Workers' Comp

New York Provides Data-Backed Proof That Stronger Utilization Review is a Cost-Control Strategy

March 4, 2026
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With severity and medical costs rising in many states, leaders are looking hard at what actually controls paid medical. WCRI's New York findings offer a data-backed signal worth testing across states: utilization review (UR) expanded, while medical payments per claim were described as "fairly stable."

WCRI called out utilization review as the area with the most notable recent change based on:

- **UR is touching more claims.** At 12 months, the share of claims with UR services increased from 27% to 57%.
- **UR spend per claim is rising.** WCRI reports UR payment per claim grew 28% per year (12-month maturity) from 2021/2022 to 2023/2024 and 23% per year (36-month maturity) from 2019/2022 to 2021/2024.
- **UR is a larger share of cost containment spend.** For 2023/2024 claims, UR payments represented about one-quarter of overall medical cost containment expense, up from 7% to 10% earlier in the study period.
- **Medical payments per claim held steady.** WCRI ties the higher cost containment share to rising expense while medical payments per claim remained "fairly stable."

New York's stability stands out because national indicators have turned upward:

- NCCI reports severity grew in 2024, including +6% medical claim severity and +6% indemnity claim severity.[2]
- WCRI's multi-state research reports medical costs per claim rose 5–12% across a majority of states, reflecting non-COVID claims through March 2024.[3]

How This Translates Beyond New York

New York's recent experience suggests that investment in UR can be part of a strategy that helps keep paid medical spend from drifting upward with the broader market.[1]?

You don't need to use more UR. Rather, UR should be customized to match your claim inventory, jurisdiction mix, and managed-care philosophy to ensure determinations convert into downstream enforcement. The right UR design will differ by payer, geography and risk tolerance:

- Flexible operating models, including full service, SaaS, peer review, overflow, and hybrid, so programs scale with volume and complexity.
- Oversight that can be tuned from permissive (keep care moving) to more restrictive (tighter medical-necessity control) and adjusted over time as goals and performance data evolve.
- Guideline and client rule stacking by jurisdiction to improve consistency, defensibility, and program fit across state-by-state requirements.
- ROI should be included as a design outcome. Across the UR portfolio, ROI ranges from ~1:1 in highly permissive models to 16+:1 in high touch models, providing a practical framework for balancing savings, friction, and adjuster workload.

What This Means for Your Program

To get the most value from this strategy, UR needs to be connected to enforcement, integrating UR decisions into claims, bill review and pharmacy workflows will ensure determinations reliably translate into action. Now you can measure the effectiveness while leakage declines.

Knowing that in New York, UR increased in both cost and frequency, while medical payments per claim remained fairly stable against rising severity and medical cost benchmarks demonstrates the benefits of UR can far outweigh its costs when configurable, targeted, and tied to enforceable workflows.[1][2][3]

Source Notes

1. Workers Compensation Research Institute (WCRI) — *Benefit Delivery Expenses in the New York Workers' Compensation System* (Feb. 2026). UR measures increased; UR ? one-quarter of medical cost containment for 2023/2024; UR grew 28%/yr (12-month) and 23%/yr (36-month); % claims with UR 27% ?57%.
2. National Council on Compensation Insurance (NCCI) — "State of the Line Report" (May 14, 2025). Key takeaway: "Severity grew in 2024 with increases of 6% for medical claim severity and 6% for indemnity claim severity." (NCCI)
3. WCRI — "Medical Costs per Claim Rose 5–12% Across Majority of States" (Oct. 9, 2025). Notes that medical costs per claim began to rise; results reflect non-COVID claims through March 2024. (WCRI)
4. WCRI — *Benefit Delivery Expenses in the New York Workers' Compensation System* (Feb. 2026). Medical cost containment share rose; "medical payments per claim were fairly stable."
5. WCRI — *Benefit Delivery Expenses in the New York Worker36 months): medical payments $12,269; medical cost containment $3,304.



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