



The Source You Trust

IDAHO ANNUAL SEMINAR ON WORKERS COMPENSATION (WC)

NCCI Research Impacting the Idaho WC System

September 12, 2024

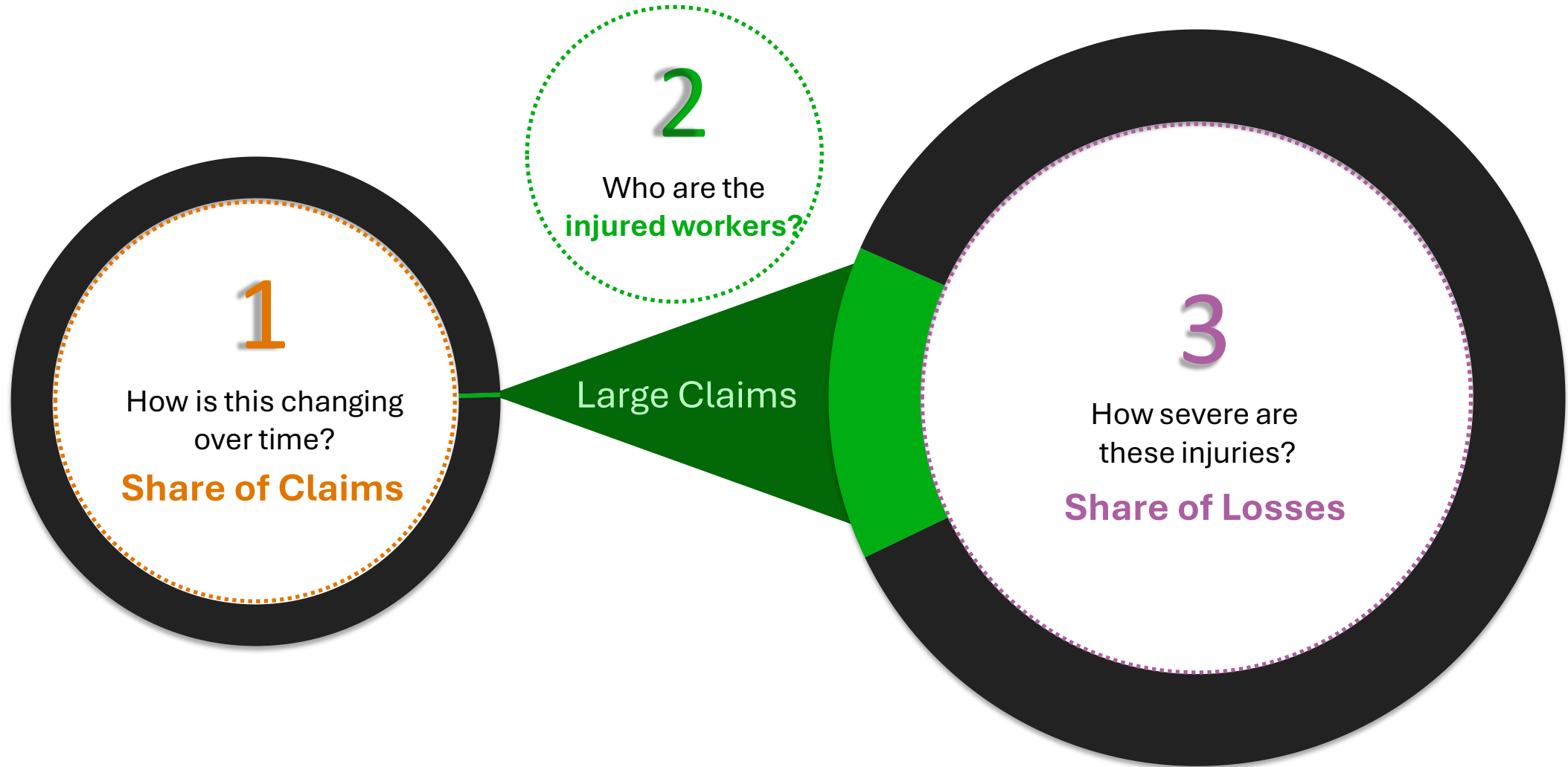
Todd Johnson, CPCU, WCP
Senior State Relations Executive
External and Government Affairs



The Source You Trust

LARGE CLAIMS DECONSTRUCTED

A Large Claim Is Defined as Exceeding \$1M in Incurred Loss



Deconstructing Large Claims



FAST_{ELC}

SLOW_{ELC}



Exceed \$1M **within** 2 years of injury

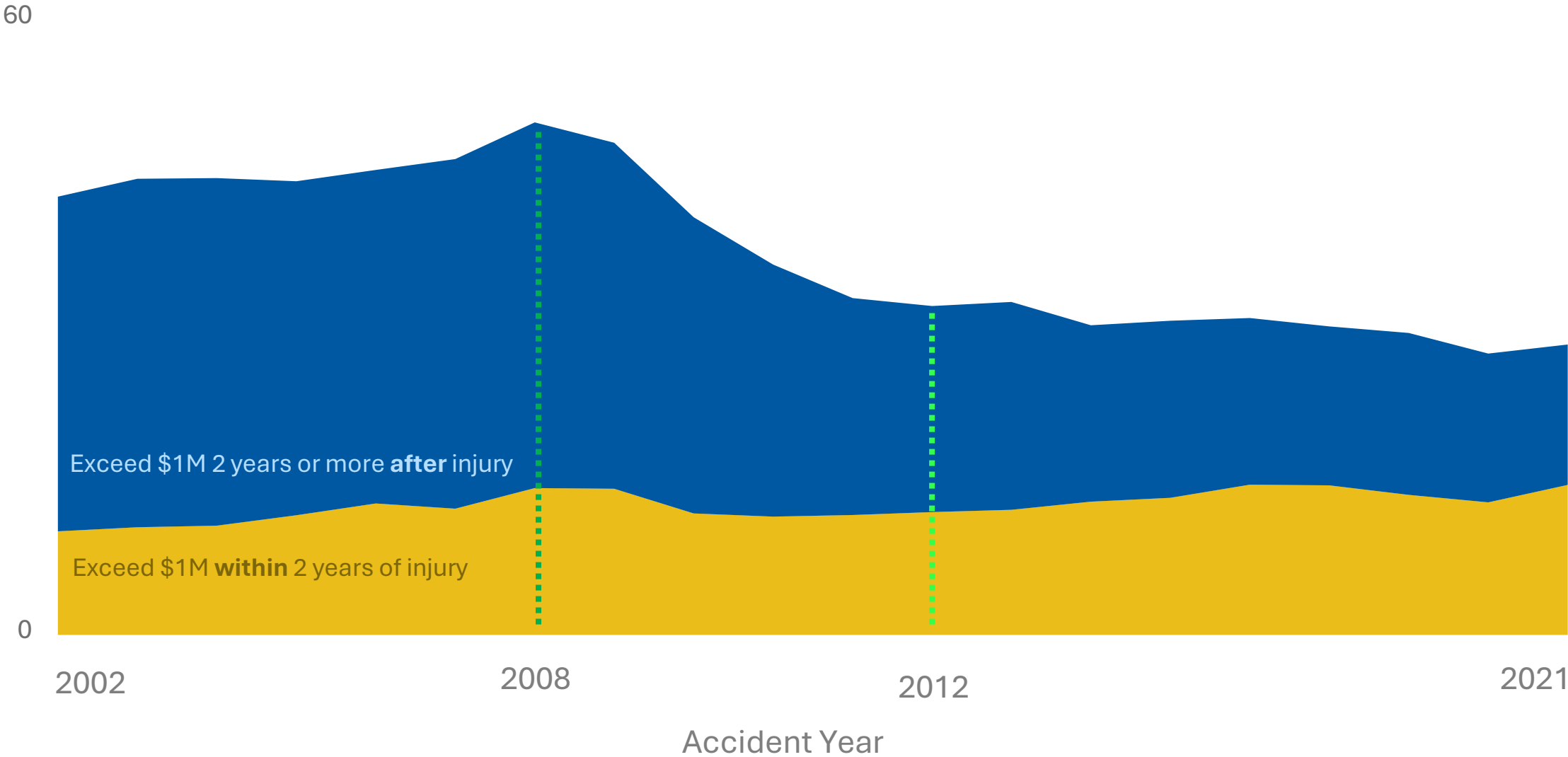
Exceed \$1M 2 years or more **after** injury



Frequency of Large Claims per 10K Lost-Time Claims



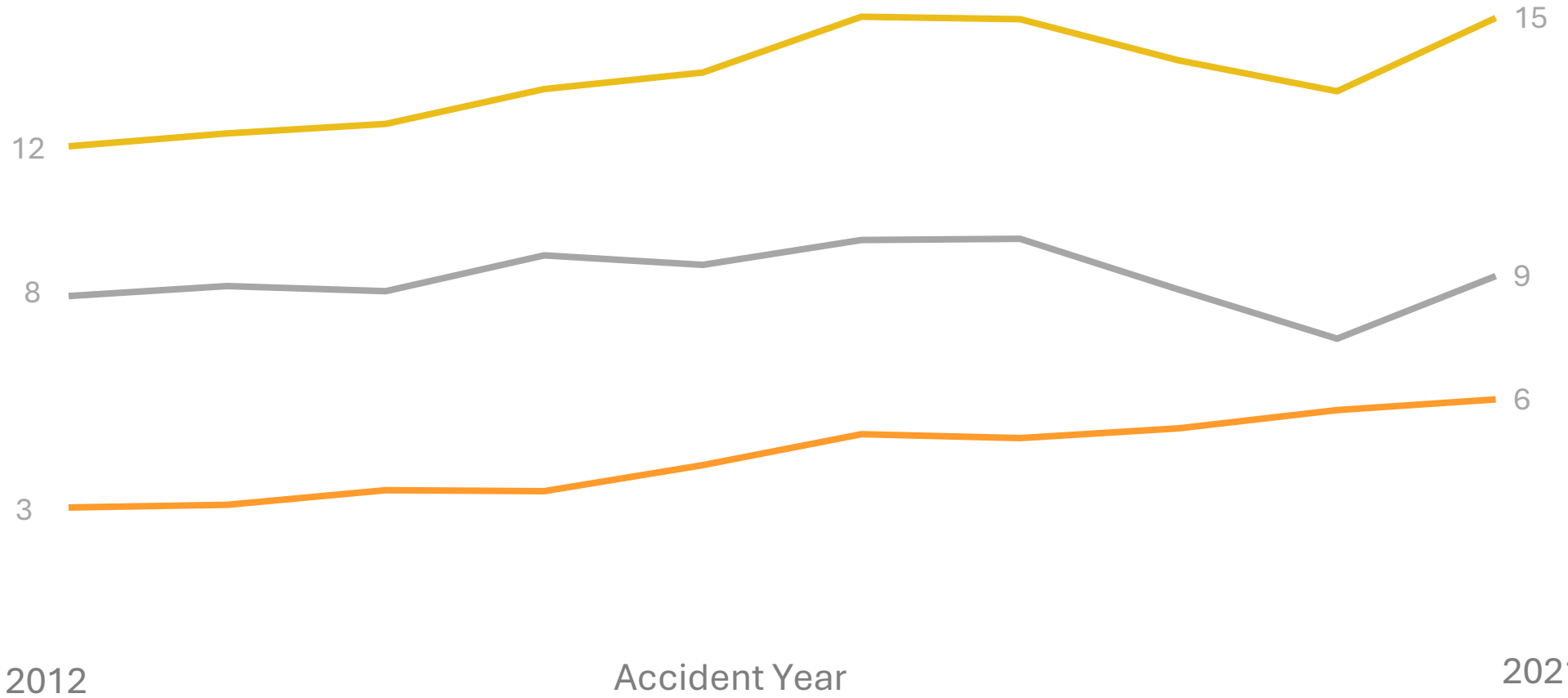
Deconstructing Frequency Into **FAST_{ELC}** and **SLOW_{ELC}**



Deconstructing Frequency of **FAST_{ELC}** per 10K Lost-Time Claims

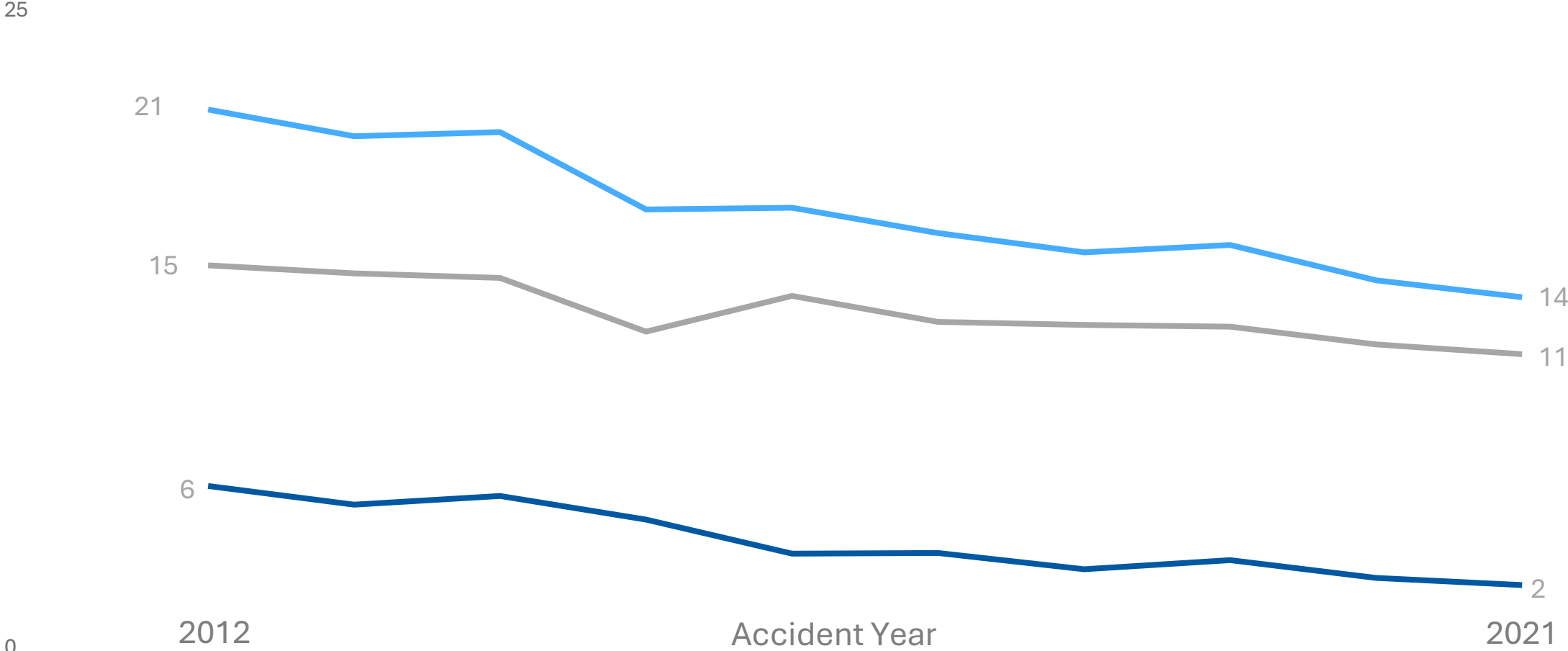
Burns, Spinal Cord Injuries, and Traumatic Brain Injuries (B, SCI, TBI)

16



Deconstructing Frequency of SLOW_{ELC} per 10K Lost-Time Claims

Degenerative Disc Disorders, Pain





Who are the injured workers?

CAUSE



EFFECT

Why are injuries resulting in large claims distinct?

Where do injured workers with large claims work?

When is the worker injured?

What are the claim outcomes?



Why Are Injuries Resulting in Large Claims Distinct?

Top Causes and Injuries



FAST_{ELC}

Caused by **Fall or Slip from Elevation** and **Motor Vehicle Accidents**



Resulting in **Fractures**

Primarily injuring **Multiple Body Parts**



SLOW_{ELC}

Caused by **Strain or Injury by Lifting**



Resulting in **Strains**

Primarily injuring **Lower Back**

Where Do Injured Workers With Large Claims Work?

Industry Mix



Construction-Related



Operation of Motor Vehicles



Installation of Machines and Equipment



25–31% of **FAST**_{ELC} are construction-related

8–11%

4–5%



20–24% of **SLOW**_{ELC} are construction-related

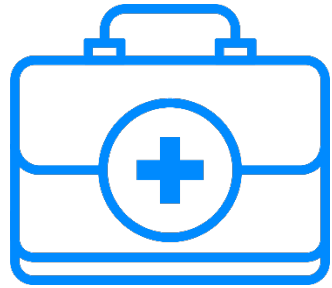
8–10%

4–6%



Where Do Injured Workers With Large Claims Work?

Industry Mix



Instructional
and Medical
Professionals

5-7%



Clerical

4-6%

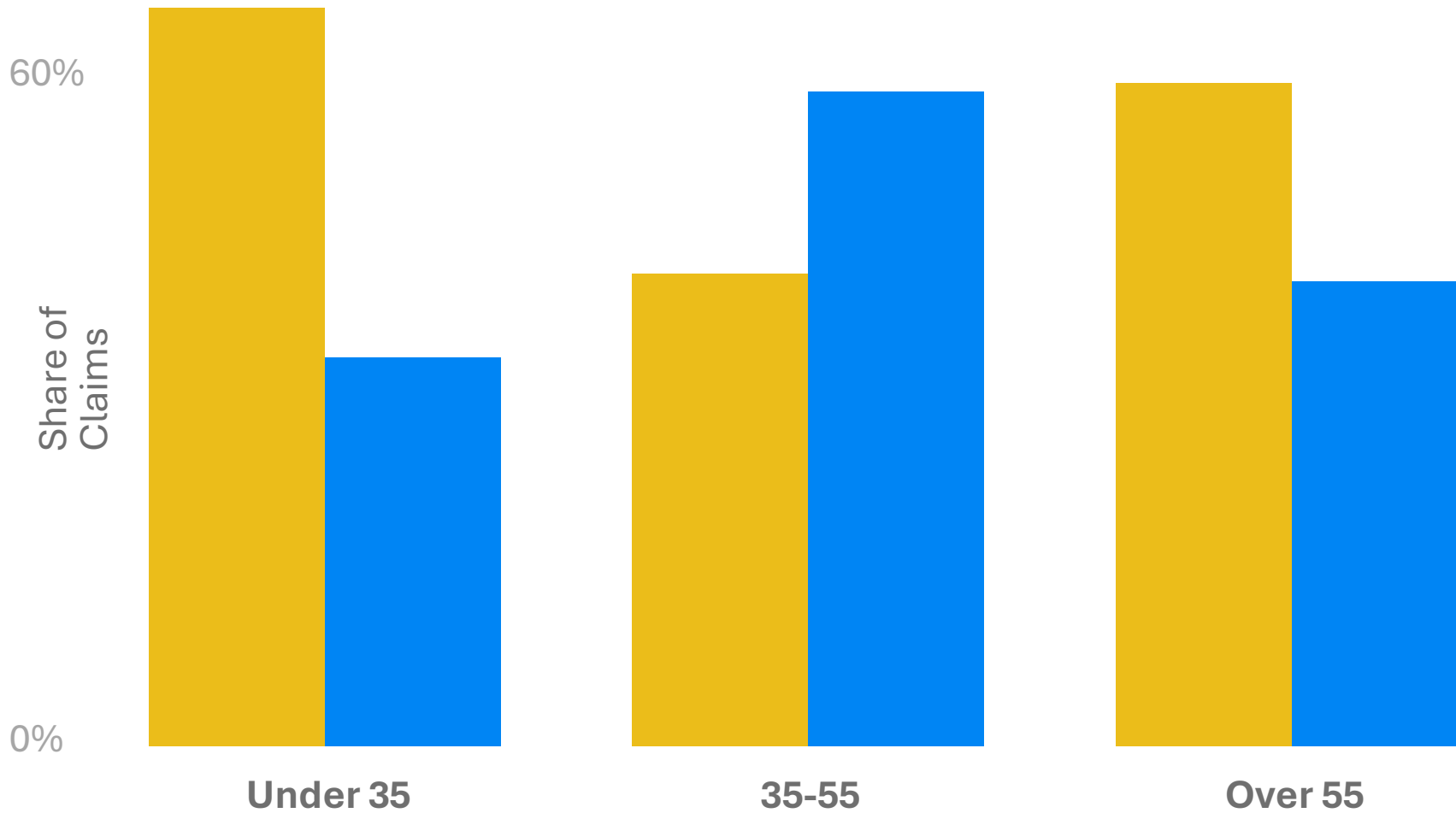


SLOW_{ELC}



When Is a Worker With a Large Claim Injured?

Age at Injury for **FAST**_{ELC} and **SLOW**_{ELC}



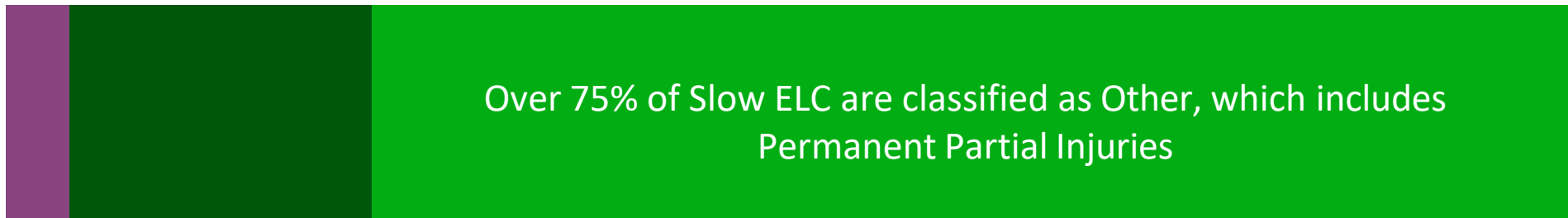
What Are Outcomes for Injured Workers With Large Claims?

Injury Type

Fatal Permanent Total Other



How are these differences reflected in severity?



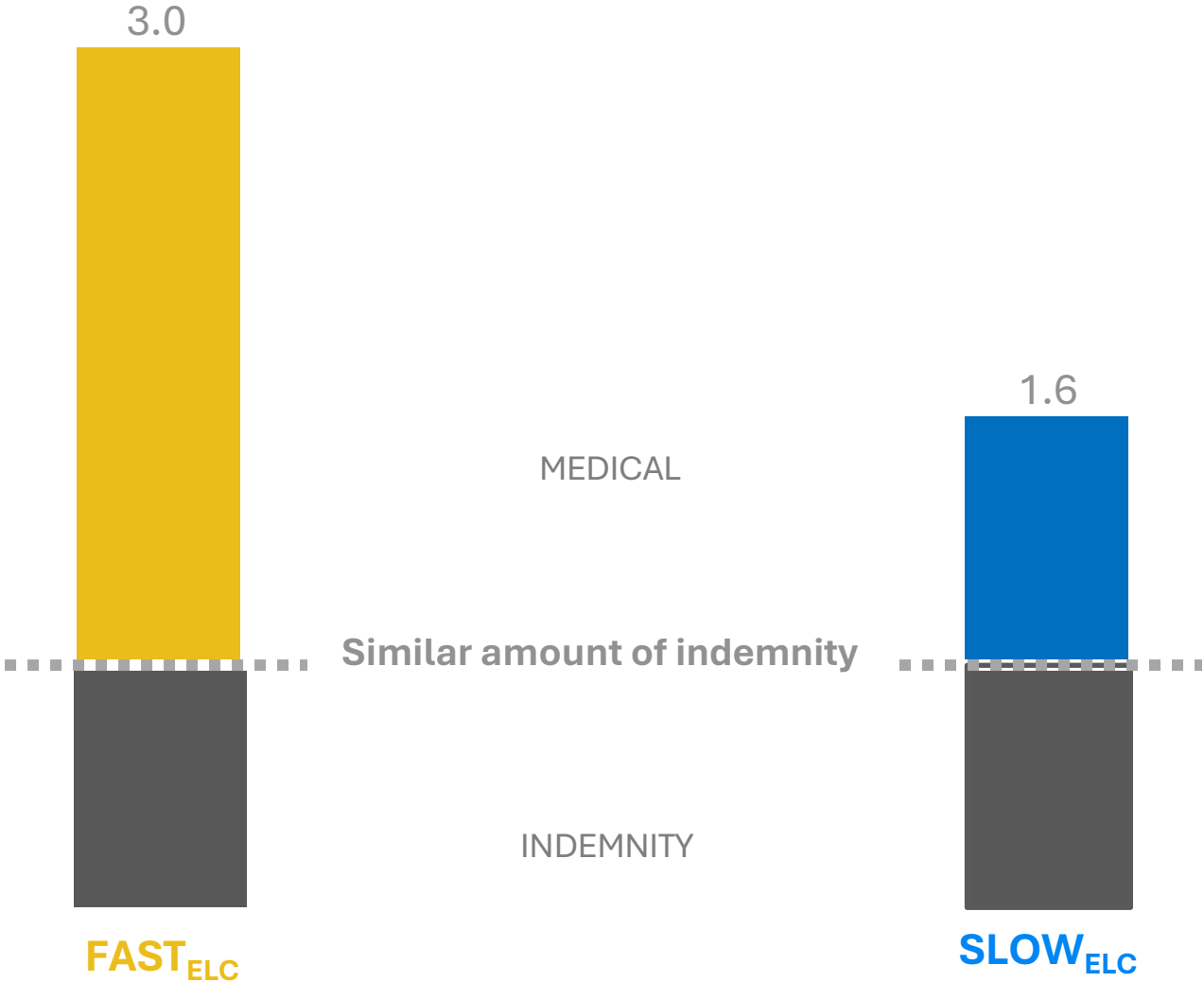
0%

100%



Deconstructing Large Claim Severity

Average Claim Cost (\$ in Millions)

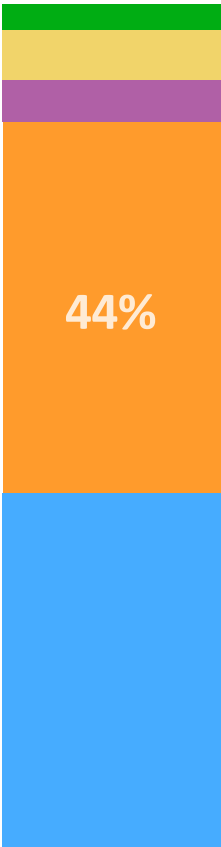


Deconstructing Medical Service Costs

Non-Large Claims

100%

Year 1



44%

0%



Non-Large Claims



Other



Medical Supplies



Drugs

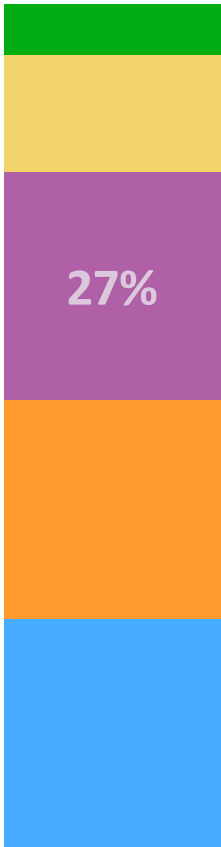


Hospital



Physician

Year 10



27%

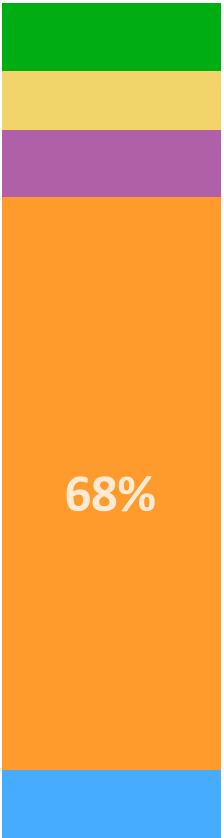


Deconstructing Medical Service Costs

 **FAST_{ELC}**
Burns, SCI, TBI

100%

Year 1



68%

0%



Other



Medical Supplies



Drugs

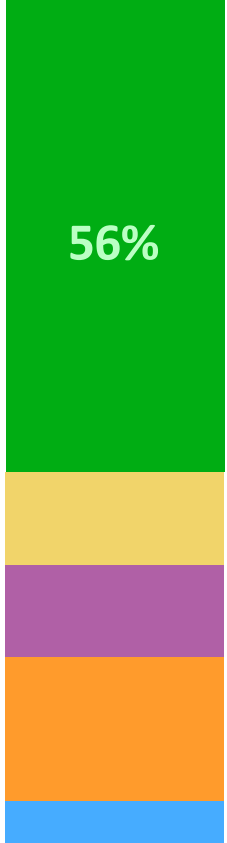


Hospital



Physician

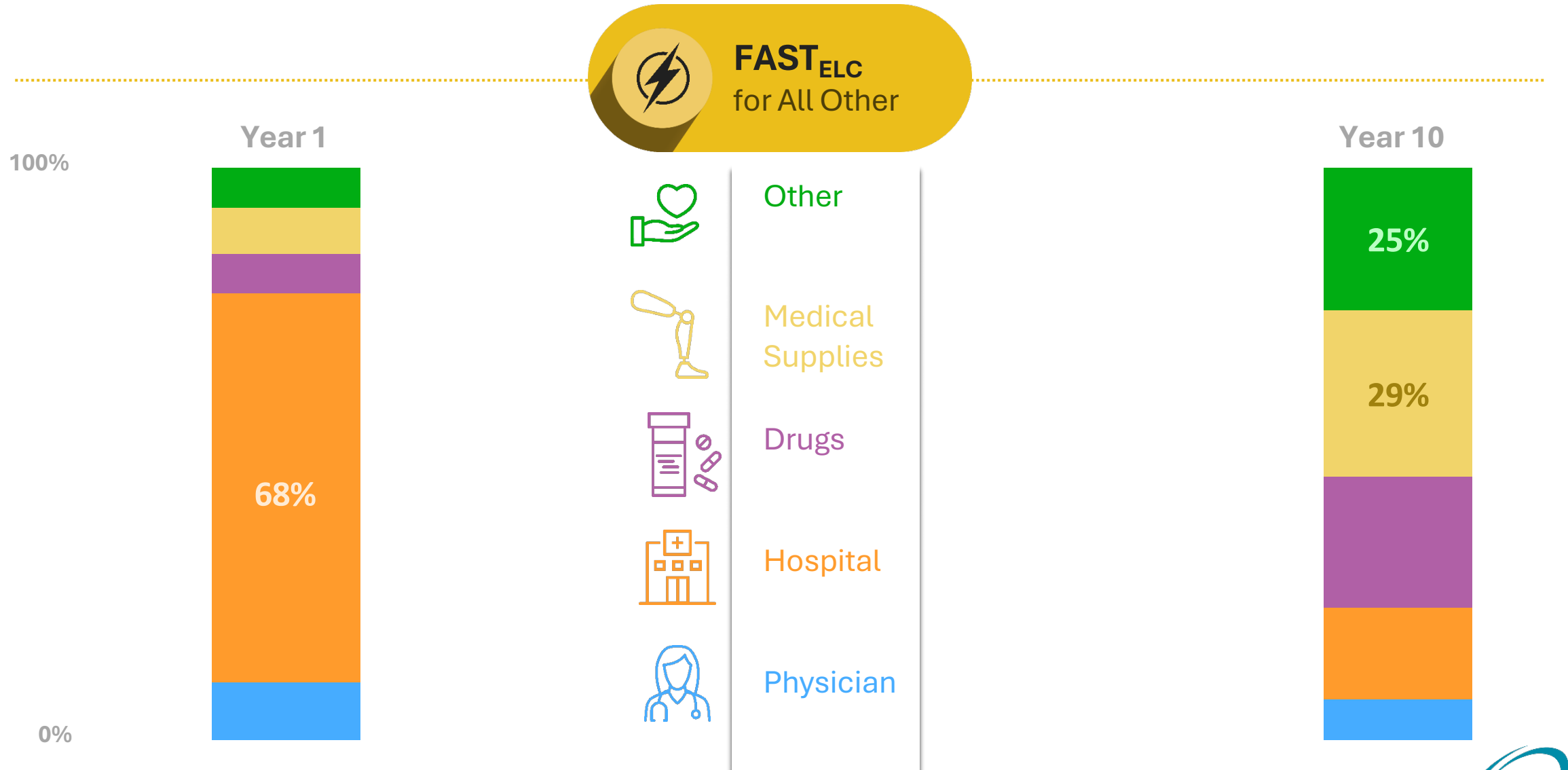
Year 10



56%



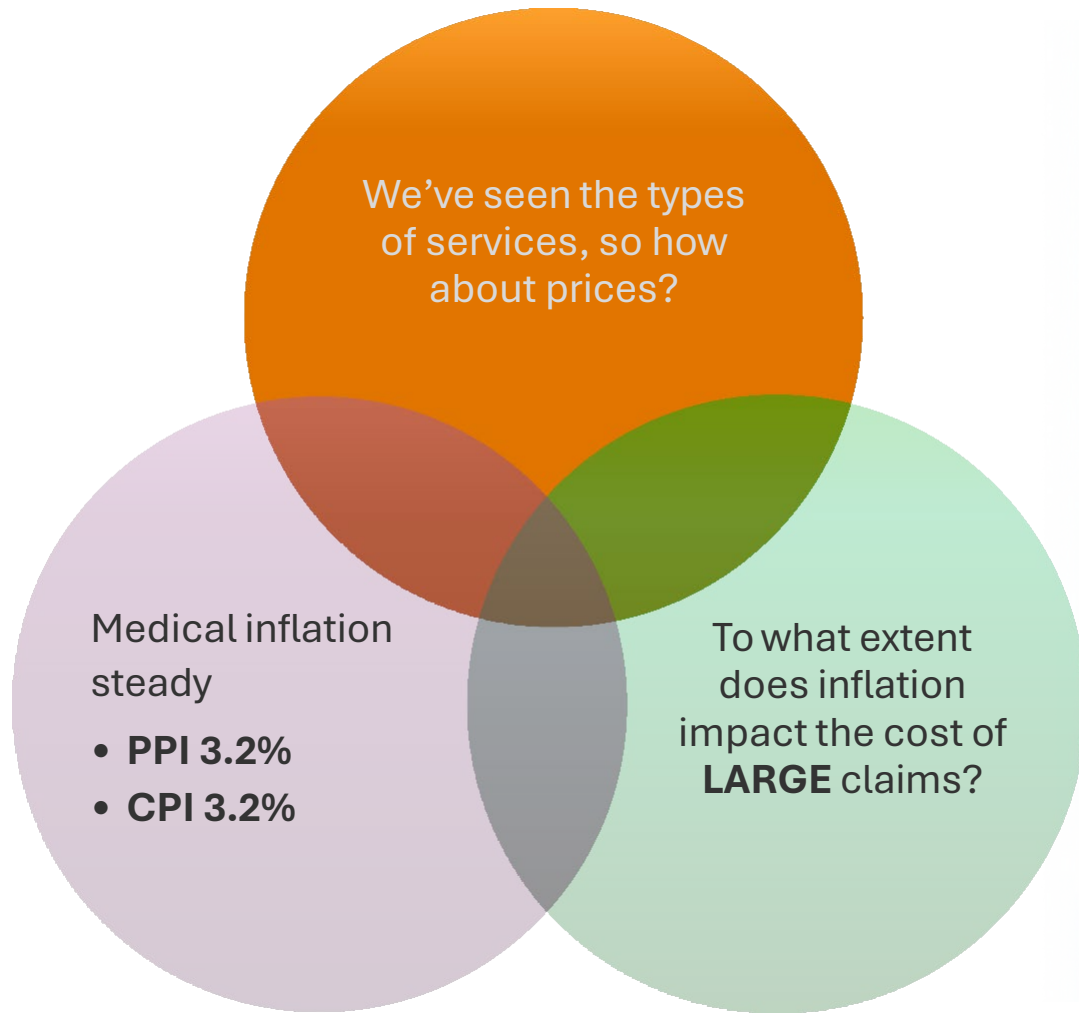
Deconstructing Medical Service Costs



Deconstructing Medical Service Costs



And Then There's Medical Inflation ...


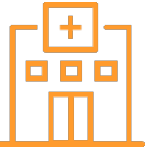
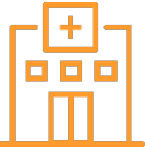






Inflation values are year-over-year percent change: July 2024
Source: US Bureau of Labor Statistics

Yes, But That's Not What We Heard About the Costs for Large Claims!

Medical Service Category

Inflation Rate

	PPI: Physician care	1.5%
	PPI: Hospital <i>inpatient</i> care	4.9%
	PPI: Hospital <i>outpatient</i> care	2.8%
	CPI: Medicinal drugs	2.9%
	CPI: Medical supplies	1.0%
	PPI: Home health and hospice care	2.1%
	PPI: Nursing home care	2.4%



Inflation values are year-over-year percent change: July 2024
Source: US Bureau of Labor Statistics



The Source You Trust

INPATIENT UTILIZATION

Trends in Healthcare—Hospitals



General Healthcare:

1 in 4 hospitals closed in the past 20 years

“Cross-market, within-state hospital mergers yield price increases of 7%–9% for acquiring hospitals.”

Sources: Hoag Levins, “Hospital Consolidation Continues to Boost Costs, Narrow Access, and Impact Care Quality: A Penn LDI Virtual Seminar Unpacks the Challenging Contradictions of This Continuing Trend,” University of Pennsylvania Leonard Davis Institute of Health Economics, January 19, 2023
Dafny, L., Ho, K. and Lee, R.S. (2019), The price effects of cross-market mergers: theory and evidence from the hospital industry. The RAND Journal of Economics, 50: 286-325.
<https://doi.org/10.1111/1756-2171.12270>

Trends in Healthcare—Hospitals



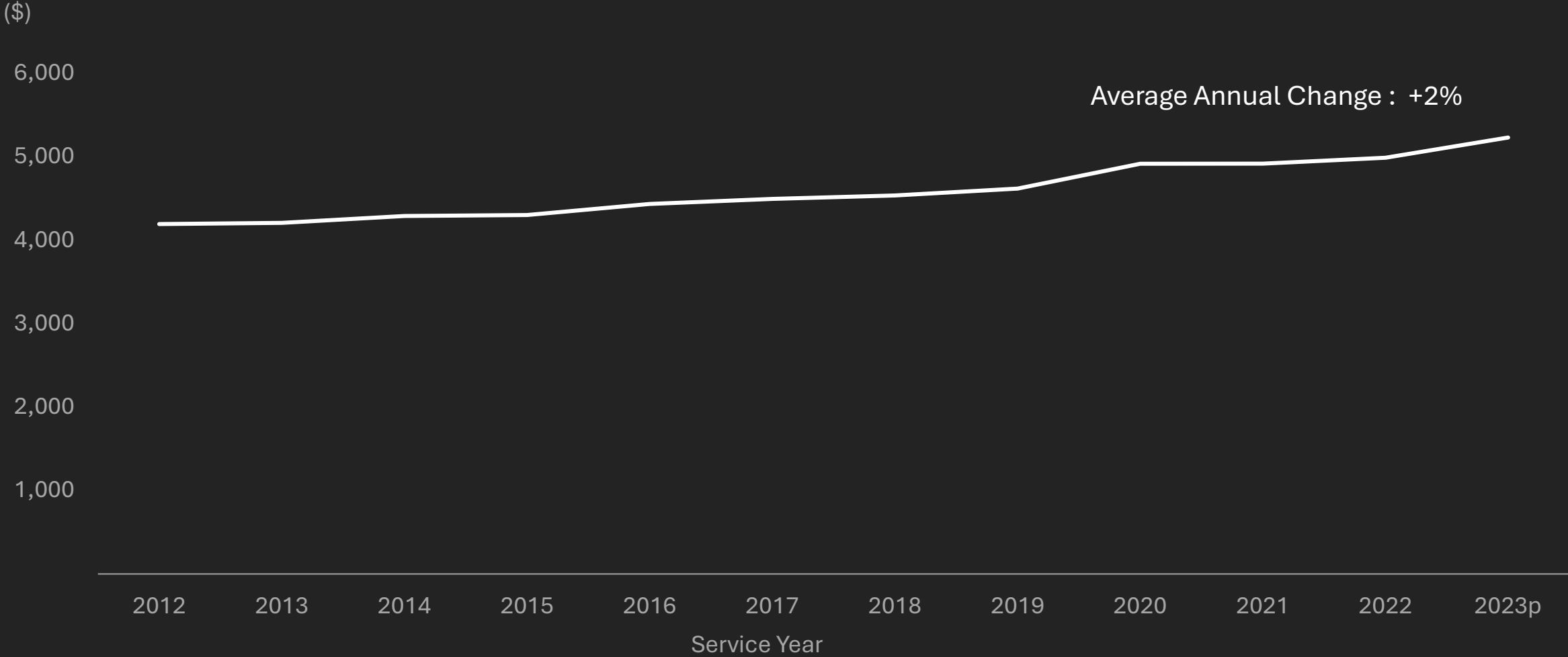
General Healthcare:

14% fewer inpatient admissions

Workers Compensation:

30% fewer inpatient admissions

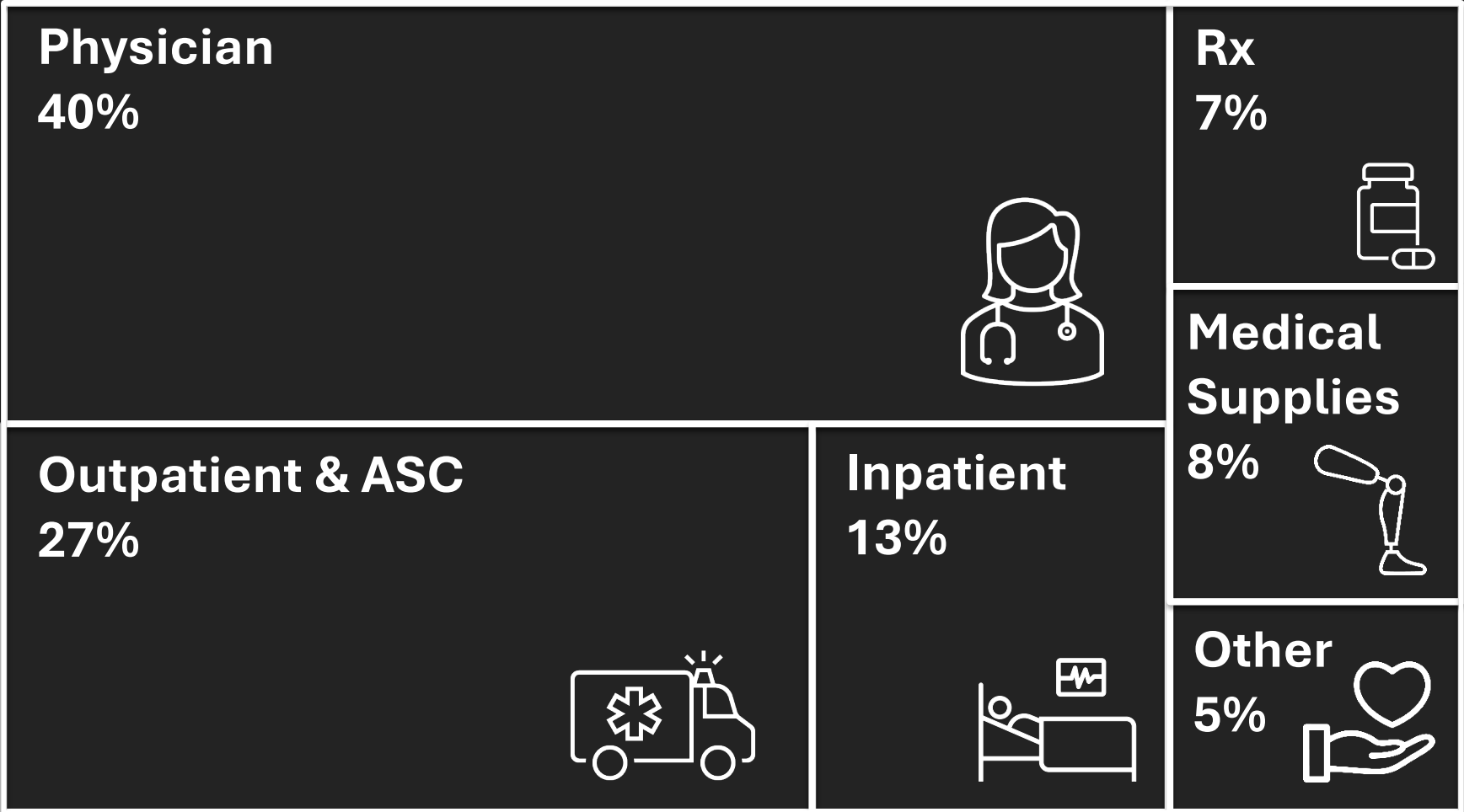
Medical Paid Cost per Claim Trend



p Preliminary
Source: NCCI Medical Data Call



Medical Paid Cost Distribution—Service Year 2022

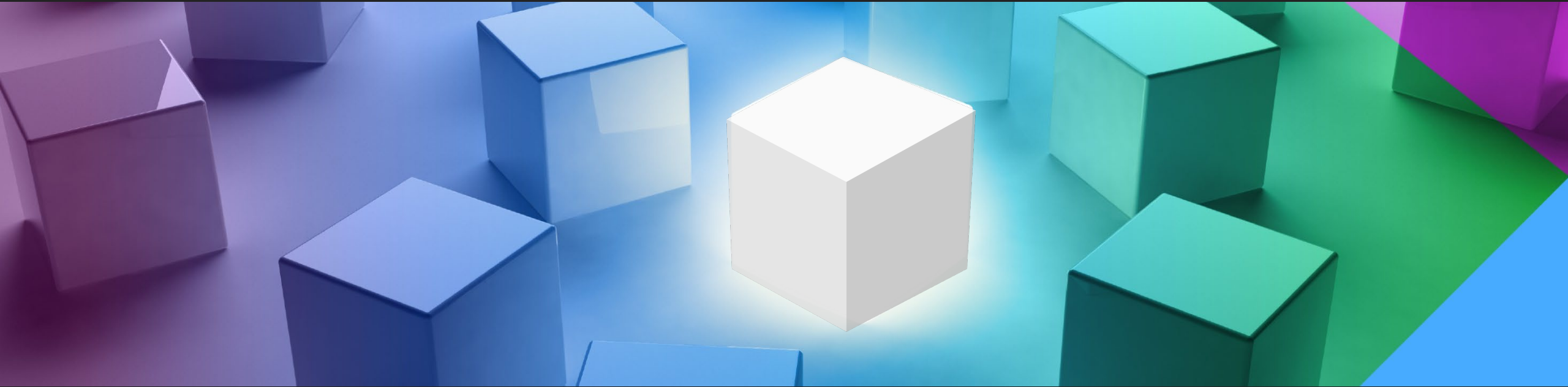


Source: NCCI Medical Data Call

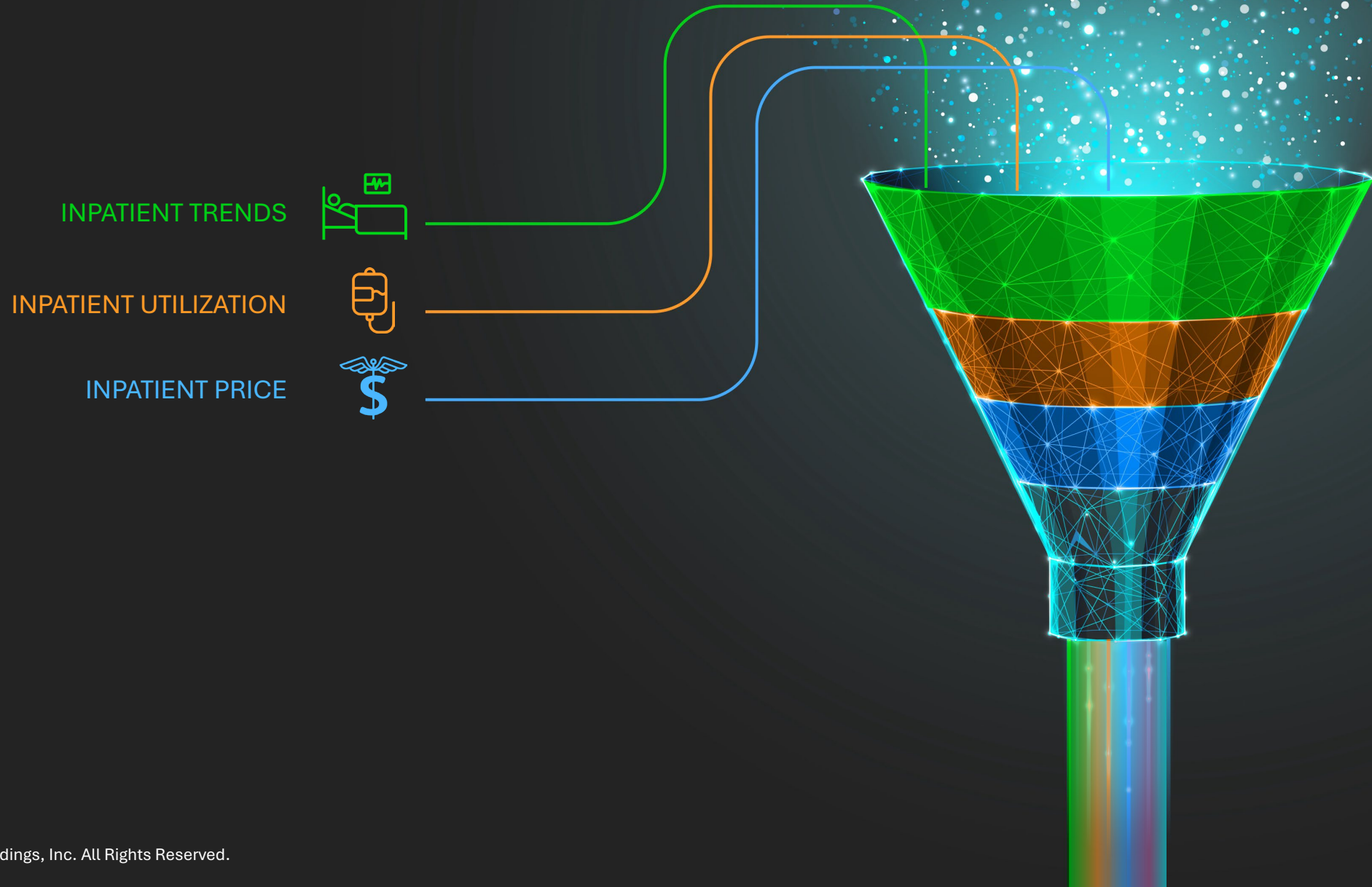
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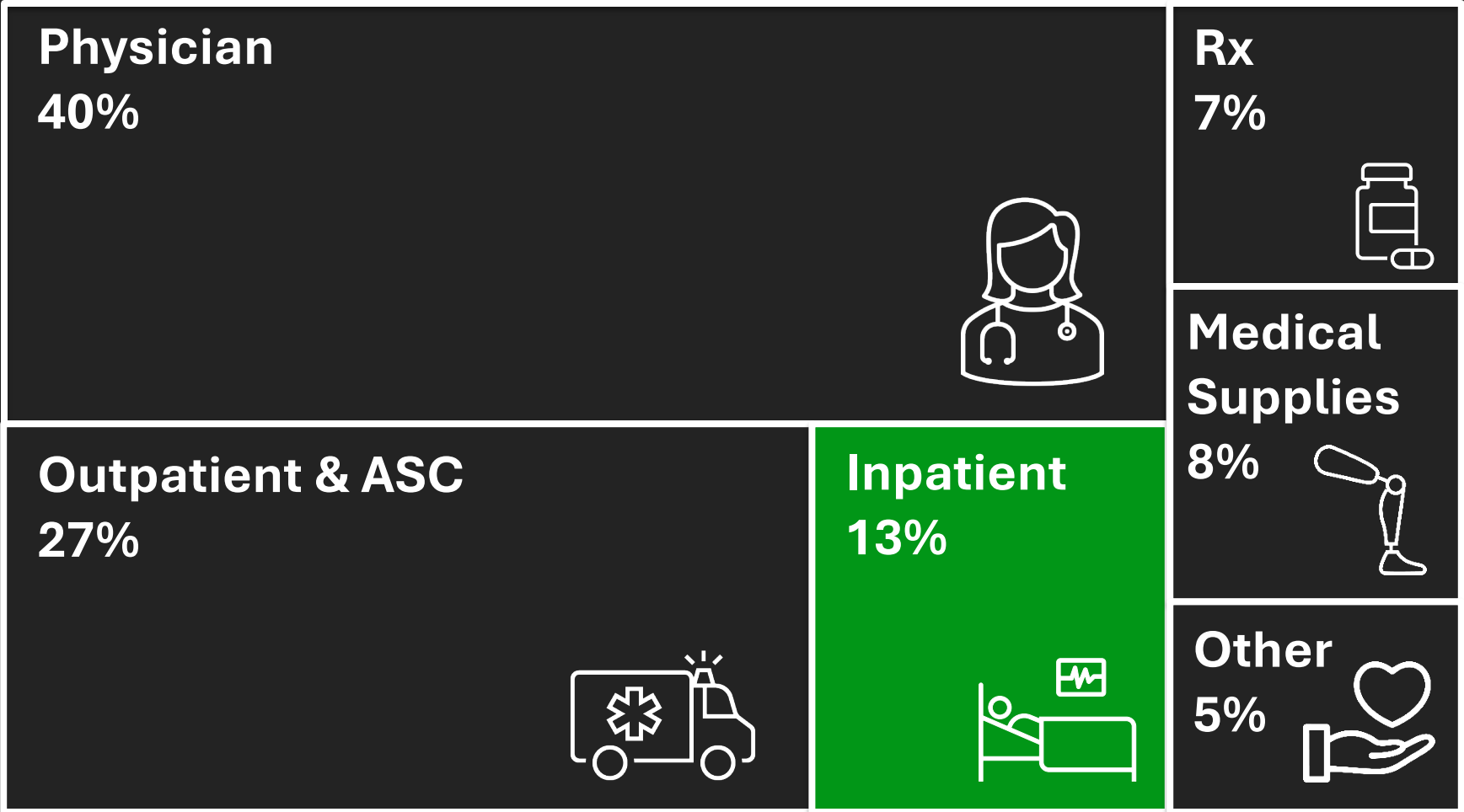
There is much more to the medical story in workers comp.



Introduction—What's in the Mix?



Medical Paid Cost Distribution—Service Year 2022

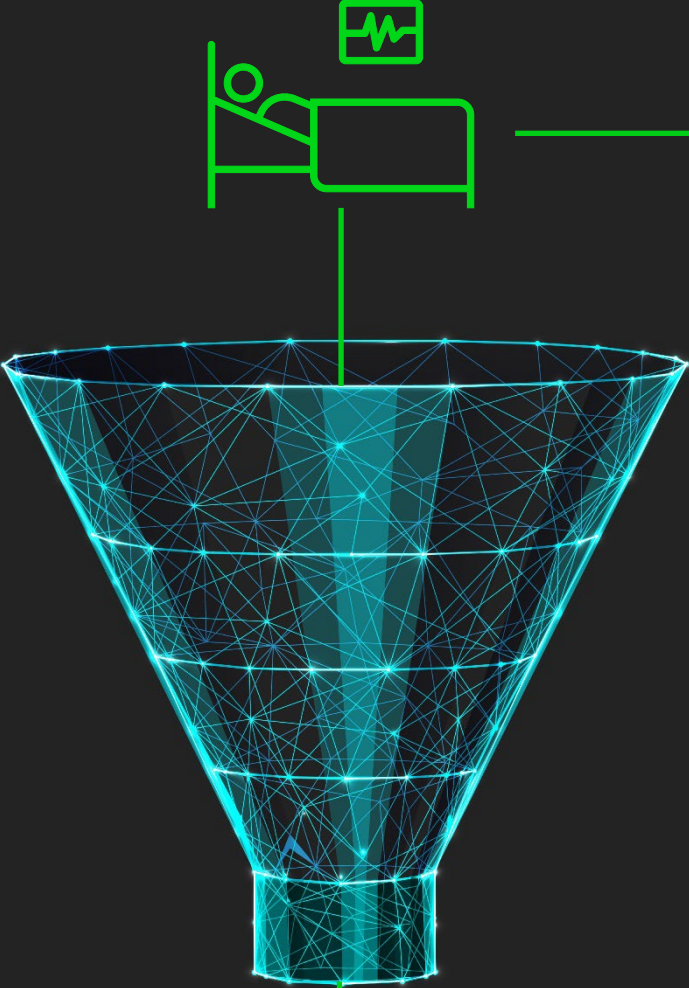


Source: NCCI Medical Data Call

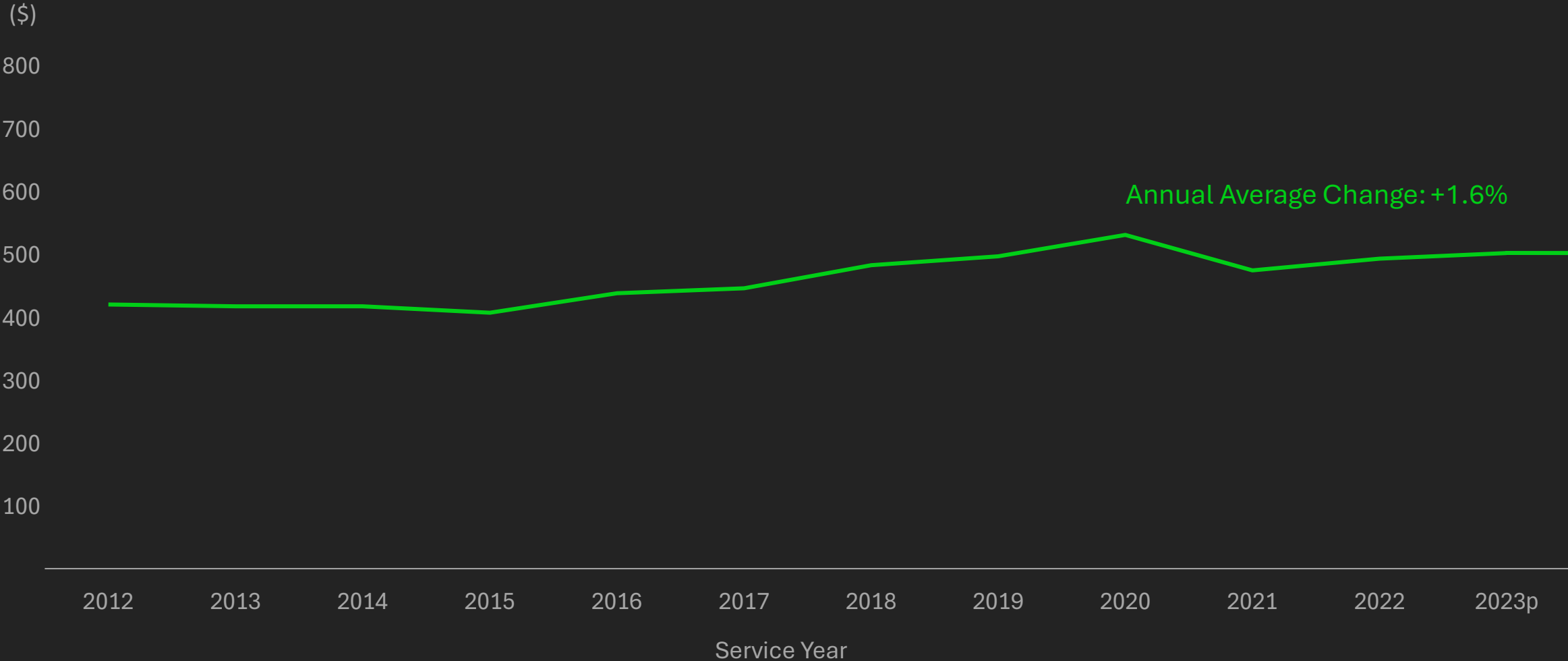
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Inpatient Trends



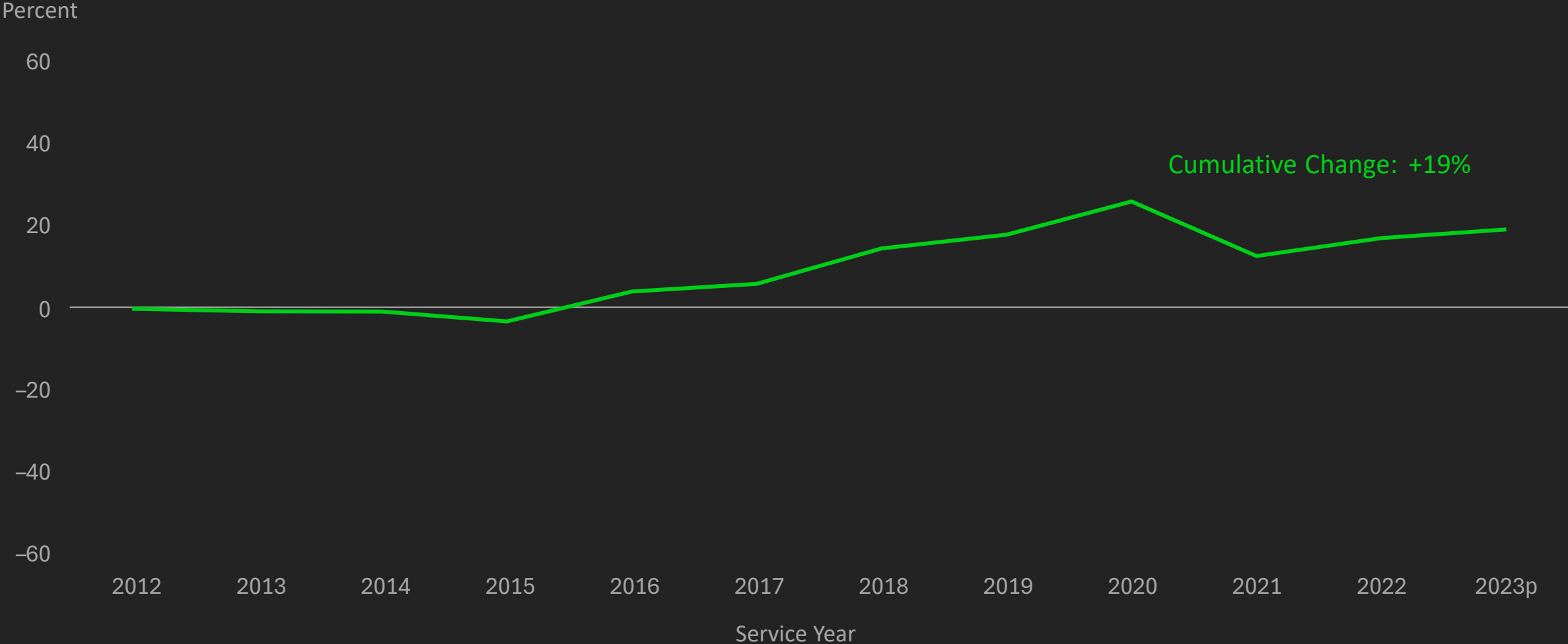
Inpatient Paid Cost per Claim



p Preliminary
Source: NCCI Medical Data Call



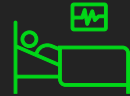
Inpatient Paid Cost per Claim



p Preliminary
Source: NCCI Medical Data Call



INPATIENT COST



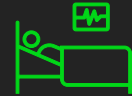
INPATIENT PRICE



INPATIENT UTILIZATION

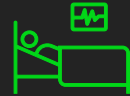


INPATIENT COST



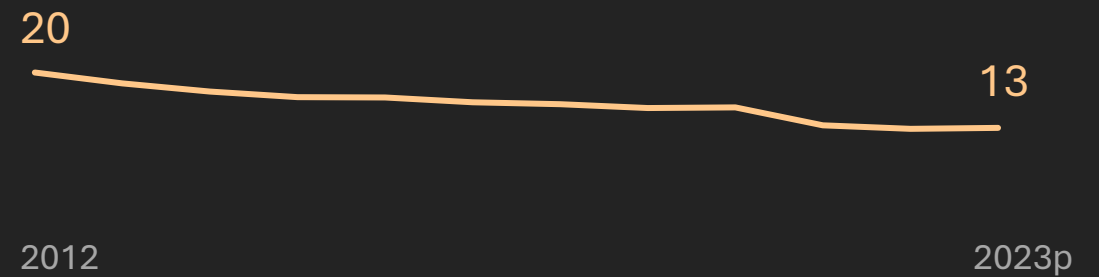
INPATIENT STAYS

INPATIENT COST

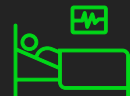


INPATIENT PAID PER STAY

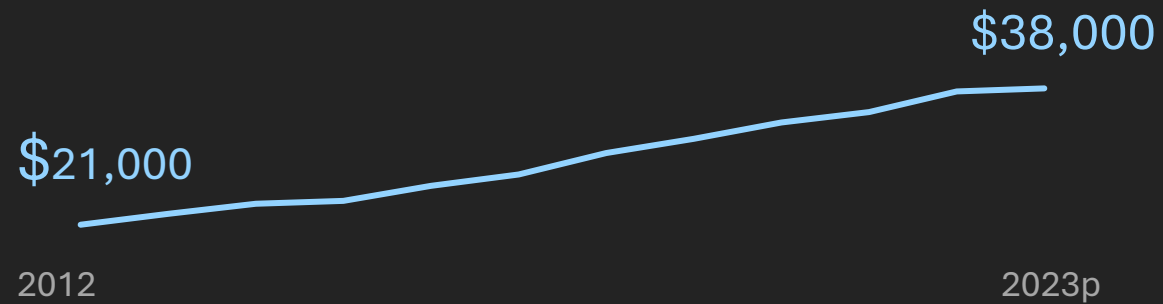
INPATIENT STAYS per 1,000 claims



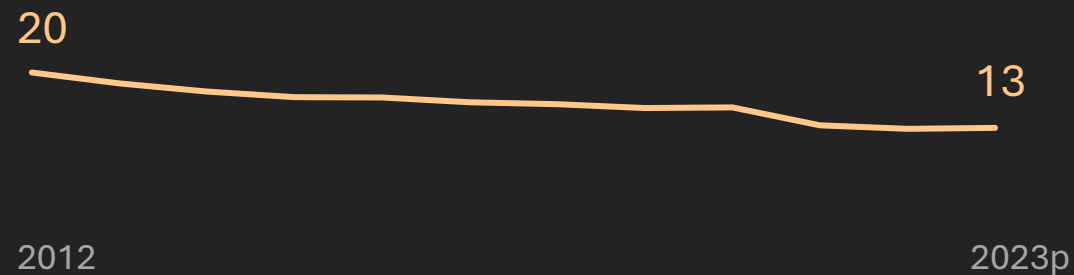
INPATIENT COST



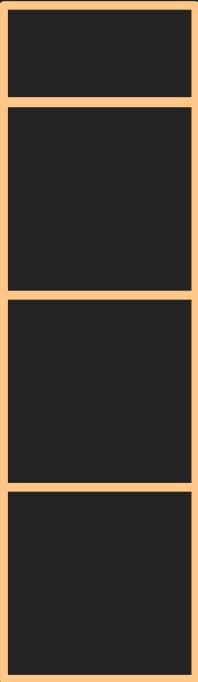
INPATIENT PAID PER STAY



INPATIENT STAYS per 1,000 claims



Inpatient Days



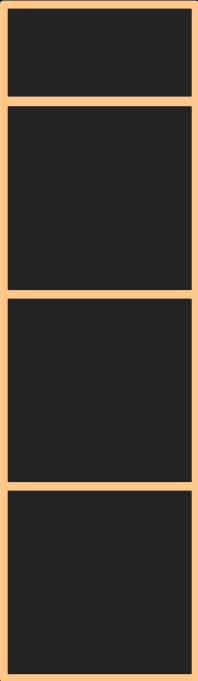
3.5 days per stay in 2012

Source: NCCI Medical Data Call

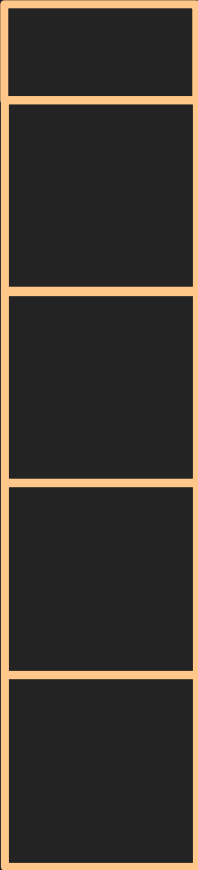
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Inpatient Days



3.5 days per stay in 2012



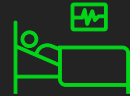
4.5 days per stay in 2023p

p Preliminary
Source: NCCI Medical Data Call

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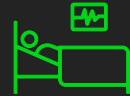
INPATIENT COST



INPATIENT PAID PER DAY

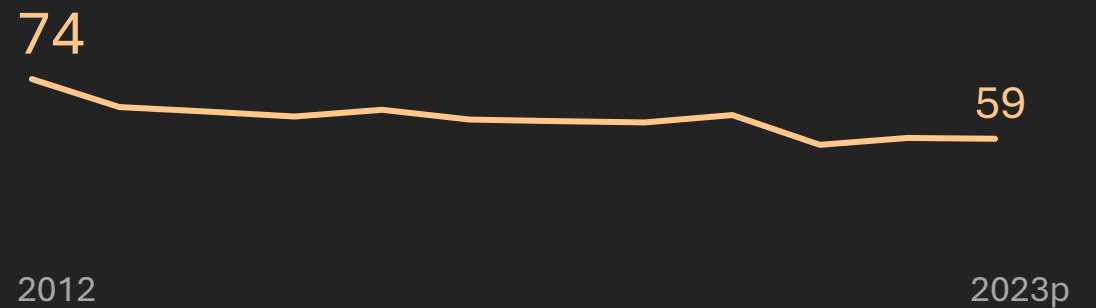
INPATIENT DAYS

INPATIENT COST



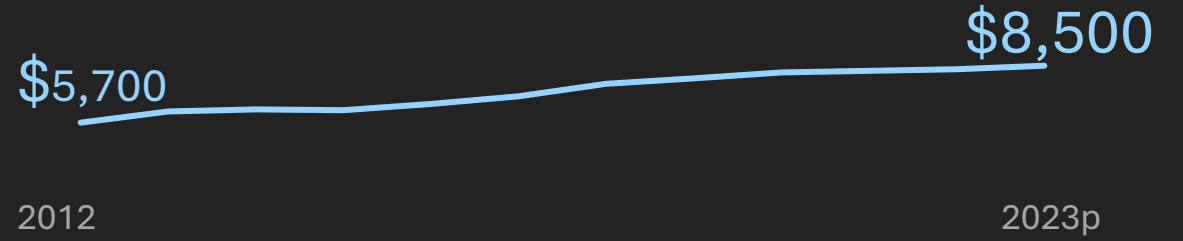
INPATIENT PAID PER DAY

INPATIENT DAYS per 1,000 claims

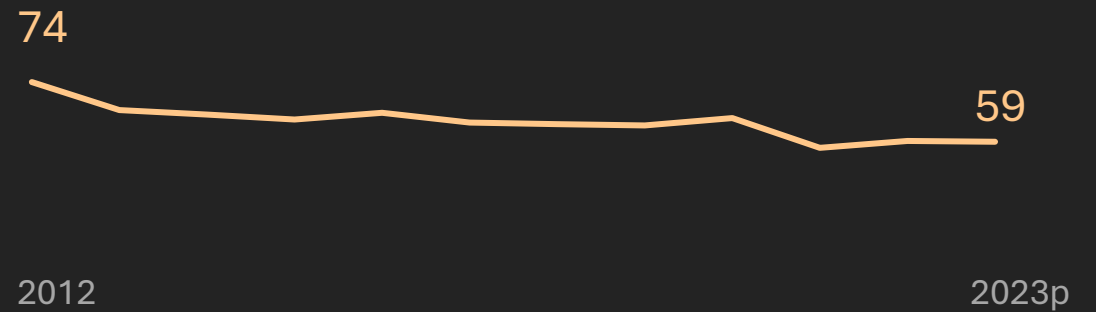


INPATIENT COST

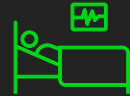
INPATIENT PAID PER DAY



INPATIENT DAYS per 1,000 claims



INPATIENT COST



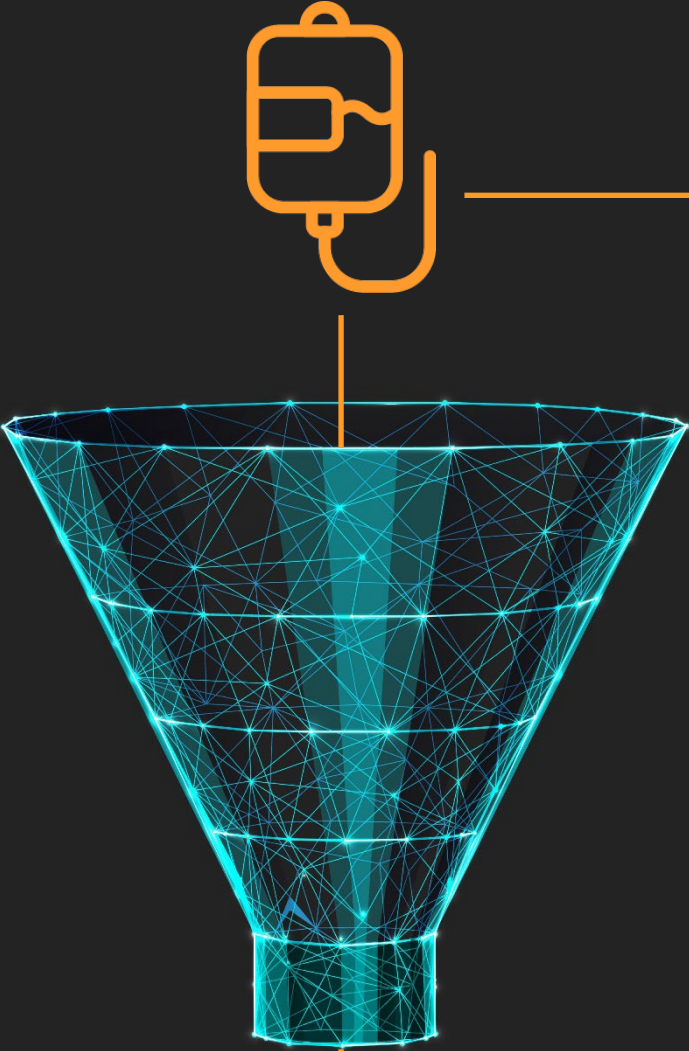
INPATIENT PRICE



INPATIENT UTILIZATION



Inpatient Days



Inpatient Utilization is a function of

1. The **medical condition** treated

2. The **type of treatment** provided

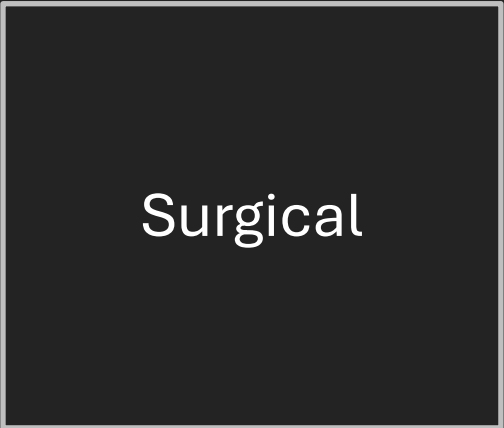
- Intensive care unit (ICU)
- Surgical
- Ordinary observation

Inpatient Day Types

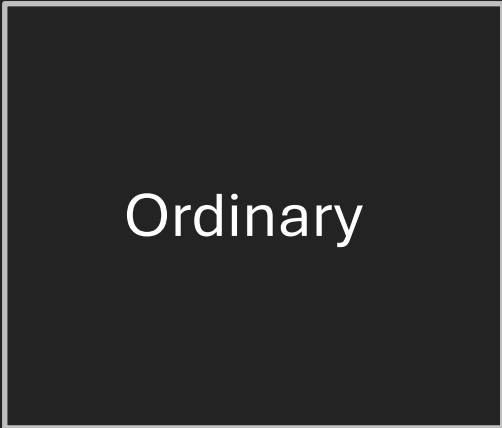
1



2



3



Inpatient Stay Types

1	2	3	4
ICU	Surgical	Ordinary	Ordinary



Inpatient Stay Types



ICU

1

2

3

4

ICU

Surgical

Ordinary

Ordinary



Inpatient Stay Types



ICU



Surgical

1

2

3

4

Surgical

Ordinary

Ordinary

Ordinary



Inpatient Stay Types



ICU



Surgical



Ordinary

Inpatient Utilization Example—Traumatic Brain Injury

An injured worker is admitted for a five-day stay with the principal diagnosis of a traumatic brain injury. The patient is admitted and undergoes surgery. She stays in the hospital for an additional four days before being discharged.


1	2	3	4	5
Surgical	Ordinary	Ordinary	Ordinary	Ordinary
25,000	5,500	5,500	5,500	5,500



Inpatient Utilization Example—Traumatic Brain Injury

An injured worker is admitted for a five-day stay with the principal diagnosis of a traumatic brain injury. The patient is admitted and undergoes surgery. She stays in the hospital for an additional four days before being discharged.

1	2	3	4	5
Surgical	Ordinary	Ordinary	Ordinary	Ordinary
25,000	5,500	5,500	5,500	5,500




Surgical Stay = 47,000 Utilization Units

Inpatient Utilization Example—Pelvis Fracture

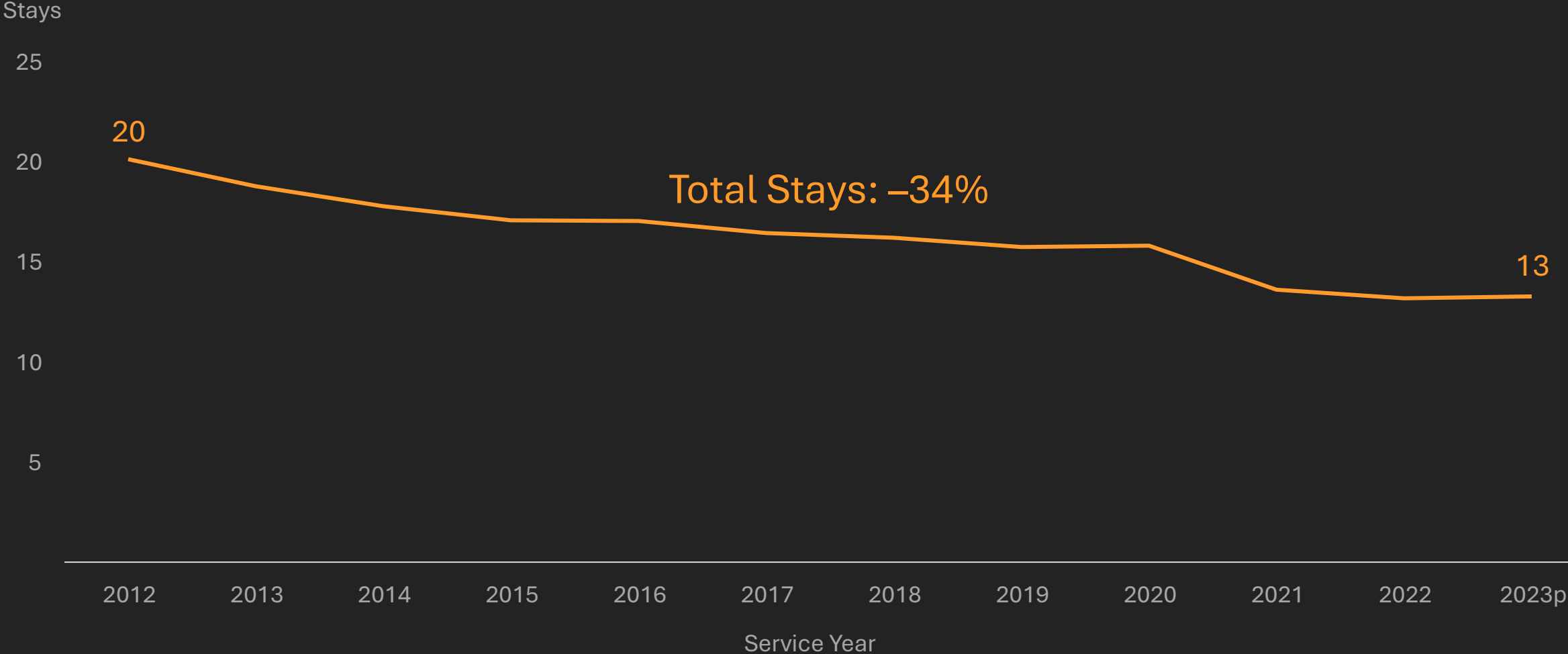
An injured worker is admitted for a five-day stay with the principal diagnosis of a pelvis fracture. The patient is admitted and undergoes surgery. He stays in the hospital for an additional four days before being discharged.

1	2	3	4	5
Surgical	Ordinary	Ordinary	Ordinary	Ordinary
18,000	2,500	2,500	2,500	2,500



Surgical Stay = 28,000 Utilization Units

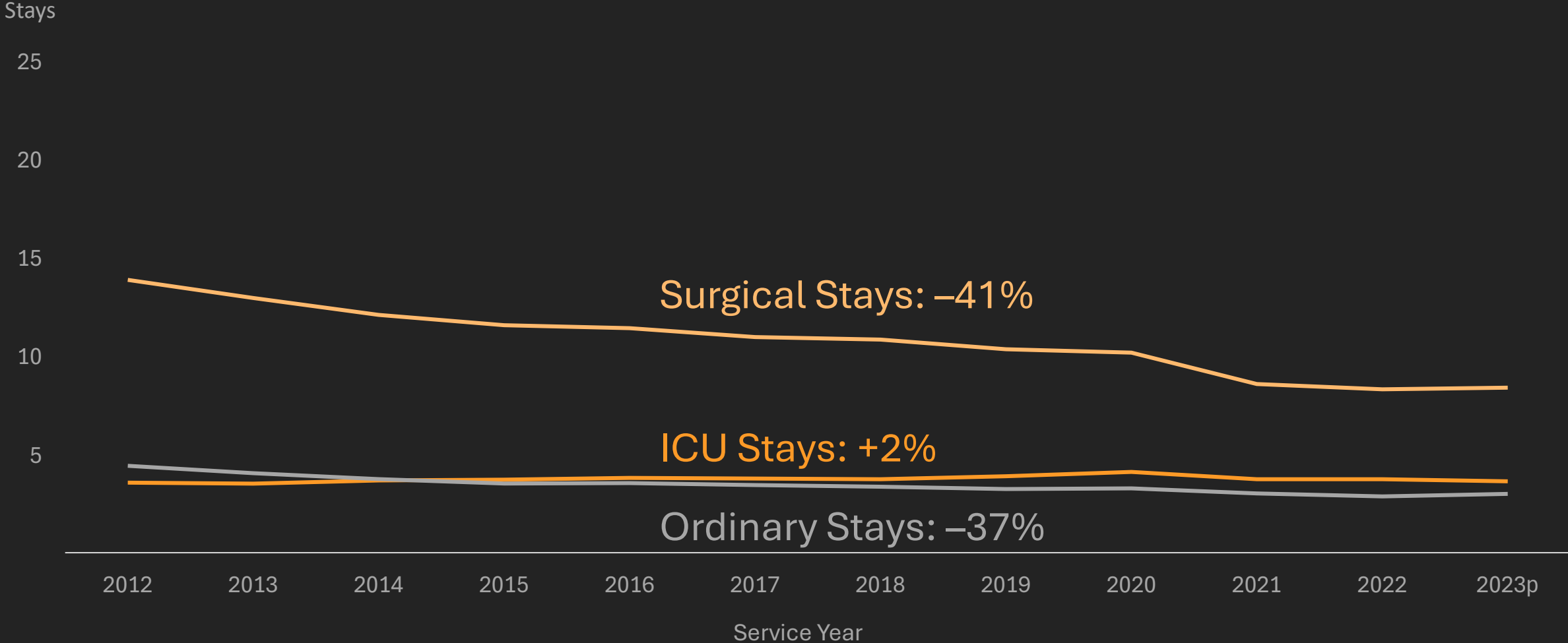
Inpatient Stays per 1,000 Claims



p Preliminary
Source: NCCI Medical Data Call



Inpatient Stays per 1,000 Claims



p Preliminary
Source: NCCI Medical Data Call



Where Are Surgeries Taking Place?

All facility surgeries per claim
decreased by 16%

ASC visits per claim
increased by 11%

Outpatient visits per claim
decreased by 23%

Inpatient stays per claim
decreased by 46%

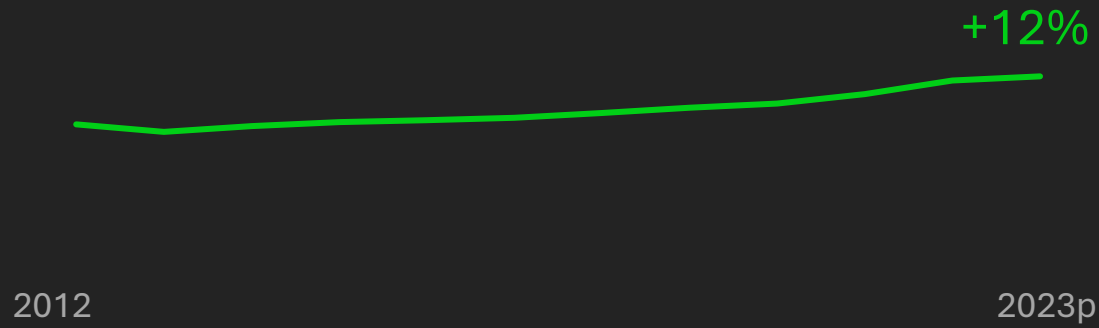
Facility Venue Example—Knee Degeneration/Overuse Injuries

1 in 5 surgeries performed in an inpatient setting in 2012

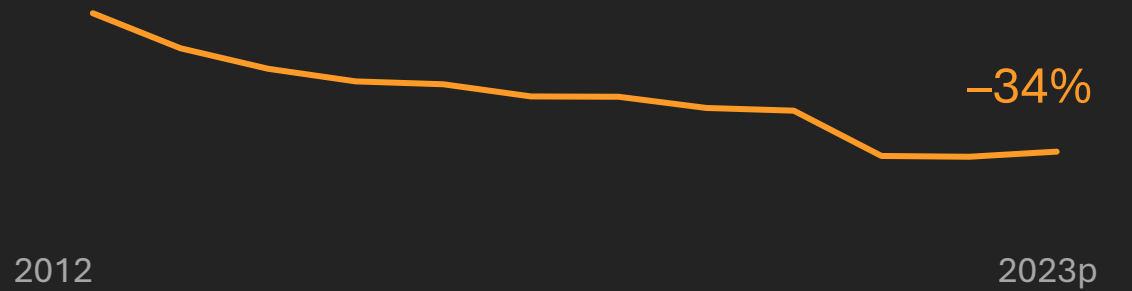
1 in 20 surgeries performed in an inpatient setting today



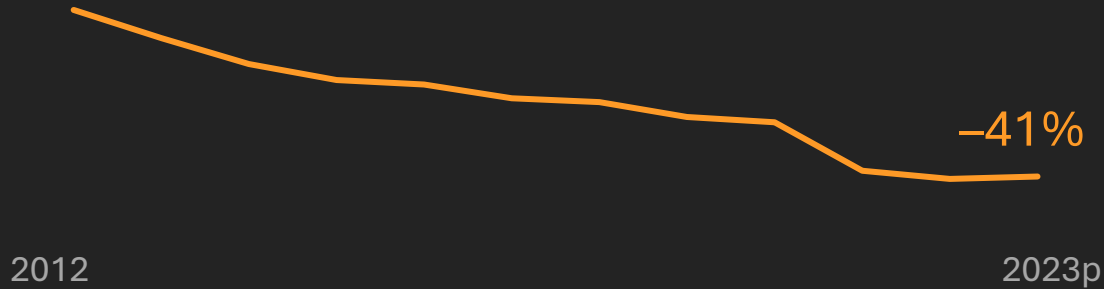
Utilization per Surgical Stay



Surgical Utilization per Claim



Surgical Stays per Claim

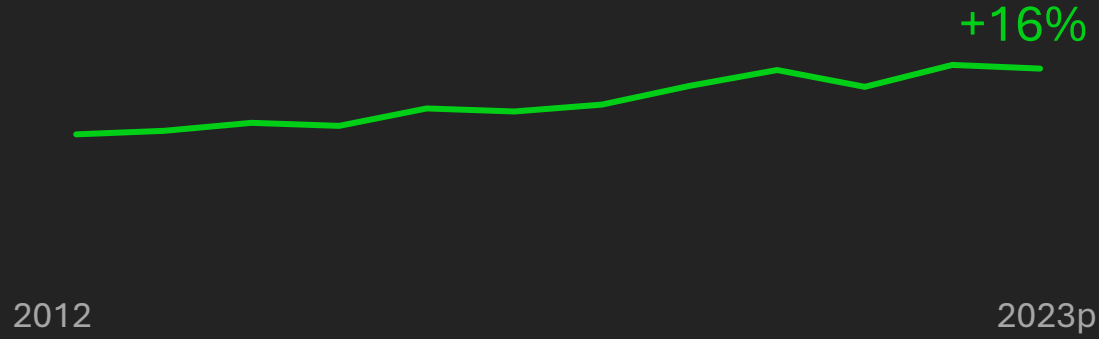


p Preliminary
Source: NCCI Medical Data Call

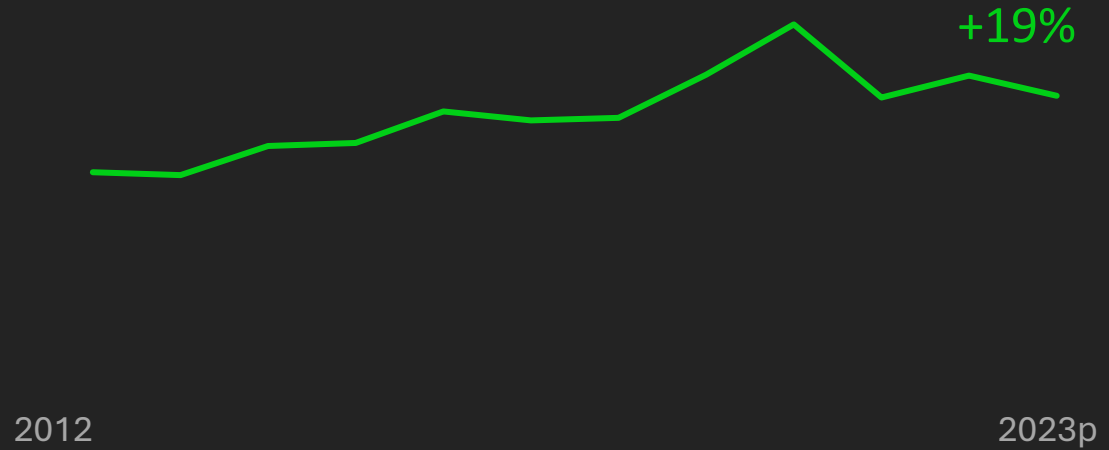
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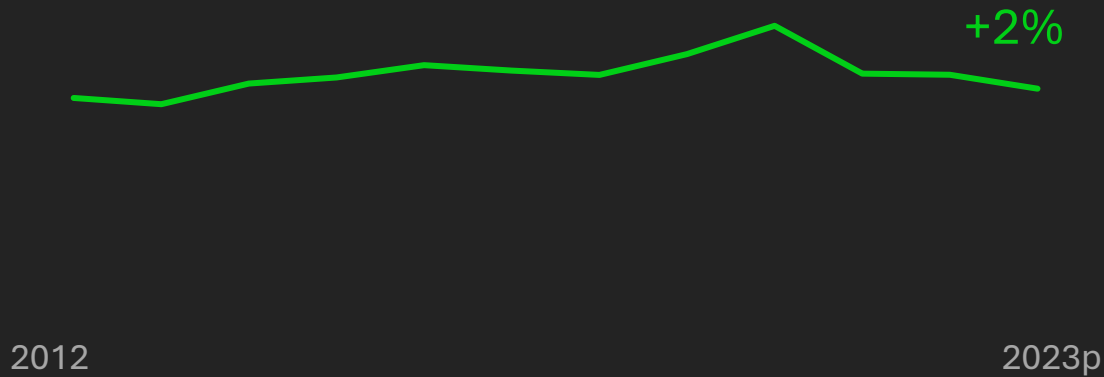
Utilization per ICU Stay



ICU Utilization per Claim



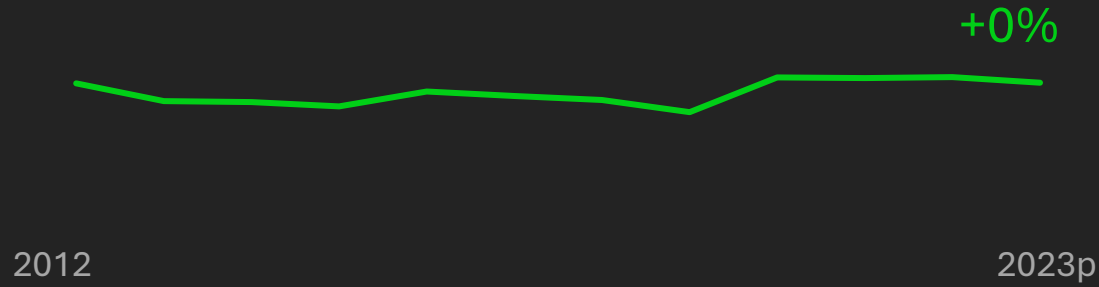
ICU Stays per Claim



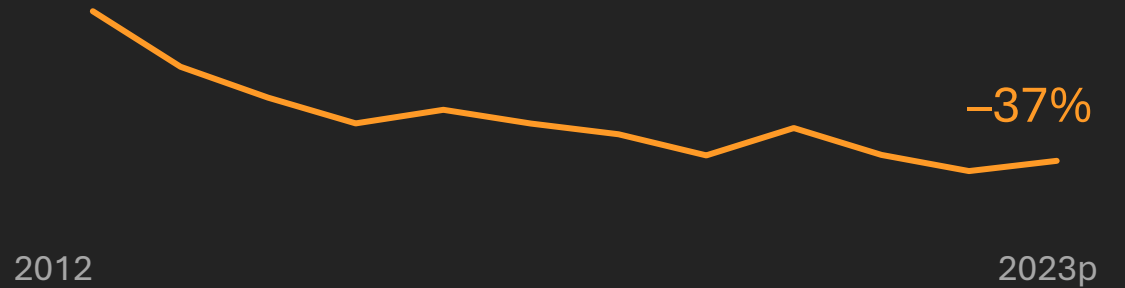
p Preliminary
Source: NCCI Medical Data Call



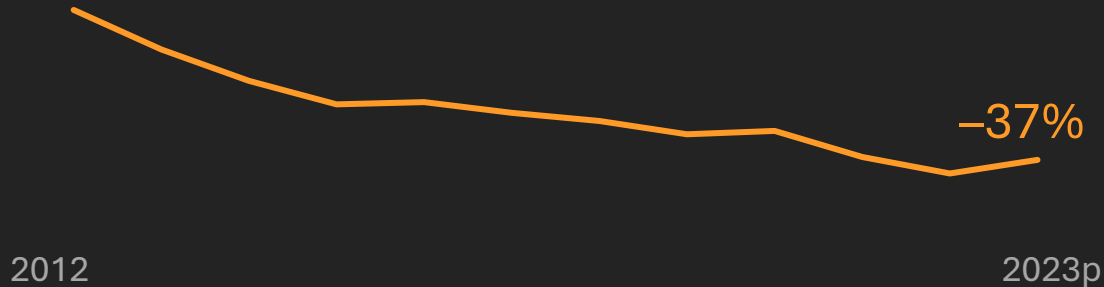
Utilization per Ordinary Stay



Ordinary Utilization per Claim



Ordinary Stays per Claim

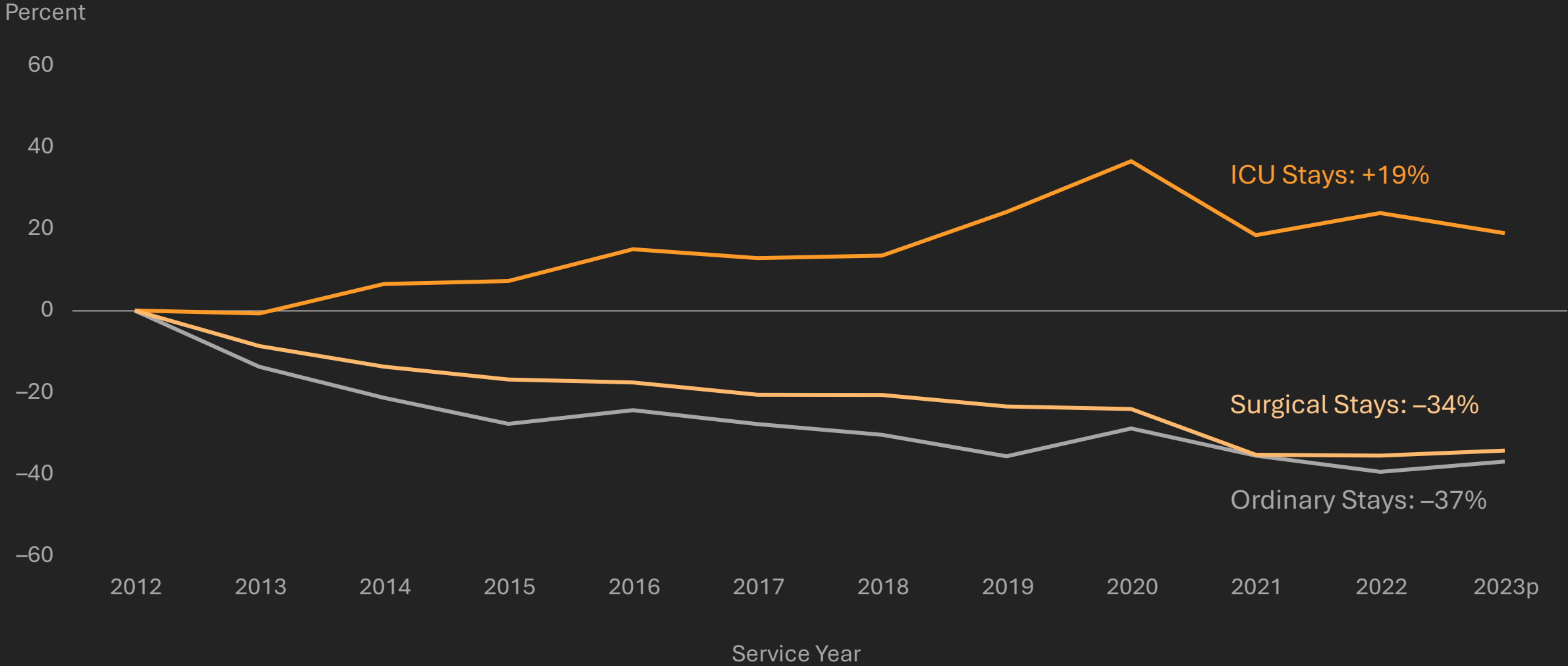


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Source: NCCI Medical Data Call

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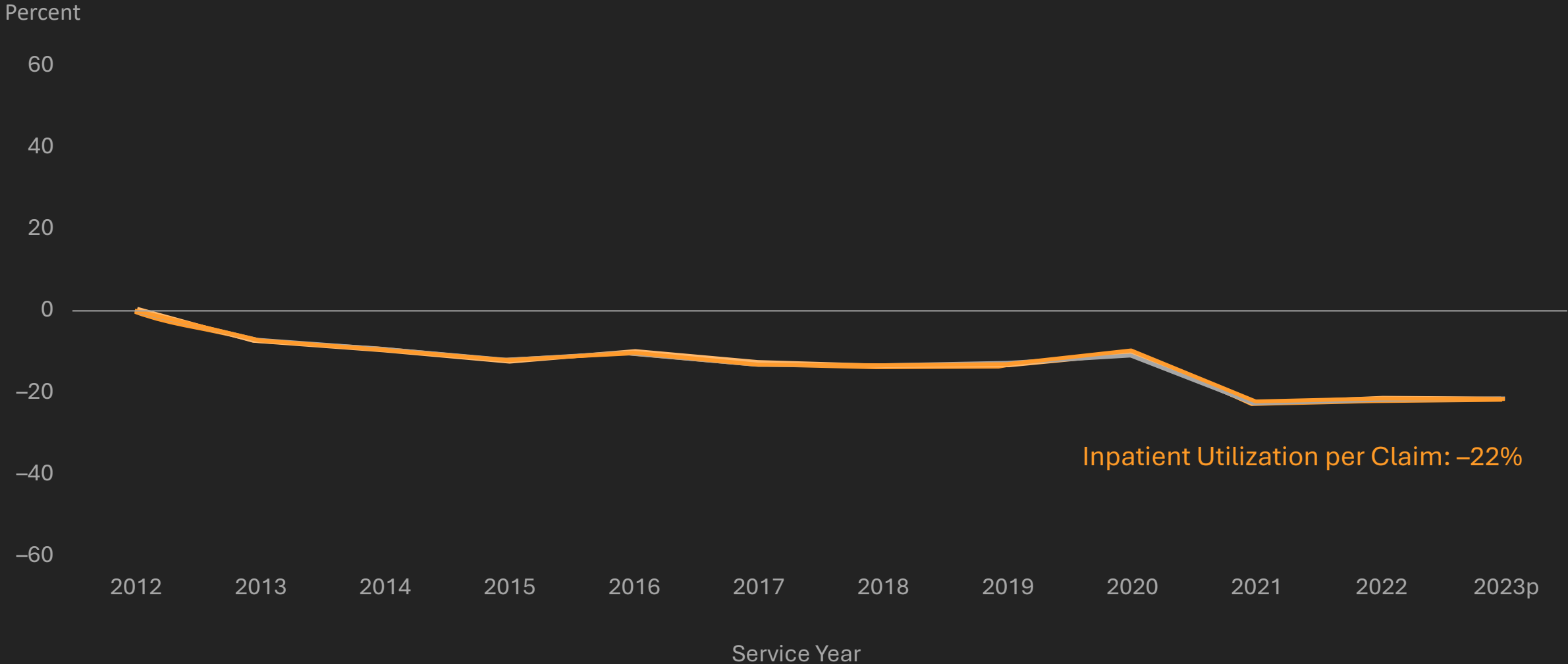
Inpatient Utilization per Claim by Stay Type



p Preliminary
Source: NCCI Medical Data Call



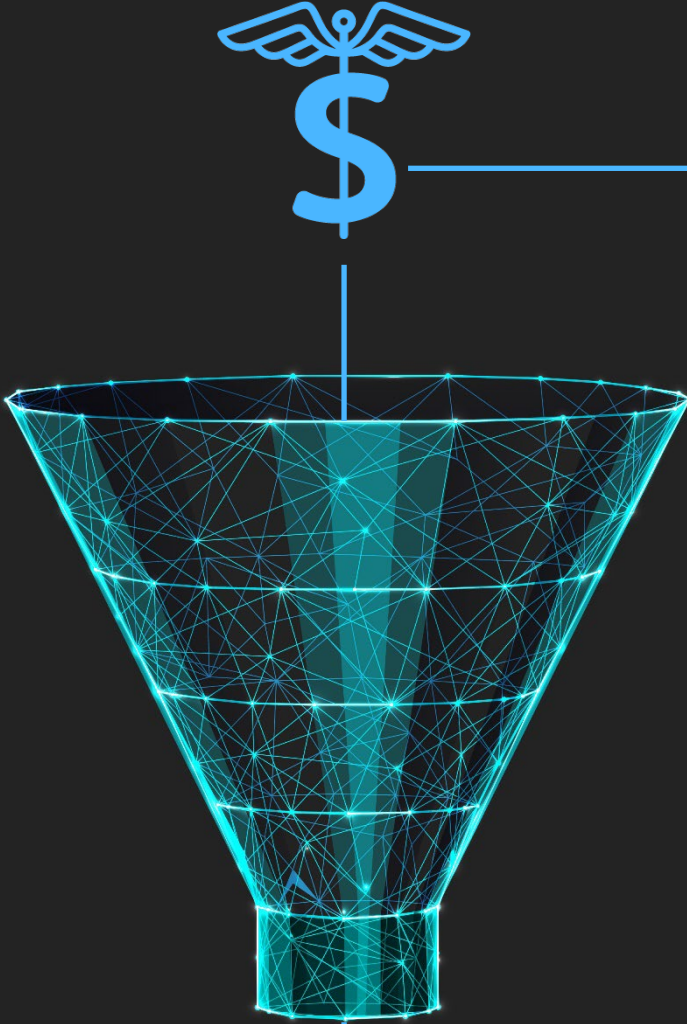
Inpatient Utilization per Claim



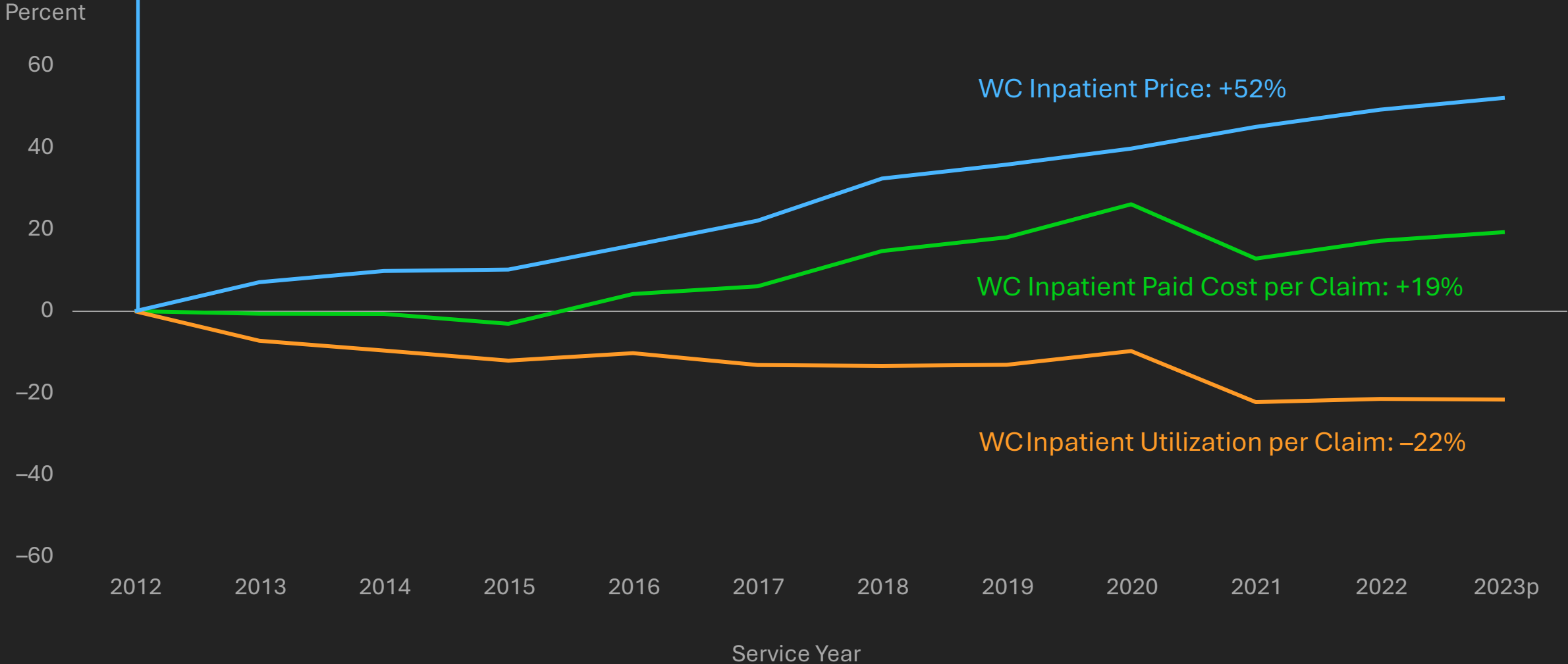
p Preliminary
Source: NCCI Medical Data Call



Inpatient Price



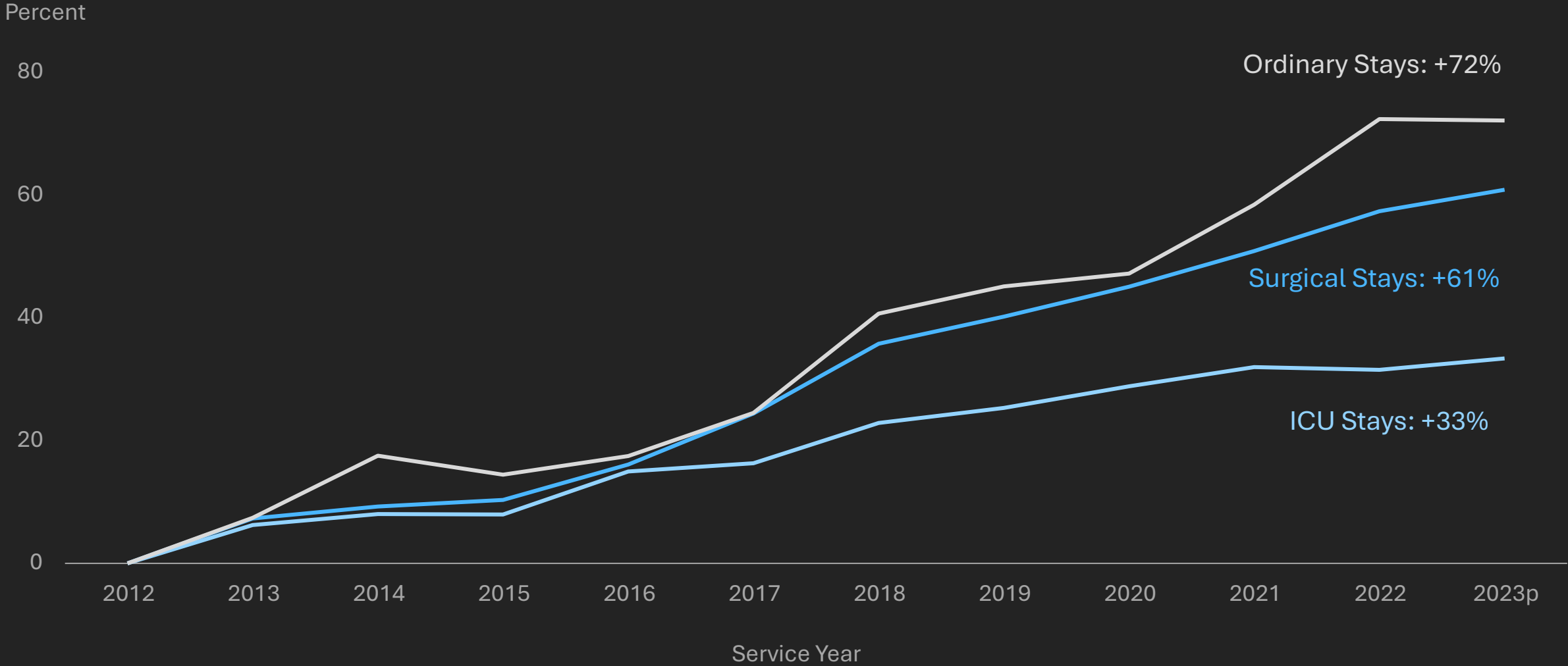
Inpatient—Utilization and Price



p Preliminary
Source: NCCI Medical Data Call



Inpatient—Price Change by Stay Type



p Preliminary
Source: NCCI Medical Data Call



INPATIENT COST 

+19%

INPATIENT PRICE 

+52%

INPATIENT UTILIZATION 

-22%



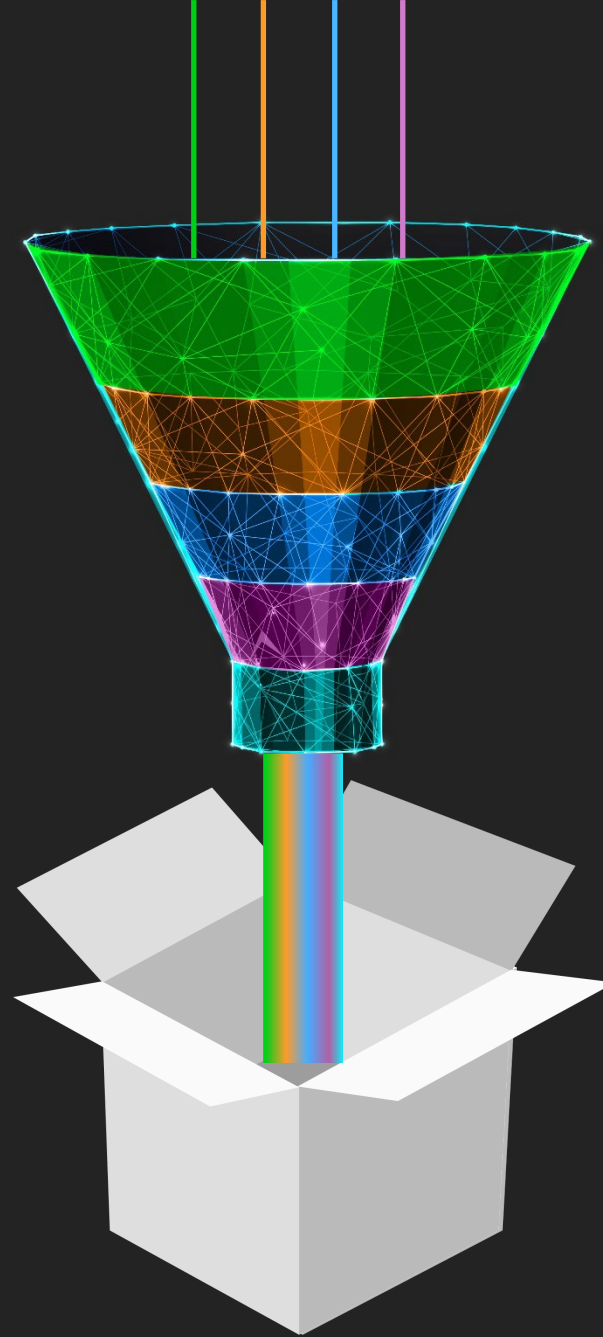
INPATIENT TRENDS



INPATIENT UTILIZATION



INPATIENT PRICE





The Source You Trust

THANK YOU!

Todd Johnson, CPCU, WCP
Senior State Relations Executive
External and Government Affairs

todd_johnson@ncci.com
971-288-6876