



**Workers  
Compensation  
Advisory Board  
Annual Report  
July 1, 2023 -  
June 30, 2024**

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, 2024.

Raven A. DeVaughn  
Director

## **EXECUTIVE SUMMARY**

The State Workers' Compensation Advisory Board met three (3) times in fiscal year 2024 (FY24) in its continued efforts to improve the State Workers' Compensation Program. During these meetings, five (5) best practices were identified to enhance performance and lead to continued improvement: (1) Creation and monitoring of a performance scorecard, (2) settlement days, onsite claim reviews, (3) Statewide Workers' Compensation Coordinator positions created, (4) Utilization of Gallagher Basset's Transitional Services Team, and (5) Resolution Associate training program. This report documents progress on those initiatives in FY24. The continued focus on older claims will be a high priority as we enter FY25.



## **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 were 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. In 2013 the transition of program administration to CMS was completed, and a third-party claims administrator (TPA) was selected via a competitive bidding process to administer all State of Illinois workers' compensation claims. With the expiration of the initial contract, an RFP was issued on June 24, 2022. Three vendors' proposals were accepted and evaluated. The final award of contract was issued to the vendor, Gallagher Bassett Services, Inc. (GB), on November 17, 2022.

## **ADVISORY BOARD MEETINGS**

In accordance with 20 ILCS [Sec. 405-411(e)] three (3) Board meetings were held in FY24 and meeting minutes can be found at the end of the report:

- October 3, 2023
- February 16, 2024
- May 2, 2024

## BEST PRACTICES

CMS improved upon several Best Practices in FY24 to protect the assets of the State of Illinois and to return injured workers to their workplace in the safest and most cost-effective manner.

### State of Illinois Scorecard

Once all claims data was transferred from prior TPA in 2023 and all preliminary claims data was analyzed, CMS and GB worked together to create meaningful Key Performance Indicators (KPI) to track with the Scorecard.

- **FY24 Improvements:** Fifteen (15) data points are tracked with the scorecard on a month to month and quarterly basis. Any trends that may show signs of becoming adverse to the program will be monitored or addressed timely. Ten (10) of the fifteen (15) measures are trending favorably over the previous twelve (12) month period. The remaining five (5) are trending below goal and are expected to improve as we enter FY25. A copy of the 2024Q1 Scorecard is attached in the Appendix of this report.

### Settlement Days

Claims identified by the Office of the Attorney General (OAG) and CMS Workers' Compensation Program Managers are reviewed in person with opposing counsel in an attempt to reach settlement on "Settlement Days." These are claims that have been ongoing for several years without a settlement or trial. In most cases, CMS is still paying Temporary Disability Benefits (TTD) and the injured employee is still receiving a partial pension benefit to keep healthcare benefits in place for treatment needs unrelated to the workplace injury.

- **FY24 Improvements:** One Settlement Day was conducted in Chicago with OAG staff and Attorneys representing employees on six separate claims that were aging with potential Permanent Total Disability Awards if they went to Trial. We were able to settle four claims for a total of \$531,243 and saved the program approximately \$434,839 in additional future TTD payments. Our goal is to conduct a minimum of one settlement day per quarter. The next Settlement Day is scheduled to take place on June 18, 2024.

### Onsite Claim Reviews

Approximately twenty (20) claim files are reviewed with leadership and staff at facilities with the higher than average claims frequency. We discuss accident causes, fraud activity, and importance of the Work Comp Coordinator in the claims process.

- **FY24 Improvements:** Meetings were beneficial and CMS was advised that there are budget considerations in the future to address slip, trip and fall concerns on



building grounds. It is expected that agency engagement will improve and that workers will return to their roles in a timelier manner. Improved maintenance to work locations should also lead to a reduction in claims volume.

### **Statewide Workers' Compensation Coordinator Positions**

Prior to FY24, IDOT and IDOC were the only two agencies that utilized this type of position. In FY24, DHS and DVA also created positions.

- **FY24 Improvements:** The creation of these positions aids in streamlining the flow of information and a more consistent work product at the various facilities contained within the agencies. Noted improvements include more timely notice of return-to-work dates, more accurate wage statements to calculate TTD, and more engagement in regard to light duty opportunities for the injured worker.

### **Transitional Services Team (TST)**

Prior to our business partnership with GB, the former TPA did not have a process in place to effectively handle turnover of claims handlers.

- **FY24 Improvements:** The TST claim handlers are experienced GB employees that are assigned to vacant desks on a temporary basis. Vacancies can be filled by a TST for transitions, such as; temporary leave, departing employee, seasonal volume, or for specific projects. This practice avoids the disruption of service and ensures that our focus on returning the injured worker to their job is not interrupted.

### **Resolution Associate Training Program**

The Resolution Associate Training program is a 24-month program with skills assessments at 3-,6-,9-,12-,18- and 24-month intervals. Prior to FY24, the prior TPA did not have a career development program that was identified or presented to CMS.

- **FY24 Improvements:** GB aims to train and develop over 100 Resolution Associates per year, ensuring a reliable pipeline of talent for all of their clients. Trainees assigned to the State of Illinois program work closely with their supervisor and a mentor and their claims inventory is smaller and easier to manage while they gain the knowledge to work on the State of Illinois program with CMS.

## Meeting Minutes

### October 3, 2023

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, IDOT 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 GB Care 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 contract 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 into 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 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.

### **February 15, 2024**

In attendance were Jack Engle (Chairperson), Ken Werts (Senate Minority Leader Appointee), Michelle Porro (Speaker of the House Appointee), Jim Nichelson (REV), Laura Hammann (CMS Risk Management), Andrew Hall (CMS Risk Management), Nicole Featherstone (CMS Risk Management), Joli Schroeder (CMS Risk Management), Joe Derringer (CMS Assistant Deputy Director), Justin Hammersmith (DOI), George Sweeney (DOI), David Christensen (OAG), Christina Smith (OAG), Michael Brennan (Workers' Compensation Commission), Jim Sterr (DOT), Glendon Bradley (DOT), Mohammed Rashid (CMS), and Brett Kolditz (OAG).

To begin the meeting, Jack discussed all aspects of performance tracking and inventory management. This included a comparison of December 2023 numbers to the previous 3-



month and 12-month average. December results indicated open inventory decreased by 681 since December 2022. Med only conversions to indemnity declined to 101 compared to the 12-month average of 213. Overall, results are favorable. Closure rates dipped to 93% in December 2023 which is a significant reduction when compared to 184% for the prior three months and 114% for the prior 12 months. The goal is to close more claims than we receive, and this should be attainable with the claims staff that Gallagher Bassett has working claims. We currently have 894 claims valued in excess of \$250,000. This is an increase of 11 claims since the prior 3-month period and an increase of 24 in the prior 12-month period.

Next, claim reporting lag-time was addressed. For the month of December, 78% of claims were reported within one day which was a notable decline from 83%, for the prior 3-month period, and 88%, for the prior 12-month period. Jack advised that we continue to monitor and express the importance of timely or immediate reporting to the Workers' Compensation Coordinator population. We have received several Carpal Tunnel claims via application or an Attorney. These large lags do impact the overall result if greater than 6 months when filed. The percentage of claims setup within 6 days was 95% for December, 91% in the prior 3 months and 84% in the prior 12 months. This is a positive trend.

Jack moved on to discuss the financial impact of lost work days utilizing the same measures as before. In December, 13% of claims involved lost work days which is slightly higher than the previous 3 and 12 month periods (12% and 8%). The actual number of lost work days for December was 75 which sat right between the 3 and 12 month numbers of 77 and 73. Finally, the average indemnity incurred per open claim was reported at \$68,101 which again fell between the amount for the 3-month period at \$69,062 and the amount for the 12-month period at \$66,809.

In terms of financial tracking and establishing reserves, Gallagher Bassett is properly executing reserve maintenance. The first metric reviewed, reserve development, compares incurred total at 365 days versus total incurred at closure. December showed the highest percent at 48% whereas the previous 3 months was 35% and the previous 12 months was 42%. Next, the percent of outstanding versus total incurred was reported which was consistent among all three period at 51%, 52% and 52%. The financial cost of claims saw a slight increase for the average paid in December but a decrease in the total paid in December.

The next metric reviewed was managed care in which we saw medical billings decrease approximately 300 bills in December when compared to the prior 3 months and 105 when compared to the prior 12 months. The average charges declined approximately \$500



when compared to the prior two measurements. The lower volume of billing resulted in a reduction in savings that was approximately \$360 less than the comparison periods. We did meet our KPI of 63% even with the lower volume of billings and discounts. Jack moved on to discuss Direction of Care (D.O.C.) bills noted on the table. Specifically, Jack noted where treatment was obtained outside of Illinois and how that State's laws or rules were used to process the billings. There were only 77 bills totaling approximately \$50,000 that were received in 2023 with approximately \$17,000 paid. D.O.C. savings averaged 66%, however, a few states discounted certain procedures at 98-100%. The smaller quantity has a minimal impact when compared to the \$52,000,000 paid in 2023.

Financial review was continued with the analysis of litigation. File maintenance resulted in significant inventory for the Attorney General and Gallagher Bassett. Notably, there were 104 litigated claim files closed in December and 83 new files received. This is a favorable result that we hope to continue. Currently, 63% of our open claims inventory is in litigation. This is a 2% increase when compared to the prior 3-month and 12-month periods (61%). We have seen a significant drop in claims value (approximately \$6,000,000) and settlements/awards (approximately \$5,000,000) completed in December compared to the previous 3-month average. Overall, we have seen a claim file reduction of 600 on claims open greater than 5 years. This result could not be attained if not for the partnership with the office of the Attorney General, CMS and Gallagher Bassett.

Subrogation recoveries continue to trend favorably. Subrogation results improved by \$100,000 in calendar year (CY) 2023, in comparison to 2022, and totaled over \$3,400,000. To date, we have recovered approximately \$2,000,000 in fiscal year (FY) 24. Our intercept program which recovered \$8,635 in 2023 continues to increase subrogation recoveries.

Jack reviewed the metrics regarding settlements and awards across CY21, 22, and 23. In CY23, 752 claims were settled, and 196 awards processed for a total of 948 claims closed. In CY22, a total of 952 claims closed via settlement or award by the Commission. Jack did note that total spent in CY23 was nearly \$6,000,000 more than CY21; however, the total spent in CY23 was just over \$3,000,000 less than CY22. The lower numbers in CY21 results can be attributed to the Pandemic slowing treatment and pursuit of claims.

Claims administration costs were discussed including the claim fees, the software and reporting provided by Gallagher Bassett and the managed care/nursing aspect of the program. The weekly funding for TTD, settlements, awards, medical and any other fees reimbursed to claim files totaled nearly \$111,000,000 for 2023. The State has paid approximately \$114,000,000 in CY23 to Gallagher Bassett for the handling of our Workers' Compensation program. Our FY24 appropriation is \$113,000,000. We will continue to monitor the financial aspect of the program as we wrap up FY24.



After reviewing the last of the metrics, Jack proceeded on to provide updates occurring within the Workers' Compensation program. The Workers' Compensation Coordinator training held in October 2023 had a total of 169 Coordinator attendees over the course of three sessions in three locations throughout the State. During these in-person trainings we noted an opportunity to conduct smaller group trainings to address the similar needs with agencies that have similar types of claims or claims volume. These additional trainings will be held in March and June in a virtual environment with in-person trainings in October. We are also implementing settlement days with the Attorney General's staff. The first sessions are scheduled on March 6th and 7th in Chicago, and we have identified a population of claims to discuss in person with the opposing counsels that represent the injured workers. Chairman Brennan provided input and advised he would be willing to offer up an Arbitrator and meeting rooms as well as assist in any manner possible to help us with this initiative. Jack advised he appreciated the offer and that Dave and his staff will reach out at the appropriate time to discuss further. Future dates and intervals will be determined after the success of the initial meetings is determined. George Sweeney with the Illinois Department of Insurance advised that they have referred two State of Illinois cases for prosecution.

Jack wrapped up the meeting with a discussion of the next steps for the Worker's Compensation Advisory Board which primarily focused on the final FY24 advisory board meeting. At this meeting, at which Gallagher Bassett will attend, the 1<sup>st</sup> year of performance for the TPA will be reviewed. This will include any changes that will be made to continue to enhance performance as well as a discussion of the implementation of new Best Practices. Jack would like to discuss changes being made to how the Tollway and ISP are handling Workers' Compensation moving forward.

### **May 2, 2024**

In attendance were Jack Engle (Chairperson), Jim Nichelson (REV), Laura Hammann (CMS Risk Management), Andrew Hall (CMS Risk Management), Nicole Featherstone (CMS Risk Management), Joli Merriweather (CMS Risk Management), Joe Derringer (CMS Assistant Deputy Director), LaReyna Griffin (CMS), Justin Hammersmith (DOI), Jim Sterr (DOT), Kevin Botha (Senate President Appointee), Ronald Rascia (Workers' Compensation Commission), Kari Wolfe (CMS), Christina Smith (OAG), Julie Webb (attended on behalf of Board member Ken Werts), Crispin Gorman (Gallagher Bassett), Gregory McKenna (Gallagher Bassett) and Lawrence Parizek (Gallagher Bassett)



Jack Engle opened the meeting by introducing attendees from Gallagher Bassett (GB) who were joining to participate and present current findings relevant to the State of Illinois Workers' Compensation claims. Crispin Gorman began by walking through an overview of the scorecard which lists claim volume, net closures, open inventory, financials, the closure triangle and cost drivers down the left column. The top row breaks down numbers in terms of Q1 of 2024 followed by the 3 prior quarters, then 2024 year to date, rolling 12-month, and lastly, a section with a comparison to the same time last year. So, 2023 year to date, 2023 and the rolling 12-months.

Crispin noted the new claim volume was 945 which is 143 claims higher than the prior quarter, an 18% increase. The volume has fluctuated significantly over the past 3 quarters. The overall volume for the current and prior rolling 12-month period has increased from about 3,200 claims in the prior year to about 3,500 claims in the current year, which is about an 8% increase. He noted that GB will continue to keep an eye on that to determine if that is just a fluctuation or a sustained trend. The next focus was on lag time, it was noted that in terms of date of accident to employer and employer to GB the trends have flipped from the prior year, versus the current year. It was noted that this appears to be the way the data was captured by the previous TPA rather than a change in the overall timeliness of claim reporting.

Net closures show that more claims are being closed each quarter than are being opened (958 closed compared to 945 opened in Q1 2024). The closing ratio since the inception of the program with GB has been over 100% in all but 1 month with the overall closing ratio at 135% for the last 12 months. The average number of claims reopened has dropped from 100 to 75. Moving to the open inventory section, the number of open claims are separated by medical only, indemnity and maintenance. We have seen a significant reduction in the number of open claims since the program inception. GB took in about 5,400 open claims and at the end of Q1 2024 we were at around 4,500, which is a 17% reduction in open claims. Next, we looked at the total incurred on all claims, which represents all payments and future reserves, combined. There has been a reduction since last year of about \$95,000,000.00. Crispin noted that once a claim gets past 2 years it really begins to increase in cost. The percentage of total open claims over 2 and 5 years has remained relatively unchanged. Though the number of open claims in each group has been reduced, demonstrating consistent approach to open inventory reduction across the entire book.

Next, the financial section was reviewed which indicated that the average paid on closed claims increased in Q1 of 2024 due to more expensive older losses closing during the quarter. Crispin moved on to discuss the closure triangle which is a measure of closure



percentages at 60 days, 180 days, and 12 months. These numbers have steadily increased. Finally, cost drivers were reviewed which is the average lost workdays upon closure and percentage of litigated claims. As with the higher average paid on closed claims, there was an increase in average lost workdays on closed. In summary, closures, open inventory and total incurred are trending positively. Areas that are being monitored include new arising, lag time, average paid on closed claims, average lost workdays on closed claims, and percentage of claims litigated.

The next section discussed focused on the top 5 accident types by agency which represent about 70% of all claims. The Department of Human Services (DHS), Department of Corrections (DOC), and Department of Transportation (DOT) are consistently the top 3 agencies for the number of losses. The top 5 accident types are also consistent; 1) slip, trip & fall, 2) struck by, 3) overexertion, 4) vehicle accident and 5) contact with/by. The occupations among the 3 agencies with the highest volume, are mental health technicians, correctional officers, and highway maintainers. The top 5 accidents by the following 7 highest claim frequency departments (State Police, Secretary of State, Veterans' Affairs, Juvenile Justice, Natural Resources, Southern Illinois University Carbondale, and Children and Family Services) are the same types except state police, and secretary of state have a higher volume of vehicle accidents.

Lawrence took over the meeting to discuss changes in reserves. Under normal circumstances there will be some fluctuation period to period; however, there has been a little bit more fluctuation than normal. Reserves are trending downward in the categories of 36-60 months and 60 months and greater. The largest portion of the decrease in reserves are in those claims that are 36 months or greater which is the area we want to focus on as claims 36 months or greater are where claims costs typically increase, both in indemnity and medical. One area Lawrence highlighted was that GB is more aggressively reserving claim files that are in that 18 month or less category, having almost doubled those numbers in the past year as they take a closer look at the ultimate probable exposure.

Lawrence moved on to compare what GB is spending each fiscal year (FY) against the States budget. It was noted that FY 24 is likely an outlier year for what GB is going to be spending on some of the state claims. When GB onboarded a lot of these claims, there was a lot of medical bills that had not been paid which GB had to address. The next topic discussed was the total spend each quarter. This was broken down by indemnity, medical, rehab, and expense. Overall, all categories are trending downward. The monthly breakdown shows a significant spike in January 2023 but that is attributed to the previous TPA having fronted an additional amount to cover payments that were to be issued during





the transition from the previous TPA to GB. Further, Lawrence discussed where funds are being spent within the categories. Most indemnity dollars are going toward settlements. Under medical spending, we are seeing significant savings in the pharmacy category as our team works to only approve prescriptions that are related to the accident. Additionally, there has been a decrease in spending in the hospital category as triage is setup to assist injured workers in locating the most appropriate form of care.

Lawrence wrapped up his portion by discussing the settlement and award payment stratification and closed claims. GB is trying to settle those pending older claims to prevent any intervening incidents from extending the life and cost of the claim. Settlement and award payments have fallen steadily since Q2 of 2023 but settlement amounts have shifted toward high dollar tiers over the past 4 quarters. Jack inquired with Lawrence regarding a few topics he discussed including whether GB has a network sheet they share with larger agencies. Lawrence confirmed that medical panels for specific locations that can be run and given to agencies. Finally, Lawrence advised that the percentage of mature (4+ years) claims closed is falling as GB continues to clear available backlog while incurred amount on closed claims grew during the previous 12 months. The typical focus on a standard claim is to have it on the way to closing at the 3-year mark.

Jack moved on to advise that in the new fiscal year he would like to identify higher frequency agency locations and get a nurse on those claims sooner. He also noted that we currently require approval from a CMS Workers' Compensation manager before an employee can return to work, but Jack is hoping to shift some authority to GB on claims in which certain criteria are met.

Next, a congratulations was extended to Nicole for her outstanding work in subrogation recoveries. Since April 2023 over \$3 Million has been recovered; However, Jack noted that historically those numbers are not as high, and it is not likely we will see such high numbers in the coming months.

CMS Best practices were reviewed including settlement days which Laura was able to attend and settle 4 claims in the approximate amount of \$531,000.00 and save the program an estimated \$430,000.00 in future expense. Additionally, onsite claim reviews are occurring which involve reviewing claims at high frequency locations and determining budget considerations that could address the contributing factors in those incidents such as road and walkway conditions on slip, trip, and fall claims. Further, it was noted that new Workers' Compensation Coordinator positions have been created at DHS and DVA to streamline the flow of information and produce more consistent work product. Finally, Jack advised of the daily review of losses which helps identify subrogation opportunities as well as an opportunity to verify that the facts of the loss are consistent.





GB best practices included a transitional services team (TST) which is utilized to fill any vacant Resolution Manager desk until a new claims handler is hired and ready to fill the position. In the past, the position would have sat vacant until the new employee was hired. GB also has a Resolution Associate Training Program which is a 24-month program with skills assessments at the 3,6,9,12,18 and 24 month intervals. This program is for new hires with little to no experience and allows them to start with a smaller inventory of claims that is manageable, and they have a mentor and supervisor to consult with on unique claims.

The meeting was ended by discussing recent updates and next steps moving forward. Jack noted that Joli has accepted a promotion within CMS Bureau of Benefits and for the time being her duties will be shared within the Risk Management unit. Her final duty will be to complete the minutes for this meeting and once those are completed the annual report will be finalized by June 1, 2024. The next meeting will be in August or September to discuss fiscal year results and there will be an annual stewardship meeting with GB. Lastly, Jack shared that Laura Hammann was nominated by her peers at CMS for the CMS STAR (Special Thanks and Recognition) award program and will be receiving this award for her contributions in the area of Value by performing her work in the best interest of those we serve with efficient use of human, natural and material resources to expedite response times in all areas.

The meeting was opened for discussion and Jack followed up on some of the discussion points presented by GB, specifically aging claims. It was noted that by placing a significant focus on these older claims, there will likely be some spikes in the months we have attorney reviews and settlement days. No additional comments or questions were presented.






### Appendix/Scorecard

Measure	Current Year						Prior Year		4 Month Trend	
	Q1-2024	Q4-2023	Q3-2023	Q2-2023	YTD-24	Rolling 12 Months	Q1-2023	YTD-23		
						Months				
New Arising Claim Volume	Total	945	802	931	837	945	812	812	3,246	⚠️
	Active	763	662	745	677	763	718	718	2,854	⚠️
	\$0 Claims	182	140	186	160	182	94	94	392	⚠️
Lag Time	DOA to Emp.	0.5	0.6	2.9	4.0	0.5	4.3	4.3	4.3	⚠️
	Emp. to GB	4.7	4.3	3.0	1.7	4.7	0.8	0.8	0.8	⚠️
Closures		958	1,070	1,616	887	958	820	820	3,600	✅
Reopens		222	302	295	297	222	38	38	38	✅
Number of Open Claims	M.O.	215	258	354	584	244	1,365	1,291	887	✅
	Ind.	3,248	3,236	3,348	3,889	3,215	3,258	3,161	2,912	✅
	Maint.	1,055	1,138	1,196	1,253	1,074	1,103	1,094	1,059	✅
Total Incurred on Open Inventory		\$1,013.9	\$1,022.4	\$1,040.5	\$1,099.2	\$1,009.5	\$1,109.0	\$1,101.4	\$1,062.0	✅
% Open >2Yrs +		2,431 (54%)	2,445 (53%)	2,586 (53%)	3,107 (54%)	2,414 (53%)	3,246 (57%)	3,201 (58%)	2,998 (62%)	✅
% Open >5Yrs +		1,256 (28%)	1,275 (26%)	1,345 (27%)	1,736 (30%)	1,249 (26%)	1,879 (33%)	1,867 (34%)	1,768 (36%)	✅
Average Paid on Closed (\$250K Cap)		\$35,380	\$32,395	\$26,808	\$29,032	\$35,380	\$24,974	\$24,974	\$27,923	⚠️
Total Paid ('000s)		\$28,761	\$29,800	\$31,700	\$32,253	\$28,852	\$24,731	\$24,731	\$105,737	✅
% Closed at 60 days		23.2%	14.7%	10.0%	6.8%	23.2%	13.2%	13.2%	45.0%	✅
% Closed at 180 days		46.5%	46.1%	38.0%	25.5%	46.5%	38.8%	38.8%	57.2%	✅
% Closed at 12 months		60.1%	57.5%	49.3%	45.3%	60.1%	52.6%	52.6%	65.1%	✅
Average Lost Work Days on Closed		200.5	159.5	156.7	214.4	200.5	209.7	209.7	170.0	⚠️
Percent of Claims Litigated		63.1%	59.7%	57.5%	56.2%	63.2%	59.5%	61.7%	68.6%	⚠️



- N/A denotes not applicable
- Reopened counts incl. claims with a reopen transaction in the month; this may not sum with Inventory because a claim can only be counted as a closure once within the same month
- All performance measures EXCEPT measures in the 'Closure Triangle' section exclude COVID-19 claims and claims with less than \$15 incurred
- YTD and Rolling 12 Months values are average per month values except for New Arising, Closures, Reopens, Total Paid, % Closed at, and Average Lost Work Days which are end of time period values

	 Trending Positive/Neutral	 Trending Negatively; Monitor	 Trending Negatively; Act
<p><b>Metric Review</b></p>	<ul style="list-style-type: none"> <li>• Closures</li> <li>• Reopens</li> <li>• Number of Open Claims</li> <li>• Total Incurred on Open</li> <li>• Number of Claims Open for greater than 2, 5 years</li> <li>• Total Paid</li> <li>• % Closed at 60 days / 180 days / 12 months</li> </ul>	<ul style="list-style-type: none"> <li>• New Arising</li> <li>• Lag Time, accident-to-employer &amp; employer-to-GB</li> <li>• Average Paid on Closed Claims</li> <li>• Average Lost Work Days on Closed</li> <li>• Percentage Litigated</li> </ul>	
<p><b>Focus Area</b></p>	<ul style="list-style-type: none"> <li>• <b>New Arising:</b> After a decrease in total, active, and \$0 claims last quarter, claims level have risen back to Q3-2023 levels. The current counts of new claims are the highest values over the last four quarters and represent 6% increase in new arising active claims year-over-year.</li> <li>• <b>Lag Time:</b> current metrics for Accident-to-Employer reporting lag time fell in line with last quarter's values as Employer-to-GB lag time increased modestly (~10%) to 4.7 days. Another quarter of observation should solidify a baseline for WC lag time.</li> <li>• <b>Average Paid on Close Claims:</b> Closed claim paid amounts grew 9% in Q1-2024 relative to the previous quarter and 42% relative to the previous year. Litigated claims have played some role in inflating the average claim costs; however, GB will also monitor these amounts / proportions to ensure payments are sensible.</li> <li>• <b>% of Litigated:</b> Litigated claims increased more than three percentage points over the last quarter and are now more than 60% of open claims. Efforts to review and resolve litigated claims will be a focal point of GB strategy in the next quarter.</li> </ul>		
<p><b>Operational Updates &amp; Next Steps</b></p>	<ol style="list-style-type: none"> <li>1. <b>Lag Time:</b> Restricted insight into prior TPAs lag time calculations / operational processes lead to some data omissions.</li> <li>2. <b>Reopens:</b> Restricted insight into prior TPAs reopen calculations / operational processes lead to some data omissions.</li> <li>3. <b>% of Litigated:</b> Confirm claim litigation accuracy through shared data and communication between State of IL and GB.</li> </ol>		

