

## 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 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 fact sheet:

- **Administrative claim data** reported to DWC by insurance carriers as of September 27, 2020, on COVID-19 claims. Specific information on indemnity and

### Key Findings:

**Claim frequency:** Total number of claims reported to DWC from January to August 2020 was about 22% higher than the same period in 2019.

**COVID-19 claims:** As of September 27, 2020, insurance carriers reported more than 25,000 COVID-19 claims and 100 fatalities to DWC. Most of these claims and fatalities involve first responders and correctional officers/prison workers.

**Claims with positive test or diagnosis:** 35% of claims involved injured employees who tested positive or were diagnosed with COVID-19.

**Denials and disputes:** Insurance carriers accepted almost half (48%) of COVID-19 positive test claims. Despite more than 1,633 denials of COVID-19 claims with positive tests or diagnoses, there were only five disputes filed with DWC as of September 27, 2020.

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

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

medical benefits paid for COVID-19 claims is limited to benefits paid as of October 8, 2020, on claims reported to insurance carriers as of June 30, 2020.

- **A data call** with 66 selected insurance carriers<sup>2</sup> to gather more detailed information on how many workers' compensation claims (as of June 30, 2020), resulted in a positive test or diagnosis and the disposition of those claims (accepted, denied, under investigation).<sup>3</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 from January to August 2020, was about 22% higher than the same period in 2019. The sharp 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 reportable claims are still being reported, these statistics may change over time.

**COVID-19 claims:**

January 1 through September 27, 2020, insurance carriers reported a total of 25,571 COVID-19 claims to DWC. The number of COVID-19 claims began to increase starting in March consistent with Governor Greg Abbott's COVID-19 disaster declaration in Texas.

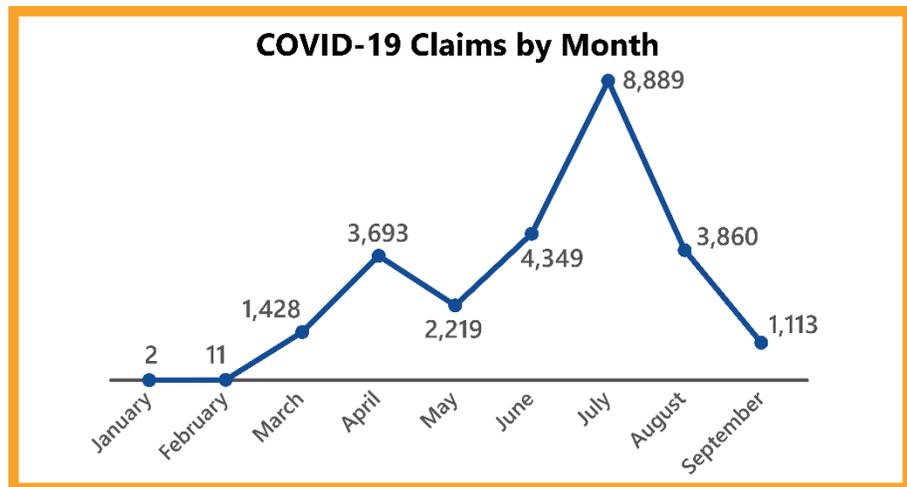


Figure 1. Number of COVID-19 Claims by Month Insurance Carrier Received Claim Notice (Source: DWC administrative data as of September 27, 2020). Note: Seven claims had missing insurance carrier notice dates.

Figure 1 shows the number of COVID-19 claims received by insurance carriers each month. Claims began to decline in mid-April as Texas began reopening efforts, started surging in June, and continued to increase until July. Claims began to decline again in mid-July and continued to decrease at a steady pace through September.

**COVID-19 claims by county, occupation, gender, age, and type of insurance carrier:** 61 percent of the state's COVID-19 cases were concentrated in 10 counties. Likewise, about 57% of the state's COVID-19 workers' compensation claims were concentrated in these same 10 counties.<sup>4</sup>

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

<sup>3</sup> 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.

<sup>4</sup> The 10 counties include Harris, Dallas, Tarrant, Bexar, Hidalgo, Travis, El Paso, Cameron, Fort Bend, and Nueces (Data sources: Texas Department of State Health Services and Division of Workers' Compensation).

The majority of COVID-19 claims involved first responders and correctional officers/ prison workers and about six out of 10 claims were processed by the State of Texas and its political subdivisions acting as insurance carriers (Figure 2).

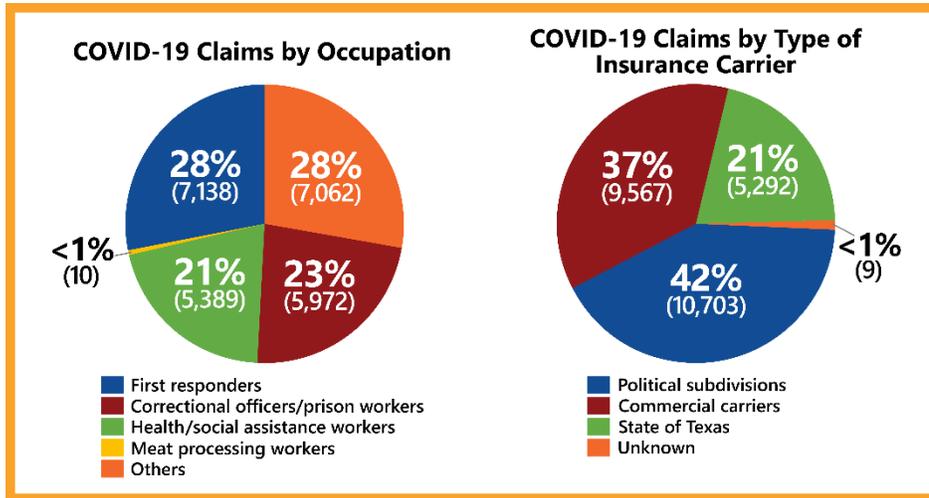
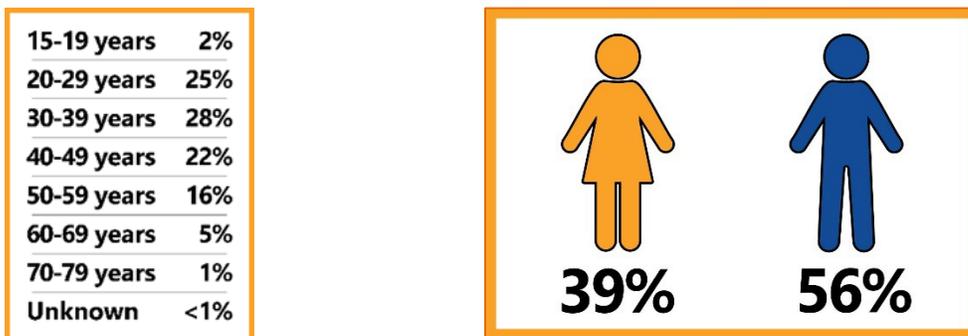


Figure 2. COVID-19 Claims by Occupation and Type of Insurance Carrier (Source: DWC administrative data as of September 27, 2020). Note: "State of Texas" includes the State Office of Risk Management, the University of Texas System, the Texas A&M University System, and the Texas Department of Transportation. "Commercial carriers" includes licensed insurance companies and certified self-insured employers.

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



Figures 3-4. Claimants' Age and Gender, 6% of claims reported by insurance carriers did not include information about gender. (Source: DWC administrative data as of September 27, 2020).

**COVID-19 fatalities by county, occupation, gender, age, and type of insurance carrier:** As of September 27, 2020, insurance carriers reported 103 COVID-19 fatal claims to DWC. As with COVID-19 cases and claims, more than half of fatal workers' compensation claims (53%) were concentrated in the same 10 counties. Nearly half (44%) of the COVID-19 fatal claims involved first responders and correctional officers/prison workers and half of these claims were processed by the State of Texas and its political subdivisions (Figure 5). Slightly more than two-thirds (71%) of the

fatal claims involved injured employees who were 50 or more years of age, and more than two-thirds (68%) of these fatal claims involved males.

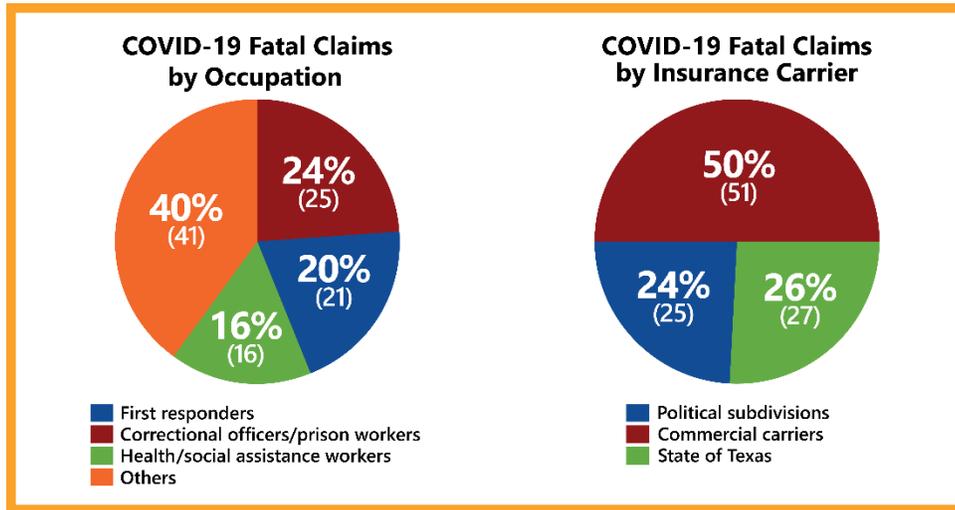


Figure 5. Fatal Claims by Occupation and Type of Insurance Carrier (Source: DWC administrative data as of September 27, 2020). Note: "State of Texas" includes the State Office of Risk Management, the University of Texas System, the Texas A&M University System, and the Texas Department of Transportation. "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. In an effort 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, commercial insurance carriers, and certified self-insured employers.<sup>5</sup>

<sup>5</sup> See <https://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	# and % of Claims with a Positive Test or Diagnosis	# and % of Positive Claims Accepted by Insurance Carriers	# and % of Positive Claims Denied by Insurance Carriers	# and % of Positive Claims Still Under Investigation
Commercial carriers	3,719	2,406 (65%)	826 (34%)	1,077 (45%)	503 (21%)
Political subdivisions	6,138	1,421 (23%)	1,102 (78%)	198 (14%)	121 (9%)
State of Texas	2,448	495 (20%)	137 (28%)	358 (72%)	0
All carriers total	12,305	4,322 (35%)	2,065 (48%)	1,633 (38%)	624 (14%)

Figure 6. COVID-19 Claims, Positive Test Claims, and Claim Disposition (Source: Data call data as of June 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 June 30, 2020), showed that 35% of the COVID-19 claims involved an injured employee who tested positive or was diagnosed with COVID-19 (Figure 6). Among these positive test claims, nearly half (48%) were accepted as work-related by insurance carriers, more than a third (38%) were denied by the insurance carriers, and 14% were still under investigation. These statistics vary across types of insurance carriers (Figure 6). COVID-19 claims being processed by the State of Texas reported the highest rate of denials (72%); however, commercial insurance carriers had the highest number of denials.

Despite the number of COVID-19 claims that were denied, DWC's administrative data (as of September 27, 2020), showed that there were only five COVID-19 claim disputes filed with DWC during this timeframe.

**Indemnity benefits paid:** Using DWC's administrative data as of October 8, 2020, insurance carriers and employers paid \$12.97 million as indemnity benefits on COVID-19 claims, \$10.51 million in employer salary continuation, \$2.45 million in workers' compensation income benefits, and \$13,965 in death benefits (Figure 7).

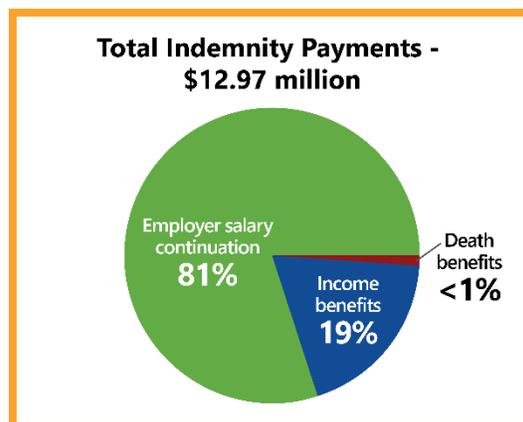


Figure 7. Distribution of indemnity benefits paid (Source: DWC administrative data as of October 8, 2020, for claims reported to insurance carriers as of June 30, 2020).

To date, most of these costs have been paid by political subdivisions followed by commercial insurance carriers, the State of Texas, and self-insured employers. These claim 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 were paid for an average of 18 days of disability per claim (median: 13 days).

**Medical costs paid:** Using DWC’s administrative data as of October 8, 2020, insurance carriers paid a total of \$4.44 million in medical costs on COVID-19 claims. Most of these payments were for hospital/facility services (Figure 8). 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. To date, most of these costs have been paid by political subdivisions followed by commercial insurance carriers, the State of Texas, and self-insured employers.

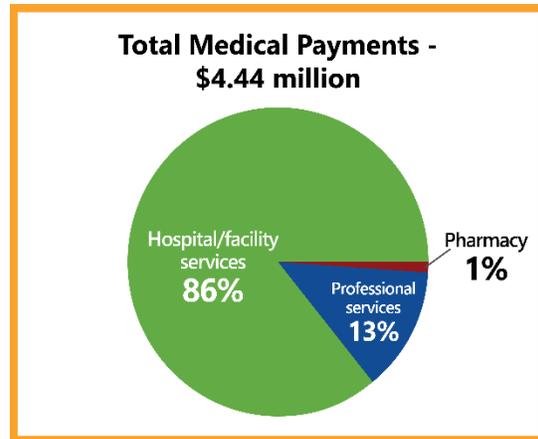


Figure 8. Distribution of medical benefits paid (Source: DWC administrative data as of October 8, 2020, for claims reported to insurance carriers as of June 30, 2020).

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<sup>6</sup> 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.