



## ANALYSIS OF NEVADA SENATE BILL 317 *As Enacted on June 11, 2025*

NCCI has completed a cost impact analysis of Nevada Senate Bill (SB) 317, as enacted on June 11<sup>th</sup>, 2025. NCCI expects that the payroll changes enacted in the legislation will result in no impact to overall workers compensation system (WC) costs<sup>1</sup> in Nevada.

**UPDATED 2/4/2026 – Analysis updated to reflect the Fiscal Year 2026 state maximum average monthly wage, published by the Nevada Division of Industrial Relations. As a result, the maximum payroll figure has been updated to \$98,433.60.**

The changes enacted in SB 317 include an increase to the cap on payroll used in the determination of WC premium in Nevada. Due to the manner in which loss costs and assigned risk rates are developed, this increase in payroll cap will require a commensurate overall decrease on WC loss costs and assigned risk rates to maintain balance with the expected losses per \$100 of payroll. This change to the exposure base (payroll) used in calculating loss costs and assigned risk rates will be premium neutral on an overall basis<sup>2</sup> and will be reflected in future WC filings in Nevada, as appropriate. NCCI expects that the change in payroll cap will not have an impact on overall WC system costs in Nevada.

SB 317 also includes several changes to the Nevada statutes that are either not anticipated to have a material impact on WC costs in Nevada, or for which the impact is indeterminable at this time. A description of some of the more noteworthy changes is included in this analysis. The effective date for the payroll cap increase is October 1, 2026. All other changes will become effective July 1, 2027.

### [Summary and Actuarial Analysis of Select Provisions of SB 317](#)

#### *Increase to Payroll Cap*

Under current Nevada statute 616B.222, annual payroll is capped at \$36,000 for the purposes of calculating WC premium. SB 317 will increase the maximum payroll to 12 times the state maximum average monthly wage, as computed by the Nevada Department of Employment, Training and Rehabilitation and published by the Nevada Division of Industrial Relations. The new payroll cap will be updated annually, on or before January 1 of each year and effective January 1 of that year, to remain in effect until the conclusion of each calendar year.

WC premiums charged to policyholders are a function of the payrolls reported to NCCI and the loss costs currently in effect:

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<sup>1</sup> Overall WC system costs generally refers to costs related to benefit payments (losses).

<sup>2</sup> SB 317 may necessitate other ratemaking-related adjustments to account for the change in payroll cap.



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$$\text{Premium} = \frac{\text{Payroll}}{100} \times \text{Loss Costs}$$

*This formula is a simplification and for illustrative purposes only*

This provision of SB 317 will increase the payroll used in the determination of premium on which WC loss costs are based in Nevada. However, the expected cost of claims is unchanged since this change in payroll does not impact the cost to provide WC benefits<sup>3</sup>. In order to maintain the current balance of expected losses per \$100 of payroll and premiums charged for those losses, a corresponding decrease in loss costs must accompany the increase in payrolls reported to NCCI. Thus, the offsetting changes of increased payroll and lower loss costs will generally result in a premium-neutral effect, on average.

The estimated increase in reported payroll in Nevada was calculated by comparing distributions<sup>4</sup> of worker wages under the current cap of \$36,000 and the newly effective cap of \$98,433.60 (= \$8,202.80<sup>5</sup> x 12). The estimated difference between the average worker wage under the newly enacted cap and the average worker wage under the current cap ranges from approximately 50%-75%, on an overall statewide basis (i.e., without breaking out impacts by industry groups or differences by class code). **NCCI estimates that the overall loss costs in Nevada will decrease by approximately 33-43%,<sup>6</sup> in order to offset the increase in payrolls, resulting in no change to premiums on an overall statewide basis. However, as more recent wage and employment data becomes available, NCCI's estimate may differ when such an offset is included in a future WC loss cost filing in Nevada.**

**Impacts to industry groups and classes within industry groups may be less than or greater than the impact range estimated for overall loss costs.** For example, a comparison of wage data for the Construction and Manufacturing sectors shows a higher concentration of average annual payroll greater than \$36,000, versus sectors such as Leisure and Hospitality. The impact of the increase in cap will have a much greater effect on loss costs for the former sectors, versus the latter sector in which the average payroll is closer to the current cap.

**Impacts to loss costs will be premium neutral on an overall statewide basis; however, impacts on individual policies will vary.**

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<sup>3</sup> Indemnity benefits are based on an injured worker's average monthly wage which is not subject to the \$36,000 payroll cap.

<sup>4</sup> Nevada wage distributions by NAICS code from the U.S. Bureau of Labor Statistics Occupational Employment and Wage Statistics (OEWS) data tables <https://www.bls.gov/oes/tables.htm>.

<sup>5</sup> Maximum average monthly wage for Fiscal Year 2026, published by the Nevada Division of Industrial Relations.

<sup>6</sup> -33% = [1/(1.0 + 50%)]-1; -43% = [1/(1.0 + 75%)]-1.



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### *Changes for Stress-Related Injuries*

Under current Nevada statute 616C.180, employees with a stress-related injury must prove by clear and convincing medical or psychiatric evidence that the injury arose out of and in the course of their employment. SB 317 adds “psychological” to the list of allowable evidence that can be provided. SB 317 also requires insurers to maintain a list of providers of mental health care<sup>7</sup> from which injured workers can choose. To the extent that newly introduced psychological evidence results in additional compensable claims, there may be upward pressure on WC system costs in Nevada, the magnitude of which is unknown.

### *Establishment of a Temporary Partial Disability Payment Window*

Current Nevada statutes do not specify the time period in which temporary partial disability (TPD) benefits must begin being paid to injured workers, unlike payments for other benefit types. SB 317 adds language such that TPD payments must be issued by the insurer within 14 working days of the receipt of the request for said benefits. This change is not expected to impact overall system costs in Nevada.

### *Drug Formulary Implementation*

SB 317 requires that the Division of Industrial Relations adopt the Official Disability Guidelines (ODG) Drug Formulary for drugs that are prescribed and dispensed for outpatient use in connection with WC. The drug formulary does not apply to care provided in an emergency department or inpatient setting.

Note that several factors have impacted prescribing patterns in WC in recent years, reducing the share of total medical costs represented by drugs and the utilization of drugs that are typically addressed by drug formularies. In Nevada, payments for prescription drugs represent approximately 6.0% of total medical costs in Service Year 2023.<sup>8</sup> The implementation of the ODG drug formulary may reduce overall WC system costs in Nevada, the magnitude of such savings is indeterminable. Because the date of the ODG drug formulary’s implementation is scheduled to occur approximately two years after the passing of SB 317, the potential magnitude of such savings could vary due to the following factors:

- Shifts in physician prescribing patterns
- Changes in medical or indemnity trends over time
- Changes to the drugs included on the ODG formulary over time

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<sup>7</sup> SB 317 defines “provider of mental health care” as a psychiatrist, a licensed psychologist, a licensed clinical professional counselor or a licensed marriage and family therapist.

<sup>8</sup> Based on data reported to NCCI’s Medical Data Call for Service Year 2023.



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- Changes or additions to the WC fee schedules in Nevada

### *Sunsetting of the Subsequent Injury Account for Associations of Self-Insured Public or Private Employers*

Under current Nevada statutes, three Subsequent Injury Accounts are established: the Self-Insured Employers Account, the Associations of Self-Insured Public or Private Employers Account, and the Account for Private Carriers. SB 317 requires employees to have incurred a subsequent injury on or before September 30, 2025, in order to be reimbursed from the Subsequent Injury Account for Associations of Self-Insured Public or Private Employers. Self-insured entities in Nevada are not required to report data to NCCI; however, it is expected that additional costs may result for self-insureds to the extent that claim costs covered by the Subsequent Injury Account for Associations of Self-Insured Public or Private Employers, for injuries on or after October 1, 2025, become the responsibility of the self-insureds, in addition to being assessed for continued funding of this account until all prior claims are settled and closed.

SB 317 does not make any changes to the Self-Insured Employers Account or the Account for Private Carriers. Changes to the Subsequent Injury Account for Associations of Self-Insured Public or Private Employers are not expected to impact private WC insurance costs in Nevada.

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