



Washington State Department of  
Labor & Industries

# Workers' Compensation Advisory Committee (WCAC)

*December 15, 2025*

This meeting will be streamed by TVW

<b>Time</b>	<b>Topic</b>	<b>Presenter(s)</b>
9:00 am - 9:10 am	Welcome <ul style="list-style-type: none"> <li>• Introductions</li> <li>• Motion to approve minutes</li> </ul>	Joel Sacks Brenda Heilman
9:10 am – 9:25 am	Suicide and Occupation	Dr. Dave Bonauto
9:25 am – 9:35 am	General Updates <ul style="list-style-type: none"> <li>• Legislative Updates</li> <li>• Budget Updates</li> <li>• Agency Updates</li> </ul>	Cindy Gaddis Joel Sacks Brenda Heilman
9:35 am – 9:55 am	Advisory Committees	Kirsta Glenn
9:55 am – 10:20 am	Posttraumatic Stress Disorder (PTSD) Update	Brenda Heilman
10:20 am – 10:35 am	Break	
10:35 am – 11:00 am	Operational Health Dashboard	Brenda Heilman
11:00 am – 11:25 am	Return to Work Program Overview's	Caitlyn Jekel Lynda Ducharme
11:25 am – 11:40 am	Industrial Insurance State Fund Financial Overview	Kim Hurley
11:40 am – 11:50 am	Board of Industrial Insurance Appeals (BIIA) Update	Holly Kessler
11:50 am – 12:00 pm	Closing Comments & Adjourn	Brenda Heilman Joel Sacks



# Suicide and Occupation

*Dave Bonauto SHARP Program, Labor & Industries*

*Luke Sampson, MPH; Jennifer Marcum, DrPH*

**This presentation contains information about suicide that may be upsetting or triggering for some viewers. If you or someone you know is having thoughts of suicide, please reach out for help.**

**Support is available 24/7:**

Call, text, or chat online ([chat.988lifeline.org](https://chat.988lifeline.org))  
to reach the Suicide & Crisis Lifeline

- Press:
- **1** for the Veterans Crisis Line
  - **2** to get support in Spanish
  - **3** for the LGBTQIA2S+ Youth Line
  - **4** for the Native & Strong Lifeline



For all other callers, stay on the line to be connected to a crisis counselor.

**Your life matters. Help is available, and recovery is possible.**

Source: 2025 Washington State Suicide Prevention Plan.

<https://doh.wa.gov/sites/default/files/2025-05/971076-SuicidePreventionPlan.pdf>

**Table 1: Crude suicide death rates by higher risk\* occupation groups, among Washington residents, age 16-65 years, CY2014-2023**

<b>Occupation Group</b>	<b>Rate/100K persons</b>	<b>Rate Ratio</b>
<b>Construction and Extraction</b>	54.9 (51.4, 58.7)	2.85
<b>Installation, Maintenance and Repair</b>	40.0 (36.4, 44.0)	2.07
<b>Art, Design, Entertainment, Sports, and Media</b>	29.0 (25.6, 32.8)	1.50
<b>Transportation and Material Moving</b>	27.7 (25.6, 30.0)	1.44
<b>Protective Services</b>	26.4 (22.8, 30.5)	1.37
<b>Production</b>	23.7 (21.4, 26.1)	1.23
<b>Farming, Forestry, and Fishing</b>	23.6 (20.2, 27.5)	1.22
<b>All Occupations**</b>	19.3 (18.6, 19.9)	1

\*High risk occupation groups are those with crude rate significantly greater than all occupations combined.

\*\*Overall rate does not include workers with unknown occupation or military occupations

**Table 4: Suicide rates for Farming, Forestry, Fishing, age adjusted stratified by sex and race/ethnicity, WA residents, CY2014-2023**

Occupation Group Race/Ethnicity, Sex	Rate/100K persons	Rate Ratio*
<b>Farming, Forestry, Fishing</b>		
American Indian/Alaska Native, Non- Hispanic, Male	119.2	1.54
Hispanic, Male	18.0	1.0
White, Non-Hispanic, Male	72.8	<b>2.14</b>

\*Rate ratio for occupation compared to overall rate for age adjusted, race/ethnic, sex group: bold represents statistical significance.

**Table 4: Suicide rates for Construction, age adjusted stratified by sex and race/ethnicity, WA residents, CY2014-2023**

Occupation Group, Race/Ethnicity, Sex	Rate/ 100K persons	Rate Ratio*
<b>Construction</b>		
American Indian/Alaska Native, Non- Hispanic, Male	131.6	<b>1.71</b>
Asian/PI, NH, Male	66.8	<b>4.59</b>
Black, NH, Male	72.8	<b>2.96</b>
Hispanic, Male	27.0	<b>1.50</b>
White, NH	67.4	<b>1.99</b>

\*Rate ratio for occupation compared to overall rate for age adjusted, race/ethnic, sex group: bold represents statistical significance.

# Work and Suicide Risk

## Industry and Workplace Factors

- Work culture and stigma
- Job instability and financial pressure
- Demanding work conditions
- Physical strain, chronic pain
- Social isolation
- Lack of control
- Access to health and mental health services

Source: National Academy of Sciences, Kermanshachi, 2024

# Work and Protective Factors for Suicide

## General Approach for Employers

- Create supportive culture
  - Acknowledge mental health challenges
  - Seeking help is encouraged not stigmatized
  - Train managers and staff about mental health
- Provide mental health resources
  - EAP and confidential counseling
  - Health insurance covers mental health
  - Information about accessing crisis hotlines and resources
- Address workplace stressors
- Develop crisis response plan

# Next Steps

- Publish information – 'information for action'
- Engage with state, industry interested partners
- Trend information by occupation



Contact Dave Bonauto

Email: [David.Bonauto@Lni.wa.gov](mailto:David.Bonauto@Lni.wa.gov)



# General Updates

- *Legislative Updates*
- *Budget Updates*
- *Agency Updates*

# 2026 Bill Requests

<b>Z-0441.2</b>	<b>Stabilizing COLAs</b>	<ul style="list-style-type: none"><li>• Changes phased in gradually</li><li>• By 7/1/36, based on average growth in average monthly wage for preceding 10 calendar years</li><li>• L&amp;I and WCAC to develop proposals to reform SPF rate structure and improve solvency</li></ul>
<b>Z-0442.2</b>	<b>PTSD pilot program</b>	<ul style="list-style-type: none"><li>• Pre-claim adjudication and post-closure treatment</li><li>• Streamline processes</li><li>• Agreements with providers or health care organizations</li><li>• Use SHIP grant funds to develop and evaluate workplace behavioral health programs</li></ul>
<b>Z-0433.5</b>	<b>Modernizing communication</b>	<ul style="list-style-type: none"><li>• Goal is flexibility in communication methods</li><li>• Allows electronic methods</li><li>• Preserves customer choice</li></ul>



# Advisory Committees

*Kirsta Glenn, Deputy Assistant Director  
Insurance Services*

# Workers' Compensation Committees and Boards defined in statute or rule where L&I is the chair or a participant

- Workers Compensation Advisory Committee (WCAC)
- Advisory Committee on Healthcare Innovation and Education (ACHIEv)
- Industrial Insurance Chiropractic Advisory Committee (IICAC)
- Industrial Insurance Medical Advisory Committee (IIMAC)
- Vocational Rehabilitation Advisory Committee - Vocational Subcommittee
- Insolvency Trust Board
- Advisory Committee on Occupational Disease Presumptions'
- Self-Insurance Curriculum Advisory Review Committee
- Logger Safety Initiative (LSI) Taskforce Committee
- WISHA Advisory Committee

# Committees and Boards that advise L&I

- WCAC Finance committee
- Health Technology Clinical Committee (HTCC)
- Washington State Pharmacy & Therapeutics Committee
- Self-Insurance audit review committee
- SHIP Return to Work and Safety and Health Grant Review Committees

# Committees and Boards upon which L&I serves as a member

- All Payer Claims Database (state agency coordinating committee)
- Health Care Cost Transparency Board
- Washington State Investment Board
- UW DEOHS External Advisory Committee
- Agency Medical Directors' Group (AMDG)
- Numerous prevention and research committees on which L&I is a subject matter expert.
- NIOSH Center for workers' compensation studies
- Board of Industrial Insurance Appeals Stakeholder committee

# Additional committees

- Retro Advisory Committee (RAC)
- Vocational Recovery Advisory Committee (VRAC)

# Workers' Compensation Advisory Committee (WCAC)

Defined in RCW 51.04.110 (1971)

- *....This committee shall conduct a continuing study of any aspects of workers' compensation ... and report findings to the department and the BIIA.*
- Composed of ten members:
  - *Three representing workers,*
  - *three representing employers,*
  - *one representing self-insurers,*
  - *one representing workers of self-insurers,*
  - *and two ex officio members, without a vote...*
  - *The member representing the department shall be chair.*

# Advisory Committee on Healthcare Innovation and Evaluation (ACHIEv)

- Defined in RCW 51.36.010 (2011)
- *According to committee charter, the purpose is to identify, implement, and evaluate initiatives to improve equity and access for workers and improve health and return-to-work outcomes.*
- Membership is drawn from providers, business, and labor and from the two other statutory advisory committees - IIMAC and IICAC.

# Industrial Insurance Medical Advisory Committee (IIMAC)

Defined in RCW 51.36.140 (2007)

- Advises L&I on *safe, effective, and cost-effective treatments for injured workers*, including development of practice guidelines, coverage criteria, review of coverage decisions, review of medical programs, and rules pertaining to healthcare issues.
- *..must consider the best available scientific evidence and expert opinion of committee members.*

WAC 296-20-01001

- Advises L&I on treatment guidelines for covered services based on proper and necessary standards, the best available scientific evidence, and the expert opinion of the medical advisory committee.



Washington State Department of  
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# Posttraumatic Stress Disorder (PTSD) Update

*Brenda Heilman, Assistant Director  
Insurance Services*

# Roles of the WCAC and WCAC PTSD Subcommittee

Collaborate and provide guidance on:

- Balancing innovation with practical implementation
- Strengthening employer engagement in wellness and support services
- Shaping effective pilots and measuring success

Member input helps ensure that policy and practice move together to support recovery

Role	Representation Group	Name
Chair	Assistant Director, Insurance Services	Brenda Heilman
Co-Chair	Deputy Assistant Director, Insurance Services	Kirsta Glenn
Labor Representative	Vice President – Director of Government Affairs, Teamsters 117	Brenda Wiest
Labor Representative	Legislative Liaison – WA Council of Fire Fighters	A.J. Johnson
Business Representative	Association of Washington Cities	Candice Bock
Business Representative	Washington Hospital Association	Patty Barcelona Wilder
Facilitator	Insurance Services	Sheri Sundstrom

Role	Representation Group	Name
Agency Staff	Office Of Medical Director	Jennifer Jutte
Agency Staff	Office of Medical Director	Kim Wallace
Agency Staff	SHARP	Dave Bonauto
Agency Staff	Return to Work Partnerships	Catilyn Jekel
Agency Staff	Claims Administration	Catherine Pederson
Agency Staff	Claims Administration	Coral Suhrbier
Agency Staff	Claims Administration	Mark Goodwin
Agency Staff	Self Insurance	Stephanie Scheurich

# PTSD Claims Data

SF & SI Claims Received through 11/30/25 (includes presumptive and non-presumptive occupational disease claims)

## Claim types: injury and occupational disease

- A workplace **injury** is “sudden and tangible” and results in a physical condition related to work.
  - Examples could include cutting a finger at work or falling and breaking a bone.
- An **occupational disease** is an illness arising from work-related conditions or exposure occurring from multiple exposures over a period of time.
  - Examples could include work-related carpal tunnel or hearing loss.

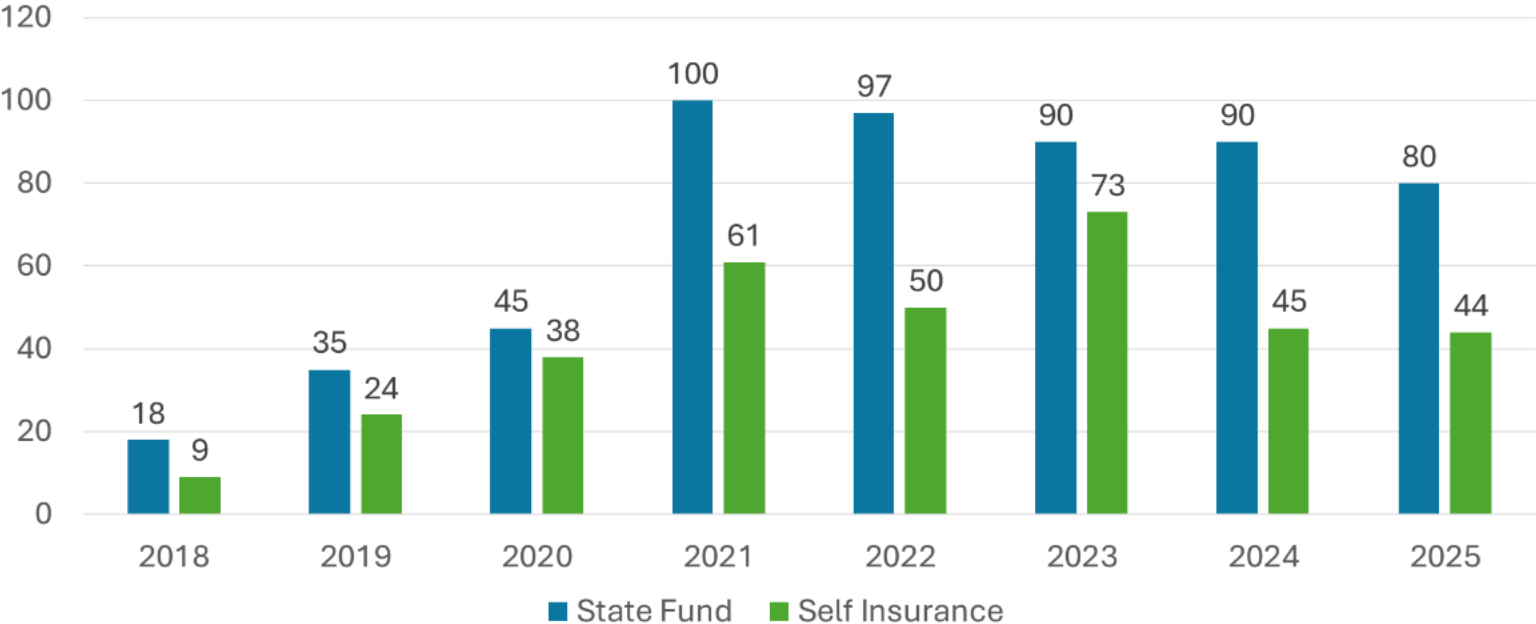
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# PTSD specific claim determination

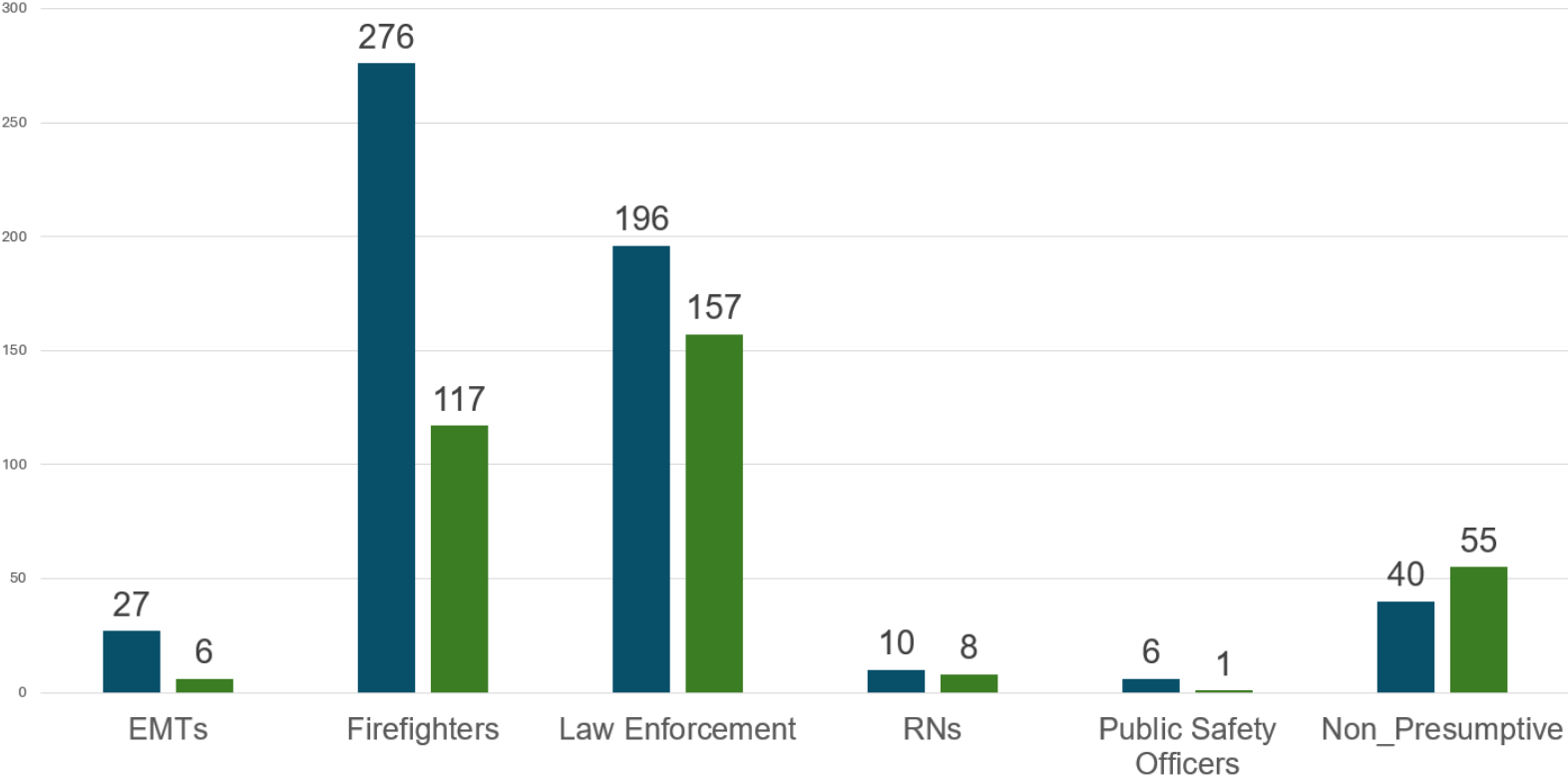
- Injury (allowed for all workers)
- Occupational disease (allowed for firefighters, law enforcement, public safety telecommunicators, and direct care nurses)
- Occupational disease presumption (allowed for firefighters, fire investigators, EMTs, law enforcement, and direct care nurses)

# PTSD Claims Received by Year



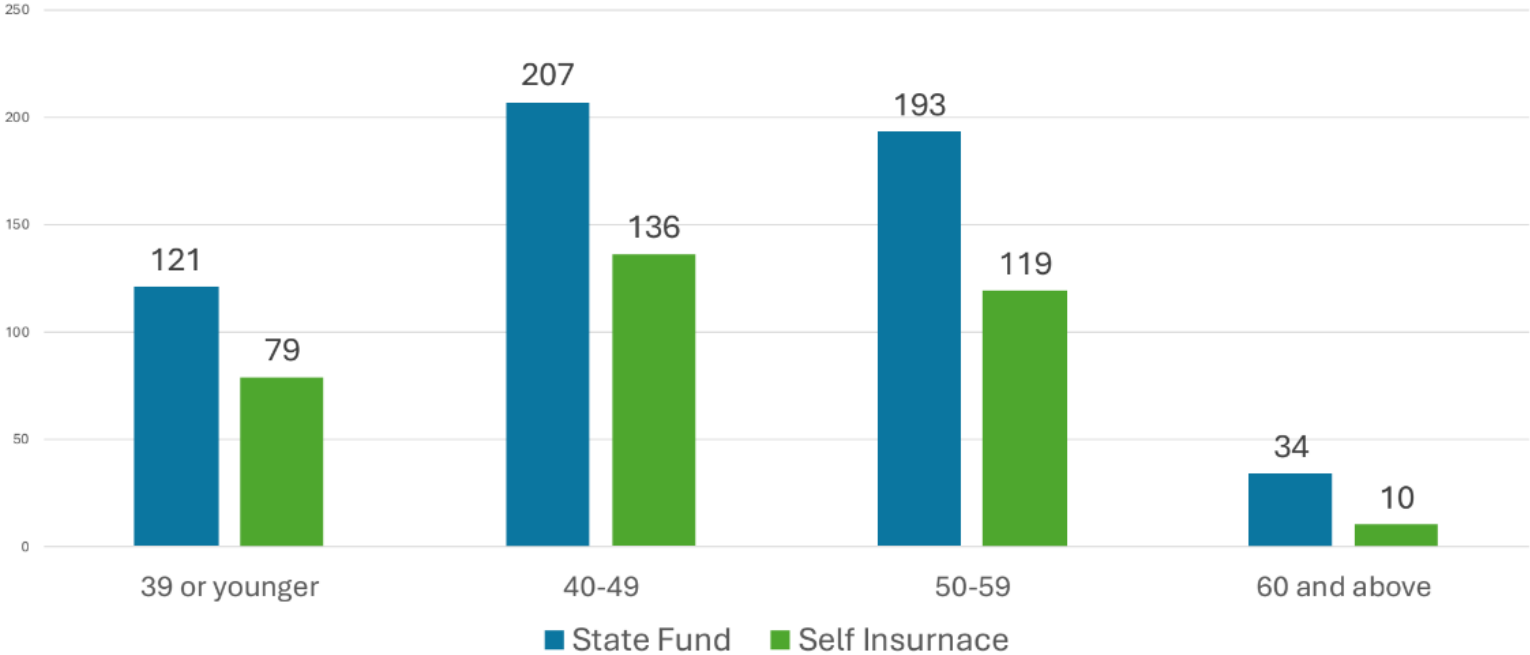
Includes presumptive and non-presumptive PTSD claims for SF and SI from 6/7/18 - 11/30/25

# Claims by Occupation



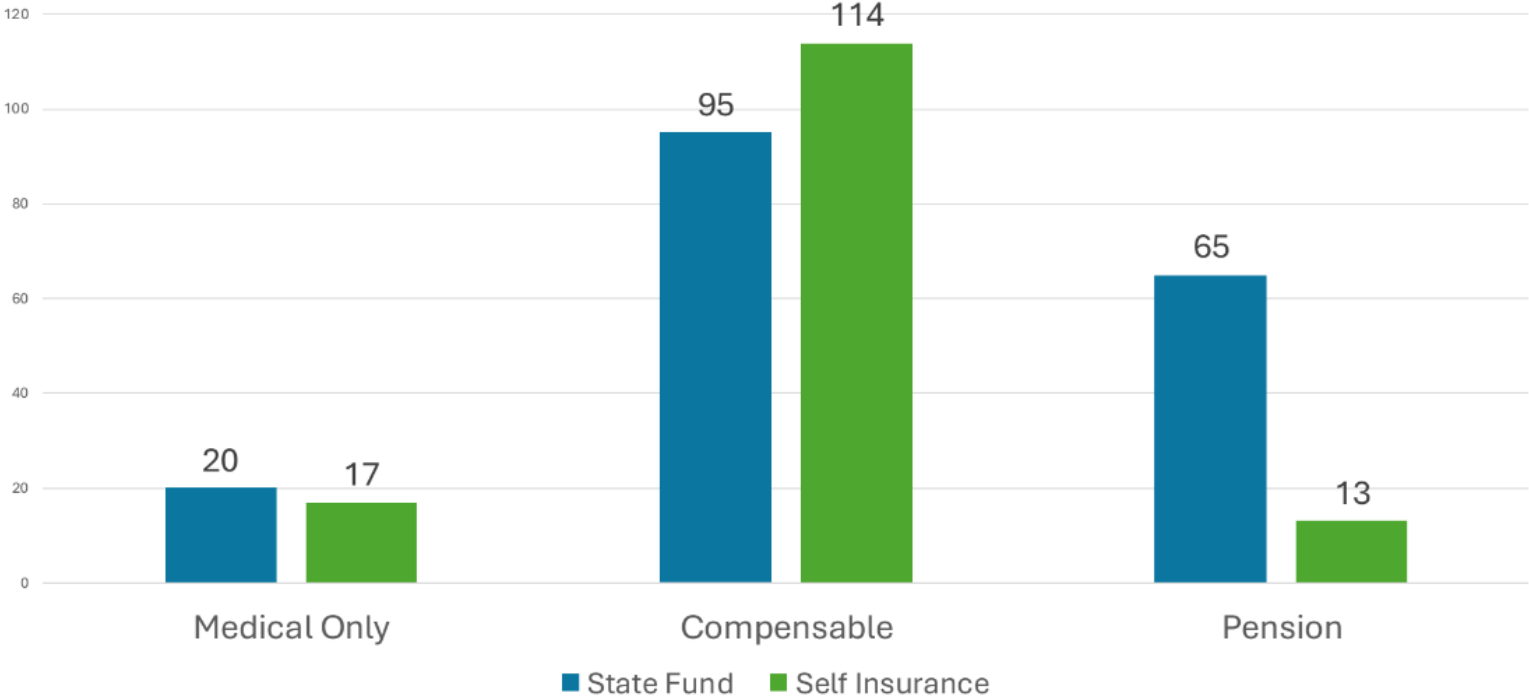
Includes presumptive and non-presumptive PTSD claims for SF and SI from 6/7/18 - 11/30/25

# Worker Age at Date of Injury (PTSD)



Includes presumptive and non-presumptive PTSD claims for SF and SI from 6/7/18 - 11/30/25

# PTSD Claim Closure Outcomes



Includes presumptive and non-presumptive PTSD claims for SF and SI from 6/7/18 - 11/30/25

The department is developing a multifaceted approach for the advancement of recovery and return to work for workers with PTSD.

# Why this matters

## Workers with PTSD Claims are more likely to experience:

- Longer claim duration
- Limited access to trauma-informed care
- Lack of system coordination
- Insufficient worker-centric return to work/light duty opportunities
- Higher rates of permanent total work disability

## Negative impacts are felt by

### Workers

- Loss of career
- Less ability to participate in community
- Lower lifetime earnings
- Lower feelings of well-being
- Negative impact on family/friends
- Increase in co-morbid conditions

### Employers

- Negative impact on morale
- Lower workforce = need to hire and train new staff
- Loss of productivity and creativity

# First steps

The department sought greater understanding to influence recommendations. Findings include:

WCAC PTSD Subcommittee	Data analysis	Commissioned report and jurisdictional review
<p>Barriers to accessing effective mental health care persist statewide.</p> <p>Employers have strong interest in support services and early identification of mental health needs.</p> <p>Workers and employers find it challenging to navigate the current process successfully.</p>	<p>L&amp;I staff identified key data points needed to evaluate PTSD claim performance and emerging trends.</p> <p>Developed a Quarterly report on PTSD presumptive and non-presumptive occupational disease claims.</p>	<p>No jurisdiction has “solved” PTSD claims management and return to work.</p> <p>Promising approaches include:</p> <ul style="list-style-type: none"><li>• Early, specialized assessment and triage.</li><li>• Coordinated case management with mental health expertise.</li><li>• Structured provider engagement and trauma-informed training.</li></ul>

# Efforts underway

## Happening now

- Established standardized reports for monitoring and reporting on PTSD claims.
- Designated claim managers for all PTSD claims.
- Proposing legislation to pilot early and sustained treatment options (presently under consideration by OFM).
- Engaging with Stakeholders.
- Developing an evidence-based PTSD clinical guideline with the Industrial Insurance Medical Advisory Committee (IIMAC).

# PTSD Clinical Guideline Development

IIMAC prioritized the development of a PTSD clinical guideline to improve diagnosis and treatment	
IIMAC PTSD Subcommittee developed draft guideline	Aug. 2024 – July 2025
IIMAC PTSD Subcommittee presented draft guideline to IIMAC	July 24, 2025
L&I conducted formal written public comment period	July 25 – Sept. 19, 2025
IIMAC dedicated quarterly meeting to hearing oral public comment on the draft guideline	October 23, 2025
Currently: IIMAC PTSD Subcommittee reviewing public comment and considering changes to the draft guideline	First meeting December 3, 2025

## Addressing Next

- Complete PTSD Clinical Guideline:
  - IIMAC Subcommittee recommends revised draft guideline to IIMAC
  - IIMAC determines whether to recommend guideline to L&I
  - L&I determines whether to adopt the guideline and how to proceed with implementation
- Bring more clinical expertise into claim decision-making.
- Increase awareness about how clinical best practices support worker centric return to work plans with employers, worker representatives and providers.

## Considering later

- Support ongoing access to early and sustained treatment options, based on what is learned by pilot (if passed by the legislature).
- Establish Job Analysis focused on mental health to improve return-to-work planning.
- Support employer-based wellness and support programs.
- Expanding provider training and network capacity for trauma-informed care.
- Partner with providers to expand access to trauma-informed care.
- Develop capacity to evaluate PTSD-related strategies.

## In Summary

Together we have an opportunity to:

- Build a trauma-informed, data-driven system of care.
- Improve support services and recovery outcomes for injured workers.
- Position Washington as a national leader in PTSD treatment, recovery, and worker-centric outcomes.

Achieve shared goals of:

- Sustained worker-centric return to work and meaningful activities.
- Clear and effective coordination between workers, employers and providers.

# Break Time



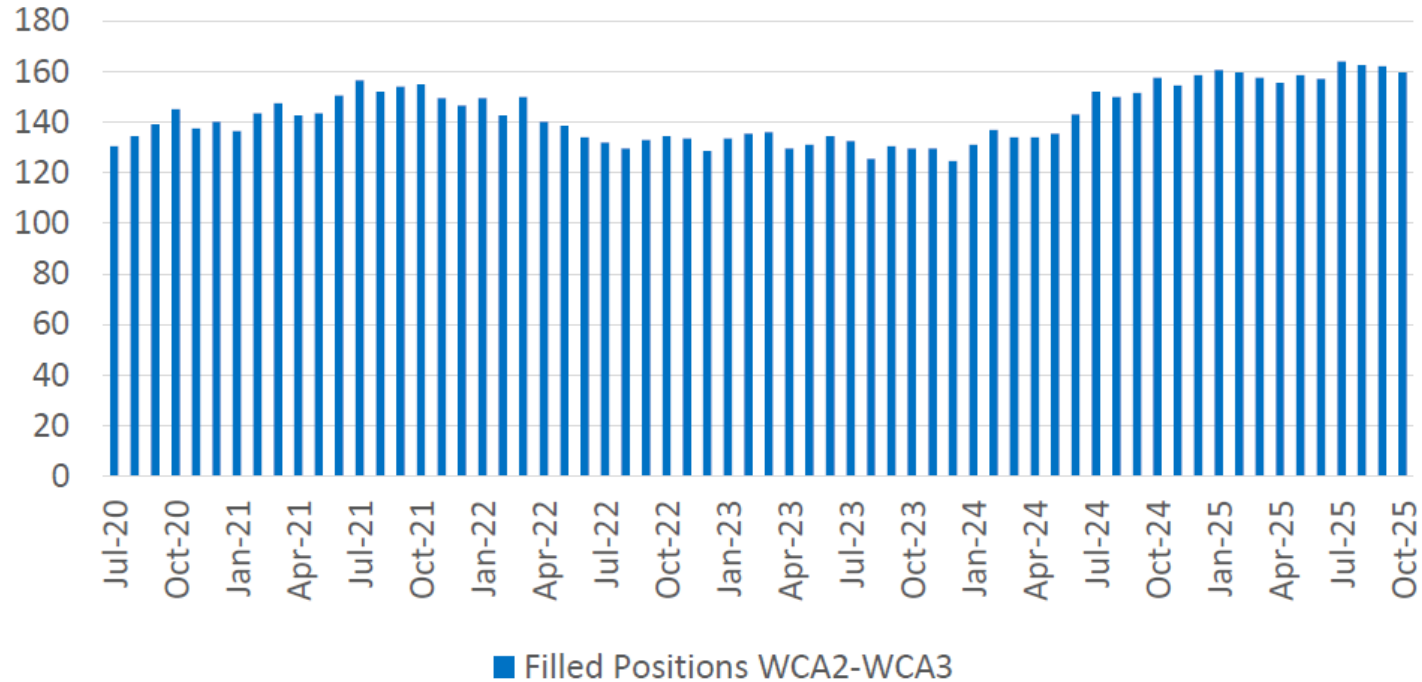


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# Operational Health Dashboard

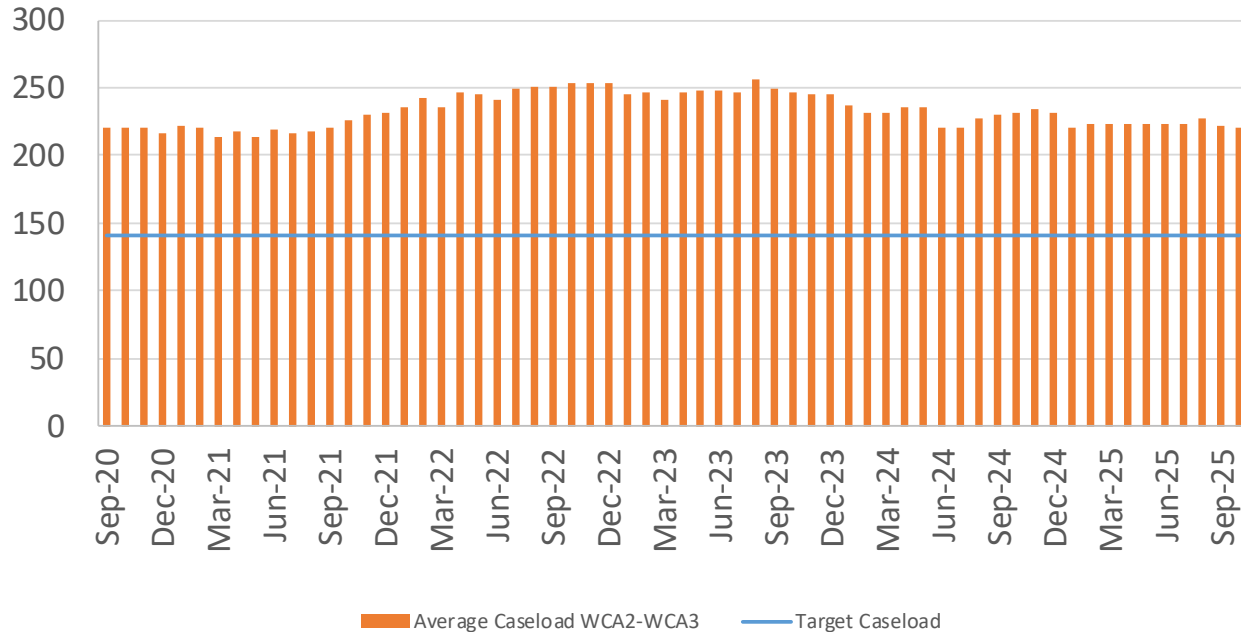
*Brenda Heilman, Assistant Director  
Insurance Services*

# Filled Level 2 & 3 Claims Manager Positions












# Average Level 2 & 3 Claims Manager Caseload

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

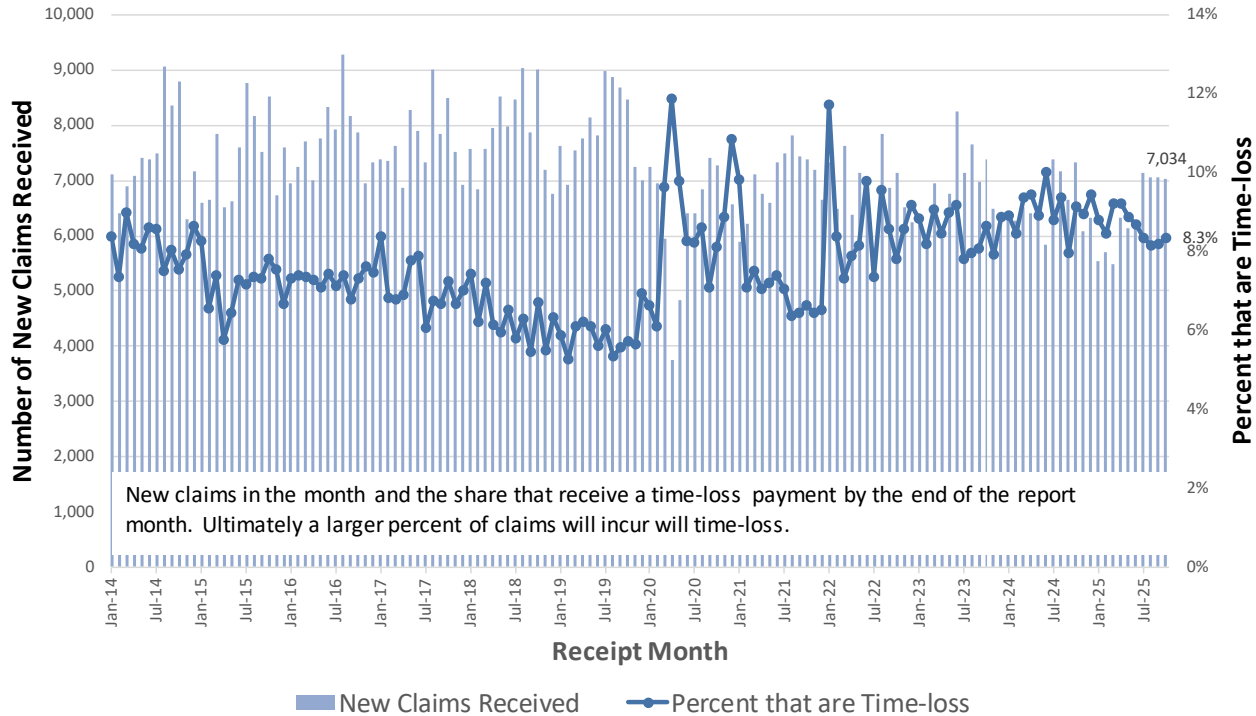


# Operational Health Dashboard

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.

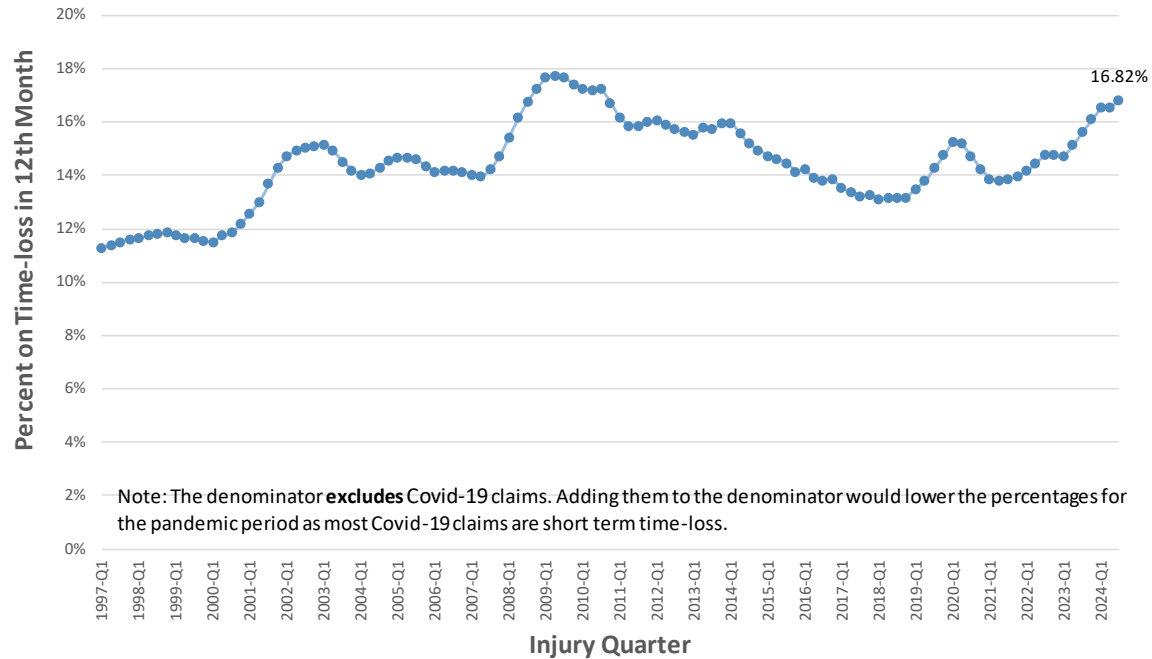
 Right direction 
  Neutral 
  Wrong direction

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

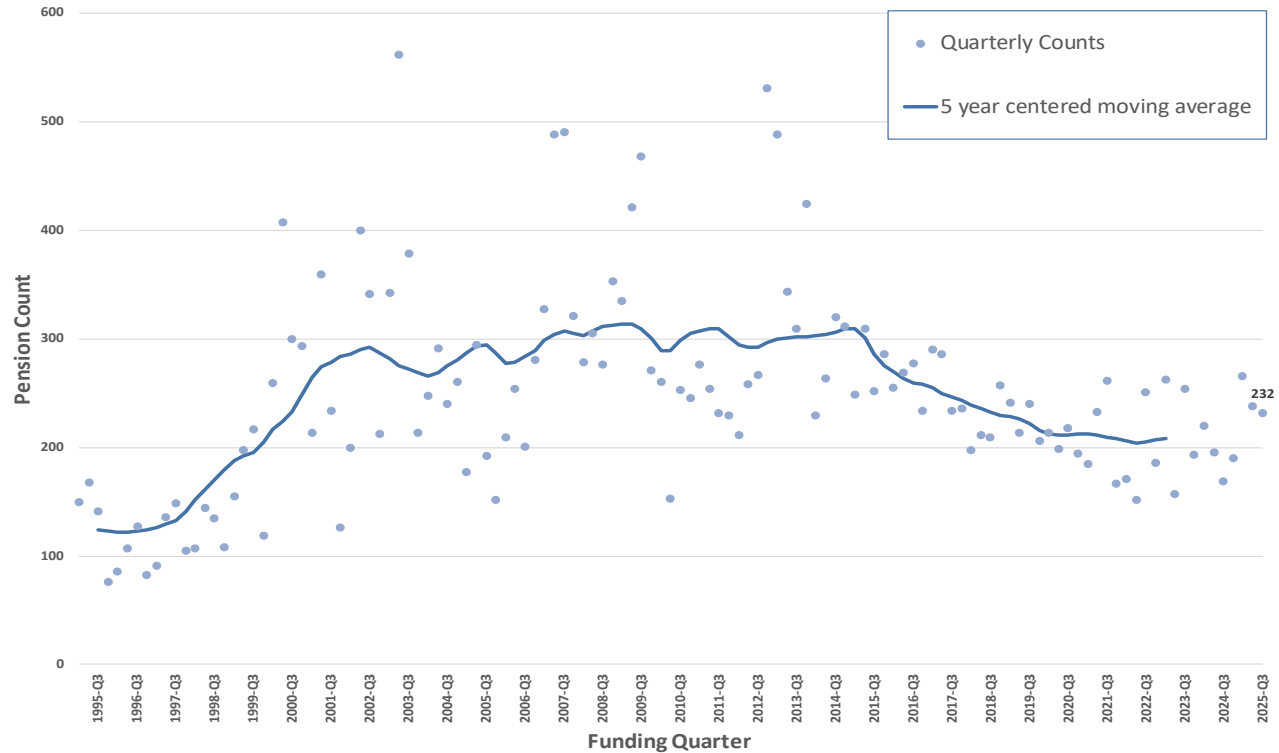


# Long Term Disability Claims

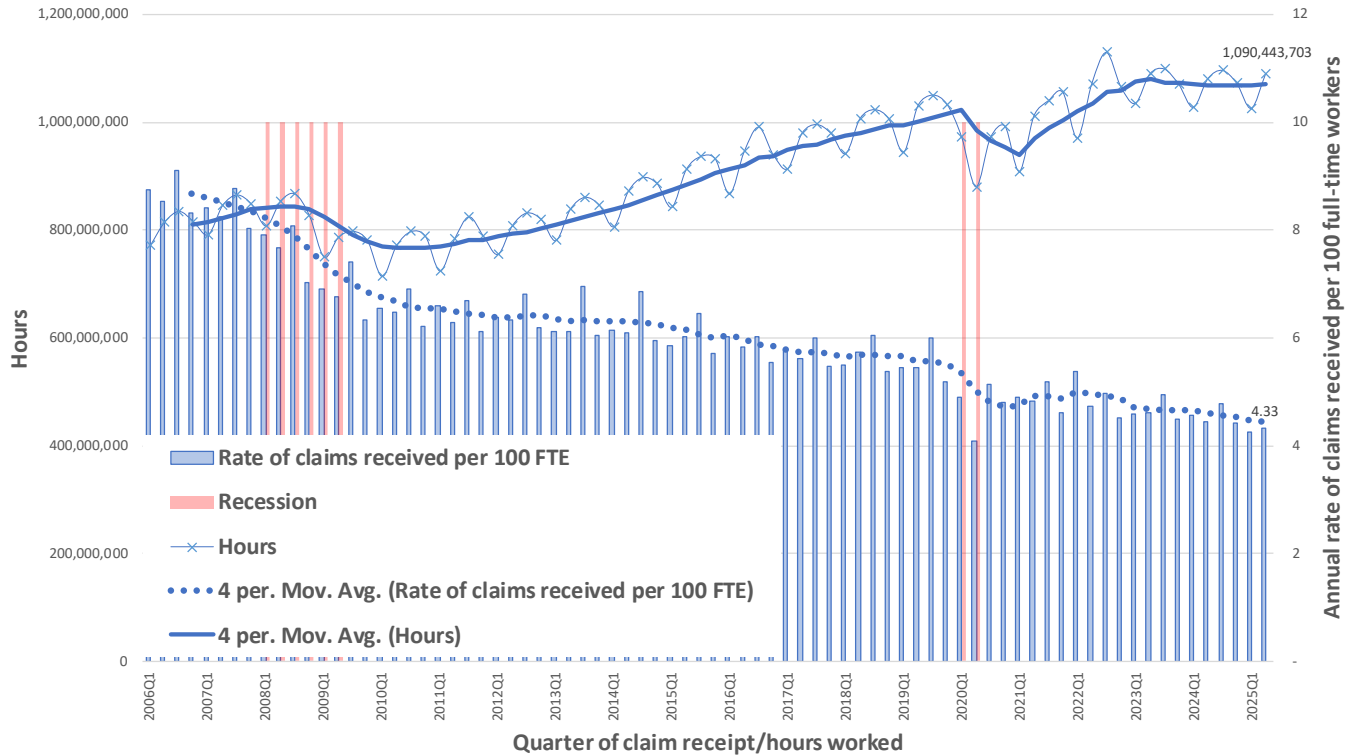
The percent of injured workers with compensable claims that have time-loss paid in the 12th month post injury: *smaller percentage indicates less long-term disability*



# State Fund Total Permanent Disability Pensions Funded per Quarter

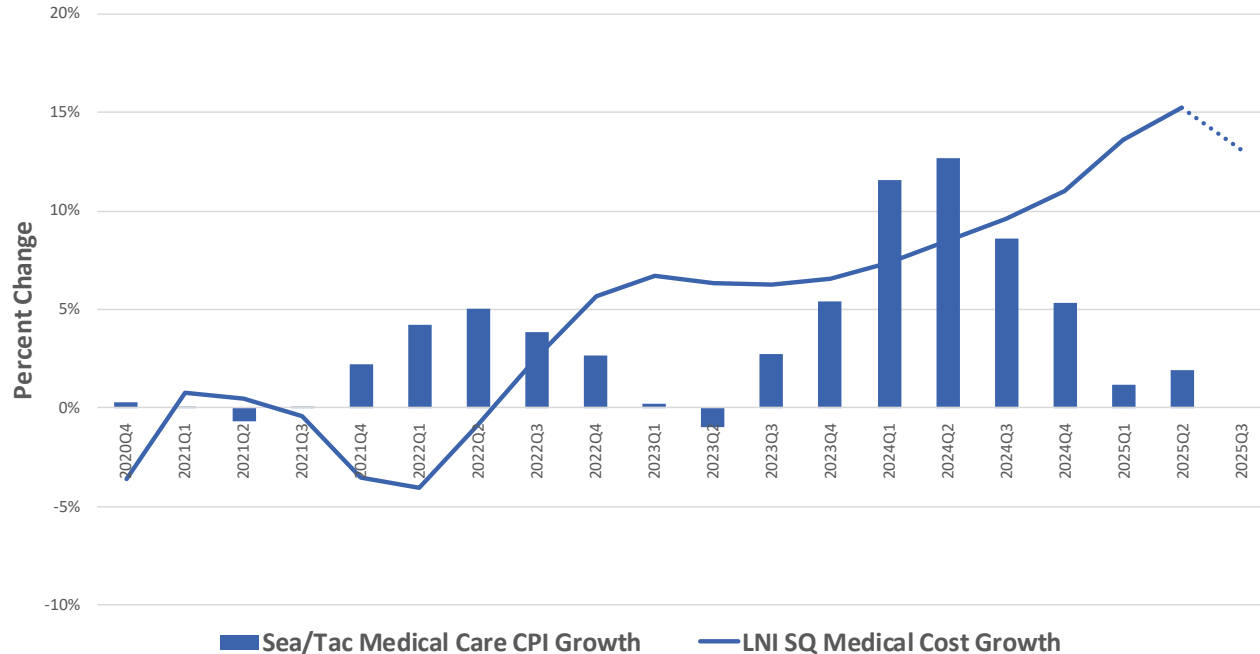


# Covered Hours and the Rate of Claims Received



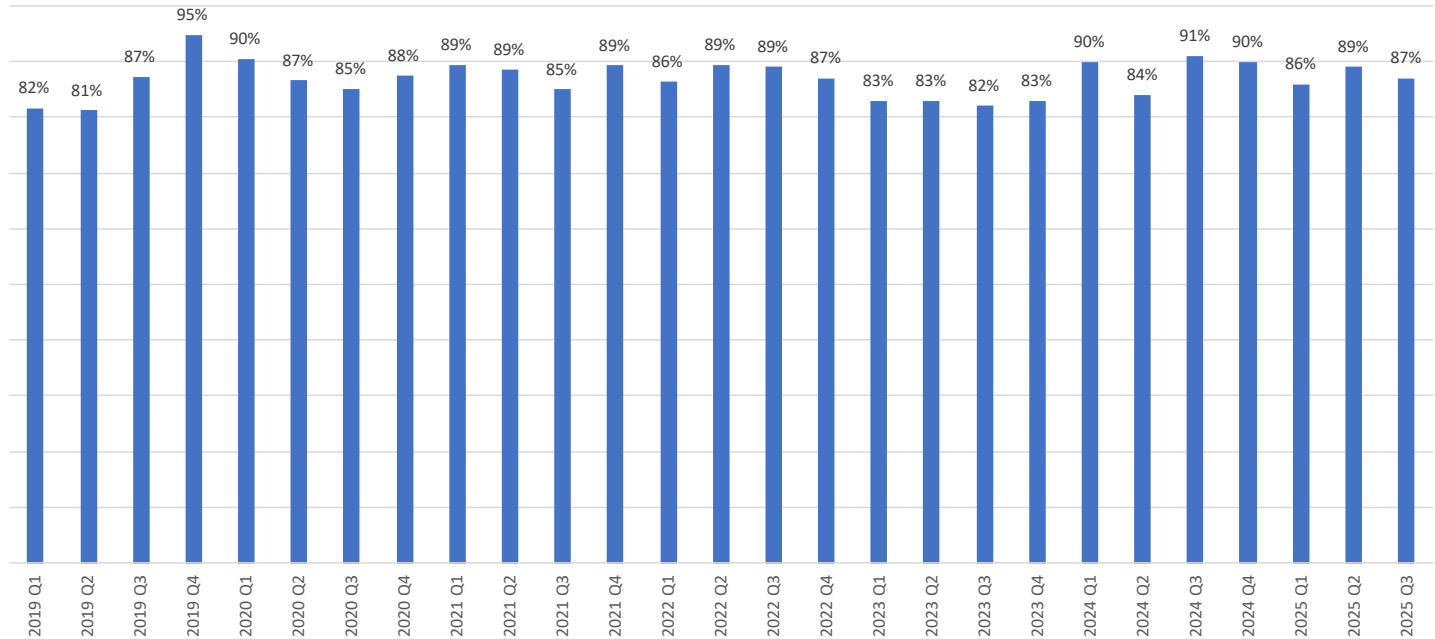
# Annualized Medical Cost Growth

## 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

# September to October 2025



## Into-standard

Support Services Imaging  
Scan/Index: All incoming state  
fund claims documents are  
processed within one calendar day  
from receipt

# Employer Services

**Metric:** WSAW – Oldest Unworked Application From Date of Receipt

**Goal:** Green: ≤30 Days

Yellow: 31-40 Days

Red: ≥41 Days

**Metric Status:** 68 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:** 39 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.

# Support Services

**Metric:** Bill Processing: Bills entered within 4-calendar days of receipt

**Goal:** Green:  $\leq 4$

Yellow: 4.1-8.9

Red:  $\geq 9$

**Metric Status:** 16

**Mitigation Plan:**

- Training of new hires continues and a decrease in turnaround days is expected.
- Cross-training underway to support Bill Processing.



# Return to Work Program Overviews

*Caitlyn Jekel, Chief of Return To Work*

*Lynda Ducharme, ERTW and Account Services Manager*

# Return to work services

Pre-claim consultation	Post-claim RTW assistance	Vocational Rehabilitation Services	WorkSource Services
<ul style="list-style-type: none"> <li>• Employer consultation pre-claim.</li> <li>• Educate and set up for success.</li> <li>• Light Duty Job and JA Banks.</li> <li>• Ergonomic consultation to prevent injuries.</li> </ul>	<ul style="list-style-type: none"> <li>• Employers may reach out to ERTW directly to request assistance with RTW.</li> <li>• Additionally, ERTW staff proactively reach out to employers in some circumstances.</li> <li>• Their goal is to assist with claims in the first 60 days.</li> </ul>	<ul style="list-style-type: none"> <li>• 400+ certified private sector vocational rehabilitation counselors (VRC).</li> <li>• Vocational recommendations are reviewed and approved.</li> <li>• QA is managed in coordination with vocational firms.</li> <li>• Oversight of vocational services and training providers is provided.</li> </ul>	<ul style="list-style-type: none"> <li>• L&amp;I vocational service specialists are present in WorkSource centers throughout the state.</li> <li>• Consultation services are provided to workers and employers.</li> </ul>

	State Fund	Self-Insurance
Vocational Rehabilitation Services	Vocational rehabilitation services for both State Fund and Self-Insurance are directed in Title 51 RCW. Benefits available to workers are the same, but approach may differ.	
Early RTW services	Voluntarily available through L&I.	Performed by the self-insured employer or Third-Party Administrator (TPA).
Claim administration	L&I Claim Managers determine the need for vocational services.	Self-insured employer or TPA manage claim and determine need for vocational services.
Referral process	Claim Managers make referrals for vocational services using a firm-based regional distribution model.	Professional vocational providers are hired directly by the employer.
Provider network	64 statewide vocational firms are approved to serve workers' compensation claimants. Of those, 50 serve State Fund claims and 28 serve Self-Insured employers.	
Reporting and data	All vocational recommendations are reported to the department.	Vocational recommendations are reported to the department, except when a worker returns or is released to the job of injury.

# Early Return to Work (ERTW) Consultation

Comprehensive support to employers and workers to prepare for claims and assist with return-to-work:

Education	Program Development	Claim Support
Provide employers education and insight into the value of a structured return-to-work process and how it can positively impact their organization.	Help employers build or refine their internal policies, procedures, and tools to support return-to-work efforts, including: <ul style="list-style-type: none"><li>- Create return-to-work programs</li><li>- Create light duty job banks</li><li>- Conduct ergonomic evaluations</li><li>- Coach and advise on L&amp;I processes and requirements.</li></ul>	Assist employers and workers early in the claim to develop return-to-work options.  Coordinate with medical providers, claim managers, Stay at Work, and other involved parties to identify medically appropriate job duties and tasks to accomplish a smooth, timely return to work.

• 859 Employers were helped from 12/2024 - 11/2025

Link: [Early Return to Work Consultation](#)

# Early Return to Work (ERTW) at WorkSource

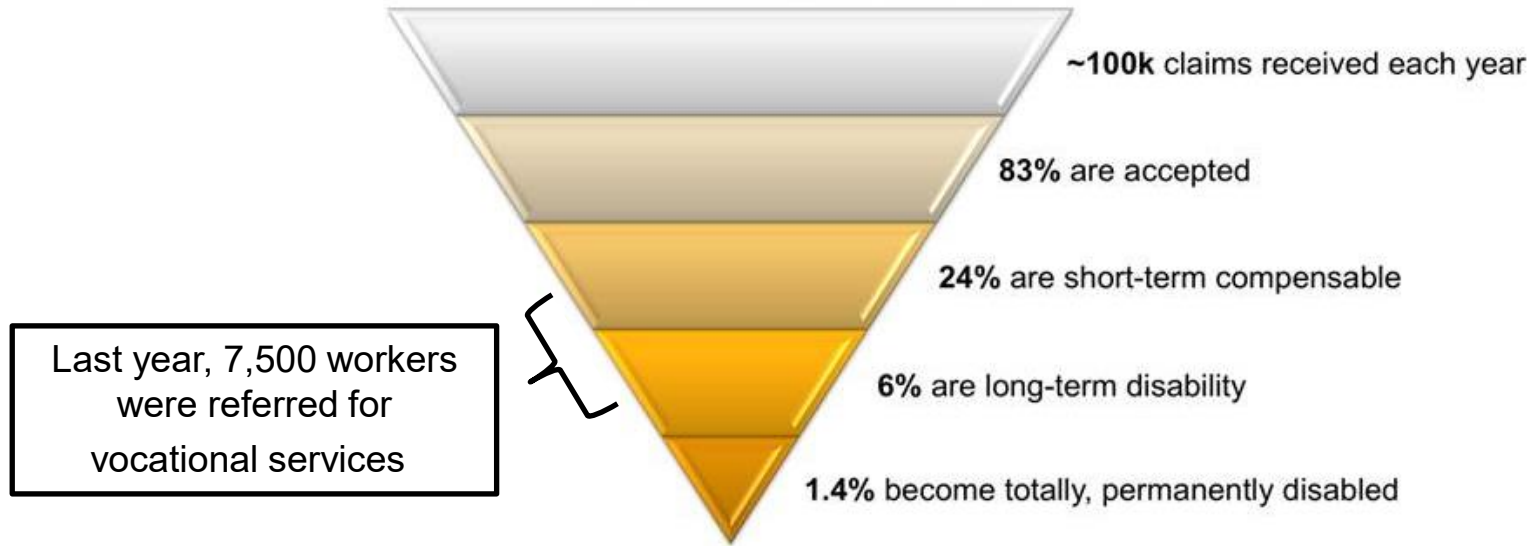
**The ERTW WorkSource team** members are co-located at WorkSource centers throughout Washington State. 1,227 workers received services from 11/2024 - 12/2025.

Services include:

- Supporting return-to-work efforts.
- Assisting with resumes, interviewing skills, and current job market information.
- Evaluating needs, job readiness, job accommodations, and job development.
- Career counseling and guidance.
- Identifying education and/or training opportunities to update job skills.
- Coordinating with other WorkSource partners and community resources.
- Education and assisting with Option 2 and Preferred Worker benefits.

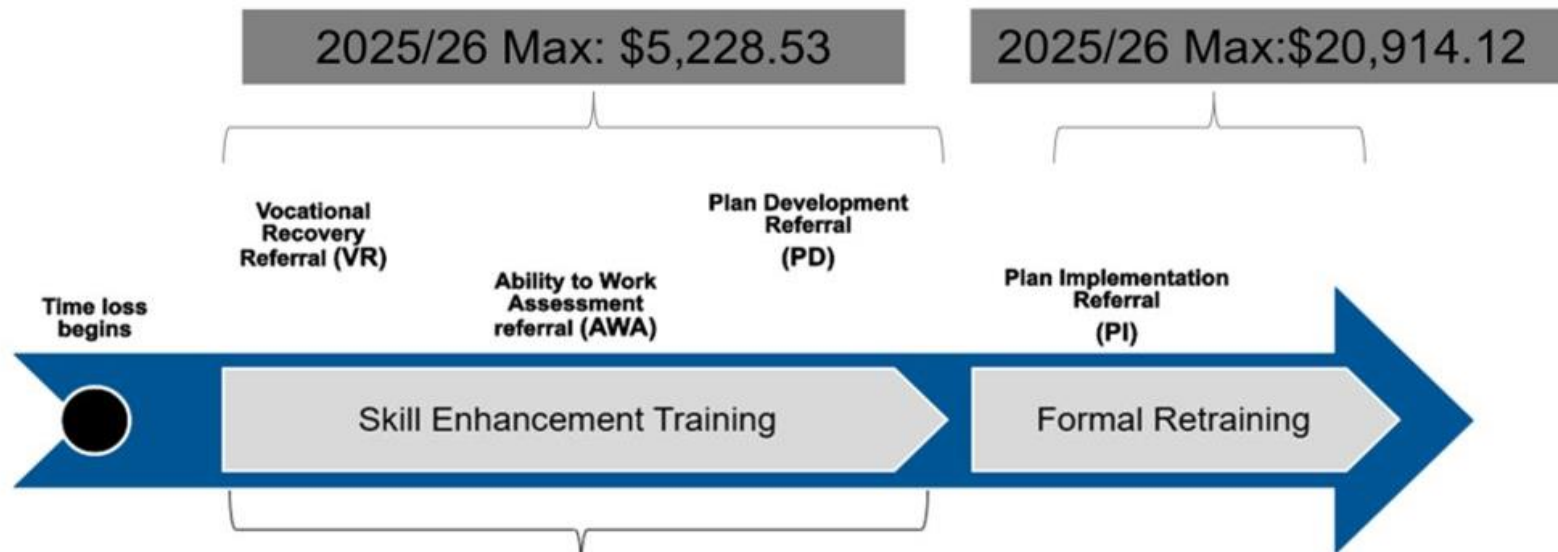
Link: [Labor and Industries at WorkSource](#)

# State Fund vocational referrals



**Source:** Facts & Figures for fiscal year 2023. Short-term compensable is a claim that receives less than 12 months of time-loss. Long-term disability is a claim that receives more than 12 months of time-loss.

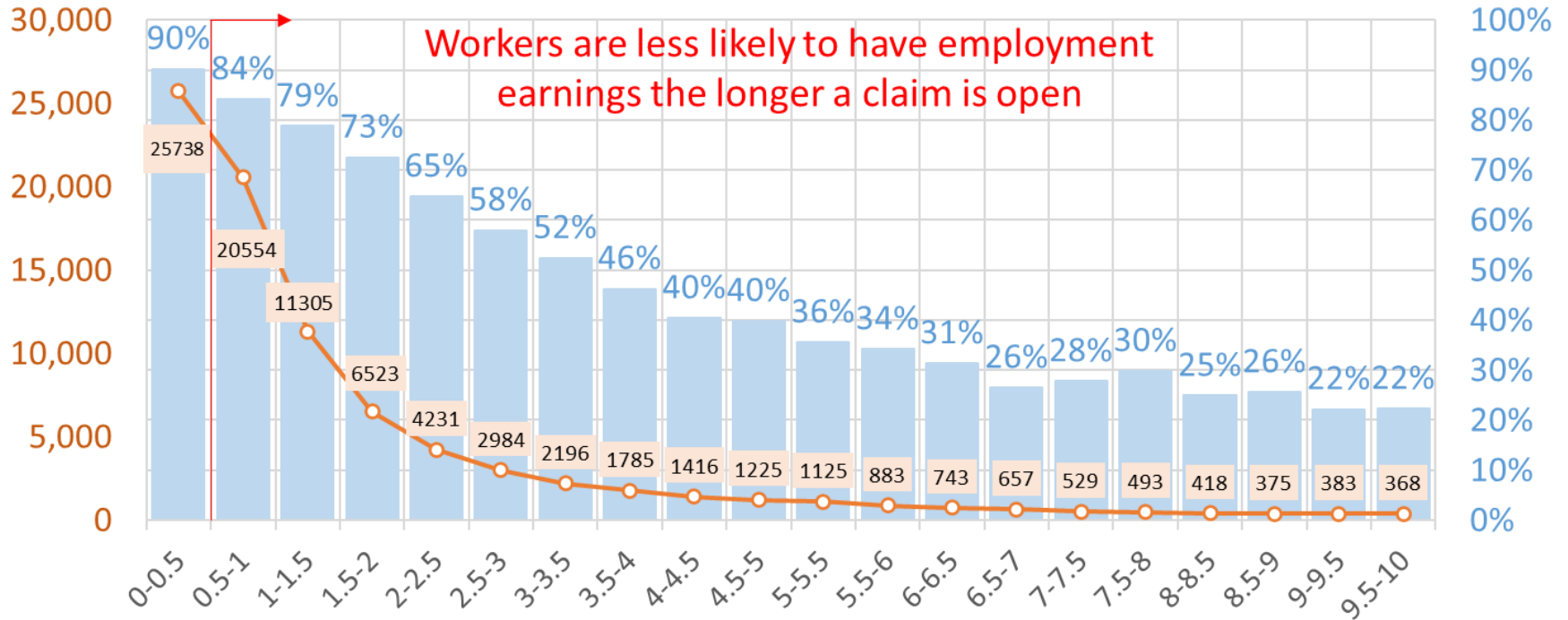
# Vocational Recovery Services



Skill Enhancement Training (SET) was established in 2024 (HB 2127). SET supports skill development activities before formal retraining. Skills gained in SET may not be construed as transferable skills. Participation in SET is voluntary.

# Importance of return to work

ESD earnings 1 year after claim close by length of time claim is open  
(SF claims with TL days more than 0 // Covid-19 claims removed)  
Claims Closed 2018-2023





## **Industrial Insurance (State) Fund Financial Overview**

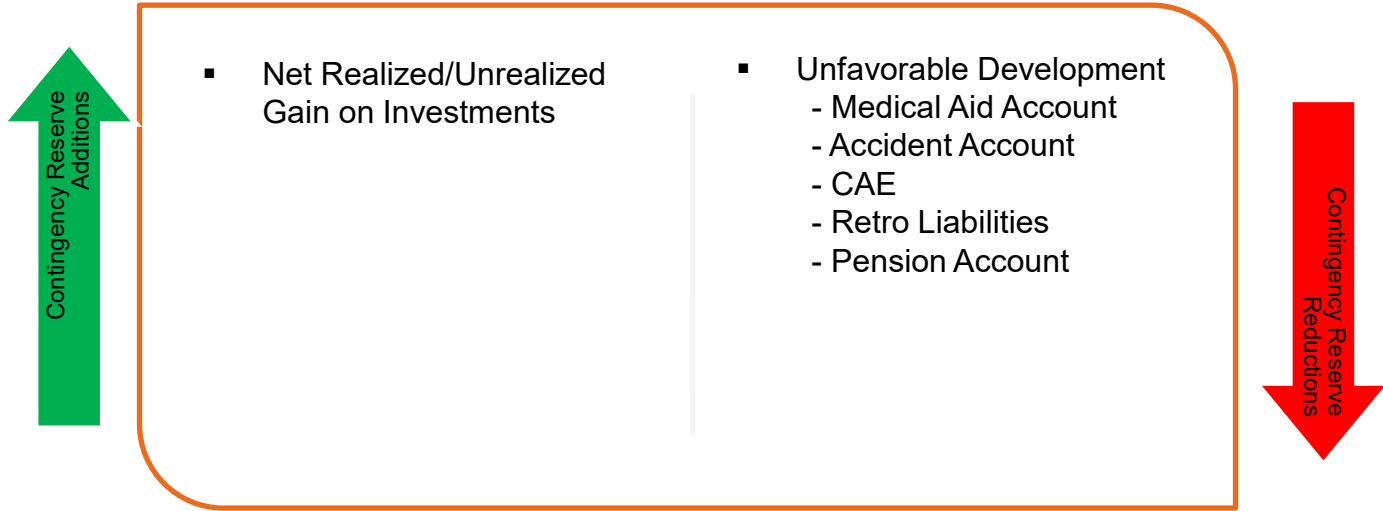
**Statutory Financial Information**  
**Fiscal Year 2026**  
**July 2025 – September 2025**

*Kim Hurley, Chief Accounting Officer*

# Significant Financial Highlights

July 2025 through September 2025

The contingency reserve increased **\$63 million**, from \$4,926 million on July 1, 2025 to \$4,989 million on September 30, 2025.



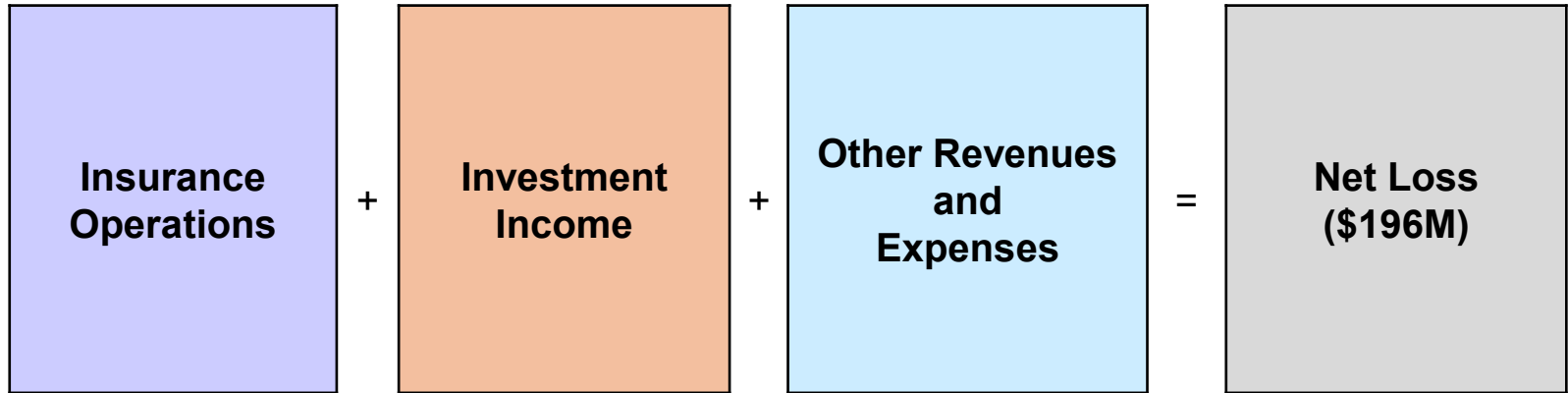
## Change in contingency reserve by quarter for fiscal year 2026

- July 1 to September 30, 2025 – an increase of \$63 million

# State Fund Results

“Net Income”

July 2025 through September 2025



# Insurance Operations

July 2025 through September 2025  
(in millions)

Three Months Ended

		September 30, 2025	September 30, 2024
We took in (Premiums Earned)	+	\$ 612	\$ 553
We spent (Expenses Incurred)			
Benefits Incurred		991	908
Claim Administrative Expenses		75	113
Other Insurance Expenses		26	26
Total Expenses Incurred	-	1,092	1,047
Net Income (Loss) from Insurance Operations	=	\$ (480)	\$ (494)

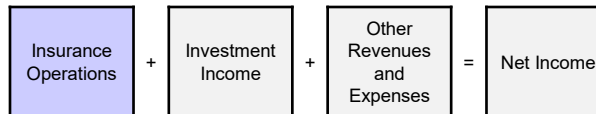
Net loss from insurance operations is normal for workers compensation insurers who routinely rely on investment income to cover a portion of benefit payments.



# Premiums Earned

July 2025 through September 2025  
(in millions)

	Three Months Ended		Difference
	September 30, 2025	September 30, 2024	
Standard Premiums Collected	\$616	\$541	
Less Retrospective Rating Adjustments	(9)	(18)	
Less Ceded Reinsurance Premiums	0	(4)	
Net Premiums Collected	607	519	
Changes in future Premium Amounts To Be Collected	53	34	
Changes in future Retrospective Rating Adjustment Refunds	(47)	0	
Net Premiums Earned	\$ 613	\$ 553	\$ 60

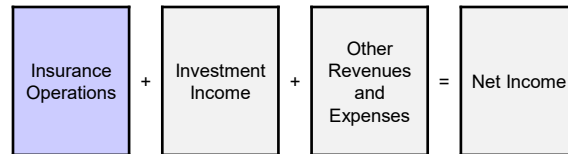


# Benefits Incurred

July 2025 through September 2025  
(in millions)

## Three Months Ended

	September 30, 2025	September 30, 2024	Difference
Benefits Paid	\$ 527	\$ 471	\$ 56
Change in Benefit Liabilities	465	437	28
<b>Total Benefits Incurred</b>	<b>\$ 992</b>	<b>\$ 908</b>	<b>\$ 84</b>



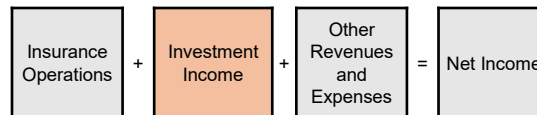
# Investment Income

## July 2025 through September 2025

(in millions)

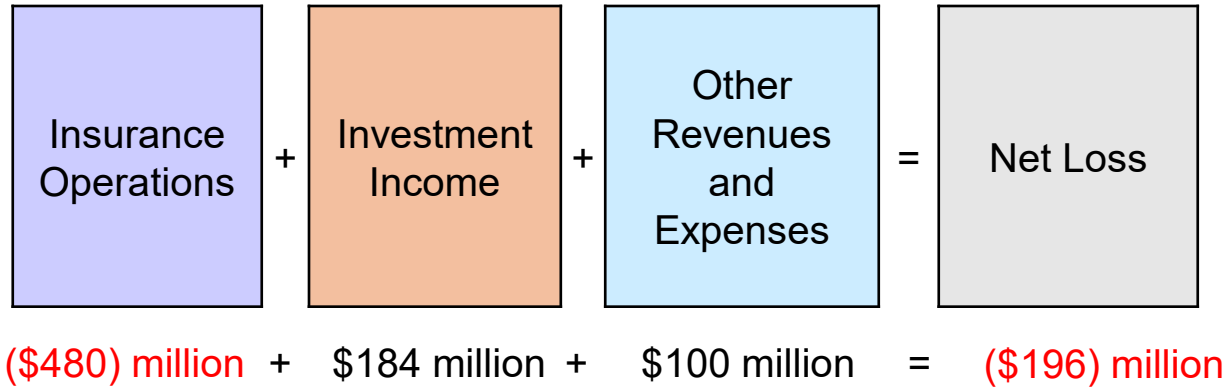
### Three Months Ended

		September 30, 2025	September 30, 2024
Investment Income Earned from Interest on bonds	+	\$188	\$158
Realized Gain/(Loss) from Fixed Income Investments Sold	+	(4)	(7)
Realized Gains from Stocks (Equity Investments) Sold	+	0	0
<b>Total Investment Income</b>	<b>=</b>	<b>\$ 184</b>	<b>\$ 151</b>



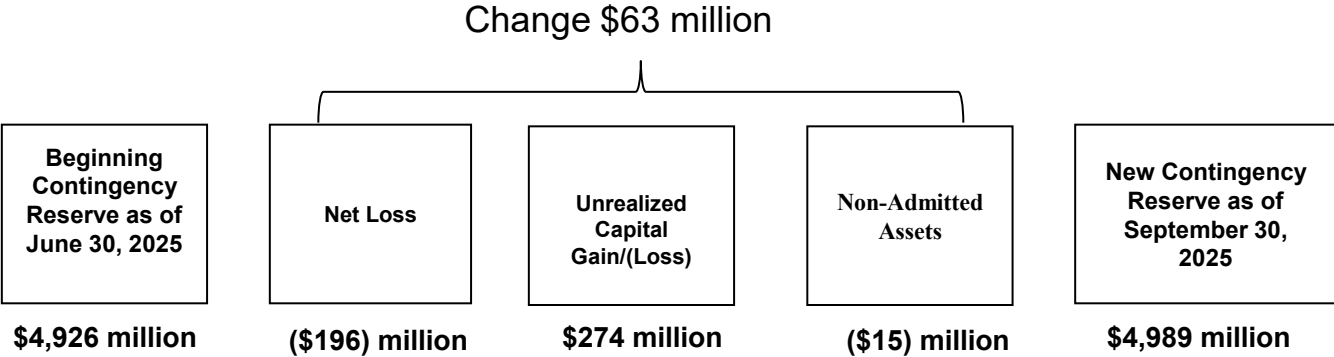
# Results of Operations

July 2025 through September 2025



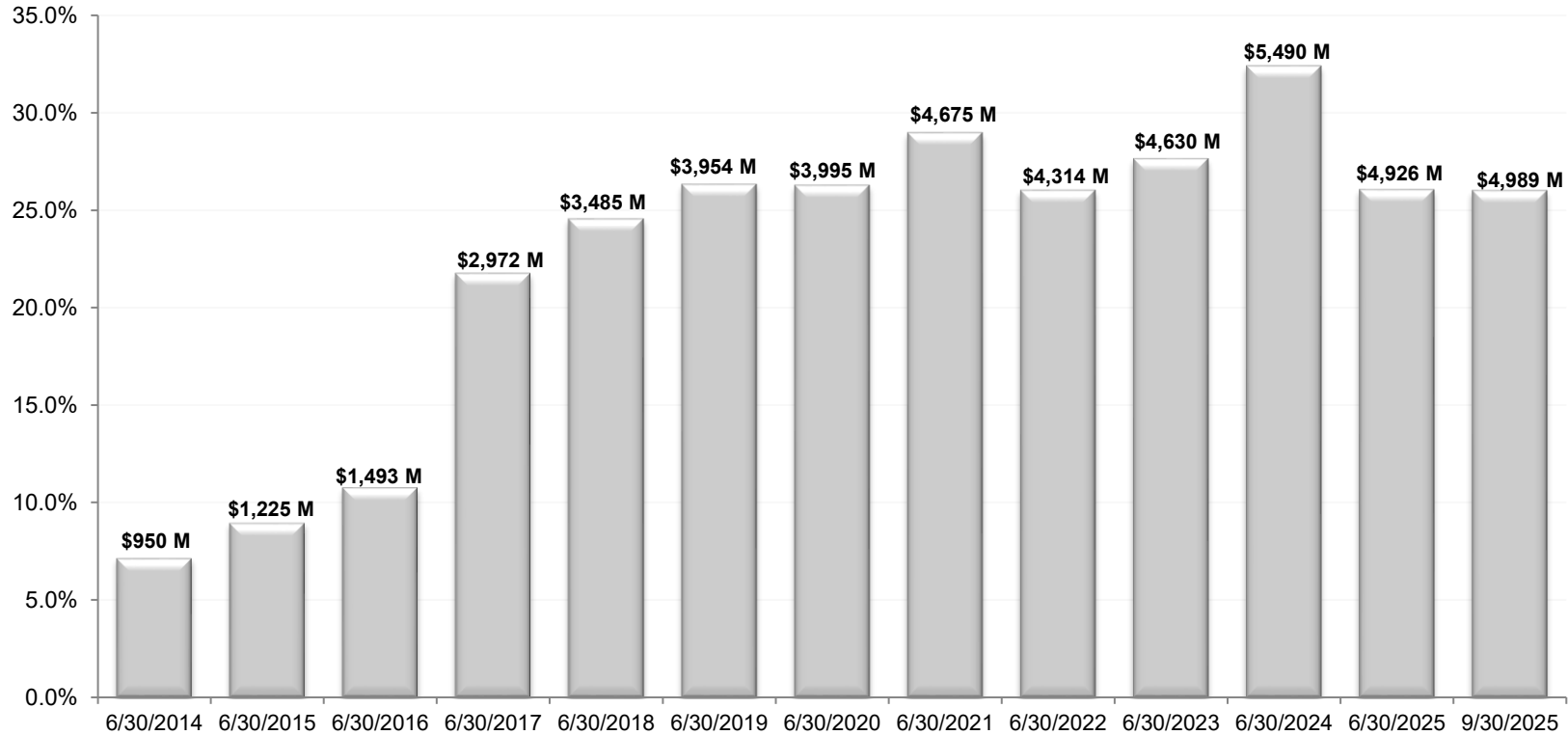
# How Did Contingency Reserve Perform?

July 2025 through September 2025



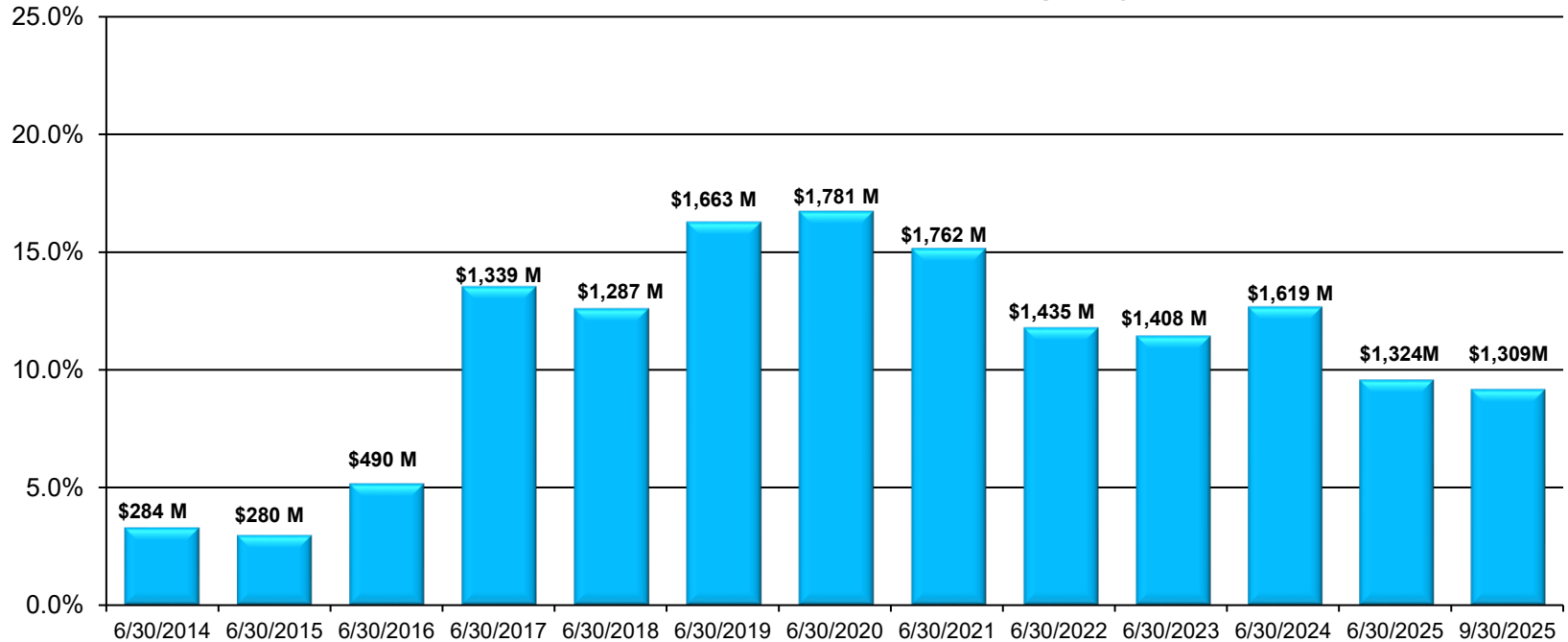
# Combined Contingency Reserve

## Combined Contingency Reserve is 26.0% of Total Liabilities



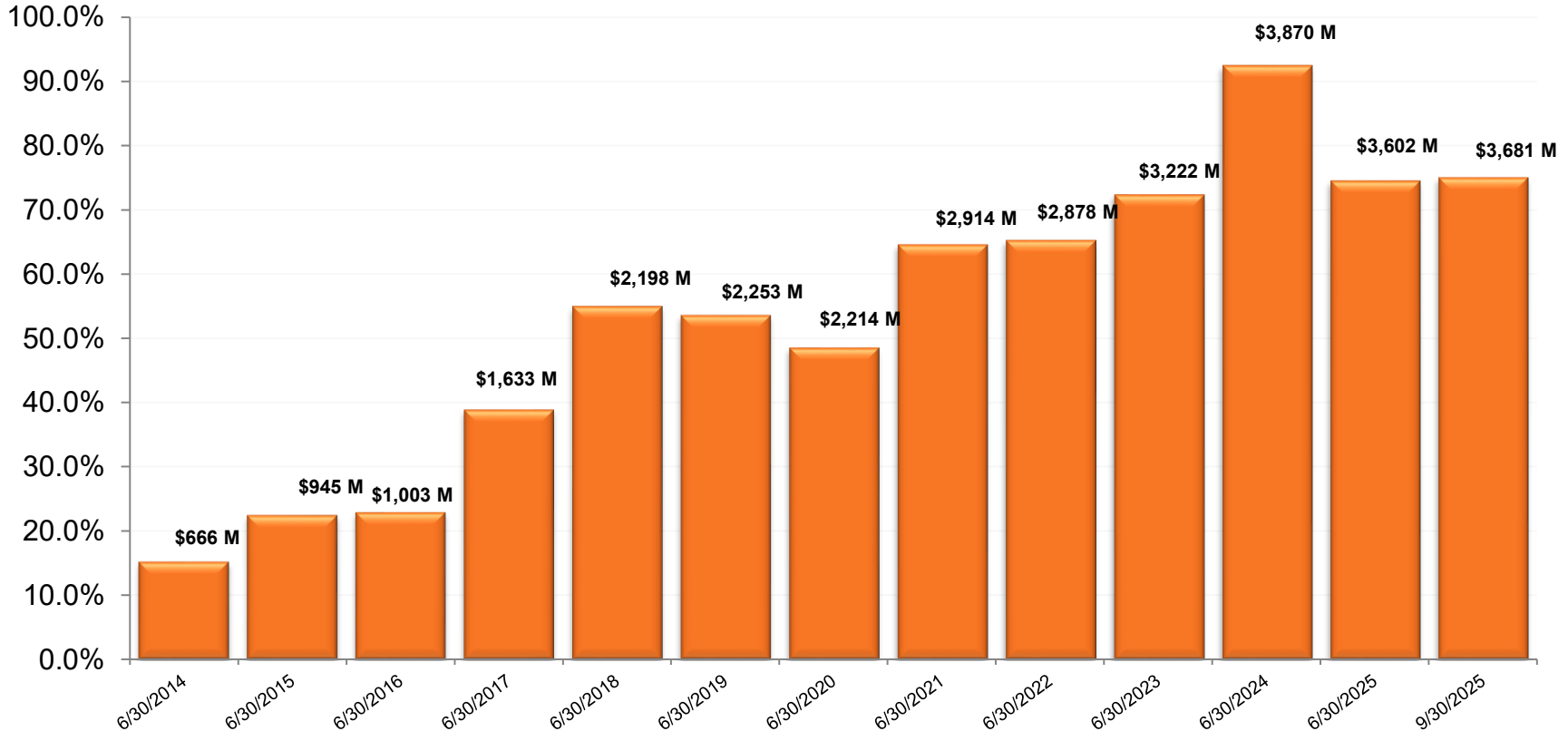
# Accident & Pension Contingency Reserve is 9.1% of Liabilities

## Accident & Pension Contingency Reserve



# Medical Aid Contingency Reserve is 75.0% of Liabilities

## Medical Aid Contingency Reserve



# Key Financial Ratios

as a percentage of premium earned

Ratios	Quarter Ended September 30, 2025		10 Year Rolling Average	Fiscal Year Ended June 30, 2025	Fiscal Year Ended June 30, 2024
	State Fund	Industry Forecast *			
Current Year Benefit (Loss Ratio)	112.8%			97.5%	97.6%
Prior Year Benefit (Loss Ratio)	49.0%			57.7%	3.8%
<b>Total Benefit (Loss Ratio)</b>	<b>161.8%</b>	<b>44.2%</b>	<b>105.5%</b>	<b>155.2%</b>	<b>101.4%</b>
Current Year CAE Ratio	12.7%			11.1%	11.9%
Prior Year CAE Ratio	(0.5%)			3.4%	(0.5%)
<b>Total Claim Administration Expense (CAE) Ratio</b>	<b>12.2%</b>	<b>13.7%</b>	<b>12.1%</b>	<b>14.5%</b>	<b>11.4%</b>
Sub-Total: Benefit and Claim Administration Expense Ratios	174.0%	57.9%	117.5%	169.7%	112.8%
Underwriting Expense Ratio includes all insurance administrative expenses except CAE	4.3%	26.6%	4.8%	4.6%	5.1%
<b>Combined Ratio (Industry omits dividends)</b>	<b>178.3%</b>	<b>84.5%</b>	<b>122.3%</b>	<b>174.3%</b>	<b>117.9%</b>
Investment Income Ratio	30.7%	19.4%	25.4%	29.3%	28.9%
<b>Operating Ratio</b>	<b>147.6%</b>	<b>65.1%</b>	<b>96.8%</b>	<b>145.0%</b>	<b>89.0%</b>

\* Industry Forecast: State of the Line Report of 2025 issued by National Council of Compensation Insurance (NCCI)



Contact Kim Hurley,  
Chief Accounting Officer

Email:

[kim.hurley@lni.wa.gov](mailto:kim.hurley@lni.wa.gov).

Thank You!



Washington State Department of  
Labor & Industries

# Board of Industrial Insurance Appeals (BIIA) Update

*Holly Kessler, BIIA Chair*



# Closing Comments & Adjourn

*Joel Sacks, Agency Director*

*Brenda Heilman, Assistant Director for Insurance Services*

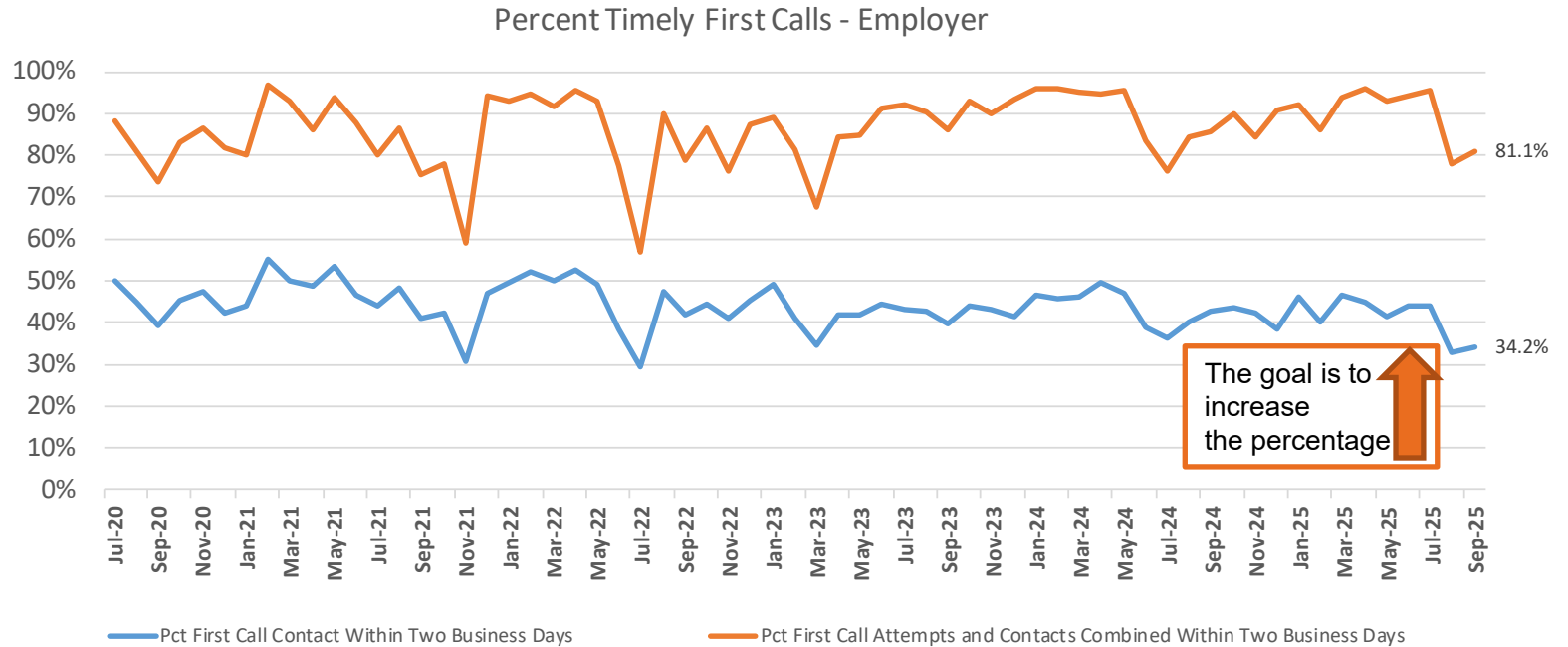
Next meeting: March 26, 2026

# DECEMBER 2025

## Operational Health Dashboard

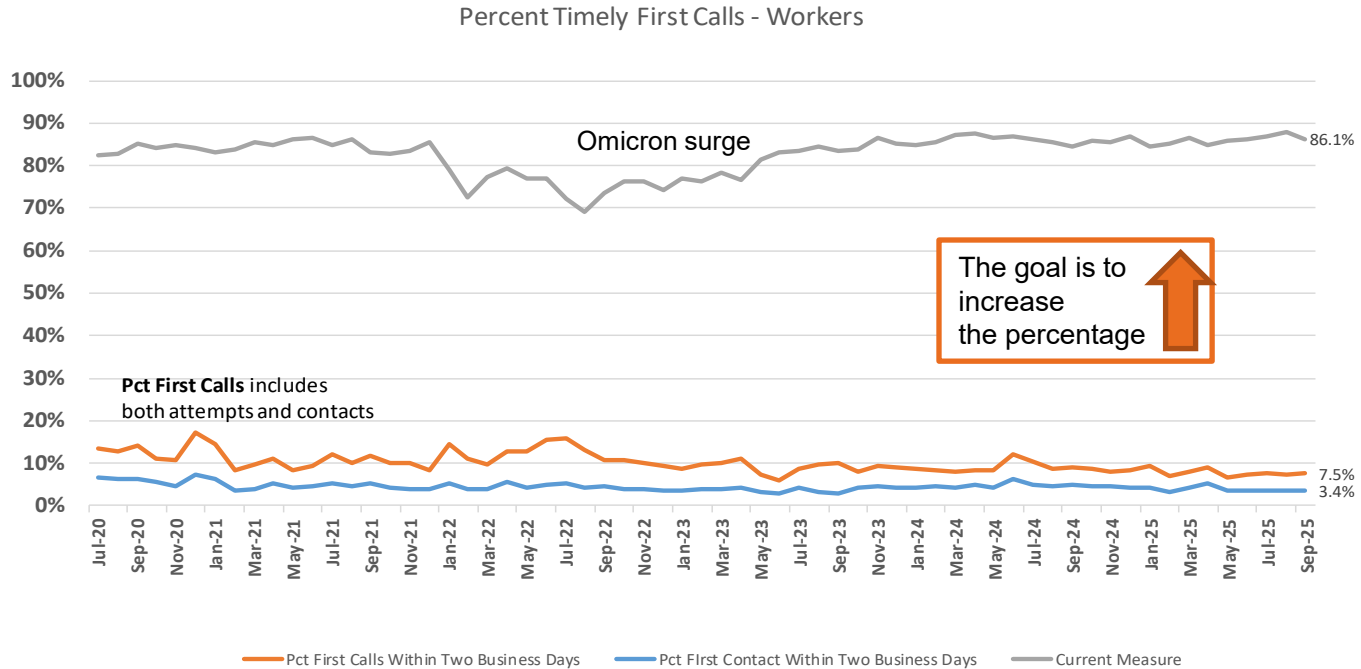
### Appendix slides

# JLARC recommended employer contact measure



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

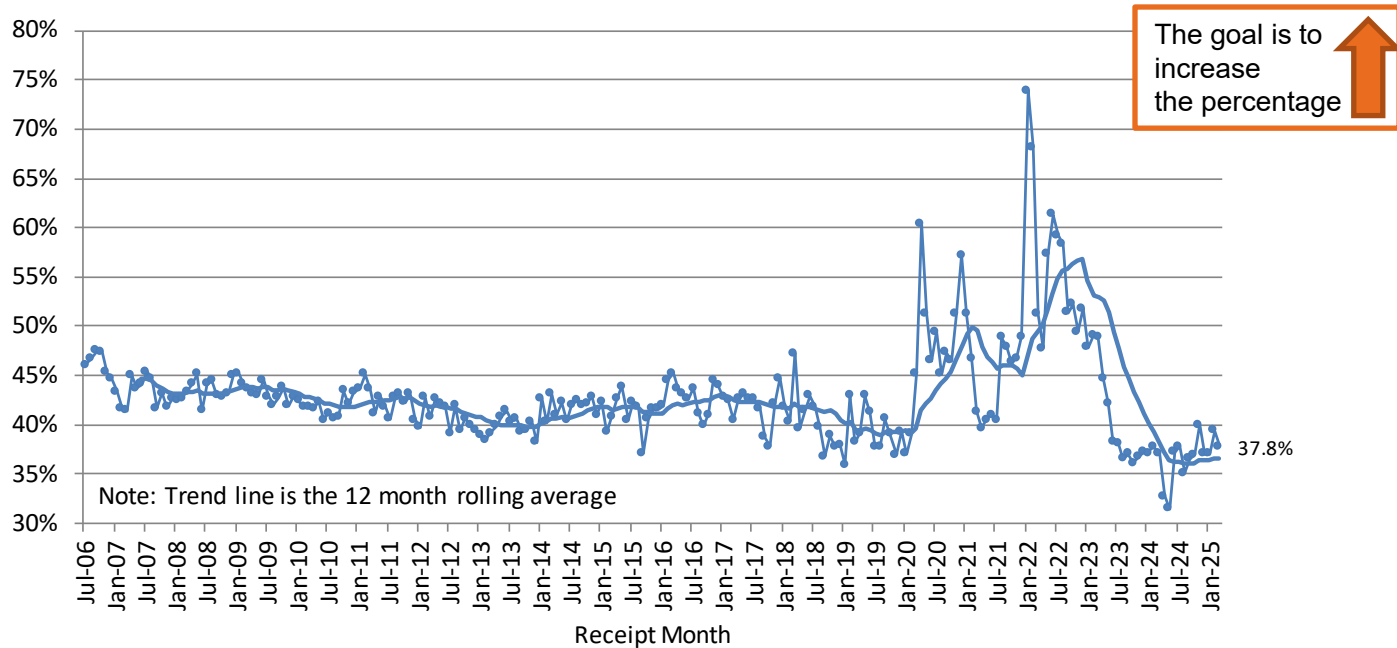
# JLARC recommended worker contact measures & L&I's current measure



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.

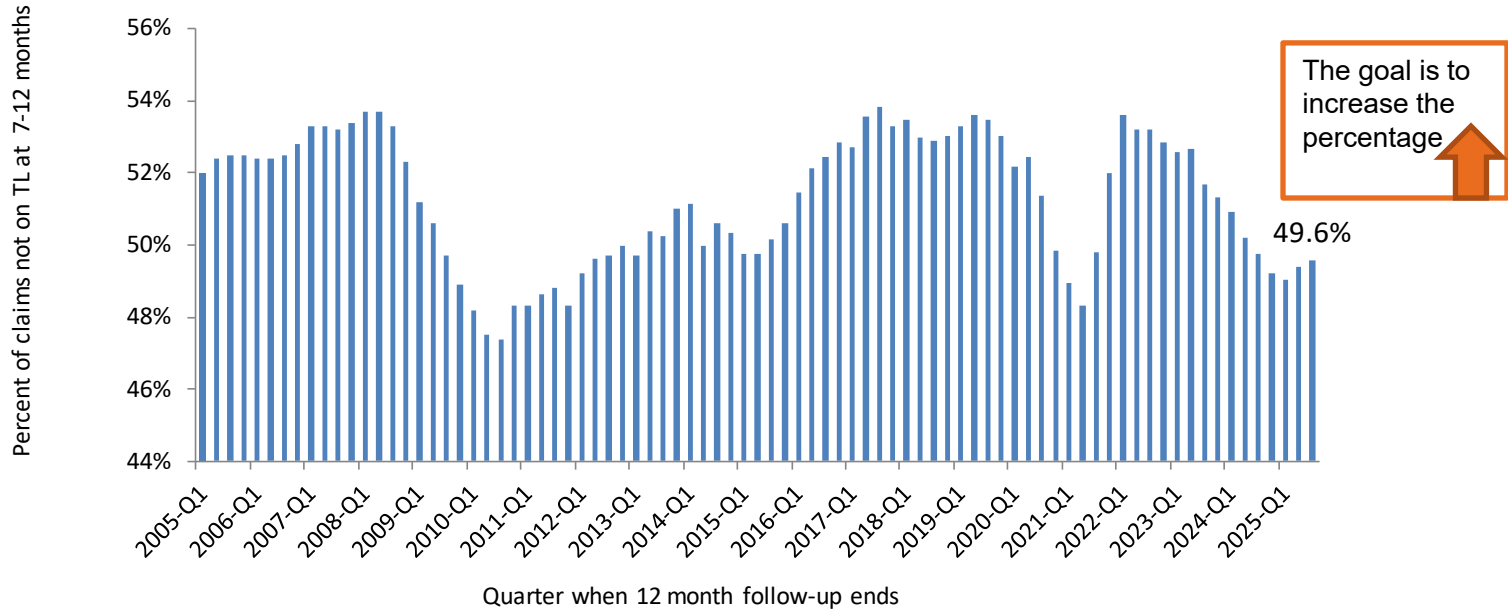
# The share of time-loss claims resolved six months after claim receipt

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



# High risk claims –

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

82

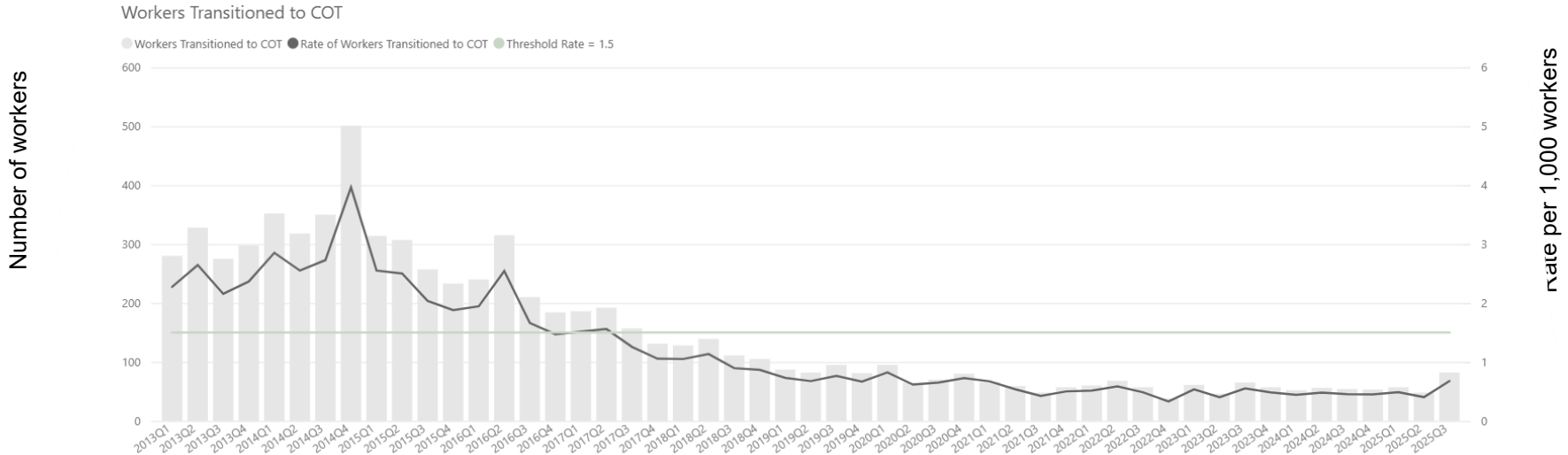
Workers Transitioned to COT

+71%

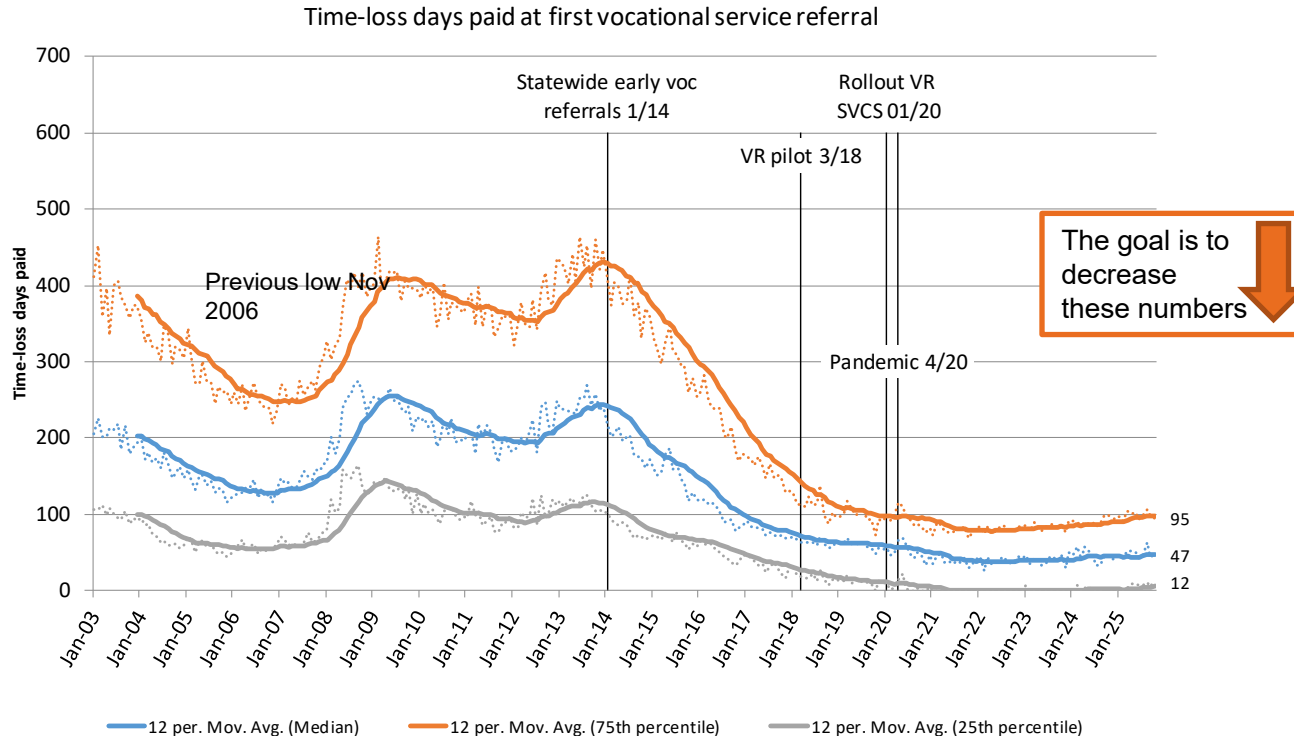
Change Since Previous Quarter

0.68

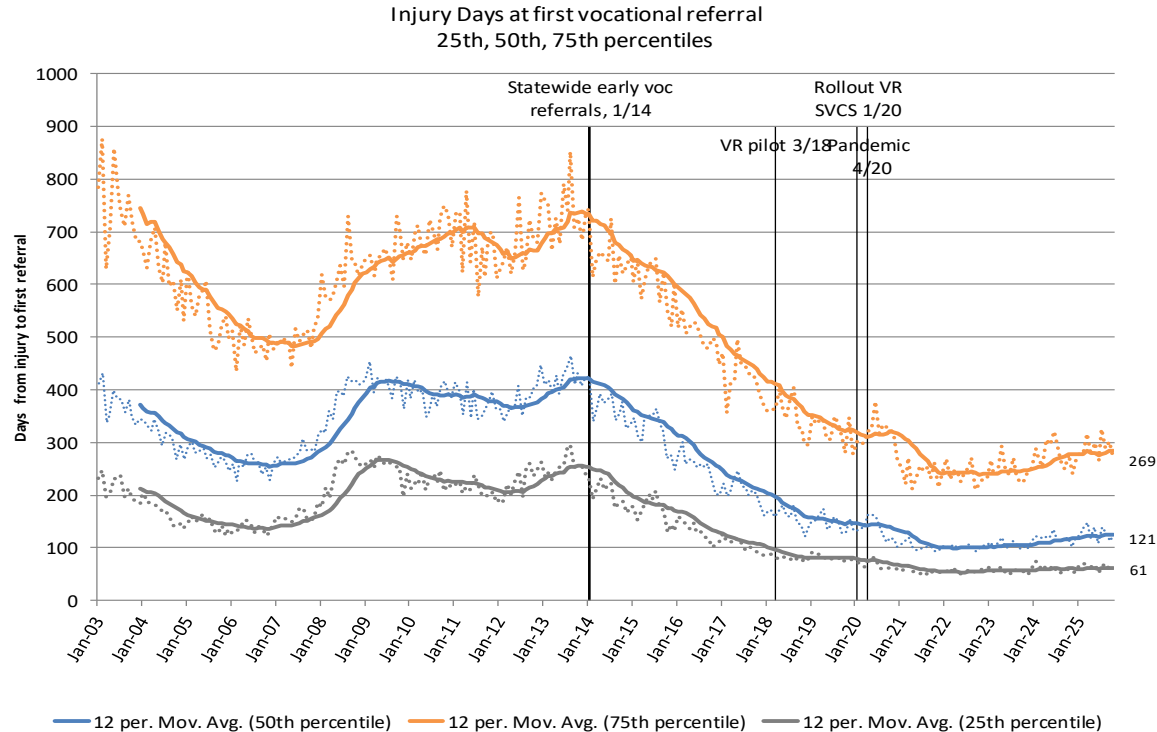
Rate per 1000 Injured Workers



# Referrals are now targeted to address the onset of disability

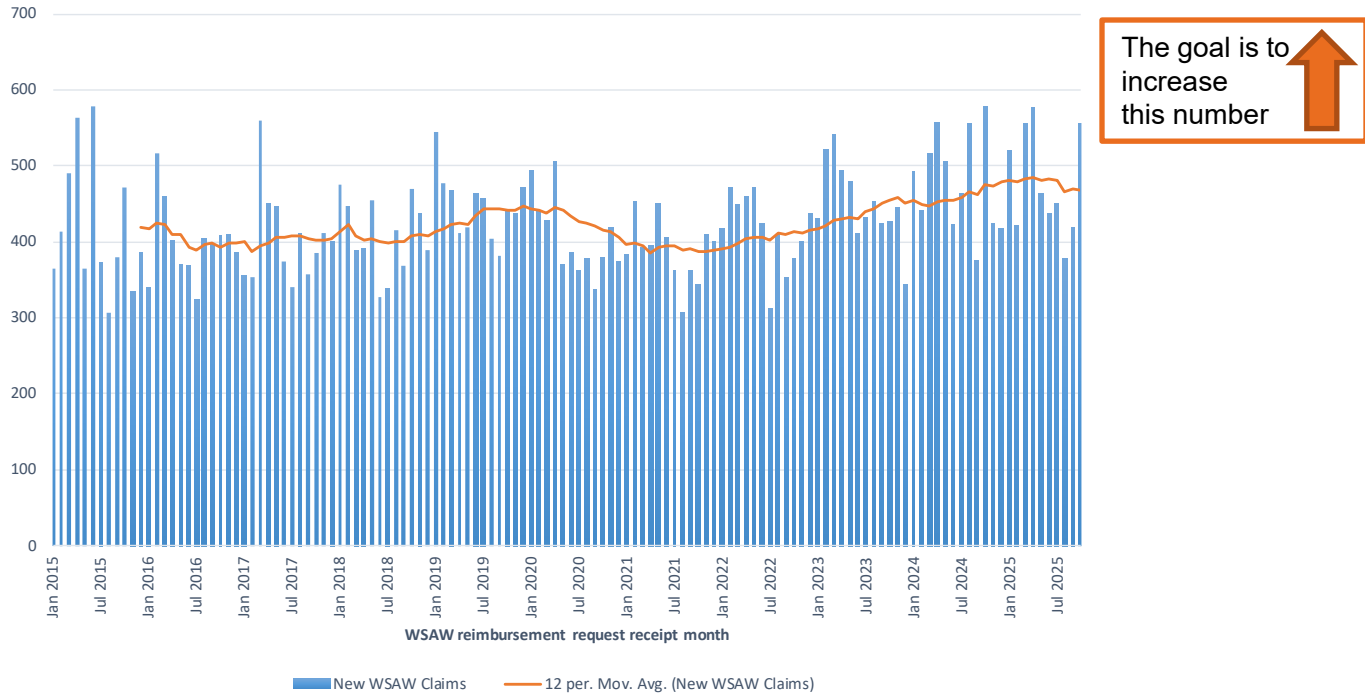


# Referrals are now targeted to address the onset of disability - days from date of injury



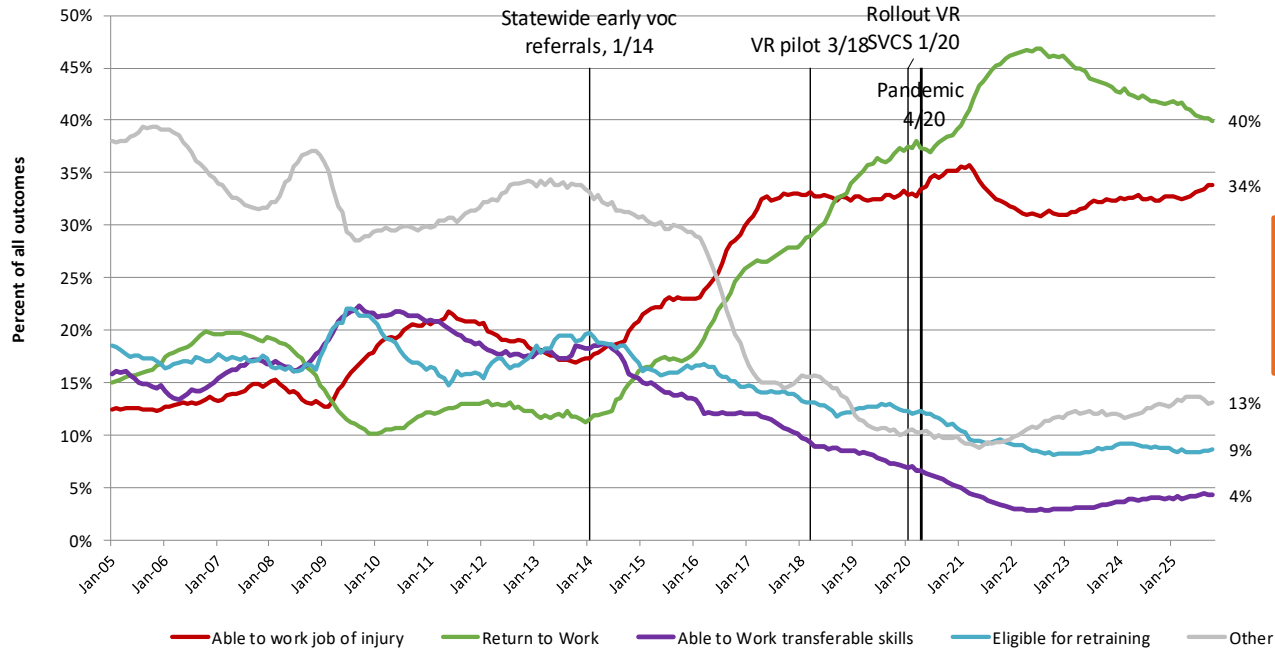
# Participation in light duty job assignments helps maintain the employer/injured worker relationship


New WSAW Claims



# 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)



The goal is to increase the share of RTW outcomes 

# Financial Appendix Slides

# Reconciliation of Change in Benefit Liabilities

(In \$1,000s)

July 1, 2025 Benefit Liability Beginning Balance	\$17,180,318
Prior Year Benefit Payments	(\$501,041)
Prior Year Development and Model Change (Favorable)	\$195,346
Self Insurance Prefunded Pension Transfers	\$0
Regular reserve discount reduction	\$104,858
Net Total Prior Year Benefit Liability as of September 30, 2025	<u>\$16,979,481</u>
New Current Year Benefit Liabilities	\$665,526
September 30, 2025 Benefit Liabilities Ending Balance	<u><u>\$17,645,007</u></u>
<b>Change Between Beginning and Ending Balance</b>	<b>\$464,689</b>

# Highlights of Changes in the Contingency Reserve

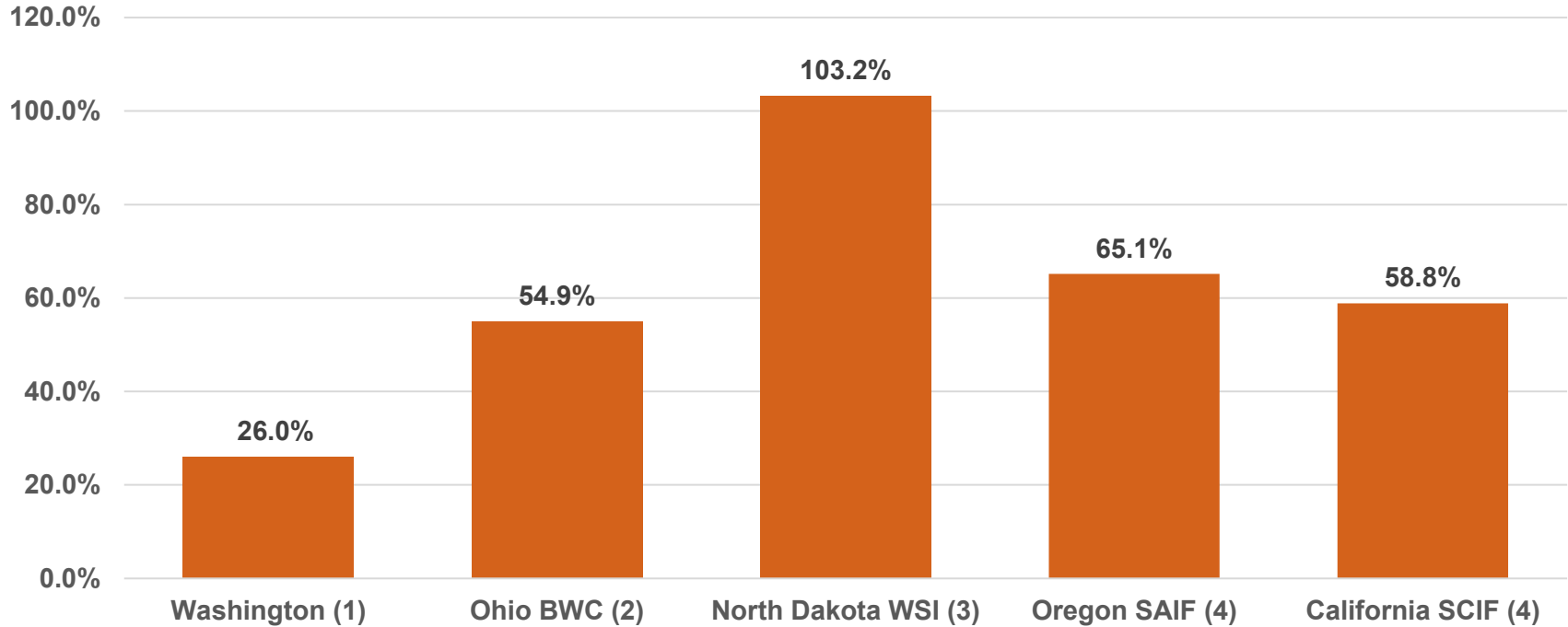
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	Total
*Actuarial Development <sup>1</sup>	\$149M	\$543M	\$147M	\$926M	\$941M	\$352M	\$(171)M	\$287M	\$526M	\$(55)M	\$(311)M	\$256M	\$(371)M	\$3,219M
Rate Changes	\$58M	\$59M	\$38M	\$27M	\$(14)M	\$(120)M	\$(110)M	\$(44)M	\$(29)M	\$17M	\$75M	\$85M	\$38M	\$80M
Greater (less) than expected changes in the stock market	\$279M	\$(29)M	\$(101)M	\$411M	\$199M	\$50M	\$340M	\$1,263M	\$(639)M	\$413M	\$445M	\$220M	\$238M	\$3,089M
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 <sup>2</sup>	\$(31)M	\$(31)M	\$(36)M	\$(639)M <sup>3</sup>	-	\$(84)M <sup>4</sup>	\$(384)M <sup>5</sup>	-	\$102M <sup>7</sup>	-	-	-	\$(1,359)M
Discount rate change - Self-Insurance	-	\$(6)M	\$(7)M	\$(8)M	\$(7)M <sup>3</sup>	-	\$(6)M <sup>4</sup>	-	\$(6)M <sup>6</sup>	\$(7)M <sup>8</sup>	\$(6)M <sup>9</sup>	\$(6)M <sup>10</sup>	-	\$(59)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%.
10. Self-insurance prefunded rate reduction from 5.5% to 5.4%.

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



(1) Preliminary as of 9/30/2025

(2) As of 6/30/2024

(3) As of 6/30/2025

(4) As of 12/31/2024

# Historic Results of Operations

July through September  
(in millions)

As of Quarter Ended June 30,	Insurance Operations	+ Investment Income	+ Other Revenues & Expenses	= Net Income (Loss)
2026	(480)	184	100	(196)
2025	(1,734)	955	40	(739)
2024	(180)	420	4	244
2023	(489)	370	(13)	(132)
2022	(120)	486	(12)	354
2021	(824)	643	(26)	(207)
2020	(639)	513	(13)	(139)
2019	(14)	347	16	349
2018	(301)	491	36	226
2017	119	387	45	551
2016	(219)	462	43	286
2015	(475)	420	40	(15)

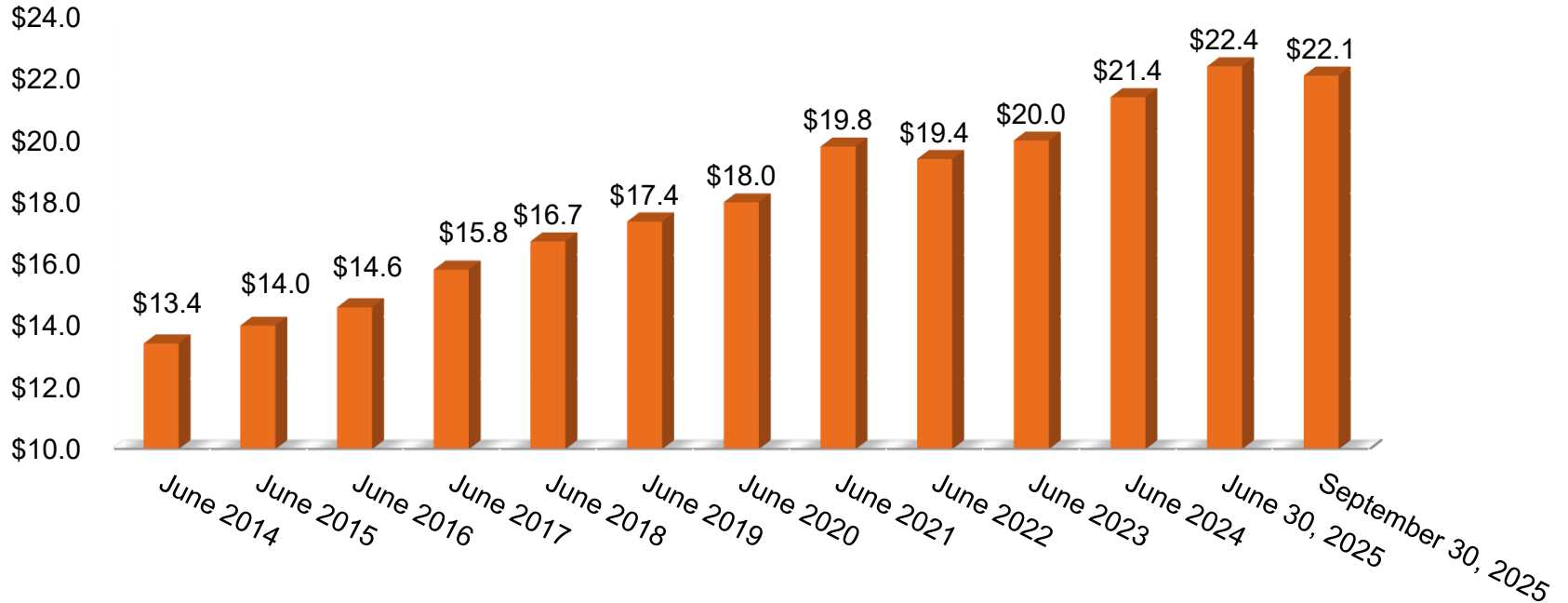
# Historical Investment Performance

## Fiscal Year Ended

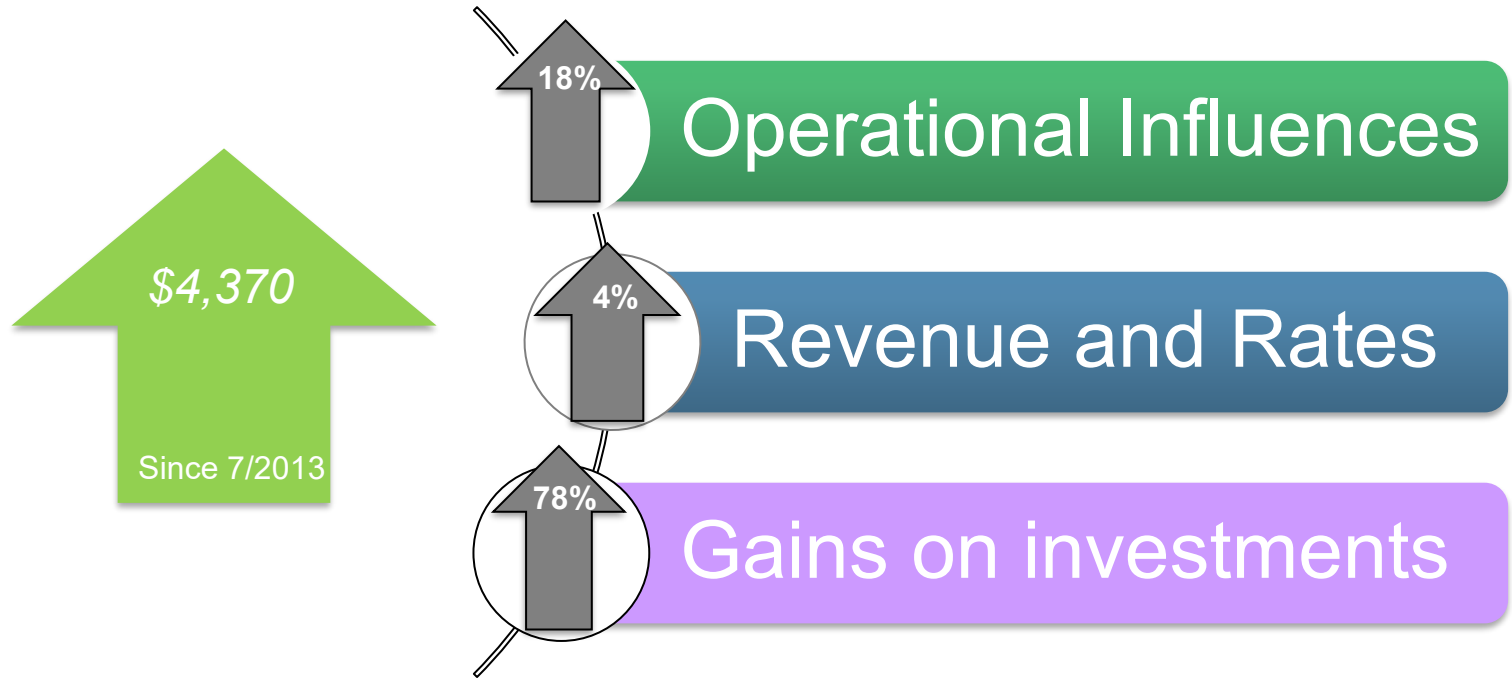
	Quarter Ended September 30, 2025	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Investment Income	188,296,000	685,656,000	592,620,000	504,416,000	456,375,000	462,700,000	496,981,000
Realized Gain (Loss)	(4,508,000)	268,964,000	16,179,000	139,573,000	141,857,000	299,787,000	272,266,000
Unrealized Gain (Loss)	273,924,000	217,778,000	532,457,000	360,212,000	(676,444,000)	1,069,560,000	161,264,000
Total Invested Assets	22,131,817,000	22,398,399,000	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 9/30/2025 the CR is at \$4,989M

# Benefit Liability History

(in thousands)

	<b>Benefit Liabilities</b>	<b>\$ Increase/ (Decrease)</b>	<b>% Increase/ (Decrease)</b>
September 30, 2025	\$ 17,645,007	464,689	2.7%
June 30, 2025	\$ 17,180,318	1,661,202	10.7%
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%)

The 10-year average increase is \$466,685