Auto Casualty

Impact of COVID-19 on Workers' Compensation and Auto Casualty Industries

March 24, 2020
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As the COVID-19 pandemic continues worldwide, our daily lives have changed significantly. Due to new governmental regulations and guidelines to help curb the spread of the virus, many people are working from home, practicing social distancing, sheltering in place and unfortunately, many people have already lost their jobs. As we grapple with how the virus has impacted our daily lives, we are also taking a closer look at how the pandemic and related regulations are already, and will continue to, affect the workers' compensation and auto casualty industries. One telling sign of the impact the pandemic is already having on the industry is the number of regulatory changes and updates we have already seen since the virus started spreading around the world. At Mitchell, we monitor state and federal regulatory changes, case law and payment changes and other developments related to the property and casualty industry. We were already in the midst of a heavy property and casualty legislative season in many states before the novel coronavirus outbreak hit the United States. Typically, we receive on average 100 to 120 legislative abstracts to review per day. Now, during the COVID-19 pandemic, we are seeing more than double the number of relevant abstracts than we typically receive on average. Below is a review of some of these changes and trends we anticipate may play out in the property and casualty industry as a result of the COVID-19 pandemic.

Telemedicine

One of the main concerns during this crisis from state governments, in addition to keeping its residents safe and healthy, has been around how they can continue to provide services to consumers. With government officials asking people to practice some form of social distancing, sheltering in place or self-quarantining due to the spread of COVID-19, states are looking for ways to make it easier to adjust without overburdening those now unemployed or suffering in some way due to these orders and recommendations. Some of the guidelines that are being applied across the country address access to healthcare, payment of claims and policies and more to support both consumers and businesses. In healthcare delivery, many states are widening providers' scope of

practices to allow for telemedicine usage. In New York, for example, the Workers' Compensation Board has adopted emergency amendments to allow telemedicine in some circumstances, in response to the outbreak of COVID-19. These amendments are effective for 90 days post-notification date of March 16, 2020. Included in the New York emergency amendments are allowances for specialties that do not normally use telemedicine such as acupuncturists, physical therapists, occupational therapists and chiropractors (Section 325-1.8 of Title 12 NYCRR, Section 329-1.3 of Title 12 N YCRR, Section 329-4.2 of Title 12 NYCRR, Section 348.2 of Title 12 NYCRR). It is not yet confirmed if these rules will also apply to no-fault insurance, but we believe that expansion is on the horizon. The use of telemedicine brings concerns about the privacy and security of patients' personally identifiable information. Today, many of those security concerns stem from the use of algorithms and chatbots, which while a quick fix to help patients get care, may not be as well protected. In addition to privacy and security, another potential challenge that comes with telemedicine is that it can only help patients up to a certain point. For example, if a doctor speaks with a patient via telemedicine and suspects the person may have COVID-19, the doctor may determine that the patient should be tested, which requires additional delayed steps: in-person medical attention, testing and swabbing.

Relieving Timelines & Inquiries

As a result of the pandemic, many states have allowed for more leniency when it comes to the timeframe required to process claims. One of the first states to provide relief on claims processing timelines was West Virginia, who has done so for all lines of coverage. Interestingly, West Virginia was also the last state in the United States to have a COVID-19 case identified. On March 13, 2020 the Insurance Commissioner of West Virginia issued an emergency order and suspended claim settling and handling timeframes until further notice (WV Emergency Proceeding:20-EO-01). On March 20, 2020, New Jersey released instructions to the Insurance Division Regulated Entities/Individuals for prudent insurance practices. These instructions include: relaxing due dates for premium payments and insurance policy-based loan payments, extending grace periods, waiving late fees and penalties, allowing forbearance with regard to the cancellation/non-renewal of policies, allowing payment plans for premium payments, extending timeframes to complete property and automobile inspections or undergo medical exams and exercising judicious efforts to assist affected policyholders and work with them to make sure that their insurance policies do not lapse (Bulletin No. 20-04). All of these New Jersey timeline changes have remained consistent with other state provisions regarding consumers. Additionally, many states, like Minnesota, are becoming more pragmatic and requiring information on actions insurers have taken related to the COVID-19 situation. Some of the questions states are asking insurance companies revolve around business continuity planning, education, communication, vulnerabilities and change in claim cost and risks. We are seeing these types of requests from multiple states' regulators.

Potential Upcoming Effects of the Coronavirus on Workers' Compensation and Auto Casualty

This is an unprecedented time and a constantly evolving situation. However, there are trends we anticipate seeing, based on what has occurred so far. For both workers' compensation and auto claims, we will begin to see that claimants will not be driving to providers' offices unless it is for services that have been deemed essential by both the provider and patient. Patients will not be undergoing elective procedures for wellness, like colonoscopies and dental examinations, which will decrease the volume of bills that are presented for payment under all coverages. Nurse case managers will need to work to ensure patients are receiving the appropriate care, even though they may need to forego seeing a provider for some time. Additionally, we expect accident frequency may decline with fewer people out on the roads. For workers, we may see a shift in the types of injuries workers experience as many telecommute for the foreseeable future.

Updates and Next Steps

Throughout this ever-changing situation, Mitchell will be providing helpful links, resources and information about the collection of pertinent changes that are affecting our customers in medical claim handling related to the COVID-19 outbreak. Clients can visit our up-to-date Compliance Connection website for up-to-date information by federal/state jurisdiction and coverage type.



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