



Washington State Department of
Labor & Industries

Workers' Compensation Advisory Committee (WCAC)

March 27, 2025

This meeting will be streamed by TVW

| Time | Topic | Presenter(s) |
|----------------------------|--|---|
| 9:00 am - 9:25 am | Welcome <ul style="list-style-type: none"> • Introductions • Motion to approve minutes • L&I SHARP Research Insights | Joel Sacks Brenda Heilman Dr. Dave Bonauto |
| 9:25 am – 9:50 am | General Updates <ul style="list-style-type: none"> • Leadership updates • Self-Insurance Ombuds • Budget • Workers' Compensation Systems Modernization (WCSM) • Legislative Updates • Independent Medical Exam (IME) Updates | Brenda Heilman Ciara High Joel Sacks Elizabeth Smith Kirsta Glenn Brenda Heilman |
| 9:50 am – 10:00 am | Board of Industrial Insurance (BIIA) Update | Holly Kessler |
| 10:00 am - 10:15 am | Loss of Earning Power Policy Change | Brenda Heilman |
| 10:15 am – 10:35 am | Light Duty Job Offers | Cherell Fisher Kirsta Glenn |
| 10:35 am – 10:45 am | Break | |
| 10:45 am – 11:05am | Operational Health Dashboard | Brenda Heilman |
| 11:05 am – 11:20 am | Time-loss Duration | Kirsta Glenn |
| 11:20 am – 11:50 am | Industrial Insurance State Fund Financial Overview | Kim Hurley |
| 11:50 am – 12:00 pm | Closing Comments & Adjourn | Brenda Heilman |



Washington State Department of
Labor & Industries

L&I SHARP Research Insights

Impact of safety and health inspections on
workplace injuries in Washington State, SFY
2022-2023

Michael Foley/Dave Bonauto

SHARP Program, Labor & Industries

Effectiveness of DOSH compliance activities: Study questions

- What impact do DOSH inspections and consultation visits have on subsequent time-loss claims rates?
- Does the impact of inspections and consultation visits differ by fixed-site versus non-fixed-site industry?
- Does the impact of inspection activity differ by type of injury?
- Do citations increase the effect of enforcement inspections?

2024 Annual Study: Criteria for establishment inclusion

- State Fund
- Single business location companies
- At least 5 FTEs per year
- Reporting hours each quarter during 2020-2023 (2 years before DOSH activity year, DOSH activity year, year after DOSH activity)
- No DOSH activity during 2 prior years

| Pre-Study Period | | Baseline | Measurement |
|------------------|----------|--------------|-------------|
| SFY 2020 | SFY 2021 | SFY 2022 | SFY 2023 |
| No DOSH Activity | | Activity Y/N | Claim Rate |

*Current study excluded COVID-19 claims

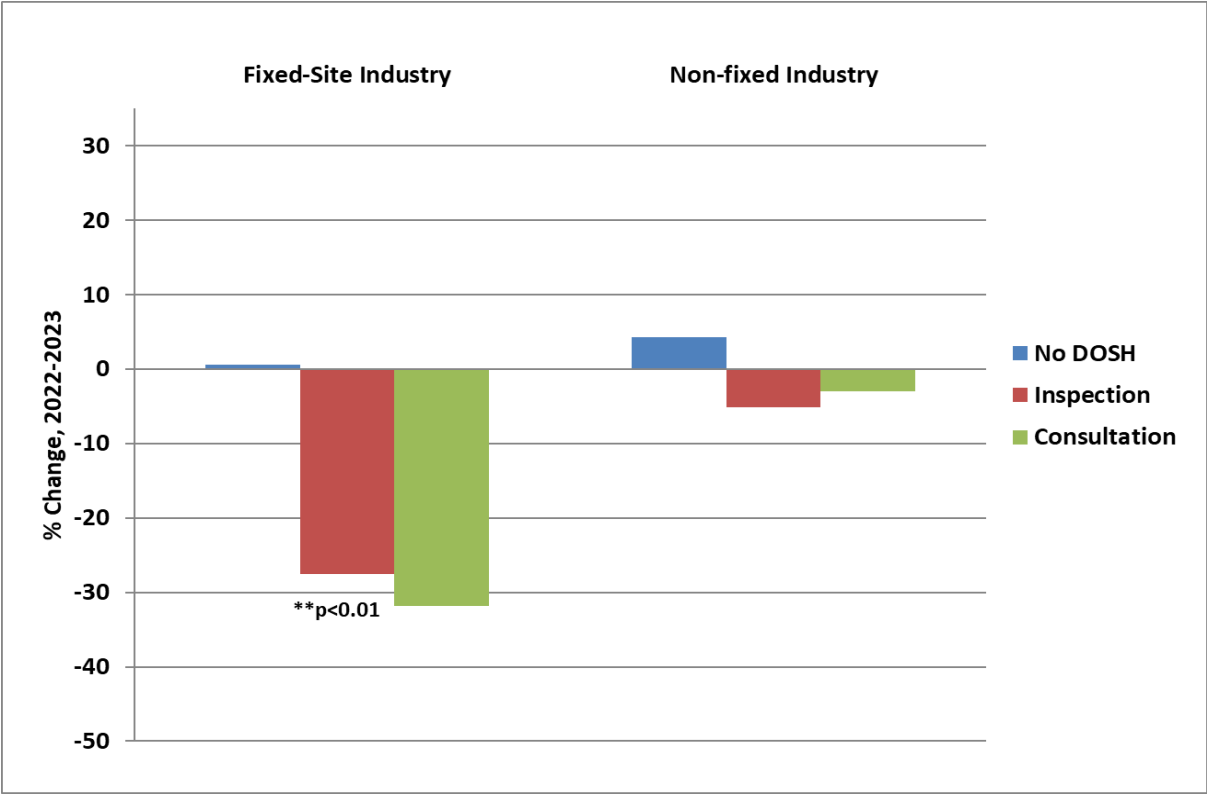
Defining our accounts for analysis

| Criteria | Employer Accts Remaining Eligible | Number Accts Excluded |
|--|-----------------------------------|-----------------------|
| All SF Account with valid NAICS | 321,091 | |
| Accounts must have hrs in every quarter | 96,241 | 224,850 |
| State Fund Accounts only | 95,925 | 316 |
| Single Business location only | 70,396 | 25,529 |
| Accounts with 5 or more FTE employees | 19,593 | 50,803 |
| Accounts without DOSH Activity in the Pre-Study period | 17,999 | 1,594 |

In the 17,999 accounts meeting criteria there were:

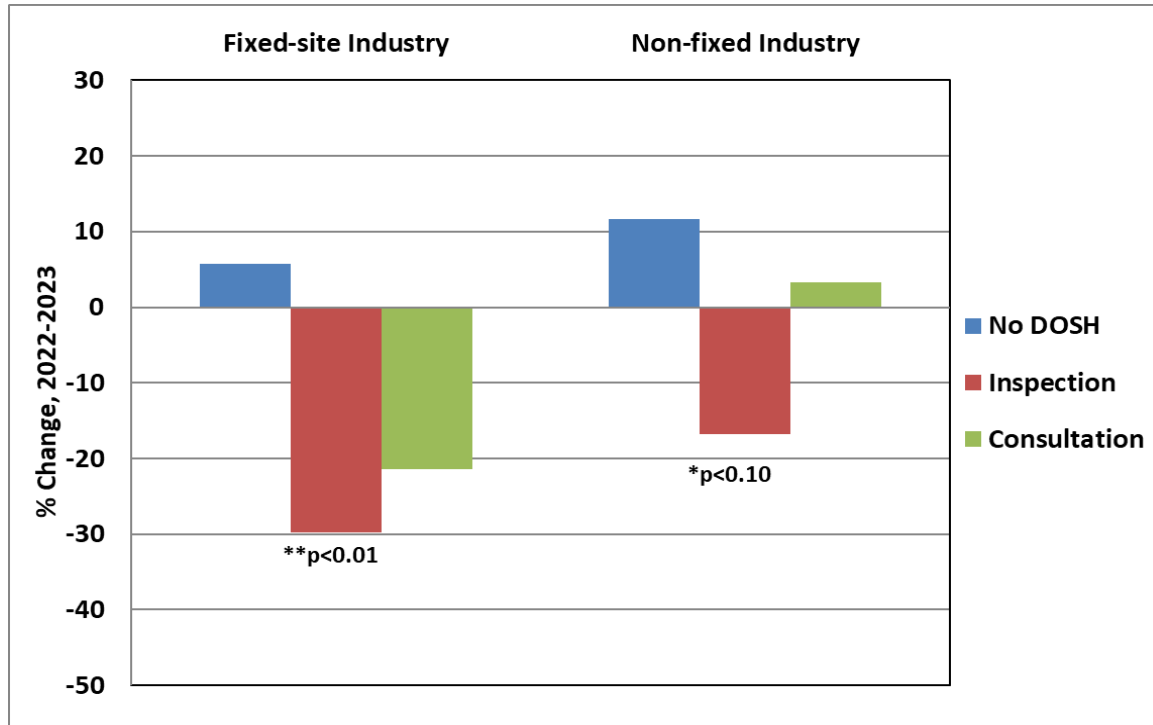
- 101 accounts with a DOSH Consultation
- 427 accounts with a DOSH Enforcement Inspection

All Compensable Claims: Claim Rate Change for Accounts with No DOSH vs Inspection vs Consultation, by Industry Type, 2022-2023*



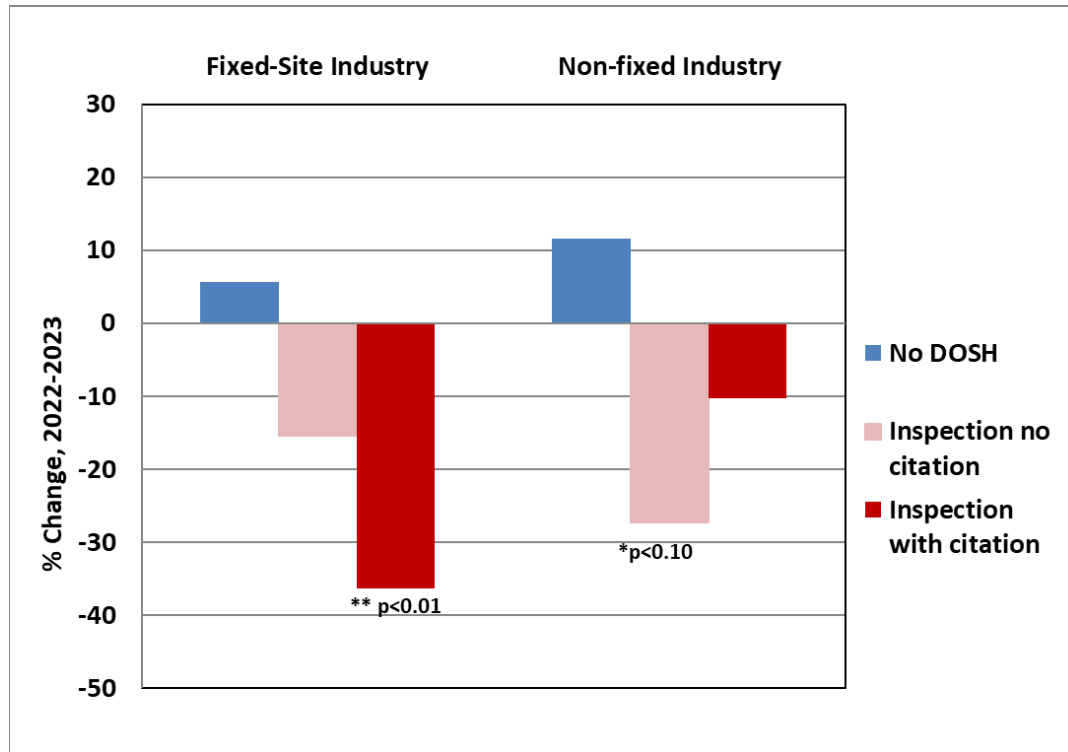
*Controlled for employer size, workplace claim rate history

Non-MSD Compensable Claims Only: Claim Rate Change for Accounts with No DOSH vs Inspection vs Consultation, by Industry Type, 2022-2023*



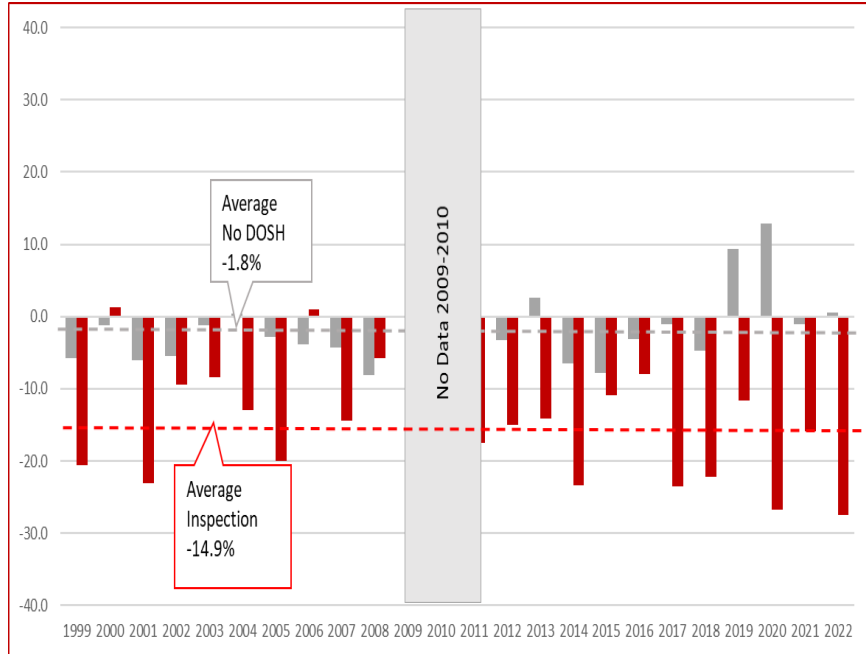
*Controlled for employer size, workplace claim rate history

Citation Effect: Comp Claim Rate Change for Accounts with No DOSH vs Inspection/No Citation vs Inspection/Yes Citation, non-MSD, By Industry Type, 2022-2023

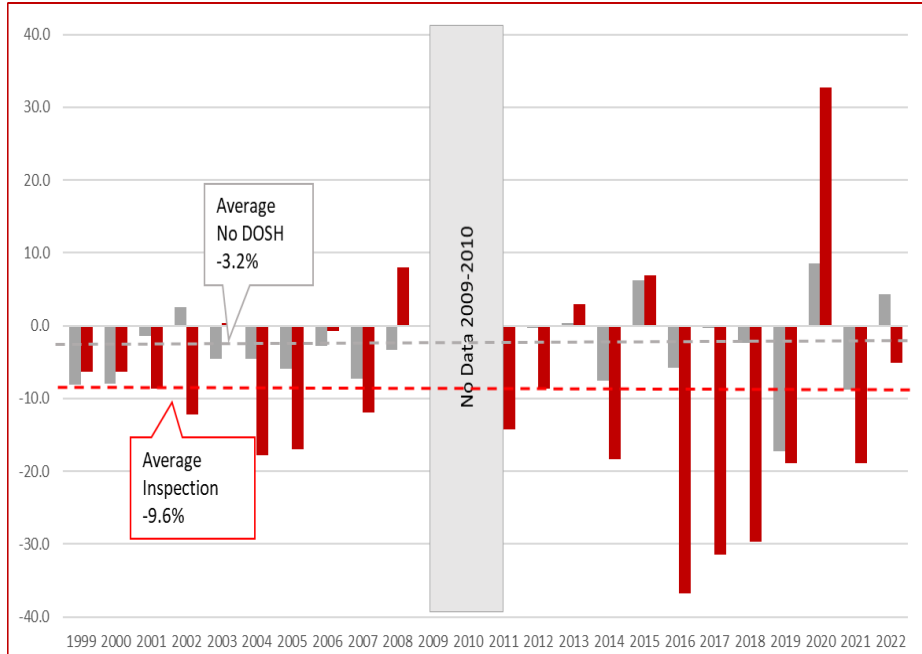


*Controlled for employer size, workplace claim rate history

The Long View: DOSH Inspections and Compensable Claim Rate Change, 1999-2022

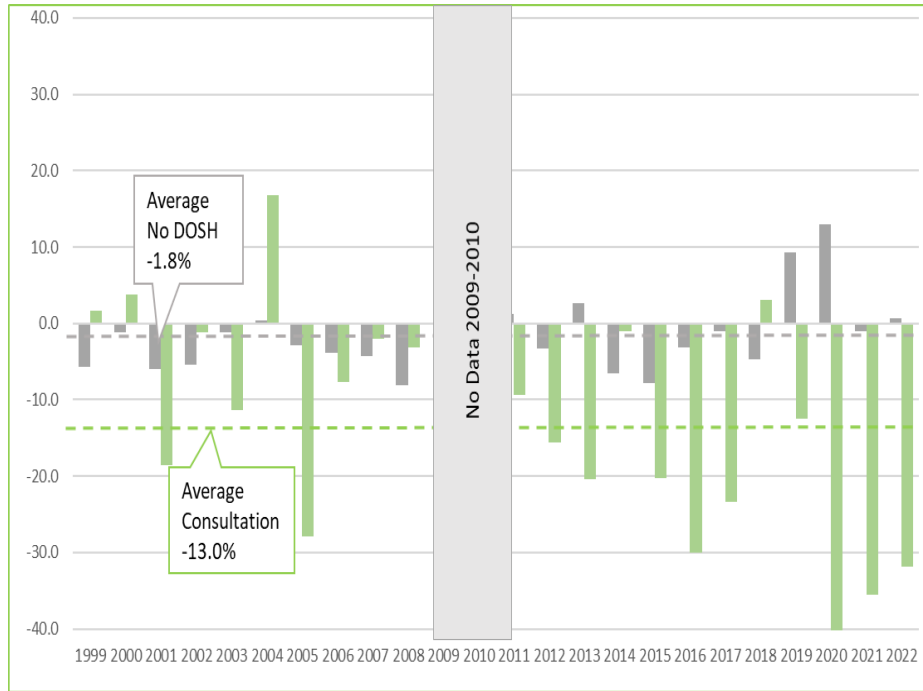


Fixed-Site Industry

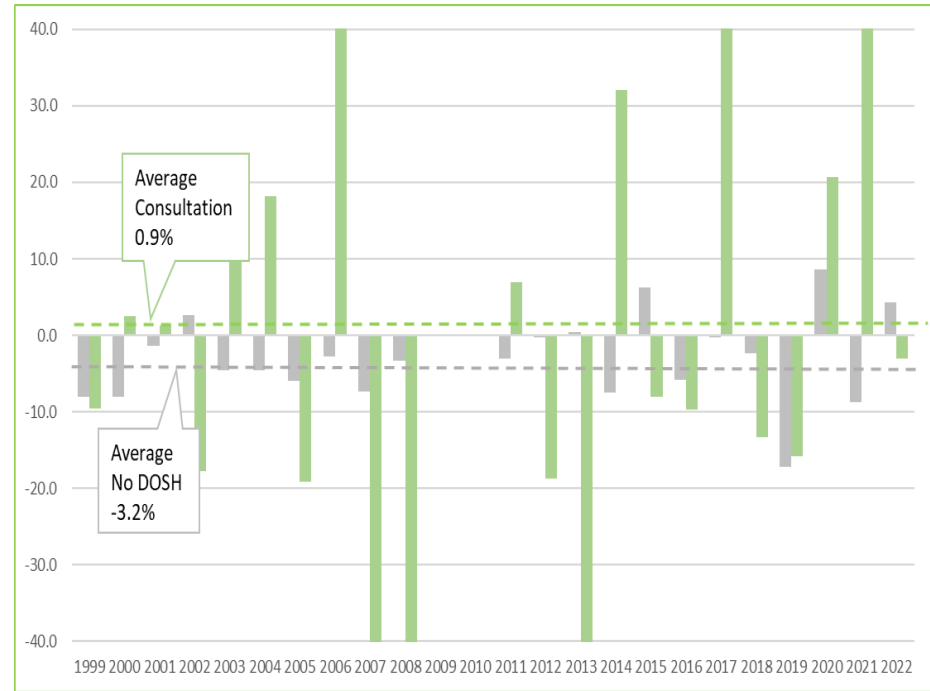


Non-Fixed-Site Industry

The Long View: DOSH Consultations and Compensable Claim Rate Change, 1999-2022



Fixed-Site Industry



Non-Fixed-Site Industry

Summary

- In this year's study, enforcement activities are associated with significant decrease in Workers' Compensation claims rates in the year following the visit for fixed site industries.
- Having hazard specific rules matter
 - When MSD claims were excluded, the effect of DOSH activity strengthens.
- Citations strengthen the effect on reduction of time-loss claims in fixed site industries.
- Inspection effect is larger and more stable year-to-year than consultation.



General Updates

- *Leadership updates*
- *Self-Insurance Ombuds*
- *Budget*
- *Workers' Compensation Systems Modernization (WCSM)*
- *Legislative Updates*
- *IME Updates*

Budget Updates

- Potential Impacts to L&I
 - Agency-wide budget reductions are in the initial budget proposals from the House and Senate

- New Workers' Compensation Changes:
 - Light duty
 - Funding is provided for the staffing of a resolution process for complaints regarding light duty work under title 51 RCW.
 - Funding is provided in both the Senate and House consistent with Governor Inslee's budget proposal.
 - Claim Managers/Claims Unit
 - Funding for an additional claims unit.
 - Funding is provided in both the Senate and House consistent with Governor Inslee's budget proposal.
 - Workers' Compensation System Modernization (WCSM)
 - Funding and staffing are adjusted to align with the continued work associated with developing the procurement strategy for replacing the workers' compensation computer system.
 - Funding is provided in both the Senate and House consistent with Governor Inslee's budget proposal.

Workers' Compensation Systems Modernization

Prepping for our first phase/wave.

Through June, we're focused on:

- Developing project plans for the next phases of our work in the '25-27 biennium.
- Prioritizing the order of our smaller, targeted technologies.
- Gathering business requirements for developing our customer dashboard – the main focus of the first phase/wave.
- Continuing work on our decommissioning strategy.

Questions



Liz Smith, Deputy Director
(306) 902-9140
Elizabeth.Smith@Lni.wa.gov

Legislative Updates – 2023 session

| Bill | Implementation/Status |
|-------------|---|
| SB 5084 | Creating a separate fund for the purposes of self-insured pensions and assessments. Effective 7/1/2025 |
| HB 1197 | Defines attending provider in statute, adds psychologists in the case of claims solely for mental health conditions and physician assistants as attending providers. Effective 7/1/2025 |

Legislative Session 2025 – *active bills 3/19/2025*

| Bill | Implementation Status |
|----------------------------|--|
| SB 5463/HB 1059 | Concerning the duties of industrial insurance self-insured employers and third-party administrators - Good Faith/Fair Dealing (passed Senate in House) |
| HB 1275/SB 5381 | Department authority to ensure payment is received from the self-insured employer after a self-insured or municipal employer has their self-insurer certification withdrawn - Good Faith/Fair Dealing clean-up. (Passed House in Senate) |
| ESSB 5023/HB 1561 | Providing labor market protections for domestic workers (status H Labor & Workplace) (Passed Senate in House) |
| SB 5209 | Agency request legislation to list L&I as a limited authority WA law enforcement agency while not granting new authority (Passed Senate in House) |
| 2SHB 1788/2SSB 5548 | Concerning workers' compensation benefits (Passed House in Senate) |
| E2SHB 1432 | Improving access to appropriate mental health and substance use disorder services (passed House and in Senate) |
| SHB 1281 | Technical corrections |

IME Updates

- RCW 51.36.070 effective 7/1/23, giving workers the right to record IMEs
- External partners disagree on examiner ability to co-record resulting in delays and/or inability to schedule exams
- Department proposed rules to address concerns around co-recording
- External feedback did not support moving forward with co-recording rule

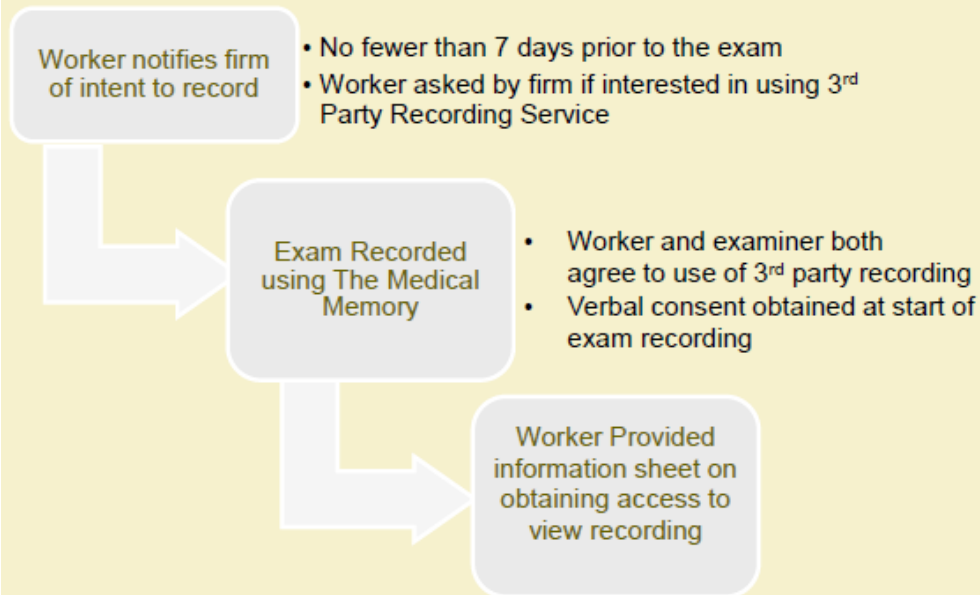
IME Pilot

- L&I has contracted with a vendor to provide a 3rd party recording service.
- We will assess if both parties are willing to use a 3rd party recording service.
- 6 months: **3/1/25 through 8/31/25**
- Any worker wishing to record can use the service
- Available for co-recording (for those instances when worker still would like to do their own recording)

Desired Outcomes...

- Reduction in the delays resulting from cancellation and rescheduling of IMEs when a worker chooses to record.
- Less risk and administrative burden associated with maintaining multiple recordings of same exam.
- Workers may opt to use this service in lieu of using their own device to record and make examiner co-recording unnecessary.
- Mitigates concerns around chain of custody, storage security, and misuse of recordings.
- Inform any future rulemaking efforts or changes to IME policies.

3rd Party Recording Flow



Your IME is recorded with Medical Memory

- 1 Request access to your video by emailing IMETHirdPartyRecording@ini.wa.gov
- 2 Include your Name, Phone Number & Email
- 3 You'll receive an invitation to create an account via email with Medical Memory. Learn more about Medical Memory

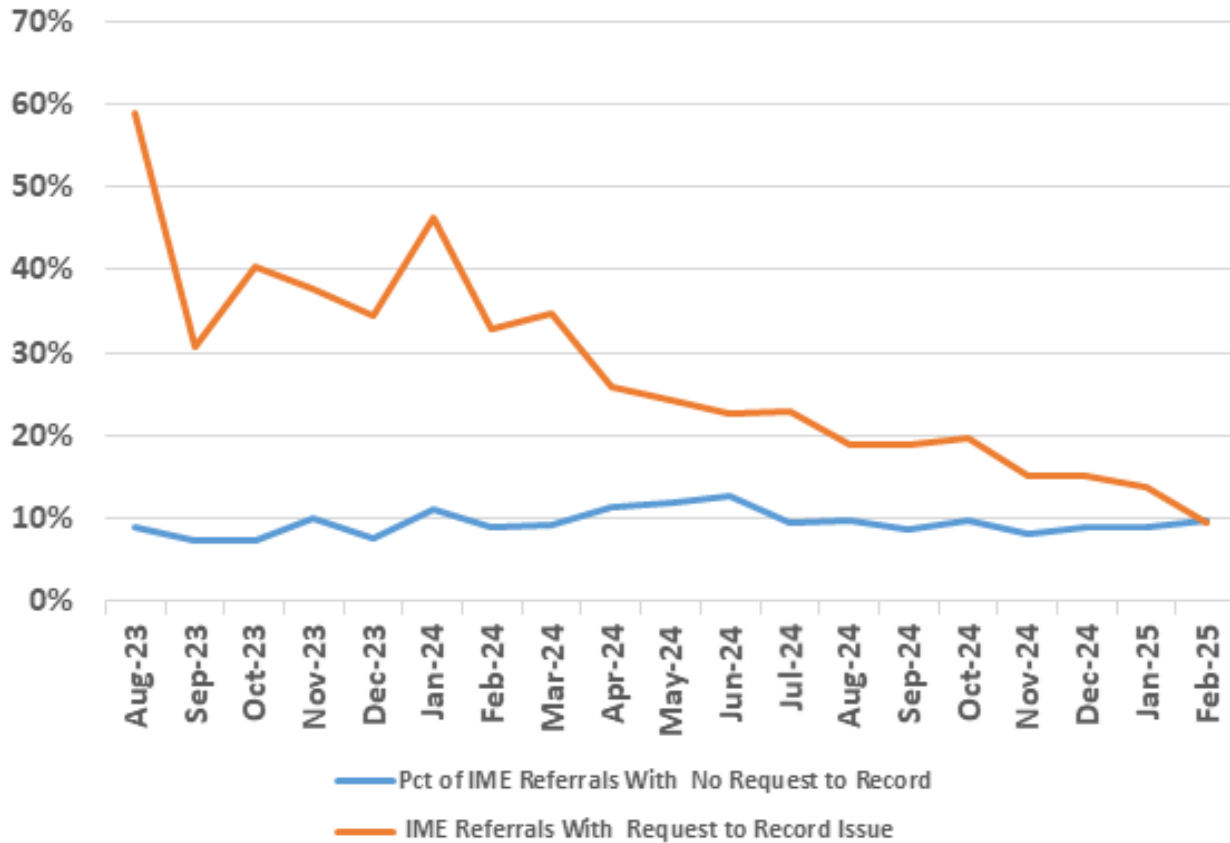
QR code with 'SCAN ME' button below it.

Measuring Impact

- Utilization: Did access to third party recording improve access to IME providers?
 - Completion rate
 - Referral success rate
- Timeliness:
 - Duration of IME referrals when recording requested



Percentage of IME Referrals Canceled



QUESTIONS



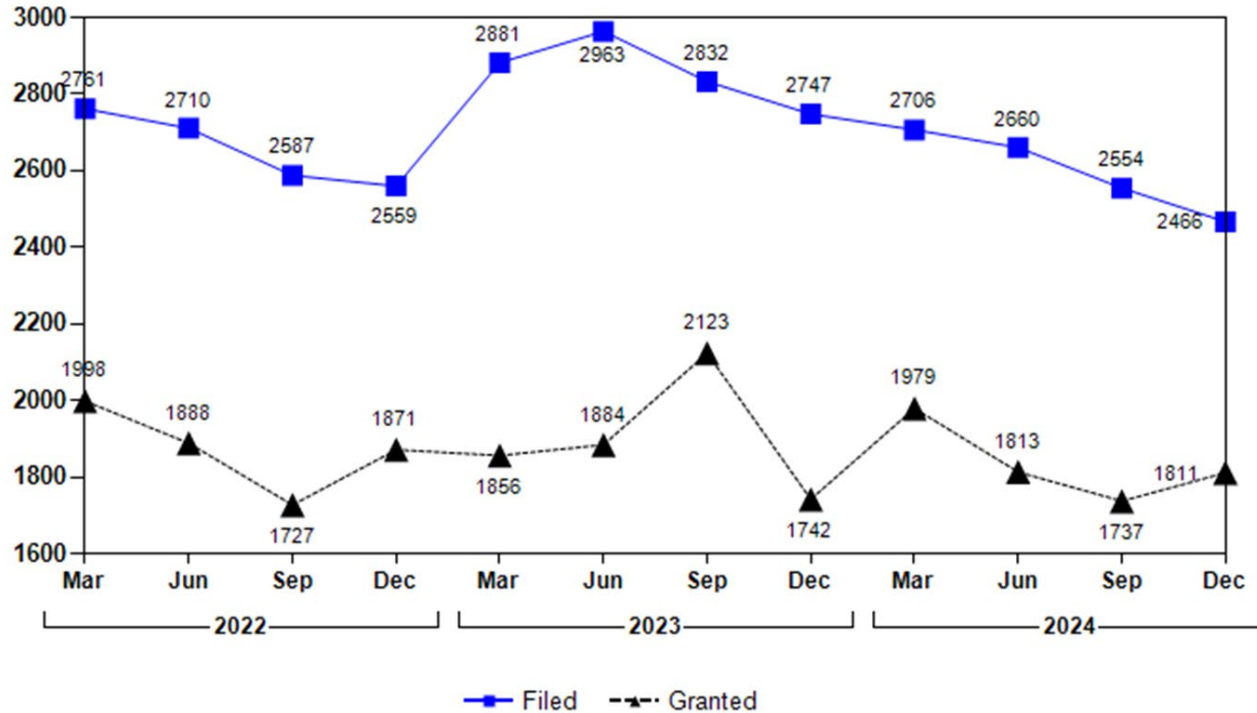


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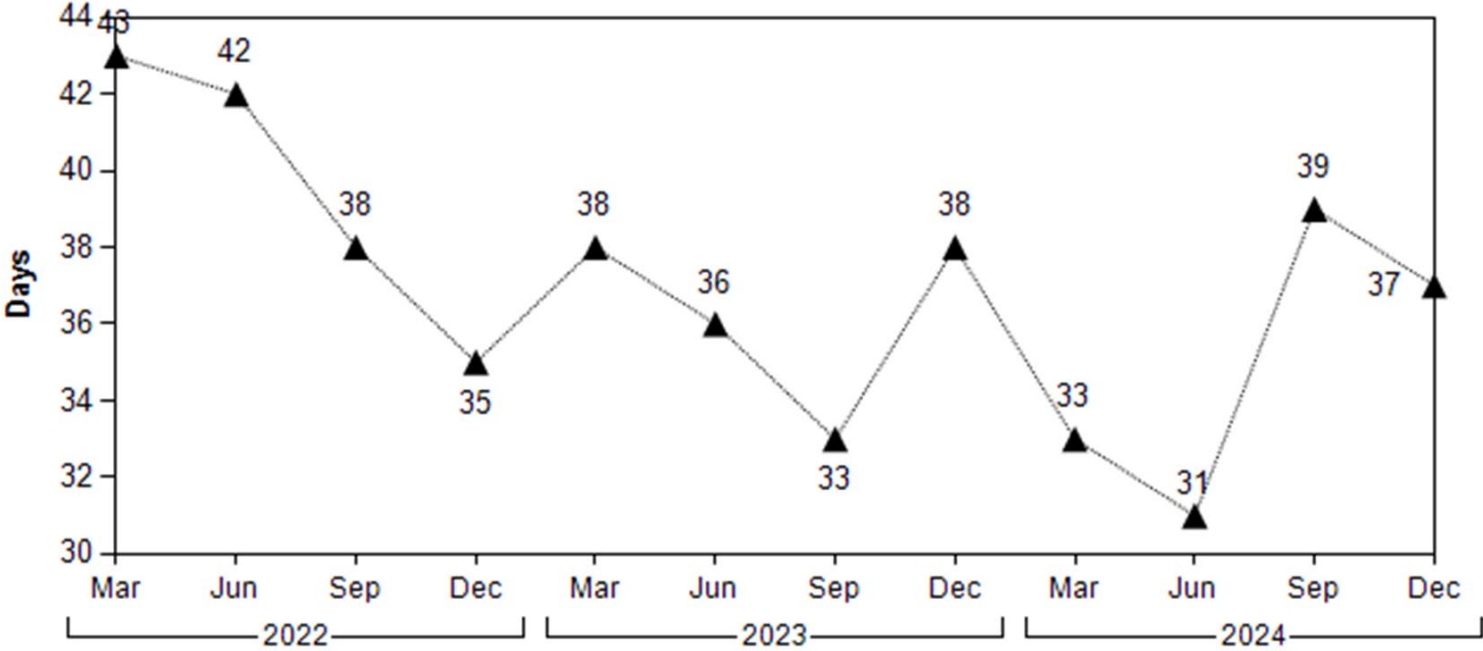
Board of Industrial Insurance Appeals (BIIA) Update

Holly Kessler, BIIA Chair

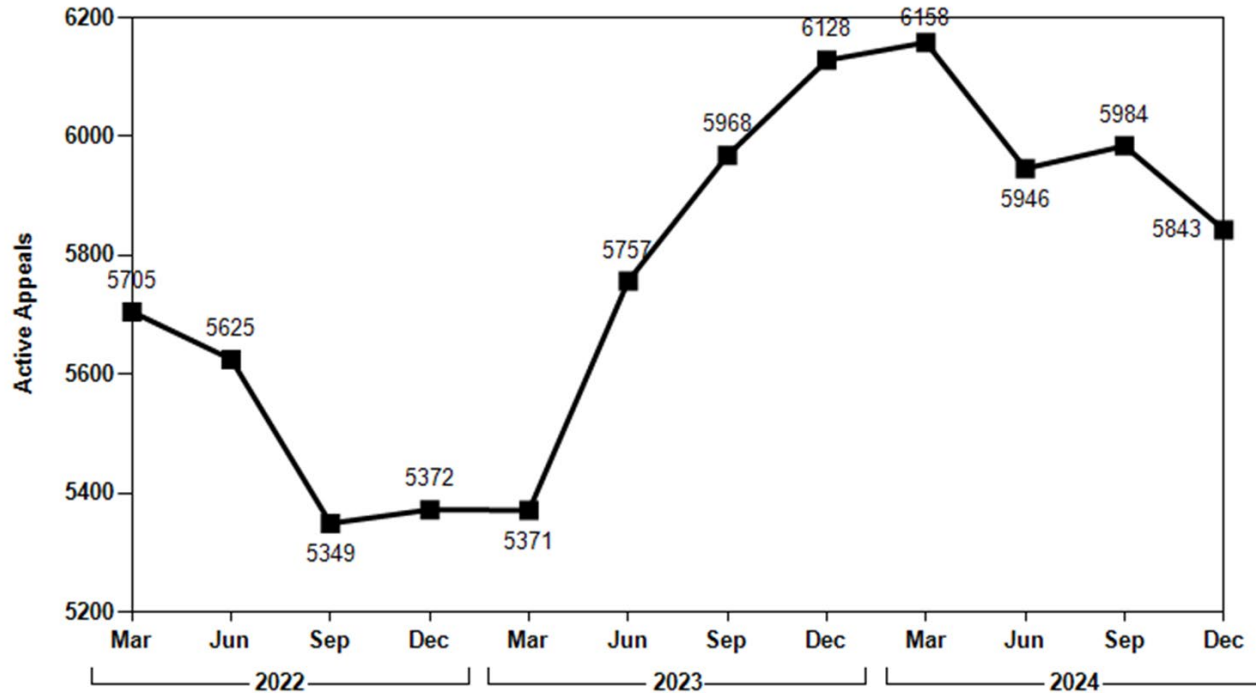
Total Appeals Filed and Granted



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



Caseload at End of Quarter



Updates

- Seattle office is closed
- Renton office opened March 3
- BIIA CLE postponed to October 16, 2026.

Questions?





Washington State Department of
Labor & Industries

Loss of Earning Power Policy Change

*Brenda Heilman, Assistant Director
Insurance Services*

Loss of Earning Power (LEP)

- Draft Policy 5.81 was distributed for feedback on March 30.

Key changes include:

- Clarifies that the worker must be "able to return to work *or* be working" to receive LEP benefits.
- Explains a worker who chooses not to accept an approved, light, transitional, or modified duty job is now entitled to LEP based on the wages they would have earned at the transitional or light duty job.
- Reflect the department will now pay LEP benefits through legal fixity, rather than medical fixity, if the worker remains eligible.
- Comments are due April 3.

ClaimsRulesPolicy@Lni.wa.gov



Light Duty Job Offers

*Cherell Fisher, Chief of Claims
Insurance Services*

*Kirsta Glenn, Deputy Assistant Director
Insurance Services*

Light Duty Office Update

- Complaints received (as of 3/10/25):
 - 262 (243 State Fund and 19 Self-Insurance)
 - 237 completed
- 102 were found valid, 91 were found not valid, 44 other
- Of those not valid:
 - 56 were outside the worker's restrictions or AP didn't approve
 - 19 unreasonable commute or unreasonable start date
 - 6 not communicated
 - 1 not employer of record
 - 6 other

Complaints by Industry

| | |
|--------------------------|----|
| Construction | 56 |
| Parcel Delivery/Retail | 16 |
| Farming | 15 |
| Nursing Home | 11 |
| Office Worker | 10 |
| Restaurant | 9 |
| Law Enforcement | 7 |
| Cleaning Services | 7 |
| Truck Driver | 6 |
| Fast Foods-Drive-Ins NOC | 6 |
| Grocery | 6 |
| Hotel | 6 |

Customer comments

I'm very happy this office is open and operating. I appreciate that the LDCRO is working with both workers and employers and that they reached out for information to help with resolving the complaint.

The office has given some really helpful guidance which is assisting us in making our job offers stronger and successfully bringing workers back to work.

I am very appreciative for the call and the office taking the time to make sure I understood the process and ensuring my actual concerns were being addressed.

The office does a great job of staying neutral but giving answers, very helpful!

The office has been very informative and helpful.

Light duty worker survey

- L&I commissioned Ipsos, an independent research organization, to conduct a survey of workers to learn about their experiences with light duty jobs and about the experience of workers who were not offered light duty.
- Purpose was to identify opportunities to improve internal processes, outreach, and oversight.

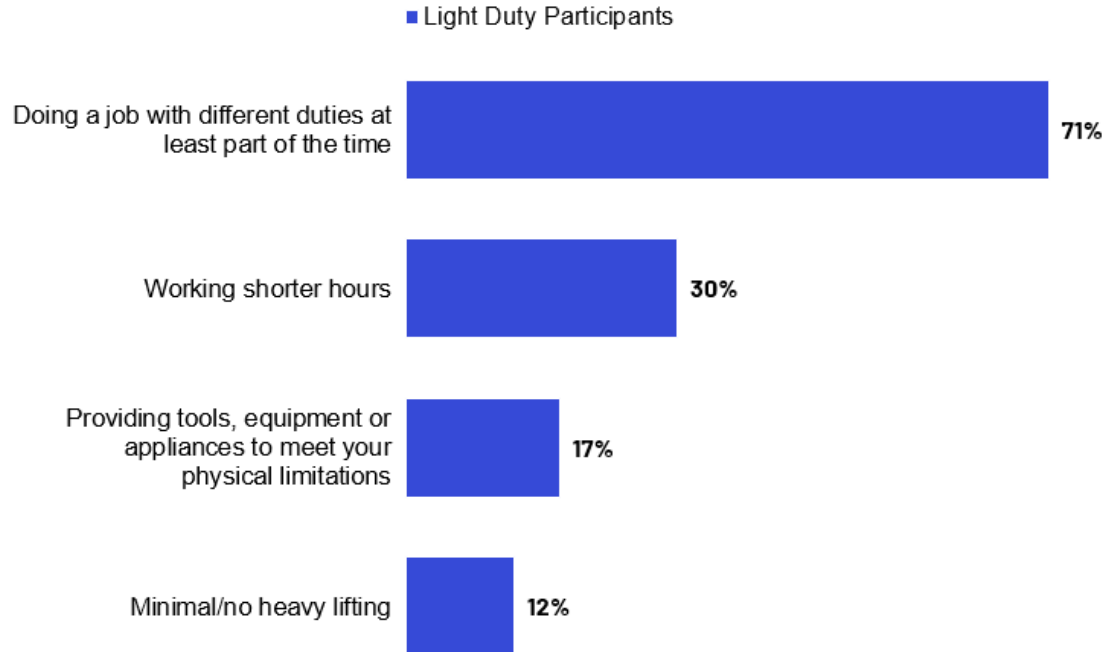
Methodology

- Claims received in 2023
 - Sample pulled in August 2024
 - Workers
 - whose employer had participated in Stay at Work
 - who had received at least 30 days of time-loss, had no surgeries, and no immediate hospitalization.
 - Calls made October – November 2024
 - 200 workers surveyed from each group
 - Included represented workers

Methodology

- 387 workers interviewed with complete results for analysis
 - 242 workers who report light duty participation
 - 145 workers who report no light duty participation

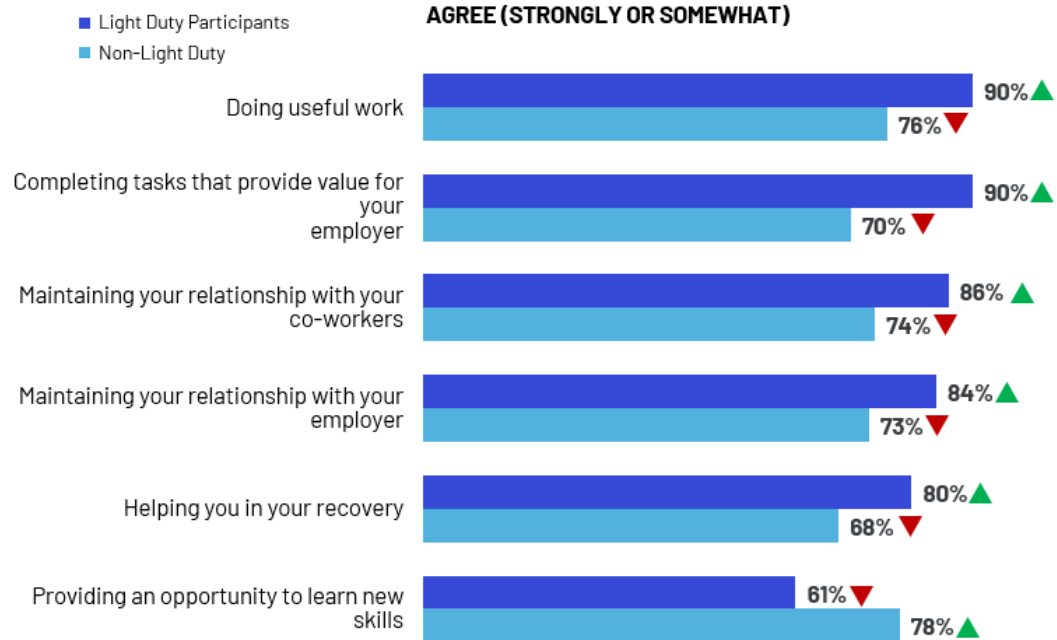
Tasks involved in light duty



Agreement with benefits of light duty

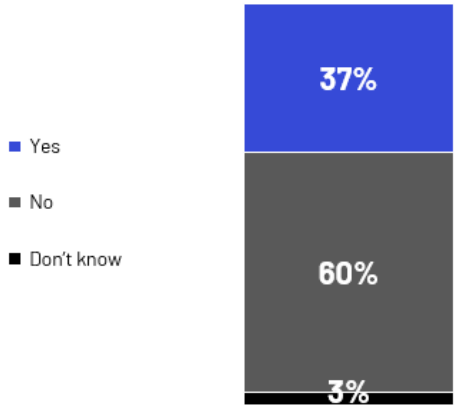
Light Duty Participants are significantly more likely than Non-Light Duty to agree with almost all of the benefits associated with light duty positions. The exception is that participants are less likely to agree that "light duty provides an opportunity to learn new skills."

The largest gaps in agreement between participants and non-participants is for "providing value for your employer" and "doing useful work."



Adjustments to light duty job

WHETHER ADJUSTMENTS TO LIGHT DUTY JOB RESPONSIBILITIES WERE NEEDED

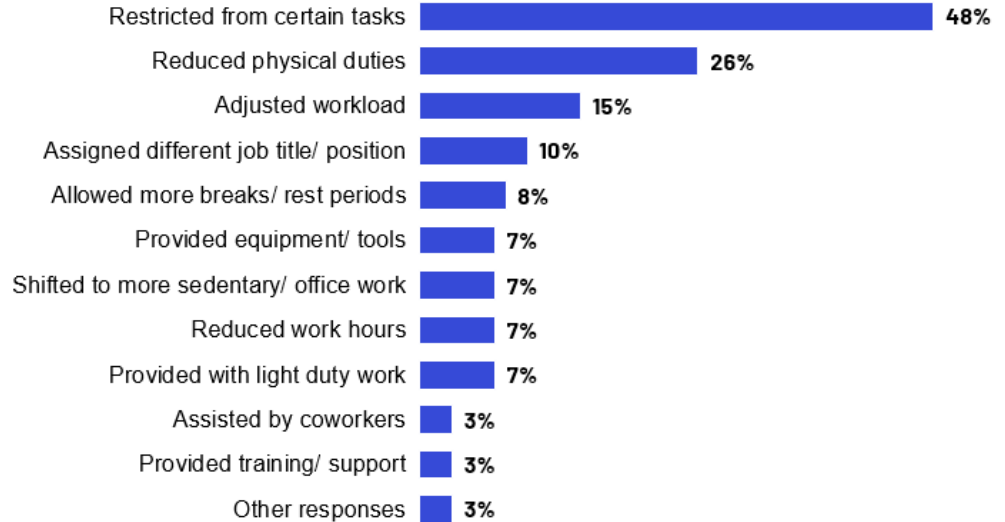


Light Duty Participants

Base

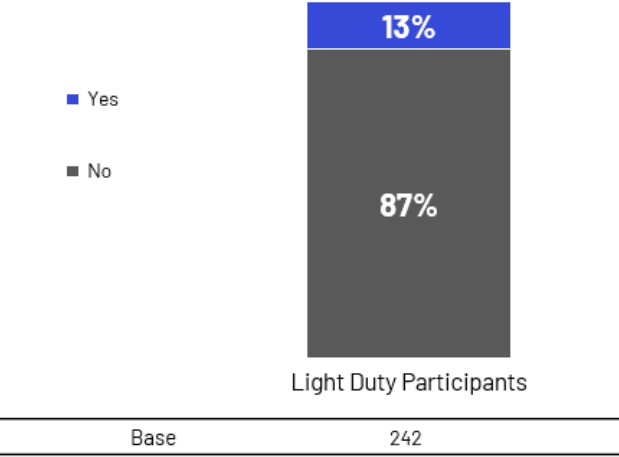
242

CHANGES THAT WERE NEEDED

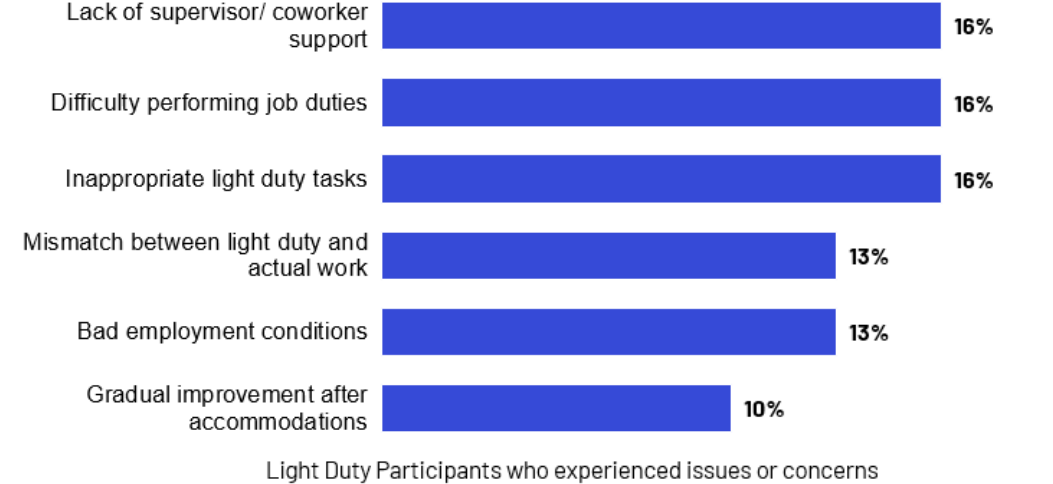


Issues or concerns with light duty job

WHETHER EXPERIENCED ISSUES OR CONCERNS WITH LIGHT DUTY JOB



ISSUES OR CONCERNS THAT WERE EXPERIENCED



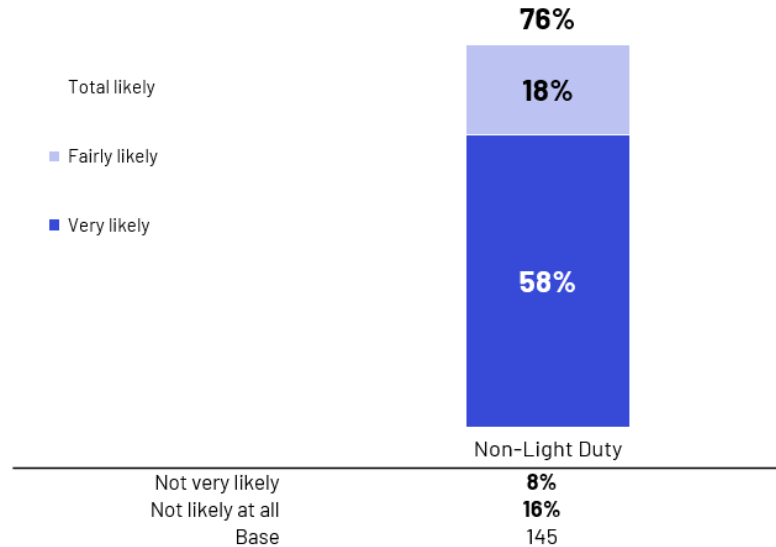
Likelihood of Accepting a Light Duty Job if Offered by your Employer

Three-quarters of non-light duty workers say that they would have been likely to accept a light duty job had their employers offered one. Fifty-eight percent say that they are very likely to have done so.

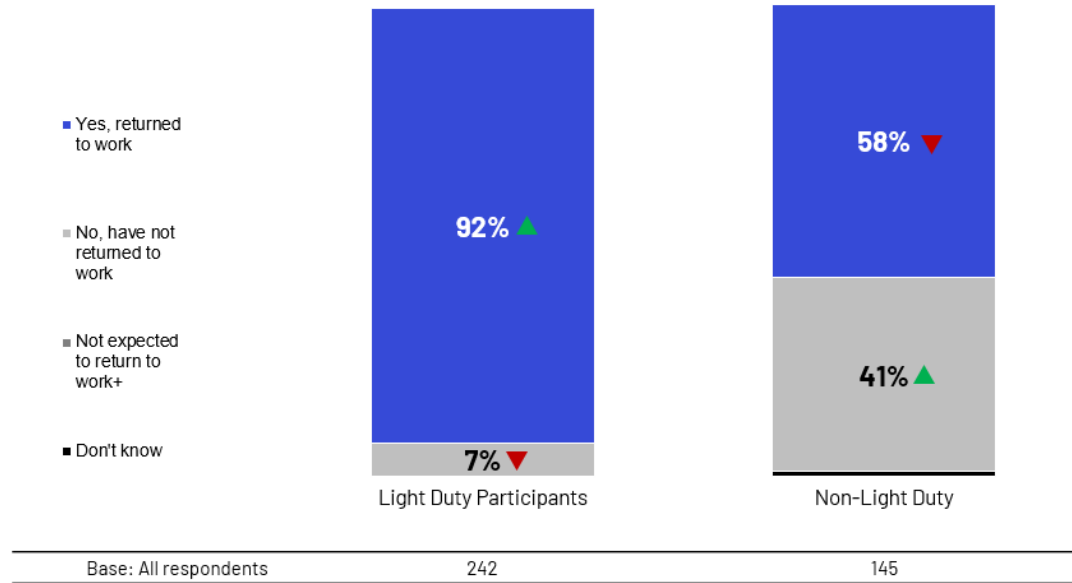
Some workers say that they would have been not very likely (8%) or not likely at all (16%) to have accepted such an offer.

Although the sample size is small, it appears that some workers would be likely to accept because they like the job or the company they work for, while others just need to have an income.

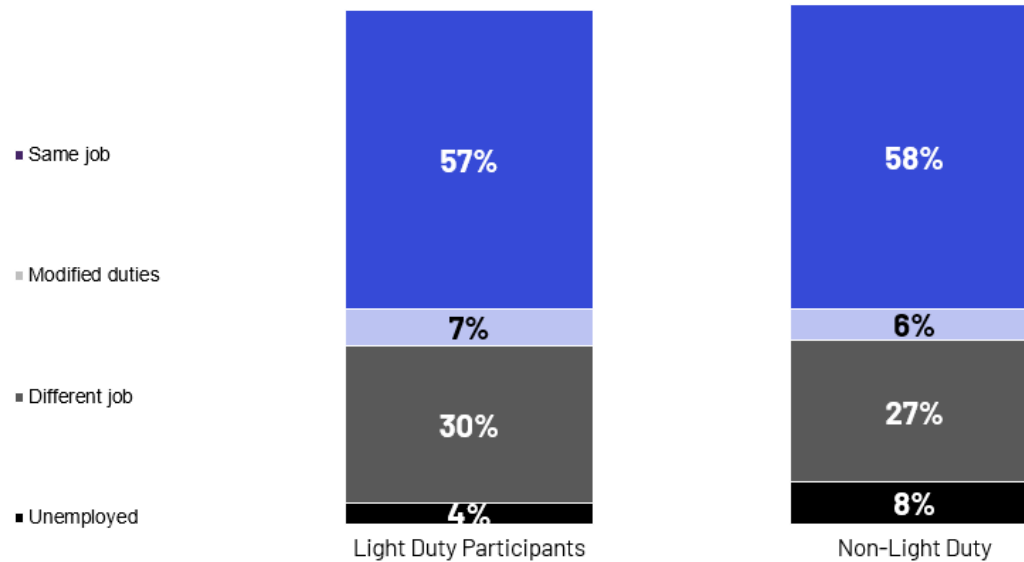
Workers say they would be unlikely to accept because of the injury or because their employer doesn't offer light duty.



Return to work



Same or different job/role



Base: All respondents

223

84*

Summary/Opportunities

- Many workers report participating in light duty
 - Doing useful work reported as top benefit
- 9 out of 10 workers who participate in light duty report returning to work in the sample frame.
- About a third of light duty jobs are adjusted
- 13% of workers express concerns with light duty
 - lack of support and difficulty performing tasks top concerns
- 76% of workers without light duty express interest in light duty



Break Time



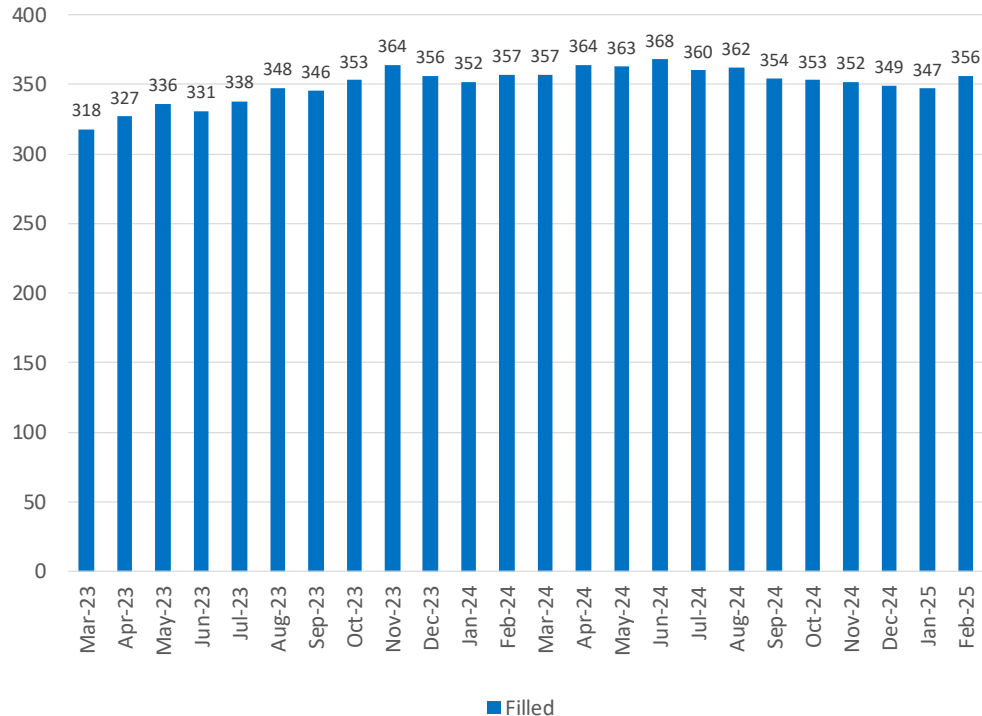


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Operational Health Dashboard

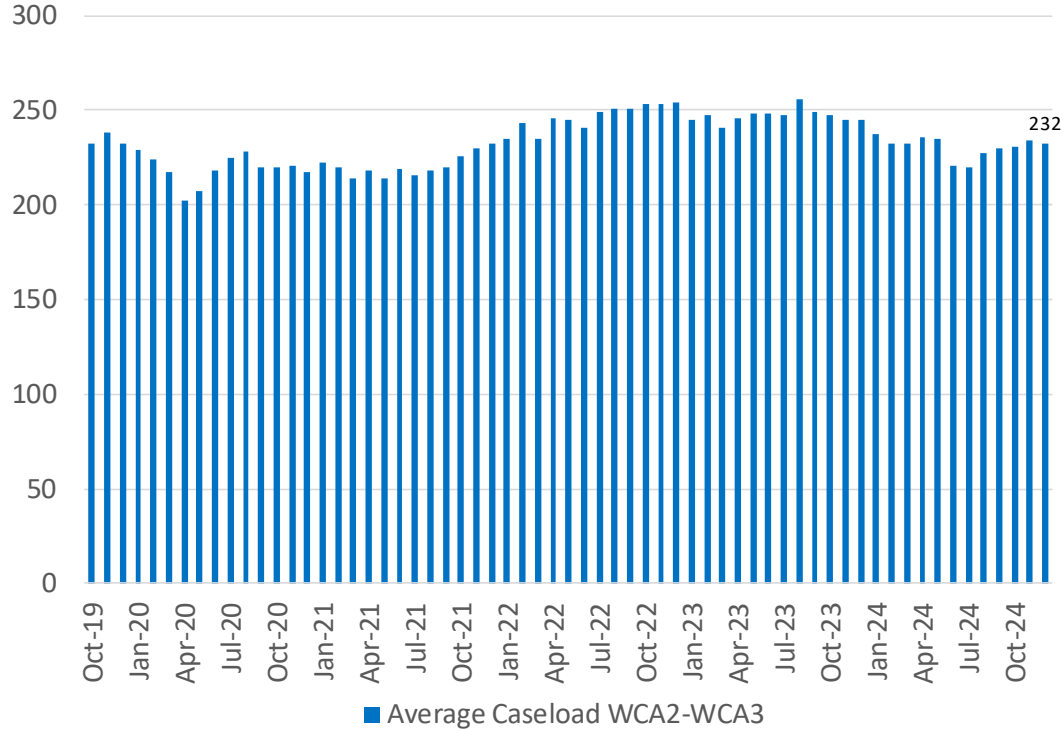
*Brenda Heilman, Assistant Director
Insurance Services*

Workers' Compensation Adjudicator Staffing Levels by Month, 3/23 – 2/25



Average Claims Manager Caseload

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

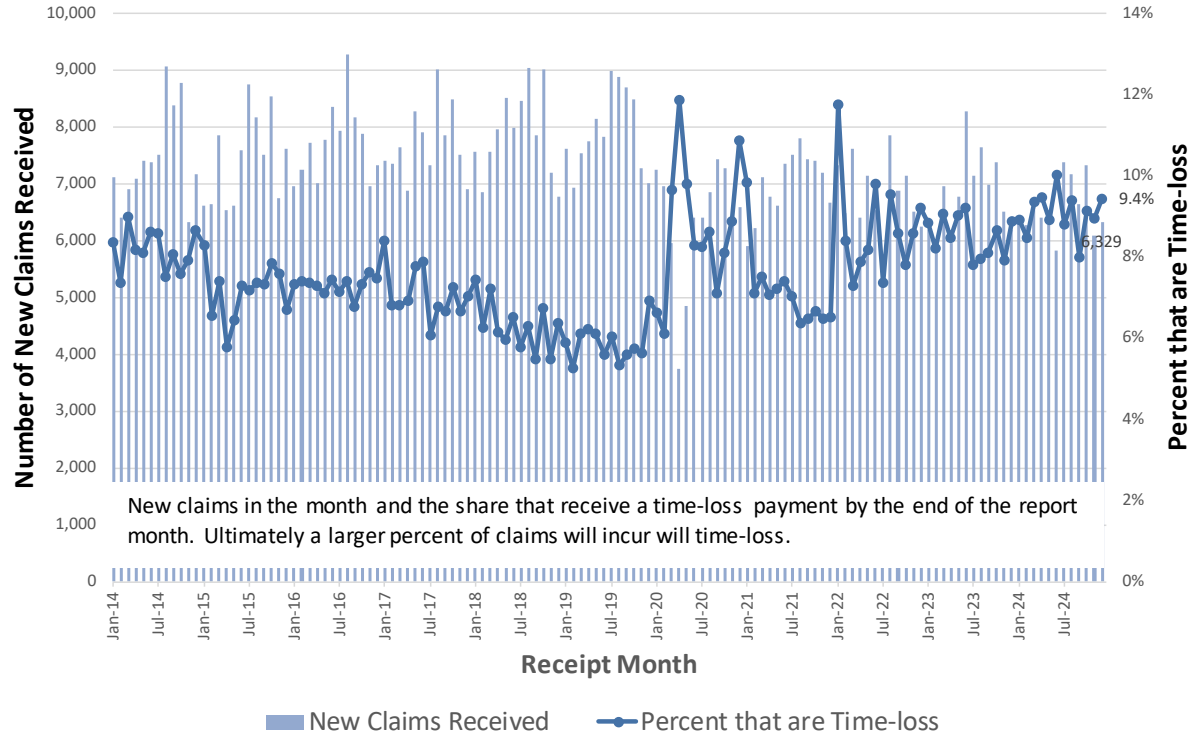


Operational Health Dashboard

| Measure | Status | Definition |
|--|--------|---|
| Percent of new claims that are time-loss | — | Claims new (received) in the month and percent with a time-loss payment by the end of the month – increase in percent that are time-loss indicates a more severe claim mix. |
| Long-term disability rate | ▲ | Percent of all compensable claims with a time-loss payment 12 months post injury – decrease indicates less long-term disability |
| Pensions funded | — | Number of pensions funded in the quarter – decrease indicates less permanent total disability |
| Covered hours and claim rate | — | Claims received per 100 FTE indicates the rate of claims considering volume of work - increase indicates higher claim frequency. |
| Medical cost growth | ▲ | Percent change in medical costs for services performed in the current quarter vs. the same quarter last year – increase means higher costs estimated for the quarter. |
| Operational efficiency | — | Percent of operational measures meeting target greater than 80 percent– increase indicates more measures exceeding target. |

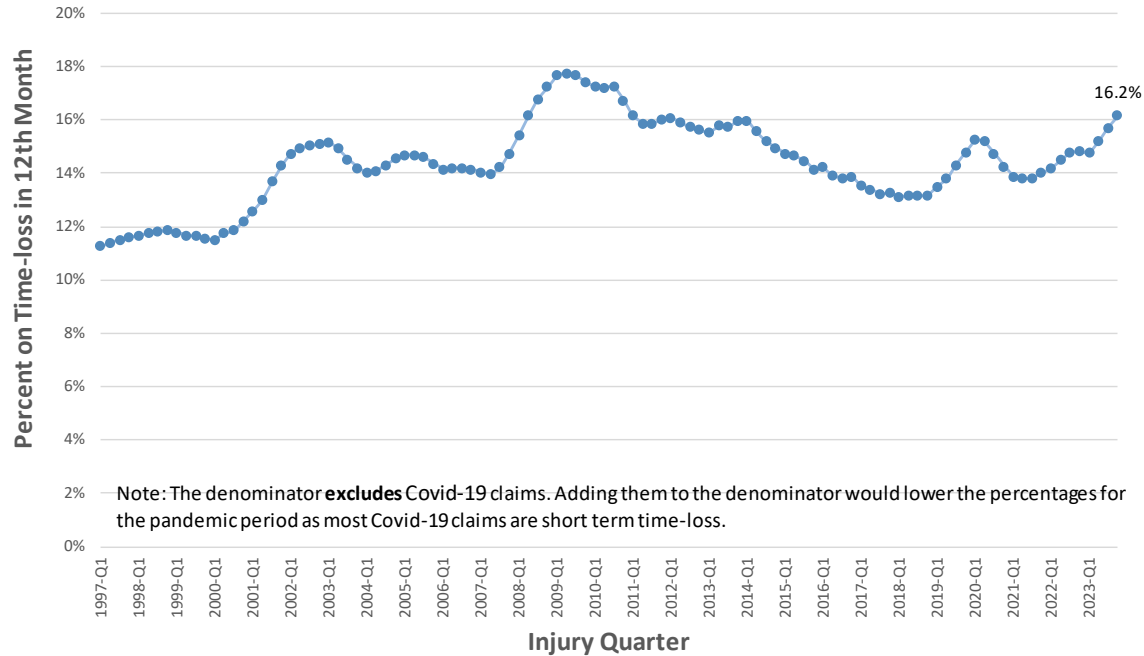
● Right direction — Neutral ▲ Wrong direction

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

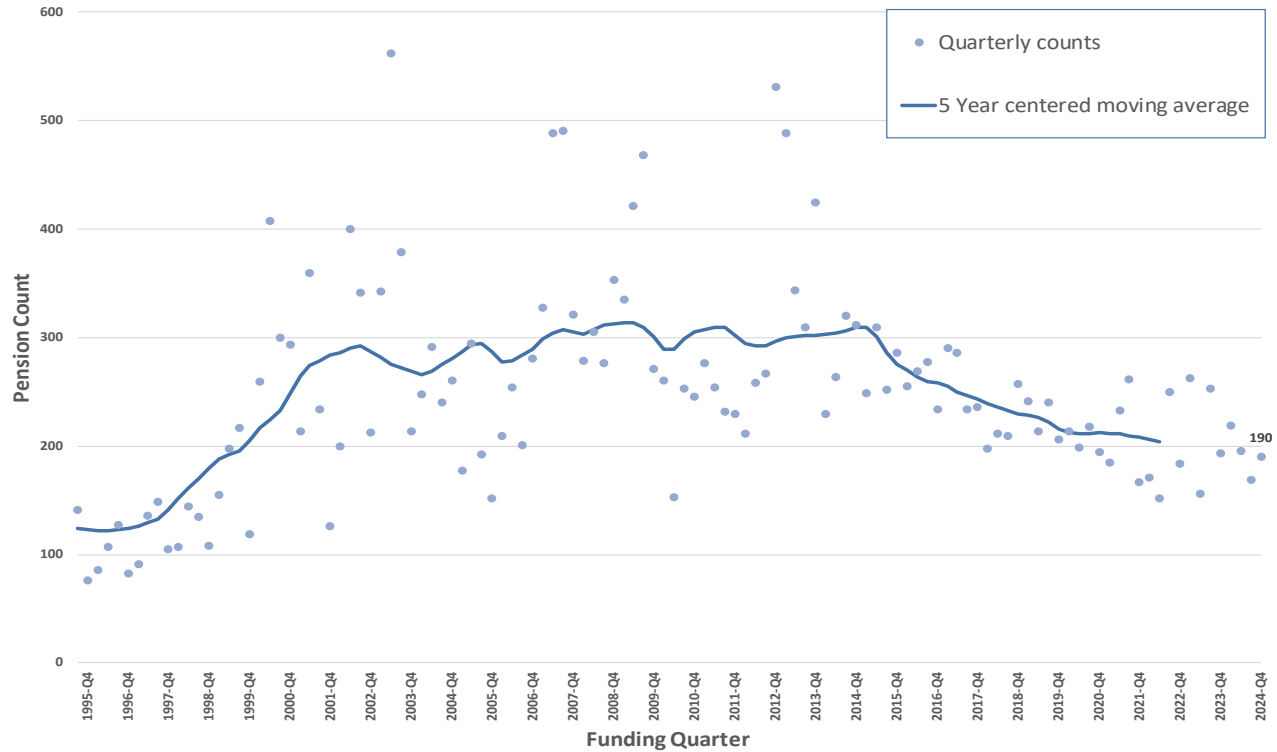


Long Term Disability Claims

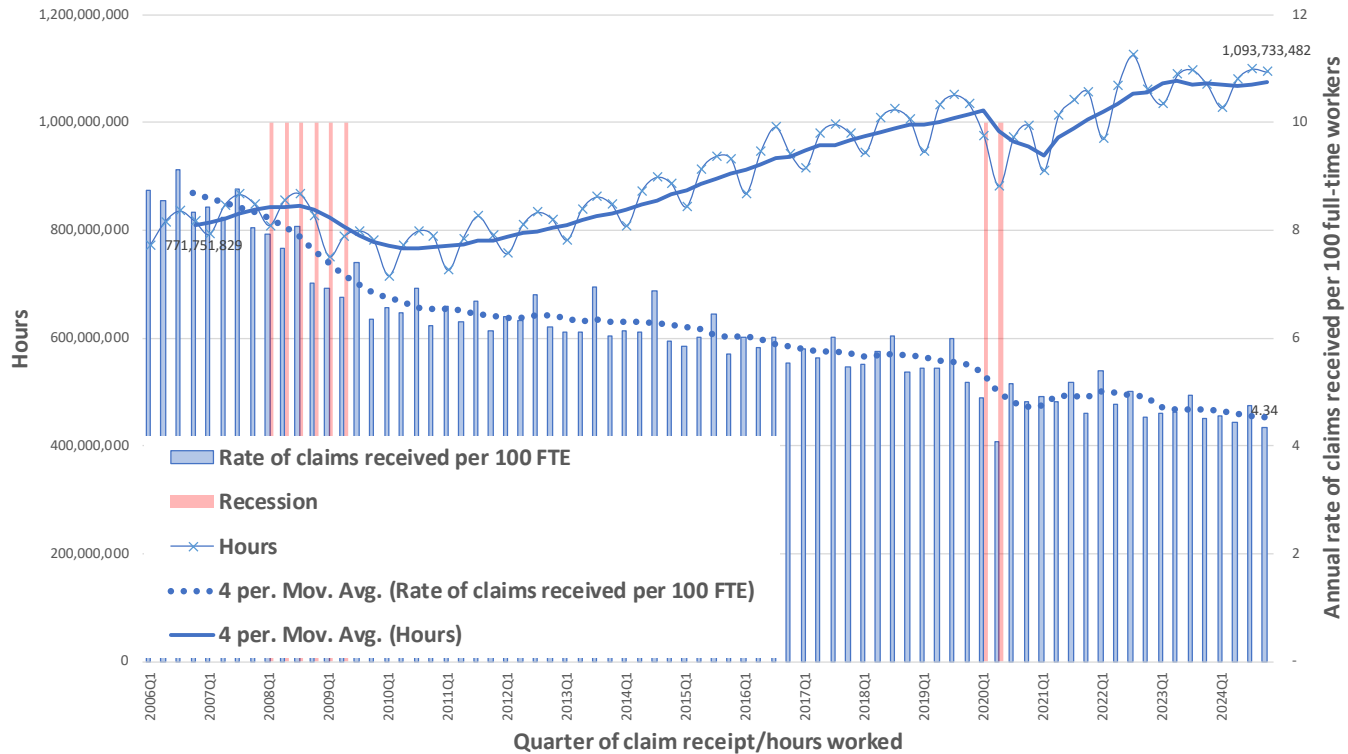
The percent of injured workers with compensable claims that have time-loss paid in the 12th month post injury: *smaller percentage indicates less long-term disability*



State Fund Total Permanent Disability Pensions Funded per Quarter

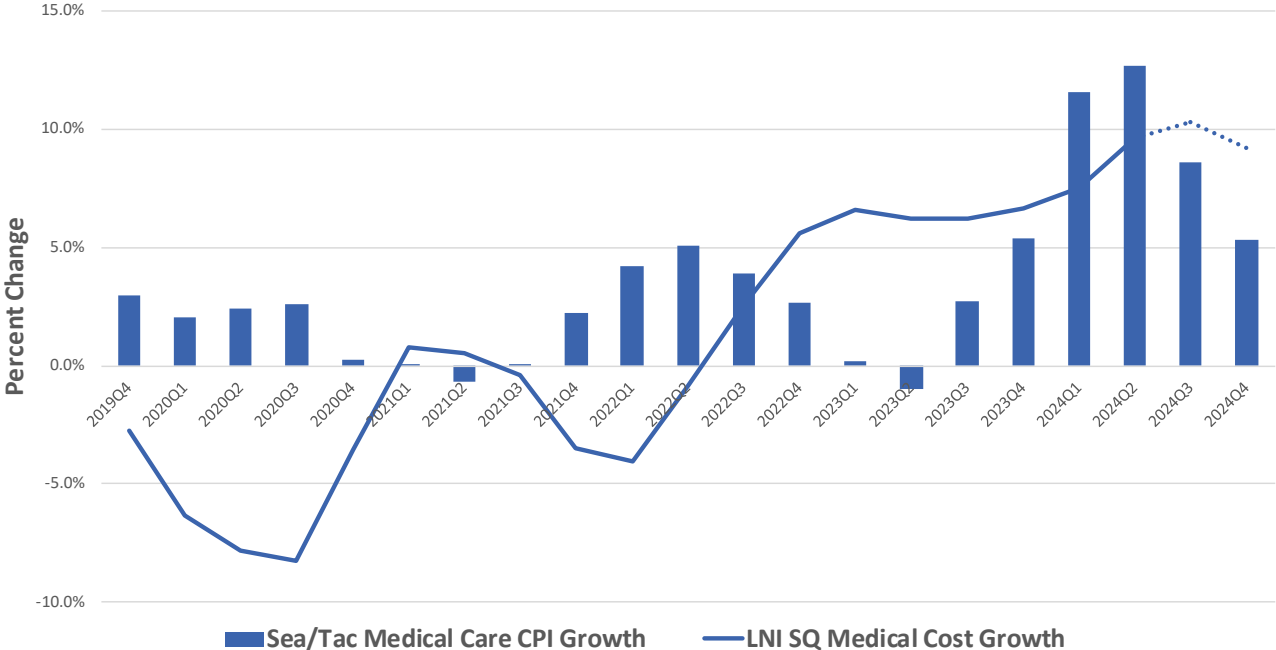


Covered Hours and the Rate of Claims Received



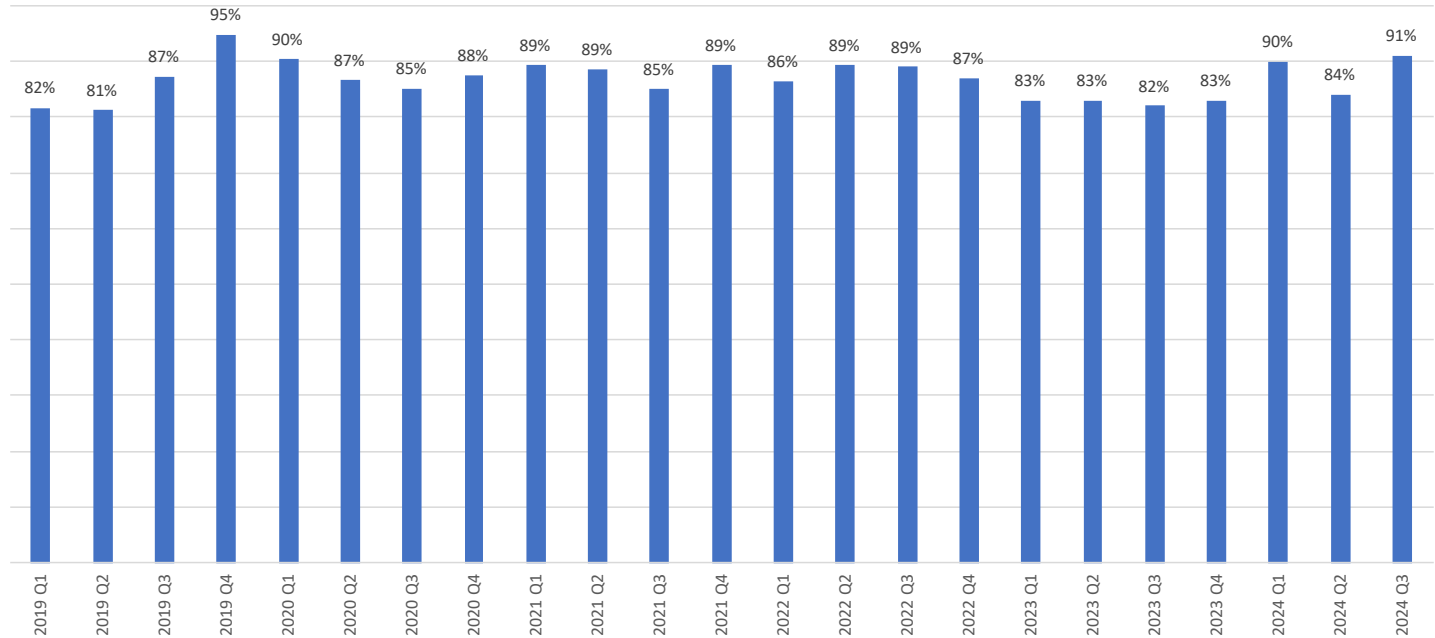
Annualized Medical Cost Growth

All Claims Excluding Hearing Loss



Percent of Workers' Comp Operational Measures Meeting Target

The percent of operational measures that meet operational targets is consistently above 80%.



Currently there are 45 active operational measures in Insurance Services

Metrics: January to February 2025

Into-standard



Claims Administration

- Timely pension – 1st payment

Legal Services

- 100% of state fund CRSAs approved by the board

Self-Insurance

- SI audit cycle completion ratio

Employer Services

Metric: WSAW – Oldest Unworked Application From Date of Receipt

Goal:

Green: ≤30 Days

Yellow: 31-40 Days

Red: ≥41 Days

Metric Status: 104 Days

Mitigation Plan:

- A new review process is in place to reduce the backlog of applications and to work towards meeting the metric goals.
- An Intake Pilot is also launching where Outreach staff are assisting in reviewing applications before they go to the adjudicators.
- Best practices from the new process and pilot will be implemented to maintain backlog numbers and reduce application processing time.

Legal Services

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

Goal:

Green: ≤26 days

Yellow: 27-29 days

Red: ≥30 days

Metric Status: 35 days

Mitigation Plan:

- Legal Services has received a substantial number of Self-Insurance claims which typically take longer to work.
- The team supervisor is continuing to work disputes to reduce the amount of time it takes VDRO to resolve them.

Office of the Medical Director

Metric: Complex Treatment Unit: 95% of new referrals are processed within 14 days

Goal:

Green: $\geq 95\%$

Yellow: 90%-94%

Red: $\leq 89\%$

Metric Status: 14%

Mitigation Plan:

Corrected. March referrals are being processed within 14 days.





Timeloss Duration

*Kirsta Glenn, Deputy Assistant Director
Insurance Services*

Increasing duration of time-loss claims

- What we have seen
 - Claim duration increasing between 6 and 24 months from injury
 - A lot of expected disruption during pandemic
 - Unexpected increase in 2023 and 2024

Factors we are exploring

- Recent legislative, legal interpretation, rule, policy, and procedure changes
- Workload, staffing changes
- Economic impacts
- Changes in worker demographics and injury types
- Changes to health care system
- Access to effective mental health treatment

Internal staffing

- High vacancy rate among claim managers at points during the pandemic
 - Supporting apprentices
 - Improving questions for consulting providers
 - Experienced review for PTSD claims

Changes to health care system

- Medical access
 - Fewer medical only claims
 - Fewer medical units purchased during first twelve months
- Changes in health care system
 - Shifts in types of treating providers

Economic impacts

- Largest duration increases in agriculture, food processing and government industries.
 - Increase in government claim duration associated with expansion of PTSD presumption



Washington State Department of
Labor & Industries

Industrial Insurance (State) Fund Financial Overview

Statutory Financial Information

Fiscal Year 2025

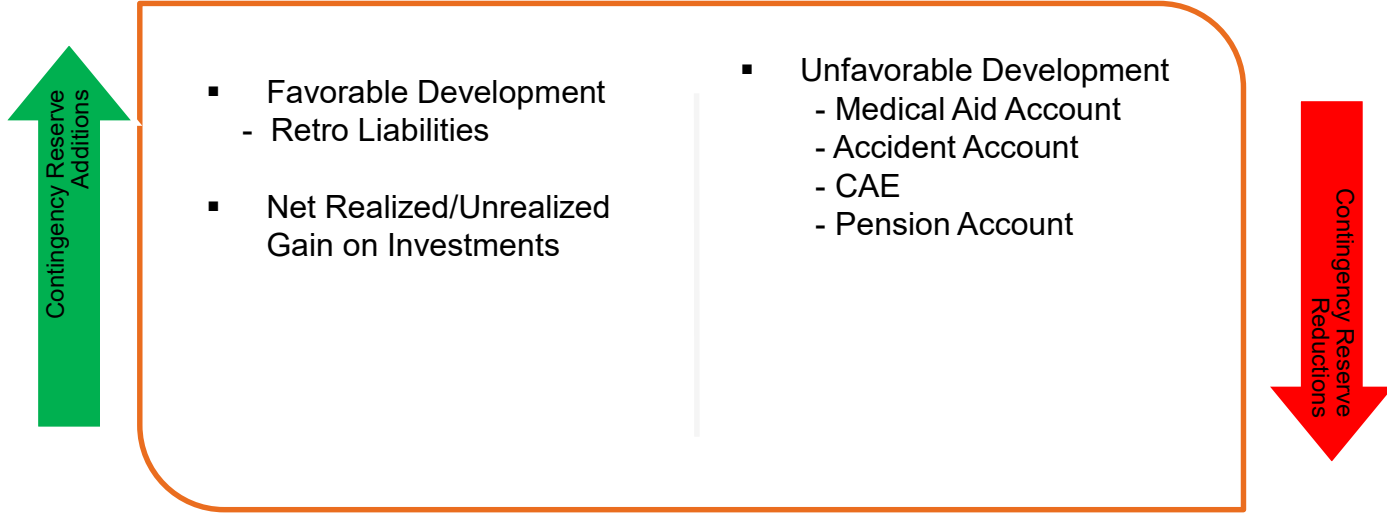
July 2024 – December 2024

Kim Hurley, Chief Accounting Officer

Significant Financial Highlights

July 2024 through December 2024

The contingency reserve decreased **\$179 million**, from \$5,490 million on July 1, 2024 to \$5,311 million on December 31, 2024.



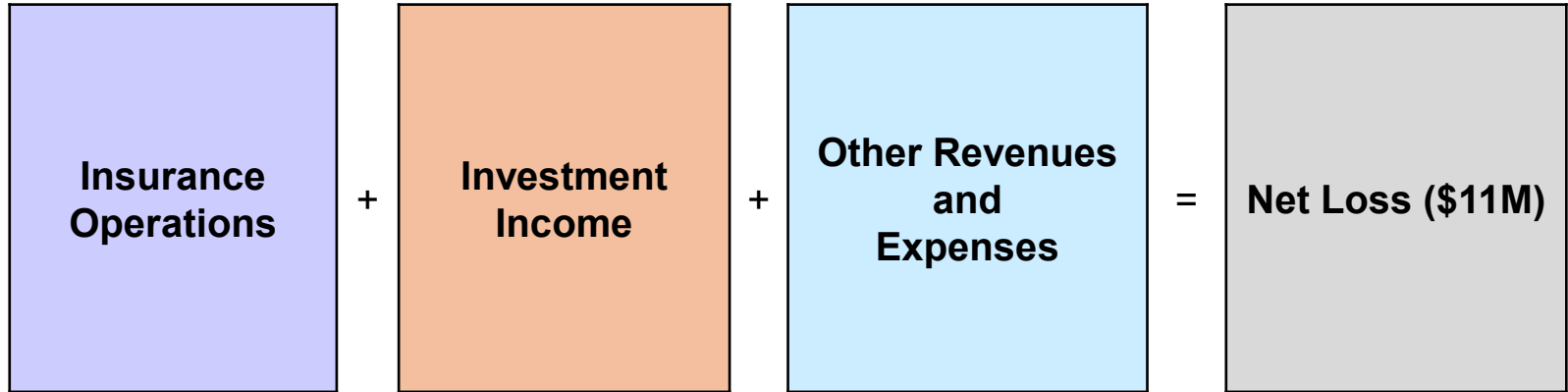
Change in contingency reserve by quarter for fiscal year 2025

- July 1 to September 30, 2024 – a decrease of \$123 million
- October 1 to December 31, 2024 – a decrease of \$56 million

State Fund Results

“Net Income”

July 2024 through December 2024



Insurance Operations

July through December 2024
(in millions)

Six Months Ended

| | | December 31, 2024 | December 31, 2023 |
|---|---|----------------------|----------------------|
| We took in (Premiums Earned) | + | \$ 1,208 | \$ 1,044 |
| We spent (Expenses Incurred) | | | |
| Benefits Incurred | | 1,646 | 896 |
| Claim Administrative Expenses | | 167 | 117 |
| Other Insurance Expenses | | 53 | 51 |
| Total Expenses Incurred | - | 1,866 | 1,064 |
| Net Income (Loss) from Insurance Operations | = | \$ (658) | \$ (20) |

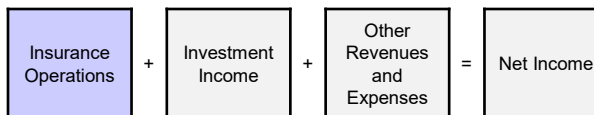
Net loss from insurance operations is normal for workers compensation insurers who routinely rely on investment income to cover a portion of benefit payments.



Premiums Earned

July 2024 through December 2024
(in millions)

| | Six Months Ended | | Difference |
|---|-------------------|-------------------|------------|
| | December 31, 2024 | December 31, 2023 | |
| Standard Premiums Collected | \$1,217 | \$1,127 | |
| Less Retrospective Rating Adjustments | (38) | (35) | |
| Less Ceded Reinsurance Premiums | (8) | (8) | |
| Net Premiums Collected | 1,171 | 1,084 | |
| Changes in future Premium Amounts To Be Collected | 59 | 3 | |
| Changes in future Retrospective Rating Adjustment Refunds | (22) | (43) | |
| Net Premiums Earned | \$ 1,208 | \$ 1,044 | \$ 164 |

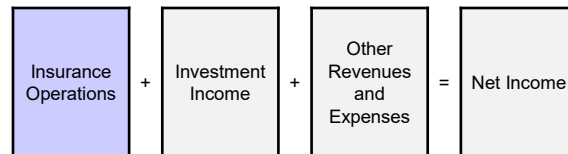


Benefits Incurred

July 2024 through December 2024
(in millions)

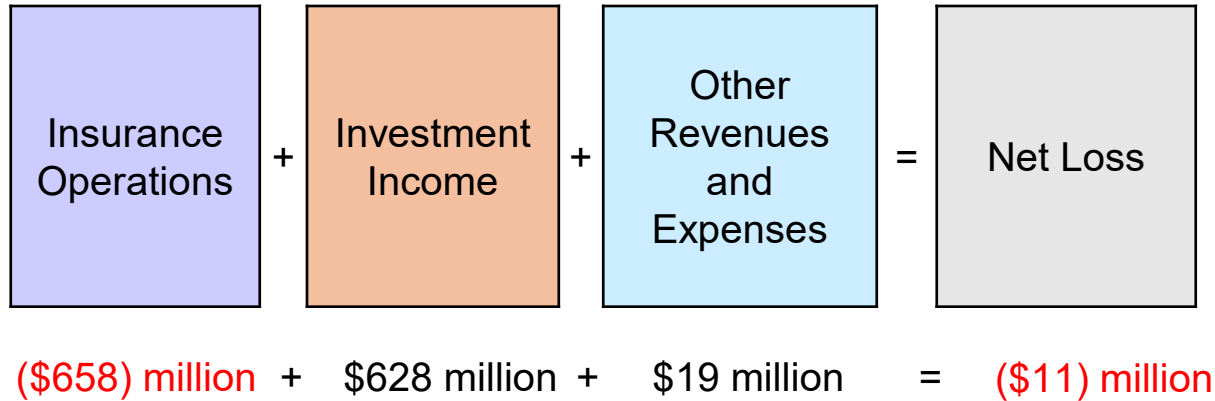
Six Months Ended

| | December 31, 2024 | December 31, 2023 | Difference |
|--------------------------------|-------------------|-------------------|---------------|
| Benefits Paid | \$ 974 | \$ 888 | \$ 86 |
| Change in Benefit Liabilities | 672 | 8 | 664 |
| Total Benefits Incurred | \$ 1,646 | \$ 896 | \$ 750 |



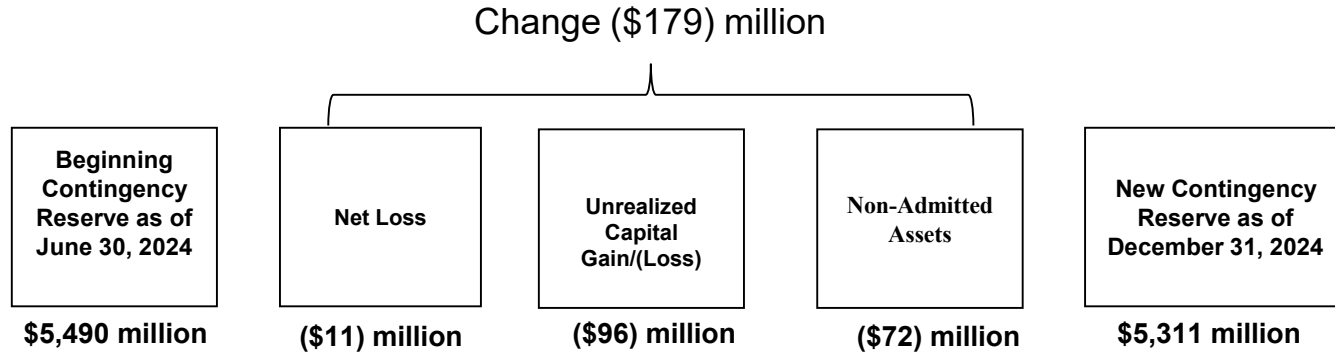
Results of Operations

July 2024 through December 2024



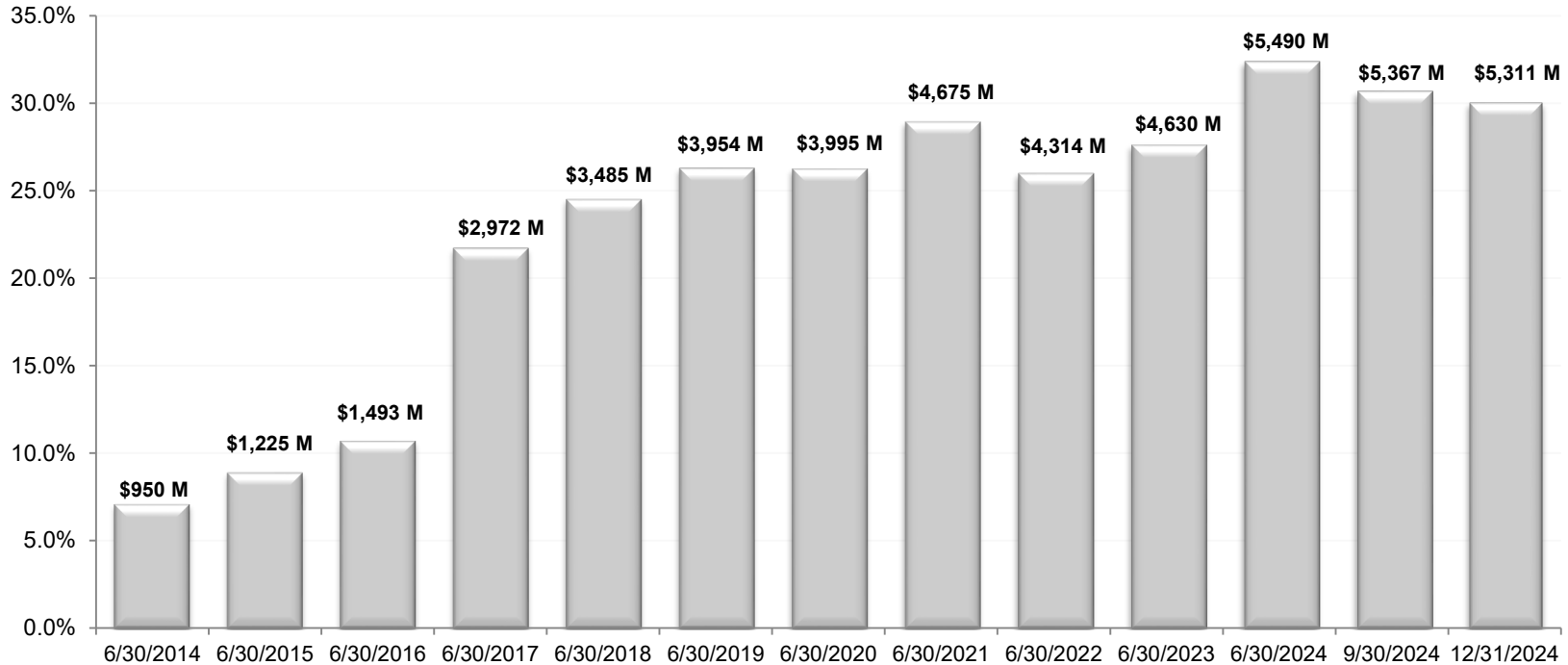
How Did Contingency Reserve Perform?

July 2024 through December 2024



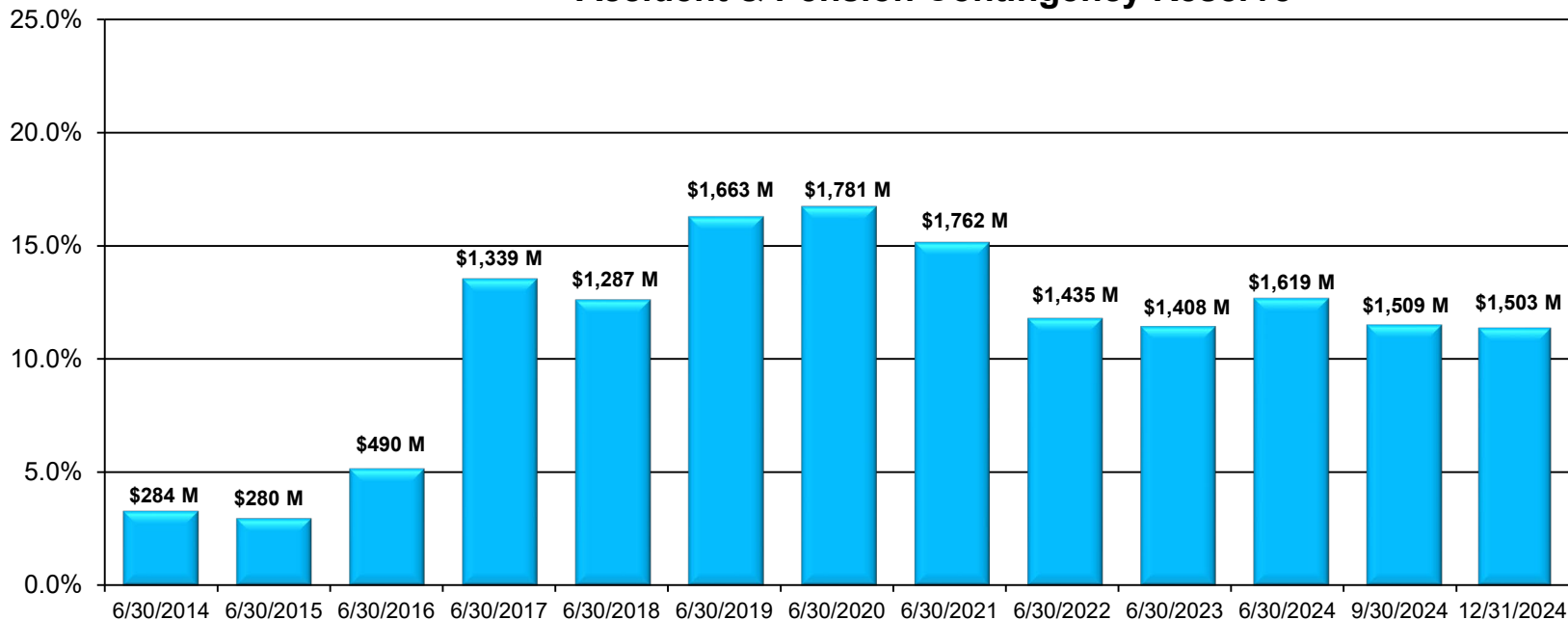
Combined Contingency Reserve

Combined Contingency Reserve is 30.0% of Total Liabilities



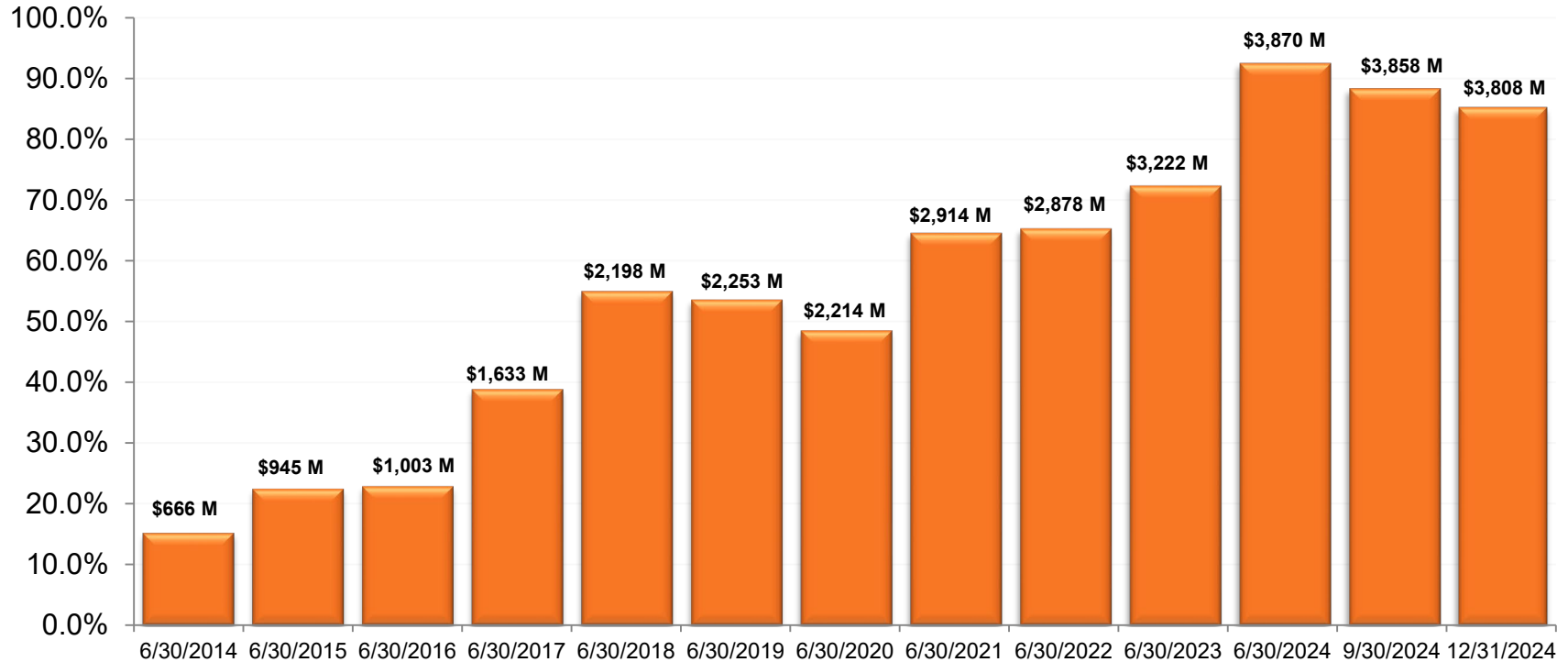
Accident & Pension Contingency Reserve is 11.4% of Liabilities

Accident & Pension Contingency Reserve



Medical Aid Contingency Reserve is 85.2% of Liabilities

Medical Aid Contingency Reserve



Key Financial Ratios

as a percentage of premium earned

| Ratios | Quarter Ended December 31, 2024 | | 10 Year Rolling Average | Fiscal Year Ended June 30, 2024 | Fiscal Year Ended June 30, 2023 |
|---|------------------------------------|------------------------|-------------------------------|---|---|
| | State Fund | Industry Forecast * | | | |
| Current Year Benefit (Loss Ratio) | 91.4% | | | 97.6% | 99.8% |
| Prior Year Benefit (Loss Ratio) | 44.8% | | | 3.8% | 14.5% |
| Total Benefit (Loss Ratio) | 136.2% | 44.6% | 102.1% | 101.4% | 114.3% |
| Current Year CAE Ratio | 11.3% | | | 11.9% | 12.0% |
| Prior Year CAE Ratio | 2.5% | | | (0.5%) | (1.2%) |
| Total Claim Administration Expense (CAE) Ratio | 13.8% | 12.7% | 11.9% | 11.4% | 10.8% |
| Sub-Total: Benefit and Claim Administration Expense Ratios | 150% | 57.3% | 114.0% | 112.8% | 125.1% |
| Underwriting Expense Ratio includes all insurance administrative expenses except CAE | 4.4% | 26.9% | 4.7% | 5.1% | 5.2% |
| Combined Ratio (Industry omits dividends) | 154.4% | 84.2% | 118.8% | 117.9% | 130.3% |
| Investment Income Ratio | 27.0% | 19.4% | 25.2% | 28.9% | 25.9% |
| Operating Ratio | 127.4% | 64.8% | 93.6% | 89.0% | 104.4% |

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



Contact Kim Hurley,
Chief Accounting Officer
Email: Kim.Hurley@Lni.wa.gov

Thank You!



Closing Comments & Adjourn

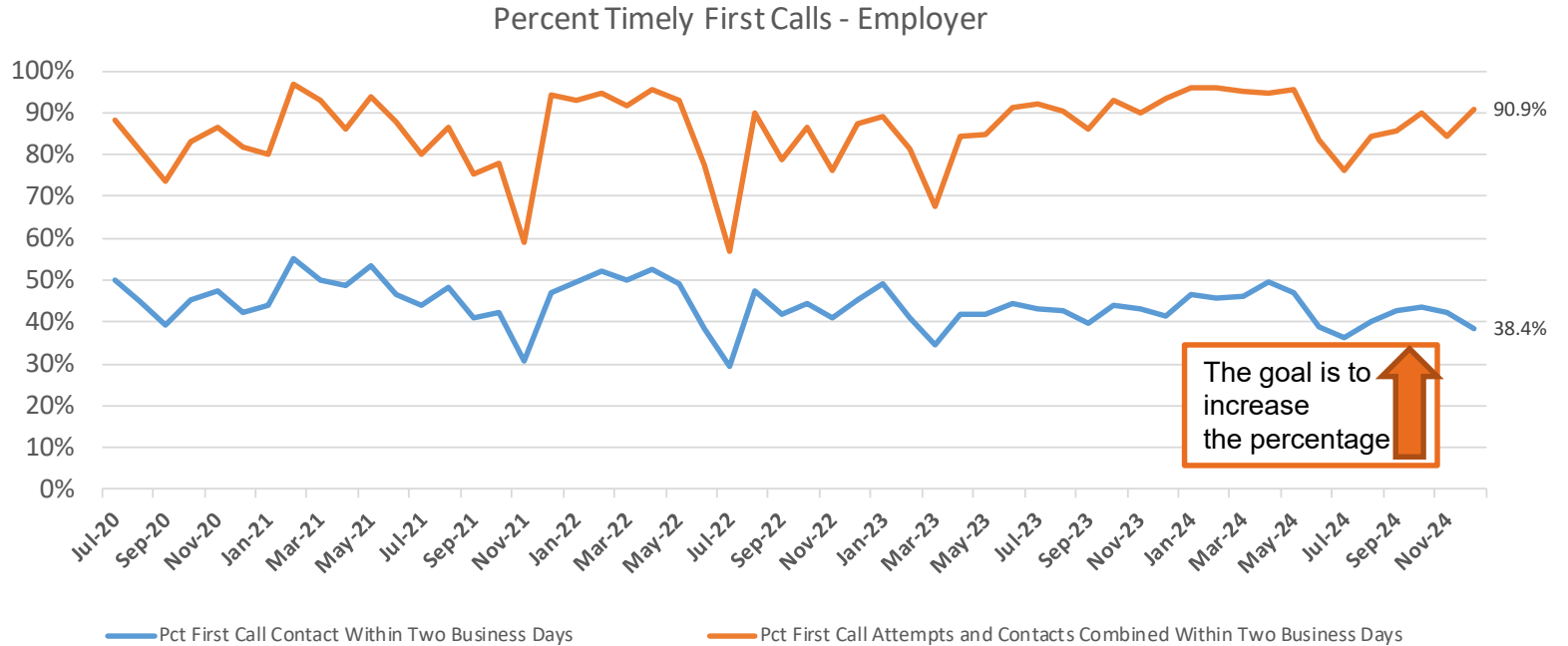
Joel Sacks, Agency Director

*Brenda Heilman, Assistant Director for
Insurance Services*

Next meeting: June 24, 2025

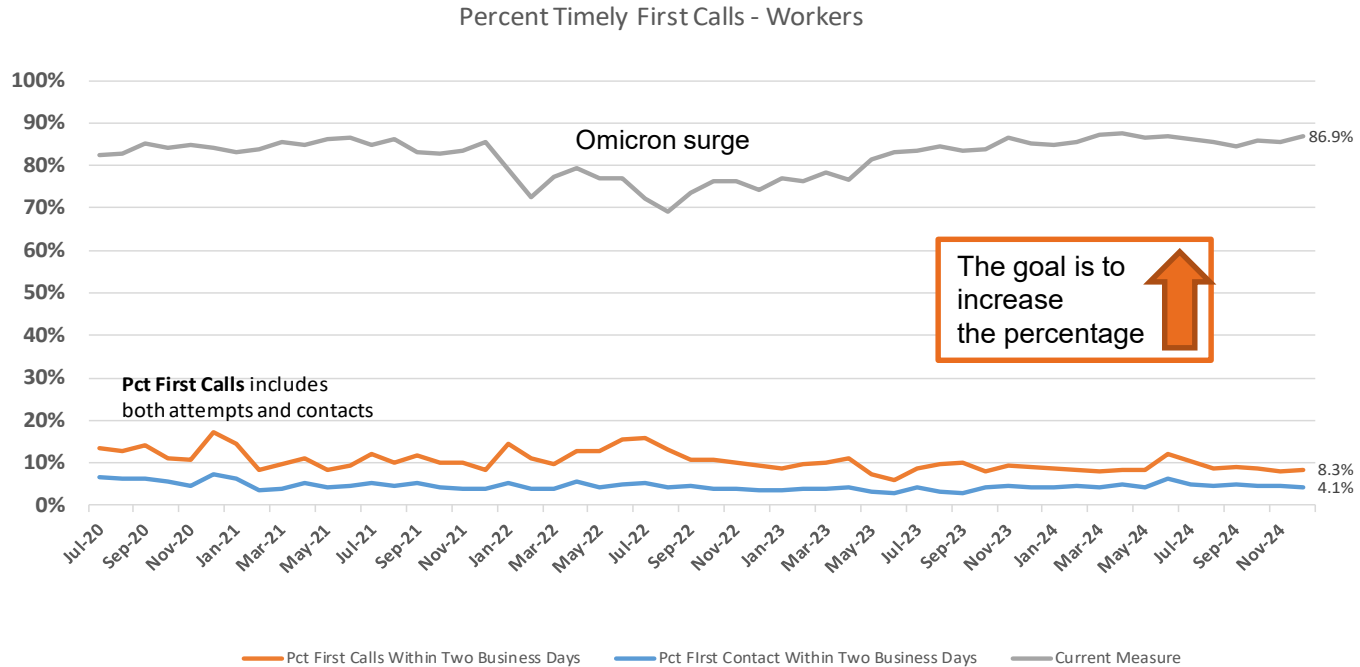
OPERATIONAL HEALTH DASHBOARD MARCH 2025 – APPENDIX SLIDES

JLARC recommended employer contact measure



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

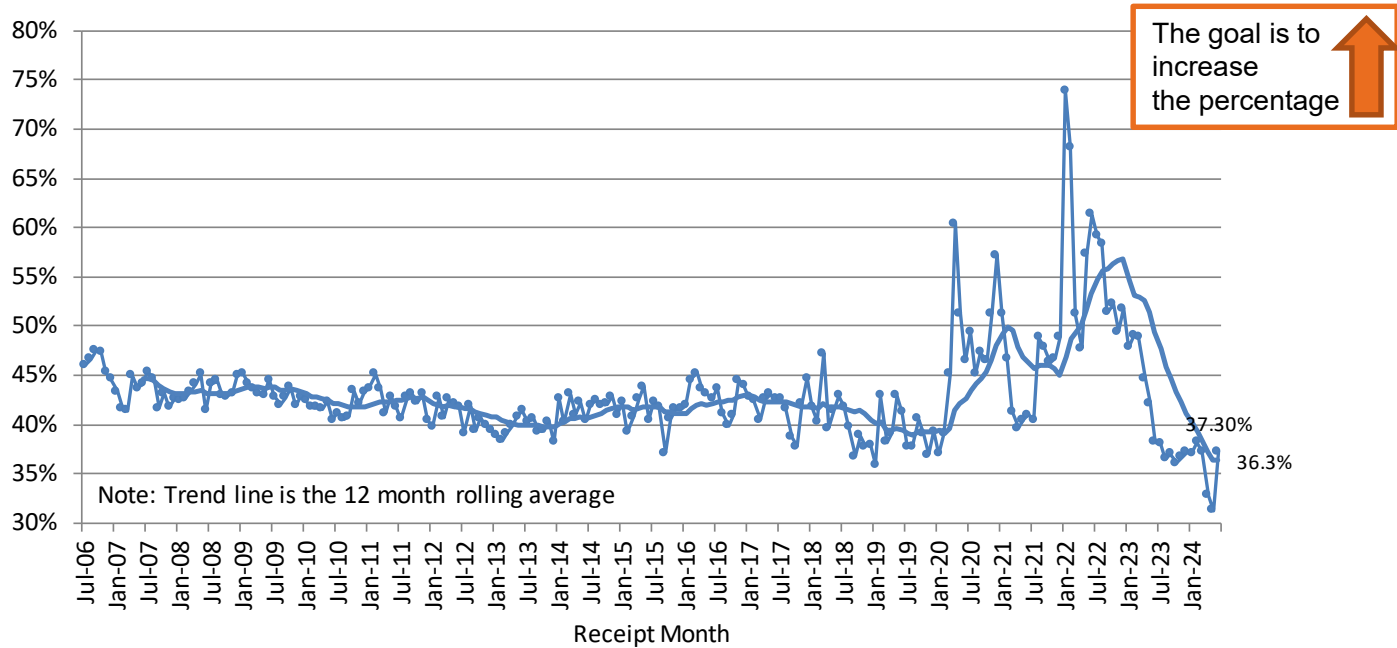
JLARC recommended worker contact measures & L&I's current measure



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.

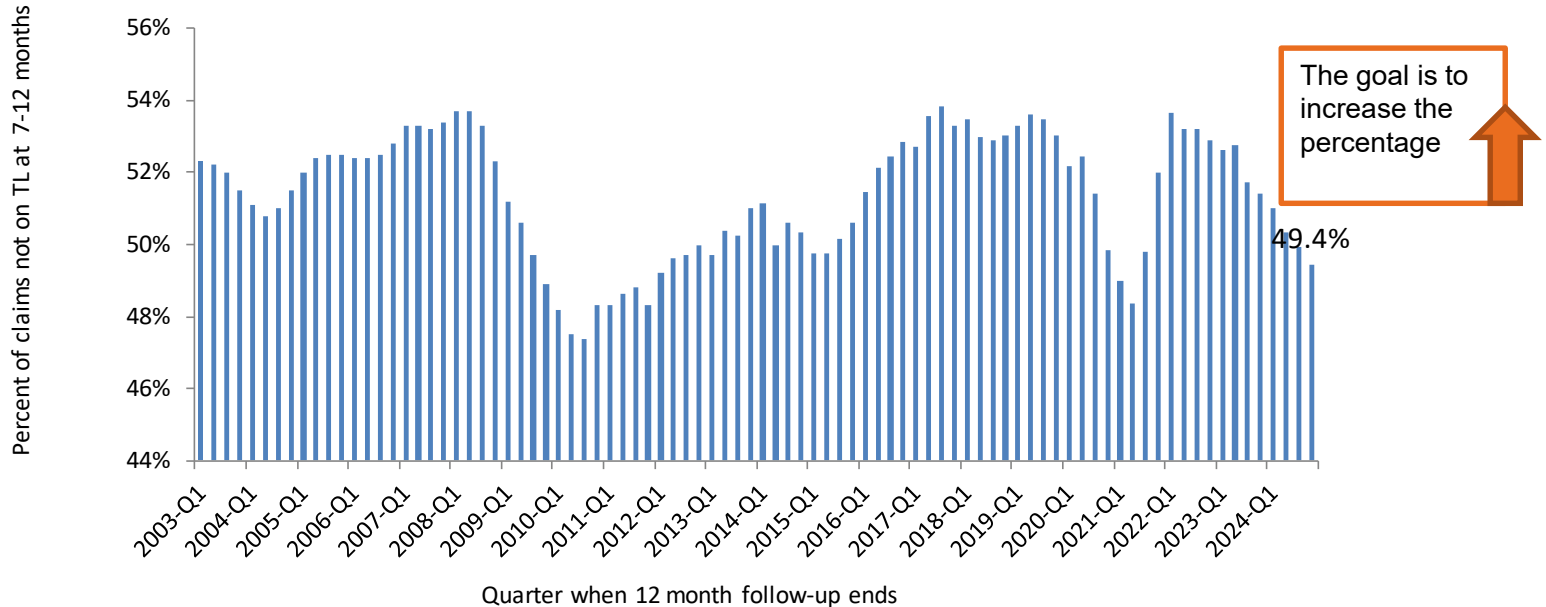
The share of time-loss claims resolved six months after claim receipt

Share of time-loss claims resolved six months after claim receipt



High risk claims – Initiatives in the first year are improving RTW outcomes

The share of injured workers off work 40 days after claim receipt who are likely to have returned to work: Note: 12-month rolling average



High risk workers are defined as those being disabled on the 40th day following claim receipt, about 1,400 claims per quarter. RTW is defined as the status of not receiving disability benefits between 7 and 12 months

Transitioned to COTS

Workers newly on opioids transitioned to chronic opioid therapy

53

Workers Transitioned to COT

-2%

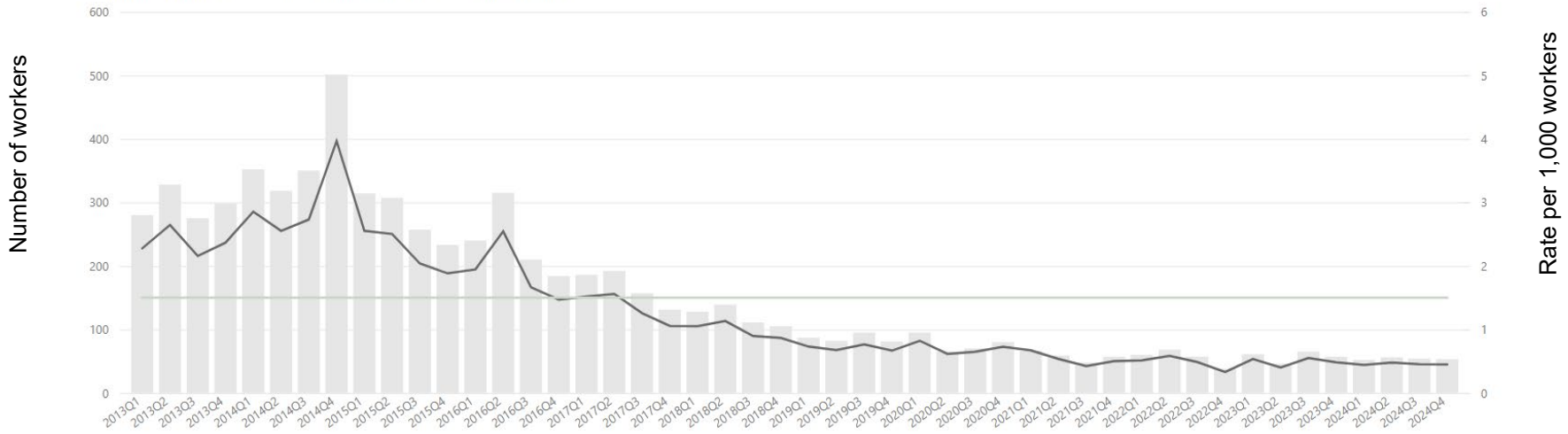
Change Since Previous Quarter

0.45

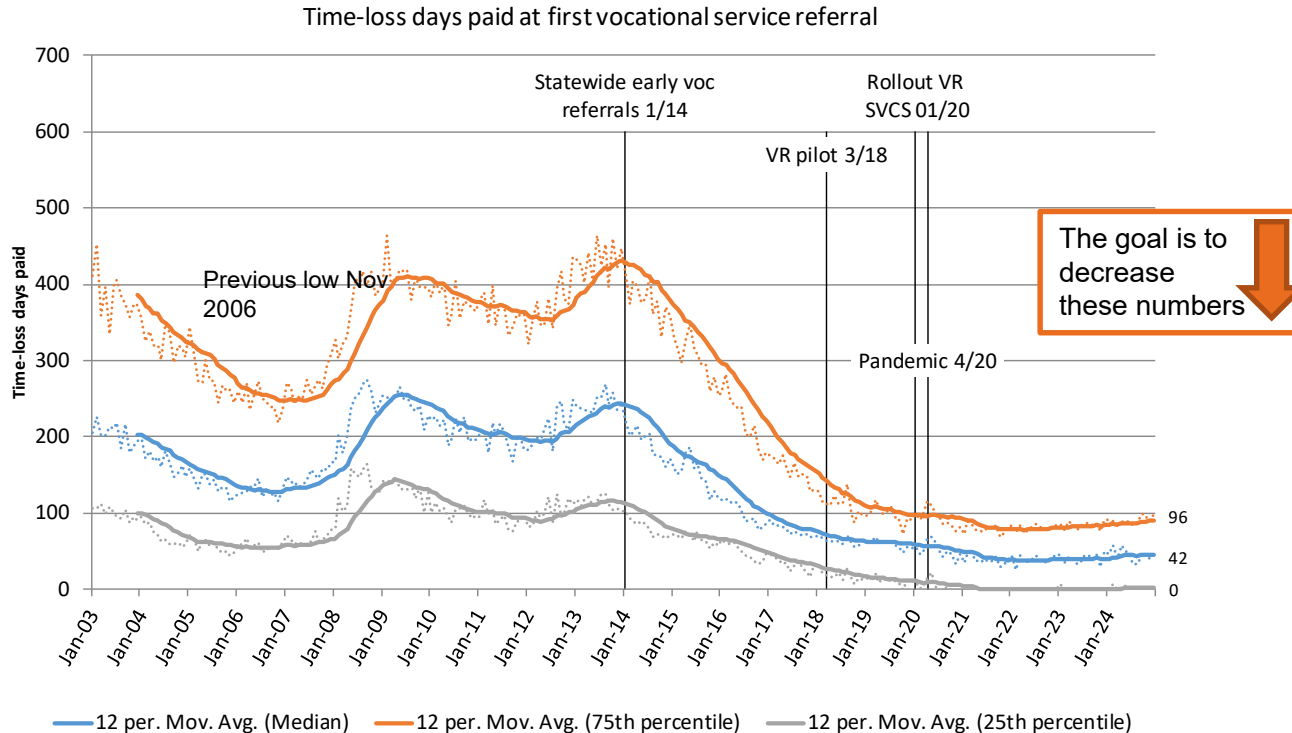
Rate per 1000 Injured Workers

Workers Transitioned to COT

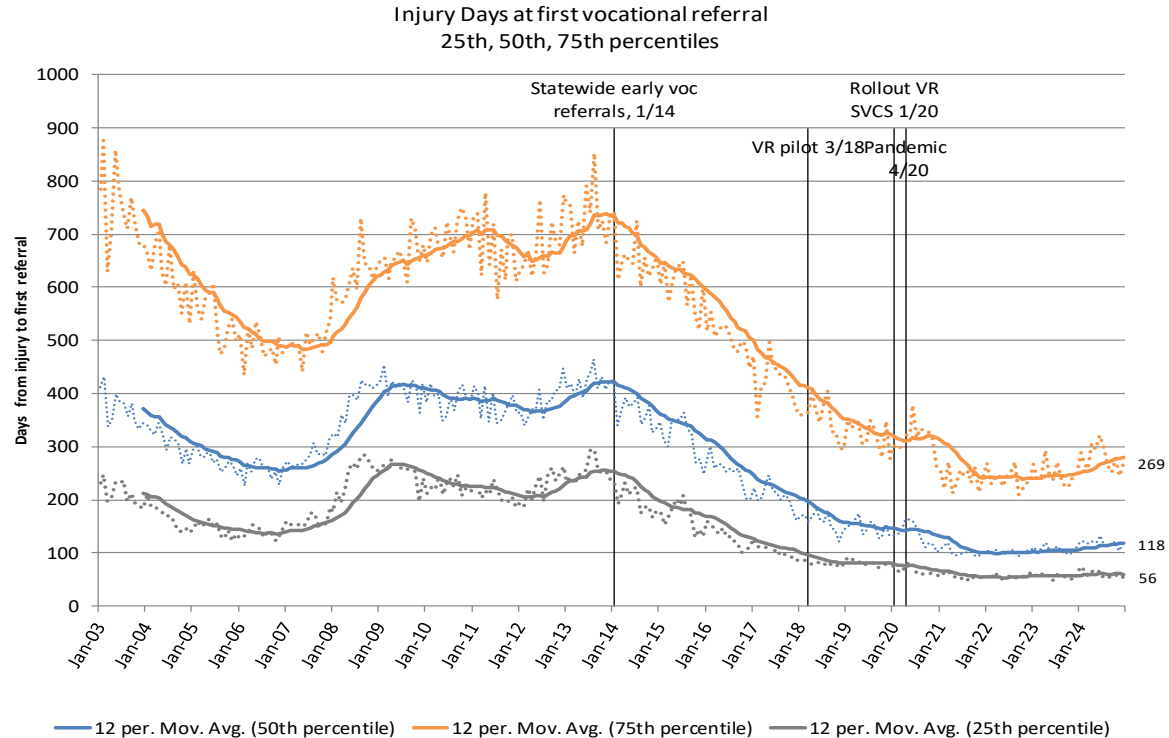
Workers Transitioned to COT ● Rate of Workers Transitioned to COT ● Threshold Rate = 1.5



Referrals are now targeted to address the onset of disability

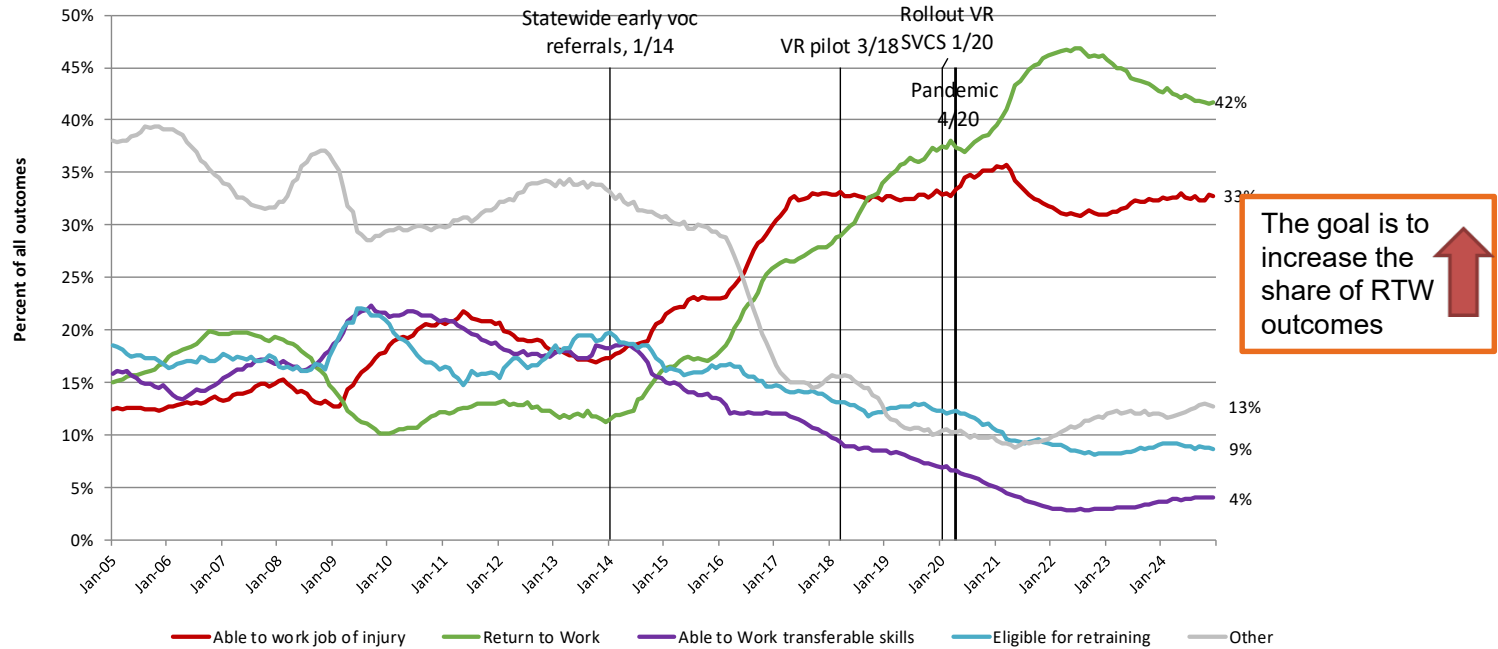


Referrals are now targeted to address the onset of disability - days from date of injury



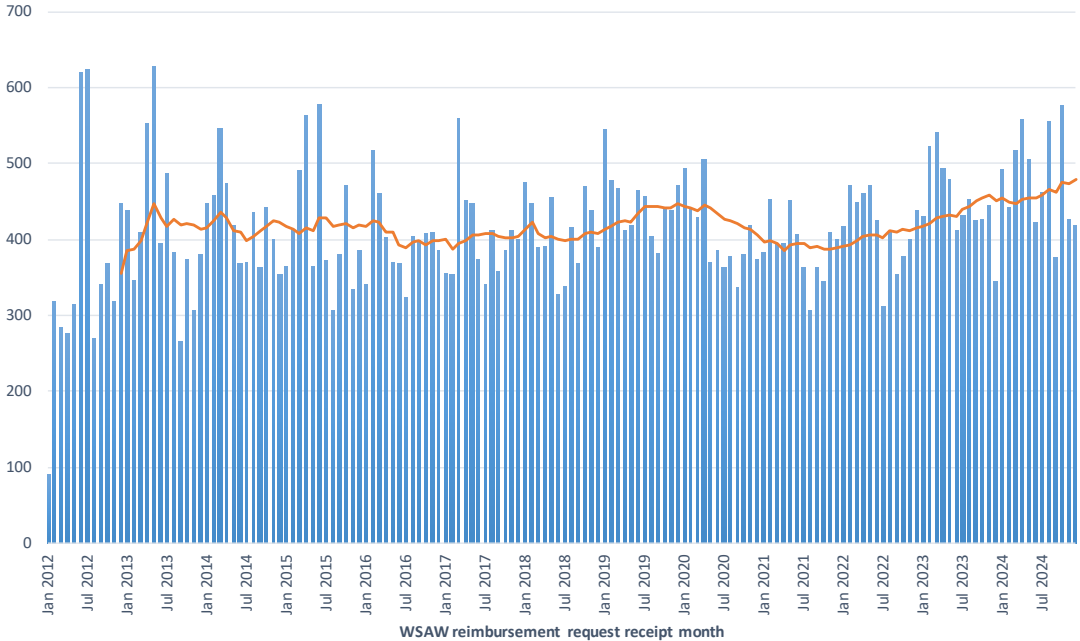
New focus on return to work has increased positive employable outcomes for all first vocational referrals

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



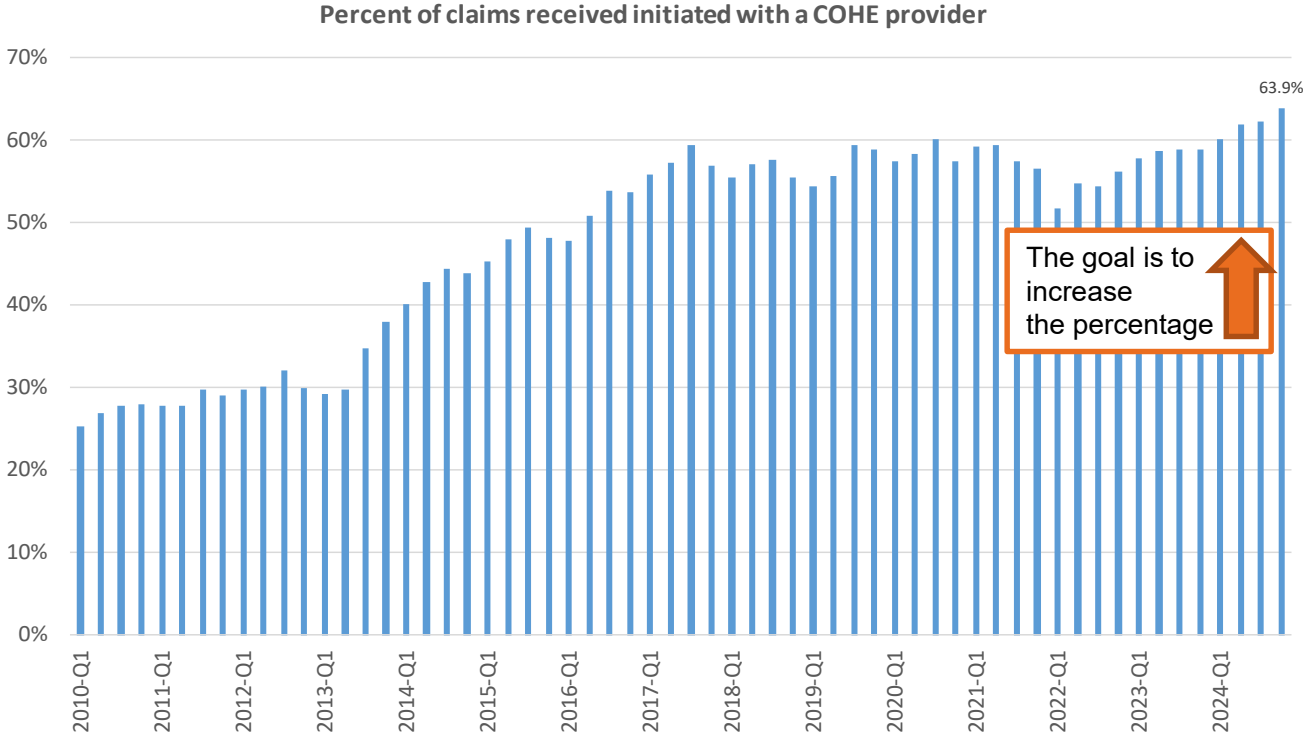
Participation in light duty job assignments helps maintain the employer/injured worker relationship

New WSAW Claims



■ New WSAW Claims — 12 per. Mov. Avg. (New WSAW Claims)

Percentage of claims for injured workers initiated with a COHE provider



Industrial Insurance (State) Fund Financial Overview

March 2025 – Appendix Slides

■ Reconciliation of Change in Benefit Liabilities

■ (In \$1,000s)

| | |
|--|---------------------|
| July 1, 2024 Benefit Liability Beginning Balance | \$15,519,116 |
| Prior Year Benefit Payments | (\$883,563) |
| Prior Year Development and Model Change (Favorable) | \$347,215 |
| Self Insurance Prefunded Pension Transfers | \$0 |
| Regular reserve discount reduction | \$194,888 |
| Net Total Prior Year Benefit Liability as of December 31, 2024 | <u>\$15,177,656</u> |
| | |
| New Current Year Benefit Liabilities | \$1,013,743 |
| December 31, 2024 Benefit Liabilities Ending Balance | <u>\$16,191,399</u> |
| | |
| Change Between Beginning and Ending Balance | \$672,283 |

Highlights of Changes in the Contingency Reserve

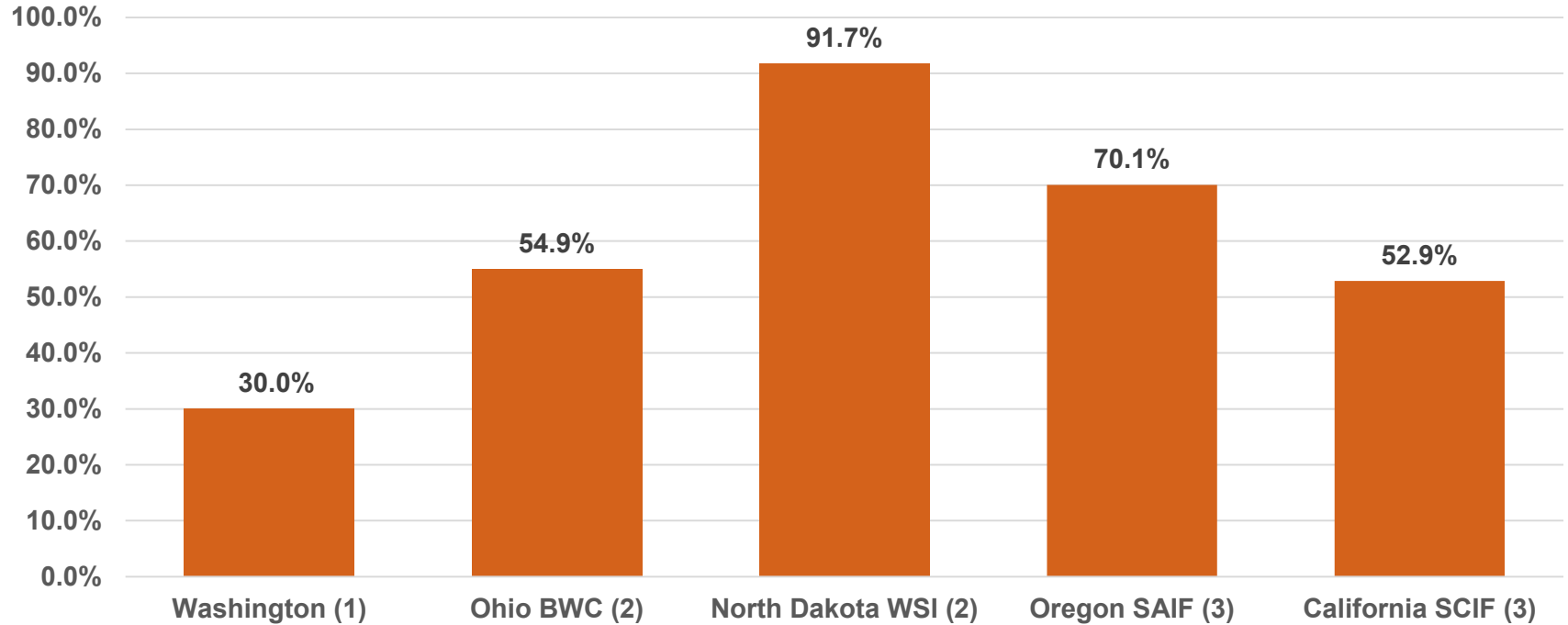
| | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | Total |
|--|-----------------------|----------|----------|---------|-----------------------|----------|----------------------|-----------------------|---------------------|---------------------|---------------------|--------|------------|
| *Actuarial Development ¹ | \$149M | \$543M | \$147M | \$926M | \$941M | \$352M | \$(171)M | \$287M | \$526M | \$(55)M | \$(311)M | \$347M | \$3,681M |
| Rate Changes | \$58M | \$59M | \$38M | \$27M | \$(14)M | \$(120)M | \$(110)M | \$(44)M | \$(29)M | \$17M | \$75M | \$26M | \$(17)M |
| Greater (less) than expected changes in the stock market | \$279M | \$(29)M | \$(101)M | \$411M | \$199M | \$50M | \$340M | \$1,263M | \$(639)M | \$413M | \$445M | \$143M | \$2,774M |
| 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 | \$(6)M ⁹ | - | \$(53)M |

* Actuarial Development and Discount Rate Change is only for Benefit Liabilities

Highlights of Changes in the Contingency Reserve

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 \$154M.
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 reduction from 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%
9. Self-insurance prefunded rate reduction from 5.6% to 5.5%.

Washington's CR is below most other funds as a percentage of liabilities



(1) Preliminary as of 12/31/2024

(2) As of 6/30/2024

(3) As of 12/31/2023

Historic Results of Operations

July through December
(in millions)

| As of Quarter Ended December 31, | Insurance Operations | + | Investment Income | + | Other Revenues & Expenses | = | Net Income (Loss) |
|--|-------------------------|---|----------------------|---|---------------------------------|---|----------------------|
| 2024 | (658) | | 628 | | 19 | | (11) |
| 2023 | 1 | | 139 | | (11) | | 129 |
| 2022 | (78) | | 116 | | (7) | | 31 |
| 2021 | 80 | | 167 | | (6) | | 241 |
| 2020 | (161) | | 173 | | (18) | | (6) |
| 2019 | (203) | | 188 | | 4 | | (11) |
| 2018 | (85) | | 123 | | 10 | | 48 |
| 2017 | 175 | | 214 | | 20 | | 409 |
| 2016 | (168) | | 128 | | 18 | | (22) |
| 2015 | (194) | | 184 | | 20 | | 10 |
| 2014 | (81) | | 132 | | 16 | | 67 |
| 2013 | (36) | | 158 | | 15 | | 137 |

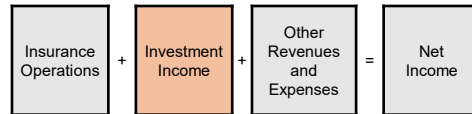
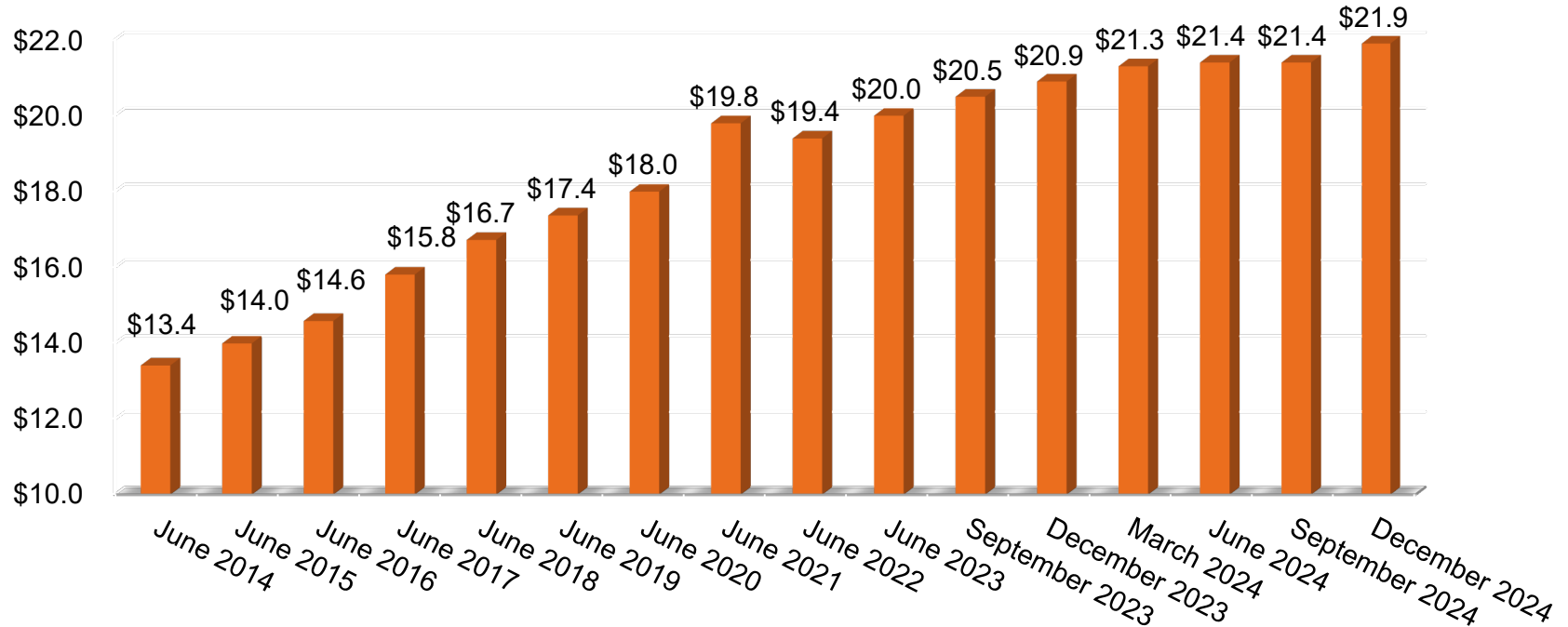
Historical Investment Performance

Fiscal Year Ended

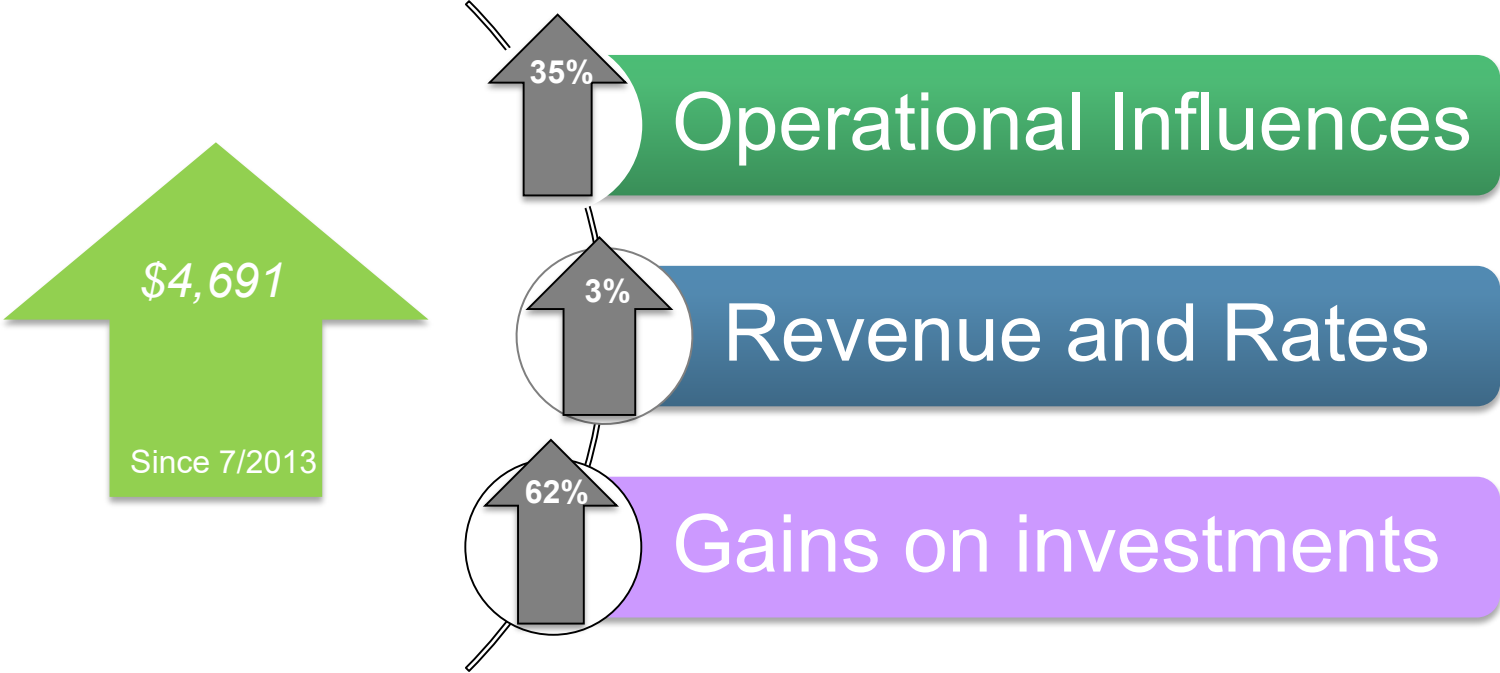
| | Quarter Ended December 31, 2024 | June 30, 2024 | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 |
|------------------------|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Investment Income | 325,727,000 | 592,620,000 | 504,416,000 | 456,375,000 | 462,700,000 | 496,981,000 |
| Realized Gain (Loss) | 302,348,000 | 16,179,000 | 139,573,000 | 141,857,000 | 299,787,000 | 272,266,000 |
| Unrealized Gain (Loss) | (95,489,000) | 532,457,000 | 360,212,000 | (676,444,000) | 1,069,560,000 | 161,264,000 |
| Total Invested Assets | 21,860,841,000 | 21,396,956,000 | 20,028,515,000 | 19,420,354,000 | 19,793,907,000 | 17,992,984,000 |

Total Investments

(rounded to billions)



Contingency Reserve Drivers



As of 12/31/2024 the CR is at \$5,311M

Benefit Liability History

(in thousands)

| | Benefit Liabilities | \$ Increase/ (Decrease) | % Increase/ (Decrease) |
|-------------------|--------------------------------|------------------------------------|-----------------------------------|
| December 31, 2024 | \$ 16,191,399 | 672,283 | 4.3% |
| June 30, 2024 | 15,519,116 | 251,182 | 1.6% |
| June 30, 2023 | 15,267,934 | 499,244 | 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% |

The 10-year average increase is \$353,124