

Understanding claims costs

How medical inflation, managed care organizations, and the long tail of workers' compensation insurance impact the cost of claims.

Trends in claim costs

Each year, we examine our claims data closely to better understand trends and long-term impacts. Here's a snapshot of what we saw last year.

2024 by the numbers

In 2024, SAIF:

- Earned \$517.1 million in premium
- Paid \$141.4 million in claim costs for injuries that occurred in 2024

This represents a 0.8% increase in earned premium and an 8.0% increase in paid losses compared to 2023.

But this is only part of what was paid in 2024. In total, we paid \$385.2 million in claims costs in 2024. Over 63% of that was for claims from prior years.

- \$254.5 million was paid for claims with a date of injury before 2024
- \$13.1 million was paid on claims with a date of injury before 2000
- Some of the oldest claims paid in 2024 date back to the 1940s

What this means

One key takeaway is the "long tail" of claim costs. While claims from the current year are often the focus, older claims—especially those involving ongoing medical care—continue to impact our costs for decades.

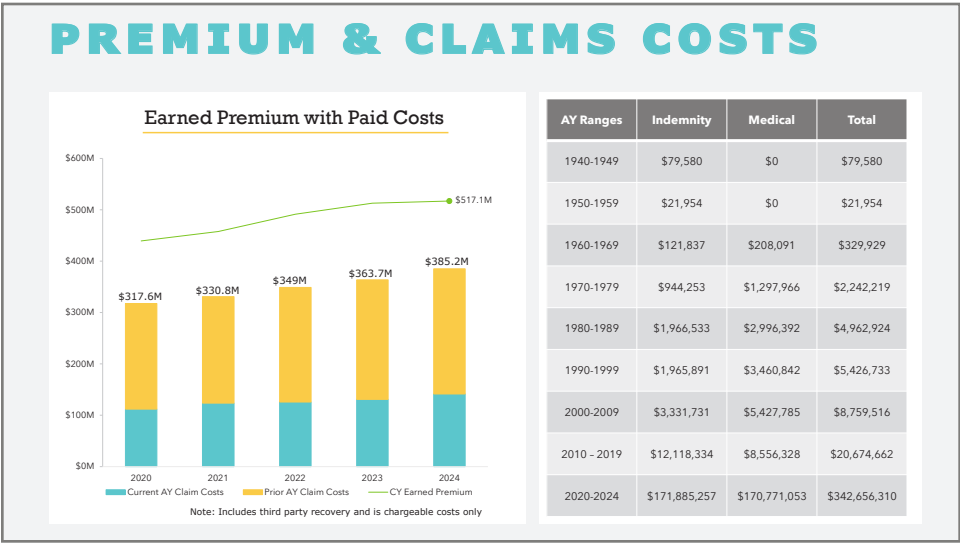
This is especially true when it comes to medical inflation. Costs for services are rising, and SAIF has seen a year-over-year increase of 5.6% in average medical cost per SAIF claim. Even small increases in costs today can significantly affect claims from as far back as the 1940s, where we are still paying benefits.

Why this matters

Understanding the premium collected and the long-term claim payments is essential for maintaining financial strength and delivering on our promise to injured workers.

The role of managed care organizations

SAIF contracts with a number of managed care organizations (MCOs) to provide medical care to injured workers. MCOs in turn contract with physicians, hospitals, and other health care providers to deliver quality medical care to workers with job-related injuries or illnesses. MCOs also educate and support their providers on the workers' compensation system.



Through their treatment guidelines, best practices, and contracts with medical providers, MCOs also help control the costs of claims for employers. By providing access to care—especially in rural areas—MCOs also help get workers back on the job more quickly.

We only select MCOs that provide the best value for our customers, both in care and dollars. We recognize that inexpensive care can carry hidden costs—financially and in terms of patient outcomes. In the long run, quality care delivers greater value.