

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 December 6, 2020, on COVID-19 claims. Specific information on indemnity and medical benefits paid for COVID-19 claims is limited to benefits paid as of December 11, 2020, on claims reported to insurance carriers as of September 30, 2020.

Key Findings

Claim frequency: Total number of claims reported to DWC from January to October 2020 was about 14% higher than the same period in 2019.

COVID-19 claims: As of December 6, 2020, insurance carriers reported more than 32,000 COVID-19 claims and 130 fatalities to DWC. Nearly half of these claims and fatalities involve first responders and correctional officers.

Claims with positive test or diagnosis: Nearly half (47%) of claims 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 more than 5,600 denials of COVID-19 claims with positive tests or diagnoses, there were only 17 disputes filed with DWC as of December 6, 2020.

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 66 selected insurance carriers² to gather more detailed information on how many workers' compensation claims resulted in a positive test or diagnosis as of September 30, 2020, and the disposition of those claims (accepted, denied, under investigation).³

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 from January to October 2020 was about 14% higher than the same period 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 through December 6, 2020, insurance carriers reported a total of 32,438 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 November.

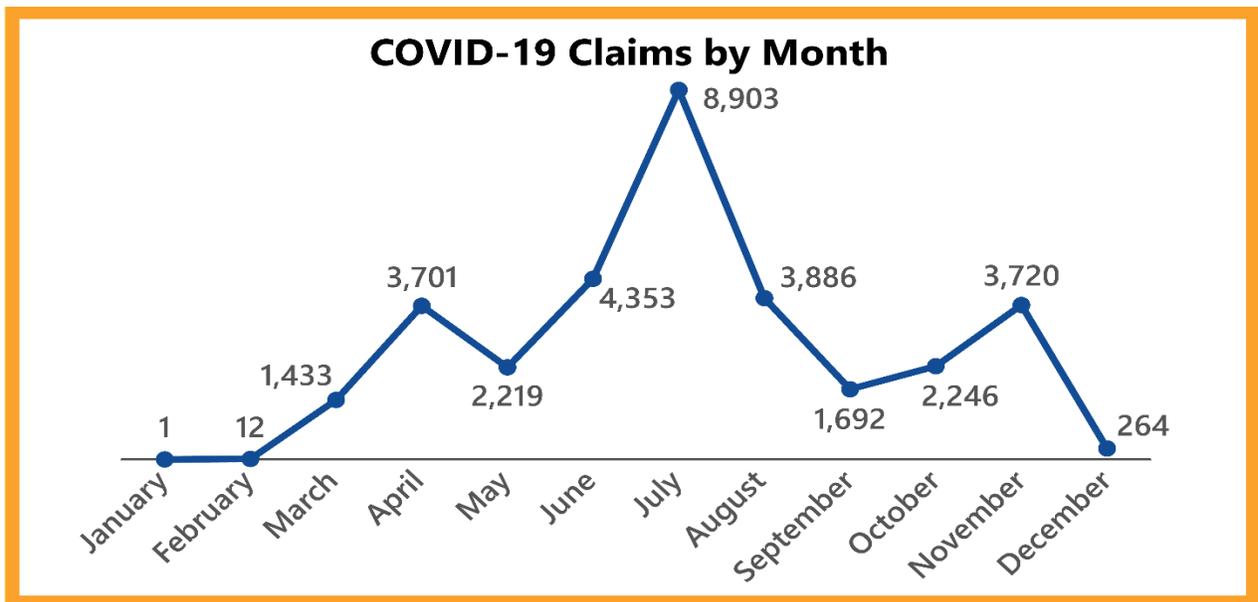


Figure 1. Number of COVID-19 Claims by Month Insurance Carrier Received Claim Notice (Source: DWC administrative data as of December 6, 2020). Note: Monthly counts may change over time as insurance carriers file updated claim reports with DWC.

² Selected insurance carriers reported 83-85% of reportable claims and 90% of occupational diseases in 2017, 2018, and 2019 in Texas.

³ DWC's data call consists of three separate submissions by selected insurance carriers: data as of June 30, 2020, data as of September 30, 2020, and data as of December 31, 2020.

COVID-19 claims by county, occupation, gender, age, type of insurance carrier, and type of industry: 61% of the state's COVID-19 cases were concentrated in 10 counties.⁴ Likewise, slightly more than half (53%) of the state's COVID-19 workers' compensation claims were concentrated in these same 10 counties. Approximately half (49%) of the COVID-19 claims involved first responders and correctional officers and 59% of claims were processed by the State of Texas and its political subdivisions acting as insurance carriers (Figure 2).

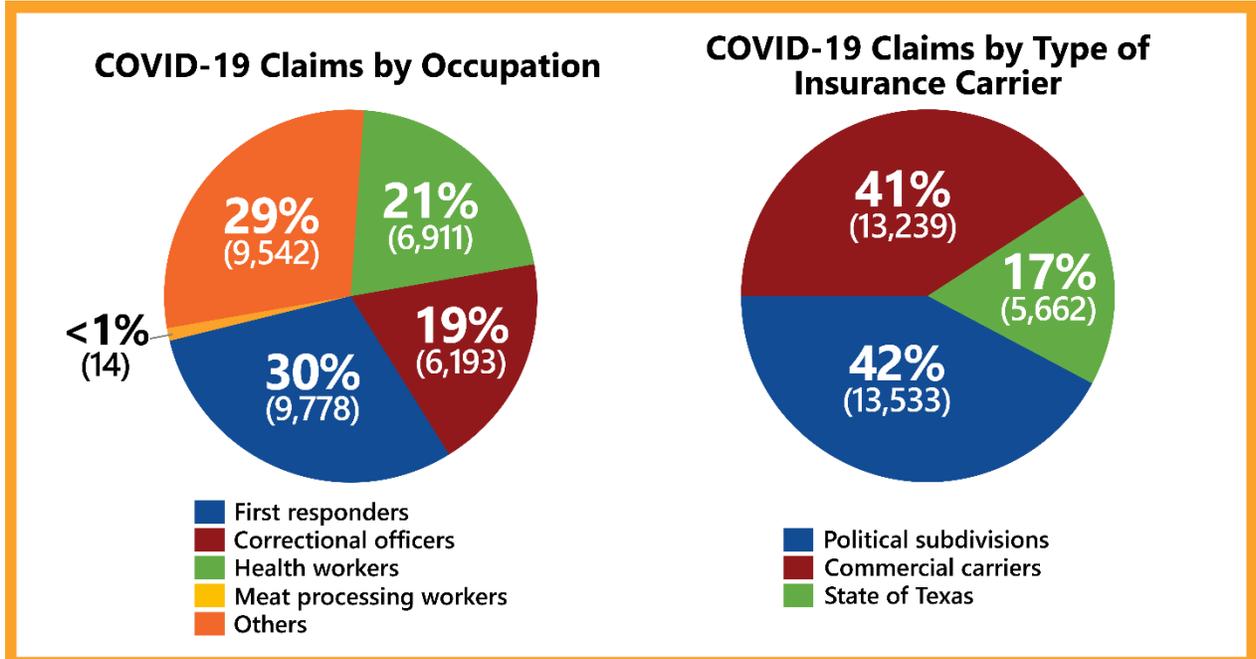


Figure 2. COVID-19 Claims by Occupation and Type of Insurance Carrier (four claims did not include information about insurance carrier) (Source: DWC administrative data as of December 6, 2020). Note: "State of Texas" includes the State Office of Risk Management, the University of Texas System, the Texas A&M University System, and the Texas Department of Transportation. "Commercial carriers" includes licensed insurance companies and certified self-insured employers.

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

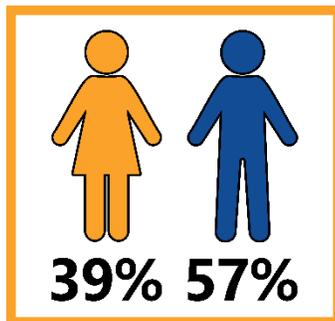


Figure 3. Claimants' gender: (approximately 5% of claims did not include information about gender). Source: DWC administrative data as of December 6, 2020.



Figure 4. Claimant's age: (unknown age category includes missing or unreliable date of birth). Source: DWC administrative data as of December 6, 2020.

⁴ The 10 counties include Harris, Dallas, Tarrant, El Paso, Bexar, Hidalgo, Travis, Lubbock, Collin, and Cameron (Data sources: Texas Department of State Health Services as of December 6, 2020).

Figure 5 provides a breakdown of COVID-19 claims by industry sector.⁵ The public administration industry sector represented the majority (52%) of COVID-19 claims followed by health care and social assistance (21%), administrative and support and waste management and remediation (5%), and educational services (5%).

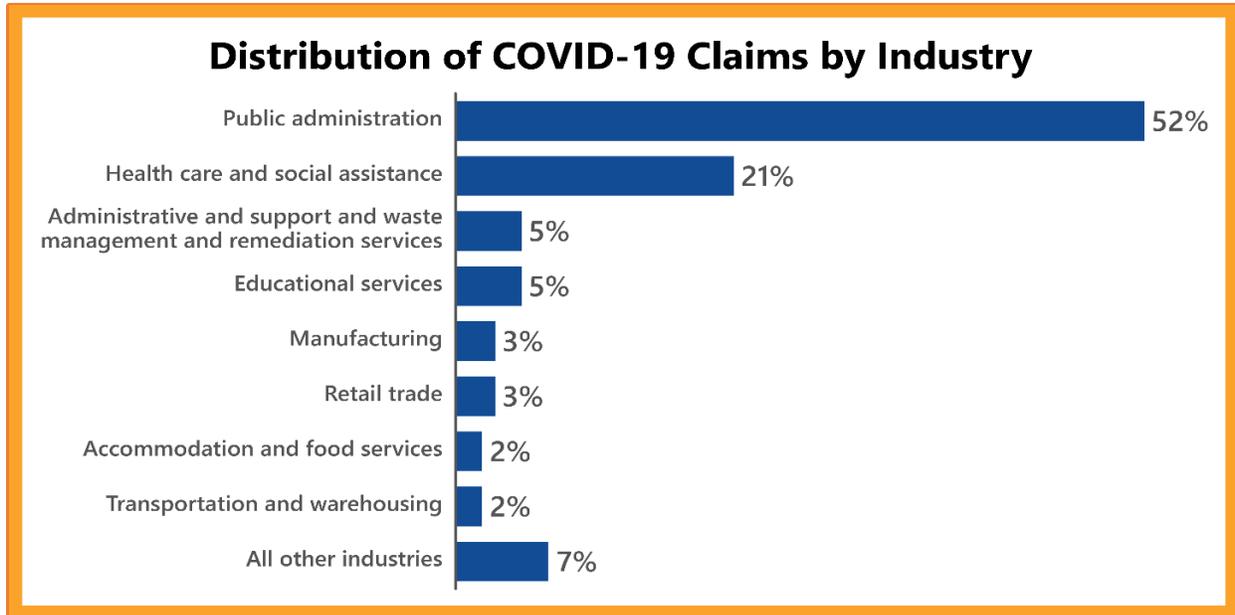


Figure 5. COVID-19 Claims by Industry (Source: DWC administrative data as of December 6, 2020). Note: "All other industries" includes Agriculture/Forestry/Fishing/Hunting, Arts/Entertainment/Recreation, Construction, Finance/Insurance, Information, Management of Companies and Enterprises, Mining/Quarrying/Oil and Gas Extraction, Other Services (except Public Administration), Professional/Scientific/Technical Services, Real Estate/Rental/Leasing, Utilities, and Wholesale Trade.

COVID-19 fatalities by county, occupation, gender, age, and type of insurance carrier: As of December 6, 2020, insurance carriers reported 137 COVID-19 fatal claims to DWC. About 42% of fatal workers' compensation claims were concentrated in the same 10 counties where the most COVID-19 cases and claims were reported. Forty-three percent of the COVID-19 fatal claims involved first responders and correctional officers and nearly half (48%) of fatal claims were processed by the State of Texas and its political subdivisions (Figure 6). Nearly three-quarters (72%) of the of the fatal claims involved injured employees who were 50 or more years of age, and slightly more than two-thirds (70%) of the fatal claims involved males.

⁵ Industry sectors were identified using North American Industry Classification System (NAICS) codes.

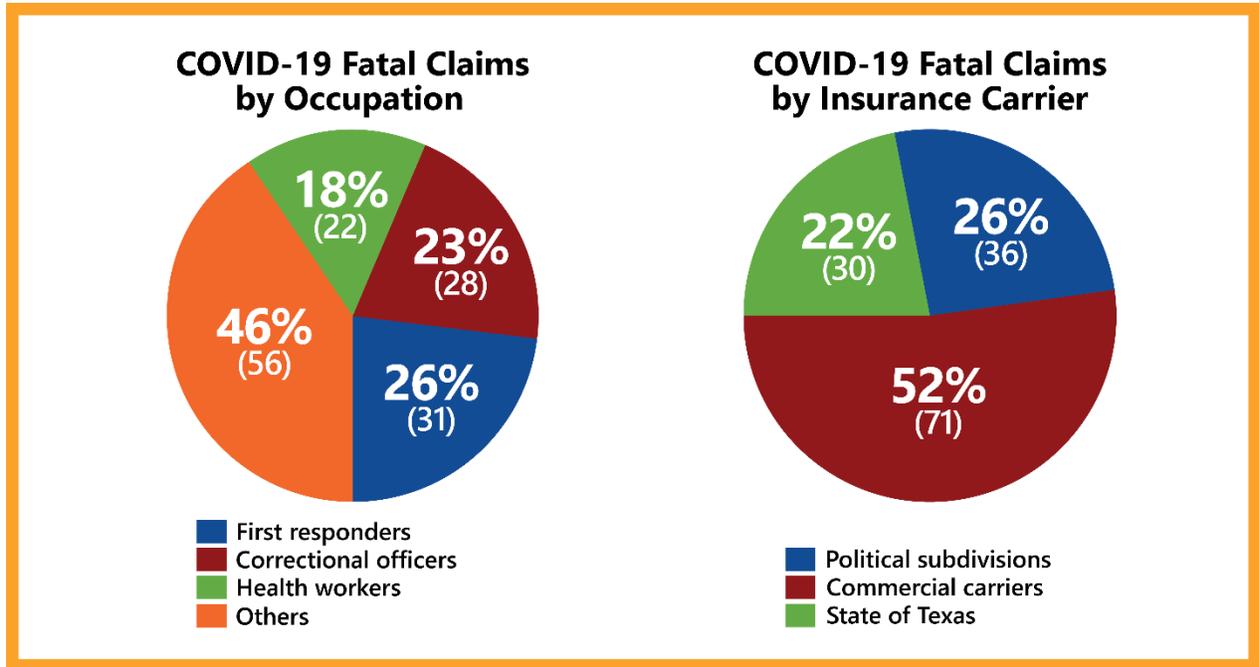


Figure 6. Fatal Claims by Occupation and Type of Insurance Carrier (Source: DWC administrative data as of December 6, 2020). Note: "State of Texas" includes the State Office of Risk Management, the University of Texas System, the Texas A&M University System, and the Texas Department of Transportation. "Commercial carriers" includes licensed insurance companies and certified self-insured employers.

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 66 insurance carriers representing the State of Texas, political subdivisions, and commercial insurance carriers.⁶

⁶ See www.tdi.texas.gov/wc/reg/index.html for information about the data call, including the list of selected insurance carriers and data call instructions.

| 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 | 9,464 | 6,900 (73%) | 2,610 (38%) | 3,944 (57%) | 346 (5%) |
| Political subdivisions | 11,201 | 4,253 (38%) | 3,465 (81%) | 702 (17%) | 86 (2%) |
| State of Texas | 5,770 | 1,268 (22%) | 239 (19%) | 968 (76%) | 61 (5%) |
| All carriers total | 26,435 | 12,421 (47%) | 6,314 (51%) | 5,614 (45%) | 493 (4%) |

Figure 7. COVID-19 Claims, Positive Test Claims, and Claim Disposition (Source: Data call submission as of September 30, 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.

Overall, the results of the data call (for claims reported to the insurers as of September 30, 2020), showed that 47% 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, more than half (51%) were accepted as work-related by insurance carriers, nearly half (45%) were denied by the insurance carriers, and 4% 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 COVID-19 claims denied, DWC's administrative data as of December 6, 2020, showed that there were only 17 COVID-19 claim disputes filed with DWC.

Indemnity benefits paid: Using DWC's administrative data as of December 11, 2020, insurance carriers and employers paid \$21.93 million in indemnity benefits on COVID-19 claims, \$14.74 million in employer salary continuation, \$7.07 million in workers' compensation income benefits, \$68,690 in death benefits, and \$54,610 in burial benefits (Figure 8).

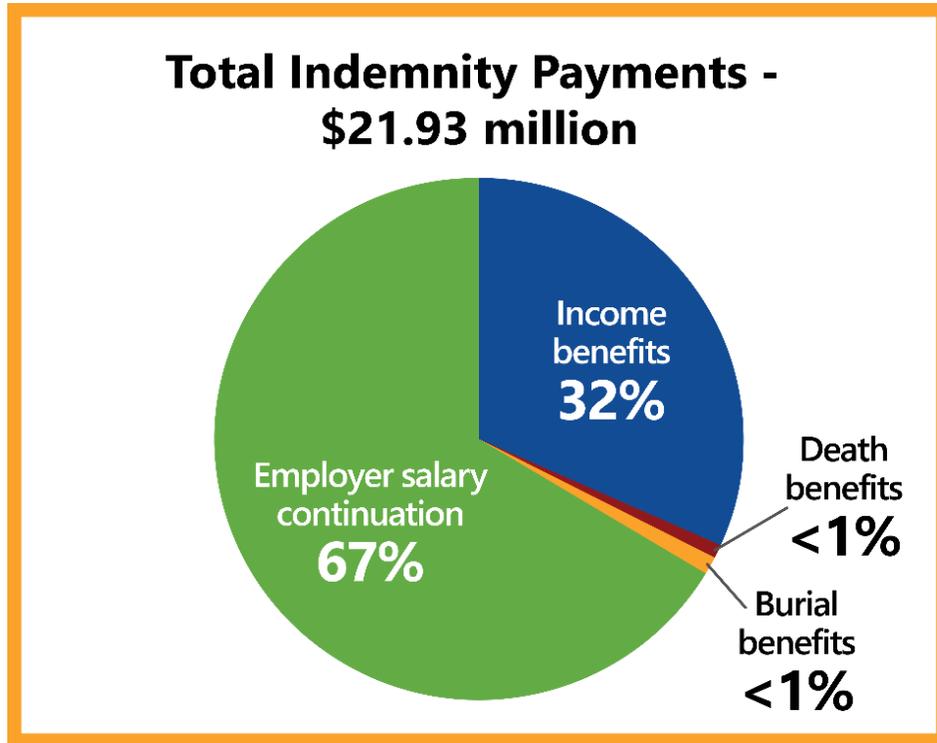


Figure 8. Amount of income benefits paid (Source: DWC administrative data as of December 11, 2020, for claims reported to insurance carriers as of September 30, 2020).

To date, most of these costs have been paid by political subdivisions (72%) followed by commercial insurance carriers (26%), and the State of Texas (3%). These claim payments costs 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.⁷ Injured employees receiving income benefits were paid for an average of 20 days of disability per claim (median: 16 days).

Medical costs paid: Using DWC's administrative data of December 11, 2020, insurance carriers paid a total of \$9.22 million in medical costs on COVID-19 claims. Most of these payments were for hospital/facility services (Figure 9). To date, most of these costs have been paid by political subdivisions (66%) followed by commercial insurance carriers (29%) 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.

⁷ Please note that 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.

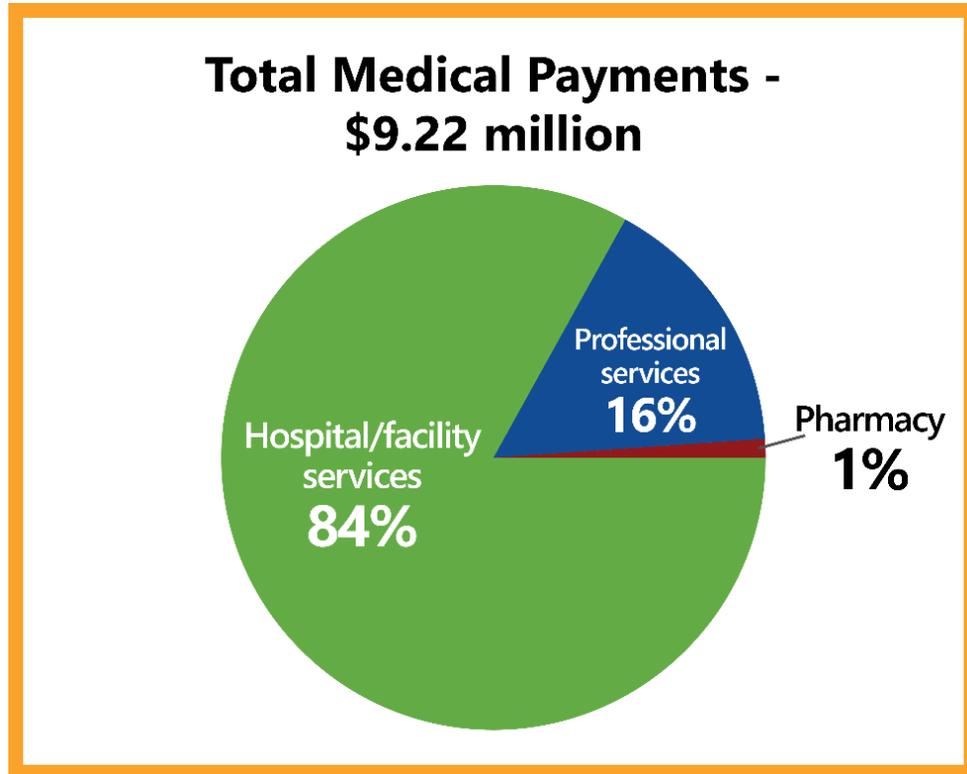


Figure 9. Distribution of medical benefits paid (Source: DWC administrative data as of December 11, 2020, for claims reported to insurance carriers as of September 30, 2020).

Figure 10 presents the distribution of professional service payments by service category. Slightly more than two-thirds (68%) of the professional service payments were made for evaluation and management services followed by durable medical equipment, medicine, surgery, laboratory and pathology, radiology, and anesthesia.

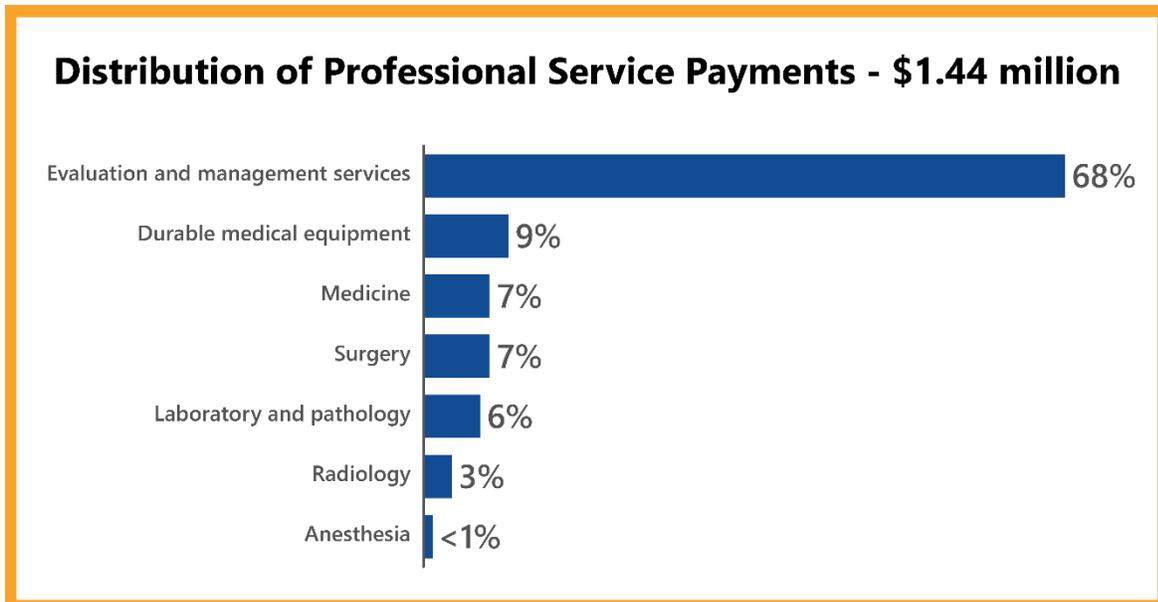


Figure 10. Distribution of professional service payments (Source: DWC administrative data as of December 11, 2020, for claims reported to insurance carriers as of September 30, 2020).

Figure 11 presents the distribution of hospital/facility payments by facility type. The vast majority (93%) of the hospital/facility payments were made for inpatient services, followed by outpatient services, and other.

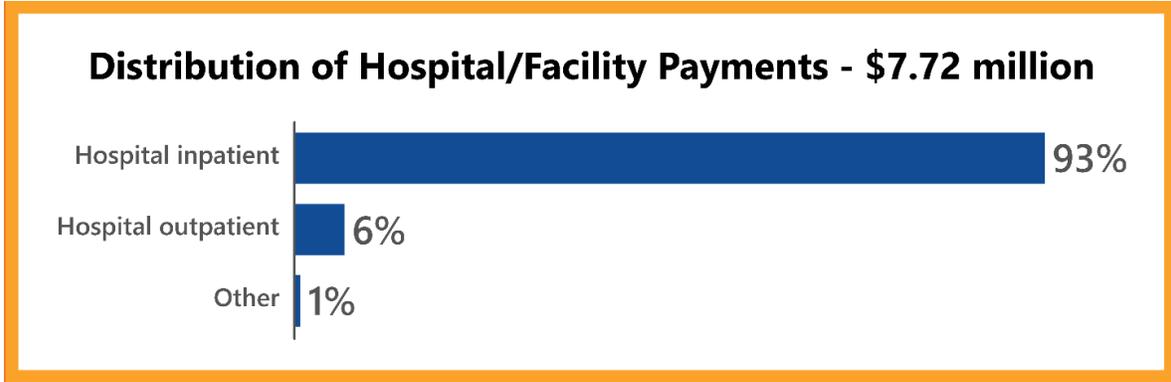


Figure 11. Distribution of hospital/facility payments (Source: DWC administrative data as of December 11, 2020, for claims reported to insurance carriers as of September 30, 2020). Note: "Other" includes skilled nursing, home health, and all other facility types.

Figure 12 presents the distribution of pharmacy payments by drug type. More than three-quarters (76%) of the pharmacy payments were made for respiratory agents, anti-infective agents, and hematological agents. In terms of individual drugs dispensed, the top five most frequently dispensed to injured employees included Albuterol Sulfate, Azithromycin, Prednisone, Benzonatate, and Methylprednisolone.

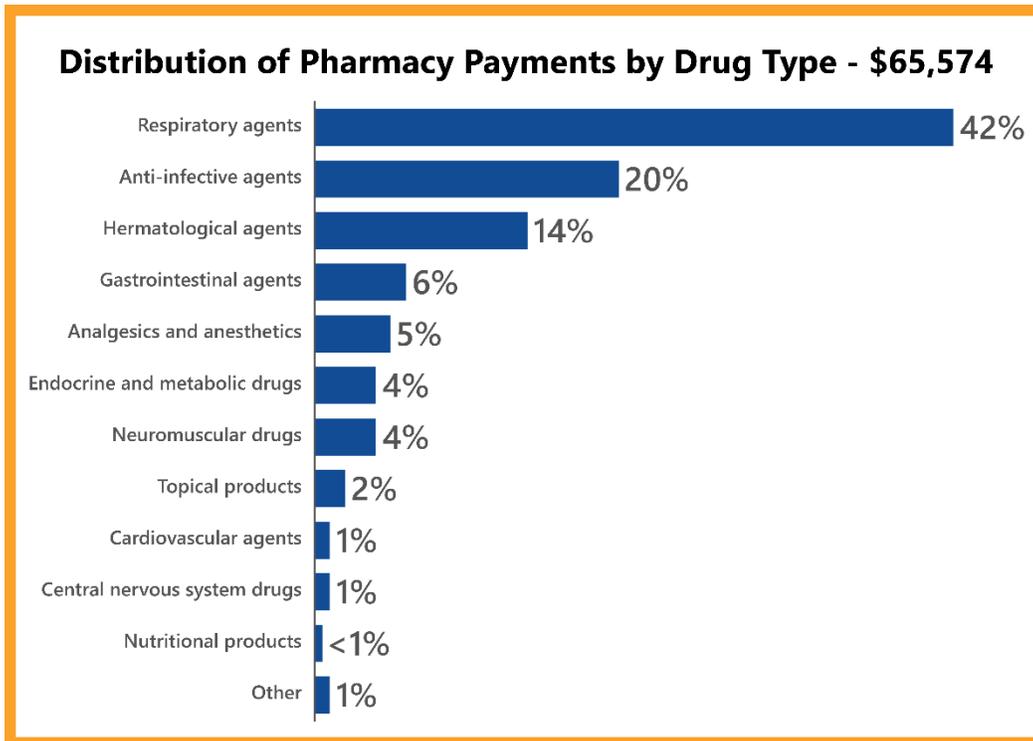


Figure 12. Distribution of pharmacy payments (Source: DWC administrative data as of December 11, 2020, for claims reported to insurance carriers as of September 30, 2020).