

# **COVID-19 and Privately-Insured Workers' Compensation in Minnesota**

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## **BACKGROUND**

In response to the COVID-19 Pandemic, Minnesota passed a law, HF4537, so certain employees who contract COVID-19 are presumed to have an occupational disease covered by the Minnesota workers' compensation law. The qualifying occupations are: licensed peace officers, firefighters, paramedic or emergency medical technicians, nurse or health care workers, correctional officers, security counselors, health care providers, home health or long-term care, and child care providers

This paper is intended to provide insight on the impact of COVID-19 on workers' compensation in Minnesota's private sector. Indirect impacts of the pandemic, such as mix of business shifts, premium impacts, and changes in medical treatment are more difficult to study. As more data becomes available, this paper may be updated and expanded.

## COVID-19 WORKERS' COMPENSATION DATA

Using information from the Indemnity Data Call and Medical Data Call, initial impacts of the COVID-19 pandemic on Minnesota's workers' compensation system can be assessed. Due to the complexity of linking these two data sources, indemnity and medical findings are discussed separately. The discussion focuses on claims with Nature of Injury as COVID-19 (Code 83) and Cause of Injury as Pandemic (Code 83).

## MEDICAL DATA

Medical data allows for a comparison between cases requiring hospitalization and those without. The distribution of costs within cases requiring hospitalization greatly varies. As this data includes open claims, costs are expected to develop. Medical costs for cases that do not require hospitalization are more similar.

### Claim Cost by Hospitalization Status

<b>Hospitalization Status</b>	<b>Claim Counts</b>	<b>Total Medical Payments</b>	<b>Average Medical Paid Severity</b>
Hospitalized	157	\$5,665,669	\$ 36,087
Non-hospitalized	213	\$ 102,193	\$ 480
<b>Total</b>	<b>370</b>	<b>\$5,767,862</b>	<b>\$ 15,589</b>

### Claims without Hospitalization

<b>Total Medical Payment Range</b>	<b>Claim Counts</b>	<b>Total Medical Payments</b>	<b>Average Medical Paid Severity</b>
\$1 - \$100	20	\$ 1,249	\$ 62
\$101 - \$250	107	\$ 17,394	\$ 163
\$251 - \$500	48	\$ 16,895	\$ 352
\$501 - \$1,000	16	\$ 11,983	\$ 749
\$1,001 - \$2,500	16	\$ 23,235	\$ 1,452
\$2,501 - \$5,000	4	\$ 13,460	\$ 3,365
<b>Total</b>	<b>213</b>	<b>\$102,193</b>	<b>\$ 480</b>

### Claims with Hospitalization

Total Medical Payment Range	Claim Counts	Total Medical Payments	Average Medical Paid Severity	Average Hospital Days
\$0 - 1,000	35	\$ 16,553	\$ 473	1
1,001 - 5,000	50	\$ 121,430	\$ 2,429	1
5,001 - 10,000	9	\$ 57,505	\$ 6,389	1
10,001 - 25,000	22	\$ 389,120	\$ 17,687	7
25,001 - 50,000	27	\$ 903,955	\$ 33,480	6
50,001 - 75,000	2	\$ 118,055	\$ 59,027	21
75,001 - 100,000	2	\$ 175,205	\$ 87,603	11
100,001 - 250,000	3	\$ 468,121	\$ 156,040	14
250,001 - 500,000	4	\$1,564,588	\$ 391,147	45
>500,001	3	\$1,851,137	\$ 617,046	51
<b>Total</b>	<b>157</b>	<b>\$5,665,669</b>	<b>\$ 36,087</b>	<b>5</b>

Unsurprisingly, a majority of medical costs arise from cases requiring hospitalization. Breaking down the costs, inpatient hospitalization accounts for 80% of payments.

### Total Medical Payments by Service

Service Category	Payments	Service Category	Payments
Inpatient Hospital Facility	\$4,631,902 80.3%	Other Facility	\$ 23,353 0.4%
Evaluation & Management	\$ 511,946 8.9%	Equipment & Supplies	\$ 17,420 0.3%
Radiology	\$ 82,826 1.4%	Surgery (NEC)	\$ 11,176 0.2%
Physical Medicine	\$ 78,692 1.4%	Copies	\$ 10,109 0.2%
Path/Lab	\$ 67,928 1.2%	Emergency Room	\$ 8,088 0.1%
Other 9XXXX	\$ 67,375 1.2%	Chiropractor	\$ 7,150 0.1%
Medical Transport	\$ 59,730 1.0%	Dental	\$ 4,038 0.1%
Minor Surgery	\$ 50,203 0.9%	Outpatient Hospital Facility	\$ 3,261 0.1%
Residential Facility Bill	\$ 45,573 0.8%	Intermediary Surgery	\$ 879 0.0%
Drugs	\$ 35,731 0.6%	Radiology	\$ 612 0.0%
Anesthesia	\$ 24,906 0.4%	Taxes	\$ 196 0.0%
Major Surgery	\$ 24,769 0.4%	<b>Total</b>	<b>\$ 5,767,862 100.0%</b>

## INDEMNITY DATA

The following metrics on closed claims with indemnity payments are derived from the Indemnity Data Call quarterly extract as of March 31, 2021. An unusual characteristic of COVID-19 claims is the high propensity for indemnity-only claims. 91% of closed claims with indemnity payments do not have medical payments. This is likely due to the CDC quarantine period and potential for mild cases to recover at home. The claims summarized below have both Cause of Injury and Nature of Injury classified as 83.

### Summary of Closed Indemnity Claims

	<b>Claim Count</b>	<b>Total Paid Indemnity</b>	<b>Total Paid Medical</b>	<b>Average Total Paid Severity</b>
Indemnity Only	1,186	\$1,194,754	\$ -	\$ 1,007
Claims w/Medical	114	\$ 194,141	\$ 302,471	\$ 4,356
<b>Total Accepted</b>	<b>1,300</b>	<b>\$1,388,895</b>	<b>\$ 302,471</b>	<b>\$ 1,301</b>

### Size of Total Indemnity Payments on Closed Claims

<b>Total Indemnity Payment Range</b>	<b>Claim Counts</b>	<b>Indemnity-Only Claim Counts</b>	<b>Total Indemnity Payments</b>	<b>Average Indemnity Paid Severity</b>
\$1 - \$1,000	800	752	\$ 413,780	\$ 517
\$1,001 - \$5,000	488	429	\$ 895,872	\$ 1,836
\$5,001 - \$10,000	12	5	\$ 79,243	\$ 6,604
<b>Total</b>	<b>1,300</b>	<b>1,186</b>	<b>\$1,388,895</b>	<b>\$ 1,068</b>

Closed claims likely reflect less severe illness. Open claims with an indemnity payment have an average indemnity severity of \$1,379, 29% higher than closed claims. The average total severity on open claims with an indemnity payment is \$3,929, about three times the average closed claim severity.

Of the 1,300 closed claims with an indemnity payment, 1,260 claims have payment transaction data from the Indemnity Data Call transaction file. Using the Transaction From Date and Transaction To Date fields, the number of days workers received benefits was assessed. Further, the transactional data allows a look at the types of benefits paid. Note, because claims may have more than one benefit type payment, the overall total is not the sum of the individual benefit type totals.

### Closed Claims Benefits and Duration

<b>Benefit Type</b>	<b>Closed Claim Counts</b>	<b>Total Payments</b>	<b>Average Paid Severity</b>	<b>Average Days of Benefits</b>
TTD	1,249	\$ 1,316,879	\$ 1,054	14
TPD	37	\$ 11,218	\$ 303	6
PPD- Scheduled	1	\$ 788	\$ 788	1
Other - NOC	1	\$ 95	\$ 95	3
<b>Total</b>	<b>1,260</b>	<b>\$ 1,328,980</b>	<b>\$ 1,032</b>	<b>13</b>

Including open claims, there is transactional-level data on 2,487 COVID-19 claims. The distribution of transactions through March 31, 2021 indicates nearly all benefits paid are TTD. The values below include payments on both open and closed claims. Since a claim may have more than one type of benefit payment, the individual totals are greater than the overall total.

### Benefit Information on Claims with Transaction-Level Data

<b>Benefit Type</b>	<b>Claim Count</b>	<b>Total Payments</b>	<b>Proportion of Payments</b>	<b>Average Days of Benefits</b>
TTD	2,462	\$ 2,968,192	94.9%	15
TPD	89	\$ 55,151	1.8%	14
Vocational Rehab - Eval	3	\$ 7,565	0.2%	48
PPD- Scheduled	1	\$ 788	0.0%	1
Other - NOC	2	\$ 244	0.0%	2
Death Benefit	3	\$ 96,876	3.1%	
<b>Total</b>	<b>2,487</b>	<b>\$ 3,128,815</b>	<b>100.0%</b>	<b>15</b>

## FINANCIAL DATA

MWCIA's financial data call captured COVID-19 claim data under the large loss call with catastrophe code 12. This data also shows a large proportion, 85%, of closed claims are indemnity-only. The average severity of closed claims is also similar to the Indemnity Data Call at \$1,452 compared to \$1,301. Focusing in on average indemnity severity on closed claims, the financial data average of \$1,064 is nearly the same as the Indemnity Data Call average of \$1,068. This makes sense because of the claim overlap in each source. Of the 430 claims with a medical payment, the average medical severity is \$9,446. This is lower than the Medical Data Call average. One reason may be the Medical Data Call has claim data through February 26, 2021 whereas the financial data is as of December 31, 2020.

### Claim Summary

Claim Status	Claim Counts	Proportion without Medical Payments	Average Indemnity Paid Severity	Average Medical Paid Severity	Average Total Paid Severity
Open	2,408	94.9%	\$ 748	\$ 1,359	\$ 2,107
Closed	2,032	84.9%	\$ 1,064	\$ 388	\$ 1,452
<b>Total</b>	<b>4,440</b>	<b>90.3%</b>	<b>\$ 892</b>	<b>\$ 915</b>	<b>\$ 1,807</b>

### Closed Claim Summary

Total Severity	Claim Counts	Average Paid Severity	Medical Proportion
\$1 - \$1,000	1,232	\$ 504	4%
\$1,001 - \$5,000	753	\$ 1,871	5%
\$5,001 - \$10,000	22	\$ 6,325	14%
\$10,001 - \$25,000	9	\$ 17,691	73%
\$25,001 - \$50,000	14	\$ 33,737	86%
\$50,001 - \$100,000	2	\$ 75,001	95%
<b>Total</b>	<b>2,032</b>	<b>\$ 1,452</b>	<b>27%</b>



## SUMMARY

This paper is intended to be an initial overview of how COVID-19 impacted the workers' compensation industry in Minnesota using the most recent data available. The claim data reveals a surprising proportion of indemnity-only claims, likely reflecting the quarantine period for mild cases. Unsurprisingly, the severity of claims sharply increases as the degree of medical care required increases. Please note that metrics will change over time as workers are treated, claims are processed, and more data is gathered. As more data is collected, exhibits and the scope of this report may be expanded.

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