



State Activity Report

2019

Pennsylvania Compensation Rating Bureau

PCRB

Workers Compensation State Activity Report For Pennsylvania

The Pennsylvania Compensation Rating Bureau's (PCRB) **State Activity Report** provides a high level review of workers compensation information underlying the Pennsylvania 2019 Loss Cost Filing and other data analyses initiated in 2019. This year represents the fourth publication of the report.

The **State Activity Report** is intended to be one of several resources available to stakeholders, including regulators, to provide annual assessments and insights into the activities occurring in the Pennsylvania workers compensation system.

For further insights on the Pennsylvania workers compensation marketplace and the PCRB, please visit our website at www.pcrb.com, to check out the reports recently published on the year in review.



Year in Review - 2019



FILINGS NEWS & RESULTS

- -10.08% Annual Loss Cost Filing Approval
- \$2.78 Billion Standard Earned Premium
- Revised Sheet Metal Installation Code 676
- Eliminated Alternative School Code 894



DATA COLLECTION

- Medical Data Manager (MDM) Released
- 1,071,330 Policy documents
- 314,938 USRs
- 5,746,763 Medical Data Call Records
- 1,877 Financial Calls

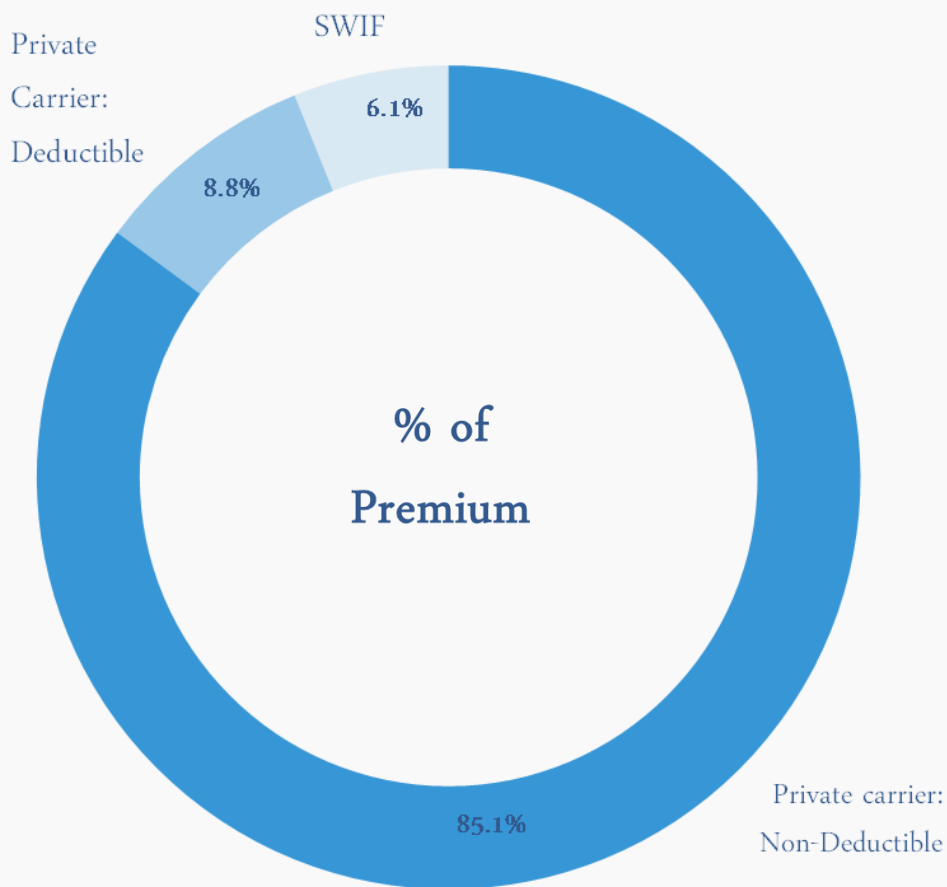


OPERATIONAL

- 1,366 Employer Surveys
- 3,835 Classification inquiries
- 2,973 Test Audits
- 1,643 PCCPAP Credits
- 8,282 Certified Safety Credits
- 17 PCRB Circulars published on various WC topics
- System Reengineering Project Continues

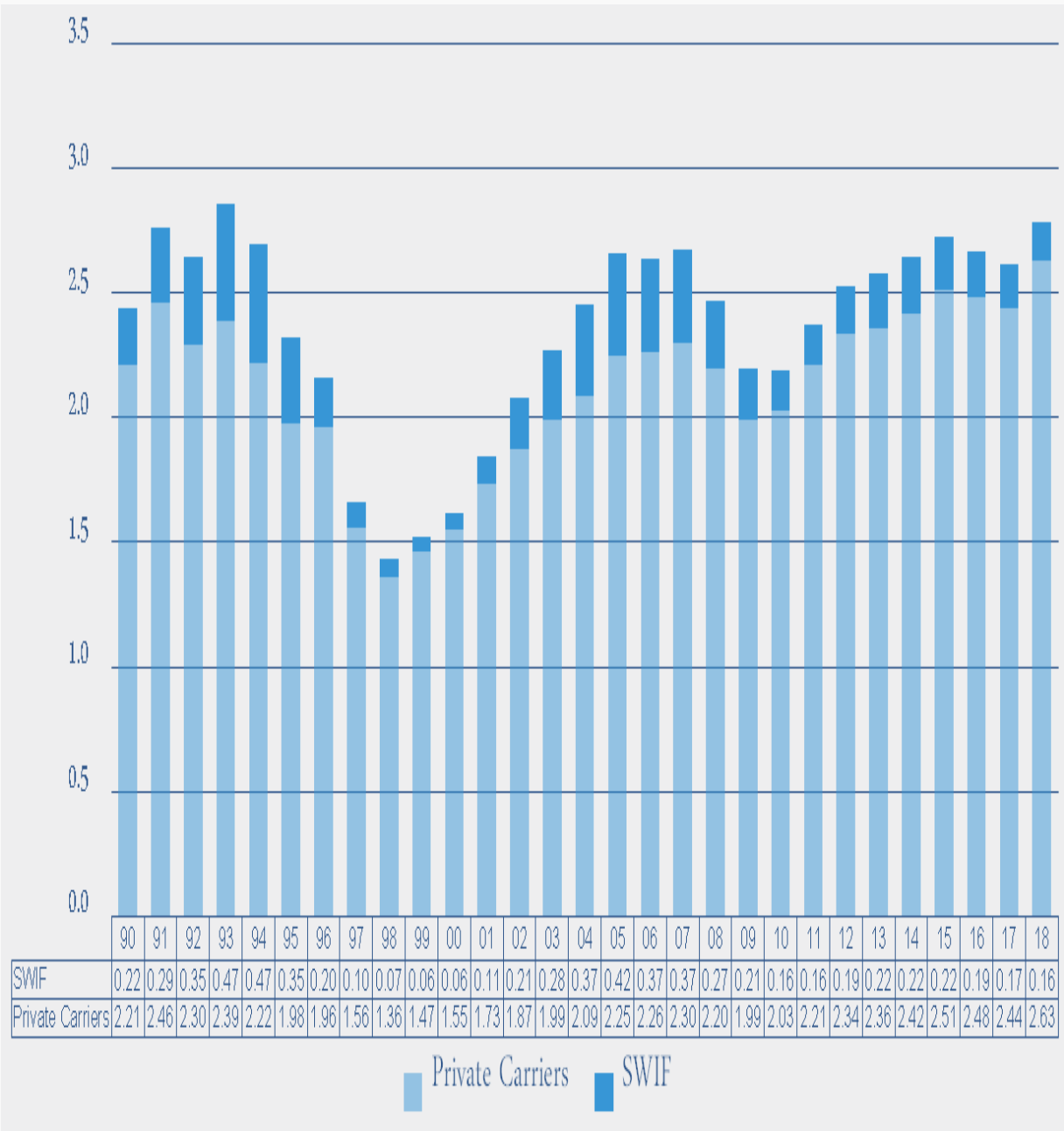
Pennsylvania Market Share

Pennsylvania employers are required to secure their liability through private insurance, a state fund, self-insurance, or self-insured groups. The State Workers' Insurance Fund (SWIF) operates as an enterprise fund within the Department of Labor & Industry that guarantees workers compensation insurance coverage to many Pennsylvania companies. The PCRB collects data from all private insurance carriers that write workers compensation business in Pennsylvania, including SWIF.

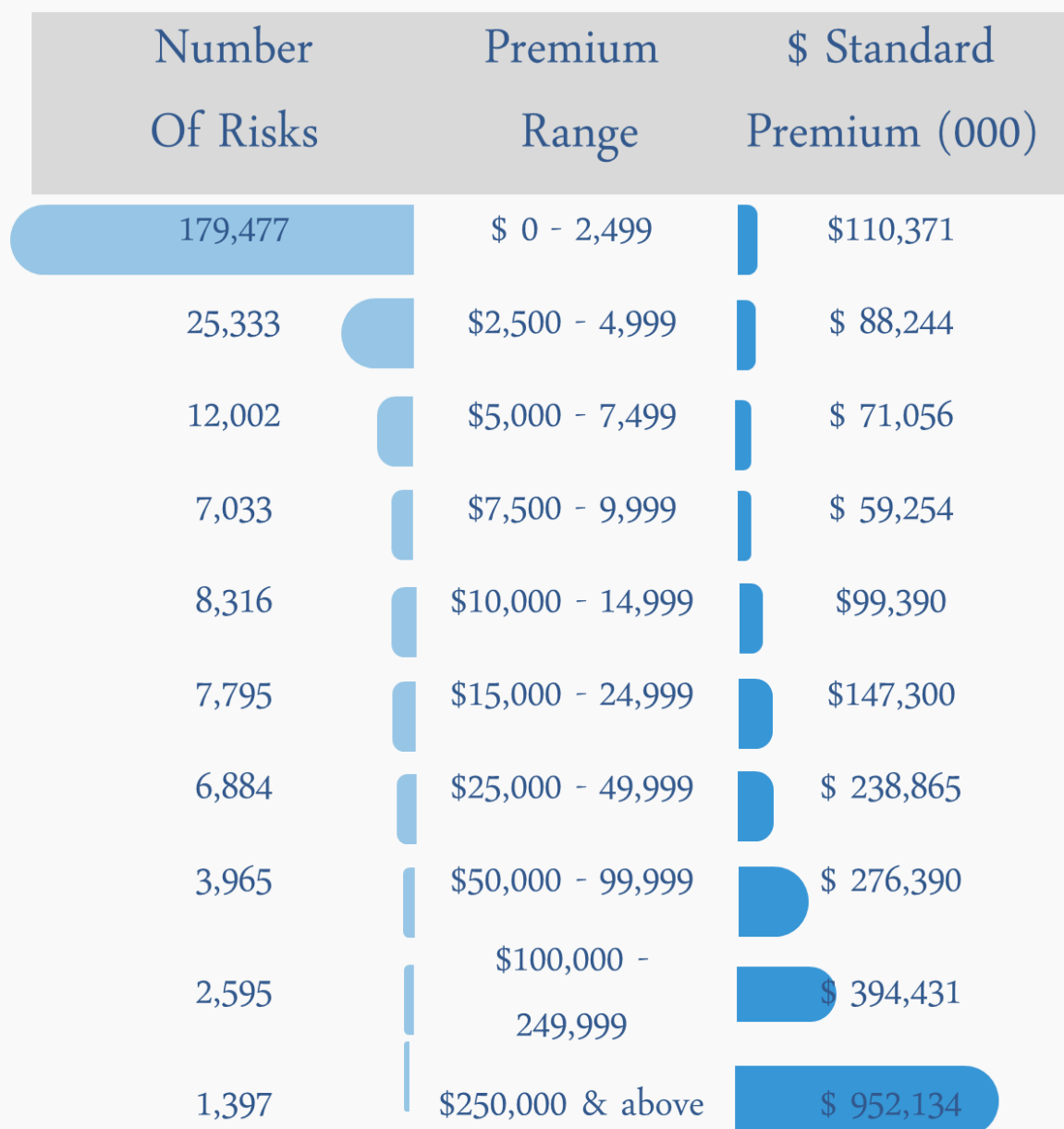


Workers Compensation Premium

Written Premium (\$Billions)

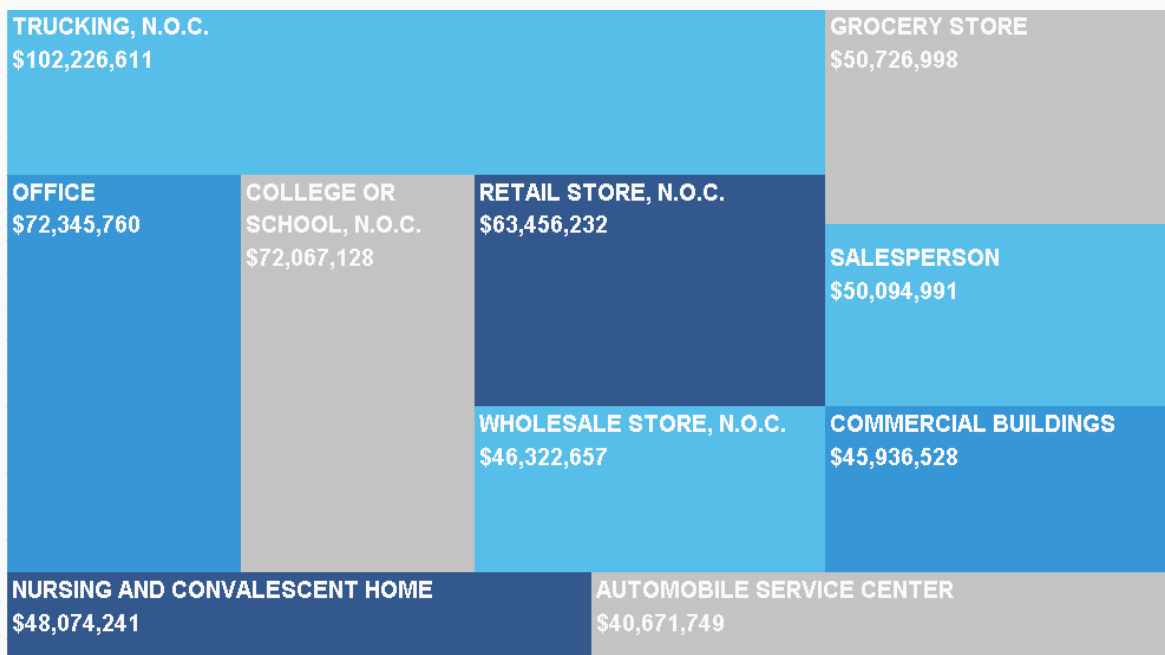


Premium Demographics

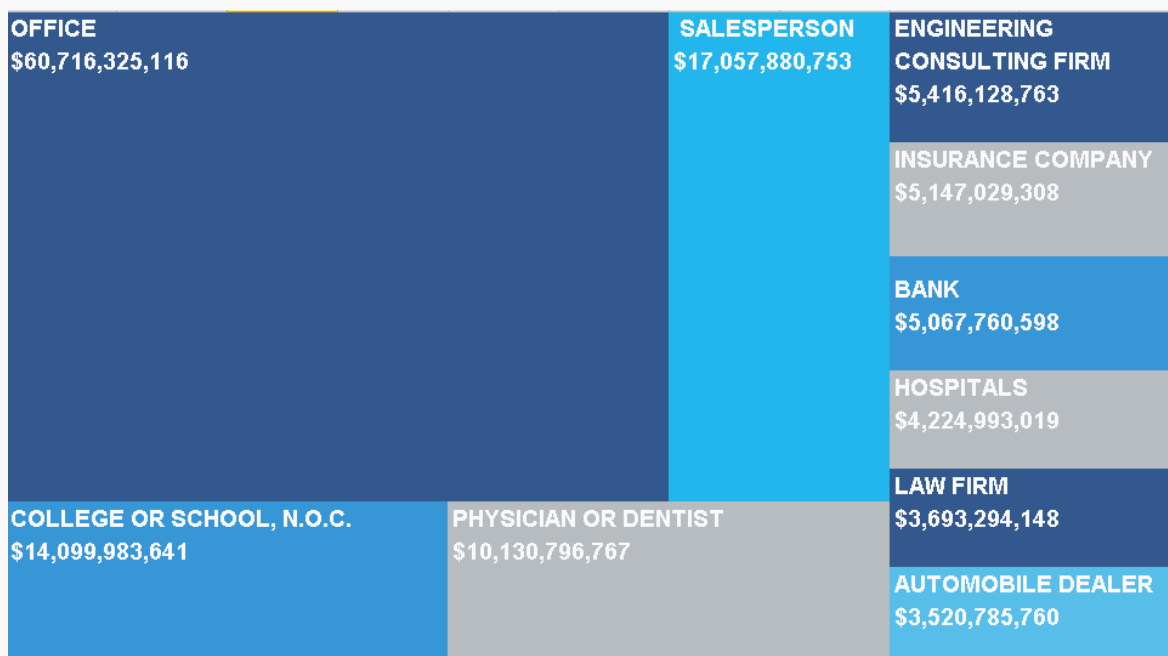


Premium & Payroll by Classification

Top 10 Classes by Premium (\$)



Top 10 Classes by Payroll (\$)



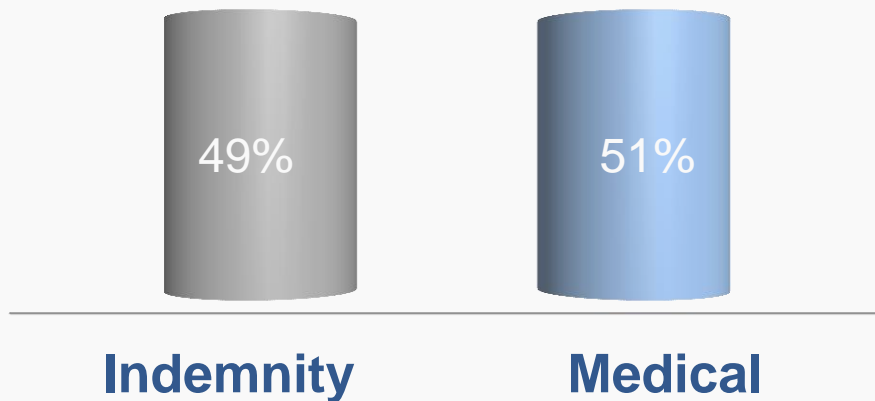
Claim Count and Losses by Classification

These are the top 10 classes by number of lost time claims.

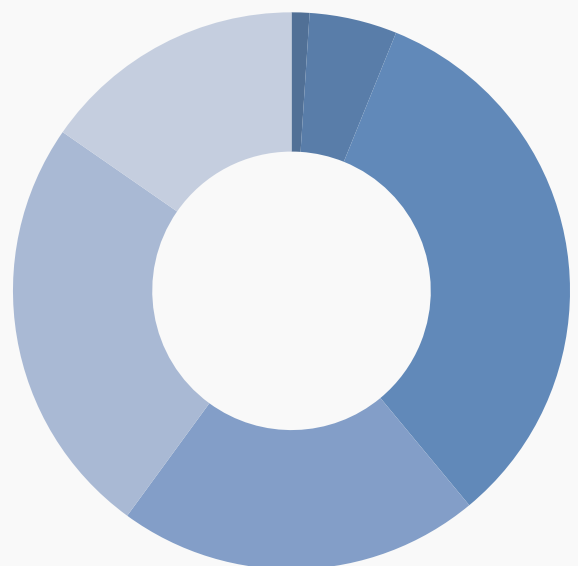
These classes represent 25% of claims and 23% of losses.

Class Code and Description	Indemnity Claim Count	\$ Total Incurred Loss	\$ Average Incurred Loss
(965) College or School, N.O.C	1,172	50,089,867	42,739
(811) Trucking, N.O.C.	1,164	68,889,784	59,184
(917) Grocery Store	893	31,175,258	34,911
(928) Retail Store, N.O.C.	838	29,596,104	35,318
(975) Restaurant, N.O.C.	671	21,000,958	31,298
(953) Office	645	34,835,315	54,008
(924) Wholesale Store, N.O.C.	575	23,019,023	40,033
(971) Commercial Buildings	558	24,671,031	44,213
(960) Nursing and Convalescent Home	518	22,388,930	43,222
(818) Automobile Dealer	515	23,891,341	46,391
All Other	22,831	1,127,785,412	49,397

Indemnity and Medical Splits



- Death 2%
- PT 1%
- Major 46%
- Minor 27%
- Temporary 24%

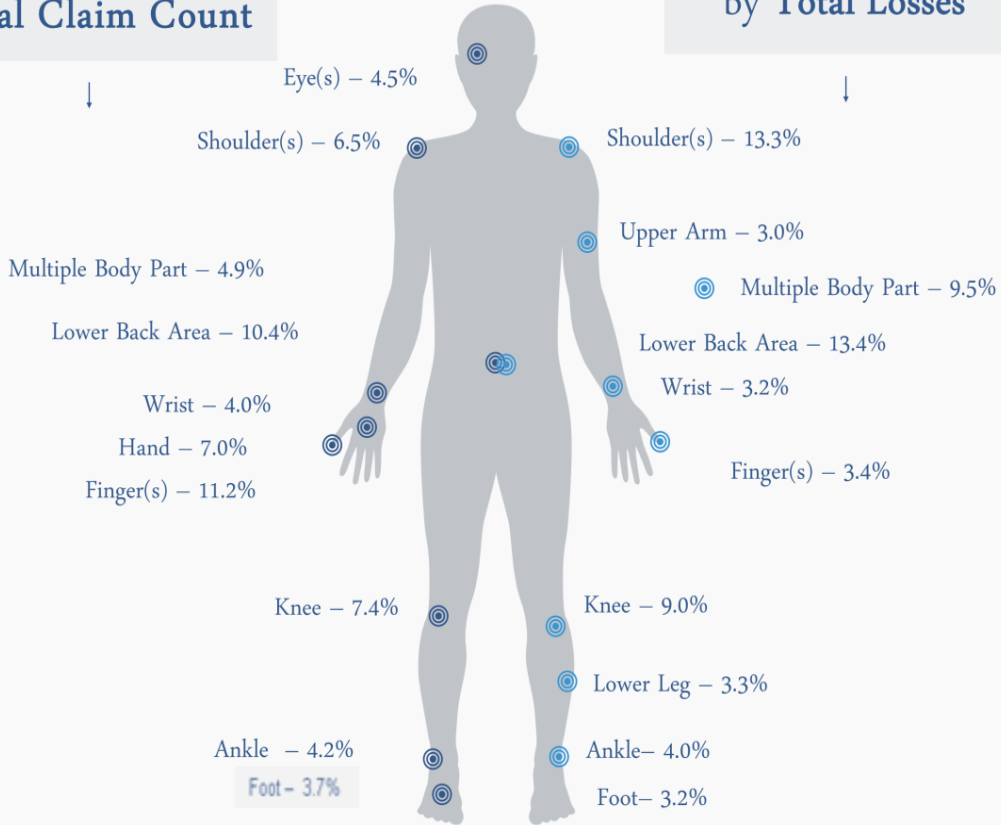


- Death 1%
- PT 5%
- Major 33%
- Minor 21%
- Temporary 25%
- Medical Only 15%

Injury Description Distribution

Top 10 Injuries by Total Claim Count

Top 10 Injuries by Total Losses

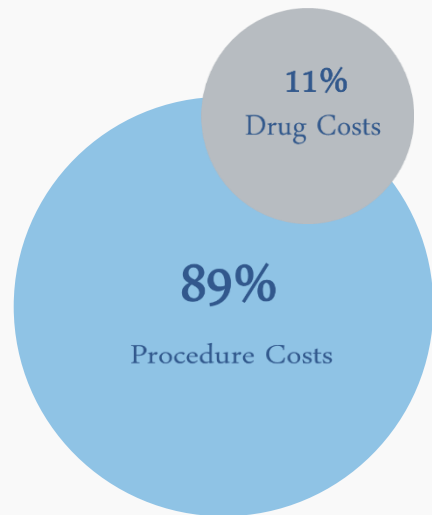


Description	Claims	Cause of Injury	Description	Claims	Nature of Injury
Strain or Injury by	43,554		Strain or Tear	43,430	
Fall, Slip or Trip Injury	28,994		Contusion	25,332	
Struck or Injured by	24,829		Laceration	23,669	
Cut, Puncture, Scrape Injured By	20,601		Sprain or Tear	15,096	
Miscellaneous Causes	14,650		All other Specific Injuries	8,133	
Striking Against or Stepping on	8,460		Puncture	7,633	
Caught in, Under or Between	7,186		Fracture	6,965	
Burn or Scald (Heat or Cold Exposure)	4,887		Foreign Body	5,106	
Motor Vehicle	4,324		Inflammation	3,617	
Rubbed or Abraded by	567		Burn	3,416	

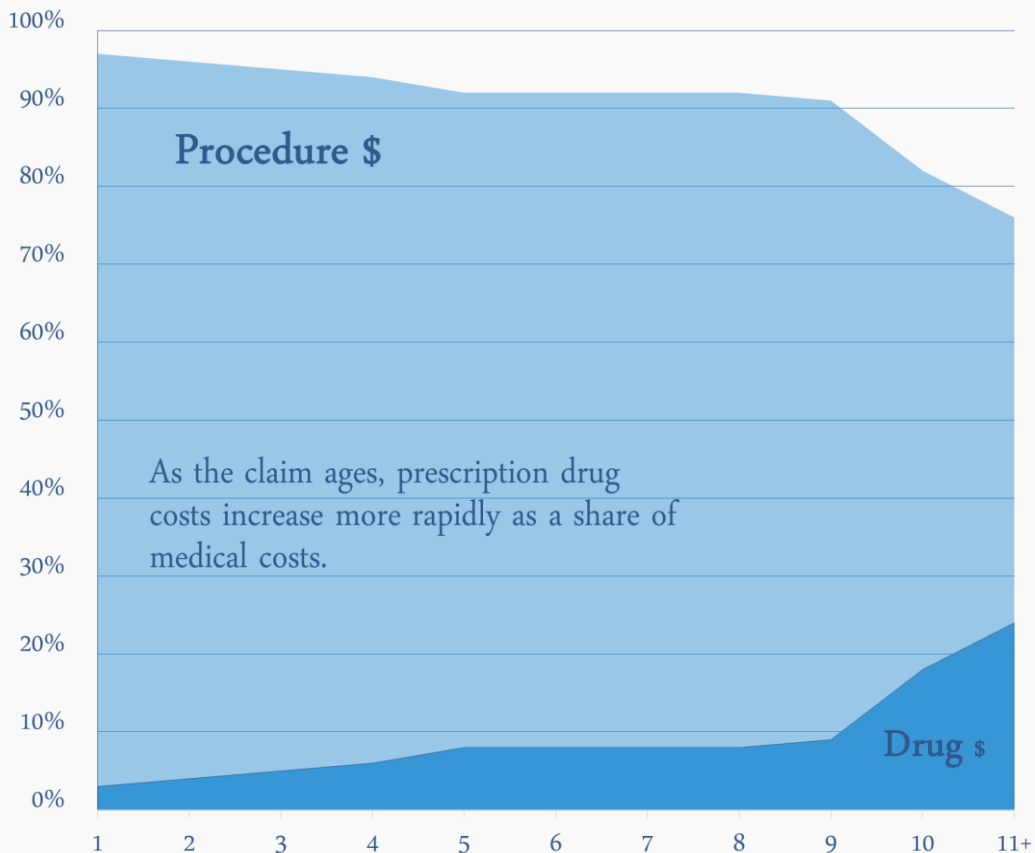
Medical Cost Breakdown

Medical treatment is a primary driver of rising medical costs. Using our Medical Data Call (MDC) data, we observe that, overall, the bulk of medical dollars are attributable to medical procedures. Note that 11% of all medical dollars are attributable to Drug costs. *

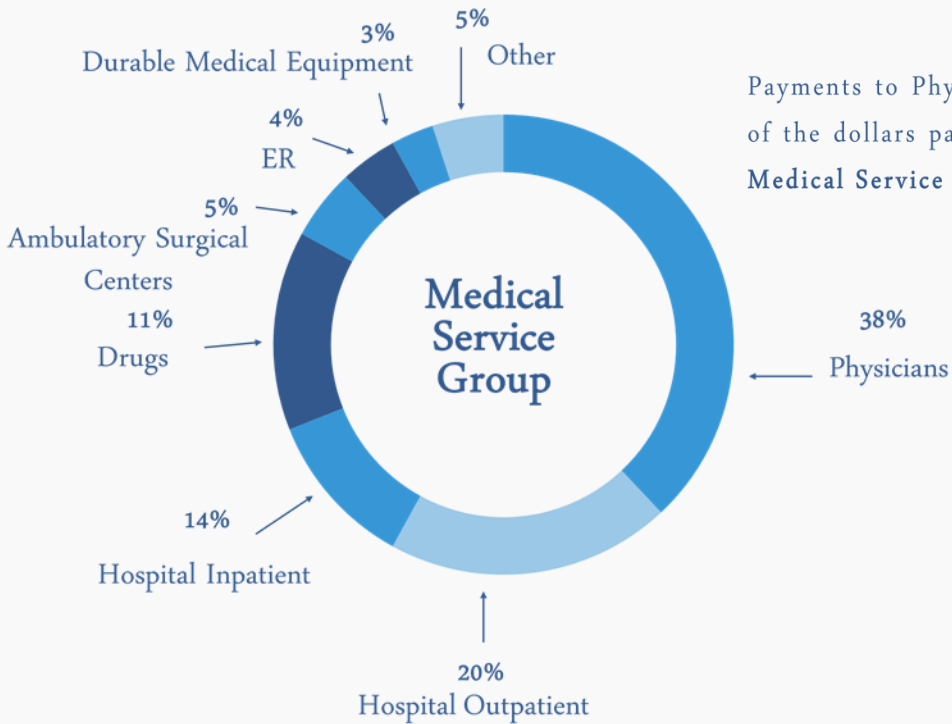
*Medical expenses are not included in the MDC.



Age of Claim

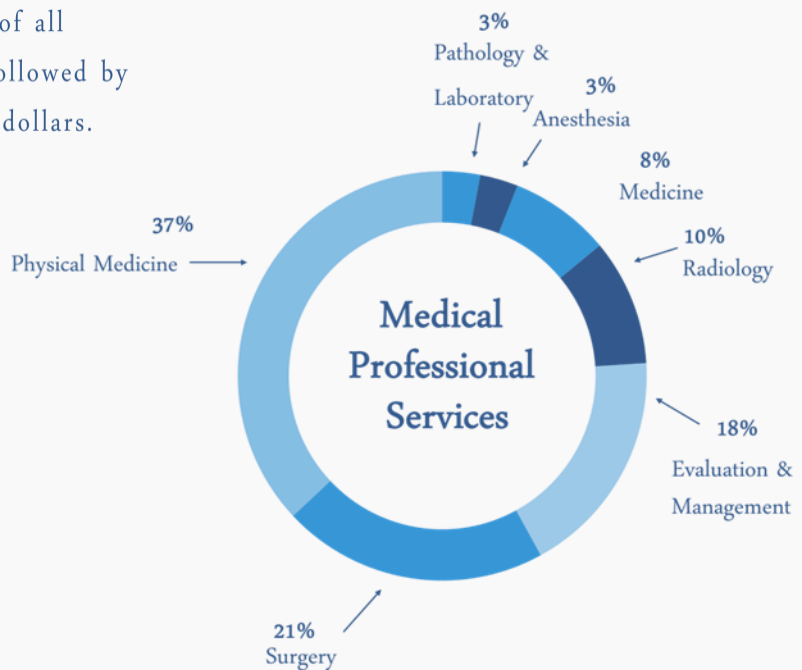


Medical Services Breakdown



Payments to Physicians make up 38% of the dollars paid across all Medical Service Group categories.

Physical Medicine represents 37% of all professional Medical Procedures, followed by Surgical procedures based on paid dollars.



Medical Visits Per Claim



Physical Medicine & Rehabilitation
5 out of 10 claimants



Office Visits & Consultations
3.5 out of 10 claimants



Major & Minor Surgery
1 out of 10 claimants



Chiropractic Treatment
1 out of 10 claimants



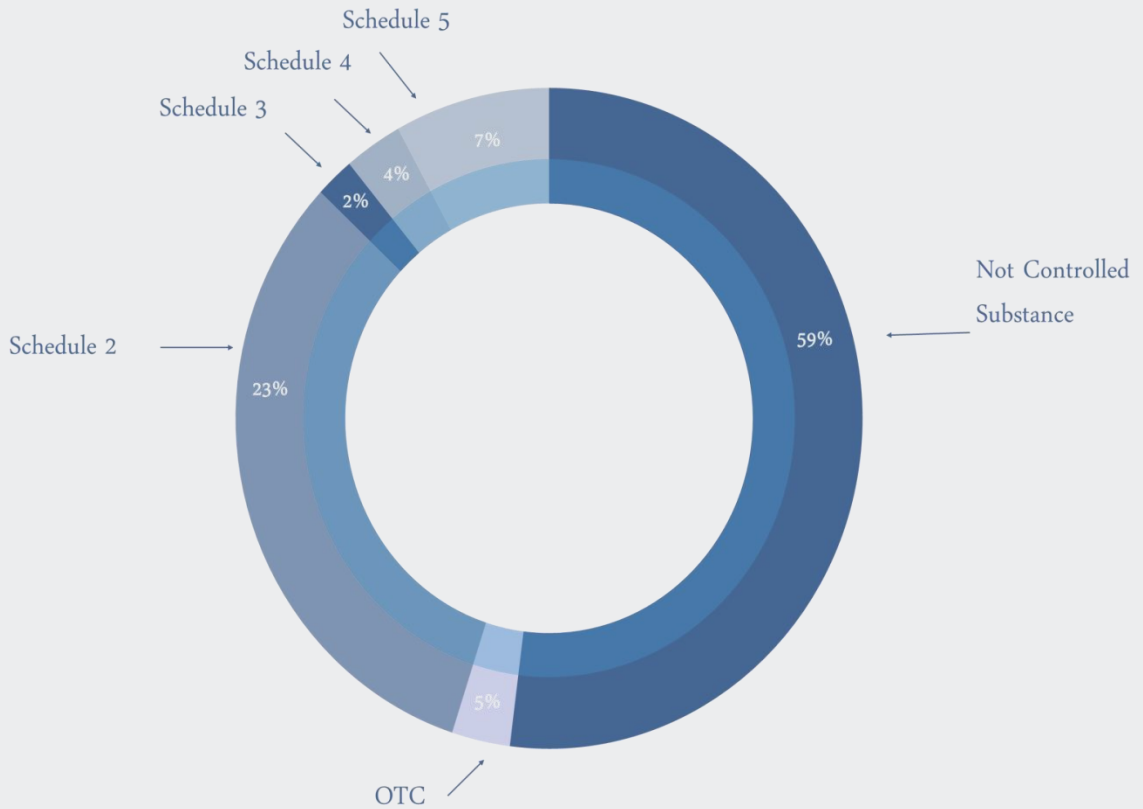
Radiology
1 out of 10 claimants

Based on 1.39 million professional visits and 148,706 claims

When examining the numbers of actual visits to a health care provider, workers compensation claimants appear to visit physical medicine and rehabilitation providers more frequently than any other health care provider

Prescription Drugs

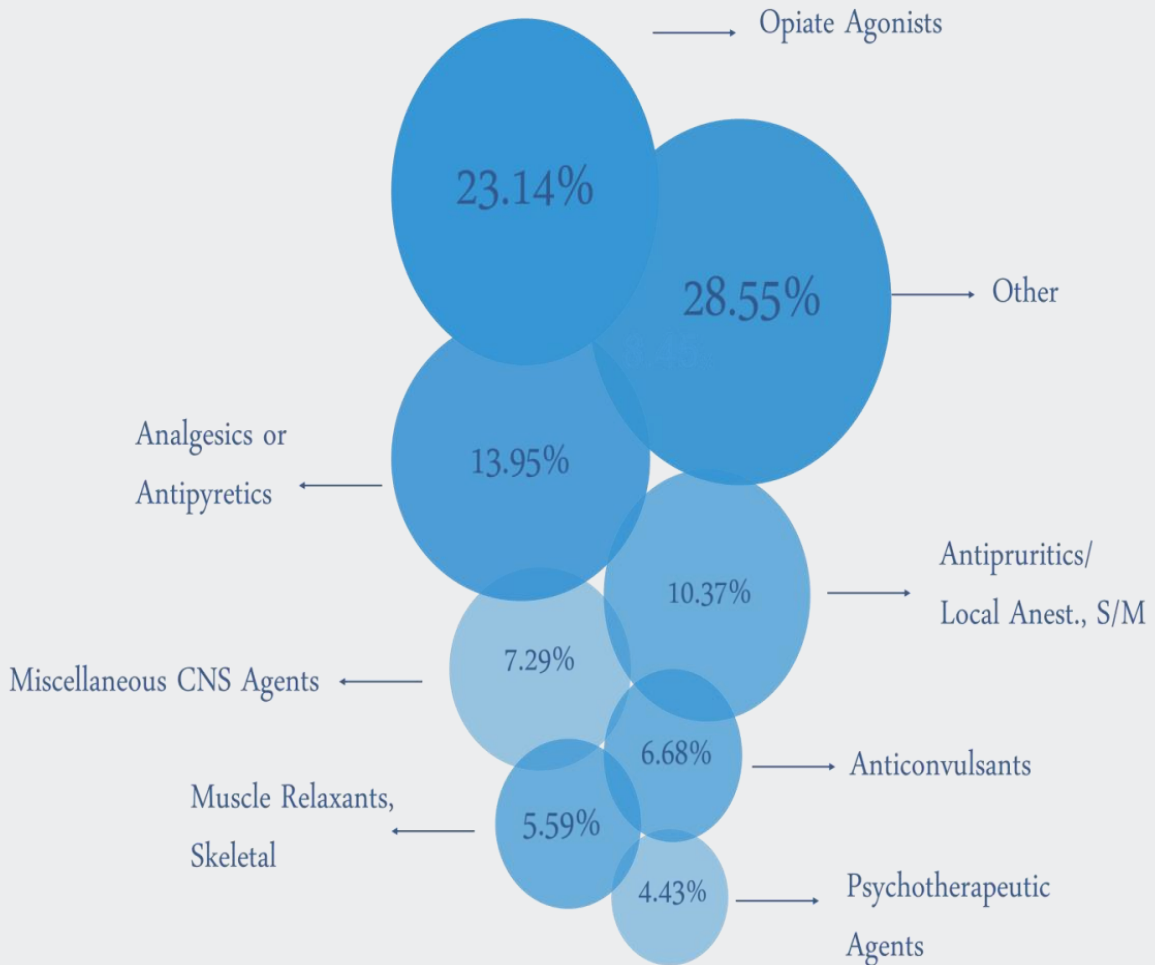
Controlled Substance Act Schedule



The volume of drugs prescribed to workers compensation claimants continues to grow. Above is a distribution of these prescription drugs organized by the **Controlled Substance Act Schedule**, which is based on potential of abuse.

Prescription Drugs

Therapeutic Classifications



Opioids are the most prevalently prescribed drug to workers compensation claimants.

Prescribing Patterns

2018 Distribution of Drugs

48% are
Brand

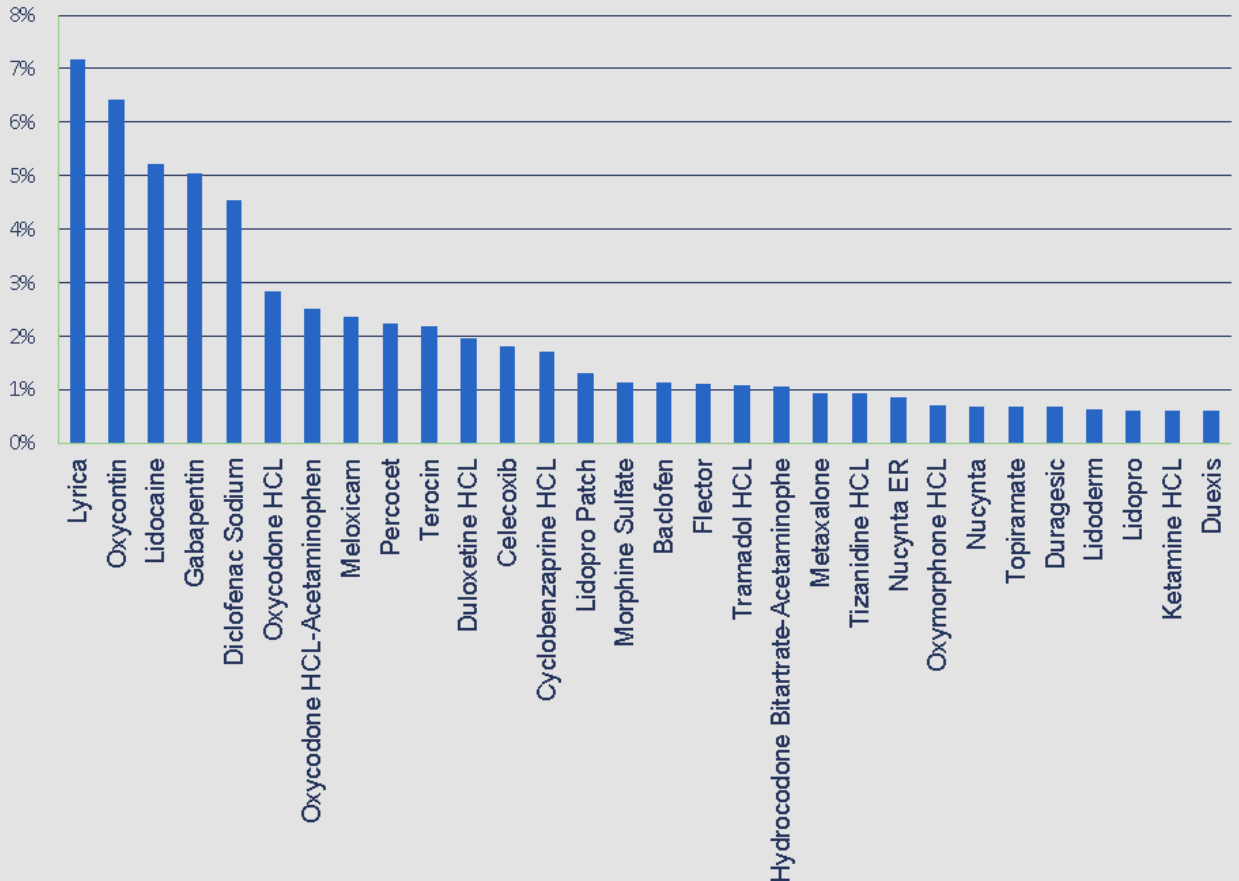


52% are
Generic



Based on total amount paid, along with their ranks for earlier service years.

Paid Shares for Service Year 2018



Top 30 Drugs

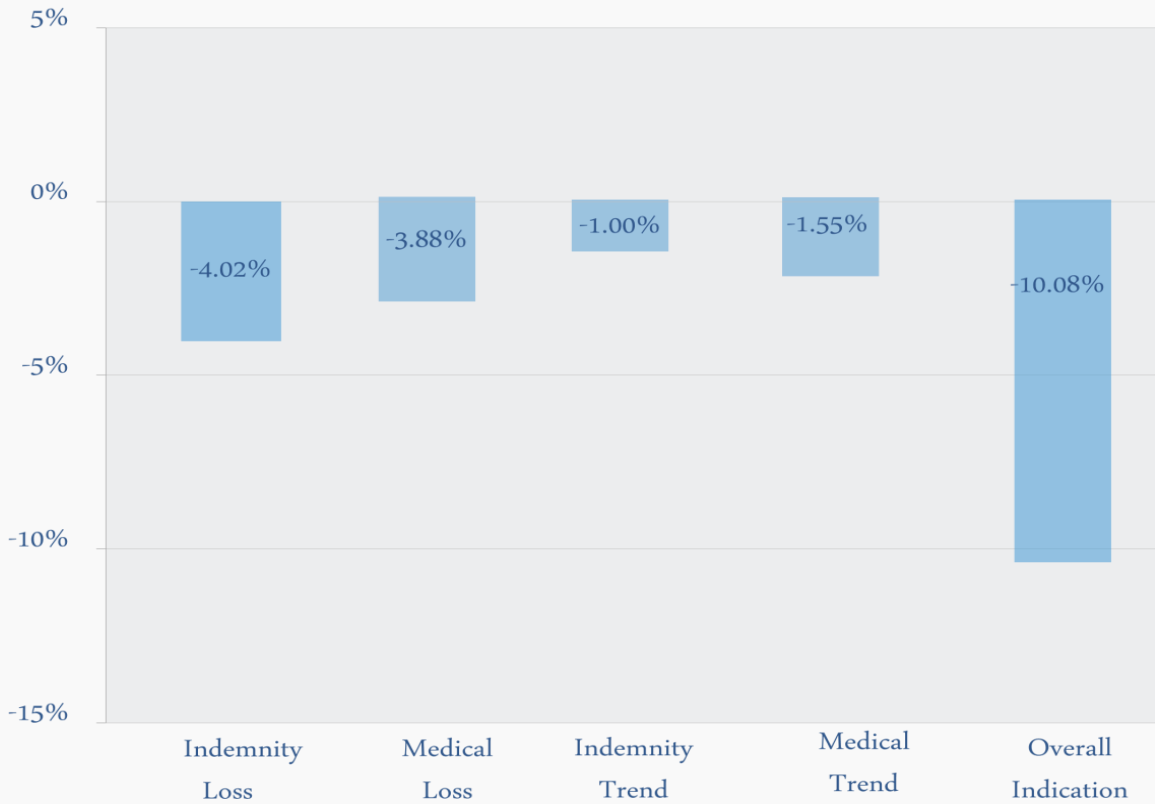
Rank by Service Year

Drug Name	2018	2017	2016	2015	2014
Lyrica	1	4	3	4	4
Oxycontin	2	3	2	2	2
Lidocaine	3	5	7	9	9
Gabapentin	4	1	1	1	1
Diclofenac Sodium	5	2	15	40	39
Oxycodone HCL	6	6	4	6	7
Oxycodone HCL-Acetaminophen	7	7	6	7	5
Meloxicam	8	10	11	11	6
Percocet	9	9	10	10	16
Terocin	10	8	12	12	13
Duloxetine HCL	11	11	14	13	15
Celecoxib	12	12	13	14	147
Cyclobenzaprine HCL	13	14	9	8	12
Lidopro Patch	14	13	87	189	n/a
Morphine Sulfate	15	16	16	15	18
Baclofen	16	19	18	20	38
Flector	17	27	27	30	28
Tramadol HCL	18	18	17	17	11
Hydrocodone Bitartrate-Acetaminophen	19	20	19	16	14
Metaxalone	20	24	25	21	27
Tizanidine HCL	21	23	26	29	24
Nucynta ER	22	22	31	38	60
Oxymorphone HCL	23	30	35	41	55
Nucynta	24	28	33	37	53
Topiramate	25	31	37	35	35
Duragesic	26	29	28	31	34
Lidoderm	27	45	49	48	25
Lidopro	28	21	23	27	47
Ketamine HCL	29	17	8	3	3
Duexis	30	34	41	25	36



Components of 2019 Indication

The overall change in loss cost level was -10.08%



Indemnity

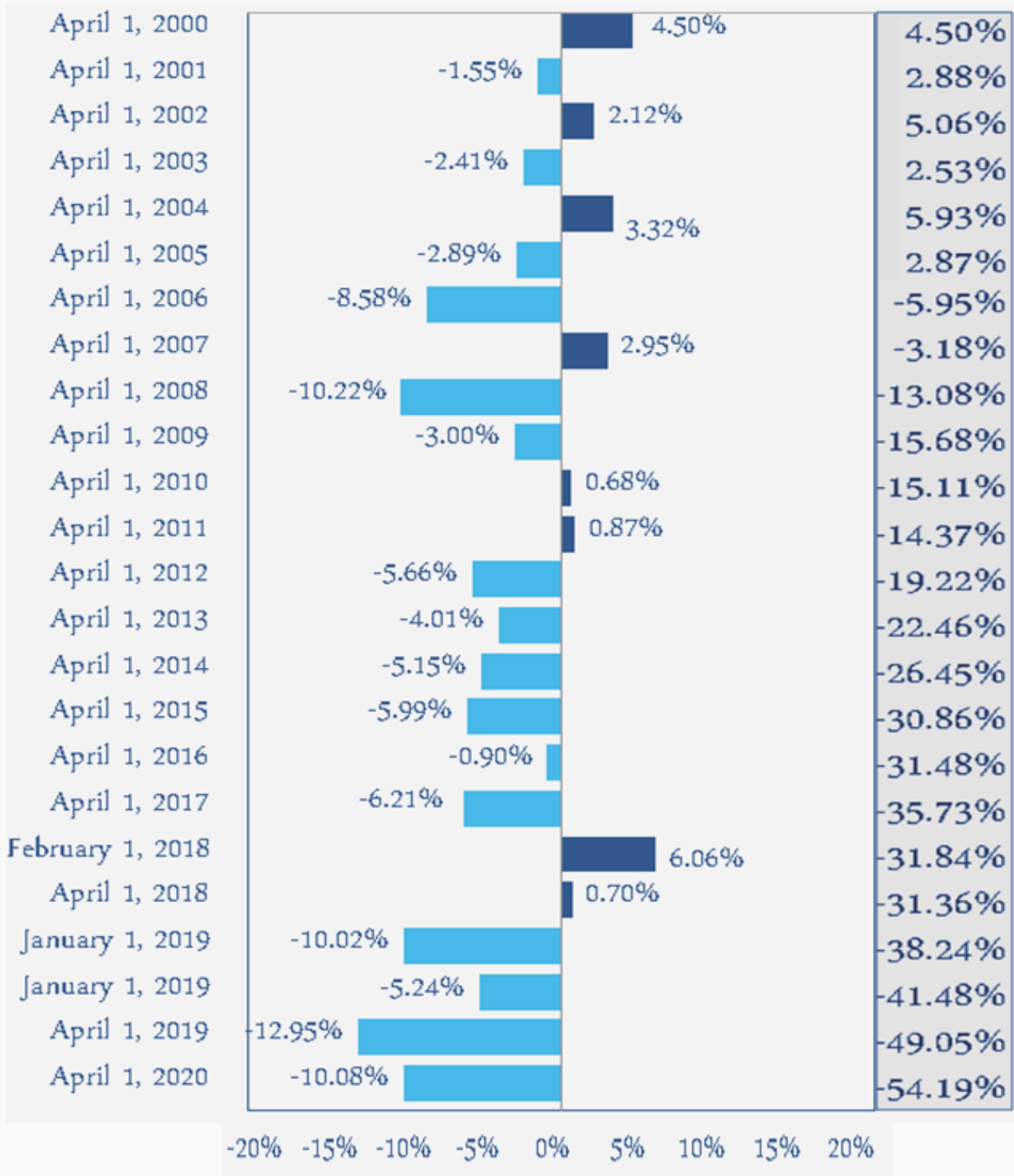
Loss and trend contributes 49% of change in loss costs



Medical

Loss and trend contributes 51% of change in loss costs

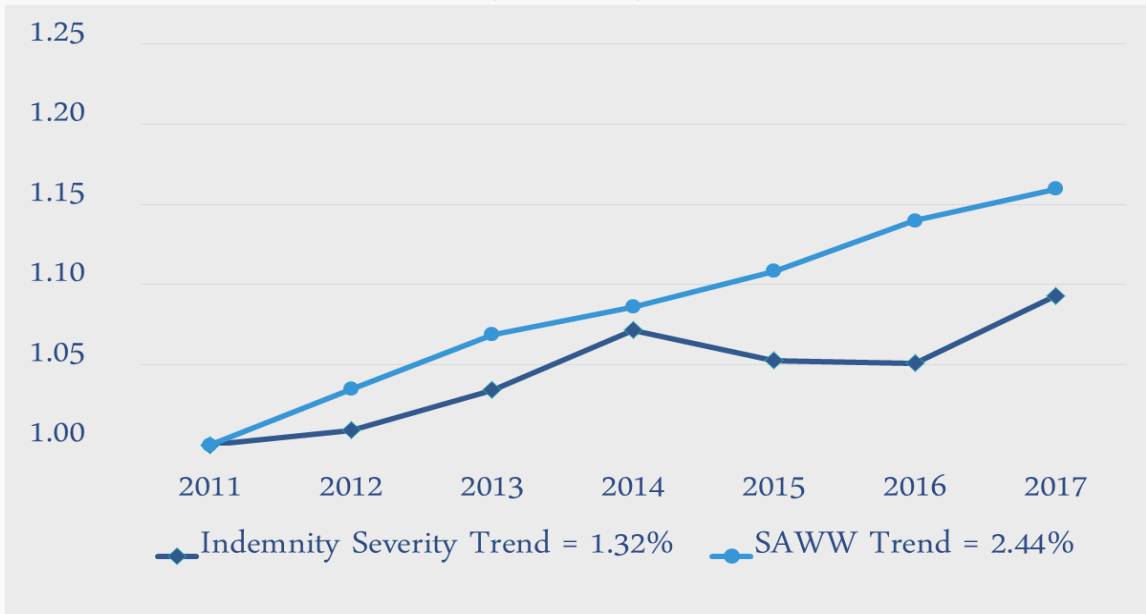
History of Approved Loss Cost Changes



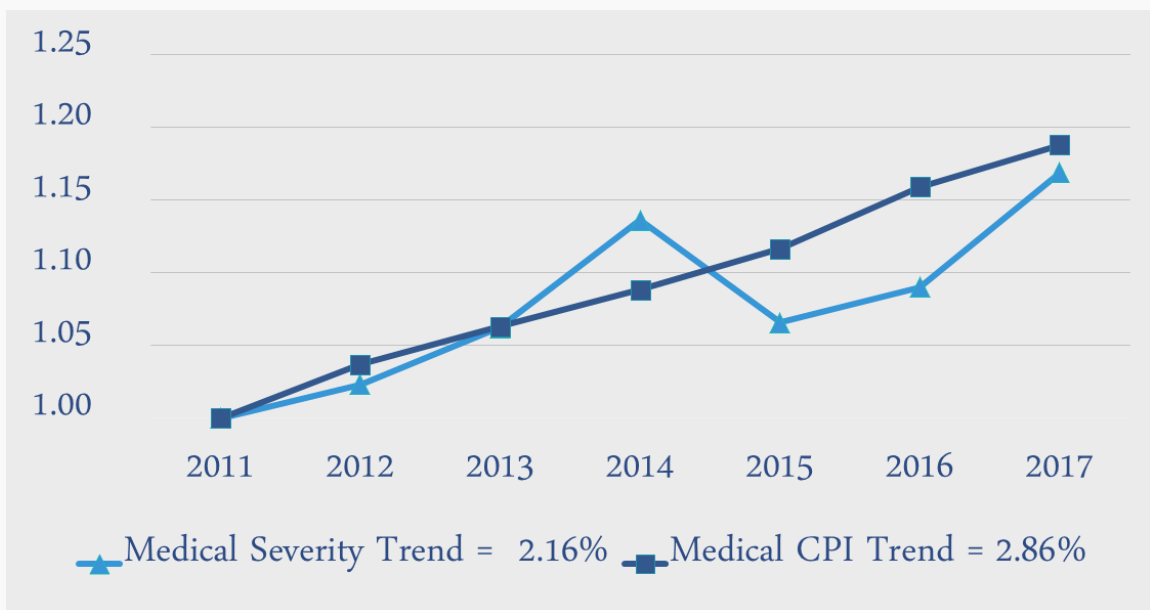
Loss cost values have decreased 54% since 2000.

Trends in Average Cost

Indemnity Severity vs. SAWW

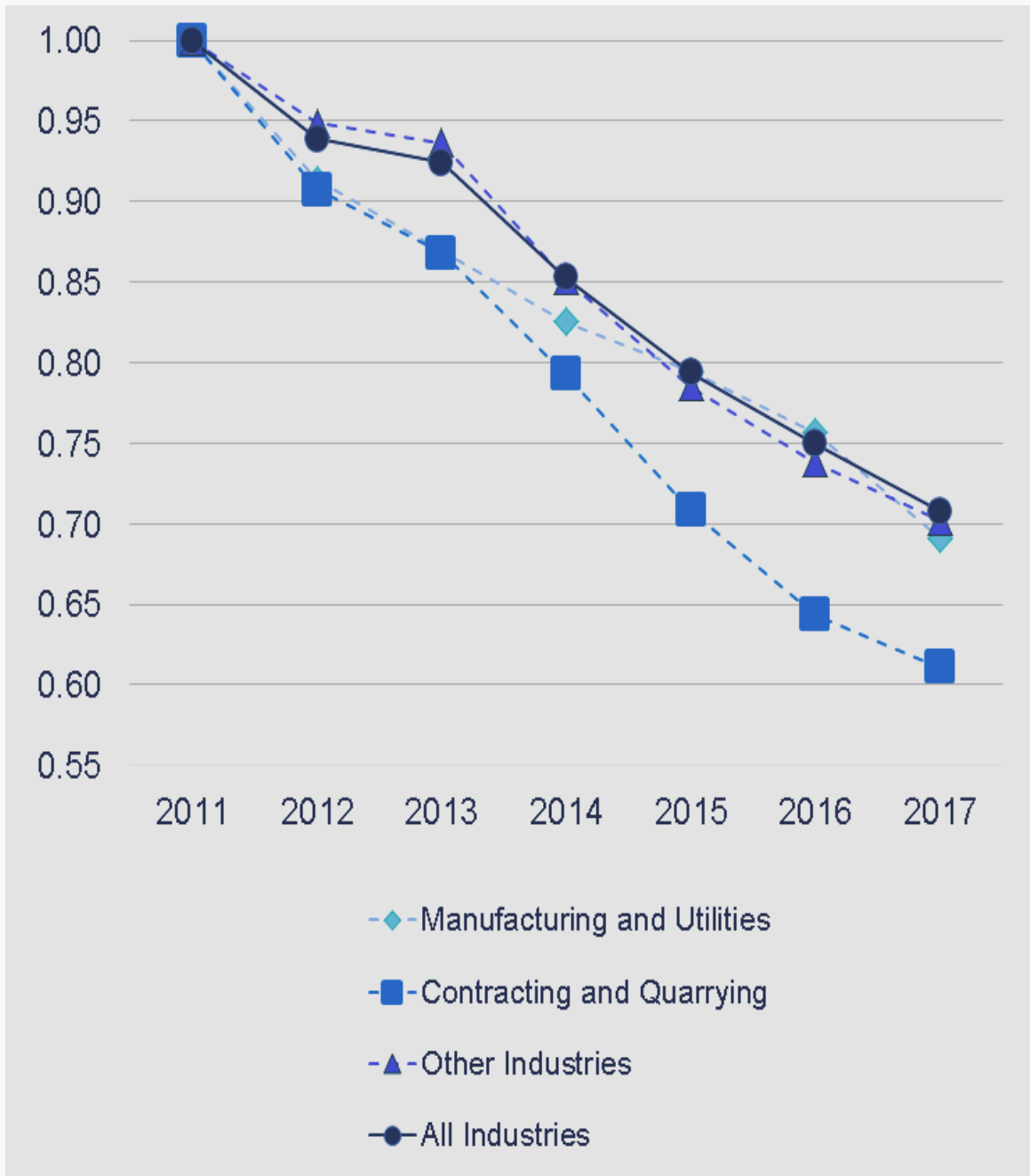


Medical Severity vs. CPI-Medical

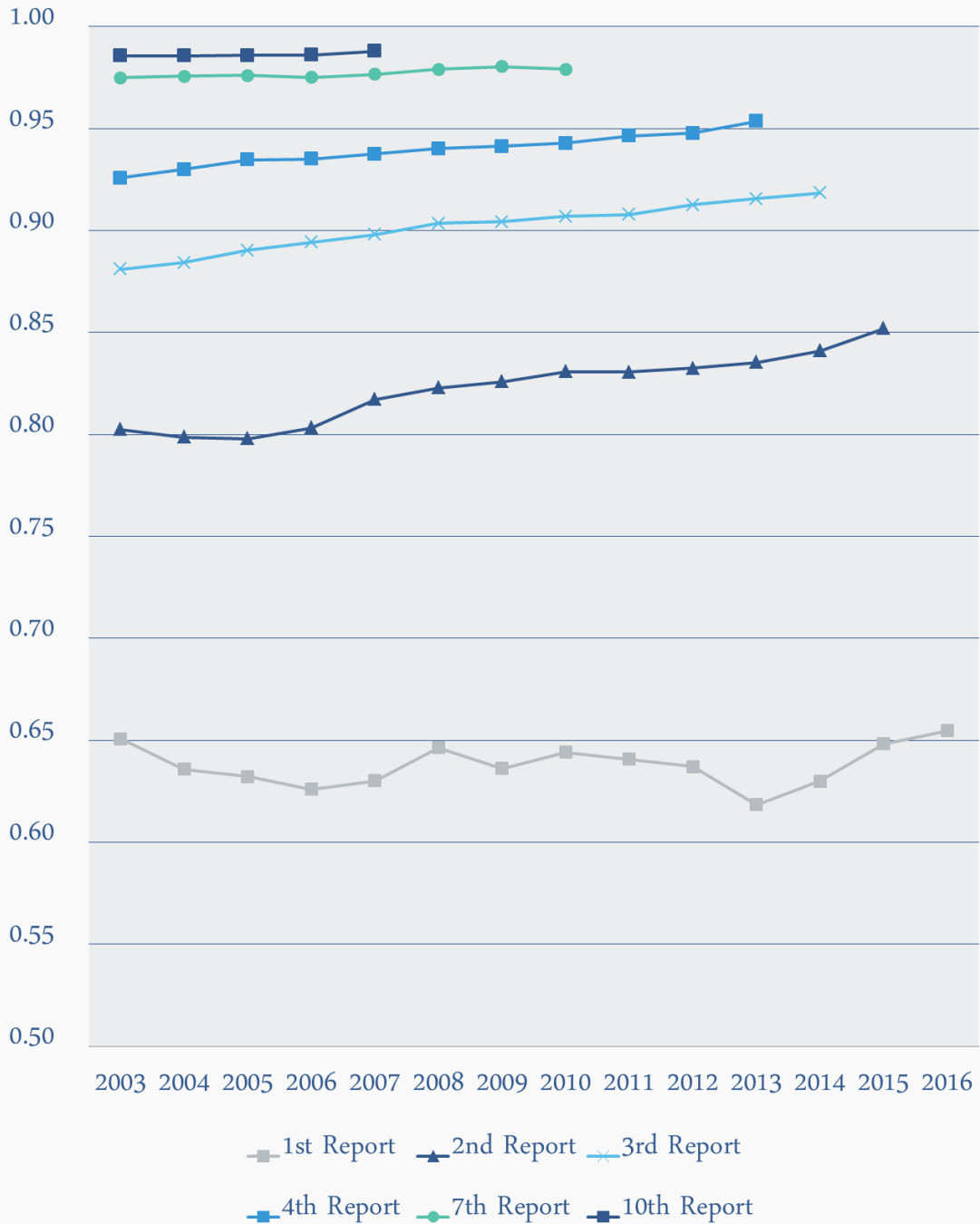


Frequency Trend by Industry Group

Frequency trend is -6.4% continuing its long term decline.

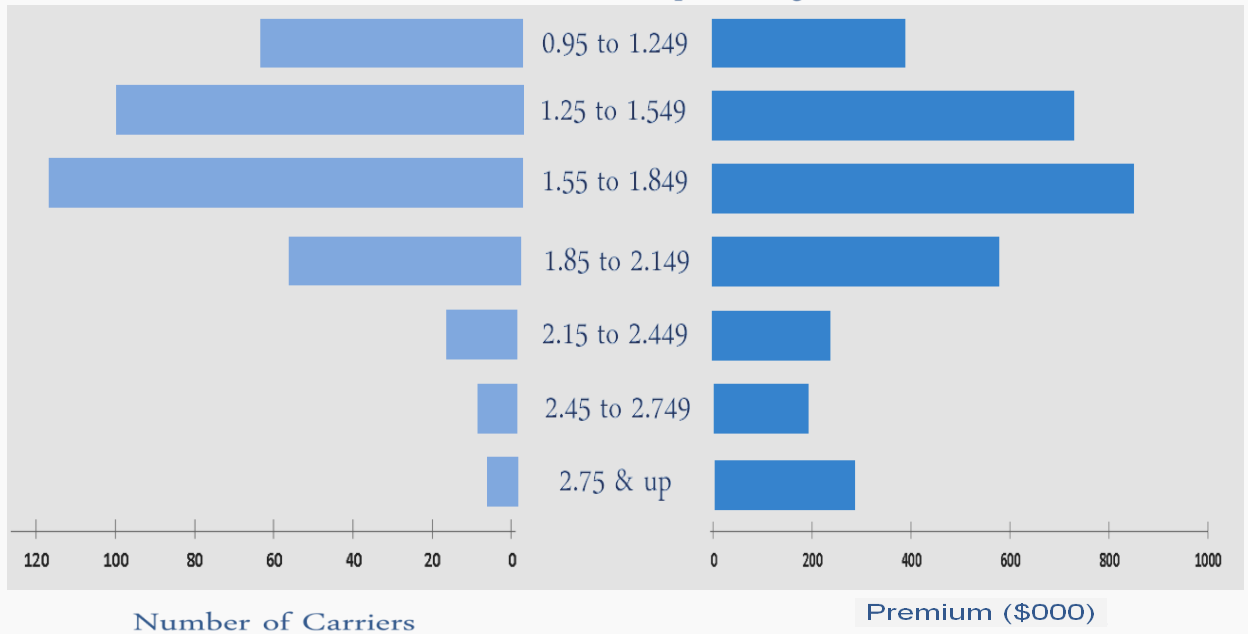


Claim Closure Rates

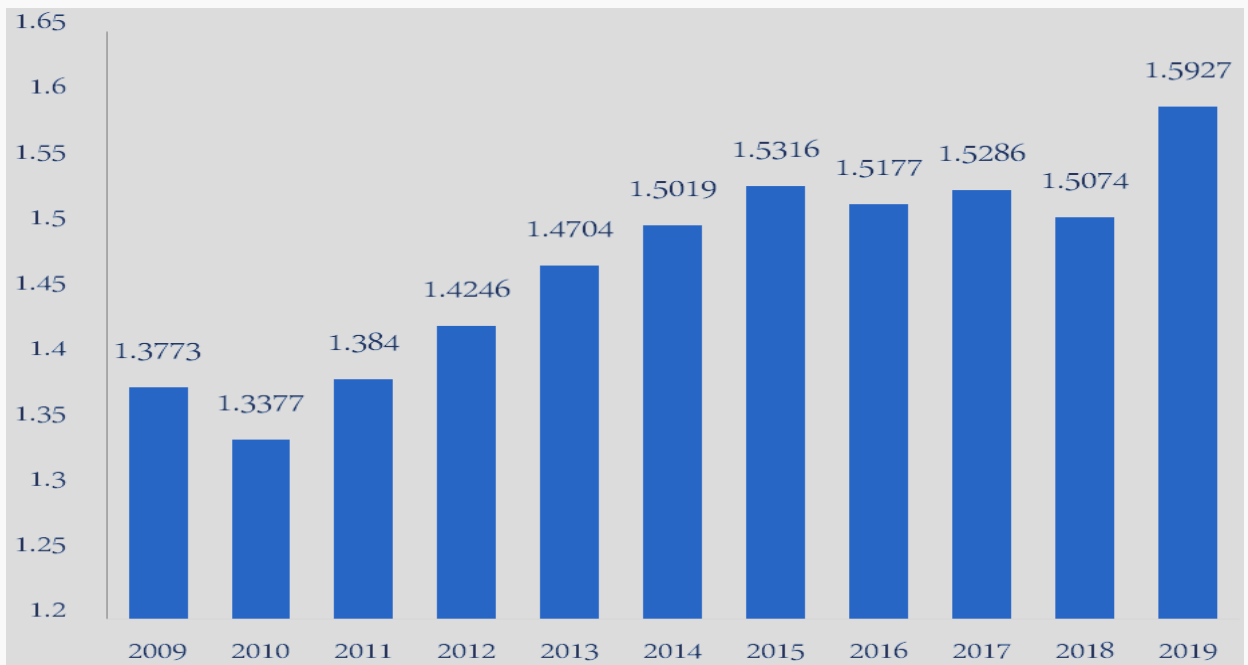


Insurance Carrier Pricing

Loss Cost Multiplier Ranges



Implied Average Loss Cost Multiplier



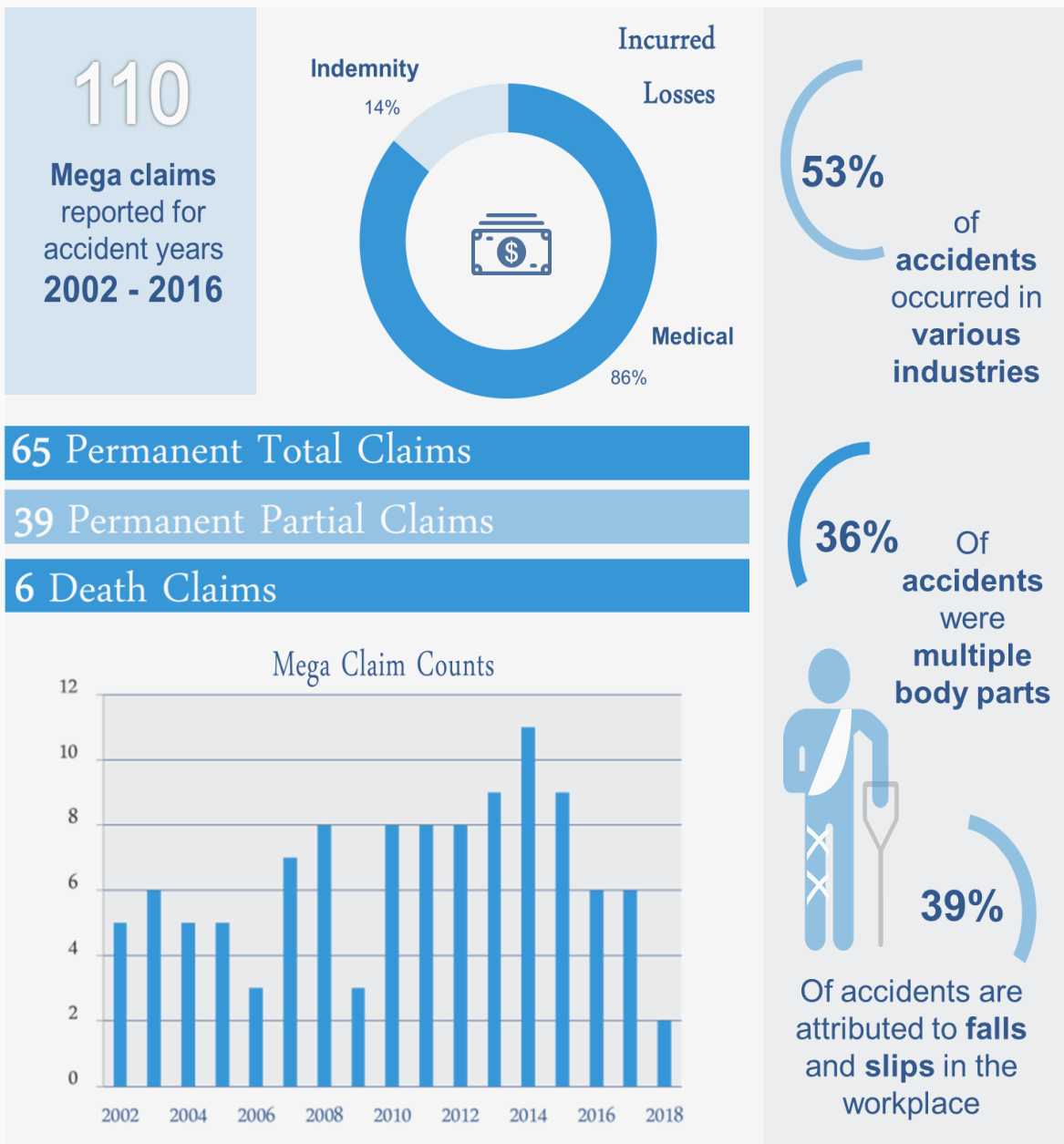
Rate Comparison

The PCRB performs an analysis of prevailing workers compensation rating values in Pennsylvania and five neighboring states. The most recent study examining Pennsylvania April 1, 2019 rating values, presents comparative ranges of approved rating values in some 30 classifications, representing the 10 largest classifications from each of three Industry Groups: manufacturing, contracting and all other industries. Please refer to our website for the complete study.



Mega Claim Overview of Characteristics

The PCRB performed an analysis of very large workers compensation claims as part of a collaborative research effort with other DCO's. These PA claims were defined as total incurred losses exceeding \$3 million on an inflation adjusted basis and were categorized by specific categories of industries, types of claims, part of body injured, cause of injury and nature of injury.





The PCRB is the licensed rating organization for workers compensation business other than Coal Mine coverages, in the Commonwealth of Pennsylvania, and has served in that role since 1915. The PCRB is a non-profit, private corporation supported by members comprised of all insurers licensed to underwrite workers compensation insurance in Pennsylvania, including the State Workers' Insurance Fund (SWIF). The PCRB makes annual rating value filings with the Pennsylvania Insurance Department and, subject to review and approval by the Insurance Department, the PCRB maintains uniform classification and experience rating plans as well as rules and parameters associated with various other mandatory and optional pricing programs. For more information about the PCRB contact us at:

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