



2021 State Workers' Compensation Program Advisory Board Annual Report

July 1, 2020 – June 30, 2021

Report contains activities performed by the Advisory Board and Best Practices implemented by CMS Risk Management Division.

In Accordance with 20 ILCS 405-411 (e), the Illinois Department of Central Management Services submits the following report to Governor Pritzker and the General Assembly on or before July 1, 2021.

Janel L. Forde
Director

Executive Summary

The State Workers' Compensation Advisory Board (Board) met three (3) times in fiscal year 2021 (FY21) in its continued effort to improve the State Workers' Compensation Program. During these meetings, the following best practices were identified: Case Review Program, Fraud Referrals, Claims and Safety Reviews, and Communications with Agency Representatives and Employees. Additionally, the Board and Illinois Department of Central Management Services (CMS) Risk Management identified opportunities to improve upon such practices during FY21.

AUTHORITY

In accordance with 20 ILCS [Sec. 405-411(e)] the State Workers' Compensation Program Advisory Board (Board) was established to review, assess and provide recommendations to improve the State Workers' Compensation Program (Program) and to ensure that the State manages the Program in the interests of injured workers and taxpayers.

BACKGROUND

Prior to 2004, Program administration and funding was delegated to the Departments of, Corrections, Transportation and Human Services with Central Management Services (CMS) administering benefits to all other agencies, boards, commissions and universities. From 2004 to 2013, Program administration was consolidated at CMS and in 2013 a third-party administrator (Tristar Risk Management) was selected via competitive bidding process to administer all State of Illinois workers' compensation claims.

ADVISORY BOARD MEETINGS

In accordance with 20 ILCS [Sec. 405-411(e)] three (3) Board meetings were held in FY21 and meeting minutes can be found at the end of the report:

- September 2, 2020
- January 28, 2021
- April 29, 2021

BEST PRACTICES

CMS improved upon several Best Practices in FY21 to protect the assets of the State of Illinois and to return workers to their workplace in the safest and most cost-effective manner.

Case Review Program – Case reviews are meetings between claims managers and other stakeholders that are held to discuss the status of an ongoing or pending claims.

- **FY21 Improvements:** CMS Workers' Compensation Managers, Attorney General staff, Tristar, and agency representatives continued to conduct quarterly case reviews to discuss open claims and ongoing litigation. Strategies are discussed to conclude claims by settlement or through litigation. Treatment strategies are also discussed, to return the employee to work in a timely, healthy, and safe manner. We have also encouraged agencies to request individual file reviews to reduce our pending claims inventories.

Due to a decrease in the number of new claims, we used the opportunity to address older claims and move them towards settlement rather than litigation or continued Temporary Disability payments. In addition, hiring a new Workers' Compensation Manager for our

northern territory allowed more engagement with agency staff to obtain additional background information on the injured employees. This enabled our office to request the Attorney General staff engage in settlement negotiations on older claims. These proactive behaviors led to an 11% increase in the number of settlements when compared to the prior two (2) years.

Fraud Referral – The Illinois Department of Insurance (DOI) is responsible for additional investigation if an insurance claim is suspected to be fraudulent. Successful referrals, which meet the standard for investigation and prosecution, are submitted by DOI to the appropriate State’s Attorney for prosecution. The establishment of this process ensures fraudulent Workers’ Compensation claims are prosecuted and reduces the likelihood of future fraudulent claims.

- **FY21 Improvements:** The Department of Insurance is in the process of hiring qualified investigators to finalize investigations and refer investigations to the appropriate jurisdictions for prosecution. Currently, Chairman Engle continues to monitor the quality of all Department of Insurance referrals for prosecution.

Claims and Safety Review – Identify areas of risk and cost drivers.

- **FY21 Improvements:** As CMS continues to identify injuries where property defects or housekeeping may contribute to the workplace injury, agencies are becoming more engaged and providing timely feedback regarding facility repairs than in previous years.

Communication with Agency Representatives and Employees – To maintain safety awareness and prevent workplace injuries, CMS Risk Management communicates with Workers’ Compensation Coordinators at agencies and universities.

- **FY21 Improvements:** Quarterly newsletters were implemented during FY20 with a request to share with their agency and university leadership and to post additional materials provided in the form of small poster. Content in FY21 included additional work from home safety tips and information from our Group Insurance Division regarding the State’s new comprehensive wellness program, Be Well Illinois.

IMPROVEMENT NOTED

With the work from home initiative as a result of COVID-19, CMS has compared the time period of April 1, 2020 through March 31, 2021 against the same 12-month period in previous years. CMS identified a significant increase in claims settlements and a decrease in overall program costs. In addition to the work from home initiative, the Illinois Workers’ Compensation Commission recently implemented CompFile, a new paperless system. CompFile is proving to be more efficient in all areas of the claims process.

36 MONTH COMPARISON FINANCIAL ANALYSIS

PAYMENT TYPE	4/1/18 – 3/31/19	4/1/19 – 3/31/20	4/1/20 – 3/31/21
SETTLEMENTS	\$20,027,717.47	\$25,716,300.52	\$19,301,059.77
AWARDS	\$5,860,468.14	\$7,065,570.84	\$5,000,677.78
TOTAL TEMPORARY DISABILITY (TTD)	\$16,959,665.05	\$16,910,230.25	\$15,688,357.16
MEDICAL	\$33,761,378.36	\$31,681,653.59	\$27,625,535.63
MISCELLANEOUS	\$6,265,112.69	\$6,027,032.57	\$4,881,408.94
TOTAL	\$82,874,341.71	\$87,400,787.77	\$72,497,039.28

SOURCE: Tristar Financial Reporting

CONCLUSION

In line with the Board’s recommendations, CMS Risk Management has taken steps to become more proactive in the analysis of claims data, identifying trends on a daily, monthly, quarterly and annual basis. CMS leadership continues to support the development of tools and processes to better analyze the data in a more granular format. Our focus continues to be in loss prevention.

The overall goal of the Program is to create a safe workplace for all employees and to return injured workers back to work in a more timely and safe manner, because a healthy worker is a more productive worker.

Advisory Board Meeting Minutes

The first State Workers' Compensation Program Advisory Board meeting was held on **September 2, 2020** via Webex. Chairman Engle opened the meeting with the program overview and analysis of the last three (3) fiscal years. In FY18, FY19 and FY20 our claims received have decreased. FY20 is better than prior years due to COVID-19 and work from home initiative.

Chairman Engle discussed the reporting tool that CMS created to help analyze claims data. When injuries occur on the heat map the historical data for 3 years shows a higher frequency in November during hunting season to determine if people may or may not be injured. The tool can be used to deter fraud. The reporting tool considers claims reported and claims accepted which are claims that CMS has accepted liability for and extended benefits upon. The report shows the Top 10 agencies and is more automated now since the program sorts out the data instead of having to sort manually.

COVID-19 claims were discussed and Chairman Engle indicated COVID-19 claims will not likely result in settlement due to the employees receiving their full pay due to the Families First Coronavirus Response Act. Additionally, if covered under the State of Illinois health plan there is no cost sharing for COVID-19 related medical expenses.

Chairman Engle presented the report to members and indicated likes, dislikes and opportunities for improvement with members. He discussed SIU being on the Top 10 high claims volume agencies and usually they are not on the report. Chairman Engle explained that the declining result may warrant a meeting to discuss their safety program and opportunities for improvement. He is sending the top five (5) high volume agencies a report and has been receiving good feedback from the agencies as well as the from the Commission.

Claim settlements were discussed in detail regarding the demonstration of an increase in settlements by 50, which indicates employees are more eager to settle and not using the Commission as much to settle via an Award. Awards have dropped by 180 during the same time frame due to the Commission being shut down for a brief time-period before adapting to change with alternative solutions for hearing and trials. Additionally, CMS placed several Awards on review. The numbers will likely increase in the next month. We are down 12% in claims reported and subrogation has increased in FY20 by \$526,162.84.

Chairman Brennan indicated that the Illinois Workers' Compensation Commission (IWCC) continues to operate and has utilized emergency arbitrators to handle hearings on a monthly basis for all call sites. They are limiting trials and limiting people in the buildings so the trials can be completed for the people who need them. They have had 2000 contracts submitted through the electronic system. He stated the virtual pre-trials are helping get settlements done quickly, set by date and time and gets parties prepared and helping for more success. He confirmed that the Bar had some push back on the new system and now they appreciate it. Representatives from the Attorney Generals' Office, CMS and the Plaintiff's Bar expressed appreciation for the system as well.

Chairman Engle discussed the quarterly newsletter that is distributed to the Work Comp Coordinators and that CMS is hiring a wellness manager that will promote health in the workplace and communicate with the agencies.

Chairman Engle advised of multiple anonymous calls regarding fraudulent claims. Claims were discussed with the Illinois Department of Insurance and appropriate investigations were underway.

Chairman Engle advised the members that CMS has hired a new Work Comp Manager for our Northern Region. She will be starting on September 16th, 2020 and has a strong OSHA and safety background.

On **January 28, 2021**, The State Workers' Compensation Program Advisory Board met virtually via Webex. Chairman Engle opened the meeting with a calendar Year comparison and analysis of the last 3 years. In calendar years 18, 19 and 20, the volume of claims resolved via settlement and awards have increased.

A discussion regarding the analysis tool and the group was advised the tool continues to be revised and plans are being implemented to provide reports to agencies on demand after the website is created. He expressed his desire to be able to show which job titles to focus on to reduce accidents.

As of the meeting date, there have been 190 COVID-19 claims reported to CMS.

Chairman Engle informed the attendees that Work Comp Coordinator Training was completed on January 26, 2021 for the larger agencies. This was a collaborative project with the office of the Inspector General. He also advised that these trainings will be available on the website once developed.

Fraud investigations are being handled with the assistance of Brad Lucchini at the DOI. CMS is engaged with him on several investigations. We have received assistance with ISP on a claim as well. We have been using a heat map that is used during hunting season and we have uncovered a few cases where employees will report injuries right before hunting season and we have a contact at DNR who confirmed these individuals have hunting license and permits and they harvested deer while off work. We were able to terminate benefits on these individuals.

Chairman Engle discussed how work from home initiative has impacted claims volume by demonstrating a 2020 reduction in claims reported of 25% when compared to 2019 and 23% compared to 2018. While claims volume is lower, we have been able to focus on our older claims and brought several to resolution.

Be Well Illinois was implemented to create an awareness on what employees need to do to live a healthier lifestyle. Our newsletters will start including a section on Be Well Illinois to create a cultural awareness to lead to quicker recoveries. CMS has committed to increase

communication, access to resources and engagement. Be Well Illinois will reduce Work Comp costs by relaying the message that a healthy worker is an alert worker, an alert worker is a safe worker, a safe worker is an efficient worker an efficient worker is a productive worker. All parts of this message lead to reduced injuries on the job and result in savings for the State.

Chairman Brennan asked if CMS has seen any Work Comp cases come through from people working from home and Chairman Engle indicated he had one inquiry, but no claims have been submitted. Chairman Brennan indicated he has had conversations from employers whose staff are working from home and they too have had a decrease in WC claims and have not had any claims from employees working from home. Chairman Engle indicated he has also seen a decrease in auto accidents as well.

Chairman Brennan asked if there will be an effort to keep people working virtually in the future. Chairman Engle advised that he hopes there will be an effort in some form but there still must be an in-office presence.

Chairman Engle asked if there were any suggested items to discuss at the next meeting and opened the meeting for discussion.

Chairman Brennan indicated that a couple things are happening with the Commission. They are receiving all the first reports of injury electronically and are able to look at trends as they pertain to claims. They were able to determine 18% of all claims filed had to do with COVID-19. They are also going to be going paperless before the end of February and it will give us better control of the applications.

Chairman Engle asked Chairman Brennan if he has noticed the applications trending downward and he confirmed they have. At the end of calendar year of 2019 there was 38k filings which is consistent with the last few years. During calendar year 2020 there have been 32k filings statewide. He believes the unemployment had a significant effect on the filings as well.

Future meetings for FY20 we will have a full year of COVID-19 data. Chairman Engle indicated that data is trending downward, but it will be good to see the big picture on how our work from home initiative is impacting claims overall. The meeting was adjourned.

The State Workers' Compensation Program Advisory Board held the final FY 21 meeting virtually on **April 29, 2021** via Webex. Chairman Engle opened the meeting with best practices that we implemented last year and explained we won't know the complete benefit since our work from home initiative has contributed to a reduction in new claims volume and cost savings.

Chairman Engle indicated that he would love to take credit for the reduction in claims, but he believes that most of it is based on our COVID-19 protocol and our work from home initiative that has contributed to the improvement. The last 12 months of claims data April 1, 2020 through March 31, 2021 demonstrates that we have increased significantly in our settlement contracts. The addition of a Northern District Work Comp Manager to the team and her work knowledge

has contributed to that as well. Reduction in claims volume shows how significant the claims reported vs the previous years. CMS accepted roughly 20% less claims in this time period when compared to same time period for the prior two years. The work from home initiative is proving to reduce injuries and claims incurred.

A discussion regarding the overall financial impact over the last few years was held. Savings were discussed and a table was presented demonstrating the actual savings.

COVID-19 impact on claims volume in the past 12 months was discussed. CMS has received 229 COVID-19 claims and paid just under \$14k on 15 claims which does include admin/investigation expenses. Of the 229 claims, 20 have been filed with the Commission, 17 of the 20 have been with one agency and 10 of the 20 are at one location. Details regarding COVID-19 claims and potential fraud were discussed.

Discussions were held regarding the Attorney Generals' IT Network being compromised and the new CompFile system at the IWCC.

Chairman Engle explained the steps from now until the next meeting. Numbers for the fiscal year will be provided by July 15th and he will dig deeper into them like we did two years ago regarding injury type with the mental health facilities, law enforcement and corrections facilities. We will see how they are after COVID-19. He explained he will dig down deeper into facilities, injury types, job titles to discuss more and where our resources could be spent with safety training in the future once we get into the next chapter towards normalcy. He explained that we don't know when that will be, but we plan on being prepared and we will handle our business appropriately. Our goal is to prevent injuries, to process claims and provide appropriate treatment in an effort to return an employee to work in a timely fashion and to improve their health to allow them to be a more productive employee.

Future meetings for 2021: Invites will be out by August. That will allow a few weeks to review those numbers by mid-August and then close to the end of the year or beginning of next year. The meeting was adjourned.