

# IDAHO INDUSTRIAL COMMISSION ANNUAL SEMINAR ON WORKERS COMPENSATION

NCCI Update on Idaho WC System and Latest Research

**May 25, 2023**

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External and Government Affairs**

# ABOUT NCCI

# NCCI—Your Workers Compensation Industry Partner

- Our mission is to foster a healthy workers compensation (WC) system
- NCCI gathers data, analyzes trends, and files objective rate and loss cost WC insurance recommendations
- NCCI bases its solutions on the industry's broadest WC database
- Our thought leaders develop and disseminate important insights
- NCCI, as a licensed rating, advisory, and statistical organization, serves dutifully as the trusted source of WC information for state insurance departments



# Celebrate NCCI's 100th Anniversary

With 100 years of experience, NCCI serves as the nation's most comprehensive source for workers compensation data, insights, and solutions.

As *The Source You Trust*, NCCI's mission is to foster a healthy workers compensation system through its role as a licensed rating, advisory, and statistical organization. NCCI's thought leaders analyze **industry** trends and deliver insights to empower informed decision-making. NCCI's employees are proud to embrace an environment of respect, integrity, responsibility, diversity, and inclusion.

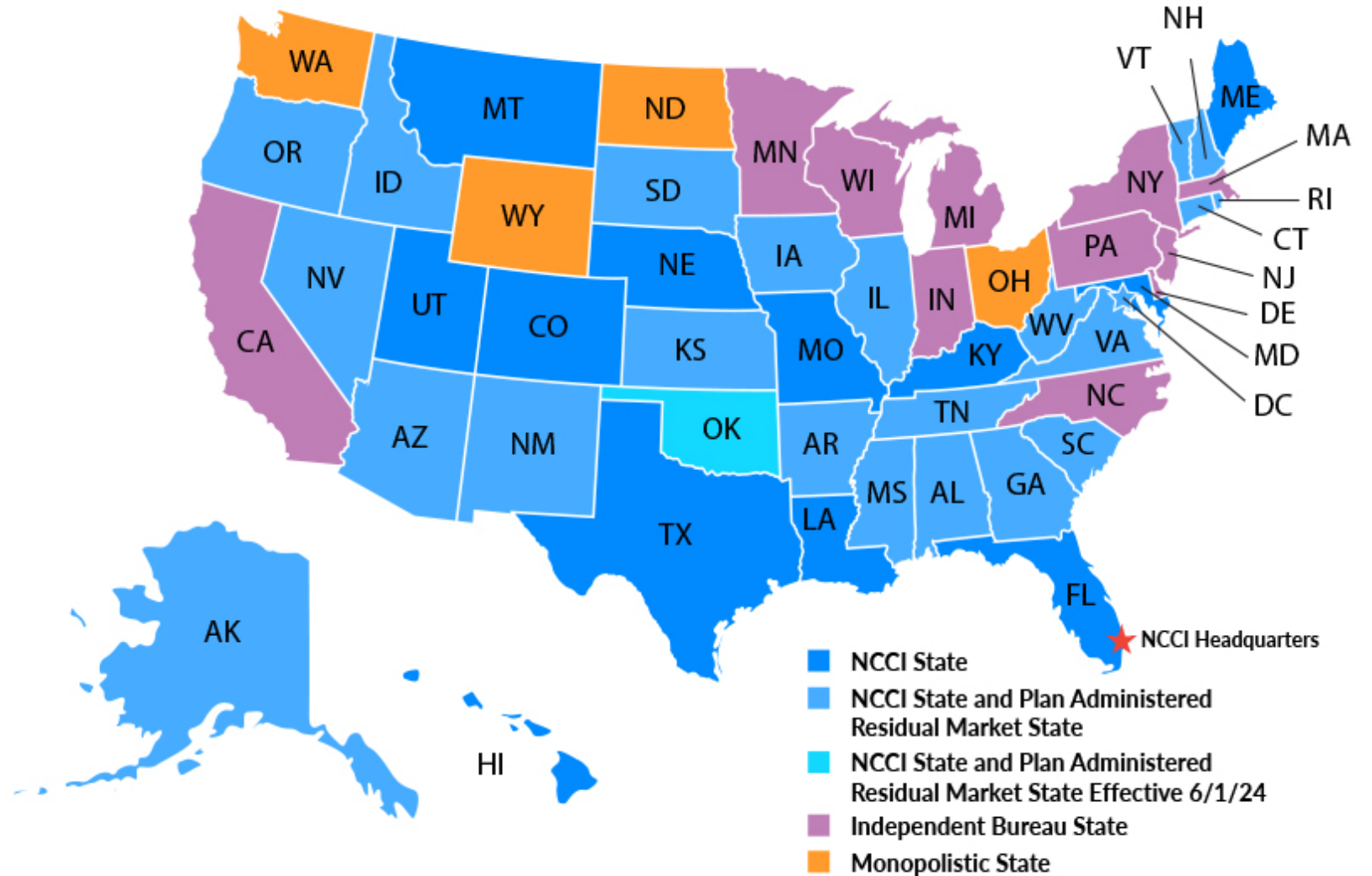
We invite you to celebrate 100 years with us by sharing your stories and photos across social media using the hashtag **#NCCI100**

Visit **[ncci.com/100](https://ncci.com/100)** to learn more!

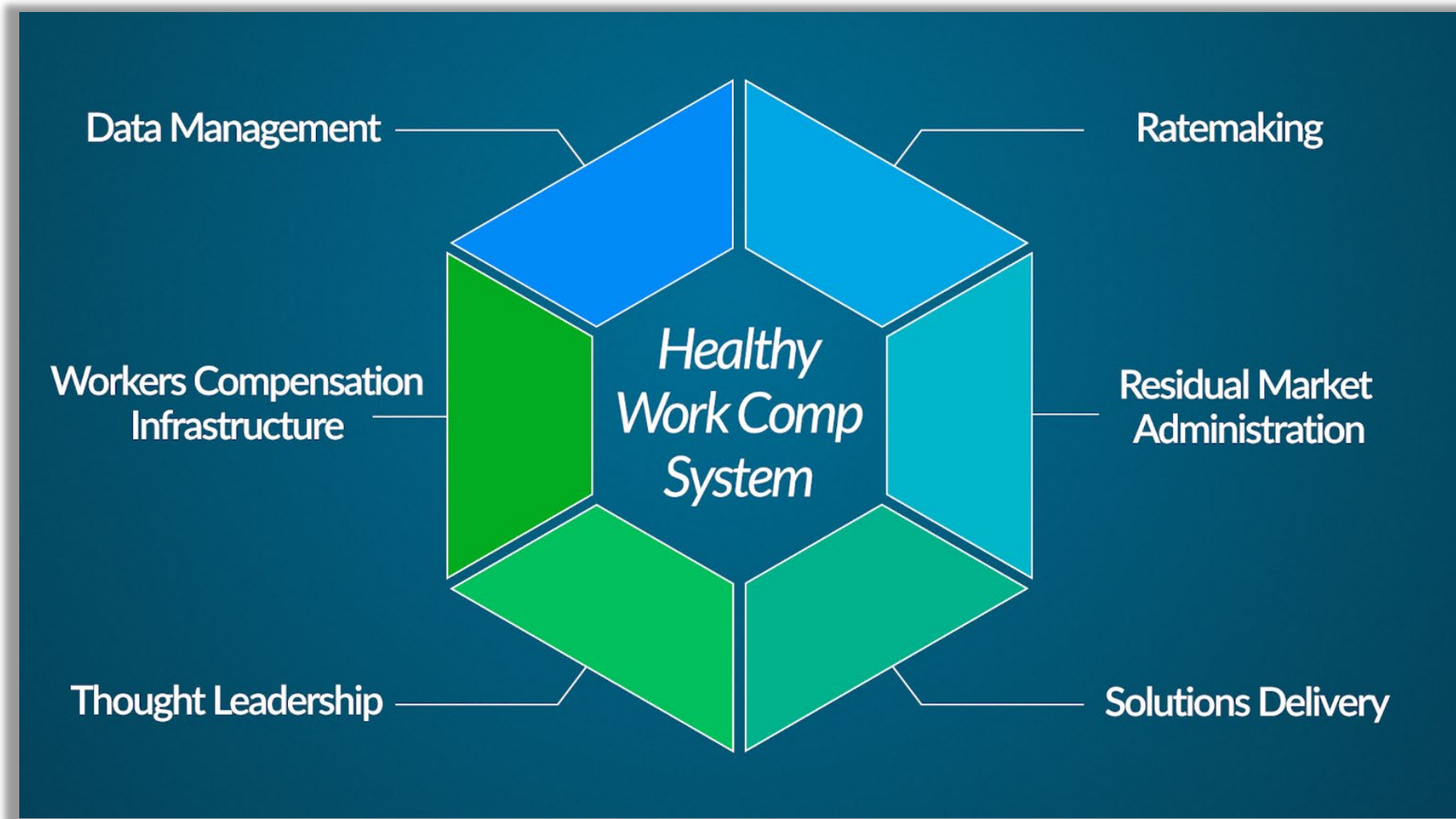


# NCCI State Map

This map is a reference of states plus the District of Columbia where insurance departments have designated NCCI as the licensed rating and statistical organization and Plan Administrator.



# NCCI Core Services



# IDAHO WORKERS COMPENSATION UPDATE

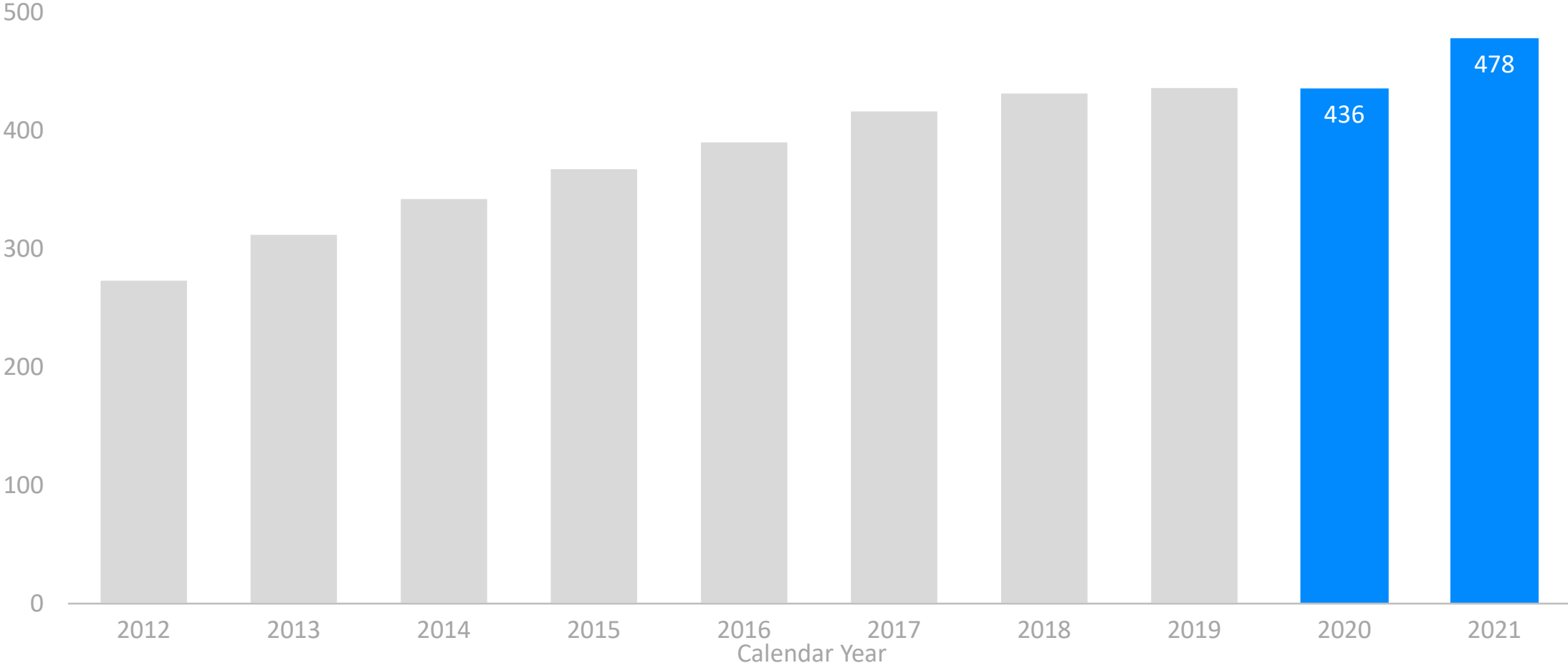
# Idaho Workers Compensation System—An Overview

- Written premium volume increased in the latest year
- Accident year combined ratios continue to be favorable
- Lost-time claim frequency continues to decline
- Indemnity severity increased and medical severity decreased in the latest year after several years of relative stability



# Idaho Premium Volume

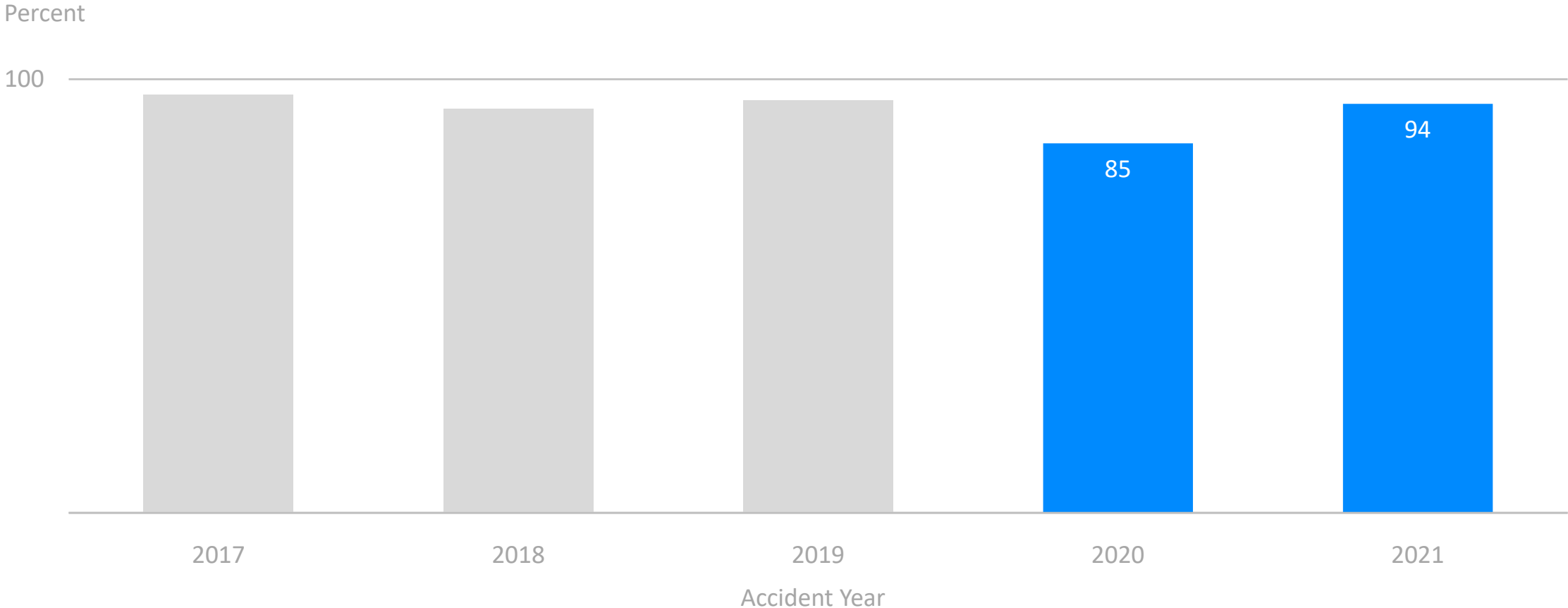
Direct Written Premium in \$ Millions



Source: NAIC's Annual Statement data.



# Idaho Combined Ratios

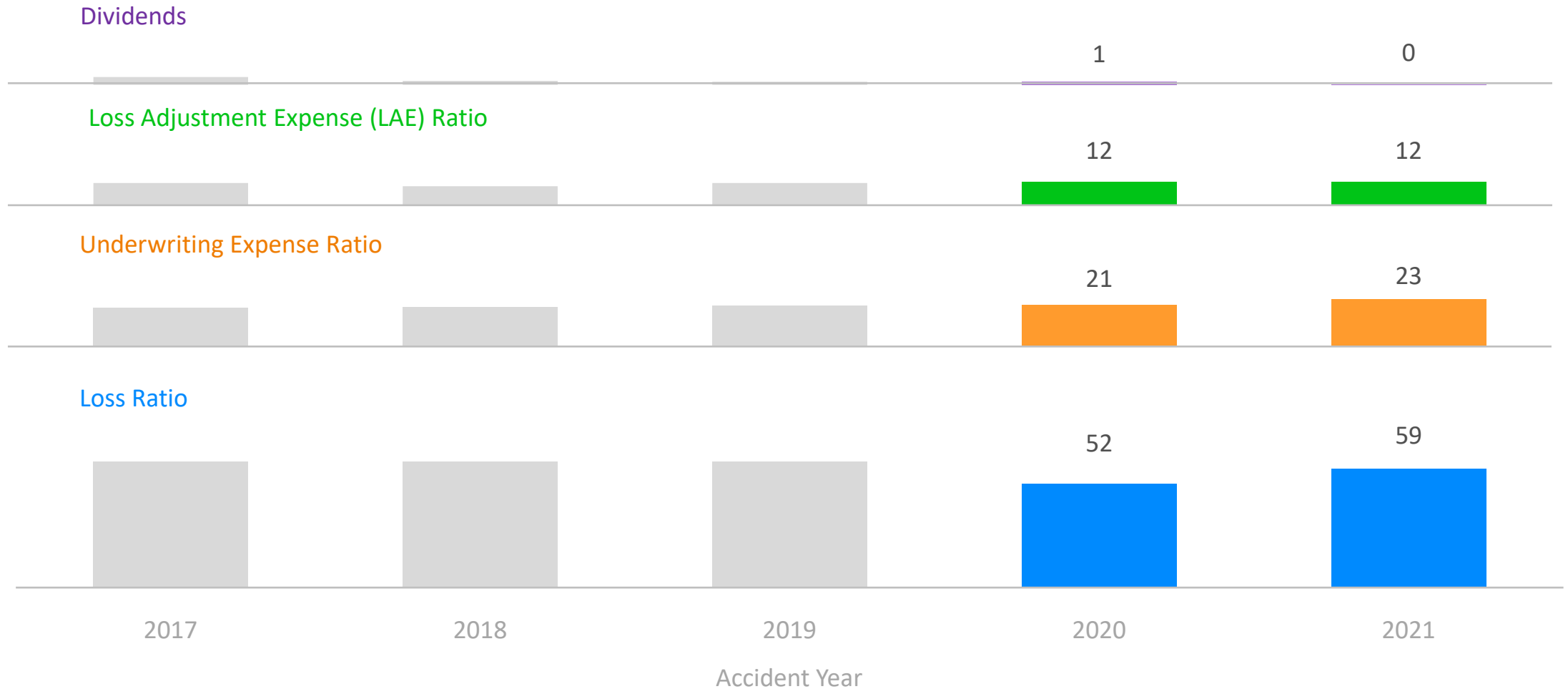


Sources: NCCI's Financial data through 12/31/2021 and NAIC's Annual Statement data.



# Idaho Combined Ratios by Component

Percent

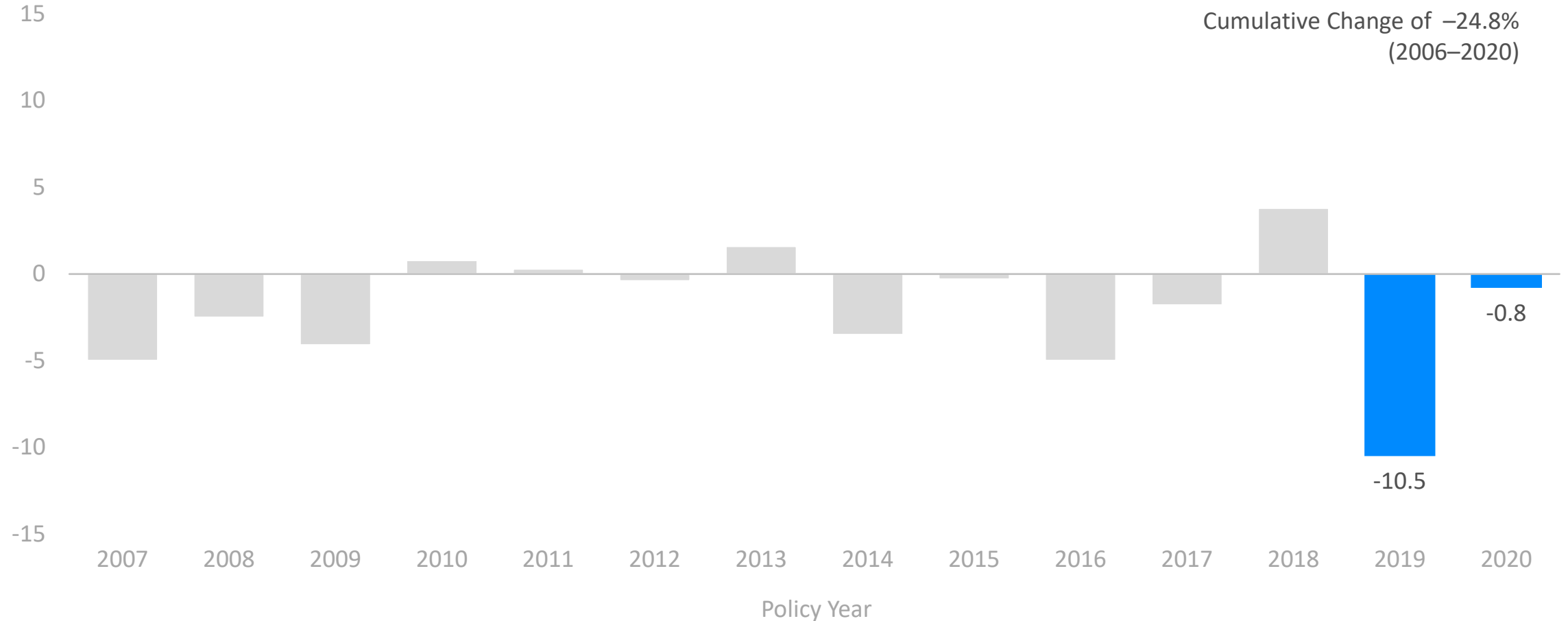


Sources: NCCI's Financial data through 12/31/2021 and NAIC's Annual Statement data.



# Idaho Change in Claim Frequency

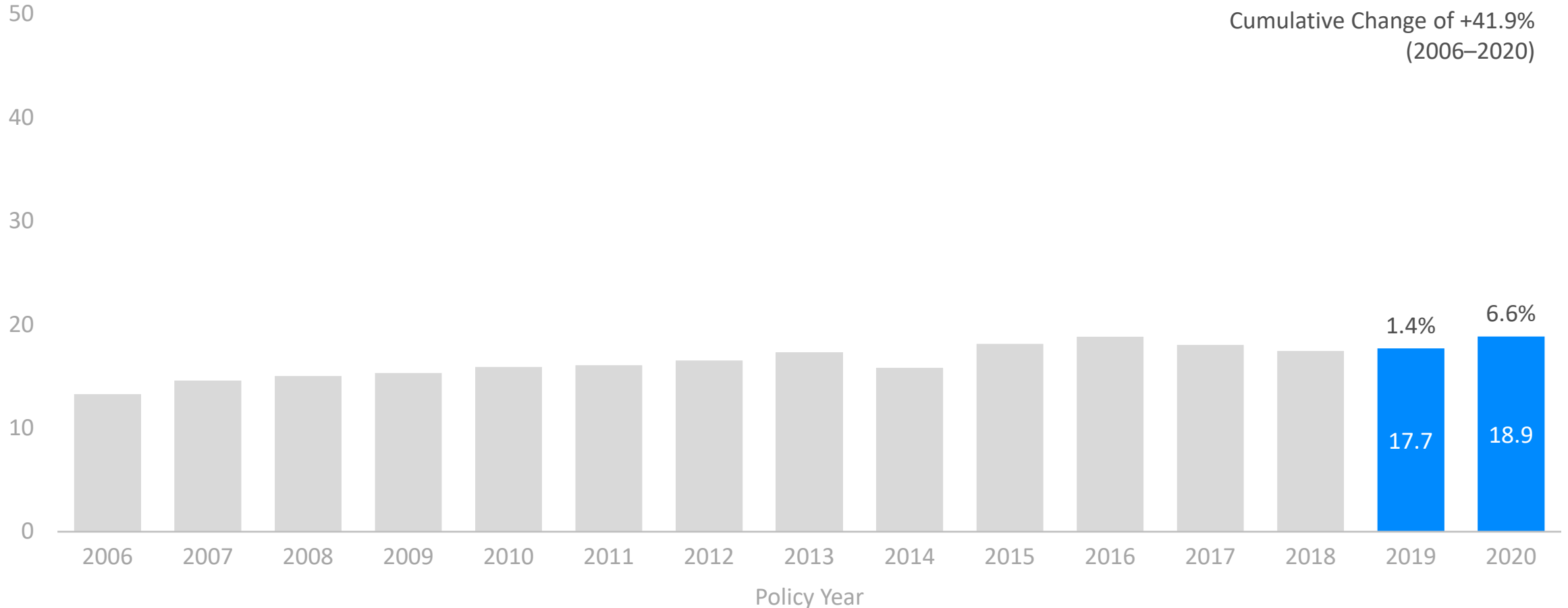
Percent Change in Lost-Time Claims, per \$ Million of On-Levelled Premium



Based on NCCI's Financial data through 12/31/2021, on-levelled, and developed to ultimate, with premium adjusted to common wage level.

# Idaho Average Indemnity Claim Severity

Lost-Time Claim Severity in \$ Thousands

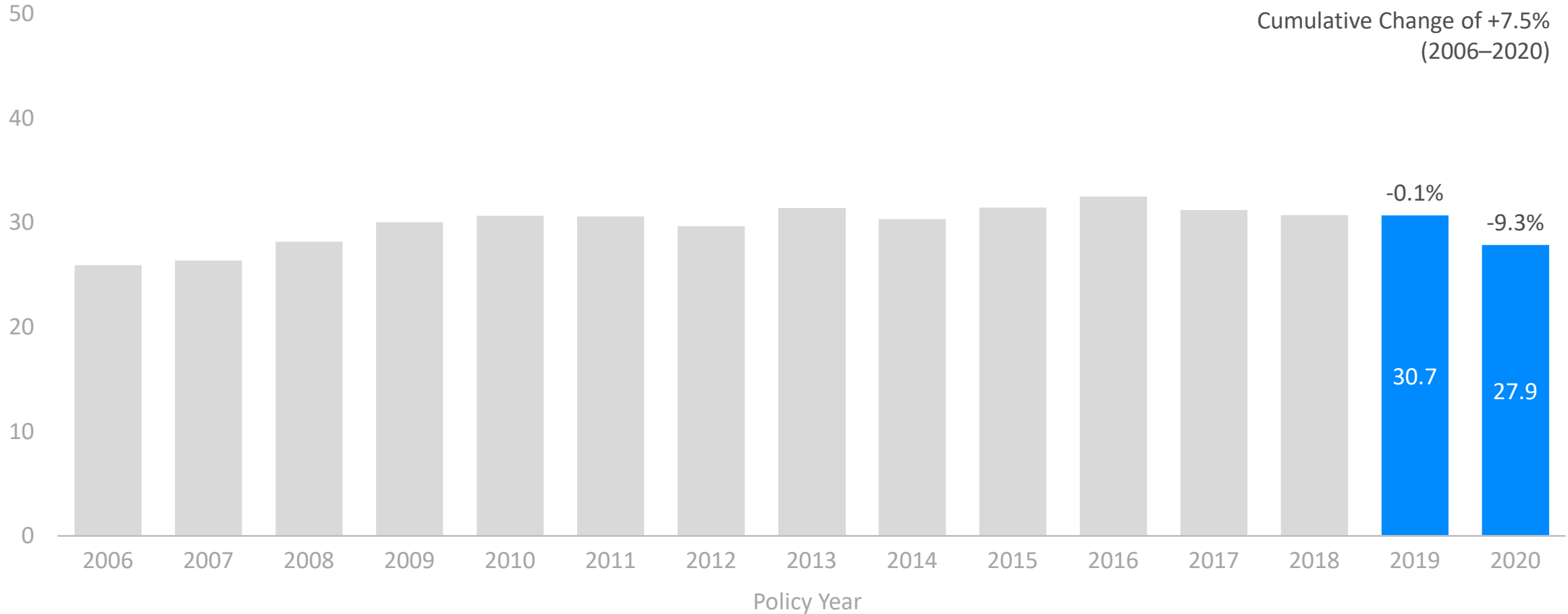


Based on NCCI's Financial data through 12/31/2021, on-leveled, and developed to ultimate.



# Idaho Average Medical Claim Severity

Lost-Time Claim Severity in \$ Thousands

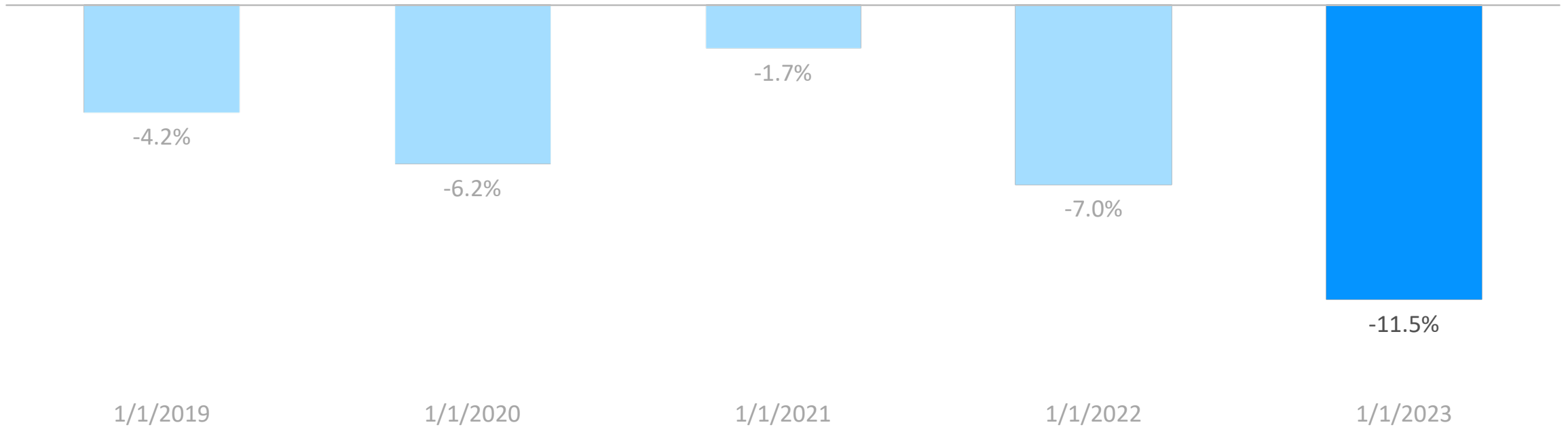


Based on NCCI's Financial data through 12/31/2021, on-leveled, and developed to ultimate.  
Note that medical-only losses are included in the numerator.



# Idaho Filing Activity

## Voluntary Rate Changes



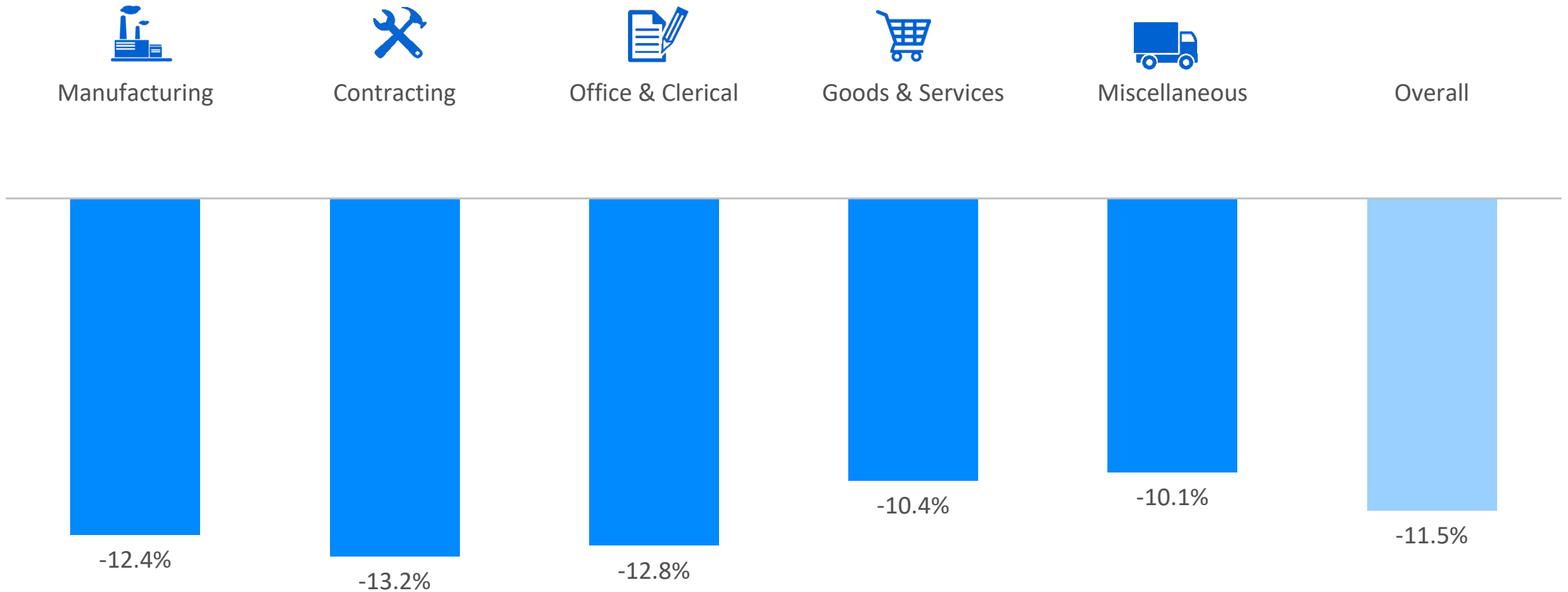
# Idaho January 1, 2023, Rate Filing

Change in Experience:	-7.5%
Change in Trend:	-4.8%
Change in Benefits:	+0.2%
Change in All Other:	+0.3%
<hr/>	
Overall Rate Level Change:	-11.5%



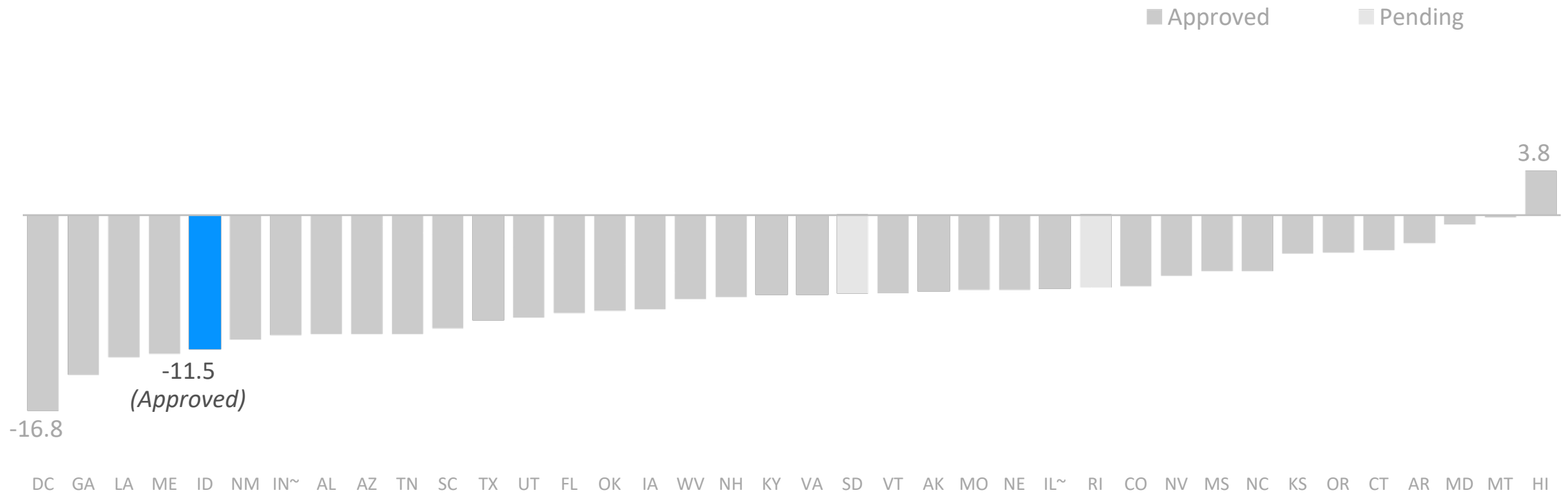
# Idaho January 1, 2023, Rate Filing

## Average Changes by Industry Group



# Current NCCI Voluntary Market Loss Cost/Rate Level Changes

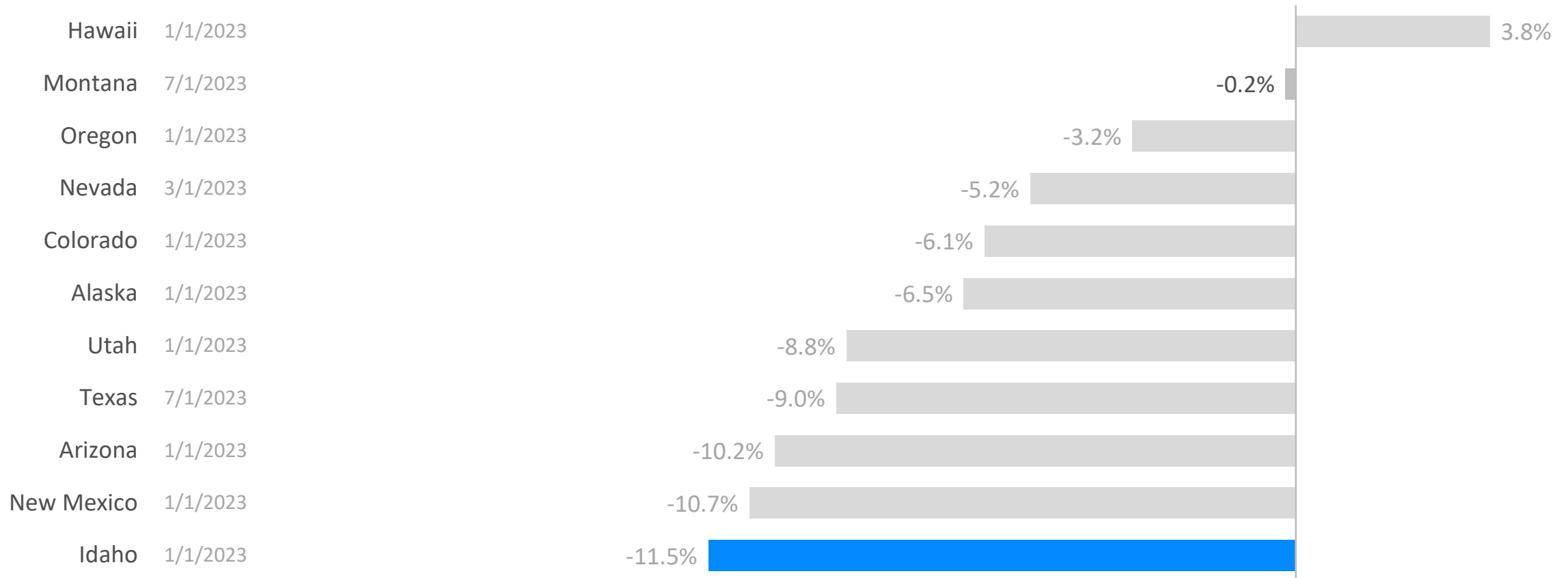
Excludes Law-Only Filings



~Value shown is a rate level change; the IL and IN loss cost level changes are -6.2% and -10.3%, respectively.  
 Reflects the most recent experience filing in each jurisdiction as of 3/17/2023.  
 Due to the timing of the individual loss cost/rate filings, the figures shown may include changes from prior filing seasons.

# Current Voluntary Market Loss Cost/Rate Changes

## Western States



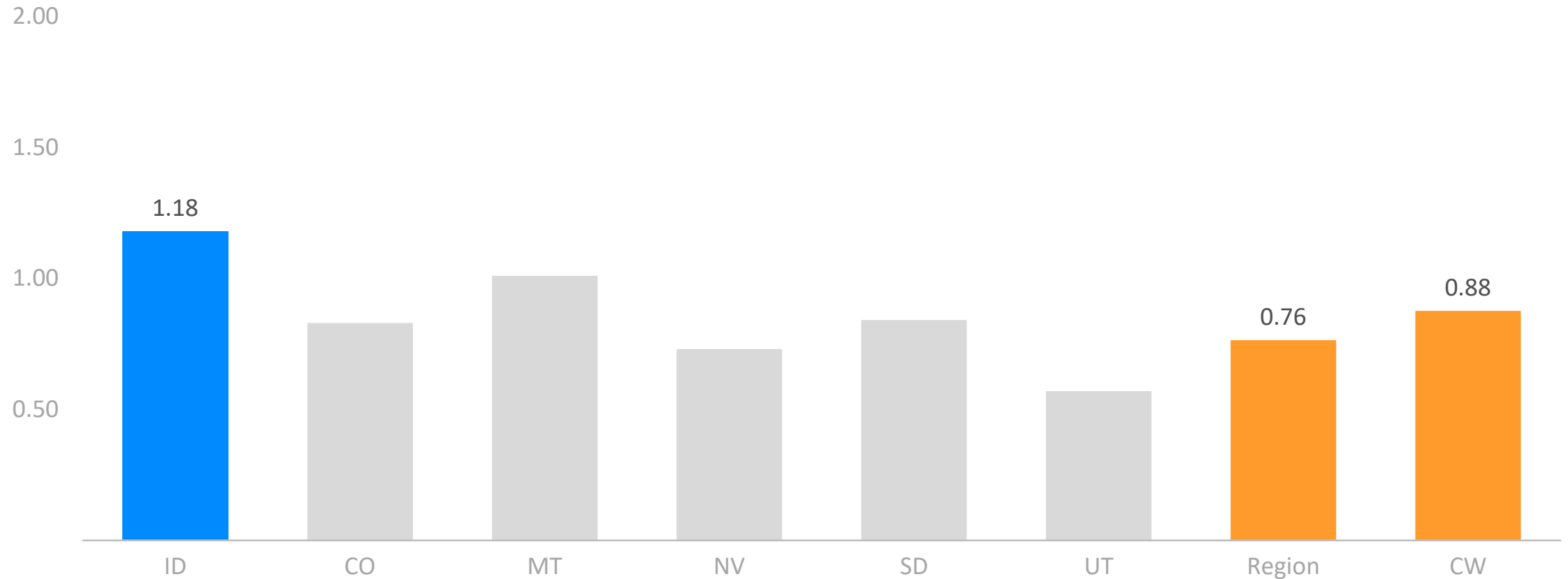
Reflects the most recent experience filing in each jurisdiction as of 3/17/2023.

Due to the timing of the individual loss cost/rate filings, the figures shown may include changes from prior filing seasons.



# Average Voluntary Pure Loss Costs

Using Idaho Payroll Distribution



Based on approved rates and loss costs in various jurisdictions from filings using data valued as of 12/31/2020.

# Total Benefit Costs in Idaho

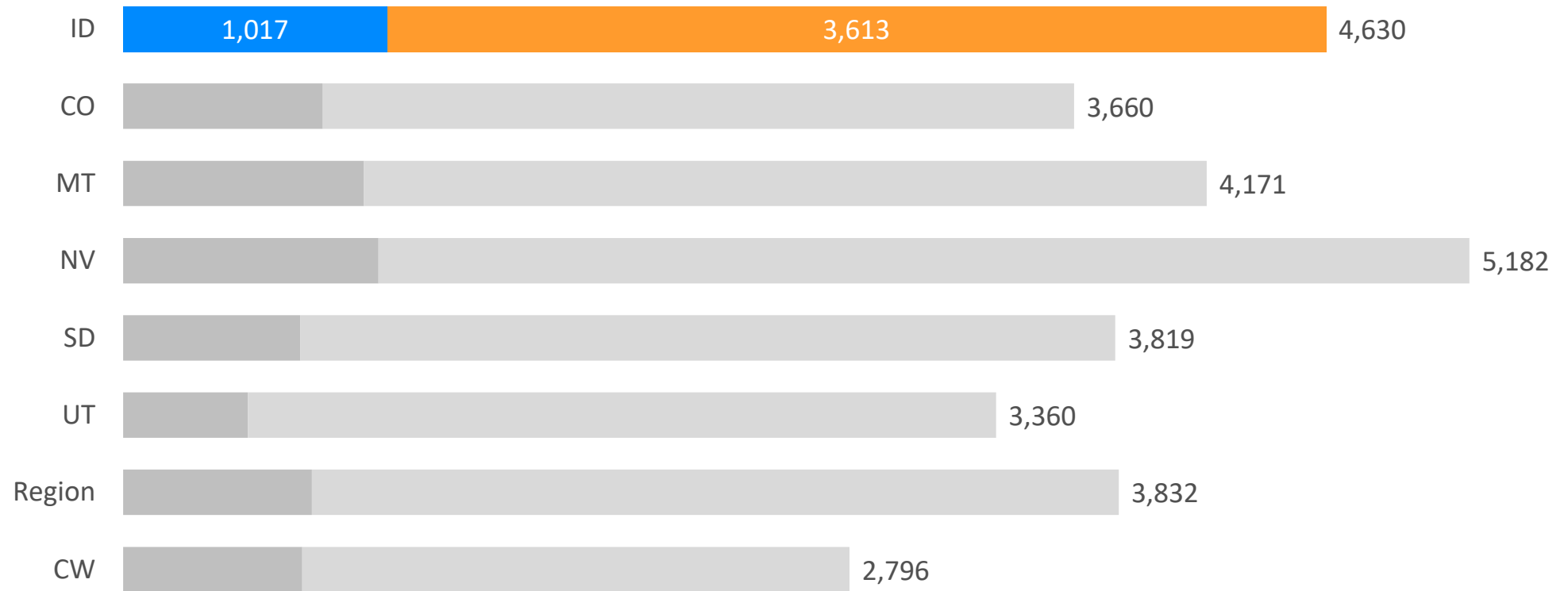
## Indemnity vs. Medical



Regional states are CO, MT, NV, SD, and UT.  
Based on NCCI's Financial data.

# Idaho Average Claim Frequency

Lost-Time vs. **Medical-Only** per 100,000 Workers



Based on NCCI's *Statistical Plan* data.

# INFLATION AND WORKERS COMPENSATION MEDICAL COSTS

- Overall Medical
- Facility Services
- Physician Services
- Prescription Drugs

Visit [ncci.com](https://ncci.com) to view complete reports

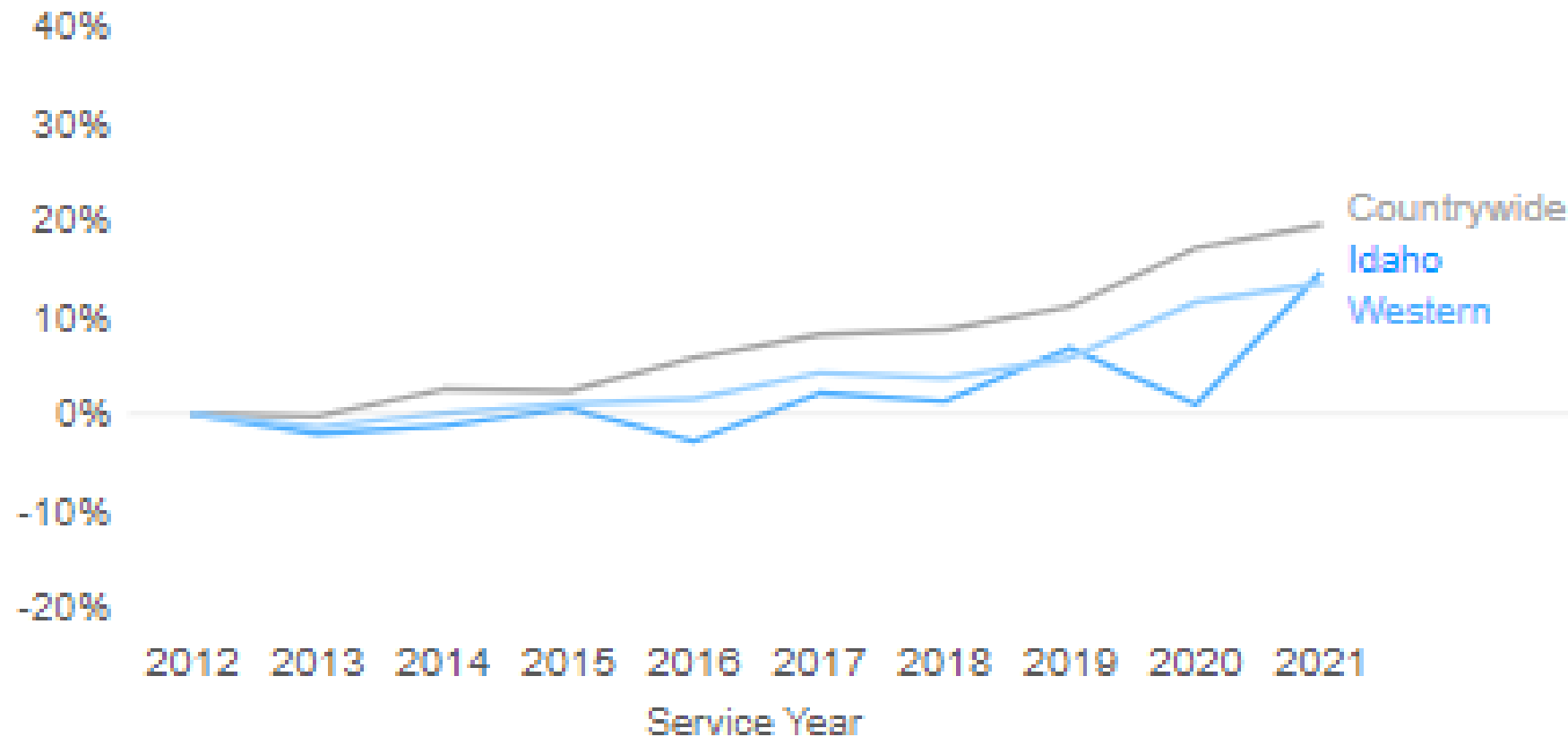
# Inflation and Workers Compensation Medical Costs— Overall Medical

## Key Observations:

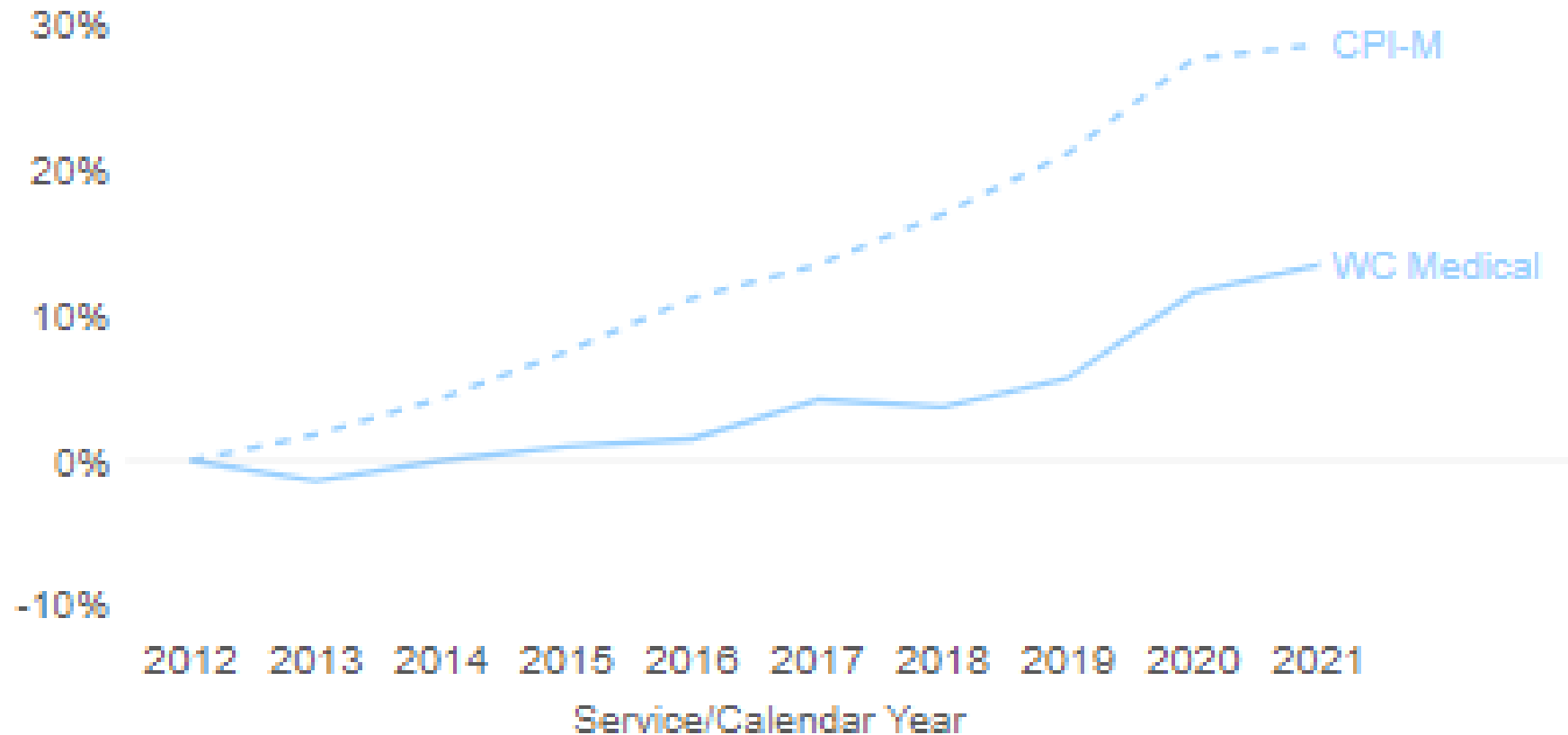
- Medical inflation in WC has been moderate for the past decade. But with the recent dramatic rise in consumer prices, concerns have emerged about medical inflation rising at similar levels.
- Two factors drive changes in medical claims costs: the price of medical services and utilization, which measures the mix and number of services provided to an injured worker.
- NCCI's most recent Medical data shows that drug costs are declining, physician costs are up slightly, and facility costs are rising in the WC system.
- In recent years, facility services are the dominant contributor to changes in WC medical costs across regions—most prominently in the Southeastern region.



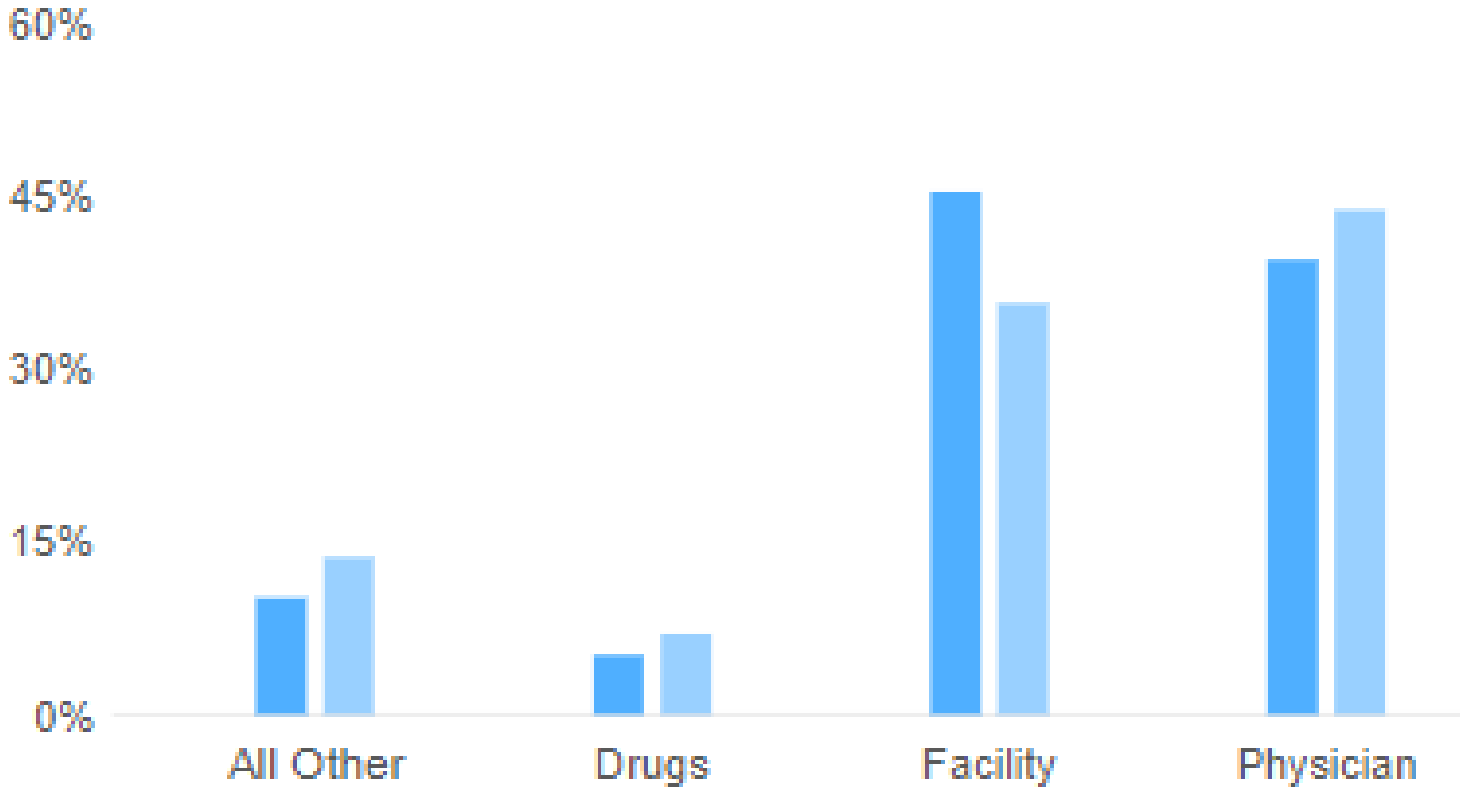
# Cumulative Change in Overall WC Medical Costs Idaho, Western Region, and Countrywide



# Western Regional Change in CPI-M Compared to WC Medical Costs per Claim



# Distribution of Medical Costs in Service Year 2021 Idaho vs. Western Region



# Inflation and Workers Compensation Medical Costs— Facility Services

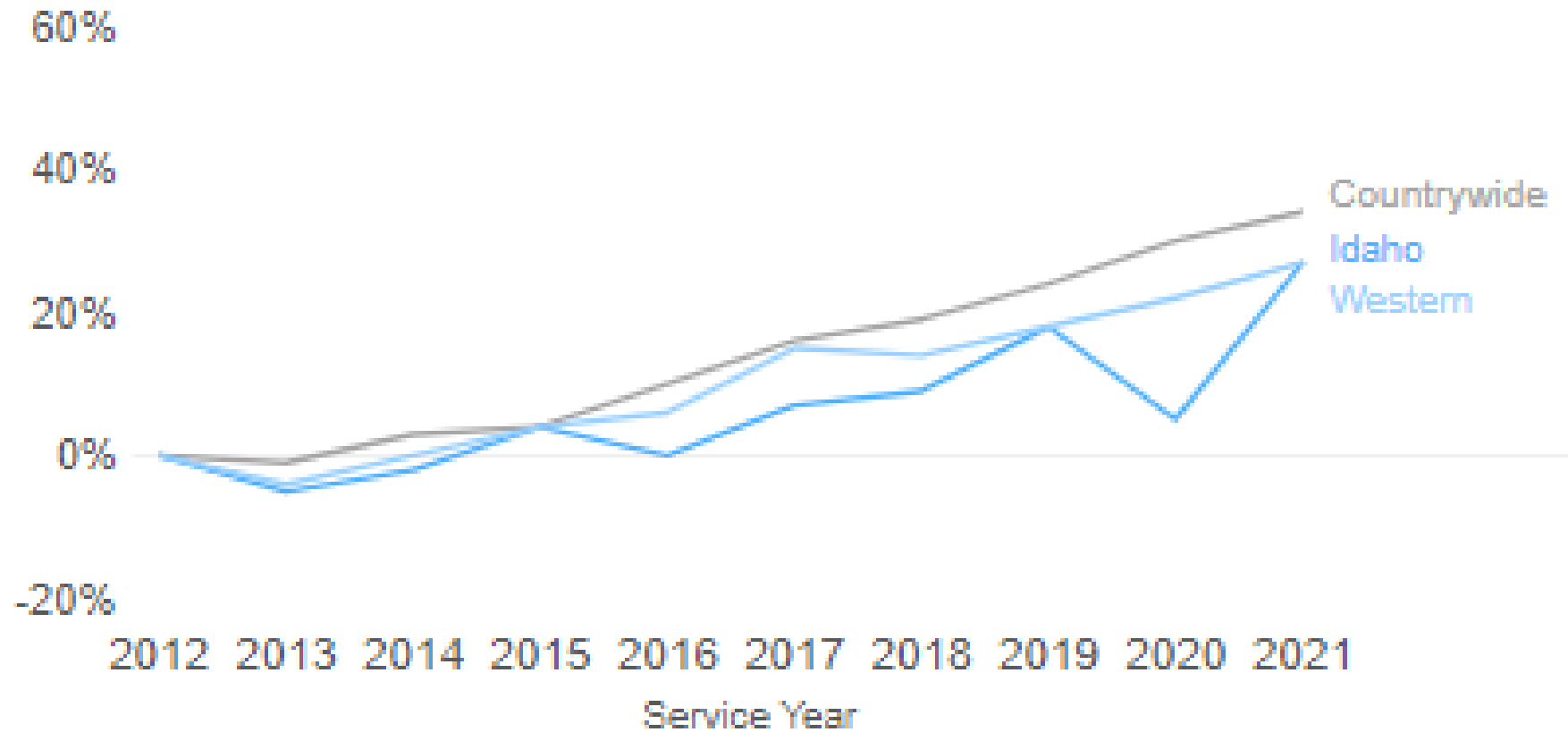
## Key Observations:

- Two factors help explain the changes in medical facility costs: the amount paid per visit and the number of visits per claim<sup>1</sup>
- Facility-paid cost per claim grew 3.3% annually, with regional averages ranging from 2.5% to 4.1%
- Across facility types, increases in the amount paid per visit were the main drivers of increased facility costs for the past decade
- Hospital outpatient services are the most prominent contributor to the increase in facility costs
- The number of inpatient visits decreased about 3% per year, while the number of surgery visits for ambulatory surgical centers (ASCs) grew across the regions

1. In this report, references to claims include all WC claims that receive any medical services in a given year.

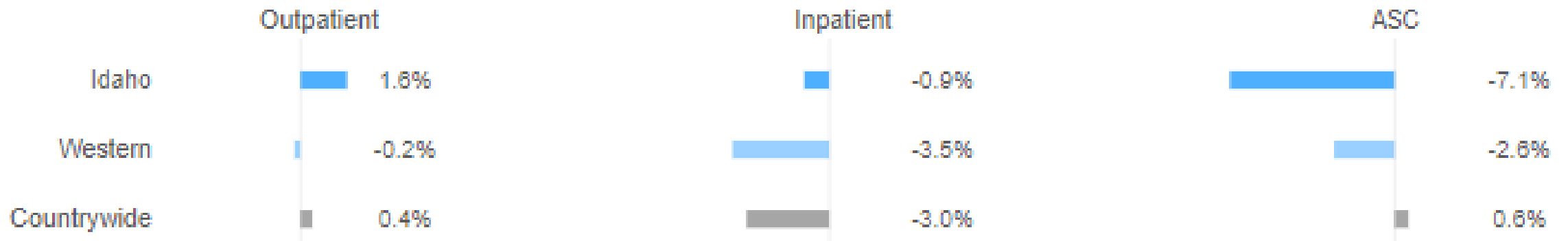
# Cumulative Change in WC Facility-Paid Medical Costs Indexed to 2012

## Idaho, Western Region, and Countrywide



# Annual Change in Facility Visits per Claim, SY 2012 to SY 2021

## Idaho, Western Region, and Countrywide



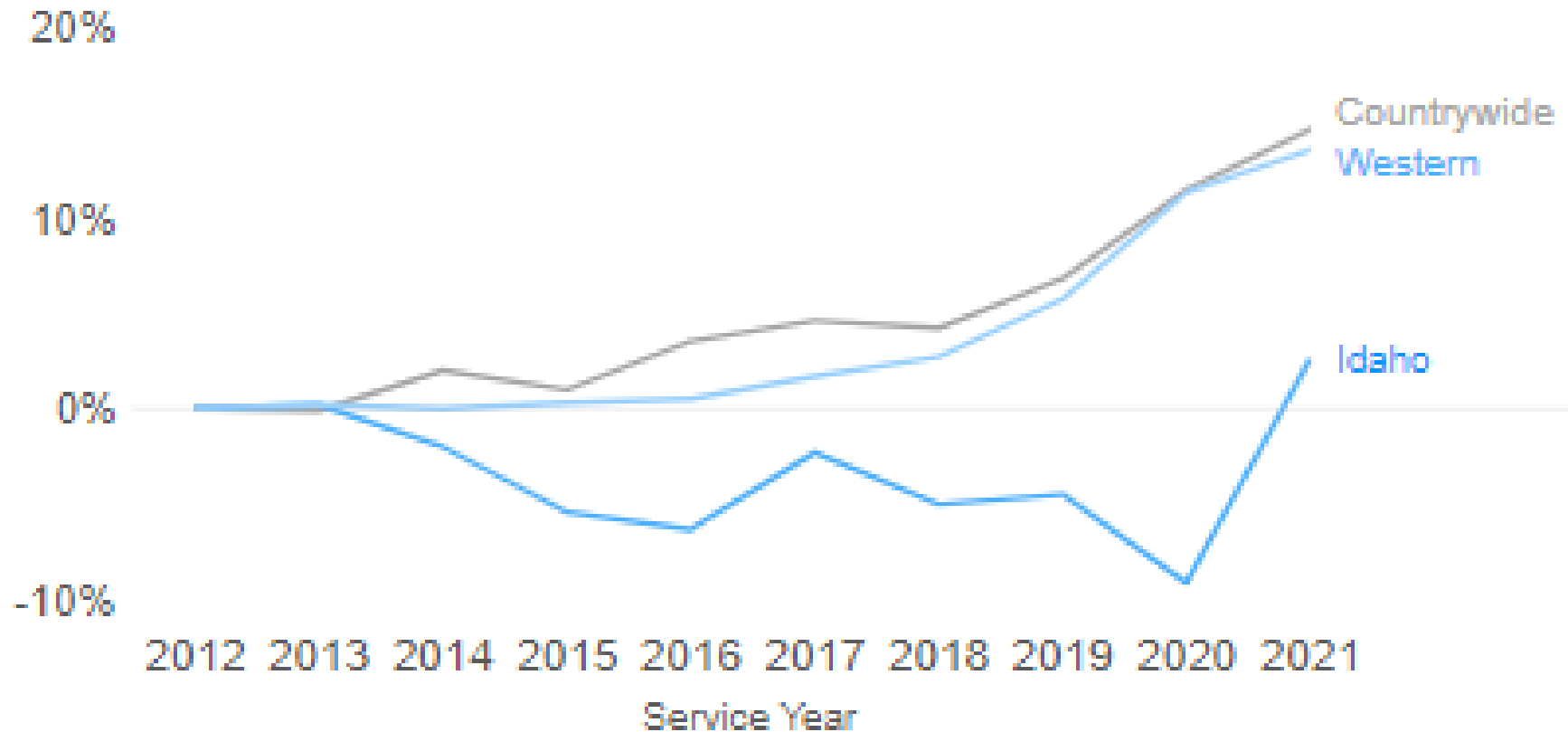
# Inflation and Workers Compensation Medical Costs— Physician Services

## Key Observations:

- The average physician-paid cost per claim<sup>1</sup> grew moderately from 2012 to 2021 at about 1.5% per year
- Annual average physician payments by region varied modestly, increasing between 1.3% and 1.8%, with the Midwest and Northeast seeing the largest and smallest growth, respectively
- Prices for physician services increased, which was the primary driver of growth in costs across regions
- A change in utilization was the principal contributor to shifts in costs for surgeries and physical medicine services, with surgery use decreasing while physical medicine use increased.
- Physical medicine services were the most prominent contributor to the increase in physician costs across all regions.

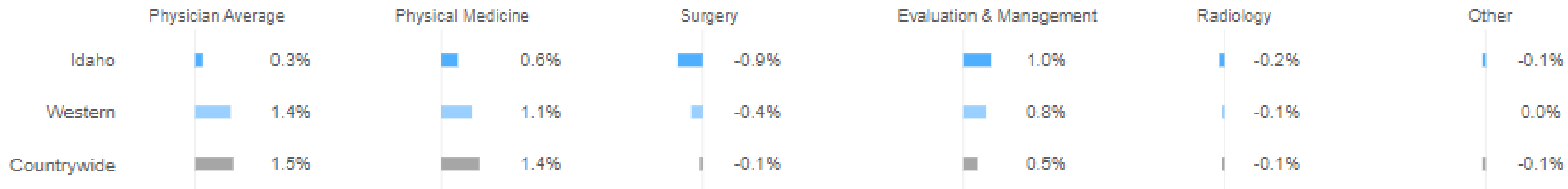
1. In this report, references to claims include all WC claims that receive any medical services in a given year.

# Cumulative Change in WC Physician-Paid Medical Costs Indexed to 2012 Idaho, Western Region, and Countrywide





# Contribution to Change in Physician-Paid Cost per Claim by Type of Service, 2012 to 2021 Idaho, Western Region, and Countrywide



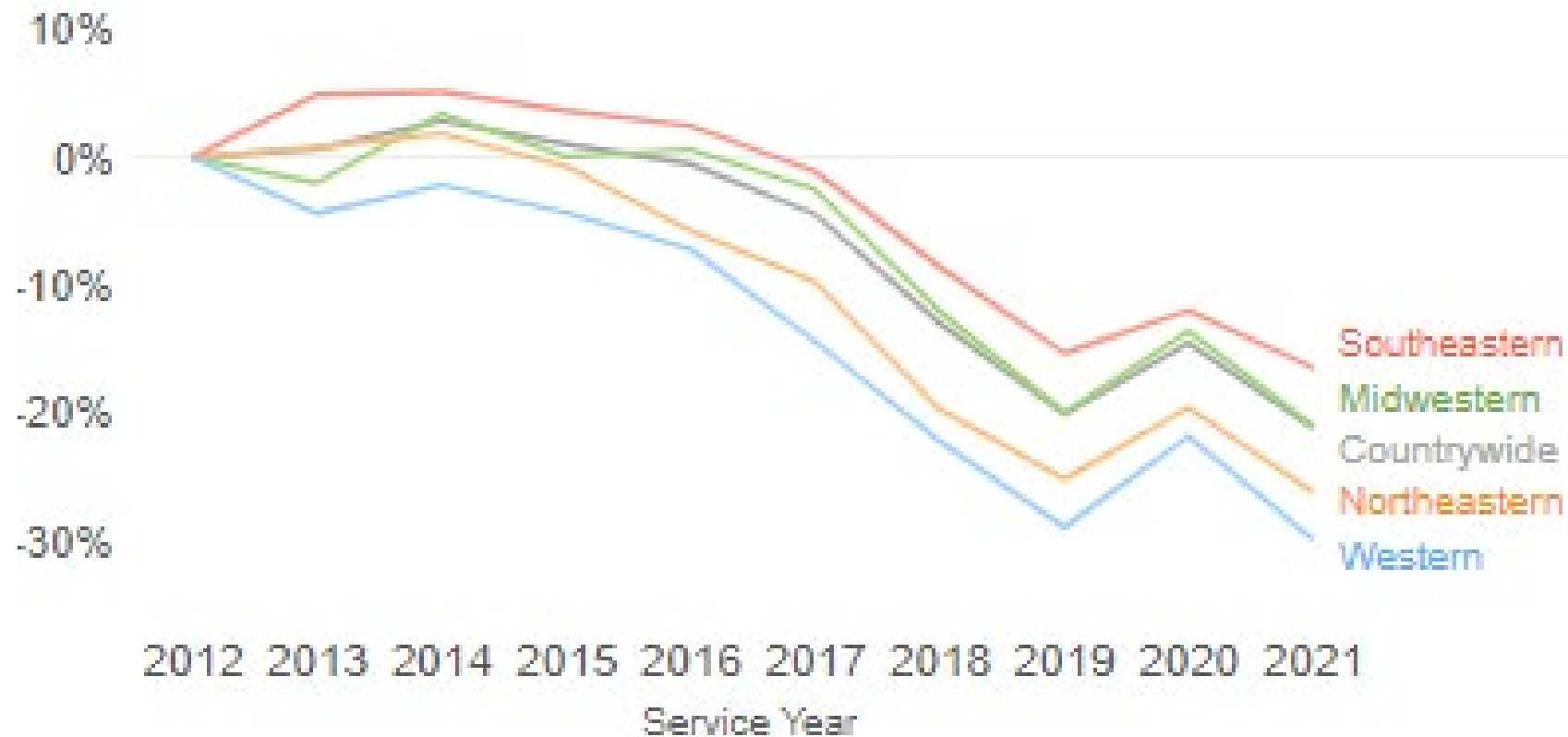
# Inflation and Workers Compensation Medical Costs— Prescription Drugs

## Key Observations:

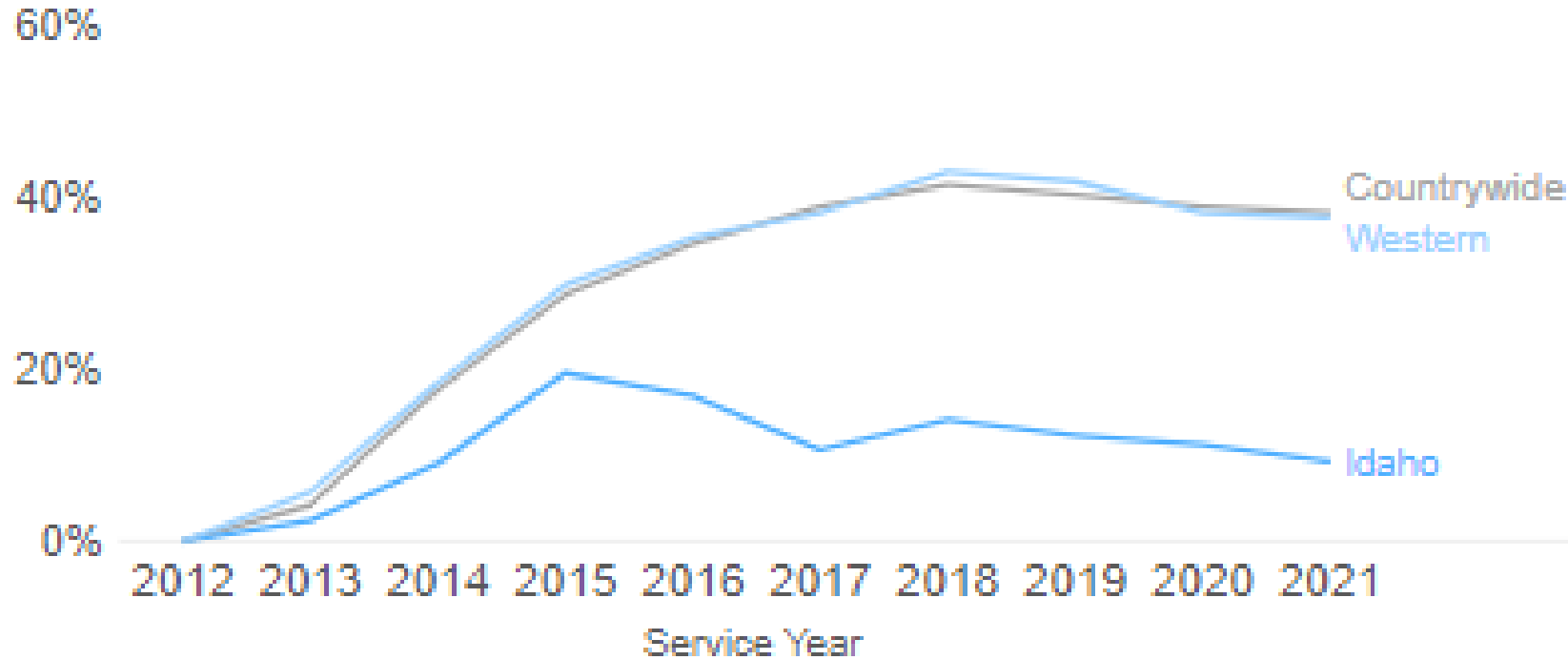
- From 2012 to 2021, the average drugs-paid cost per claim decreased about 2.6% per year
- The annual reduction in drug payment per claim varied across four regions, ranging from 2.0% in the Southeastern region to 3.9% in the Western region
- The price of prescription drugs grew at an annual rate of 3.7%, only to be offset by a 6.0% decline in the type and number of prescriptions
- Opioid claims<sup>1</sup> saw the largest decrease in drug costs, largely due to a reduction in both opioid and nonopioid prescriptions
- Countrywide (CW), of claims with at least one prescription, the share of these that also had at least one opioid decreased from 55% in 2012 to 26% in 2021

1. Opioid claims are WC claims that had at least one opioid prescription during the period.

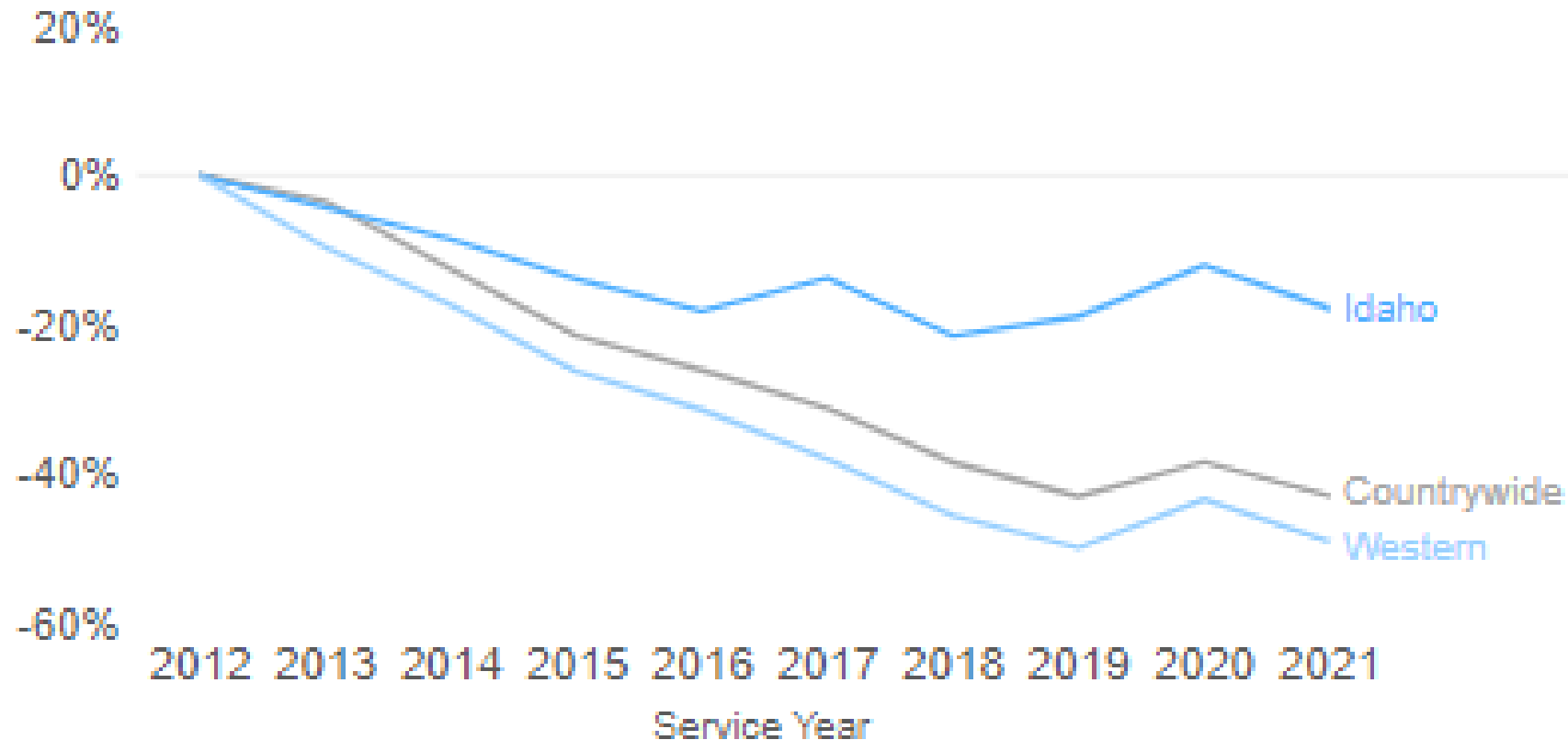
# Cumulative Change in Drug Costs Indexed to SY 2012 Regions and Countrywide



# Drug Cumulative Price Changes Idaho, Western Region, and Countrywide



# Drug Cumulative Utilization Changes Idaho, Western Region, and Countrywide



# ECONOMIC OUTLOOK—CHANGING LABOR FORCE

# Great Reshuffle: Workers Compensation Impacts

- Changing industry mix
- More remote work
- More short-tenured workers
- Is the Great Reshuffle over?



# Hiring Slowed in Late 2022

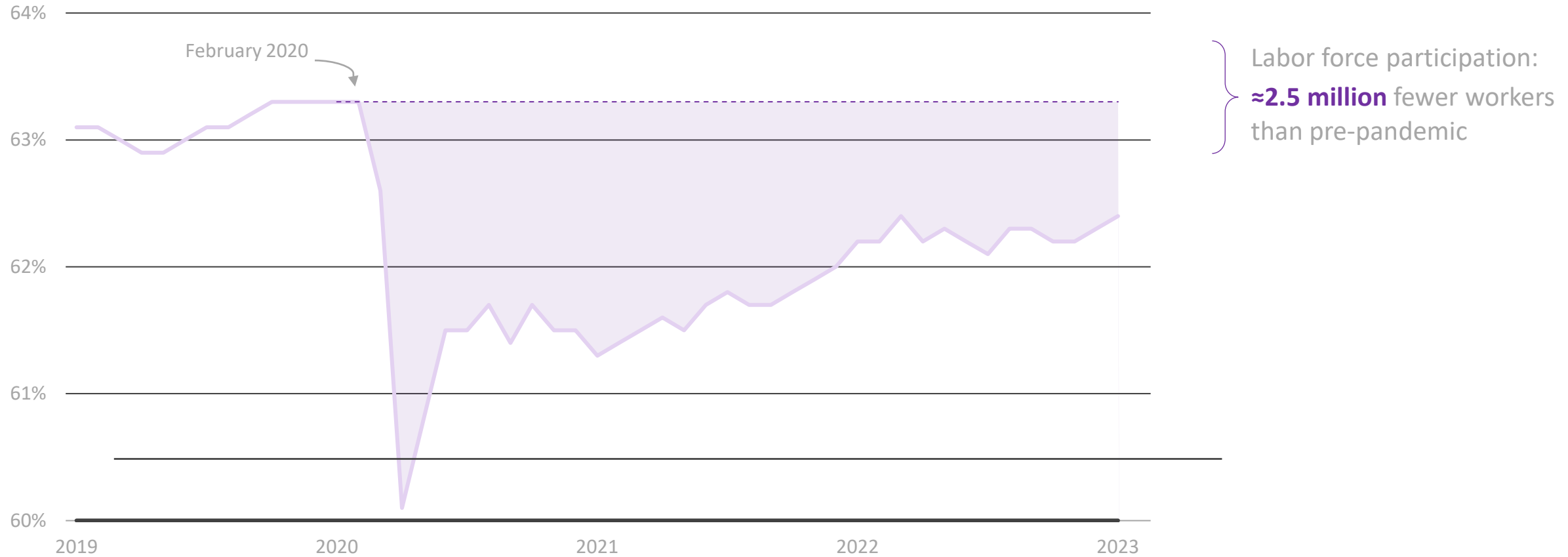
Hire Rates Compared to Pre-Pandemic Average





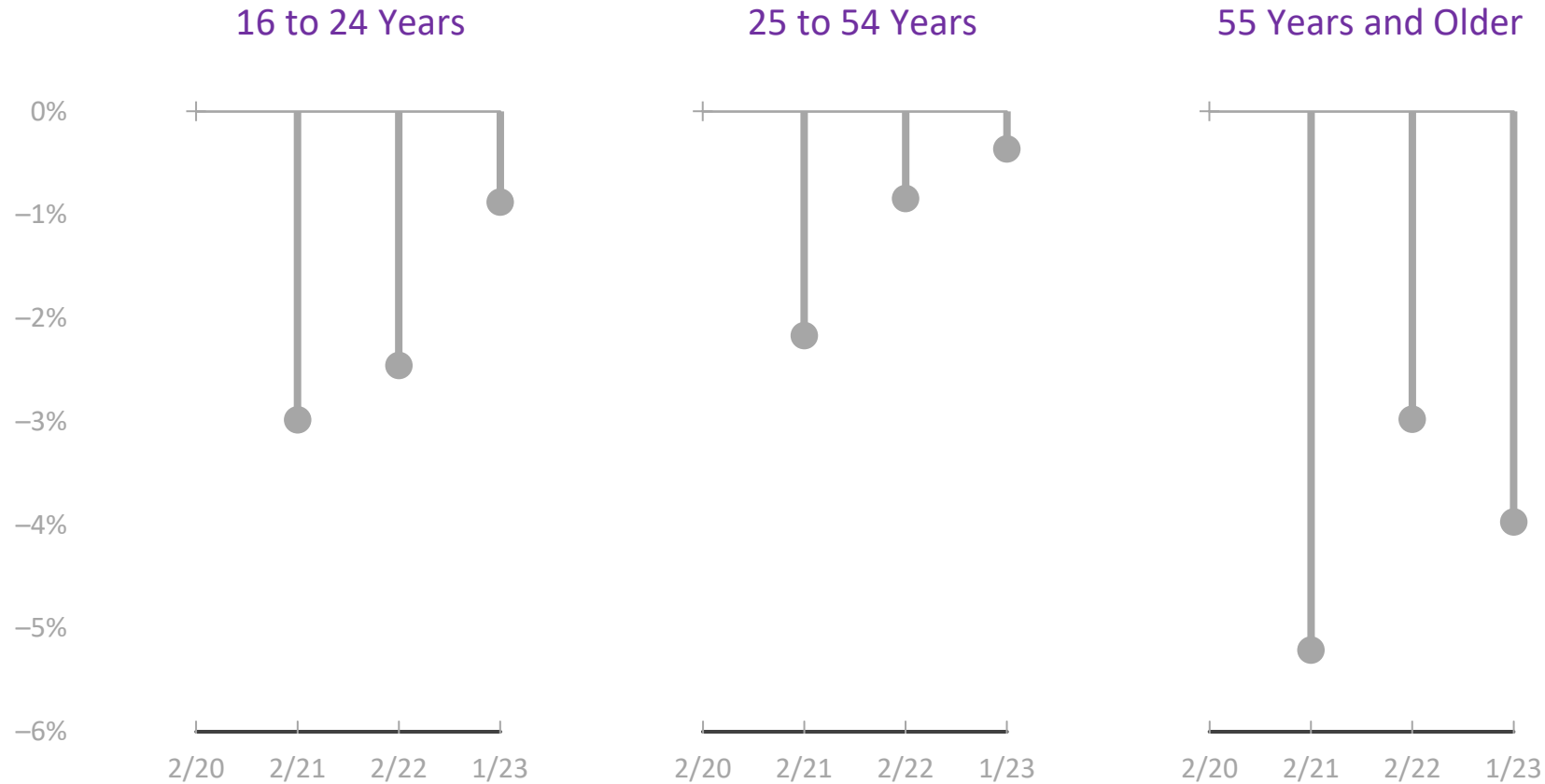
# Labor Force Participation Remains Below Pre-Pandemic Rate

## Labor Force Participation Rate



# Older Workers Slowest to Return to the Labor Force

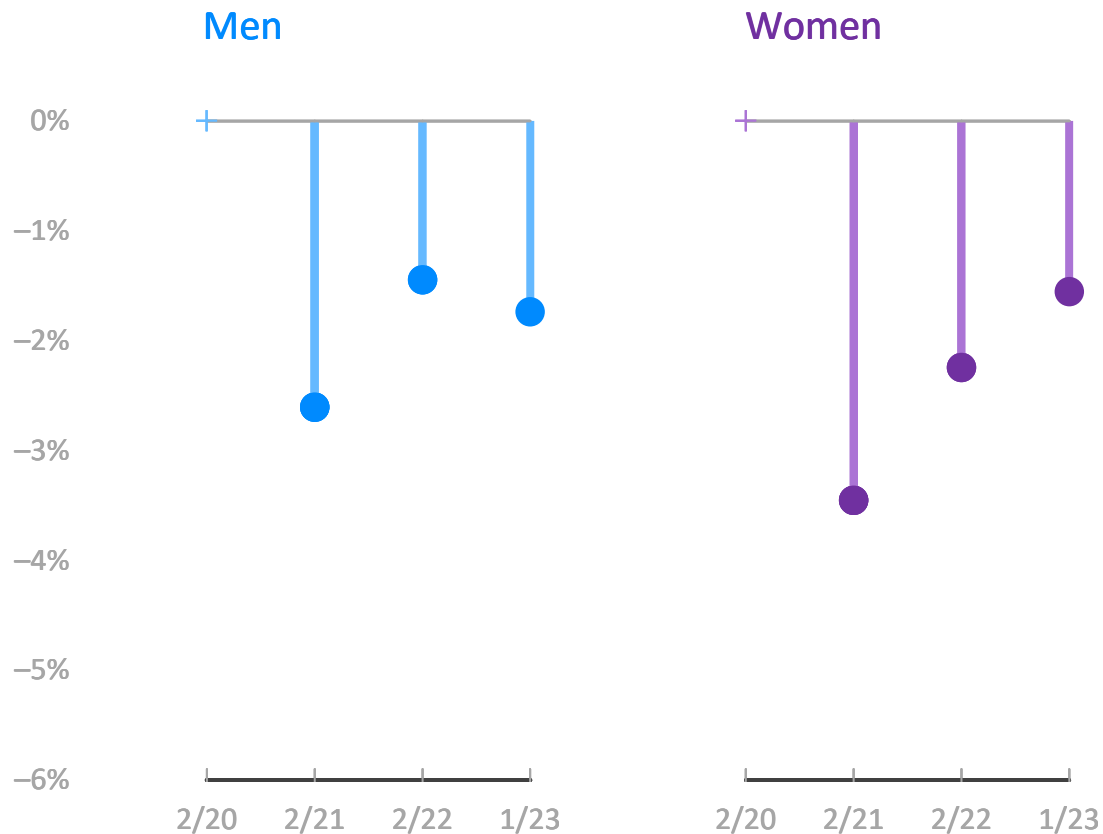
Change in the Labor Force Participation Rate Since February 2020



Source: US Bureau of Labor Statistics

# Women Are Returning to the Workforce

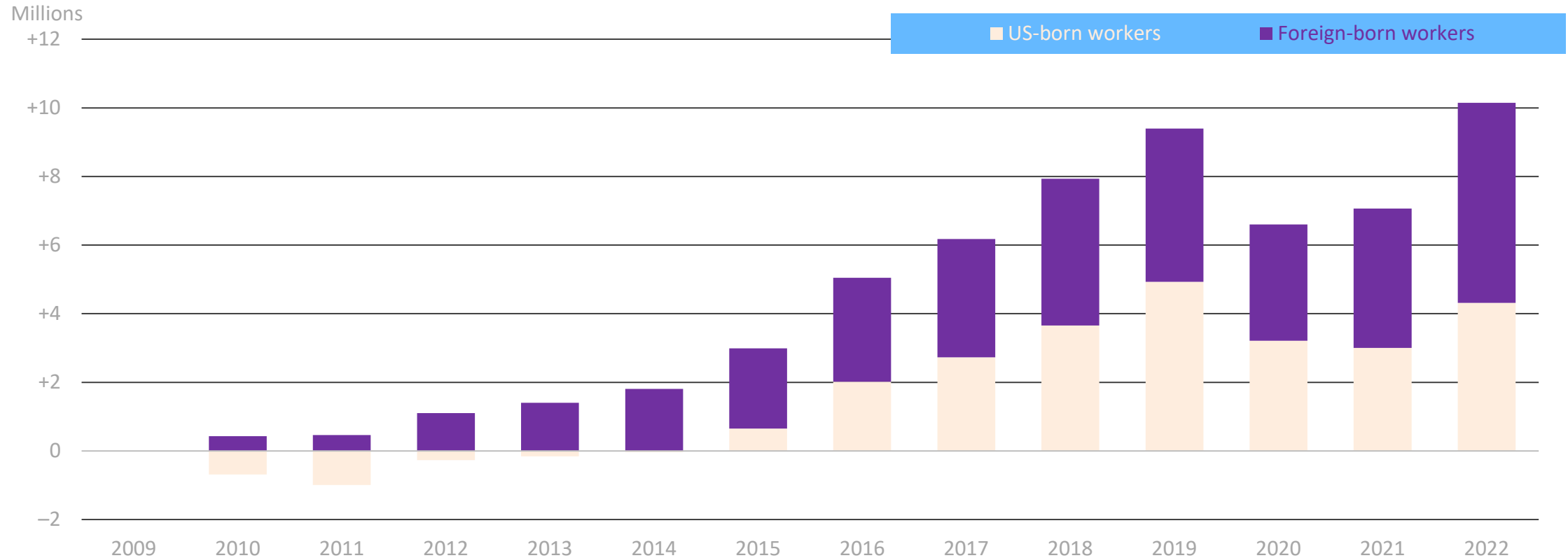
Change in the Labor Force Participation Rate Since February 2020



**January 2023:** The change in labor force participation since February 2020 is now similar for **men** and **women**

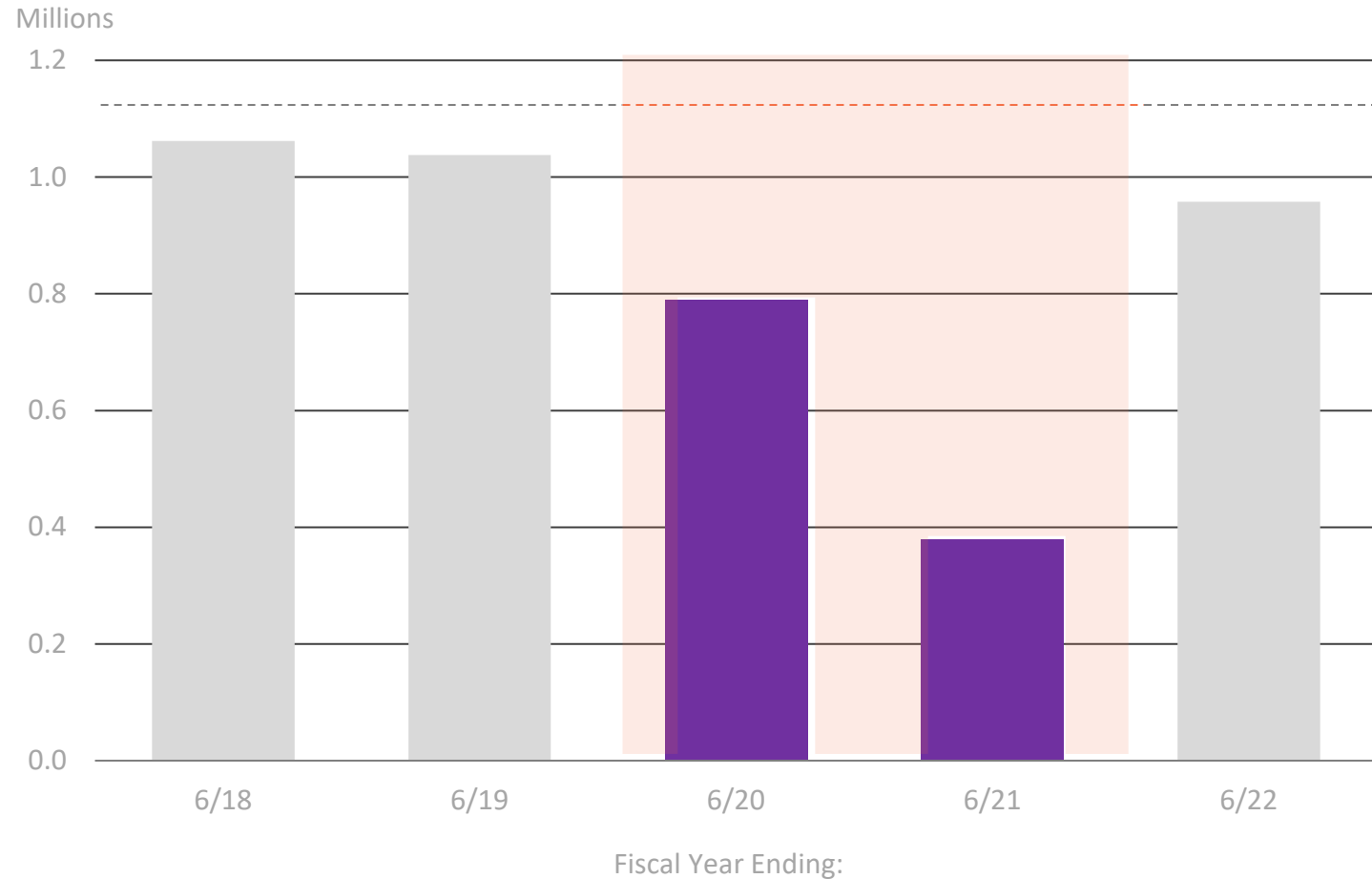
# Foreign-Born Workers Make Outsized Contributions to Labor Force Growth

Cumulative Growth in the US Labor Force Since the Great Recession



# Immigration Slowed Substantially During the Pandemic

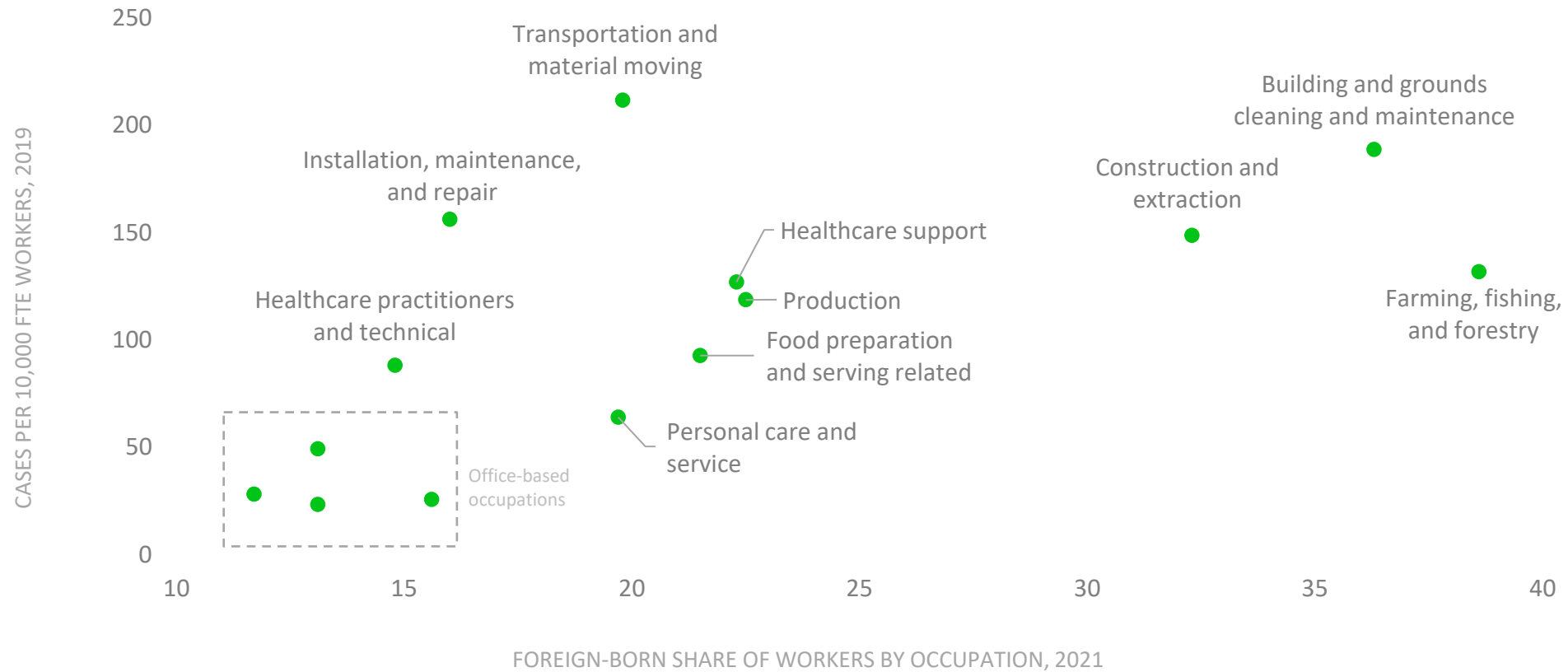
## Work and Immigrant Visas Issued



In **2020** and **2021**, immigration dropped below the historical average

# Worker Occupation, Birthplace, and Frequency

## Foreign-Born Share of Workers in Relation to Workplace Frequency by Occupation



Workplace-related injury and illness cases with days away from work per 10,000 full-time equivalent (FTE) workers.  
 Office-based occupations include professional, sales, management, and administrative occupations.  
 Source: US Bureau of Labor Statistics.

# Key Takeaways



New normal labor market



Reduced labor force

# LEGISLATIVE TRENDS



# Legislative Monitoring Overview for 2023

- NCCI is tracking hundreds of state and federal WC-related bills
- We also track bills that may not be directly WC-related but may impact the WC system



# Highlights



Mental Injuries



Marijuana Legalization/Psychedelics



Independent Contractors/Gig Economy



COVID-19 and Workers Compensation



Single-Payer Health Insurance

# Mental Injuries



- NCCI monitors bills addressing WC for workplace-related mental injuries
- Many of these bills are related to post-traumatic stress disorder (PTSD)
- NCCI is seeing an increase in bills addressing coverage for PTSD, primarily for first responders

# Marijuana Legalization/Psychedelics

- Recreational marijuana
- Medical marijuana
- Reimbursement for medical marijuana in WC
- Legalization of certain psychedelic substances



# Independent Contractors/Gig Economy

## Types of Legislation:

- Bills establishing conditions for when a transportation network company (TNC) driver is an independent contractor rather than an employee of the company
- Bills establishing whether a worker is an employee or an independent contractor



# COVID-19 and Workers Compensation

- Several states are currently considering COVID-related legislation
- COVID-19 workers compensation presumptions are still in effect in a couple of states



# Single-Payer Health Insurance

Key elements of WC-related proposals:

- Whether and how to continue funding for those healthcare services currently covered by the WC system
- Whether and how to incorporate an element of experience rating



# THANK YOU!

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