NATIONAL COUNCIL OF INSURANCE LEGISLATORS
WORKERS' COMPENSATION INSURANCE COMMITTEE
2026 NCOIL SUMMER MEETING – BOSTON, MA
July 17, 2026
DRAFT MINUTES

The National Council of Insurance Legislators (NCOIL) Workers' Compensation Insurance Committee met at the Westin Copley Place Hotel in Boston, MA on Friday, July 17, 2026 at 9:00 a.m.

Ohio Representative Brian Lampton, Chair of the Committee, presided.

Other members of the Committee present were:

Sen. Justin Boyd (AR)
Rep. Peggy Mayfield (IN)
Rep. Adrielle Camuel (KY)
Rep. Sarge Pollock (KY)
Rep. Brenda Carter (MI)
Sen. Lana Theis (MI)
Sen. Paul Utke (MN)
Sen. George Lang (OH)
Del. Walter Hall (WV)

Other legislators present were:

Rep. Zack Gramlich (AR)
Sen. Tim Grayson (CA)
Rep. Kerry Wood (CT)
Rep. Stephen Meskers (CT)
Sen. Adrian Dickey (IA)
Rep. Rita Mayfield (IL)
Rep. Dennis Bamburg (LA)
Rep. Mike Johnson (LA)
Sen. Franklin Foil (LA)
Sen. Jason Howell (KY)
Rep. Michelle Boyer (ME)
Rep. Rolf Olsen (ME)
Rep. Bob Foley (ME)
Sen. Mark Huizenga (MI)
Sen. Joseph Thomas (MS)
Sen. Bill Gannon (NH)
Sen. Mark Mann (OK)
Rep. Trey Wharton (TX)
Rep. Calvin Callahan (WI)
Rep. Pepper Ottman (WY)

Also in attendance were:

Will Melofchik, NCOIL CEO
Christa Rapoport, NCOIL General Counsel
Pat Gilbert, NCOIL Director of Policy, Administration, & Member Services

QUORUM

Upon a Motion made by Sen. Justin Boyd (AR) and seconded by Del. Walter Hall (WV), the Committee voted without objection by way of a voice vote to waive the quorum requirement.

MINUTES

Upon a Motion made by Rep. Peggy Mayfield (IN) and seconded by Rep. Adrielle Camuel (KY), the Committee voted without objection by way of a voice vote to adopt the minutes of the Committee's April 17, 2026 meeting.

"STATE OF THE LINE" PRESENTATION – AN UPDATE ON THE STATUS OF AND TRENDS IN THE WORKERS' COMPENSATION INSURANCE MARKETPLACE

Jeff Eddinger, Senior Division Executive at the National Council on Compensation Insurance (NCCI), stated we're going to take a quick look at workers' compensation results. We'll start

off with looking at the calendar year combined ratios. Remember that the combined ratio for workers' compensation is a ratio of the benefits paid out and the expenses related to those benefits, ratioed to premium. We're looking at a 21 year history here of the combined ratio. And we just all remember that a combined ratio under 100 means that more premium was collected, then was paid out. So, in other words, a profitable year for workers' compensation. Calendar year 2025 is at 91%. It's up 5 points from 86% the previous year. Prior to this year, we had seen 8 straight years of calendar year combined ratios under 90%. There has now been 12 straight years of underwriting profits. So, if we look at the components of the combined ratio, we see a 3.5% increase in the loss ratio. But even with that increase, that's 9 straight years of a calendar year loss ratio under 50%. The other increase of a 1.5% is in the underwriting expense ratio, and that's the highest it's been in 20 years. And we're looking at a 21 year history of the investment gain on insurance transactions. So, the estimate for the latest year is 9%, a bit lower than the long-term average of 11%. So, when you take that 9% investment gain and you combine it with a 9% underwriting profit gain, you're looking at an 18% pre-tax operating gain for the last year. We had seen 8 straight years of gains over 20%, but still, this is 11 years in a row of operating gains of more than 15% percent. Now calendar year combined ratios are impacted by reserve changes, and for the latest year, we do see the second year of a drop in reserve adequacy. But loss reserves continue to be redundant, meaning higher than they need to be about $14 billion in the latest year. But again, it's a very healthy reserve position for the workers compensation line.

So, now we'll look at the premium. Here's 21 years of net written premium with private carrier premium in blue and state fund premium in orange for those last two years that they're colored. The total premium for the latest year is $45.6 billion, a 1.5% decrease from the year before, $46 billion. But you'll notice that the premium level now is very similar to what it was 20 years ago and that's due to the fact that workers' compensation has payrolls as its exposure base, so the premium has stayed relatively stable. We're going to go through the reasons why. One thing that affects total premium is the amount of premium in the residual market and the residual market premium has been dropping steadily since 2014. For the latest year, it's about $640 million down from $660 million in 2024 and that corresponds to about 5% of the total premium share for 2025, just down slightly. But that tells us that the majority of risks are finding coverage in the voluntary market, and that's an indicator of a healthy workers' compensation system. If we take a closer look at the components of premium, payroll being a major component, payroll increased by 4.8% in the latest year. You can see the variation by job classification there with health care showing the largest growth in employment, and leisure and hospitality with the smallest wage growth. Also just notice that the payroll is made up of the growth in wages, and employment. The vast majority of the increase there is a 4.3% increase in wage growth and a very small increase in employment.

Now this shows the reason that premium has been remaining very stable. It's caused by two offsetting changes: we're seeing an increase in payrolls, but at the same time, we're seeing a decrease in the loss costs. And so, for the latest round of rate filings for NCCI states, the loss cost decreased by about 5% compared to a decrease of about 6% for the previous year. You'll notice in this 21 year history there was really only one year, 2012, that had an overall increase in loss costs. This slide just shows the range by state, ranging from a negative 22% in New York to plus 22% in Nevada. And the highlighted states on this graph are actually non-NCCI states, what we call other bureau states. So, I guess you'll also notice that there's really no pattern necessarily with those non-NCCI states they also run the gamut.
So, the other side of this story are the loss drivers. There are many components to the loss drivers. We'll start out with what we call claim frequency and claim frequency did decrease 2% in the latest year compared to almost 6% the prior year. This is a smaller decrease than in previous years, but it is still a decrease and it is smaller than the long-term average. We have seen claim frequency dropping over time, an average of 3.8% every year. We call the average cost per claim severity. So, this is medical claim severity changes, and medical

claim severity increased 4% for the latest year compared to 6% the previous year. So, there are many factors impacting the total cost of medical services. For example, for physician costs, if we look up there, we see that physician costs prices increased 3%, while utilization of services increased 4%. So again, when we look at the overall average cost per claim going up 6%, we can see overall across all of these categories it's an even split between price and utilization for medical.

Now, when we look over a long period, medical severity had been tracking very closely with what we call a medical workers' comp medical price index from 2014 to 2023. Those two things have been tracking fairly closely, but for the last two years we've seen medical severity outpace that medical price index a bit. Then we look at the indemnity portion, which is the wage replacement and indemnity claim severity increased 4% for the latest year compared to almost 5% the year before. Of course, driven primarily by wages. So, over the last 20 years, wage inflation has actually far outpaced changes in indemnity severity. It tracked with wages up till about 2013, but then it started growing faster than the wages through 2021. Then since 2021, these two things have been more in line, each up about 20%. But wages have increased 96% during this period compared to only 71% for the indemnity. So, when we put these two things together, total claim severities increased by 4% the latest year, compared to 5.6% the prior year. But as I mentioned, because workers' compensation exposure base is payroll, and is in fact affected by wages, it's meaningful to look at that adjusted for wages. So, when they're adjusted for wages, the latest two years are very flat. But you can see how the total severity over time has decreased steadily since 2009, when adjusted for wages on average, it's going down about 4.5% per year.

So, this is just showing that the overall loss ratio has dropped 3% in the latest year. So, we continue to be in an environment where payrolls are increasing, driven by wages and employment. But at the same time, claim frequency continues to decrease and in addition claim severity is relatively flat when adjusted for wages. So, this environment is still conducive to continued loss cost decreases. So, workers' comp has one of the lowest combined ratios in the P&C industry. Both the calendar and accident year results are under 100%. Claim frequency continues to improve, premiums are relatively stable, and reserves are strong.

Rep. Lampton thanked Mr. Eddinger and stated that we like to hear good reserves and low loss ratios. One of the things I had noticed on your frequency graph in 2021 there was a large increase. Was that a COVID related increase because of the frequency there? Mr. Eddinger stated yes, it's a good observation. I usually say that during this time period, there was really only one year 2010, where claim frequency went up. The 2020 and 2021 COVID time, you see a very large decrease in 2020, and then it bounced back in 2021. So yes, that that's a good observation. That was definitely affected by the COVID period.

Rep. Stephen Meskers (CT) said I am not as familiar with the product other than how it works in the payouts. Are the reserves managed as a portfolio? Is there any function in the return on reserves versus the premiums that are charged every year and the adequacy of the funding? Or is it more like a cash management balance account in the reserves? Mr. Eddinger said I'm not an expert because I'm not from a carrier, but what I will say when we talk about the reserves, we're talking about insurance company estimates of what they expect to pay out over all of their claims and we have seen those estimates drop over time. So, it just means that the initial estimate or initial reserves that are put up are higher than they end up being when the claim is finally settled. Now, when I looked at the results and returns on investment, carriers are able to invest the reserves, so the premium they collect, they can invest in and the reserves that they put up that money can still be invested. But I can't speak to returns on those investments or how they're made.

Rep. Meskers stated I'm curious as to whether there's any correlation, because if you go through, '08, '09 in the financial crisis, I'm expecting unemployment goes up. There probably might be some incidence in workers compensation claims as well if their jobs are at risk. If their portfolios and the reserves go down, you could get a double incidence in the effect of the adequacy. I'm just trying to figure out reserve adequacy for these funds.

PRESENTATION ON AIR AMBULANCES IN WORKERS' COMPENSATION: USE AND COSTS ACROSS STATES

Rep. Lampton stated next on our agenda, we have a presentation from the Workers Compensation Research Institute (WCRI) on air ambulances in workers compensation, focusing on the use and costs across states. This discussion isn't geared toward development of a Model Law or resolution, rather just an interesting presentation, especially since air ambulances in general, have been an NCOIL agenda topic throughout the years in other lines of insurance.

Ramona Tanabe, President and CEO of the WCRI thanked the Committee for the invitation and opportunity to present WCRI's work. This is a much narrower question on air ambulance transport services. Last year, we did a study on hospital closures and the effect of those closures on access to care and claim outcomes. And the question we got repeatedly was, did you also look at air ambulances? So, we did and this is a report as a result of that. Today I want to share our findings with you and tell you a little bit about WCRI as well. Our first finding is that air ambulance transport services are used very infrequently, particularly in urban areas. When we look at rural areas, we saw that it was a little bit more than a percent of claims with more than seven days of lost time. What I'm using here is a compilation of 32 states combined together, and looking at only claims that had lost time payments made to them. So, it excludes medical only claims because those would be unlikely to be using services of air ambulances.

What do we mean by air ambulance transport services? We mean rotary wing transport services, not fixed wing. So, these are also from an injury site to a hospital or from a smaller hospital to a larger trauma center. So, it could include both. We also looked at rural areas to say, can we break rural areas down? And we used the rural urban and commute area codes developed by the Department of Agriculture and created micropolitan areas, small towns, and very rural areas. And you can see that there's some distinction between those in rural areas not having a hospital in a close proximity, perhaps to the injury. This is what you would expect how those services would be used. But it indicates the critical services that are provided by these air ambulances to those remote areas for potentially lifesaving situations. We also looked at what types of injuries received these types of services. Not surprisingly, motor vehicle accidents and burns were the most common. This chart is showing the percentage of claims with those types of injuries that had air ambulance services. How has this changed over time? We also looked at how did that percentage of air ambulance services change? And you can see that it didn't change all that much. It's relatively stable, somewhere a little bit over a percent, a little bit up and down. This chart divides it into all claims as well as claims with more than 7 days of loss time or rural claims, which is the top green line. I also wanted to look at this by jurisdiction to say, is it the same across all states? Here is the distribution across states, and you can see that for rural areas it's very different. This is looking at 2024 claims that occurred between 2022 and 2024. So, what you see is that in some states, it's less than 0.5%, up to 2%. Texas is standing out at about 3.5%. What that means is in a rural area one in 30 injured workers in those rural areas will receive air ambulance transport services.

Then we wondered about the cost. When we look at the cost by jurisdiction for that same time period from 2022 to 2024, you can see it varies greatly from $10,000 in Texas up to almost $60,000 in California. What might explain this variation in cost as well as the high

cost? Some of it has to do with it's a highly specialized service that's being provided. There's a limited number of providers and there's not a lot of competition. The providers tend to not be in networks, so it's also an emergency. It's not a time to cost compare and there is uncertainty in the regulation. It differs across jurisdictions. The two states that we just looked at, Texas and California, at opposite ends. In Texas, their fee medical fee schedule, which regulates the reimbursement prices for medical services includes air ambulance transport services. In California, the fee schedule specifically excludes air ambulance transport services and says they will be governed under the Airline Deregulation Act (ADA).

So, how have the payments changed over time? And we can see that the average payment, which is the top line here, increased more than 60% over those 10 years. The median line, which is shown underneath that is increased at a lesser rate but still increased. That means that distribution across states, the differences, it's some states are much higher and increased at a more rapid pace. Let's look at it by jurisdiction then. The yellow bars here show 2013 to 2015, and then the blue bars show, 2022 to 2024. You can see in many states there was an increase. Texas was relatively stable at around $10,000. California almost doubled. Some states increased in the 80% range. But more than half of the states increased more than 50%. Notably, South Carolina decreased over that time period. In 2017, South Carolina put in place a regulation tying it to Centers for Medicare and Medicaid Services (CMS) reimbursement rates for air ambulance transport services.

This could also reflect fuel prices. One would expect the fuel prices to be part of the equation of the cost of these types of services. At the beginning of the time period, the fuel prices were at $3 a gallon. At the end of the time period, they were at $2.50 a gallon. Today they're at $3.50. I think it remains to be seen how that will affect services going forward as well. So, what we saw in this study was that while the use is infrequent these services can be expensive, with the payments varying depending on the jurisdiction. And that there has been an increase in those payments over time. A little bit about WCRI, we are a nonprofit, nonpartisan resource for public officials and all stakeholders in the workers' compensation system. We provide about 40-50 studies a year. And the studies are regularly used in public policy discussions. Our mission is to provide that information so that when there's a public policy discussion, it can be an informed discussion based on data. We don't make recommendations or take positions on the issues that we study.

Rep. Pepper Ottman (WY) stated this is all pretty new for me, but we have private companies that we as individuals get in Wyoming. I noticed Wyoming's not on here at all. And so, it looks like we don't use air ambulance, but we do a lot. And there's a company called MASA and it is extremely expensive to use the air ambulance in our area unless you have these companies. Do you have any comments on that? Ms. Tanabe said I should say that the study is based on 32 states. We excluded states where we did not have representative data in the state, and small cell sizes. So, for that reason Wyoming was not included in the study. That does not mean that there are not those services in those states however. It just means that the data that we had to support this study wouldn't support that study. I talked about fuel prices. Fuel prices for private companies as well tend to be about double what I quoted. So, there's a distinction between privately owned company fuel planes as well or rotary wing transport services. So that could affect some of the costs as well.

Rep. Lampton asked if you see an increase in air ambulance services. In other words, are there more helicopters flying around, or are is that relatively stable? Ms. Tanabe responded saying it's been relatively stable in the data.

DISCUSSION ON THE STATE OF WORK COMP COVERAGE FOR MENTAL INJURIES

Rep. Lampton stated next on our agenda is a discussion of the state of work comp coverage for mental injuries. This issue is growing in the marketplace and is something I know we've

grappled with in Ohio. In fact, Ohio just passed some funding. So, in Ohio, you have to have a direct physical injury first in order for a post traumatic stress syndrome (PTSD) type injury to be covered under work comp. There's been a lot of discussion around that. We just passed a funding measure for those folks who would experience PTSD without the physical injury. So, that fund and all that is outside of a workers' comp claim, but we did provide funding for our first responders in that example. Several other states' have had bills come up and in some instances, laws have been enacted relating to this issue.

Mark Walls, Corporate Senior Vice President and Chief Marketing Officer at the Safety National stated I'd like to thank the Committee for allowing me to testify today on the state of workers' compensation coverage for mental injuries. Many of you may not be familiar with Safety National. We are an insurance carrier, we work with employers who use self-insurance and high-deductible policies, so we're kind of in the background. But collectively, we insure or reinsure about 1 out of 13 workers in the U.S. So, you may not have heard of us, but we're out there on a lot of different things. We are involved in many of the largest, most costly claims. We pay for a lot of air ambulance services. So those are the types of files that we get involved in. When workers' compensation started over a 100 years ago, the focus was on sudden and traumatic injuries. Workers' compensation has continued to evolve as the nature of work has evolved. Workers' compensation statutes have been amended to include other occupational risks, such as repetitive trauma claims or occupational diseases caused by workplace exposures. Mental health represents the next meaningful expansion of workers' compensation injuries.

For several years, most states have allowed what are called physical-mental claims. Those are claims like in Ohio, where there is a mental condition that arises from a physical injury. This is usually in the form of depression or anxiety as an added condition to the claim. While this tends to increase the costs of the claim and the duration of disability, the physical injury generally remains the primary driver of the costs. An interesting trend being seen post-pandemic is a higher prevalence of mental health as a complicating condition on claims. Several factors are contributing to this including an increased societal focus on the importance of mental health as a component of wellbeing. More people are receiving mental health treatment as part of their overall health care. It only stands to reason that this would mean you have more people with preexisting mental health diagnosis, who are suffering workers compensation injuries.

The trend in recent years is the expansion of mental claims in which the work-related mental health conditions were not caused by a physical injury. Much of this expansion started by allowing PTSD claims for first responders, and now many states have PTSD presumptions for first responders. Those presumptions actually change the burden of proof when establishing compensability for such claims. We are seeing more states allow mental claims for all employees, in part because of the inequity that resulted from only allowing such claims for first responders. Think about a workplace shooting. When the law limits mental claims to first responders, only they can receive workers' compensation benefits. However, the actual workers in the facility where the shooting occurred could not receive these same benefits. And it was that inequity that has led many states to make changes and allow mental claims to all employees.

While mental claims are relatively new in some states, they have been allowed in other states for many years, especially with first responders. From those states, we were able to gather data around the frequency and costs of such claims. Our experience shows that the per injury cost typically remained lower than most physical injury claims, but frequency can vary significantly. We've seen shooting claims with a couple of officers on the scene that resulted in over 100 PTSD claims being filed. In addition, that tied into that claim where the PTSD claims actually exceeded the costs of the physical injury claims from the people that were on the scene. As these claims expand, first responders continue to have the highest

claims costs. However, the frequency of these claims is growing in several industries, in particular healthcare, schools, public transportation, even the retail settings. The debate over mental health and workers' compensation is often framed on whether or not these injuries are real. In my opinion, that's the wrong debate. Without question, mental injuries are real. The appropriate policy question is where workers' compensation should draw the line between compensable occupational trauma and the stresses that are part of everyday life and work. Sudden traumatic events that would cause a mental injury for a reasonable person should be covered under workers' compensation. We see statutes use language like unusual and extraordinary. Proximity of threat is an important addition to your statute.

However, workers' compensation is not designed to be a remedy for someone having a conflict with coworkers, feeling aggrieved by legitimate personnel process, or just the general stressors of the workplace. Workers' compensation is not a replacement for group health insurance or employee assistance programs. As mental health has expanded in workers' compensation, some states have established statutory standards for diagnosis while others rely on treatment guidelines adopted through regulation. In either case, clear diagnostic criteria and evidence based treatment protocols help ensure that the legislature's intent is consistently applied. One final note, the impact of mental health claims in workers' compensation is extremely difficult to fully quantify because of incomplete data. First, the coding for such claims is often inconsistent at the adjuster level. When we analyzed our own data, which comes from third-party administrators around the country, it showed that the leading cause of mental injury was "other." Not really good for your analysis, right?

In addition, there is not one single source of truth when it comes to workers' compensation data. When you hear somebody say, "Well, the data clearly shows," I would encourage a degree of skepticism. Workers' compensation data is by design fragmented. NCCI has about a third of it. The independent bureau states such as California and New York have about a third of the data, and about one-third of employees are covered under self-insurance, and their data is not reported typically to the bureaus. This covers most public sector employers, K through 12 schools, and a significant percentage of the workforce in higher education and health care. So, this incomplete picture of the data really makes fully understanding the impact of mental health and workers' compensation challenging. Mental health will continue to be one of the most important issues facing workers' compensation for the next decade. As legislators your challenge is not determining whether these injuries are real. They are. Your challenge is defining where workers' compensation appropriately begins and ends.

Rep. Ottman stated this is an issue in the Wyoming Labor & Health meetings this last interim, we had a lot of testimony. Quite a few hours from dispatchers because we have the sheriffs, and we have the police, and we have the firemen. But the dispatchers that get on those calls and are there for the entirety of that. They gave amazing testimony about how they are not being recognized or served. I honestly never thought of workers' comp as that. I just looked at the mental health portion of it. So, this would be a good conversation, I think. Mr. Walls said I will tell you that's going to depend on how the statute is written because we've seen claims for dispatchers. The claim that I mentioned where we had over 100 PTSDs from an incident with only two people on site. That was dispatchers, that was coworkers on the force. It depends on how the statute is written, and if the statute requires a proximity to the threat, then such claims aren't eliminated. I also wanted to mention my wife's family lives in rural eastern Oregon, so they buy that insurance for the air ambulance, so they can have that coverage.

READOPTION OF MODEL LAWS

Rep. Lampton stated last on our agenda is the re-adoption of Model Laws. The two Models that are up for consideration of re-adoption are the Model Agreement Between Jurisdictions to Govern Coordination of Claims and Coverage, and the Trucking and Messenger Courier

Industries Work Comp Model Act. The models are in your binders starting on page 58, also on the website and the app. We have not received any comments on these Models since they were distributed months ago.

Hearing no questions or comments, upon a motion made by Rep. Meskers and seconded by Rep. Michael Sarge Pollock (KY), the Committee voted without objection by way of a voice vote to re-adopt the Models.

ADJOURNMENT

Hearing no further business, upon a motion made by Del. Hall and seconded by Sen. Boyd, the Committee adjourned at 10:30 a.m.