

PENNSYLVANIA COMPENSATION RATING BUREAU

A large, abstract graphic on the left side of the page. It features a vertical blue bar on the far left, followed by several overlapping, slanted rectangular shapes in shades of blue, grey, and black, creating a sense of depth and movement.

STATE ACTIVITY
REPORT
2018

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 2018. This year represents the third publication of the report.

This book follows the same format as the prior years to allow for annual comparisons. 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.



The Year in Review

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NEWS

- Indemnity Data Call Announced
- PA H.B. 1840 Legislation Passed
- UDM Application Released
- WC Data Pro Carrier Benchmarking Product Version 2 Released
- Code 810 Coal Trucking Class Change
- WC Underwriting Web Service Version 2 Released

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FILINGS & RESULTS

- -14.74% Interim Loss Cost Filing Approval
- 12.95% Annual Loss Cost Filing Approval
- -12.4% "F" Class Rate Filing Approval
- \$2.6 Billion Standard Earned Premium
- 77.3% Combined Ratio

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DATA COLLECTION

- 928,968 Policy Documents
- 313,869 USRs
- 5,519,299 Medical Data Call Transactions
- 1,068 Financial Calls

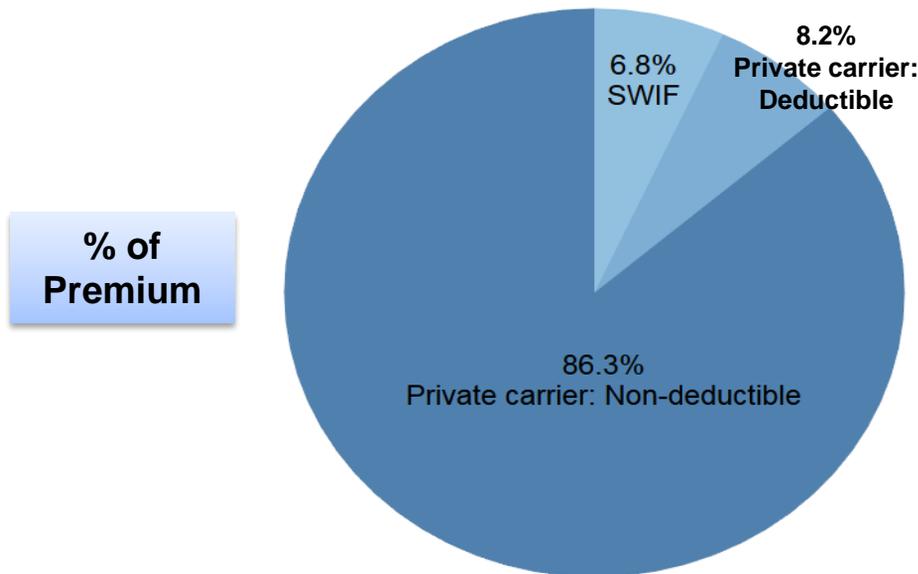
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OPERATIONAL

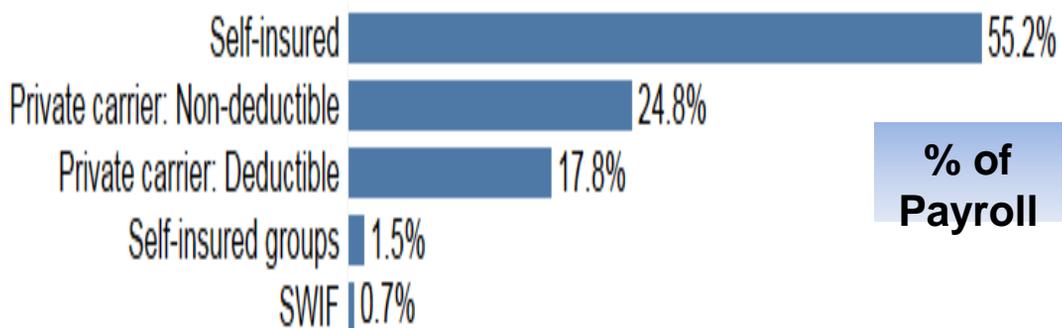
- 1,279 Employer Surveys
- 4,158 Classification Inquiries
- 3,301 Test Audits
- 1,613 PCCPAP Credits
- 7,744 Certified Safety Credits
- 20 PCRB Circulars Published on Various WC Topics
- System Reengineering Project Continues

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.

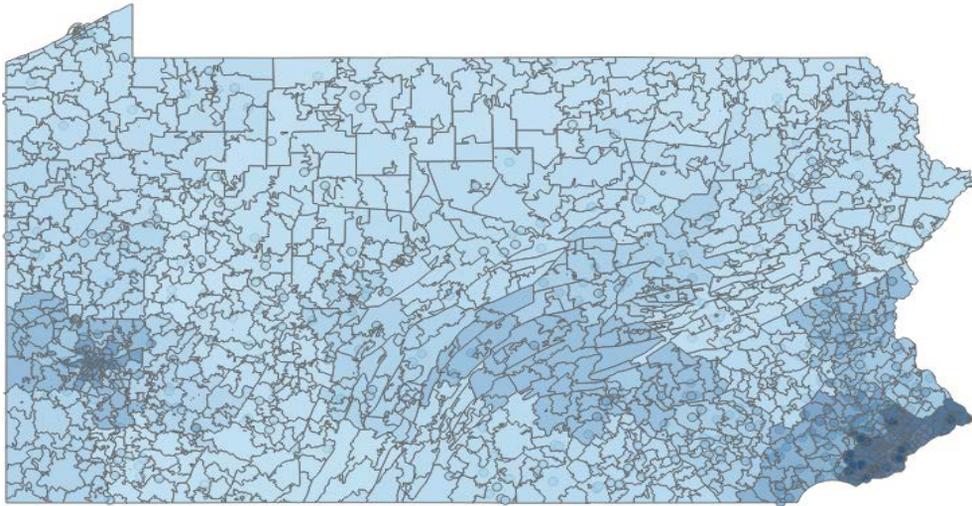


Employers that choose to apply for self-insured status or join a certified group self-insurance fund are not required to report any data to the PCRB. For this exhibit, the PCRB partnered with the Department of Labor & Industry to bring you information about the complete market.



Workers Compensation Premium

Geographical View



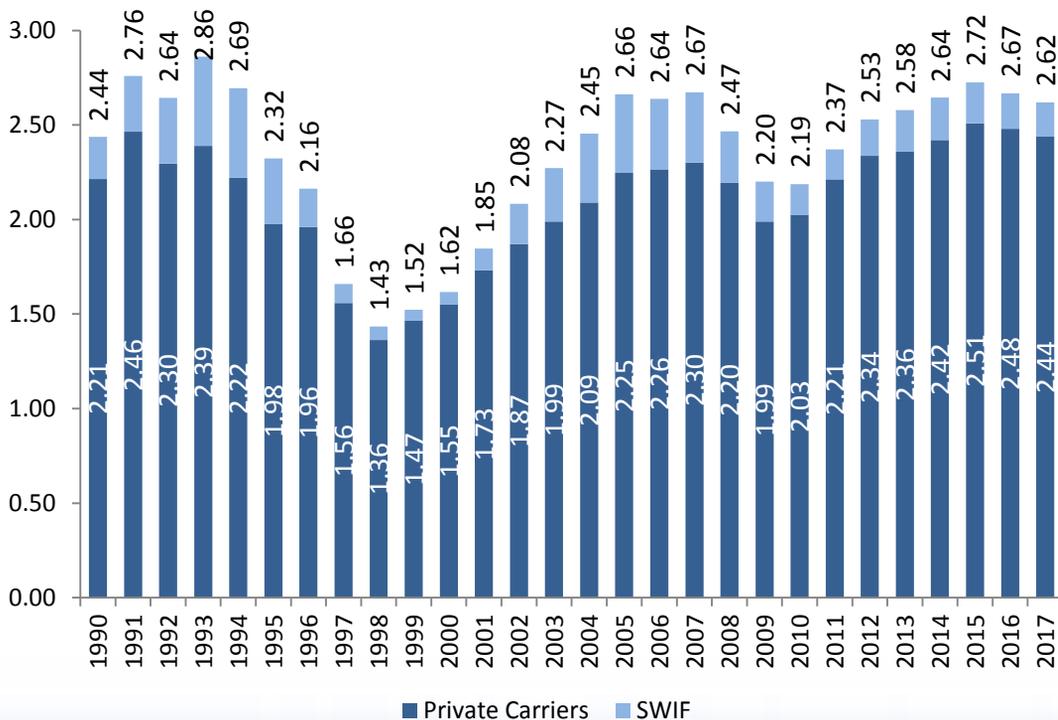
Standard Earned Premium @ Bureau Level



\$11,104

\$245,394,908

Historical View

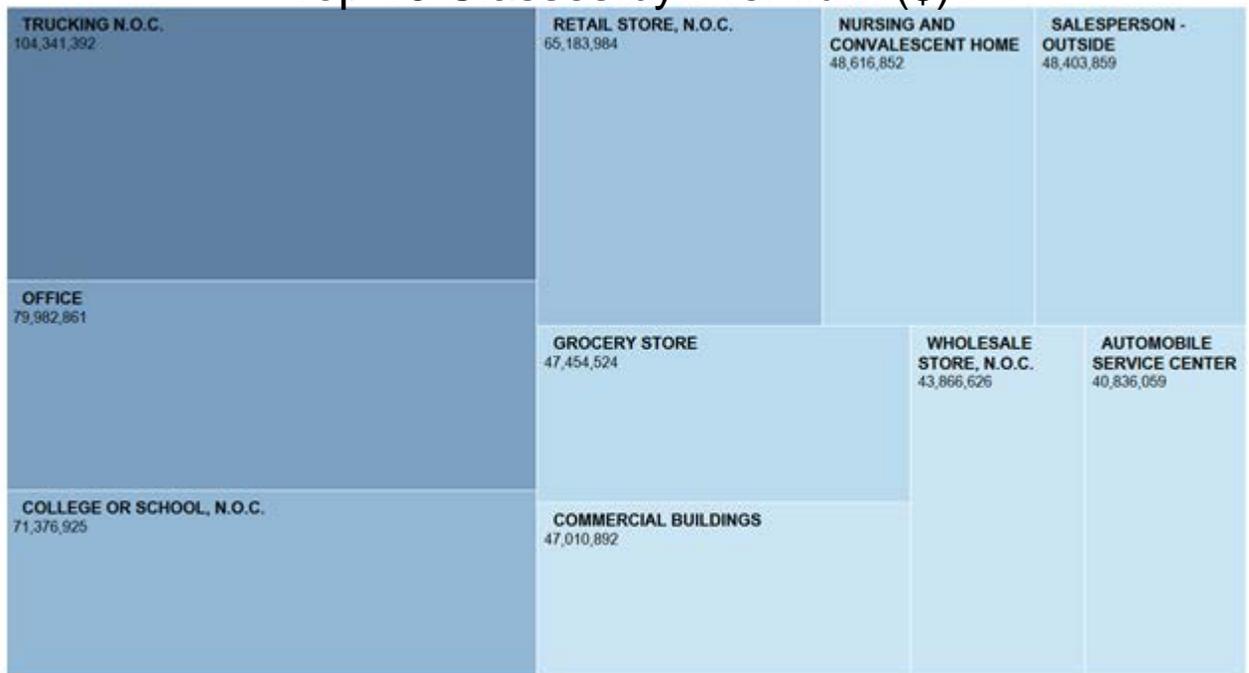


Premium Demographics

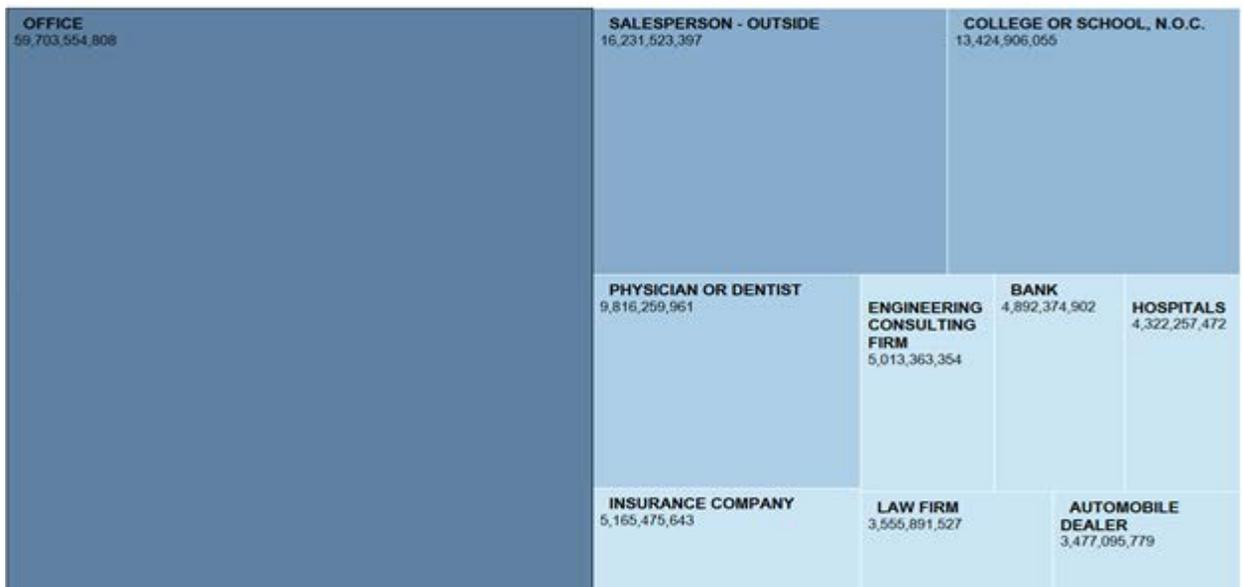


Premium & Payroll by Classification

Top 10 Classes by Premium (\$)



Top 10 Classes by Payroll (\$)



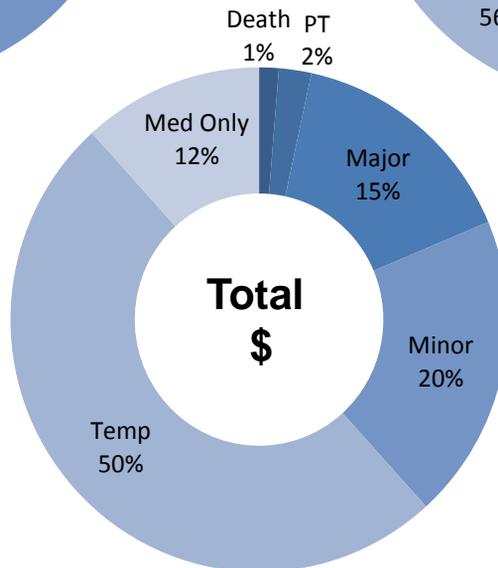
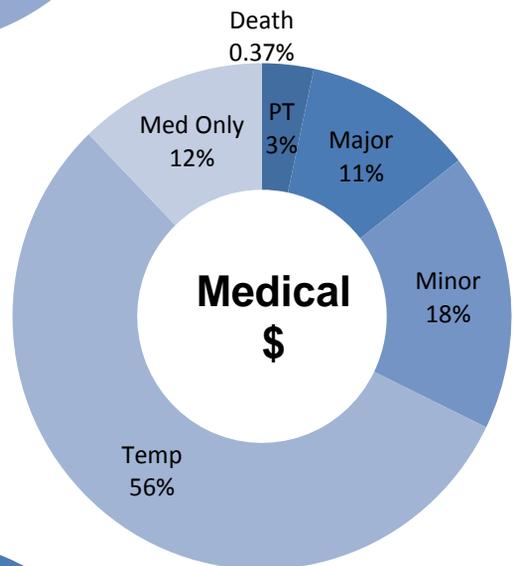
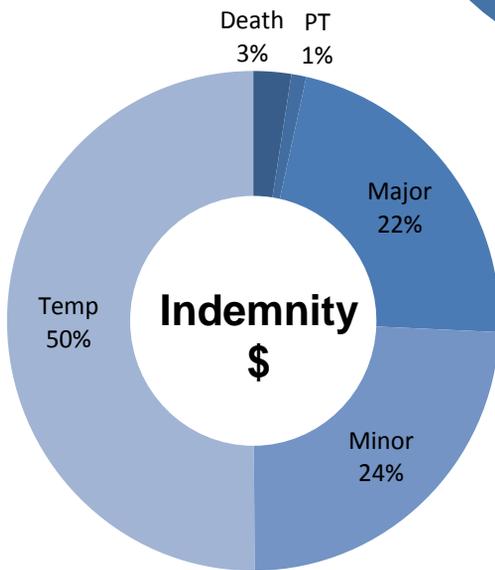
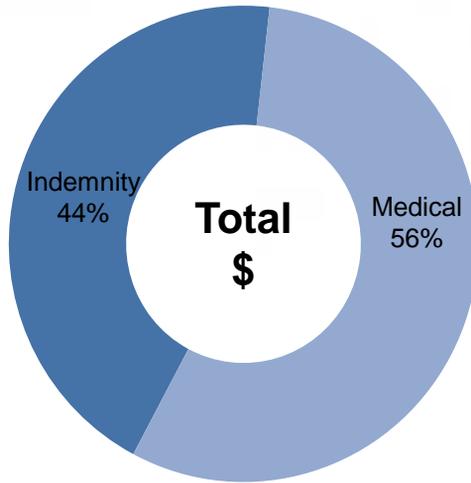
The top 10 classes by premium represent 48% of all premium and 22% of all payroll. The top 10 classes by payroll represent 58% of payroll and 13% of premium. Office, Salesperson – Outside and College or School, N.O.C. are classes included in both categories.

Claim Count & Losses by Classification

These are the top 10 classes by number of lost time claims. These classes represent 23% of claims and 25% of losses. The average loss for these classes varies from \$29,866 for Restaurant, N.O.C. to \$59,981 for Commercial Buildings. Eight of these classes also are in the top 10 classes by dollars of loss.

	# Claims	\$ Loss	Average \$ Loss
TRUCKING N.O.C.	1,200	65,254,731	54,379
COLLEGE OR SCHOOL, N.O.C.	1,086	40,805,506	37,574
RETAIL STORE, N.O.C.	945	33,823,531	35,792
GROCERY STORE	816	26,573,953	32,566
OFFICE	724	37,718,117	52,097
RESTAURANT, N.O.C.	660	19,711,384	29,866
AUTOMOBILE DEALER	607	24,647,671	40,606
COMMERCIAL BUILDINGS	598	35,868,549	59,981
NURSING AND CONVALESCENT HOME	583	22,728,465	38,985
AUTOMOBILE SERVICE CENTER	497	28,595,337	57,536
ALL OTHER	23,755	1,110,172,718	46,734

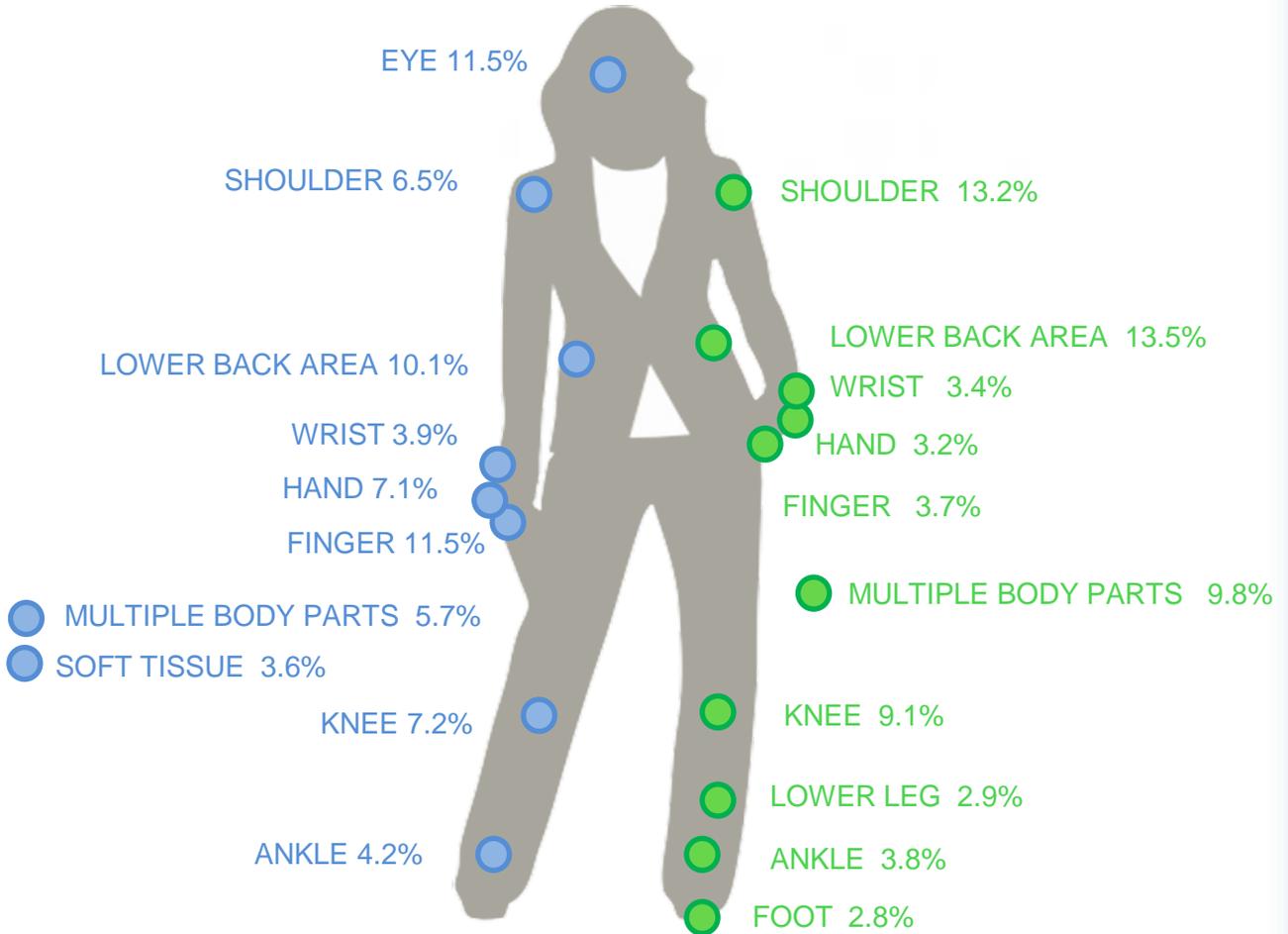
Indemnity and Medical Splits



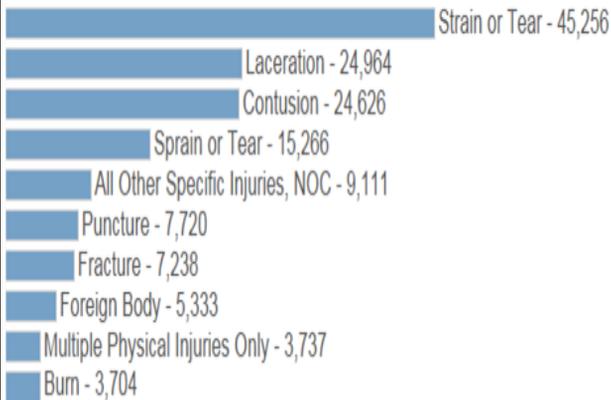
Injury Description Distribution

Top 10 injuries by total claim count

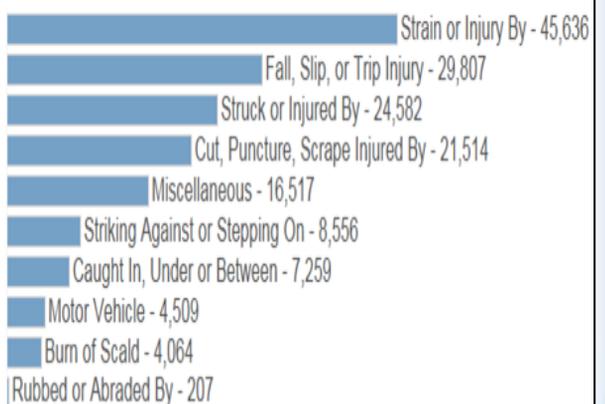
Top 10 injuries by total losses



Nature of Injury

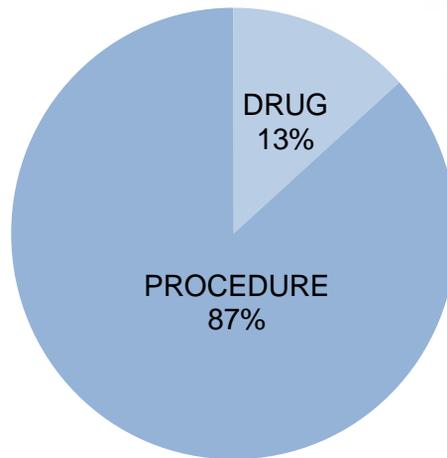


Cause of Injury

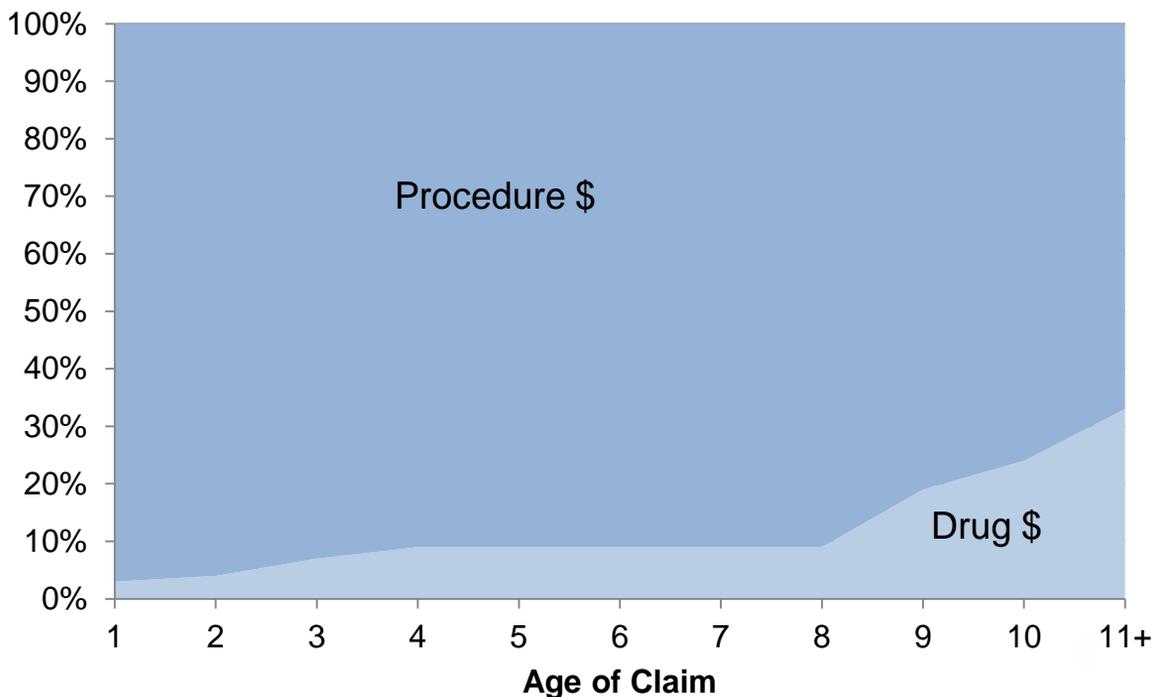


Medical Cost Breakdown

Medical treatment is a primary driver of rising medical costs. Using our Medical Data Call (MDC) data, we observe that the majority of medical dollars are attributable to medical procedures. Note that medical expenses are not included in the MDC.

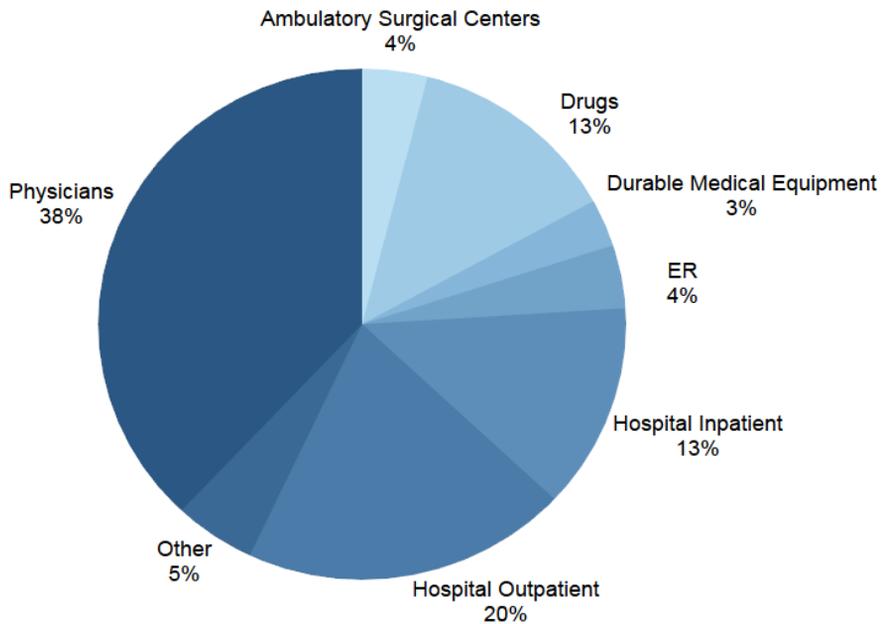


As the claim ages, prescription drug costs increase more rapidly as a share of medical costs.

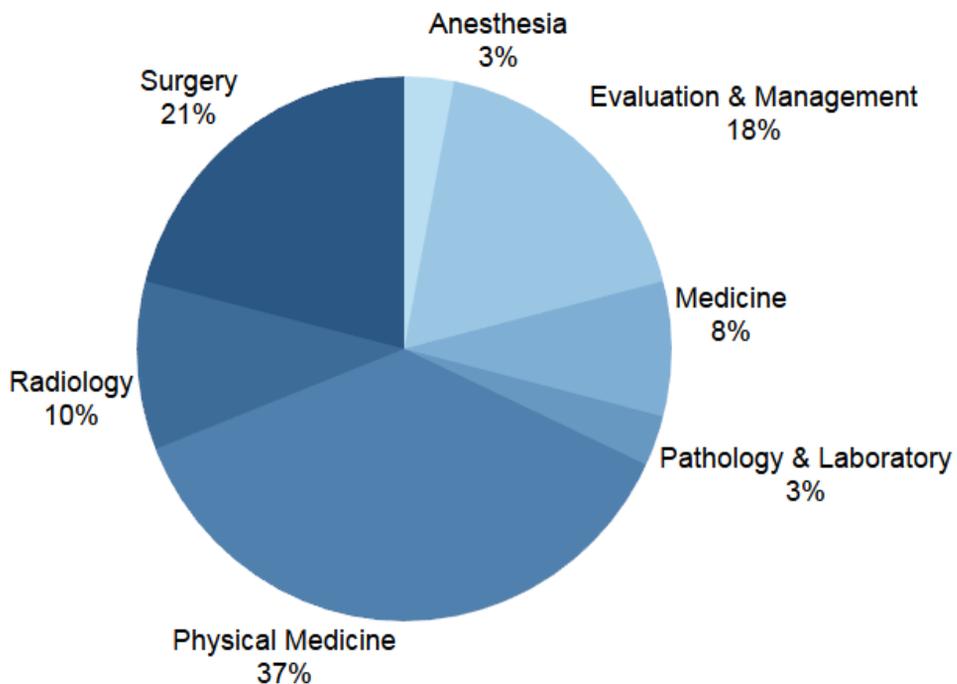


Medical Services Breakdown

Payments to Physicians make up more than one-third of the dollars paid across all **Medical Service Group** categories.

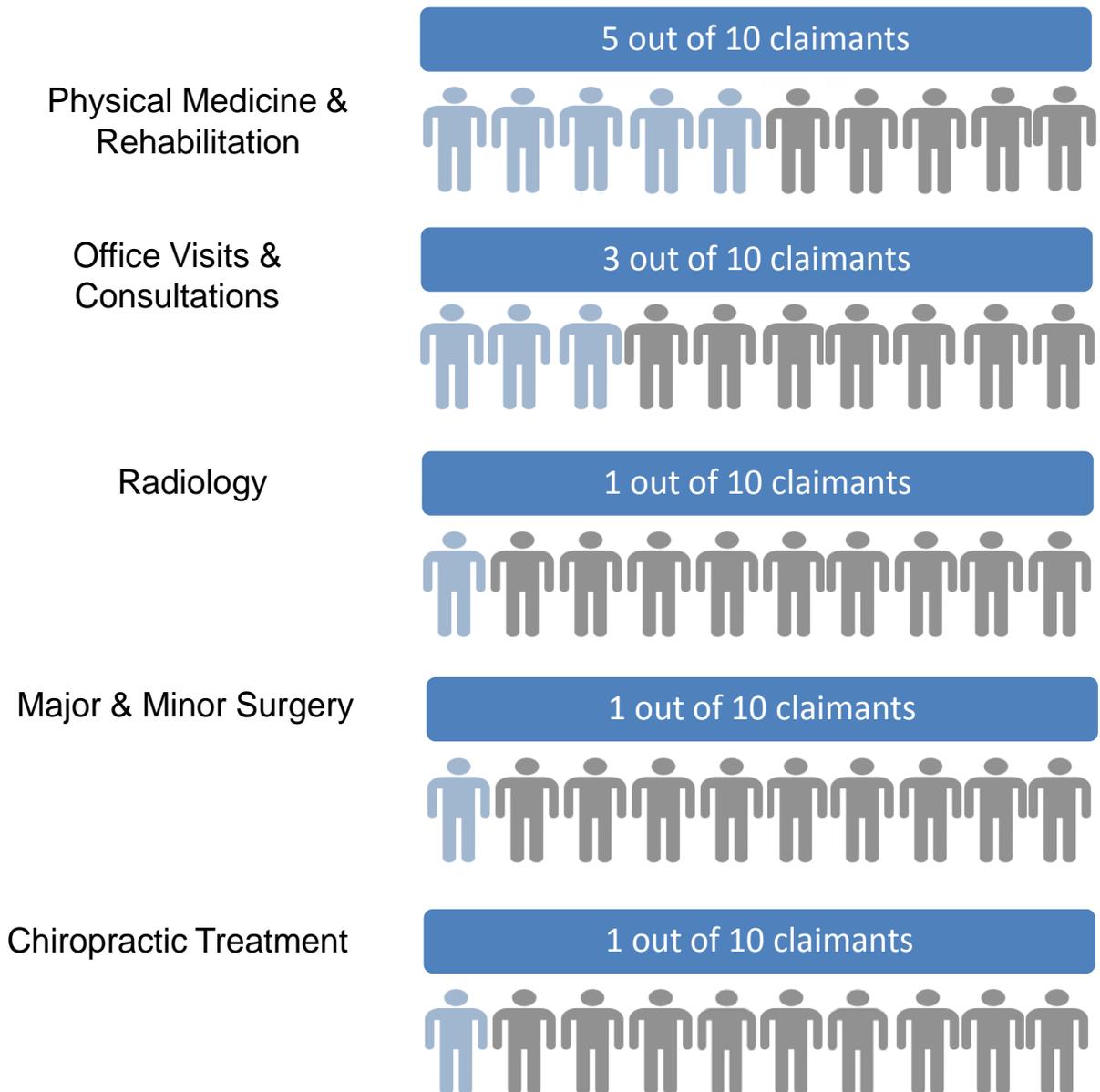


Physical Medicine represents 37% of all professional **Medical Procedures**, followed by Surgery based on paid dollars.



Medical Visits Per Claim

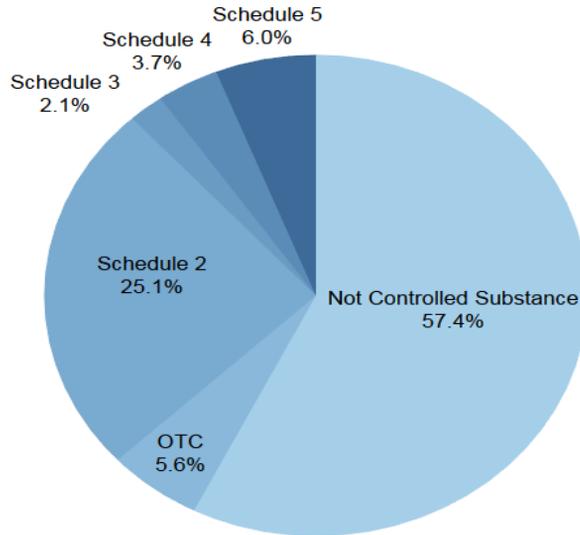
When examining the numbers of actual visits to a health care provider, workers compensation claimants appear to visit physical medicine and rehabilitation providers more frequently than any other health care provider.



Based on approximately 1.4 million professional visits and over 147,000 claims.

Prescription Drugs

The number of drugs prescribed to workers compensation claimants is beginning to decrease. Below is a distribution of these prescription drugs organized by the **Controlled Substance Act Schedule**, which is based on risk of abuse.



Below is a distribution organized by **Therapeutic Classification Category**. Drugs in the opioid category account for the highest amount of dollars paid.



Prescribing Patterns

Top 30 Drugs for Service Year 2017

The top drugs based on total amount paid, along with their ranks for earlier service years. These drugs account for more than 63% of total drug costs.

Paid Share Service	Drug Name	Brand/Generic Status	Rank By Service Year				
			2017	2016	2015	2014	2013
7.6%	Gabapentin	Generic for Neurontin	1	1	1	1	2
6.5%	Diclofenac Sodium	Generic for Cambia, Cataflam, Voltaren-XR, etc.	2	19	43	38	41
6.0%	Lyrica	Brand	3	3	3	3	3
5.3%	Lidocaine	Generic for Xylocaine	4	7	9	9	35
5.0%	Oxycontin	Brand	5	2	2	2	1
2.9%	Oxycodone HCL	Generic for Oxycontin if extended release	6	4	6	7	10
2.5%	Oxycodone HCL-Acetaminophen	Generic for Percocet	7	5	7	5	8
2.4%	Terocin	Brand	8	12	14	13	25
2.3%	Meloxicam	Generic for Mobic, Vivlodex	9	11	11	6	5
2.0%	Duloxetine HCL	Generic for Cymbalta	10	13	12	15	161
2.0%	Celecoxib	Generic for Celebrex	11	14	13	149	1625
1.9%	Percocet	Brand	12	9	10	16	13
1.8%	Lidopro Patch	Brand	13	93	205	n/a	n/a
1.7%	Cyclobenzaprine HCL	Generic for Flexeril	14	10	8	12	18
1.2%	Flurbiprofen	Generic for Ansaid	15	6	5	11	38
1.2%	Tramadol HCL	Generic for Conzip, Ultram	16	16	18	10	9
1.1%	Morphine Sulfate	Generic for Avinza, Kadian, Ms Contin	17	15	15	18	23
1.0%	Baclofen	Generic for Lioresal, Gablofen	18	17	21	40	58
1.0%	Hydrocodone Bitartrate-Acetaminophen	Generic for Vicodin	19	18	17	14	11
0.9%	Lidopro	Brand	20	26	32	47	305
0.9%	Ketamine HCL	Generic for Ketalar	21	8	4	4	14
0.9%	Nucynta ER	Brand	22	31	38	59	62
0.9%	Metaxalone	Generic for Skelaxin	23	24	22	27	28
0.9%	Tizanidine HCL	Generic for Zanaflex	24	25	28	24	27
0.7%	Duragesic	Brand for Fentanyl	25	28	31	34	32
0.7%	Fentanyl Transdermal System	Generic for Duragesic, Ionsys	26	22	24	29	22
0.7%	Amrix	Brand	27	23	23	35	33
0.7%	Nucynta	Brand	28	32	37	53	40
0.6%	Flector	Brand	29	27	30	28	17
0.6%	Subsys	Brand	30	21	27	22	39

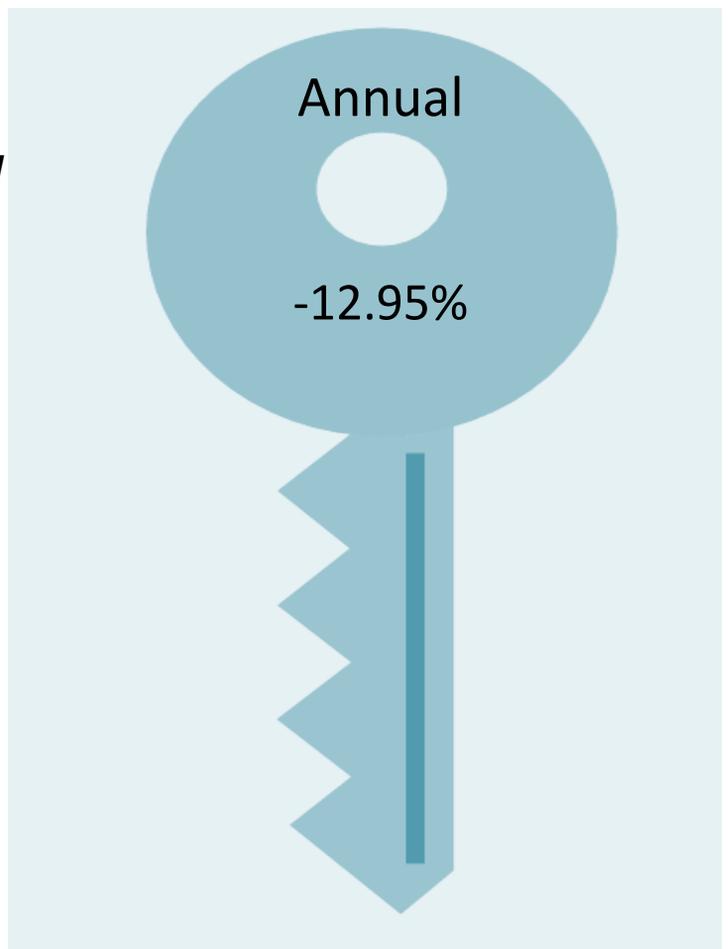
Key Components of 2019 Indications



HB 1840
Interim Legislative
Loss Cost Filing
Effective January 1, 2019

Annual Loss Cost Filing **Effective April 1, 2019**

Indemnity Loss	-4.86%
Medical Loss	-3.76%
Indemnity Trend	-2.48%
Medical Trend	-2.50%
Protz	-0.11%
HB 1840	0.10%



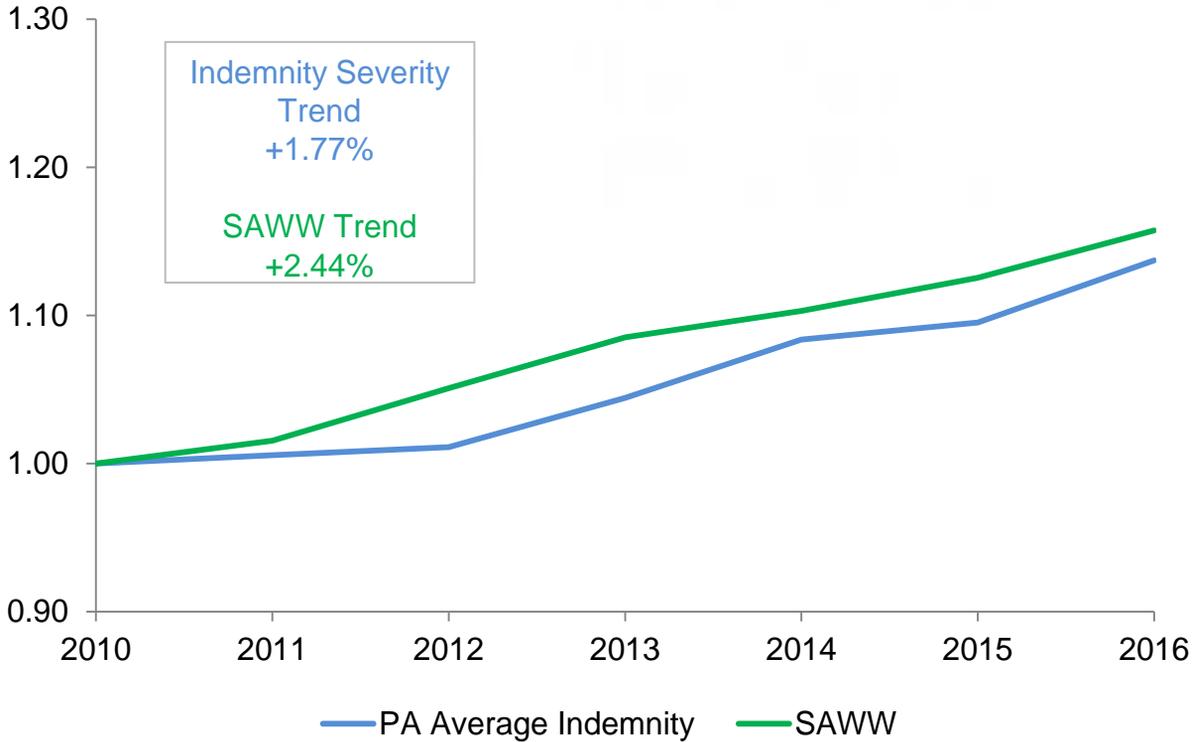
History of Approved Loss Cost Changes

Effective Date	Percent Change from Previous Loss Costs*	Cumulative Index from December 1, 1992
December 1, 1992	-----	100.00
ACT 44 ENACTED JULY 2, 1993		
December 1, 1993	-2.00	98.00
December 1, 1995	-9.43	88.76
ACT 57 ENACTED JUNE 24, 1996		
February 1, 1997	-25.00	66.57
April 1, 1998	-6.94	61.95
April 1, 1999	-5.26	58.69
October 1, 1999		
April 1, 2000	4.50	61.33
April 1, 2001	-1.55	60.38
April 1, 2002	2.12	61.66
April 1, 2003	-2.41	60.17
April 1, 2004	3.32	62.17
April 1, 2005	-2.89	60.37
April 1, 2006	-8.58	55.19
April 1, 2007	2.95	56.82
April 1, 2008	-10.22	51.01
April 1, 2009	-3.00	49.48
April 1, 2010	0.68	49.82
April 1, 2011	0.87	50.25
April 1, 2012	-5.66	47.41
April 1, 2013	-4.01	45.51
April 1, 2014	-5.15	43.17
April 1, 2015	-5.99	40.58
April 1, 2016	-0.90	40.21
April 1, 2017	-6.21	37.71
February 1, 2018	6.06	40.00
April 1, 2018	0.70	40.28
January 1, 2019	-10.02	36.24
January 1, 2019	-5.24	34.34
April 1, 2019	-12.95	29.90

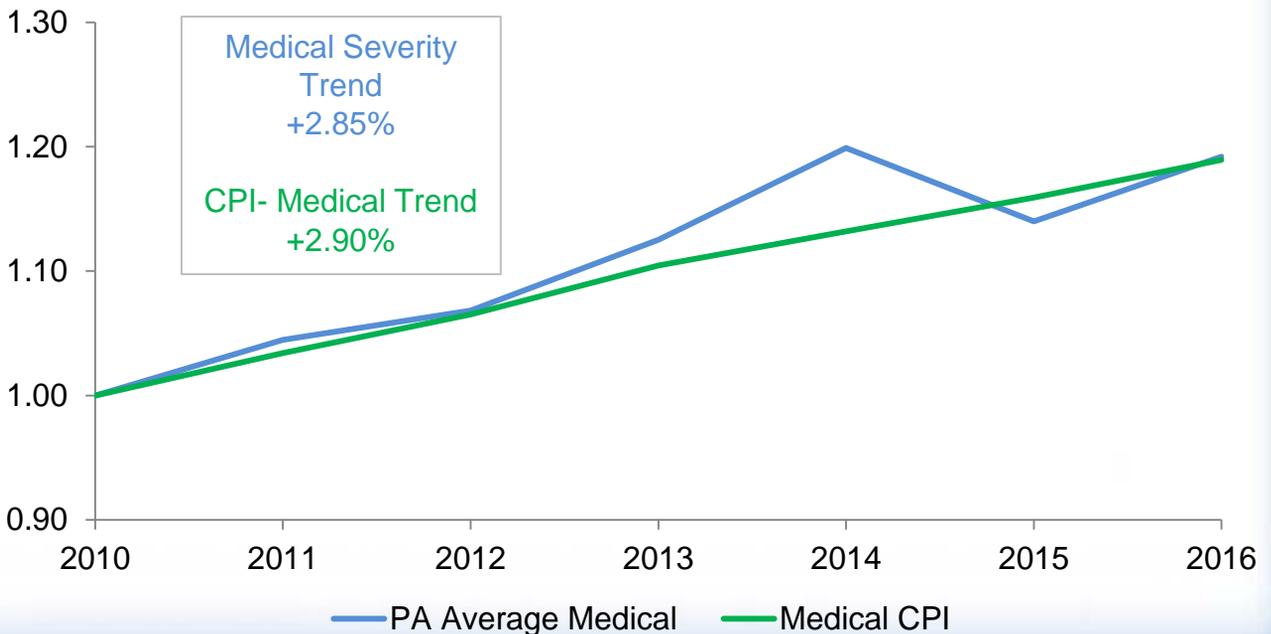
* Changes subsequent to the enactment of Act 44 reflect only the changes to the loss portion of workers' compensation rates. Changes in company expense provisions are not reflected.

Trends in Average Costs

Indemnity Severity vs. SAWW

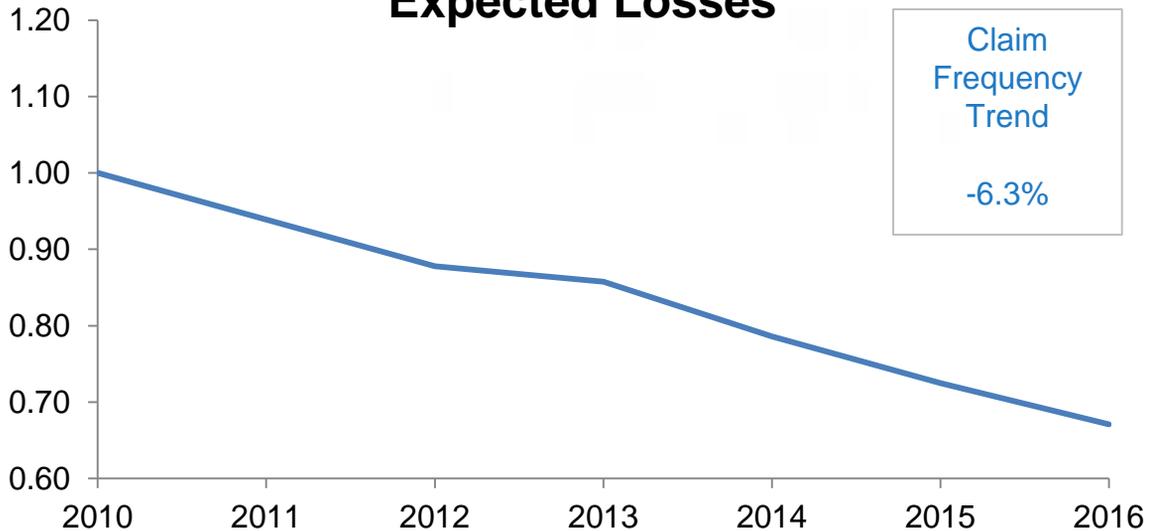


Medical Severity vs. CPI-Medical

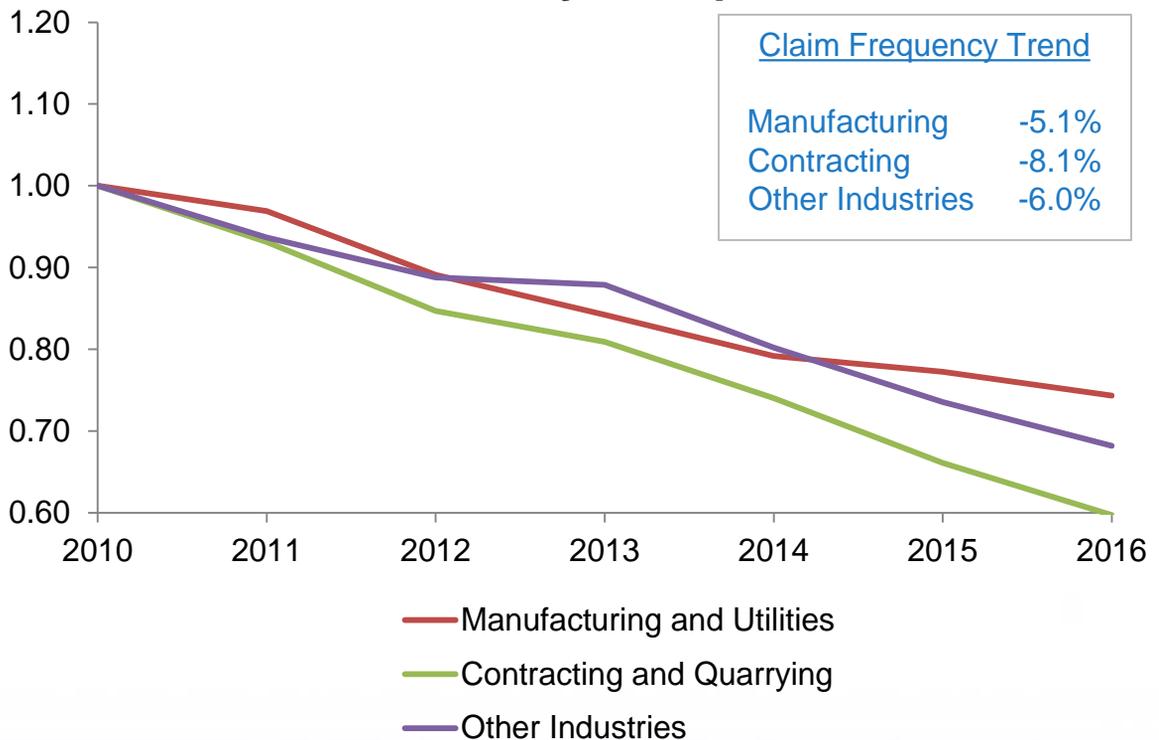


Claim Frequency Trend

Claim Frequencies Per \$1 million Expected Losses

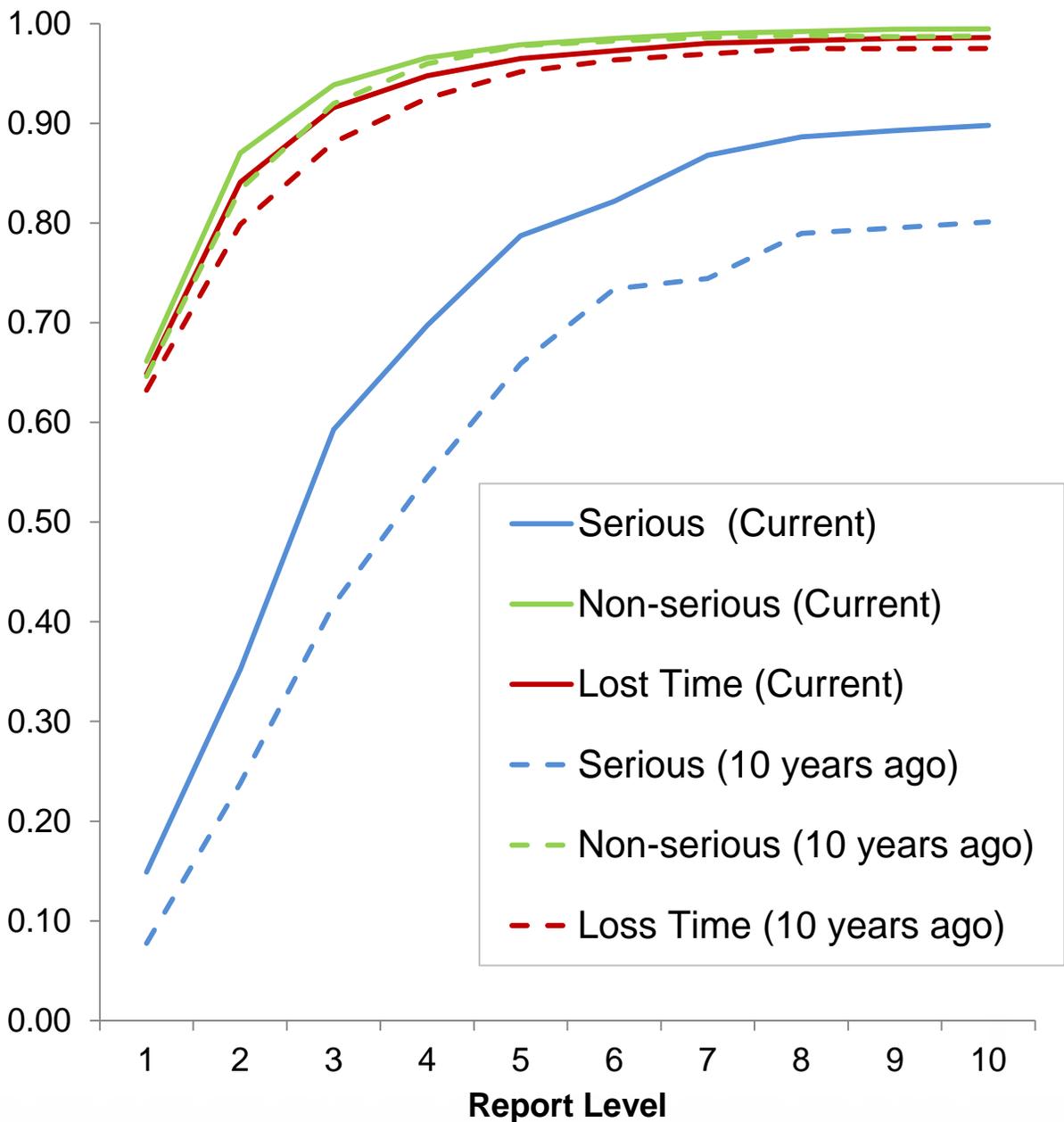


Claim Frequencies Industry Groups



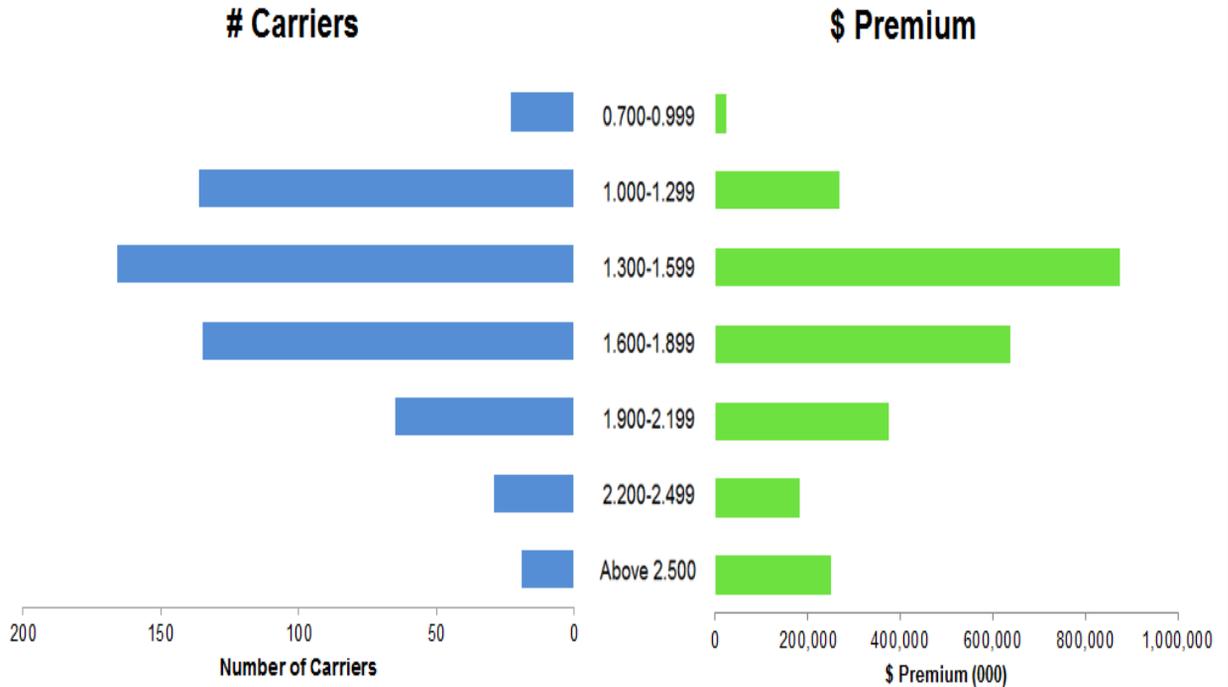
Claim Closure Rates

Claim closure rates remain stable overall in Pennsylvania; they are improving for the more serious claims (death, permanent total and major permanent partial). The use of tools like Compromise and Release Agreements and other adjudication processes is bringing swifter resolution and closure to the more costly claims than in the past.

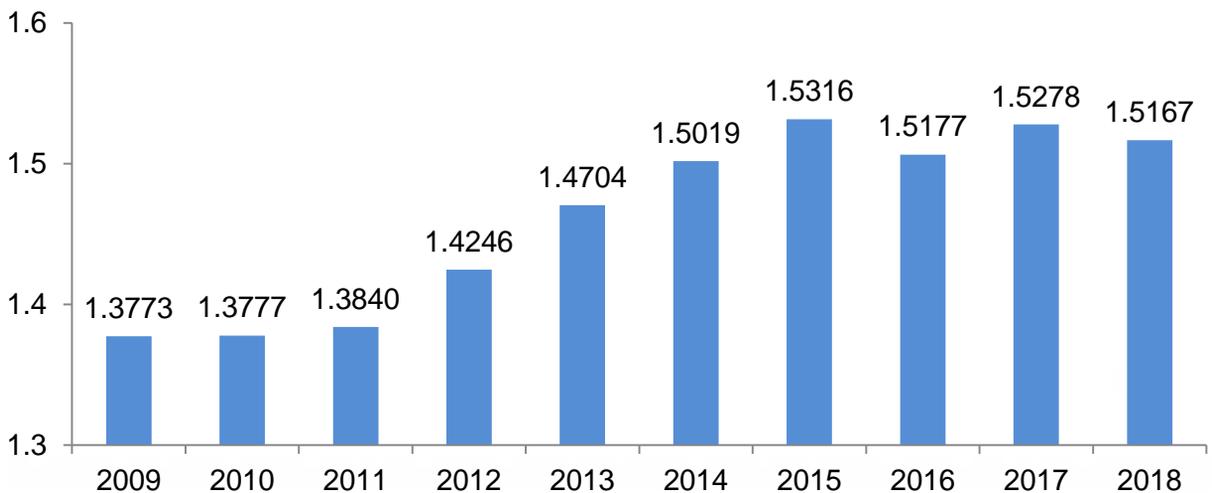


Insurance Carrier Pricing

Loss Cost Multiplier Ranges



Implied Average Loss Cost Multiplier





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:

Pennsylvania Compensation Rating Bureau
30 S 17th Street, Suite 1500
Philadelphia, PA 19103
(215) 568-2371
www.pcrb.com