

## 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 factsheet<sup>1</sup> to provide information on the potential impact of COVID-19 on the state's workers' compensation system. This factsheet provides ongoing 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 November 7, 2021, on COVID-19 claims. Specific information on indemnity and medical benefits paid for COVID-19 claims is limited to benefits paid as of November 12, 2021, on claims reported to insurance carriers as of September 30, 2021.

### Key Findings

**COVID-19 claims:** As of November 7, 2021, insurance carriers reported more than 61,000 COVID-19 claims and 371 fatalities to DWC. Nearly half of these claims (45%) and half of the fatalities (50%) involve first responders and correctional officers.

**COVID-19 claims with benefits:** In 2020 and the first half of 2021, slightly less than one-third of COVID-19 claims filed (31%) had medical or indemnity benefit payments associated with them.

**Claims with positive test or diagnosis:** Most claims (60%) involved injured employees who tested positive or were diagnosed with COVID-19.

**Denials and disputes:** Data call results show insurance carriers accepted half (50%) of COVID-19 positive test claims. Despite more than 16,500 denials of COVID-19 claims with positive tests or diagnoses, there were only 134 disputes filed with DWC as of November 7, 2021.

**Benefits paid:** Most of the benefits paid on COVID-19 claims 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.

- **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 September 30, 2021, and the disposition of those claims (accepted, denied, or 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 during the pandemic (January 2020 through September 2021) was about 19% higher than the previous 21 months (April 2018 through December 2019). The increase in COVID-19 occupational disease claims reported since January 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.<sup>3</sup>

**COVID-19 claims:** From January 1, 2020, through November 7, 2021, insurance carriers reported a total of 61,331 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 Greg Abbott's COVID-19 disaster declaration in Texas. Claims began to decline in mid-April 2020 as Texas began reopening efforts, started surging in June 2020, and continued to increase until mid-July 2020. Claims began to decline again in mid-July 2020 through September 2020 then started to increase again in October and continued through December 2020. Claims started declining again in January 2021 and continued to decline each month through June 2021. Claims again started increasing July through August 2021, reflecting the third wave of COVID-19. Claims started declining again in September 2021 and continued through October.

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<sup>2</sup> Selected insurance carriers are those that had 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 allows new COVID-19 claims to be filed for infections that occurred before June 14, 2021.

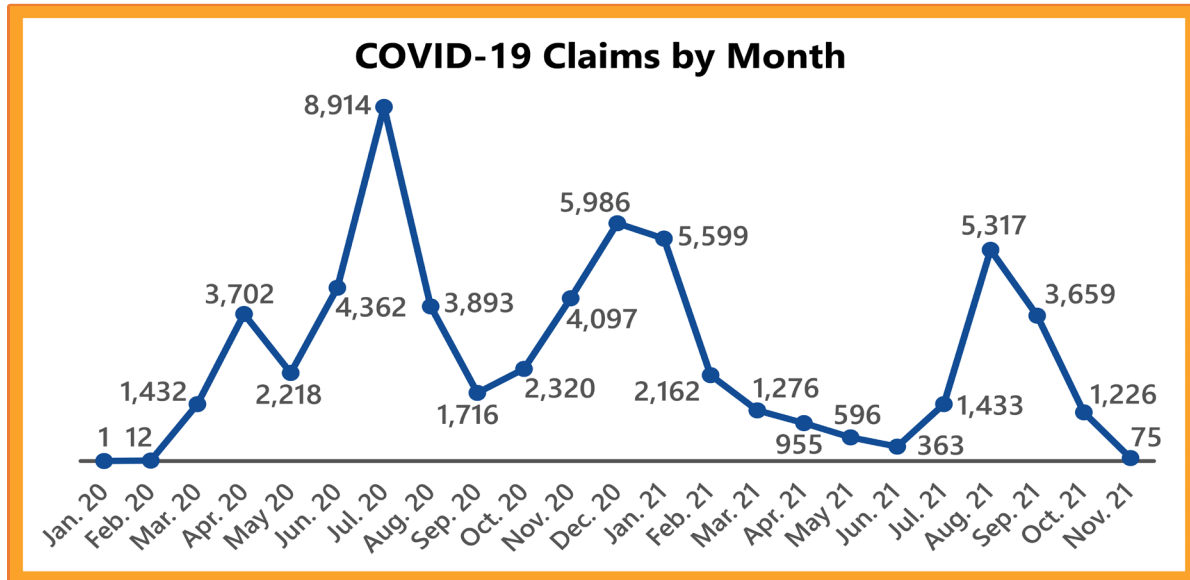


Figure 1. Number of COVID-19 Claims by Month Insurance Carrier Received Claim Notice.

Source: DWC administrative data as of November 7, 2021.

Notes: Monthly counts may change over time as insurance carriers file updated claim reports with DWC. Seventeen 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 (60%) of the state’s COVID-19 cases were concentrated in 10 counties as of November 7, 2021.<sup>4</sup> The majority (56%) of the state’s COVID-19 workers’ compensation claims were also 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).

<sup>4</sup> The 10 counties include Harris, Dallas, Tarrant, Bexar, El Paso, Travis, Collin, Fort Bend, Denton, and Hidalgo. Source: Texas Department of State Health Services as of November 7, 2021.

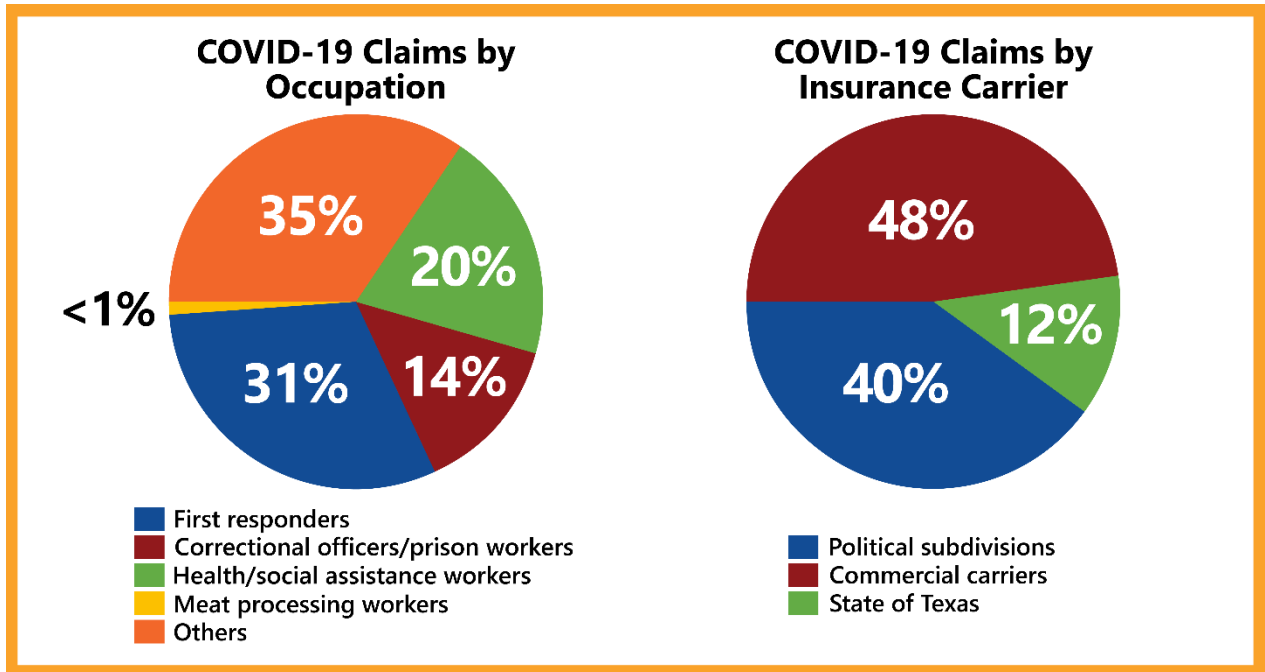


Figure 2. COVID-19 Claims by Occupation and Type of Insurance Carrier. Source: DWC administrative data as of November 7, 2021. Notes: "State of Texas" includes the State Office of Risk Management, the University of Texas System, the Texas A&M University System, and the Texas Department of Transportation. "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).

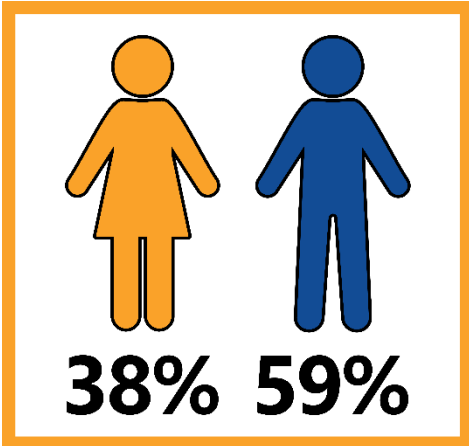


Figure 3. Claimants' Gender. Source: DWC administrative data as of November 7, 2021. Note: Approximately 3% of claims did not include information about gender.



Figure 4. Claimant's Age. Source: DWC administrative data as of November 7, 2021. Notes: Unknown age category includes missing or unreliable date of birth. 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 (48%) of COVID-19 claims followed by health care and social assistance (20%), administrative and support and waste management and remediation (8%), and manufacturing (5%).

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

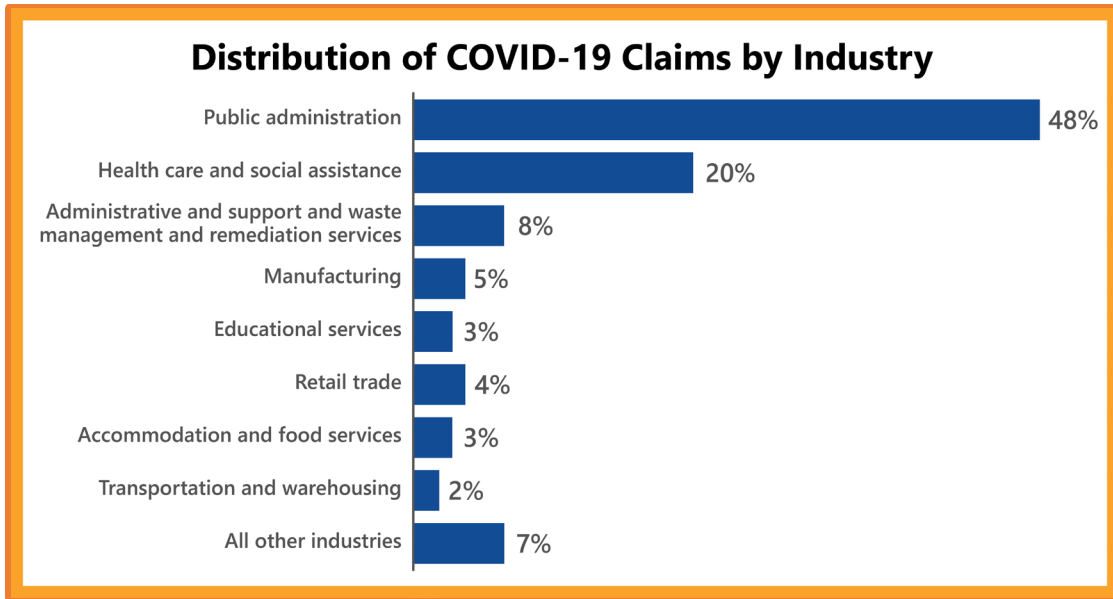


Figure 5. COVID-19 Claims by Industry. Source: DWC administrative data as of November 7, 2021.

Notes: "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 November 7, 2021, insurance carriers reported 371 COVID-19 fatal claims to DWC. Slightly less than half (42%) of these fatal workers' compensation claims were concentrated in the same 10 counties where the most COVID-19 cases and claims were reported. Half (50%) of the COVID-19 fatal claims involved first responders and correctional officers and slightly more than half (55%) of fatal claims were processed by the State of Texas and its political subdivisions (Figure 6). Slightly more than two-thirds (68%) of the fatal claims involved injured employees who were 50 or more years of age, and slightly more than three-quarters (78%) of the fatal claims involved males.

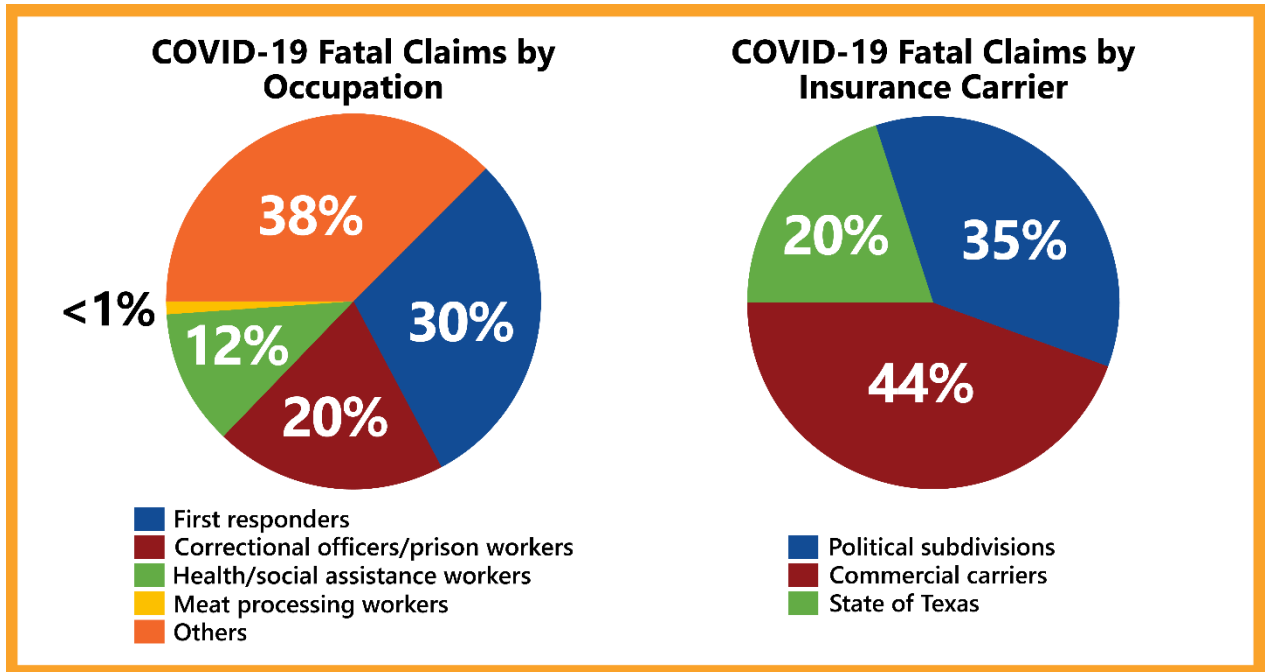


Figure 6. Fatal Claims by Occupation and Type of Insurance Carrier. Source: DWC administrative data as of November 7, 2021. Notes: "State of Texas" includes the State Office of Risk Management, the University of Texas System, the Texas A&M University System, and the Texas Department of Transportation. "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 insurers as of September 30, 2021), showed that 60% of COVID-19 claims involved an injured employee who tested positive or was diagnosed with COVID-19 (Figure 7). Among these positive test claims, half (50%) were accepted as work-related by insurance carriers, nearly half (47%) were denied by the insurance carriers, and 3% were still under investigation. These statistics vary across types of insurance carriers. COVID-19 claims being processed by the commercial carriers reported the highest number (13,381) and rate (71%) of denials. Despite the number of COVID-19 claims denied, DWC's administrative data as of November 7, 2021, showed that there were only 134 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	26,974	18,883 (70%)	5,177 (27%)	13,381 (71%)	325 (2%)
Political subdivisions	24,626	14,629 (59%)	12,119 (83%)	2,109 (14%)	402 (3%)
State of Texas	7,526	2,100 (28%)	424 (20%)	1,183 (56%)	493 (23%)
All carriers total	59,126	35,612 (60%)	17,720 (50%)	16,673 (47%)	1,220 (3%)

Figure 7. COVID-19 Claims, Positive Test Claims, and Claim Disposition. Source: Data call submission as of September 30, 2021. Notes: "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. 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 March 2021 data call submission. 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.

After the passage of Senate Bill (SB) 22, which created a statutory presumption for COVID-19 claims involving most first responders, detention officers, and custodial officers, DWC started receiving PLN-15's, *Notice of Request to Reprocess a COVID-19 Claim Subject to Texas Government Code Section 607.0545*. As of November 7, 2021, 99 PLN-15's for COVID-19 claims were filed, of which 72 were accepted and 26 were denied (Figure 8).

Insurance Carriers	# of First Responders' COVID-19 Claims Initially Denied	# of PLN-15's Filed	# of PLN-15's Accepted	# of PLN-15's Denied
Commercial carriers	355	2	0	2
Political subdivisions	7,575	23	19	3
State of Texas	5,246	74	53	21
All carriers total	13,176	99	72	26

Figure 8. First responders' COVID-19 claim denials and filing and disposition of PLN-15's. Source: DWC administrative data as of November 7, 2021.

Note: A decision about acceptance or denial is not mentioned for one of the claims.

Likewise, as of November 7, 2021, 18 PLN-15's for COVID-19 fatal claims were filed, of which 13 were accepted and 4 were denied (Figure 9).

Insurance Carriers	# of First Responders' COVID-19 Fatal Claims Initially Denied	# of PLN-15's Filed for Fatal Claims	# of PLN-15's Accepted for Fatal Claims	# of PLN-15's Denied for Fatal Claims
Commercial carriers	10	2	0	1
Political subdivisions	104	2	0	2
State of Texas	71	14	13	1
All carriers total	185	18	13	4

Figure 9. First Responders' COVID-19 Fatal Claim Denials and Filing and Disposition of PLN-15's for Fatal Claims. Source: DWC administrative data as of November 7, 2021.

Notes: Two political subdivisions received PLN-15's for fatal claims. A decision about acceptance or denial is not mentioned for one of the fatal claims.

**COVID-19 claims with indemnity and medical benefits paid:** While tens of thousands of COVID-19 claims were reported during 2020 and in the first half of 2021, only some had medical or indemnity payments associated with them. This indicates that most of these claims were either "exposure-only" claims (the injured employee did not test positive for or was diagnosed with COVID-19), were denied by insurance carriers as not work-related, or were not severe enough to incur medical or indemnity benefit payments. In 2020 and the first half of 2021, about 50,000 COVID-19 claims were filed, but slightly less than a third of these claims (15,526 or 31%) had medical or indemnity benefit payments. 67% had no medical or indemnity benefit payments. Among those with the medical or indemnity benefits payments, 2,406 (15%) were paid with both medical and indemnity benefits, 3,169 (20%) had only medical benefits, and 9,951 (64%) had only indemnity benefits. As of November 12, 2021, a total of \$76.1 million has been paid as indemnity or medical benefits for COVID-19 claims reported to insurance carriers as of September 30, 2021.

**Indemnity benefits paid:** Using DWC's administrative data as of November 12, 2021, for the claims reported as of September 30, 2021, insurance carriers and employers paid about \$48 million in indemnity benefits on COVID-19 claims, \$25.4 million (53%) in employer salary continuation, \$20.6 million (43%) in workers' compensation income benefits, \$1.6 million (3%) in death benefits, and \$223,264 (<1%) in burial benefits (Figure 10).



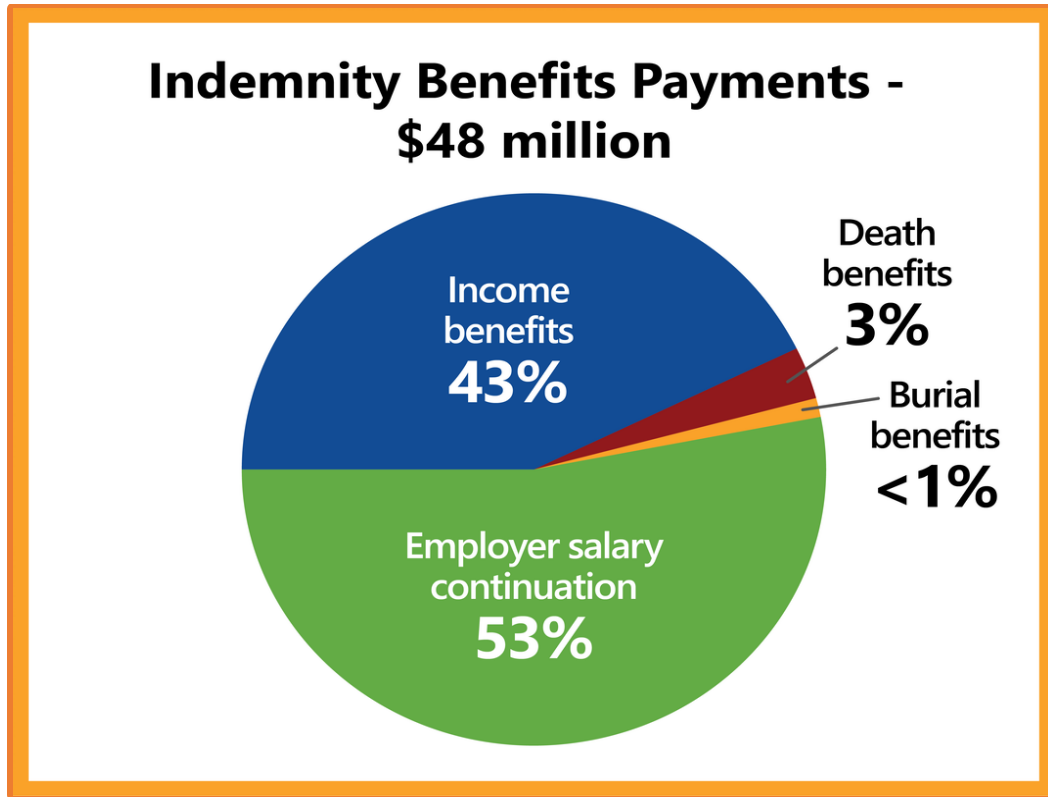


Figure 10. Amount of Income Benefits Paid. Source: DWC administrative data as of November 12, 2021, for claims reported to insurance carriers as of September 30, 2021.

Note: Due to rounding, percentages may not add to 100.

As of November 12, 2021, most of these costs have been paid by political subdivisions (70%) followed by commercial insurance carriers (26%), 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.<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 18 days of disability per claim (median: 14 days). The average income benefit payment made for the claims was \$2,602.<sup>7</sup>

**Medical costs paid:** Using DWC's administrative data as of November 12, 2021, for the claims reported to insurance carriers as of September 30, 2021, insurance carriers paid a total of \$28.1 million in medical costs on COVID-19 claims, \$22.1 million (79%) in hospital/facility services, \$5.5 million (19%) in professional services, and \$443,914 (2%) in pharmacy services (Figure 11). To date, most of these costs have been paid by political subdivisions (69%), followed by commercial insurance carriers (26%), and the State of Texas (4%). These costs are likely to increase over time as claims mature.

<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.

<sup>7</sup> Some of the income benefits data were unreliable and therefore excluded from the analysis.

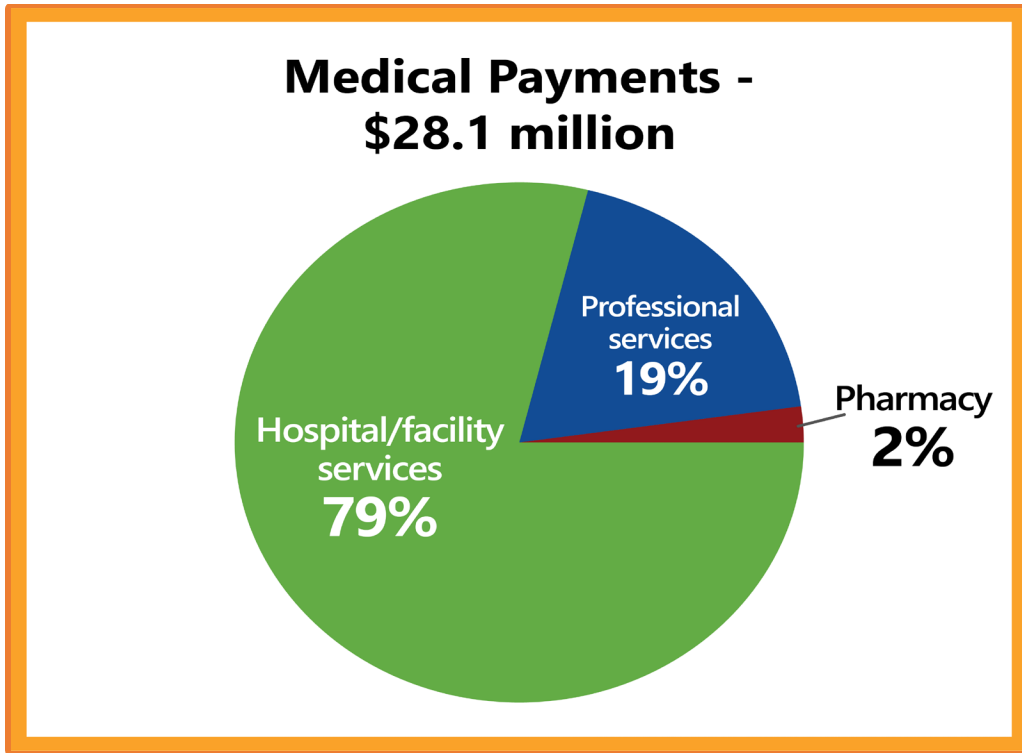


Figure 11. Distribution of Medical Benefits Paid. Source: DWC administrative data as of November 12, 2021, for claims reported to insurance carriers as of September 30, 2021.

Figure 12 provides information on the average medical cost per claim for claims with injury dates in January 2020 to March 2021, at six months post-injury. Overall, the average medical cost for all COVID-19 claims at six months was \$4,122. For claims that received hospital/facility services, the average cost for services at six months was \$12,297. The average professional services cost per claim was \$842 and the average pharmacy cost per claim was \$376 for claims that received those services.

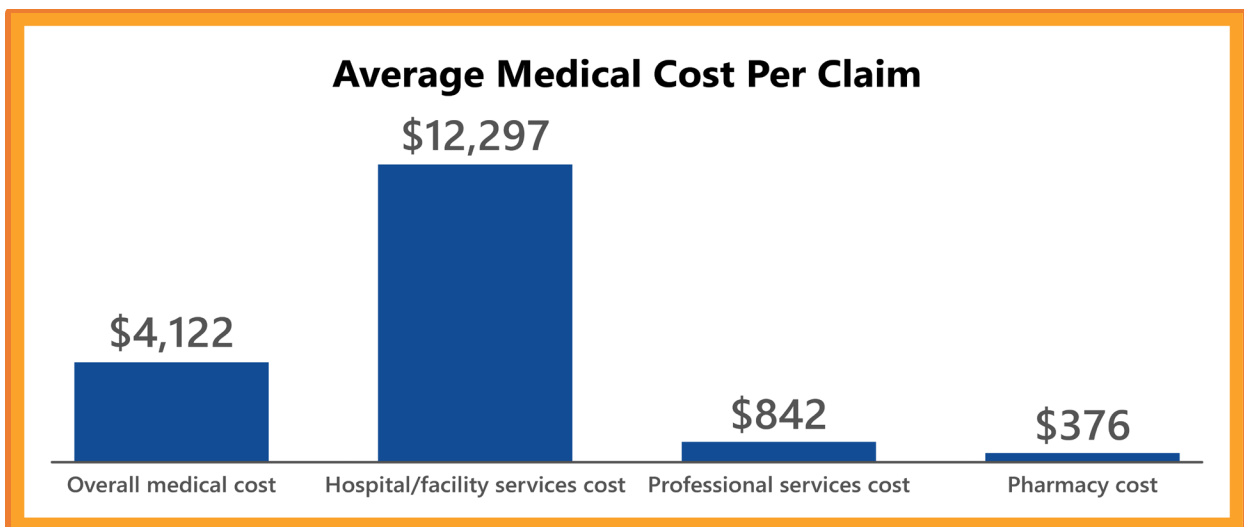


Figure 12. Average Medical Costs Per Claim at Six Months Post-Injury. Source: DWC administrative data as of November 12, 2021, for the claims with injury dates of January 2020 through March 2021.

Figure 13 shows the distribution of professional service payments by service category. Most of the professional service payments (59%) were made for evaluation and management services followed by medicine, durable medical equipment, surgery, laboratory and pathology, radiology, and anesthesia.

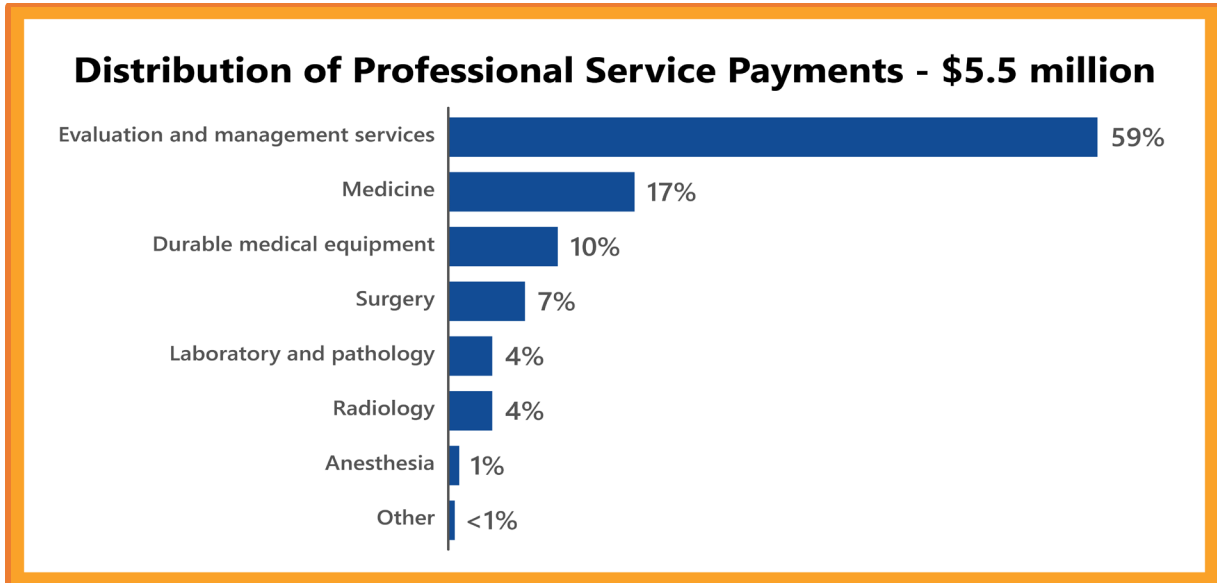


Figure 13. Distribution of Professional Service Payments. Source: DWC administrative data as of November 12, 2021, for claims reported to insurance carriers as of September 30, 2021.

Note: Due to rounding, percentages may not add to 100.

Figure 14 shows the distribution of hospital/facility payments by facility type. Most (90%) of the hospital/facility payments were made for inpatient services, followed by outpatient services (7%), and other (3%).

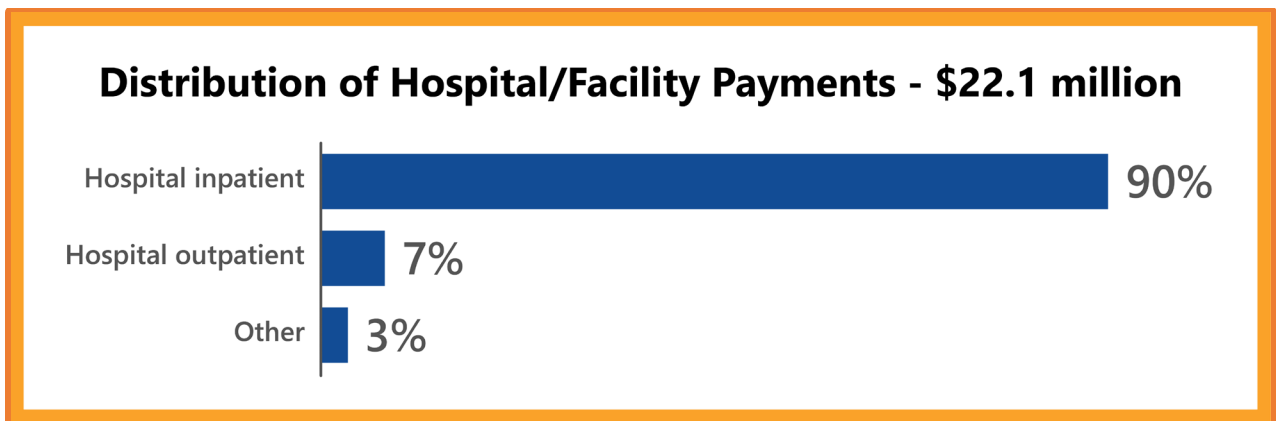


Figure 14. Distribution of Hospital/Facility Payments. Source: DWC administrative data as of November 12, 2021, for claims reported to insurance carriers as of September 30, 2021.

Note: "Other" includes skilled nursing, home health, and all other facility types.

Figure 15 presents the distribution of pharmacy payments by drug type. Slightly more than half (52%) of the pharmacy payments were made for respiratory agents. Similarly, one-quarter (25%)

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, Budesonide-Formoterol Fumarate Dihydrate, Benzonatate, Methylprednisolone, Budesonide (Inhalation), Gabapentin, Dexamethasone, and Apixaban.

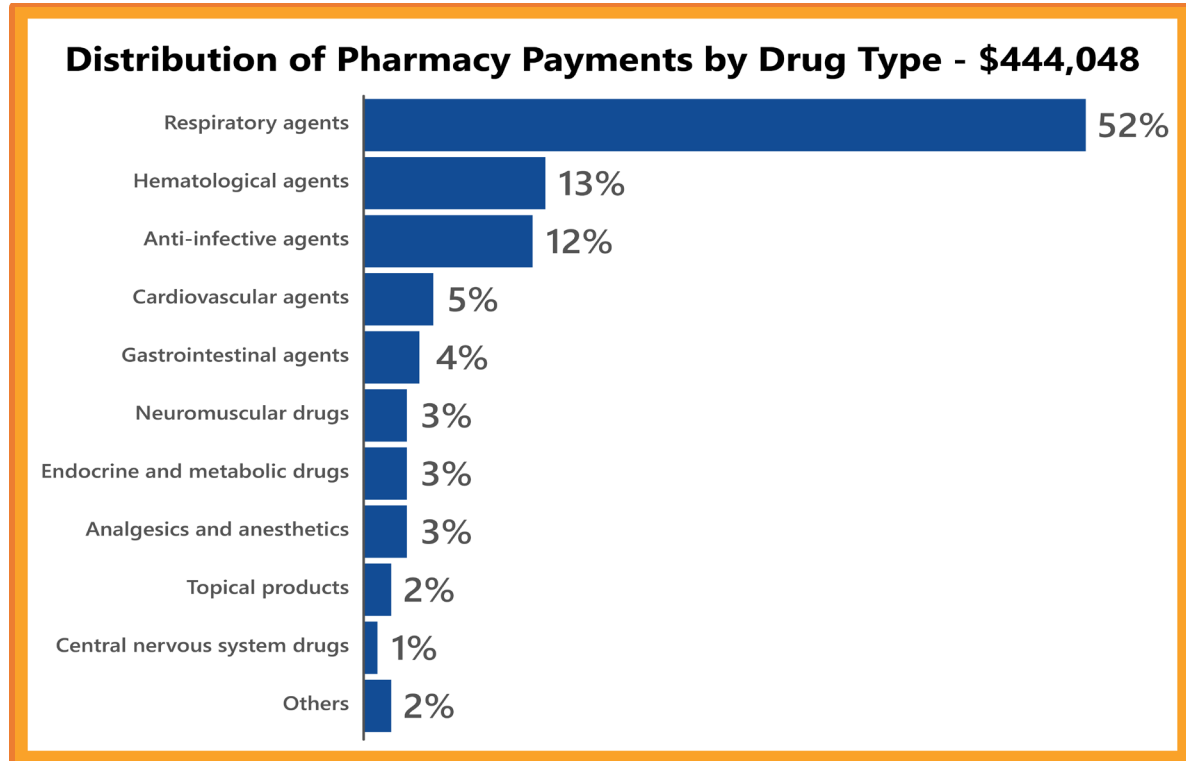


Figure 15. Distribution of Pharmacy Payments. Source: DWC administrative data as of November 12, 2021, for claims reported to insurance carriers as of September 30, 2021.

Figures 16-18 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, 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, slightly more than three-quarters of claims receiving professional (76%) and hospital/facility (78%) services received those services within one month post-injury. About 22-24% of claims received these services beyond one month post-injury, while only a small percentage (7%) of claims received these services for more than six months post-injury (see Figures 16 and 17).<sup>8</sup>

<sup>8</sup> While there is ongoing discussion about how to identify or define “long-haul” COVID-19 claims, the Centers for Disease Control and Prevention categorizes 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)).

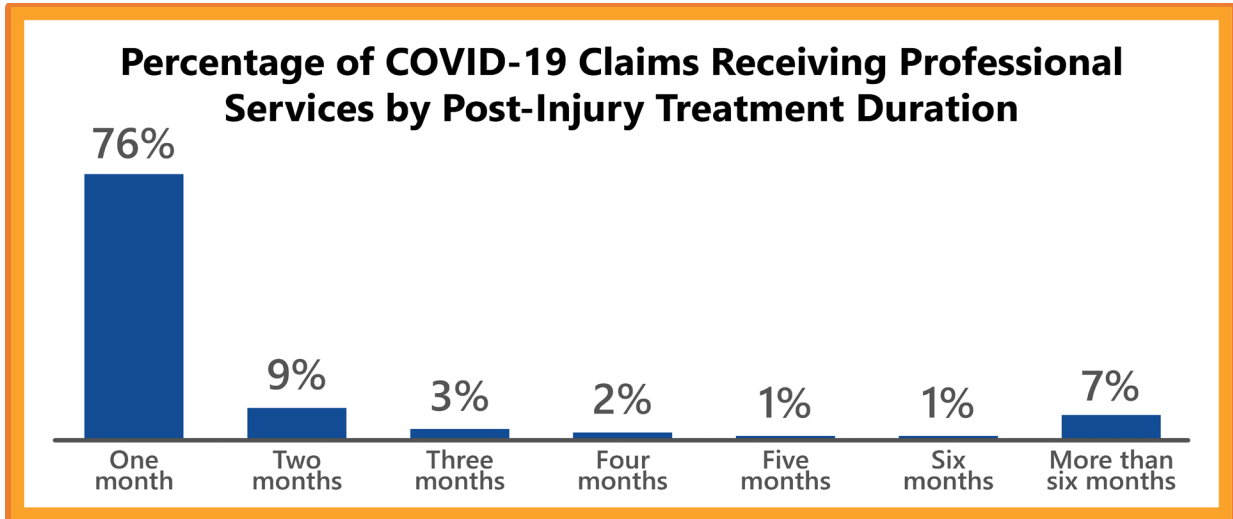


Figure 16. Percentage of COVID-19 Claims Receiving Professional Services by Post-Injury Treatment Duration. Source: DWC administrative data as of November 12, 2021, for claims with injuries that occurred from January 1, 2020, through March 31, 2021. Note: Due to rounding, percentages may not add to 100.

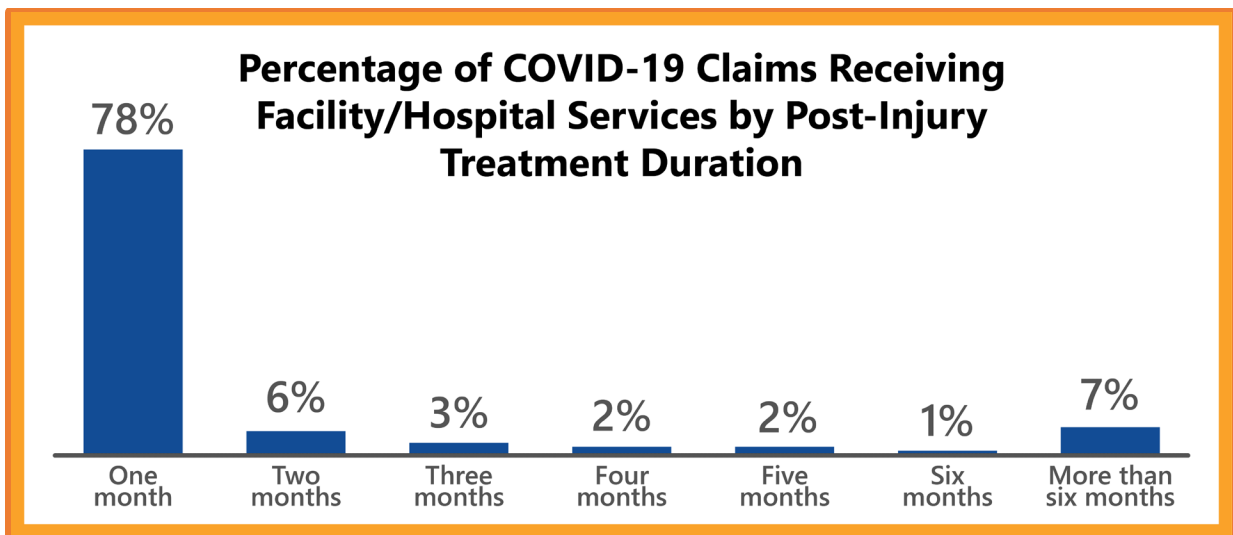


Figure 17. Percentage of COVID-19 Claims Receiving Facility/Hospital Service by Post-Injury Treatment Duration. Source: DWC administrative data as of November 12, 2021, for claims with injuries that occurred from January 1, 2020, through March 31, 2021. Note: Due to rounding, percentages may not add 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 18). Less than half of COVID-19 claims that received pharmacy services (46%) received those services within one month post-injury, while most of the COVID-19 claims (54%) continued receiving such services beyond one month post-injury.

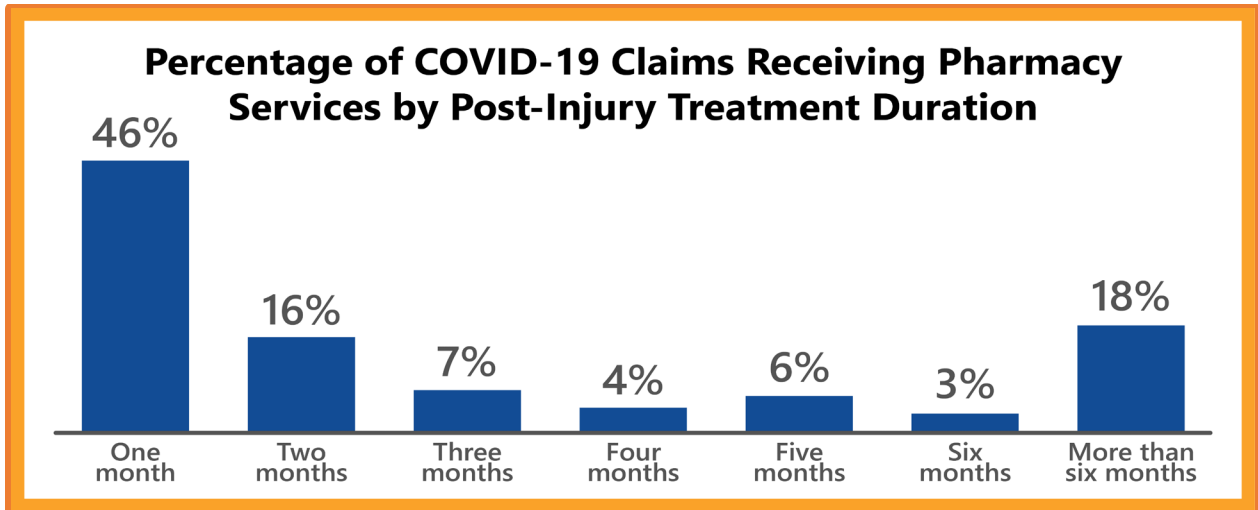


Figure 18. Percentage of COVID-19 Claims Receiving Pharmacy Services by Post-Injury Treatment Duration. Source: DWC administrative data as of November 12, 2021, for claims with injuries that occurred from January 1, 2020, through March 31, 2021. Note: Due to rounding, percentages may not add to 100.

**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 November 7, 2021, insurance carriers reported to DWC a total of 603 COVID-19 vaccine reaction claims. Figure 19 presents the distribution of COVID-19 vaccine reaction claims by injury month. Most of the reported COVID-19 vaccine reactions occurred in January 2021, followed by February 2021 and December 2020.

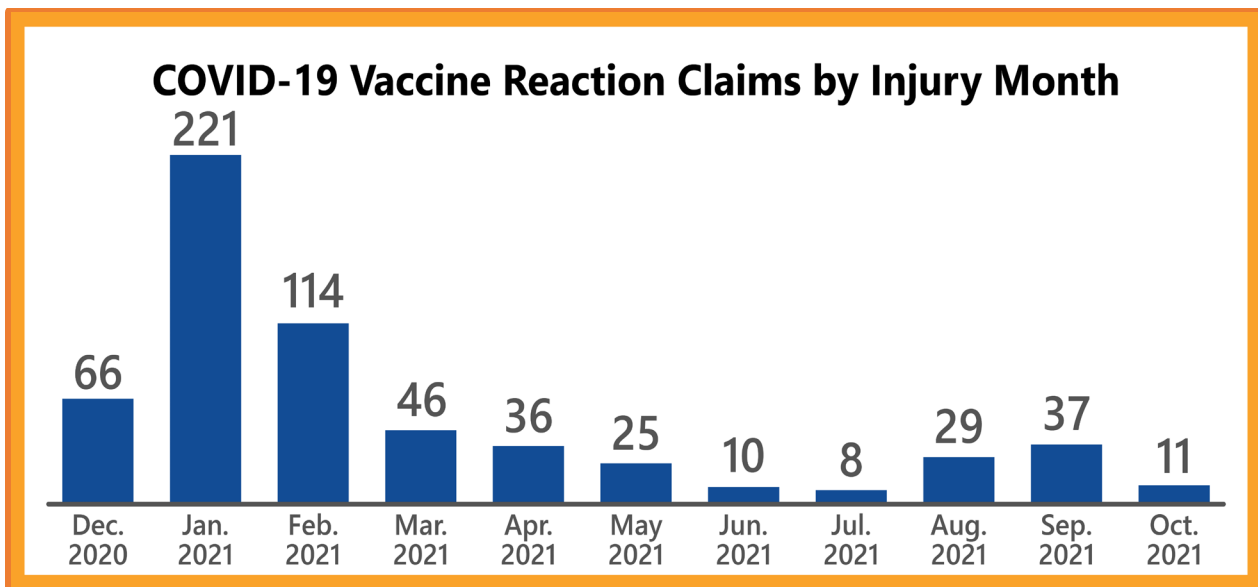


Figure 19. Distribution of COVID-19 Vaccine Reaction Claims by Month. Source: DWC administrative data as of November 7, 2021.

Most of the vaccine reaction claims were processed by political subdivisions (71%) followed by commercial carriers (27%), and the State of Texas (2%). The public administration industry sector represented most of the vaccine reaction claims (70%), followed by the health care and social assistance sector (21%), and accommodation and food services sector (2%). Most COVID-19 vaccine reaction claims (83%) have not been initially denied by insurance carriers. Of the 17% that were denied, most were denied by commercial carriers (commercial carriers: 13%, political subdivisions: 2%, and State of Texas: 2%).

Most vaccine reaction claims (85%) did not have any indemnity or medical payments associated with them. Of the 15% of vaccine reaction claims that had a payment, insurance carriers had paid \$96,038 in indemnity and medical benefits as of November 12, 2021. Insurance carriers paid \$44,399 in indemnity benefits for an average of 12 days of disability per claim (median: 8 days). Similarly, insurance carriers paid a total of \$51,638 in medical benefits (professional services payments: \$35,789, hospital/facility payments: \$14,767, and pharmacy payments: \$1,082).