

**State Workers' Compensation
Program Advisory Board
Meeting**
September 26, 2024






STATE OF ILLINOIS: PROGRAM REVIEW



STATE OF ILLINOIS SCORECARD AS OF 06/30/2024

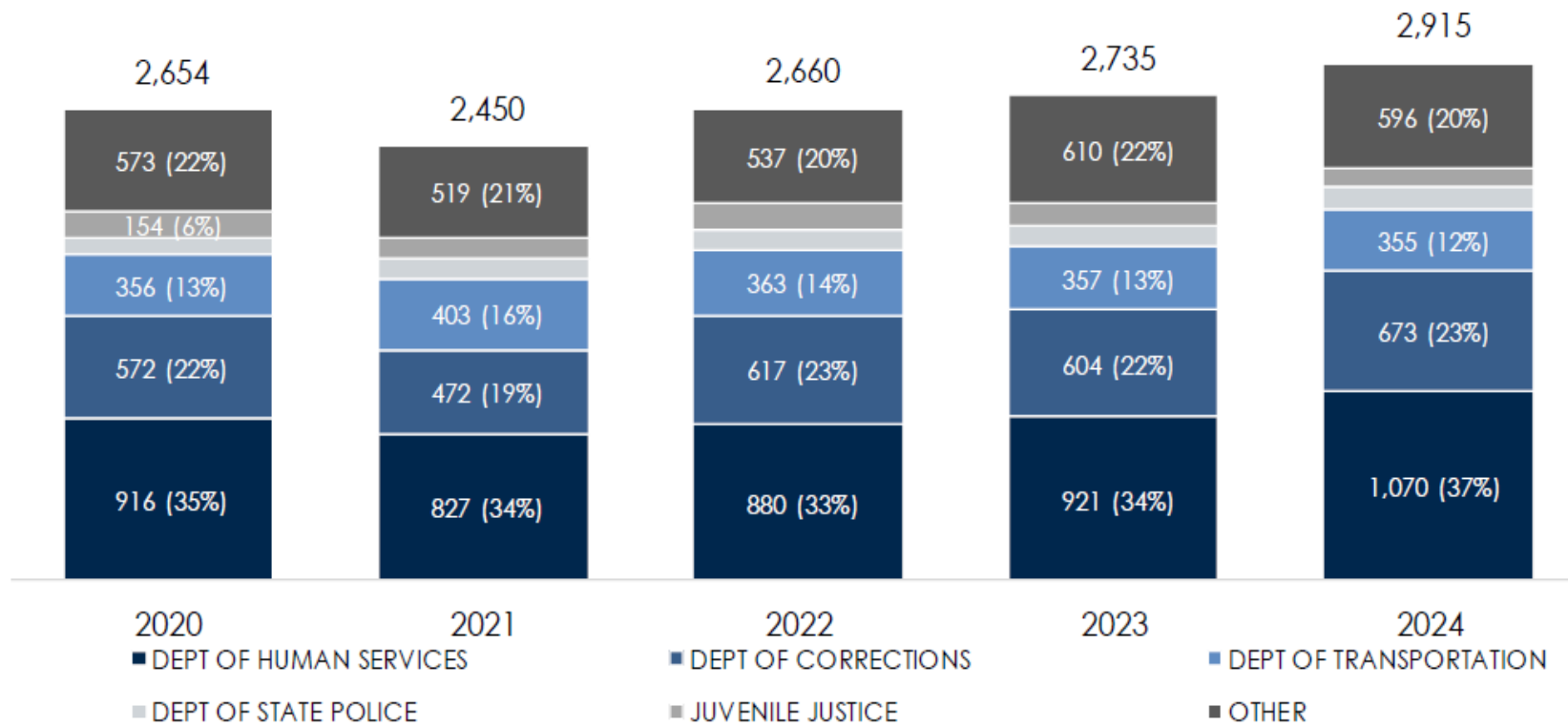
Measure	Current Year							Prior Year			4 Month Trend	
	Q2-2024	Q1-2024	Q4-2023	Q3-2023	YTD-24	Rolling 12 Months	Q2-2023	YTD-23	Prior 12 Months			
Claim Volume	New Arising	Total	923	945	802	931	1,868	3,601	837	1,649	3,258	✔
		Active	784	753	673	749	1,537	2,959	749	1,440	2,854	
		\$0 Claims	139	192	129	182	331	642	88	209	404	
	Lag Time	DOA to Emp. Emp. to GB	0.2 6.4	0.5 4.4	0.6 4.1	2.9 3.0	0.4 5.4	1.1 4.5	4.3 1.3	4.4 1.2	4.4 1.2	⚠
Net Closure	Closures		1,046	949	1,044	1,599	1,995	4,638	877	1,688	3,568	✔
	Reopens		241	222	302	295	463	1,060	297	335	335	✔
Open Inventory	Number of Open Claims	M.O.	262	215	258	354	261	303	584	958	886	✔
		Ind.	3,094	3,135	3,118	3,232	3,115	3,209	3,774	3,409	3,110	
		Maint.	1,071	1,168	1,256	1,312	1,151	1,231	1,368	1,276	1,222	
	Total Incurred on Open (\$M)		\$1,008.5	\$1,013.9	\$1,022.4	\$1,040.5	\$1,012.8	\$1,027.9	\$1,099.2	\$1,101.3	\$1,082.9	✔
	% Open >2Yrs +		2,344 (53%)	2,431 (54%)	2,445 (53%)	2,586 (53%)	2,407 (53%)	2,512 (53%)	3,107 (54%)	3,172 (56%)	3,080 (59%)	✔
% Open >5Yrs +		1,197 (27%)	1,256 (28%)	1,275 (28%)	1,345 (27%)	1,239 (27%)	1,308 (28%)	1,736 (30%)	1,822 (32%)	1,794 (34%)	✔	
Financial	Average Paid on Closed (\$250K Cap)		\$35,822	\$32,264	\$30,926	\$26,009	\$34,129	\$30,608	\$28,159	\$26,308	\$28,286	⚠
	Total Paid ('000s)		\$31,312	\$28,691	\$29,777	\$31,703	\$60,003	\$121,483	\$32,254	\$56,985	\$111,421	✔
Closure Triangle	% Closed at 60 days		18.8%	23.4%	15.4%	10.2%	18.8%	14.8%	6.9%	6.9%	35.0%	⚠
	% Closed at 180 days		48.6%	46.5%	46.1%	38.0%	48.6%	44.4%	25.6%	25.6%	48.7%	✔
	% Closed at 12 months		60.5%	60.1%	57.6%	49.3%	60.5%	56.0%	45.3%	45.3%	59.7%	✔
Cost Drivers	Average Lost Work Days on Closed		165.2	176.9	154.3	147.5	169.7	160.4	207.0	206.7	173.2	✔
	Percent of Claims Litigated		64.0%	61.3%	58.3%	56.4%	64.6%	64.3%	55.1%	59.6%	64.7%	⚠

SCORECARD SUMMARY

	 Trending Positive/Neutral	 Trending Negatively, Monitor	 Trending Negatively, Act
Metric Review	<ul style="list-style-type: none"> New Arising Closures Reopens Number of Open Claims Total Incurred on Open 	<ul style="list-style-type: none"> Number of Claims Open for greater than 2, 5 years Total Paid % Closed at 180 days /12 months Average Lost Work Days on Closed 	<ul style="list-style-type: none"> Lag Time, accident-to-employer & employer-to-GB Average Paid on Closed Claims % Closed at 60 days Percentage Litigated
Focus Area	<ul style="list-style-type: none"> Lag Time: Accident-to-Employer reporting lag time continues to trend lower; however, conversely Employer-to-GB lag time increased to nearly one week representing a nearly 4x increase from this quarter last year. Average Paid on Closed Claims: Closed claim paid amounts grew ~11% in Q2-2024 relative to the previous quarter and 21% relative to the previous year. This increase appears to be attributed to maxing out the States budget which Total Paid is aligned with. % Closed at 60 Days: After jumping to 23.4% Q1-2024, this closure metric fell back to 18.8%, 22%. The short closure period has varied in the last three quarters and GB will monitor this statistic to find for more consistency. % of Litigated: Litigated claims increased another three percentage points over the last quarter and are now 64% of open claims. Efforts to review and resolve litigated claims will be a focal point of GB strategy in moving forward. 		
Operational Updates & Next Steps	<ol style="list-style-type: none"> % of Litigated: Confirm claim litigation accuracy through shared data and communication between State of IL and GB. 		

RESULTS BREAKDOWN-CLAIMS COUNTS BY DIVISION

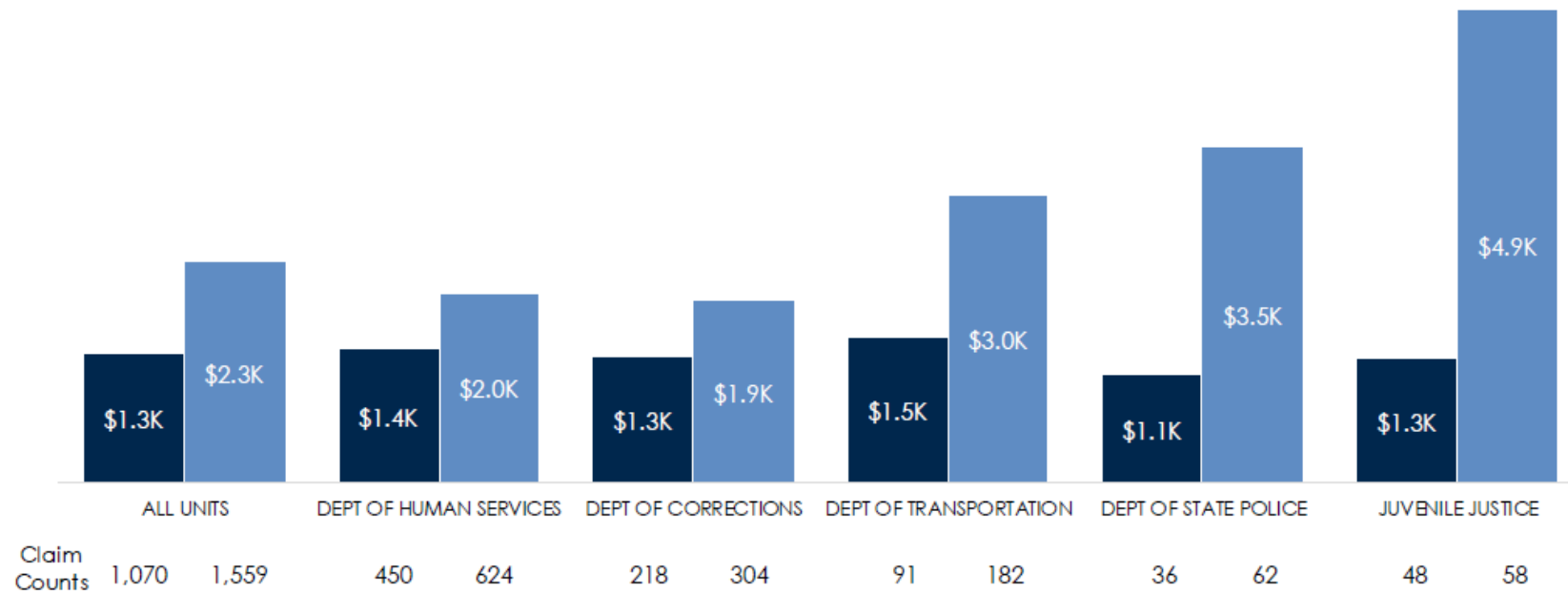
Claim Counts by Division
(at 12 months)



RESULTS BREAKDOWN – AVERAGE INCURRED ON CLAIMS CLOSED BY DIVISION

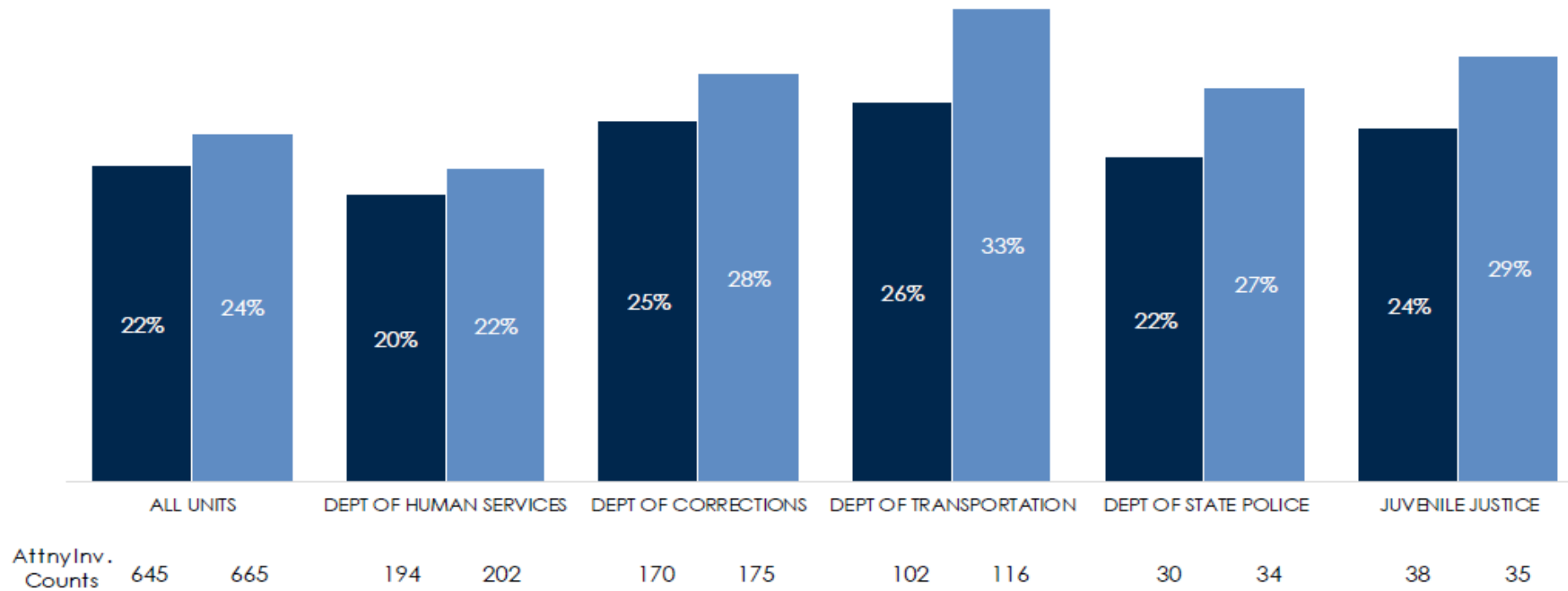
Average Incurred on Closed by Division
(at 12 months)

■ 2023 ■ 2024



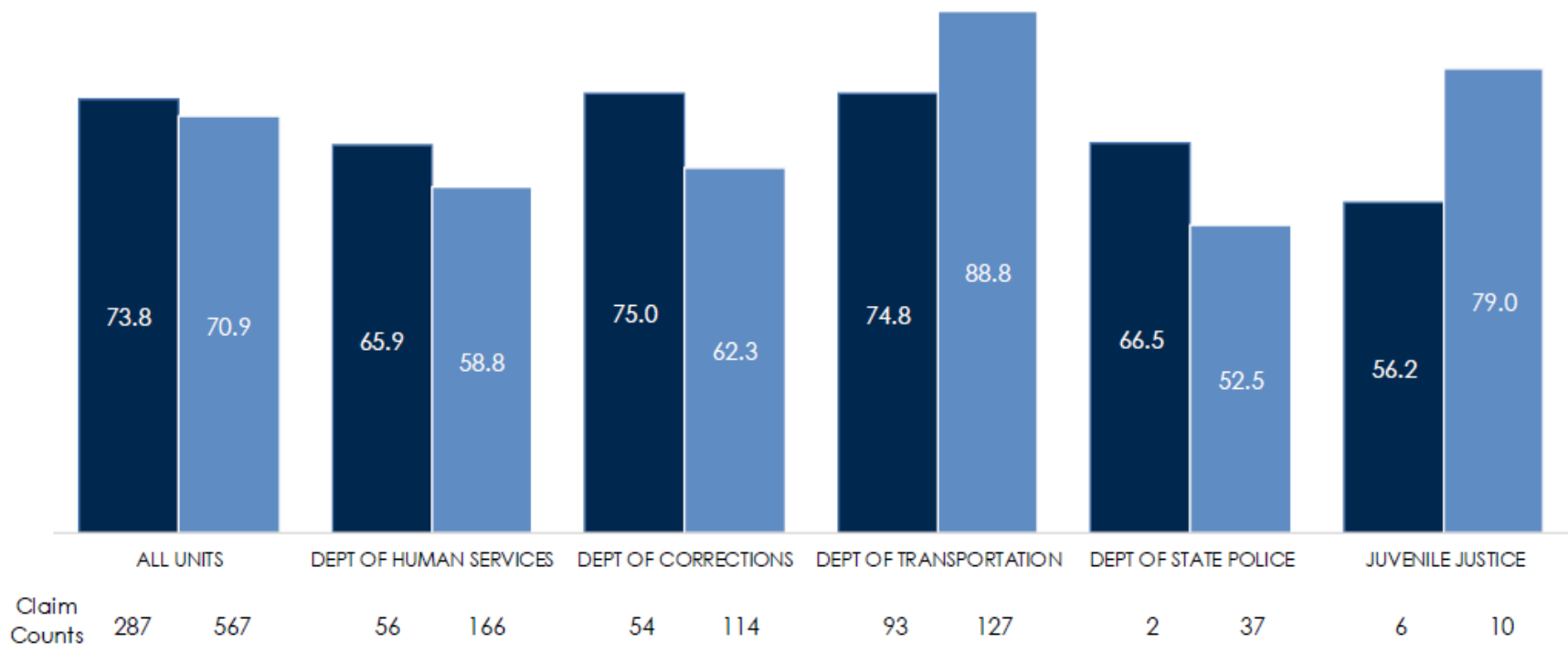
RESULTS BREAKDOWN – ATTORNEY INVOLVEMENT BY DIVISION

Percent Attorney Involved by Division
(at 24 months)
■ 2022 ■ 2023



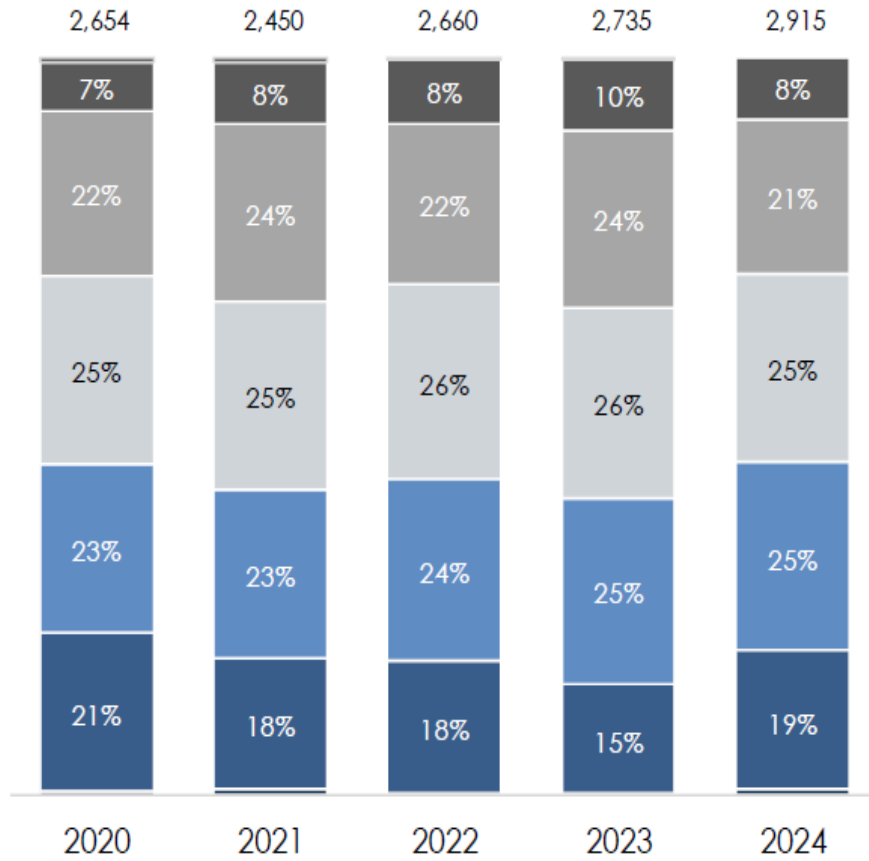
RESULTS BREAKDOWN – AVERAGE LOST WORK DAYS BY DIVISION

Average Lost Work Days by Division
(at 12 months)
■ 2023 ■ 2024



RESULTS BREAKDOWN-AGE

Percent of Claims by Employee Age
(at 12 months)

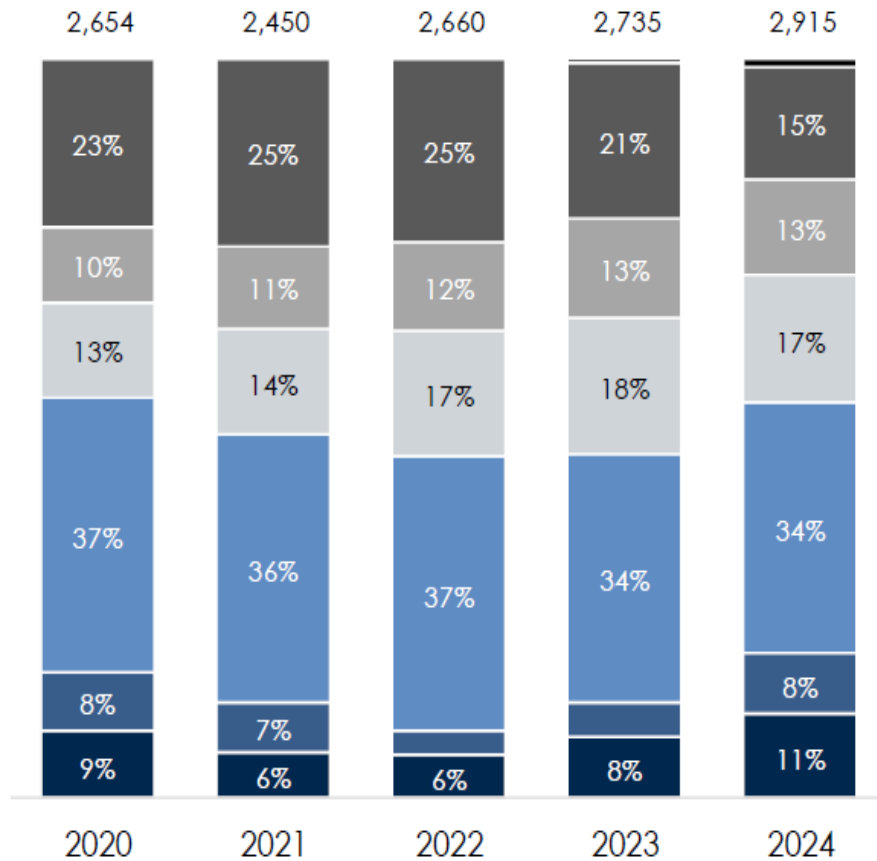


Total Claims/Average Cost (2024)

	Claim Count	Lost Time	Medical Only
Unknown	-	-	-
Over 60	245	\$74,706	\$2,503
51 to 60	615	\$71,187	\$3,215
41 to 50	743	\$73,748	\$2,514
31 to 40	743	\$53,507	\$2,505
20 to 30	550	\$46,644	\$1,687
Less than 20	19	\$8,414	\$1,515

RESULTS BREAKDOWN -TENURE

Percent of Claims by Years Employed
(at 12 months)

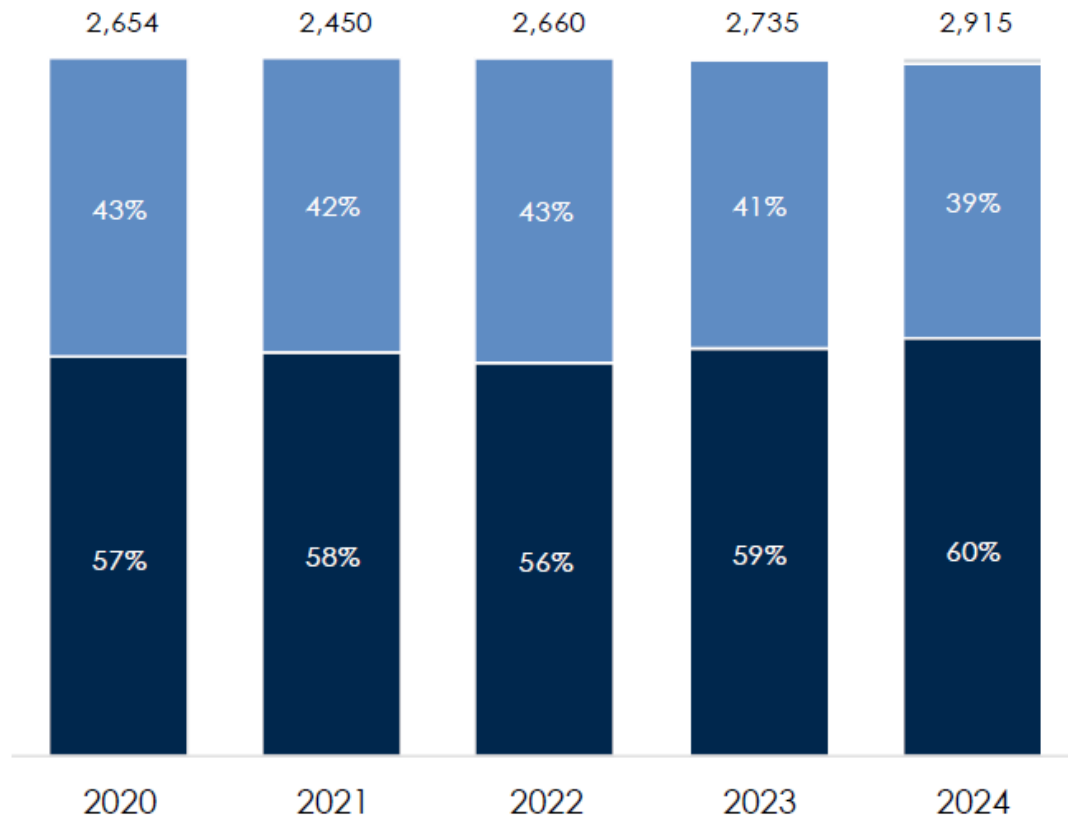


Claim Volume & Avg Incurred

Claim Count (2024)	Avg Incurred (2023)	Avg Incurred (2024)
32	\$20,984	\$1,429
490	\$22,876	\$37,079
335	\$21,716	\$32,106
689	\$16,068	\$26,623
799	\$14,149	\$24,160
237	\$12,479	\$18,328
333	\$14,044	\$16,388

RESULTS BREAKDOWN-GENDER

Percent of Claims by Employee Gender
(at 12 months)

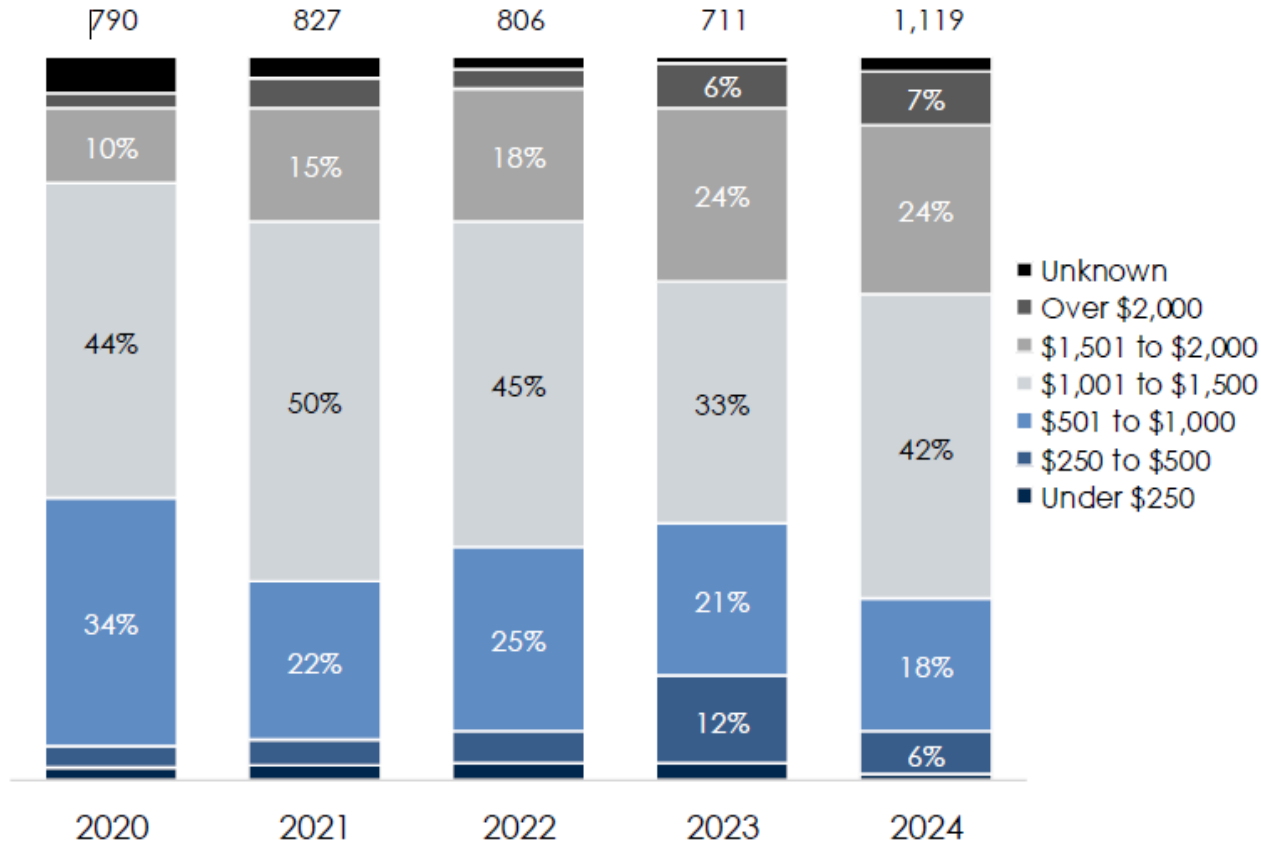


Claim Volume & Avg Incurred (2024)

	Claim Count	Lost Time	Medical Only
Unknown	30	\$98,157	\$1,894
Female	1,143	\$53,233	\$2,984
Male	1,742	\$70,730	\$2,120

RESULTS BREAKDOWN-WAGES

Percent of Claims by Weekly Wages - Lost Time
(at 12 months)

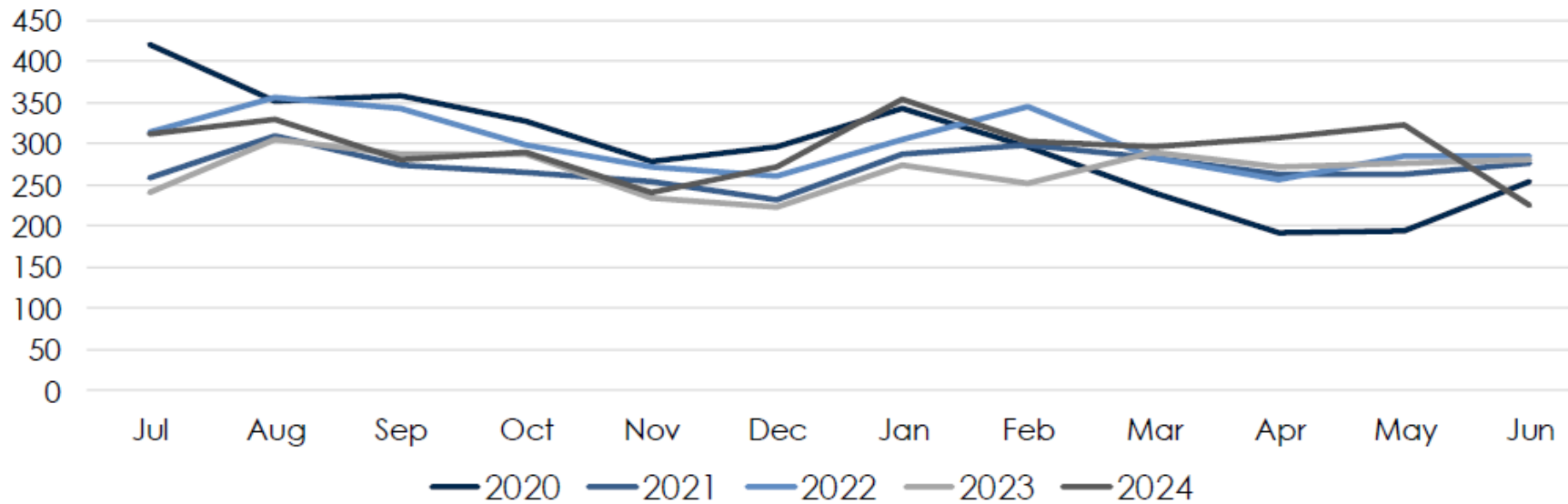


Claim Volume & Avg Incurred (2024)

Wage Category	Claim Count	Lost Time
Unknown	21	\$30,072
Over \$2,000	83	\$85,722
\$1,501 to \$2,000	264	\$76,608
\$1,001 to \$1,500	468	\$65,923
\$501 to \$1,000	206	\$50,902
\$250 to \$500	68	\$35,555
Under \$250	9	\$29,545

RESULTS BREAKDOWN – ACCIDENT SEASONALITY

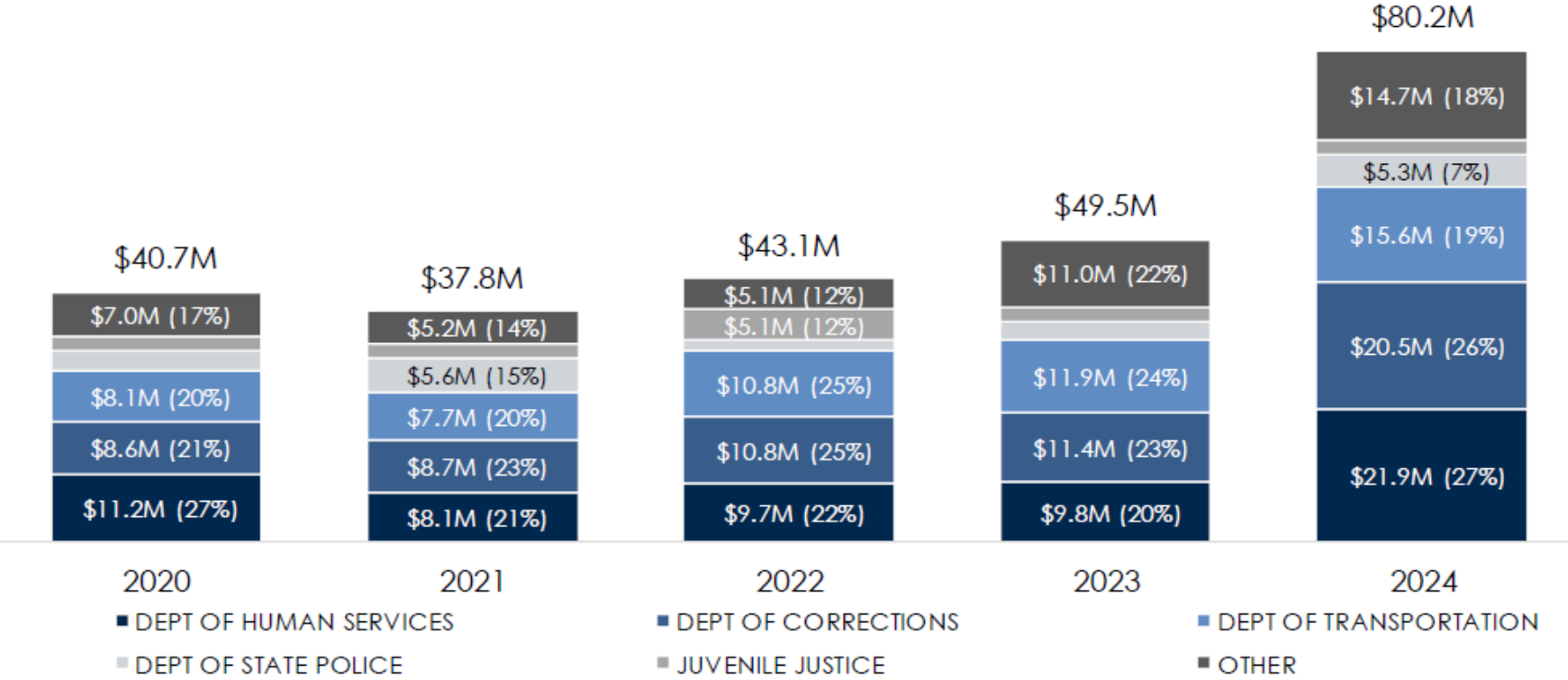
Total Accidents by Month
(at 12 months)



% of Claims for Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2020	12%	10%	10%	9%	8%	8%	10%	8%	7%	5%	5%	7%
2021	8%	9%	8%	8%	8%	7%	9%	9%	9%	8%	8%	8%
2022	9%	10%	10%	8%	8%	7%	8%	10%	8%	7%	8%	8%
2023	7%	9%	9%	9%	7%	7%	8%	8%	9%	8%	9%	9%
2024	9%	9%	8%	8%	7%	8%	10%	9%	8%	9%	9%	6%

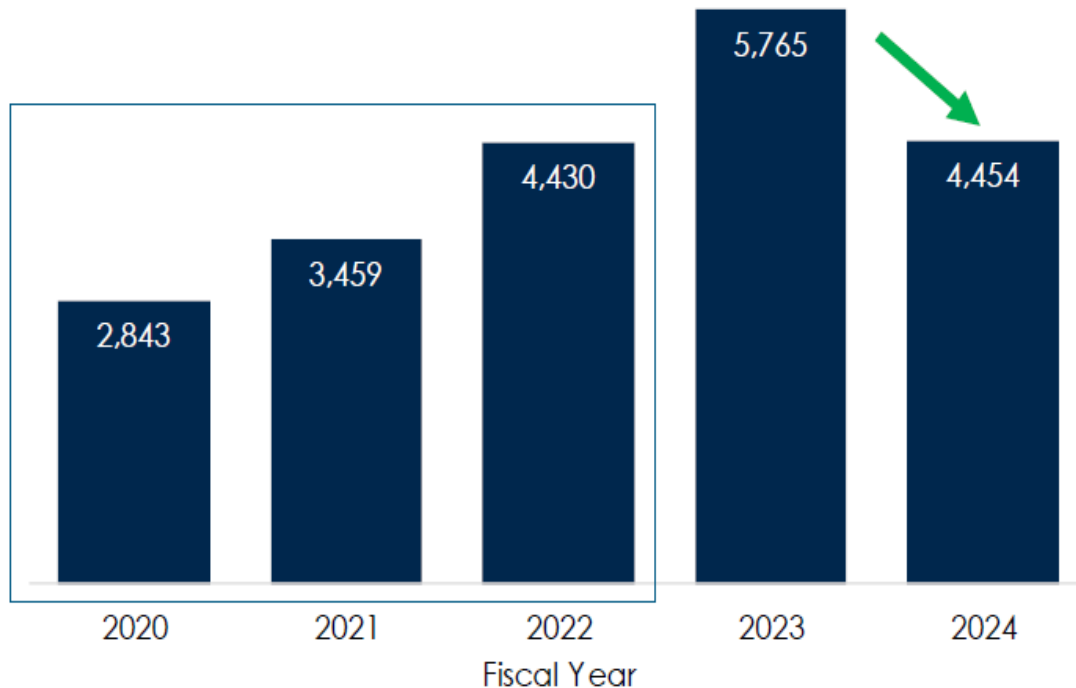
RESULTS BREAKDOWN-TOTAL INCURRED BY DIVISION

Total Incurred by Division
(at 12 months)



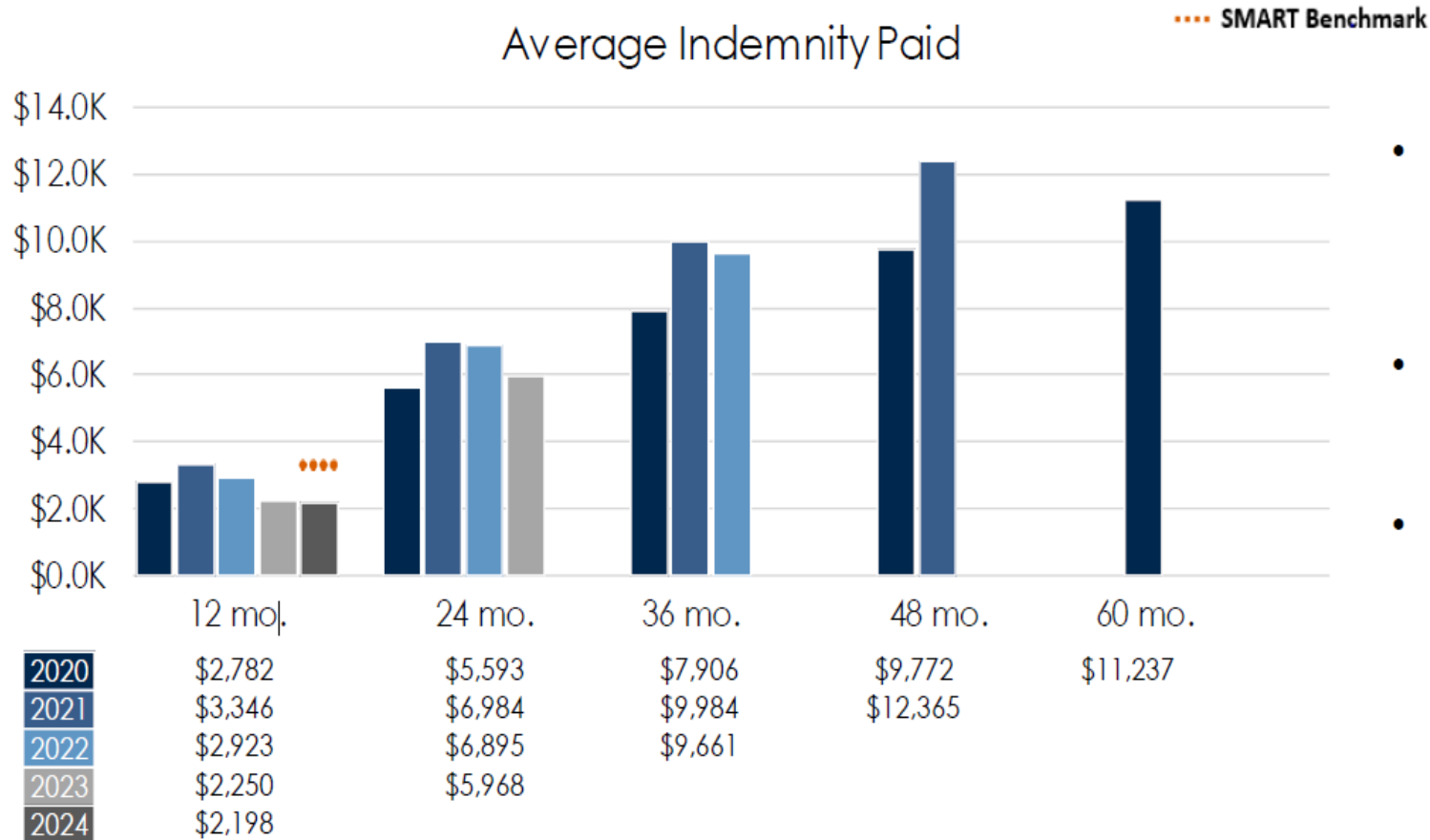
CLAIM VOLUME & FREQUENCY – OPEN INVENTORY

Open Claim Counts
(as of Fiscal Year end)



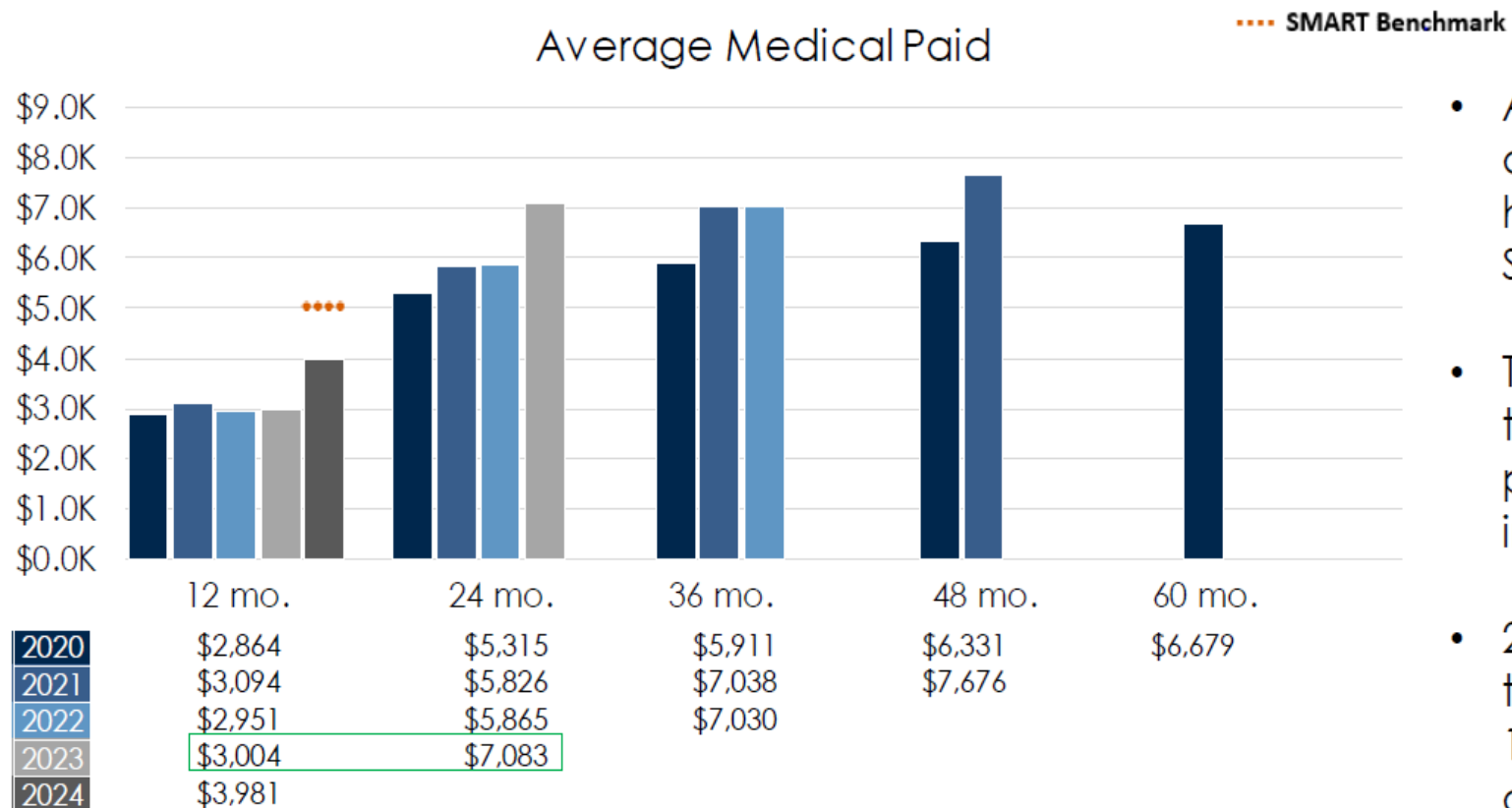
- We saw an overall decrease of 1,311 claims in 2024
- The reopen rates for years 2020 – 2022 are 71%, 62% and 55% respectively
- Claim counts in these years appear to be artificially low
- We anticipate claim inventory to continue to decrease into 2025 as we move towards a baseline

CLAIM COST & SEVERITY-AVERAGE INDEMNITY PAID



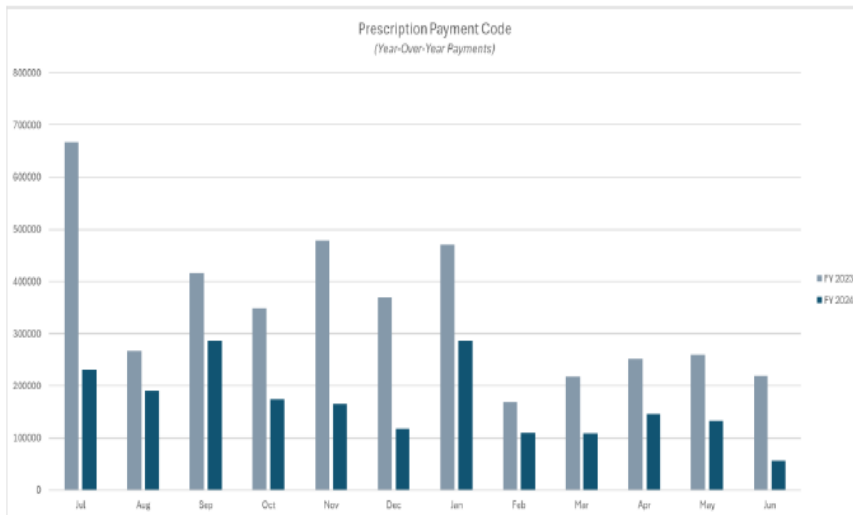
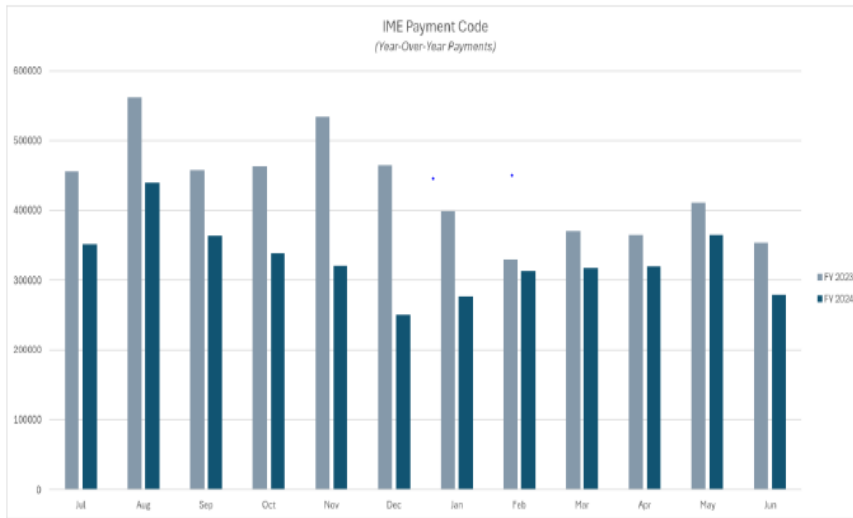
- We are beating the SMART Benchmark for Indemnity Paid
- We are beating the prior 4-year average by \$627
- This highlights our commitment to investigate and confirm compensability as well as to help push matters to resolution timely

CLAIM COST & SEVERITY-AVERAGE MEDICAL PAID



- Average medical paid did increase in 2024, however we are beating SMART by \$1000
- The severity mix and timely payment would play a role in the increase
- 2023 medical paid more than doubled from the 12 to 24-month mark due to GB processing of outstanding invoices

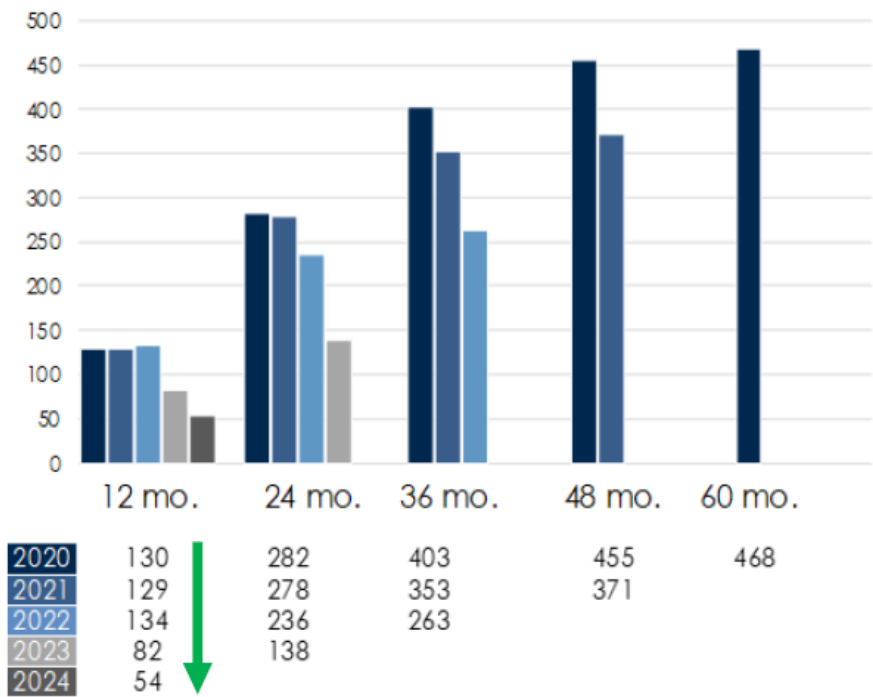
CLAIM COST & SEVERITY-IME & RX REDUCTIONS



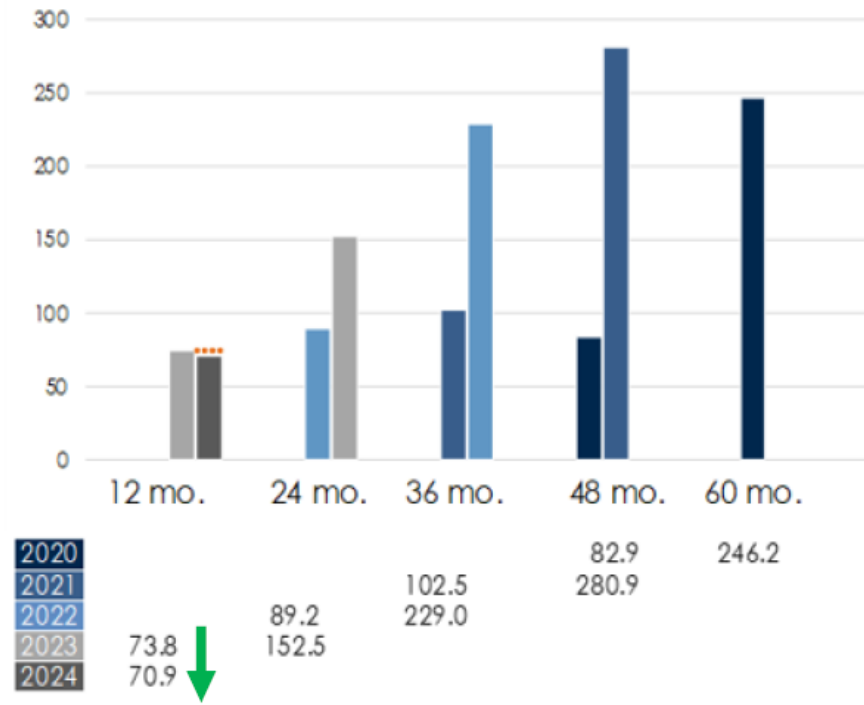
- Two areas showing a prominent decrease in spend are IMEs and Prescriptions
- Efficient timing and use of IME is helping to drive this expense down. Utilizing other proactive measures such as soft referrals to in-network providers and TCM/FCM can help direct a claim to resolution without the need for an IME. In addition, MMI from the treating will typically hold more weight with an Arbitrator.
- Effective management to confirm Rx is related to the work injury, decreasing claim duration, and settling of claims are all factors in reducing Rx spend.

RETURN TO WORK & RESOLVE CLAIM – AVERAGE MMI AND LOST WORK DAYS

Average Days to MMI
(for open & closed claims by Accident Year)

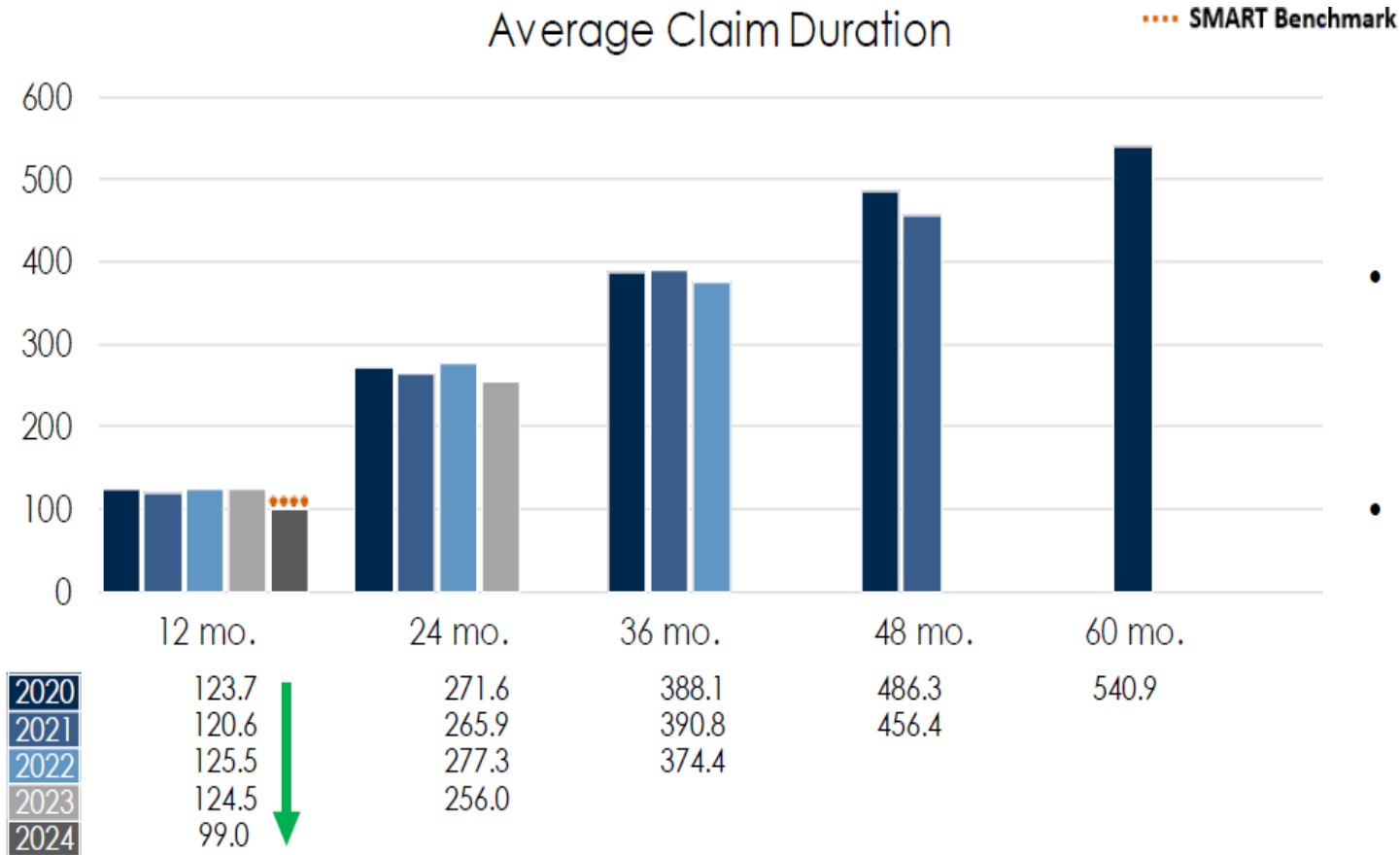


Average Lost Work Days
(for open & closed claims by Accident Year)



- Average Days to MMI and LWD are trending down and demonstrates proactive teamwork
- This will have a positive impact on financials as well as the overall health of the program

CLAIM MANAGEMENT-AVERAGE CLAIM DURATION



- Duration decreased by 25 days compared to the prior 4-year average
- There is a positive financial benefit to decreasing the duration of claims

IMPROVED TTD MANAGEMENT

2024 Savings Calculation Detail

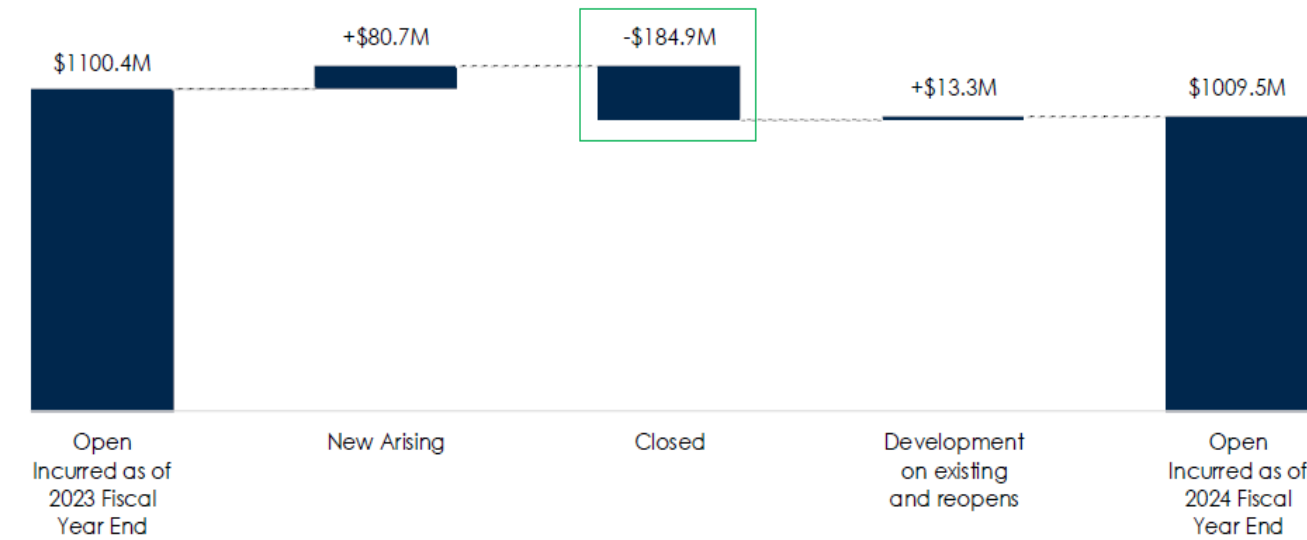
Step	Value	Description
A. Number of claims with TTD paid	567	All claims with TTD payments in 2024
B. Reduction in average LWDs	3	Reduction in average LWDs for claims with TTD payments in 2023 versus 2024
C. Average TTD paid per LWD	\$157	TTD calculated in 2024
Savings	\$260,539	Calculation, A * B * C

Savings in 2023 - 2024

Payment Year	2023	2024
# of Claims w/ TTD Paid	287	567
Avg. LWD	74	71
TTD Paid per LWD	\$195	\$157
Total Benefits Savings (vs Previous Year)		\$260,539

CLAIM COST & SEVERITY- YEAR TO YEAR TOTAL INCURRED

Year-to-Year Change in Incurred

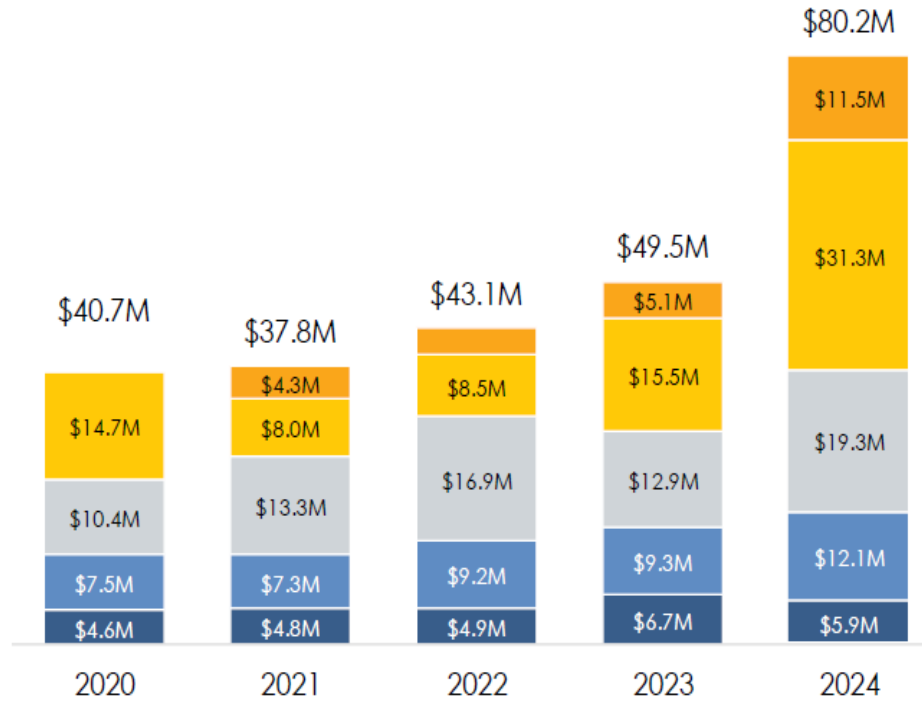


- Our reserving philosophy is to reserve for the ultimate probable exposure
- We decreased total reserves by \$91M in 2024
- Closed claims removed \$185M from the reserves

2022 :	\$1,031.9M	+\$51.2M	-\$150.3M	+\$167.5M	2023:	\$1,100.4M
2021 :	\$919.1M	+\$40.0M	-\$208.0M	+\$280.9M	2022:	\$1,031.9M
2020 :	\$824.8M	+\$30.5M	-\$246.9M	+\$310.8M	2021:	\$919.1M

CLAIM COST & SEVERITY- TOTAL INCURRED STRATIFICATION

(at 12 mo.)

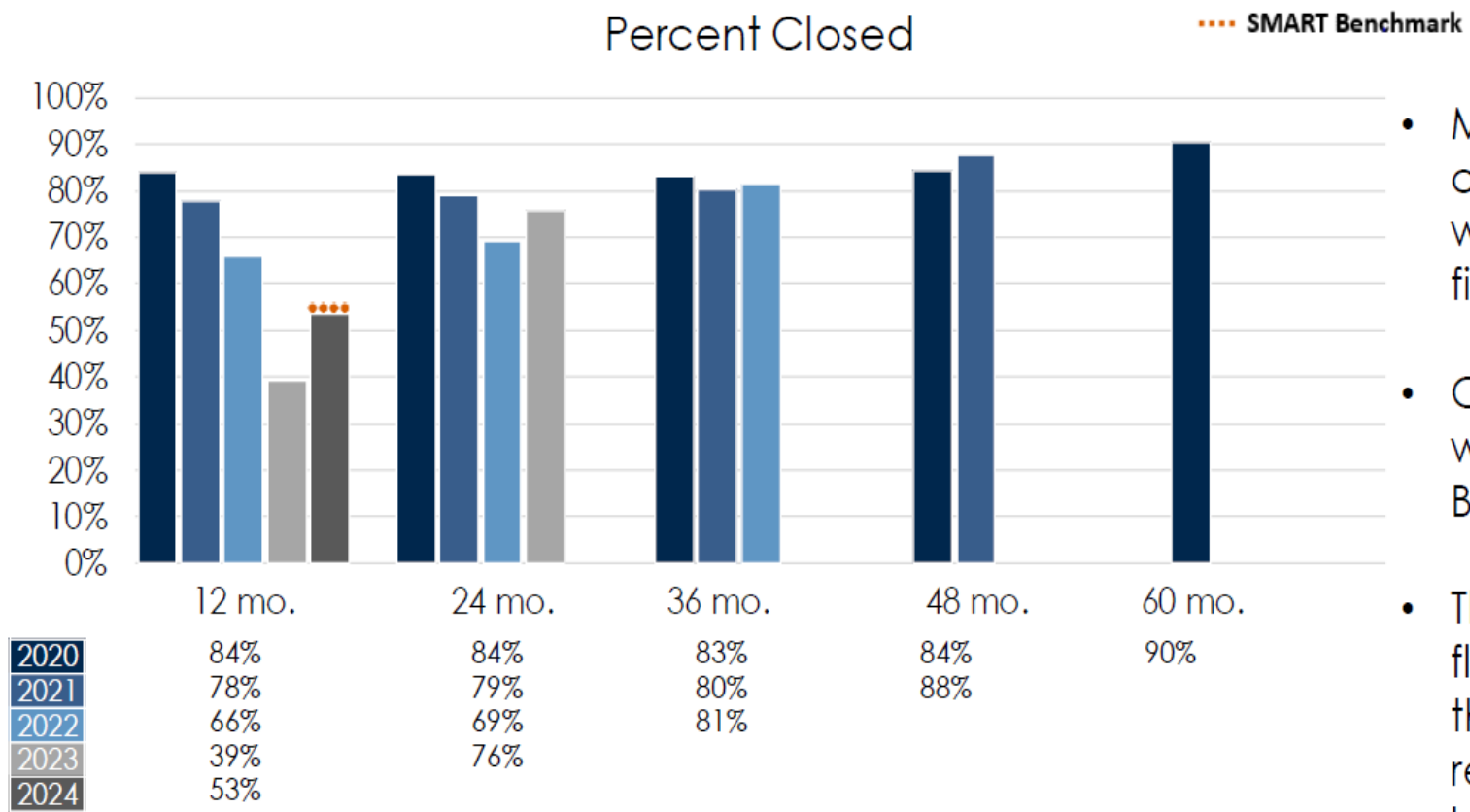


	Percent of Claims				
	2020	2021	2022	2023	2024
Over \$250,000	0%	0%	0%	0%	1%
\$100,000 - \$250,000	3%	2%	2%	3%	6%
\$50,000 - \$100,000	4%	6%	7%	6%	7%
\$20,000 - \$50,000	7%	7%	9%	9%	10%
\$15 - \$20,000	63%	62%	59%	69%	60%
No Cost Claims (\$15 or less)	22%	22%	23%	12%	17%

Reserves at 24 Months	2020	2021	2022	2023	2024
	\$69.8M	\$70.1M	\$76.6M	\$85.4M	

- Our reserving protocol will place timely and accurate reserves on each claim file earlier in the lifespan
- Prior to GB, reserves would almost double from 12 to 24 months

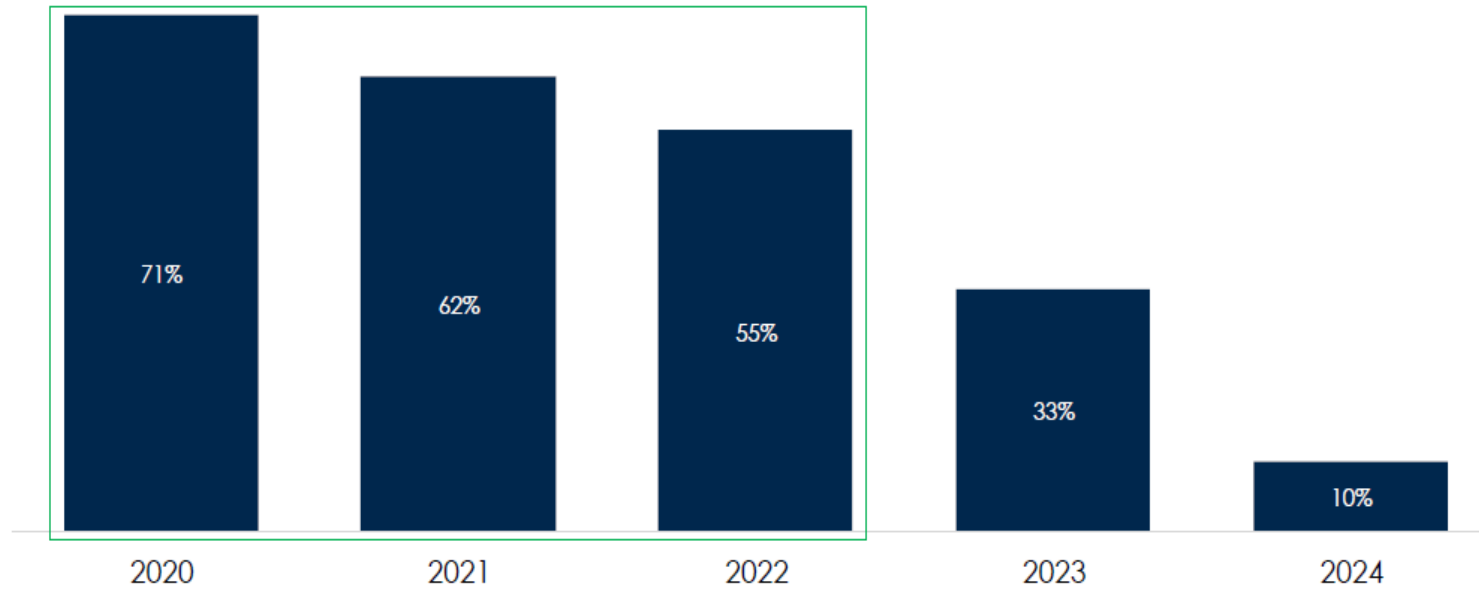
CLOSURE- PERCENT CLOSED



- More than half the claims reported in 2024 were closed by end of fiscal year
- Closures were on par with the SMART Benchmark
- There is a lot of fluctuation of closures in the prior years which resulted in significant levels of reopens

CLAIMS MANAGEMENT-REOPEN RATE

Reopen Rate
(as of Fiscal Year end)



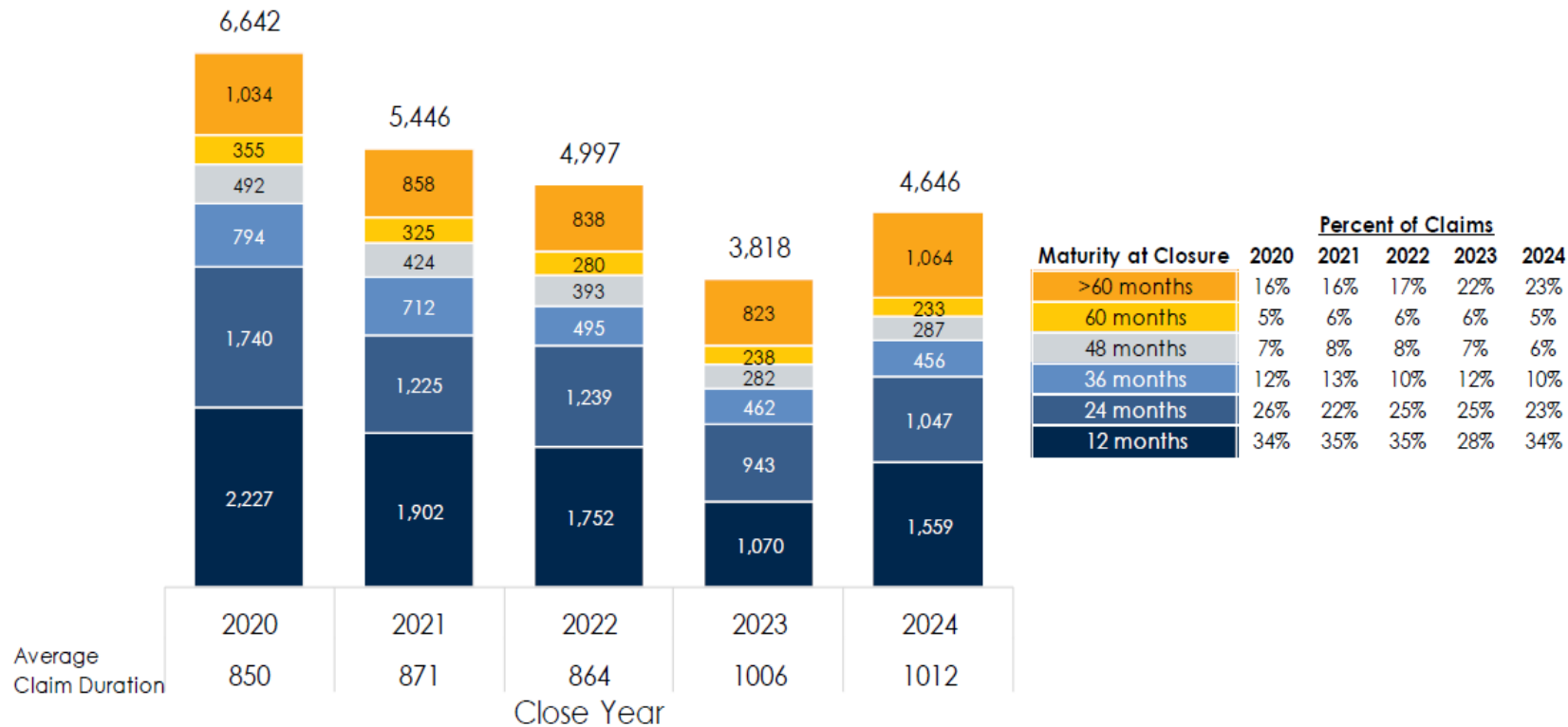
Claim Counts

	2020	2021	2022	2023	2024
Reopens	7,293	6,053	5,686	3,363	967
Total	10,333	9,733	10,355	10,121	10,024

- We have drastically reduced the level of reopens in 2024
- Our approach to claims handling should keep the reopen rate low going forward

CLAIM AGE AT CLOSURE

Claim Age at Closure Stratification

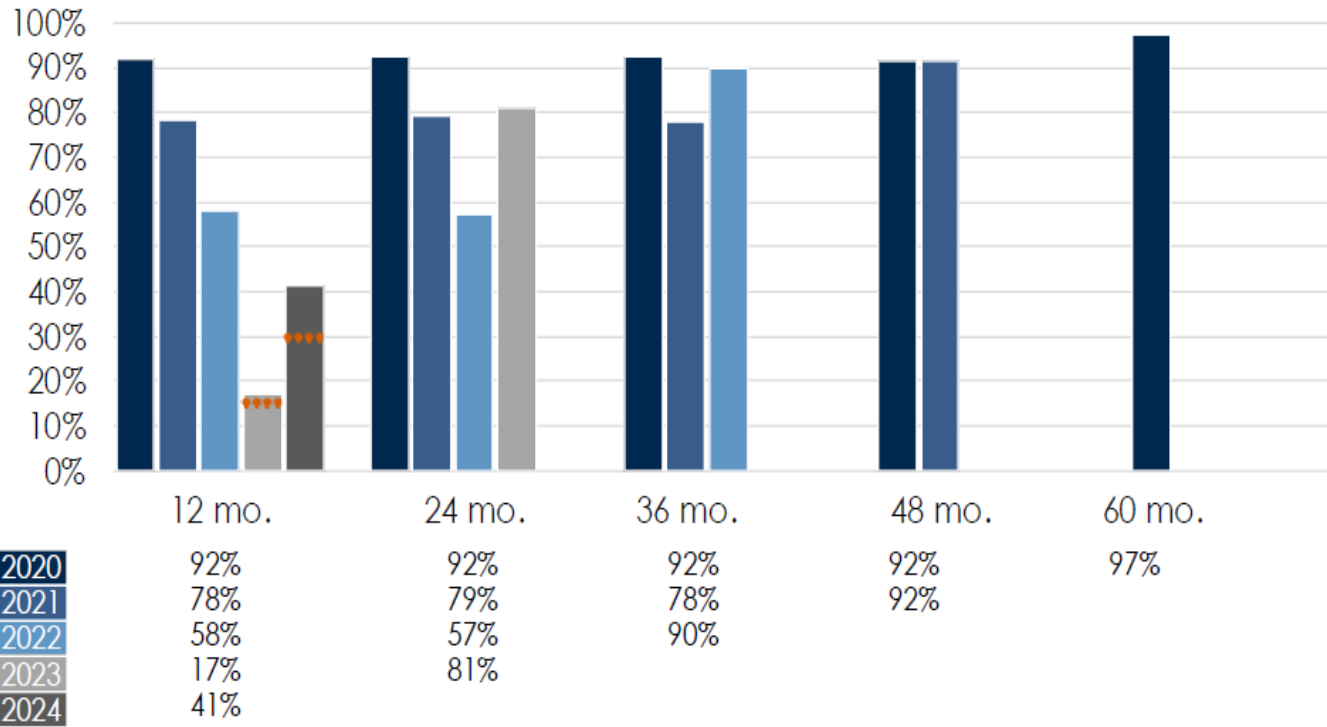


- We are focused on reducing the aged inventory and >60 month claims are closing at 6-7% higher frequency in the past two years
- In addition, we are focused on keeping closures within 36 month at a high frequency

LITIGATION MANAGEMENT

Percent Attorney Involved on Open

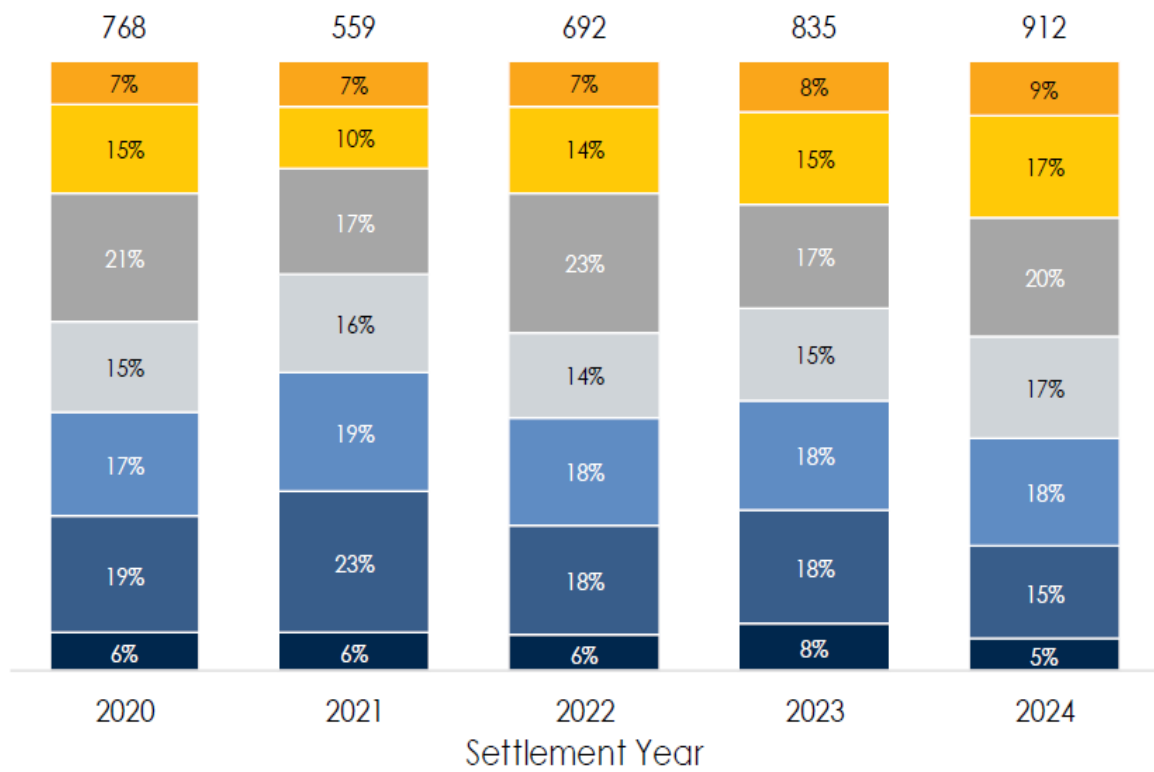
SMART Benchmark



- We do typically see higher litigation percentages with Union involvement
- Good communication and follow-up is a key factor in litigation avoidance
- Proactive measures (nurse triage, clinical concierge, RM responsiveness) will play a major role in reducing litigation

LITIGATION MANAGEMENT-PAID STRATIFICATION

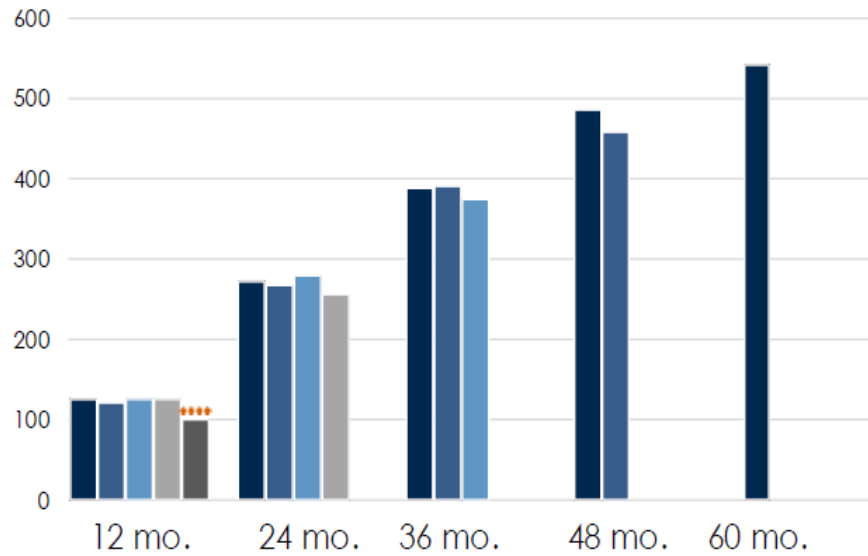
Percent of Claims by Settlement Paid Stratification



- There were 199 more settlements in 2024 than the prior 4-year average
- 20% of settlements are \$7500 or less. 55% of settlements are \$25k or less
- Percentage of settlements over \$50k increased in 2024
- This is related to the resolution of a significant amount of aged claims

FY 2024 BASELINE

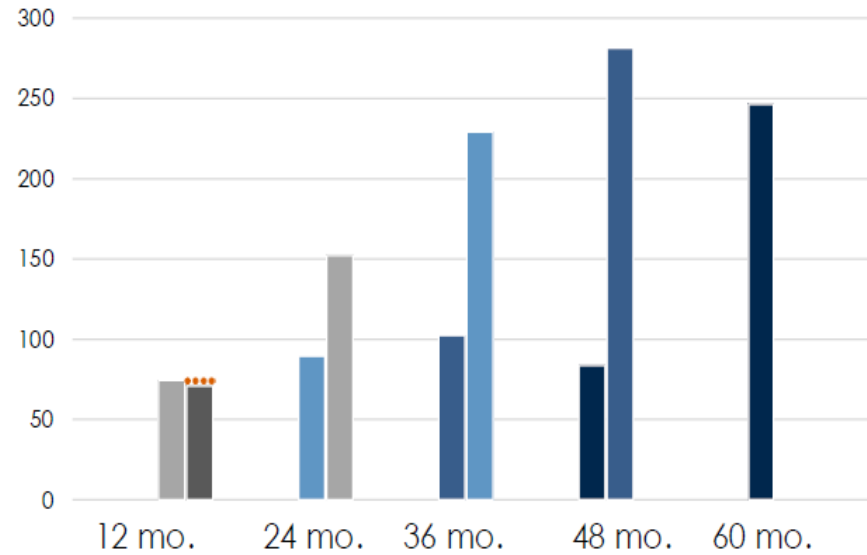
Average Claim Duration
(for open & closed claims by Accident Year)



2020	123.7	271.6	388.1	486.3	540.9
2021	120.6	265.9	390.8	456.4	
2022	125.5	277.3	374.4		
2023	124.5	256.0			
2024	99.0				

■ ■ ■ ■ Client Results
●●●●● SMART Benchmark

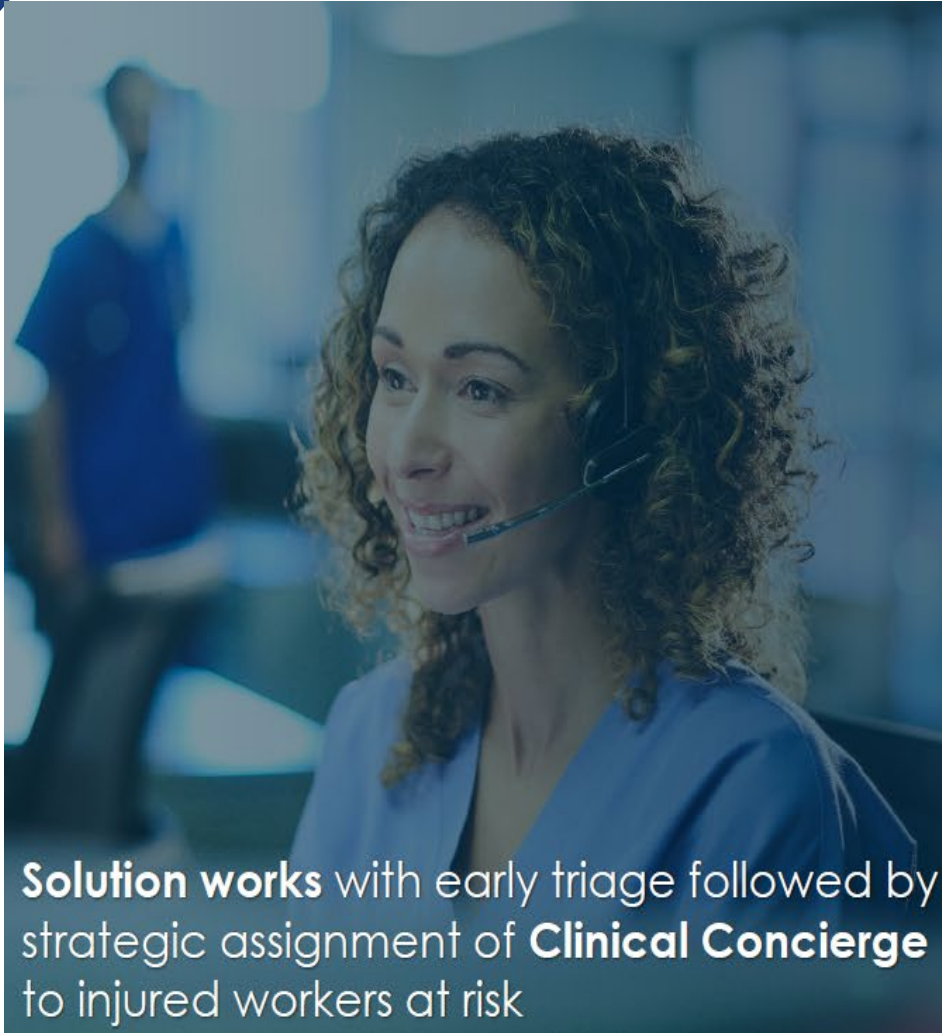
Average Lost Work Days
(for open & closed claims by Accident Year)



2020				82.9	246.2
2021				280.9	
2022		89.2	102.5		
2023	73.8	152.5	229.0		
2024	70.9				

■ ■ ■ ■ Client Results
●●●●● SMART Benchmark

GBCARE CLINICAL CONCIERGE



Solution works with early triage followed by strategic assignment of **Clinical Concierge** to injured workers at risk



INJURED WORKER SUPPORT

- Connects with injured worker and offers guidance, compassion, and clinical support
- Identifies care needs and potential roadblocks to recovery (co-morbid conditions, psycho/ social barriers)
- Coordinates care with scheduling, appointment reminders, and follow-ups



EARLY TREATMENT OVERSIGHT

- Works with claims team on **clinical risk evaluation** including coordination of care with outcome-based providers
- Evaluates Treatment Plan to promote Evidence Based Medicine & TQI compliance
- Identifies future intervention needs including telephonic or field case management

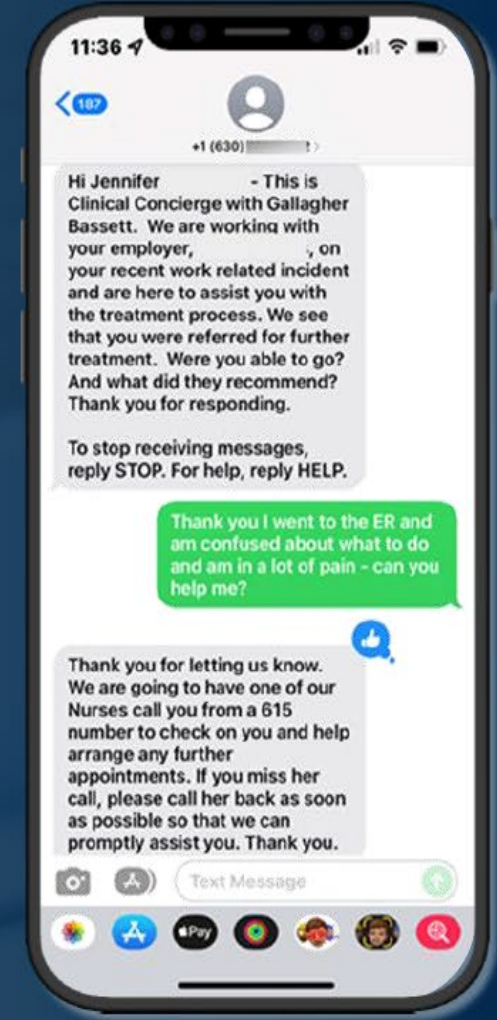
IDENTIFICATION OF CONCIERGE CANDIDATES

Criteria for Concierge Assignment

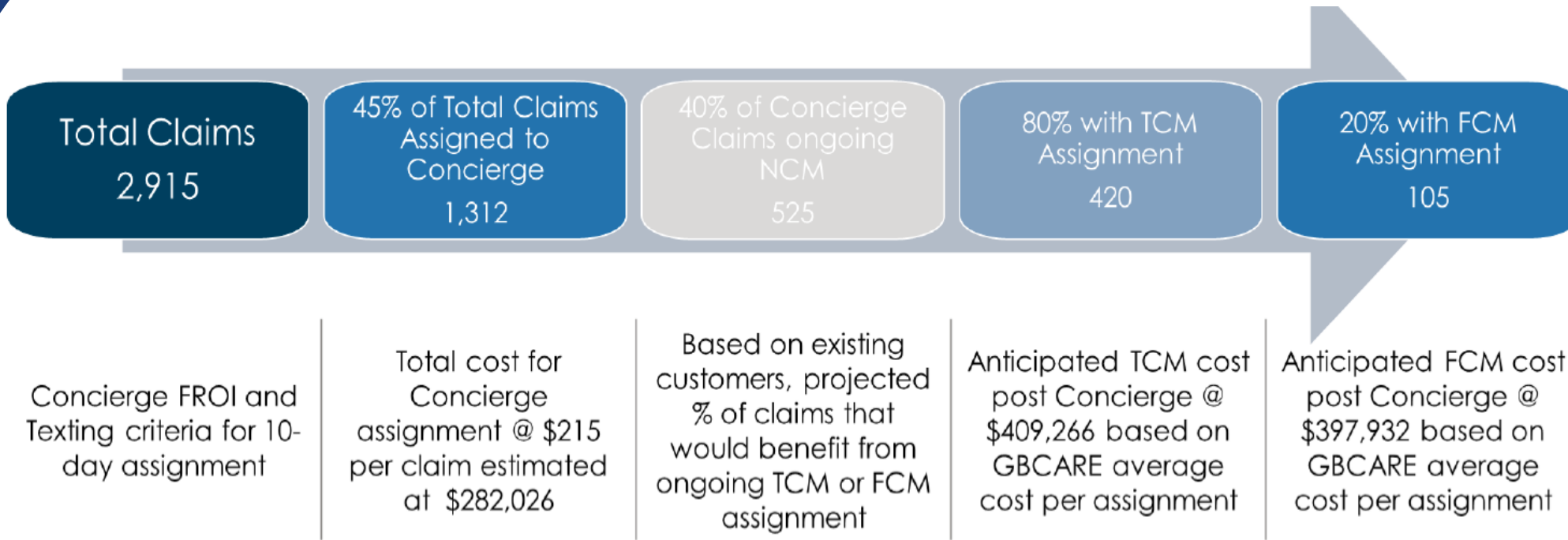
- Injury type
- Severity
- Reported and anticipated disability

Sources of Triage Insight

- FROI and PC365 file data
- Injured Worker Text Feedback
- AI modeling



CONCIERGE MODEL PROJECTION



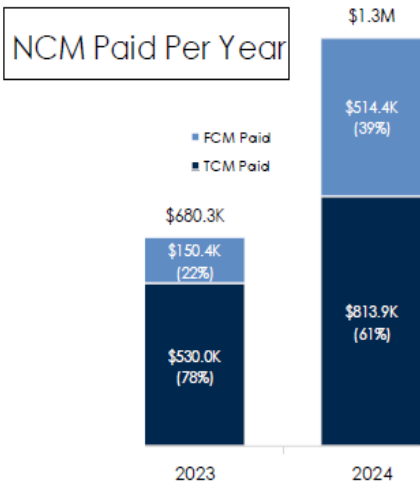
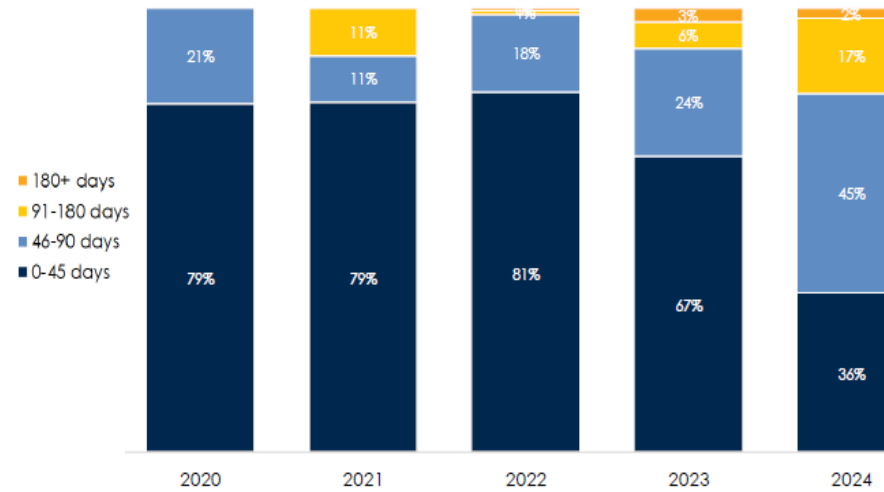
Combined projected cost for Concierge and ongoing TCM & FCM assignment @ \$1,089,225
Total NCM payments made in 2024 were \$1,328,300 (-\$239,075)

Based on average TCM assignment duration @ 76 days - \$325 per 30-day assignment
 Average FCM cost per assignment @ GBCARE average of \$3,792

CLINICAL SNAPSHOT AND RECOMMENDATION

Client Clinical Activity Report - Summary				
Product Name Service Name	# Open Referrals	# Closed Referrals	# New Referrals	Avg Lag Date of Injury to Referral Date (Business Days)
FCM	87	120	187	248
Catastrophic	0	1	1	1,539
Customer Tailored	0	1	1	440
Full Assignment	81	91	152	237
Task Assignment	6	27	33	266
TCM	207	371	494	139
Telephonic Management - 30 day increment	207	371	494	139
RTW	1	1	2	106
RTW/Off-Site Transitional Duty	1	1	2	106
Total	295	492	683	168

NCM Intervention Lag Stratification
(at 12 Months)



- Modality mix within NCM utilization is in line with GBCARE targeted best practice – 73% of new assignments are for TCM
- Clinical trends suggest an opportunity to engage earlier in the claim lifecycle
 - 64% of 2024 nurse referrals were assigned 46+ days into the claim life with 19% on claims at least 91 days old
- Clinical concierge would positively impact intervention lag and drive TCM assignment mix even further

SUBROGATION

Subrogation results continue return funds to the program. In addition to results below, we have collected \$685,013.73 thus far in FY 25.

	FY22 July 1, 2021 -June 30, 2022	FY23 July 1, 2022 -June 30, 2023	FY24 July 1, 2023 -June 30, 2024
July	\$25,957.81	\$24,791.43	\$521,738.81
August	\$123,032.42	\$316,182.91	\$495,411.44
September	\$115,216.83	\$186,290.00	\$286,775.64
October	\$10,554.15	\$103,753.00	\$82,717.52
November	\$36,324.22	\$787,731.62	\$530,035.70
December	\$263,552.47	\$160,109.27	\$14,845.93
January	\$60,489.97	\$55,630.38	\$103,705.08
February	\$216,307.94	\$249,436.89	51706.35
March	\$18,800.39	\$629,417.00	\$127,138.31
April	\$498,094.48	\$15,566.86	\$156,819.72
May	\$514,453.17	\$500,911.26	\$92,360.75
June	\$78,118.24	18,536.36	\$242,970.19
Total:	\$1,960,902.09	\$3,048,356.98	\$2,706,225.44

SUMMARY

- After implementation in February of 2023, fiscal year 2024 marks the first full year of claim handling under Gallagher Bassett's administration.
- Claims inventory was reduced by 23% and is down to 4454 claims
- We settled 199 more claims in 2024 than the prior 4-year average, however total indemnity payments decreased by \$1.6M Year over Year.
- Significant decreases in average days to MMI, average lost workdays, and claim duration. These are a direct result of proactive claims handling and translate into financial savings.
- There is a philosophical difference in the claims administration approach between Gallagher Bassett and the prior TPA. This led to some choppiness of the data when trending metrics back 5 years.
- In 2025, we can continue to drive positive results and build on the following opportunity areas:
 - Continued focus on early intervention and proactive claims handling to improve customer service, outcomes, indemnity and medical spend, and return to work.
 - Utilize the new Settlement coding to provide a listing of claims that are ready to settle to OAG in addition to utilizing for Settlement Days conferences.
 - Discuss utilizing Clinical Concierge as another tool to compliment our early intervention and proactive claims handling approach

OPEN DISCUSSION