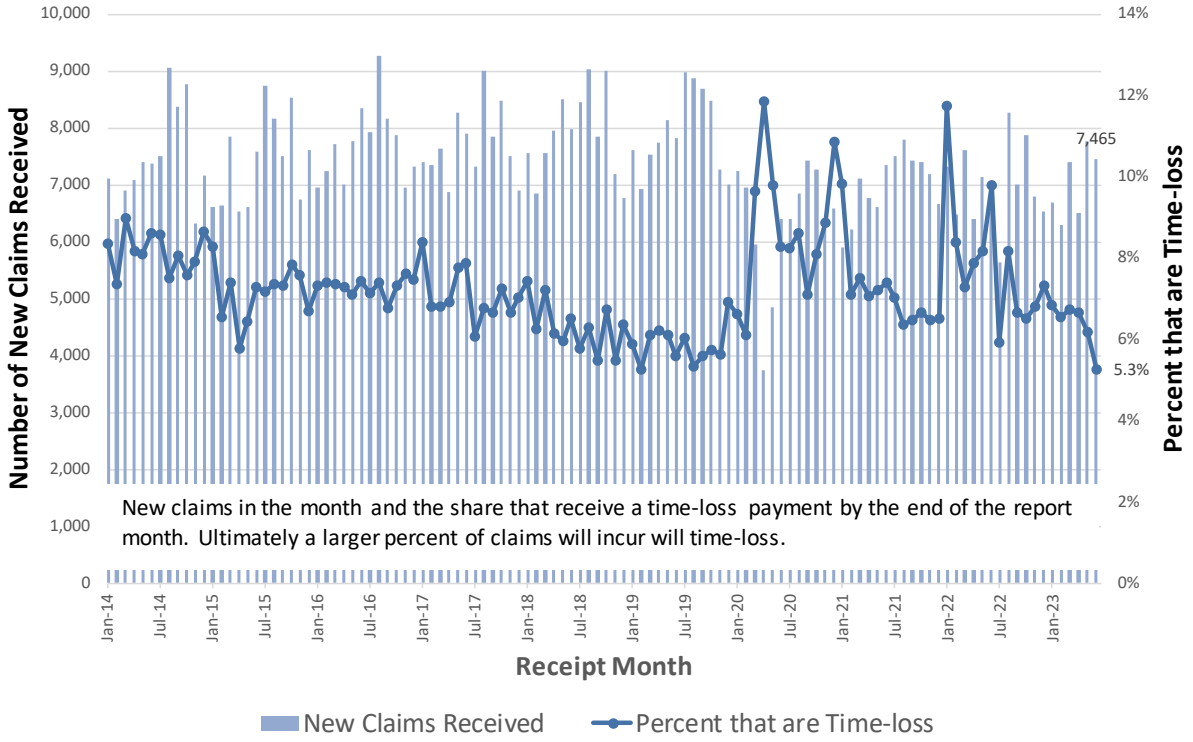
Operational Health Dashboard

Mike Ratko, Assistant Director for Insurance Services

Operational Health Dashboard

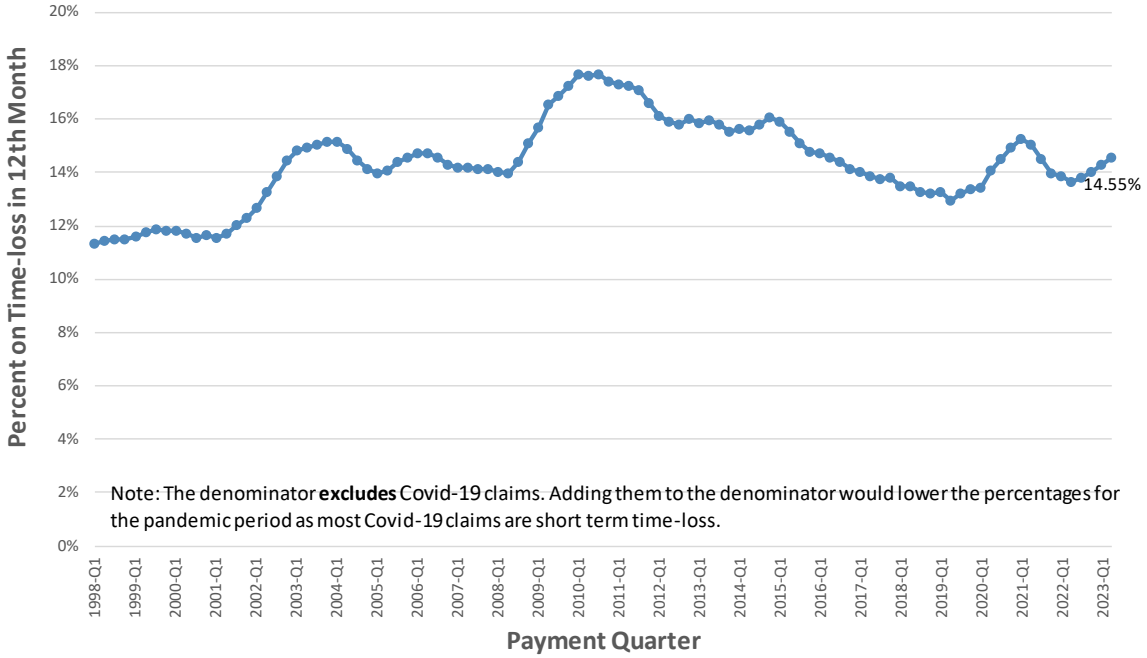
Measure	Trend	Status	Definition
Percent of new claims that are time-loss	declining		Claims new (received) in the month and percent with a time-loss payment by the end of the month – increase in percent that are time-loss indicates a more severe claim mix.
Long-term disability rate	increasing		Percent 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	steady		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 ● Right direction ▬ Neutral ▲ Wrong direction	steady		Percent of operational measures meeting target greater than 80 percent– increase indicates more measures exceeding target.

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

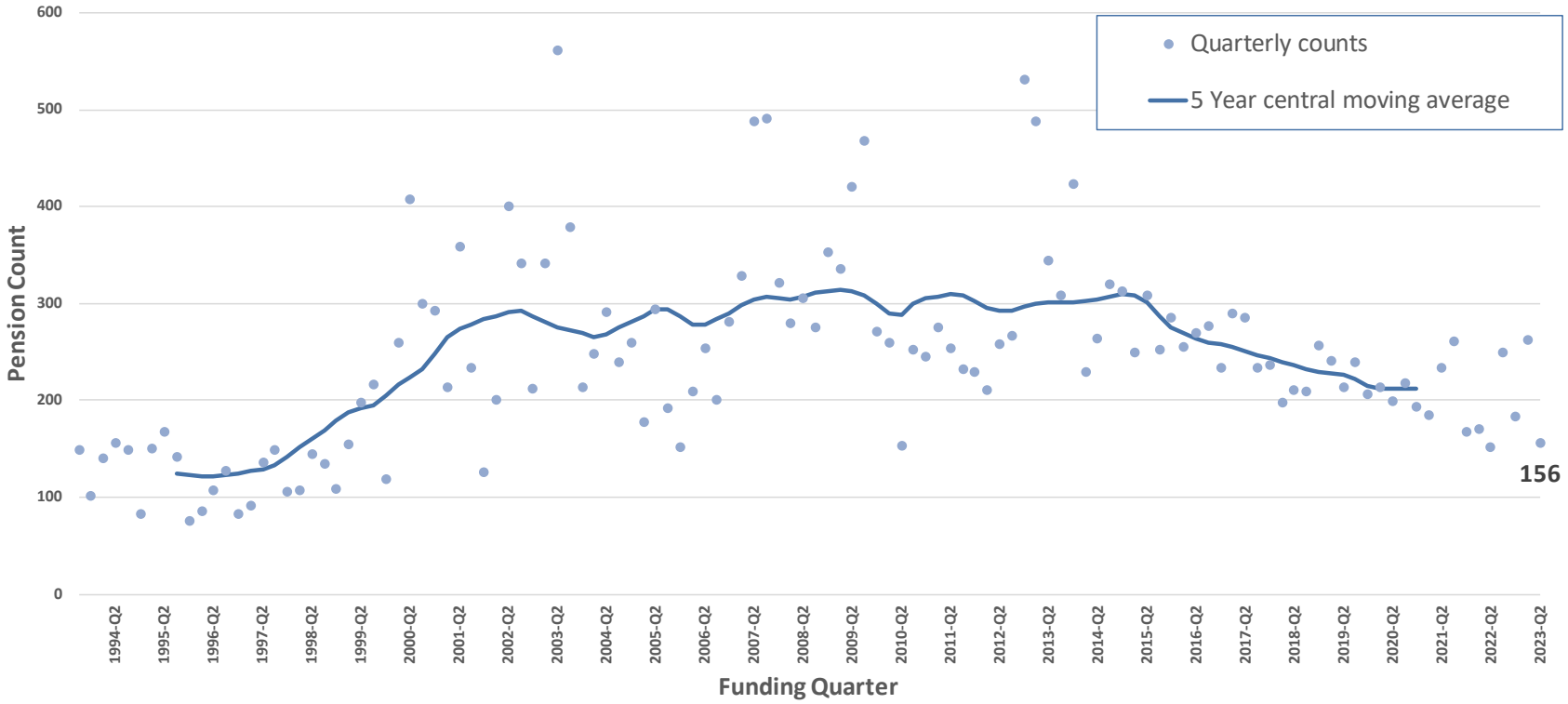


Long Term Disability Claims

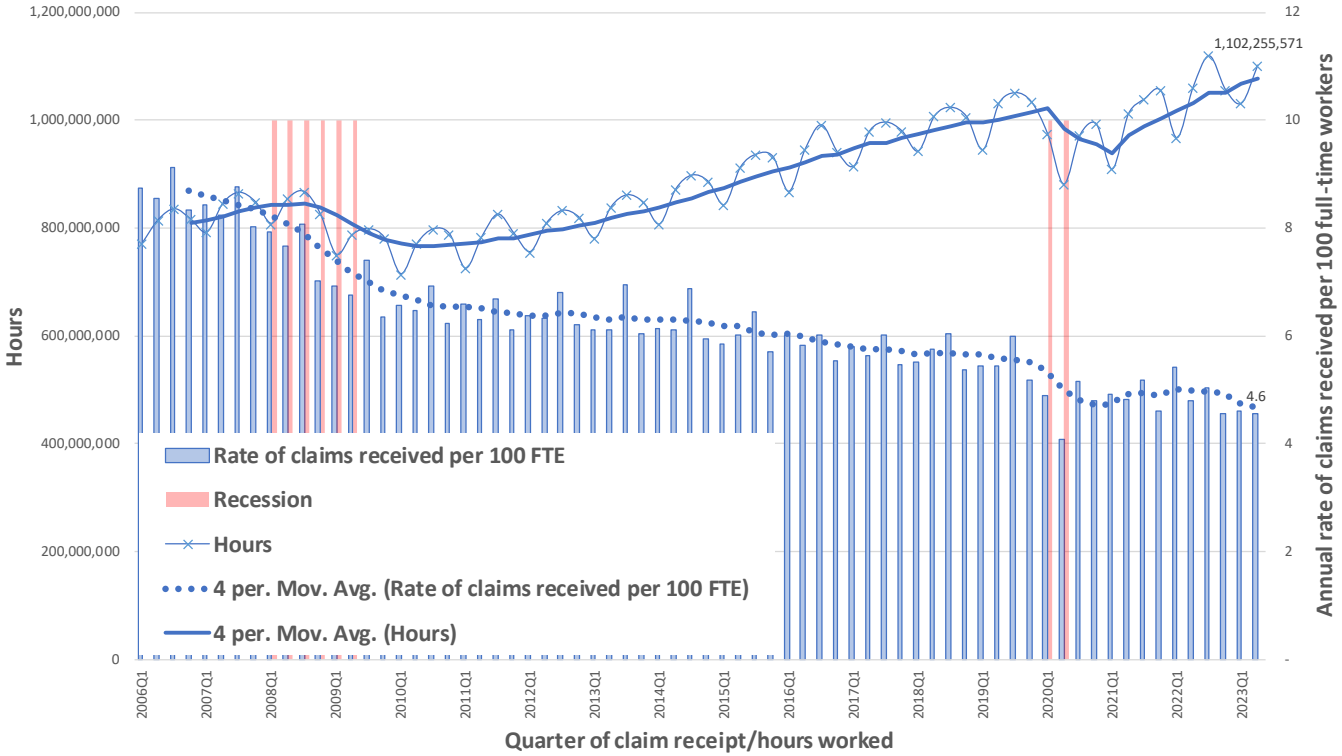
The percent of injured workers with compensable claims that have time-loss paid in the 12th month post injury: *smaller percentage indicates less long-term disability*



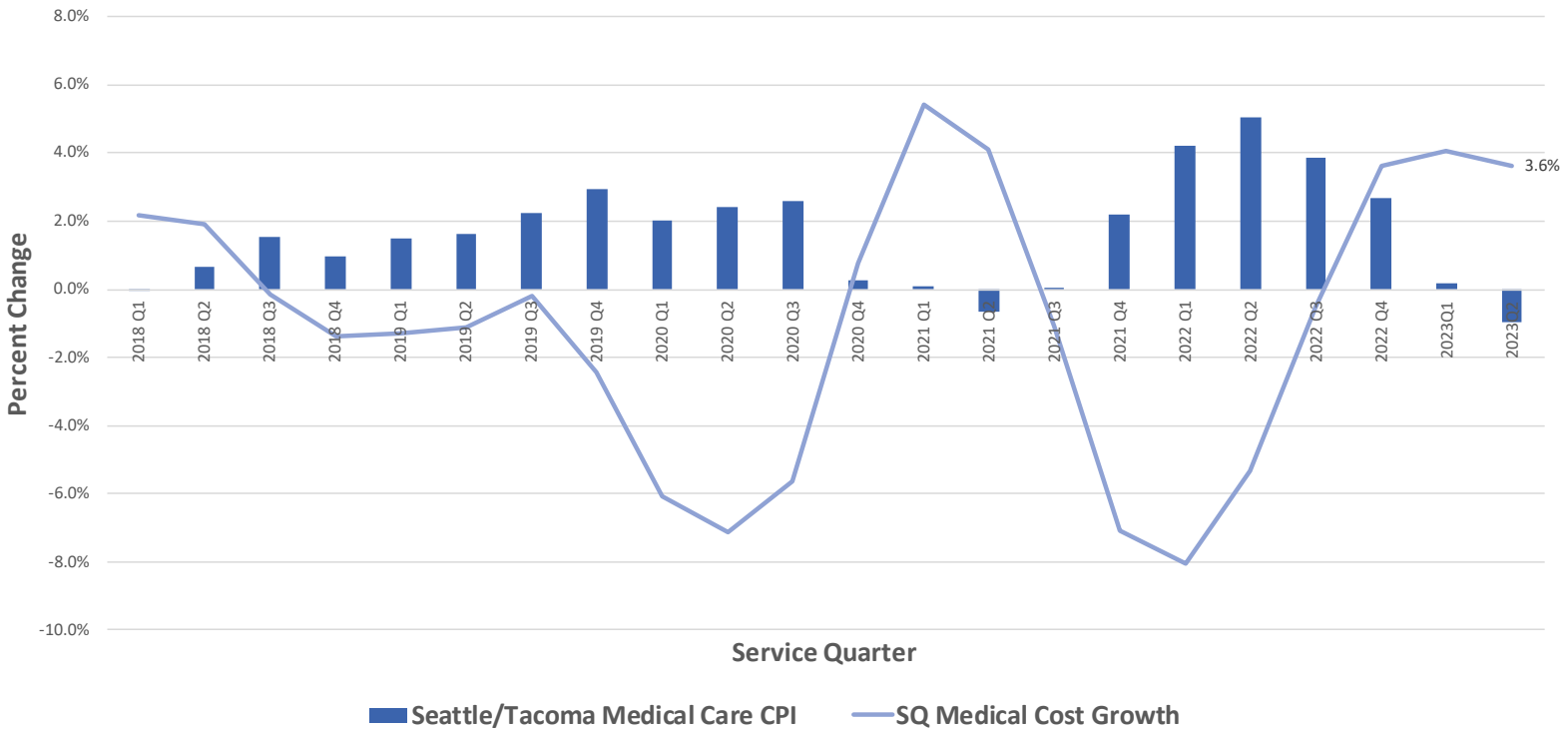
State Fund Total Permanent Disability Pensions Funded per Quarter



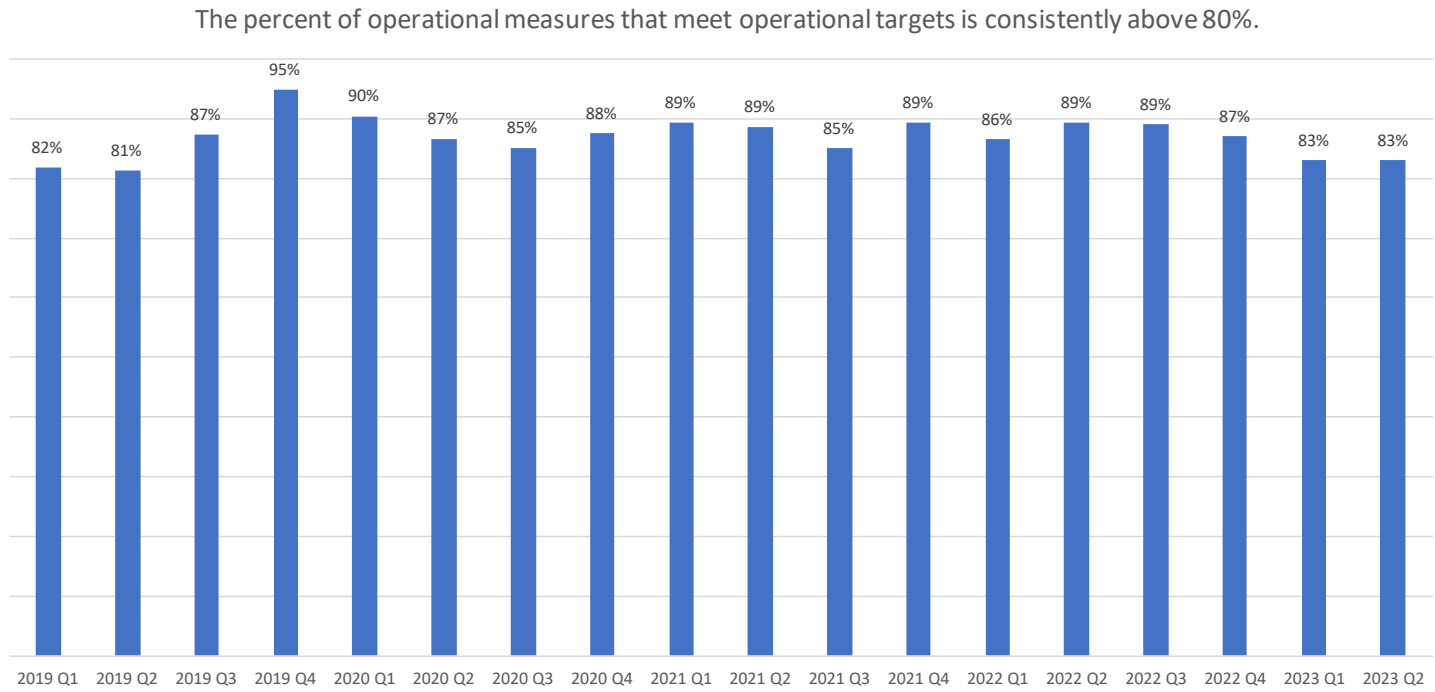
Covered Hours and the Rate of Claims Received



Annualized Medical Cost Growth
All Claims Excluding Hearing Loss



Percent of Workers' Comp Operational Measures Meeting Target



Currently there are 36 active operational measures in Insurance Services

Break Time

Washington State Department of
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PTSD Overview

Dr. Gary Franklin, Medical Director

Mental health conditions in first responders

- First responders are at the forefront of disasters and exposed to traumatic situations without enough recovery time between events. Thus, they are at higher risk (30%) for developing mental health conditions as compared with general population (20%).

Conditions	EMS	Firefighters	Police officers	General population
Depression	15%	16.85% in volunteer, 13.06% in career	24.7%	7.1%
Stress and PTSD	11%	7% -37%	7 – 19% (prevalence higher in women than in men)	Lifetime - 3.6% of men & 9.7% of women
Suicide and suicide ideation	Lifetime – 10.4% serious suicidal ideation, 3.1% past attempt	Lifetime – 46.8% suicidal ideation, 19.2% plans, 15.5% attempts	Lifetime – 25% of female, 23.1% of male for suicidal ideation	0.5% of adults made at least one suicide attempt
Substance use	40% of EMTs & paramedics have reported problems with drugs and alcohol	50% of male & 39.5% of female in binge drinking, 9% of male & 4.3% of female driving while intoxicated	20-30% of police officers have substance abuse disorders	15.4% of adult Americans struggle with a substance use disorder

- If first responder has both EMS and firefighting duties, they have a six-fold increase in the likelihood of a suicide attempt as compared to firefighting alone

SAMHSA 2018, Hope et al 2021, Petrie et al 2018, Gradus 2022, Huang et al 2022

PTSD presumption in firefighters, EMTs and law enforcement officers

RCW 51.32.185 (June 7, 2018)

1.The following criteria must be met for the PTSD presumption to apply:

- The worker must have had a mental health examination administered by a psychiatrist or a psychologist that ruled out the presence of PTSD from pre-employment exposures. Or, they did not receive an examination because none was required.
- PTSD manifested after the individual has served at least 10 years.
- Have a PTSD diagnosis that meets the diagnostic criteria specified by the American Psychiatric Association in the Diagnostic and Statistical Manual of Mental Disorders (DSM-V), Fifth addition, or in a later edition as adopted by the department (RCW 51.08.165)

2.PTSD is not considered an occupational disease if the disorder is directly attributed to disciplinary action, work evaluation, job transfer, layoff, demotion, termination or similar action taken in good faith by an employer (RCW 51.08.142)

3.Multiple traumatic events=occupational disease

4.Single incident=injury

Presumption of PTSD as an Occupational Disease - Direct Care Registered Nurses vs Firefighters, including their Supervisors, Emergency Medical Technicians and Law Enforcement Officers

Occupation covered	Bill version and/or Law	Rebuttable presumption	Level of evidence for the rebuttal	Required length of time worked before PTSD develops or manifests itself	Pre-employment documentation as a condition of employment	How long the presumption applies after last date of employment
Direct Care Registered Nurses	2SSB 5454 (Laws of 2023) Effective 1/1/2024 Amends RCW 51.08.142 and adds a new section in Chapter 51.32 RCW	Yes	Preponderance of the evidence	Fully compensated for at least 90 consecutive days in Washington State	None	Three months for each year worked, up to 60 months
Firefighters including their supervisors EMTs, Law Enforcement Officers	RCW 51.08.142 RCW 51.32.185	Yes	Preponderance of the evidence	Fully compensated for 10 years	Yes if hired after June 7, 2018	Three months for each year worked, up to 60 months

DSM-5 Diagnostic Criteria for PTSD

- **A. Exposure** to actual or threatened death, serious injury, or sexual violence in one (or more) of the following ways:
  - Directly experiencing the traumatic event(s).
  - Witnessing, in person, the event(s) as it occurred to others.
  - Learning that the traumatic event(s) occurred to a close family member or close friend. In cases of actual or threatened death of a family member or friend, the event(s) must have been violent or accidental.
  - Experiencing repeated or extreme exposure to aversive details of the traumatic event(s) (e.g., first responders collecting human remains; police officers repeatedly exposed to details of child abuse).

DSM-5 Diagnostic Criteria for PTSD

- **B.** Presence of one (or more) of the following **intrusion symptoms** associated with the traumatic event(s), beginning after the traumatic event(s) occurred:
  - Recurrent, involuntary, and intrusive distressing memories of the traumatic event(s).
  - Recurrent distressing dreams in which the content and/or affect of the dream are related to the traumatic event(s).
  - Dissociative reactions (e.g., flashbacks) in which the individual feels or acts as if the traumatic event(s) were recurring. (Such reactions may occur on a continuum, with the most extreme expression being a complete loss of awareness of present surroundings.)
  - Intense or prolonged psychological distress at exposure to internal or external cues that symbolize or resemble an aspect of the traumatic event(s).
  - Marked physiological reactions to internal or external cues that symbolize or resemble an aspect of the traumatic event(s).

DSM-5 Diagnostic Criteria for PTSD

- **C.** Persistent **avoidance** of stimuli associated with the traumatic event(s), beginning after the traumatic event(s) occurred, as evidenced by one or both of the following:
  - Avoidance of or efforts to avoid distressing memories, thoughts, or feelings about or closely associated with the traumatic event(s).
  - Avoidance of or efforts to avoid external reminders (people, places, conversations, activities, objects, situations) that arouse distressing memories, thoughts, or feelings about or closely associated with the traumatic event(s).

DSM-5 Diagnostic Criteria for PTSD

- **D.** Negative **alterations in cognitions and mood** associated with the traumatic event(s), beginning or worsening after the traumatic event(s) occurred, as evidenced by two (or more) of the following:
  - Inability to remember an important aspect of the traumatic event(s) (typically due to dissociative amnesia, and not to other factors such as head injury, alcohol, or drugs).
  - Persistent and exaggerated negative beliefs or expectations about oneself, others, or the world (e.g., “I am bad,” “No one can be trusted,” “The world is completely dangerous,” “My whole nervous system is permanently ruined”).
  - Persistent, distorted cognitions about the cause or consequences of the traumatic event(s) that lead the individual to blame himself/herself or others.
  - Persistent negative emotional state (e.g., fear, horror, anger, guilt, or shame).
  - Markedly diminished interest or participation in significant activities.
  - Feelings of detachment or estrangement from others.
  - Persistent inability to experience positive emotions (e.g., inability to experience happiness, satisfaction, or loving feelings).

DSM-5 Diagnostic Criteria for PTSD

- **E.** Marked **alterations in arousal and reactivity** associated with the traumatic event(s), beginning or worsening after the traumatic event(s) occurred, as evidenced by two (or more) of the following:
  - Irritable behavior and angry outbursts (with little or no provocation), typically expressed as verbal or physical aggression toward people or objects.
  - Reckless or self-destructive behavior.
  - Hypervigilance.
  - Exaggerated startle response.
  - Problems with concentration.
  - Sleep disturbance (e.g., difficulty falling or staying asleep or restless sleep).

DSM-5 Diagnostic Criteria for PTSD

- **F. Duration** of the disturbance (Criteria B, C, D and E) is more than 1 month.
- **G.** The disturbance causes **clinically significant distress or impairment** in social, occupational, or other important areas of functioning.
- **H.** The disturbance is not attributable to the physiological effects of a substance (e.g., medication, alcohol) or another medical condition.

PTSD Treatment—what does the evidence recommend?

VA “guide to PTSD guidelines[1],” a summary of evidence-based guidelines from multiple associations (NICE, VA, APA, etc.) recommends:

- Trauma-focused psychotherapies are considered the most recommended first line treatment options, generally paired with eye movement desensitization and reprocessing (EMDR)
- SSRIs are recommended if medication is warranted, or trauma-focused therapy is not available/preferred

1. Hamblen, Jessica L., et al. "A guide to guidelines for the treatment of posttraumatic stress disorder in adults: An update." *Psychotherapy* 56.3 (2019): 359.

What the Evidence Recommends—Individual Therapy

	APA 2017	ISTSS 2018	NICE 2018	Phoenix 2013	VA/DoD 2018
Strong Recommendation	• Cognitive Behavioral Therapy • Prolonged Exposure Therapy • Cognitive Processing Therapy • Cognitive Therapy	• Trauma-focused cognitive behavioral therapy (undifferentiated) • Prolonged exposure • Cognitive Processing Therapy • Cognitive therapy • Eye movement desensitization and reprocessing	• Trauma focused cognitive behavioral interventions • Cognitive Processing Therapy • Cognitive therapy for PTSD • Narrative exposure therapy • Prolonged exposure • Eye movement desensitization and reprocessing (more than 3 months after non-combat-related trauma)	• Trauma focused cognitive behavioral interventions • Eye movement desensitization and reprocessing	• Prolonged exposure • Cognitive Processing Therapy • Eye movement desensitization and reprocessing • Specific cognitive behavioral therapies for PTSD • Brief eclectic psychotherapy • Narrative exposure therapy • Written narrative exposure
Moderate Recommendation	• Brief eclectic psychotherapy • Eye movement desensitization and reprocessing • Narrative exposure therapy	• Cognitive Behavioral Therapy without a trauma focus • Narrative exposure therapy • Present-centered therapy	• Eye movement desensitization and reprocessing (1-3 months after non-combat-related trauma)		• Interpersonal psychotherapy • Present-centered therapy • Stress inoculation training

1. Hamblen, Jessica L., et al. "A guide to guidelines for the treatment of posttraumatic stress disorder in adults: An update." *Psychotherapy* 56.3 (2019): 359.

What the Evidence Recommends—Pharmacotherapy

	APA 2017	ISTSS 2018	NICE 2018	Phoenix 2013	VA/DoD 2018
Strong Recommendation					• Fluoxetine • Paroxetine • Sertraline • Venlafaxine
Moderate Recommendation	• Fluoxetine • Paroxetine • Sertraline • Venlafaxine		• Selective serotonin reuptake inhibitors (such as sertraline) • Venlafaxine • Antipsychotics, such as risperidone (in addition to psychological therapies and only if they have disabling symptoms and behaviors and symptoms have not responded to other drug or psychological treatments)		• Nefazodone • Imipramine • Phenelzine

1. Hamblen, Jessica L., et al. "A guide to guidelines for the treatment of posttraumatic stress disorder in adults: An update." *Psychotherapy* 56.3 (2019): 359.

What the Evidence Recommends—Pharmacotherapy

	APA 2017	ISTSS 2018	NICE 2018	Phoenix 2013	VA/DoD 2018
Low Recommendation	N/A	• Fluoxetine • Paroxetine • Sertraline • Venlafaxine	N/A	• Selective serotonin reuptake inhibitors	N/A
Emerging Recommendation	N/A	• Quetiapine	N/A	N/A	N/A
Moderate Recommendation Against				N/A	• Amitriptyline • Citalopram • Lamotrigine • Olanzapine • Quetiapine, and other atypical antipsychotics (except for risperidone, which is a strong against) • Prazosin (for the global symptoms of PTSD) • Topiramate
Strong Recommendation Against				N/A	• Benzodiazepines • Cannabis and Cannabis derivatives • D-cycloserine • Divalproex • Guanfacine • Hydrocortisone • Ketamine • Risperidone • Tiagabine
Insufficient Rcommendation	Risperidone, Topiramate	Amitriptyline, Brofaromine, Divalproex, Ganaxolone, Imipramine, Ketamine, Lamotrigine, Mirtazapine, Neurokinin-1 antagonist, Olanzapine, Phenelzine, Tiagabine, Topiramate	N/A		Bupropion, Buspirone, Cyproheptadine, Desipramine, Desvenlafaxine, Doxepin, D-serine, Duloxetine, Escitalopram, Eszopiclone, Fluvoxamine, Hydroxyzine, Levomilnacipran, Mirtazapine, Nortriptyline, Trazodone, Vilazodone, Vortioxetine, Zaleplon, Zolpidem

Factors for not seeking mental health treatment in first responders

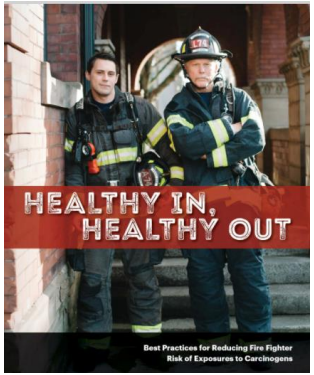
- There is a ‘culture’ reluctance for first responders to seek mental health care. This culture strongly emphasizes:
  - Strength
  - Self reliance
  - Saving others
- Barriers to seek care
  - Stigma
  - Belief that acknowledgment of a mental health issue erodes trust from their team
  - Potential need to remove possession of a firearm (law enforcement)
  - Lack of knowledge: ‘How and where do I reach out for help?’ and ‘How does it get paid for?’

Jones et al 2020

Primary Prevention – Behavioral Health

- SHIP Grant - Healthy In – Healthy Out
- WSCFF/FEMA – Healthy In – Healthy Out (2nd Edition)
  - Expanded beyond cancer prevention
  - WMSD prevention
  - Behavioral Health

- Firefighter Injury and Illness Reduction program (FIIRE)
  - Best practice development
  - Firefighter collaborative



Washington State Department of Labor & Industries

FIIRE
Firefighter Injury and Illness Reduction

HB 1197: AN ACT Relating to defining attending provider and clarifying other provider functions for workers' compensation claims, and adding psychologists as attending providers for mental health only claims

- HB 1197 will be effective July 1, 2025
- This bill will allow doctoral level psychologists to act as the attending provider on claims where the worker only has a work-related mental health condition.
- The bill does not change any benefit eligibility. It removes significant barriers for workers to receive treatment from a provider most likely to treat PTSD.
- The majority of these claims are expected to be for first responders and direct care registered nurses as those are the only groups to which the presumption will apply.
- Having additional attending providers available to direct the care on these claims is expected to allow for more timely access to care and then more likely to help the worker heal and return to work.
  - The Department will be offering training for psychologists to support their additional responsibilities as the attending provider.

Next steps

- Plan to hire an associate medical director for psychology
- Further research and attention to presumptive PTSD claims transitioning to pension
- Analysis of additional evidence based therapies for PTSD
- Need high vigilance for cases that may be at high risk of suicide
- Supplemental decision package for PTSD study of other states policies and outcomes ($400K)

Questions?

Washington State Department of Labor & Industries

Industrial Insurance (State) Fund Financial Overview

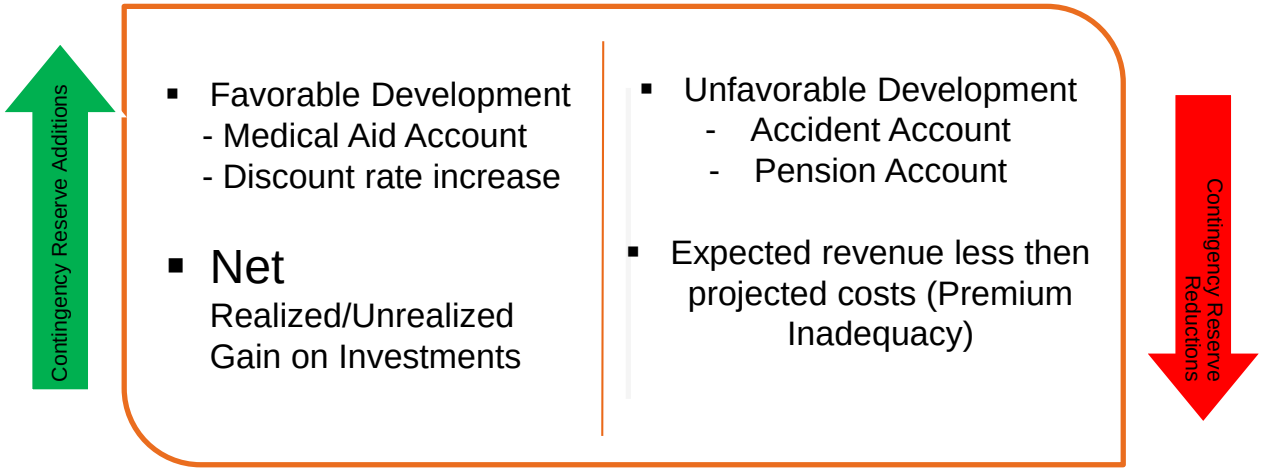
Statutory Financial Information
Fiscal Year 2023
July 2022 – June 2023

Rob Cotton, Special Projects

Significant Financial Highlights

July 2022 through June 2023

The contingency reserve increased **$316 million**, from $4,314 million on July 1, 2022 to $4,630 million on June 30, 2023.



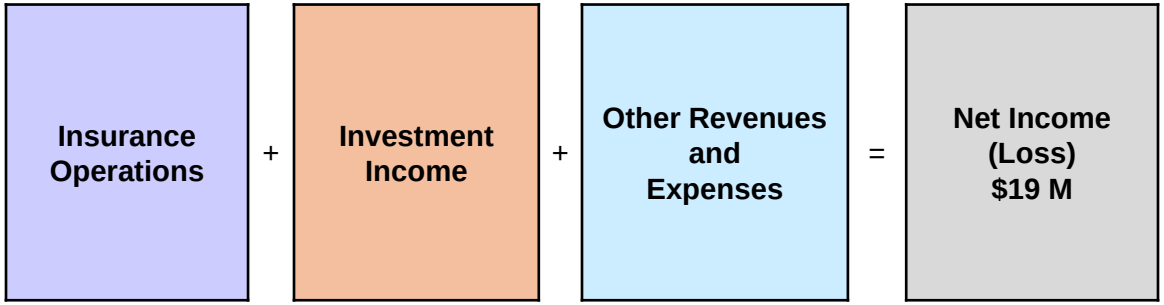
Change in contingency reserve by quarter for fiscal year 2023.

- July 1 to September 30, 2022 – a decrease of $176 million
- October 1 to December 31, 2022 – an increase of $229 million
- January 1 to March 31, 2023 – an increase of $78 million
- April 1 to June 30, 2023 – an increase of $185 million

State Fund Results

“Net Income”

July 2022 through June 2023

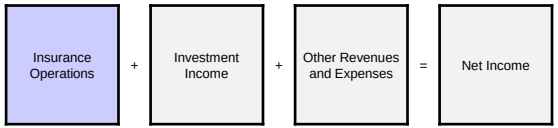


Insurance Operations

July through June 2023
(in millions)

		Twelve Months Ended June 30, 2023	Twelve Months Ended June 30, 2022
We took in (Premiums Earned)	+	**$ 1,945**	**$ 1,851**
We spent (Expenses Incurred)			
Benefits Incurred		2,230	1,760
Claim Administrative Expenses		212	204
Other Insurance Expenses		102	93
Total Expenses Incurred	-	**2,544**	**2,057**
Net Income (Loss) from Insurance Operations	=	**$ (599)**	**$ (206)**

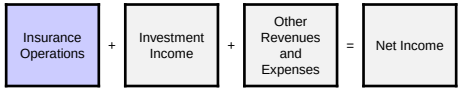
Net loss from insurance operations is normal for workers compensation insurers who routinely rely on investment income to cover a portion of benefit payments.



Premiums Earned

July through June 2023
(in millions)

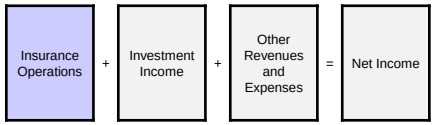
	Twelve Months Ended		
	June 30, 2023	June 30, 2022	Difference
Standard Premiums Collected	$2,121	$2,012	
Less Retrospective Rating Adjustments	(198)	(238)	
Less Ceded Reinsurance Premiums	(15)	(15)	
Net Premiums Collected	1,908	1,759	
Changes in future Premium Amounts To Be Collected	43	71	
Changes in future Retrospective Rating Adjustment Refunds	(6)	21	
Net Premiums Earned	$ 1,945	$ 1,851	$ 94



Benefits Incurred

July through June 2023
(in millions)

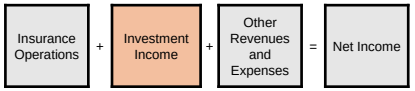
	Twelve Months Ended		
	June 30, 2023	June 30, 2022	Difference
Benefits Paid	$ 1,731	$ 1,674	$ 57
Change in Benefit Liabilities	499	87	412
Total Benefits Incurred	**$ 2,230**	**$ 1,761**	**$ 469**



Investment Income

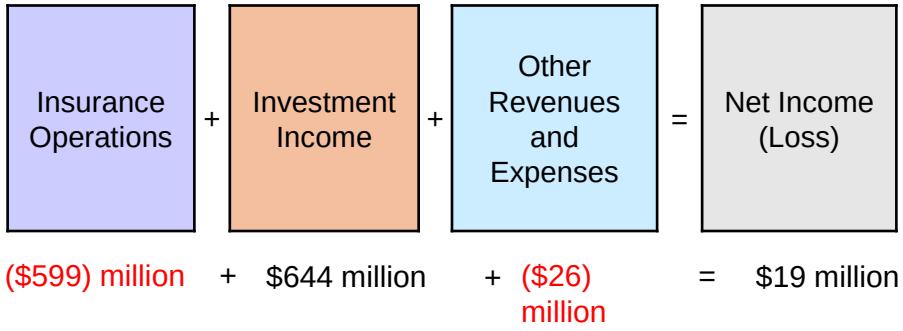
July through June 2023
(in millions)

		Twelve Months Ended June 30, 2023	Twelve Months Ended June 30, 2022
Investment Income Earned from Interest on bonds	+	$ 504	$ 456
Realized Gain/(Loss) from Fixed Income Investments Sold	+	(22)	76
Realized Gains from Stocks (Equity Investments) Sold	+	162	66
Total Investment Income	=	$ 644	$ 598



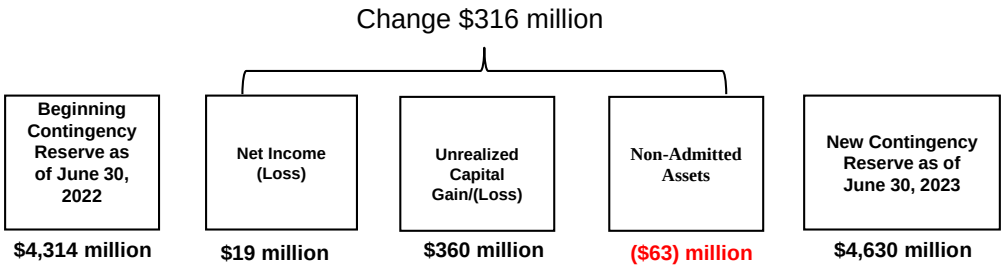
Results of Operations

July 2022 through June 2023



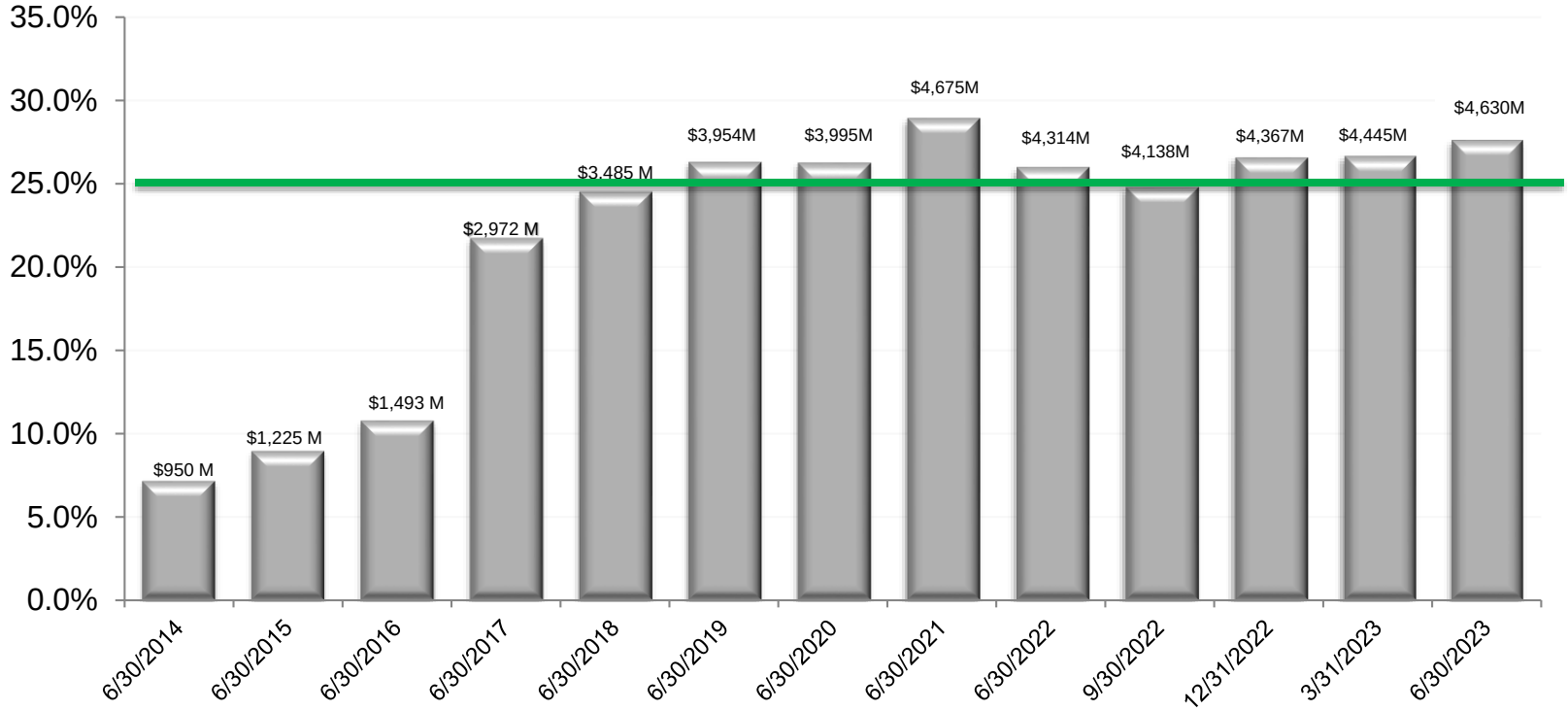
How Did Contingency Reserve Perform?

July 2022 through June 2023

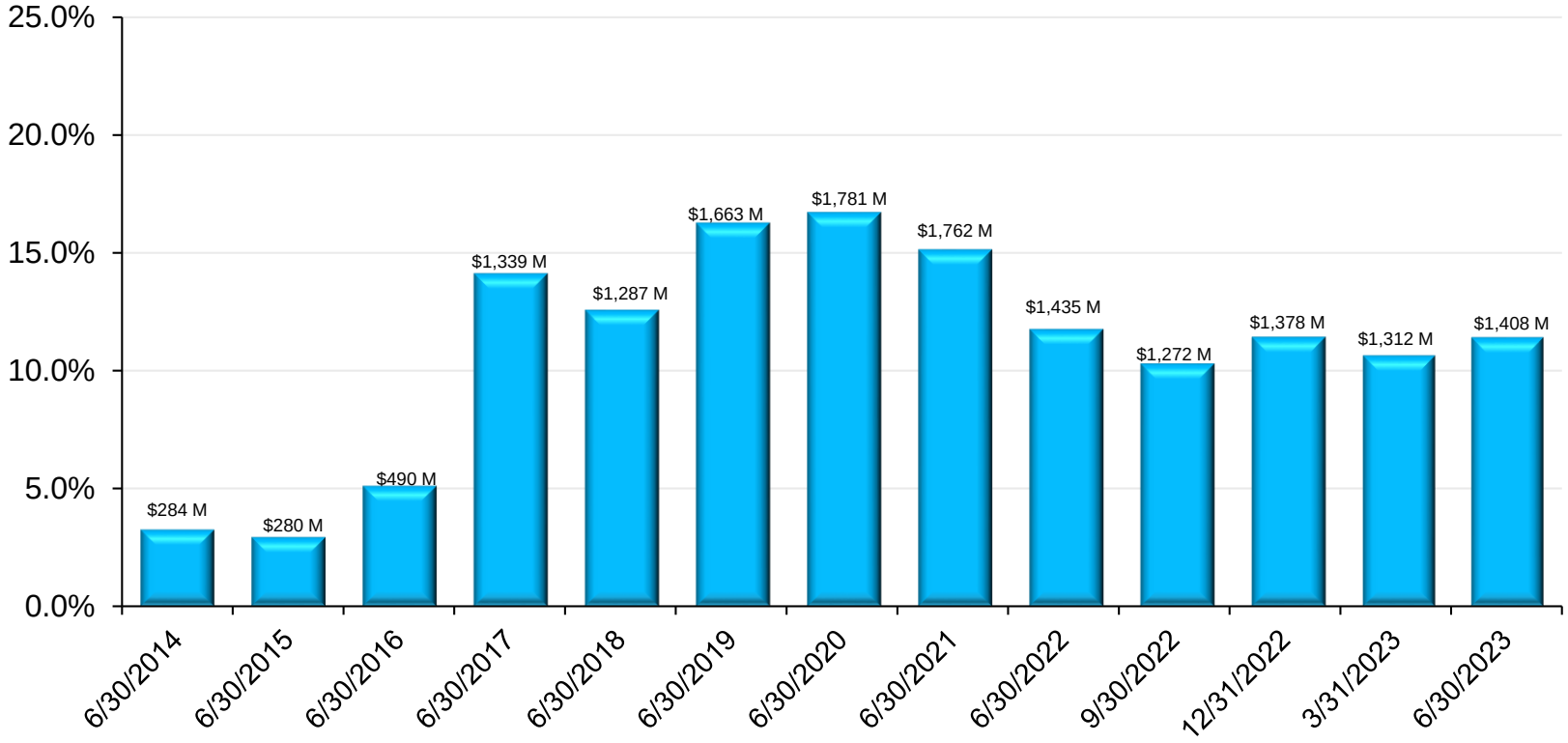


Combined Contingency Reserve
27.6% of Total Liabilities

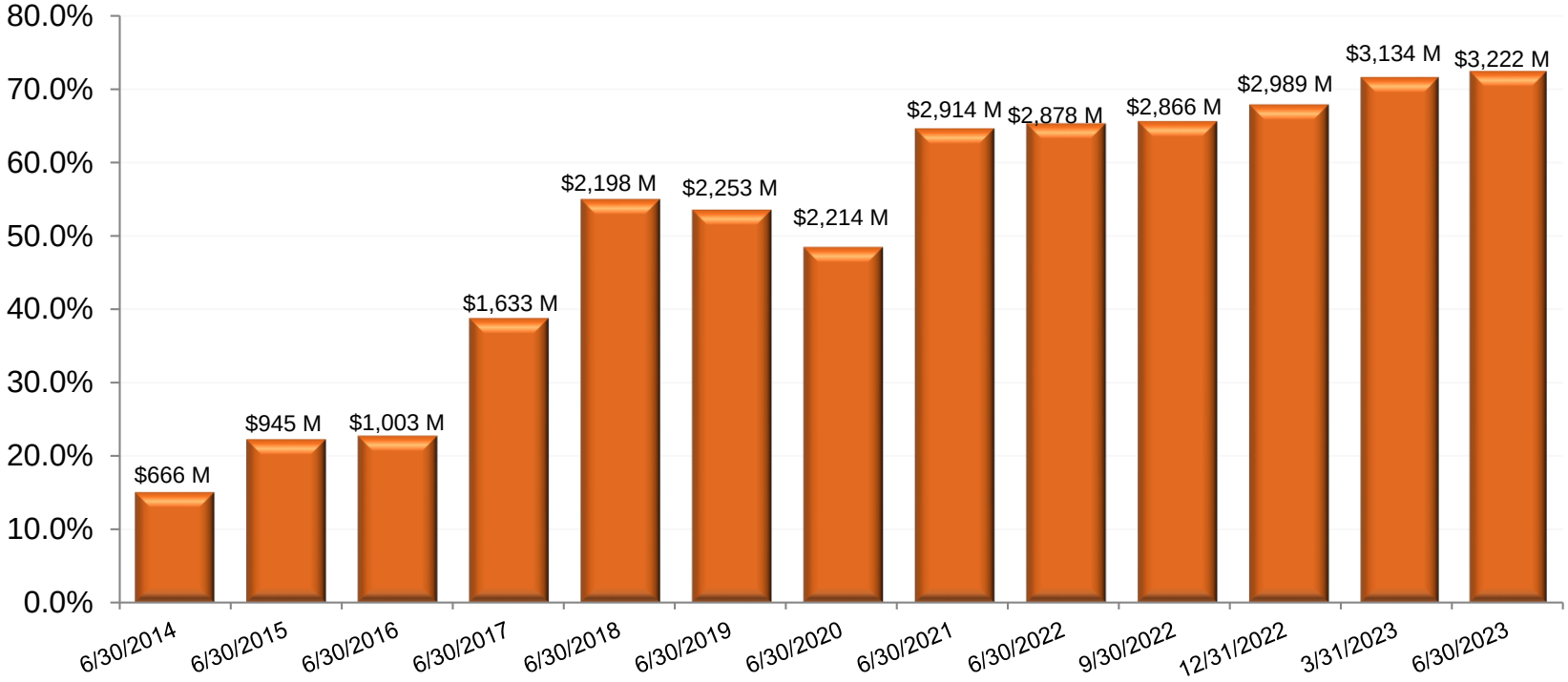
As of 6/20/23



Accident & Pension Contingency Reserve
11.4% of Liabilities
As of 6/30/23



Medical Aid Contingency Reserve
72.3% of Liabilities
As of 6/30/23



Key Financial Ratios

as a percentage of premium earned

Ratios	Quarter Ended June 30, 2023		Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2021
	State Fund	Industry Forecast		
Current Year Benefit (Loss Ratio)	100.1%		104.3%	117.1%
Prior Year Benefit (Loss Ratio)	14.6%		(9.2)%	30.0%
Total Benefit (Loss Ratio)	**114.7%**	**44.9%**	**95.1%**	**147.1%**
Current Year CAE Ratio	12.1%		12.5%	14.4%
Prior Year CAE Ratio	(1.2)%		(1.5)%	1.8%
Total Claim Administration Expense (CAE) Ratio	**10.9%**	**13.5%**	**11.0%**	**16.2%**
Sub-Total: Benefit and Claim Administration Expense Ratios	125.6%	58.4%	106.1%	163.3%
Underwriting Expense Ratio includes all insurance administrative expenses except CAE	5.2%	27.3%	5.0%	6.1%
Combined Ratio (Industry omits dividends)	**130.8%**	**85.7%**	**111.1%**	**169.4%**
Investment Income Ratio	25.9%	15.8%	24.7%	28.9%
Operating Ratio	**104.9%**	**69.9%**	**86.4%**	**140.5%**

Questions & Comments

Contact Rob Cotton,

Special Projects

- Phone: 360-902-5743
- Email: rob.cotton@lni.wa.gov.

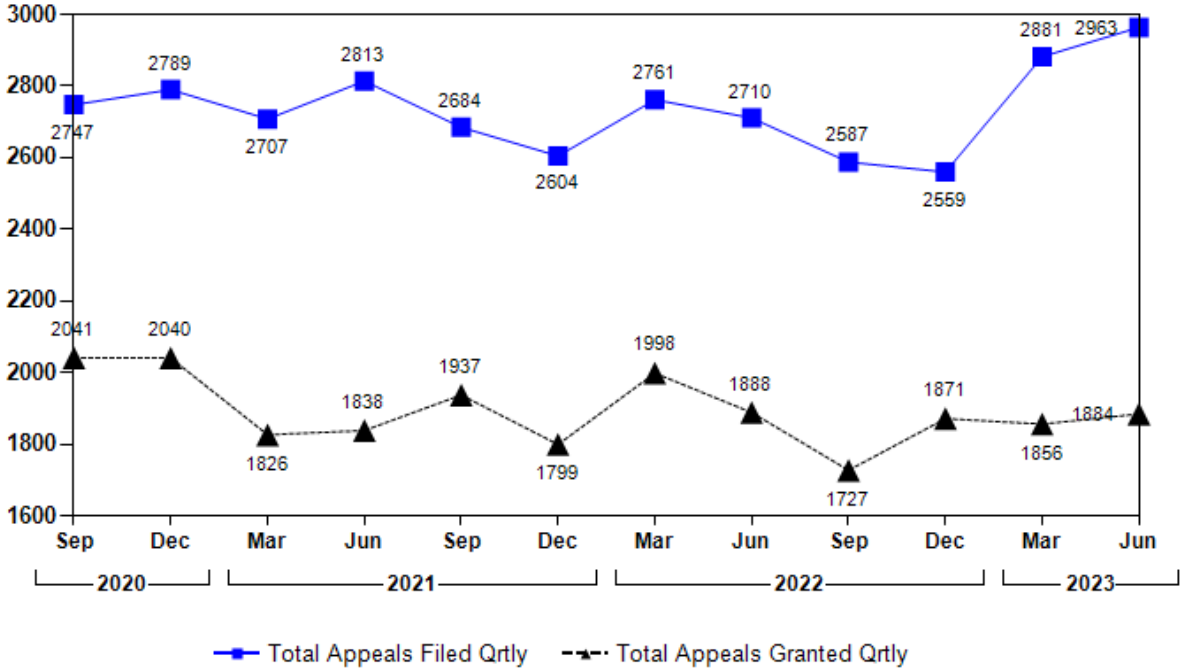
Thank You!

Washington State Department of Labor & Industries

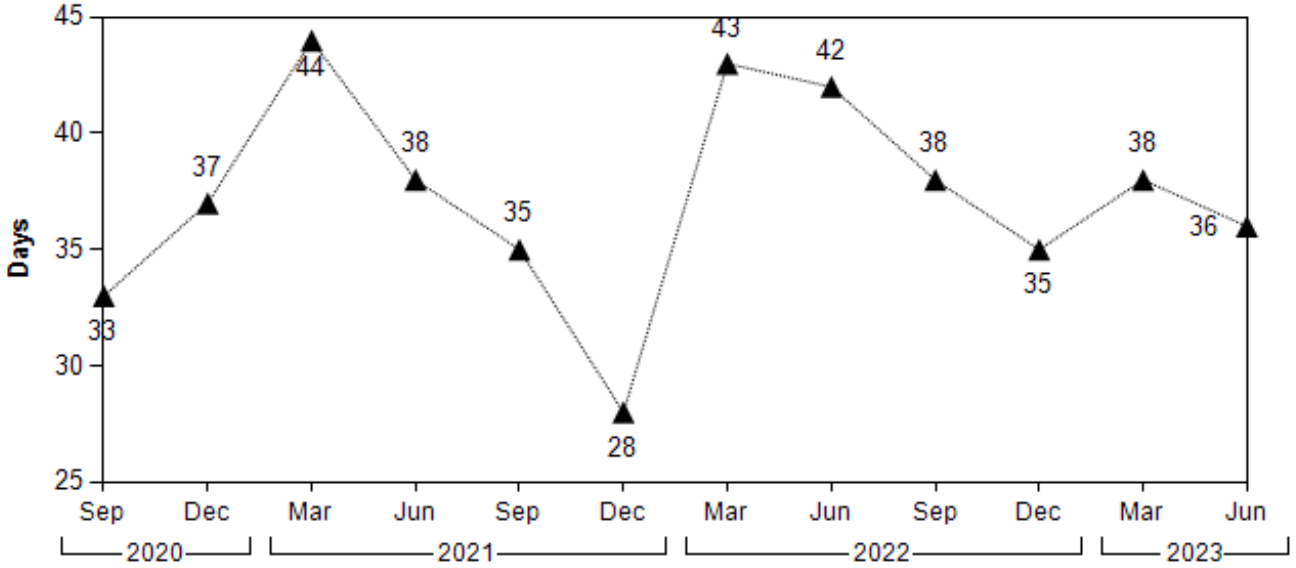
Board of Industrial Insurance Appeals (BIIA) Update

Holly Kessler, BIIA Chair

Total Appeals Filed and Granted

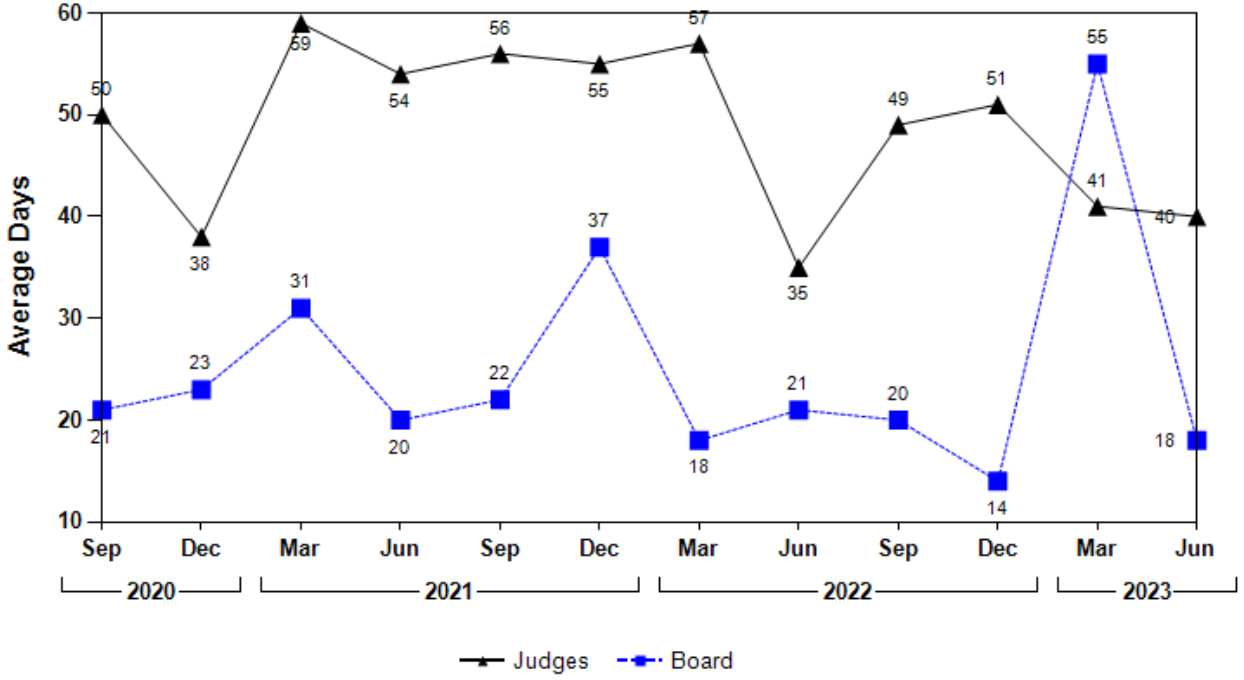


Average PD&O* Time-lag by Quarter for Hearing Judges



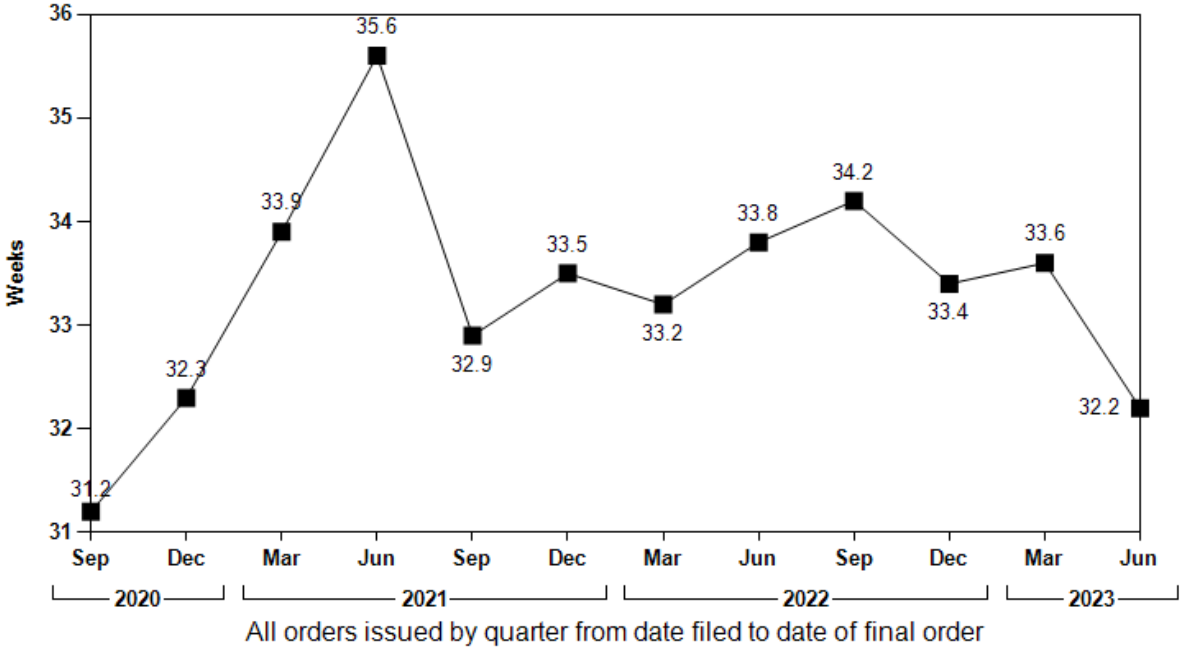
*Proposed Decision and Order

D & O* Time-Lag by Quarter



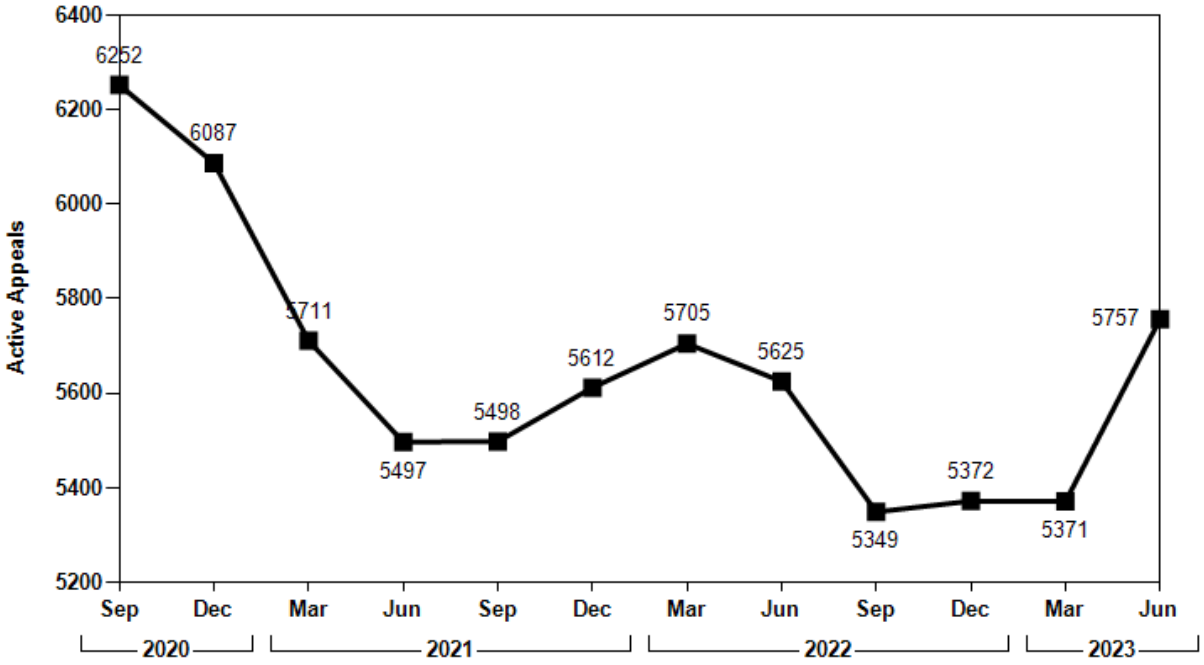
*Decision and Order

Quarterly Average Weeks to Completion

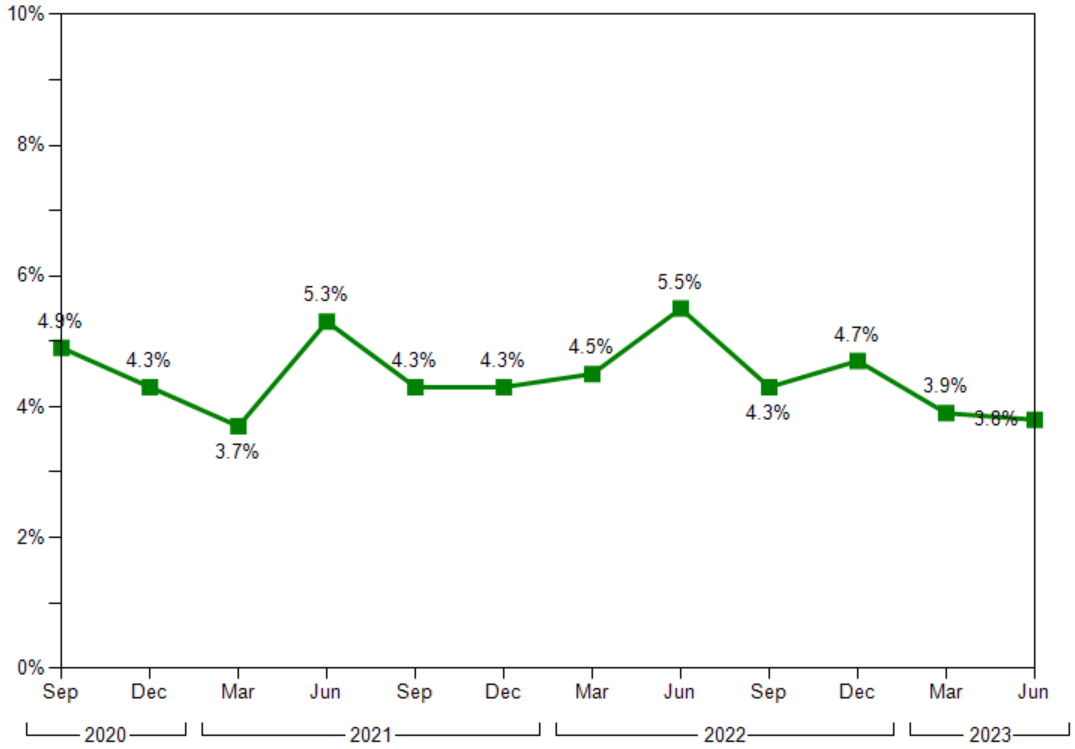


All orders issued by quarter from date filed to date of final order

Caseload at End of Quarter



Percentage of Final Orders Appealed to Superior Court - Quarterly



Washington State Department of Labor & Industries

Closing Comments & Adjourn

Mike Ratko, Assistant Director for Insurance Services

Joel Sacks, Agency Director

Next Meeting

- December 11, 2023, Tumwater Headquarters

APPEDNDIX SLIDES

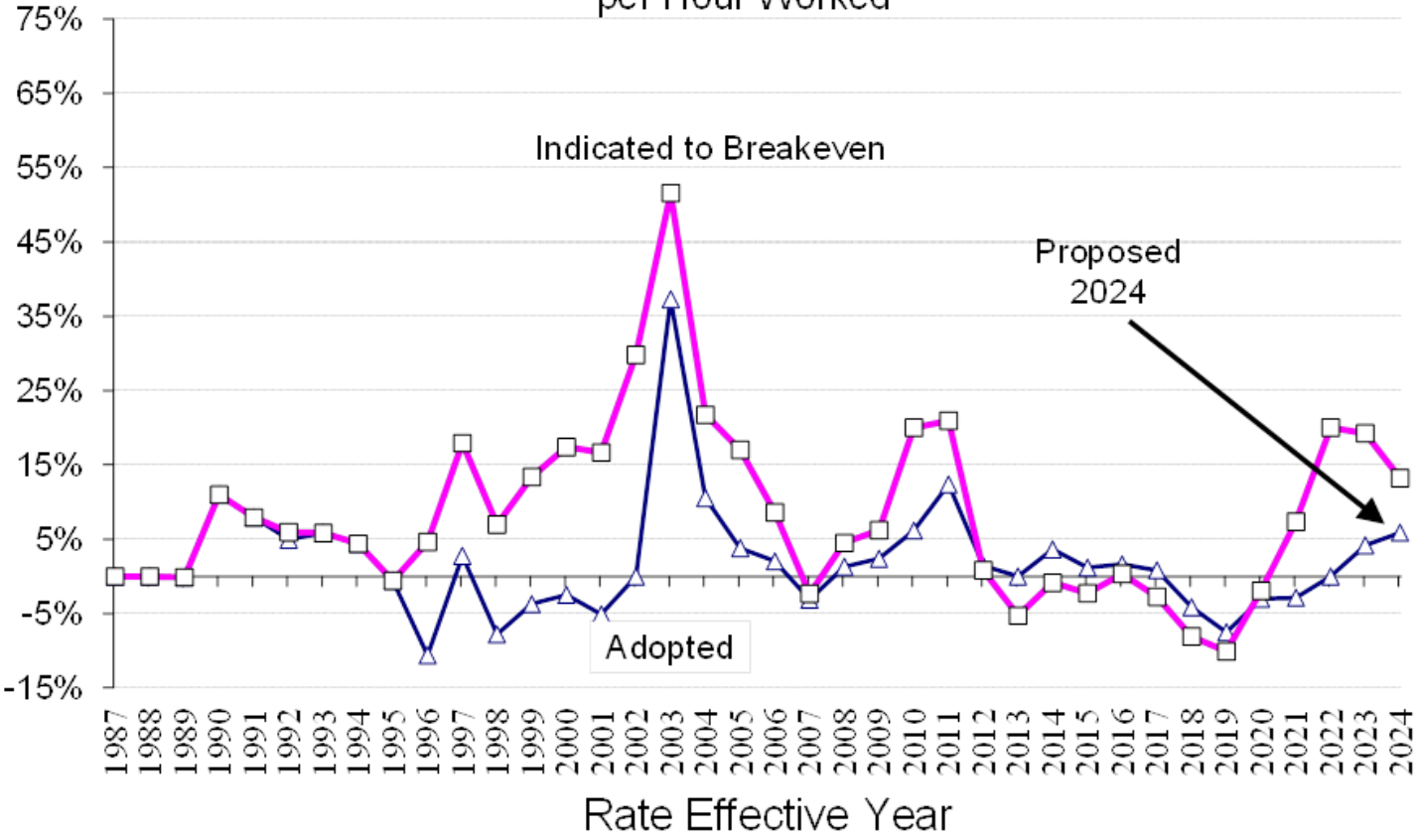
2024 Workers Compensation Rates

Benefits of a healthy contingency reserve

- Stable premium rates:
  - Able to absorb short-term volatility in insurance operations and investment results that would otherwise lead to rate adjustments.
- Acceptable risk of a deficit:
  - Easier to absorb unexpected events such as economic downturns, court decisions, and law changes.
- Increased investment income:
  - Offset premiums.
  - Larger investment portfolio.
  - Increases capacity for investment risk.

% Change in Standard* Premiums

per Hour Worked

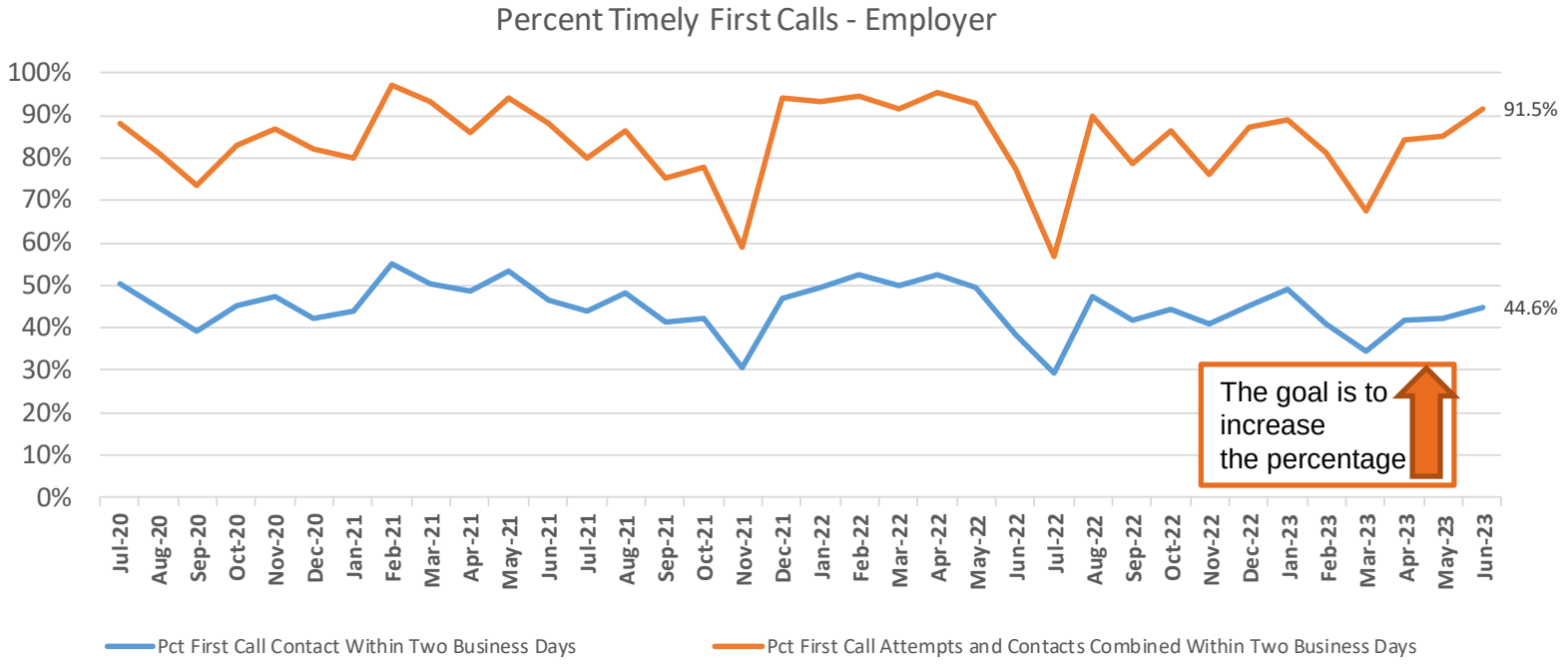


*Accident, Medical Aid Rates Combined, excludes Stay at Work & Supplemental Pension

APPENDIX SLIDES

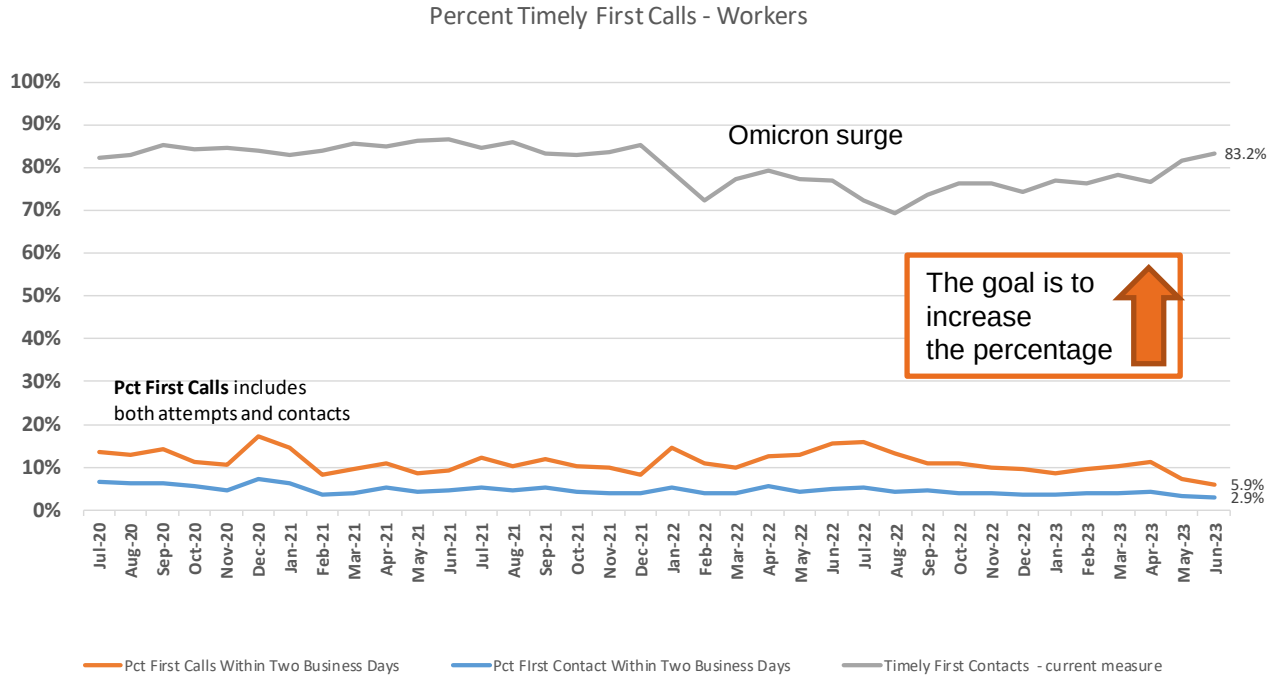
Operational Health Dashboard

JLARC recommended employer contact measure



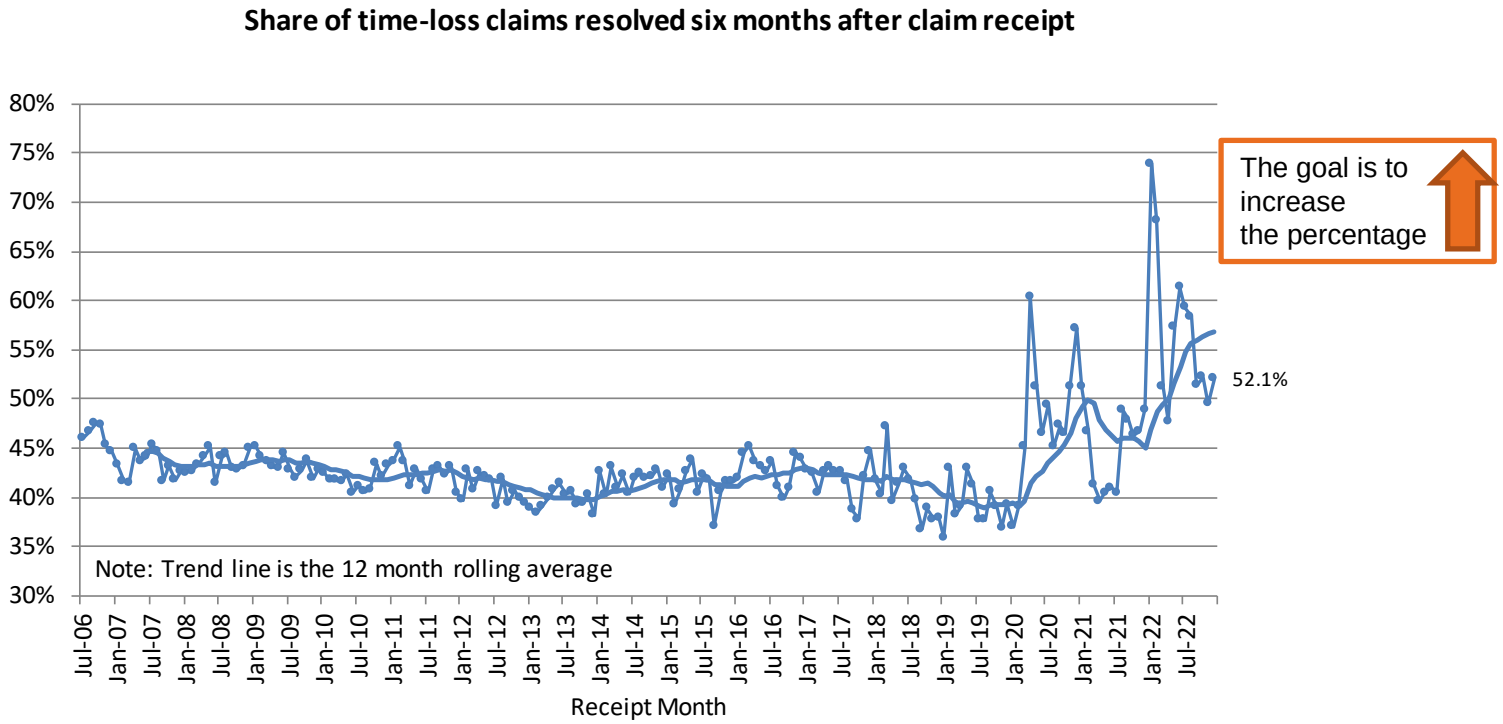
Note: Clock starts when claim is established in the system.

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



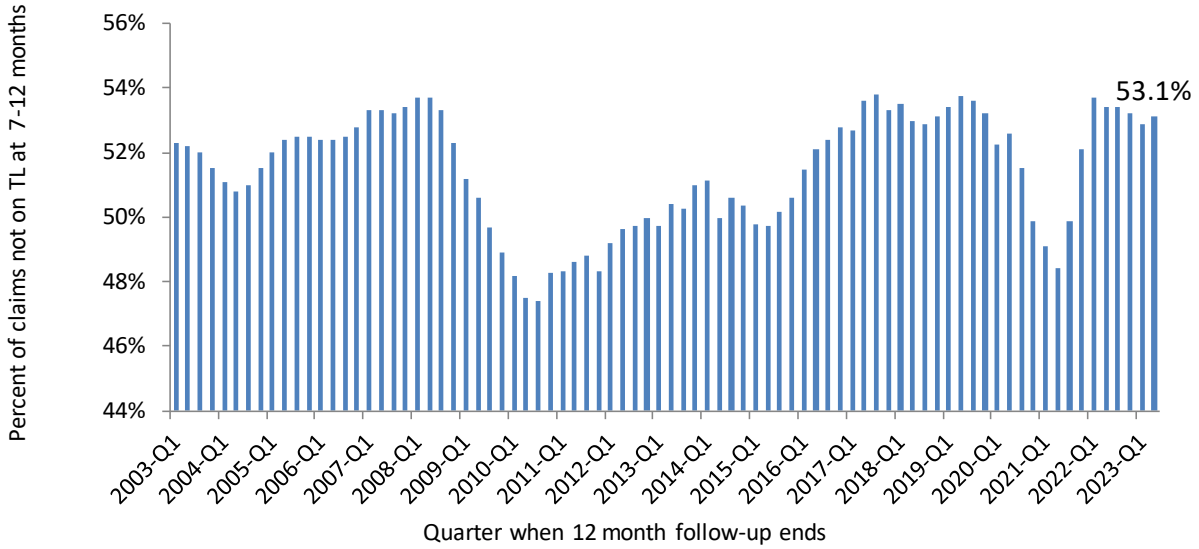
Note: Clock starts when firm and class are assigned on the JLARC recommended measure and when time loss is first paid on the current operational measure.

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



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



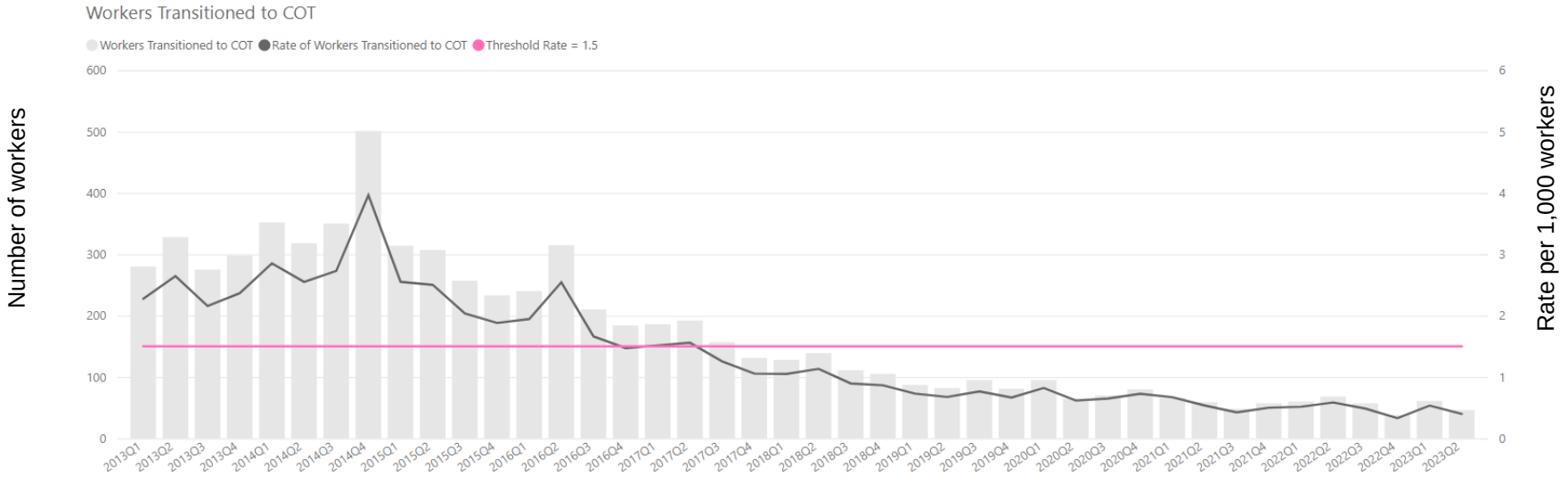
The goal is to increase the percentage

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

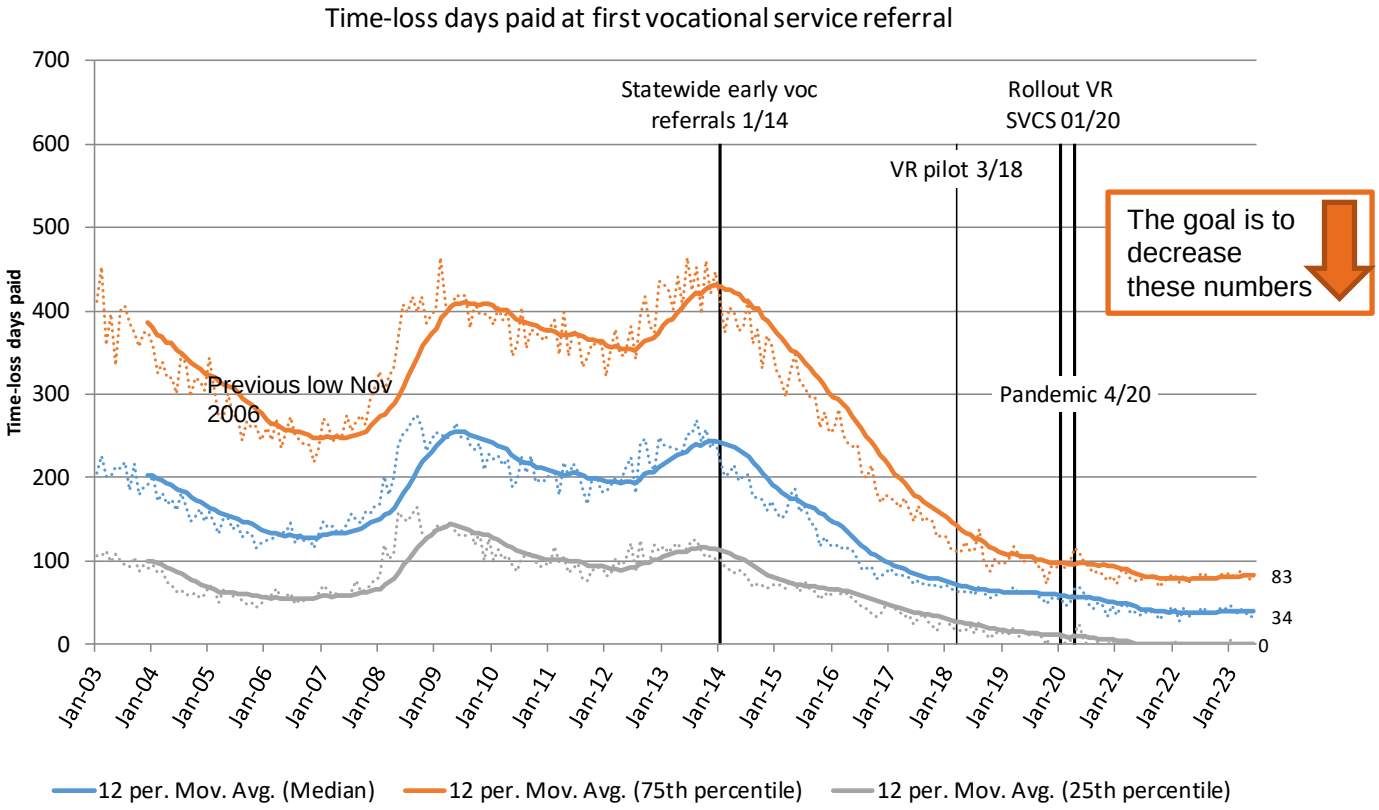
Transitioned to COTS

Workers newly on opioids transitioned to chronic opioid therapy

46	-25%	0.40
Workers Transitioned to COT	Change Since Previous Quarter	Rate per 1000 Injured Workers

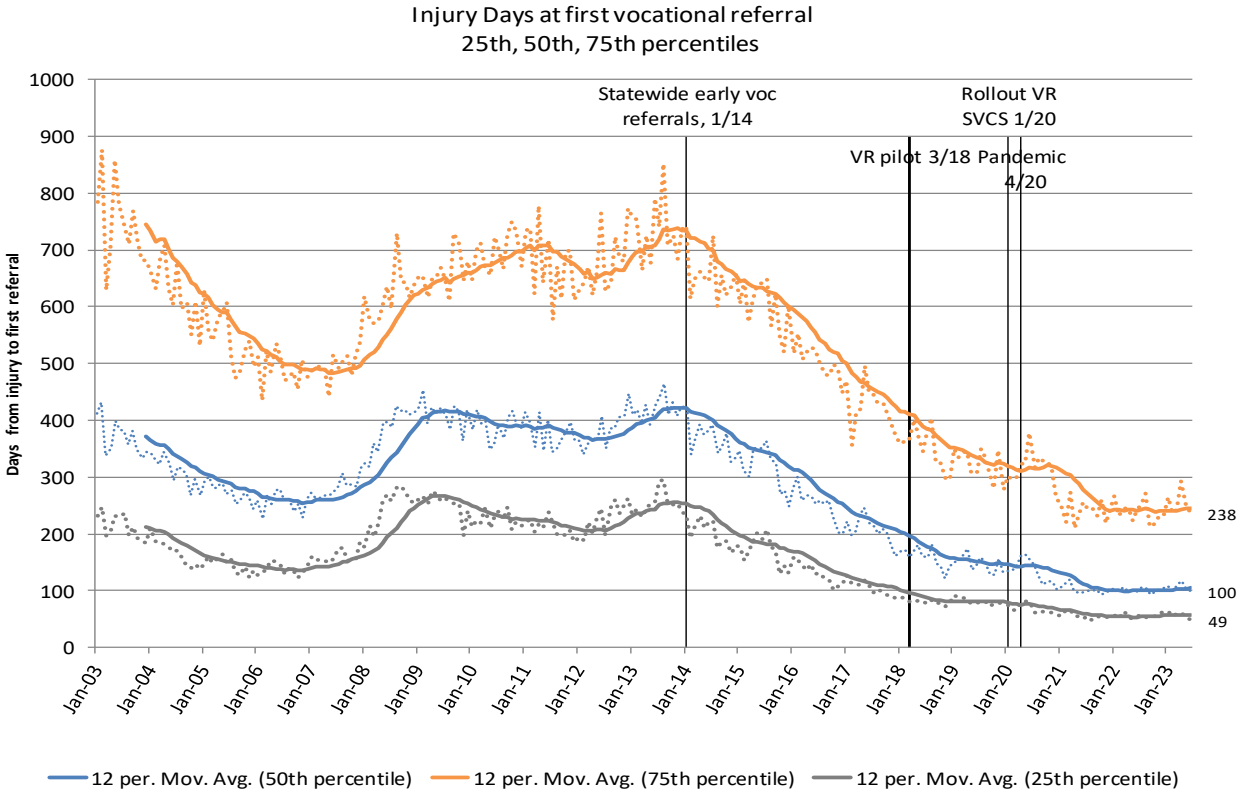


Referrals are now targeted to address the onset of disability



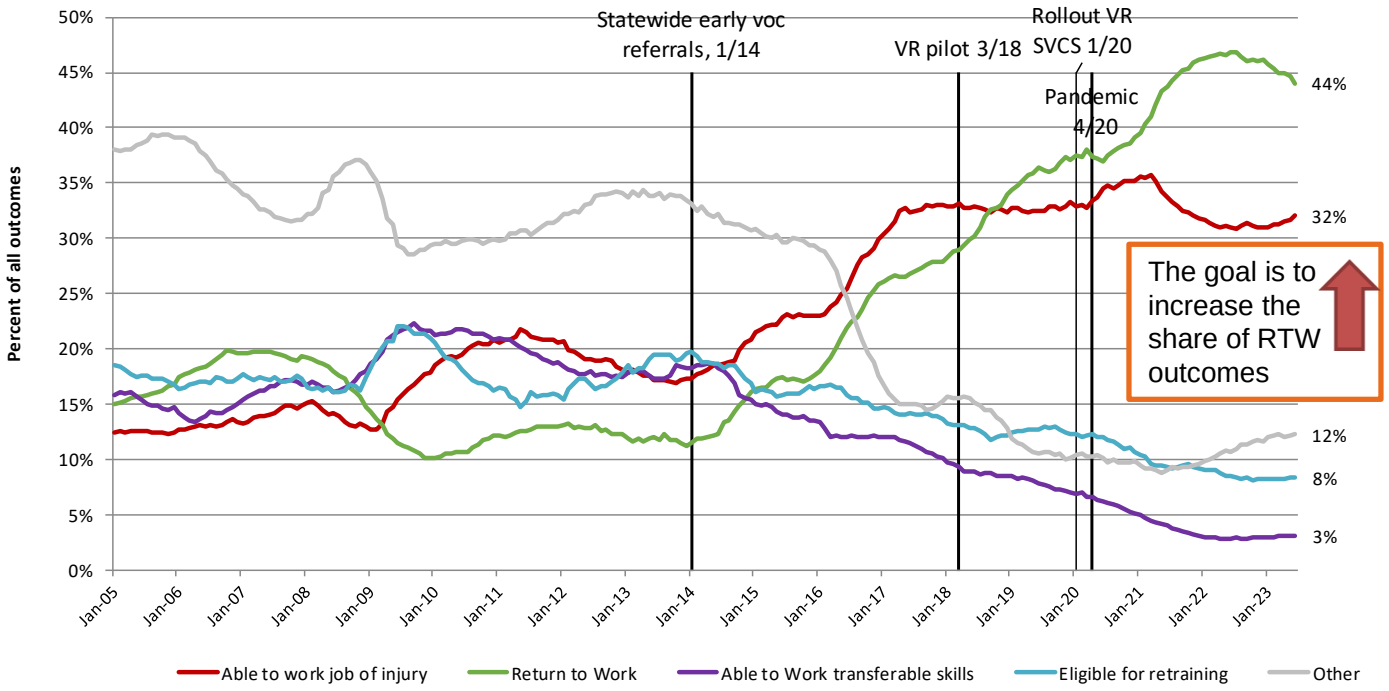
Referrals are now targeted to address the onset of disability

- days from date of injury

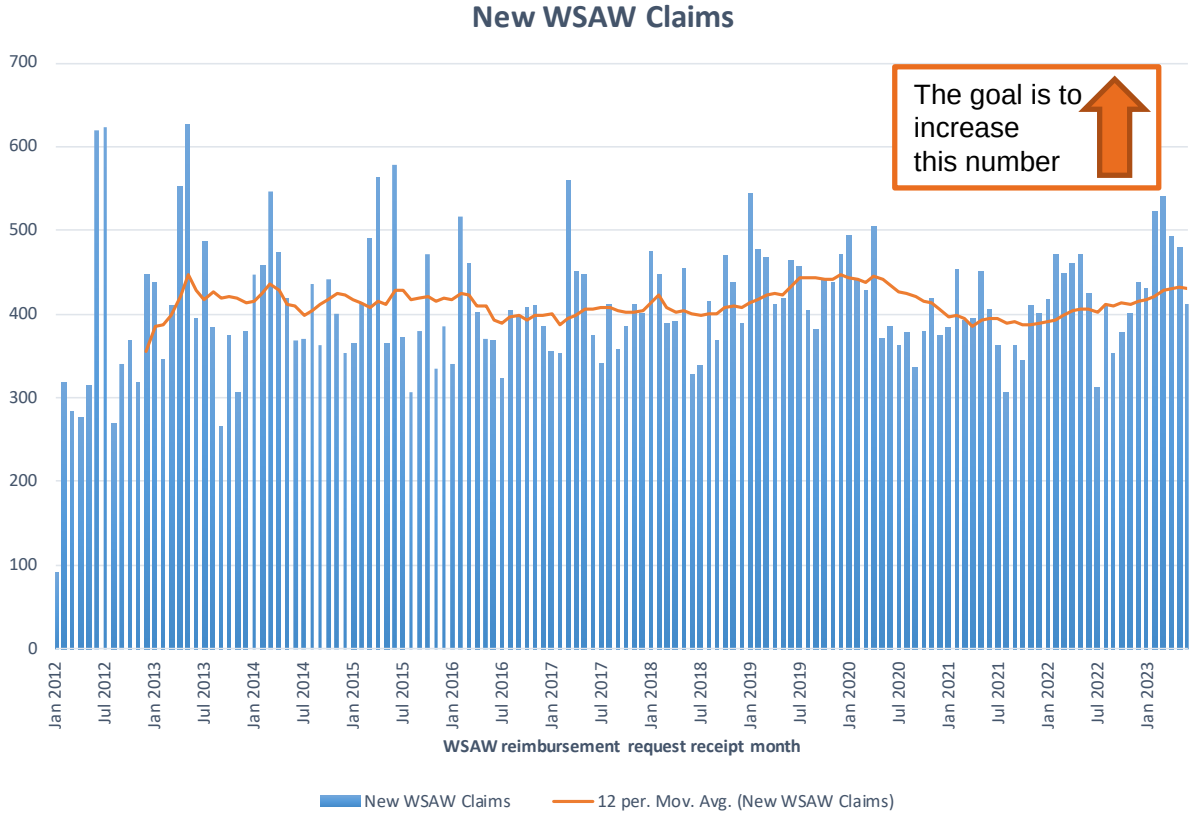


New focus on return to work has increased positive employable outcomes for all first vocational service referrals

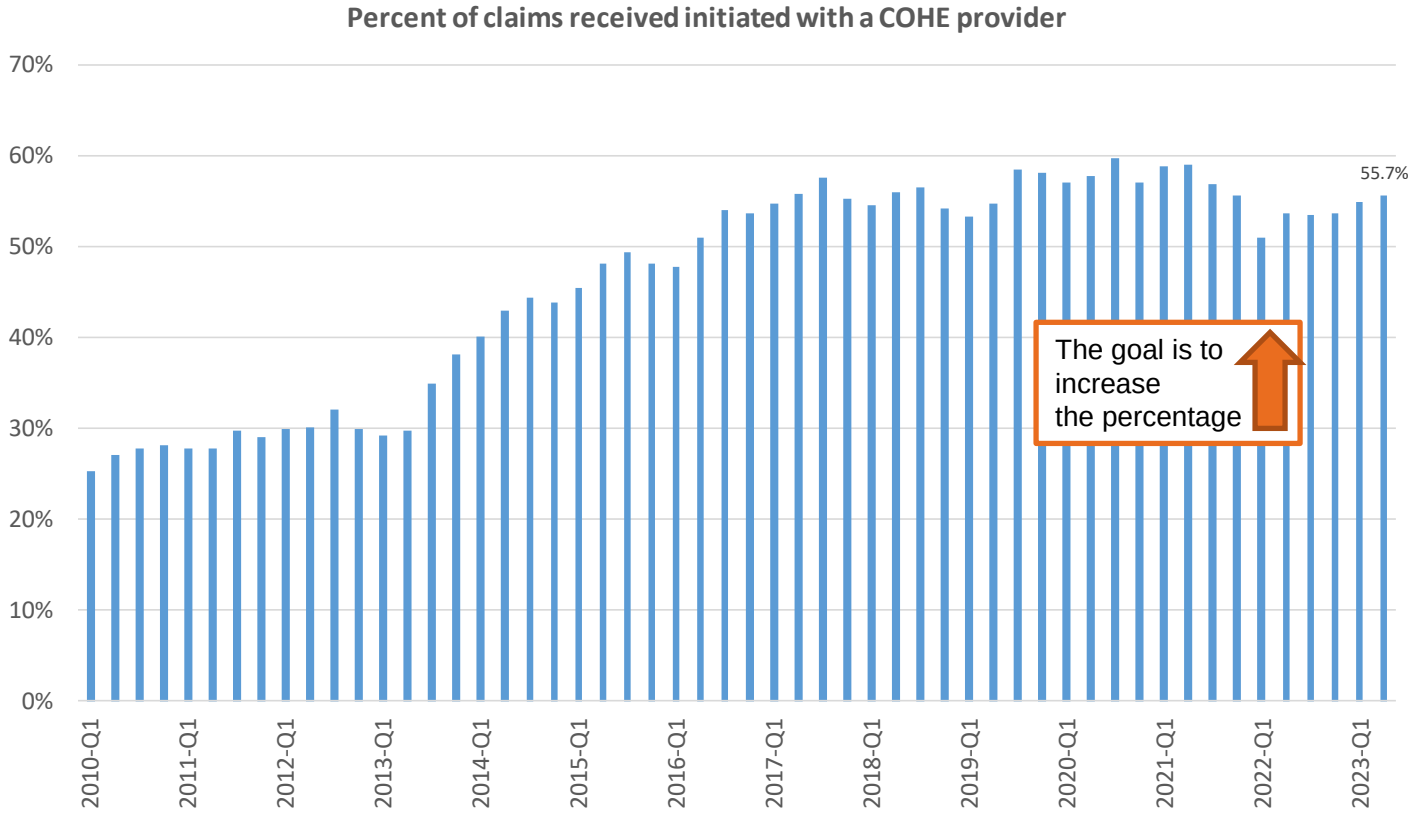
Outcome distribution, first vocational service referrals, select outcomes (12-month average)



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



Percentage of claims for injured workers initiated with a COHE provider



APPEDNDIX SLIDES

Industrial Insurance (State) Fund Financial Overview

Reconciliation of Change in Benefit Liabilities

(In $1,000s)

July 1, 2022 Benefit Liability Beginning Balance	$14,768,690
Prior Year Benefit Payments	($1,454,685)
Prior Year Development and Model Change (Favorable)	($55,532)
Self Insurance Prefunded Pension Transfers	$0
Regular reserve discount reduction	$339,114
Net Total Prior Year Benefit Liability as of June 30, 2023	$13,597,587
New Current Year Benefit Liabilities	$1,670,085
June 30, 2023 Benefit Liabilities Ending Balance	$15,267,672
Change Between Beginning and Ending Balance	**$498,982**

Highlights of Changes in the Contingency Reserve

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	Total
*Actuarial Development[1]	$149M	$543M	$147M	$926M	$941M	$352M	$(171)M	$287M	$532M	$(40)M	**$3,576M**
Rate Changes	$58M	$59M	$38M	$27M	$(14)M	$(120)M	$(110)M	$(44)M	$(29)M	$17M	**$(118)M**
Greater (less) than expected changes in the stock market	$279M	$(29)M	$(101)M	$411M	$199M	$50M	$340M	$1,263M	($639M)	$413M	**$2,186M**
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[2]	$(31)M	$(31)M	$(36)M	$(639)M[3]	-	$(84)M[4]	$(384)M[5]	-	$102M[7]	**$(1,359)M**
Discount rate change - Self-Insurance	-	$(6)M	$(7)M	$(8)M	$(7)M[3]	-	$(6)M[4]	-	$(6)M[6]	$(7)M[8]	**$(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

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)
2023	(599)		644		(26)		19
2022	(206)		598		(1)		391
2021	(1,081)		762		(33)		(352)
2020	(839)		769		(4)		(74)
2019	(193)		475		15		297
2018	(223)		1573		33		1,383
2017	444		581		62		1,087
2016	(252)		636		58		442
2015	(354)		552		53		251
2014	(702)		783		54		135
2013	(797)		552		40		(205)
2012	(750)		1,030		84		364

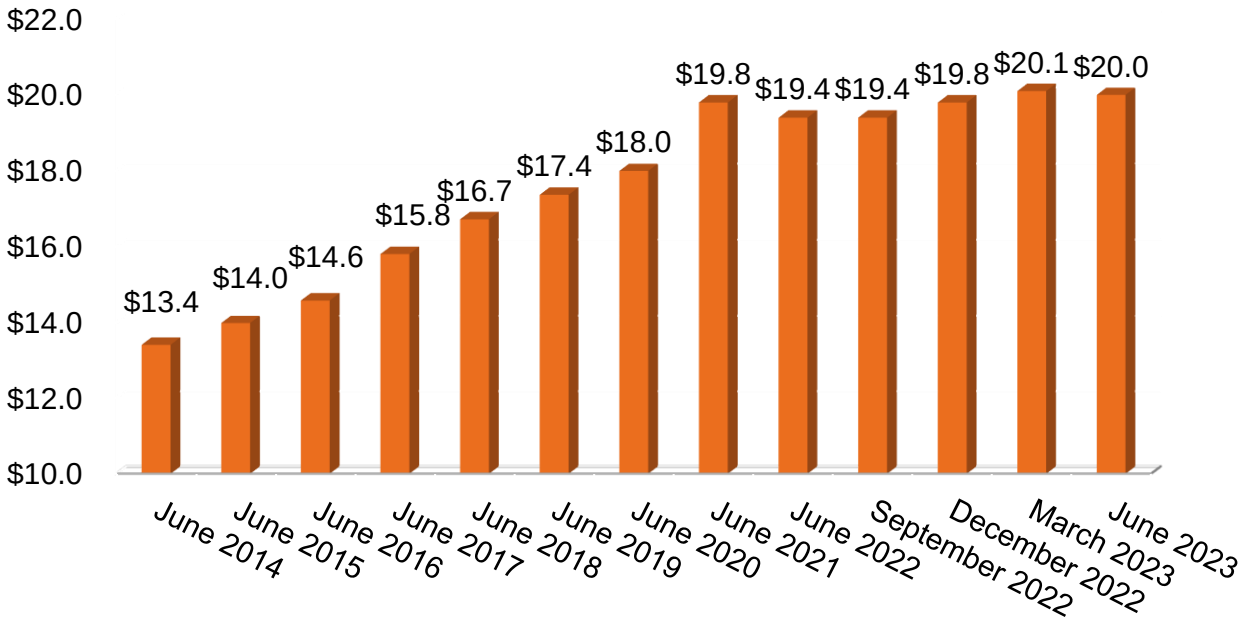
Historical Investment Performance

	Quarter Ended June 30, 2023	Fiscal Year Ended June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Investment Income	504,416,000	456,375,000	462,700,000	496,981,000	498,626,000	481,048,000
Realized Gain (Loss)	139,573,000	141,857,000	299,787,000	272,266,000	(23,498,000)	1,092,446,000
Unrealized Gain (Loss)	360,212,000	(676,444,000)	1,069,560,000	161,264,000	151,820,000	(812,942,000)*
Total Invested Assets	20,028,513,000	19,420,354,000	19,793,907,000	17,992,984,000	17,443,448,000	16,728,166,000

***Unrealized gains in prior years that increased the contingency reserve were removed from unrealized and included in realized gains when equities were sold in fiscal year 2018.**

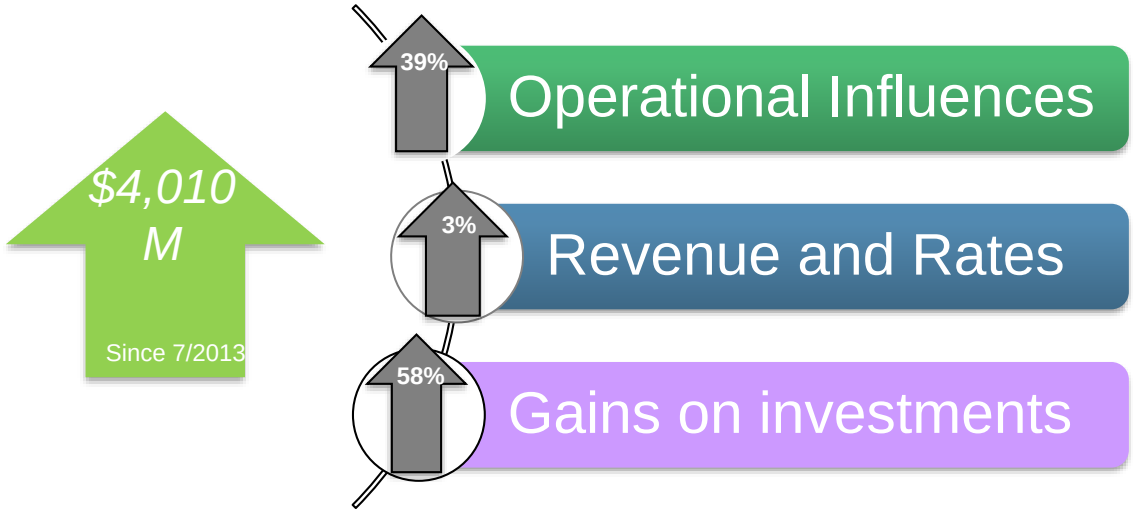
Total Investments

(rounded to billions)



Insurance Operations	+	Investment Income	+	Other Revenues and Expenses	=	Net Income

Contingency Reserve Drivers



As of 6/30/2023 the CR is at $4,630M

Benefit Liability History

(in thousands)

	Benefit Liabilities	$ Increase/ (Decrease)	% Increase/ (Decrease)
June 30, 2023	$ 15,267,672	498,982	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%
June 30, 2014	12,372,673	566,601	4.8%

The 10-year average increase is $346,160.