



# Workers Compensation Temporary Total Disability Indemnity Benefit Duration 2010 Update

## KEY FINDINGS

After a period of moderation, we are seeing an increase in the average duration of payments for Temporary Total Disability (TTD) indemnity benefits.<sup>1</sup> This increase coincides with the onset of the recession in late 2007.

Countrywide,<sup>2</sup> our estimate of ultimate mean duration of TTD indemnity benefits has risen from about 123 days for injuries that occurred in 2006 to a forecasted 141 days for injuries that occurred in 2009. Unemployment rose nationally from 4.6% to 8.7% during this same period.<sup>3</sup>

TTD indemnity mean duration varies significantly by state. Most states, however, do follow the countrywide pattern of increasing duration in the most recent one to three years. For example, Florida had a steep decline in duration from 2003 to 2007, but duration increased in 2008 and 2009. Likewise, in Tennessee, where duration increased moderately between 1998 and 2005, we see sharper increases in duration for all accident years since 2005.

## STUDY DESIGN

Data for this study is claims with injury dates from 1996 to the first six months of 2009 for which TTD indemnity benefits have been paid.<sup>4</sup> This study adds 18 months of experience beyond our prior TTD duration study<sup>5</sup> and includes some recession-impacted claims.

Duration of TTD benefits is determined by adding the number of distinct compensated days reported on indemnity payment transactions. The data was edited for reasonableness, removing less than 1% of the claims, as discussed in the methodology section in Appendix I.

Lump sum settlements have been included where the compensated days were listed as part of the payment. If a settlement transaction only included a single covered day, then only that one day was included as part of the claim duration.

Temporary Partial Disability (TPD) benefits, which supplement a worker's wages while on light duty or on a reduced schedule, were not included in this study.

<sup>1</sup> Temporary Total Disability indemnity benefits are paid to injured workers to replace wages—and other specified costs such as vocational rehabilitation—while the claimant is recovering from a work-related injury or illness and is not able to work. Duration is the number of compensated days of lost wages.

<sup>2</sup> States included in countrywide statistics are AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VA, and VT.

<sup>3</sup> Bureau of Labor Statistics.

<sup>4</sup> The data, licensed to NCCI, is a transactional level claims sample provided by carriers.

<sup>5</sup> "Workers Compensation Temporary Total Disability Indemnity Benefit Duration," NCCI Research on [ncci.com](http://ncci.com), May 2010.

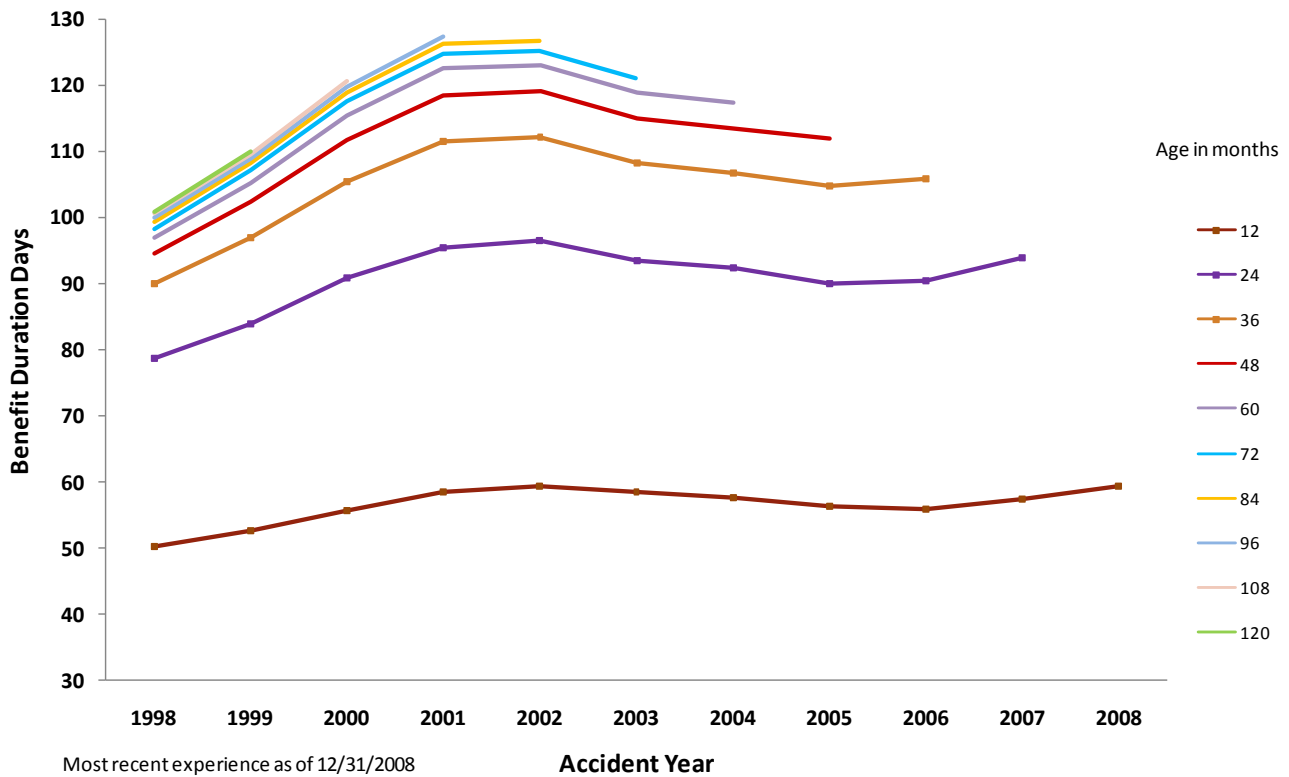
## RECENT TRENDS IN COUNTRYWIDE TTD INDEMNITY DURATION

The duration of TTD indemnity benefits by accident year is shown in the next three exhibits. Exhibit 1 shows that duration increased from Accident Year (AY) 1996 to AY 2001 and remained fairly level from AY 2001 to AY 2006. Duration increased in AY 2007, and again in AY 2008.

In this exhibit, each line represents the average duration of claims for the accident years at the specified maturity. For example, the line denoting 36 months displays the average durations of TTD benefits for each accident year through 36 months from the start of the accident year. So, for AY 2006, this is the average duration of payments through December 31, 2008, while for AY 2000, this is the average duration through December 31, 2002.

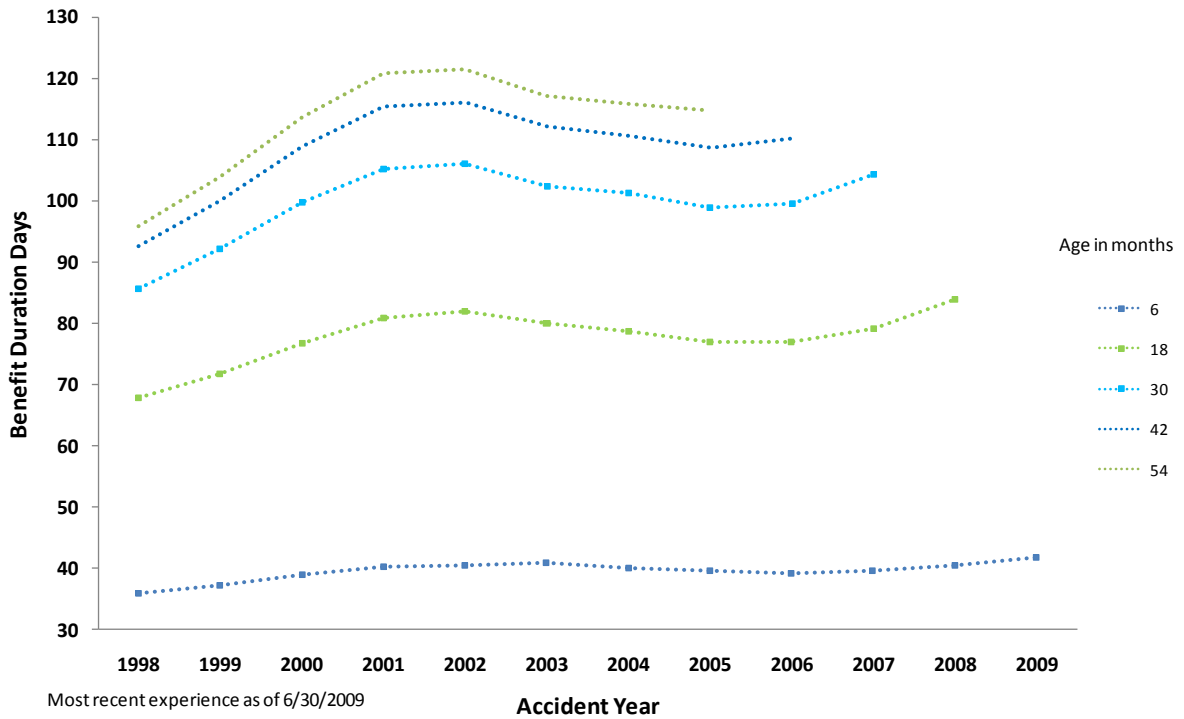
In Exhibit 1, average TTD benefits durations are shown since Accident Year 1998. The lines represent apples-to-apples comparisons of claims at the same age across accident years. The right-hand point of each line represents the average duration evaluated as of December 31, 2008. As accident years mature, the increase in average duration from one evaluation to the next declines as fewer claims continue to have TTD benefits being paid. But, there is minor development even after 72 months. In most cases, these are lost-time benefits for injured workers who continue to be on Temporary Total Disability for many years.

**Exhibit 1**  
**Temporary Total Disability**  
**Indemnity Benefit Duration**  
**Countrywide**



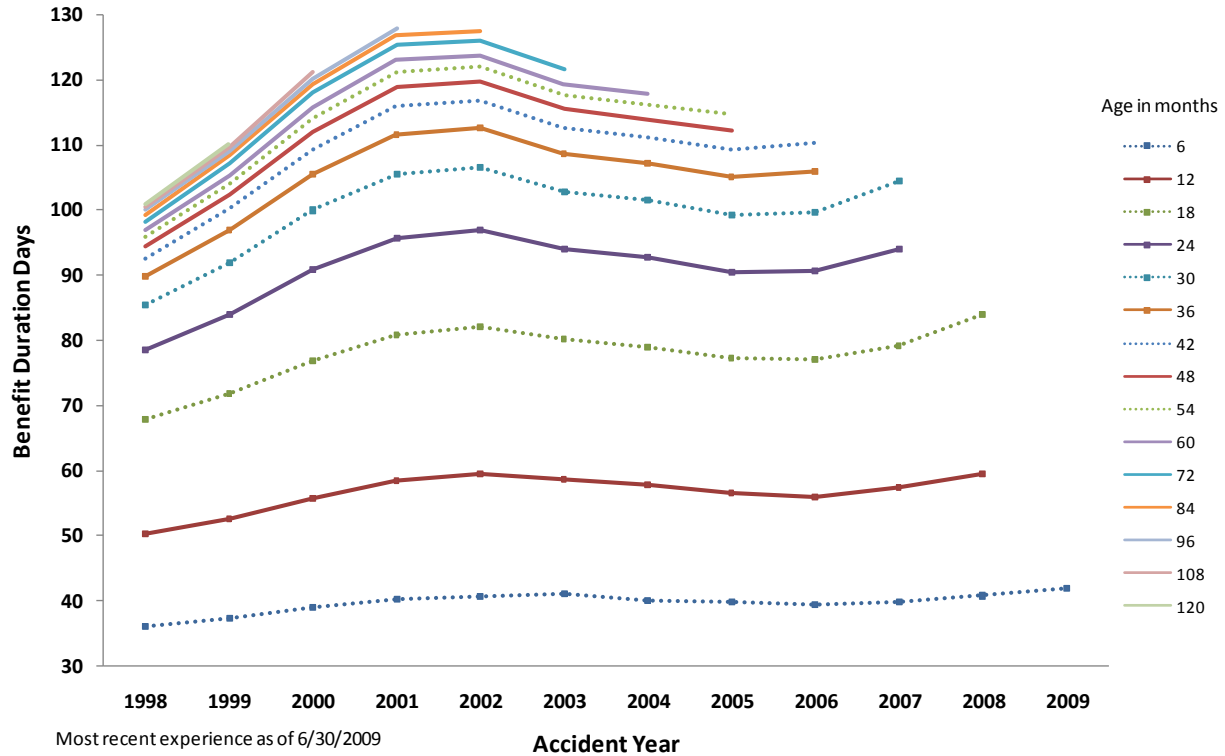
In order to get more recession-impacted results into the study, we also looked at mid-year evaluations, through June, 2009. Exhibit 2 shows mean TTD duration at 6, 18, 30, 42, and 54 months of development. The increases in duration in AYs 2007 and 2008 are more evident than at December evaluations, and even the AY 2009 duration evaluated at six months has increased from what was almost a flat line up to AY 2007.

**Exhibit 2**  
**Temporary Total Disability**  
**Indemnity Benefit Duration**  
**Countrywide**



In Exhibit 3, the prior two graphs have been combined, showing the change in duration from 1998 through 2009 at six-month intervals. Here, the effects of the recession can be seen as particularly impacting claim durations at 18, 24, and 30 months as the experience evaluated at year-end 2008 and at June 2009 shoot up relative to the prior AY.

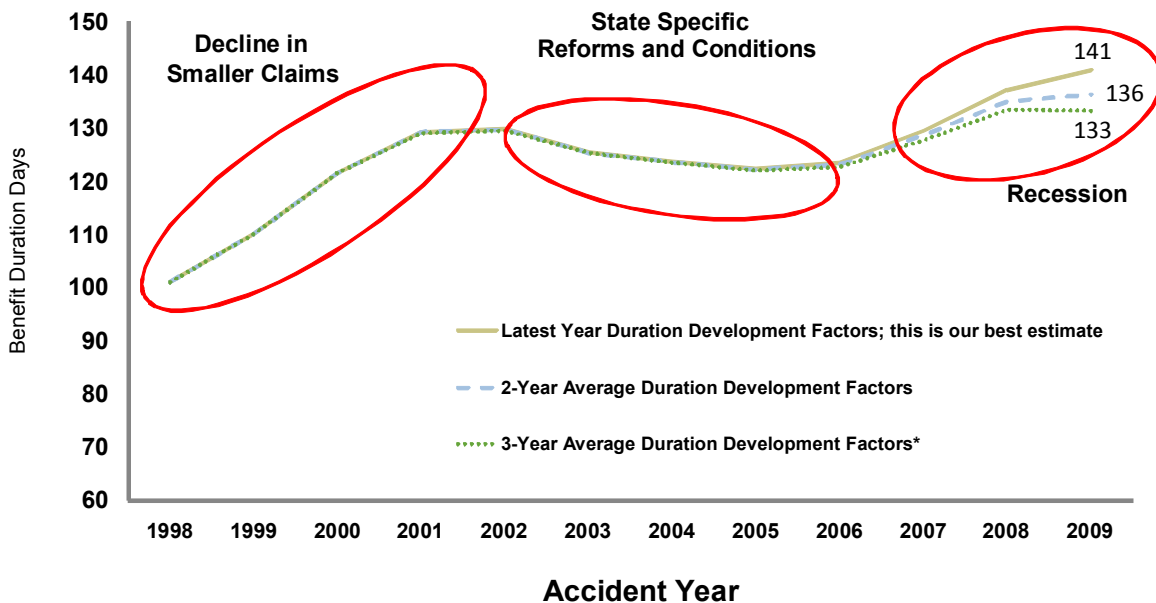
**Exhibit 3**  
**Temporary Total Disability**  
**Indemnity Benefit Duration - Countrywide**



Estimates of ultimate duration are shown in Exhibit 4. This graph has three distinct periods:

- Duration rose steeply from 1998 to 2001. During this period, the greater decline in the frequency of smaller claims than in larger claims contributed to the increase in average duration. NCCI’s periodic frequency analysis provides additional detail on the disproportionate decline in smaller value claims in this period.<sup>6</sup>
- Duration was fairly steady from 2001 through 2005, in part because of state reforms, such as the Florida reform of 2003. While frequency was still declining nationally, beginning in 2003, there was less of a difference between the rates of frequency decline for small claims and large claims.
- Duration has increased since 2006. Actuarial projections often use recent history as a starting point for forecasting the future. In this case, we need to forecast the number of days of temporary disability that claimants will have subsequent to our evaluation date (6/30/09). Common choices of a historical base would be a three-year average, two-year average, or latest year. We have selected the latest year as the best estimate because the forces driving the development higher in the most recent year are expected to continue into 2011.

**Exhibit 4  
Countrywide Estimated Ultimate  
Temporary Total Indemnity Benefit  
Duration Likely to Increase**



**HEALING PERIOD AND PURE TTD INDEMNITY DURATIONS**

Temporary Total Disability benefits are paid on two distinct types of claim:

- **TTD claim or pure TTD claim**—TTD claim for which there has been no paid compensation for permanent impairment.

<sup>6</sup> “Workers Compensation Claim Frequency Down Again,” NCCI Research Paper, Summer 2006, on [ncci.com](http://ncci.com).

- **PPD claim or healing period of PPD claim**—Temporary Total Disability benefits paid on claims for which Permanent Partial Disability benefits have also been paid. Most PPD claims include TTD benefits that are paid until the claimant reaches maximum medical improvement. At that time, permanent benefits, when applicable, become payable. The permanent benefits are not included in this study.

Exhibit 5 shows distributions of durations of TTD benefit payments for each of these claims types, and for all claims with TTD benefit payments. Each point indicates the proportion of claims that have the given number of days of TTD benefit payments or less. For example:

- 75% of pure TTD claims have 70 days of TTD benefit payments or less
- Only 35% of PPD claims have 70 days of TTD benefit payments or less

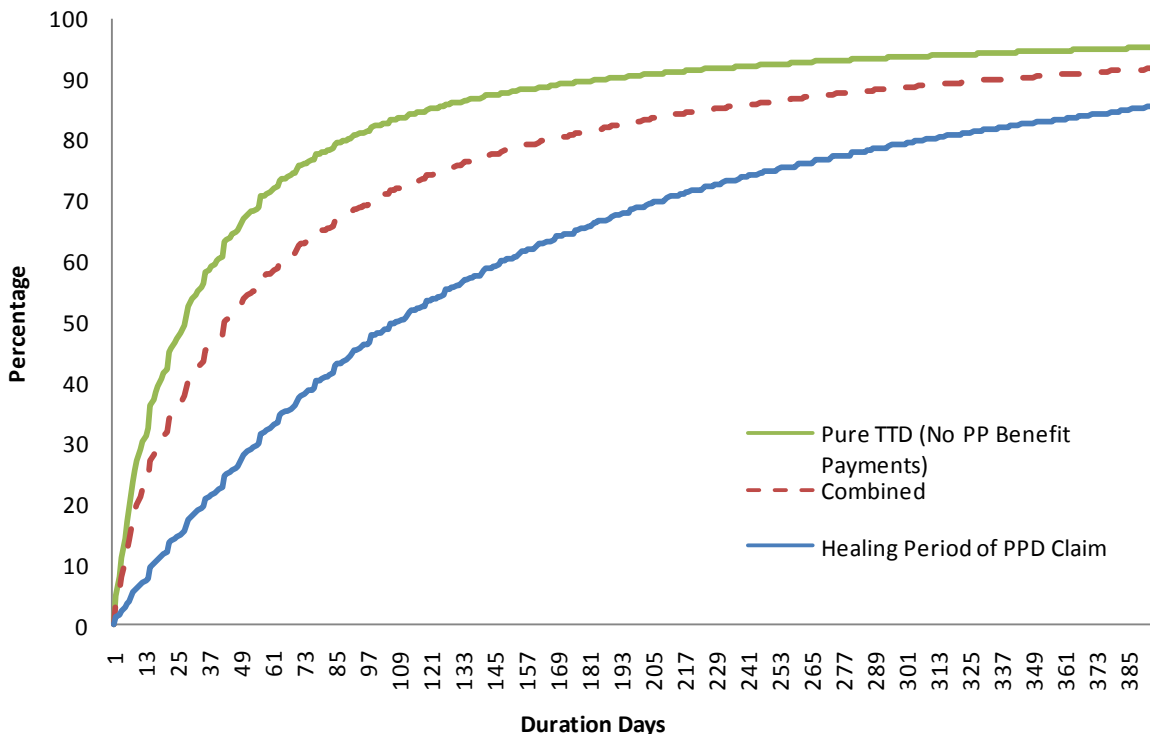
The claims in this exhibit are from injuries that occurred in 2002. We show these distributions at 84 months maturity so that most pure TTD claims are closed, and most claims that will eventually have PPD benefit payments have had such payments.

Not surprisingly, pure TTD claims have shorter average durations of TTD benefit payments than the duration of the healing period of PPD claims. For any given number of days of payments, a smaller proportion of PPD claims than of TTD claims have that number of days or fewer of TTD benefits payments. For example, in Exhibit 5:

- Overall, 50% of all claims with TTD benefit payments have TTD benefit payment durations of 42 days or less
- Only 25% of PPD claims have TTD benefit payment durations of 42 days or less
- While 63% of TTD claims have TTD benefit payment durations of 42 days or less

Another way to look at the difference in durations of TTD benefit payments for these two types of claims is to look at the median number of days of TTD benefits payments, (i.e., the number of days where half of claims have that number of days of payments or less, and half have more). For TTD claims, the median number of days of TTD benefit payments is 27 days. For PPD claims, this median is 105 days.

**Exhibit 5**  
**Temporary Total Disability Indemnity Benefit Duration**  
**Countrywide Cumulative Frequency**  
**AY 2002 @ 84 Months**

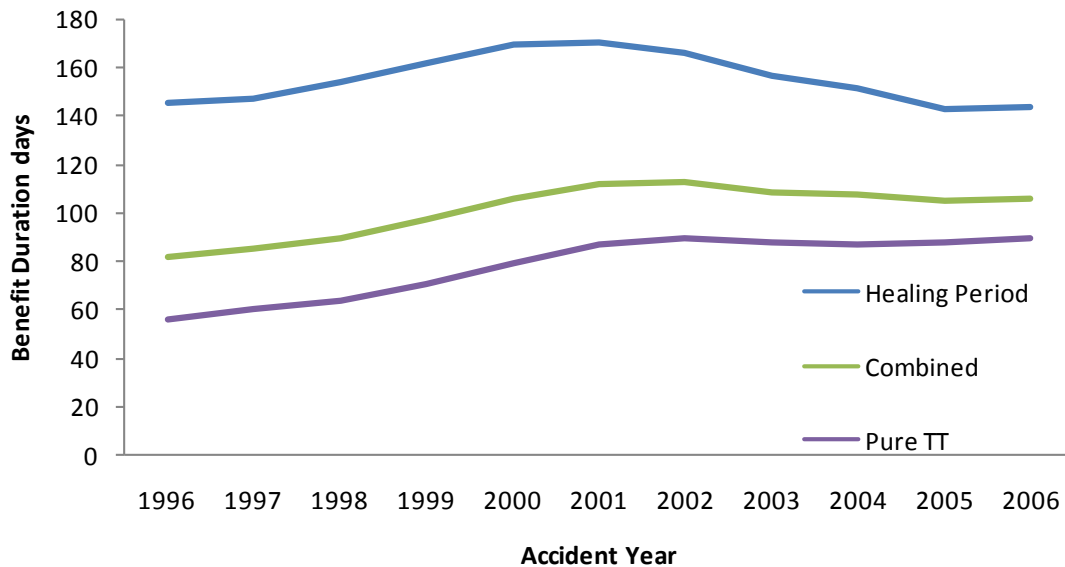


The increase in duration through the latter 1990s can be seen in Exhibit 6, at 36 months, for all TTD claims, pure TTD claims, and the healing period of PPD claims. At 36 months, about 67% of these claims are pure TTD. This percentage has been consistent through the 10 years from AY 1996 through AY 2005. Thus, changes in duration are not due to a change in mix of injury type.

The leveling off and minor decline of duration for all claims after AY 2001 is decomposed into a consistent duration of about 88 days for pure TTD claims and a decline for several years for the healing period from the high of 170 days in AY 2001 to 144 days in 2006.

The latest accident year, 2006, shows a break in the recent pattern of decline of the healing period duration with a minor increase. Paired with the moderate increase in pure TTD duration, the overall duration also moved upward to 106 days, after declining for three years.

**Exhibit 6**  
**Countrywide TTD Indemnity Benefit Duration**  
**at 36 months**



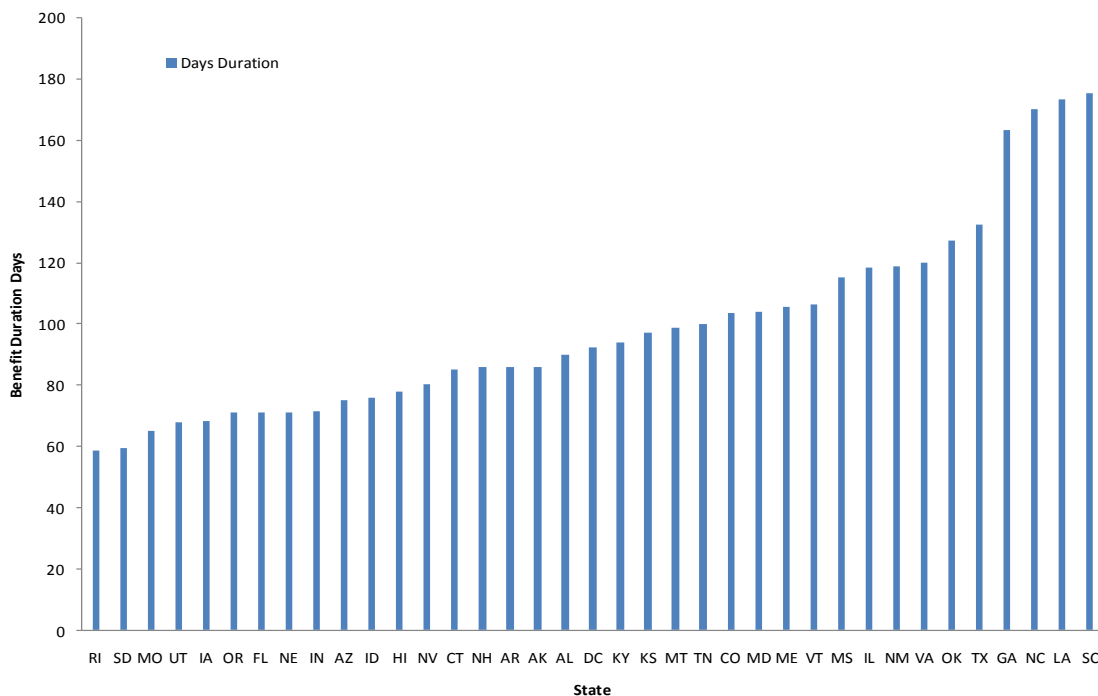
## SELECTED STATE RESULTS

State results are influenced by the state benefit structure, regulatory and judicial environments, and the efficiency of claim systems.

One possible difference between states is the applicable waiting period—the first few days of lost time—prior to eligibility for workers compensation indemnity benefits. Most states also have a retroactive period. A retroactive period is the length of time that an injured worker must be out of work in order to be eligible for compensation for the waiting period. Table 2 in Appendix III displays the waiting period, retroactive period, and the median TTD indemnity benefit duration by state.<sup>7</sup>

In Exhibit 7, the AY 2006 average TTD Indemnity benefits duration as of 36 months is compared for each state reviewed. The state average durations can be compared with the overall average study duration of 106 days. While there is some variation from year to year, the results below are representative of state differences. The five states with the highest duration are the same in this study as in the prior TTD duration study. Three of the five states with the lowest duration were also in the lowest five in the last study.

**Exhibit 7**  
**Average TTD Benefit Duration By State**  
**Accident Year 2006 at 36 Months**

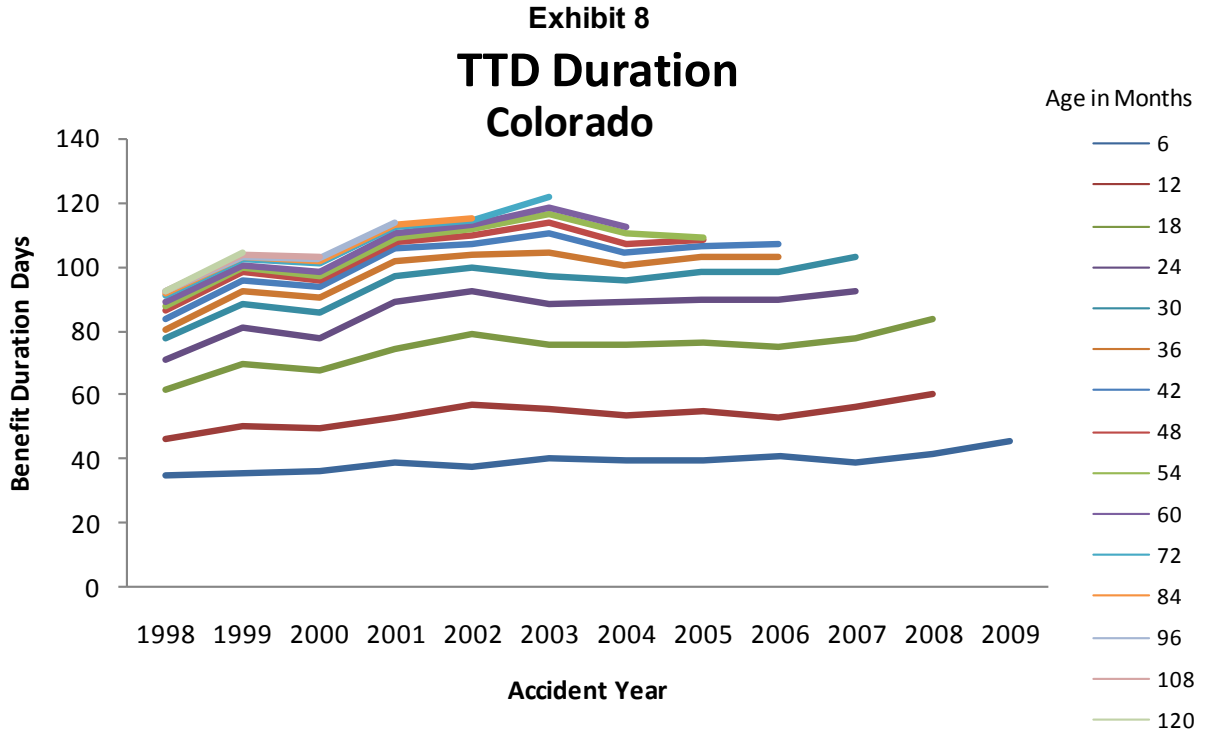


The remainder of this section provides comments on duration in larger volume states, based on direct written premium, presented alphabetically.

<sup>7</sup> The waiting and retroactive periods are compiled in NCCI’s *2010 Annual Statistical Bulletin*, Exhibit VII, Benefit Provisions.

## Colorado

Colorado's pattern of TTD duration looks similar in shape and values to that of the countrywide pattern in Exhibit 3. Duration continues to develop after 36 months, and we see an increase similar to the countrywide increase in the last two valuations, following the start of the recession. Notice the state unemployment rates in the quick facts section below; Colorado saw a doubling of unemployment between 2007 and the first half of 2009.



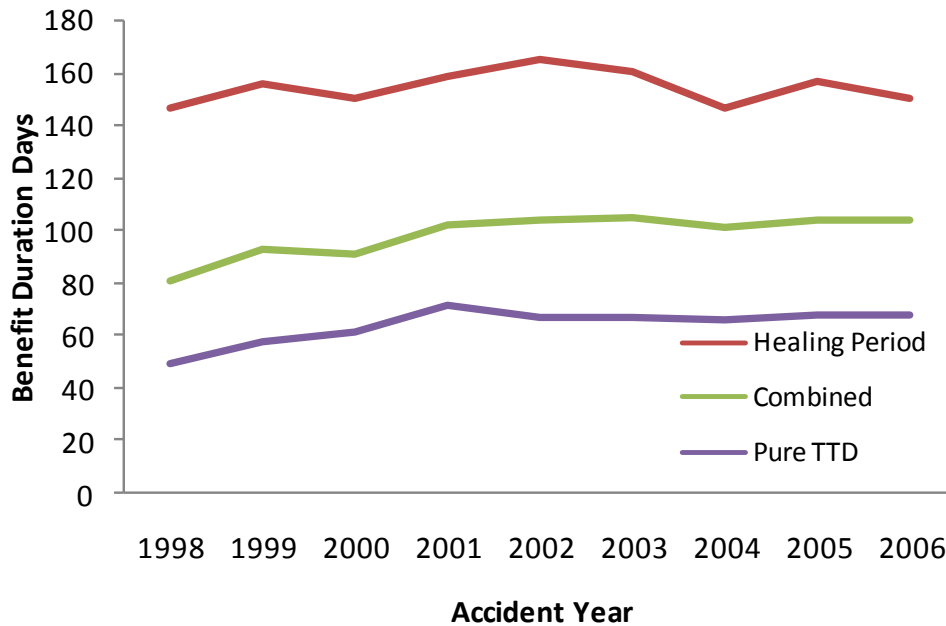
Colorado quick facts:

- Waiting/retroactive period: 3 days/14 days
- Maximum TTD benefit as a percentage of state average weekly wage (SAWW): 91%
- Maximum TTD weeks: Until maximum medical improvement (MMI) or return-to-work release
- No significant reform in period
- Unemployment rose from 3.9% to 7.9% between 2007 and the first half of 2009

For each of the large volume states, we are also reviewing the breakout of indemnity temporary total disability benefits duration on a combined basis into 1) the duration of the healing period of PPD claims, and 2) the duration of TTD benefits on claims without any PPD benefits, or pure TTD benefits. The state results can be compared with the countrywide relationship in Exhibit 6.

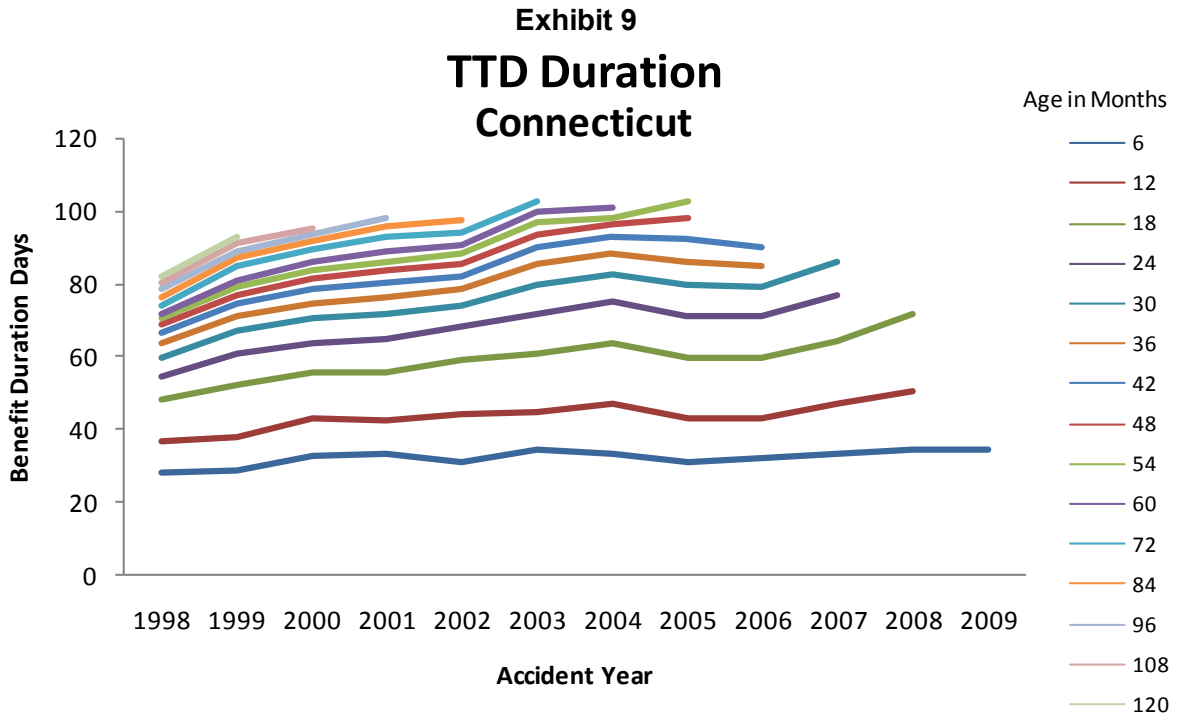
In Colorado, there has been a gradual, fairly steady increase in pure TTD duration over time. The duration of the healing period of PPD claims, on the other hand, has been more flat. The combined duration is centered between the two contributing components as of AY 2006, which indicates that there is almost an equal number of each type in Colorado. Countrywide, the pure TTD average duration contributes a greater share to the combined average duration.

**Exhibit 8A**  
**Colorado TTD Duration**  
**at 36 months**



## Connecticut

Connecticut's pattern of TTD duration in Exhibit 9 looks somewhat different from countrywide, beginning with an average duration about 20% lower. Duration continues to develop noticeably, even after 84 months. The increase in duration appears to have continued until AY 2004, a bit later than countrywide. Duration has increased in both 2007 and 2008. Connecticut's unemployment rose about 3 points between 2007 and the first half of 2009. The recent increase in unemployment (3.2%) is more moderate than in most of the other states we've studied, but we still see an increase in TTD duration after AY 2006.



Connecticut quick facts:

- Waiting/retroactive period: 3 days/7 days
- Maximum TTD benefit as a percentage of SAWW: 100%
- Maximum TTD weeks: Duration of disability
- No significant reform in period
- Unemployment rose from 4.6% to 7.8% between 2007 and the first half of 2009

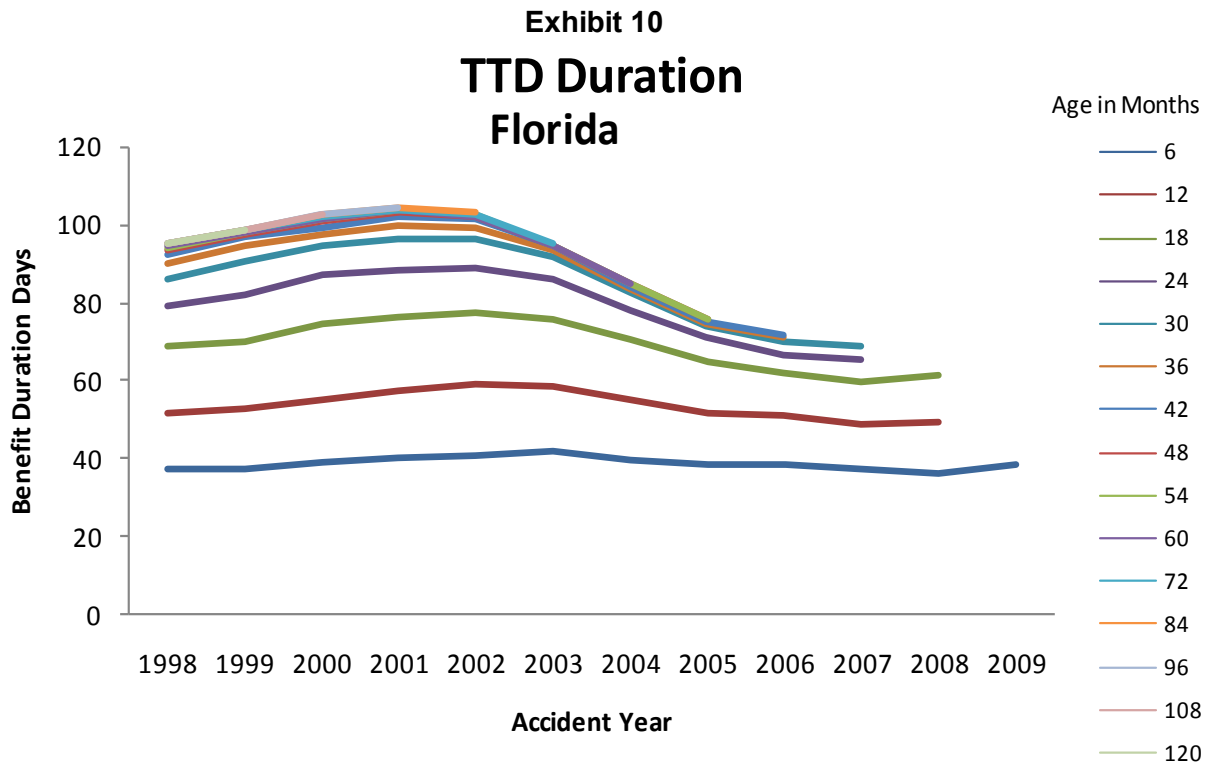
## Florida

Florida's average TTD duration change in Exhibit 10 resembles the countrywide averages prior to Florida's reform in 2003. More recently, Florida durations tend to be lower than countrywide averages. In Florida, duration develops little beyond 48 months, although TTD benefits are provided for the duration of the disability, up to 104 weeks.

In Exhibit 10, there is a substantial decline in Florida's TTD duration beginning in AY 2002. Two factors contributed to this decline.

- In Florida, the more significant reforms of Senate Bill 50A became effective on October 1, 2003. The primary components of the bill that relate to TTD payments include:
  - Revisions to standards of compensability of claims and changes to indemnity benefits
  - Changes in the basis for claimant attorney fees, from hourly based to "benefits secured above the offer"
- In addition, Florida experienced a building boom from 2002 through 2005. The construction industry was actively employed in housing growth and rebuilding following severe damages due to several hurricanes. This provided an incentive for workers to return quickly to high paying jobs and the potential for overtime wages. After 2005, construction opportunities dropped significantly.

The duration decline seems to have halted in 2006, since the duration at 30 months is about equivalent between 2006 and 2007. More recently, there is an increase in duration in both 2008 and 2009, following the start of the recession. Florida has been hard hit, with unemployment increasing almost 6 points between 2007 and the first half of 2009.

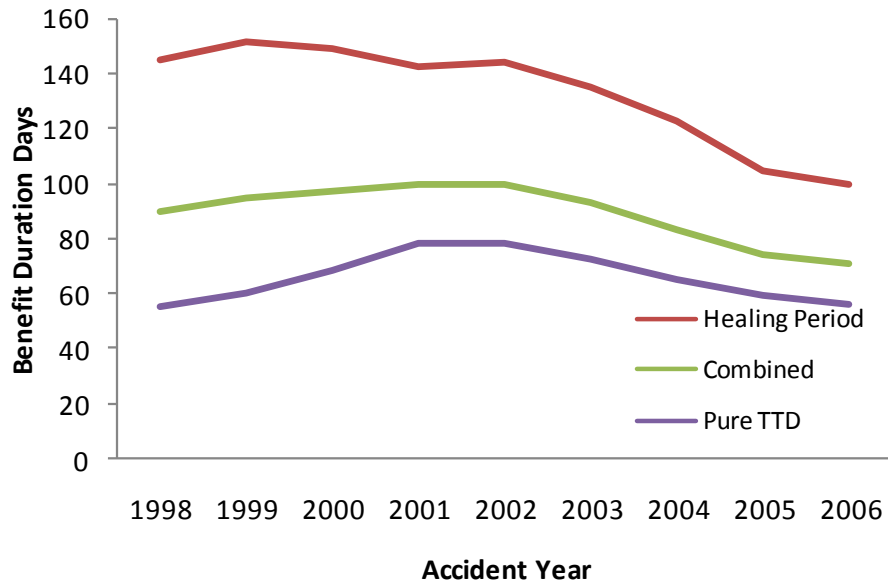


### Florida quick facts:

- Waiting/retroactive period: 7 days/21 days
- Maximum TTD benefit as a percentage of SAWW: 100%
- Maximum TTD weeks: Duration of disability
- Significant reform: SB 50A effective October 1, 2003. Attorney compensation went from hourly to a percentage of benefits. The impact is -4.1% on TTD and -19.5% on PPD losses
- Unemployment rose from 4.0% to 9.7% between 2007 and the first half of 2009

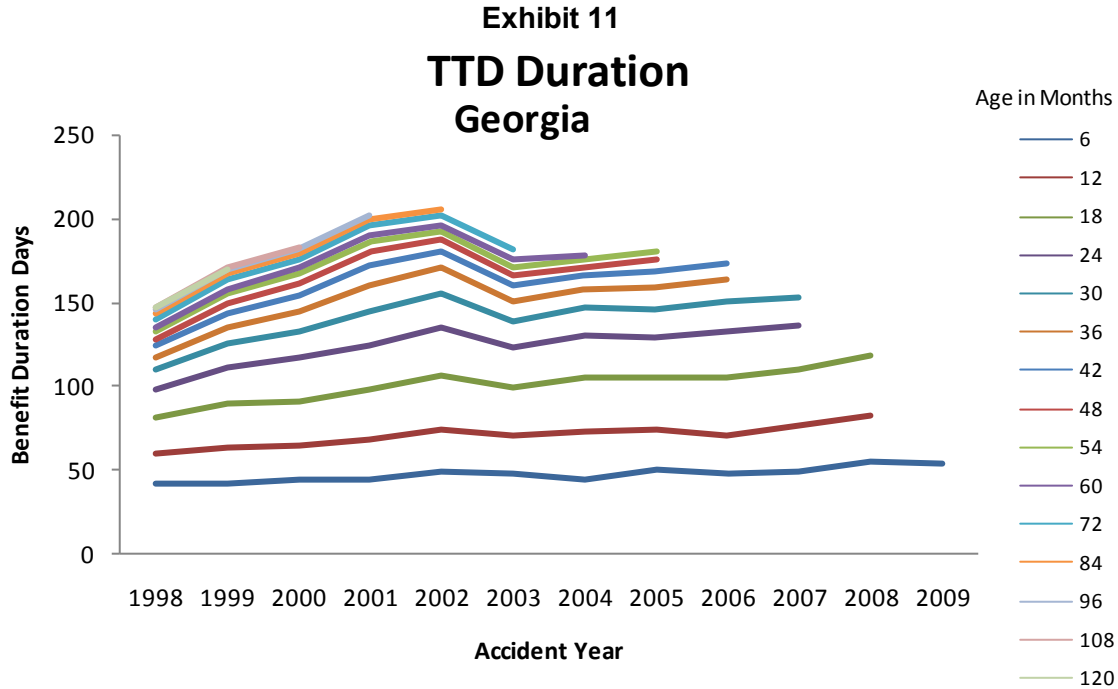
In Florida, the combined results were fairly flat until AY 2002, as the increase in the pure TTD duration was offset by the decrease in the healing period duration. Thereafter, the duration of each TTD benefit type has been declining, pushing the combined duration downward. Also, over this period, the average days of duration have tightened around the average, consistent with the expected impact of the 2003 reform

**Exhibit 10A  
Florida TTD Duration  
at 36 months**



## Georgia

In Georgia the rise in TTD duration is among the highest of the states, increasing by 48 days from AY 1998 to AY 2002. Georgia's average benefit duration days are about 50% higher than the nationwide average. Since AY 2002, the duration in Exhibit 11 appears to have moderated somewhat, rising at a slower pace after the 2002–2003 decline. Georgia's unemployment rate has approximately doubled between 2007 and the first half of 2009.

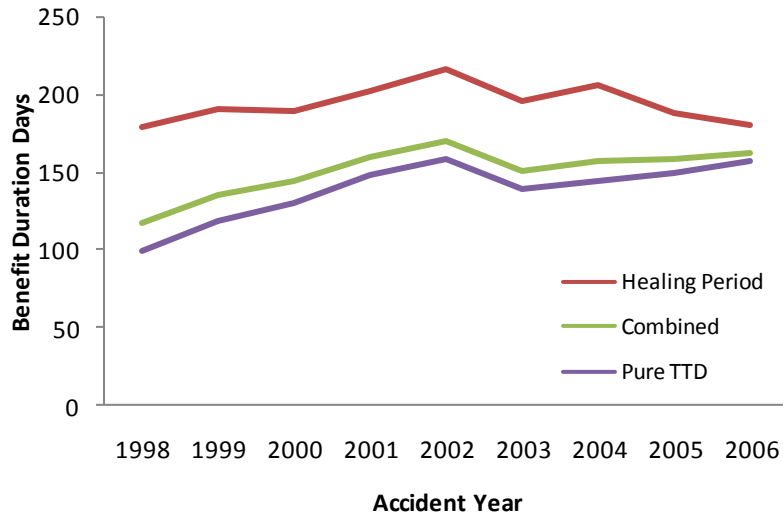


### Georgia quick facts:

- Waiting/retroactive period: 7 days/21 days
- Maximum TTD benefit: \$500 per week; SAWW is over \$800
- Maximum TTD weeks: 400 weeks
- Significant reform: None. However, in Georgia, the maximum benefit is changed by law. This has generally occurred every year or two, most recently in 2007
- Unemployment rose from 4.6% to 9.1% between 2007 and the first half of 2009

In Georgia, we see the predominance of the pure TTD duration over the healing period duration. Generally, the pure TTD duration has been on an increasing trajectory, with the exception of the drop in 2003. There was no significant benefit change in 2002 or 2003.

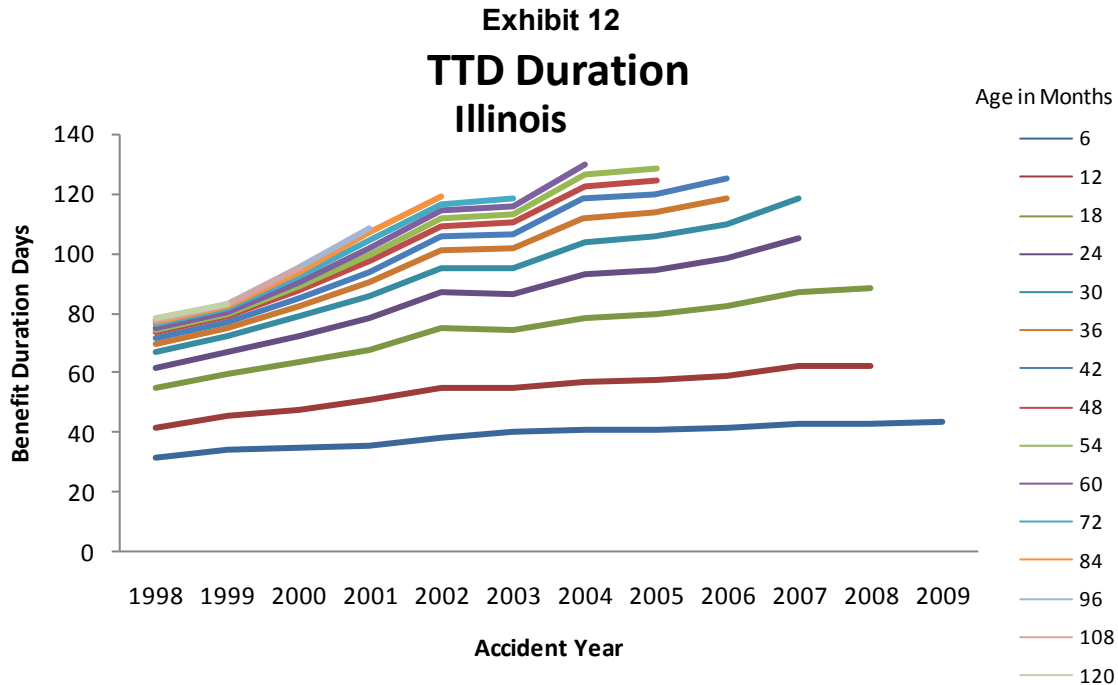
**Exhibit 11 A**  
**Georgia TTD Duration**  
**at 36 months**



## Illinois

Illinois, shown in Exhibit 12, experienced an increase in TTD indemnity benefits duration that continued beyond the early 2000s. The long-term increase in the 12-month valuation (from 40 days in AY 1996 to more than 60 days in AY 2007) is the highest among the larger volume states.

In Illinois, a TTD claim is closed at a hearing. More liberal judgments over the last decade have been one of the factors causing a higher increase in compensated days in this state. Illinois had high unemployment of 5.1% at the start of the recession in 2007, and this rate rose by about 4 points to 9.3% by the first half of 2009.

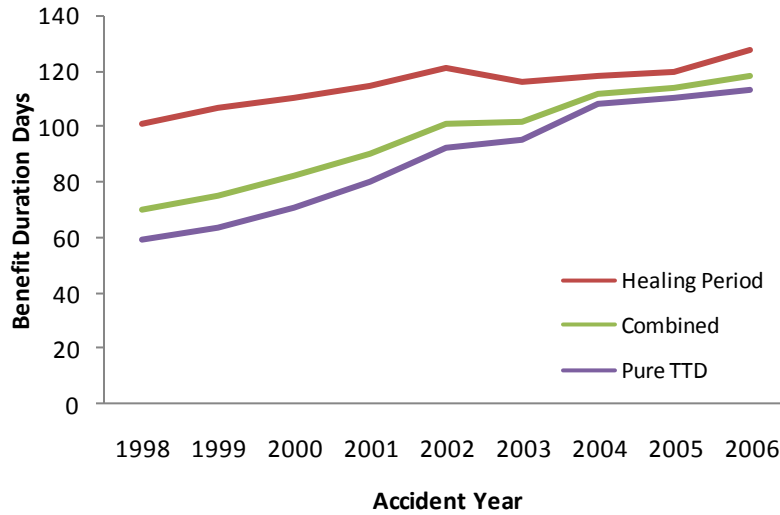


### Illinois quick facts:

- Waiting/retroactive period: 3 days/13 days
- Maximum TTD benefit as a percentage of SAWW: 133%
- Maximum TTD weeks: Duration of disability
- Significant reform: House Bill 2127 increased PPD duration effective February 1, 2006. The effect of this increase is 0.9% on TTD and 9.0% on PP
- Unemployment rose from 5.1% to 9.3% between 2007 and the first half of 2009

Exhibit 12A shows that the increasing duration of Illinois pure TTD claims (from 59 days in AY 1998 to 113 days in AY 2006) has been the driving force in the increase in the combined duration. The increase in the duration of the healing period has been more moderate (from 101 days in AY 1998 to 128 days in AY 2006) to the point where the pure TTD duration is almost as long as that of the healing period.

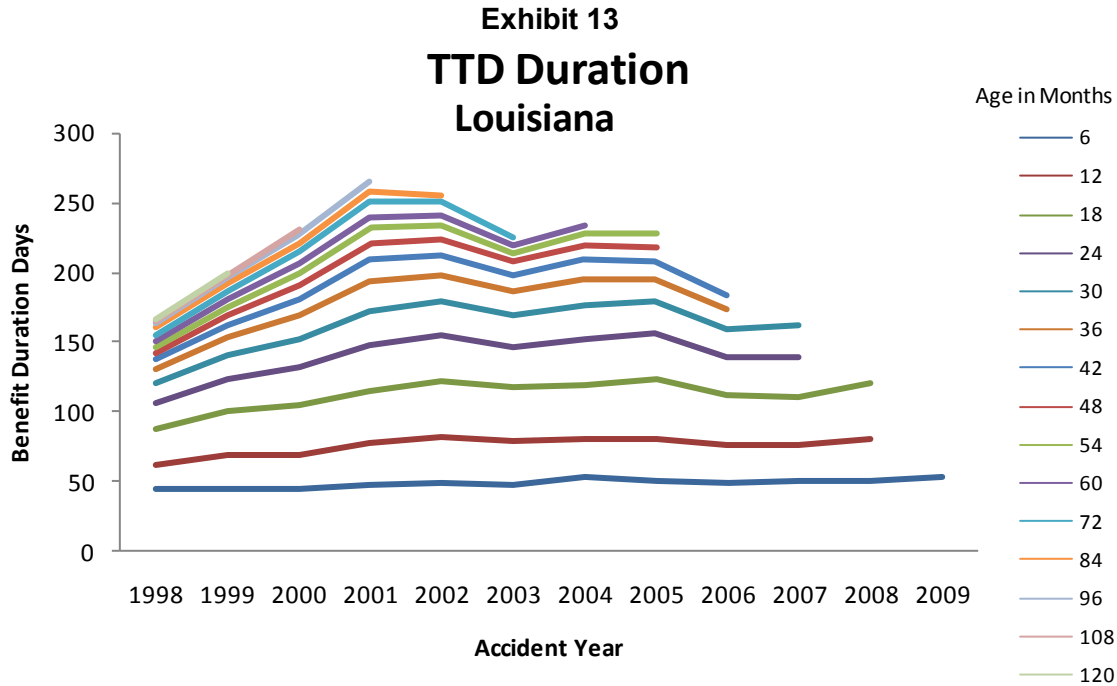
**Exhibit 12A**  
**Illinois TTD Duration**  
**at 36 months**



## Louisiana

Louisiana's TTD indemnity disability benefit duration in Exhibit 13 is the highest relative to the other large premium volume states. Duration climbed steeply from 1998 to an average of over 250 days in 2001 and 2002.

Duration development continues even after 84 months. Looking at the impact of the recession, Louisiana has lower reported unemployment than most other states, but it still increased 2.6 points between 2007 and the first half of 2009. Rebuilding after the 2005 hurricane Katrina provided ongoing construction opportunities, moderating some aspects of the recession in the area.

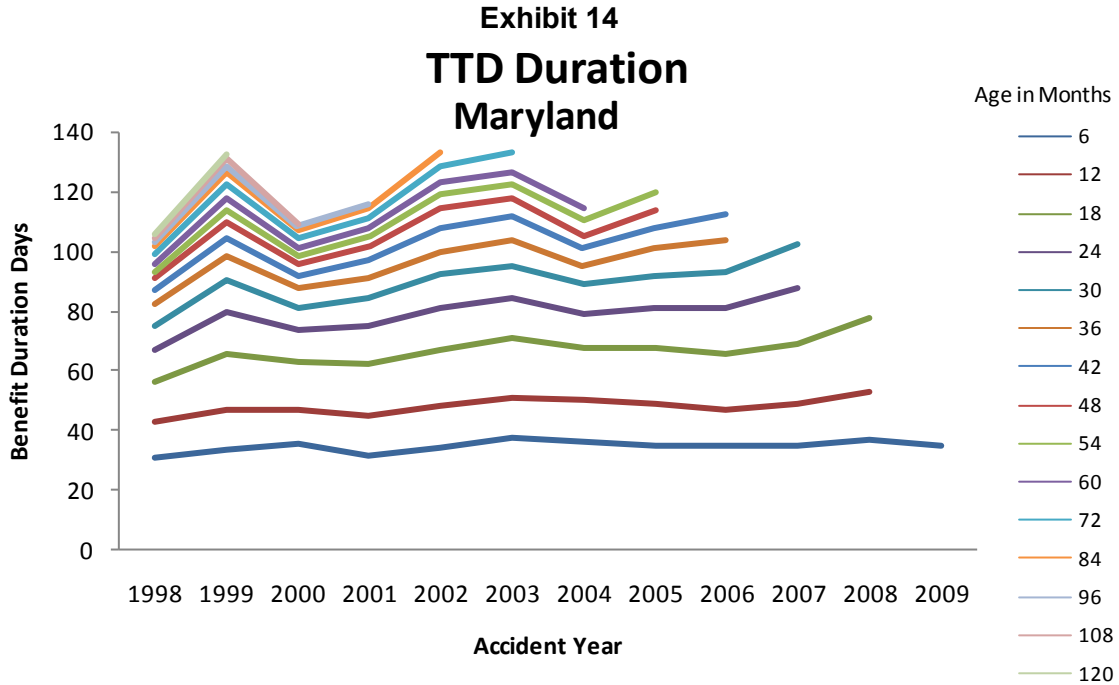


Louisiana quick facts:

- Waiting/retroactive period: 7 days/41 days
- Maximum TTD benefit as a percentage of SAWW: 75%
- Maximum TTD weeks: Length of disability
- No significant reform in period
- Unemployment rose from 3.8% to 6.4% between 2007 and the first half of 2009

## Maryland

Maryland's TTD indemnity disability benefit duration in Exhibit 14 is about average relative to other states. Maryland's average duration has been increasing, but the results by accident year are more varied than in most states. In Exhibit 14, it is clear that there is noticeable development beyond 60 months. Maryland has lower unemployment than most other states, but this rate still increased about 3.0 points between 2007 and the first half of 2009.

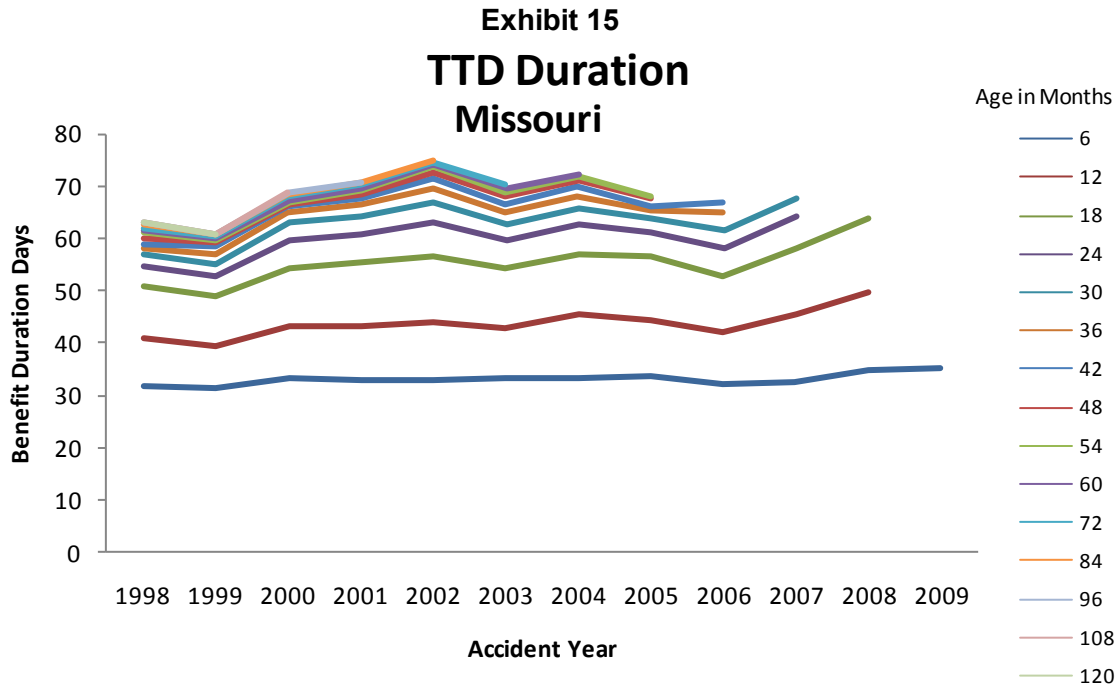


Maryland quick facts:

- Waiting/retroactive period: 3 days/14 days
- Maximum TTD benefit as a percentage of SAWW: 100%
- Maximum TTD weeks: Duration of disability
- Significant reform: *The Harris v. Board of Education of Howard County* decision on June 6, 2003, which was estimated to have impacted PPD and TTD by 2.2%
- Unemployment rose from 3.5% to 6.7% between 2007 and the first half of 2009

## Missouri

The duration of TTD benefits in Missouri is lower than in most other states studied, with the average duration topping out at no higher than 70–75 days. The relatively short three-day waiting period is a likely contributor to the low average duration. Exhibit 15 displays an increase from AY 1999 to AY 2002. The average duration since AY 2002 has been inconsistent, but appears to have moderated, prior to the recessionary period. After 2006, duration has risen dramatically in 2007 and 2008. Missouri’s unemployment rose about 4 points between 2007 and the first half of 2009.

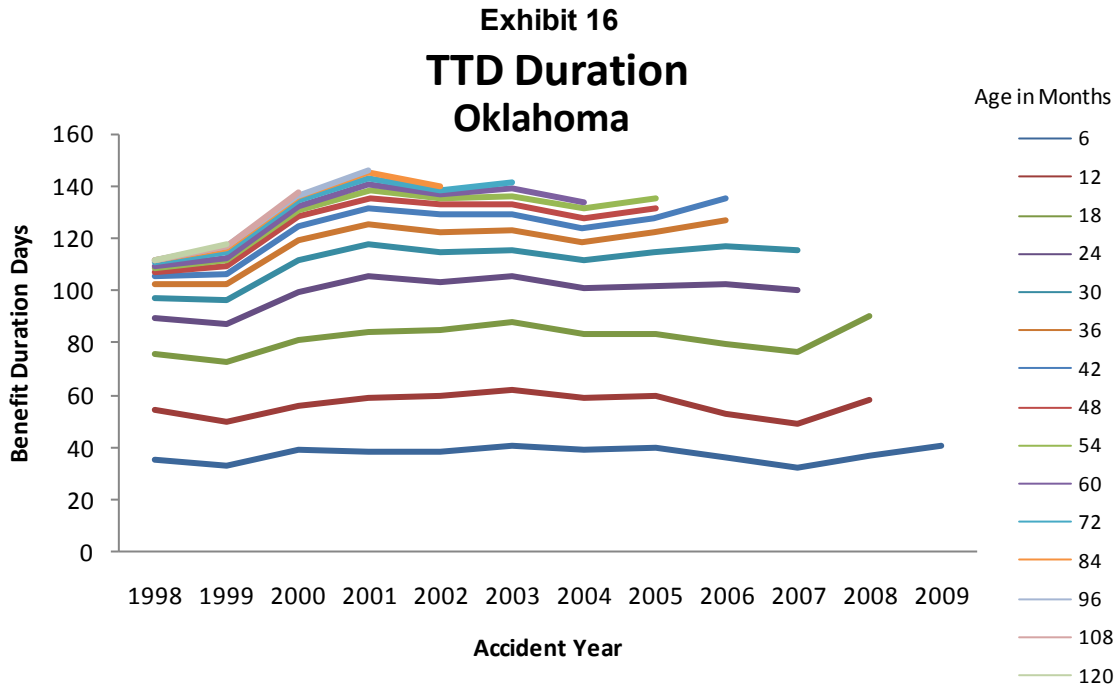


Missouri quick facts:

- Waiting/retroactive period: 3 days/14 days
- Maximum TTD benefit as a percentage of SAWW: 105%
- Maximum TTD weeks: 400 weeks
- No significant reform in period
- Unemployment rose from 5.1% to 8.9% between 2007 and the first half of 2009

## Oklahoma

Oklahoma’s duration graph looks fairly comparable to the countrywide graph. Exhibit 16 shows the increase in duration during the 1990s and a leveling off after AY 2001. The major reform in SB 1X in 2005 might be contributing to the decline in duration at 12 months in AY 2006 and AY 2007. In Oklahoma, there is a significant increase after 2007, coinciding with the recession. Oklahoma’s unemployment rose modestly, relative to other states, by about 2 points between 2007 and the first half of 2009.

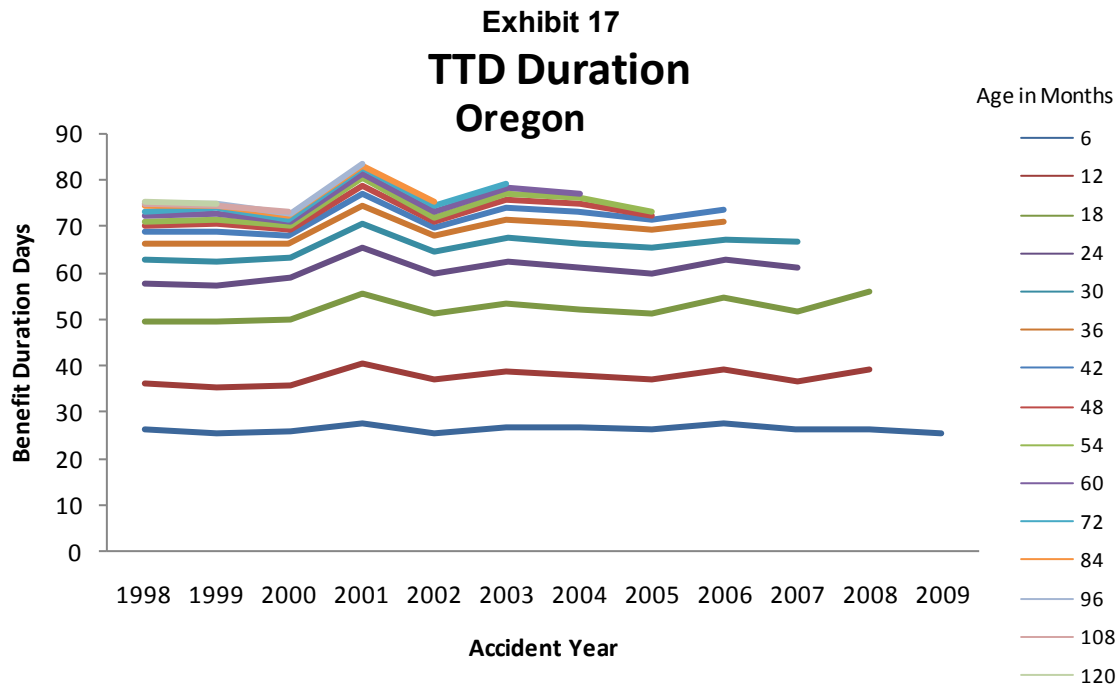


Oklahoma quick facts:

- Waiting/retroactive period: 3 days/not retroactive
- Maximum TTD benefit as a percentage of state average weekly wage (SAWW): 100%
- Maximum TTD weeks: 300 weeks
- Significant reform: On July 1, 2005 and November 1, 2005, Senate Bill 1X, a major reform, which was estimated to have reduced PPD losses by 20%–30% and TTD by almost 30%
- Unemployment rose from 4.0% to 5.9% between 2007 and the first half of 2009

## Oregon

The average claim duration in Oregon is at the low end, compared with other states, in spite of having no specified benefit maximum duration. Oregon's duration pattern in Exhibit 17 does not display the increase during the 1990s seen in so many other states. Instead, with a few exceptions (a spike in AY 2001), the pattern has been quite consistent. The spike is due to a higher duration in the healing period of PPD claims, rather than the pure TTD claims, which did not have the same increase. Oregon's unemployment rose dramatically after the start of the recession, by 6 points between 2007 and the first half of 2009. We see a corresponding increase in the average duration of TTD benefits in accident year 2008.



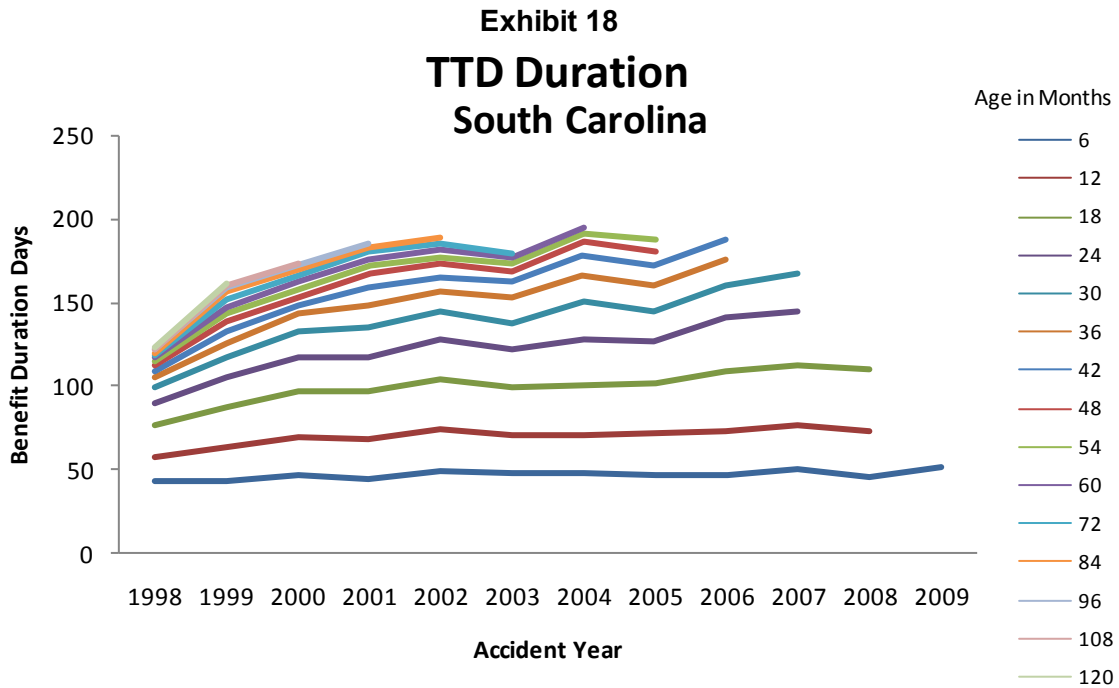
### Oregon quick facts:

- Waiting/retroactive period: 3 days/14 days
- Maximum TTD benefit as a percentage of state average weekly wage (SAWW): 133%
- Maximum TTD weeks: None stated
- Significant reform: Senate Bill 485, effective January 1, 2002, increased PPD by 10.2% and TTD by 6.7%. This bill increased the maximum TTD benefit from 100% to 133% of the SAWW and changed the compensation rates per degree of impairment
- Unemployment rose from 5.1% to 11.1% between 2007 and the first half of 2009

## South Carolina

In South Carolina, the increase in duration started in AY 1998 and continued, to a lesser extent, through AY 2007. The higher durations are in large part due to increased compensated time after 24 months (Exhibit 18). In AY 1998, an average claim duration developed upward by an additional 30 days after 24 months, while in AY 2004, the development in average duration is over 60 days after 24 months.

South Carolina's unemployment rose dramatically after the start of the recession, by 5.6 points between 2007 and the first half of 2009, to 11.2%, the second highest rate of any state studied. Duration has increased for 2006, 2007, and 2009 for the latest two valuations, consistent with fewer opportunities for injured workers to return to work.



South Carolina quick facts:

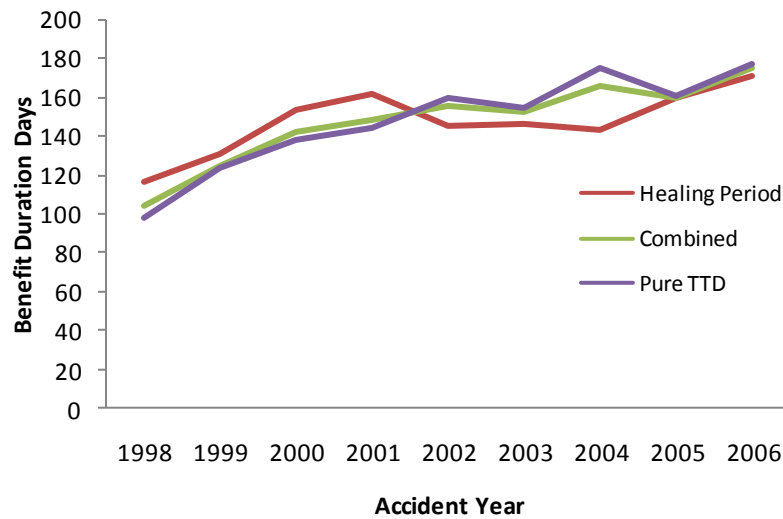
- Waiting/retroactive period: 7 days/14 days
- Maximum TTD benefit as a percentage of state average weekly wage (SAWW): 100%
- Maximum TTD weeks: 500 weeks
- Significant reform: R 147, effective June 25, 2003, eliminating the unknown condition clause from the Second Injury Fund reimbursements. Estimated impact: 15.8% on both TTD and PPD claims
- Unemployment rose from 5.6% to 11.2% between 2007 and the first half of 2009

In South Carolina, the pure TTD claim indemnity benefit duration is longer than in most other states, while the healing period of PPD claim duration is similar to that of countrywide. As shown in Exhibit 18A, the three durations are essentially identical in AY 2006.

One likely reason for the higher pure TTD claim duration is the long waiting period in South Carolina (7 days, retroactive after 14 days). Less than half of the states have this long a waiting period (Table 2, Appendix III). In addition, the unemployment rate in South Carolina has consistently been one of the five highest in the country (Table 1, Appendix II). This could be inhibiting return-to-work opportunities in South Carolina, lengthening TTD claim duration. Together, these reasons are not sufficient to completely explain this unusual relationship between pure TTD and the healing period of PPD claims.

Longer-than-average TTD claim duration is consistent with South Carolina's higher than average TTD claim cost, which is about 150% of the countrywide average cost.

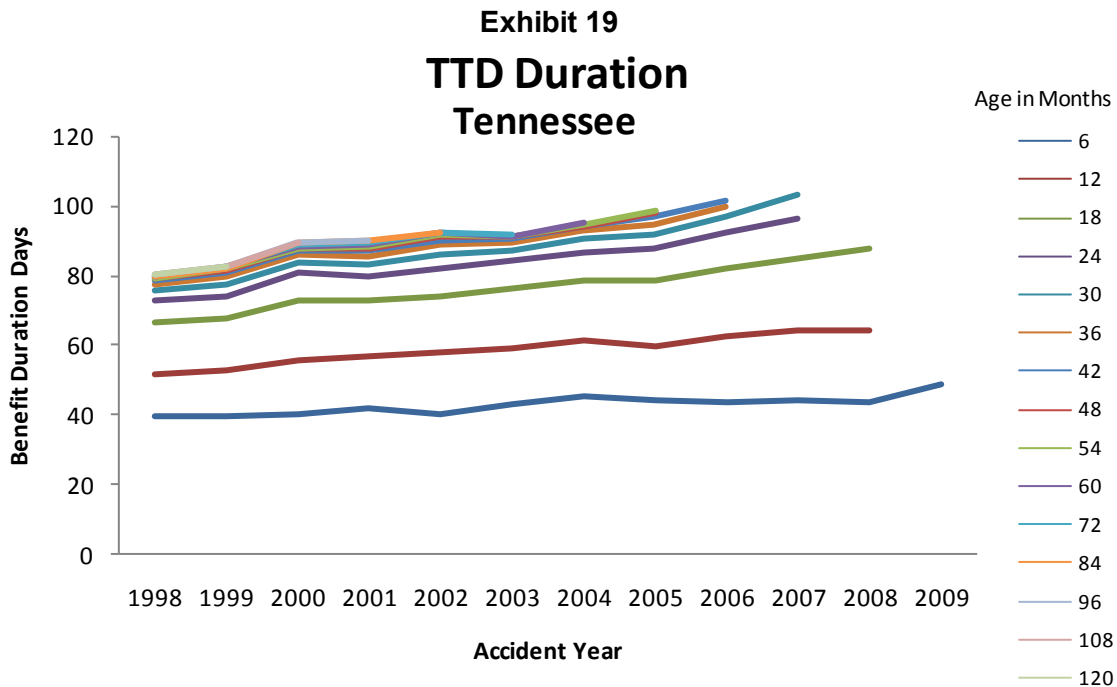
**Exhibit 18A**  
**South Carolina TTD Duration**  
**at 36 months**



## Tennessee

Tennessee's graph is unusual, relative to other states, in the absence of a decline in duration in the 2000s. The state has experienced a fairly consistent increase in duration over the last 10 years. The average duration is still low compared with other states, but is continuing upward. The minor step down in AY 2005 at 12 and 18 months could be due in part to HB 3531.

There is little development beyond 36 months in Tennessee, as seen in Exhibit 19. In Tennessee, unemployment rose by over 5 points since the recession began, between 2007 and the first half of 2009. While the average duration in Tennessee has been rising over time, the increase has accelerated since the recession began.



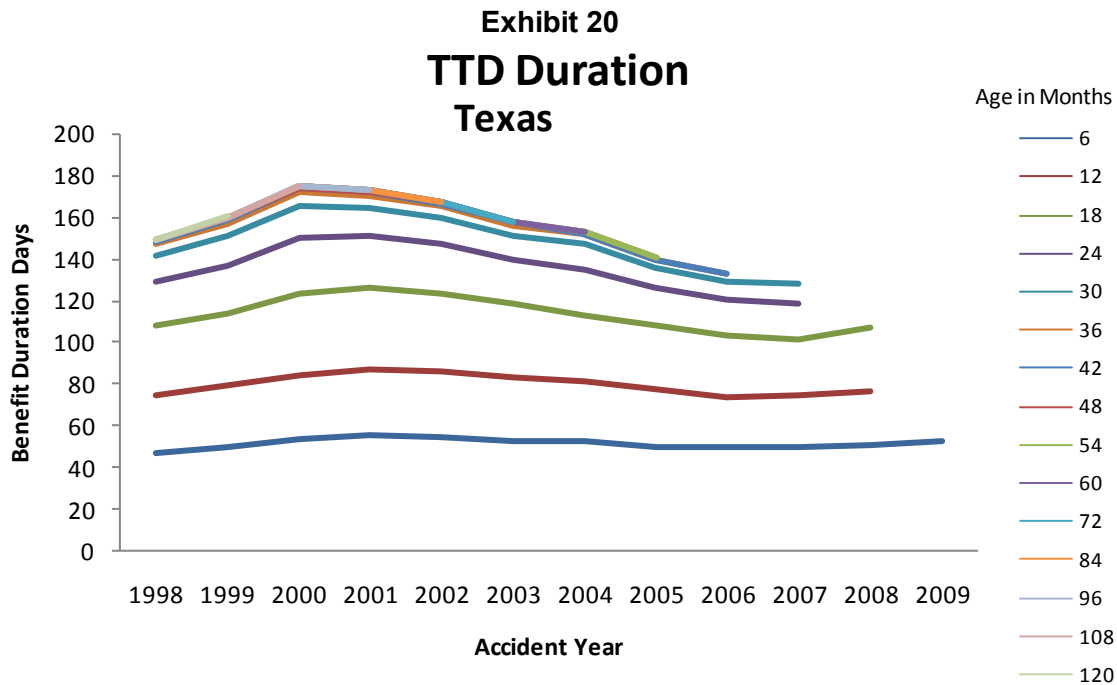
Tennessee quick facts:

- Waiting/retroactive period: 7 days/14 days
- Maximum TTD benefit as a percentage of state average weekly wage (SAWW): 110%
- Maximum TTD weeks: 400 weeks
- Significant reform: House Bill 3531, step 1, effective July 1, 2004. The estimated impact is -17% on PPD and +1.3% on TT. Highlights included a reduced maximum PPD multiplier for some claims, an increase in the maximum weekly benefit for TTD from 100% to 105% of SAWW, and mandatory benefit review conferences
- Unemployment rose from 4.9% to 10.2% between 2007 and the first half of 2009

## Texas

The average duration of TTD benefit payments in Texas is longer than the average countrywide. However, a smaller proportion of claims in Texas receive TTD benefit payments after 36 months' maturity than for claims countrywide. Exhibit 20 shows that average durations at all maturities 36 months or greater are virtually identical. On the countrywide exhibit (Exhibit 1), these average durations continue to increase, albeit at a declining rate, as the accident year maturity increases. Texas limits TTD benefits payments to 104 weeks, while many other states allow TTD benefits payments to continue for the duration of the disability.

Duration began to decline in Texas in 2000; this is about a year earlier than the beginning of the decline in countrywide duration. The decline ended in 2006—average durations for 2007 are very close to those for 2006, and average duration has increased sharply for injuries in 2008 at 18 months' maturity compared to earlier injury years at that maturity. The unemployment rate in Texas rose a moderate 2.7 points between 2007 and the first half of 2009.

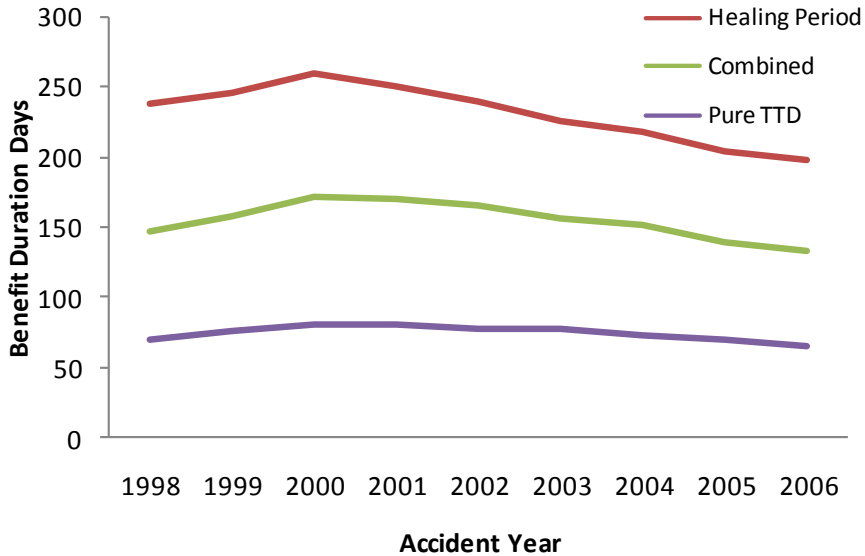


Texas quick facts:

- Waiting/retroactive period: 7 days/14 days
- Maximum TTD benefit as a percentage of state average weekly wage (SAWW): 100%
- Maximum TTD weeks: 104 weeks
- Significant reform: HB 7, two phases. October 1, 2005, change in the retroactive period from four weeks to two weeks. October 1, 2006, change in determination of SAWW
- Unemployment rose from 4.4% to 7.1% between 2007 and the first half of 2009

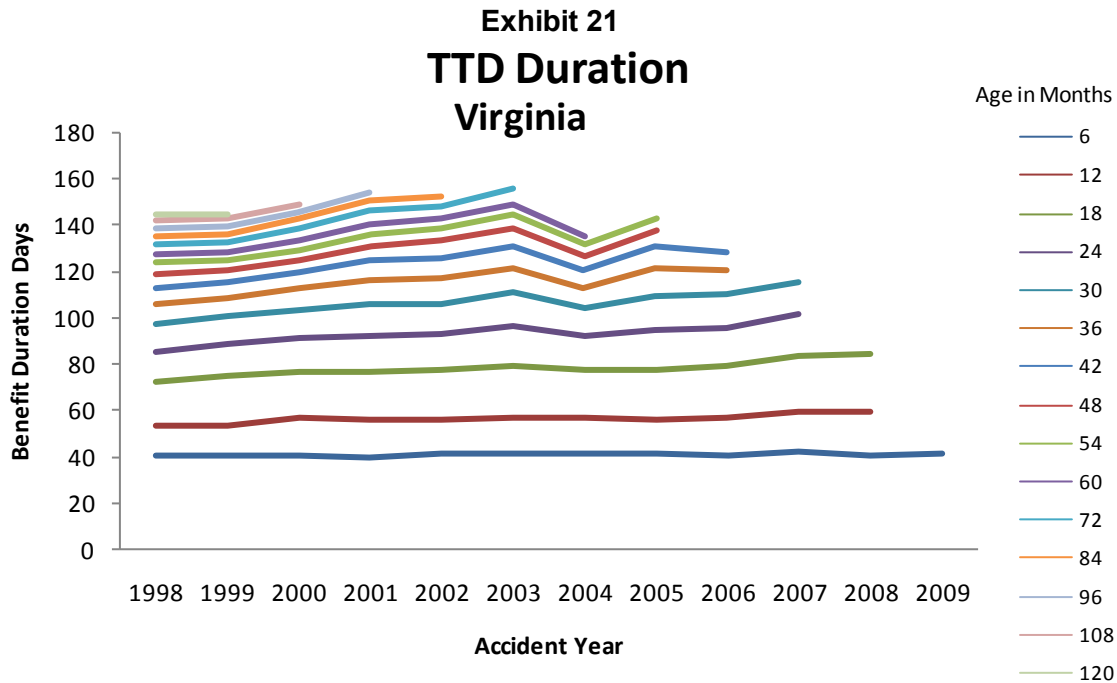
In Texas, the number of claims with pure TTD benefits and those with healing period TTD benefits are about evenly split, since the average line is centered between them. There is a wide disparity between the average duration of pure TTD benefits that is less than the countrywide average, and the duration of the healing period benefits that are paid out over a longer period than countrywide. The healing period decline in duration since 2000 is steeper than the countrywide decrease.

**Exhibit 20A  
Texas TTD Duration  
at 36 months**



## Virginia

The average duration of TTD benefit payments in Virginia is longer than the average countrywide. The average duration of TTD benefits in Virginia rose moderately through AY 2003. Virginia is one of the states where a significant proportion of claims continue to receive TTD benefit payments several years after the date of injury. This can be seen in Exhibit 21 where average durations continue to increase noticeably as accident year maturities increase. Virginia's unemployment rate was a low 3.0% in 2007 and rose about 3.4 points by the first half of 2009. There is an increase in duration between 2006 and 2007, but the rise in 2008 is more modest than in most other states.

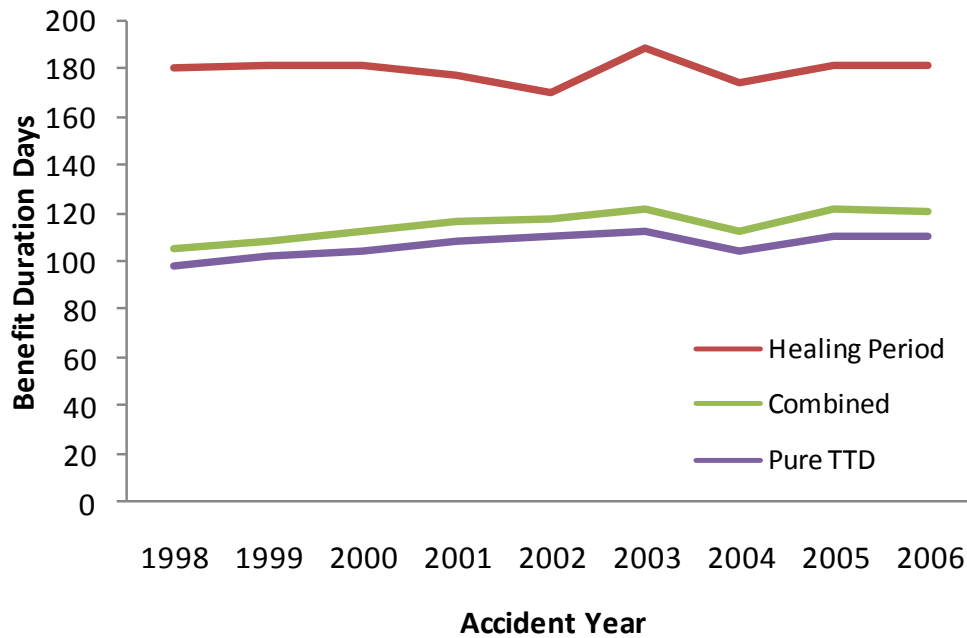


### Virginia quick facts:

- Waiting/retroactive period: 7 days/21 days
- Maximum TTD benefit as a percentage of state average weekly wage (SAWW): 100%
- Maximum TTD weeks: 500 weeks
- Significant reform: None in this period
- Unemployment rose from 3.0% to 6.4% between 2007 and the first half of 2009

In Virginia, most of TTD benefits are paid on pure TTD claims, as seen by how close the combined line tracks the pure TTD.

**Exhibit 21A**  
**Virginia TTD Duration**  
**at 36 months**



## APPENDIX I—METHODOLOGY

NCCI reviewed 1.2 million TTD and PPD claims for this study. Accident Years 1996 through 2009 were reviewed as of the end of each six months through June 30, 2009. The addition of valuations at six months provided an opportunity to review duration on claims with payouts during the recession that began in December, 2007.

TTD indemnity benefit duration is measured by counting the dates of covered loss on payment records.

- A small portion of claims included overlapping dates. Each date was only counted once.
- In cases where the dates associated with a large payment covered numerous days, those days were included as part of duration. This could be a disputed claim settlement, for example, where the claimant is compensated after the dispute is settled.
- When a large payment had only a single covered day, it appeared that the claim included a negotiated lump sum settlement. We did not expand the single day to cover any imputed lost time, because there are numerous circumstances for these settlements, which might have or have not covered lost work time. To the extent that some of these settlements covered time away from the job, the durations we calculated could be understated.

Each claim's dates were validated. This allowed us to pick up inaccuracies and typos that could distort results, such as a closure year of 2099 rather than 1999. Examples of validation logic include:

- Claim closed dates on or after injury and report dates
- Claim closed dates on or before June 30, 2009, the final date in the database
- Injury dates on or before report date
- Claims with total payments of less than \$50 were excluded, assuming they were less than one day's wages

## APPENDIX II—UNEMPLOYMENT STATISTICS BY STATE

Table 1—Unemployment Rate<sup>8</sup> by Calendar Period

State	12/31/2005	12/31/2006	12/31/2007	12/31/2008	6/30/2009
Alabama	3.8	3.5	3.5	5.2	9.3
Alaska	6.9	6.5	6.1	6.5	7.6
Arizona	4.7	4.2	3.9	5.9	8.8
Arkansas	5.1	5.3	5.2	5.2	7.0
California	5.4	4.9	5.3	7.2	10.7
Colorado	5.1	4.4	3.9	4.9	7.7
Connecticut	4.9	4.4	4.6	5.6	7.8
Delaware	3.9	3.5	3.5	4.9	7.7
District of Columbia	6.6	5.7	5.4	6.6	9.2
Florida	3.8	3.4	4.0	6.3	9.7
Georgia	5.2	4.7	4.6	6.3	9.1
Hawaii	2.7	2.5	2.6	4.1	6.6
Idaho	3.7	3.0	3.0	4.9	7.3
Illinois	5.8	4.7	5.1	6.4	9.3
Indiana	5.3	5.0	4.6	5.9	10.0
Iowa	4.3	3.7	3.7	4.4	5.6
Kansas	5.1	4.4	4.1	4.4	6.5
Kentucky	6.0	5.9	5.5	6.6	10.1
Louisiana	6.7	3.9	3.8	4.4	6.4
Maine	4.9	4.7	4.7	5.4	7.9
Maryland	4.1	3.8	3.5	4.4	6.7
Massachusetts	4.8	4.8	4.4	5.3	7.8
Michigan	6.8	6.9	7.0	8.3	12.8
Minnesota	4.2	4.1	4.6	5.4	8.0
Mississippi	7.8	6.7	6.2	6.9	8.9
Missouri	5.3	4.8	5.1	6.1	8.9
Montana	3.6	3.3	3.5	4.6	5.9
Nebraska	3.9	3.1	2.9	3.3	4.5
Nevada	4.5	4.3	4.7	6.7	10.8
New Hampshire	3.6	3.5	3.5	3.9	5.9
New Jersey	4.5	4.7	4.3	5.5	8.6
New Mexico	5.2	4.1	3.5	4.5	6.5
New York	5.0	4.6	4.5	5.3	7.9
North Carolina	5.3	4.7	4.7	6.2	10.3
North Dakota	3.5	3.2	3.1	3.2	4.3
Ohio	5.8	5.4	5.6	6.6	9.7
Oklahoma	4.5	4.1	4.0	3.7	5.9
Oregon	6.2	5.4	5.1	6.5	11.1
Pennsylvania	5.0	4.5	4.3	5.3	7.6
Rhode Island	5.1	5.0	5.3	7.7	10.3
South Carolina	6.8	6.4	5.6	6.9	11.2
South Dakota	3.6	3.1	2.9	3.1	4.8
Tennessee	5.5	5.2	4.9	6.7	10.2
Texas	5.4	4.9	4.4	5.0	7.1
Utah	4.1	3.0	2.8	3.8	6.4
Vermont	3.5	3.7	3.9	4.5	6.9
Virginia	3.5	3.0	3.0	4.0	6.4
Washington	5.5	4.9	4.5	5.4	8.6
West Virginia	4.9	4.5	4.2	4.3	7.1
Wisconsin	4.8	4.7	4.7	4.9	8.2
Wyoming	3.7	3.2	2.9	3.2	5.4

<sup>8</sup> Source: Bureau of Labor Statistics, seasonally adjusted unemployment rate, as of July 2010.

## APPENDIX III—DURATION-RELATED STATISTICS BY STATE

Table 2 includes the waiting period and the retroactive period, the maximum TTD and PPD benefits as compared to the State Average Weekly Wage (SAWW), and the median duration for Accident Year 2002 at 84 months. The waiting period is unpaid time after injury or illness, prior to benefits eligibility. This short unpaid period eliminates some of the moral hazard of workers compensation by not encouraging a worker with a minor injury to stay away from work unnecessarily. In many states, once a worker has been away from the job for the listed retroactive days, the original waiting period is compensated (retroactively). The retroactive period is generally two or three weeks, after which the worker is compensated for the waiting period. A few states (indicated by “\*\*”) do not compensate for the waiting period, regardless of the length of compensated disability.

In most cases, the TTD indemnity benefit median duration is shorter when the waiting period is three or five days and longer in the states with a seven-day wait.

The maximum weekly indemnity benefits as a percentage of SAWW are shown as an additional consideration for both TTD and PPD benefits. States with no statutory maximum for PPD indemnity benefits are indicated with “\*\*”. A relatively low maximum might reduce the incentive for a worker to remain on disability when they could return to work.

**Table 2—Benefit Provisions and Median Durations by State**

STATE	Waiting Period	TTD Benefits Retroactive after	Max TTD Benefits as % of SAWW	Max PPD Benefits as % of SAWW	Median Days Duration AY 2002 @12/31/2008
AK	3 Days	28 Days	120%	**	28
AL	3	21	100%	31%	32
AR	8	14	85%	67%	47
AZ	7	14	100%	100%	42
CO	3	14	91%	29%	42
CT	3	7	100%	81%	28
DC	3	14	100%	100%	28
FL	7	21	100%	75%	42
GA	7	21	100%	100%	61
HI	3	**	100%	100%	16
IA	3	14	200%	184%	23
ID	5	14	90%	55%	30
IL	3	13	133%	133%	42
IN	7	21	100%	100%	36
KS	7	21	75%	75%	43
KY	7	14	100%	75%	46
LA	7	41	75%	**	71
MD	3	14	100%	75%	28
ME	7	14	90%	90%	49
MO	3	14	105%	55%	32
MS	5	13	67%	67%	44
MT	4	**	100%	50%	49
NC	7	21	110%	110%	56
NE	7	41	100%	100%	38
NH	3	13	150%	150%	18
NM	7	28	100%	100%	49
NV	5	5	150%	**	47
OK	3	**	100%	50%	42
OR	3	14	133%	100%	22
RI	3	**	115%	115%	31
SC	7	14	100%	100%	59
SD	7	7	100%	100%	31
TN	7	14	110%	100%	43
TX	7	14	100%	70%	91
UT	3	14	100%	67%	30
VA	7	21	100%	100%	42
VT	3	10	150%	150%	29

**Table 3—Temporary Total Indemnity Benefit Average Duration  
AY 2002 at 84 Months**

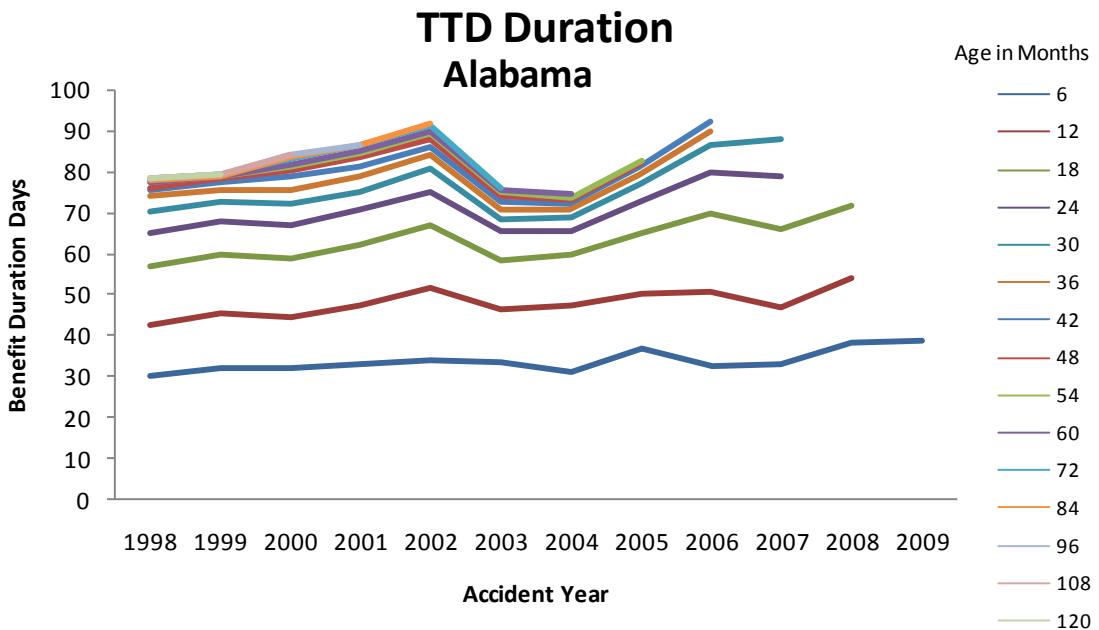
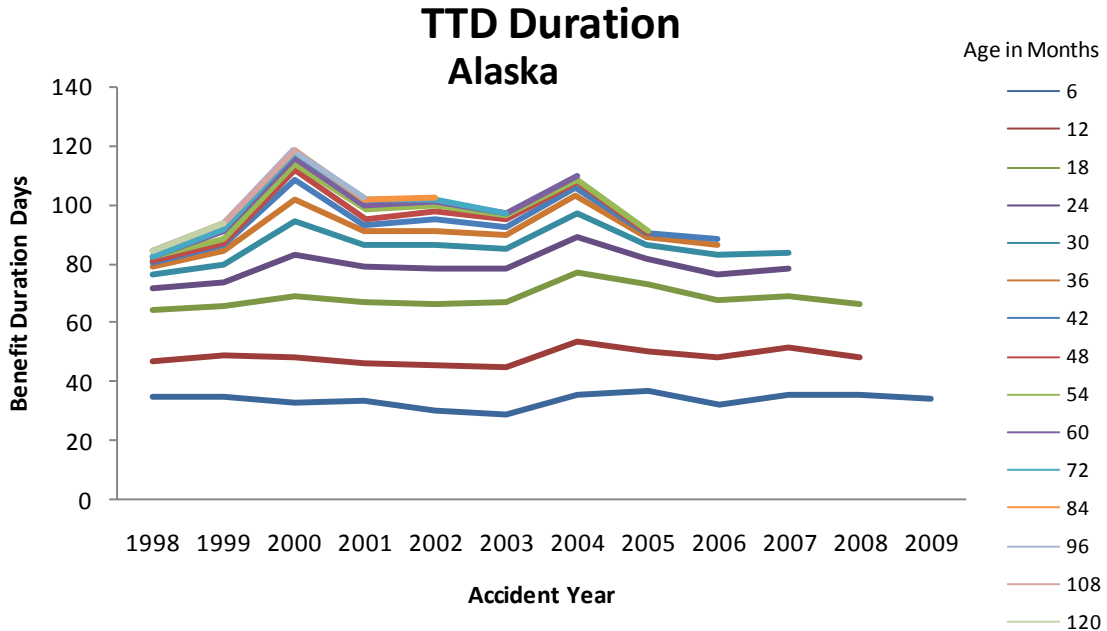
State	Pure TT Days	Healing Period Days	Combined Days
AK	46	261	102
AL	64	161	91
AR	67	186	103
AZ	62	202	98
CO	61	196	115
CT	56	182	98
DC	100	327	132
FL	75	157	103
GA	179	296	205
HI	36	258	103
IA	30	129	66
ID	34	139	68
IL	88	170	119
IN	52	115	68
KS	65	142	99
KY	71	246	107
LA	242	454	256
MD	93	254	133
ME	177	339	185
MO	58	94	75
MS	88	249	132
MT	63	301	169
NC	205	238	214
NE	48	150	100
NH	63	353	109
NM	50	224	111
NV	68	223	126
OK	76	220	139
OR	40	150	75
RI	65	195	96
SC	188	193	189
SD	38	133	68
TN	58	150	92
TX	67	247	167
UT	43	164	81
VA	122	332	152
VT	39	245	109

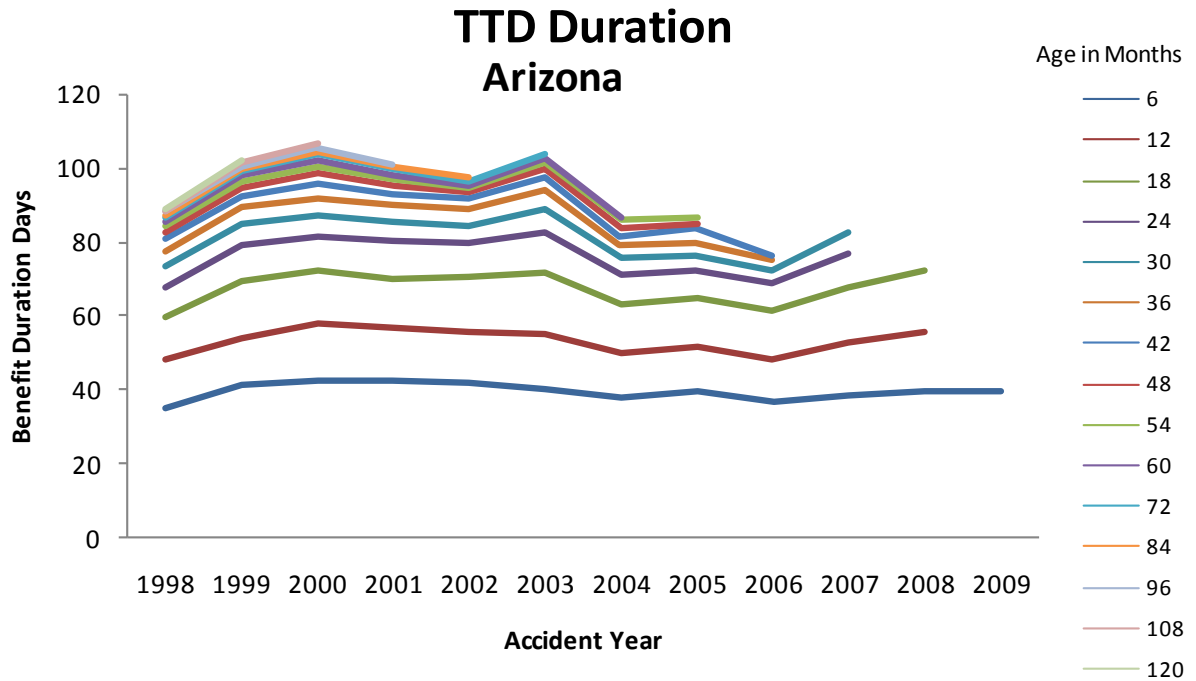
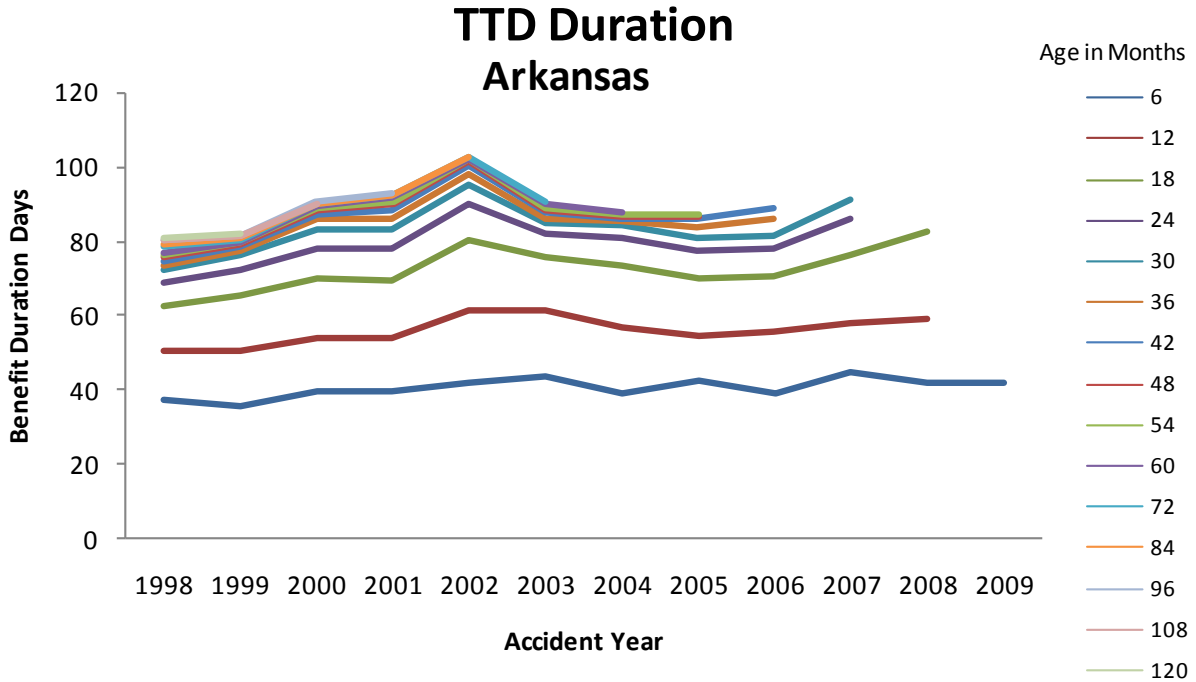
## APPENDIX IV—OTHER STATE RESULTS

Temporary Total (TT) indemnity benefit duration graphs for the remainder of the reviewed states are included here for completeness. This set of states has fewer claims underlying the analysis, so the year-to-year changes might be more impacted by a few claims.

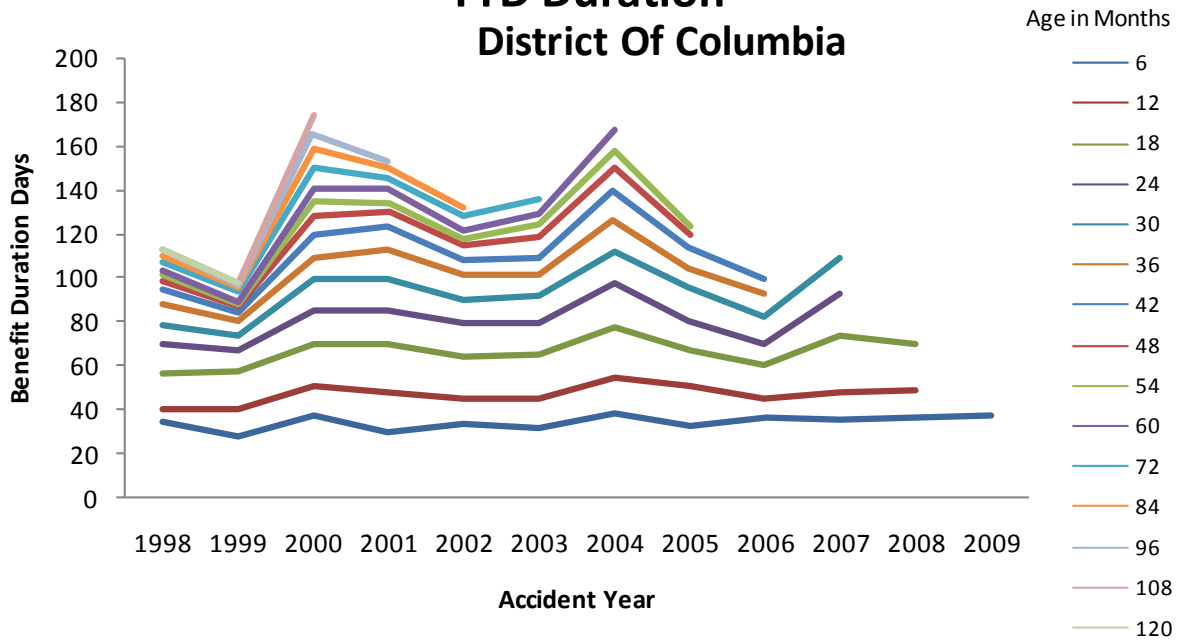
These graphs display differences in development patterns and differences in the median TTD duration. Many of these states show the countrywide pattern of increasing duration through the early 2000s. For these states, the high-level trends and general duration levels are meaningful, but the apparent changes in duration from one year to the next are not always statistically significant.

The waiting periods and retroactive periods by state are shown on Table 2 in Appendix III.

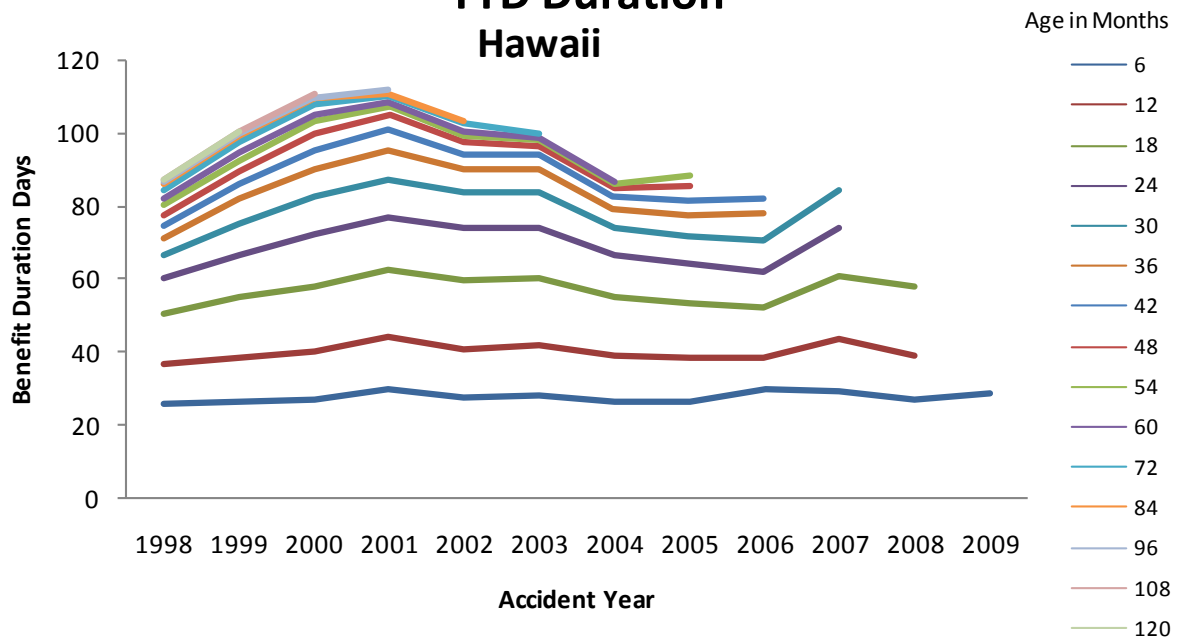


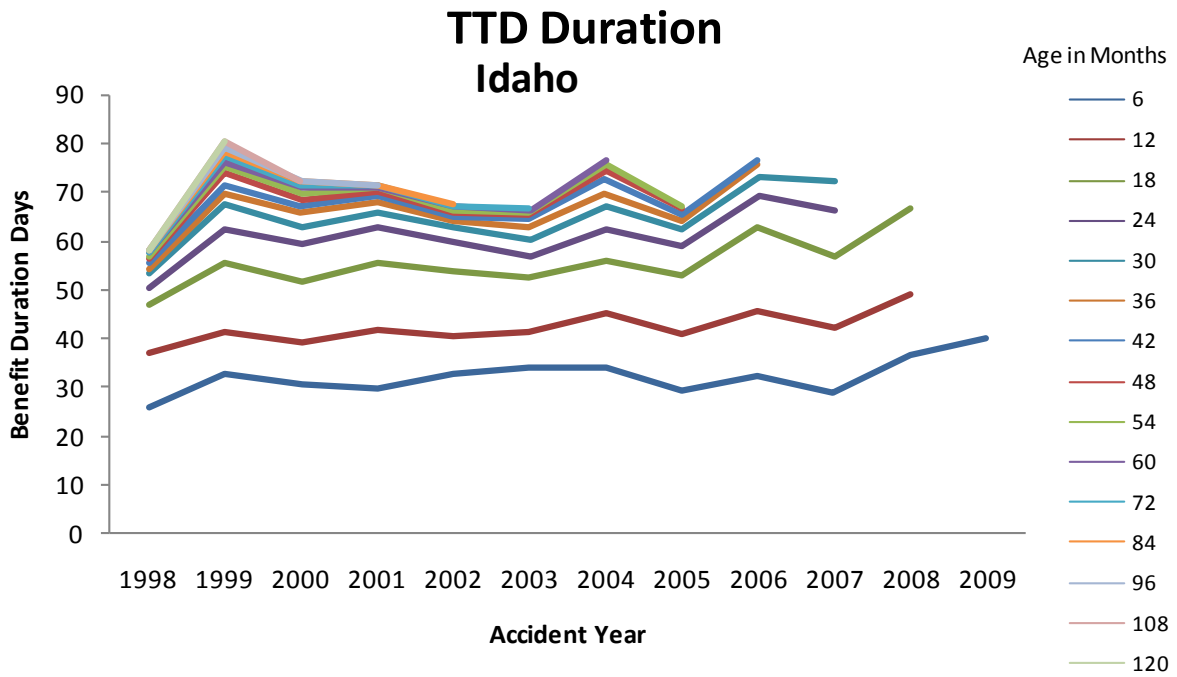
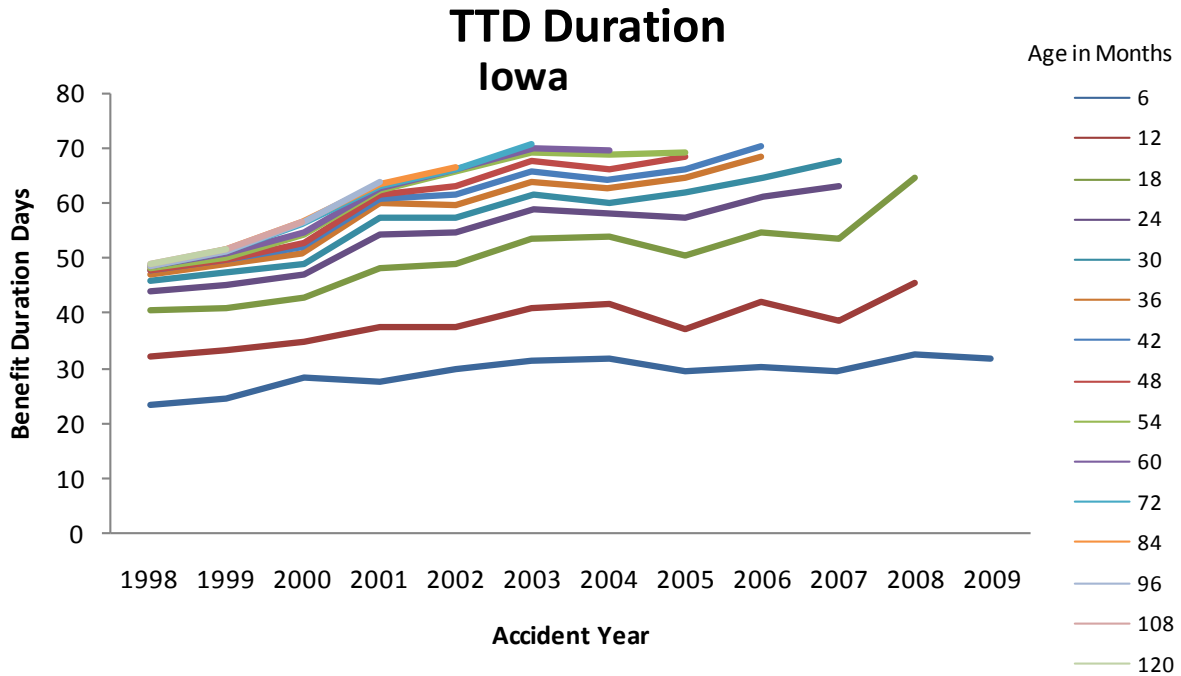


### TTD Duration District Of Columbia

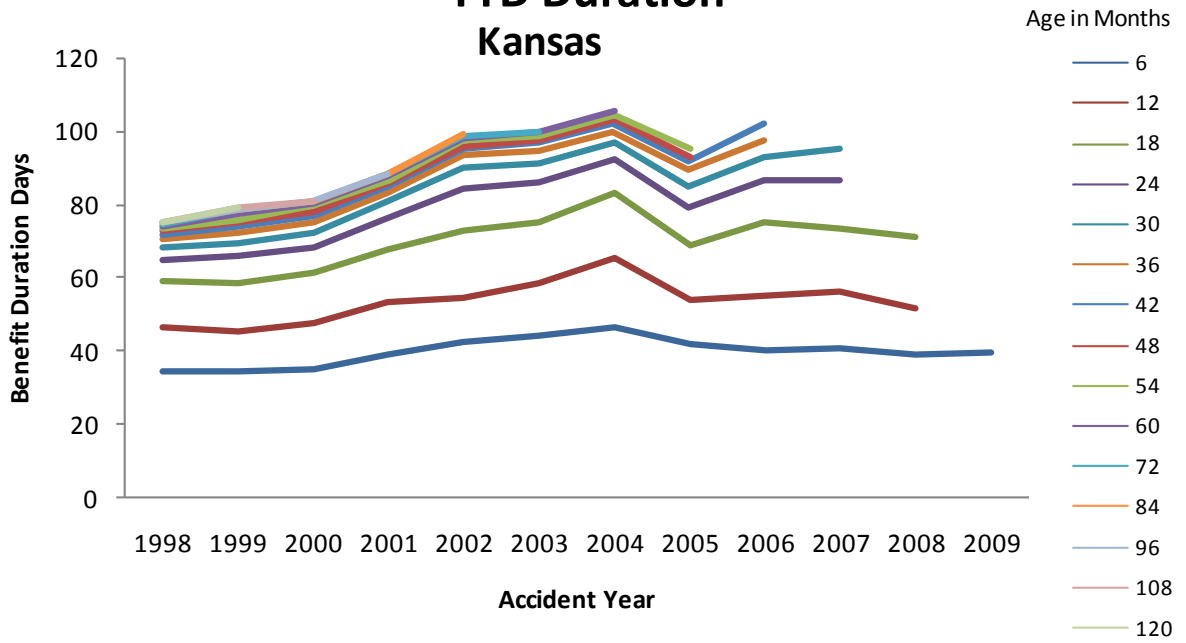


### TTD Duration Hawaii

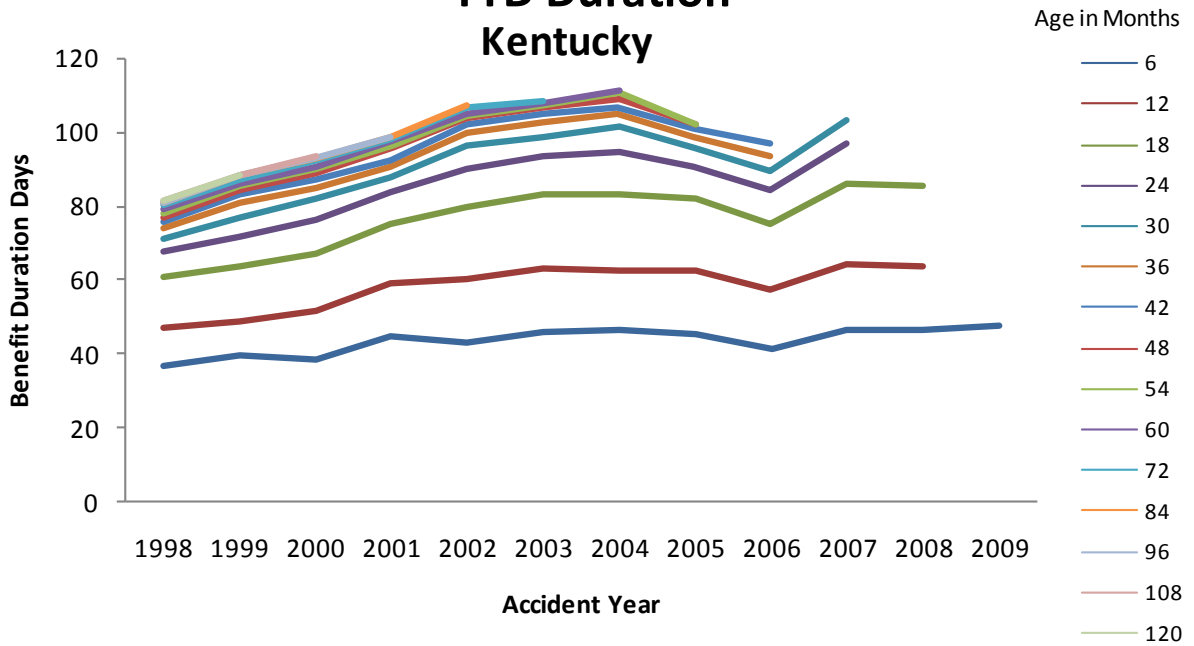


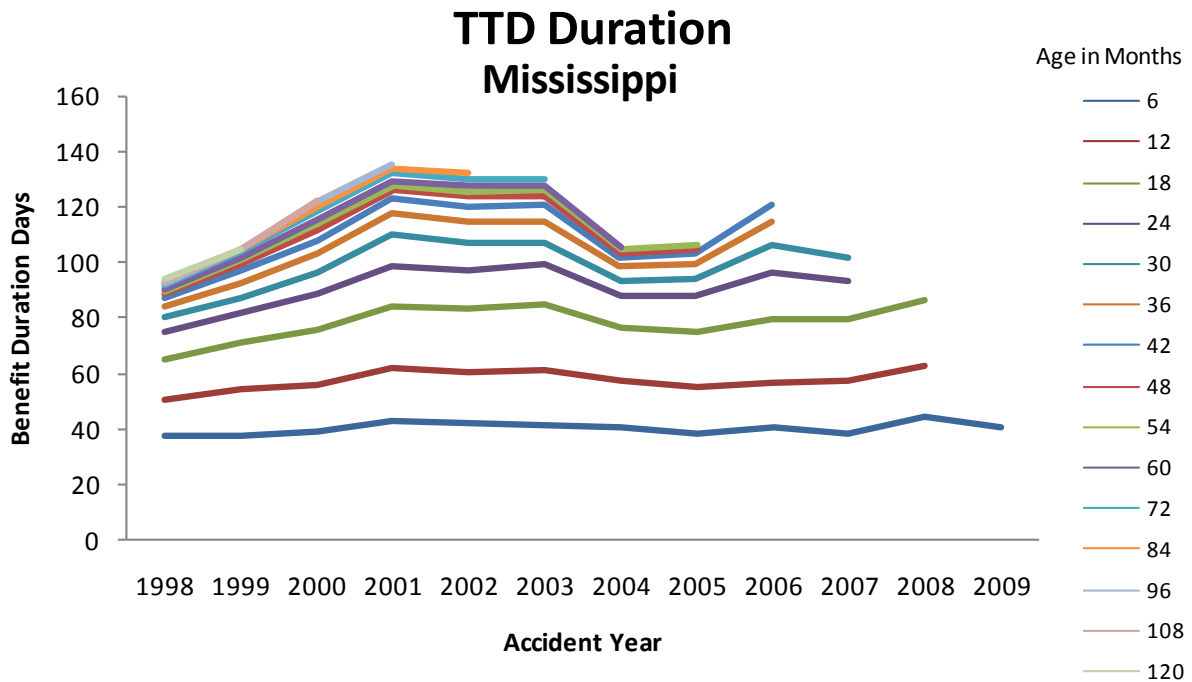
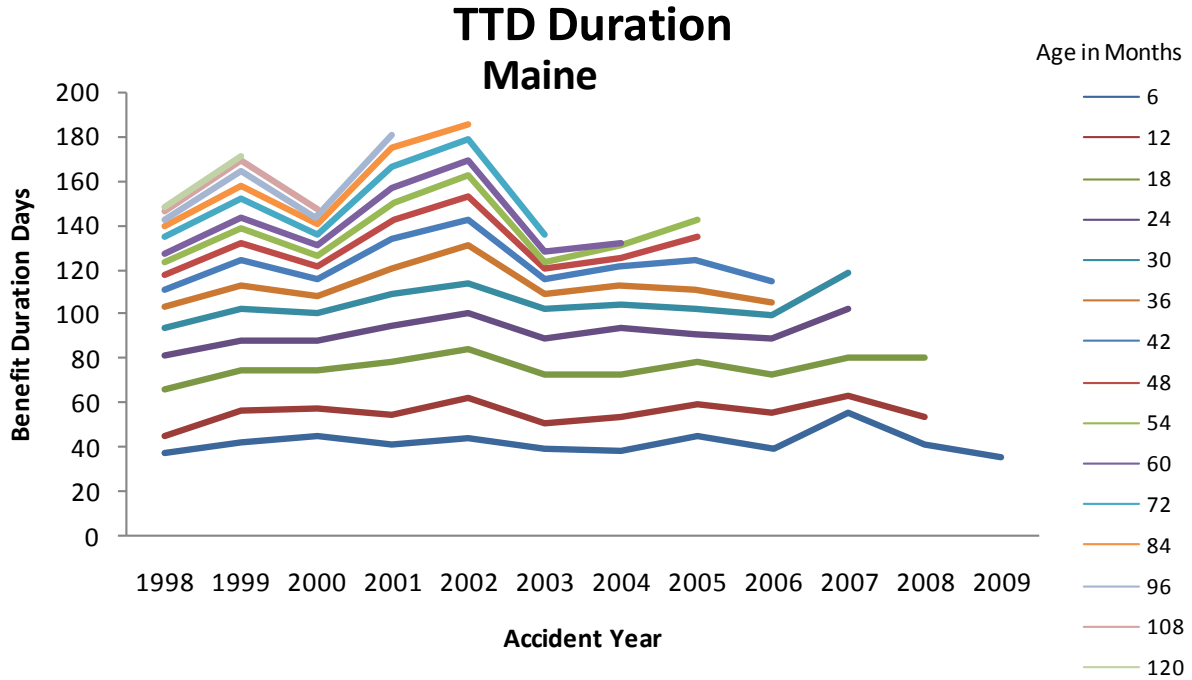


### TTD Duration Kansas

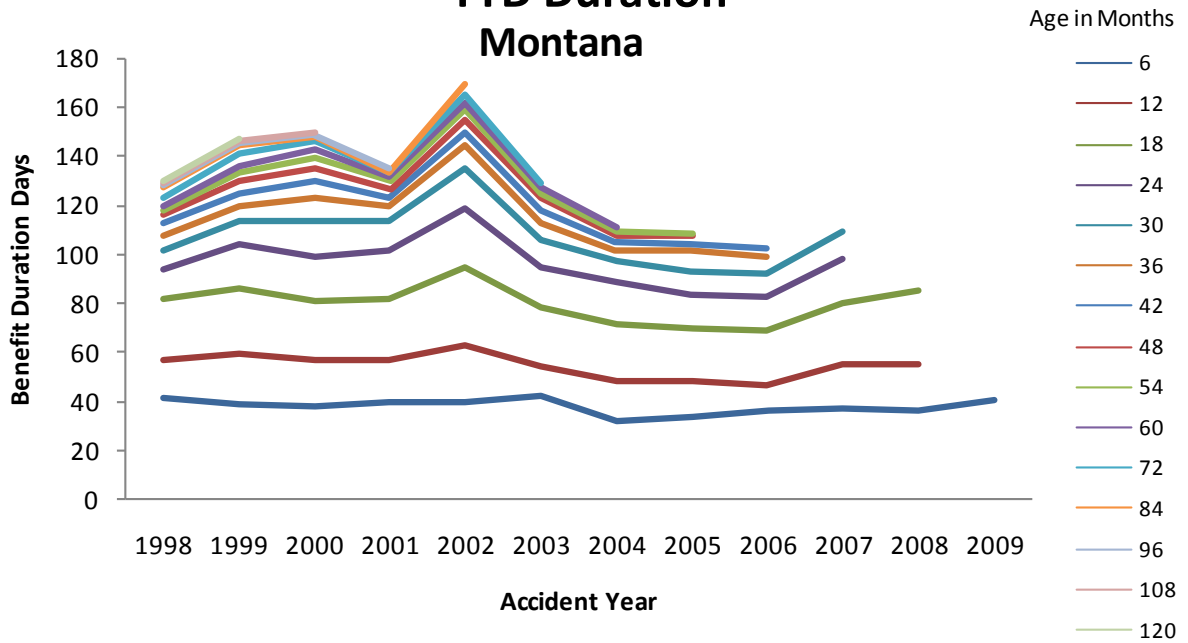


### TTD Duration Kentucky

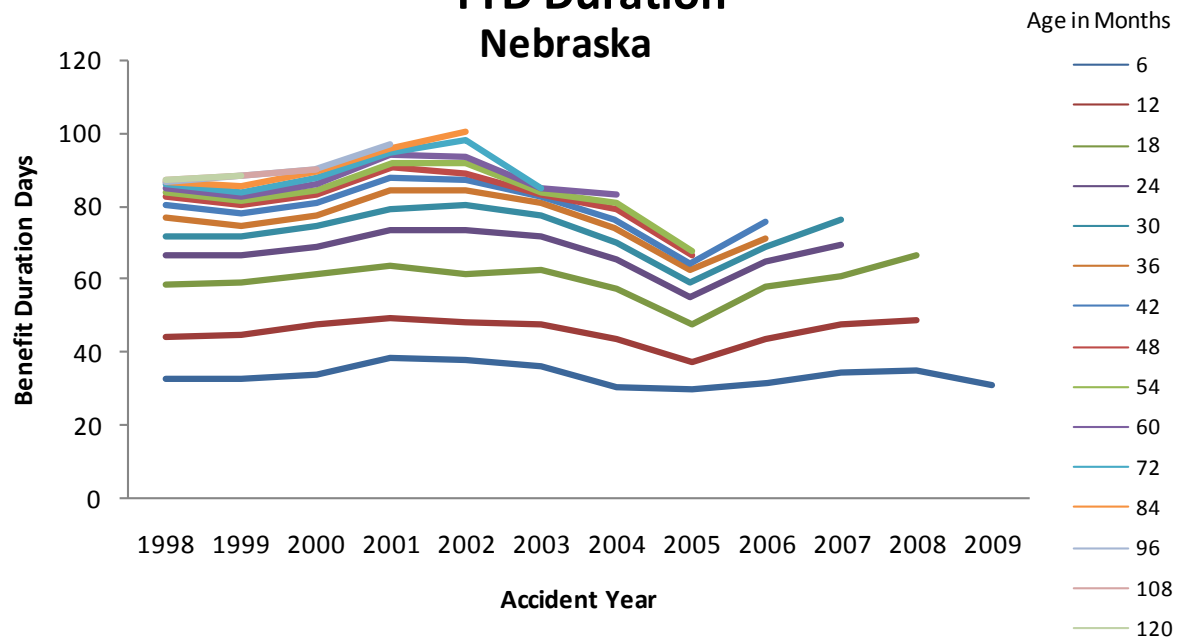


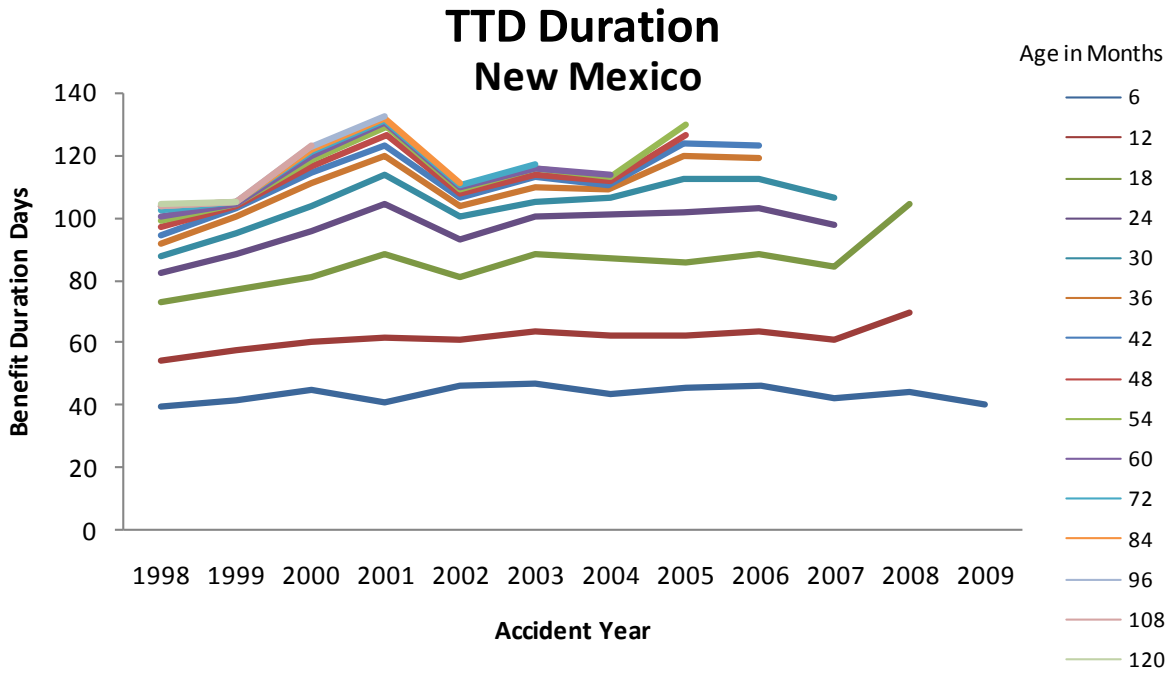
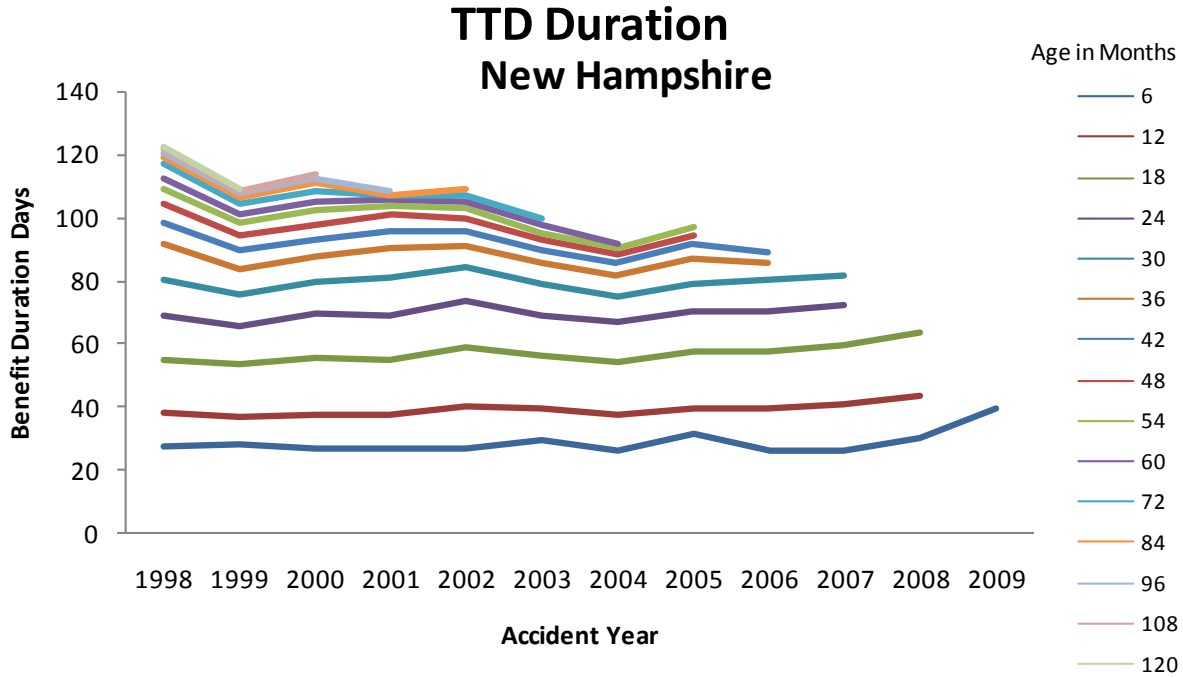


### TTD Duration Montana

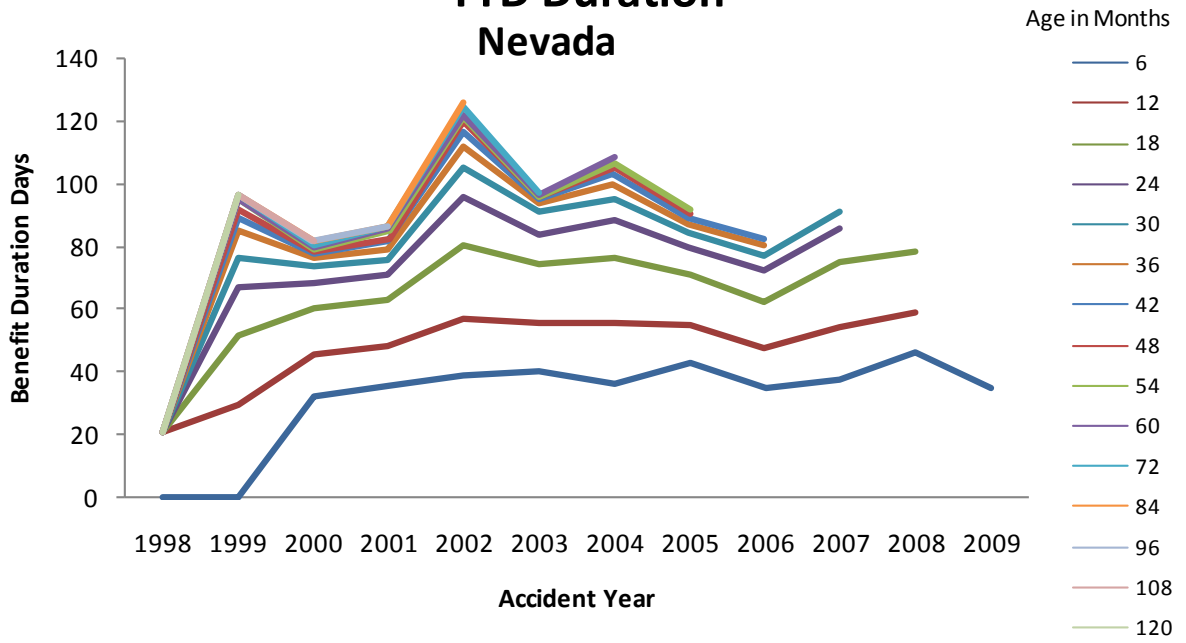


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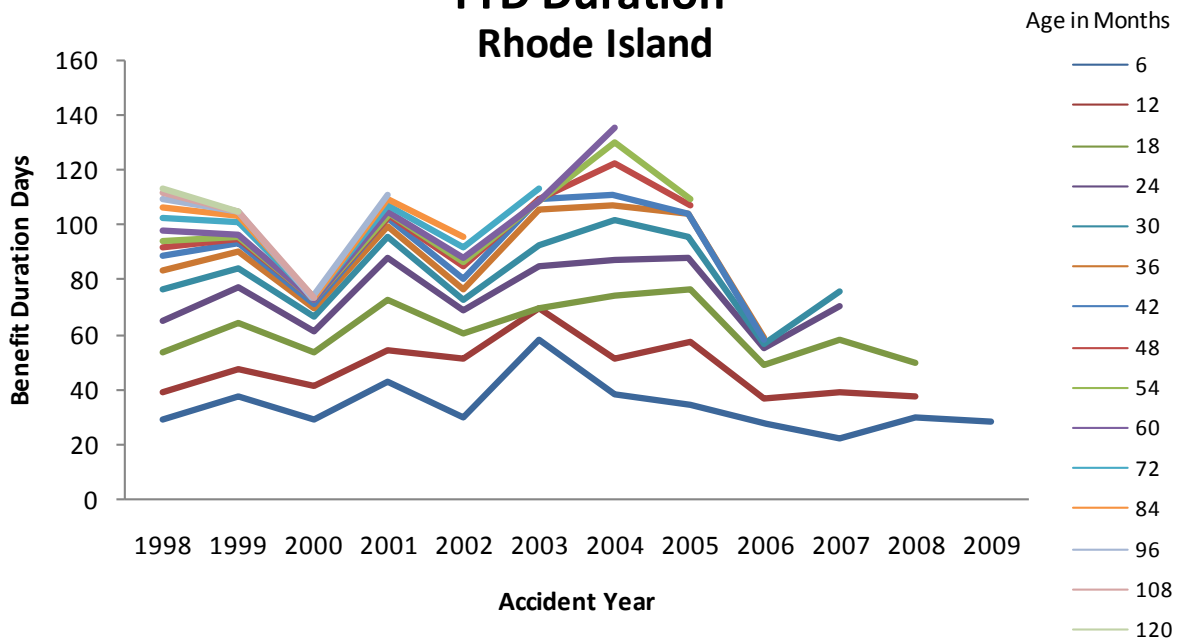


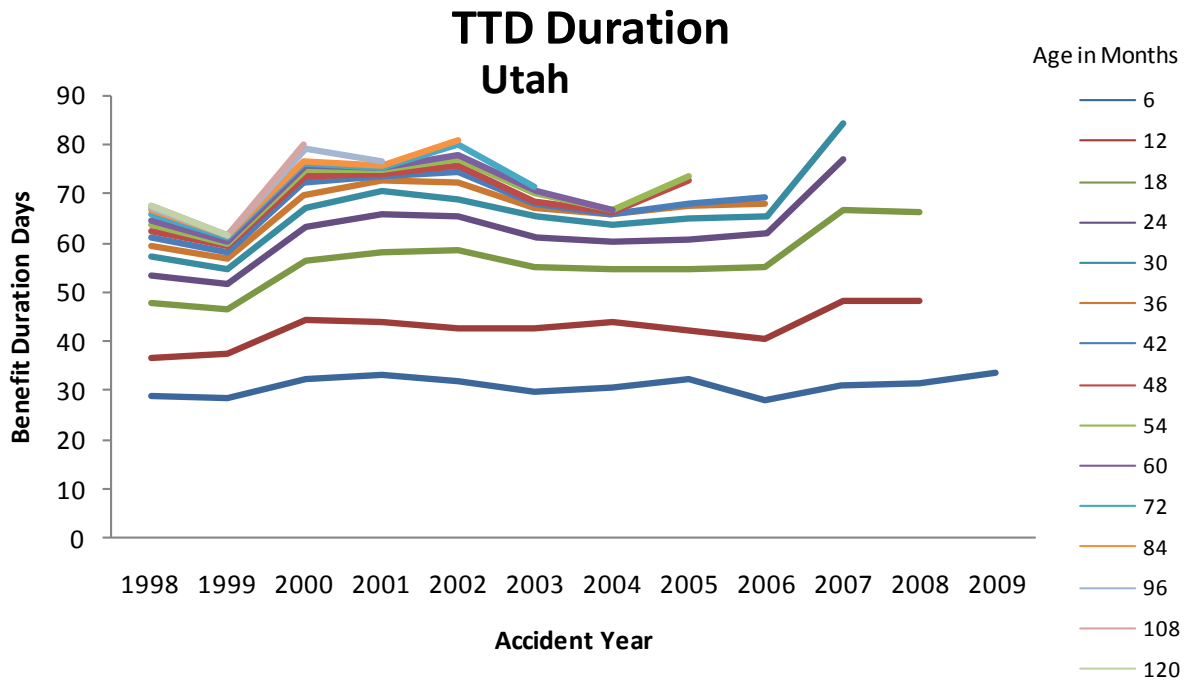
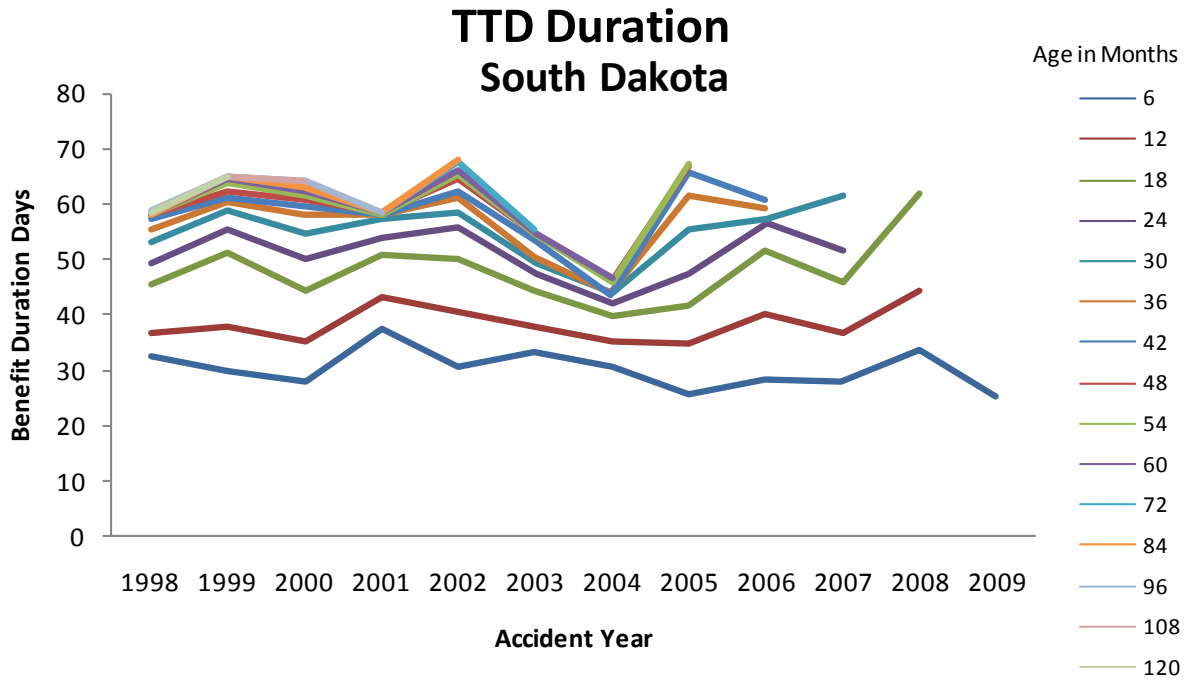


### TTD Duration Nevada

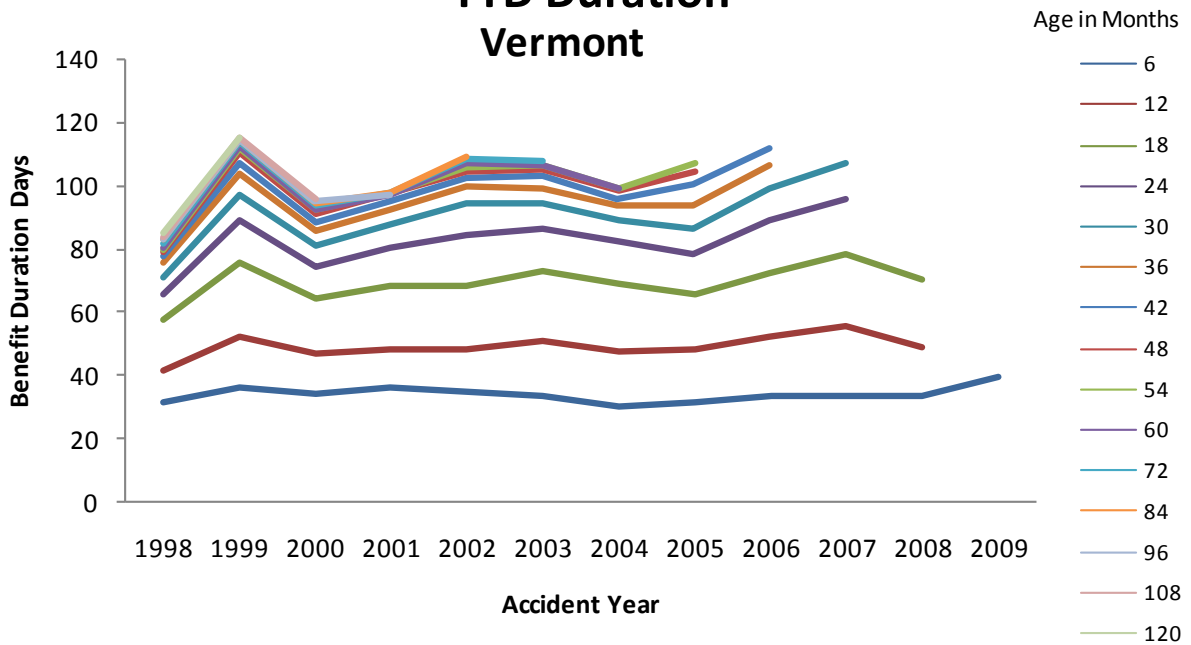


### TTD Duration Rhode Island





## TTD Duration Vermont



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