

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 May 9, 2021, on COVID-19 claims. Specific information on indemnity and medical benefits paid for COVID-19 claims is limited to benefits paid as of April 22, 2021, on claims reported to insurance carriers as of March 31, 2021.

Key Findings

Claim frequency: Total number of claims reported to DWC in 2020 was about 34% higher than in 2019.

COVID-19 claims: As of May 9, 2021, insurance carriers reported more than 48,000 COVID-19 claims and 249 fatalities to DWC. Nearly half of these claims and fatalities involve first responders and correctional officers.

Claims with positive test or diagnosis: Nearly two-thirds (63%) 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 (48%) of COVID-19 positive test claims. Despite more than 14,000 denials of COVID-19 claims with positive tests or diagnoses, there were only 85 disputes filed with DWC as of May 9, 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 March 31, 2021, 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 34% higher than in 2019. The increase in COVID-19 occupational disease claims reported so far 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 May 9, 2021, insurance carriers reported a total of 48,663 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 2021 and continued to decline each month since then.

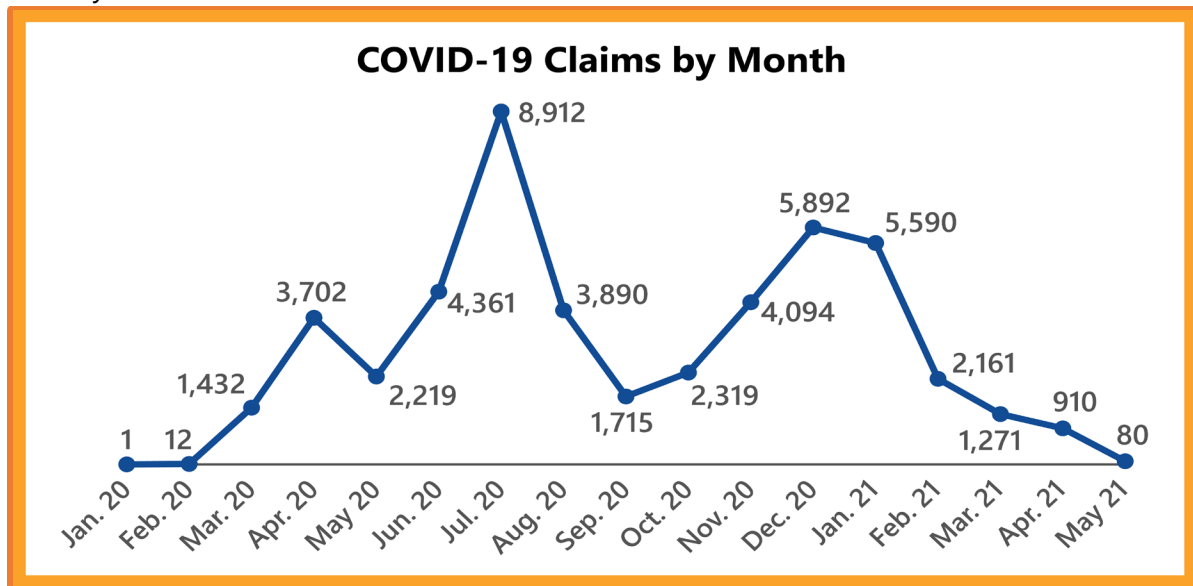


Figure 1. Number of COVID-19 Claims by Month Insurance Carrier Received Claim Notice (Source: DWC administrative data as of May 9, 2021. Note: Monthly counts may change over time as insurance carriers file updated claim reports with DWC. Note: Twelve claims did not include information about the date of claims.

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 data 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 data call as of December 2020 and onward. 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 (61%) of the state's COVID-19 cases were concentrated in 10 counties as of May 9, 2021.³ Likewise, the majority (58%) of the state's COVID-19 workers' compensation claims were concentrated in these same 10 counties. Nearly half (45%) 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).

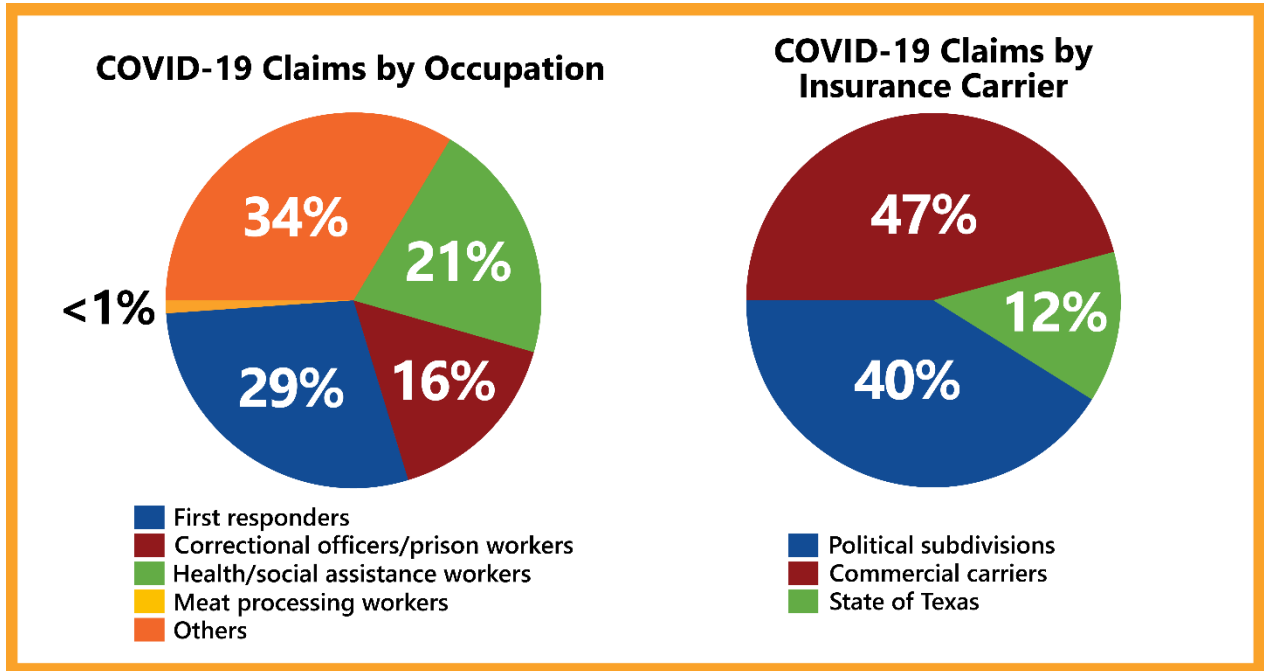


Figure 2. COVID-19 Claims by Occupation and Type of Insurance Carrier (Source: DWC administrative data as of May 9, 2021). Note: "State of Texas" includes the State Office of Risk Management, the University of Texas System, the Texas A&M University System, and the Texas Department of Transportation. "Commercial carriers" includes licensed insurance companies and certified self-insured employers. Seven claims did not include information about insurance carrier.

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

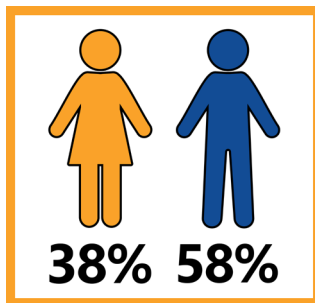


Figure 3. Claimants' Gender (Source: DWC administrative data as of May 9, 2021). Note: Approximately 4% of claims did not include information about gender.



Figure 4. Claimant's Age (unknown age category includes missing or unreliable date of birth) (Source: DWC administrative data as of May 9, 2021). Note: Due to rounding, percentages may not add to 100.

³ 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 5 provides a breakdown of COVID-19 claims by industry sector.⁴ 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%).

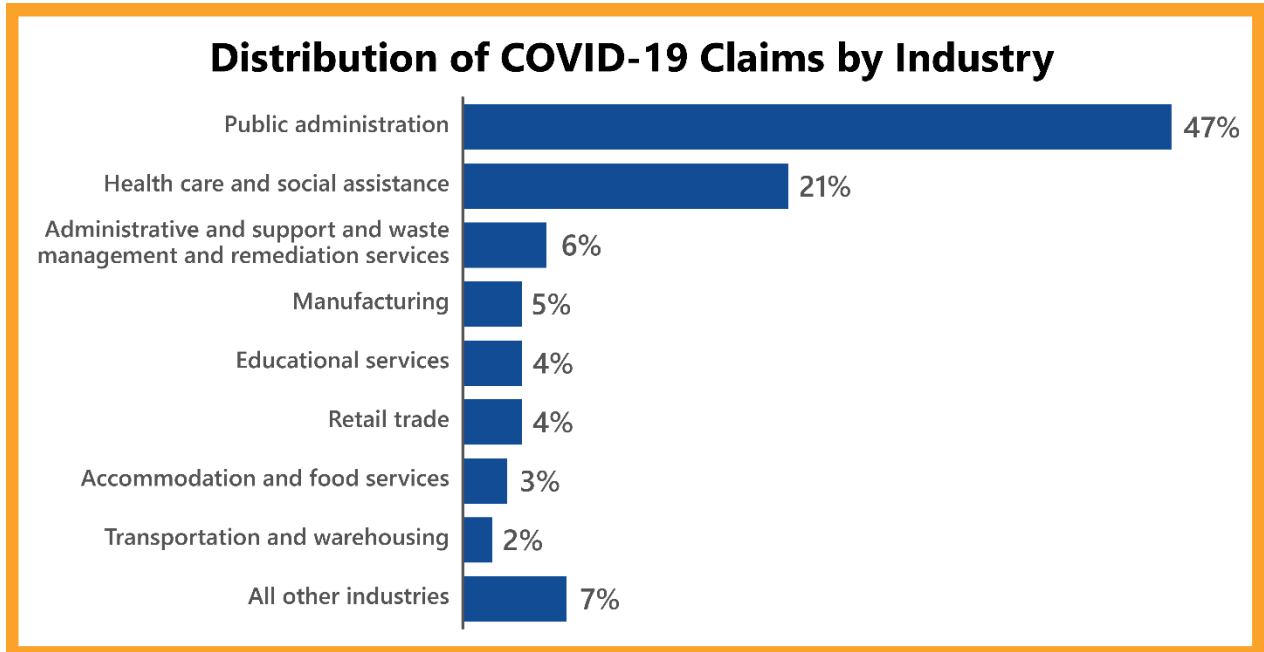


Figure 5. COVID-19 Claims by Industry (Source: DWC administrative data as of May 9, 2021).

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 May 9, 2021, insurance carriers reported 249 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 (46%) of the COVID-19 fatal claims involved first responders and correctional officers and slightly more than half (52%) 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.

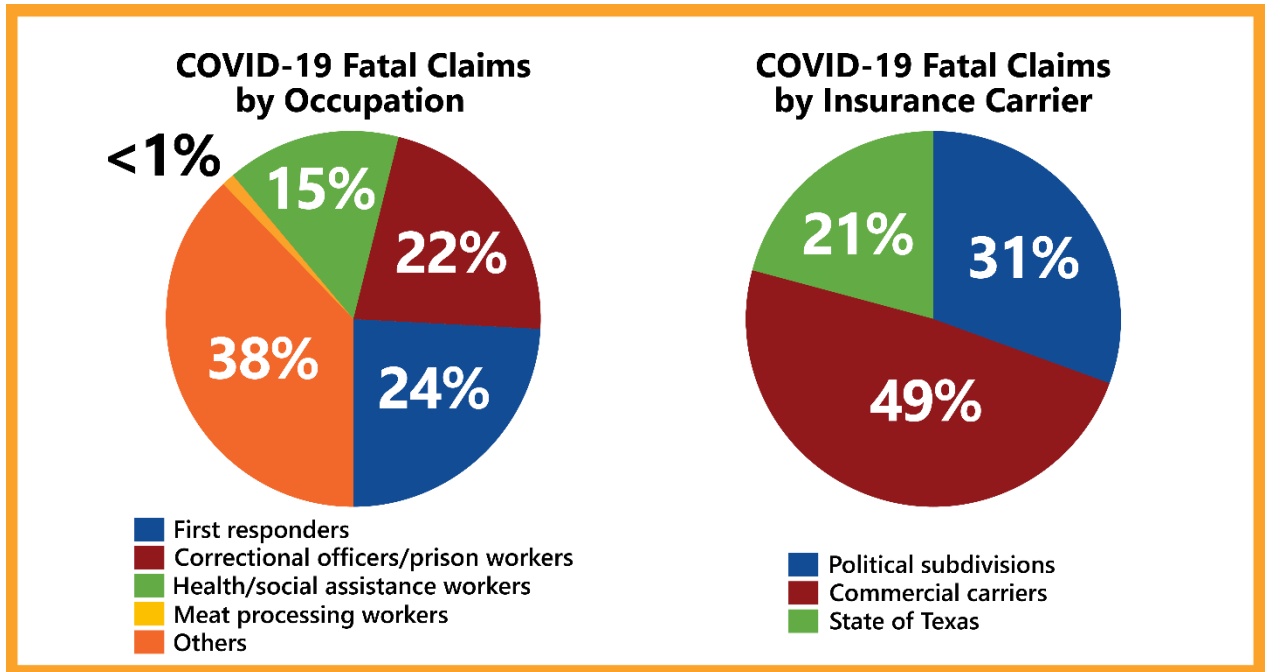


Figure 6. Fatal Claims by Occupation and Type of Insurance Carrier (Source: DWC administrative data as of May 9, 2021). Note: "State of Texas" includes the State Office of Risk Management, the University of Texas System, the Texas A&M University System, and the Texas Department of Transportation. "Commercial 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 of March 31, 2021), showed that 63% 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 (48%) were accepted as work-related by insurance carriers, half (50%) were denied by the insurance carriers, and 2% 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 (87%); however, commercial insurance carriers had the highest number of denials. Despite the number of COVID-19 claims denied, DWC's administrative data as of May 9, 2021, showed that there were only 85 COVID-19 claim disputes filed with DWC.

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	21,213	15,237 (72%)	4,934 (32%)	9,807 (64%)	496 (3%)
Political subdivisions	19,555	10,667 (55%)	8,916 (84%)	1,692 (16%)	59 (1%)
State of Texas	6,529	3,850 (59%)	467 (12%)	3,365 (87%)	18 (<1%)
All carriers total	47,297	29,754 (63%)	14,317 (48%)	14,864 (50%)	573 (2%)

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

Indemnity benefits paid: Using DWC's administrative data as of April 22, 2021, for the claims reported as of March 31, 2021, insurance carriers and employers paid \$24.1 million in indemnity benefits on COVID-19 claims to date, \$10.9 million (45%) in employer salary continuation, \$12.9 million (53%) in workers' compensation income benefits, \$244,390 (1%) in death benefits, and \$121,202 (1%) in burial benefits (Figure 8).

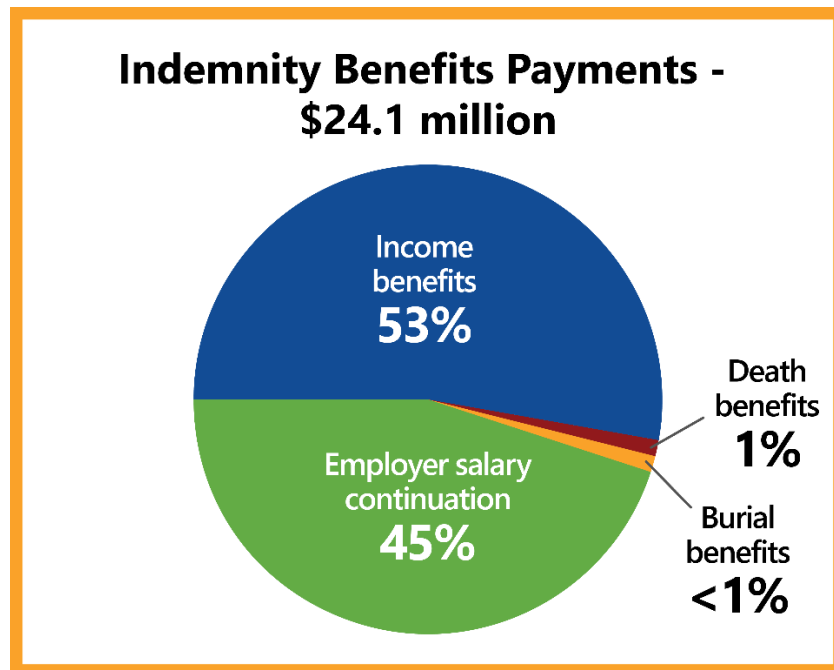


Figure 8. Amount of Income Benefits Paid (Source: DWC administrative data as of April 22, 2021, for claims reported to insurance carriers as of March 31, 2021).
 Note: Due to rounding, percentages may not add to 100.

Most of these costs have been paid by political subdivisions (60%) followed by commercial insurance carriers (36%), 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 19 days of disability per lost-time claim (median: 14 days). The average income benefit payment made for the claims with injury dates from January to September 2020 was \$2,145 at six months post-injury.

Medical costs paid: Using DWC's administrative data as of April 22, 2021, insurance carriers paid a total of \$17.3 million in medical costs on COVID-19 claims to date, \$14.1 million (82%) in hospital/facility services, \$3.0 million (17%) in professional services, and \$162,680 (1%) in pharmacy services (Figure 9). To date, most of these costs have been paid by political subdivisions (69%) followed by commercial insurance carriers (27%) and the State of Texas (4%). These costs are likely to increase over time as claims mature.

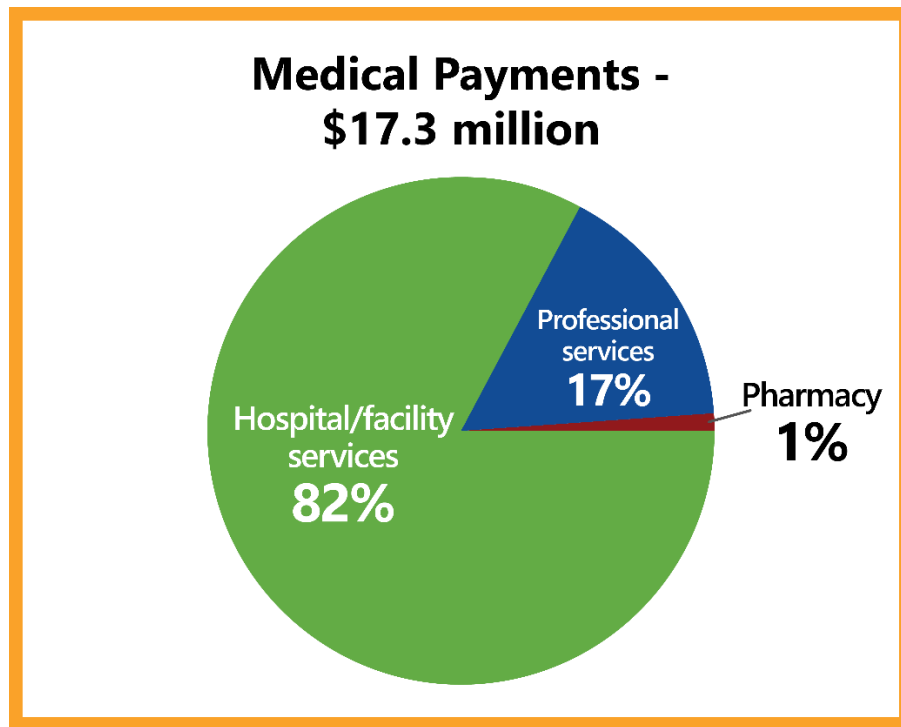


Figure 9. Distribution of Medical Benefits Paid (Source: DWC administrative data as of April 22, 2021, for claims reported to insurance carriers as of March 31, 2021).
 Note: Due to rounding, percentages may not add to 100.

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 \$3,215. For those claims that received hospital/facility services, the average cost for those services at six months was \$11,123. The average professional services cost per claim was \$692 and the average pharmacy cost per claim was \$445.

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.

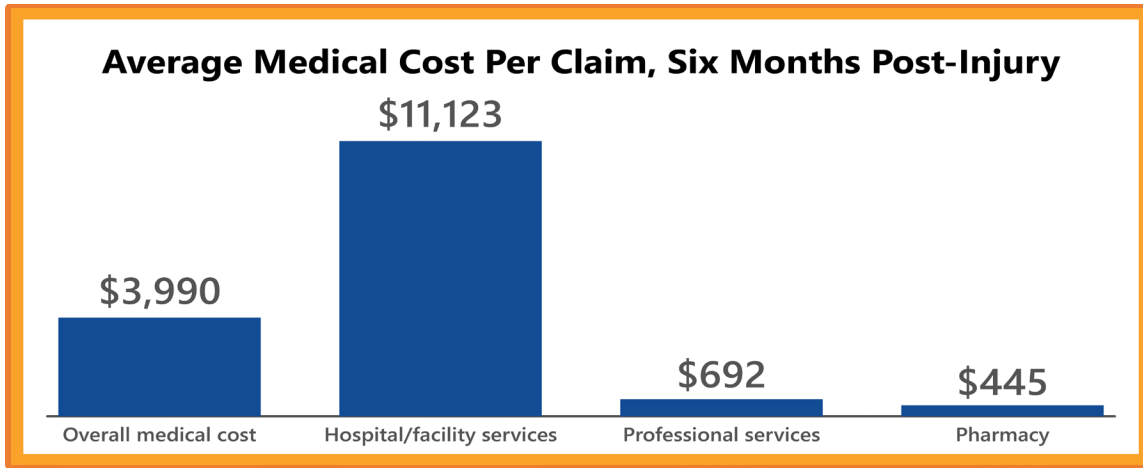


Figure 10. Average Medical Costs Per Claim, Six Months Post-Injury (Source: DWC administrative data as of April 22, 2021, for claims with injury dates in January - September 2020).

Figure 11 shows the distribution of professional service payments by service category. Nearly two-thirds (63%) of the professional service payments were made for evaluation and management services followed by medicine, durable medical equipment, surgery, laboratory and pathology, radiology, and anesthesia.

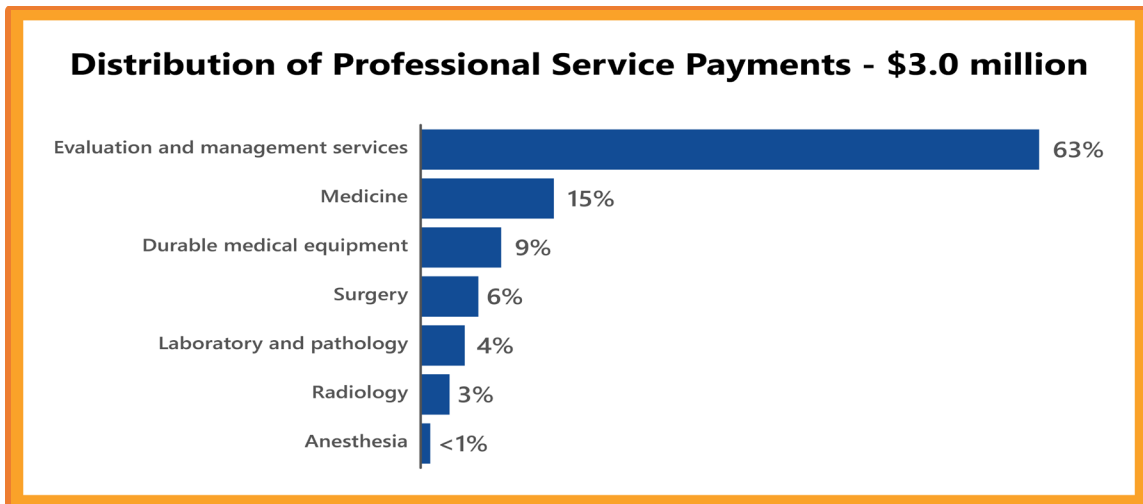


Figure 11. Distribution of Professional Service Payments (Source: DWC administrative data as of April 22, 2021, for claims reported to insurance carriers as of March 31, 2021).

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 (91%) of the hospital/facility payments were made for inpatient services, followed by outpatient services (6%), and other (3%).

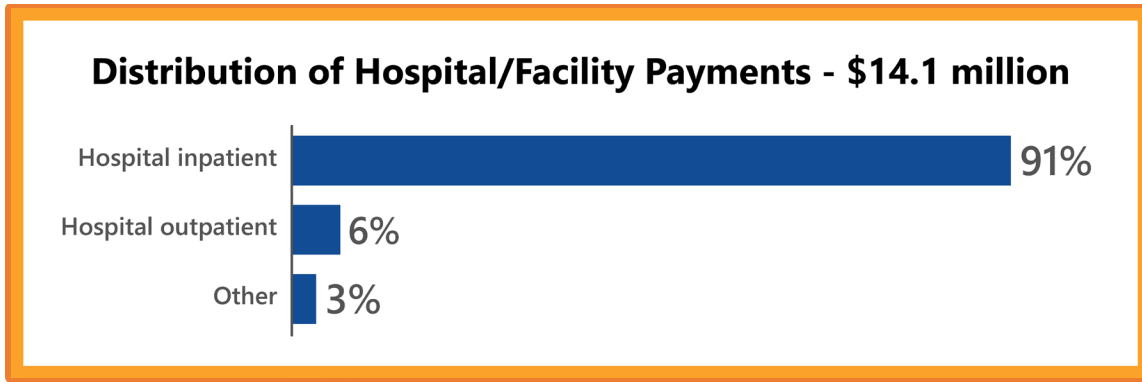


Figure 12. Distribution of Hospital/Facility Payments (Source: DWC administrative data as of April 22, 2021, for claims reported to insurance carriers as of March 31, 2021).

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

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 (28%) of the payments were made for 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, Methylprednisolone, and Benzonatate.

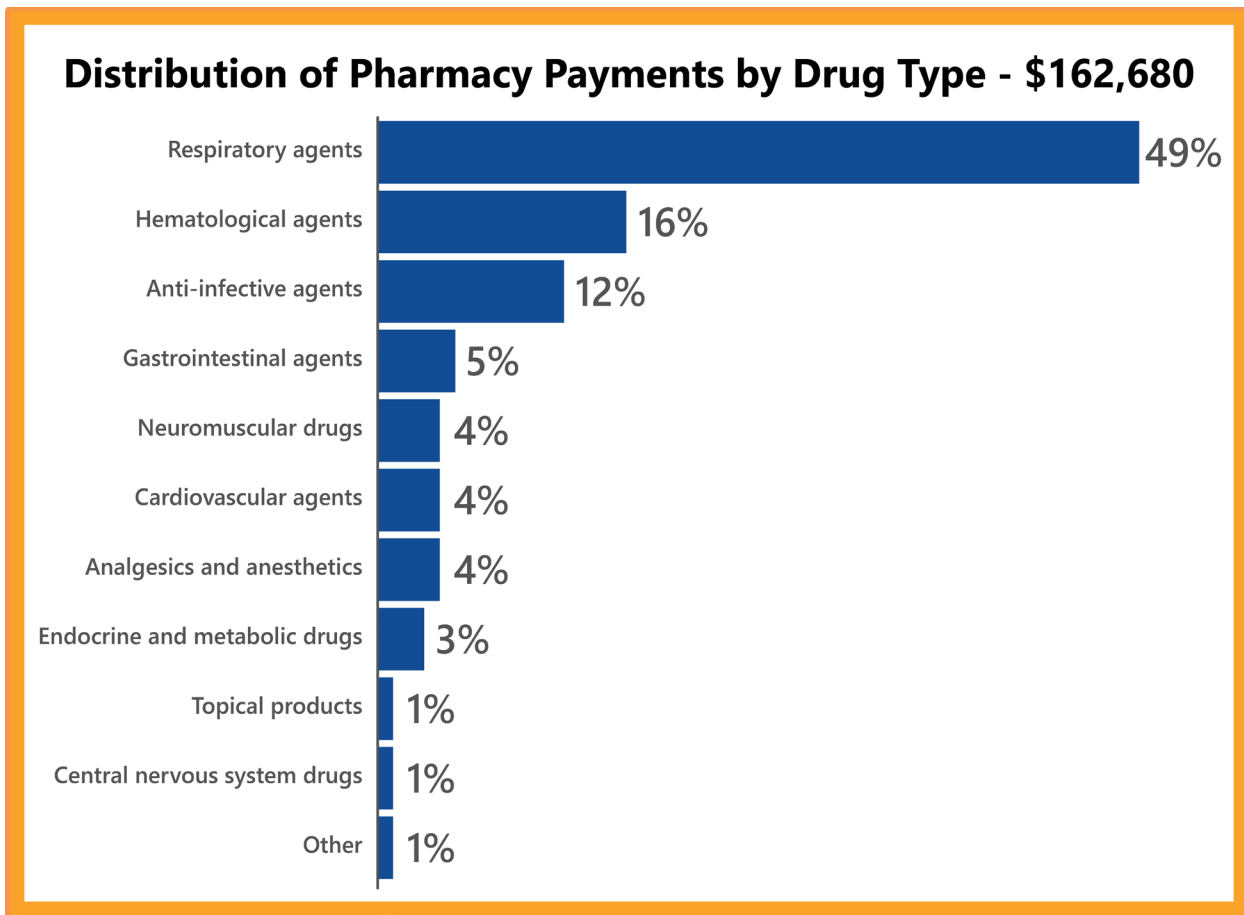


Figure 13. Distribution of Pharmacy Payments (Source: DWC administrative data as of April 22, 2021, for claims reported to insurance carriers as of March 31, 2021).

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 May 9, 2021, insurance carriers reported a total of 448 COVID-19 vaccine reaction claims to DWC. Among these 448 claims, 60 claims were reported in December 2020, 214 in January 2021, 110 in February 2021, 38 in March 2021, 24 in April 2021, and 2 in May 2021.

Most of the vaccine reaction claims (81%) were processed by political subdivisions, 17% by commercial carriers, and 2% by the State of Texas. The public administration industry sector represented most of the vaccine reaction claims (79%), followed by health care and social assistance sector (15%), and accommodation and food services sector (2%). To date, the vast majority of COVID-19 vaccine reaction claims filed (90%) have not been initially denied by the insurance carriers.

As of April 14, 2021, insurance carriers paid \$42,254 in indemnity and medical benefits for these COVID-19 vaccine reaction claims. A total of \$30,919 was paid as indemnity benefits (employer salary continuation: \$22,089 and temporary income benefits: \$8,830) for an average of 15 days of disability per lost-time claim (median: 13 days). Similarly, insurance carriers paid a total of \$11,335 as medical benefits (professional services payments: \$4,216, hospital/facility payments: \$6,996, and pharmacy payments: \$123).