

**State Workers' Compensation Program Advisory Board
Annual Report
July 1, 2019**

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

Board Members

Brett Gerger, Chairman	Appointed by Governor
Vacant, Member	Appointed by Speaker of the House
Frank Brady, Member	Appointed by House Minority Leader
Kevin Botha, Member	Appointed by Senate President
Kenneth F. Werts, Member	Appointed by Senate Minority Leader

Ex-Officio Members

Director, Department of Central Management Services
Illinois Attorney General
Director, Department of Insurance
Secretary, Department of Transportation
Director, Department of Corrections
Secretary, Department of Human Services
Director, Department of Revenue
Chairman, Illinois Workers' Compensation Commission

The State Workers' Compensation Program Advisory Board (Board) met three times in Fiscal Year 2019. Meetings were held in Springfield on July 17, 2018, November 14, 2018 and March 12, 2019.

A. July 17, 2018 Meeting

During the July 17, 2018 meeting, a historical review was provided to Board members regarding the administration of the State's self-insured workers' compensation (WC) program. The Board was also provided financial reports for Fiscal Years 2016 through 2018 indicating amounts appropriated by the General Assembly, with detailed spending breakdowns by benefit categories including medical payment, temporary total disability, permanent total disability, survivor payments, settlements, awards and administrative costs.

Board members raised questions regarding the Workers' Compensation Revolving Fund and how agencies are billed by the Department of Central Management Services (CMS) for their share of costs. The billing methodology was explained, and a report was provided to show the amount billed and paid by each agency and university into the Fund. The Board also inquired about the implementation of the Preferred Provider Program (PPP) for State workers' compensation claims to reduce medical costs. Finally, the Board discussed pharmaceutical billing practices, and proposals were made to develop or adopt a prescription formulary to control rapidly-increasing costs. The Board intends to continue discussions regarding potential recommendations relating to the development of a prescription formulary for the workers' compensation program. However, in the Board's opinion, fully addressing high prescription drug costs will likely require legislative action.

B. November 14, 2018 Meeting

At the request of the Board, a representative of Tristar Risk Management, the third-party administrator (TPA) for all State workers' compensation claims, was present at the November 14, 2018 meeting to provide an overview of the TPA's responsibilities. Tristar maintains and operates two offices in Illinois for processing WC claims; one in Chicago, Illinois and the second in Springfield, Illinois. Historically, approximately 5,000 new injury claims are reported annually via a 24/7 accident reporting hotline. Tristar reported that both new claim and total expenditures were trending downward. Tristar also provided information regarding the claims-handling instructions it developed in conjunction with CMS. These instructions detail the methods and processes for State of Illinois claims administration.

Board members inquired about staffing levels of the TPA, specifically relating to the number of claims adjusters and how many claims each adjuster was assigned. Guidelines for setting claim reserves were discussed, including methods and authority, supervisory review, and notification to CMS. Discussions were conducted regarding cost containment resources and processes currently in place. Tristar provided to the Board information related to spending on cost containment measures including Independent Medical Evaluations, Utilization Review, Peer Reviews and Functional Capacity Evaluations.

An overview was provided to the Board regarding the methods used to investigate claims when abuse or fraudulent activity is suspected. When red flags appear with respect to a reported claim, professional investigative companies are used to obtain additional information by means of social media reviews and when necessary, video surveillance. Claimants suspected of possible fraudulent activities are reported to the Illinois Department of Insurance – Workers' Compensation Fraud Division (Division) for further investigation. As of June 2019, a total of fifty-six (56) cases were referred to the Division for investigation. The Board will continue to monitor this issue to determine whether current practices are sufficient to deter the filing of fraudulent workers' compensation claims.

C. March 12, 2019 Meeting

During the March 12, 2019 meeting, the Board discussed the topics of accident prevention and employee safety. Each agency represented at the meeting provided a brief explanation of their personnel policies relating to employee safety, accident prevention/investigation strategies, and a summary of employee safety training programs. It was discovered that while some agencies have an extensive program, others have virtually nothing currently in place. The Board considers this to be a potential opportunity to improve upon and establish a best practice with respect to risk management. The Board plans to review this issue at future meetings. To assist the Board in this review, CMS will collect all written materials for further evaluation to determine if there is an opportunity to standardize a general safety training program that can be made available to all State agencies.

Board meetings are not currently scheduled for Fiscal Year 20. The Board has agreed to reconvene in August 2019 or September 2019; however, no specific date has been determined at the time of this report submission.