

2022 State Workers' Compensation Program Advisory Board Annual Report

July 1, 2021 – June 30, 2022

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, 2022.

Anthony Pascente
Director

Executive Summary

The State Workers' Compensation Advisory Board (Board) met three (3) times in fiscal year 2022 (FY22) in its continued effort to improve the State Workers' Compensation Program. During these meetings, the following best practices were identified: Small Group Training, Bi-Weekly Meetings with Program Administrator, and Creation of Coordinator Resource Center. Additionally, the Board and Illinois Department of Central Management Services (CMS) Risk Management identified opportunities to improve upon such practices during FY22.

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 FY22 and meeting minutes can be found at the end of the report:

- September 13, 2021
- February 15, 2022
- May 3, 2022

BEST PRACTICES

CMS improved upon several Best Practices in FY22 to protect the assets of the State of Illinois and to return workers to their workplace in the safest and most cost-effective manner.

Small Group Training – With the arrival of COVID-19, our opportunities to conduct our large group trainings was no longer available and we had difficulty retaining an audience via Webex.

- **FY22 Improvements:** CMS Workers' Compensation Managers and our Program Administrator have created a training program specific to agency needs based upon loss data. Rather than providing training solely to the Workers' Compensation Coordinators, we have also invited Human Resource Managers and Safety Managers in an effort to allow all parties to have ownership in the claims process. Our goals are to reduce claims frequency, return the worker to the workplace in a safe and efficient manner, and to reduce overall claims costs.

Bi-Weekly Meetings –A concern identified during the COVID-19 pandemic was the deteriorating quality of work product produced by program administrator Tristar. As a result, bi-weekly meetings are conducted with Tristar to address performance related issues.

- **FY22 Improvements:** As a result of the meetings, Tristar has elected to remove the Account Manager from the claims process and hired a Claims Manager to address staffing, work procedures and quality control. Improvements are noted and expected to continue.

Workers' Compensation Coordinator Resource Center – Provide tools and resources to all Coordinators to effectively perform their duties.

- **FY22 Improvements:** CMS Risk Management has created a website that allows Coordinators to utilize resources to improve their agency's results and prevent losses. Tools include the Workers' Compensation and Occupational Diseases Handbook, prior newsletters, Safety and Loss Prevention materials, and forms. Future plans include creating the ability for Coordinators to request a 36-month analysis of their respective agency's Workers' Compensation costs directly through the website.

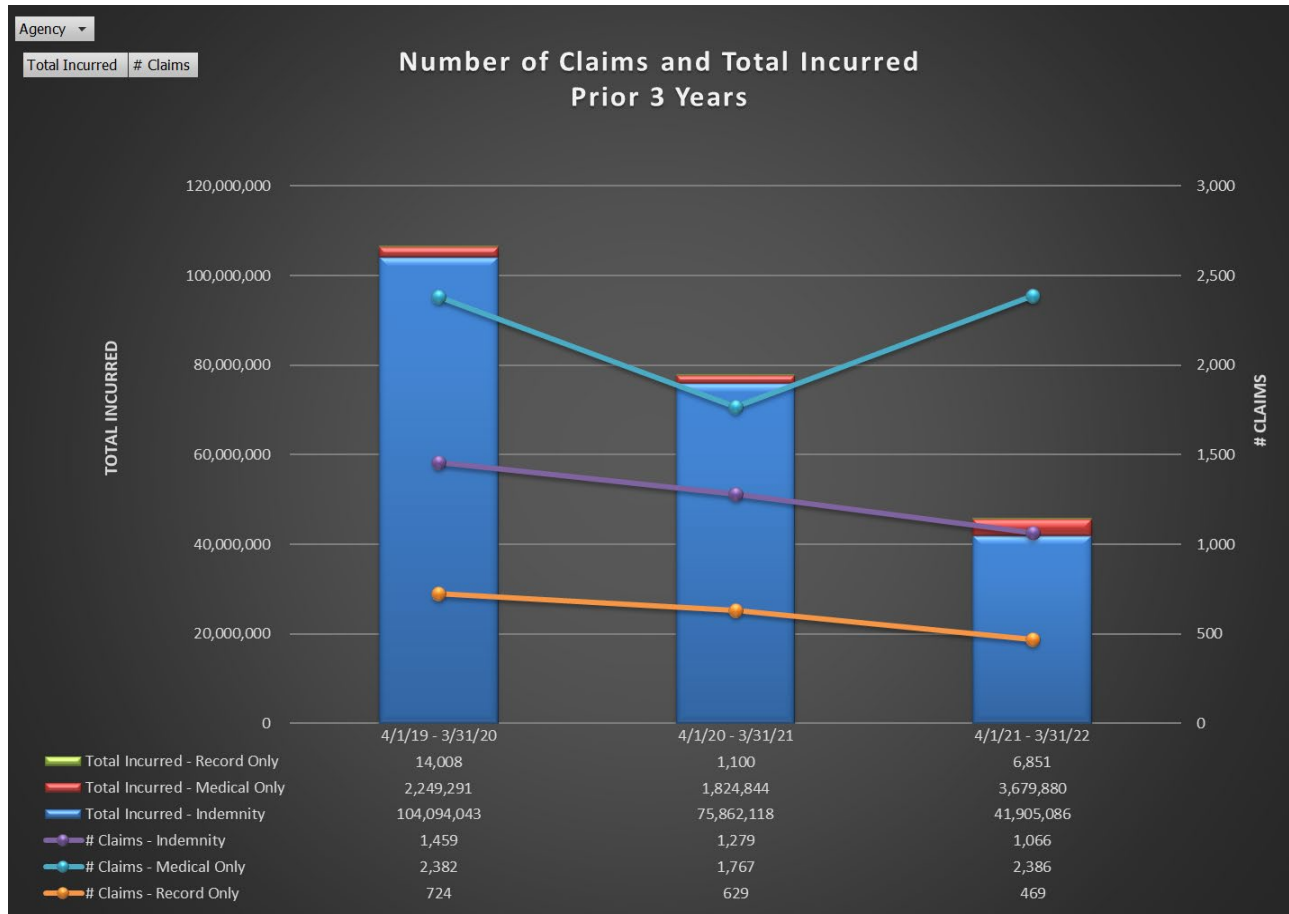
Subrogation Procedural Enhancements – To improve Subrogation results, procedural changes were implemented to increase recoveries from negligent third parties that were responsible for injuries sustained by an employee.

- **FY22 Improvements:** The Subrogation Manager noted several older claims with judgements against negligent third parties and no recoveries were noted in the claim files. Procedures have been implemented with the Comptroller to allow any payments issued by the Comptroller to be intercepted and paid back to CMS Risk Management. In five (5) months, we have intercepted 12 payments totaling nearly \$4,300. The Office of the Attorney General will continue to enter judgements when appropriate. Our subrogation recovery total for FY22 is projected at just under \$2M which reflects a 55% increase over FY21.

IMPROVEMENT NOTED

The implementation of the work from home initiative as a result of COVID-19, training enhancements, and the improvement of resources for agencies to utilize, has allowed the State of Illinois Worker's Compensation Program to see a decline in new claims volume and overall claims costs. We also believe the opportunity for the agency to become a stakeholder in the claim has contributed to the overall improvement of the program.

36 MONTH COMPARISON FINANCIAL ANALYSIS



CONCLUSION

Based on the Board’s recommendations and our continued focus on loss prevention, 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. The continued support of CMS leadership allows for the development of tools and processes to better analyze the data in a more granular format.

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

September 14, 2021 Minutes:

The first State Workers' Compensation Program Advisory Board was held September 14, 2021, via Webex. Chairman Engle opened the meeting with the program overview and analysis of the last (3) fiscal years. FY21 had nearly a 10% reduction in spending in comparison to FY20. This is believed to be attributed to the work from home initiative due to COVID-19. Overall, trends seem to be improving excluding automobile accidents.

Chairman Engle briefly mentioned the program being utilized to analyze the breakdown of payments by agency. Agency analysis revealed the top 5 highest spend agencies (Department of Corrections (DOC), Department of Human Services (DHS), Department of Transportation (DOT), Department of Juvenile Justice (DJJ), and Illinois State Police (ISP)) are trending favorably with reductions ranging from 7% to 17% since the previous FY except for the State Police.

Statistics on the top (3) causes of work-related injuries were reviewed; in the future, CMS would like to address injury coding on claims to be more specific. As coding stands now, "normal body motions" can become a catch all and we would like to be more definitive in our cause of loss. Trending in this area was also favorable with a significant decrease in injuries in all areas except for motor vehicle accidents which increased by 5 accidents. A final review of loss data by occupation was examined.

Chairman Engle discussed subrogation recoveries which improved over \$200,000 from FY20 to FY21. Further actions are being taken to obtain judgements against negligent 3rd parties that failed to carry liability insurance. Once a judgement is obtained, a lien will be submitted through the Illinois Office of the Comptroller to offset any funds payable to the 3rd party and redirect them to the CMS revolving fund.

Chairman Engle advised the members that CMS has hired a new Administrative Assistant I. She started June 1, 2021 and has a prior administrative assistant experience in the private sector.

The presentation concluded with a Tristar update which focused on a monthly Customer Service Satisfaction Survey which was implemented to address service issues. Due to the current contract with Tristar ending February 2023, CMS is in the planning stages with the Executive Ethics Commission (EEC) to develop and issue a new RFP. Chairman Engle requested that anyone interested in assisting with improvements as well as those from larger agencies that would be interested in reviewing and grading proposals, when they are received in 2022, reach out to him.

Chairman Engle showed how data was obtained via spreadsheets and how to sort by claims per agency. A spreadsheet of WC expenditures by agency was presented. This information will ideally be available to coordinators via our website upon request. There are plans to go live with this website in early fall.

Member Werts inquired if the results of the customer service survey could be shared with the board. Chairman Engle advised that anyone who encounters Tristar is being surveyed except for employee legal representation and confirmed results will be shared with the board and in meetings moving forward. The survey is being conducted through an outside vendor and will have varying degrees of positive/negative feedback and an option to elaborate or provide commentary at the end. Member Werts noted he would pay closer attention to any feedback regarding Tristar from the Attorney General's office and emphasized the importance of anonymous feedback from attorneys.

The Department of Revenue representative, Nicholson, inquired if the improving trends in savings and expenditures were attributed to remote work or if there were any other activities or precautions that took place. Chairman Engle indicated that nothing stood out but that he plans to have the same report ran quarterly for review.

Brad Lucchini, Department of Insurance (DOI), noted two new investigators have been hired within the DOI.

February 15, 2022 Minutes:

On February 15, 2022, the State Workers' Compensation Program Advisory Board met virtually via Webex. Chairman Engle opened the meeting with an analysis of the total program spend for the last (3) calendar years. The total program spend decreased each year since 2019 which may be attributed to several factors including the work from home initiative.

Chairman Engle detailed the top 5 highest agencies spend analysis which consisted of the DOT, DOC, DHS, ISP, and DJJ. DOT moved to the top highest spend agency; however, the financial trends are steadily improving despite the movement to first place. All agencies except for the State Police saw a significant increase between CY19 and FY19 followed by favorable downward trends in the following 2 years. The State Police continued to see increases over all three years when comparing CY to FY.

Chairman Engle presented statistics on the top three causes of work-related injuries: hit by coworker or patient remains the top cause of work-related injury followed by falls (ice/snow) and patient assist. Chairman Engle mentioned he would like to investigate these claims at the agency level since most of the year was spent working from home. Overall, the average cost is declining when comparing FY to CY.

At the beginning of 2020 a code was created to track costs and claim volumes associated with COVID-19. The overall cost per claim is relatively small but the volume from 2020 to 2021 increased.

Chairman Engle advised the volume of total injury claims decreased since the previous year as did the average cost and incurred cost. Despite the overall decrease, the average cost for finger related claims increased from previous years. Chairman Engle has placed a call to safety managers to initiate a discussion around safety awareness to prevent these claims from occurring in the

future. Finally, the top three losses by incident type were job task, patient assist, and handling an inmate. Notably, the average cost of claims coded as handling an inmate decreased by \$19,000 from 2020 to 2021.

A review of loss data by occupation was analyzed which indicated little change from the previous year. Mental Health Technicians, Correctional Officers, and Highway Maintainers were at the top of the list. Those are the occupations most likely to be injured. There was a decrease in average cost across the board.

Chairman Engle noted nearly \$1.1M was collected in subrogation recoveries last year. Additionally, CMS has begun intercepting tax refunds which should increase subrogation recoveries in the future. This method may be utilized in situations in which claim overpayments occurred and we were unsuccessful in garnishing payroll or reversing the payments.

Chairman Engle advised the members that the Workers' Compensation Manager for the Southern Region will be retiring February 28, 2022.

The presentation concluded with a Tristar update. Tristar has hired a new manager who is highly proactive in addressing performance issues and meetings are being conducted bi-weekly with Tristar leadership. The current Tristar contract expires February 2023 and we are currently preparing the new RFP.

Chairman Engle initiated the open discussion by emphasizing the decrease in the number of COVID-19 related claims as well as the benefits of the quarterly health and wellness messages included in the newsletter. Additionally, he advised there was a decrease in the number of settlements and awards from 2020 to 2021 which may be attributed to the decrease in claim volume

Workers' Compensation Commission Chairman Brennan advised that we are trending far better than the average employer in terms of COVID-19 claims involving lost time. He also indicated that 67% of all COVID-19 claims are coming from the medical and social service field. The State is trending far better than the private industry.

DOI Representative Lucchini provided updates on 3 cases that are currently being investigated by the DOI and advised that 2 more are waiting to be assigned.

IDOT Representative Sterr noted that there has been a history of difficulty in getting facilities and physicians to respond to requests for IME's. Chairman Engle advised we are obtaining the records but not all pertinent information is included. He noted, the new Tristar manager is helping to address these issues by improving communication and filling open positions to improve turnaround times. The meeting was adjourned.

May 3, 2022 Minutes:

The State Workers' Compensation Program Advisory Board held the final FY22 meeting virtually on May 3, 2022, via Webex. Chairman Engle opened the meeting discussing improvements in trends

over the last 36 months. The total claim cost incurred for medical only claims and indemnity claims is showing significant improvement. There is a small spike in the number of medical claims in the most recent 12-month period in comparison to the prior; however, the number of indemnity and record only cases continues to decrease. In the last 36-month period the dollars spent on indemnity and expenses has fluctuated slightly in comparison to our calendar year analysis that we reviewed in our last meeting. Specifically, the period from April 2019 to March 2020 decreased by 11% compared to the calendar year, the period from April 2020 to March 2021 increased 12% and the period April 2021 to March 2022 decreased 15%.

The claims volume and average cost per claim has continued to decrease over the last 36 months. The top highest spend agencies were the DOC, DHS, DOT, ISP and DJJ. Overall, the total spend per agency has decreased compared to the previous 12-month period. DOT and ISP have the highest average cost per claim while DHS has the highest frequency of claims.

Chairman Engle noted that we are starting to see some pandemic costs in the most recent period. The pandemic is the 3rd most frequent cause of work-related injuries only being surpassed by hit by a coworker or patient and falls (ice/snow). There have been 468 COVID-19 claims with an average cost of \$2,200. The top 5 nature of injuries remain multiple physical injuries, strain, contusion, laceration, and all other. The top 5 five body parts injured by type are multiple body parts, body systems & multibody systems, finger, back area lower, and knee, right. Top 5 loss by incident type are job task, patient assist, handling an inmate, walk/run, and patient restraints. All of which are showing a decrease in the number of claims. Loss data by occupation remains the same with mental health technicians coming in at the top followed by Correctional Officer, Highway Maintainer, unassigned, Security Therapy Aide, and Juvenile Justice Specialist.

Chairman Engle moved on to discuss subrogation recoveries which have remained at just over \$1M per 12-month period the prior two fiscal years. Additionally, the first two months of next period have seen significant recoveries already. CMS has submitted 29 Illinois Office of the Comptroller offsets for judgements on third party claims and is working to identify employees that were uninsured and negligently involved in accidents to garnish wages.

Risk Management employee updates include the retirement of Workers' Compensation Manager for the Southern Region in February 2022.

Chairman Engle briefly mentioned improvements in Tristar leadership and advised the current contract with Tristar ends February 2023. The RFP has been submitted to the Central Purchasing Office for issuance.

Chairman Engle ended the presentation reviewing notable FY22 improvements which include the worker's compensation coordinator website being functional, the claims analysis tool being utilized to provide larger volume agencies with reports on a quarterly basis and smaller agencies are invited to request reports in a quarterly newsletter. Finally, it was noted that the subrogation intercept project has created 12 recoveries in the amount of \$4,269.65 to date.

Chairman Engle opened the discussion portion of the meeting by advising attendees that CMS Risk Management is looking at larger agencies where claims volumes are higher and coordinators may have higher turnover and creating a training with Tristar that will focus on communication, return to work notices, and timeliness. Chairman Engle briefly discussed a recent outbreak of carpal tunnel issues in a single facility and advised that CMS is completing a job analysis which will be done soon.

DOI Representative Lucchini advised he will be doing trainings with Tristar regarding fraud identification and prosecution. Currently, there are 5 cases that have been accepted for investigation from Tristar, 3 of which have already been assigned to investigators and appear to be solid cases that will be taken to a prosecutor. Chairman Engle noted ISP took on a case to prosecute themselves.

The next meeting for 2022 will be held in August. The meeting was adjourned.