



Addendum to Preliminary Cost Impact Analysis

VERMONT SENATE BILL 342

As Amended by the House Committee on Commerce and Economic Development

NCCI has reviewed the proposed version of Vermont Senate Bill 342 as amended by the House Committee on Commerce and Economic Development (Amended S. 342). If enacted, Amended S. 342 would create a temporary rebuttable presumption that a disability or death resulting from COVID-19 is compensable under the Vermont Workers Compensation Act.

NCCI previously issued a preliminary cost impact analysis of a draft proposal that was introduced as S. 342 and passed by the Vermont Senate on April 27, 2020. There are several aspects of Amended S. 342 which differ from the version of the bill passed by the Senate. These differences would impact some of the assumptions used to create the hypothetical scenarios included in the previous preliminary cost impact analysis. In particular, the differences from original version passed by the Senate—some of which are outlined below—would be expected to decrease both the share of workers defined as “front-line” as well as the share of claims by non-front-line workers which would potentially become compensable due to the presumption.

- Employees of a pharmacy or grocery store would no longer be included as front-line workers as enumerated in Section 2(a)(2) of the bill; workers in a morgue, funeral establishment, or crematory facility would be included as front-line workers under the amended version.
- The presumption of compensability in Amended S. 342 would not apply to non-front-line workers if at the time of potential exposure, “the employee’s place of employment was in compliance with the Guidance on Preparing Workplaces for COVID-19 issued by the U.S. Occupational Safety and Health Administration (OSHA) or any similar guidance issued by OSHA, the U.S. Centers for Disease Control, or the Vermont Department of Health.”
- The occupational exposure conditions for the presumption of compensability to apply to non-front-line workers must be satisfied within 14 days of being tested or examined for COVID-19 in the amended bill, while S. 342 as passed by the Senate had no such time restriction.

As explained in NCCI’s cost impact analysis of the original bill passed by the Senate, the potential impact of enacting a rebuttable presumption for workers contracting COVID-19 is highly uncertain, as it would depend on the behavior of various stakeholders within the WC system and the course of the COVID-19 epidemic in Vermont. The table below shows the potential impact of the proposed amendment on WC system costs in Vermont under three hypothetical scenarios. The methodology used to create these three cost estimates is consistent with NCCI’s preliminary cost impact analysis of S. 342 as passed by the Senate. **Additionally, all underlying assumptions are the same as in that prior analysis (see attached), except that the share of front-line workers covered by the presumption and the illustrative percentages of additionally compensable claims for non-front-line workers have been decreased in consideration of the differences listed above.**



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The following table provides a range of potential impacts based on numerous key assumptions, of which some of the more impactful are displayed in the following table.

Hypothetical Scenarios	#1	#2	#3
(1) Infection Rate	5%	20%	50%
(2) Claim Report Rate	50%	50%	50%
(3) Incremental Compensability Rate	Varies by occupational classification ¹		
(4) Fatal Rate	0.5%	0.5%	0.5%
(5) Share of WC Losses Affected by Proposed Amendment	Varies by occupational classification ²		
(6) Potential Percentage Impacts on WC System Costs	+2%	+14%	+64%
(7) Prior Estimated Annual WC System Costs ³	\$194M	\$194M	\$194M
(8) Potential Dollar Impacts on WC System Costs = (6) x (7)	+\$4M	+\$27M	+\$124M

The following table breaks down the percentage impacts from line (6) of the preceding table for healthcare workers, first responders, and other workers covered by Amended S. 342.

Hypothetical Scenarios	#1	#2	#3
Healthcare Workers	+4%	+38%	+153%
First Responders	<1%	+5%	+23%
Other Front-Line Workers	+10%	+47%	+138%
Non-Front-Line Workers	+1%	+10%	+52%
Overall System Costs	+2%	+14%	+64%

¹ Additional COVID-19 claims becoming compensable due to the proposed amendment, not the total compensability rate for all COVID-19 claims. See the second table on the following page for details.

² See the third table on the following page for details.

³ Calculated using estimated payroll of \$15,658M from Bureau of Labor Statistics (BLS) data for Vermont and a pure premium factor of \$1.24 per \$100 of payroll. This figure does not contemplate expenses, taxes, or other premium adjustments. The use of BLS wages provides an estimate of the impact on all private and public employers regardless of how work-related injury costs are funded (e.g., privately insured, self-insured, policyholder retained portion of deductible policies, or employees exempted from WC requirements).



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The following tables identify additional key assumptions used to create the hypothetical cost estimates in this addendum. These tables may be compared to Appendix B of NCCI's preliminary cost impact analysis for S. 342 as passed by the Senate (see attached).

Share of Insured Workers Ultimately Infected

Hypothetical Scenarios	#1	#2	#3
Healthcare Workers	5%	20%	50%
First Responders	5%	20%	50%
Other Front-Line Workers	5%	20%	50%
Non-Front-Line Workers	5%	20%	50%

Additional Share of COVID-19 Claims Deemed Compensable

Hypothetical Scenarios	#1	#2	#3
Healthcare Workers	10%	25%	40%
First Responders	5%	15%	25%
Other Front-Line Workers	45%	55%	65%
Non-Front-Line Workers	5%	10%	20%

Estimated Share of Overall WC System Costs

Hypothetical Scenarios	#1	#2	#3
Healthcare Workers	8.2%	8.2%	8.2%
First Responders	2.4%	2.4%	2.4%
Other Front-Line Workers	4.6%	4.6%	4.6%
Non-Front-Line Workers	84.8%	84.8%	84.8%

It should not be interpreted to suggest that assumption selections outside of the above ranges may not be appropriate.



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NCCI has evaluated the impact of a proposed Vermont COVID-19 presumption bill, which would temporarily establish a rebuttable presumption that disability or death resulting from COVID-19 is compensable under the Vermont Workers' Compensation Act for diagnoses or positive laboratory tests occurring between March 1, 2020 and January 15, 2021. If enacted, the proposed COVID-19 bill could result in a significant increase in workers compensation (WC) costs while the presumption is in effect.

A precise estimate of this cost increase cannot be determined at this time. However, following the framework included in the NCCI white paper titled *COVID-19 and Workers Compensation: Modeling Potential Impacts*, illustrative scenarios are provided in this analysis to estimate the potential magnitude of the expected increase on WC system costs¹ due to the proposed COVID-19 bill. The following table provides a range of potential impacts based on numerous key assumptions, of which some of the more impactful are displayed:

Hypothetical Scenarios	#1	#2	#3
(1) Infection Rate	5%	20%	50%
(2) Claim Report Rate	50%	50%	50%
(3) Incremental Compensability Rate	Varies by occupational classification ²		
(4) Fatal Rate	0.5%	0.5%	0.5%
(5) Share of WC Losses Affected by Proposal	Varies by occupational classification ³		
(6) Potential Percentage Impacts on WC Losses⁴	+2%	+20%	+76%
(7) Prior Estimated Annual WC Losses ⁵	\$194M	\$194M	\$194M
(8) Potential Dollar Impacts on WC Losses = (6) x (7)	+\$4M	+\$39M	+\$147M

¹ The phrases "WC losses" and "WC system costs" are used interchangeably throughout the remainder of this document, and do not contemplate expenses, taxes, or other premium adjustments.

² Additional COVID-19 claims becoming compensable due to the proposed bill, not the total compensability rate for all COVID-19 claims. See Appendix B, Table 2 for details.

³ See Appendix B, Table 3 for details.

⁴ See Appendix A for calculation details.

⁵ Calculated using estimated payroll of \$15,658M from Bureau of Labor Statistics (BLS) data for Vermont and a pure premium factor of \$1.24 per \$100 of payroll. This figure does not contemplate expenses, taxes, or other premium adjustments. The use of BLS wages provides an estimate of the impact on all private and public employers regardless of how work-related injury costs are funded (e.g., privately insured, self-insured, policyholder retained portion of deductible policies, or employees exempted from WC requirements)



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Some important considerations related to these impacts are as follows:

- As the white paper indicates, there is considerable uncertainty in many of the assumptions included in the framework presented, several of which are not explicitly shown in the table above.
- The effect of the rebuttable presumption on the percentage of filed claims deemed compensable is uncertain.
- These figures do not contemplate possible outcomes that could result in greater or different impacts, such as permanent disability benefit awards or mental injury awards.
- “Frontline workers” in this document refer only to the specifically enumerated job classifications in Sec. 2(a)(2)(A)-(I) of the proposed bill. The share of WC system costs in this category could increase if additional job classifications are deemed frontline workers under Sec. 2(a)(2)(J).
- **It should not be interpreted to suggest that assumption selections outside of the above ranges (or those provided in the baseline scenario in the white paper) are not appropriate.**

The analysis was completed in an expedited manner and is considered preliminary. NCCI may supplement this document with a complete and final analysis of the bill at a later date. It is possible that the estimated impact of the final analysis will differ materially from what is provided in this document. Note that the absence of an update to the preliminary analysis does not signify that this is NCCI’s final assessment of the estimated cost impact of the bill.

This proposed bill was evaluated in isolation, without taking into account any other state or federal legislation currently being considered or recently enacted. The analysis focuses solely on the potential impact of the bill on WC system costs. However, other factors resulting from the COVID-19 crisis, such as the increased usage of telecommuting and longer-term effects to the economy, may also have significant, potentially offsetting, impacts to the WC system.



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Description of Proposed Bill and Actuarial Comments

Currently, Vermont WC statutes 21 V.S.A Chapter 9, provides WC benefits for employees who suffer an injury or occupational disease arising out of and in the course of employment. In addition, Vermont Statute 21 V.S.A. § 601 establishes a rebuttable presumption of compensability for firefighters and members of a rescue or ambulance squad, in cases of disability or death resulting from lung disease or an infectious disease caused by an occupational exposure in the line of duty⁶ under certain conditions. The proposed COVID-19 bill would introduce temporary amendments to 21 V.S.A. Chapter 9, creating a rebuttable presumption for front-line workers that a disability or death resulting from COVID-19 is compensable.

The proposed bill defines a frontline worker as follows:

- A. a firefighter as defined by Vermont Statute (21 V.S.A. § 3151 (3) and (4))
- B. a law enforcement officer who has been certified by the Vermont Criminal Justice Training Council pursuant to V.S.A. chapter 151
- C. an ambulance service, emergency medical personnel, first responder service, and volunteer personnel as defined in 24 V.S.A. § 2651
- D. a worker in a health care facility or an institution or office where health care services are provided by licensed healthcare professionals
- E. a correctional officer
- F. a worker in a long-term facility or residential care facility
- G. a childcare provider that is required to provide childcare to the children of other front-line workers pursuant to Executive Order 01-20⁷
- H. an employee of a pharmacy or a grocery store
- I. a home health care worker or personal care attendant
- J. a worker performing services that the Commissioner determines place the worker at a similarly elevated risk of being exposed to or contracting COVID-19 as the other occupations defined to be front-line workers.

⁶ 21 V.S.A. § 601 (H)(i) In the case of firefighters and members of a rescue or an ambulance squad, disability or death resulting from lung disease or an infectious disease either one of which is caused by aerosolized airborne infectious agents or blood-borne pathogens and acquired after a documented occupational exposure in the line of duty to a person with an illness shall be presumed to be compensable, unless it is shown by a preponderance of the evidence that the disease was caused by nonservice-connected risk factors or nonservice-connected exposure. The presumption of compensability shall not be available if the employer offers a vaccine that is refused by the firefighter or rescue or ambulance worker and the firefighter or rescue or ambulance worker is subsequently diagnosed with the particular disease for which the vaccine was offered, unless the firefighter or rescue or ambulance worker's physician deems that the vaccine is not medically safe or appropriate for the firefighter or rescue or ambulance worker.

⁷ Declaration of State of Emergency in Response to COVID-19 and National Guard Call-Out



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To be presumed compensable, disabled or deceased front-line workers must have received a positive laboratory test or a diagnosis by a licensed healthcare provider for COVID-19 between March 1, 2020 and January 15, 2021. Similar conditions would need to be met for the presumption to also apply to disabled or deceased employees that are not front-line workers. However, such non-frontline workers must also have either:

- documented occupational exposure, in the course of employment, to an individual with COVID-19, **or**
- performed services at a residence or facility with residents or employees who were present at the time the services were performed and had COVID-19 at that time, or were diagnosed with COVID-19 within a reasonable period of time after the services were performed

The presumption of compensability for both front-line and non-frontline workers would not apply if it is shown by a preponderance of evidence that the disease was caused by non-employment-connected risk factors or non-employment-connected exposure, or if the employer offers a COVID-19 vaccine that is refused by the worker and the worker is subsequently diagnosed with COVID-19.

The proposed bill would also grant the Commissioner the authority to issue guidance and adopt procedures to extend deadlines or temporarily amend or waive specific requirements of 21 V.S.A. Chapter 9. Any guidance or procedures that are issued or adopted by the Commissioner during the COVID-19-related state of emergency are effective during the state of emergency, and the Commissioner is to establish a procedure to transition claims impacted by the emergency to pre-existing rules within 45 days after the termination of the state of emergency. The Commissioner is not required to initiate rulemaking in relation to any guidance issued or procedure adopted under this section. Unless otherwise affected by legislation action, these provisions contained in the bill would be repealed on January 15, 2021.

As noted above, 21 V.S.A. § 601 (11)(H) currently provides a rebuttable presumption of compensability for disability or death resulting from lung disease or an infectious disease to firefighters and members of a rescue or ambulance squad under certain conditions. For this subset of first responders, the proposed COVID-19 presumption bill is expected to have relatively little to no effect, to the extent that it duplicates the existing statutory presumption.

If enacted, the proposed COVID-19 bill would increase WC system costs in Vermont, as some claims which may not have been deemed compensable under the current statutes may be found to be compensable under the proposed presumption. However, there are substantial uncertainties which render a precise estimate of the impact on system costs difficult. These uncertainties include, but are not limited to:



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- The incidence rate of the COVID-19 pandemic among the portion of the Vermont population covered by WC,
- The effects of virus containment measures and the resulting decrease in economic activity on the composition of payroll and exposure to COVID-19 at the workplace,
- The rate at which employees infected with COVID-19 will be diagnosed or test positive for it and file a WC claim,
- The share of claims which would have ultimately been compensable under the statutes and/or rules in effect prior to the proposed bill,
- The share of claims which would be deemed compensable under the proposed bill,
- The claim severity of compensable COVID-19 related WC claims, and
- The extent to which the above unknowns will vary among individual job classifications.



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Illustrative Scenarios

Although NCCI is unable to precisely quantify the impact of the proposed COVID-19 bill on Vermont's WC system costs, this section of the document will describe potential WC system cost impacts under three **hypothetical** scenarios for illustrative purposes. Scenarios 1 and 3 are not intended to display a minimum and maximum possible impact. Rather, they are hypothetical scenarios reflecting the low and high ends of a range of reasonable assumptions based on publicly available research, WC loss data collected by NCCI, and actuarial judgement. Likewise, Scenario 2 is not intended to indicate NCCI's best estimate of the potential WC system cost impact; it is merely one possible hypothetical scenario among many, using values from the middle of a range of potential assumptions.

The impacts for the three hypothetical scenarios contained in this document were created using NCCI's white paper, which was created using publicly available research on the epidemiological characteristics of the COVID-19 virus, WC loss data collected by NCCI, and other publicly available information. The model is described in detail in the white paper and can be found on ncci.com.

The white paper appendices contain most of the relevant inputs which were used to parameterize the three scenarios described in this document. Most of these inputs from the white paper were used without alteration. However, to reflect the specific circumstances surrounding the implementation of the proposed COVID-19 presumption bill in Vermont, the scenarios in this document require selection of three key parameters:

- The assumed infection rate,
- The share of claims deemed compensable, and
- The share of system costs assumed to be subject to the proposed bill.

In this document, ultimate infection rates of 5%, 20%, and 50% are used for Scenarios 1,2, and 3, respectively.

The illustrative scenarios in the white paper reflect a compensability rate for COVID-19 related claims of up to 100%. However, the paper indicates that this parameter is expected to be modified by the user based on their expectations of compensability for the state and occupations being analyzed. The scenarios in this document contemplate compensability rates less than 100% for three reasons:

- As discussed above, even in the absence of the proposed COVID-19 presumption bill, it is possible that a portion of COVID-19 claims would be deemed compensable. The scenarios in this document are concerned with the incremental increase in WC system



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costs due to the implementation of the proposed bill, rather than the overall change in system costs due to all aspects of the current pandemic.

- Vermont WC Statutes already provide for a rebuttable presumption of compensability for firefighters and members of a rescue or an ambulance squad.
- The proposed bill would establish a rebuttable presumption of compensability that would extend to a greater percentage of Vermont's workforce than that to which the current rebuttable presumption would apply. However, even in the presence of the bill, it is possible that some portion of COVID-19 claims would be deemed noncompensable due to the rebuttable nature of the presumption.

The hypothetical cost impacts from the framework described in the NCCI white paper must then be converted to impacts on overall WC losses. Therefore, the impact on covered workers must be multiplied by the proportion of overall WC losses within frontline job classifications. NCCI estimates that 8.2% of losses in the Vermont WC system are attributable to healthcare workers, and 2.4% are attributable to first responders⁸. If enacted, the proposed COVID-19 presumption bill would apply to both front-line and non-front-line workers; the share of other front-line workers who are not healthcare workers or first responders is approximately 7.1%⁹ of privately insured WC losses in Vermont. The remaining share of non-front-line workers who could also potentially be subject to the provisions of the proposed bill is about 82.3%¹⁰ of losses in the Vermont WC system.

The estimated impact of the proposed bill in each scenario is shown in the table below, broken down by healthcare workers, first responders, other front-line workers, and non-front-line workers. A detailed example calculation of the impacts for each group under Scenario 2 is included in Appendix A. The selected scenario parameters discussed above are summarized in the tables in Appendix B of this document. The impact on each group is then multiplied by that group's share of total losses from Table 3 of Appendix B and then summed by scenario to estimate an overall impact on system costs.

⁸ Based on estimated Vermont payroll from BLS data multiplied by NCCI's latest approved pure premium factor for each group, divided by total expected WC losses in Vermont.

⁹ NCCI Workers Compensation Statistical Plan data for Vermont policies becoming effective between 7/1/2012 and 6/30/2017. Statistical Plan data is used for this estimate due to difficulties precisely matching the occupations enumerated in the proposal with the appropriate BLS categories. Note that self-insured entities are not required to report WC loss data to NCCI.

¹⁰ This figure does not necessarily represent the share of current WC system costs which would have occupational exposure to COVID-19 under the proposal. Rather, this figure merely indicates the share of system costs subject to the compensability standard established in Section 2(b)(1)-(2) of the proposal rather than the standard in Section 2(a)(2). A portion of workers in this category are currently either furloughed, telecommuting, or otherwise have no occupational exposure to COVID-19, which may continue for the entire period this proposed change is in effect. This is reflected in the relatively low hypothetical additional compensability assumptions for non-frontline workers in this document.



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Impact of the Proposed Presumption on WC Losses

Hypothetical Scenarios	#1	#2	#3
Healthcare Workers	+4%	+38%	+153%
First Responders	<1%	+5%	+23%
Other Front-Line Workers	+10%	+47%	+138%
Non-Front-Line Workers	+1%	+16%	+65%
Overall System Costs	+2%	+20%	+76%



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Appendix A

Hypothetical Scenario #2 – Vermont – Impact to Expected Losses – Healthcare Workers

Row Description	Scenario Assumption
(1) Infection Rate	20%
(2) Report Rate	50%
(3) Hospitalization Rate	10%
(4) Critical Care Rate	15%
(5) Fatal Rate	0.5%
(6) Average Fatal Indemnity Benefit	\$475,780
(7) Average Salary ¹	\$62,097
(8) Pure Premium Factor ²	0.77

Row Description	Symptom Type			
	Mild	Moderate	Severe	Overall ³
(9) COVID-19 Claim Frequency	9.0%	0.850%	0.150%	10%
	$= (1) \times (2) \times [1.0 - (3)]$	$= (1) \times (2) \times (3) \times [1.0 - (4)]$	$= (1) \times (2) \times (3) \times (4)$	$= (1) \times (2)$
(10) Additional Compensability Rate	25%	25%	25%	25%
(11) Wage Replacement Severity	\$1,431	\$2,148	\$4,296	\$1,535
(12) Medical Severity	\$660	\$27,840	\$27,840	\$3,378
(13) Nonfatal Total Severity	\$2,091	\$29,988	\$32,136	\$4,913
	$= (11) + (12)$			

Row Description	Estimate
(14) Workforce Population	33,320
(15) Expected Payroll	\$2,069M
(16) COVID-19 Total Severity	\$7,292
(17) COVID-19 Expected Losses ⁴	\$6.1M
(18) Current Expected Losses ⁴	\$15.9M
(19) Scenario Expected Losses ⁴	\$22.0M
(20) Scenario Impact⁴	+38%

¹ Annual mean wage through May 2019 from the U.S. Bureau of Labor Statistics for "Healthcare Practitioners and Technical Occupations" and "Healthcare Support Occupations"

² Weighted average pure premium factor from the approved filing effective 04/01/2020 for the largest healthcare-related (8832, 8833, 8835) classifications.

³ Overall (10) - (13) derived as the weighted average of the Mild/Moderate/Severe symptom values

⁴ Estimate for associated occupations, NOT the overall state



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Hypothetical Scenario #2 – Vermont – Impact to Expected Losses – First Responders

Row Description	Scenario Assumption
(1) Infection Rate	20%
(2) Report Rate	50%
(3) Hospitalization Rate	10%
(4) Critical Care Rate	15%
(5) Fatal Rate	0.5%
(6) Average Fatal Indemnity Benefit	\$448,256
(7) Average Salary ¹	\$58,033
(8) Pure Premium Factor ²	3.37

Row Description	Symptom Type			Overall ³
	Mild	Moderate	Severe	
(9) COVID-19 Claim Frequency	9.0%	0.850%	0.150%	10%
	$= (1) \times (2) \times [1.0 - (3)]$	$= (1) \times (2) \times (3) \times [1.0 - (4)]$	$= (1) \times (2) \times (3) \times (4)$	$= (1) \times (2)$
(10) Additional Compensability Rate	15%	15%	15%	15%
(11) Wage Replacement Severity	\$1,349	\$2,024	\$4,047	\$1,447
(12) Medical Severity	\$660	\$27,840	\$27,840	\$3,378
(13) Nonfatal Total Severity	\$2,009	\$29,864	\$31,887	\$4,825
	$= (11) + (12)$			

Row Description	Estimate	
(14) Workforce Population	2,340	
(15) Expected Payroll	\$136M	$= (14) \times (7)$
(16) COVID-19 Total Severity	\$7,066	$= (13) \text{ Overall} + (6) \times (5)$
(17) COVID-19 Expected Losses ⁴	\$0.2M	$= (14) \times (9) \text{ Overall} \times (10) \times (16)$
(18) Current Expected Losses ⁴	\$4.6M	$= (15) / 100 \times (8)$
(19) Scenario Expected Losses ⁴	\$4.8M	$= (17) + (18)$
(20) Scenario Impact⁴	+5%	$= (19) / (18) - 1.0$

¹ Annual mean wage through May 2019 from the U.S. Bureau of Labor Statistics for "Protective Service Occupations"

² Weighted average pure premium factor from the approved filing effective 04/01/2020 for the firefighter (7704, 7710, 7711) and police (7720) classifications.

³ Overall (10) - (13) derived as the weighted average of the Mild/Moderate/Severe symptom values

⁴ Estimate for associated occupations, NOT the overall state



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Hypothetical Scenario #2 – Vermont – Impact to Expected Losses – Other Front-Line

Row Description	Scenario Assumption
(1) Infection Rate	20%
(2) Report Rate	50%
(3) Hospitalization Rate	10%
(4) Critical Care Rate	15%
(5) Fatal Rate	0.5%
(6) Average Fatal Indemnity Benefit	\$393,207
(7) Average Salary ¹	\$51,120
(8) Pure Premium Factor ²	1.52

Row Description	Mild	Moderate	Severe	Overall ³
(9) COVID-19 Claim Frequency	9.0%	0.850%	0.150%	10%
	$= (1) \times (2) \times [1.0 - (3)]$	$= (1) \times (2) \times (3) \times [1.0 - (4)]$	$= (1) \times (2) \times (3) \times (4)$	$= (1) \times (2)$
(10) Additional Compensability Rate	55%	55%	55%	55%
(11) Wage Replacement Severity	\$1,183	\$1,775	\$3,550	\$1,269
(12) Medical Severity	\$660	\$27,840	\$27,840	\$3,378
(13) Nonfatal Total Severity	\$1,843	\$29,615	\$31,390	\$4,647
	$= (11) + (12)$			

Row Description	Estimate
(14) Workforce Population ⁴	21,747
(15) Expected Payroll ⁴	\$1,112M
(16) COVID-19 Total Severity	\$6,613
(17) COVID-19 Expected Losses ⁵	\$7.9M
(18) Current Expected Losses ⁵	\$16.9M
(19) Scenario Expected Losses ⁵	\$24.8M
(20) Scenario Impact⁵	+47%

¹ Annual mean wage through May 2019 from the U.S. Bureau of Labor Statistics for all occupations

² Weighted average pure premium factor from the approved filing effective 04/01/2020 for the grocery & drugstore (8006, 8031, 8033, 8037, 8045), non-medical retirement, group, and nursing home staff (8825, 8826, 8829, 8842), childcare (8869), and non-medical hospital staff (9040) classifications.

³ Overall (10) - (13) derived as the weighted average of the Mild/Moderate/Severe symptom values

⁴ Equal to 7.1% of the statewide workforce population of 306,300 and expected payroll of \$15,658M, respectively

⁵ Estimate for associated occupations, NOT the overall state



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Hypothetical Scenario #2 – Vermont – Impact to Expected Losses – Non-Frontline

Row Description	Scenario Assumption
(1) Infection Rate	20%
(2) Report Rate	50%
(3) Hospitalization Rate	10%
(4) Critical Care Rate	15%
(5) Fatal Rate	0.5%
(6) Average Fatal Indemnity Benefit	\$393,207
(7) Average Salary ¹	\$51,120
(8) Pure Premium Factor ²	1.24

Row Description	Symptom Type			Overall ³
	Mild	Moderate	Severe	
(9) COVID-19 Claim Frequency	9.0%	0.850%	0.150%	10%
	$= (1) \times (2) \times [1.0 - (3)]$	$= (1) \times (2) \times (3) \times [1.0 - (4)]$	$= (1) \times (2) \times (3) \times (4)$	$= (1) \times (2)$
(10) Additional Compensability Rate	15%	15%	15%	15%
(11) Wage Replacement Severity	\$1,183	\$1,775	\$3,550	\$1,269
(12) Medical Severity	\$660	\$27,840	\$27,840	\$3,378
(13) Nonfatal Total Severity	\$1,843	\$29,615	\$31,390	\$4,647
	$= (11) + (12)$			

Row Description	Estimate	
(14) Workforce Population ⁴	248,893	
(15) Expected Payroll ⁴	\$12,341M	$= (14) \times (7)$
(16) COVID-19 Total Severity	\$6,613	$= (13) \text{ Overall} + (6) \times (5)$
(17) COVID-19 Expected Losses ⁵	\$24.7M	$= (14) \times (9) \text{ Overall} \times (10) \times (16)$
(18) Current Expected Losses ⁵	\$153.0M	$= (15)/100 \times (8)$
(19) Scenario Expected Losses ⁵	\$177.7M	$= (17) + (18)$
(20) Scenario Impact⁵	+16%	$= (19) / (18) - 1.0$

¹ Annual mean wage through May 2019 from the U.S. Bureau of Labor Statistics for all occupations

² Underlying pure premium factor across all job classification codes from the approved filing effective 04/01/2020

³ Overall (10) - (13) derived as the weighted average of the Mild/Moderate/Severe symptom values

⁴ Statewide workforce population of 306,300 and expected payroll of \$15,658M less amounts in the previous exhibits

⁵ Estimate for associated occupations, NOT the overall state



VERMONT WORKERS COMPENSATION COVID-19 PRESUMPTION PROPOSAL
As Introduced, April 21, 2020

Appendix B – Vermont-Specific Parameters for All Hypothetical Scenarios

Table 1 – Share of Insured Workers Ultimately Infected

Hypothetical Scenarios	#1	#2	#3
Healthcare Workers	5%	20%	50%
First Responders	5%	20%	50%
Other Front-Line Workers	5%	20%	50%
Non-Front-Line Workers	5%	20%	50%

Table 2 – Additional Share of COVID-19 Claims Deemed Compensable

Hypothetical Scenarios	#1	#2	#3
Healthcare Workers	10%	25%	40%
First Responders	5%	15%	25%
Other Front-Line Workers	45%	55%	65%
Non-Front-Line Workers	5%	15%	25%

Table 3 – Estimated Share of Overall Privately Insured WC System Costs

Hypothetical Scenarios	#1	#2	#3
Healthcare Workers	8.2%	8.2%	8.2%
First Responders	2.4%	2.4%	2.4%
Other Front-Line Workers	7.1%	7.1%	7.1%
Non-Front-Line Workers	82.3%	82.3%	82.3%

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