

TEMPORARY DISABILITY INSURANCE WORKLOAD IN 2020

SUMMARY REPORT

New Jersey Department of Labor and
Workforce Development
Office of Research and Information
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HIGHLIGHTS

TEMPORARY DISABILITY INSURANCE WORKLOAD IN 2020

- New claims received and initial dispositions both declined in 2020, continuing the downward trend of recent years.
- Gross benefit payments rose by about one percent in 2020, driven by the increase in the maximum weekly benefit rate during the second half of the year from \$667 to \$881 due to legislative changes in the calculation formula.
- Claims processing times decreased in 2020 for the third consecutive year. The 14-day and the 28-day time lapse performance measures were 66 and 88 percent, respectively, exceeding the disability insurance goals for processing initial determinations.
- Lack of medical evidence was again the most frequently cited reason for denial, comprising 31 percent of all denials.
- Over 68 percent of total disability claims were by females. New data by type of claim for educational level and race/ethnicity showed that the highest number of claims in 2020 were for high school graduates and for Caucasian claimants.
- Claims for benefits due to disabilities resulting from pregnancy and complications of childbirth continued to be the largest single category for both new eligible claims and completed cases, comprising about one-fourth of each group, similar to the percentages since 2001 when morbidity data for eligible claims and completed cases became available.

TEMPORARY DISABILITY INSURANCE PROGRAM - 2020

This report provides a summary of workload activity and other data during 2020 for the State Plan for Temporary Disability Insurance (TDI), with comparative information from prior years. While this analysis is primarily concerned with data movements during the past five years, any significant longer term trends are also noted. The data are derived from New Jersey's Disability Automated Benefits System (DABS), which was developed in 1989.

Tables 1, 2 and 3 provide data from 2016 through 2020 on workload activity, time lapse statistics and reasons for denial of disability claims. Information on the sex, education level and race/ethnicity of claimants for 2020 can be found in Table 4. Morbidity data for eligible claims and completed cases in 2020 are contained in Tables 5 and 6. A list of definitions for key workload items is included on page 5 of this report.

Background

Since its enactment in 1948, the New Jersey Temporary Disability Benefits Law has provided benefits to workers affected by non-work related injuries or illnesses. All employers, except local government, for which coverage is optional, are subject to the provisions of this law when their quarterly payrolls are at least \$1,000. Employers may choose the State's insurance plan or obtain private coverage equal to or better than the State Plan.

The temporary disability program is funded by a combination of employer and worker contributions. Employer contribution rates vary from 0.10 percent to 0.75 percent of taxable wages, depending on the employer's disability experience rating. For 2020, the worker contribution rate was 0.26 percent, up from a rate of 0.17 percent in 2019. Since 2012, the worker contribution rate has been adjusted annually based upon a legislative formula.

In 2020, the number of State Plan employers rose to 233,104 from 228,605 in 2019. In addition, 641 employers were covered by a combination of state and private plans, while private plan employers totaled 5,674. State Plan covered employment decreased by 10.5 percent in 2020, averaging 2,459,441 in 2020 and 2,747,103 in 2019.¹ Private plan covered employment fell by 1.8 percent in 2020, averaging 842,462 in 2020 and 857,658 in 2019.

Claims and Benefits

New claims received and initial dispositions both decreased in 2020, continuing the downward trend of recent years (see Table 1). The number of web claims received increased for the fifth consecutive year, surpassing the number of paper claims received for the first time, while the number of paper claims received annually continued to decline.

Eligible dispositions comprised 67 percent of total dispositions in 2020, compared with 63 percent in 2019 and 77 percent in 2016.

Despite the decline in claims volume, gross benefit payments edged up by about one percent in 2020 compared with 2019. The increase was largely due to the higher maximum weekly benefit rate of \$881 which went into effect during the second half of 2020 due to legislative changes in the formula used to calculate the rate. Similarly, the average weekly benefit amount also saw a significant increase in 2020, rising from \$491 in 2019 to \$562.

¹ Actual data for State Plan and private plan covered employment and employers became available again beginning with the third quarter of 2011 due to the development of a new reporting methodology.

Time Lapse Data

The percentage of initial determinations made within two weeks of receipt of the claim rose to 66.4 percent from 56.5 percent in 2019, the third consecutive annual increase. The two-week time lapse measure exceeded the Disability Insurance Service performance goal of 65 percent for processing initial determinations within two weeks for the first time since 2010 (see Table 2).

The percentage of initial determinations that occurred within four weeks also increased over the year to 88.4 percent from 85.5 percent in 2019. This second performance measure was above the Disability Insurance Service goal of 85 percent for processing initial determinations within four weeks of receipt of claim for the second consecutive year.

Reasons for Denial

The primary reasons for denial of a claim at original disposition from 2016 to 2020 are shown in Table 3. As in past years, lack of medical evidence was the most frequently cited reason for denial in 2020, comprising 31.2 percent of all reasons for denial.

The next most frequently cited reason for denial was eligibility for benefits under the Disability During Unemployment Program (4(f)).² This reason was cited in 12.6 percent of all denials. Coverage of a disability by the Workers' Compensation program and coverage by a private plan were given as reasons for denial in 3.4 and 7.1 percent, respectively, of all reasons for denial. Coverage under these three programs comprised about 23 percent of reasons for denial in 2020, about the same as in 2019.

"Other" reasons were cited in 42.8 percent of denials in 2020, compared with 44.7 percent in 2019. "Other" reasons include late filing, employment by an uncovered political subdivision, disability that is the result of committing a crime, disability with duration of less than seven days and state government employment when the individual has accrued sick time available.

Claimant Characteristics

Claimant characteristics data by type of claim are available for the first time due to a new reporting methodology. Table 4 includes data on the number of claims by sex, education level and race/ethnicity for total disability claims, pregnancy related disabilities and non-pregnancy related disabilities.

Females represented 68.7 percent of total disability claims and 59.8 percent of non-pregnancy related disabilities.

High school graduates were the largest group of claimants by educational level for total claims (44.0%) and for non-pregnancy related disabilities (46.8%). For pregnancy related disabilities, high school graduates and individuals with either an associates or bachelor degree each accounted for 34 percent of claims.

The largest group of claimants for all three categories was Caucasian, followed by African American and Latino/Hispanic.

²Persons who become disabled while unemployed may be eligible for up to 26 weeks of benefits under the disability during unemployment provisions of the State's Unemployment Compensation Law (R.S.43:21-4(f)). Individuals also eligible for regular unemployment benefits in a benefit year may receive benefits for up to 39 weeks for the two claims combined.

Eligible Claims by Morbidity

The distribution of eligible claims by morbidity (type of injury or illness) has remained fairly stable since 2001 (the first year these data were produced). Table 5 contains data for 2020, along with revised data for 2019.

Claims for benefits due to pregnancy and complications of childbirth were the largest single category of claims again in 2020 out of the 17 major morbidity groups, comprising 26.9 percent of all eligible claims, compared with 28.3 percent in 2019. As in prior years, disabilities related to bones and organs of movement and disabilities resulting from accidents, poisoning and violence were the next most frequently reported categories, based on the physician's initial diagnosis, constituting 15.7 and 10.7 percent, respectively, of all eligible claims in 2020.

Claims for disabilities due to infectious and parasitic diseases (5.1%) and diseases of the respiratory system (5.9%) comprised larger percentages of total eligible claims in 2020 than in 2019 due to the COVID-19 pandemic.

Completed Cases by Morbidity, Duration and Benefits

Table 6 contains a summary of average claim duration and average benefit payment data by major morbidity group for cases which were completed in 2020. Completed cases include those claims formally closed in the TDI database, as well as those with no payment activity for 90 days.

The distribution of completed cases by morbidity has been stable from year to year and there are only minor differences in the percentages of completed cases by morbidity compared with the percentages of eligible claims by morbidity (Table 5). As with eligible claims, pregnancy and complications of childbirth were the largest single category of completed cases in 2020 (26.9%), followed by disabilities related to bones and organs of movement (15.9%) and disabilities resulting from accidents, poisoning and violence (10.9%).

For all morbidities, the average number of days paid per completed case was 71 days in 2020. Average duration has fluctuated between 68 and 71 days since 2001 when the data were first computed. Average gross benefits paid in 2020 increased to \$5,470, reflecting the higher maximum benefit amount that went into effect during the second half of 2020.

Definitions of Terms

Completed Cases – Includes those claims formally closed during the year, as well as those with no payment activity for 90 days.

Formally Closed Claims – Those claims that have been paid to benefit exhaustion, to the 180-day maximum claim duration, or until the claimant recovered, returned to work or died. If notification of recovery, return to work or death is not received, then the claim is not formally closed.

Maximum Weekly Benefit Amount – For disability claims prior to July 1, 2020, the maximum weekly benefit amount was set each year at 53 percent of the statewide average weekly wage (SAWW) in the second preceding calendar year. Beginning July 1, 2020, the maximum weekly benefit amount was set at 70 percent of the SAWW. The maximum weekly benefit amount for the period from January 1-June 30, 2020 was \$667 and for the period from July 1-December 31, 2020 was \$881.

State Plan Covered Employees – Employee coverage is the average of covered jobs in the last month of each of the four quarters in the year and includes all workers covered by the State Plan as well as the State Plan portion of combination plans.

State Plan Covered Employers – Employer coverage is the annual average and excludes firms with a combination of State and private plans.

Table 1
TEMPORARY DISABILITY INSURANCE ANNUAL REPORT
Calendar Years 2016 - 2020

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total New Claims Received	158,912	157,834	147,005	142,186	136,401
Paper Claims Received (DS1)	150,079	131,607	103,791	86,646	60,139
Web Claims Received (WD1)	8,833	26,227	43,214	55,540	76,262
Total Initial Dispositions	106,851	113,051	108,730	113,444	102,989
Eligible	82,526	82,039	72,981	71,604	69,038
Ineligible	24,325	31,012	35,749	41,840	33,951
Total Ineligible for Insufficient Information	47,396	44,595	31,718	30,367	25,206
Gross Benefit Payments (millions)	\$415.0	\$418.1	\$405.0	\$429.5	\$432.9
Average Weekly Benefit Amount	\$455	\$465	\$474	\$491	\$562
Maximum Weekly Benefit Amount*	\$615	\$633	\$637	\$650	\$667/\$881
Number of Claimants with both TDI & FLI Claims in Same Year	14,410	14,559	15,743	16,944	12,725
<p>* Maximum weekly benefit rate for January 1 - June 30, 2020 calculated as 53% of Statewide Average Weekly Wage. * Maximum weekly benefit rate for July 1 - December 31, 2020 calculated as 70% of Statewide Average Weekly Wage.</p>					

Table 2
TEMPORARY DISABILITY ANNUAL REPORT
TIME LAPSE CLAIM DISTRIBUTION
Eligible and Ineligible Decisions
Calendar Years 2016 - 2020

Number of Days	<u>2016</u>		<u>2017</u>		<u>2018</u>		<u>2019</u>		<u>2020</u>	
	<u>Number</u>	<u>Cumulative Percent</u>	<u>Number</u>	<u>Cumulative Percent</u>	<u>Number</u>	<u>Cumulative Percent</u>	<u>Number</u>	<u>Cumulative Percent</u>	<u>Number</u>	<u>Cumulative Percent</u>
7 or less	2,951	2.8	2,166	1.9	7,967	7.3	19,906	17.6	26,850	24.0
8 - 14	35,443	35.9	20,340	19.9	40,979	45.0	43,958	56.5	47,348	66.4
15 - 21	16,382	51.3	14,814	33.0	15,819	59.6	22,426	76.3	18,857	83.3
22 - 28	11,433	62.0	26,911	56.8	14,431	72.8	10,449	85.5	5,743	88.4
29 - 35	14,141	75.2	10,722	66.3	15,892	87.5	8,391	92.9	5,078	93.0
36 - 43	10,778	85.3	10,324	75.4	6,465	93.4	3,512	96.0	2,910	95.6
44 - 49	5,923	90.8	9,353	83.7	3,128	96.3	2,069	97.9	2,192	97.6
50 - 56	3,575	94.2	6,890	89.8	1,769	97.9	1,255	99.0	969	98.4
57 or more	6,219	100.0	11,525	100.0	2,279	100.0	1,154	100.0	1,767	100.0
TOTAL CASES	106,845		113,045		108,729		113,120		111,714	

Table 3
TEMPORARY DISABILITY INSURANCE ANNUAL REPORT
REASONS FOR DENIAL
Calendar Years 2016 - 2020

<u>Reason for Denial</u>	<u>2016</u>		<u>2017</u>		<u>2018</u>		<u>2019</u>		<u>2020</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
4 (f) Family Leave During Unemployment	7,157	16.3	7,907	14.6	7,959	13.5	9,818	13.0	12,441	12.6
Insufficient Weeks or Wages	2,536	5.8	2,523	4.7	2,150	3.7	2,059	2.7	1,914	1.9
Medical evidence Not Submitted	8,569	19.6	13,057	24.2	18,001	30.6	20,853	27.6	30,784	31.2
Workers' Compensation Coverage	2,479	5.7	3,004	5.6	2,785	4.7	2,942	3.9	3,310	3.4
Private Plan Coverage	3,272	7.5	3,967	7.3	4,551	7.7	5,403	7.1	7,053	7.1
Receipt of Continuation Pay from Employer	623	1.4	647	1.2	590	1.0	783	1.0	987	1.0
Other Reasons*	19,145	43.7	22,961	42.5	22,711	38.7	33,823	44.7	42,252	42.8
TOTAL REASONS FOR DENIAL	43,781	100.0	54,066	100.0	58,747	100.0	75,681	100.0	98,741	100.0

*Other reasons include late filing, state government employment when the individual has accrued sick time available, employment by an uncovered political subdivision, disability resulting from commission of a crime and disability with duration of less than 7 days.

Table 4
TEMPORARY DISABILITY INSURANCE ANNUAL REPORT
CLAIM STATISTICS BY TYPE OF CLAIM
Calendar Year 2020

	<u>Total Temporary Disability Claims</u>		<u>Pregnancy Related Disabilities</u>		<u>Non-Pregnancy Related Disabilities</u>	
	Number	Percent	Number	Percent	Number	Percent
Total Number of Claims	102,989	100.0	22,815	100.0	80,174	100.0
Sex						
Male	32,194	31.3	0	0.0	32,194	40.2
Female	70,795	68.7	22,815	100.0	47,980	59.8
Education						
Did Not Graduate High School	4,628	4.5	380	1.7	4,248	5.3
High School Graduate/GED	45,332	44.0	7,797	34.2	37,535	46.8
Associate/Bachelor Degree	27,136	26.3	7,838	34.4	19,298	24.1
Graduate Degree	9,438	9.2	4,238	18.6	5,200	6.5
Undefined	16,455	16.0	2,562	11.2	13,893	17.3
Race/Ethnicity						
Caucasian	45,388	44.1	11,128	48.8	34,260	42.7
African American	16,949	16.5	3,158	13.8	13,791	17.2
Latino/Hispanic	17,965	17.4	4,005	17.6	13,960	17.4
Asian	6,068	5.9	1,610	7.1	4,458	5.6
Native Hawaiian/Pacific Islander	273	0.3	74	0.3	199	0.2
American Indian/Alaskan Native	480	0.5	161	0.7	319	0.4
Undefined	15,866	15.4	2,679	11.7	13,187	16.4

Table 5
TEMPORARY DISABILITY INSURANCE ANNUAL REPORT
MORBIDITY DATA FOR ELIGIBLE NEW CLAIMS
Calendar Years 2019 and 2020

<u>Major Morbidity Group (code)</u>	<u>2019</u> <u>(REVISED)</u>		<u>2020</u>	
	<u>Number of Cases</u>	<u>Percent of Cases</u>	<u>Number of Cases</u>	<u>Percent of Cases</u>
Infectious and parasitic diseases (01)	2,210	2.5%	3,968	5.1%
Neoplasms (02)	6,734	7.5	5,177	6.6
Allergic, endocrine, metabolic and nutritional (03)	2,154	2.4	1,810	2.3
Diseases of blood and blood forming organs (04)	273	0.3	224	0.3
Mental, psychoneurotic and personality disorders (05)	5,489	6.2	5,430	6.9
Nervous system and sense organs (06)	3,157	3.5	2,466	3.2
Circulatory system (07)	4,705	5.3	3,920	5.0
Respiratory system (08)	1,659	1.9	4,610	5.9
Digestive system (09)	5,216	5.8	3,846	4.9
Genitourinary system (10)	2,149	2.4	1,519	1.9
Pregnancy and complications of childbirth (11)	25,219	28.3	21,007	26.9
Skin and cellular tissue (12)	800	0.9	597	0.8
Bones and organs of movement (13)	15,458	17.3	12,291	15.7
Congenital malformations (14)	86	0.1	61	0.1
Hysterectomy (15)	780	0.9	524	0.7
Accidents, poisoning and violence (17)	11,038	12.4	8,369	10.7
Other ill-defined and unknown causes (16 & 18)	2,072	2.3	2,382	3.0
Total	89,199	100.0%	78,201	100.0%
Total non-pregnancy/childbirth	63,980	71.7%	57,194	73.1%

Table 6
TEMPORARY DISABILITY INSURANCE ANNUAL REPORT
MORBIDITY DATA FOR COMPLETED CASES
Calendar Year 2020

<u>Major Morbidity Group (code)</u>	<u>Number of Cases</u>	<u>Percent of Cases</u>	<u>Average Duration (days)</u>	<u>Average Gross Benefits</u>	<u>Total Gross Benefits (Millions)</u>
Infectious and parasitic diseases (01)	3,746	4.9%	52	\$4,074	\$15.3
Neoplasms (02)	5,262	6.8	86	6,694	35.2
Allergic, endocrine, metabolic and nutritional (03)	1,802	2.3	67	5,081	9.2
Diseases of blood and blood forming organs (04)	216	0.3	73	5,421	1.2
Mental, psychoneurotic and personality disorders (05)	5,273	6.8	77	6,206	32.7
Nervous system and sense organs (06)	2,476	3.2	75	5,900	14.6
Circulatory system (07)	3,900	5.1	91	6,976	27.2
Respiratory system (08)	4,260	5.5	49	3,718	15.8
Digestive system (09)	3,833	5.0	50	4,000	15.3
Genitourinary system (10)	1,514	2.0	58	4,428	6.7
Pregnancy and complications of childbirth (11)	20,791	26.9	60	4,707	97.9
Skin and cellular tissue (12)	604	0.8	61	4,588	2.8
Bones and organs of movement (13)	12,293	15.9	88	6,753	83.0
Congenital malformations (14)	67	0.1	101	7,301	0.5
Hysterectomy (15)	526	0.7	49	3,684	1.9
Accidents, poisoning and violence (17)	8,377	10.9	83	6,200	51.9
Other ill-defined and unknown causes (16 & 18)	2,230	2.9	62	4,889	10.9
Total	77,170	100.0	71	5,470	422.1
Total non-pregnancy/childbirth	56,379	73.1	75	5,752	324.3
* Completed cases include those claims formally closed in the TDI database in 2020, as well as those with no payment activity for 90 days.					