

# The Decrease in Workers' Compensation Awards: Safer Workplaces or Stricter Insurers?

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## Executive Summary

Workers' compensation provides cash and medical benefits to employees who suffer workplace injuries.

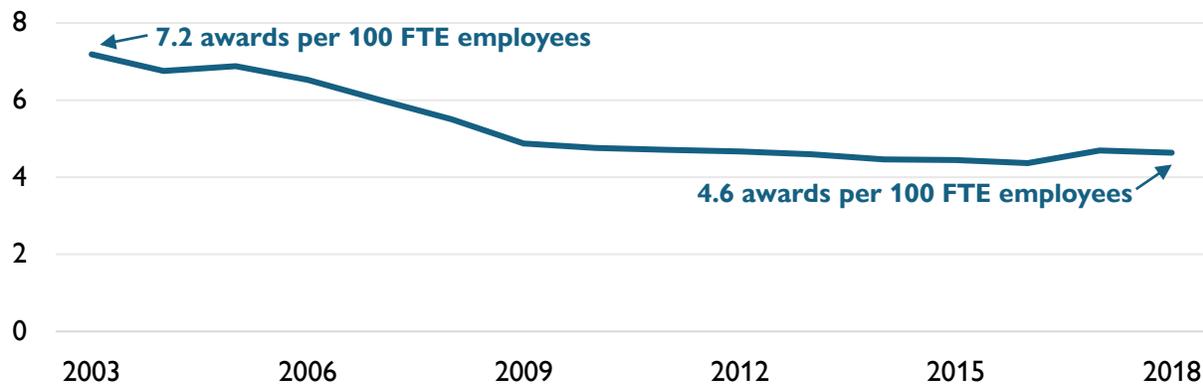
**Between 2003 and 2018, awards in Oregon declined by 35.5%, raising a central policy and industry question: are workplaces becoming safer, or are insurers becoming more restrictive?**

Using administrative claims data from the Oregon Department of Consumer and Business Services and injury data from the Bureau of Labor Statistics, this analysis decomposes the drivers of the decline. **The findings indicate that improvements in workplace safety account for the entire reduction in awards.** In contrast, insurer denial rates declined over the same period, providing little evidence that increased insurer stringency contributed to the trend. Overall, the data suggest that awards are declining primarily because workplace injuries are declining.

## Claims Awards Have Declined Substantially

Consistent with national trends, awards of workers' compensation in Oregon have undergone a sustained decline over time. Based on analysis of data from the Oregon Department of Consumer and Business Services, award rates decreased by **35.5%** from 2003 through 2018. This calculation considers both award types in Oregon: **nondisabling** (medical only benefits) and **disabling** (cash and medical benefits). As seen in **Figure 1**, in 2003 the award rate was **7.2** per 100 full-time equivalent (FTE) employees. By 2018, the rate was **4.6** per 100 FTE employees.

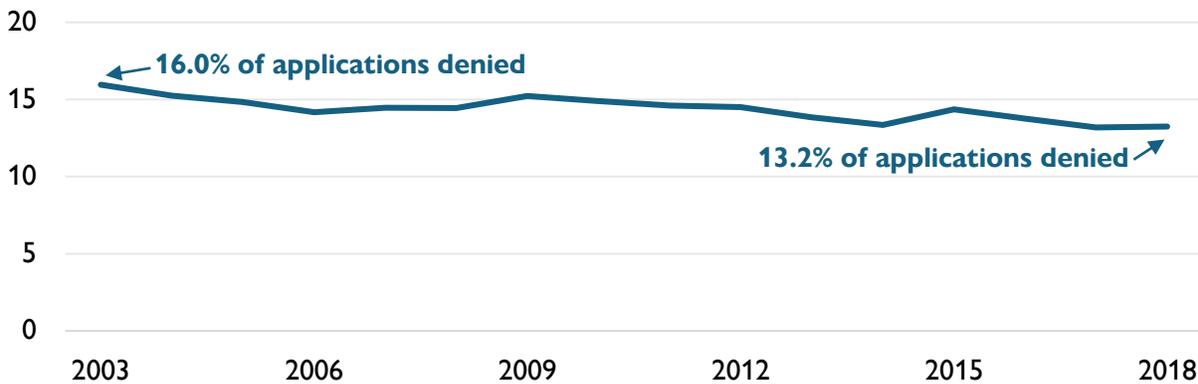
**Figure 1: Award Rates Decreased by 35.5%**



### No Evidence of Rising Insurer Stringency

A plausible reason that awards are down is that insurers have become increasingly strict in their approval process. While this would be consistent with insurer cost-containment behavior, this is not what the Oregon data show. Denials as a percentage of applications have declined by **17.0%** from 2003 through 2018. **Figure 2** shows that the denial rate went from **16.0%** of applications in 2003 to **13.2%** of applications in 2018. Additional evidence that insurers have not become increasingly strict comes from the appeals process. Appeals as a percentage of denials dropped by **11.7%** over the period. All of this provides convincing evidence against a system that is growing more stringent.

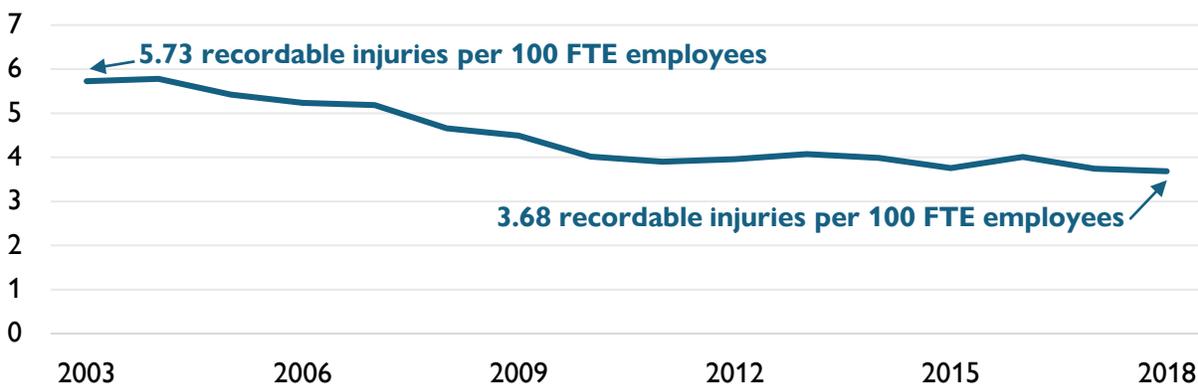
**Figure 2: Denial Rates Declined by 17.0%**



### Workplace Safety Drives the Decline

Another plausible reason that awards are down is that workplace injuries themselves are down. Using data from the Bureau of Labor Statistics' Survey of Occupational Injuries and Illnesses, this analysis tracks recordable injuries (those requiring medical treatment beyond first aid). The number of recordable injuries per 100 FTE employees dropped by **35.7%**. As **Figure 3** shows, this rate decreased from **5.73** in 2003 to **3.68** in 2018. Although SOII data may underreport injuries, the magnitude and trajectory of the decline closely mirror the Oregon administrative data and account for all the reduction in awards.

**Figure 3: Recordable Injury Rates Decreased by 35.7%**



### Conclusion

Overall, the evidence indicates that declining awards primarily reflect improved workplace safety rather than reduced access to benefits. Future research could examine how policy changes in Oregon—such as Medicaid expansion (2014) and Paid Sick Leave mandates (2016)—influence compensation for workplace injuries.