

REG Report Snapshots, 2025

Health Care Cost and Utilization in the Texas Workers' Compensation System

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Summary

When an employee is injured on the job, they should be able to receive accessible, prompt, appropriate, and cost-effective health care within the Texas workers' compensation system. This report details what care was provided and used, the cost for these services overall, and the increases and decreases from 2018 to 2023.

Overall, the cost of health care services and utilization decreased in the years studied.

Throughout the years, the overall cost of health care, including professional services, hospital and institutional services, and pharmacy services, all decreased. The amount of use, or the number of claims using these services, also decreased. The average cost per claim for professional services and hospital and institutional services increased. The average cost for overall health care and pharmacy services decreased.

Key Findings



Overall health care costs decreased from 2018 to 2023:

- Total health care costs declined 14%, from \$997 million for services in 2018 to \$857 million for services in 2023.
 - The total number of claims decreased 11%, from 296,000 to 264,000.
 - The average cost per claim decreased 4%, from \$3,367 to \$3,245.
- Professional cost and utilization decreased from 2018 to 2023.
 - Total professional costs decreased 5%, from \$556 million in 2018 to \$529 million in 2023.
 - The number of claims receiving professional services decreased 11%, from 281,000 to 251,000.

- The average cost for professional services increased 7% from \$1,976 per claim to \$2,105.
- Hospital/institutional cost and utilization decreased from 2018 to 2023.
 - Total hospital/institutional costs decreased 23%, from \$367 million in 2018 to \$281 million in 2023.
 - The number of claims receiving hospital/institutional services decreased 25%, from 84,000 to 63,000.
 - The average cost for hospital/institutional services per claim increased about 2%, from \$4,392 to \$4,482.
- Pharmacy cost and utilization decreased from 2018 to 2023.
 - Total cost of pharmacy services decreased 40%, from \$69 million in 2018 to \$41 million in 2023.
 - The number of claims receiving pharmacy services dropped 35%, from 108,000 to 70,000.
 - The average cost of pharmacy services per claim decreased 7%, from \$638 to \$595.

About the report

This report provides information on medical cost and utilization within the Texas Workers' Compensation system from 2018 to 2023. This information includes patterns and trends across claim types, health care provider types, service types, claim maturities, facility types, and drug types. The report includes all claims, lost-time claims, and medical-only claims, and shows the cost and utilization by service year and injury year. The number of claims, total cost, and average cost for services is also provided.

Income Benefits in the Texas Workers' Compensation System

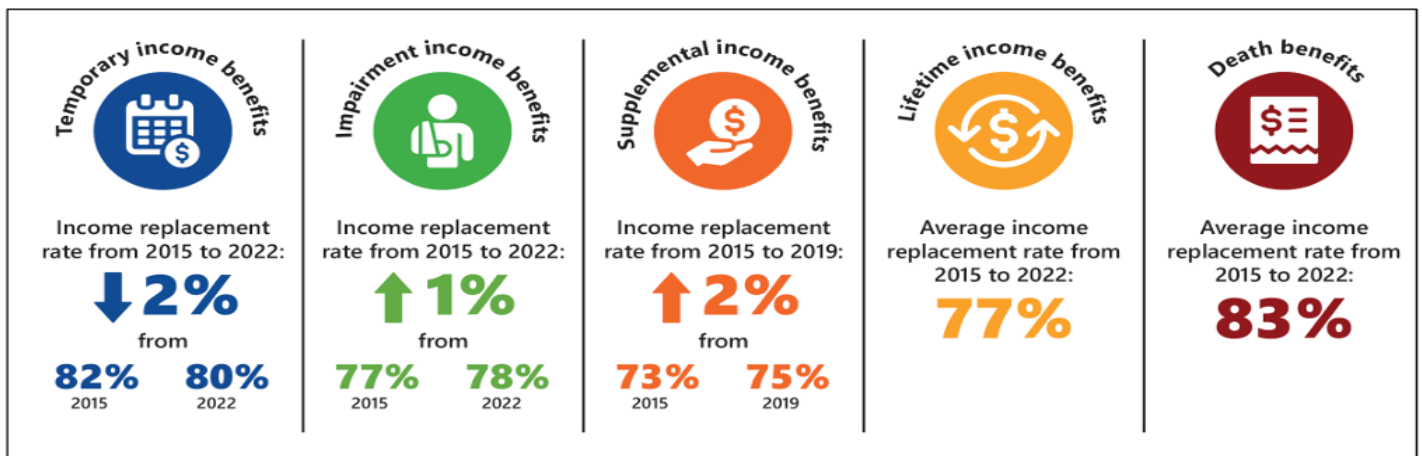
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Summary

When an employee is injured on the job, they may become eligible for certain income benefits. This report details the amount of income benefits an injured employee received during their injury period to help replace their lost wages during the fiscal years 2015 to 2022. This report estimates how much the injured employee earned during their injury period as well as providing information on the percentage and characteristics about injured employees who receive the maximum amount of income benefits for their injury.

Total income benefit payments and average duration decreased from 2015 to 2022. Throughout the years, temporary income benefits (TIBs) and impairment income benefits (IIBs) were more than 99% of income benefit claims. About 40% of TIBs recipients received IIBs, and about 1% of IIBs recipients received supplemental income benefits (SIBs). Overall, death benefits (DBs) beneficiaries were about 100 each year.

Key Findings



Overall, total income benefit amounts and duration decreased from 2015 to 2022. The weekly income replacement rates (IRRs) increased for some benefits:

- TIBs, LIBs, and DBs increased from \$861 per week to \$1,058 from 2015 to 2022.
- SIBs and IIBs increased from \$602 to \$741 from 2015 to 2022.
- IRRs, from 2015 to 2022:
 - Decreased 2% for TIBs.
 - Increased 1% for IIBs.
 - Increased 2% for SIBs
 - Was, on average, 77% for LIBs.

- Was, on average, 83% for DBs.

Maximum benefit amounts for all benefit types steadily increased during the study period, at an average of \$26 per year for TIBs, LIBs, and DBs, and an average of \$18 for IIBs and SIBs.

About the report

There are five different income benefits an injured employee may be eligible to receive depending on their injury:

- Temporary income benefits (TIBs). TIBs are paid during the period of temporary disability (lost time from work) while the employee is recovering from an on-the-job injury.
 - TIBs are 70% of the difference between the injured employee's average weekly wage (AWW) and the money they are able to earn after their work-related injury. TIBs payments may not exceed 100% of the state AWW (SAWW) rounded to the nearest whole dollar.
- Impairment income benefits (IIBs). IIBs are paid to injured employees for permanent impairments above 0%, assigned by a qualified health care practitioner. Each percentage point of impairment rating equals three weeks of benefits¹.
 - IIBs payments may not exceed 70% of the SAWW rounded to the nearest whole dollar.
- Supplemental income benefits (SIBs). SIBs are paid to injured employees for ongoing disability after IIBs have been exhausted. Only employees with a 15% or higher impairment rating who are unemployed or underemployed because of their work-related injuries and meet DWC work search requirements are eligible to receive SIBs.
 - The insurance carrier pays SIBs to an injured employee after IIBs have ended. SIBs are 80% of what the injured employee gets when subtracting the difference between 80% of the AWW and any wages the injured employee gets after their injury. SIBs payments may not exceed 70% of the SAWW rounded to the nearest whole dollar.
- Lifetime income benefits (LIBs). LIBs are paid for the life of the injured employee for specific injuries².
 - LIBs payments may not exceed 100% of the SAWW rounded to the nearest whole dollar. LIBs benefits increase 3% each year.
- Death benefits (DBs) and burial benefits. DBs and burial benefits are paid to the deceased employee's spouse or eligible beneficiaries as a result from a death from a compensable injury.
 - DBs help families replace some of the money lost when an employee dies of a work-related injury or illness. DBs are 75% of the deceased employee's AWW. DBs payments may not exceed 100% of the SAWW rounded to the nearest whole dollar.

¹ Impairment evaluations are currently based on the Guides to the Evaluation of Permanent Impairment, 4th Edition, published by the American Medical Association.

² as set forth in Texas Labor Code Section 408.161 and Labor Code Section 408.1615.