FIX CA WORKERS' COMP NOW

Californians for Fair Workers' Compensation

# FAQ: Understanding California's Workers' Comp Crisis

## What does workers' compensation in California cover?

The $24 billion state workers' compensation system provides benefits to workers injured on the job with medical care, wage replacement for temporary and permanent disability, job retraining and death benefits.

## Who pays for workers' compensation benefits in California?

Employers are required to carry workers' compensation insurance and pay 100% of the costs. Public sector budgets are largely funded by taxpayer dollars, meaning that Californians are contributing via their tax dollars.

## Why is workers' compensation reform needed now?

Reforms are needed this year because it's impacting businesses and the affordability of goods and services for all Californians. Loopholes in the law are allowing for systemic abuse, leading to rising costs for employers and delaying care and diverting resources for legitimately injured workers. The increase in costs could also soon get worse – the California Insurance Commissioner is considering a 10.4% pure premium rate increase for implementation this year, which means businesses of all sizes could face higher insurance premiums, and that, in turn, could impact Californians. This follows a pure premium rate increase of 8.7% enacted just last year.

## How does this effort differ from the workers' comp bill impacting pro sports?

California must fix the workers' compensation system. While Senate Bill 795 (Richardson) targets claims impacting the unique professional sports workforce, our coalition of local governments, small businesses, nonprofits and employers is focused on reforms to stop abuse that's driving up costs for all employers and help ensure the system delivers fair outcomes for workers across the state.

The Fix CA Workers' Comp Now campaign is calling for commonsense reforms to the $24 billion workers' comp system, including:

- Tightening the injury causation standard to require a meaningful connection to work.
- Setting a reasonable filing deadline for claims and ending 'forever liability.'
- Requiring a minimum employment period before a cumulative trauma injury can be filed.
- Requiring timely medical or work documentation.

## What is the leading driver of the increase in costs?

Claims for cumulative trauma — injuries that develop gradually from repetitive mental or physical stress over time —have surged in California; they now account for nearly one in four indemnity claims, twice the rate of 15 years ago. Loopholes in the law are being abused by bad actors who are taking advantage of the system and driving up costs. According to recent research, attorney involvement in cumulative trauma claims is on the rise – attorneys were involved in 82% of cumulative trauma claims in 2024. For non-cumulative trauma claims, the attorney involvement rate was just 17.5%.

## Why are cumulative trauma claims so expensive?

Cumulative trauma claims are costly because they can be filed long after the injury is alleged to have occurred, even after employment has ended, with as little as 1% connection to work and can involve more complex medical and factual analysis. Increasingly, claimants enlist attorneys who demand multiple medical evaluations to secure lifetime awards and medical coverage.

## What is the impact on businesses, individuals and the economy?

Higher costs of claims for businesses make it more expensive to hire, grow and invest in California and result in decreased affordability of goods and services; public agencies like schools and counties are forced to shift funds away from public safety and classrooms; workers with legitimate claims face delays in care and benefits; and taxpayers feel reductions in public services.

## Who is behind the Fix CA Workers' Comp Now campaign?

The campaign is supported by Californians for Fair Workers' Compensation, a coalition of 19 organizations and businesses representing more than 400 local governments, businesses, nonprofits and other employers who are calling for lawmakers to enact commonsense reforms this year to stop abuse and close legal loopholes to protect the system for workers.