Virginia
August 29, 2019

David_Benedict@ncci.com
561-893-3810

Jay_Rosen@ncci.com
561-893-3062
Agenda

- Our Stories Video
- Delivering Modernization
- Countrywide Workers Compensation System
- Virginia Workers Compensation System
- Virginia Residual Market
- Countrywide and Virginia Labor Markets
- Legislative Updates
- Medical Data
- Back to Work Video
Unified Adaptive Content (UAC)
Shattering the Way We Deliver Content

Information → Search → Answers
Unified Adaptive Content (UAC)

Stakeholder-Focused Strategies

- Carriers
  - Content access
  - Information delivery
  - Answer the question

- Agents
  - Answers
  - Content Access

- Regulators
  - Easier filing process
  - Content availability
  - Statutory concerns

- Others
  - Access
Find It on ncci.com/INSIGHTS
Countrywide Workers Compensation (WC) System—An Overview

- Net written premium increased in the most recent year
- The combined ratio has continued to show favorable results
- Lost-time claim frequency declined again
- Lost-time claim severity increased modestly for both indemnity and medical
Net Written Premium

Private Carriers and State Funds

$ Billions

Calendar Year

98 99 00 01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18p

p Preliminary

Source: NAIC’s Annual Statement data; includes state insurance fund data for the following states: AZ, CA, CO, HI, ID, KY, LA, MD, MO, MT, NM, OK, OR, RI, TX, and UT

Each calendar year total for state funds includes all funds operating as a state fund in that year
Direct Written Premium Change by Component

Private Carriers—NCCI States

2017 vs. 2018

- Payroll: 5.3%
- Loss Cost and Mix: -8.9%
- Carrier Discounting: 0.8%
- Other Factors: 3.1%
- Change in Direct Written Premium: -0.3%

Sources: Direct Written Premium Change: NAIC’s Annual Statement Statutory Page 14 for all states where NCCI provides ratemaking services
Components: NCCI’s Policy data
Drivers of Changes in Payroll
Forecast Change 2017–2018

Payroll 5.3%

Wage Rate 3.3%

Employment 1.9%

Prof. & Business Services
Trade, Transportation, & Utilities
Education & Health Services
Manufacturing
Financial Activities
Construction
Leisure & Hospitality
All Other

Sources: Moody’s Analytics and NCCI
Approved Changes in Bureau Premium Level
Weighted by Effective Date—NCCI States

P Preliminary
Source: NAIC’s Annual Statement Statutory Page 14
Values reflect changes in average premium levels between years, based on approved changes in advisory rates, loss costs, assigned risk rates, and rating values, as of 7/26/2019
IN and NC are filed in cooperation with state rating bureaus
Impact of Discounting on Premium
Private Carriers—NCCI States

Policy Year

Percent

98 99 00 01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18p

1.3

p Preliminary
Sources: NAIC’s Annual Statement Statutory Page 14 and NCCI’s Financial Call data
Rate/loss cost departure reflects carrier departure from NCCI rate level, which excludes a profit and contingency provision and expense constant
Based on data for all states where NCCI provides ratemaking services, excluding TX
Combined Ratio—Underwriting Gain Achieved

Private Carriers

Percent

Calendar Year

p Preliminary
Source: NAIC’s Annual Statement data
Combined Ratio by Component

Private Carriers

Percent

Dividends

Underwriting Expense Ratio

Loss Adjustment Expense (LAE) Ratio

Loss Ratio

Calendar Year

98 99 00 01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18

2 2

26 26

13 13

49 43

p Preliminary

Source: NAIC’s Annual Statement data
Change in Lost-Time Claim Frequency
Claims per $1M Pure Premium, Private Carriers and State Funds—NCCI States

2010 and 2011 adjusted primarily for significant changes in audit activity
p Preliminary, based on data valued as of 12/31/2018
Source: NCCI’s Financial Call data, developed to ultimate, premium adjusted to current wage and voluntary pure premium level, excludes high-deductible policies; based on data through 12/31/2017
Values displayed reflect the methodology underlying the most recent rate/loss cost filing
Includes all states where NCCI provides ratemaking services; NV is excluded through 2001, TX is excluded through 2006, and WV is excluded through 2011
Average Indemnity Claim Severity
Private Carriers and State Funds—NCCI States

Severity
($ Thousands)

Accident Year

98 99 00 01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18p

25
20
15
10
5

23.9 24.6

4.4% 3%

p Preliminary, based on data valued as of 12/31/2018
Source: NCCI’s Financial Call data, developed to ultimate, excludes high-deductible policies; based on data through 12/31/2017
Values displayed reflect the methodology underlying the most recent rate/loss cost filing
Includes all states where NCCI provides ratemaking services; WV is excluded prior to 2008; NV and TX are excluded prior to 2004
Average Medical Lost-Time Claim Severity
Private Carriers and State Funds—NCCI States

Severity ($ Thousands)

Accident Year

98 99 00 01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17p 18p

28.7 28.9

4.1% 1%

p Preliminary, based on data valued as of 12/31/2018
Source: NCCI's Financial Call data, developed to ultimate, excludes high-deductible policies; based on data through 12/31/2017
Values displayed reflect the methodology underlying the most recent rate/loss cost filing
Includes all states where NCCI provides ratemaking services; WV is excluded prior to 2008; NV and TX are excluded prior to 2004
Virginia Premium Volume

Direct Written Premium in $ Millions

Source: NAIC’s Annual Statement data
Virginia Combined Ratios

<table>
<thead>
<tr>
<th>Accident Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>95</td>
<td>90</td>
</tr>
</tbody>
</table>

Sources: NCCI's financial data through 12/31/2018 and NAIC's Annual Statement data
Impact of Discounting on Workers Compensation Premium in Virginia

- Preliminary
- Based on data through 12/31/2018
Virginia Change in Claim Frequency
Percent Change in Lost-Time Claims, per Million of On-Leveled Premium

Based on NCCI’s financial data through 12/31/2018, on-leveled and developed to ultimate, premium adjusted to common wage level
Virginia Average Indemnity Claim Severity
Lost-Time Claim Severity in $ Thousands

Based on NCCI’s financial data through 12/31/2018, on-leveled and developed to ultimate

Policy Year


25


Based on NCCI’s financial data through 12/31/2018, on-leveled and developed to ultimate

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Virginia Average Medical Claim Severity

Lost-Time Claim Severity in $ Thousands

Based on NCCI’s financial data through 12/31/2018, on-leveled and developed to ultimate
Virginia Filing Activity

Voluntary Loss Cost and Assigned Risk Rate Changes

<table>
<thead>
<tr>
<th>Date</th>
<th>Loss Cost Change</th>
<th>Rate Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>4/1/2016</td>
<td>3.4%</td>
<td>2.3%</td>
</tr>
<tr>
<td>4/1/2017</td>
<td>-5.5%</td>
<td>-10.0%</td>
</tr>
<tr>
<td>4/1/2018</td>
<td>-0.9%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>4/1/2019</td>
<td>-2.6%</td>
<td>-3.4%</td>
</tr>
<tr>
<td>4/1/2020*</td>
<td>-8.4%</td>
<td>-10.7%</td>
</tr>
</tbody>
</table>

*Pending
Virginia April 1, 2020 Loss Cost Filing

Change in Experience       -7.8%
Change in Trend            -2.5%
Change in Benefits         0.0%
Change in Loss Cost Differential -0.2%
Change in Loss-Based Expenses -0.5%

Overall Average Loss Cost Level Change -10.7%
Virginia April 1, 2020 Loss Cost Filing
Average Changes by Industry Group

<table>
<thead>
<tr>
<th>Industry Group</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>-9.3%</td>
</tr>
<tr>
<td>Contracting</td>
<td>-12.6%</td>
</tr>
<tr>
<td>Office &amp; Clerical</td>
<td>-10.7%</td>
</tr>
<tr>
<td>Goods &amp; Services</td>
<td>-9.8%</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-10.7%</td>
</tr>
<tr>
<td>Overall</td>
<td>-10.7%</td>
</tr>
</tbody>
</table>
Current NCCI Voluntary Market Loss Cost/Rate Level Changes

Excludes Law-Only Filings

Reflects the most recent experience filing in each jurisdiction as of 8/23/2019
Due to the timing of the individual loss cost/rate filings, the figures shown may include changes from prior filing seasons.
Plan Data
Includes 22 NCCI Plan Administration States

Alabama
Alaska
Arizona
Arkansas
Connecticut
DC
Georgia
Idaho
Illinois
Iowa
Kansas
Mississippi
Nevada
New Hampshire
New Mexico
Oregon
South Carolina
South Dakota
Tennessee
Vermont
Virginia
West Virginia
Assigned Risk Plan Market Share Percentage by State
As of 12/31/2018

Market share percentage is from NCCI’s 2018 Residual Market Management Summary
Virginia Residual Market Share Compared to All Plan States Market Share

Plan Premium as a Percentage of Direct Written Premium

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Market Share Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>7.7</td>
</tr>
<tr>
<td>2015</td>
<td>8.0</td>
</tr>
<tr>
<td>2016</td>
<td>6.7</td>
</tr>
<tr>
<td>2017</td>
<td>7.1</td>
</tr>
<tr>
<td>2018</td>
<td>6.5</td>
</tr>
</tbody>
</table>

Market share percentage is from NCCI’s 2018 Residual Market Management Summary
Virginia Residual Market Plan Premium
As of 12/31/2018

Premium data is on a policy year basis as reported to NCCI, for policies effective from January 1, 2018, to December 31, 2018, including prorated cancellations, with all policies’ premium associated to the dominant state.
Virginia Residual Market Policy Counts
As of 12/31/2018

Policy data is on a policy year basis as reported to NCCI, for policies effective from January 1, 2018, to December 31, 2018, including prorated cancellations, with all policies' premium associated to the dominant state.
Virginia Residual Market Policy Information

Policy Premium

- 30.4% ($10K to $49,999)
- 19.0%
- 17.0%
- 13.2%
- 10.0%

Policy Count

- 70.7% (Under $2,500)
- 13.7%
- 9.0%
- 5.9%

$3,693 Average Policy Size

Premium and policy data is on a policy year basis as reported to NCCI, for policies effective from January 1, 2018, to December 31, 2018, including prorated cancellations, with all policies’ premium associated to the dominant state.
Countrywide and Virginia Labor Markets
Change in Private Employment

Private Employment Growth Is Below Average

Year-over-year percentage change; employment is for Total Private Industry
Frequency of observation: quarterly; 2015 Q4–2018 Q4
Sources: US Bureau of Labor Statistics, Moody’s Analytics, and NCCI

- Virginia
- United States

<table>
<thead>
<tr>
<th>Year</th>
<th>Virginia</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 Q4</td>
<td>+1.0%</td>
<td>+1.8%</td>
</tr>
<tr>
<td>2017 Q4</td>
<td>+1.1%</td>
<td>+1.7%</td>
</tr>
<tr>
<td>2018 Q4</td>
<td>+0.8%</td>
<td>+2.0%</td>
</tr>
</tbody>
</table>

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Change in Average Weekly Wages

Wage Growth Is Above the National Average

Year-over-year percentage change; wages are for Total Private Industry
Frequency of observation: quarterly; 2015 Q4–2018 Q4
Sources: US Bureau of Labor Statistics, Bureau of Economic Analysis, Moody’s Analytics, and NCCI
Private Industry Payroll Growth Decomposition
Payroll Growth Is Close to the National Average

Virginia

- Employment: +0.8%
- AWW: +3.8%

United States

- Payroll: +2.0%
- AWW: +2.8%

AWW = Average Weekly Wage
2018 Q4 year-over-year percentage change
Sources: US Bureau of Labor Statistics, Bureau of Economic Analysis, Moody’s Analytics, and NCCI
<table>
<thead>
<tr>
<th>Economic Sector</th>
<th>Year-Over-Year Percent Change, 2018 Q4</th>
<th>Sector Size</th>
<th>Share %</th>
<th>1-Year Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional and business services</td>
<td>VA +1.9, US +2.7</td>
<td>750,600</td>
<td>19</td>
<td>+14,100</td>
</tr>
<tr>
<td>Education and health services</td>
<td>VA +1.4, US +2.2</td>
<td>543,100</td>
<td>14</td>
<td>+7,600</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>VA +2.8, US +2.2</td>
<td>242,600</td>
<td>6</td>
<td>+6,700</td>
</tr>
<tr>
<td>Government</td>
<td>VA +0.9, US +0.5</td>
<td>724,300</td>
<td>18</td>
<td>+6,500</td>
</tr>
<tr>
<td>Construction</td>
<td>VA +1.1, US +4.6</td>
<td>197,400</td>
<td>5</td>
<td>+2,200</td>
</tr>
<tr>
<td>Leisure and hospitality</td>
<td>VA +0.4, US +2.0</td>
<td>408,400</td>
<td>10</td>
<td>+1,500</td>
</tr>
<tr>
<td>Other services</td>
<td>VA +0.3, US +1.3</td>
<td>213,100</td>
<td>5</td>
<td>+600</td>
</tr>
<tr>
<td>Financial activities</td>
<td>VA +0.1, US +1.4</td>
<td>206,700</td>
<td>5</td>
<td>+200</td>
</tr>
<tr>
<td>Natural resources and mining</td>
<td>VA +0.4, US +6.7</td>
<td>10,800</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Information</td>
<td>VA −3.8, US +0.4</td>
<td>65,400</td>
<td>2</td>
<td>−2,600</td>
</tr>
<tr>
<td>Trade, transportation, and utilities</td>
<td>VA −0.4, US +1.1</td>
<td>658,300</td>
<td>16</td>
<td>−2,800</td>
</tr>
</tbody>
</table>

Employment numbers are rounded to the nearest hundred
Year-over-year percentage change; frequency of observation: quarterly; 2018 Q4
Sources: US Bureau of Labor Statistics, Moody’s Analytics, and NCCI
Payroll Growth Decomposition by Sector

Employment Growth + AWW Growth ≈ Payroll Growth

-5% 0 +5% +10%  
-5% 0 +5% +10%  
-5% 0 +5% +10%

Professional and business services  
Government  
Trade, transportation, and utilities  
Education and health services  
Financial activities  
Manufacturing  
Construction  
Leisure and hospitality  
Other services  
Information  
Natural resources and mining

AWW = Average Weekly Wage
2018 Q4 year-over-year percentage change; sectors are in descending order by the volume of state payroll amounts
Sources: US Bureau of Labor Statistics, Bureau of Economic Analysis, Moody’s Analytics, and NCCI
Headline Unemployment Rate

The Unemployment Rate Is Below the National Rate

United States: 3.6%
Virginia: 3.0%

Headline Unemployment Rate, seasonally adjusted
Frequency of observation: monthly; latest available data point: May 2019
Virginia’s Labor Market

- Virginia’s unemployment rate is below the US rate
- Payroll increased in Virginia from increases in wages and employment growth
  - The Professional and Business Services sector contributed over one-third of the total payroll growth
- Employment growth is below the US rate
  - Manufacturing grew faster than the national average
  - The sectors with the largest employment shares grew at or below the growth rates for the rest of the nation
  - While many sectors added jobs, employment decreased in the Trade, Transportation, and Utilities sector and Information sector
Workers Compensation
Underwriting Cycle Video
NCCI’s Engagement at the Federal Level
Issue Spotlight: Terrorism Risk Insurance Program

- Background
- Unique impact of terrorism peril on workers compensation
- Current status of Terrorism Risk Insurance Program Reauthorization Act (TRIPRA) of 2015
  - Absent Congressional action, TRIPRA expires on 12/31/2020
- Reauthorization activities
  - Federal Insurance Office (FIO)
  - NCCI
  - Industry
  - Other stakeholders
Legislative Overview | National

As of June 30, 2019

668
All jurisdictions/federal WC-related bills tracked by NCCI

415
Bills in NCCI jurisdictions

84
Enacted (includes all jurisdictions/federal)
As of June 30, 2019

Legislative Overview | WC Bills Introduced

0–10 Bills Introduced
11–20 Bills Introduced
21–30 Bills Introduced
More Than 30 Bills Introduced
Legislative Overview | National Bill Trends

As of June 30, 2019

- 122 First Responder Bills
- 54 Reimbursement/Fee Schedule Bills
- 46 Court/Legal Issue Bills
- 45 Indemnity Benefit Bills
- 42 Compliance-Related Bills
Hot Topics

- Legalization of Marijuana
- Prescription Drugs
- Single Payer
- Air Ambulances
2019 Virginia Legislation

Failed

- HB 1706—Declared PTSD suffered by a first responder as an occupational disease if clear and convincing evidence of exposure to a qualifying event

- HB 2075—Added correctional officers and DMV enforcement officers to list of employees entitled to occupational disease presumptions
2019 Virginia Legislation

Passed

HB 2022—Tolling of Statute of Limitations

- Prior to HB 2022, the statute of limitations was suspended (tolled) if the claimant was prejudiced by the acts of the employer regarding filing a claim.

- HB 2022 removes the prejudice requirement. The statute of limitations applicable to filing a claim is suspended:
  - until the last day payment for indemnity or medical is provided and that occurs more than six months after the accident date, or
  - until the employer files the first report of accident, whichever is longer.
Executive Summary

Overview of 2020 Legislative and Regulatory Activity

In an analysis of 2020 state and federal bills, the National Council on Compensation Insurance (NCCI) identified and tracked 1824 bills and federal measures in 2020, a decrease of 26% from the previous year. Of these, 640 bills were signed into law, a decrease of 20% from 2019.

Legislation Trends and Key Topics

Key legislation impacting first responders concluded in 2020 included:

- Theดารา The National First Responder Act (H.R. 7000), which established a standard for federal assistance to states and territories for first responders.

Healthcare Professional Liability (HPPL)

This year, the focus on healthcare professional liability (HPL) continued, with several states implementing new or revised laws to address the rising costs and premiums.

Worker’s Compensation

In 2020, 31 states expanded worker’s compensation coverage to include mental health disorders, such as post-traumatic stress disorder (PTSD), for first responders. This expansion was part of a broader trend towards recognizing the mental health challenges faced by first responders.

Available on ncci.com
Medical Data
### Distribution of Medical Payments

**Virginia vs. Countrywide**

<table>
<thead>
<tr>
<th>Category</th>
<th>Virginia</th>
<th>Countrywide</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physicians</td>
<td>35%</td>
<td>39%</td>
<td></td>
</tr>
<tr>
<td>Hospital Outpatient</td>
<td>24%</td>
<td>19%</td>
<td></td>
</tr>
<tr>
<td>Hospital Inpatient</td>
<td>12%</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>Ambulatory Surgical Centers</td>
<td>6%</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>Drugs</td>
<td>10%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>DME, Supplies, and Implants</td>
<td>10%</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
<td>4%</td>
<td></td>
</tr>
</tbody>
</table>

Countrywide includes data from the following states: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MI, MN, MO, MS, MT, NC, NE, NH, NJ, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WI, and WV.
Distribution of Physician Payments by AMA Service Categories

**Virginia vs. Countrywide**

<table>
<thead>
<tr>
<th>Service Category</th>
<th>Virginia</th>
<th>Countrywide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicine</td>
<td>35%</td>
<td>35%</td>
</tr>
<tr>
<td>Surgery</td>
<td>26%</td>
<td>25%</td>
</tr>
<tr>
<td>Evaluation and Management</td>
<td>21%</td>
<td>23%</td>
</tr>
<tr>
<td>Radiology</td>
<td>10%</td>
<td>9%</td>
</tr>
<tr>
<td>Anesthesia</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td>Pathology</td>
<td>2%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Countrywide includes data from the following states: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MI, MN, MO, MS, MT, NC, NE, NH, NJ, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WI, and WV.
Hospital Inpatient Services

Virginia vs. Countrywide

Paid Amount per Stay

- Virginia: $40,590
- Countrywide: $29,876

Stays per 1,000 Active Claims

- Virginia: 17
- Countrywide: 18

Countrywide includes data from the following states: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MI, MN, MO, MS, MT, NC, NE, NH, NJ, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WI, and WV
Hospital Outpatient Services—Surgical

Virginia vs. Countrywide

- **Paid Amount per Visit**
  - Virginia: $7,056
  - Countrywide: $4,521

- **Visits per 1,000 Active Claims**
  - Virginia: 85
  - Countrywide: 88

Countrywide includes data from the following states: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MI, MN, MO, MS, MT, NC, NE, NH, NJ, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WI, and WV
Hospital Outpatient Services—Nonsurgical

Virginia vs. Countrywide

Paid Amount per Visit

- Virginia: $493
- Countrywide: $996

Visits per 1,000 Active Claims

- Virginia: 738
- Countrywide: 887

Countrywide includes data from the following states: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MI, MN, MO, MS, MT, NC, NE, NH, NJ, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WI, and WV
Ambulatory Surgical Centers Services

Virginia vs. Countrywide

Countrywide includes data from the following states: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MI, MN, MO, MS, MT, NC, NE, NH, NJ, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WI, and WV
### Top 10 Workers Compensation Drugs by Amount Paid

<table>
<thead>
<tr>
<th>Drug Name</th>
<th>Average PPU* VA</th>
<th>Average PPU* CW</th>
<th>Virginia Paid Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lyrica®</td>
<td>$7.60</td>
<td>$7.10</td>
<td>8.2%</td>
</tr>
<tr>
<td>Gabapentin</td>
<td>$1.27</td>
<td>$1.18</td>
<td>4.9%</td>
</tr>
<tr>
<td>Oxycontin®</td>
<td>$9.13</td>
<td>$8.84</td>
<td>4.3%</td>
</tr>
<tr>
<td>Lidocaine</td>
<td>$8.38</td>
<td>$7.04</td>
<td>4.1%</td>
</tr>
<tr>
<td>Duloxetine HCl</td>
<td>$5.86</td>
<td>$5.18</td>
<td>3.2%</td>
</tr>
<tr>
<td>Oxycodone HCl-Acetaminophen</td>
<td>$1.69</td>
<td>$1.70</td>
<td>2.8%</td>
</tr>
<tr>
<td>Diclofenac Sodium</td>
<td>$0.97</td>
<td>$1.28</td>
<td>2.2%</td>
</tr>
<tr>
<td>Celecoxib</td>
<td>$4.84</td>
<td>$5.09</td>
<td>2.1%</td>
</tr>
<tr>
<td>Meloxicam</td>
<td>$3.38</td>
<td>$3.25</td>
<td>1.8%</td>
</tr>
<tr>
<td>Terocin®</td>
<td>$48.48</td>
<td>$44.60</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

Countrywide includes data from the following states: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MI, MN, MO, MS, MT, NC, NE, NH, NJ, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WI, and WV.

*PPU = Price per Unit
## Top 10 Workers Compensation Drugs by Prescription Counts

<table>
<thead>
<tr>
<th>Drug Name</th>
<th>Average PPU*</th>
<th>Virginia Prescription Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hydrocodone Bitartrate-Acetaminophen</td>
<td>$0.60</td>
<td>6.6%</td>
</tr>
<tr>
<td>Gabapentin</td>
<td>$1.27</td>
<td>6.4%</td>
</tr>
<tr>
<td>Cyclobenzaprine HCl</td>
<td>$1.00</td>
<td>4.8%</td>
</tr>
<tr>
<td>Oxycodone HCl-Acetaminophen</td>
<td>$1.69</td>
<td>4.5%</td>
</tr>
<tr>
<td>Tramadol HCl</td>
<td>$1.04</td>
<td>3.8%</td>
</tr>
<tr>
<td>Ibuprofen</td>
<td>$0.49</td>
<td>3.4%</td>
</tr>
<tr>
<td>Diclofenac Sodium</td>
<td>$0.97</td>
<td>3.0%</td>
</tr>
<tr>
<td>Oxycodone HCl</td>
<td>$1.20</td>
<td>2.9%</td>
</tr>
<tr>
<td>Naproxen</td>
<td>$0.96</td>
<td>2.7%</td>
</tr>
<tr>
<td>Meloxicam</td>
<td>$3.38</td>
<td>2.6%</td>
</tr>
</tbody>
</table>

*PPU = Price per Unit

Countrywide includes data from the following states: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MI, MN, MO, MS, MT, NC, NE, NH, NJ, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WI, and WV
Distribution of Drugs by Brand Name and Generic

Paid

Virginia
- Brand: 48%
- Generic: 52%

Countrywide
- Brand: 44%
- Generic: 56%

Scripts

Virginia
- Brand: 16%
- Generic: 84%

Countrywide
- Brand: 15%
- Generic: 85%

Countrywide includes data from the following states: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MI, MN, MO, MS, MT, NC, NE, NH, NJ, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WI, and WV
Distribution of Drugs by Opioid and Nonopiod

Countrywide includes data from the following states: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MI, MN, MO, MS, MT, NC, NE, NH, NJ, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WI, and WV.

Paid:
- Virginia: 76% Nonopiod, 24% Opioid
- Countrywide: 76% Nonopiod, 24% Opioid

Scripts:
- Virginia: 75% Nonopiod, 25% Opioid
- Countrywide: 73% Nonopiod, 27% Opioid
### Top Diagnosis Groups by Amount Paid

<table>
<thead>
<tr>
<th>Diagnosis Group</th>
<th>Paid Share</th>
<th>Virginia</th>
<th>Countrywide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rotator cuff tear</td>
<td>4.7%</td>
<td>$25,231</td>
<td>$19,053</td>
</tr>
<tr>
<td>Open wound of wrist, hand, and fingers</td>
<td>4.5%</td>
<td>$1,770</td>
<td>$1,051</td>
</tr>
<tr>
<td>Fracture of lower leg, including ankle</td>
<td>4.2%</td>
<td>$26,399</td>
<td>$17,920</td>
</tr>
<tr>
<td>Low back pain</td>
<td>3.5%</td>
<td>$2,418</td>
<td>$2,414</td>
</tr>
<tr>
<td>Fracture at wrist and hand level</td>
<td>3.1%</td>
<td>$7,168</td>
<td>$5,254</td>
</tr>
<tr>
<td>Fracture of forearm</td>
<td>3.0%</td>
<td>$18,973</td>
<td>$13,472</td>
</tr>
<tr>
<td>Other joint disorder, not elsewhere classified</td>
<td>2.8%</td>
<td>$5,594</td>
<td>$5,028</td>
</tr>
<tr>
<td>Minor hand/wrist injuries</td>
<td>2.7%</td>
<td>$1,613</td>
<td>$1,348</td>
</tr>
<tr>
<td>Minor knee injury</td>
<td>2.5%</td>
<td>$2,373</td>
<td>$2,269</td>
</tr>
<tr>
<td>Minor ankle/foot injuries</td>
<td>2.5%</td>
<td>$1,796</td>
<td>$1,462</td>
</tr>
</tbody>
</table>

Payments are based on claims with dates of injury between January 1, 2016, and December 31, 2016, and include all reported services provided for those claims through December 31, 2017.

Countrywide includes data from the following states: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MI, MN, MO, MS, MT, NC, NE, NH, NJ, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WI, and WV.
Information From the Medical Data Call

- For information in this section, the source is NCCI’s Medical Data Call for Service Year 2017 as contained in the 2018 Medical Data Report and 2018 Opioid Utilization Supplement for Virginia.

- The availability of detailed medical data on workers compensation claims is essential for the pricing of proposed state legislation, assessing impacts of changes to medical fee schedules, and conducting research.
Kids’ Chance of Virginia (KCVA) provides post-secondary and trade school scholarships to the children of Virginia workers who have been severely or fatally injured in a workplace accident.

John Burke, Chairman

Mail
Kids’ Chance of Virginia
c/o BerkleyNet
9301 Innovation Drive
Suite 200
Manassas, VA 20110

Phone
703-586-6303

Email
info@kidschanceva.org
Total Benefit Costs in Virginia

Indemnity vs. Medical

- Virginia: 32% Indemnity, 68% Medical
- Region: 50% Indemnity, 50% Medical
- Countrywide: 42% Indemnity, 58% Medical

Regional states are DC, KY, MD, and NC

Based on NCCI’s financial data
Virginia Loss Ratios

Indemnity vs. Medical

Based on NCCI’s financial data through 12/31/2018 at current benefit level and developed to ultimate
Virginia Claim Frequency
Lost-Time Claims, per Million of On-Leveled Premium

Based on NCCI’s financial data through 12/31/2018, on-leveled and developed to ultimate, premium adjusted to common wage level
Virginia Average Indemnity Claim Severity

Adjusted to Common Wage Level vs. Actual, in $ Thousands

Based on NCCI’s financial data through 12/31/2018 for lost-time claims at current benefit level and developed to ultimate
Virginia Average Medical Claim Severity

Adjusted to Common Wage Level vs. Actual, in $ Thousands

Based on NCCI’s financial data through 12/31/2018 for lost-time claims at current benefit level and developed to ultimate
Virginia Average Claim Frequency

Lost-Time vs. Medical Only, per 100,000 Workers

Based on NCCI’s Statistical Plan data
Average Indemnity Claim Severity in the Region

**PY 2015 vs. PY 2016**, in $ Thousands

Based on NCCI’s financial data for lost-time claims at current benefit level and developed to ultimate, premium adjusted to common wage level

<table>
<thead>
<tr>
<th>State</th>
<th>PY 2015</th>
<th>PY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>VA</td>
<td>26.5</td>
<td>29.2</td>
</tr>
<tr>
<td>DC</td>
<td>38.1</td>
<td></td>
</tr>
<tr>
<td>KY</td>
<td>25.9</td>
<td></td>
</tr>
<tr>
<td>MD</td>
<td>28.6</td>
<td></td>
</tr>
<tr>
<td>NC</td>
<td>30.4</td>
<td></td>
</tr>
</tbody>
</table>
Average Medical Claim Severity in the Region

**PY 2015 vs PY 2016**, in $ Thousands

- VA: 53.8
- DC: 25.0
- KY: 31.3
- MD: 30.1
- NC: 26.8

Based on NCCI’s financial data for lost-time claims at current benefit level and developed to ultimate, premium adjusted to common wage level.
Virginia Distribution of Claims by Injury Type

Virginia
- Medical Only: 81%
- Temporary Total: 13%
- Permanent Partial: 6%
- Fatal & Permanent Total: 6%

Region
- Medical Only: 76%
- Temporary Total: 14%
- Permanent Partial: 10%
- Fatal & Permanent Total: 9%

Countrywide
- Medical Only: 76%
- Temporary Total: 15%
- Permanent Partial: 9%
- Fatal & Permanent Total: 9%

Regional states are DC, KY, MD, and NC
Based on NCCI's Statistical Plan data for jurisdiction/claim type combinations for which three or more cases exist
Virginia Indemnity Loss Distribution by Injury Type

Regional states are DC, KY, MD, and NC

Based on NCCI's Statistical Plan data for jurisdiction/claim type combinations for which three or more cases exist.
Virginia Medical Loss Distribution by Injury Type

Regional states are DC, KY, MD, and NC

Based on NCCI's Statistical Plan data for jurisdiction/claim type combinations for which three or more cases exist

Virginia
- Medical Only: 15%
- Temporary Total: 34%
- Permanent Partial: 41%
- Permanent Total: 10%
- Fatal: 1%

Region
- Medical Only: 12%
- Temporary Total: 28%
- Permanent Partial: 56%
- Permanent Total: 3%
- Fatal: 1%

Countrywide
- Medical Only: 13%
- Temporary Total: 29%
- Permanent Partial: 47%
- Permanent Total: 10%
- Fatal: 1%

Note: The bars represent the percentage distribution of medical losses for different types of injuries in Virginia, the region, and countrywide. The percentages are broken down into Medical Only, Temporary Total, Permanent Partial, Permanent Total, and Fatal categories.
Glossary
Glossary

**Active Claim**—A workers compensation claim for which there is at least one medical service provided during that service year.

**Ambulatory Surgical Center (ASC)**—A state-licensed facility that is used mainly to perform outpatient surgery, has a staff of physicians, has continuous physician and nursing care, and does not provide for overnight stays. An ASC can bill for facility fees much like a hospital, but generally has a separate fee schedule.

**Assigned Risk Adjustment Program (ARAP)**—An assigned risk market program that surcharges residual market risks based on the magnitude of their experience rating modification.

**Calendar-Accident Year (CAY)**—The accumulation of loss data on all accidents with the date of occurrence falling within a given calendar year. The premium figure is the same as that used in calendar year experience.
**Glossary**

**Calendar Year (CY)—**Experience of earned premium and loss transactions occurring within the calendar year beginning January 1, irrespective of the contractual dates of the policies to which the transactions relate and the dates of the accidents.

**Claim Frequency—**The number of claims per unit of exposure; for example, the number of claims per million dollars of premium or per 100 workers.

**Claim Severity—**The average cost of a claim. Severity is calculated by dividing total losses by the total number of claims.

**Combined Ratio—**The sum of the (1) loss ratio, (2) expense ratio, and (3) dividend ratio for a given time period.

**Detailed Claim Information (DCI)—**An NCCI Call that collects detailed information on an individual workers compensation lost-time claim basis, such as type of injury, whether or not an attorney was involved, and the timing of the claim’s report to the carrier.
**Glossary**

**Diagnosis Groups**—Based on ICD-10 codes; groups based on similar injuries and parts of body.

**Direct Written Premium (DWP)**—The gross premium income adjusted for additional or return premiums but excluding any reinsurance premiums.

**Drugs**—Includes any data reported by a National Drug Code (NDC). Also included are data for revenue codes, the Healthcare Common Procedure Code System (HCPCS), and other state-specific codes that represent drugs.

**Durable Medical Equipment**—Equipment that is primarily and customarily used to serve a medical purpose, can withstand repeated use, could normally be rented and used by successive patients, is appropriate for use in the home, and is not generally useful to a person in the absence of an illness or injury.
Glossary

Hospital Inpatient Service—Services for a patient who is admitted to a hospital for treatment that requires at least one overnight stay (more than 24 hours in a hospital). Payment for a hospital inpatient service is limited to the payment made for the facility cost.

Hospital Inpatient Stay—A hospital admission of a patient requiring hospitalization of at least one 24-hour period.

Hospital Outpatient Service—Any type of medical or surgical care performed at a hospital that is not expected to result in an overnight hospital stay (less than 24 hours in a hospital). Payment for a hospital outpatient service is limited to the payment made for the facility cost.

Indemnity Benefits—Payments by an insurance company to cover an injured worker’s time lost from work. These benefits are also referred to as “wage replacement” benefits.

Loss Ratio—The ratio of losses to premium for a given time period.
Glossary

Lost-Time (LT) Claims—Claims resulting in indemnity benefits (and usually medical benefits) being paid to, or on behalf of, the injured worker for time lost from work.

Medical Data Call—Captures transaction-level detail for medical billings that were processed on or after July 1, 2010. All medical transactions with the jurisdiction state in any applicable Medical Data Call state are reportable. This includes all workers compensation claims, including medical-only claims.

Medical-Only Claims—Claims resulting in only medical benefits being paid on behalf of an injured worker.

Net Written Premium (NWP)—The gross premium income adjusted for additional or return premiums; includes any additions for reinsurance assumed and any deductions for reinsurance ceded.
Permanent Partial (PP)—A disability that is permanent but does not involve a total inability to work. The specific definition and associated workers compensation benefits are defined by statute and vary by jurisdiction.

Policy Year (PY)—The year of the effective date of the policy. Policy year financial results summarize experience for all policies with effective dates in a given calendar year period.

Prescription Count—Number of drug prescriptions, where refills are counted separately.

Schedule Rating—A debit and credit plan that recognizes variations in the hazard-causing features of an individual risk.

Service Year—A loss accounting term for experience that is summarized by the calendar year in which a medical service was provided.
Surgery Visit—A visit in which at least one surgery procedure is performed based on the reported procedure code.

Take-Out Credit Program—An assigned risk program that encourages carriers to write current residual market risks in the competitive voluntary marketplace.

Temporary Total (TT)—A disability that totally disables a worker for a temporary period of time.

Units—The number of units of service performed or the quantity of drugs dispensed. For Paid Procedure Codes related to medications, the quantity/units depend on the type of drug:

- For tablets, capsules, suppositories, and nonfilled syringes, units represent the actual number of the drug provided. For example, a bottle of 30 pills would have 30 units.
For liquids, suspensions, solutions, creams, ointments, and bulk powders that are dispensed in standard packages, the units are specified by the procedure code. For example, a cream is dispensed in a standard tube, which is defined as a single unit.

For liquids, suspensions, solutions, creams, ointments, and bulk powders that are not dispensed in standard packages, the number of units is the amount provided in its standard unit of measurement (e.g., milliliters, grams, ounces). For example, codeine cough syrup dispensed by a pharmacist into a four-ounce bottle would be reported as four units.

Visit—Any hospital outpatient or ASC service or set of services provided to a claimant on a specific date. At any visit, more than one procedure may be performed, and any claimant may have more than one visit.
NCCI’s Workers Compensation Resources

- Financial Aggregate Calls
  - Used for aggregate ratemaking

- Statistical Plan for Workers Compensation and Employers Liability Insurance (Statistical Plan)
  - Used for class ratemaking

- Detailed Claim Information
  - In-depth sample of lost-time claims

- Policy Data
  - Policy declaration page information
Financial Aggregate Calls

- Collected Annually
  - Policy and calendar-accident year basis
  - Statewide and assigned risk data
- Premiums, Losses, and Claim Counts
  - Evaluated as of December 31
- Purpose
  - Basis for overall aggregate rate indication
  - Research
Policy Year Financial Aggregate Data

Policy Expiration Date

Policy Year 2016
Policy Year 2017
Policy Year 2020

1/1/2016 1/1/2017 12/31/2017 1/1/2020 12/31/2020

Policy Effective Date
## Calendar-Accident Year Financial Aggregate Data

<table>
<thead>
<tr>
<th>Calendar-Accident Year</th>
<th>Policy Effective Date</th>
<th>Policy Expiration Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1/1/2017</td>
<td>1/1/2018</td>
</tr>
<tr>
<td>2018</td>
<td>1/1/2018</td>
<td>12/31/2018</td>
</tr>
<tr>
<td>2021</td>
<td>1/1/2021</td>
<td>12/31/2021</td>
</tr>
</tbody>
</table>
Statistical Plan for Workers Compensation and Employers Liability Insurance (Statistical Plan) Data

- Experience by Policy Detail
  - Exposure, premium, and experience rating modifications
  - Individual claims by injury type

- Purposes
  - Classification relativities
  - Experience Rating Plan
  - Research