NYCIRB

RESEARCH BRIEF

A First Look at the COVID-19 Pandemic's Impact on the New York State Workers' Compensation System

INTRODUCTION

The purpose of this research brief is to provide insight into COVID-19 claims and the pandemic's impact on the New York State workers' compensation system. To do so, this brief describes the unique characteristics of COVID-19 claims, identifies several differences between these claims and non-COVID claims, as well as provides information on the pandemic's impact on non-COVID claims.

While the pandemic is well into its second year, the data currently available is considered preliminary. It will be some time before the pandemic's full impact on the New York State workers' compensation system is known. Accordingly, the Rating Board will continue to investigate these issues and subsequent research briefs containing additional data and analysis will be published in the future.

KEY FINDINGS

This research brief's key findings are as follows:

- The number of COVID-19 claims assembled[1] represents approximately 2.2% of infected employed New Yorkers. During the first wave of the pandemic in the spring of 2020, the implied claim filing lag was three weeks and was reduced to two weeks by the winter of 2021.

- As a result of the pandemic, the number of claims filed in 2020 was approximately 24% lower than 2019 levels. While the economic recovery in 2021 has corresponded with an increase in claims filed, the number of claims filed in 2021 remains significantly lower than pre-pandemic levels.

- The average age of COVID-19 claimants is only slightly higher, on average, than the average age of non-COVID claimants.

- Female claimants filed more than half of the assembled COVID-19 claims while male claimants filed almost 60% of the assembled non-COVID claims.

[1] A claim is considered "assembled" when it is assigned a New York State Workers' Compensation Board ("WCB") claim number.

- A higher percentage of COVID-19 claims come from the New York downstate regions than other regions of the State. This is likely due in large part to the downstate regions' higher population density and corresponding infection rates.

- The most common injured body part reported for COVID-19 claims is lungs, followed by "multiple body systems." Together, these body parts account for less than 1% of injured body parts reported for non-COVID claims.

- Indemnity only claims represent approximately 30% of all COVID-19 claims but less than 2% of all non-COVID claims.

- The average cost of a COVID-19 lost-time claim is significantly lower than the average cost of a non-COVID lost-time claim. The difference is driven by a lower average temporary disability duration and fewer medical services for COVID-19 claims, on average.

- The Healthcare and Social Assistance sector experienced the most COVID-19 claims, and this is likely due to increased exposure to the virus together with a higher likelihood of compensability.

- Death benefit payments represent a significantly larger share of indemnity payments for COVID-19 claims than they do for non-COVID claims. In addition, while almost all temporary benefits paid on COVID-19 claims are Temporary Total benefits, 23% of temporary benefits paid on non-COVID claims are Temporary Partial.

- Following a substantial drop in medical transactions and payments in the 2nd quarter of 2020, the overall level of transactions and payments have rebounded to a level commensurate with the recent pre-pandemic medical payment trend. The time to treatment of certain medical service categories increased from 2019 to 2020.

- Payments for mental health services increased significantly during the first several months of the pandemic and have since reverted to pre-pandemic levels.

- Payments for telehealth visits increased significantly during the 2nd quarter of 2020. Although payments for telehealth services subsequently decreased, they remain above pre-pandemic levels.

STUDY DATA

This brief utilizes the WCB assembled claims database ("WCB Database"),[2] which includes data elements related to claims (both COVID-19 claims and non-COVID claims).[3] It is important to note that this data is utilized to provide an overview of claims filed in the State, even though some of these claims may be determined to be non-compensable. When utilized to compare COVID-19 to non-COVID claims, claims with accident dates in February 2020 and subsequent are used unless otherwise stated.

Unit Statistical Report ("USR") data reported to the Rating Board provides detailed information on claims. However, a reporting lag limited its use for examining COVID-19 claims.[4] Nevertheless, USR data is used to review claims from accident years 2019 and prior to establish a baseline for the workers' compensation system prior to the COVID-19 pandemic.

The Rating Board's Indemnity Data Call provides detailed information on indemnity transactions and quarterly valuations of lost-time claims.[5] This data is used to review the different types of indemnity benefits paid in the system, and utilizes transactions processed through March 31, 2021.

The Rating Board's Medical Data Call provides detailed information on workers' compensation medical transactions. This data is used to examine the pandemic's impact on the medical treatments utilized by injured workers, including the types of medical services provided. This study utilizes medical transactions from private carriers processed through March 31, 2021.

This brief also uses Financial Data Calls valued as of December 31, 2020. These calls, which include aggregate financial data, as well as individual large loss and catastrophe claims data, are used to measure preliminary COVID-19 claim costs.

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[2] https://data.ny.gov/Government-Finance/Assembled-Workers-Compensation-Claims-Beginning-20/jshw-gkgu/data.

[3] The WCB Database includes claims insured by private carriers, the State Insurance Fund, and self-insured employers. This brief utilizes data contained within the WCB Database as of June 18, 2021, on claims filed through June 4, 2021.

[4] First report USRs are valued 18 months after a policy's effective date. Therefore, as of the date of this brief, a full year of COVID-19 claims is not yet reflected in USR data.

[5] Lost-time claims are claims for which injured workers receive indemnity payments to replace wages lost while recovering from injuries.

To allow for a meaningful comparison between COVID-19 and non-COVID claims, each analysis in this brief utilizes a single data source and valuation unless otherwise specified. The data in this brief is as reported and has not been developed or otherwise altered.

For the purposes of this brief, COVID-19 claims are defined to be those reported with a Nature of Injury Code 83 (COVID-19), Cause of Injury Code 83 (Pandemic), Catastrophe Code 12 (COVID-19), or otherwise identified as a COVID-19 related claim. Claims that do not include such identifiers are referred to herein as non-COVID claims.

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I. Claim Filing Rate and Reporting Lag

The Takeaway: The number of COVID-19 claims assembled represents approximately 2.2% of infected employed New Yorkers. During the first wave of the pandemic in the spring of 2020, the implied claim filing lag was three weeks and was reduced to two weeks by the winter of 2021.

The Details: As of June 1, 2021, approximately 2.1 million New York State residents tested positive for COVID-19, representing slightly more than 10% of the New York State population.[6] Of those infected, approximately 1.6 million occurred in the working age population (ages 18-64).[7] In New York, approximately 70% of the people in the working age population were employed around this time.[8] Therefore, as of June 1, 2021, roughly 1.1 million employed New Yorkers contracted COVID-19. In that same time period, 24,171 COVID-19 workers' compensation claims were assembled by the WCB, or approximately 2.2% of the estimated infections in New York workers.

There are several possible explanations for the relatively low COVID-19 claim filing rate. For example, it is reasonable to assume that workers who contract COVID-19 in the course of employment, experience mild symptoms, and have a minimal amount of lost time, may choose to take advantage of paid leave programs offered pursuant to Federal law, State law, local ordinance or company policy instead of applying for workers' compensation benefits. According to the CDC, the majority of individuals who contract COVID-19 experience relatively mild symptoms, with about 30% of infected individuals being asymptomatic.[9]

Similarly, it is also reasonable to assume that workers who suffer severely from COVID-19 (*e.g.*, lengthy hospitalization, significant medical interventions, permanent injuries) are more likely to file for workers' compensation benefits than those with mild symptoms who may only

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6 *See* the CDC's published United States COVID-19 Cases and Deaths by State over Time at https://data.cdc.gov/Case-Surveillance/United-States-COVID-19-Cases-and-Deaths-by-State-o/9mfq-cb36.

7 *Id.*

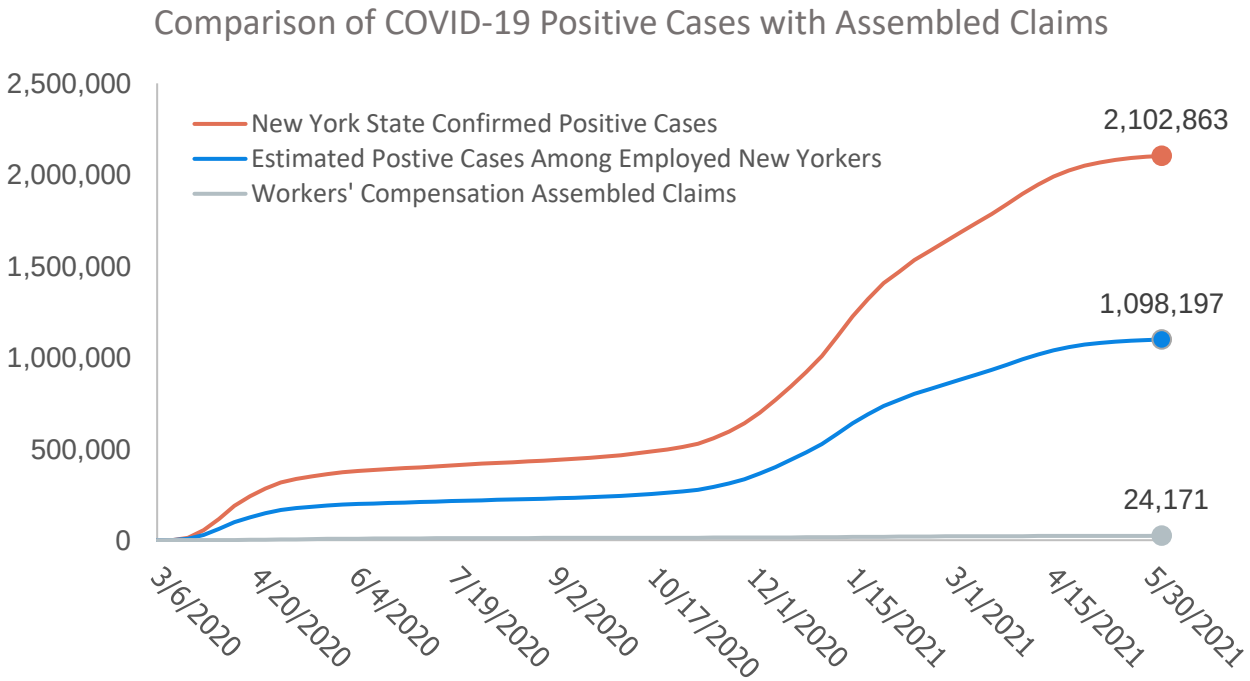
8 *See* the U.S. Census Bureau's New York Quick Facts at https://www.census.gov/quickfacts/NY; *see also* New York State Department of Labor's Current Employment Statistics at https://statistics.labor.ny.gov/cesemp.asp.

9 *See* the CDC's published Pandemic Planning Scenarios for healthcare utilization estimates at https://www.cdc.gov/coronavirus/2019-ncov/hcp/planning-scenarios.html.

be eligible for minimal temporary benefits. According to the CDC, approximately 3.9% of the individuals who test positive for COVID-19 require hospitalization.[10]

Exhibit 1 displays the cumulative COVID-19 infections in the State, the estimated positive cases among employed workers, together with assembled COVID-19 claims for comparison.

Exhibit 1



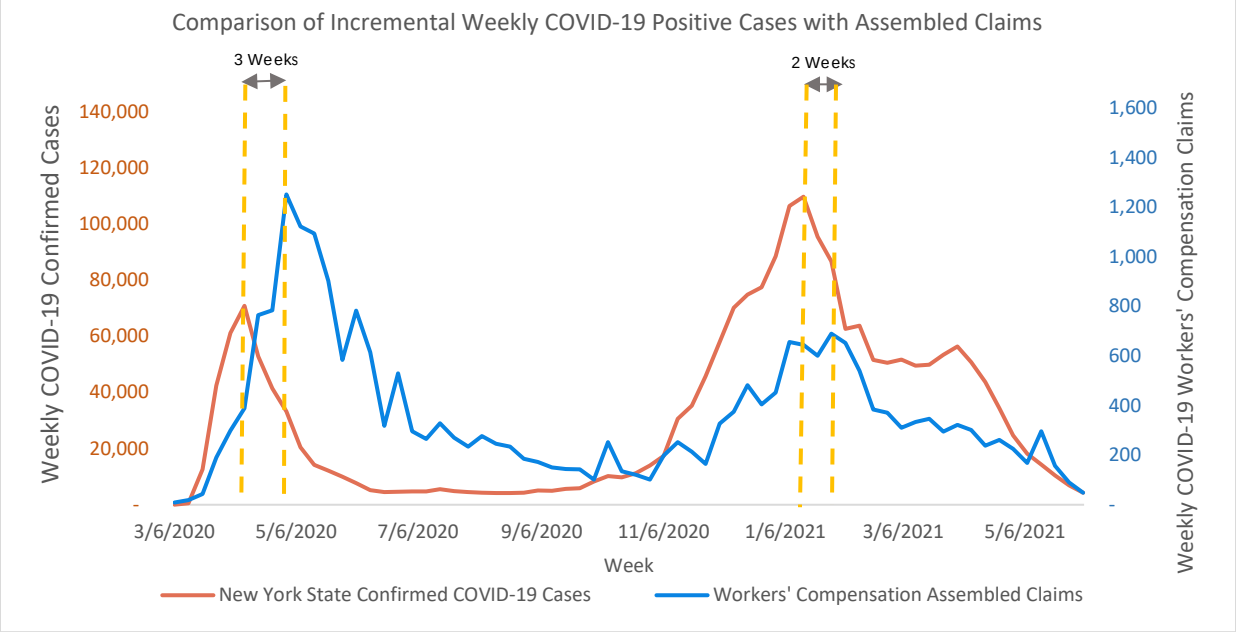
Sources: Positive COVID-19 cases: CDC;
Workers' compensation claims: WCB Database

The time lag between when an individual contracts COVID-19 and the filing of a COVID-19 claim appears to have decreased over time. An examination of the difference between the peak of COVID-19 infections and the peak of COVID-19 claim filings reveals that there was a three week time lag in the spring of 2020 between contracting COVID-19 and the filing of a COVID-19 claim, whereas that time lag reduced to two weeks during the second wave of the pandemic in the winter of 2021. Exhibit 2 illustrates this pattern by showing the incremental COVID-19 infections in the State along with the COVID-19 claims identified as assembled in the

[10] *See* the CDC's Estimated COVID-19 Burden at https://www.cdc.gov/coronavirus/2019-ncov/cases-updates/burden.html; Table 1: Preliminary estimated COVID-19 cumulative incidence, by age group in the United States, February 2020-May 2021: Hospitalizations divided by Infections for age groups 18-49 and 50-64; (1,533,679 + 1,604,612) / (60,461,355 + 20,375,641) = 3.9%.

WCB Database, highlighting the time lag between the peak periods of infection transmission in the State and the corresponding filing of COVID-19 claims.

Exhibit 2



Sources: Positive COVID-19 cases: CDC;
Workers' compensation claims: WCB Database

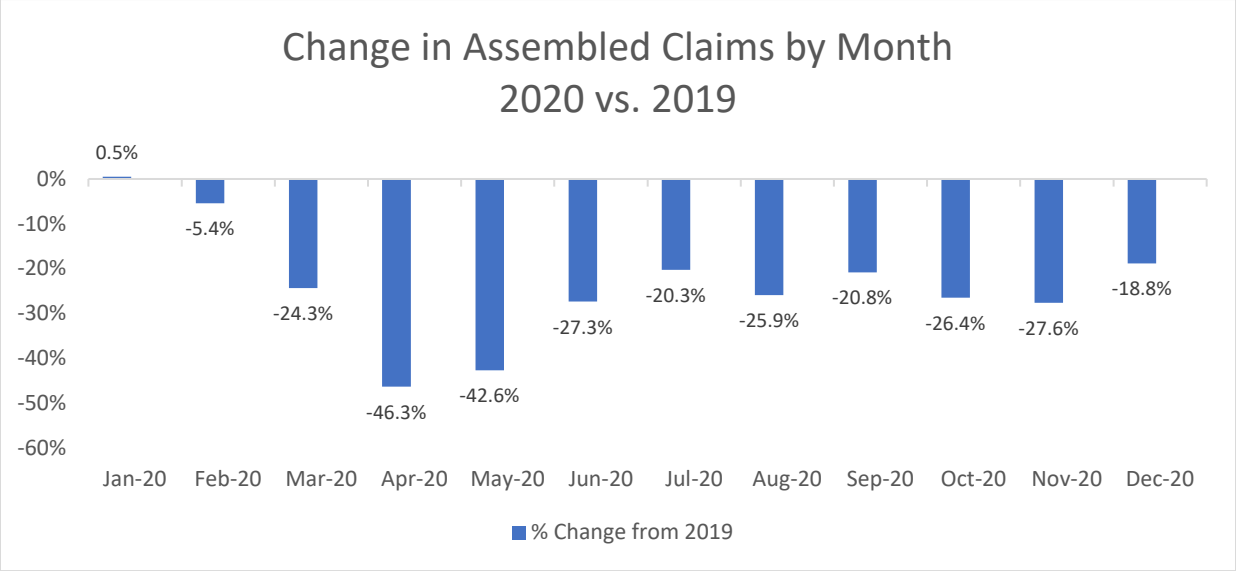
II. The Impact of the Pandemic on Total Claim Filing Activity

The Takeaway: As a result of the pandemic, the number of claims filed in 2020 was approximately 24% lower than 2019 levels. While the economic recovery in 2021 has corresponded with an increase in claims filed, the number of claims filed in 2021 remains significantly lower than pre-pandemic levels.

The Details: It is well known that the pandemic significantly impacted the New York State economy, including all employment related programs, such as workers' compensation, which are linked to it. The pandemic's impact on the State's economic activity began with Executive Order No. 202.8, issued by Governor Cuomo on March 20, 2020, which required all non-essential businesses and not-for-profit entities to work remotely. The resulting reduction in economic activity led to an initial 24% decrease in claims assembled in March of 2020 when compared to March 2019. This was followed by year-over-year decreases of 46% and 43% in April and May, respectively. For the remainder of 2020, claims assembled remained between 18% and 28% lower than 2019 levels. A year over year claim filing comparison is illustrated in Exhibit 3.

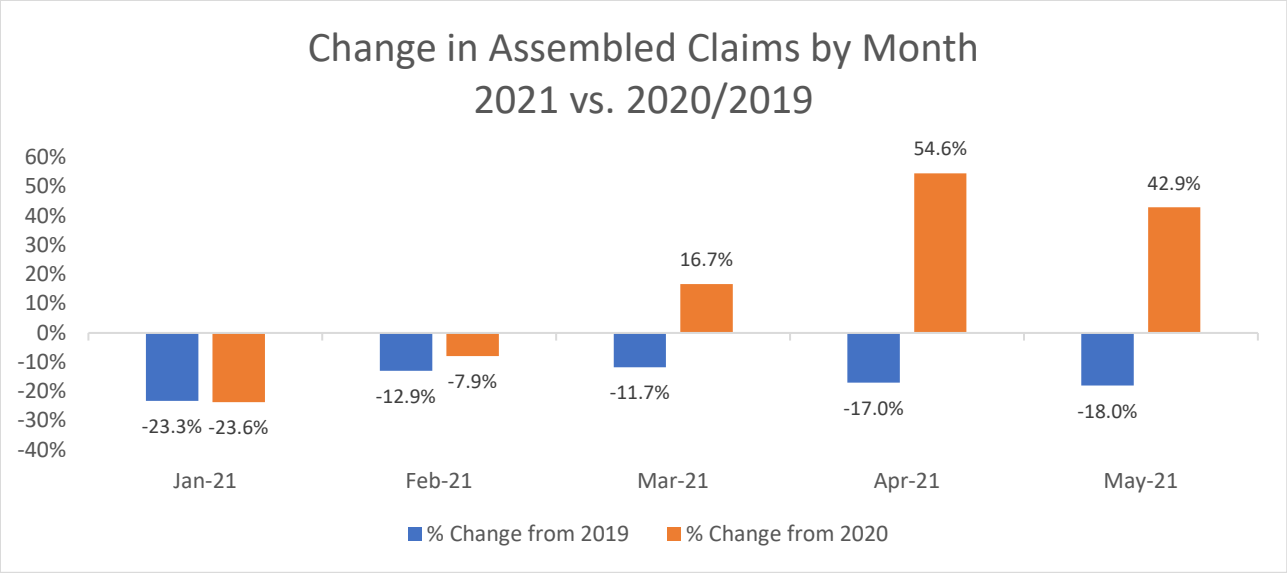
The trend continued into 2021, with the number of claims assembled in January and February of 2021 down by 23% and 13% respectively, compared with claims assembled during those months in 2019. While the number of claims assembled increased significantly in March, April, and May of 2021 compared with the claims assembled during those months in 2020, the claim activity in the spring of 2021 nevertheless remained 12% to 18% lower than 2019 levels. Exhibit 4 provides a year to year comparison of assembled claims by month.

Exhibit 3



Source: WCB Database

Exhibit 4



Source: WCB Database

III. Distribution of COVID-19 Claims by Age

The Takeaway: The average age of COVID-19 claimants is only slightly higher, on average, than the average age of non-COVID claimants.

The Details: The average age of COVID-19 claimants is 43 whereas the average age of non-COVID claimants is 42 – not a meaningful difference. However, younger workers represent a smaller share of COVID-19 claimants than non-COVID claimants. Workers under 30 years old filed less than 18% of COVID-19 claims whereas they filed approximately 22% of non-COVID claims.

Exhibit 5 provides the distribution of claimants' age for COVID-19 and non-COVID claims.

Exhibit 5

Distribution of Claim Counts by Age								
	<20	**20-29**	**30-39**	**40-49**	**50-59**	**60-69**	**70-80**	**>80**
COVID-19	1.2%	16.5%	24.5%	22.5%	23.5%	10.6%	1.1%	0.1%
Non-Covid	2.1%	20.2%	22.9%	20.3%	22.7%	10.5%	1.2%	0.1%

Source: WCB Database

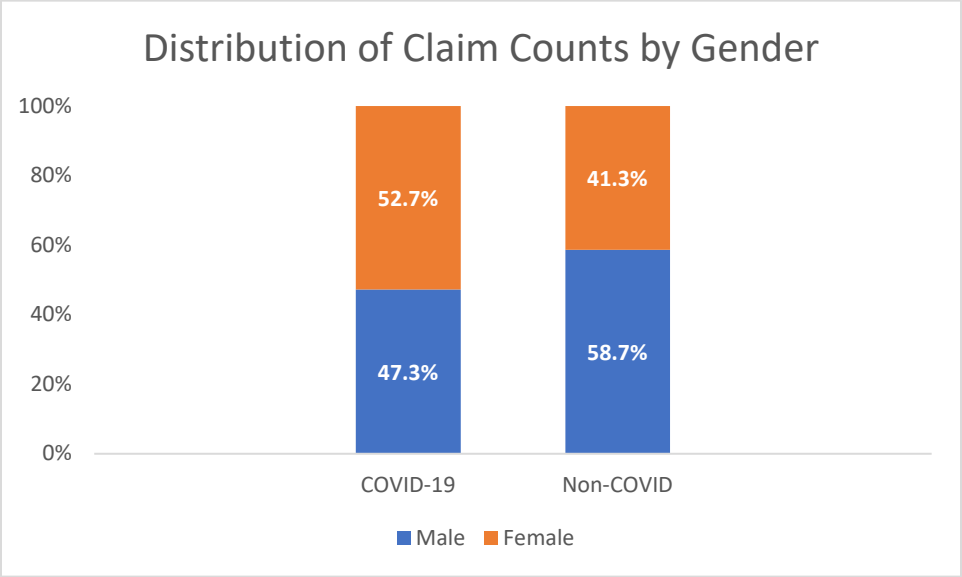
IV. Distribution of COVID-19 Claims by Gender

The Takeaway: Female claimants filed more than half of the assembled COVID-19 claims while male claimants filed almost 60% of the assembled non-COVID claims.

The Details: While almost 60% of non-COVID claimants are male, 53% of COVID-19 claimants were female. This difference is likely attributable to the gender distribution in the industries that were disproportionally affected by the pandemic. As described in Section IX below, the majority of COVID-19 claims came from the Healthcare and Social Assistance sector, in which more than 75% of workers are female.[11] Exhibit 6 displays the distribution by gender for COVID-19 claims and non-COVID claims.

[11] *See* the United States Bureau of Labor Statistics' Labor Force Statistics from the Current Population Survey at https://www.bls.gov/cps/cpsaat18.htm.

Exhibit 6



Source: WCB Database

V. Distribution of COVID-19 Claims by Region

The Takeaway: A higher percentage of COVID-19 claims come from the New York downstate regions than other regions of the State. This is likely due in large part to the downstate regions' higher population density and corresponding infection rates.

The Details: The geographic distribution of non-COVID claims is proportional to the geographic distribution of the State's population. However, the distribution of COVID-19 claims is disproportionally skewed toward downstate counties. This is partially due to the higher population density and the corresponding infection rate of the downstate counties relative to the rest of the State.

In addition to population density, the higher relative infection rate in downstate counties may also have been driven by their proximity to major international airports and travel hubs, which likely served as an entry point of the virus into the State.

Exhibit 7 displays the distribution of COVID-19 claims as well as a population density metric in various regions of the State. The "Remainder of State" region is noteworthy, making up roughly 40% of non-COVID claims, but only 21% of COVID-19 claims.

Exhibit 7

Distribution of Positive Case and Claim Counts by Region					
Region	**Population Density Index[12]**	**Positive Cases Per Population**	**Positive Cases Percentage of Total**	**% of COVID-19 Claims**	**% of Non-COVID Claims**
New York City	27.8	12%	44%	49%	32%
Long Island	2.4	15%	19%	28%	17%
Lower Hudson	1.1	15%	12%	12%	11%
Remainder of State	0.1	8%	24%	21%	40%

Sources: Population & Land Area: New York State Department of Health;
Positive COVID-19 cases: CDC;
Workers' compensation claims: WCB Database

VI. Distribution of COVID-19 Claims by Part of Body

The Takeaway: The most common injured body part reported for COVID-19 claims is lungs, followed by "multiple body systems." Together, these body parts account for less than 1% of injured body parts reported for non-COVID claims.

The Details: Almost 60% of COVID-19 claims reported lungs as the injured part of body, which is consistent with the reported respiratory nature of the virus. An additional 26% of COVID-19 claims were reported with "multiple body systems" as the injured part of body, which likely included lungs among the multiple organs affected by the virus. By contrast, non-COVID claims are predominantly musculoskeletal, with the most common body parts injured being back, shoulders, and knees.

Exhibit 8 displays the distribution of COVID-19 and non-COVID claim counts, by part of body.

12 Population Density Index is defined as 2018 population divided by the county area in square miles. *See* New York State Department of Health: Population, Land Area, and Population Density by County, New York State, 2018 at https://www.health.ny.gov/statistics/vital_statistics/2018/table02.htm.

Exhibit 8

Distribution of Claim Counts by Part of Body		
Part of Body	**COVID-19 Claims**	**Non-COVID Claims**
Lungs	58.7%	0.4%
Multiple Body Systems	26.4%	0.4%
Whole Body	4.8%	0.1%
Multiple Body Parts	3.1%	6.5%
No Physical Injury	2.2%	1.1%
Other	4.7%	91.4%

Source: WCB Database

VII. Indemnity Only and Medical Only Claims

The Takeaway: Indemnity only claims represent approximately 30% of all COVID-19 claims but less than 2% of all non-COVID claims.

The Details: In the workers' compensation system, injuries resulting in lost time from work (indemnity claims) almost always have a medical cost component. However, more than 30% of COVID-19 claims were reported as indemnity only (without an associated medical cost component). It is possible that this COVID-19 claim distinction is a result of certain medical services paid by the federal government or an employee's health insurance, *e.g.*, COVID-19 testing. Another possibility is that claims were filed for lost time incurred during a mandatory quarantine. While most COVID-19 infections were asymptomatic or resulted in very mild symptoms as noted above, individuals who test positive for COVID-19 or are exposed to someone with COVID-19 may nevertheless be subject to a mandatory quarantine exceeding the 7-day waiting period,[13] thereby triggering a workers' compensation claim without medical costs.

Similarly, medical only claims, which typically involve a relatively minor injury that does not result in lost time from work exceeding the waiting period, represent about 60% of non-COVID claims but only 14% of COVID-19 claims. COVID-19 claims that required medical care (beyond testing) were often more significant, and also resulted in time off from work exceeding the 7-day waiting period.

[13] Lost wage benefits are not paid for the first seven days of the disability, unless it extends beyond 14 days. After 14 days, an injured employee may receive lost wage benefits from the first workday they were unable to work.
See http://www.wcb.ny.gov/content/main/Workers/LostWageBenefits.jsp.

Exhibit 9 displays the distribution of claims by claim type in Accident Year 2019 (pre-pandemic) compared to the distribution of COVID-19 claims.

Exhibit 9

Distribution of Claim Counts by Claim Type		
Claim Type	**Non-COVID Claims**	**COVID-19 Claims**
Indemnity Only	1.9%	30.9%
Medical Only	58.1%	14.3%
Indemnity and Medical	40.0%	54.8%

Sources: Non-COVID Claims: NYCIRB USR Data (Accident Year 2019);
COVID-19 Claims: NYCIRB Financial Data

VIII. Claims Severity and Closure Rate

The Takeaway: The average cost of a COVID-19 lost-time claim is significantly lower than the average cost of a non-COVID lost-time claim. The difference is driven by lower temporary disability duration and fewer medical services for COVID-19 claims.

The Details: As noted above, claims in the workers' compensation system are predominately musculoskeletal whereas COVID-19 claims are not. Accordingly, COVID-19 claims exhibit characteristics distinct from non-COVID claims. Specifically, data reported as of December 31, 2020 suggests that COVID-19 claims are, on average, considerably less severe and close more quickly than non-COVID claims. As of the December 31, 2020 valuation date, the average incurred medical and indemnity costs per COVID-19 lost-time claim are approximately 24% and 29% lower than the average costs for non-COVID lost time claims, respectively.[14] The average paid medical and indemnity costs per COVID-19 lost-time claim are approximately 68% lower than the average cost per non-COVID lost time claim.

While loss development on COVID-19 claims remains unknown, it is likely that COVID-19 claims will, on average, develop less than non-COVID claims. This assumption is supported by the difference in closure rates between COVID-19 and non-COVID claims observed at present. Specifically, 41% of reported COVID-19 lost-time claims were reported as closed as of December 31, 2020, whereas only 18% of non-COVID-19 lost-time claims were reported as closed for that same time period. The higher closure rate of COVID-19 claims will result in a lower development factor for these claims because loss development is more significant on open claims.

According to information from the Rating Board's Financial Data, paid medical and indemnity severities differ between lost-time COVID-19 claims and non-COVID claims.

[14] The average medical cost for COVID-19 lost-time claims excludes lost-time claims with no medical costs.

Specifically, the paid medical severity of lost-time COVID-19 claims is 68% lower than that of non-COVID lost-time claims, and this difference is driven by fewer surgeries and physical medicine services provided on COVID-19 claims. Similarly, the paid indemnity severity of lost-time COVID-19 claims is 67% lower than that of non-COVID lost-time claims, and this result is a function of the lower disability duration of COVID-19 lost-time claims compared to non-COVID claims; it is not driven by a difference in wage levels between the two claim categories. In fact, an examination of the Rating Board's Indemnity Data Call indicates that COVID-19 claimants had an average weekly wage 37% higher than that of non-COVID claimants.

Exhibit 10 illustrates the severities of COVID-19 and non-COVID lost-time claims. It bears mention that COVID-19 claims without a medical cost have been excluded from the medical severity analysis.

Exhibit 10

Accident Year 2020 COVID-19 vs. Non-COVID Lost-Time Claims		
	COVID-19	**Non-COVID**
Percentage of Lost-Time Claims	7.9%	92.1%
Average Paid Medical	1,595	4,968
Average Paid Indemnity	1,704	5,239
Average Incurred Medical	10,890	14,354
Average Incurred Indemnity	12,230	17,213
Lost-Time Claims Closure Rate	41%	18%

Source: NYCIRB Financial Data

IX. Distribution of COVID-19 Claims by Economic Sector

The Takeaway: The Healthcare and Social Assistance sector experienced the most COVID-19 claims, and this is likely due to increased exposure to the virus together with a higher likelihood of compensability.

The Details: While workers in any economic sector could have been exposed to the virus during the course of employment, most COVID-19 claims came from the Healthcare and Social Assistance sector. This is not surprising due to exposure and compensability factors. First, in this economic sector, doctors and nurses worked directly with COVID-19 patients and were exposed to the virus. Second, in June of 2020, the New York State Workers' Compensation

Board issued a bulletin suggesting that claims made by medical care workers are more likely to be deemed compensable.[15]

Exhibit 11 provides the distribution of claims for the top five economic sectors, separately for COVID-19 and non-COVID claims. The "Other Industries" category in the exhibit includes the Construction and Manufacturing sectors, among others. The Construction and Manufacturing sectors represented less than 1.5% of COVID-19 claims, but 12.8% of non-COVID claims.

Exhibit 11

Distribution of Claim Counts by Economic Sector		
Economic Sector	**COVID-19 Claims**	**Non-COVID Claims**
Healthcare and Social Assistance	47.7%	22.4%
Public Administration	22.5%	14.6%
Transportation and Warehousing	10.2%	8.5%
Retail Trade	6.5%	12.4%
Educational Services	2.7%	7.4%
Other Industries	10.4%	34.7%

Source: WCB Database

X. Analysis of Claim Payments by Benefit Type

The Takeaway: Death benefit payments represent a significantly larger share of indemnity payments for COVID-19 claims than they do for non-COVID claims. In addition, while almost all temporary benefits paid on COVID-19 claims are Temporary Total benefits, 23% of temporary benefits paid on non-COVID claims are Temporary Partial.

The Details: An examination of the various benefit types reported on the Rating Board's Indemnity Data Call for claims occurring on or after February 1, 2020 reveals stark differences between COVID-19 and non-COVID claims. Death benefits account for approximately 9% of benefits paid on COVID-19 claims in 2020, compared to just 0.6% of payments on non-COVID claims. Typically, approximately 100-150 death claims are filed each year,[16] and almost all of

[15] *See* the WCB's COVID-19 & Workers' Compensation Q&A at http://www.wcb.ny.gov/content/main/TheBoard/covid-19-workers-compensation-q-a-june-2020.pdf.

[16] *See* WCB Database at https://data.ny.gov/Government-Finance/Assembled-Workers-Compensation-Claims-Beginning-20/jshw-gkgu.

them are the result of a traumatic injury. Data submitted to date indicates that there are fewer non-COVID claims in 2020 than there would have been in a typical year, and assuming a similar distribution as in previous years, we expect there will also be fewer non-COVID death claims. However, due to the additional workplace fatalities caused by COVID-19, the share of death benefits out of total payments in 2020 is higher than it would be in a typical year. Exhibit 12 compares death benefits paid on COVID-19 claims with those paid on non-COVID claims.

Exhibit 12

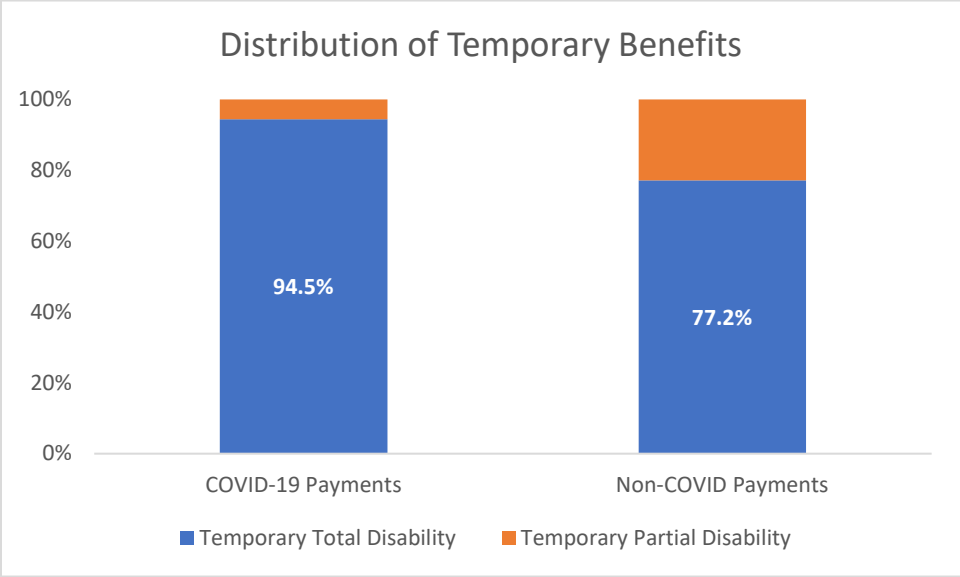
Death Benefits COVID-19 vs. Non-COVID Claims		
	COVID-19 Claims	**Non-COVID Claims**
% of Claims Receiving a Death Benefit	0.6%	0.1%
% of Transactions for Death Benefits	2.9%	0.2%
% of Payments for Death Benefits	8.9%	0.6%

Source: NYCIRB Indemnity Data Call

As a general matter, temporary benefits are categorized as either total or partial. Injured workers able to perform some of their previous job duties may be awarded Temporary Partial benefits whereas injured workers unable to perform any of their pre-injury duties may be awarded Temporary Total benefits. The distribution of temporary payments between COVID-19 claims and non-COVID claims is very different. While non-COVID Temporary Partial benefits represent about 23% of all temporary benefits, they represent less than 6% of temporary benefits for COVID-19 claims. In other words, when temporary payments are issued in COVID-19 claims, they are almost all Temporary Total awards.

Exhibit 13 displays the distribution of temporary benefit payments between Temporary Partial and Temporary Total for COVID-19 claims and non-COVID claims.

Exhibit 13



Source: NYCIRB Indemnity Data Call

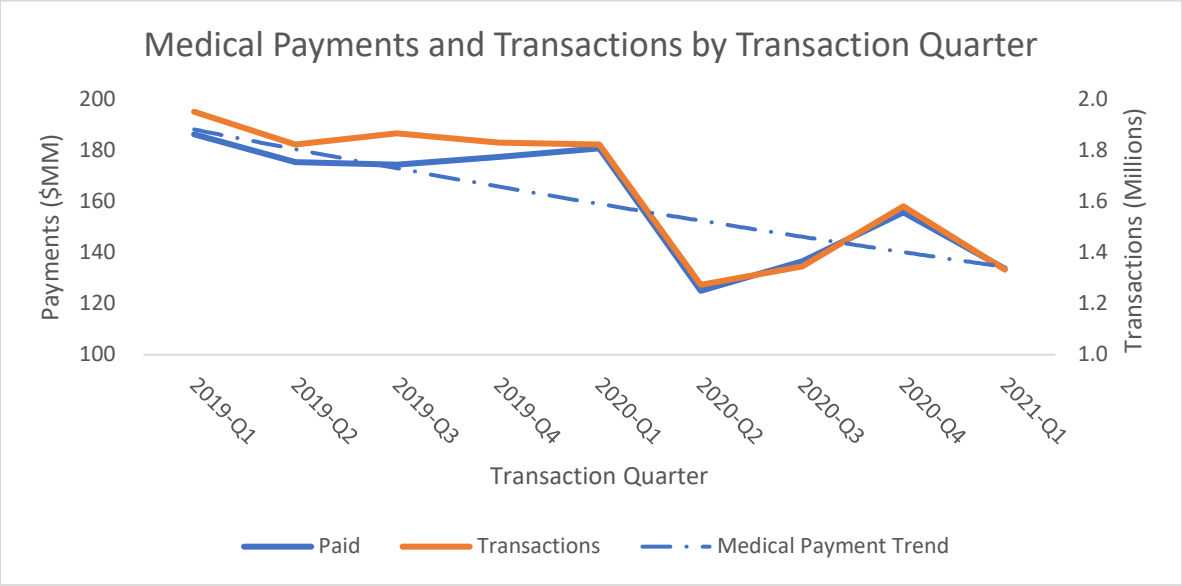
XI. Medical Transactions and Payments During the COVID-19 Pandemic

The Takeaway: Following a substantial drop in medical transactions and payments in the 2nd quarter of 2020, the overall level of transactions and payments have rebounded to a level commensurate with the recent pre-pandemic medical payment trend. The time to treatment of certain medical service categories increased from 2019 to 2020.

The Details: Medical payments decreased by almost 30% during the 2nd quarter of 2020, compared to the 1st quarter of 2020. As the economy re-opened in the 3rd quarter of 2020, there was a slight rebound in medical payments as injured workers sought medical treatment. An examination of the quarterly trend of medical payments shows that the medical payments in the 3rd and 4th quarters of 2020 reverted back to the recent decreasing medical payments trend line that began in 2018.

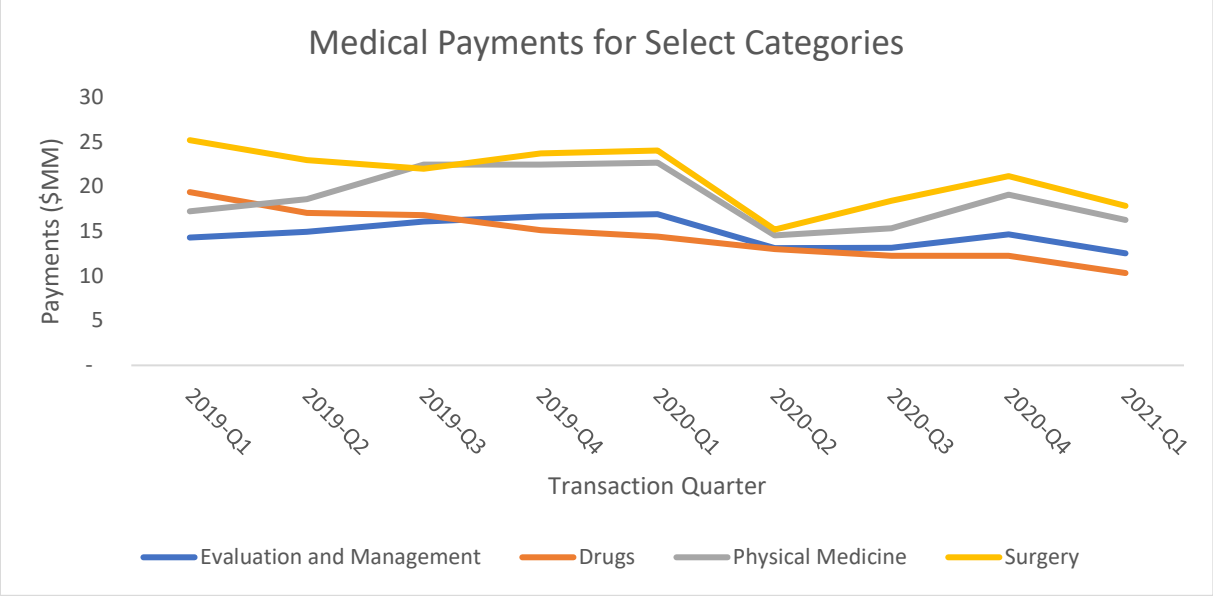
Exhibit 14 contains the quarterly medical paid amounts and transaction counts in 2019 and 2020. The payment pattern illustrated in the Exhibit holds true across medical service categories. It is important to note, however, that payments for prescription drugs did not exhibit a disruption during the pandemic. Exhibit 15 contains the quarterly medical paid amounts in 2019 and 2020 for the evaluation and management services, physical therapy services, surgeries, and drugs.

Exhibit 14



Source: NYCIRB Medical Data Call

Exhibit 15



Source: NYCIRB Medical Data Call

The decrease in total medical payments during the 2nd quarter of 2020 was driven by several factors. First, as noted in Section I above, the number of new claims assembled during the 2nd quarter of 2020 (compared to 2nd quarter of 2019) decreased by 35%. Second, the time to certain medical services, such as evaluation and management, physical therapy, and non-

emergency surgeries increased due to the restrictions imposed in response to the pandemic. For example, the average time from date of accident to the first "Evaluation and Management" service increased from 11.7 days for accidents occurring in 2019 to 14.2 days for accidents occurring in 2020 – a 21% increase.[17] However, delays in medical services were somewhat mitigated in the summer of 2020 as restrictions were relaxed. Exhibit 16 illustrates the increased time from the date of injury to the date of service, on average, for three major physician service categories.

Exhibit 16

Medical Time to Treatment Accident Year 2020 / Accident Year 2019	
Physician Subcategory	**Year-over-Year Increase**
Evaluation and Management	21.3%
Surgery	9.4%
Physical Medicine	3.0%

Source: NYCIRB Medical Data Call

XII. Mental Health Services

The Takeaway: Payments for mental health services increased significantly during the first several months of the pandemic and have since reverted to pre-pandemic levels.

The Details: Prior to the pandemic, payments for mental health services represented approximately 0.8% of total medical payments.[18] During the 2nd quarter of 2020, this percentage changed to 1.4%, an increase of 75%, and this change includes mental health treatment for both COVID-19 and non-COVID claims. Academic research suggests that the pandemic placed additional pressure on doctors and on the healthcare system generally, resulting in greater risk of psychological distress for healthcare providers.[19] However, Rating

[17] The number of days to treatment was measured as the difference between the accident date and first service date for transactions processed within the same calendar year.

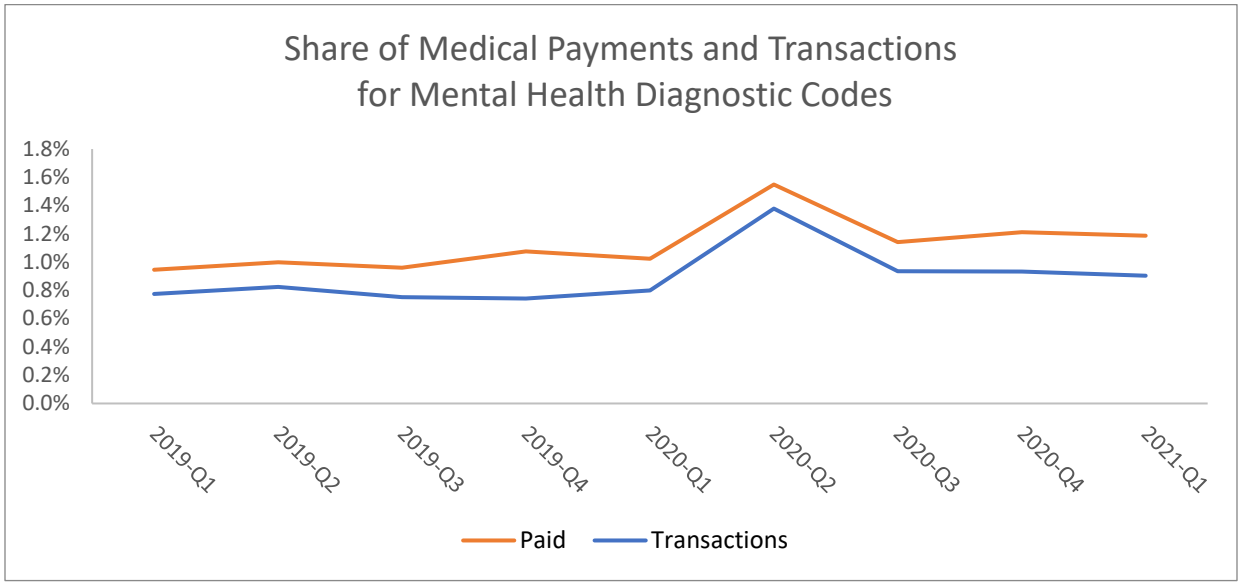
[18] Mental health services identified based on the diagnostic code reported on the Rating Board's Medical Data Call.

[19] *See* Galbraith, Niall et. al., "The Mental Health of Doctors During the COVID-19 Pandemic," US National Library of Medicine, National Institute of Health, April 28, 2020 https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7322151/.

Board data indicates that the increase in mental health services utilized is primarily coming from supermarkets and building service contractors employees .[20]

Medical payment data appears to confirm the relationship between the pandemic and mental health services provided. In the last two quarters of 2020, payments for mental health services decreased back to a level slightly higher than the pre-pandemic levels, at approximately 1% of medical spend. The decrease corresponds to the reduced number of COVID-19 hospitalizations over the same period.[21] Exhibit 17 shows the quarterly share of medical spend and medical transactions that are attributed to mental health diagnosis from 2019 through the 1st quarter of 2021.

Exhibit 17



Source: NYCIRB Medical Data Call

XIII. Telehealth Services

The Takeaway: Payments for telehealth visits increased significantly during the 2nd quarter of 2020. Although payments for telehealth services subsequently decreased, they remain above pre-pandemic levels.

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20 To identify employment classification for mental health claimants, the Rating Board's medical data call information was cross referenced against policy data.

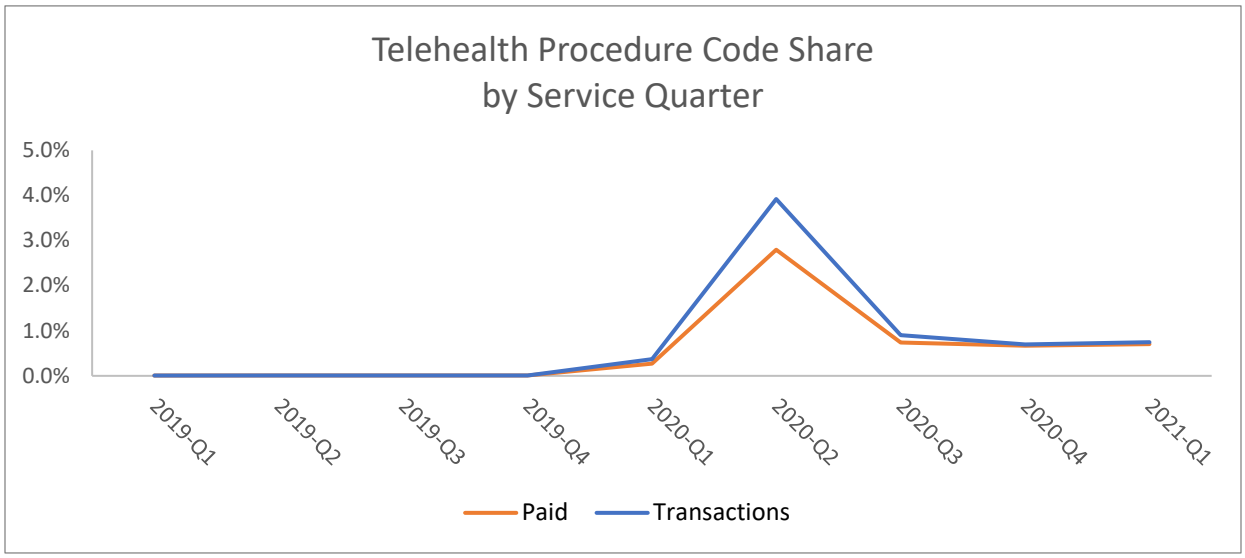
21 *See* Daily Hospitalization Summary by Region https://forward.ny.gov/daily-hospitalization-summary-region.

The Details: Prior to the pandemic, telehealth services were not widely utilized in the New York workers' compensation system. In April of 2020, the WCB adopted emergency amendments permitting telemedicine and telephonic visits in some circumstances for social distancing purposes.[22] As a result, telehealth services increased from 0% to 2.8% of total medical spend, and 3.9% of all medical transactions.

In the 2nd half of 2020, many physician offices returned to relatively normal operations providing injured workers with the option of in-person visits. Nevertheless, telehealth services remained at relatively high levels (compared to pre-pandemic levels) in the 2nd half of 2020 and into 2021, representing about 0.8% of medical spend in the system. Although telehealth is not expected to remain as prevalent as it was during the height of the pandemic, the utilization of telehealth services is expected to continue after the pandemic.[23]

Exhibit 18 contains the quarterly share of medical spend and medical transactions that are attributed to telehealth services from 2019 through the 1st quarter of 2021.[24]

Exhibit 18



Source: NYCIRB Medical Data Call

22 *See* the WCB's COVID-19 Outbreak Response, April 2020. WCBcovidresponse4-20.pdf (ny.gov).

23 *See* Bestsennyy, Oleg et. al., "Telehealth: A quarter-trillion-dollar post-COVID-19 reality?" McKinsey, July 9, 2021; Telehealth-A-quarter-trilliondollar-post-COVID-19-reality.pdf (mckinsey.com).

24 Telehealth Services identified based on Place of Service Code "02" or CPT Codes 99441, 99442, or 99443 in the Rating Board's Medical Data Call.

XIV. Conclusion

This brief is intended to provide a preliminary view of the pandemic's impact on the State's workers' compensation system, and provide general information on COVID-19 claims and the system as a whole. The Rating Board will continue to monitor developments in the system and is committed to providing the marketplace with further research and analysis as more information becomes available.