

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 the Texas population and economy, and 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 factsheet¹ 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.

Data sources for this factsheet:

- **Administrative claim data** reported to DWC by insurance carriers as of February 14, 2021, on COVID-19 claims. Specific information on indemnity and medical benefits paid for COVID-19 claims is limited to benefits paid as of February 3, 2021, on claims reported to insurance carriers as of December 31, 2020.

Key Findings

Claim frequency: Total number of claims reported to DWC in 2020 was about 24% higher than in 2019.

COVID-19 claims: As of February 14, 2021, insurance carriers reported more than 44,000 COVID-19 claims and 200 fatalities to DWC. Nearly half of these claims and fatalities involve first responders and correctional officers.

Claims with positive test or diagnosis: The majority (58%) of claims involved injured employees who tested positive or were diagnosed with COVID-19.

Denials and disputes: Data call results show insurance carriers accepted almost half (49%) of COVID-19 positive test claims. Despite more than 10,000 denials of COVID-19 claims with positive tests or diagnoses, there were only 45 disputes filed with DWC as of February 14, 2021.

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

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

- **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 December 31, 2020, and the disposition of those claims (accepted, denied, under investigation).²

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 24% higher than in 2019. The increase in COVID-19 occupational disease claims reported so far in 2020 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.

COVID-19 claims: From January 1, 2020, through February 14, 2021, insurance carriers reported a total of 44,873 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 consistent with Governor Greg 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.

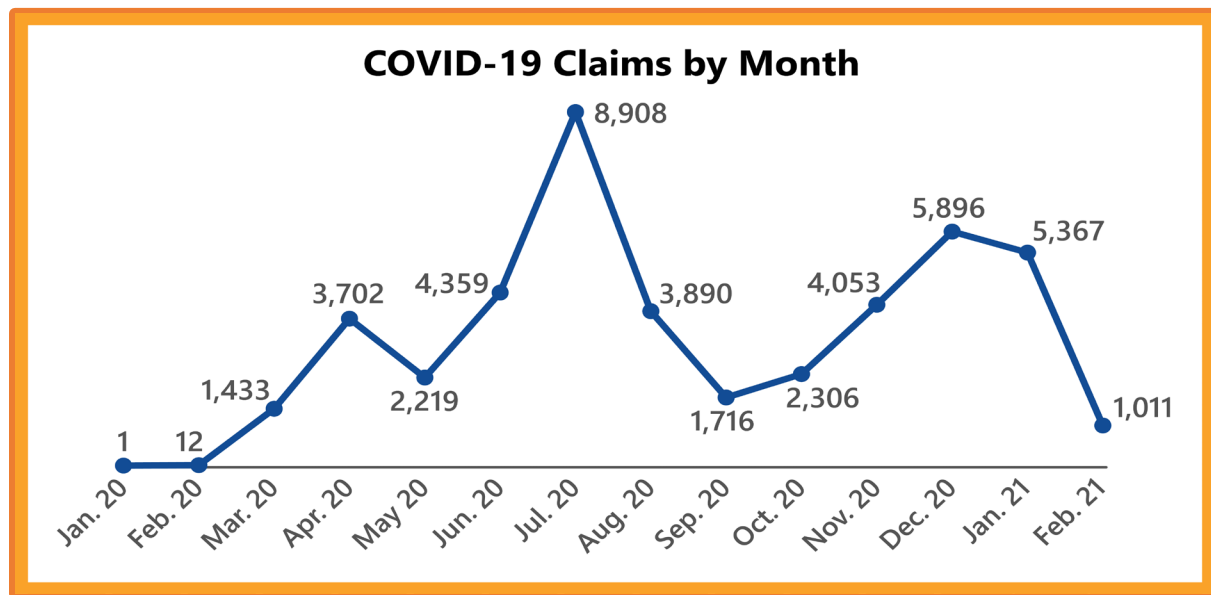


Figure 1. Number of COVID-19 Claims by Month Insurance Carrier Received Claim Notice (Source: DWC administrative data as of February 14, 2021). Note: Monthly counts may change over time as insurance carriers file updated claim reports with DWC.

² 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 five 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, and date as of June 30, 2021. DWC added several large school districts and one intergovernmental risk pool to the list of selected insurance carriers for the December 2020 data call. See www.tdi.texas.gov/bulletins/2021/B-0003-21.html for more information about the data call, including the list of selected insurance carriers and data call instructions.

COVID-19 claims by county, occupation, gender, age, type of insurance carrier, and type of industry: The majority (60%) of the state's COVID-19 cases were concentrated in 10 counties as of February 14, 2021.³ Likewise, the majority (56%) of the state's COVID-19 workers' compensation claims were concentrated in these same 10 counties. Nearly half (46%) of the COVID-19 claims involved first responders and correctional officers and slightly more than half (54%) of claims were processed by the State of Texas and its political subdivisions acting as insurance carriers (Figure 2).

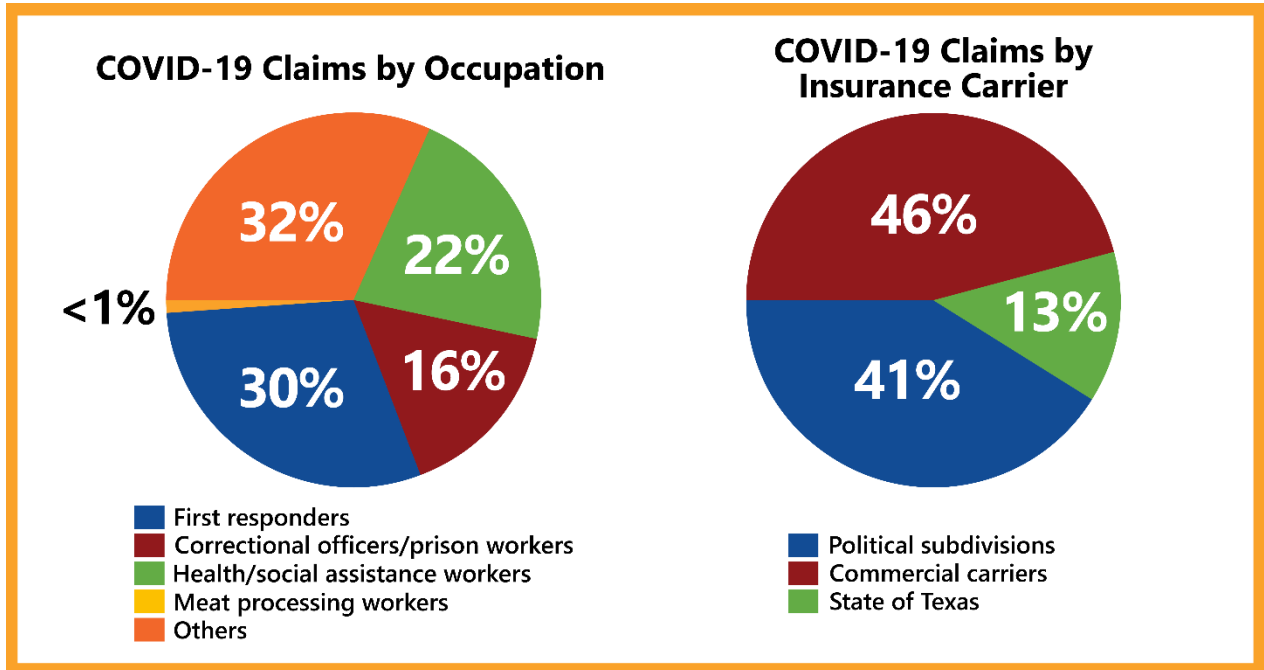


Figure 2. COVID-19 Claims by Occupation and Type of Insurance Carrier (Source: DWC administrative data as of February 14, 2021). Note: "State of Texas" includes the State Office of Risk Management, the University of Texas System, the Texas A&M University System, and the Texas Department of Transportation. "Commercial carriers" includes licensed insurance companies and certified self-insured employers. Seven claims did not include information about the insurance carrier.

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

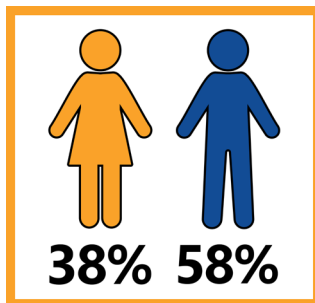


Figure 3. Claimants' Gender (Source: DWC administrative data as of February 14, 2021). Note: Approximately 5% of claims did not include information about gender.

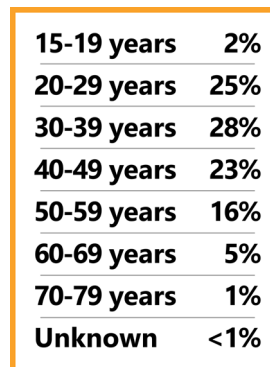


Figure 4. Claimant's Age (unknown age category includes missing or unreliable date of birth) (Source: DWC administrative data as of February 14, 2021). Note: Due to rounding, percentages may not add to 100.

³ The 10 counties include Harris, Dallas, Tarrant, El Paso, Bexar, El Paso, Travis, Collin, Fort Bend, Hidalgo, and Lubbock (Data sources: Texas Department of State Health Services as of February 14, 2021).

Figure 5 provides a breakdown of COVID-19 claims by industry sector.⁴ The public administration industry sector represented nearly half (48%) of COVID-19 claims followed by health care and social assistance (22%), administrative and support and waste management and remediation (6%), and educational services (4%).

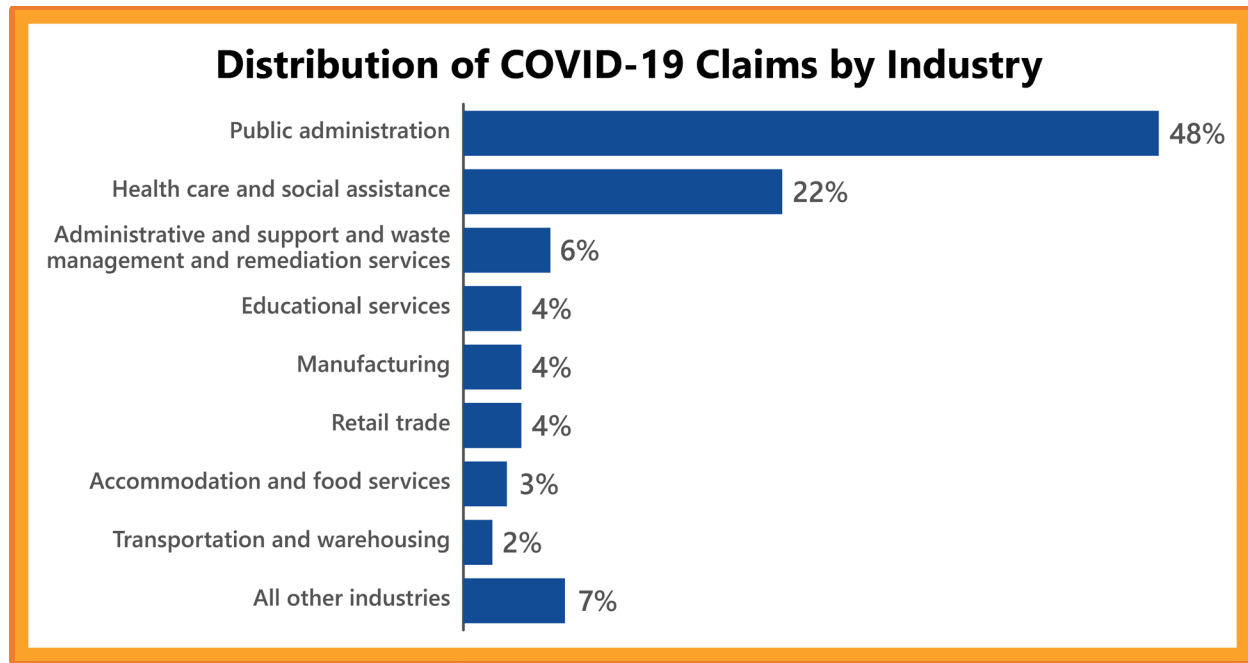


Figure 5. COVID-19 Claims by Industry (Source: DWC administrative data as of February 14, 2021).

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 February 14, 2021, insurance carriers reported 200 COVID-19 fatal claims to DWC. Nearly half (47%) 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 half (50%) of fatal claims were processed by the State of Texas and its political subdivisions (Figure 6). Nearly three-quarters (73%) 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.

⁴ Industry sectors were identified using two-digit North American Industry Classification System (NAICS) codes.

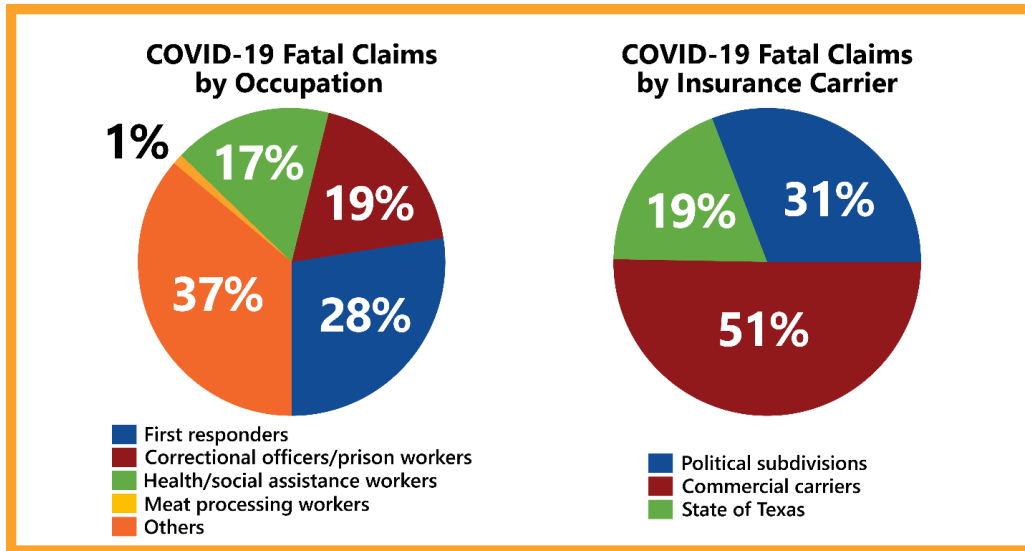


Figure 6. Fatal Claims by Occupation and Type of Insurance Carrier (Source: DWC administrative data as of February 14, 2021). Note: "State of Texas" includes the State Office of Risk Management, the University of Texas System, the Texas A&M University System, and the Texas Department of Transportation. "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.

Insurance Carriers	# of Claims Reported to Insurance Carriers	# of Claims with a Positive Test or Diagnosis	# of Positive Test Claims Accepted by Insurance Carriers	# of Positive Test Claims Denied by Insurance Carriers	# of Positive Test Claims Still Under Investigation
Commercial carriers	15,636	10,990 (70%)	3,838 (35%)	6,416 (58%)	735 (7%)
Political subdivisions	16,383	7,634 (47%)	6,095 (80%)	1,305 (17%)	234 (3%)
State of Texas	6,321	3,730 (59%)	415 (11%)	3,264 (88%)	51 (1%)
All carriers total	38,340	22,354 (58%)	10,348 (46%)	10,985 (49%)	1,020 (5%)

Figure 7. COVID-19 Claims, Positive Test Claims, and Claim Disposition (Source: Data call submission as of December 31, 2020). 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 of positive test claims accepted, denied, and under investigation may not add to 100.

Overall, the results of the data call (for claims reported to the insurers as of December 31, 2020), showed that 58% of the COVID-19 claims involved an injured employee who tested positive or was diagnosed with COVID-19 (Figure 7). Among these positive test claims, nearly half (46%) were accepted as work-related by insurance carriers, half (49%) were denied by the insurance carriers, and 5% 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 (88%); however, commercial insurance carriers had the highest number of denials. Despite the number of COVID-19 claims denied, DWC's administrative data as of February 14, 2021, showed that there were only 45 COVID-19 claim disputes filed with DWC.

Indemnity benefits paid: Using DWC's administrative data as of February 3, 2021, insurance carriers and employers paid \$21.2 million in indemnity benefits on COVID-19 claims, \$10.0 million in employer salary continuation, \$11.0 million in workers' compensation income benefits, \$172,650 in death benefits, and \$83,707 in burial benefits (Figure 8).

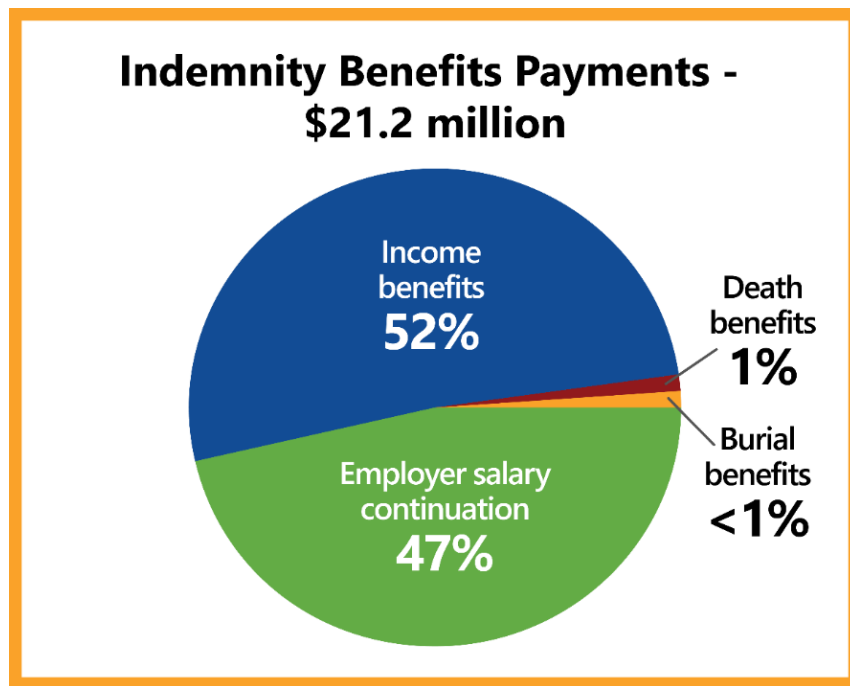


Figure 8. Amount of income benefits paid (Source: DWC administrative data as of February 3, 2021, for claims reported to insurance carriers as of December 31, 2020). Note: Due to rounding, percentages may not add to 100.

As of February 3, 2021, most of these costs have been paid by political subdivisions (60%) followed by commercial insurance carriers (37%), and the State of Texas (4%). 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.⁵ Injured employees receiving income benefits (i.e., employer salary continuation, temporary income benefits, and impairment income benefits) were paid for an average of 18 days of disability per claim (median: 14 days). The average income benefit payment made for the claims with injury dates from January to June 2020 was \$2,668 at six months post-injury.

Medical costs paid: Using DWC's administrative data of February 3, 2021, insurance carriers paid a total of \$13.4 million in medical costs on COVID-19 claims, \$11.1 million (83%) in hospital/facility services, \$2.2 million (16%) in professional services, and \$104,910 (1%) in pharmacy services (Figure 9). To date, most of these costs have been paid by political subdivisions (65%) followed by commercial insurance carriers (30%) and the State of Texas (5%). These costs are likely to increase over time as claims mature, and include medical costs, like COVID-19 testing, professional fees, hospital facility fees, and pharmacy costs.

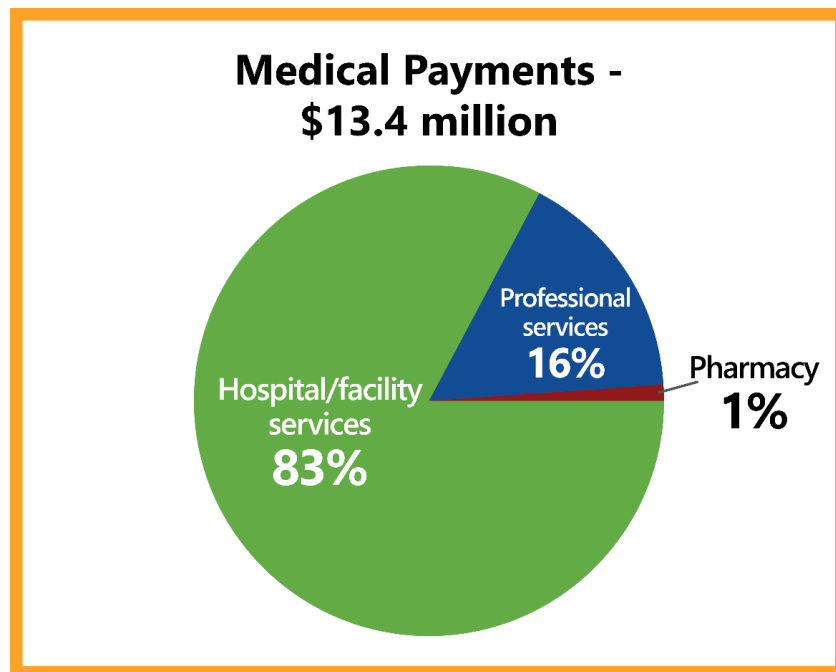


Figure 9. Distribution of medical benefits paid (Source: DWC administrative data as of February 3, 2021, for claims reported to insurance carriers as of December 31, 2020). Note: Due to rounding, percentages may not add to 100.

Overall, the average medical cost per COVID-19 claim made for the claims with injury dates from January to June 2020 was \$3,215 at six months post-injury. For those claims that received hospital/facility services, the average cost for those services at six months was \$9,275. The average professional services cost per claim was \$491 and the average pharmacy cost per claim was \$351.

Figure 10 shows the distribution of professional service payments by service category. Nearly two-thirds (65%) of the professional service payments were made for evaluation and management

⁵ 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.

services followed by medicine, durable medical equipment, surgery, laboratory and pathology, radiology, and anesthesia.

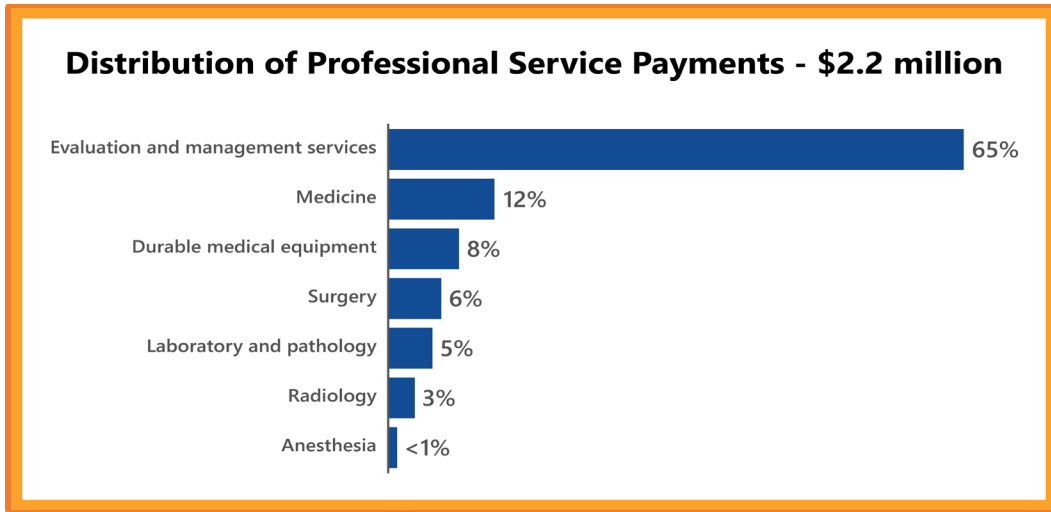


Figure 10. Distribution of professional service payments (Source: DWC administrative data as of February 3, 2021, for claims reported to insurance carriers as of December 31, 2020). Note: Due to rounding, percentages may not add to 100.

Figure 11 shows the distribution of hospital/facility payments by facility type. The vast majority (92%) of the hospital/facility payments were made for inpatient services, followed by outpatient services, and other.

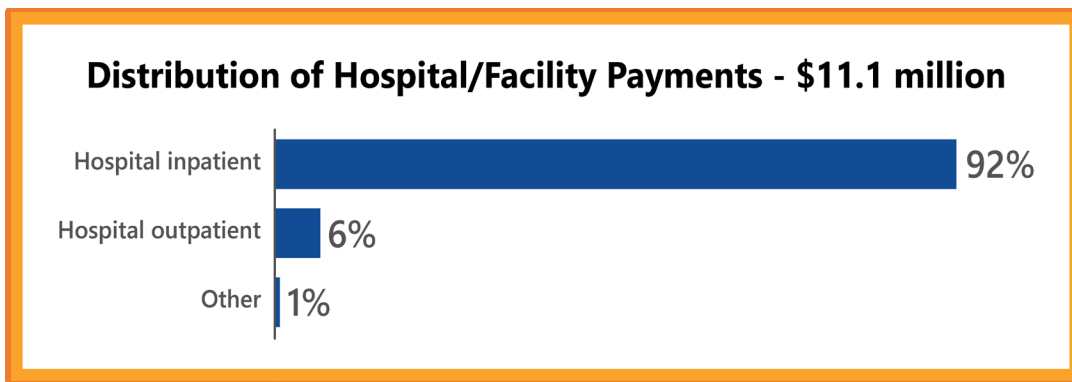


Figure 11. Distribution of hospital/facility payments (Source: DWC administrative data as of February 3, 2021, for claims reported to insurance carriers as of December 31, 2020).

Note: "Other" includes skilled nursing, home health, and all other facility types. Due to rounding, percentages may not add to 100.

Figure 12 shows the distribution of pharmacy payments by drug type. Three-quarters (75%) of the pharmacy payments were made for respiratory agents, hematological agents, and anti-infective agents. In terms of individual drugs dispensed, the top five most frequently dispensed to injured employees included Albuterol Sulfate, Azithromycin, Prednisone, Benzonatate, and Methylprednisolone.

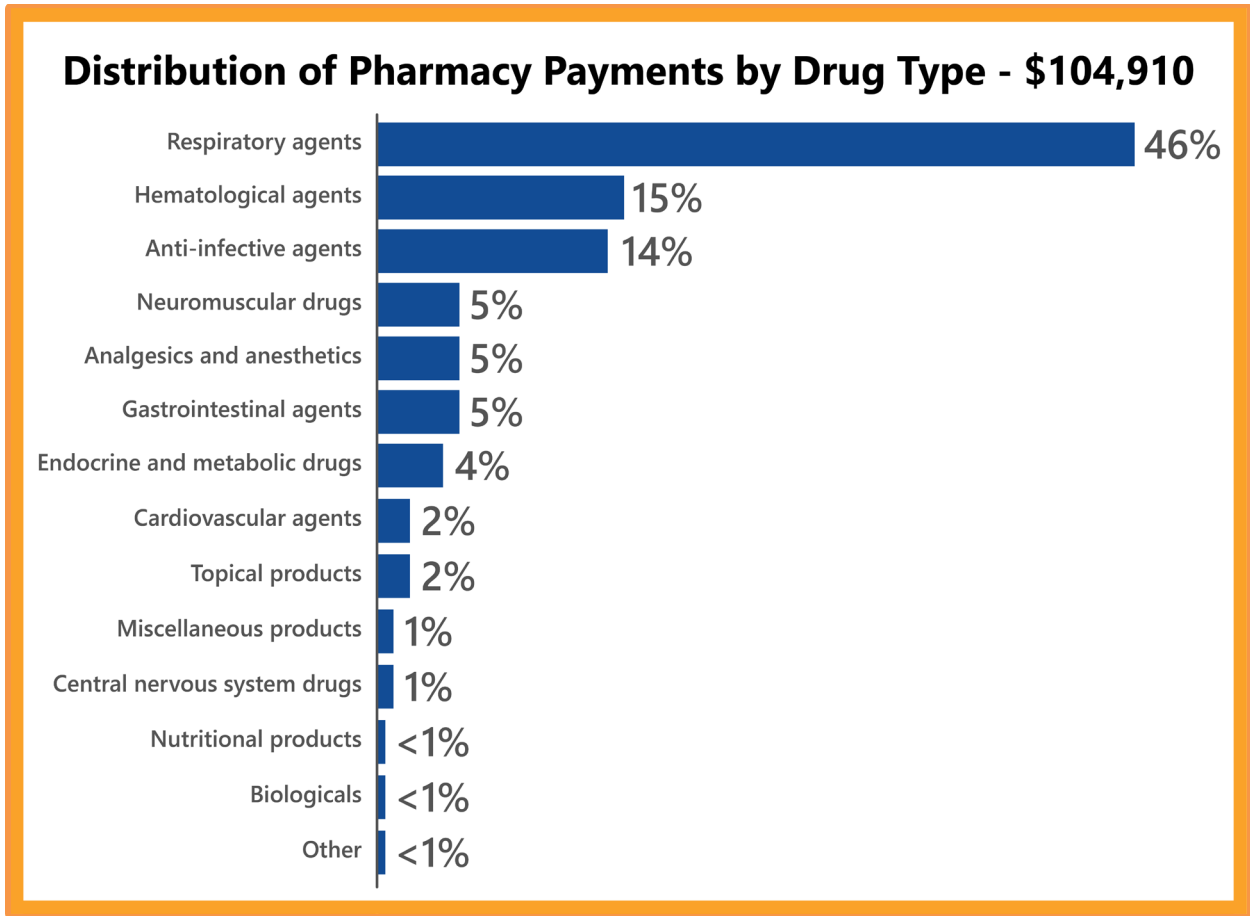


Figure 12. Distribution of pharmacy payments (Source: DWC administrative data as of February 3, 2021, for claims reported to insurance carriers as of December 31, 2020).

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. A small number of these employees had adverse reactions to the vaccine, which resulted in a workers' compensation claim. From December 15, 2020, through February 14, 2021, insurance carriers reported a total of 286 COVID-19 vaccine reaction claims to DWC. Among these 286 claims, 55 claims were reported in December 2020, 193 in January 2021, and 38 in February 2021. Most of the vaccine reaction claims (85%) were processed by political subdivisions, 13% by commercial carriers, and 2% by the State of Texas. The public administration industry sector represented most of the vaccine reaction claims (83%), followed by health care and social assistance sector (15%), and accommodation and food services sector (2%).