



# **2020 State Workers' Compensation Program Advisory Board Annual Report**

**July 1, 2019 – June 30, 2020**

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, 2020.

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Director

## **Executive Summary**

In its efforts to improve the State workers' compensation program, the State Workers' Compensation Advisory Board met three times in fiscal year 2020 (FY20). During these meetings, the following best practices were identified: Case Review Program, Fraud Referrals, Claims and Safety Reviews, and Communications with Agency Representatives and Employees. Additionally, the Board and CMS Risk Management identified opportunities to improve upon such practices during FY20.

## **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 administering benefits to all other agencies, boards, commissions and universities. From 2004 to 2013, Program administration was consolidated at the Department of Central Management Services (CMS) and in 2013 a vendor (Tristar Risk Management) was selected via competitive bidding process to act as third-party administrator (TPA) for all State of Illinois workers' compensation claims.

## **ADVISORY BOARD MEETINGS**

In accordance with 20 ILCS [Sec. 405-411(e)] three Board meetings were held in FY20 and meeting minutes can be found at the end of the report:

- September 26, 2019
- January 23, 2020
- May 21, 2020

## **BEST PRACTICES**

**Case Review Program** – Case reviews are meetings between claims managers and other stakeholders that are held to discuss the status of an ongoing or pending claims.

- **FY20 Improvements:** CMS Work Comp Managers, Attorney General staff, Tristar, and agency representatives implemented a quarterly case review to discuss open claims and ongoing litigation. Strategies are discussed to conclude claims by settlement or through litigation. Treatment strategies are also discussed, in an effort to return the employee to work in a timely, healthy, and safe manner.

**Fraud Referral** – The Illinois Department of Insurance (DOI) is responsible for additional investigation if an insurance claim is suspected to be fraudulent. If a Fraud Referral does not meet their standard for investigation and prosecution, they will often reject the referral. Successful referrals are submitted by DOI to the appropriate State’s Attorney for prosecution. Ensuring fraudulent WC claims are prosecuted reduces the likelihood of future fraudulent claims.

- **FY20 Improvements:** Chairman Engle has implemented Quality Control procedures to ensure all Department of Insurance referrals for prosecution are thorough and accurate. Three cases have been referred successfully since these steps have been implemented. Zero referrals had been successfully referred in the 3 years prior.

**Claims and Safety Review** – Identify areas of risk and cost drivers.

- **FY20 Improvements:** CMS has taken steps to identify injuries where property defects or housekeeping may contribute to the workplace injury through a weekly claims review. Once identified, the concerns are sent to CMS Property Management or the respective agency to address via repair or training with maintenance staff. Several agencies appreciate the information and have confirmed repairs.

**Communication with Agency Representatives and Employees** – In an effort to maintain safety awareness and prevent workplace injuries, CMS Risk Management communicates with Workers’ Compensation Coordinators at agencies and universities.

- **FY20 Improvements:** Quarterly newsletters were implemented during FY20 with a request to share with their agency and university leadership and to post additional materials provided in the form of small poster. Poster content may be related to such topics as fraud, slip and fall prevention tips, or general housekeeping tips. Injury trends are reviewed quarterly to determine appropriate focus for future communications.

## **CONCLUSION**

In line with the Board's recommendations, CMS Risk Management has taken steps to become more proactive in the analysis of claims data to identify trends on a daily, monthly, quarterly and annual basis. CMS leadership staff is developing tools to better analyze the data in a more granular format. This data will be shared with the Board and respective agencies to better identify opportunities for training and loss prevention. Safety Programs are also being developed in an effort to reduce workplace injuries.

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**

At the first FY20 Board meeting on September 26, 2019, an historical claims analysis regarding the administration of the State's self-insured workers' compensation program over the past three fiscal years was provided to the members. Injury and cost trends were discussed with focus on agencies that include Departments of Corrections, Human Services, Juvenile Justice and Transportation

The Board also was presented with information pertaining to regularly scheduled case reviews between the Program Administrator, Workers' Compensation Managers, Attorney General (AG) staff, and the higher frequency agencies. These meetings discuss employee injuries, treatments, litigation strategies, and overall behaviors in the workplace. The goal is to return the employee to work healthy and in a timely manner.

Opportunities in the areas of fraud detection and prosecution were also discussed. Steps have been implemented to ensure investigation referrals to the Department of Insurance are of high quality and contain all required information for a successful prosecution.

The Workers' Compensation unit also implemented steps to report claims to CMS Property Management or the Work Comp Coordinators at agencies, universities, boards and commissions to mitigate exposures and prevent similar losses in the future. We have seen several repairs completed and the information is appreciated by the agencies involved.

On January 23, 2020, the Board reconvened with Chairman Engle presenting a brief analysis of FY20 Year to Date claims compared to the prior two years. Average costs per claim were trending upward and it was determined that a few higher valued (in excess of \$400K) awards at the beginning of the year coupled with lower number of settled claims contributed to the higher average cost per claim. YTD spending was in line with prior years' spending at the same time. Safety Programs were discussed in detail and presentations were made by Department of Revenue Safety Coordinator Cynthia Higginson and Department of Transportation Safety Manager Cheryl Neff. Presentations included valuable information regarding OSHA Regulations, safety committees, risk assessments and overall safety compliance. At the present time, each agency has their own procedures in place if they elect to have a safety program.

Chairman Engle advised that CMS Risk Management will be distributing a quarterly newsletter to all Work Comp Coordinators with a request to distribute to their leadership staff for agency wide distribution. CMS' goal is to create a cultural awareness of safety in the workplace that results in a reduction of work-related injuries and claims.

The Board discussed analyzing claims data in greater detail and it was requested that Tristar be invited to the next meeting to address this data. The Board was advised that CMS has reference points whereby employees are identified in claims data as able to return to work and still receiving

total temporary disability (TTD) benefits. At this point, CMS engages HR Departments and Work Comp Coordinators to ascertain the reason, and appropriate and more timely decisions are made regarding benefits.

A discussion was held regarding employees on TTD. Disability payments from State Employee Retirement System amount to 75% of employee income tax free plus benefit time and insurance. It appears that there is little to no incentive for an employee to reduce their income by returning to work. He also advised that if an employee is not actively being treated, CMS may be forced to discontinue TTD payments and encourage them to file non-occupational claim through the retirement system.

On May 21, 2020, the Advisory Board met virtually via WebEx and the topics of discussion were detailed claims spend by top 5 agencies that include the Departments of Human Services, Corrections, Transportation, Juvenile Justice and Veterans Affairs. The top 5 payment types include settlements, TTD, pensions, findings and awards. These 5 payment types account for nearly \$50M of the YTD spend of \$84M.

A discussion was held regarding COVID-19 and the impact it is having on the Program. Chairman Engle explained that CMS temporarily suspended surgeries, vocational rehabilitation, physical therapy and independent medical evaluations. He also advised that CMS' production regarding settlements and awards is consistent with the weekly average over the past year at 17 per week.

As of the meeting date, CMS had received 32 claims for COVID-19 and issued only one payment for a medical bill. Chairman Engle opined that he did not expect any claims to be filed with the Workers' Compensation Commission since employees were receiving full salary and the State of Illinois Health Plans were waiving cost sharing requirements on all COVID-19 related treatments or billings. A Workers' Compensation settlement would likely provide a reduced benefit when comparing TTD to salary. The Stay-at-Home Order and the work from home initiative has resulted in a decline of 33% in new claims reported.

Ron Rascia of the Workers' Compensation Commission discussed the impact of COVID-19 on the Commission and provided an update on procedural changes that include emergency arbitrator usage, telephonic arguments, social-distancing and panel usage. He also indicated that trials will start again on June 1, 2020 on a limited trial protocol.

General updates were provided on the upcoming retirement of CMS Risk Management team member Mary Schofield and the hiring of a new Workers' Compensation Manager for the Northern District. An update regarding the successful referral of three fraud cases to the Department of Insurance was provided as well.

The Advisory Board agreed to reconvene in August 2020 or September 2020. This will allow FY20 claims data to be analyzed.