

# 2020 Texas Injury Benefit Program Performance Report

Research Compiled by PartnerSource  
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This 2020 update on Texas injury benefit program performance reflects consistent, positive results for injured workers and employers, as confirmed in every academic, government and other independent analysis of program data over the past quarter century.<sup>1</sup> Here's a summary of some of these (including most recent) reports:

## 2020 University of Illinois: "[Opting out of workers' compensation: Non-subscription in Texas and its effects](#)"

. Published for academic discussion by the IZA Institute of Labor Economics in 2019, then officially in the Journal of Risk and Uncertainty in February 2020.

Key findings on Texas injury benefit programs compared to Texas workers' compensation:

1. No change in the number or types of injury claims reported,
2. Total medical payments immediately dropped by 40%,
3. Better able to avoid hospitalizations of injured workers,
4. Immediate reduction in work-loss of 80%,
5. Reduction in litigated claims of 35%, and
6. Total cost reduced 46%.

## 2016 Stanford University: "[Rejecting the Grand Bargain: What Happens When Large Companies Opt Out of Workers' Compensation?](#)"

. Research supported by National Science Foundation Grant and further summarized in [Insurance Thought Leadership](#).

Key findings about Texas injury benefit programs compared to Texas workers' compensation:

1. Frequency of severe, traumatic employee injury claims was cut in half,
2. Percentage of employees disabled dropped by a third,
3. Paid better wage replacement benefits,
4. Improved quality of medical care,
5. Access to better doctors,
6. Employer costs were cut in half,
7. Coverage exclusions had minimal impact on cost savings,
8. Negligence liability exposure gave incentives to employers to invest in safety, and
9. As employers elected to nonsubscribe, workers' compensation costs dropped.

## 2018 Texas Department of Insurance: "[Employer Participation in the Texas Workers' Compensation System: 2018 Estimates](#)"

. This and all prior TDI Research and Evaluation Group studies have found that Texas injury benefit programs are a large and thriving part of the social safety net for injured Texas workers. In this 2018 biennial survey, TDI estimates:

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<sup>1</sup> Note that academic analyses and anti-competitive commentaries on Texas injury benefit programs sometimes speculate on potential negative impacts on injured workers, and downplay applicable reporting, disclosure, fiduciary, anti-retaliation and anti-discrimination, and other claims administration requirements that apply to these programs under state and federal law. Such speculation has never been supported by actual claims data, and has lagged in describing modern Texas injury benefit program design and administration.

1. One-quarter of Texas private-sector employers are nonsubscribers,
2. Nonsubscription rates increased among small employers,
3. Over 30,000 Texas employers sponsor injury benefit plans (mostly small business),
4. Covering 1.2 million Texas workers, with
5. 95% of all Texas workers' (including public sector employees) covered by either workers' compensation or an injury benefit plan, and
6. Higher satisfaction among nonsubscribers with (i) with the adequacy and equity of benefits paid to injured workers, (ii) with the degree to which those benefits are a good value for the company, (iii) with the ability to effectively manage medical and wage replacement costs, and (iv) overall.

**2016 PartnerSource: "[Options to Workers' Compensation: Positive Outcomes for Injured Workers and Employers](#)".** This compilation of data from employers and third party claim administrators, and validated by an independent actuary previously with the National Council on Compensation Insurance (NCCI), found that Texas injury benefit plans, when compared to workers' compensation, result in:

1. Shorter disability durations,
2. Faster return to work,
3. Fewer claim disputes,
4. Lower total employer cost,
5. Comparable defense litigation costs, and
6. Faster claim payouts and closure.

These findings have been replicated by every leading U.S. actuarial firm for their individual clients. For example:

**2014 Aon Risk Solutions: "Retail Benchmark Analysis".** By Tim Banick and Andrea Bode. This survey of the United States retail industry found that Texas injury benefit programs result in:

1. Injury severities and loss costs approximately 40% to 50% lower than workers' compensation, and
2. The lowest cost of any work injury program in the United States.

**2012 Work Loss Data Institute: "State Report Cards for Workers' Compensation".** This study compares the outcomes from all Texas employers (using Bureau of Labor Statistics data based on OSHA logs) with outcomes from cases reported within the Texas workers' compensation system, and finds that Texas injury benefit programs produce:

1. Better medical outcomes,
2. Dramatically shorter disability durations, and
3. Fewer claims with delayed recovery.

**[Click here](#) for additional reports and analyses on Texas injury benefit programs.**