

COVID-19 and Workers Compensation: What You Need to Know



By NCCI Insights

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The National Council on Compensation Insurance (NCCI) offers a perspective on the effect of COVID-19 (coronavirus) on the workers compensation industry, including compensability and economic impact.

Overview

The COVID-19 virus (coronavirus) is the latest in a series of infectious diseases that have emerged over the last 20 years. Since 2003, the world has seen the emergence of SARS, H1N1, Ebola, and Zika viruses. While the overall impact of each disease has been well documented, you would be hard pressed to find meaningful information on how or even if the workers compensation (WC) system was affected. However, in the two months since the first US case of coronavirus was confirmed in Washington state, there has already been an impact to the WC environment and there may be more to come. So, what does NCCI see as the potential implications of coronavirus for WC? We will focus on two: compensability and economic impact.

Compensability

Is coronavirus compensable under WC? The answer to that question is “maybe.” While WC laws provide compensation for “occupational diseases” that arise out of and in the course of employment, many state statutes exclude “ordinary diseases of life” (e.g., the common cold or flu). There are occupational groups that arguably would have a higher probability for exposure such as healthcare workers. However, even in those cases, there may be uncertainty as to whether the disease is compensable. Would time away from work during recovery be considered “temporary disability” or is it just normal “sick time”? While these questions linger, at least one state has taken steps to address compensability for WC.

On March 5, the state of Washington’s Department of Labor and Industries announced that it changed its policy related to workers compensation coverage for healthcare workers and first responders. Under the clarified policy, Washington state will provide

benefits to these workers during the time that they are quarantined after being exposed to coronavirus on the job. The coverage will pay for medical testing, treatment expenses if a worker becomes ill or injured, and provide indemnity payments for those who cannot work if they are sick or quarantined.

It remains to be seen if other states will take the same measures relative to WC. However, for general health insurance, at least 10 states have issued mandates for coverage of coronavirus. The mandates vary by state, but they include coverage for testing and visits to emergency rooms or urgent care facilities either in-network or out-of-network without deductibles or copays. These measures, if expanded to more states, could have the impact of limiting claim activity in the WC market in those cases where only testing or quarantine are necessary.

Economic Impact

With a focus on worker safety, employers have begun to implement a number of policies related to coronavirus. These include limiting nonessential travel, maximizing telecommuting options, and being flexible on sick leave policies to encourage employees to stay home when they are ill. Some companies have also cancelled large in-person industry conferences. The Centers for Disease Control and Prevention has issued its own guidelines related to travel with specific recommendations for the cruise industry.

As a result of these measures, it is reasonable to expect that certain sectors of the economy could begin to see impacts in the near future. The travel and hospitality sectors have been the hardest hit so far. But, over time, other industries could also be impacted depending on how general consumer attitudes and behaviors evolve. This could have a negative impact on employment levels and the general economy, including the possibility of a recession. This creates some uncertainty about future payroll levels and overall claim frequency for WC, as both have been impacted by previous economic downturns.

Stay tuned to [ncci.com](https://www.ncci.com) for additional coverage of this important and evolving topic.

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