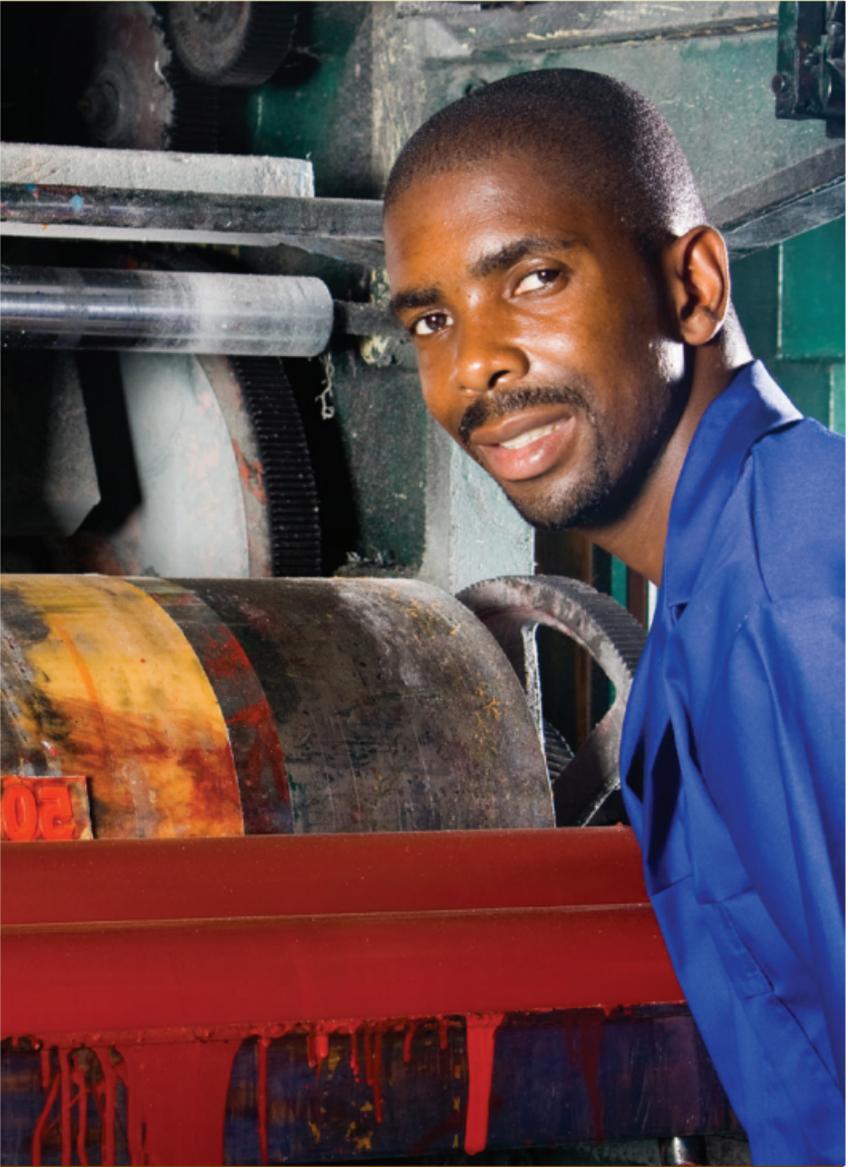




Washington State Department of
Labor & Industries

Workers' Compensation Services



Your Premium Dollars at Work

*Washington's Workers'
Compensation System*



December 2016

Dear Employer:

Imagine that you've been injured at work and will never be able to return to your old job because of those injuries. That happens to more than 2,000 workers a year in Washington State. Most of them would like to work again and employers play a huge role in their recovery.

To help employers, a new law passed in 2015 offers financial incentives to create jobs for injured workers with permanent medical restrictions, allowing them to return to work. These Preferred Worker Program incentives include reimbursements of 50% of the workers' base wages (up to 66 days, or \$10,000), plus \$2,500 for special equipment and \$400 for clothing. Plus a bonus of \$10,000 may be paid to eligible employers at the end of 12 months of continuous employment of the preferred worker. Employers of preferred workers also receive premium relief and financial protection against subsequent injury claims during the 36-month certification period.

Already, about 100 employers have contacted L&I with interest in hiring some of the 1,350 certified preferred workers ready to work and supported by the financial incentives of the Preferred Worker Program.

The idea of paying employers to keep workers in their workforce, rather than having workers stay home to recover and get paid wage replacement, is working. It's working to improve recovery times for the worker, and it's working to help financially support the employer in bringing a worker back to work as soon as medically possible.

Both the Preferred Worker Program and the Stay at Work Program now offer financial incentives to employers that support injured workers in recovery. To date, the Stay at Work Program has reimbursed nearly 4,500 employers with over \$48 million to support

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about 20,000 injured workers in light duty during their recovery.

With your efforts to help support injured worker recovery, we are closing the gap on system delays that contribute to unnecessary time off work and disability. In fact, through several innovations with our partners in the workers' compensation system, projected long-term claim costs have dropped more than \$700 million over the past three years.

These savings contribute to stable and predictable premium rates. Moreover, at the other end of an injury is a human being who needs support to recover. Thank you for being part of the road to recovery.

Best wishes for a safe and prosperous 2017.



A handwritten signature in black ink that reads "Vickie Kennedy".

Vickie Kennedy
Director of Insurance Services

What is Workers' Compensation?

It is a no-fault insurance for work-related injuries and illnesses that protects both employers and workers. No-fault means workers give up their right to sue their employer for a work-related injury or illness. The insurance also protects employers from the cost of extended claims and tort liability.

Who is covered?

Workers' compensation insurance through the Department of Labor & Industries (L&I) covers 177,000 employers and about 2.8 million workers. Premiums and investment earnings finance the program. Workers pay on average about 25% of the premium, while employers pay the remaining 75%. Washington is the only state where workers pay a significant portion of the premium.

Workers' Compensation Statistics at a Glance

Operating Environment	FY 2016	FY 2015
Employers Insured	177,000	174,000
Workers Covered	2,800,000	2,690,000
Hours Reported	3,678,000,000	3,538,000,000
Premiums Assessed (employers' portion)*	\$1,718,036,000	\$1,624,000,000
Premiums Assessed (workers' portion)*	\$407,477,000	\$386,000,000
Benefits Incurred	\$1,906,294,000	\$1,880,432,000

Claim Statistics	FY 2016	FY 2015
Number of Claims Filed	110,498	109,359
Number of Claims Accepted	95,277	92,315+
Number of Claims Denied	16,760	16,129+
Number of Fatal Pensions Awarded	48	61
Number of Total Permanent Disability Pensions Awarded	1,047	1,063
Number of Claims Closed with Permanent Partial Disability Awards	10,280	10,769
Number of New Time-loss (Wage Replacement) Claims	19,065	19,509
Number of Medical-only Claims Accepted	78,816	75,046+
Number of Injured Workers Completing Training Plans**	438	474
Total Number of Days Lost from Work	6,475,281	6,841,091

Demographics of Accepted Claims	FY 2016	FY 2015
Percent of Injured Workers Male	67%	67%
Percent of Injured Workers Female	33%	33%
Average Worker Age at Injury	38	38
Percent of Workers Under Age 30	29%	29%
Percent of Workers Age 30-50	45%	45%
Percent of Workers Age 51 and Over	24%	24%

Most Frequent Injuries	FY 2016 # of Claims
Back, spine and spinal cord: Traumatic injuries to muscles, tendons, ligaments, and joints <i>(includes sprains and strains)</i>	11,652
Finger(s): Open wounds of finger(s), fingernails <i>(includes cuts and lacerations, and amputation of fingertip or finger)</i>	11,068
Shoulder: Traumatic injuries to muscles, tendons, ligaments, joints, etc. including clavicle and scapula <i>(injuries to muscles, tendons, and ligaments that are not specifically otherwise classified)</i>	4,126
Face: Surface wounds and bruises <i>(includes splinter or other foreign body in eye, and bruises or contusions of the forehead)</i>	4,056
Leg(s): Traumatic injuries to muscles, tendons, ligaments, joints, etc., such as knee and thigh <i>(excludes ankle and hip)</i>	3,939

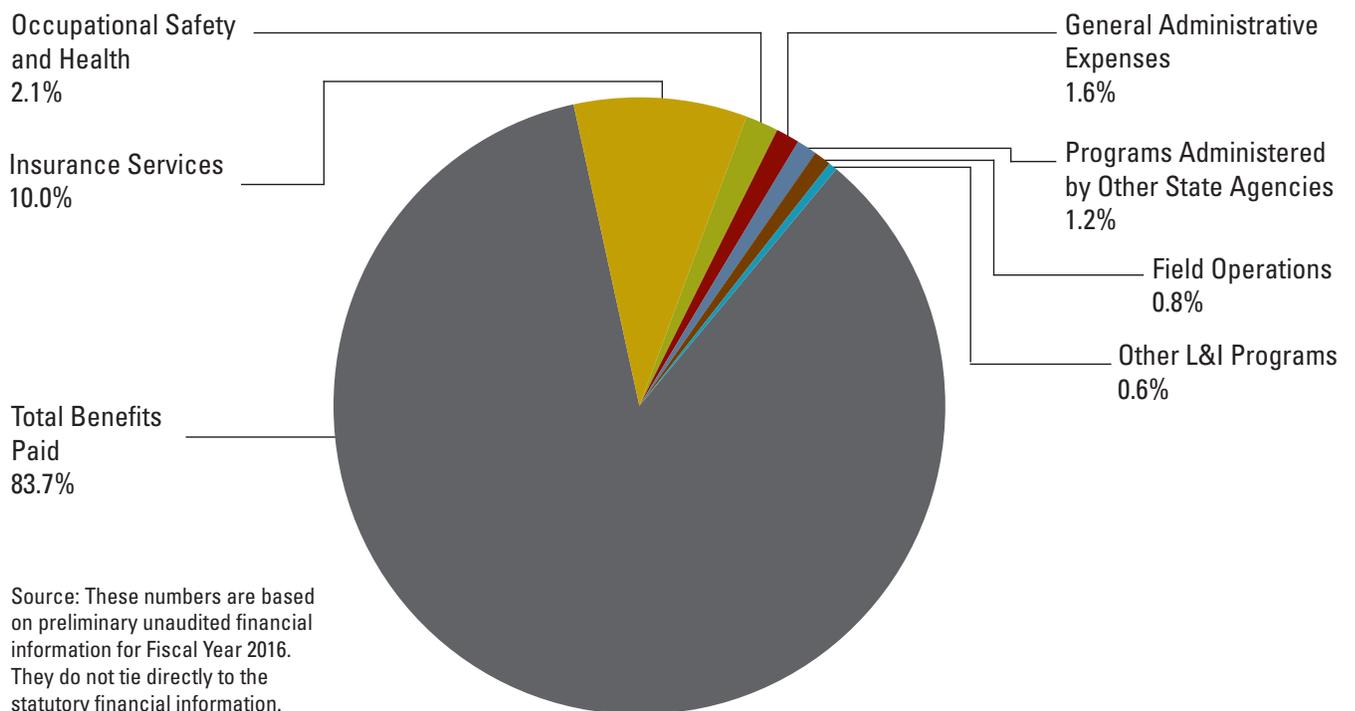
Notes: The data are a snapshot of FY 2016 (year ending June 30, 2016) as of fall 2016.
 Because of rounding, some columns may not add up to 100%.
 Counts of accepted and denied claims reflect actions in that year regardless of when claim was filed.
 Counts of new time-loss (wage replacement) claims reflect claims with first time-loss payments, regardless of year claim was accepted.

* Includes Accident, Medical Aid, and Stay at Work premiums. ** Includes only training plans successfully completed during the year.

+ Numbers revised after publishing the 2015 Your Premium Dollars at Work.

Your State Fund Premium Dollars at Work

An accounting of programs and services funded with your insurance dollars
July 1, 2015, through June 30, 2016



EXPENSE CATEGORY	AMOUNT PAID	PERCENTAGE
Total Benefits Paid	\$1,496,375,967	83.7%
<ul style="list-style-type: none"> Injured workers' medical treatment, partial wage replacement, disability and pension benefits (excludes cost-of-living adjustments); employer reimbursements under the Stay at Work Program, structured settlement payments 		
Insurance Services	\$178,952,127	10.0%
<ul style="list-style-type: none"> Claims Management: Manage claims, medical treatment and vocational services, pay benefits 	\$69,824,476	3.9%
<ul style="list-style-type: none"> Insurance Services Division Expenses 	\$27,526,961	1.6%
<ul style="list-style-type: none"> Health Services Analysis and Office of the Medical Director: Control medical/drug costs, manage medical providers, develop treatment guidelines, pay medical treatment bills 	\$25,277,086	1.4%
<ul style="list-style-type: none"> Information Services: Technology development, and maintain data and voice systems 	\$16,635,615	0.9%
<ul style="list-style-type: none"> Fraud, Collection and Audit: Investigate worker, employer and provider fraud; conduct audits; collect overpayments and delinquent premiums 	\$14,710,100	0.8%
<ul style="list-style-type: none"> Legal Services: Manage appeal cases, recover claim costs from third parties 	\$12,814,749	0.7%
<ul style="list-style-type: none"> Employer Services: Manage employer accounts, assess and collect premiums 	\$12,163,140	0.7%
Occupational Safety and Health	\$37,188,190	2.1%
<ul style="list-style-type: none"> Division of Occupational Safety and Health: Provide safety and health compliance, consultation and education 	\$35,264,613	2.0%
<ul style="list-style-type: none"> Safety and Health Assessment and Research for Prevention (L&I's safety/health research program) 	\$1,923,577	0.1%
General Administrative Expenses	\$28,006,638	1.6%
<ul style="list-style-type: none"> Human resources, budget and accounting, facilities maintenance, director's office support of workers' compensation 		
Programs Administered by Other State Agencies	\$21,770,252	1.2%
<ul style="list-style-type: none"> Board of Industrial Insurance Appeals: Independent board, hears appeals in workers' compensation cases and safety and health citations 	\$16,552,857	0.9%
<ul style="list-style-type: none"> University of Washington Dept. of Environmental & Occupational Health Sciences: Promote safer workplaces and prevent occupational injuries and diseases through teaching, research and service 	\$4,948,419	0.3%
<ul style="list-style-type: none"> Department of Health: Consolidation of L&I and Dept. of Health responsibilities for inspection of farm worker housing 	\$188,250	<0.1%
<ul style="list-style-type: none"> Joint Legislative Audit and Review: Contracted to perform a performance audit of workers' compensation claim management system 	\$53,354	<0.1%
<ul style="list-style-type: none"> Health Care Authority: Consolidation of prescription drug purchasing by L&I and other agencies, manage preferred drug list 	\$27,372	<0.1%
Field Operations: L&I Offices and Staff Costs Statewide	\$14,393,245	0.8%
Other L&I Programs	\$10,317,240	0.6%
<ul style="list-style-type: none"> Employment Standards/Workplace Rights: Enforce laws regulating child labor, minimum wage, overtime and working conditions 	\$7,284,340	0.4%
<ul style="list-style-type: none"> Apprenticeship: Oversee registered apprenticeship to build a skilled workforce 	\$3,032,900	0.2%
TOTAL EXPENSES	\$1,787,003,659	100.0%

Note: Because of rounding, some columns may not add up to 100%.