

## Indicator 19: Workers' Compensation Benefits

### Significance<sup>i</sup>

Workers' compensation is an insurance program that covers work-related injuries and illnesses. Management and structure of the workers' compensation system varies by state. Benefits include lost wages, related medical expenses and survivor benefits. Amounts of paid benefits represent the direct financial burden of work-related injuries and illnesses. A 'covered worker' is defined as a worker who is eligible for workers' compensation benefits in the event of a work-related injury or illness. Workers who may not be covered by state workers' compensation include those who are self-employed, corporate executives, Federal employees, small business owners, farmers or agricultural workers. Additionally, railroad workers, real estate agents paid on commission and certain types of truckers are also exempted. There may be other workers exempted as well.

### Methods

The National Academy of Social Insurance (NASI) collects and reports estimated annual benefits, coverage and costs associated with workers' compensation programs. The average benefit paid in total and per covered worker in Colorado and the United States is reported.

### Results

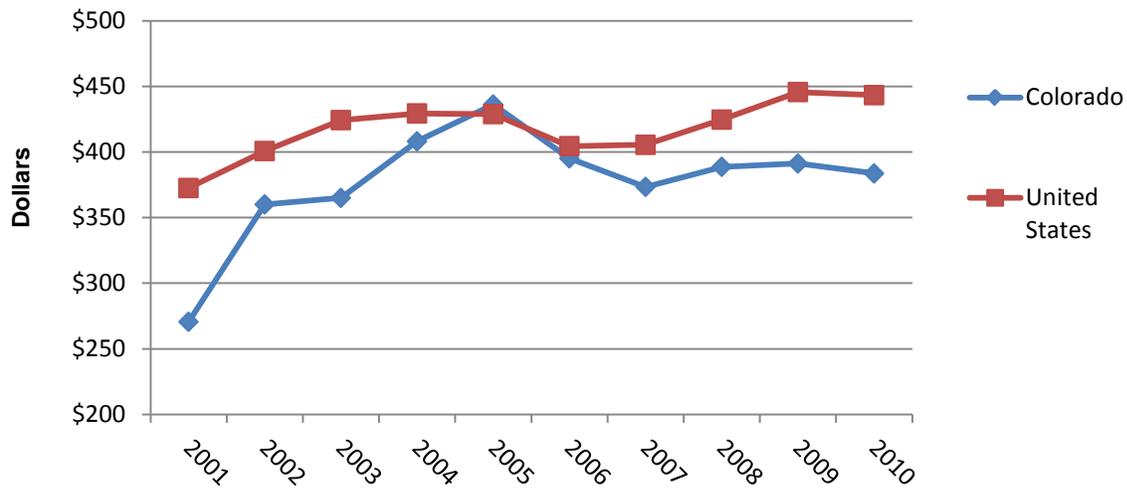
**Table 19.1 Average annual workers' compensation benefits paid, Colorado and the United States, 2001-2010**

Year	Total annual benefits paid		Benefit paid per covered worker	
	CO	US	CO	US
2001	\$581,266,000	\$46,285,207,000	\$271	\$373
2002	\$756,658,000	\$49,143,768,000	\$360	\$401
2003	\$753,566,000	\$51,745,997,000	\$365	\$424
2004	\$853,273,000	\$52,892,469,000	\$408	\$430
2005	\$932,350,000	\$53,810,800,000	\$436	\$429
2006	\$865,585,000	\$51,626,040,000	\$395	\$405
2007	\$837,004,000	\$52,319,690,000	\$373	\$406
2008	\$873,643,000	\$54,324,252,000	\$389	\$425
2009	\$836,238,000	\$54,403,728,000	\$391	\$446
2010	\$809,707,000	\$53,869,581,000	\$384	\$443
<b>Average</b>	\$809,929,000	\$52,042,153,200	\$377	\$418

Source: National Academy of Social Insurance ([www.nasi.org](http://www.nasi.org)) Workers Compensation: Benefits, Coverage and Costs (Annual Report) (numerator and denominator)

<sup>i i</sup> Council of State and Territorial Epidemiologists. *Occupational Health Indicators: A Guide for Tracking Occupational Health Conditions and Their Determinants*. Last updated April 2012.

**Figure 19.1: Average workers compensation benefit paid per covered worker, Colorado and the United States, 2001-2010**



Source: National Academy of Social Insurance ([www.nasi.org](http://www.nasi.org)), Annual Workers' Compensation Report

### Limitations

- The number of claims filed to and admitted by workers' compensation may be underestimated because not all individuals with work-related injuries and illnesses file for workers' compensation.
- There may be a lag time in reporting claims. In Colorado, an average of 80% of claims are filed in the year the injury or illness occurs.
- Since payments are made over time, annual awards may not reflect the full cost of injuries and illnesses for that year.
- Data do not describe the indirect burden of work-related injuries or illnesses, such as retraining and replacement worker costs, lost wages, administrative costs, etc.

### Recommendations and Next Steps

- Report details of awards, including industry, occupation and cost, to employers to target prevention efforts and further describe the economic burden of occupational injuries and illnesses. The Colorado Department of Labor, Division of Workers' Compensation, recently published the first annual reports on *Workers' Compensation Costs in Colorado*.<sup>ii</sup>
- Describe the average and median cost-per-claim of Colorado and United States workers' compensation claims using data from the National Council on Compensation Insurance (NCCI)

<sup>ii</sup> Reports are available online: [www.colorado.gov/cs/Satellite/CDLE-WorkComp/CDLE/1248095316069](http://www.colorado.gov/cs/Satellite/CDLE-WorkComp/CDLE/1248095316069).