

## COVID-19 IN THE TEXAS WORKERS' COMPENSATION SYSTEM

### Introduction

On March 13, 2020, Governor Greg Abbott issued a statewide disaster declaration for COVID-19. While state and local efforts are being made to address the pandemic, there are many unknowns about its ultimate impact on employees and employers covered under the state's workers' compensation system.

The Texas Department of Insurance, Division of Workers' Compensation (DWC) has prepared this factsheet<sup>1</sup> to provide information on the potential impact of COVID-19 on the state's workers' compensation system. This factsheet provides preliminary information on COVID-19 claims, including indemnity benefits and medical costs paid on claims, as well as information on the percentage of these claims that insurance carriers accepted or denied. Please note that this factsheet does not reflect the impact of Senate Bill (SB) 22 (87th Legislature, effective June 14, 2021), which created a statutory presumption for COVID-19 claims involving most first responders, detention officers, and custodial officers. The bill also allows injured employees or beneficiaries to request that their previously denied claims be reprocessed under the new presumption and permits new COVID-19 claims to be filed for infections that occurred before June 14, 2021. Future

### Key Findings

**COVID-19 claims:** As of August 1, 2021, insurance carriers reported more than 50,000 COVID-19 claims and 269 fatalities to DWC. Nearly half of these claims and fatalities involve first responders and correctional officers.

**COVID-19 claims with benefits:** In 2020, only one-third of COVID-19 claims filed had medical or indemnity benefit payments associated with them.

**Claims with positive test or diagnosis:** Most claims (59%) involved injured employees who tested positive or were diagnosed with COVID-19.

**Denials and disputes:** Data call results show insurance carriers accepted slightly more than half (51%) of COVID-19 positive test claims. Despite nearly 14,000 denials of COVID-19 claims with positive tests or diagnoses, there were only 112 disputes filed with DWC as of August 1, 2021.

**Benefits paid:** For COVID-19 claims, most of the benefits paid were indemnity benefits (particularly employer salary continuation), compared to medical benefits.

**Claims with post-COVID conditions:** About one out of five claims that received professional or hospital/facility services received these services beyond one month post-injury.

<sup>1</sup> The statistics in the factsheet will change over time as claims continue to mature and more data becomes available.

factsheets will include an initial analysis of the claims subject to SB 22 once sufficient data has been collected.

**Data sources for this factsheet:**

- **Administrative claim data** reported to DWC by insurance carriers as of August 1, 2021, on COVID-19 claims. Specific information on indemnity and medical benefits paid for COVID-19 claims is limited to benefits paid as of August 5, 2021, on claims reported to insurance carriers as of June 30, 2021.
- **A data call** with 74 selected insurance carriers to gather more detailed information on how many workers' compensation claims resulted in a positive test or diagnosis as of June 30, 2021, and the disposition of those claims (accepted, denied, under investigation).<sup>2</sup>

**Overall claim frequency:** Although COVID-19 caused a brief shutdown for some jobs and moved others to remote work, the total number of workers' compensation claims reported to DWC in 2020 was about 34% higher than in 2019. The increase in COVID-19 occupational disease claims reported so far in 2020 and the first half of 2021 has temporarily interrupted a 20-year trend in Texas of fewer workers' compensation claims reported each year. Since new claims are still being reported, these statistics may change over time.<sup>3</sup>

**COVID-19 claims:** From January 1, 2020, through August 1, 2021, insurance carriers reported a total of 50,460 COVID-19 claims to DWC. Figure 1 shows the number of COVID-19 claims received by insurance carriers each month. The number of COVID-19 claims began to increase starting in March 2020 consistent with Governor Abbott's COVID-19 disaster declaration in Texas. Claims began to decline in mid-April as Texas began reopening efforts, started surging in June, and continued to increase until mid-July. Claims began to decline again in mid-July through September then started to increase again in October and continued through December. Claims started declining again in January 2021, and continued to decline each month through June. Claims again started increasing in July 2021, reflecting the third wave of COVID-19.

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<sup>2</sup> Selected insurance carriers reported 84-90% of reportable claims and 90-93% of occupational diseases in 2017, 2018, 2019, and 2020 in Texas. DWC's data call consists of seven separate submissions by selected insurance carriers: data as of June 30, 2020; data as of September 30, 2020; data as of December 31, 2020; data as of March 31, 2021; data as of June 30, 2021; data as of September 30, 2021; and data as of December 31, 2021. DWC added several large school districts and one intergovernmental risk pool to the list of selected insurance carriers for the data call as of December 2020 and onward. See [www.tdi.texas.gov/wc/reg/datacall.html](http://www.tdi.texas.gov/wc/reg/datacall.html) for more information about the data call, including the list of selected insurance carriers and data call instructions.

<sup>3</sup> The 87th Texas Legislature passed Senate Bill 22 (effective on June 14, 2021), which created a statutory presumption for COVID-19 claims involving most first responders, detention officers, and custodial officers. The bill also allows injured employees or beneficiaries to request their previously denied claims be reprocessed under the new presumption and permits new COVID-19 claims to be filed for infections that occurred before June 14, 2021.

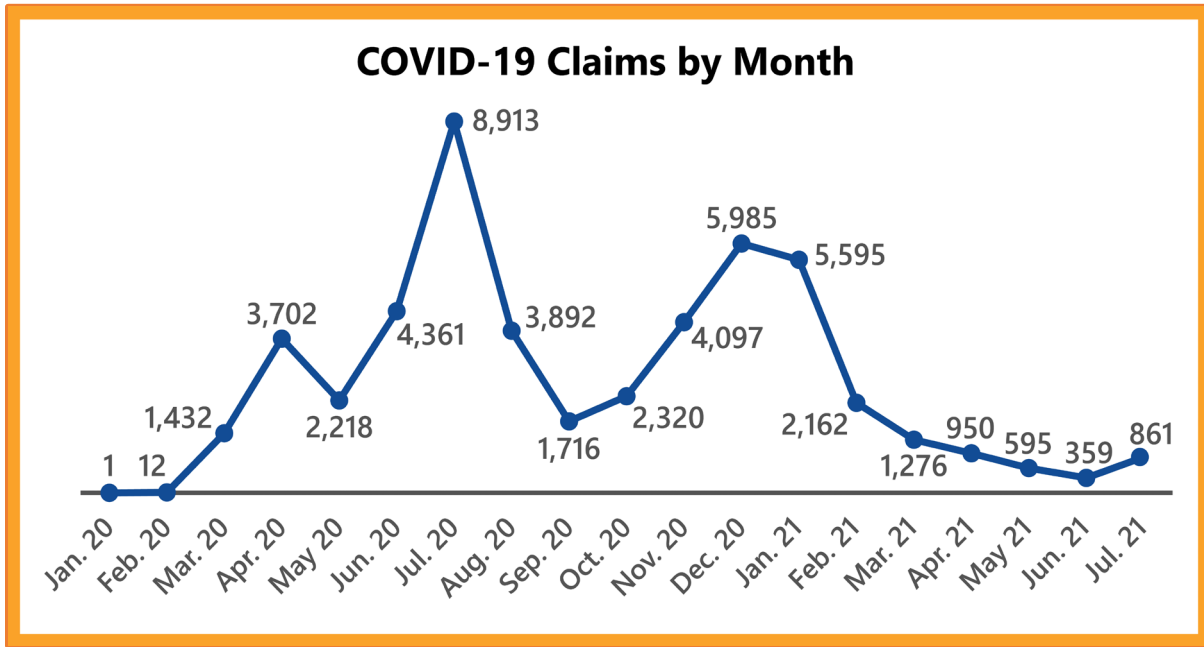


Figure 1. Number of COVID-19 Claims by Month Insurance Carrier Received Claim Notice. Source: DWC administrative data as of August 1, 2021. Note: Monthly counts may change over time as insurance carriers file updated claim reports with DWC. Note: Thirteen claims did not include information about the date of claims.

**COVID-19 claims by county, occupation, gender, age, type of insurance carrier, and type of industry:** The majority (61%) of the state’s COVID-19 cases were concentrated in 10 counties as of August 1, 2021.<sup>4</sup> Likewise, the majority (58%) of the state’s COVID-19 workers’ compensation claims were concentrated in these same 10 counties. Nearly half (44%) of the COVID-19 claims involved first responders and correctional officers, and slightly more than half (52%) of claims were processed by the State of Texas and its political subdivisions acting as insurance carriers (Figure 2).

<sup>4</sup> The 10 counties include Harris, Dallas, Tarrant, Bexar, El Paso, Travis, Collin, Hidalgo, Fort Bend, and Denton. Data sources: Texas Department of State Health Services as of May 9, 2021.

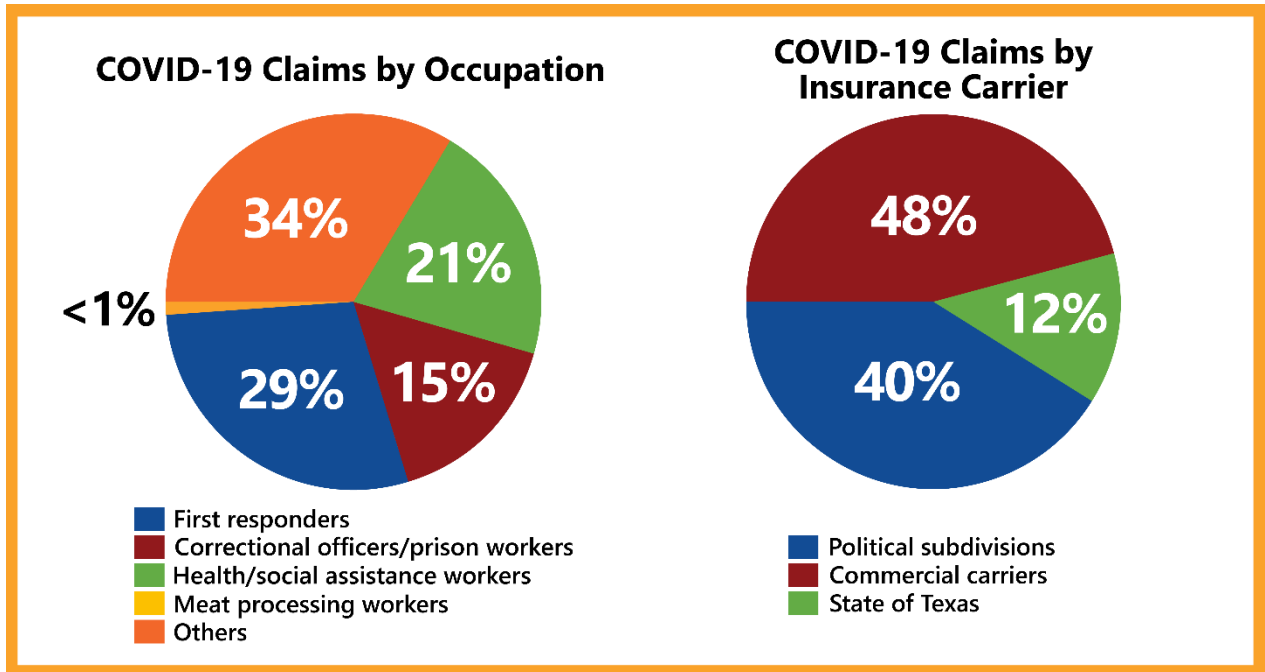


Figure 2. COVID-19 Claims by Occupation and Type of Insurance Carrier. Source: DWC administrative data as of August 1, 2021. Note: "State of Texas" includes the State Office of Risk Management, the University of Texas System, the Texas A&M University System, and the Texas Department of Transportation. "Commercial carriers" includes licensed insurance companies and certified self-insured employers. Seven claims did not include information about insurance carrier. Due to rounding, percentages may not add to 100.

Most COVID-19 claimants were male (Figure 3) and less than 40 years of age (Figure 4).

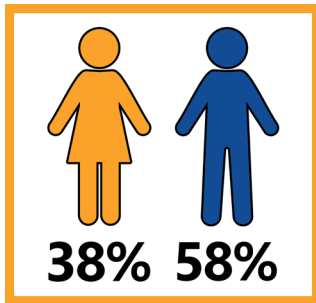


Figure 3. Claimants' Gender. Source: DWC administrative data as of August 1, 2021. Note: Approximately 4% of claims did not include information about gender.

15-19 years	2%
20-29 years	25%
30-39 years	29%
40-49 years	23%
50-59 years	16%
60-69 years	5%
70-79 years	1%
Unknown	<1%

Figure 4. Claimant's Age (unknown age category includes missing or unreliable date of birth). Source: DWC administrative data as of August 1, 2021. Note: Due to rounding, percentages may not add to 100.

Figure 5 provides a breakdown of COVID-19 claims by industry sector.<sup>5</sup> The public administration industry sector represented nearly half (47%) of COVID-19 claims followed by health care and social assistance (21%), administrative and support and waste management and remediation (6%), and manufacturing (5%).

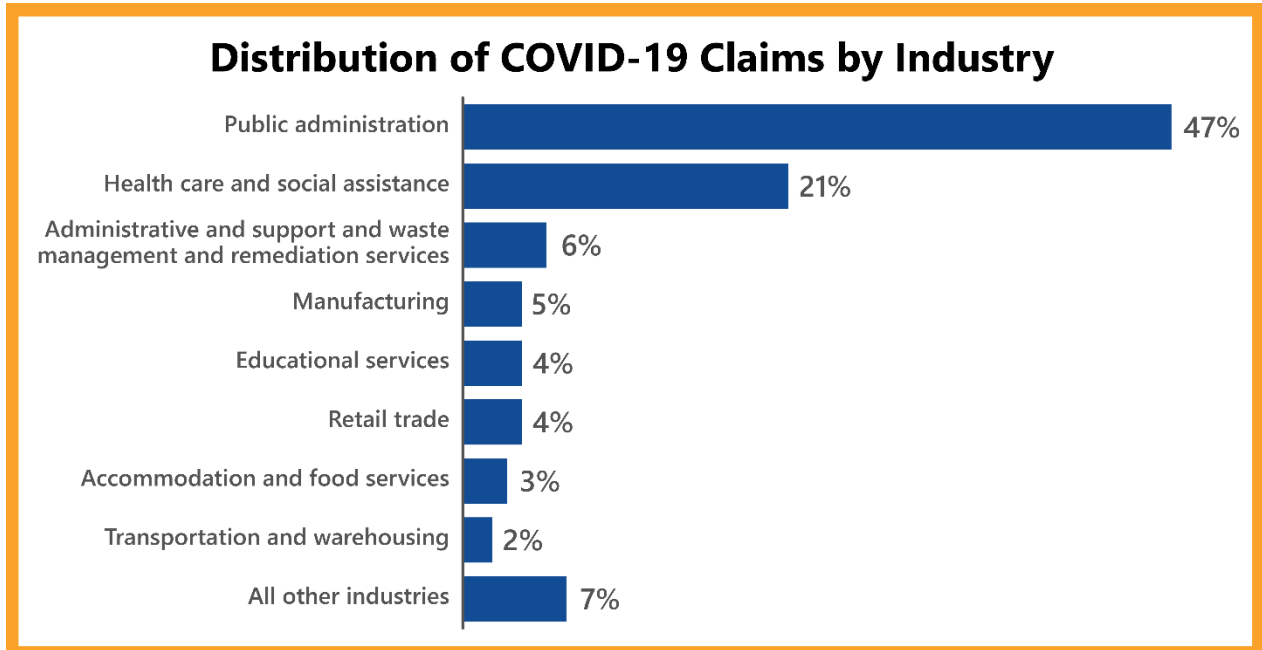


Figure 5. COVID-19 Claims by Industry Source: DWC administrative data as of August 1, 2021. Note: "All other industries" includes agriculture/forestry/fishing/hunting, arts/entertainment/recreation, construction, finance/insurance, information, management of companies and enterprises, mining/quarrying/oil and gas extraction, other services (except public administration), professional/scientific/technical services, real estate/rental/leasing, utilities, and wholesale trade. Due to rounding, percentages may not add to 100.

**COVID-19 fatalities by county, occupation, gender, age, and type of insurance carrier:** As of August 1, 2021, insurance carriers reported 269 COVID-19 fatal claims to DWC. Slightly less than half (41%) of fatal workers' compensation claims were concentrated in the same 10 counties where the most COVID-19 cases and claims were reported. Nearly half (47%) of the COVID-19 fatal claims involved first responders and correctional officers and slightly more than half (51%) of fatal claims were processed by the State of Texas and its political subdivisions (Figure 6). Nearly three-quarters (72%) of the fatal claims involved injured employees who were 50 or more years of age, and three-quarters (76%) of the fatal claims involved males.

<sup>5</sup> Industry sectors were identified using two-digit North American Industry Classification System (NAICS) codes.

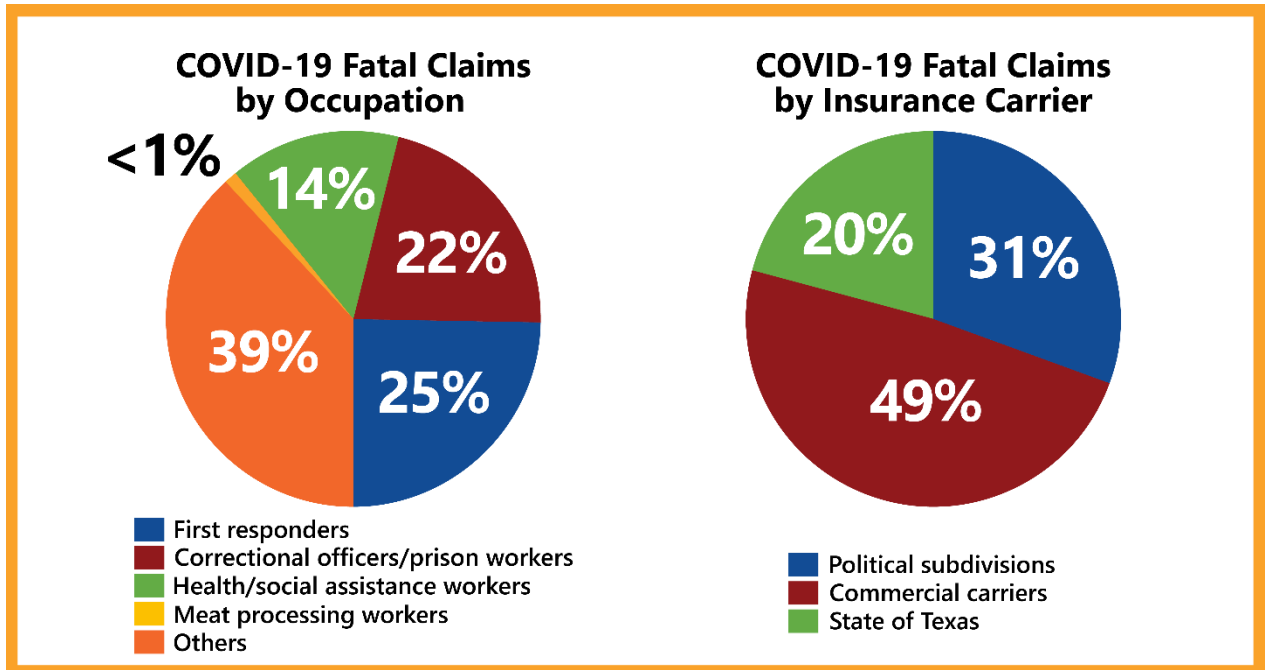


Figure 6. Fatal Claims by Occupation and Type of Insurance Carrier. Source: DWC administrative data as of August 1, 2021. Note: "State of Texas" includes the State Office of Risk Management, the University of Texas System, the Texas A&M University System, and the Texas Department of Transportation. "Commercial carriers" includes licensed insurance companies and certified self-insured employers. Due to rounding, percentages in the pie chart may not add to 100.

**COVID-19 claims accepted, denied, under investigation, and disputed:** Early in the pandemic, DWC monitored the COVID-19 claims reported by insurance carriers and realized that many of these claims appeared to be "exposure only" claims, with no documentation of whether the injured employee tested positive for COVID-19. Many of these claims were being investigated and either accepted or denied by the insurance carrier, based on whether the injured employee could provide medical evidence of a positive test or diagnosis, as well as documentation showing a connection between the COVID-19 infection and work. To understand the proportion of these COVID-19 claims with a positive test or diagnosis, DWC issued a data call with 74 insurance carriers representing the State of Texas, political subdivisions, and commercial insurance carriers.

Overall, the results of the data call (for claims reported to the insurers as June 30, 2021), showed that 59% of the COVID-19 claims involved an injured employee who tested positive or were diagnosed with COVID-19 (Figure 7). Among these positive test claims, slightly more than half (51%) were accepted as work-related by insurance carriers, nearly half (48%) were denied by the insurance carriers, and 1% were still under investigation. These statistics vary across types of insurance carriers. COVID-19 claims being processed by the State of Texas reported the highest rate of denials (76%); however, commercial insurance carriers had the highest number of denials. Despite the number of COVID-19 claims denied, DWC's administrative data as of August 1, 2021, showed that there were only 112 COVID-19 claim disputes filed with DWC.

Insurance Carriers	# of Claims Reported to Insurance Carriers	# of Claims with a Positive Test or Diagnosis (% of exposure)	# of Positive Test Claims Accepted by Insurance Carriers (% of positive test)	# of Positive Test Claims Denied by Insurance Carriers (% of positive test)	# of Positive Test Claims Still Under Investigation (% of positive test)
Commercial carriers	22,413	16,077 (72%)	4,770 (30%)	10,935 (68%)	372 (2%)
Political subdivisions	20,590	11,458 (56%)	9,574 (84%)	1,853 (16%)	31 (<1%)
State of Texas	6,579	1,511 (23%)	369 (24%)	1,142 (76%)	0 (0%)
All carriers total	49,582	29,046 (59%)	14,713 (51%)	13,930 (48%)	403 (1%)

Figure 7. COVID-19 Claims, Positive Test Claims, and Claim Disposition. Source: Data call submission as of June 30, 2021. Note: 1. "State of Texas" includes the State Office of Risk Management, the University of Texas System, the Texas A&M University System, and the Texas Department of Transportation. "Commercial carriers" includes licensed insurance companies and certified self-insured employers. 2. Due to rounding, percentages of positive test claims accepted, denied, and under investigation may not add to 100. 3. Claim numbers under the category of "Commercial carriers" differ from the previous published factsheet. The numbers reflect corrected information submitted by the Tokio Marine group because of changes in covered policyholders since the last data call. 4. Claim numbers under the category "State of Texas" differ from previous published factsheets. The numbers reflect corrected information submitted by the State Office of Risk Management after their review and audit of all data submitted in previous data calls.

**COVID-19 claims with indemnity and medical benefits paid:** Only a portion of the claims filed in 2020 had medical or indemnity payments associated with them. This indicates that a majority of these claims were "exposure-only" claims (meaning the injured employee did not have a positive test or diagnosis), were denied by insurance carriers as not work-related, or were not severe enough to incur medical or indemnity benefit payments. In 2020, approximately 41,465 COVID-19 claims were filed, but only one-third of these claims had medical or indemnity benefit payments. Among these claims 1,977 (5%) were paid with both medical and indemnity benefits, 2,675 (6%) only had medical benefits, 8,584 (21%) only had indemnity benefits, and 28,229 (68%) did not have medical or indemnity benefit payments.

**Indemnity benefits paid:** Using DWC's administrative data as of August 5, 2021, for the claims reported as of June 30, 2021, insurance carriers and employers paid \$38.9 million in indemnity benefits on COVID-19 claims, \$21.8 million (56%) in employer salary continuation, \$16.2 million (42%) in workers' compensation income benefits, \$823,513 (2%) in death benefits, and \$152,362 (<1%) in burial benefits (Figure 8).

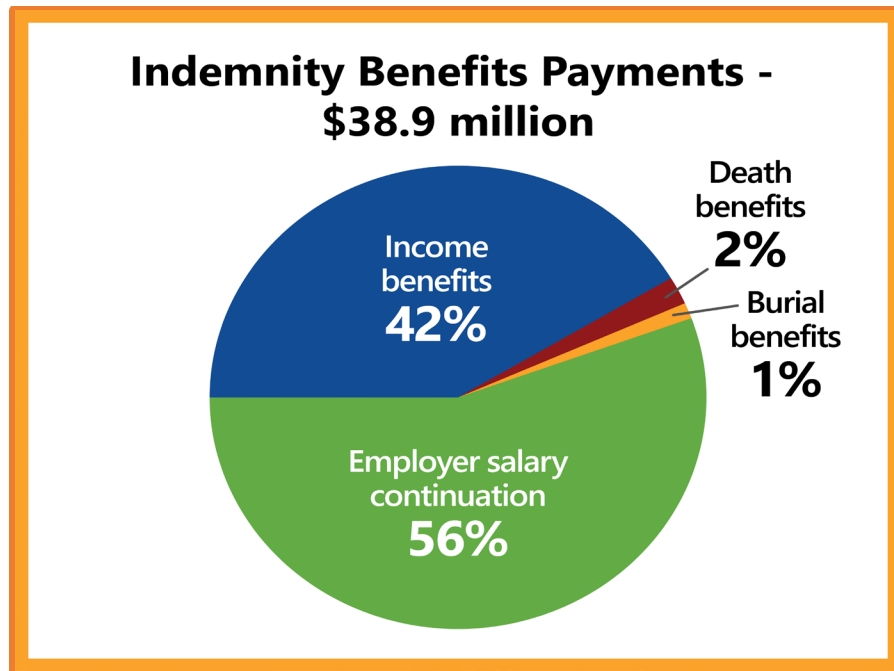


Figure 8. Amount of Income Benefits Paid. Source: DWC administrative data as of August 5, 2021, for claims reported to insurance carriers as of June 30, 2021. Note: Due to rounding, percentages may not add to 100.

As of August 5, 2021, most of these costs have been paid by political subdivisions (69%) followed by commercial insurance carriers (28%), and the State of Texas (3%). The cost of these claims' payments will continue to change over time as injured employees lose time away from work, move from one income benefit type to another, or as additional death benefits are paid to legal beneficiaries.<sup>6</sup> Injured employees receiving income benefits (i.e., employer salary continuation, temporary income benefits, and impairment income benefits) were paid for an average of 19 days of disability per claim (median: 14 days). The average income benefit payment made for the claims with injury dates from January to September 2020, was \$2,774 at six months post-injury.

<sup>6</sup> The amount of employer salary continuation paid for state employees in lieu of receiving workers' compensation income benefits is not fully reported since that information is maintained by individual state agencies.



**Medical costs paid:** Using DWC's administrative data as of August 5, 2021, insurance carriers paid a total of \$22.7 million in medical costs on COVID-19 claims, \$18.2 million (80%) in hospital/facility services, \$4.3 million (19%) in professional services, and \$248,143 (1%) in pharmacy services (Figure 9). To date, most of these costs have been paid by political subdivisions (68%) followed by commercial insurance carriers (28%) and the State of Texas (4%). These costs are likely to increase over time as claims mature.

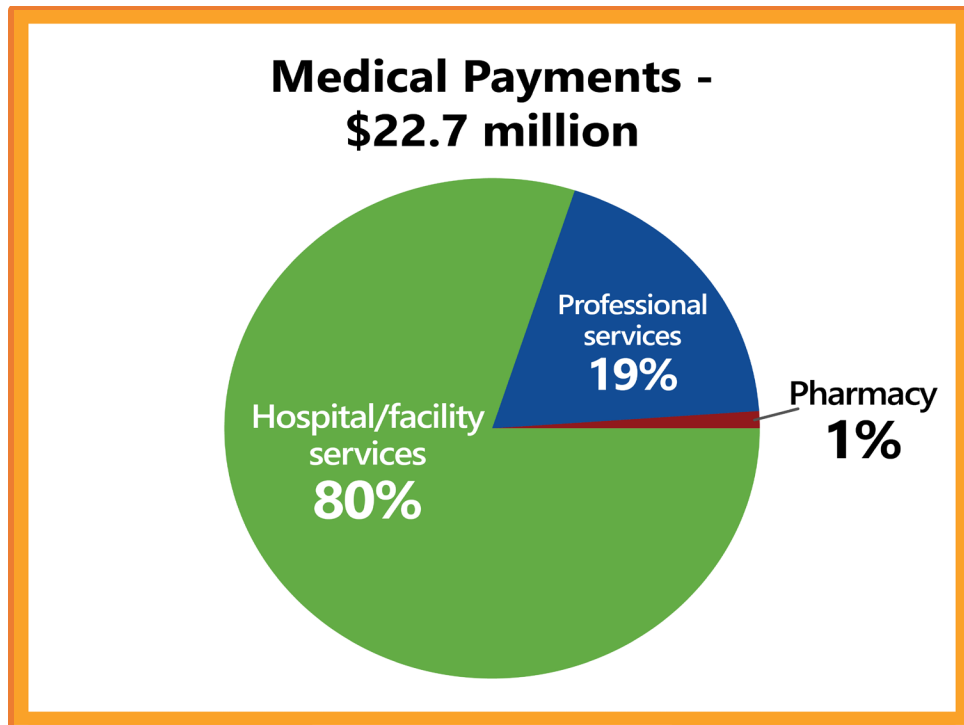


Figure 9. Distribution of Medical Benefits Paid. Source: DWC administrative data as of August 5, 2021, for claims reported to insurance carriers as of June 30, 2021.

Figure 10 provides information on the average medical cost per claim for claims with injury dates in January to September 2020, at six months post-injury. Overall, the average medical cost for all COVID-19 claims at six months was \$4,652. For claims that received hospital/facility services, the average cost for services at six months was \$14,234. The average professional services cost per claim was \$755 and the average pharmacy cost per claim was \$582 for claims that received those services.

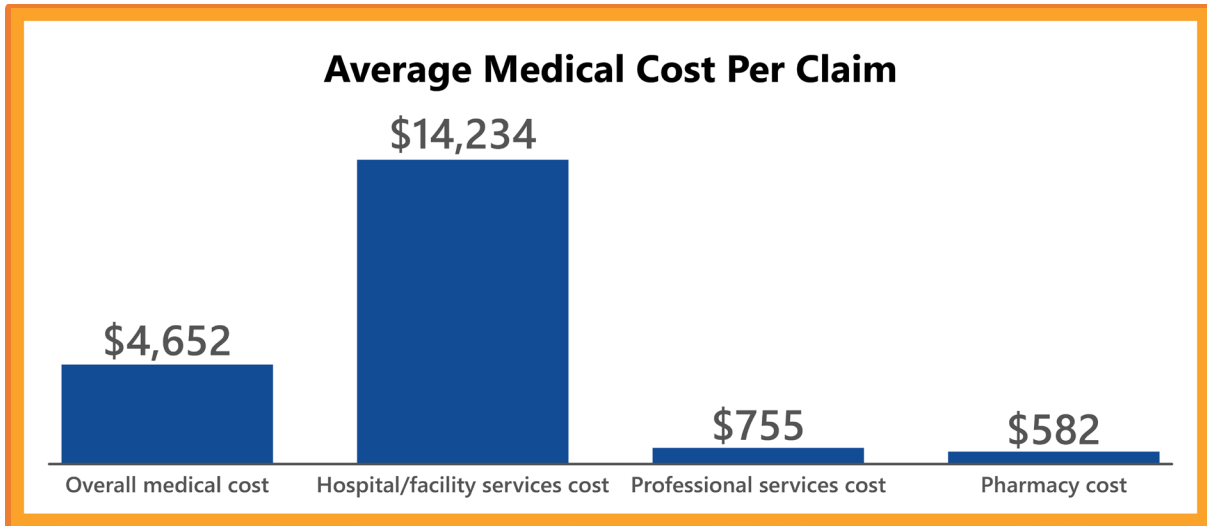


Figure 10. Average Medical Costs Per Claim, Six Months Post-Injury. Source: DWC administrative data as of August 5, 2021, for the claims with injury dates of January 1 through September 30, 2020.

Figure 11 shows the distribution of professional service payments by service category. Most of the professional service payments (60%) were made for evaluation and management services followed by medicine, durable medical equipment, surgery, laboratory and pathology, radiology, and anesthesia.

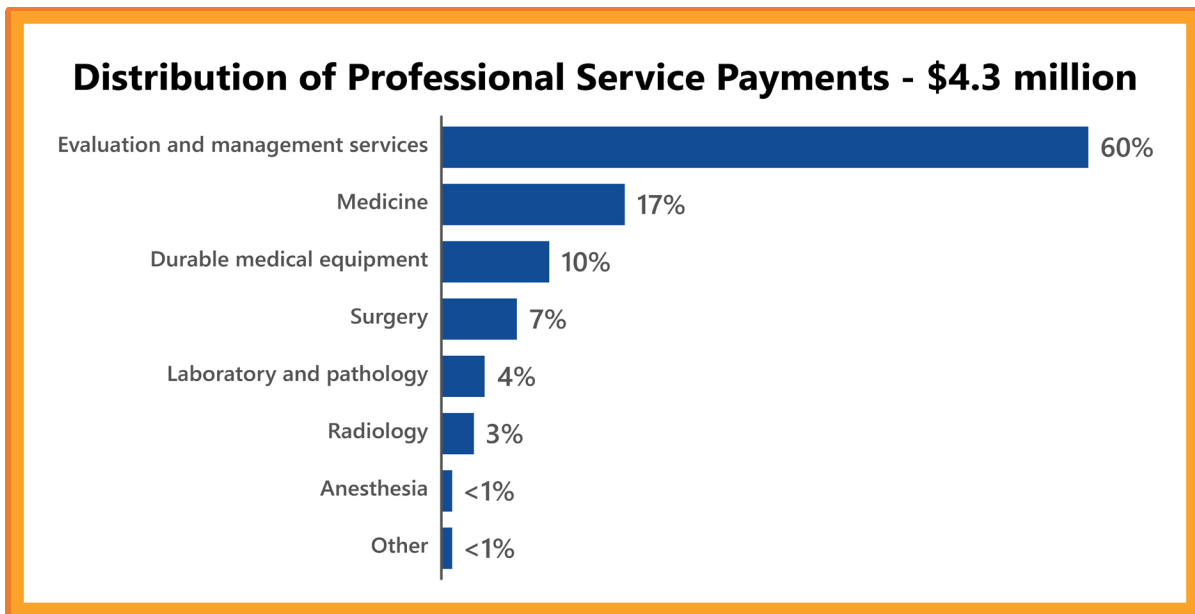


Figure 11. Distribution of Professional Service Payments. Source: DWC administrative data as of August 5, 2021, for claims reported to insurance carriers as of June 30, 2021. Note: Due to rounding, percentages may not add to 100.

Figure 12 shows the distribution of hospital/facility payments by facility type. The vast majority (90%) of the hospital/facility payments were made for inpatient services, followed by outpatient services (7%), and other (3%).

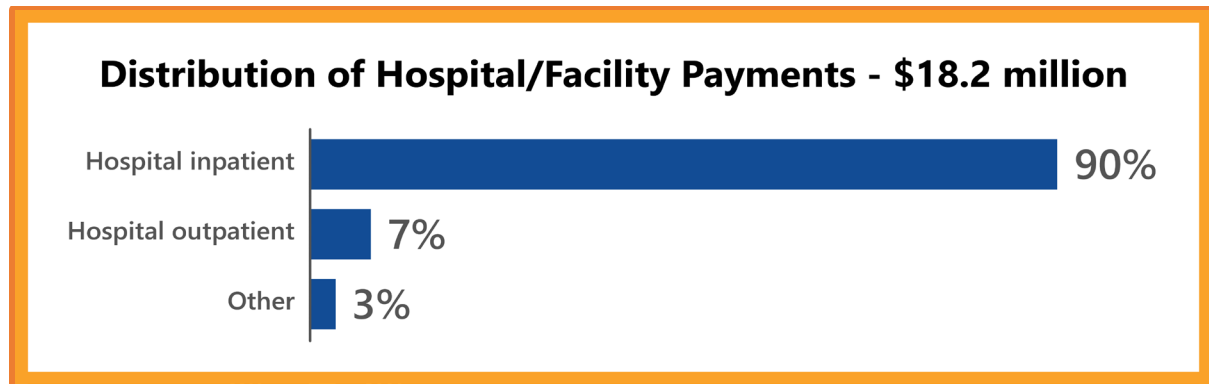


Figure 12. Distribution of Hospital/Facility Payments. Source: DWC administrative data as of August 5, 2021, for claims reported to insurance carriers as of June 30, 2021. Note: "Other" includes skilled nursing, home health, and all other facility types.

Figure 13 presents the distribution of pharmacy payments by drug type. Nearly half (49%) of the pharmacy payments were made for respiratory agents. Similarly, slightly more than one-quarter (26%) of the payments were made for hematological agents and anti-infective agents. In terms of individual drugs dispensed, the top ten most frequently dispensed to injured employees included Albuterol Sulfate, Azithromycin, Prednisone, Methylprednisolone, Benzonatate, Budesonide-Formoterol Fumarate Dihydrate, Budesonide (Inhalation), Dexamethasone, Gabapentin, and Apixaban.

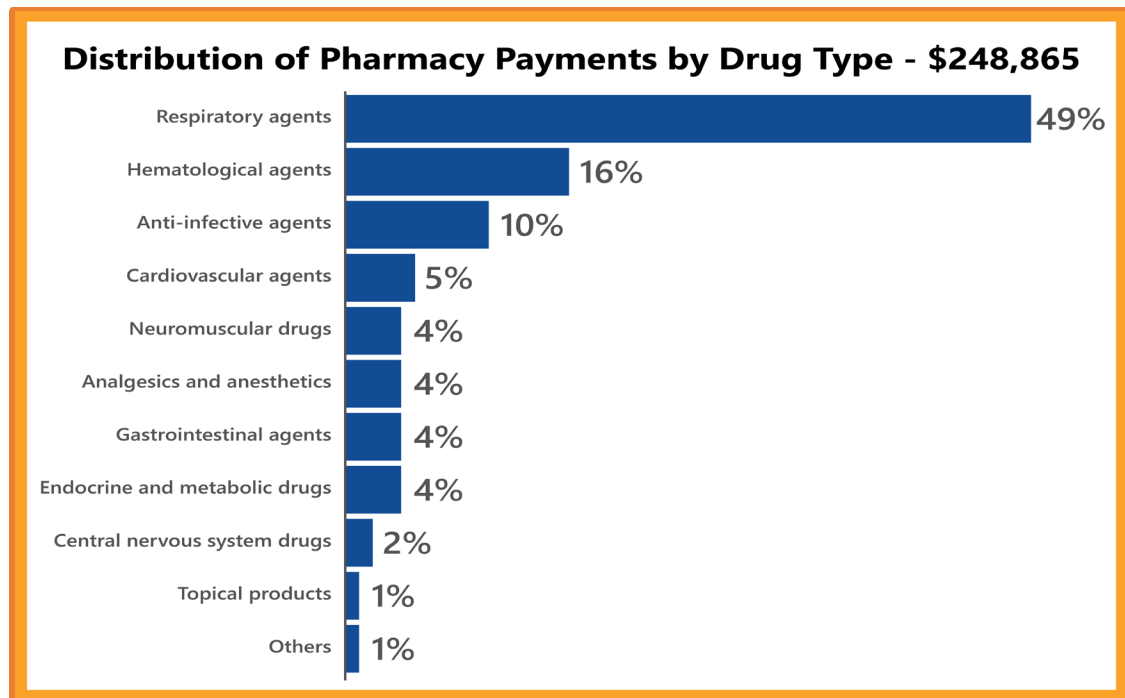


Figure 13. Distribution of Pharmacy Payments. Source: DWC administrative data as of August 5, 2021, for claims reported to insurance carriers as of June 5, 2021.

Figures 14-16 show the average duration of medical treatment for COVID-19 claims post-injury. This information provides an initial picture of the distribution of COVID-19 claims that only require medical treatment initially after being diagnosed, as well as the percentage of claims that require longer-term medical treatment (i.e., more than six-months post injury). It will be important to monitor these longer duration claims to determine their impact on system costs and return-to-work outcomes and to assess how the medical conditions for these claims develop over time.

Overall, the majority of claims receiving professional (79%) and hospital/facility (81%) services received those services within one-month post-injury. About one out of five claims received these services beyond one-month post-injury, while only a small percentage (6-7%) of claims received these services for more than six-months post-injury.<sup>7</sup>

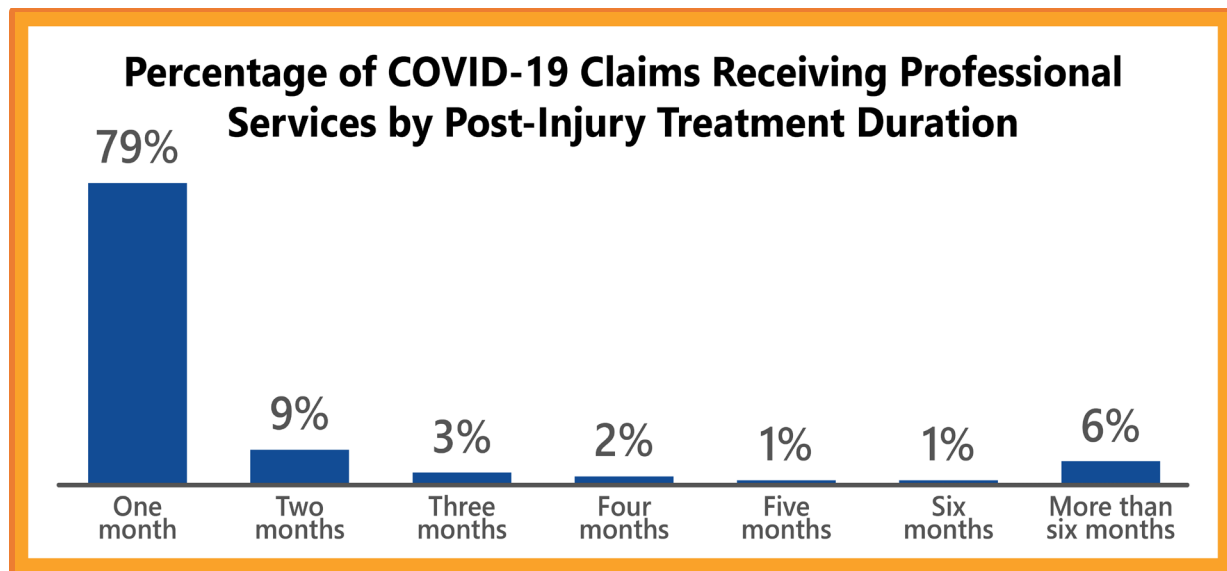


Figure 14. Percentage of COVID-19 Claims Receiving Professional Services by Post-Injury Treatment Duration. Source: DWC administrative data as of August 5, 2021, for claims with injuries that occurred from January 1 through September 30, 2020.

<sup>7</sup> While there is ongoing discussion about how to identify or define “long haul” COVID-19 claims, the Centers for Disease Control and Prevention (CDC), categorize patients with “post-COVID conditions” as those with new, returning, or ongoing health problems four or more weeks after first being infected with COVID-19 (see [www.cdc.gov/coronavirus/2019-ncov/hcp/clinical-care/post-covid-conditions.html](https://www.cdc.gov/coronavirus/2019-ncov/hcp/clinical-care/post-covid-conditions.html)).

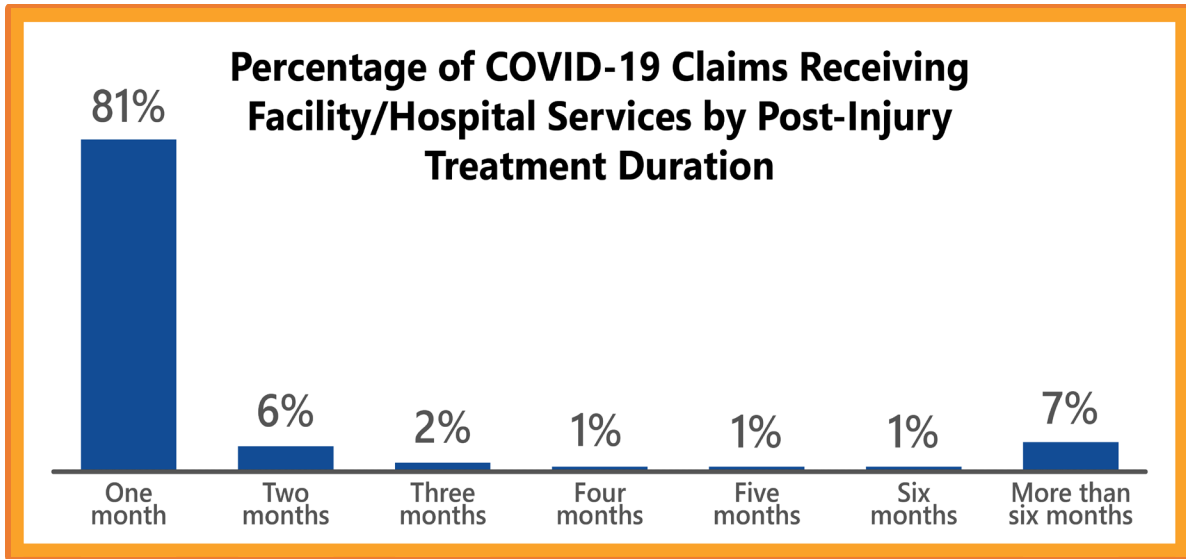


Figure 15. Percentage of COVID-19 Claims Receiving Facility/Hospital Service by Post-Injury Treatment Duration. Source: DWC administrative data as of August 5, 2021, for claims with injuries that occurred from January 1 through September 30, 2020. Note: Due to rounding, percentages may not add to 100.

Compared to professional and hospital/facility services, a larger percentage of COVID-19 claims received pharmacy services after one-month post-injury (see Figure 16). Less than half of COVID-19 claims who received pharmacy services (40%) received services within one-month post-injury, while most of these COVID-19 claims (60%) continued receiving such services beyond one-month post-injury.

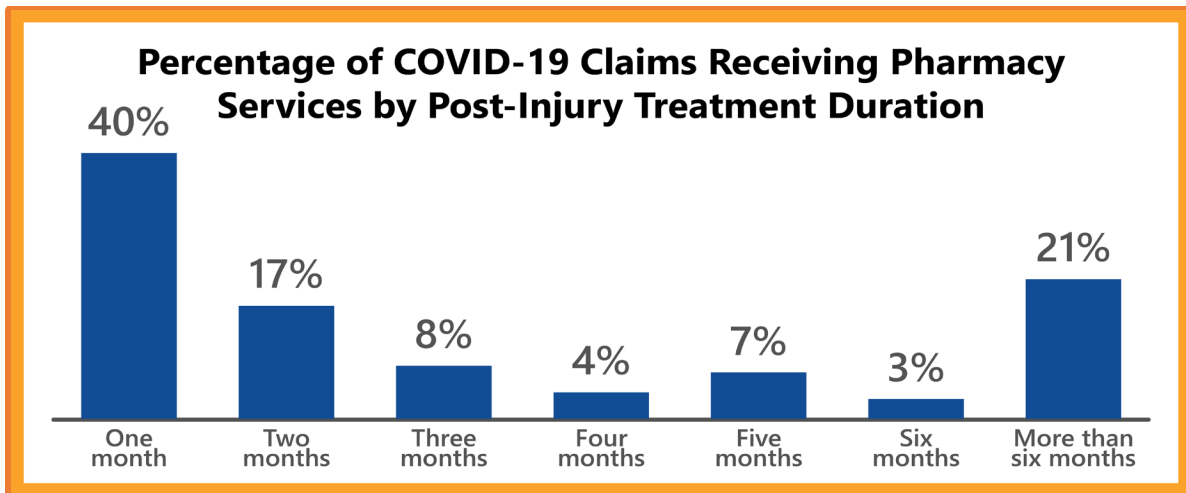


Figure 16. Percentage of COVID-19 Claims Receiving Pharmacy Services by Post-Injury Treatment Duration. Source: DWC administrative data as of August 5, 2021, for claims with injuries that occurred from January 1 through September 30, 2020.

**COVID-19 vaccine reaction claims:** Starting December 14, 2020, certain priority groups of employees, including health care workers and first responders began to receive the COVID-19 vaccine in Texas. Vaccines became available for portions of the general public in February 2021. A small number of employees had adverse reactions to the vaccine, which resulted in a workers'

compensation claim. From December 15, 2020, through August 1, 2021, insurance carriers reported a total of 513 COVID-19 vaccine reaction claims to DWC. Figure 17 presents the distribution of COVID-19 vaccine reaction claims by month. Most of the COVID-19 vaccine reaction claims were reported in January 2021, followed by February 2021, and December 2020.

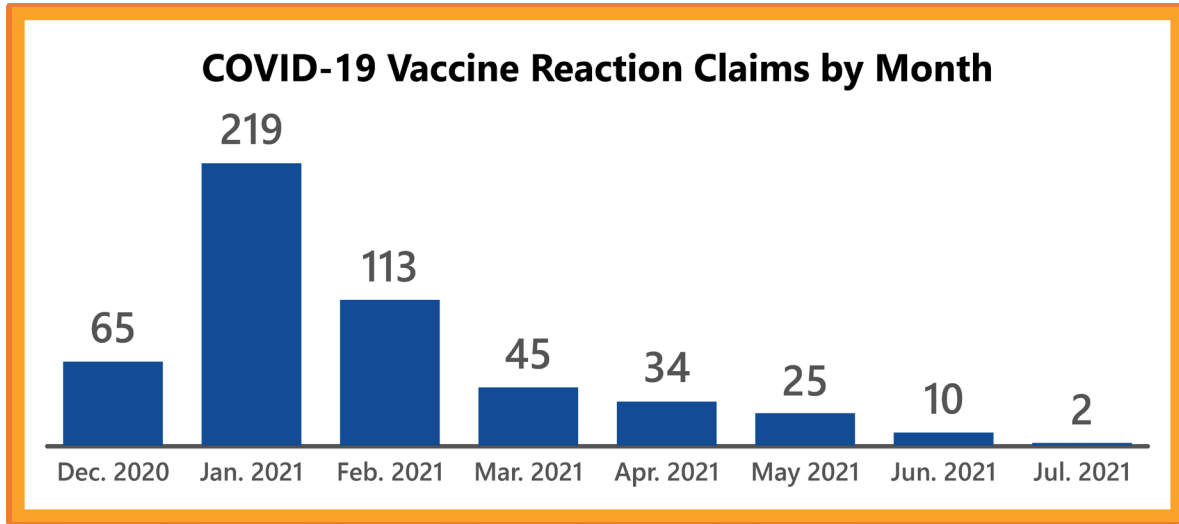


Figure 17. Distribution of COVID-19 vaccine reaction claims by month (Source: DWC administrative data as of August 1, 2021).

Most of the vaccine reaction claims were processed by political subdivisions (74%) followed by commercial carriers (24%), and the State of Texas (2%). The public administration industry sector represented most of the vaccine reaction claims (73%), followed by health care and social assistance sector (20%), and accommodation and food services sector (2%). The vast majority of COVID-19 vaccine reaction claims (86%) have not been initially denied by insurance carriers. Of the 14% that were denied, most were denied by commercial carriers (commercial carriers: 10%, political subdivisions: 2%, and State of Texas: 2%).

The vast majority of vaccine reaction claims (85%) did not have any indemnity or medical payments associated with them. For the 15% vaccine reaction claims that had a payment, insurance carriers paid \$72,832 in indemnity and medical benefits for the COVID-19 vaccine reaction claims as of August 5, 2021. Insurance carriers paid \$38,088 in indemnity benefits for an average of 11 days of disability per claim with indemnity benefits (median: 7 days). Similarly, insurance carriers paid a total of \$34,744 in medical benefits (professional services payments: \$20,392, hospital/facility payments: \$13,765, and pharmacy payments: \$587).