

The State Workers' Compensation Program Advisory Board held its meeting on October 3, 2023, via Webex. In attendance were Jack Engle (Chairperson), Ken Werts (Senate Minority Leader Appointee), Kevin Botha (Senate President Appointee), Michelle Porro (Speaker of the House Appointee), Jim Nicholson (REV), Laura Hammann (CMS Risk Management), Andrew Hall (CMS Risk Management), Nicole Featherstone (CMS Risk Management), Joli Schroeder (CMS Risk Management), Kari Wolfe (CMS Deputy Director), Joe Derringer (CMS Assistant Deputy Director), Justin Hammersmith (DOI), George Sweeney (DOI), David Christensen (OAG), Richard Glisson (OAG), Christina Smith (OAG), Michael Brennan (Workers' Compensation Commission), Ronald Rascia (Workers' Compensation Commission) and LaReyna Griffin (CMS).

The meeting opened with Jack advising that we would be taking a deep dive into the data analytics from the first six months of claims handling by Gallagher Bassett. The initial data reviewed claim volume and frequency, specifically, claim counts of claims open at the 12-month mark. For 2023, there were 2,736 claims open at the 12-month mark which is slightly higher than previous years. The open inventory count at the end of FY23 was 5,765; however, as of October 2, 2023 that number was down to 4,949. A lot of claim files that were not maintained properly have been closed and are no longer pending in the open inventory.

Gallagher has created two maintenance desks that will handle annuitant and survivor claims. They have also segmented out med-only claims. The number of active claims that need touched on a regular basis is 4,161. Unfortunately, we do not know what this number looked like in previous years as a large chunk of the inventory was categorized as inactive litigation. Moving forward, claim counts are segmented better and will be easier to manage. Closed claim counts were lower for FY23 but Gallagher has closed well over 1,000 claims since the transition in February through August 1, 2023.

Jack noted a spike in metrics in both open and closed inventory in 2019 but was unable to determine the cause of the spike. It was noted that there was an incentive in the contract that paid a specified amount if the claim was open longer than 5 years. The good news is that none of the files were open greater than 5 years, so they were not monetized for keeping those files open.

Next, the average settlement amount by closure year was reviewed. The average settlement amount maintained from 2019-2022 with a slight reduction in 2023. The median settlement amount declined from 2019 to 2021 with a slight rise in 2022 before another decline in 2023. Overall, we saw favorable trends. For 2023, the average claim age at closure was 1,006 days versus 864 days in 2022, 871 days in 2021, 850 days in 2020 and 783 days in 2019. Jack noted that the increase in claim age for 2023 was likely due to the transition from Tristar to Gallagher Bassett. Most claims are closed within 12 months with another large portion closing by 24 months. Our objective is to see an increase in claims closed within 12 months.

Jack moved on to discuss claim count by agency. DHS remains the top agency in terms of claim count followed by DOC, IDOT, Department of Veterans affairs, and ISP. There is still work to be done at DHS facilities including conducting a safety analysis and coming up with strategic plans to improve claim counts. The total incurred by division indicated DHS incurred \$9.8 million last year, followed by

corrections at \$11.4 million, DOT at 11.9 million, ISP at \$2.8 million, Veterans Affairs at \$1.4 million and all other divisions at \$12.2 million. These numbers did increase this year due to the transition as each claim file was reviewed to determine the proper reserve and true exposures.

Following claim count by agency was claim count by accident type. The top five accident types were: 1) struck by an employee/fellow worker/patient, 2) slip, trip and falls, 3) police/drug dogs (law enforcement claims), 4) exertion – twisting, turning, bending, and lastly 5) slip, trip, fall on ice, snow or water. In terms of the monthly injury distribution, the distribution of claims is fairly even throughout the year at 8 to 10% with a spike of 1 to 2% in summer months. Gallagher also provides percent of claims by employee age which indicates the greater the age the higher the cost of the claim. Percent of claims by years employed indicate longer term employees have a higher incurred average cost. Percent of claims by employee gender indicate more male claims than female. Lastly, percent of claims by weekly wages was reviewed which indicates the greater the weekly wage, the higher the average incurred on those claims.

Jack then discussed medical management and the significant improvement seen in this area since Gallagher Bassett has taken over. Specifically, there was only a \$50 increase from 2022 to 2023 in the average medical paid on claims at the 12-month mark. Considering the economy and the increased cost of medical treatment this is a great result. Breakdown by type of treatment was also provided which indicated a significant increase of over \$4.5 million in medical paid for treating physician whereas most other areas saw a decrease.

Next, Jack went on to discuss an overview of GBCare Bill review services. To begin, Gallagher allows the computer to go through the coding first, next there is rule based review to identify the savings and then they negotiate more with their preferred network, on larger claims they will also have a clinical review. There have been multiple claims where the medical discounts have been close to 6 figures.

Subrogation recoveries for FY23 were a record total of \$3,048,357 and another \$1.3 million has already been recovered for FY24. CMS has received \$15,325.95 in Comptroller intercepts for judgements on third party claims.

Shared objectives between CMS and Gallagher Bassett were discussed which include creating the safest possible work environment, minimizing severity of injury, reserving consistently, recovering claimant health, returning the injured worker to work, achieving the aforementioned goals as cost effectively as possible and recovering funds from third parties to pay the claims.

Jack then provided an update on the TPA transition. There were 5,676 claims transferred from Tristar to Gallagher Bassett. The process of reviewing every claim was completed on August 29, 2023. Review included closing claims that were not maintained or worked by prior TPA, adjusting reserves based upon knowledge and experience of the new claims handler, and updating claims strategies and documents with proper diary dates set. So far, Gallagher has closed over 1,400 claims since taking on the State of Illinois Workers' Compensation Program which is a closure rate of 24.9%. Jack advised on some of the best practices occurring right now which include weekly meetings with the supervisory team at Gallagher Bassett to discuss weekly performance and address outstanding issues. Jack noted that corrective action

plans are occurring in a much timelier manner than with the previous TPA. Within a week or so, improvement is being seen and rarely is the same issue happening twice. CMS Workers Compensation is in the process of starting coordinator trainings which will be conducted in Carbondale, Springfield, and Chicago.

Jack noted he will be attending the Gallagher Client forum which is a summit for all the customers Gallagher handles claims for to meet and collaborate and share best practices. He will also be meeting with the City of Chicago, another Gallagher client, to discuss any shared issues they are facing and compare best practices.

The next steps and program goals include establishing metrics and benchmarks to compare to the governmental industry as well as the whole world of workers compensation. Included in establishing metrics and benchmarks for performance standards is reducing the claim duration, establishing and achieving an ideal caseload which the contact indicates is 150 whereas the caseload is at 154 right now, reducing open inventory, and medical bill review savings. Other goals include quarterly results meeting with the TPA, monthly scorecard delivery and continuing to build effective workflows to drive program results such as improving customer service through responsiveness and developing escalation plans, return to work tracking, timely payment of benefits, as well as improving the IME process and the relationship/partnership with the Office of the Attorney General. Jack wrapped up discussion of the TPA by advising that we are seeing overall improvements in how claims are handled and we expect to see further improvement with the implementation of new best practices.

The meeting was opened for further discussion and questions. Michael Brennan advised that he has seen at least 30% of his people retire since pre covid and wondered if that is something that figures into this equation. Jack indicated he does think retirement factors in to some extent as people age they may use the claim (the healing process) as an opportunity to ride a claim into pension. Others, he indicates will likely retire as the younger workforce takes over and this would probably lead to improvements in results as the workforce becomes younger and healthier. Michael noted the City of Chicago put on settlement days which was a successful program and suggested the state provide a space for settlement days. Jack agreed but advised there is some administrative work on his end that would need to be done to achieve this plan including addressing authority levels.

Jack inquired with George how fraud investigations were going at DOI. George advised that the number of cases accepted last year was slightly lower in part due to the transition. Additionally, DOI has been more stringent with screening on the front end to determine what cases are accepted. The end goal is have a prosecutor accept the claim and go for a criminal charge, likely a felony. Jack noted, as far as fraud deterrence, Gallagher provides daily loss runs of claims created within the last 24 hours which allows us to review claims from the beginning.

Jack closed the meeting by advising that the next meeting should be held in January when we have calendar year results for 2023 and another meeting in late April prior to preparing the report for the Governor.