CALIFORNIA WORKERS'
COMPENSATION INSTITUTE

Golden Dreams, Iron Realities:
A Data-Driven Roadmap Through California's Systemic Challenges

July 9, 2026

Sara Widener-Brightwell, EVP & General Counsel
Gideon Baum, President

Agenda

1. Who is CWCI?
2. Medical Inflation
3. IMR
4. Cumulative Trauma Research
5. Questions

What is the California Workers' Compensation Institute?

- **Private, nonprofit organization, established in 1964;**
- **Institute members include insurers writing 74% of California's workers' compensation premium, and self-insured employers with $98B of annual payroll (29% of the state's total annual self-insured payroll);**
- **Senior Staff of industry-experienced experts;**
- **Dedicated to improving the California workers' compensation system through four primary functions:**
  - ✓ **Education**
    - ✓ **XXVIII Annual Case Law Seminar – 9/3/26**
    - ✓ **Webinars – SIBTF pending**
  - ✓ **Information**
  - ✓ **Representation**
  - ✓ **Research**

CALIFORNIA WORKERS'
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Medical Inflation and Cost Drivers

Sara Widener-Brightwell, EVP & General Counsel
Gideon Baum, President
CWCI

Objective and Research Questions

- This study examines the **determinants of medical payment** growth in California workers' compensation from 2017 to 2024, disaggregating cost trends into **price** and **utilization** components across major service categories.

Research Questions:

1) How much of medical payment growth was driven by ***price*** versus ***utilization***, and did these determinants vary across service categories?
2) Where fee schedules apply, did price growth track the relevant inflationary benchmarks, or did it exceed them?
3) For categories where both scheduled and unlisted procedure codes are present, did payment grow faster for unlisted codes, those not subject to fee schedule caps, than for scheduled codes?

Data and Methods

Data Source

- CWCI's IRIS database (insured and self-insured)
- Jan 2017 – Dec 2024
- Claims valued as of June 2025
- Calendar year trending

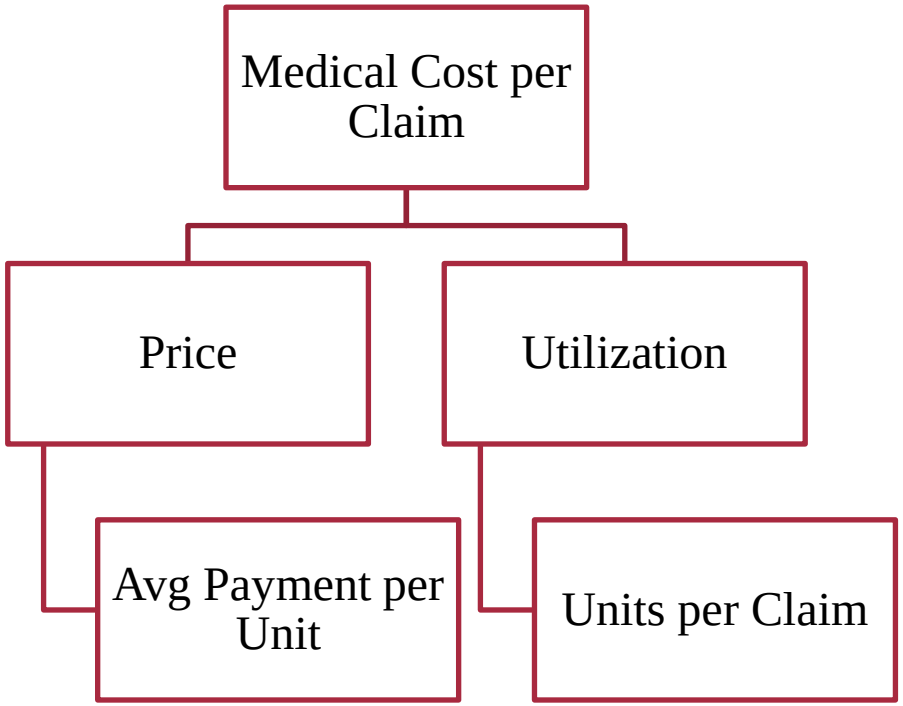
Service Categories

- Professional Service
- Medical-Legal
- Interpreter
- Pharmacy
- Facility (inpatient & outpatient)
- DMEPOS
- Home Health
- Other (lab, ambulance, dental, etc.)

Code Classification

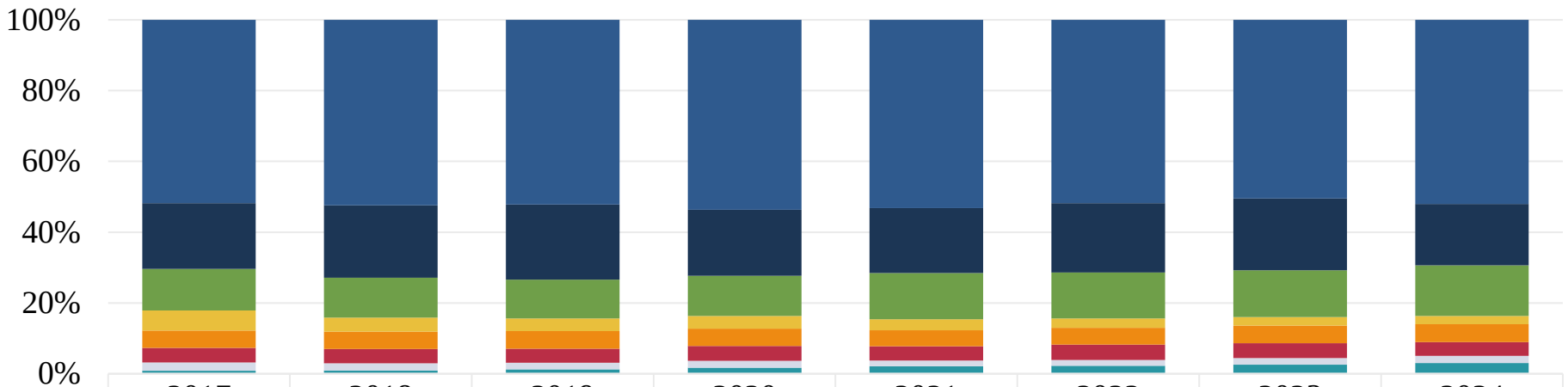
- Scheduled vs. unlisted codes split using CMS RVU & DMEPOS fee schedules (Jan, each year 2017–2024).
- Active/injection codes = scheduled; carrier-priced/non-covered = unlisted.

Analytical Framework



Medical Paid Overview

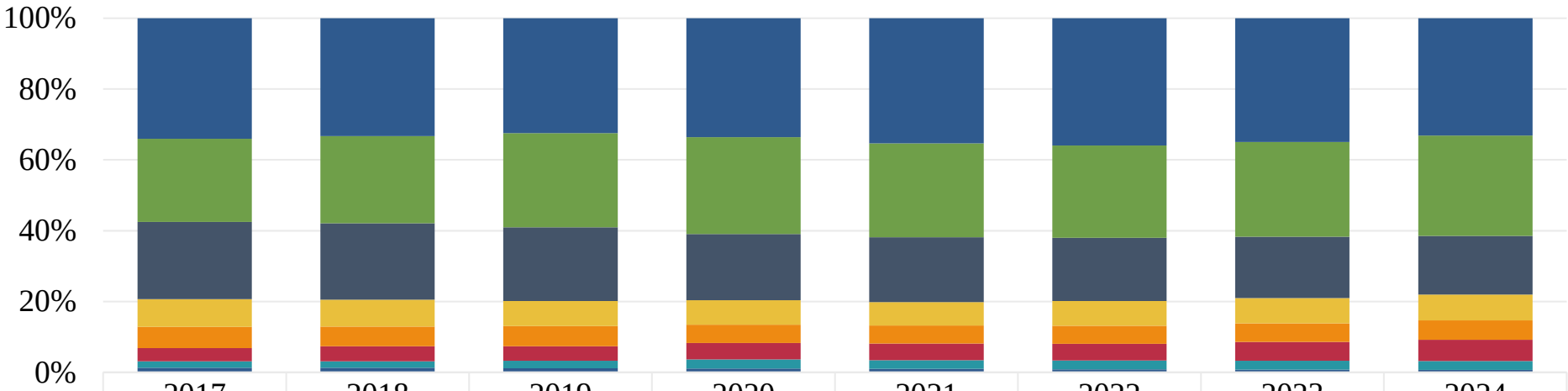
Share of Total Medical Paid by Major Service Categories



	2017	2018	2019	2020	2021	2022	2023	2024
Professional	51.8%	52.4%	52.2%	53.6%	53.2%	51.8%	50.5%	52.0%
Facility	18.6%	20.4%	21.2%	18.7%	18.4%	19.6%	20.3%	17.4%
Med-Legal	11.8%	11.3%	11.0%	11.3%	13.0%	13.0%	13.2%	14.4%
Pharmacy	5.7%	3.9%	3.6%	3.6%	3.1%	2.6%	2.4%	2.3%
Other	4.9%	4.9%	5.0%	4.9%	4.5%	4.7%	5.0%	5.1%
DMEPOS	4.1%	4.0%	3.9%	4.2%	4.0%	4.3%	4.2%	3.9%
Home Health	2.3%	2.0%	1.9%	1.9%	1.7%	1.7%	1.9%	2.0%
Medical Interpreter	0.9%	0.9%	1.2%	1.7%	2.1%	2.2%	2.5%	3.0%

Professional Services

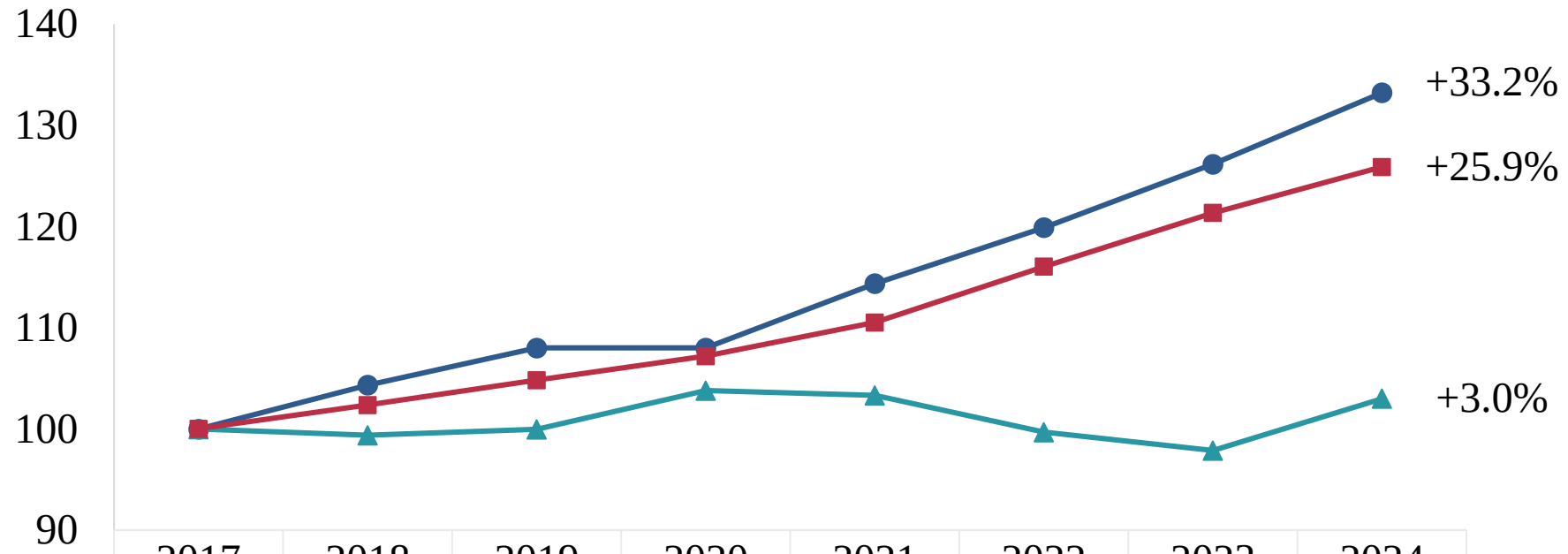
Share of Professional Services Payments by Service Type



	2017	2018	2019	2020	2021	2022	2023	2024
Evaluation & Mgt.	34.0%	33.3%	32.4%	33.6%	35.3%	35.9%	34.9%	33.1%
Physical Medicine	23.5%	24.6%	26.7%	27.3%	26.6%	26.1%	26.7%	28.3%
Surgery	21.8%	21.6%	20.8%	18.7%	18.3%	17.8%	17.4%	16.6%
Radiology	7.8%	7.6%	7.1%	6.9%	6.7%	7.0%	7.1%	7.3%
Other	6.0%	5.6%	5.7%	5.2%	5.1%	5.1%	5.3%	5.5%
Special Services	3.8%	4.3%	4.1%	4.6%	4.7%	4.8%	5.3%	6.0%
Mental Health	1.8%	1.8%	2.2%	2.6%	2.4%	2.5%	2.5%	2.5%
Anesthesia	1.3%	1.2%	1.1%	1.1%	0.9%	0.8%	0.8%	0.7%

Professional Services Measures

Professional Services: Price, Utilization and MEI Index (2017 = 100)



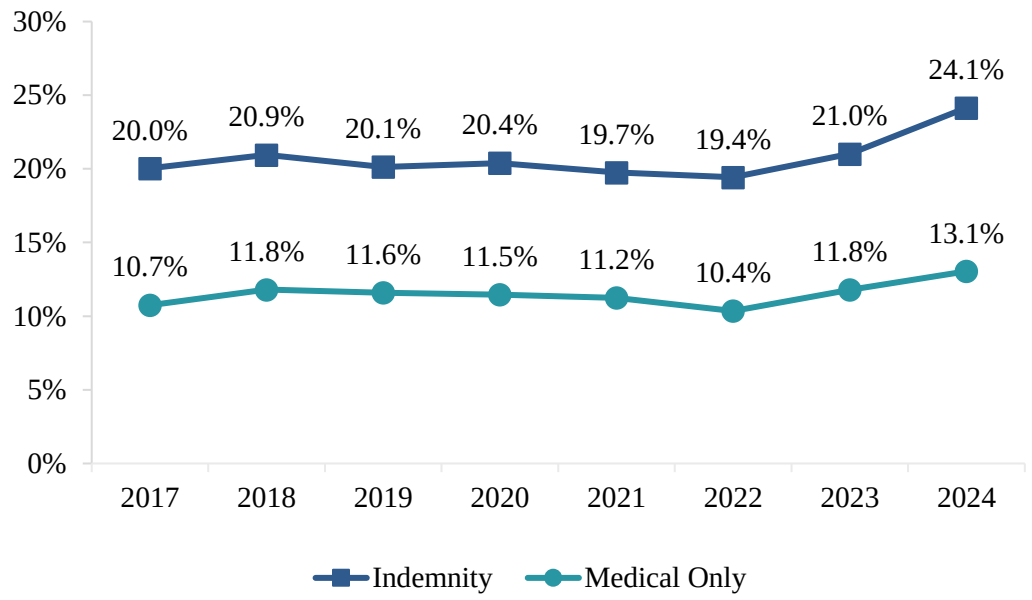
	2017	2018	2019	2020	2021	2022	2023	2024
Price	100.0	104.3	108.0	108.0	114.4	119.9	126.2	133.2
Utilization	100.0	99.4	100.0	103.8	103.3	99.7	97.9	103.0
MEI	100.0	102.4	104.8	107.2	110.5	116.1	121.4	125.9

Note: Price is measured as average paid per transaction, and utilization as average transactions per claim.

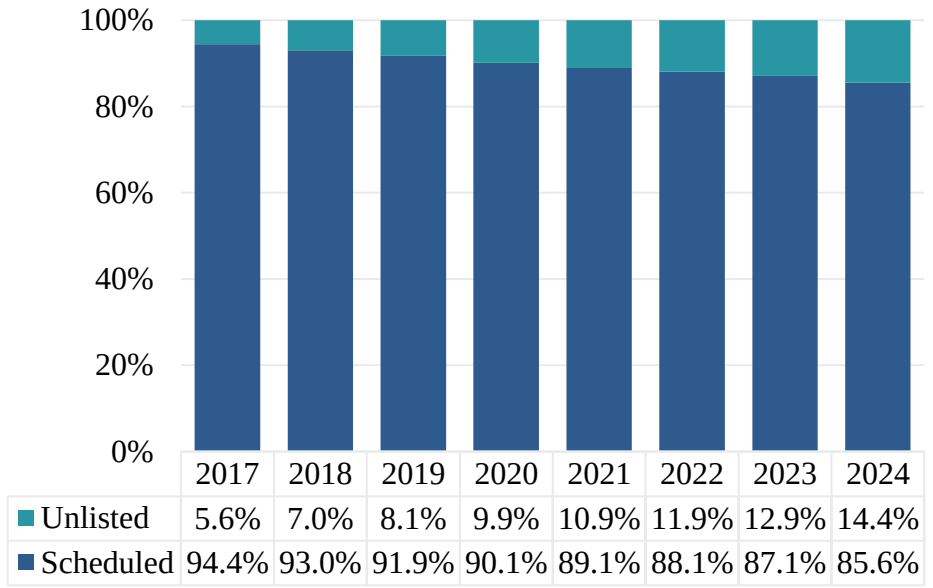
Professional Services: Unlisted Codes

- Unlisted codes → No OMFS rate

Percentage of Claims with At Least One Unlisted Code by Claim Type



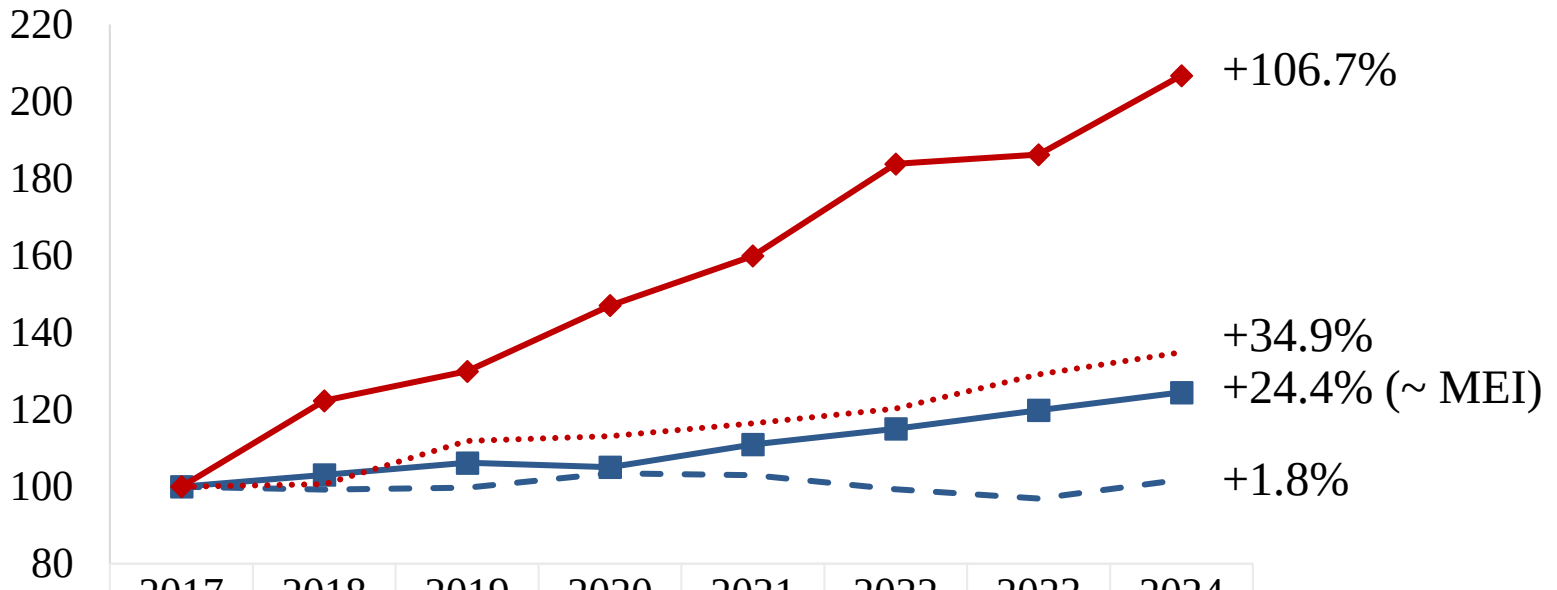
Percentage of Professional Payments by Procedure Type



	2017	2018	2019	2020	2021	2022	2023	2024
Unlisted	5.6%	7.0%	8.1%	9.9%	10.9%	11.9%	12.9%	14.4%
Scheduled	94.4%	93.0%	91.9%	90.1%	89.1%	88.1%	87.1%	85.6%

Professional Services: Scheduled vs Unlisted

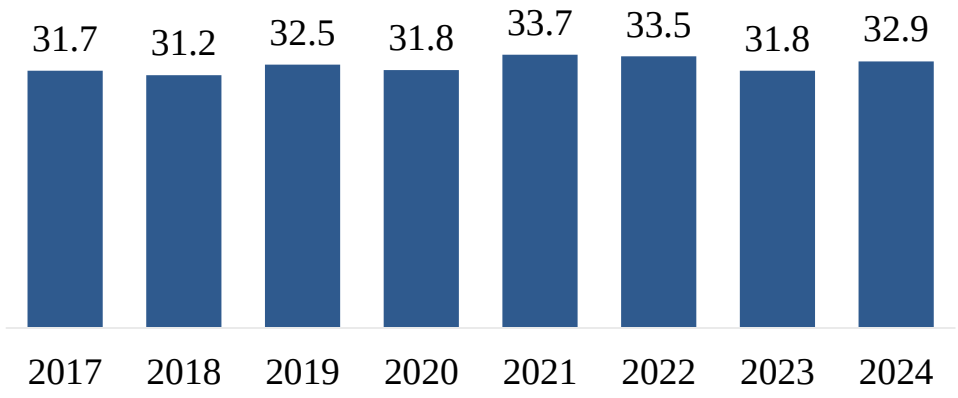
Professional Services: Price and Utilization Index by Procedure Code Type (2017 = 100)



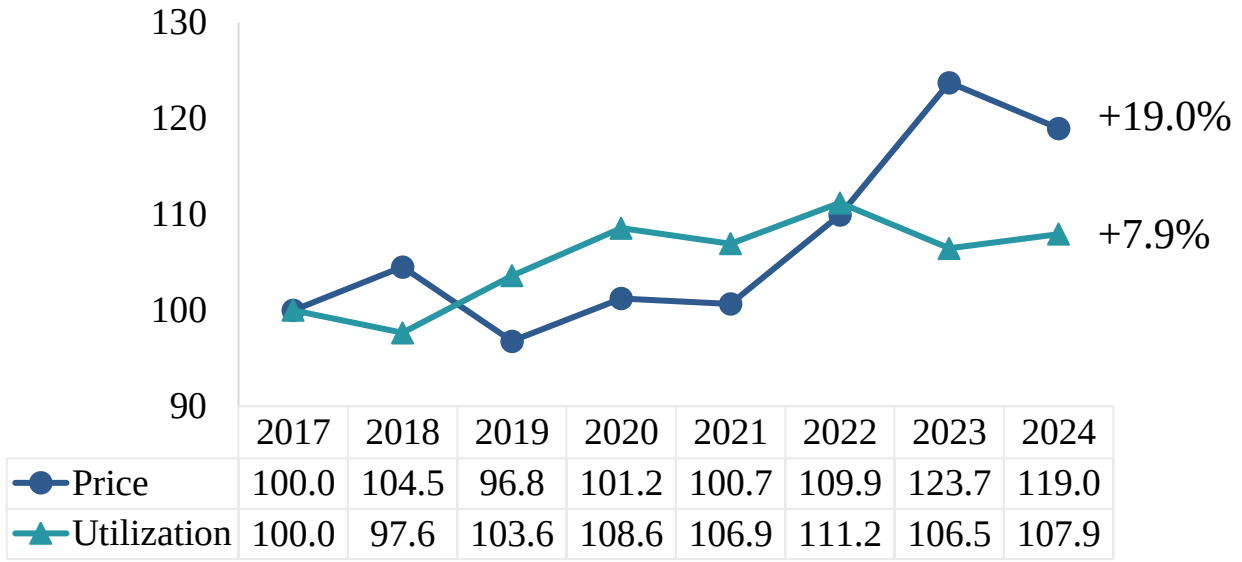
	2017	2018	2019	2020	2021	2022	2023	2024
Price-Scheduled	100.0	103.1	106.2	105.0	110.9	115.0	119.8	124.4
Utilization-Scheduled	100.0	99.2	99.7	103.5	103.0	99.3	96.9	101.8
Price-Unlisted	100.0	122.3	129.9	147.0	159.9	183.8	186.2	206.7
Utilization-Unlisted	100.0	100.6	111.8	113.1	116.4	120.2	129.1	134.9

Durable Medical Equipment, Prosthetics, Orthotics, and Supplies

Percentage of claims with DMEPOS Services



DMEPOS: Price and Utilization Index (2017 = 100)

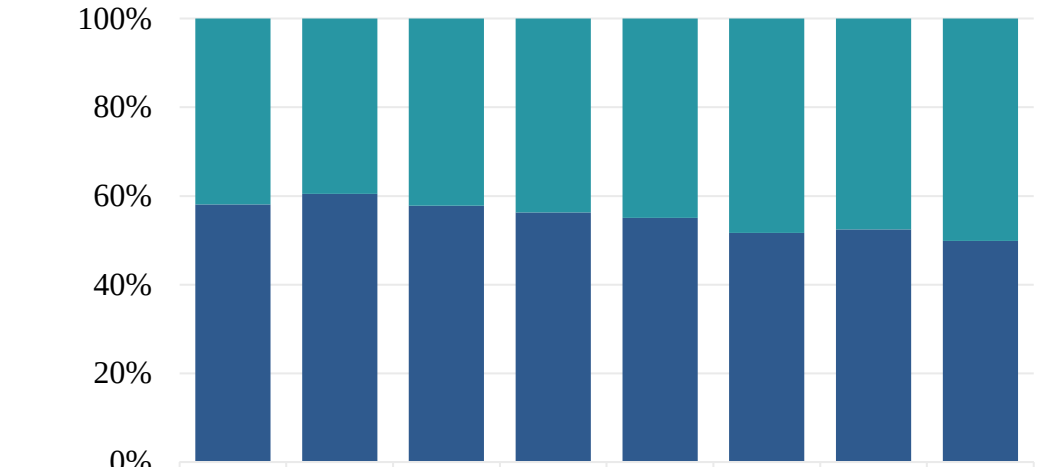


	2017	2018	2019	2020	2021	2022	2023	2024
Price	100.0	104.5	96.8	101.2	100.7	109.9	123.7	119.0
Utilization	100.0	97.6	103.6	108.6	106.9	111.2	106.5	107.9

CMS Medicare DMEPOS fee schedule adjustments for CY2023 ranged from 6.4% to 9.1% depending on competitive bidding status.

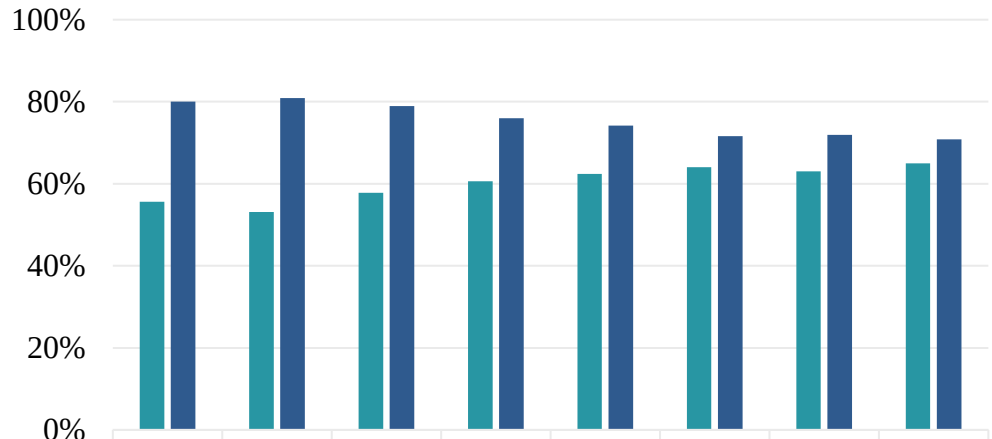
Durable Medical Equipment, Prosthetics, Orthotics, and Supplies

Percentage of DMEPOS Payments by Procedure Type



	2017	2018	2019	2020	2021	2022	2023	2024
Unlisted	41.9%	39.6%	42.2%	43.7%	44.9%	48.4%	47.5%	50.1%
Scheduled	58.1%	60.4%	57.8%	56.3%	55.1%	51.6%	52.5%	49.9%

Percentage of DMEPOS Claims with Unlisted and Scheduled DMEPOS Codes

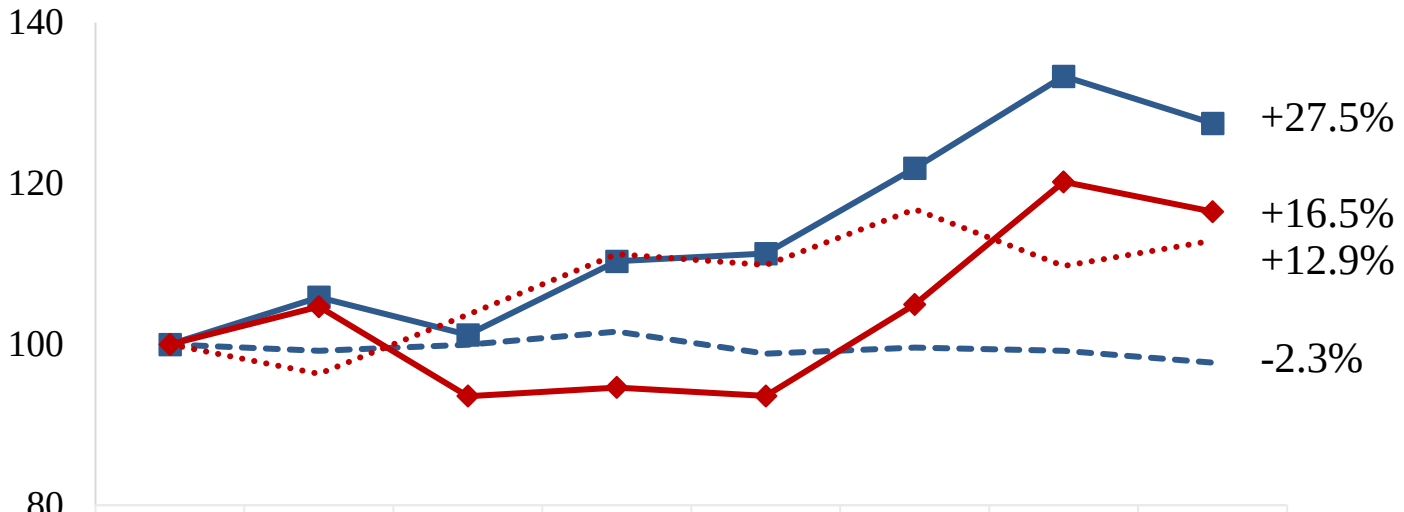


	2017	2018	2019	2020	2021	2022	2023	2024
Unlisted	55.6%	53.1%	57.8%	60.6%	62.4%	64.0%	63.0%	64.9%
Scheduled	80.0%	80.9%	78.9%	76.0%	74.2%	71.6%	71.9%	70.8%

- Two codes accounted for 48.6% of unlisted DMEPOS payments in 2024: E1399 DME miscellaneous ($453) and E0676 intermittent limb compression device ($1,800).

Durable Medical Equipment, Prosthetics, Orthotics, and Supplies

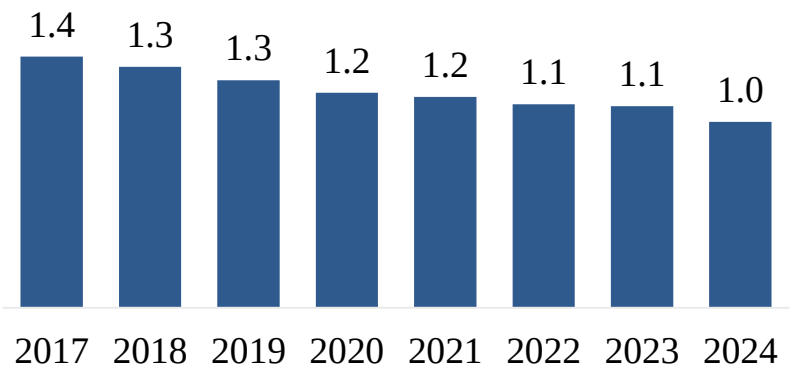
Price and Utilization Index by Procedure Code Type (2017 = 100)



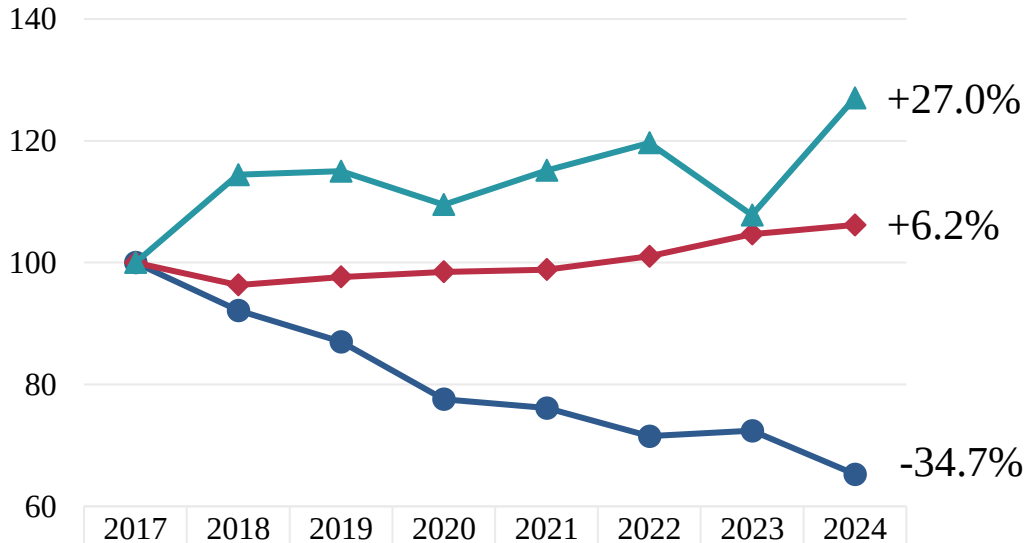
	2017	2018	2019	2020	2021	2022	2023	2024
Price-Scheduled	100.0	105.9	101.2	110.3	111.3	121.9	133.3	127.5
Utilization-Scheduled	100.0	99.2	100.0	101.6	98.9	99.6	99.2	97.7
Price-Unlisted	100.0	104.7	93.6	94.6	93.6	105.0	120.2	116.5
Utilization-Unlisted	100.0	96.3	103.7	111.2	109.9	116.8	109.8	112.9

Inpatient

Percentage of claims with Inpatient Services



Inpatient: Discharges, Discharges Per Claim, and Paid Per Discharge Index (2017 = 100)

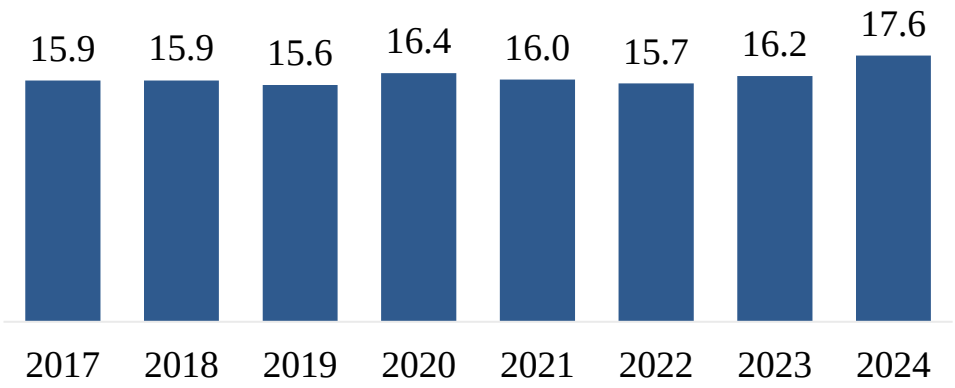


	2017	2018	2019	2020	2021	2022	2023	2024
Discharges	100.0	92.2	87.0	77.6	76.1	71.5	72.4	65.3
Discharges Per Claim	100.0	96.3	97.7	98.5	98.9	101.0	104.7	106.2
Paid Per Discharge	100.0	114.4	115.0	109.5	115.1	119.6	107.8	127.0

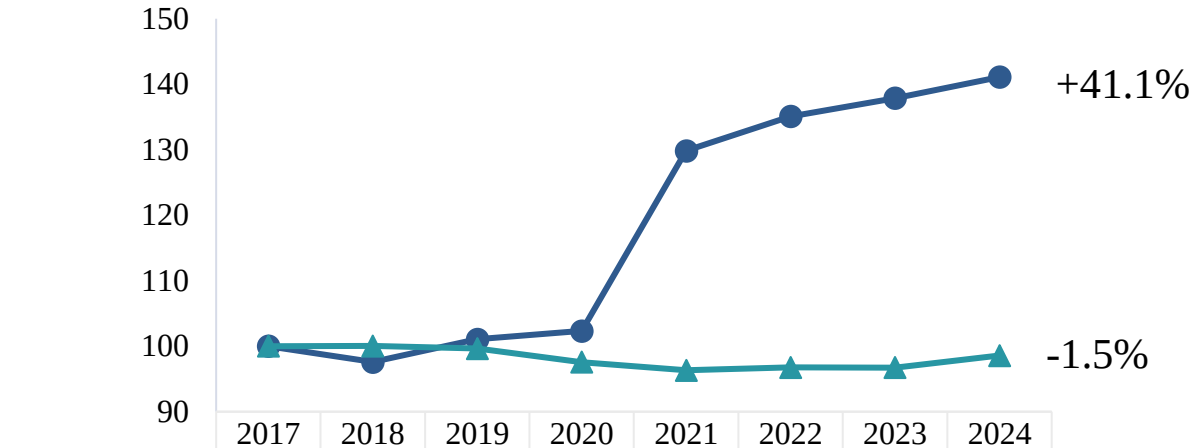
- Medicare IPPS operating market basket increased 23.1% in the same period.

Medical-Legal

Percentage of claims with Medical-Legal



Medical-Legal: Price and Utilization Index (2017 = 100)

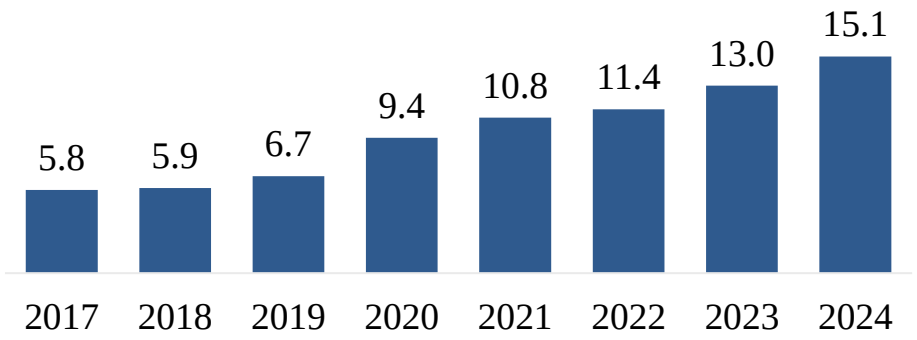


	2017	2018	2019	2020	2021	2022	2023	2024
Price	100.0	97.6	101.1	102.3	129.8	135.1	137.9	141.1
Utilization	100.0	100.0	99.6	97.6	96.3	96.7	96.7	98.5

- Fee schedule update in April 2021

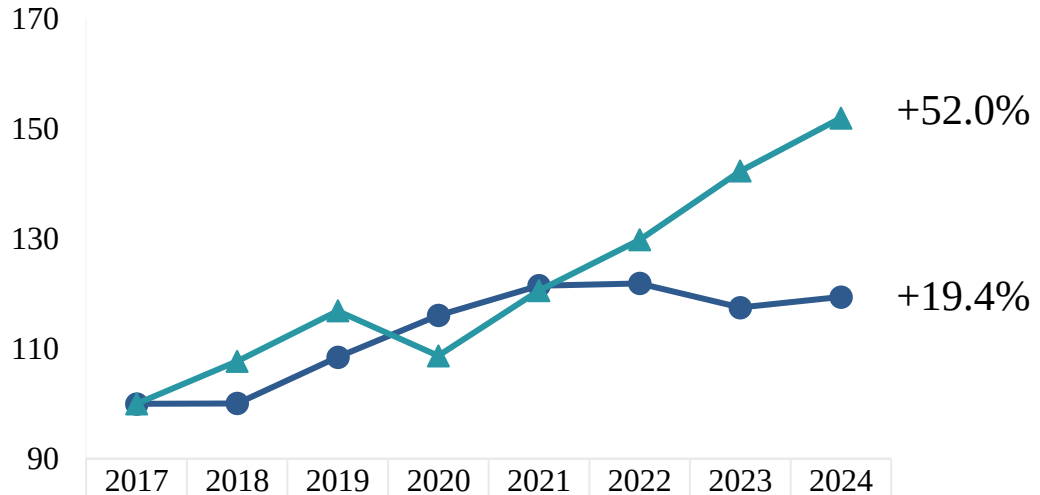
Medical Interpreter Services

Percentage of claims with Medical Interpreter



- California's limited English proficiency population (age 5+) remained unchanged at ~17.9% (2017 to 2024), indicating the growth in utilization reflects factors beyond demographics alone.

Interpreter: Price and Utilization Index (2017 = 100)

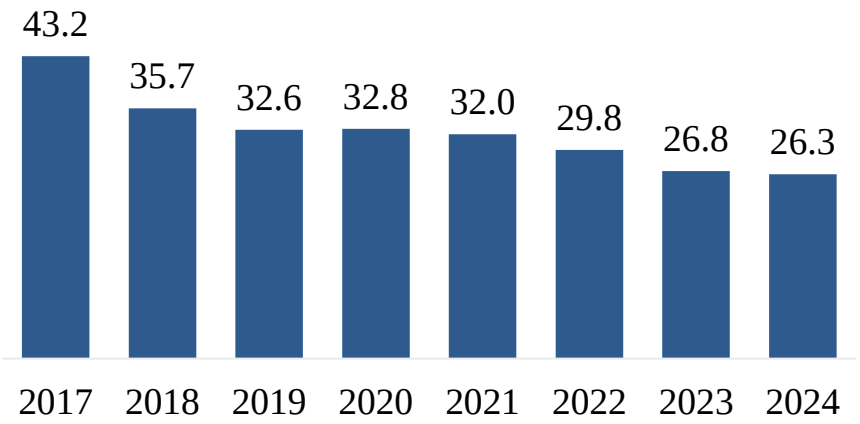


	2017	2018	2019	2020	2021	2022	2023	2024
Price	100.0	100.1	108.5	116.1	121.5	121.9	117.5	119.4
Utilization	100.0	107.7	116.9	108.7	120.6	129.8	142.3	152.0

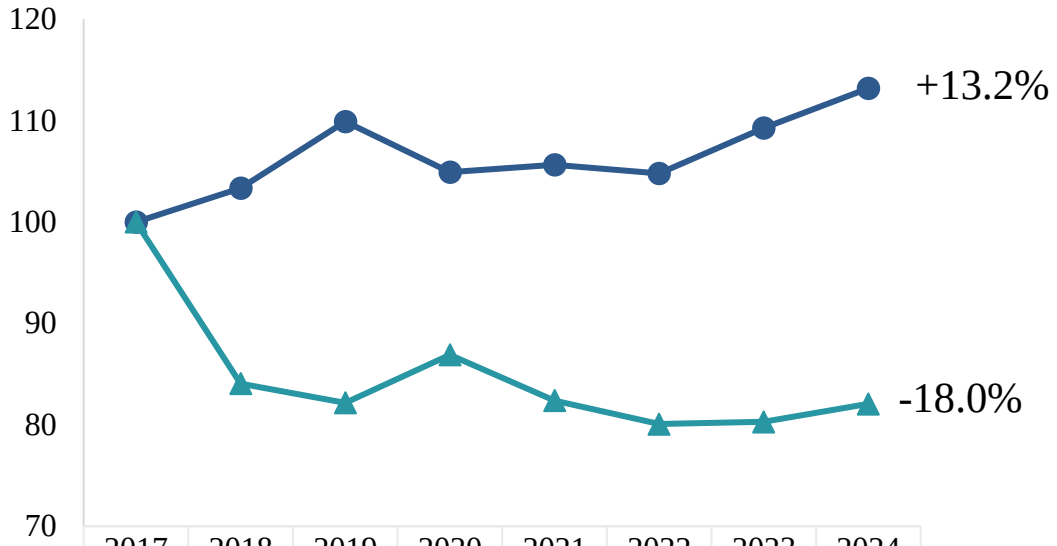
- For medical, the default reimbursement is $90 per visit or the market rate if the interpreter can document a higher rate.

Pharmacy

Percentage of claims with Scripts



Pharmacy: Price and Utilization Index (2017 = 100)



	2017	2018	2019	2020	2021	2022	2023	2024
Price	100.0	103.3	109.9	104.9	105.6	104.8	109.3	113.2
Utilization	100.0	84.1	82.2	86.9	82.4	80.1	80.3	82.0

- Utilization controls and pricing reforms such as SB 863 (UR and IMR) and MTUS drug formulary in Jan-2018.

Findings by Service Category

- Overall: Medical paid growth 2017–2024 driven primarily by PRICE, not utilization — but patterns vary sharply by category

Professional Services

~52% of total payments

- Avg. payment/transaction +33.2% vs. MEI +25.9%
- Scheduled codes: tracked near MEI
- Unlisted codes: +106.7% price growth
- Unlisted share: 5.6% → 14.4% of prof payments
- Code 97799: ~50% of unlisted spend with avg $1,663/tx

DMEPOS

Majority now unlisted

- Unlisted codes: 41.9% of payments in 2017 and >50% by 2024
- Only category where unlisted = majority
- Scheduled codes: payment growth is driven by
- Unlisted codes: both price and utilization

Medical-Legal

Regulatory-driven

- Payment growth from single event: 2021 fee schedule update
- ~35% price increase by 2022
- Utilization essentially flat throughout

Medical Interpreter Services

Utilization-led

- Price constrained by hybrid fee structure
- Utilization +52% above 2017 baseline
- Factors outside demographics are driving the increase in utilization

Pharmacy

Declining trend

- Both price AND utilization declined vs. trend
- 2018 MTUS drug formulary impact
- Opioid reforms + utilization controls

Inpatient Facility

Volume collapse

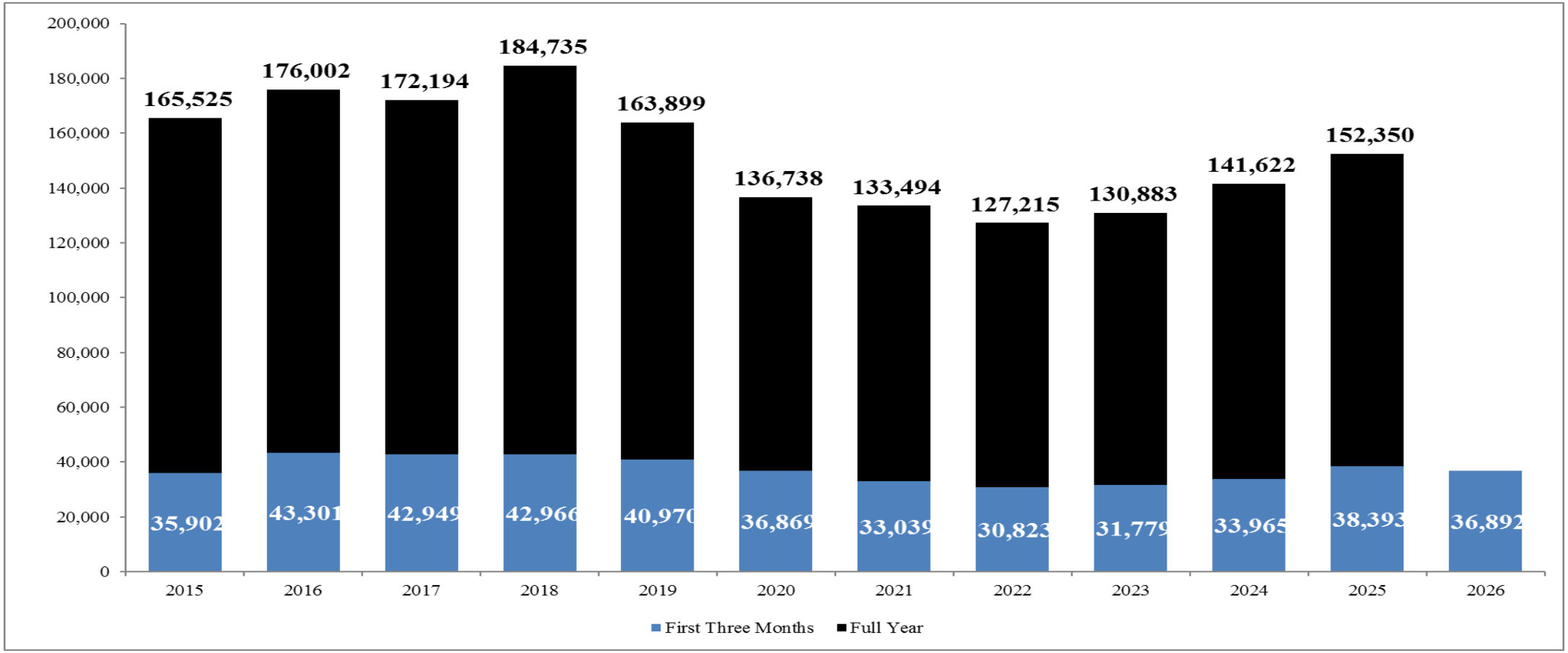
- Discharges -34.7% from 2017 baseline
- Payment per discharge (+27%) slightly exceeded Medicare IPPS operating market basket (+23%)

Agenda

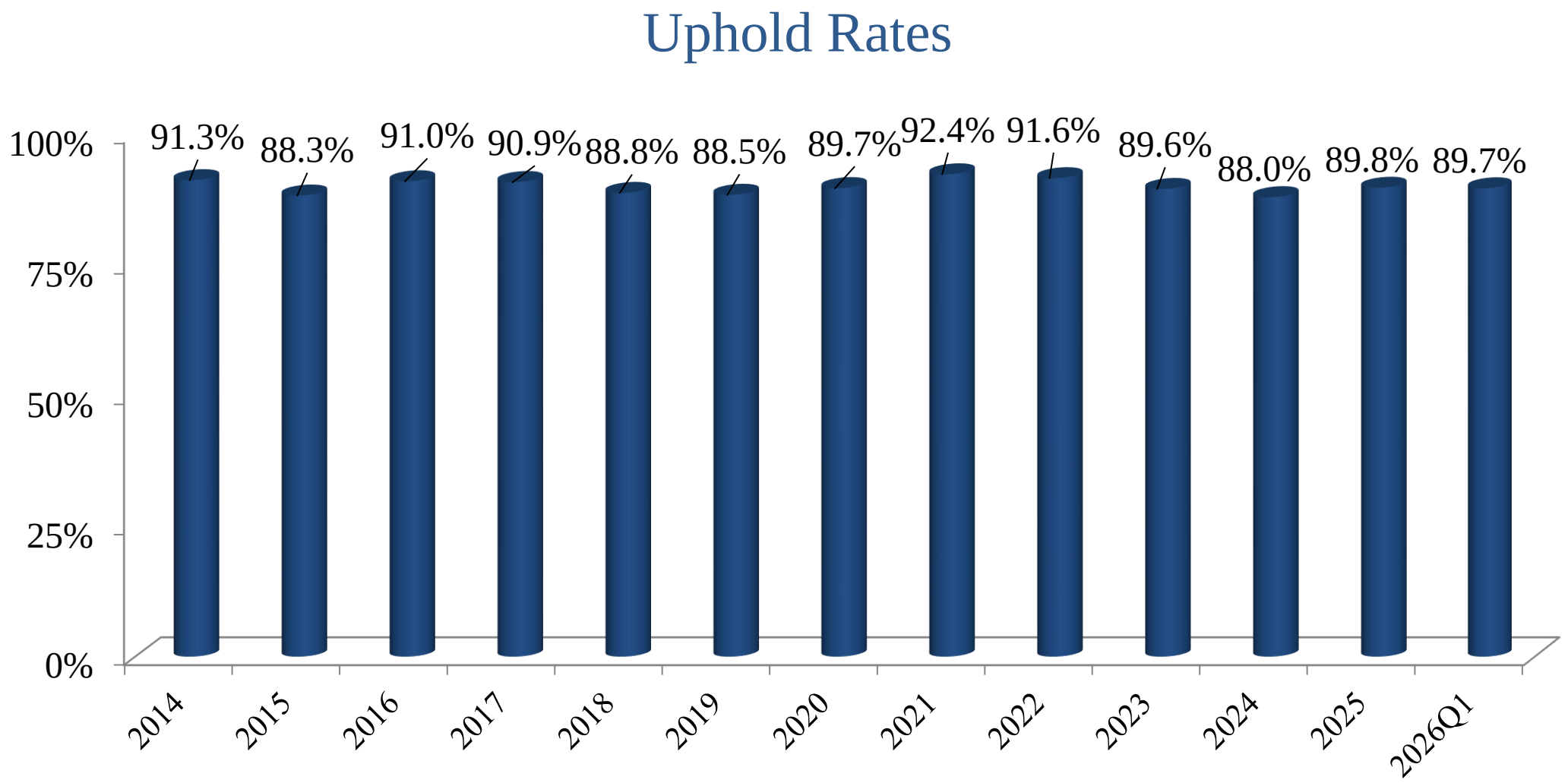
Independent Medical Review

Independent Medical Review

There were 36,892 IMR letters in the first three months of 2026, a 3.9% decrease from the first quarter of 2025



IMR Uphold Rates



IMR Service Mix

Service Requested	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	26Q1
Pharmaceuticals	50.7%	49.5%	47.8%	46.5%	41.1%	39.1%	34.9%	33.3%	32.2%	33.4%	30.5%	30.2%
Physical Therapy	8.3%	8.6%	9.7%	10.2%	12.0%	12.2%	13.4%	13.2%	13.4%	13.1%	14.0%	13.4%
Injections	6.9%	7.6%	8.3%	9.1%	10.1%	10.8%	11.7%	12.1%	12.4%	12.4%	12.8%	12.7%
DME/Pros/Orth/Supp	7.3%	6.9%	6.5%	7.0%	7.8%	8.5%	9.4%	8.2%	8.9%	8.9%	9.4%	9.2%
MRI/CT/PET	4.3%	4.6%	4.8%	4.6%	4.8%	5.0%	5.0%	5.5%	6.0%	5.4%	5.4%	5.0%
Acupuncture	2.2%	2.3%	2.5%	3.0%	3.7%	3.9%	4.3%	4.5%	4.6%	4.8%	5.1%	5.3%
Surgery	3.1%	3.0%	2.9%	2.9%	3.4%	3.6%	3.4%	3.6%	3.5%	3.9%	3.6%	3.6%
Diagnostic Test/Meas	3.5%	3.6%	3.4%	3.4%	3.2%	3.1%	3.0%	2.8%	2.8%	2.4%	2.5%	2.4%
Chiropractic Manip	1.7%	1.7%	1.7%	1.8%	2.2%	2.2%	2.5%	2.7%	2.7%	2.6%	2.8%	2.8%
Eval and Management	2.2%	2.3%	2.2%	2.0%	2.0%	2.2%	2.3%	2.6%	2.4%	2.5%	2.9%	3.2%
Laboratory Services	2.8%	3.3%	3.3%	2.5%	2.1%	1.7%	1.7%	1.5%	1.5%	1.3%	1.2%	1.1%
Psych Services	1.4%	1.4%	1.3%	1.2%	1.3%	1.5%	1.6%	1.7%	1.6%	1.6%	1.5%	1.5%
Other	5.5%	5.4%	5.6%	5.7%	6.3%	6.4%	6.9%	8.2%	8.0%	7.7%	8.4%	9.5%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

IMR Uphold Rates by Service

Service Requested	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	26Q1
Pharmaceuticals	89.7%	92.5%	91.9%	89.4%	89.4%	90.7%	93.3%	91.8%	90.6%	89.7%	91.2%	91.1%
Physical Therapy	92.2%	93.0%	93.6%	91.7%	90.4%	90.8%	92.9%	93.9%	91.6%	90.0%	90.4%	90.1%
Injections	87.4%	89.4%	89.5%	89.1%	88.8%	91.2%	95.0%	95.9%	91.4%	90.7%	93.1%	92.8%
DME/Pros/Ortho/Supp	89.6%	91.4%	91.6%	89.2%	90.1%	91.8%	93.5%	91.9%	91.4%	89.3%	89.5%	89.2%
MRI/CT/PET	86.3%	88.6%	89.2%	87.6%	86.3%	88.2%	91.6%	91.5%	88.3%	85.4%	87.6%	87.9%
Acupuncture	91.6%	93.6%	93.9%	92.7%	89.7%	87.7%	90.5%	93.6%	93.1%	93.0%	93.9%	95.5%
Surgery	86.3%	88.3%	90.7%	88.0%	88.7%	87.2%	88.7%	86.5%	87.2%	80.8%	86.1%	88.4%
Diagnostic Test/Meas	84.5%	91.3%	91.3%	89.0%	86.7%	88.7%	92.4%	91.5%	86.2%	83.5%	87.7%	87.9%
Chiropractic Manip	90.8%	92.0%	93.8%	92.2%	89.0%	86.7%	89.3%	87.0%	88.5%	89.8%	90.8%	92.5%
Eval and Management	66.4%	77.0%	77.7%	75.9%	74.9%	80.9%	84.9%	82.8%	76.1%	74.9%	79.9%	78.9%
Laboratory Services	82.6%	88.4%	86.4%	82.9%	81.6%	82.2%	87.4%	84.3%	81.4%	77.4%	81.1%	81.8%
Psych Services	83.3%	85.2%	84.4%	78.6%	79.0%	81.9%	85.1%	82.5%	83.5%	80.7%	81.3%	81.2%
Other	86.0%	88.1%	87.6%	85.6%	86.1%	88.6%	90.8%	89.5%	85.4%	81.9%	86.0%	85.0%
Total	**88.3%**	**91.1%**	**90.9%**	**88.8%**	**88.5%**	**89.8%**	**92.4%**	**91.6%**	**89.6%**	**88.0%**	**89.8%**	**89.7%**

IMR Pharmacy Mix

	% of Rx											
Rx Drug Category	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**26Q1**
Analgesics-Opioid	30.3%	28.6%	29.1%	32.0%	30.7%	28.0%	25.0%	23.9%	23.1%	20.8%	18.2%	15.7%
Musculoskeletal Therapy	12.7%	13.4%	13.5%	14.5%	15.6%	16.9%	17.8%	17.9%	18.1%	17.9%	17.4%	18.5%
Dermatologicals	15.1%	14.8%	14.4%	12.3%	14.0%	15.9%	17.8%	18.9%	20.1%	22.2%	25.4%	27.7%
Anticonvulsants	5.4%	5.7%	6.2%	8.2%	8.8%	10.2%	10.3%	10.2%	10.1%	10.1%	10.2%	9.6%
Anti-Inflammatory	8.5%	9.6%	10.3%	7.7%	6.4%	6.4%	7.4%	8.0%	7.4%	7.7%	8.1%	7.9%
Antidepressants	3.9%	4.1%	4.2%	4.9%	5.1%	4.5%	3.4%	3.4%	3.3%	3.8%	3.5%	3.3%
Ulcer Drugs	7.3%	7.4%	7.2%	4.7%	3.6%	3.5%	3.5%	3.3%	3.2%	3.3%	3.2%	3.3%
Hypnotics	3.9%	3.8%	3.1%	2.7%	2.4%	2.0%	1.8%	1.7%	1.4%	1.2%	1.1%	1.0%
Antianxiety	2.7%	2.8%	2.6%	2.4%	2.2%	1.9%	1.8%	1.6%	1.4%	1.4%	1.2%	1.1%
Analgesics-Non-Narcotic	1.1%	1.4%	1.8%	2.2%	1.9%	2.1%	2.0%	1.8%	2.2%	2.2%	2.1%	2.0%
Other	9.1%	8.4%	7.6%	8.3%	9.3%	8.7%	9.1%	9.3%	9.7%	9.4%	9.6%	10.0%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

IMR Uphold Rates by Drug Category

	% Upheld											
Rx Drug Category	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**26Q1**
Analgesics-Opioid	88.0%	90.2%	90.1%	89.8%	90.8%	91.8%	94.4%	93.2%	92.6%	94.1%	95.3%	95.5%
Musculoskeletal Therapy	96.4%	97.1%	97.2%	95.8%	95.5%	96.6%	98.5%	98.5%	98.2%	97.9%	98.6%	98.4%
Dermatologicals	96.3%	97.1%	97.0%	94.9%	93.8%	93.2%	95.1%	95.8%	93.7%	92.3%	93.8%	93.9%
Anticonvulsants	82.0%	87.3%	87.7%	80.7%	82.0%	86.1%	91.3%	91.9%	90.4%	90.0%	92.9%	92.8%
Anti-Inflammatory	82.5%	90.0%	88.7%	84.3%	81.7%	83.4%	85.7%	80.7%	76.3%	74.2%	74.7%	74.2%
Antidepressants	74.5%	83.8%	82.2%	75.9%	74.8%	79.8%	82.4%	74.1%	78.2%	74.7%	78.1%	76.0%
Ulcer Drugs	89.0%	93.0%	91.7%	88.4%	87.9%	86.7%	89.7%	83.1%	80.8%	78.7%	80.4%	81.5%
Hypnotics	97.4%	98.2%	97.7%	97.2%	97.2%	97.9%	98.2%	97.5%	97.9%	98.3%	97.7%	97.6%
Antianxiety	96.3%	97.1%	95.0%	94.4%	92.5%	94.6%	94.5%	91.7%	90.6%	89.1%	92.7%	91.7%
Analgesics-Non-Narcotic	88.7%	92.6%	91.9%	92.0%	90.6%	92.5%	92.2%	87.8%	85.6%	81.8%	81.1%	81.2%
Other	87.9%	90.7%	89.2%	85.8%	85.9%	86.6%	89.7%	86.5%	83.8%	81.3%	84.6%	83.9%
Total	**89.7%**	**92.5%**	**91.9%**	**89.4%**	**89.4%**	**90.7%**	**93.3%**	**91.8%**	**90.6%**	**89.7%**	**91.2%**	**91.1%**

IMR – Provider Concentration

% of Service Requests by Top Providers

Providers	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	26Q1
Top 10	12.4%	11.9%	11.3%	12.5%	9.5%	9.9%	10.2%	10.7%	11.3%	11.4%	11.4%	11.0%	10.5%
Top 25	20.6%	20.7%	20.3%	21.5%	18.1%	18.6%	19.4%	20.6%	21.2%	21.4%	21.2%	21.2%	21.3%
Top 50	29.7%	29.9%	30.0%	30.8%	28.2%	28.2%	29.9%	31.1%	31.6%	32.2%	32.8%	32.8%	32.8%
Top 1% (81*)	45.5%	45.4%	45.3%	45.5%	44.2%	41.2%	39.6%	39.9%	39.9%	40.2%	41.9%	42.0%	42.0%
Top 10% (808*)	84.1%	85.4%	85.1%	86.9%	84.6%	83.5%	82.1%	82.6%	82.9%	83.1%	83.9%	84.4%	84.3%

* Based on Number of Providers from April 2025 – March 2026

Agenda

Accumulating Evidence in a Cumulative Context: CT Claims by the Numbers

Cumulative Trauma Claim Patterns

- Has the volume of Cumulative Trauma claims increased?
- Does the increase in CT claims vary by region?
- What has changed?
- What is causing these changes?

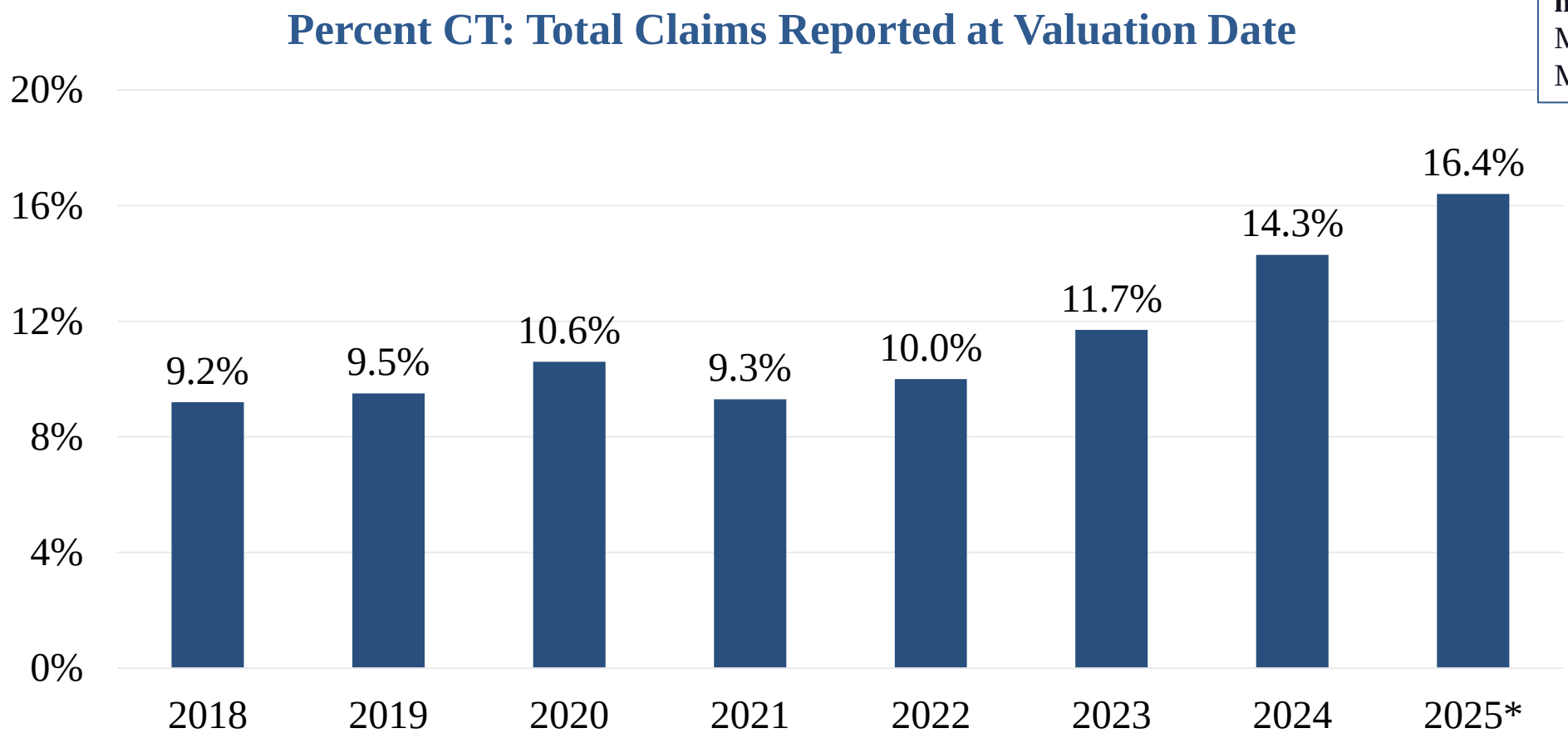
Has the Volume of Cumulative Trauma Claims Increased?

Data and Methodology

Data Source	• IRIS valued through June 30, 2025 • Claim volume reported as of valuation date
Data Sample	• Total Claims (based on payments): ➢ No Medical (Open NT & EO, EO with >$180, MO with < $35 in med payments) ➢ Medical Only ➢ Indemnity • Insurers & Public/Private Self-Insured Employers • Exclude COVID-19 claims
Study Period	• Carrier Notice Year (2018-2025)
CT Claim definition	• Carrier CT indicator • Loss Type (03 Cumulative Injury) • Selected COI/NOI combinations
Disclosure	• Results are preliminary and subject to change pending the 2025 Q4 data refresh scheduled for release in June 2026.

Cumulative Trauma Injuries Post-COVID

CT Claims: Longer notification lags
Mean: 275 days
Median: 53 days



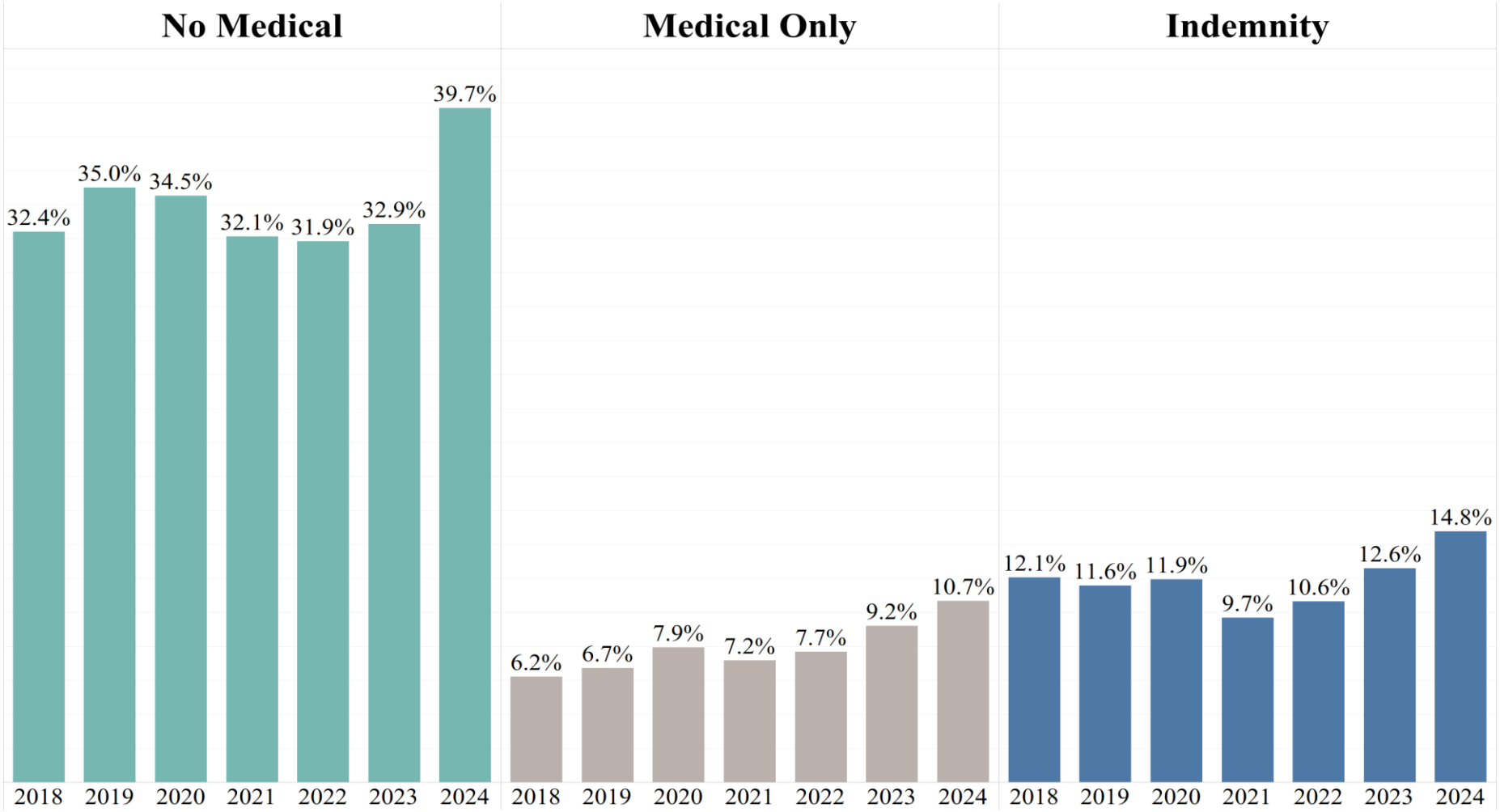
Total claims include No Medical, Medical Only, and Indemnity.

* Half year only.

Data Source: IRIS valued through June 2025.

Cumulative Trauma Rate by Claim Type at 12 Months

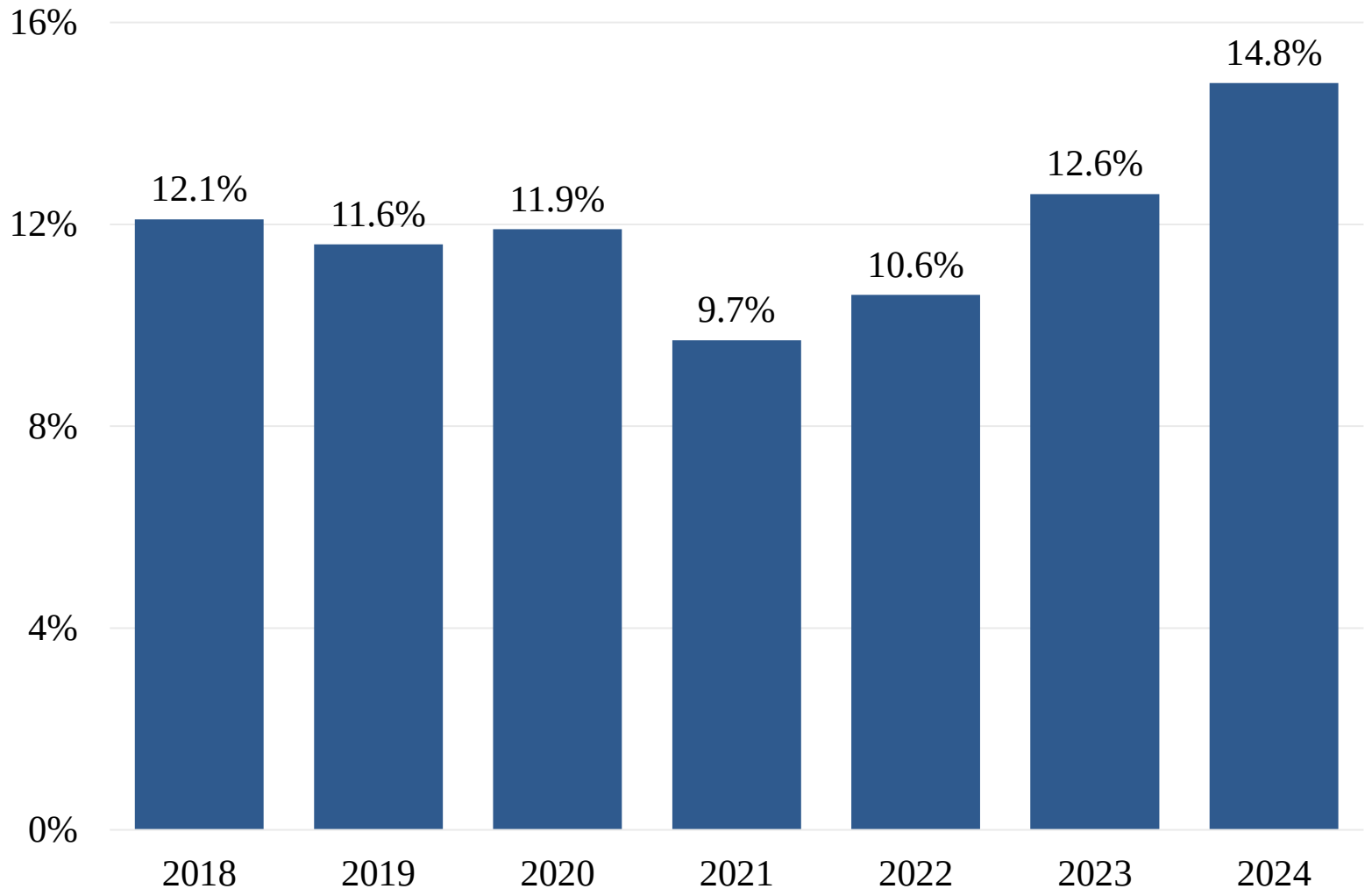
By Carrier Notice Year, excludes COVID-19 claims



Data Source: IRIS valued through June 2025.

Percentage Cumulative Trauma: Indemnity Claims at 12 Months

By Carrier Notice Year, excludes COVID-19 claims

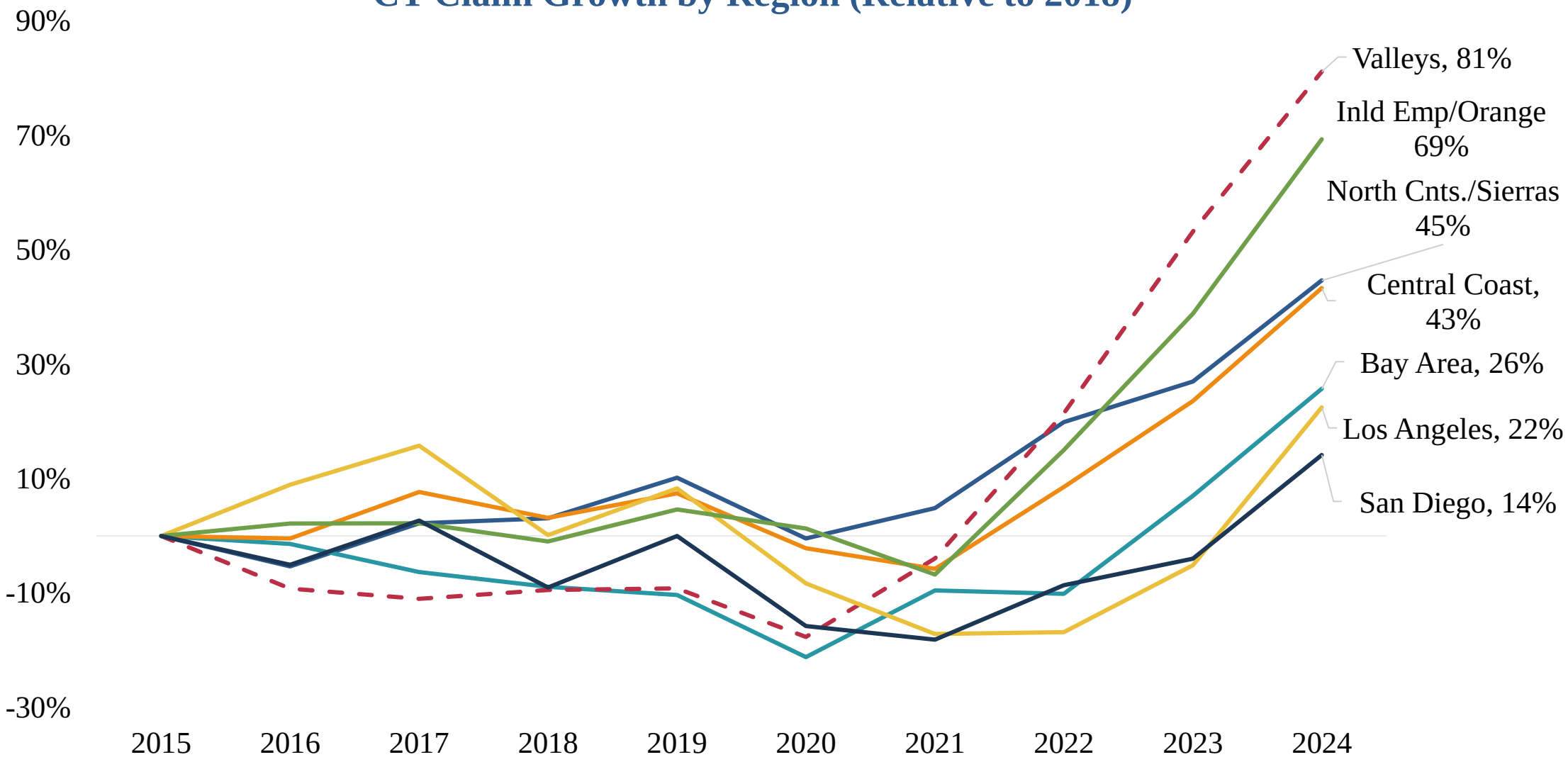


Data Source: IRIS valued through June 2025.

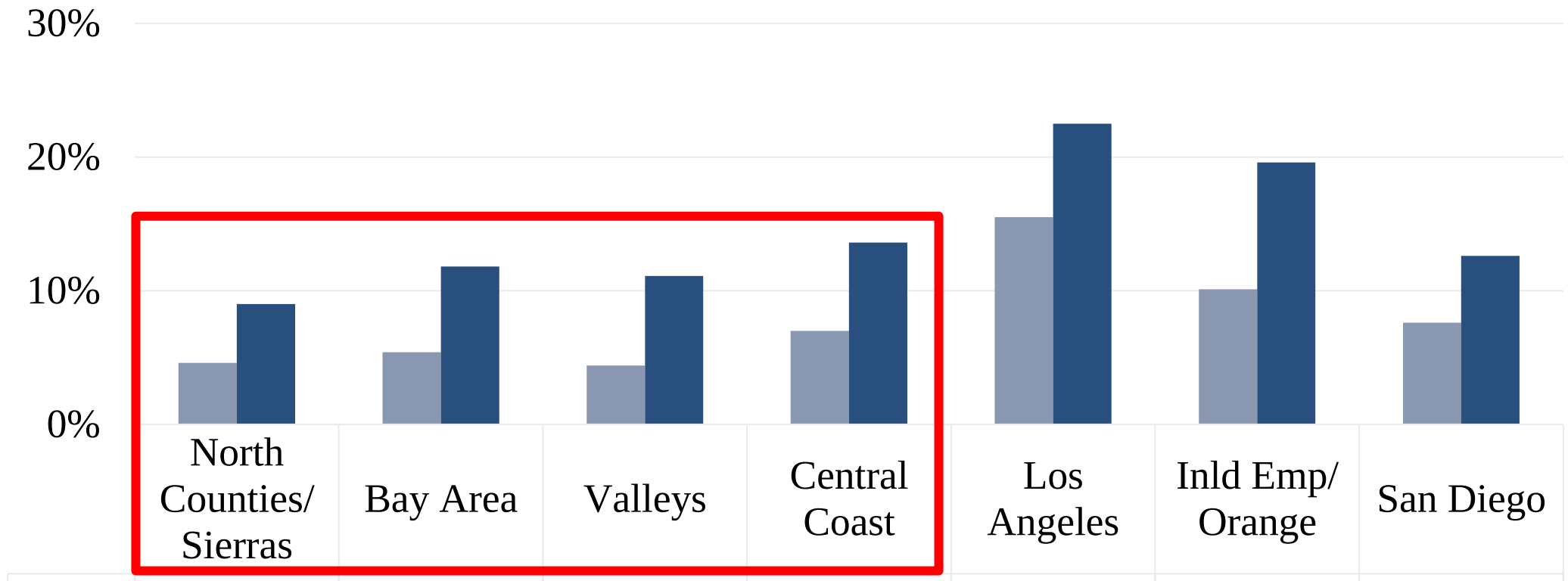
Does the Increase in CT Claims Vary by Region?

Fastest CT Growth in the Central Valley and Northern California

CT Claim Growth by Region (Relative to 2018)



CT Rates by Region



	North Counties/ Sierras	Bay Area	Valleys	Central Coast	Los Angeles	Inld Emp/ Orange	San Diego
2018	4.6%	5.4%	4.4%	7.0%	15.5%	10.1%	7.6%
2025	9.0%	11.8%	11.1%	13.6%	22.5%	19.6%	12.6%

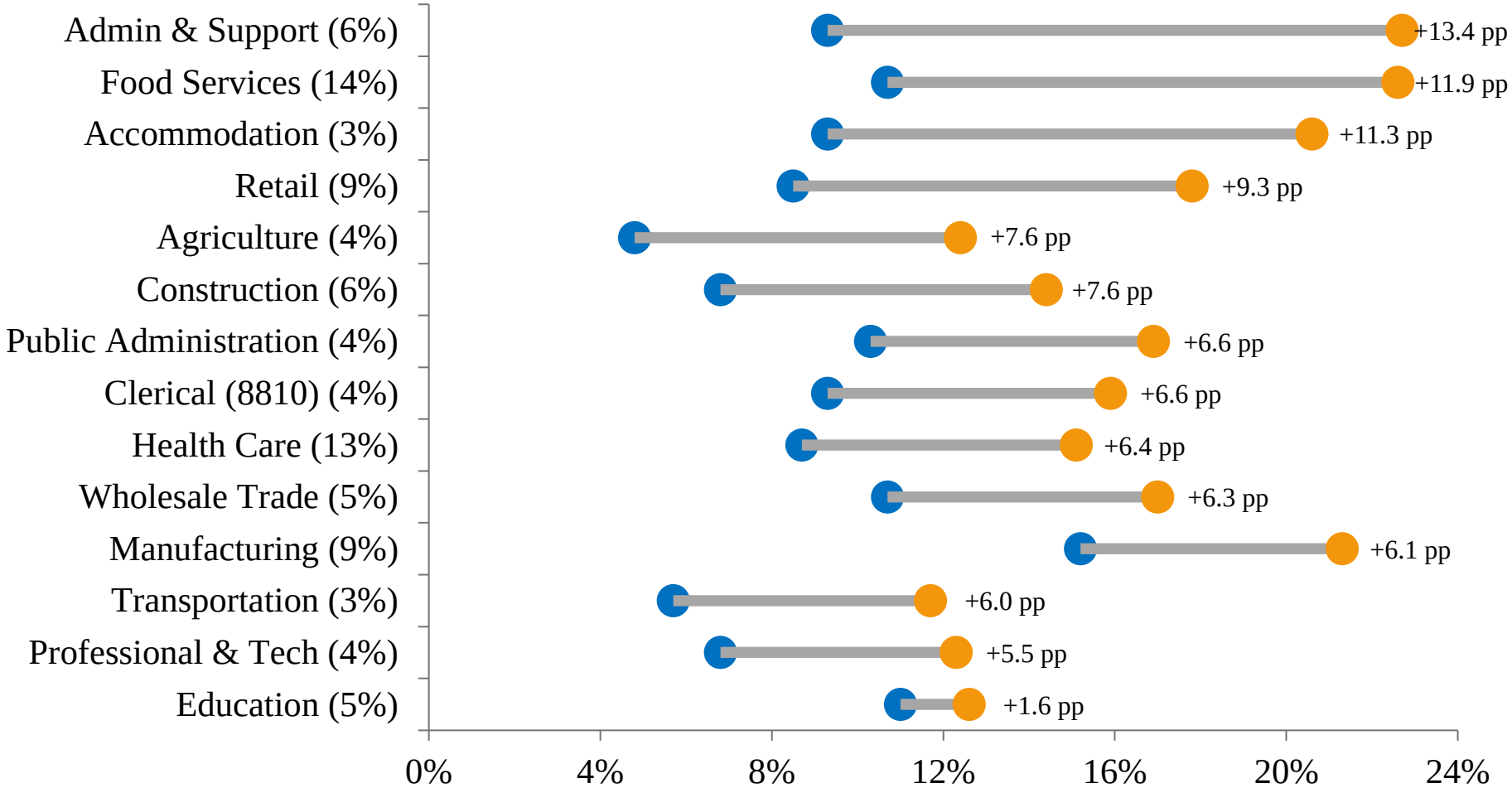
* Total claims reported as of valuation date.

Data Source: IRIS valued through June 2025.

What Has Changed?

CT Rates and Distribution of CT Claims by Industry

CT Rate by Industry: 2018 and 2025 (Ranked by Net Change)



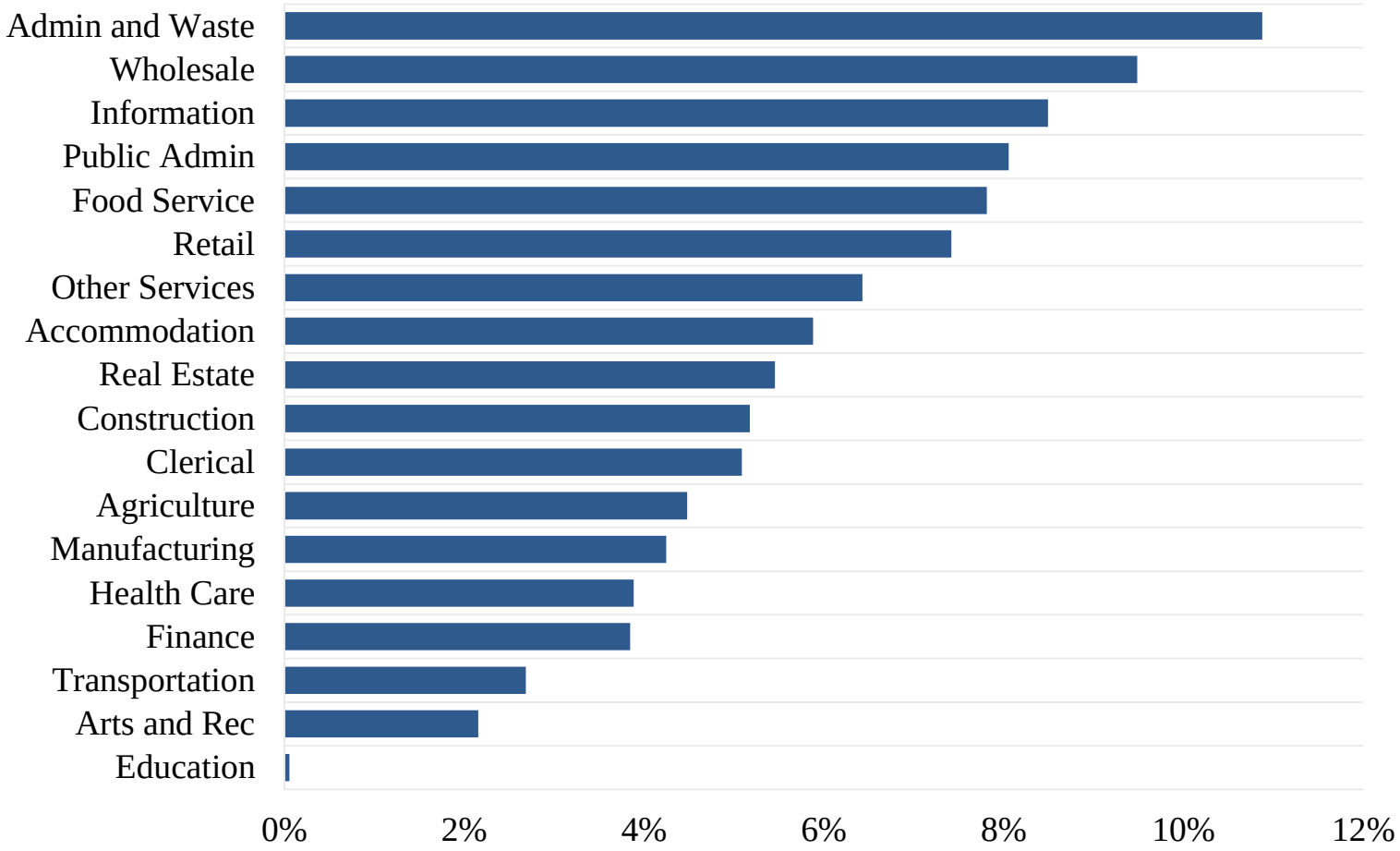
* Percentage of 2025 CT claims in parentheses.

* Total claims reported as of valuation date.

Data Source: IRIS valued through June 2025.

CT Rates increased across all Industries

Percentage Point Change in CT Rate by Industry (2018 to 2024)



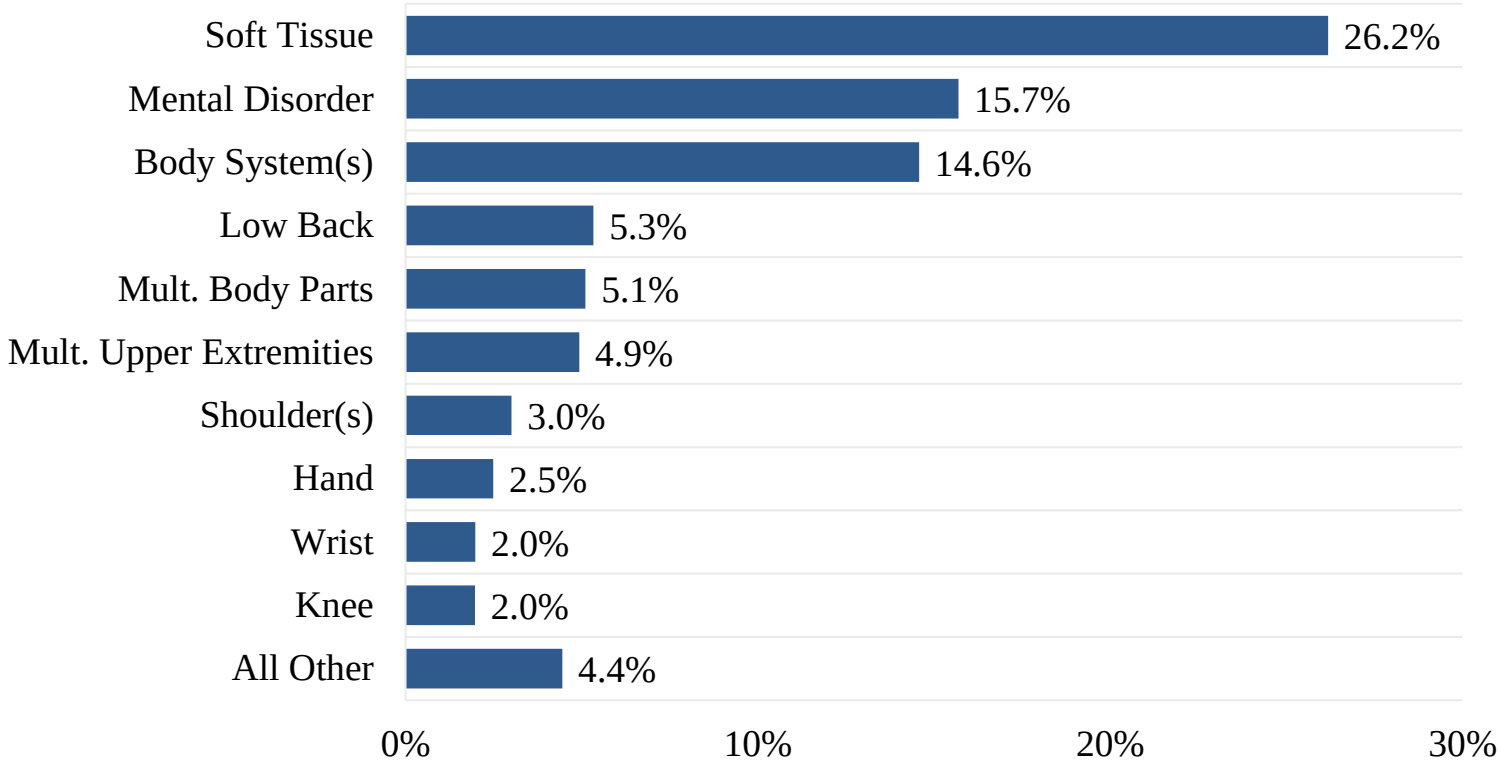
- Increasing CT rates across all industries.
- Food Service, Health Care, Manufacturing, and Retail account for nearly half of all CT claims.

* Total claims reported as of valuation date.

Data Source: IRIS valued through June 2025.

CT Rates increased across all Body Parts

Top 10 Body Parts: Percentage Point Change in CT Rates (2018 to 2024)



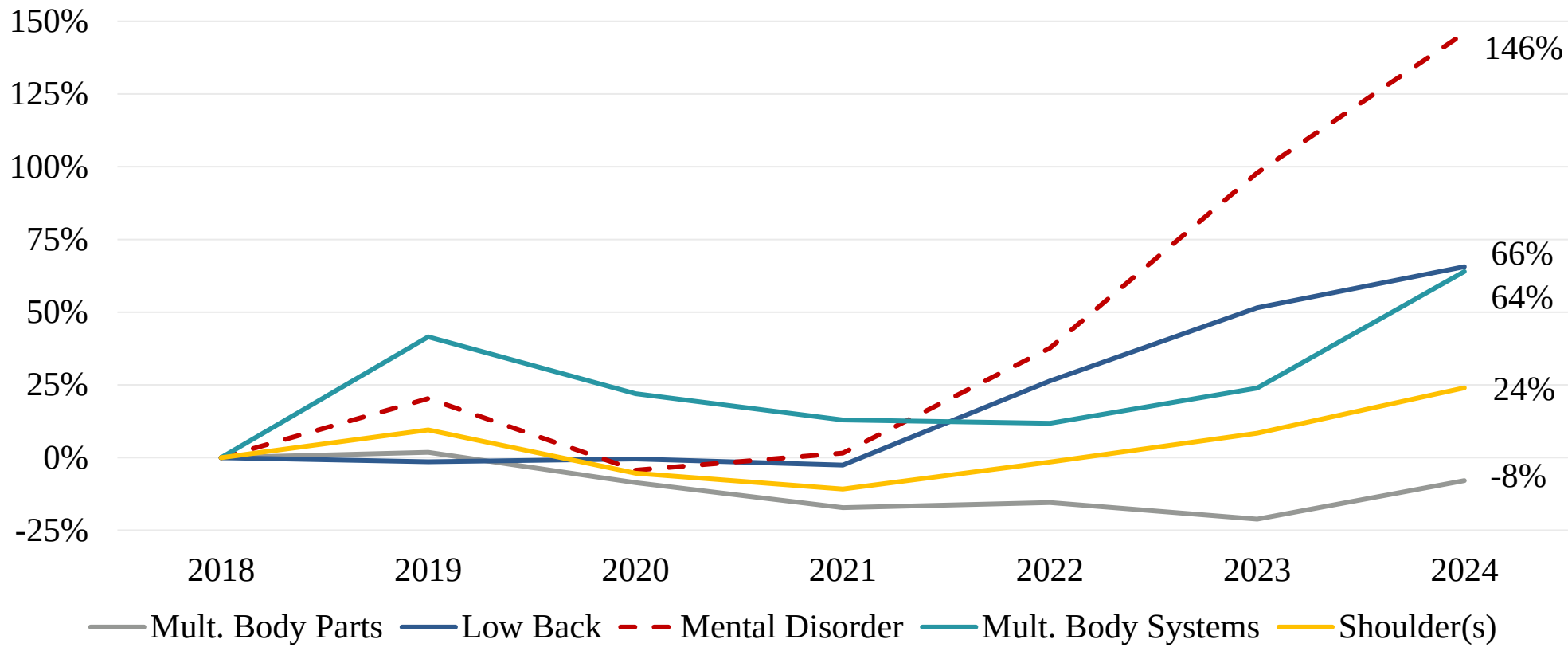
- Soft Tissue injuries and Mental Disorders have seen the largest CT rate increases.

* Total claims reported as of valuation date.

Data Source: IRIS valued through June 2025.

CT Claim Growth by Body Part

Top 5 Body Parts: CT Claims Indexed to 2018

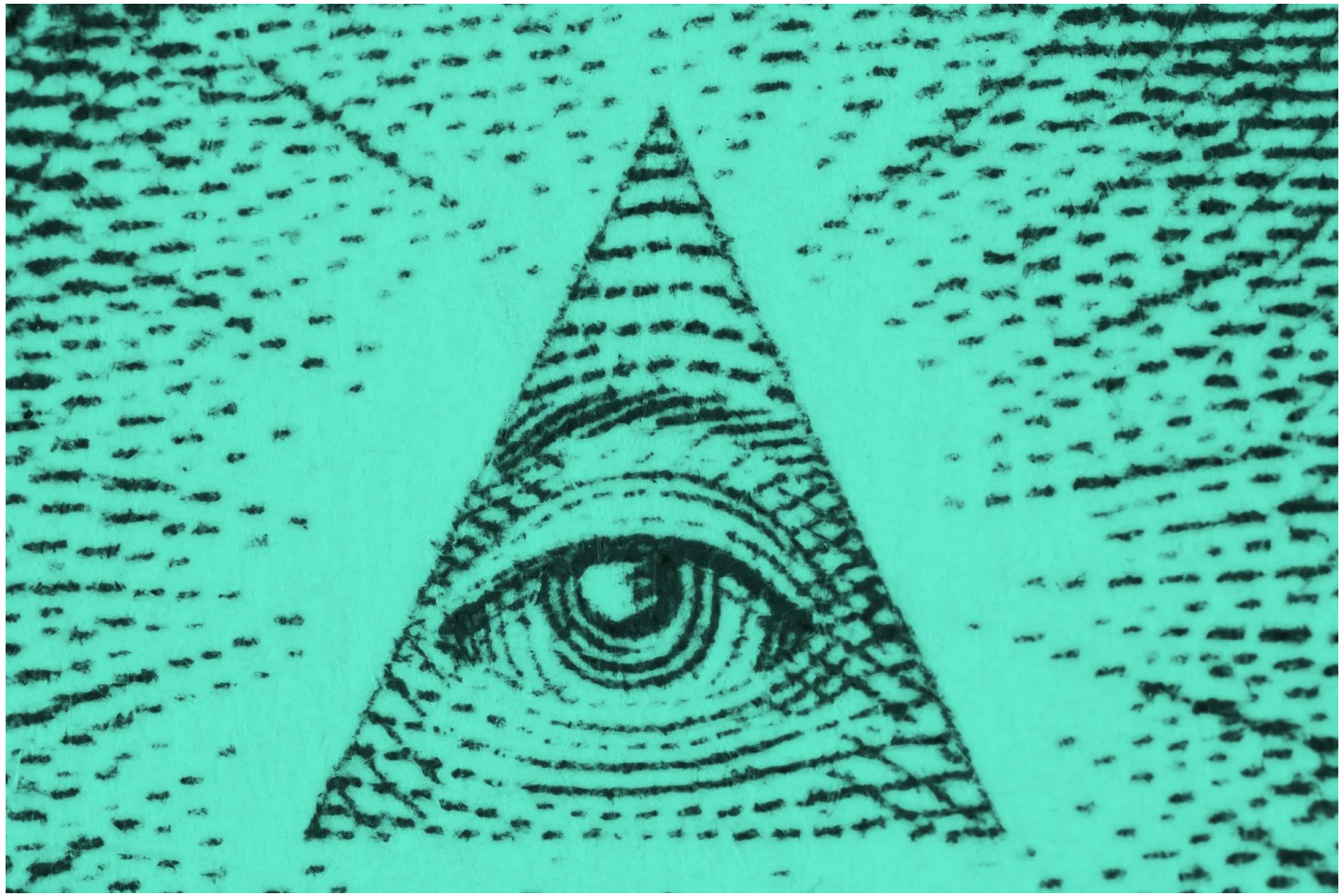


The top 5 Body Parts account for 54 percent of all CT claims.

* Total claims reported as of valuation date.

Data Source: IRIS valued through June 2025.

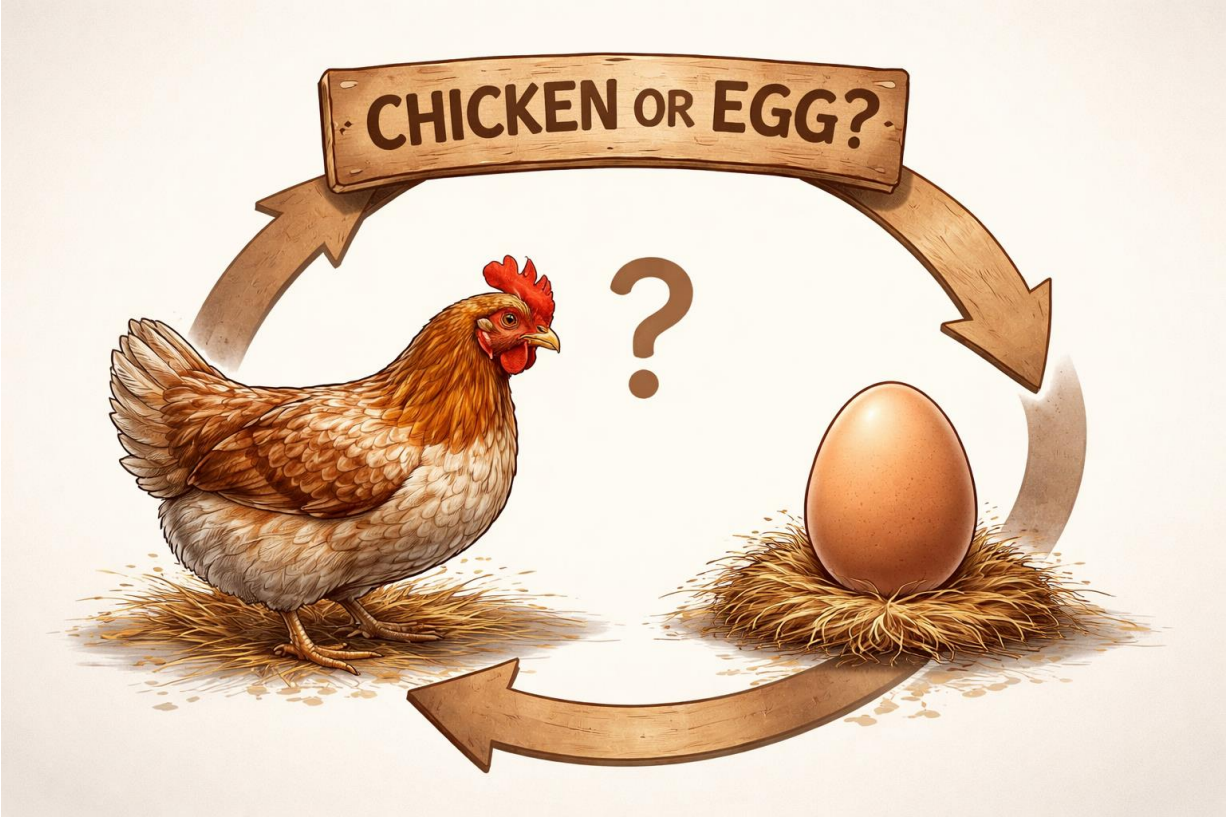
What Has Caused These Changes?



Theory Number 1: Increase in Litigation Rate

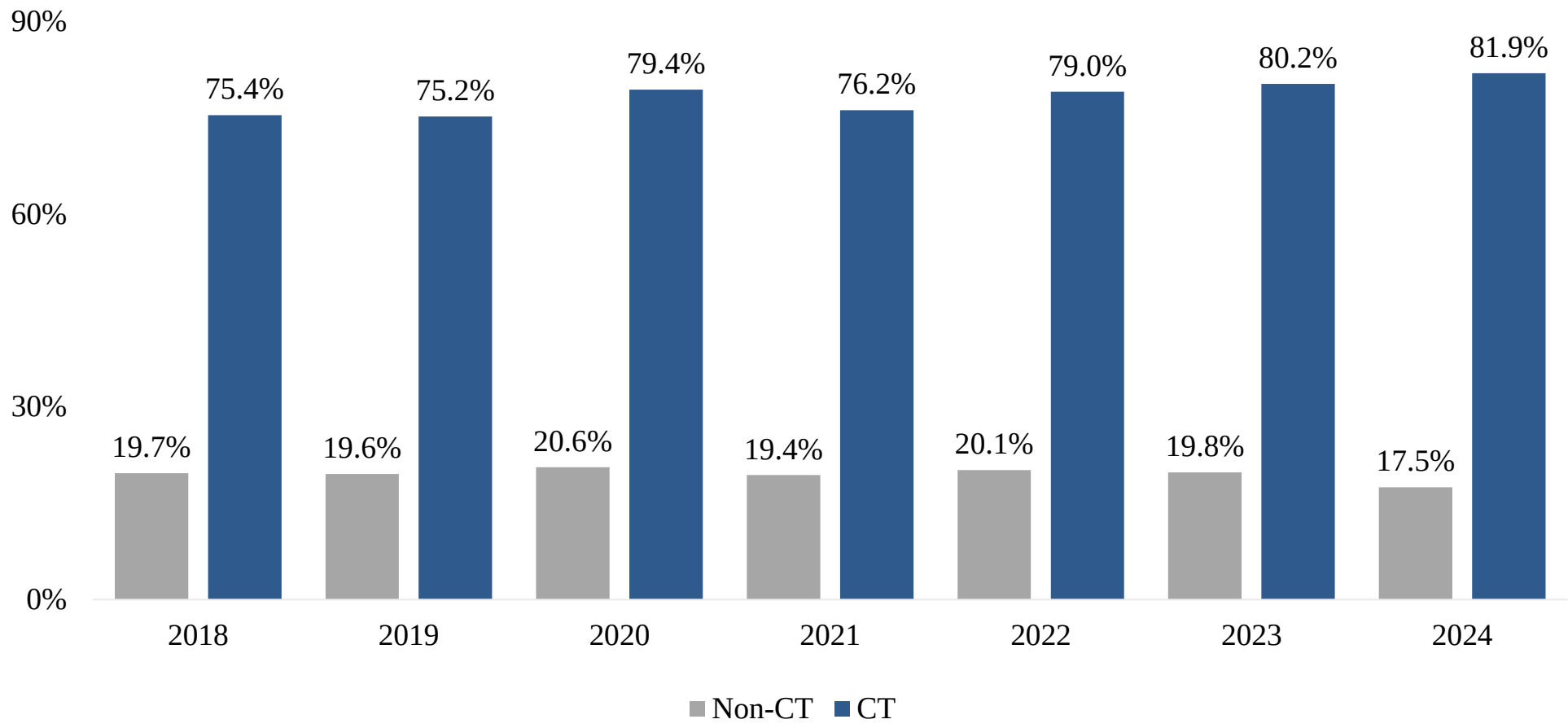
Is the CT increase the result of a higher litigation rate?

- Cumulative Trauma injuries are almost universally litigated (~90%)
- Has the increasing litigation rate caused the increase in CT claims, or vice versa?



Attorney Involvement Rates for Total Claims (CT & Non-CT)

By Carrier Notice Year, excludes COVID-19 claims

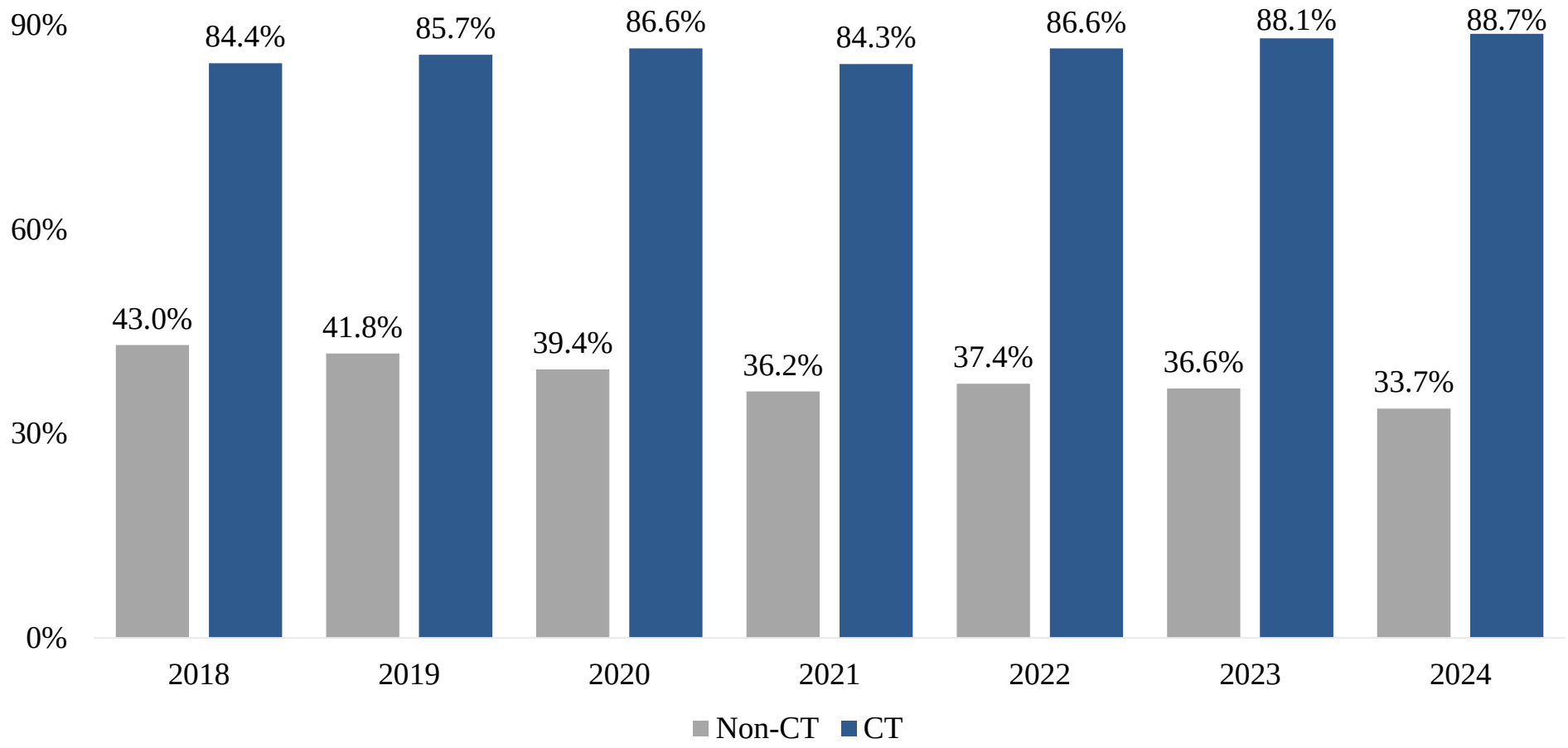


* Total claims reported as of valuation date.

Data Source: IRIS valued through June 2025.

Attorney Involvement Rates for Indemnity Claims at 12 Months

By Carrier Notice Year, excludes COVID-19 claims



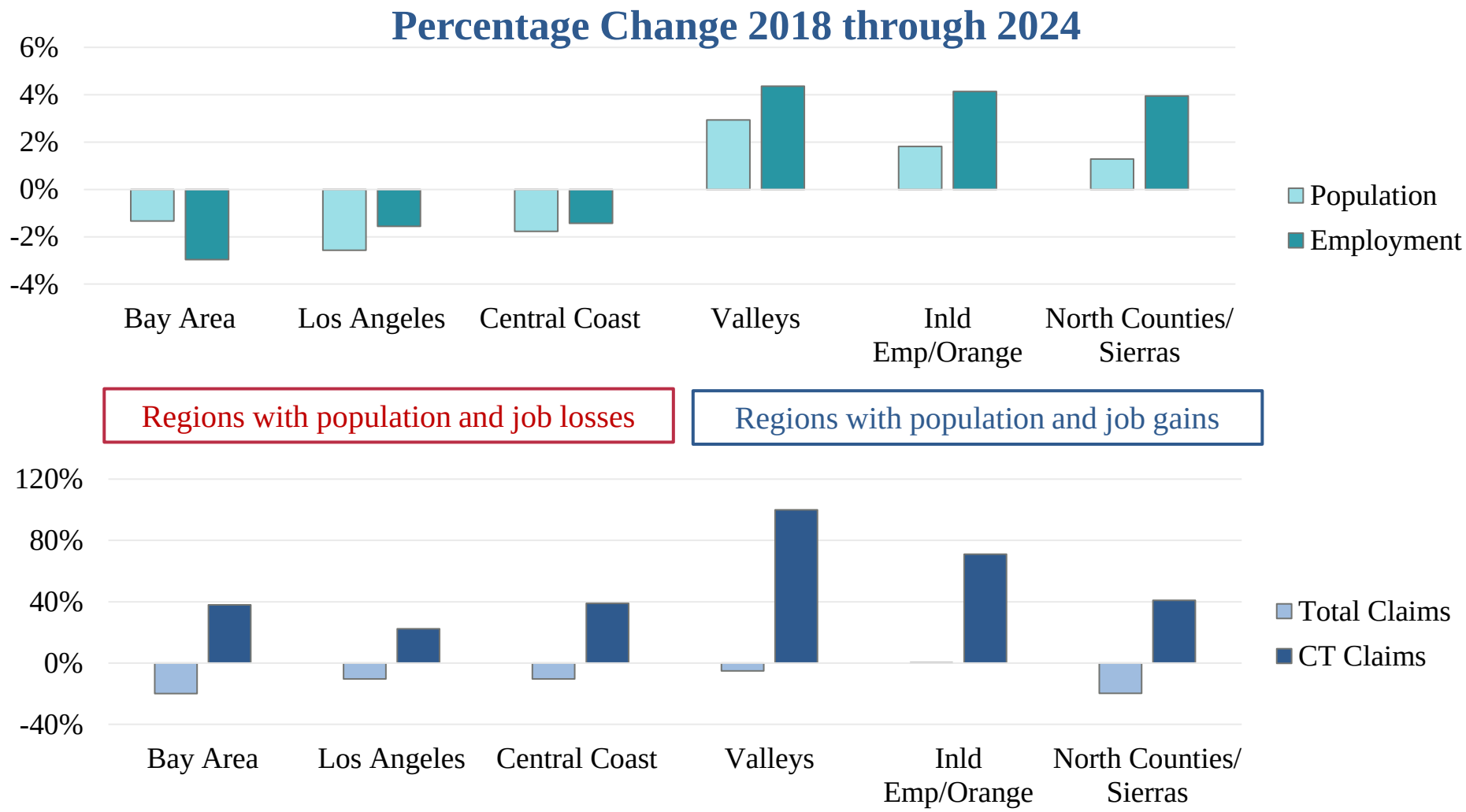
Data Source: IRIS valued through June 2025.

Theory Number 2: Macroeconomics and the "Great Resignation"

Could the COVID-era "Great Resignation" have led to workers filing more CT claims?

- Starting in early 2021, the labor market dramatically shifted as unemployment fell to 3.8% and the "quit" rate rose to 3% -- an all time high.
- This phenomenon was called the "Great Resignation"
- Could this labor market shift lead to higher CT claims rates?

Theory Number 2: Macroeconomics and the "Great Resignation"

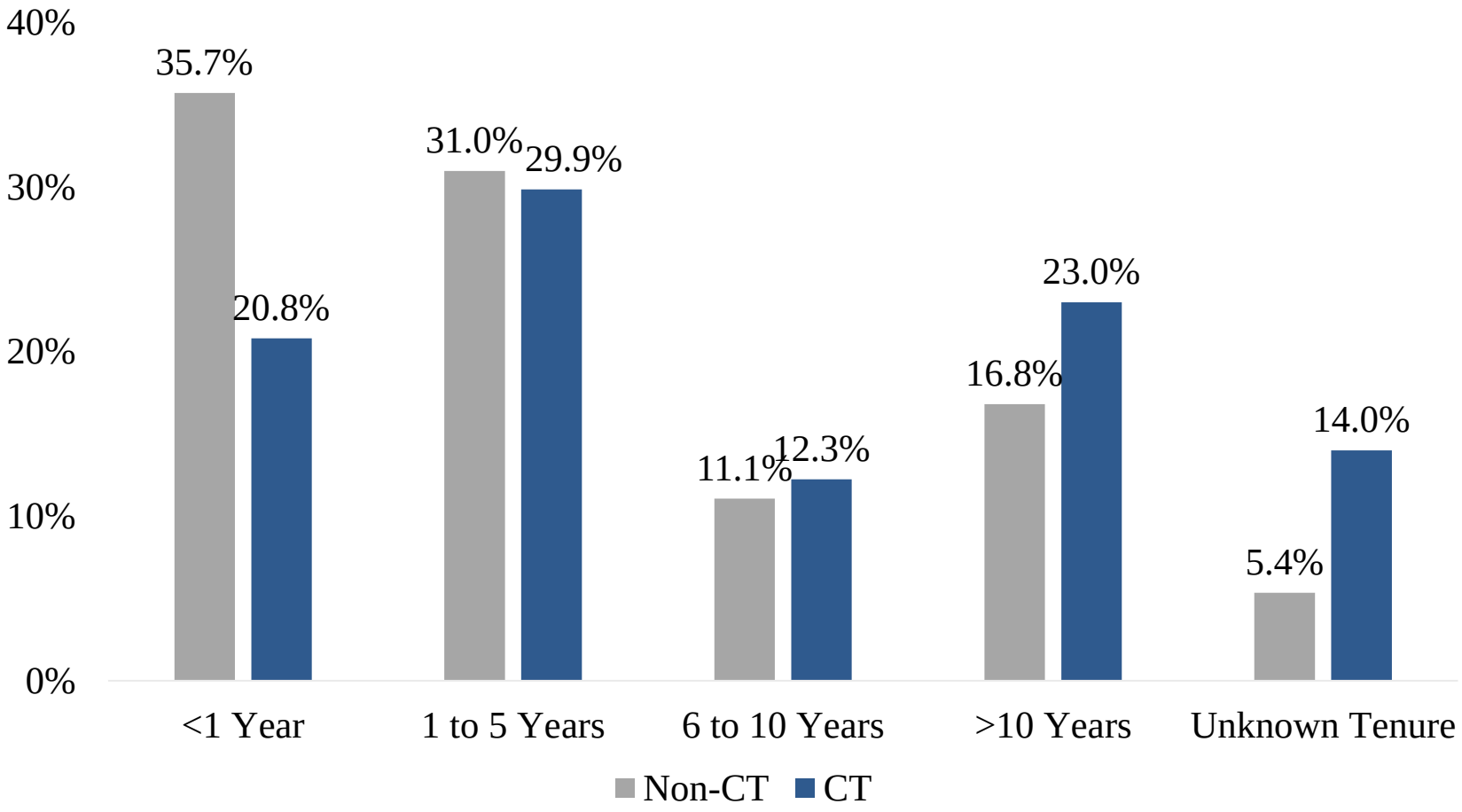


CT claim growth correlates with employment in some regions (Valleys, the Inland Empire/Orange County, and North Counties/Sierras) but diverges in others (Bay Area, Central Coast, and Los Angeles).

Data Source: IRIS, BLS.

Percentage of Claims by Tenure Group

Percentage of Claims by Tenure Group and Injury Type (2018 to 2025)



* Total claims reported as of valuation date.

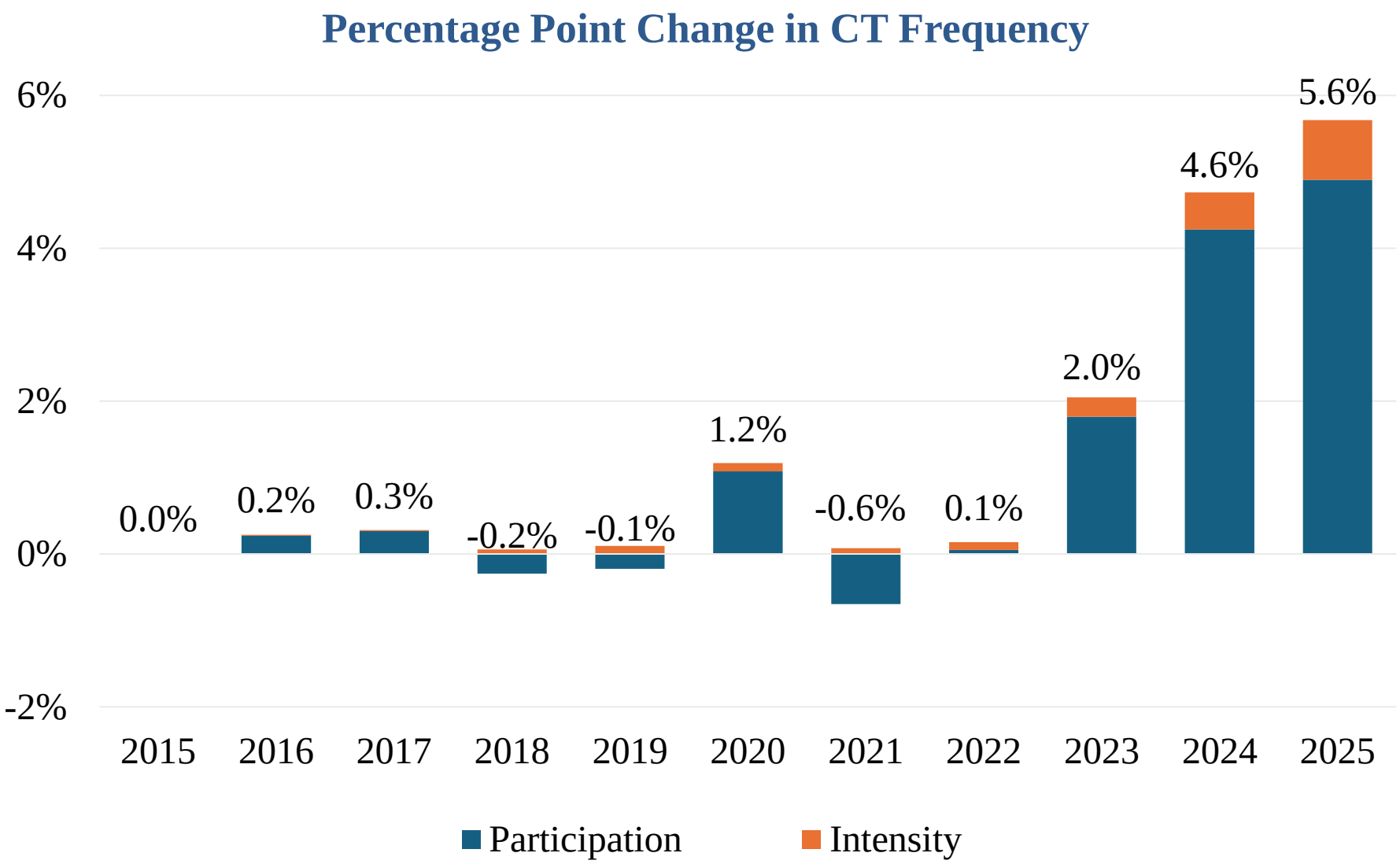
Data Source: IRIS valued through June 2025.

Theory Number 3: Attorney Behavior (Part I)

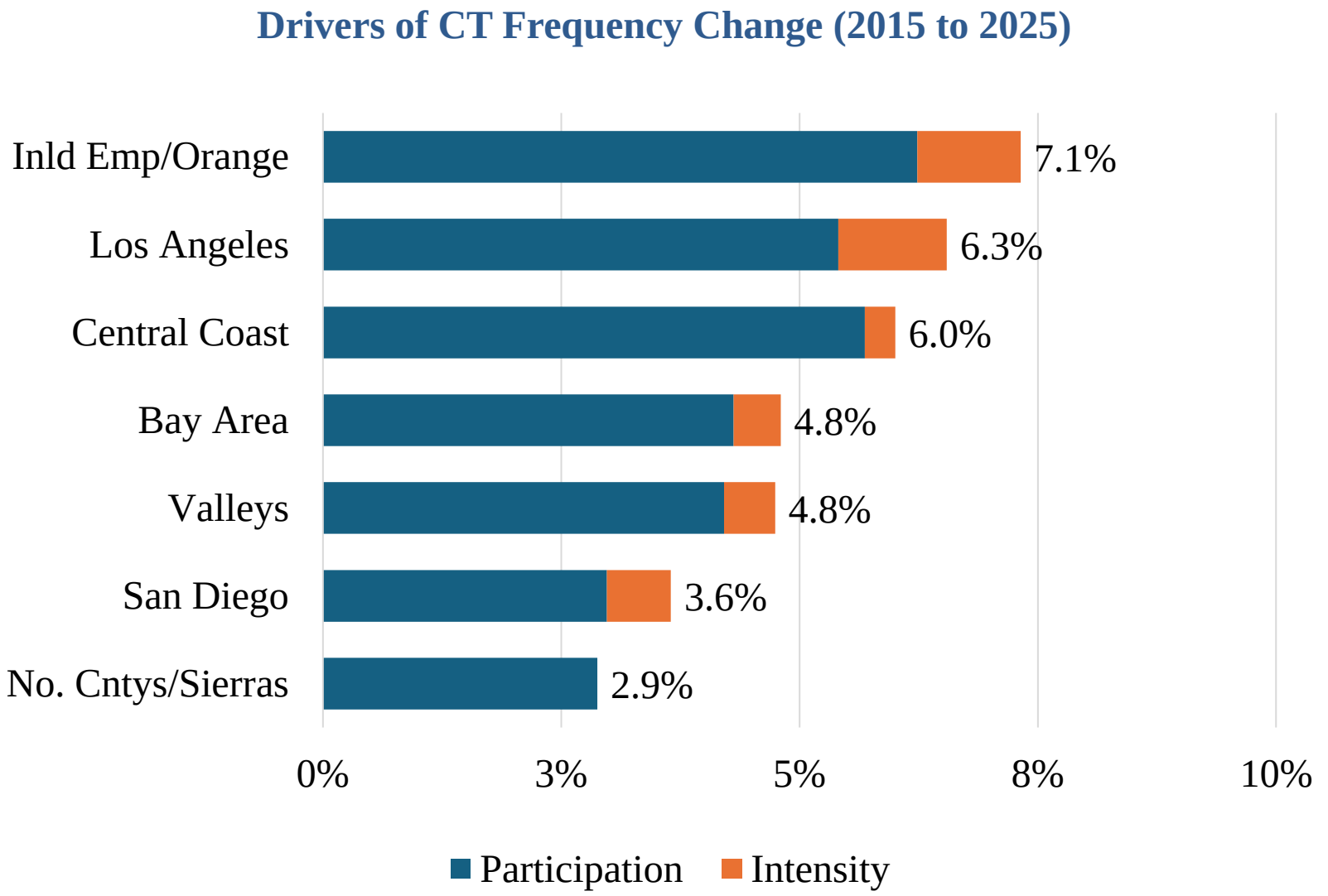
Was there a shift in how attorneys pursue cumulative trauma claims?

- Repeated anecdotes of attorneys filing multiple CT claims per applicant
- Did a shift in litigation strategies lead to an increase in CT claims?

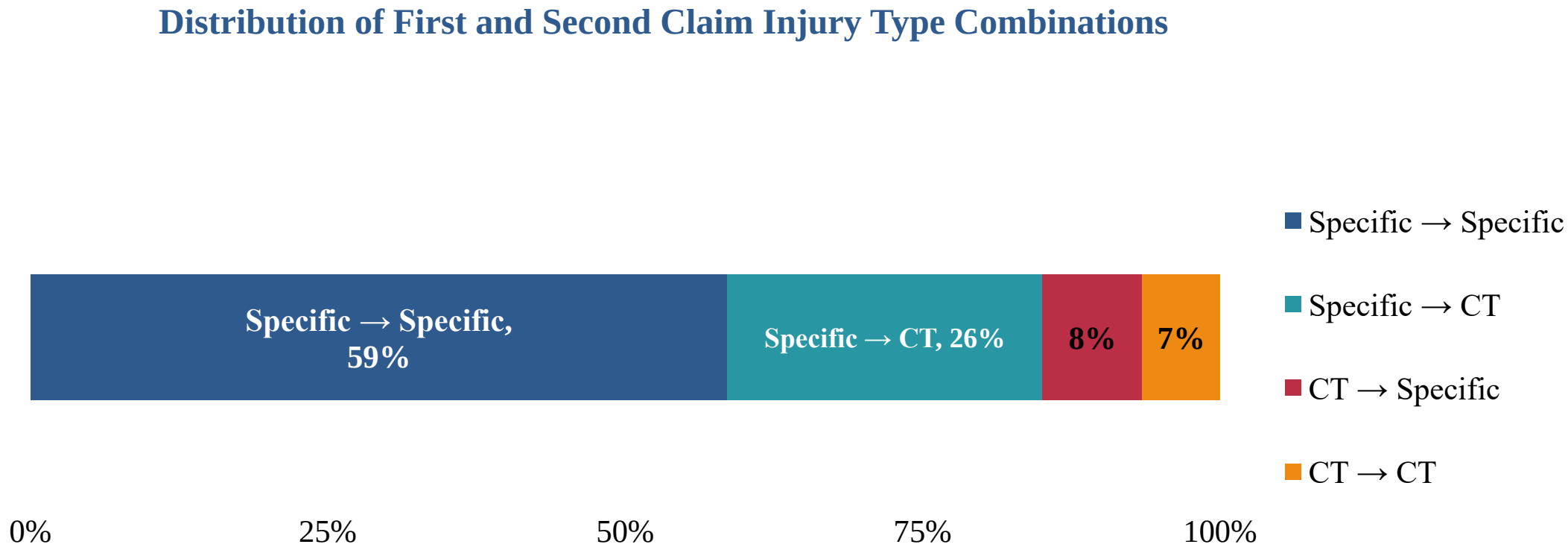
CT Growth: New Claimants vs. Multiple Claims per Worker



CT Growth: New Claimants vs. Multiple Claims per Worker



Distribution of First and Second Claim Injury Type Combinations



- Among workers with >1 claim, the majority (88%) have two claims.

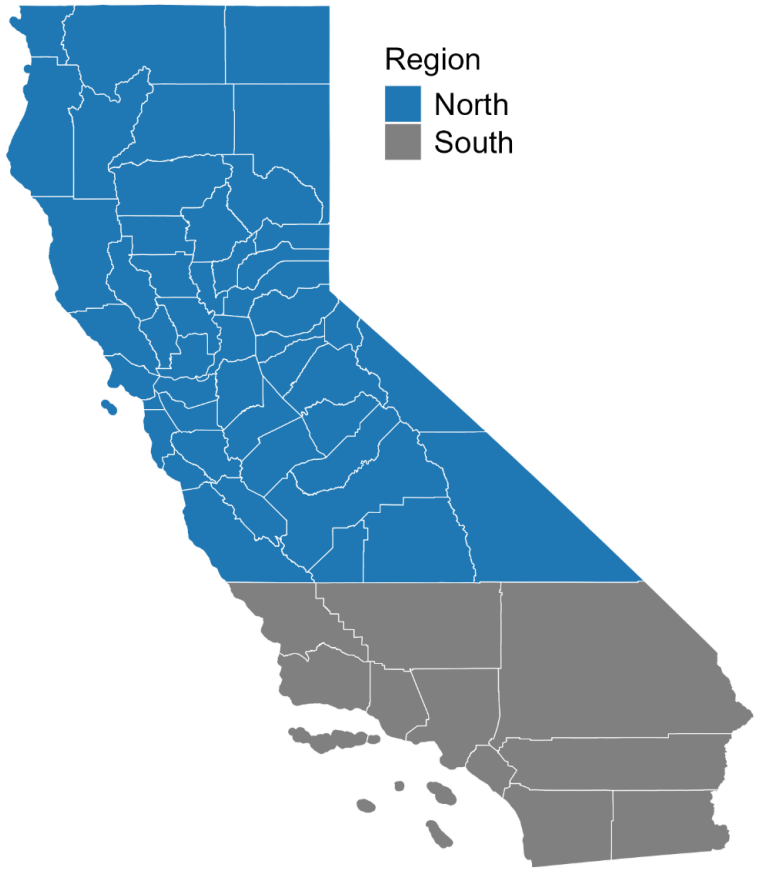
Theory Number 4: Attorney Behavior (Part II)

Was there a shift in how attorneys pursue cumulative trauma claims?

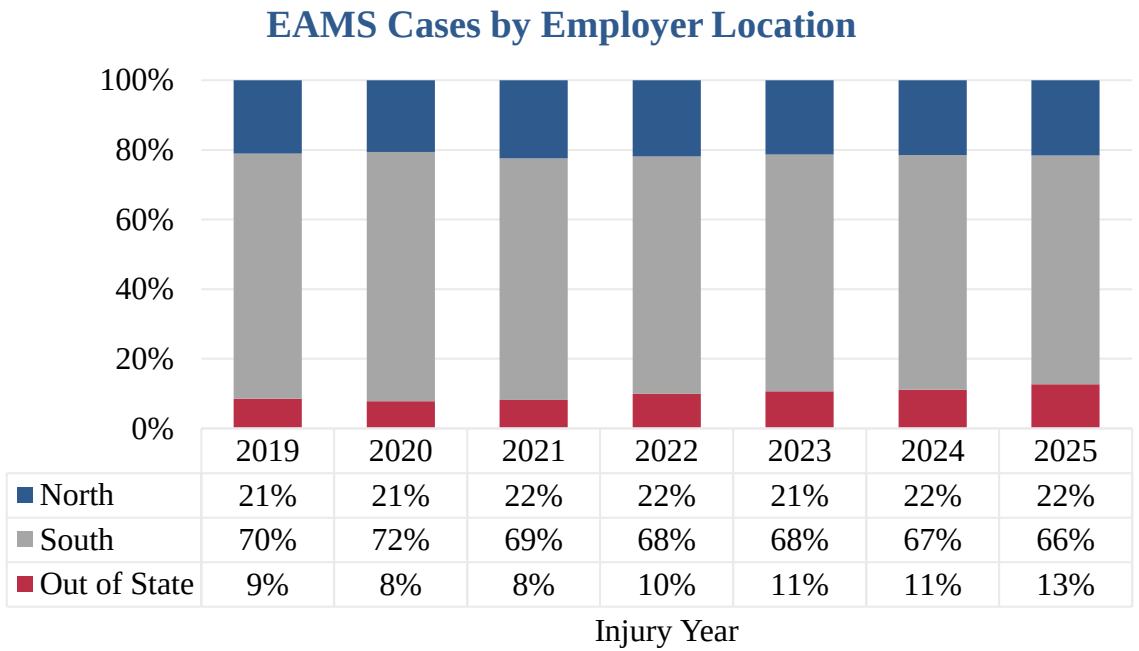
- Increasing anecdotes of shifting venues and clients for Southern CA attorneys.
- Anecdotally, Northern CA personal injury attorneys report more “LA attorneys” representing Northern CA claimants
- Did a shift in filing practices and client base contribute to the increase in CT claims?

Geographic Classifications

- Employer and law firm ZIP codes were geocoded to county and California's broad regions (North/South).



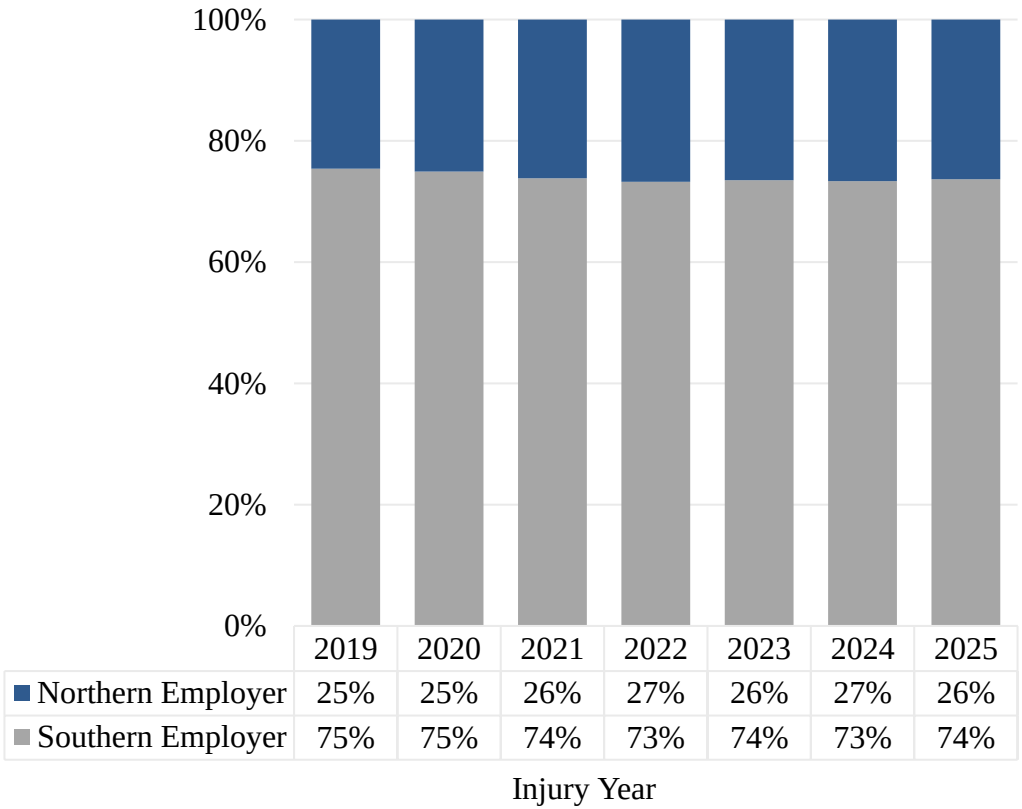
North/South	Employed 2024	Share of CA Employed	EAMS Cases	Share of EAMS Cases
North	7,385,305	40%	36,955	21%
South	11,215,606	60%	119,957	70%
California	**18,600,911**	**100%**	**156,912**	**91%**
Out of State			15,582	9%



Distributions by Employer Location

Share of cases from Northern California employers increased for cumulative trauma but remained flat for specific injuries.

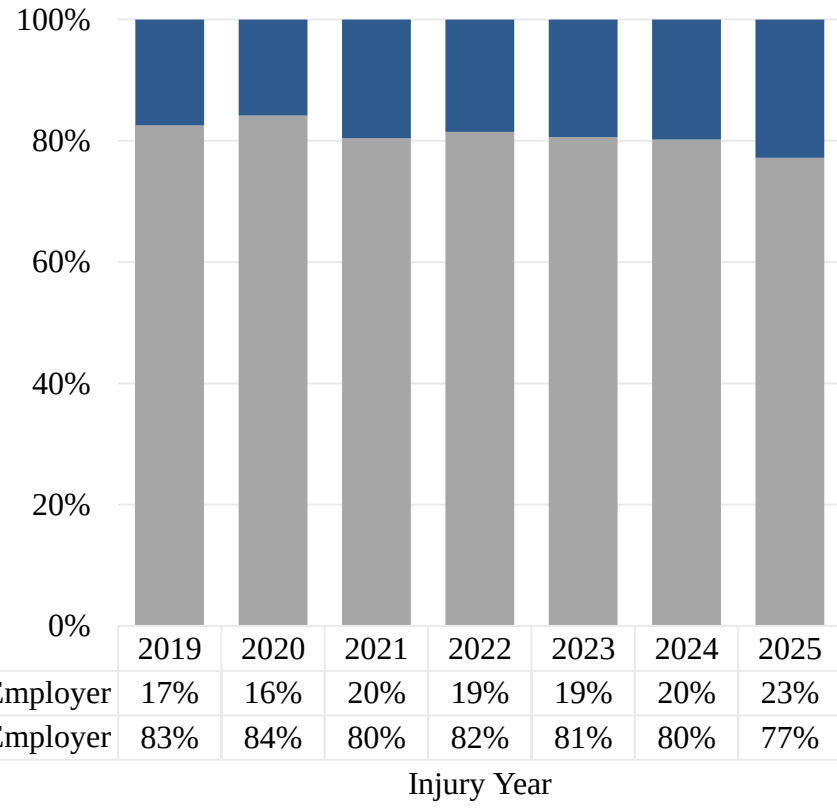
Specific Injury Cases by Employer Location



	2019	2020	2021	2022	2023	2024	2025
Northern Employer	25%	25%	26%	27%	26%	27%	26%
Southern Employer	75%	75%	74%	73%	74%	73%	74%

Injury Year

Cumulative Trauma Cases by Employer Location



	2019	2020	2021	2022	2023	2024	2025
Northern Employer	17%	16%	20%	19%	19%	20%	23%
Southern Employer	83%	84%	80%	82%	81%	80%	77%

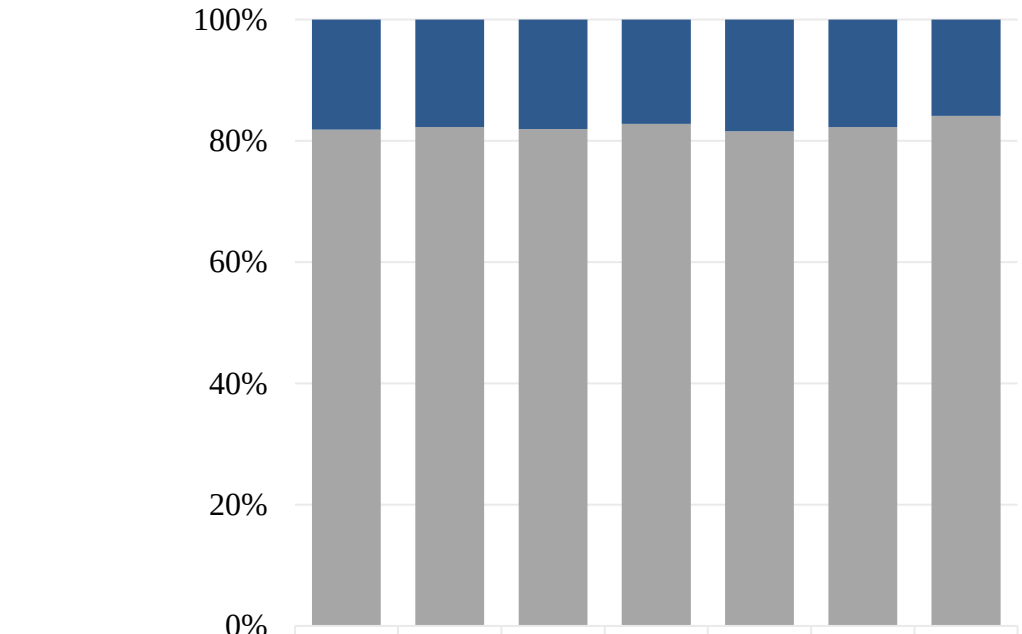
Injury Year

*Excludes Out of State cases.

Distributions by Law Firm Location

Southern attorney representation in CT cases is high and rising, reaching 95% in 2025.

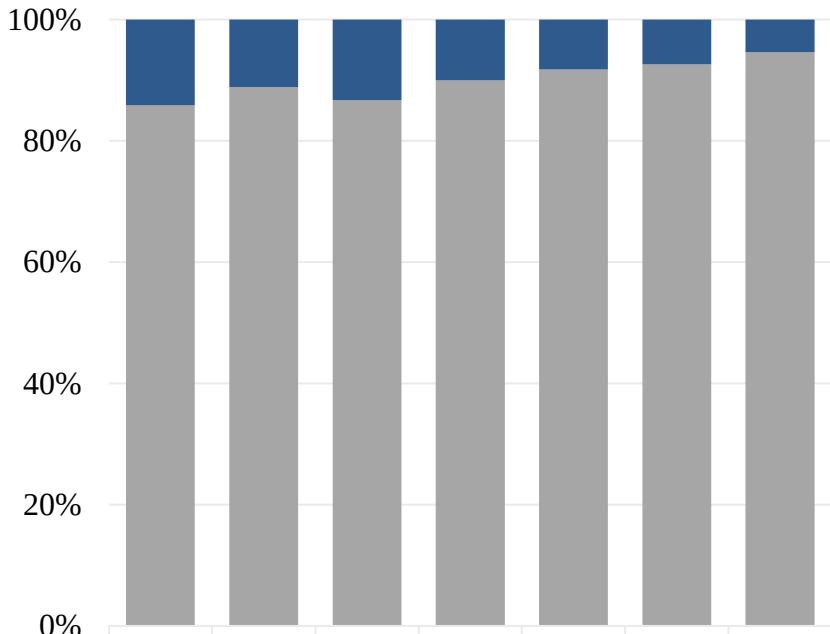
Specific Injury Cases by Attorney Location



	2019	2020	2021	2022	2023	2024	2025
Northern Law Firm	18%	18%	18%	17%	18%	18%	16%
Southern Law Firm	82%	82%	82%	83%	82%	82%	84%

Injury Year

Cumulative Trauma Cases by Attorney Location



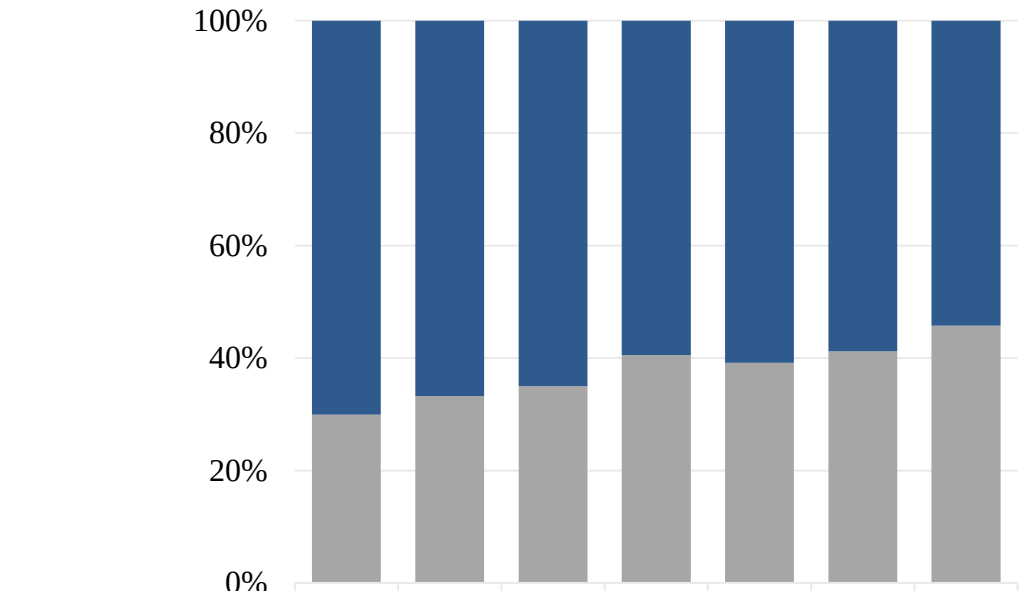
	2019	2020	2021	2022	2023	2024	2025
Northern Law Firm	14%	11%	13%	10%	8%	7%	5%
Southern Law Firm	86%	89%	87%	90%	92%	93%	95%

Injury Year

Northern Employers Cases: Attorney Region Distribution

Increased representation (of Northern CA cases) by Southern California attorneys.

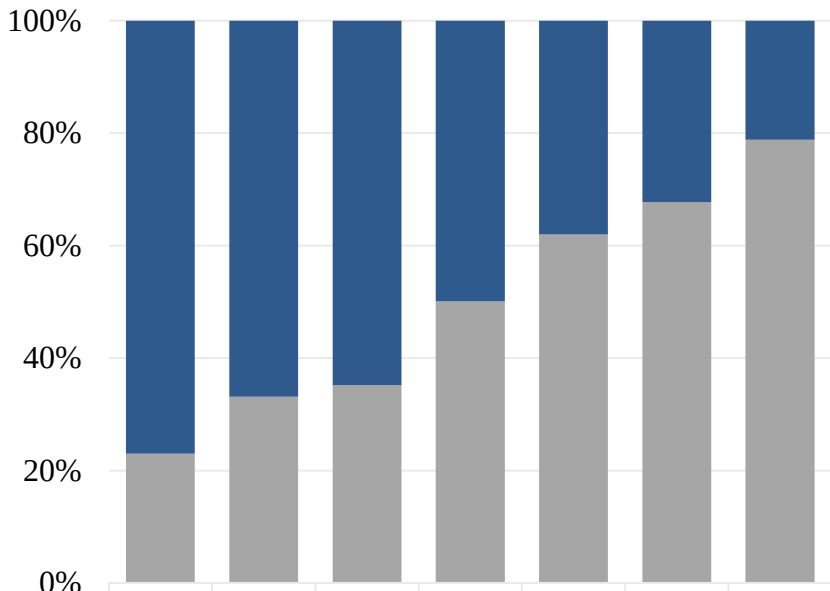
Specific Injury Cases
by Attorney Location for Northern Employers



	2019	2020	2021	2022	2023	2024	2025
Northern Law Firm	70%	67%	65%	59%	61%	59%	54%
Southern Law Firm	30%	33%	35%	41%	39%	41%	46%

Injury Year

Cumulative Trauma Cases
by Attorney Location for Northern Employers



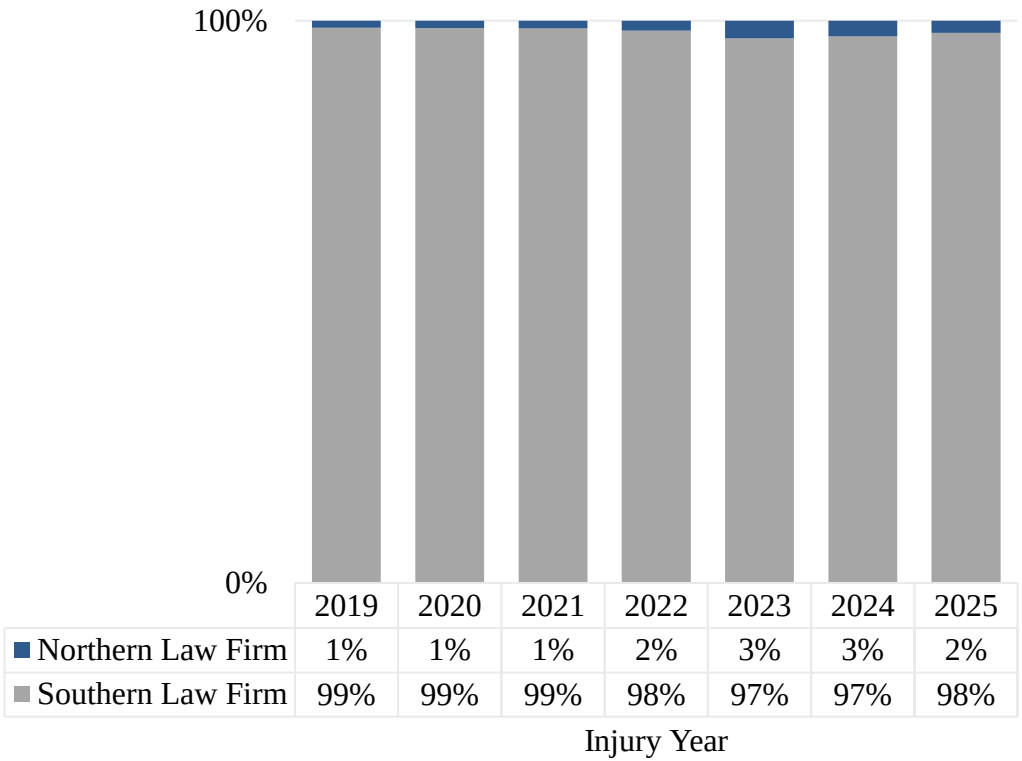
	2019	2020	2021	2022	2023	2024	2025
Northern Law Firm	77%	67%	65%	50%	38%	32%	21%
Southern Law Firm	23%	33%	35%	50%	62%	68%	79%

Injury Year

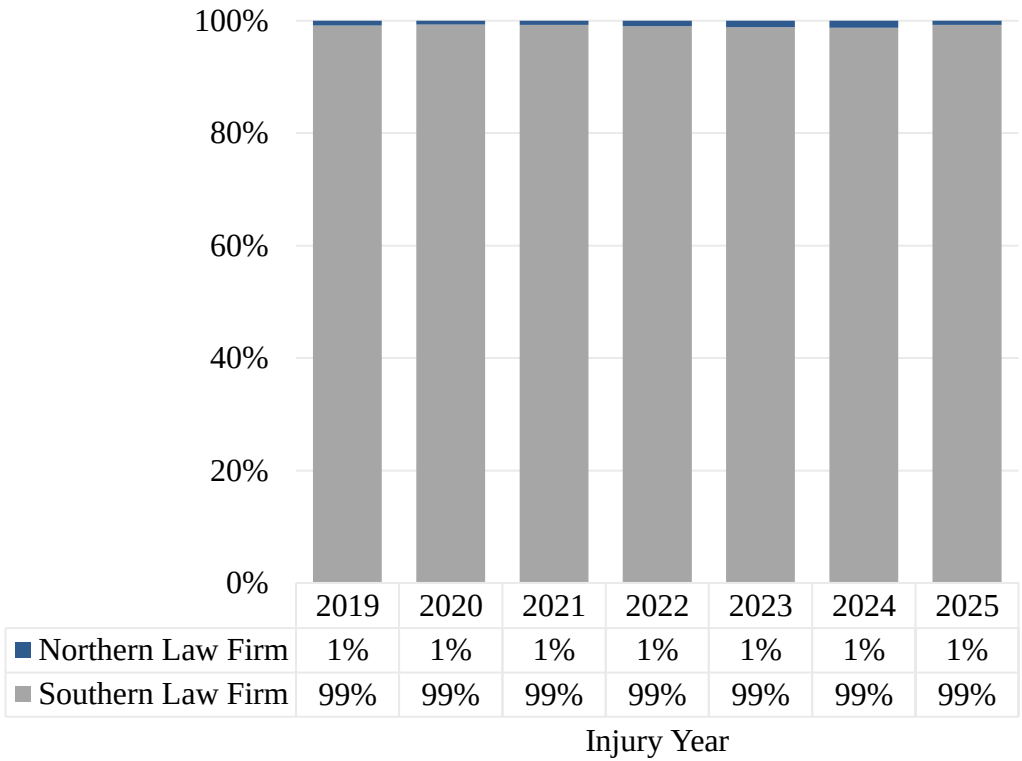
Southern Employers Cases: Attorney Region Distribution

Northern attorneys rarely handle cases in Southern California.

Specific Injury Cases
by Attorney Location for Southern Employers

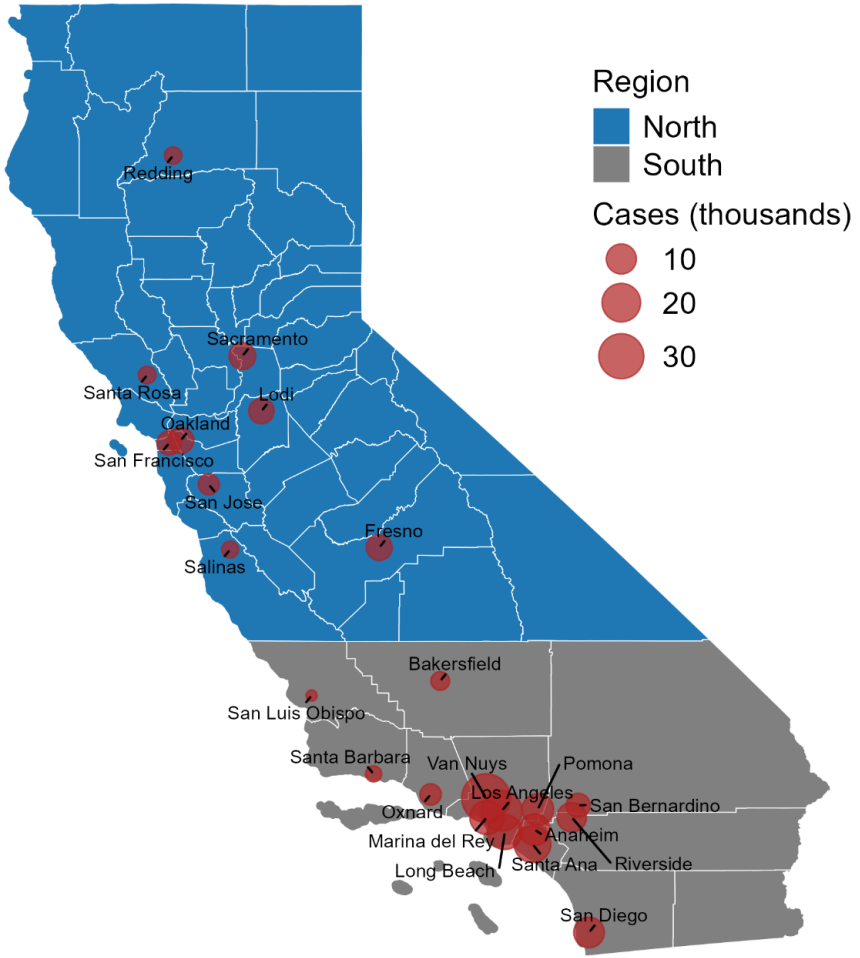


Cumulative Trauma Cases
by Attorney Location for Southern Employers



DWC Venue Geographic Classifications

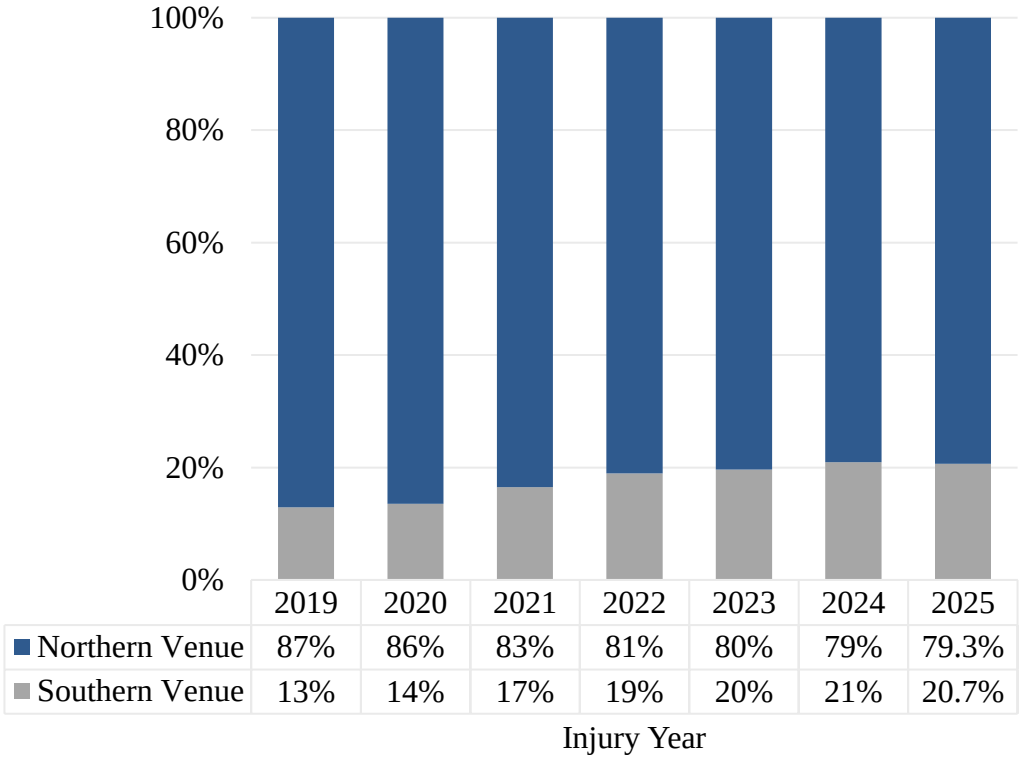
- DWC Venues were geocoded to California's broad regions (North/South).



North/South	Employed 2024	Share of CA Employed	EAMS Cases	Share of EAMS Cases
North	7,385,305	40%	38,420	22%
South	11,215,606	60%	134,074	78%
California	**18,600,911**	**100%**	**172,494**	**100%**

Northern Employer: Venue Location Distributions

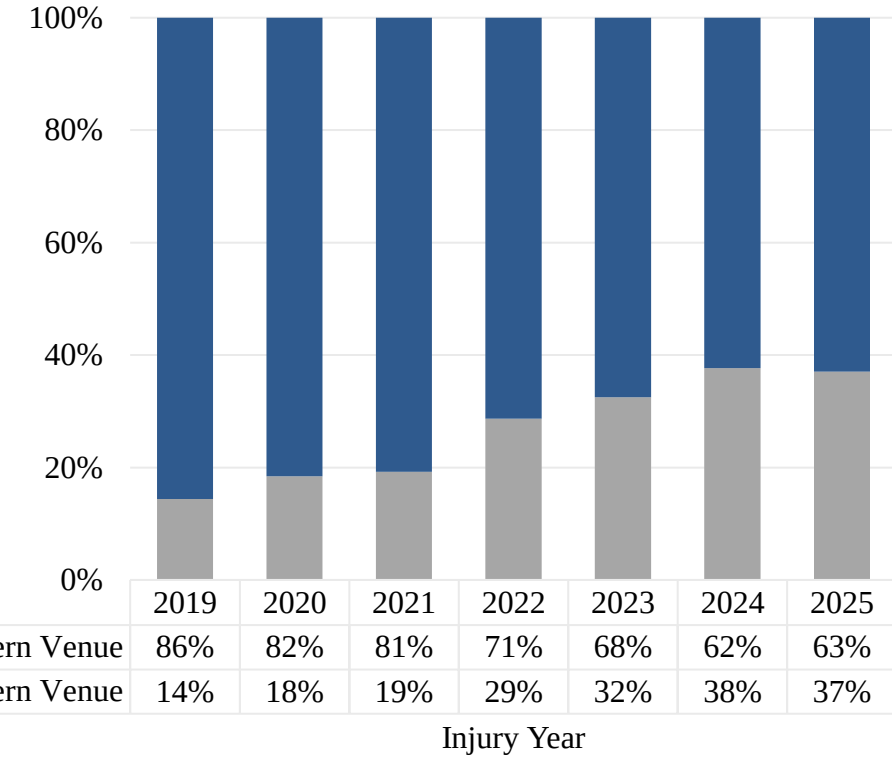
Specific Injury Cases by Venue Location for Northern Employers



	2019	2020	2021	2022	2023	2024	2025
Northern Venue	87%	86%	83%	81%	80%	79%	79.3%
Southern Venue	13%	14%	17%	19%	20%	21%	20.7%

Injury Year

Cumulative Trauma Cases by Venue Location for Northern Employers

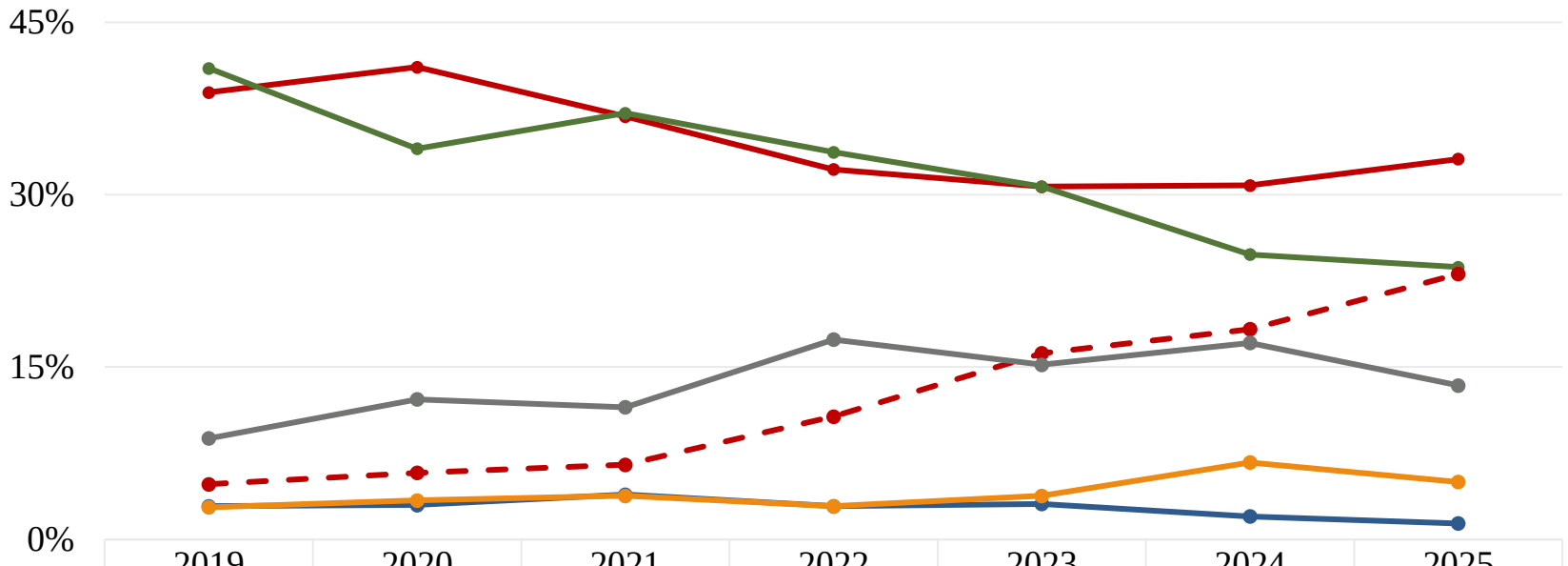


	2019	2020	2021	2022	2023	2024	2025
Northern Venue	86%	82%	81%	71%	68%	62%	63%
Southern Venue	14%	18%	19%	29%	32%	38%	37%

Injury Year

Northern Employer Cumulative Trauma Cases

Venue Location Distribution for **Northern Employer Cumulative Trauma** Cases, by Injury Year



	2019	2020	2021	2022	2023	2024	2025
North Counties	2.9%	3.0%	3.9%	2.9%	3.1%	2.0%	1.4%
Bay Area	38.9%	41.1%	36.8%	32.2%	30.7%	30.8%	33.1%
Valleys	41.0%	34.0%	37.1%	33.7%	30.7%	24.8%	23.7%
Central Coast	2.8%	3.4%	3.8%	2.9%	3.8%	6.7%	5.0%
Inld/Empire	4.8%	5.8%	6.5%	10.7%	16.2%	18.3%	23.1%
Los Angeles	8.8%	12.2%	11.5%	17.4%	15.2%	17.1%	13.4%

In summary…

- Post-COVID, CT claims have risen overall by nearly 21%.
- Regionally, the increases have been even more dramatic, in some cases doubling.
- A primary driver of the increase is shifting involvement of Southern CA attorneys in Northern CA
- The number of Northern CA injured workers represented by Attorneys in OC/Inland Empire increased by more than 380% between 2018-2024.

Questions?