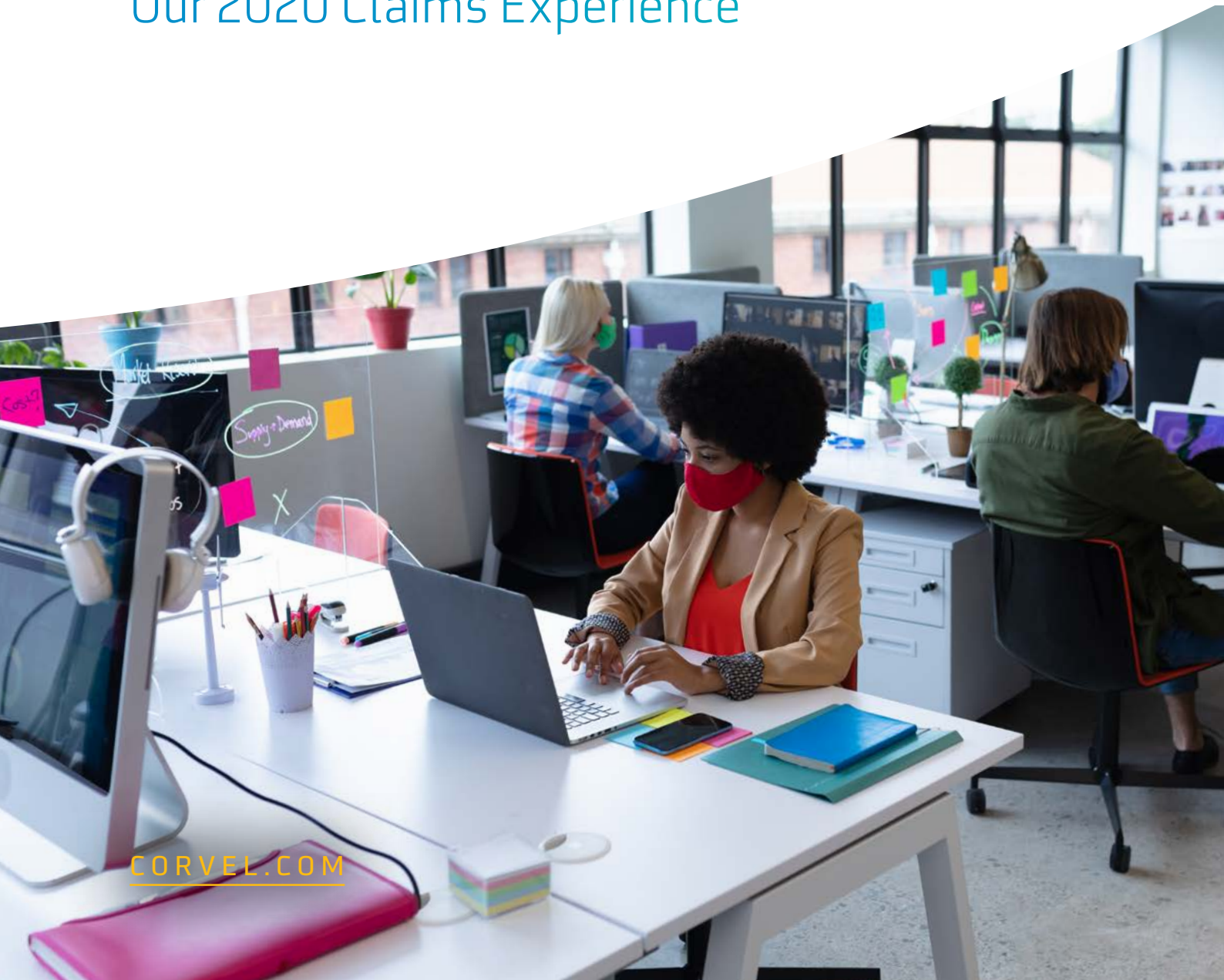




# Strategic Insights

Our 2020 Claims Experience



[CORVEL.COM](https://www.corvel.com)



# IT'S A PANDEMIC

The COVID-19 pandemic has impacted all our lives in various ways. The external environment, in which we live and do business, has impacted the frequency of claims and their outcomes.

CorVel studied claims received from April 1 through December 31 for both 2019 and 2020, and valued the data at the end of each respective period to assure development times were equal. We chose to begin our data collection in April, based on the closedowns and other pandemic impacts which began to be seen in mid- to late March of 2020, and April marks the beginning of a full quarter of data.

To be consistent for reporting purposes, non-COVID claims in this study comprise all claims received by CorVel during the designated period that are not classified as COVID-19 (Nature of Injury Code 83). Claims classified as COVID-19 in this report have this Nature of Injury.



STRATEGIC INSIGHTS

NON-COVID CASES

As the chart below illustrates, the greatest decline in claims was seen in the education sector, with the smallest shift in the waste management/administration areas. This result is not surprising, since by April of 2020, most schools had closed their doors and transitioned to virtual learning for the remainder of the academic year. As schools restarted in the late summer and early fall of 2020, much of the teaching and learning remained virtual. This virtual environment for academia has lent itself to fewer claims arising from incidents working from home than at a school, university, etc.

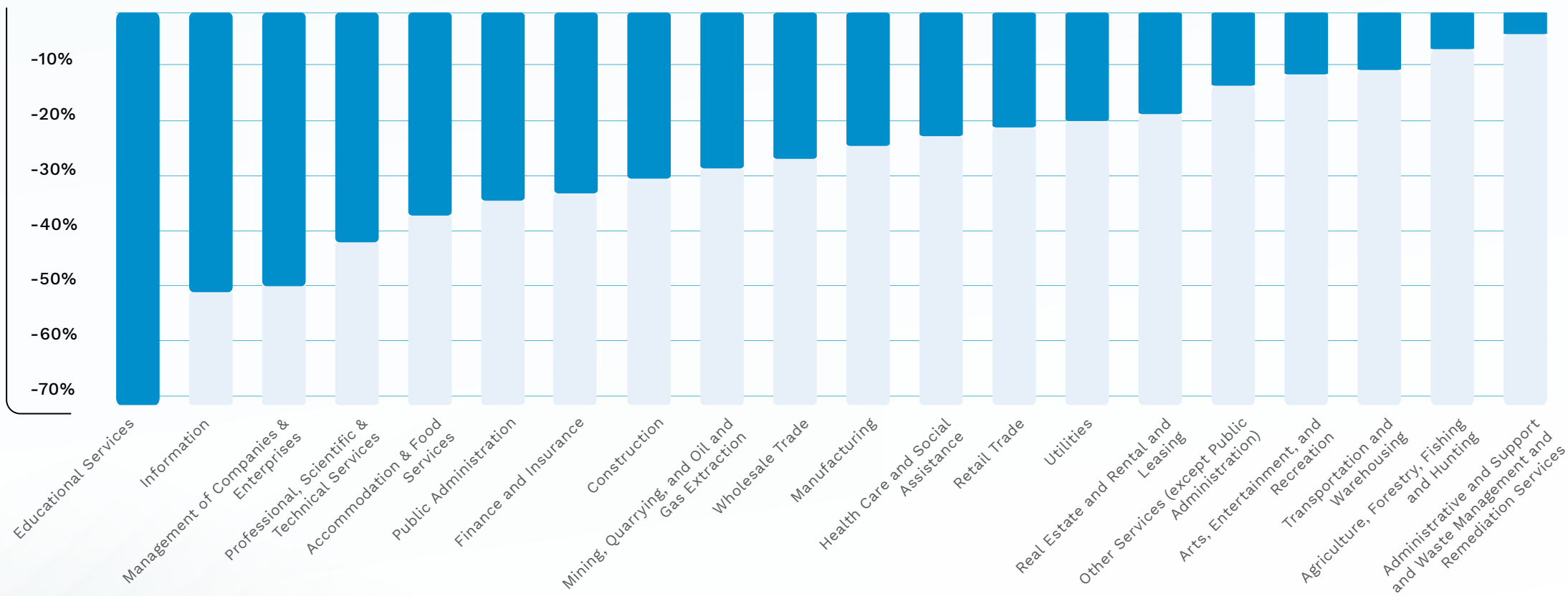
The number of claims arising from the waste management and remediation sectors is also not unexpected because garbage collection and waste

recycling services continued through this period. One might expect that residential garbage collection actually increased as people worked from their homes and ate at home with far greater frequency. This pressure on residential collections, wherein the collection of refuse often involves a manual lifting exercise, increased claims for several customers.

28%

Decline in  
Non-COVID Claims

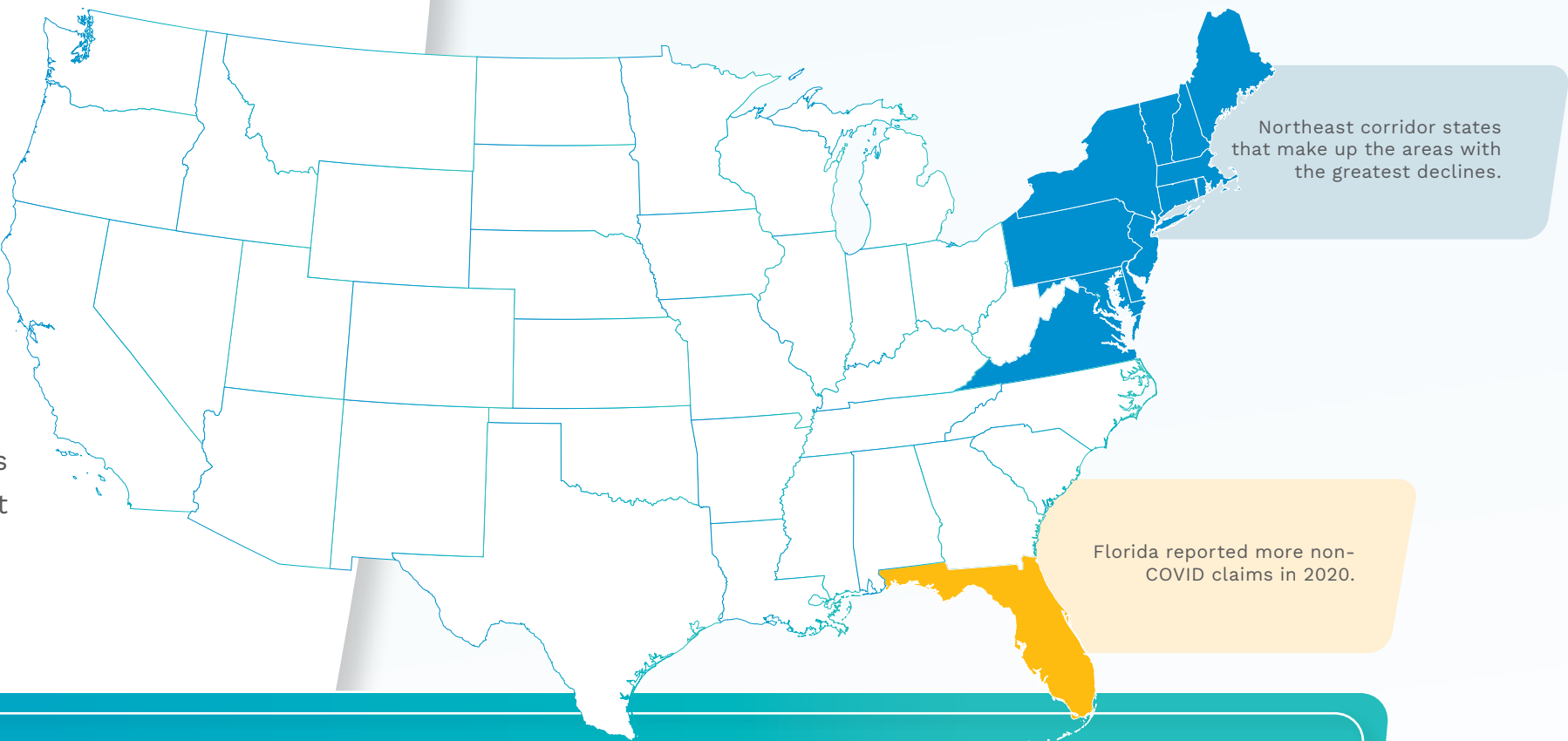
Non-COVID % Decline



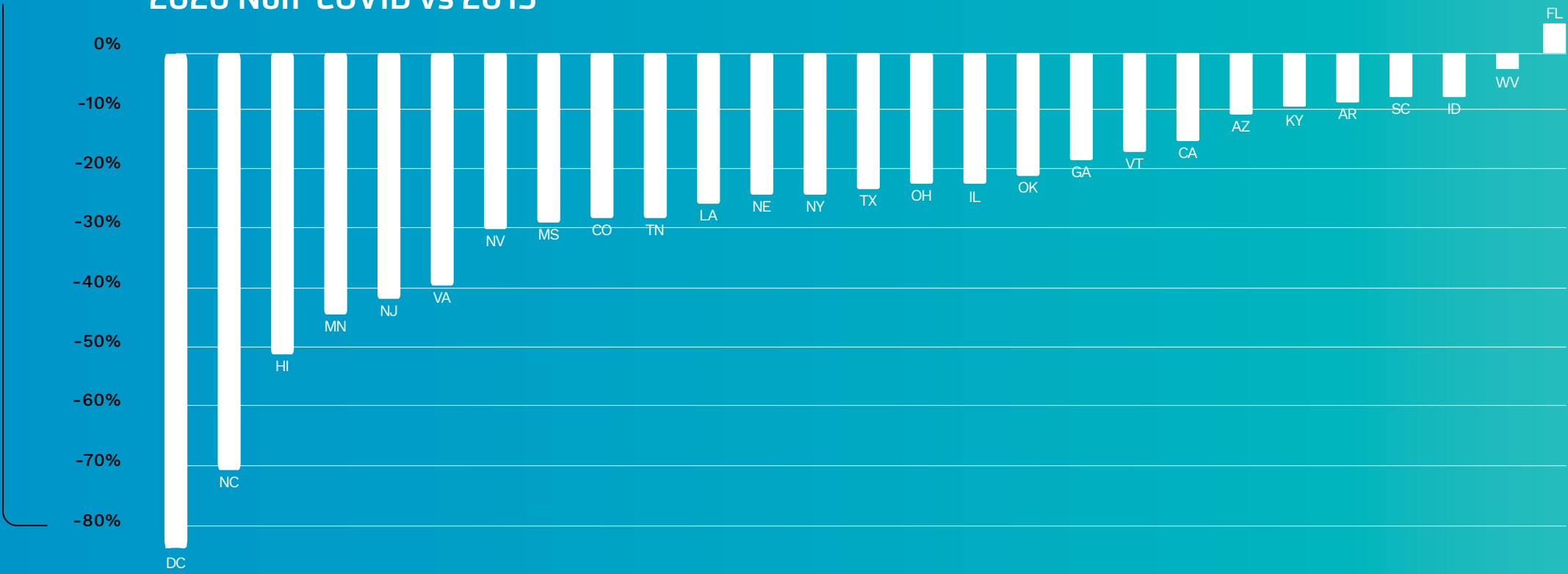
STRATEGIC INSIGHTS

NON-COVID CASES CONTINUED

In a state-by-state review of the changes in non-COVID claims in 2020 compared to 2019, the states in the graph below saw the greatest decrease in new claim frequency. Hawaii is typically a small state for claim volume, so a small change sways the percentages significantly. Of note, however, is the number of Northeast corridor states that make up the areas with the greatest declines. The very notable exception within CorVel’s book is Florida, which actually reported more non-COVID claims in 2020 compared to 2019. Materially, there were no significant account additions for CorVel.



2020 Non-COVID vs 2019

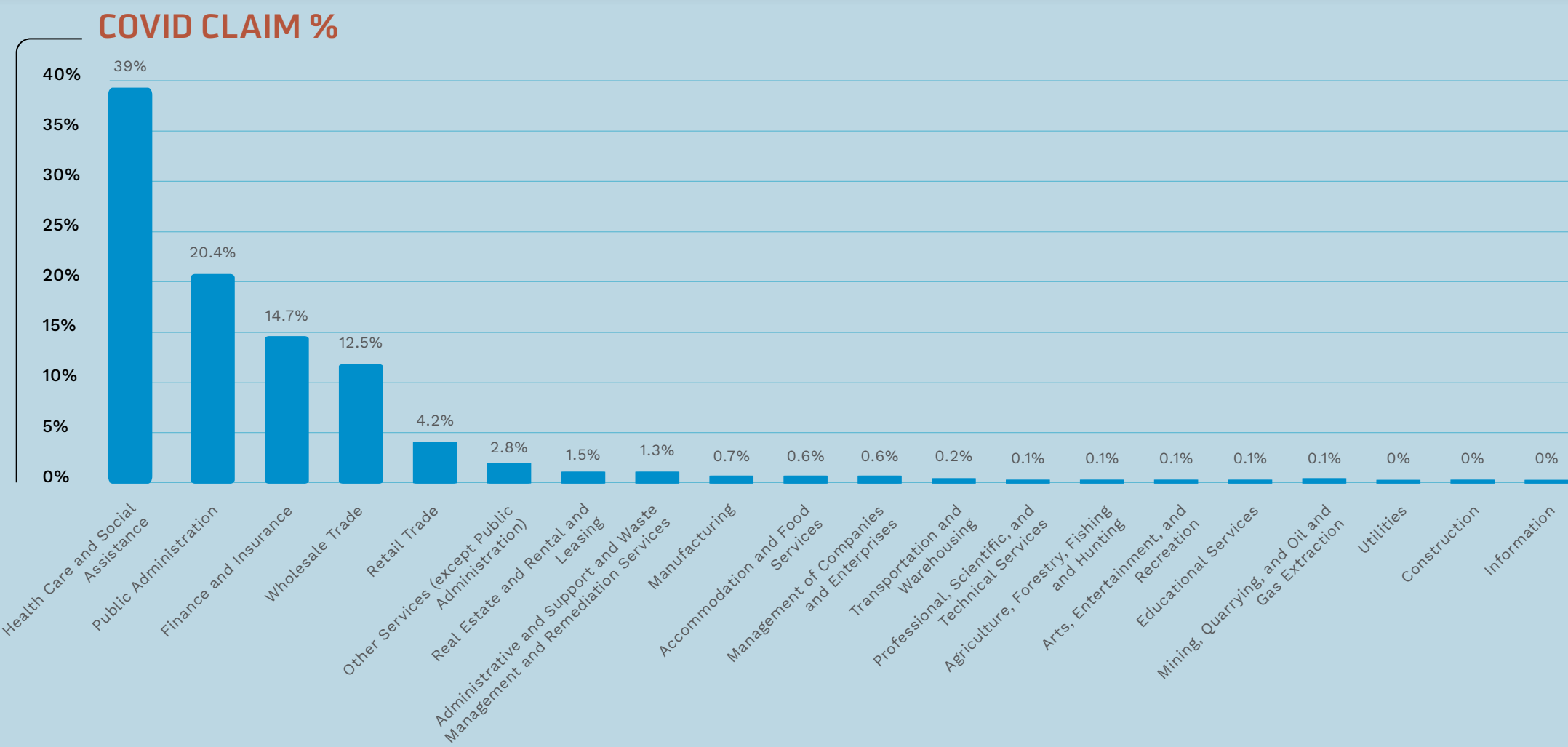


STRATEGIC INSIGHTS

COVID CLAIMS

Many of CorVel’s customers saw a large number of COVID claims that were alleged to arise out of and in the course of employment. Within CorVel’s book of claims, the healthcare and social assistance sector received 38.6% of all COVID claims reported to CorVel in 2020. Because healthcare workers are considered essential workers and have a greater risk of infection due to their occupation, these results are expected. The results by industry are reflected below.

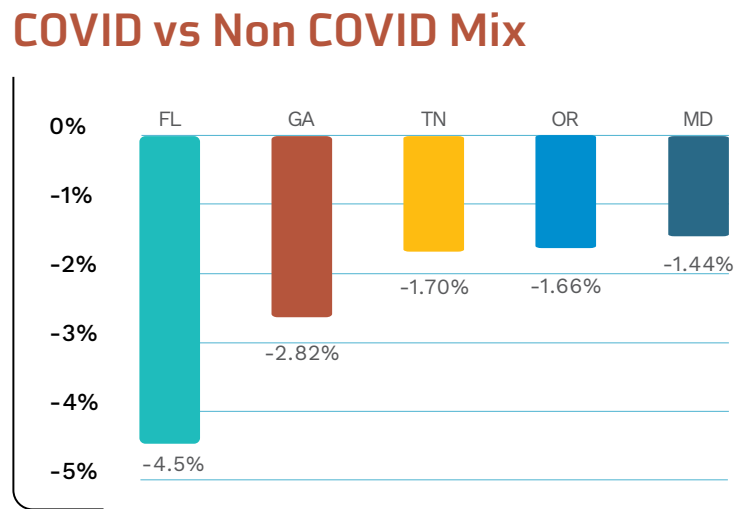
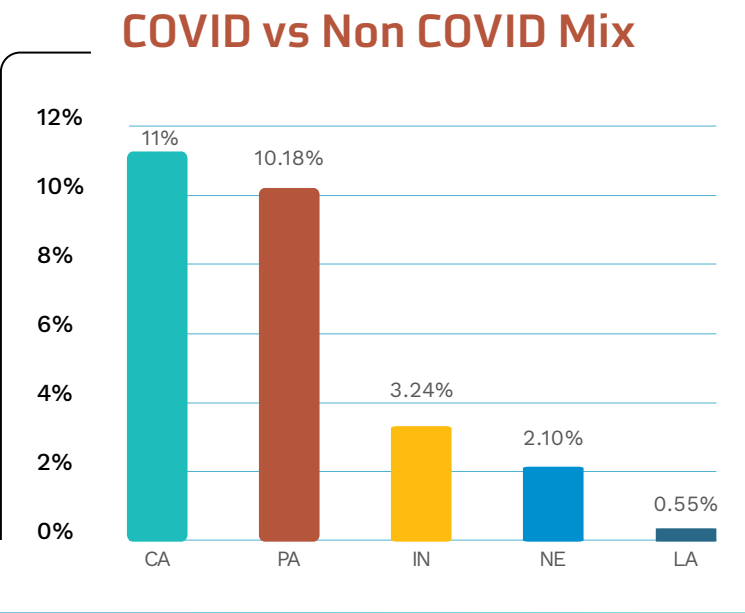
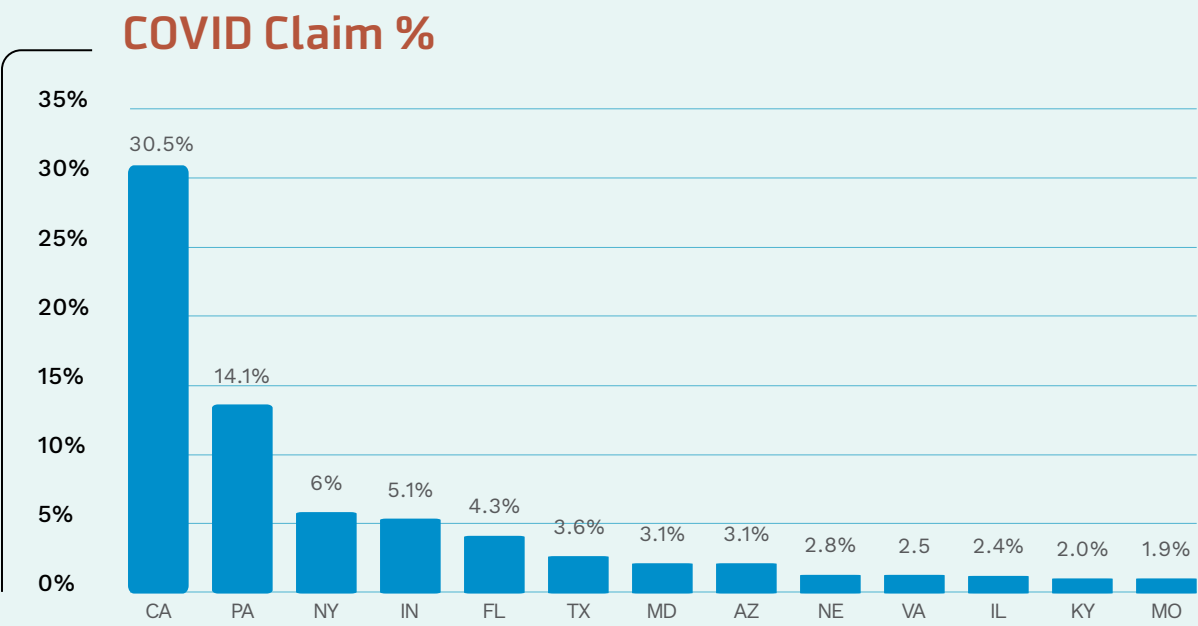
FROM APRIL THROUGH DECEMBER, **16.5%** OF ALL CLAIMS REPORTED TO CORVEL INCLUDED AN ALLEGATION THAT COVID WAS A WORK-RELATED CONDITION.



STRATEGIC INSIGHTS

COVID CLAIMS CONTINUED

The number of claims reported in California is not surprising due to two executive orders creating a presumption of compensability (the first through July 5, 2020 and a second ongoing order resulting from SB 1159). CorVel’s percentage of COVID claims differs widely from that of WCRI’s study for Q1 and Q2 of 2020 that found New Jersey was a hotspot of activity. We assume the difference rests with CorVel’s overall book of business makeup relative to the study completed by WCRI.



Highest Percentage of COVID Claims Reported in California

California had the highest percentage of the total number of COVID claims reported to CorVel at over 30%.

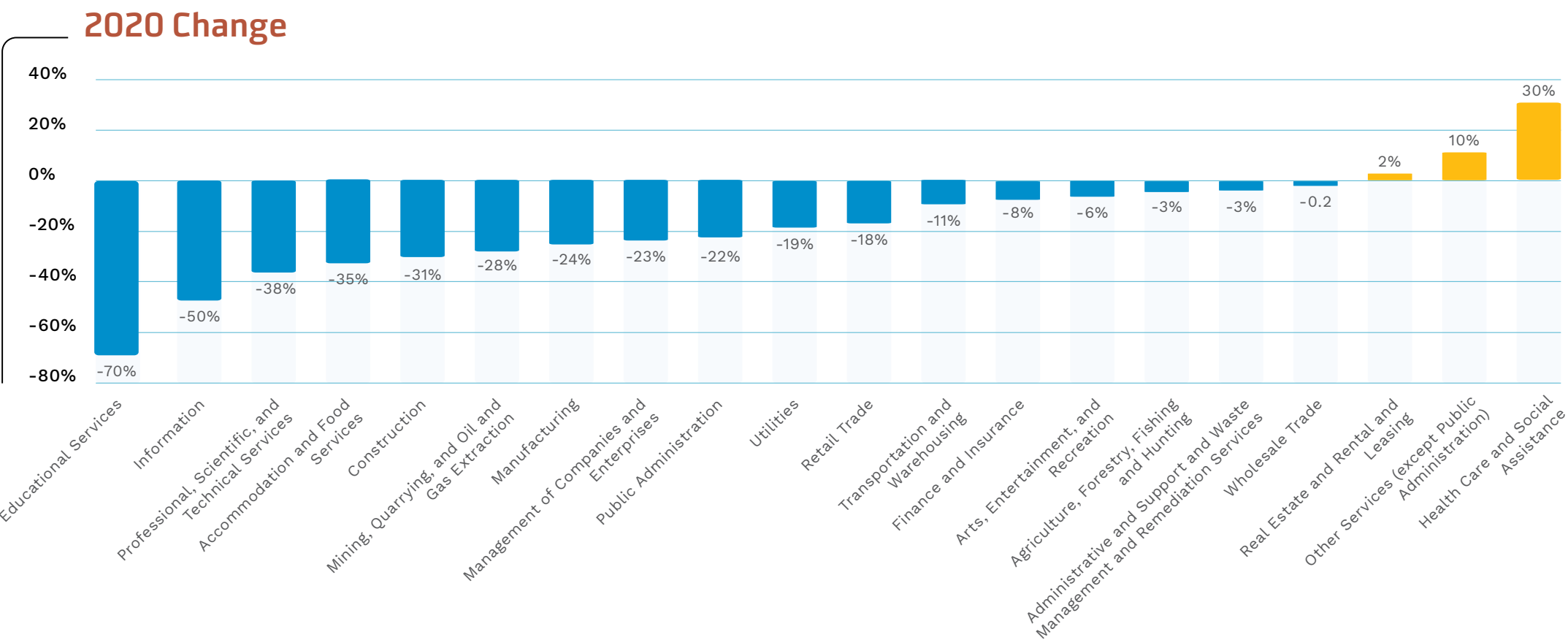




# STRATEGIC INSIGHTS

## ALL 2020 CLAIMS

Because of the large decrease in non-COVID claims in most industry sectors, it is not surprising that the overall claim volumes within most industries declined. When combining COVID and non-COVID claims for the measurement period, CorVel’s intake of claims decreased by 13.6% in the last three quarters of 2020. Not all industries were spared, as evidenced in the graph below showing sectors where the increase in COVID claims outpaced the decrease in all other claims. Healthcare within the CorVel book of business saw a nearly 30% increase in overall claim volume.

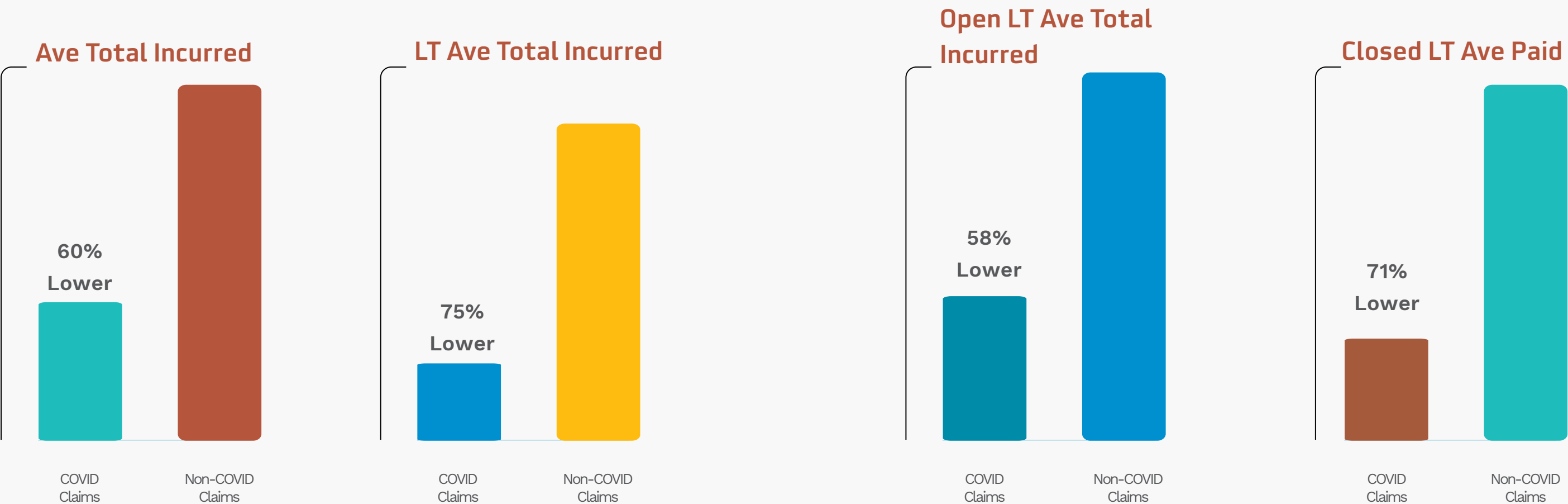


STRATEGIC INSIGHTS

COVID CLAIMS & INCURRED

Holistically speaking, the total incurred dollar amounts for COVID claims are small and the average incurred is even smaller than non-COVID peer claims. Within CorVel’s book, the average cost incurred on a COVID claim was 60% lower than the average non-COVID claim during the same period. The total incurred claims for medical-only COVID claims were 82% lower than their non-COVID peer claims and the average total incurred for lost-time claims was 75% lower.

The same differences were seen when we measured total open and closed claims incurred for COVID vs. non-COVID. For open lost-time COVID claims, the average total incurred was 58% less than their non-COVID peer claims. For closed COVID claims, the total paid was 71% less than their non-COVID peer claims.





# STRATEGIC INSIGHTS

## THE COVID INDEMNITY

Examining the individual indemnity and medical buckets for both open and closed claims reveals that COVID medical claims were 55% lower than non-COVID claims, and the COVID indemnity was 58% less than non-COVID claims.

The average total incurred values for claims received in 2020 vs. those received in 2019 increased for open and closed claims, and for all 2020 claims compared to 2019, and also for 2020 non-COVID claims compared to those in 2019.

COVID INDEMNITY  
WAS **58%** LESS THAN  
NON-COVID CLAIMS.

While the average total dollar amount incurred on a COVID claim was significantly less than non-COVID claims, there have been pockets of claims where the incurred values have stretched beyond \$1 million in value. A brief scan of these outlier claims has found that the majority came from the healthcare space and were geographically centered in the NJ-PA-NY tristate area.

The increases mainly emanated from the indemnity bucket on the claims. This increase is understandable, as many customers have eliminated light-duty assignments, some nonprofits have been shut down or restricted to accommodate light duty, and many customers have been temporarily closed or even gone out of business. By industry, the public administration sector has seen the greatest impact year over year within the CorVel book.

## CLOSINGS

Although COVID claims are still early in their development cycle, more than two-thirds of the claims were closed within the same calendar year they were received. Of the COVID claims that were closed in 2020, approximately one-third were closed within 30 days of receipt.

30  
days

Of the COVID claims that were closed in 2020, approximately one-third were closed within 30 days of receipt.

The average time period during which a COVID claim was open ranged from 40 days for a medical-only claim to 52 days for a lost-time claim. Compared to their non-COVID peer claims, COVID claims were closing 30 days sooner for lost-time claims and 17 days sooner for medical-only claims.

Non-COVID claims were closed more quickly in 2020 than in 2019. The average lost-time claim closed 2.8 days sooner, and the average medical-only claim closed 14.6 days sooner than in 2019. When COVID claims are added to non-COVID claims, lost-time claims closed 15.5 days sooner in 2020 than 2019 and medical-only claims closed 15.8 days sooner.

## SUMMARY

The COVID-19 pandemic has created an unprecedented health care and business environment that requires us to be nimble as we accommodate sudden changes in claim volume and individual jurisdictional requirements. Through our internal review, we found that the time and resources needed to properly manage and administer some COVID-19 workers' compensation claims are less than for a typical claim, and this has allowed our team to investigate and close those claims quickly. As a result, we have adjusted our fees for those COVID-19 claims that go through a comprehensive investigation and are resolved and ultimately closed in less than 60 days. CorVel remains committed to delivering high-value services in support of our partners.

While claim frequencies as a whole have declined significantly, those who get sick or hurt may take longer to return to work, are slower to secure treatment and may have experienced delays in many administrative processes around the country. The pandemic environment is still developing and will need to be watched closely. At CorVel, we strongly advocate that clients take advantage of our integrated claims and managed care programs, as well as our industry-leading virtual care services. More than ever, we are focusing resources and finding creative ways to return injured workers back to their jobs and to maximum medical improvement.



## CONTACT US TODAY

To learn more about virtual care and how it can help impact your outcomes, go to **[www.corvel.com/virtual-care](http://www.corvel.com/virtual-care)** or contact your CorVel representative today.

