CSU The California State University

September 10th, 2024

Annual Stewardship Meeting

Welcome to the annual California State University (CSU) stewardship report presentation.

We are thrilled to commemorate the 21st year of our partnership and the first year of our new five-year contract. We are thankful for and honored by the confidence in our performance demonstrated by the CSURMA in granting Sedgwick this substantial and coveted agreement.

It has been an honor to support the mission of CSU for so many years, and we are eager to continue our successful collaboration.

The CSU system has returned to normal operations, and the workers' compensation program is also showing an increase in activity, with a 10% rise in new reports for FY2024 over FY2023. Despite the increase in new reports, the pending open inventory remains at near-historic lows.

The staffing has continued to be stable and continues to produce outstanding results. This is a testament to the quality of our relationship with the CSU. We could not achieve these consistent and high-quality results without the symbiotic relationship that is the hallmark of our shared success. We are excited to continue this momentum into the next five years…and beyond.

CSU The California State University

Zachary Gifford – Sr. Director Systemwide Risk Management

Alliant

Daniel Howell – Managing Director
Amy Lightner – Vice President
Mimi Long – Vice President

Hudson Claims Consulting

Eddy Canavan – Chief Claims Advisor
Deanna Jacona – Sr. Claims Analyst & Administrator

CINDY PARKER

Managing Director, Casualty Operations

916.524.3769

cindy.parker@sedgwick.com

SHANE COLE

Director, Client Services – CSU All Operations

916.847.3305

shane.cole@sedgwick.com

CANDACE MAIBES

Vice President, Casualty Operations

916.636.1530

candace.maibes@sedgwick.com

MICHAEL HOUGH, MBA, MHA

Vice President, Managed Care Client Services

916.532.7681

michael.hough@sedgwick.com

REBECCA TIFFANY

Claim Manager, Casualty Operations

916.771.2984

rebecca.tiffany@sedgwick.com

THE WORLD OF SEDGWICK

COLLEAGUES WHO CARE | MORE THAN A JOB, A MISSION

Connect
Colleague resource groups and mentorship program

Grow
In-house training arm Sedgwick University with online courses and Leadership Academy

Recognize
Recognition and awards program to celebrate performance excellence

OUR COMMITMENT TO DEI

Goal of an inclusive environment where everyone can thrive

Focus on driving diversity representation at all levels of our organization

Equity embedded into our hiring practices

1,000+ global job boards and sourcing channels for diverse talent

COLLEAGUE RESOURCE GROUPS RAISE DEI AWARENESS AND FOSTER ENGAGEMENT

2000+ IT AND DATA SCIENCE COLLEAGUES

Security

- Highest ISO certification
- Proactive threat mitigation

Digital suite

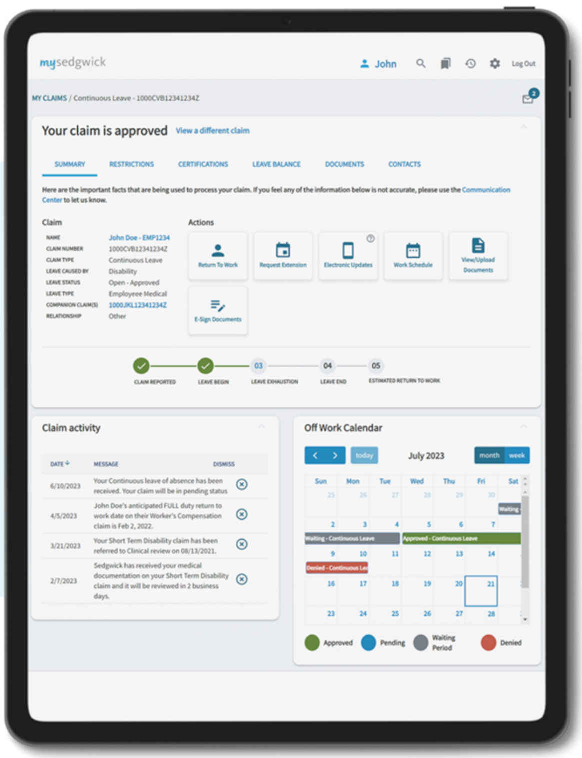
- Omnichannel communication options
- Enhanced consumer experience

Proprietary claim system

- Evolve & digitize capabilities
- Use AI to guide actions

Data driven

- Advanced predictive analysis
- Swift & secure data exchanges



More intuitive mySedgwick self-service experience

Improving the claims process with Sidekick proprietary generative AI

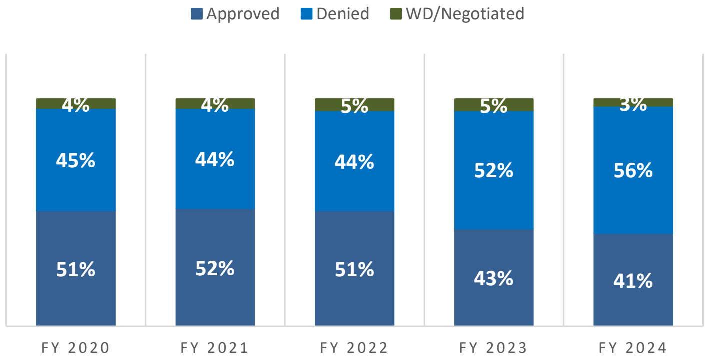
Improving client-side access to data with Advanced Analytics and the roll-out of viaOne Reports

UTILIZATION REVIEW PROGRAM SUMMARY

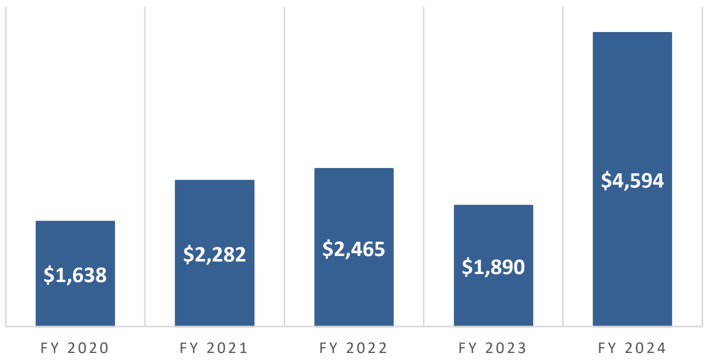
sedgwick | CSU The California State University

WC – MANAGED CARE – UTILIZATION REVIEW

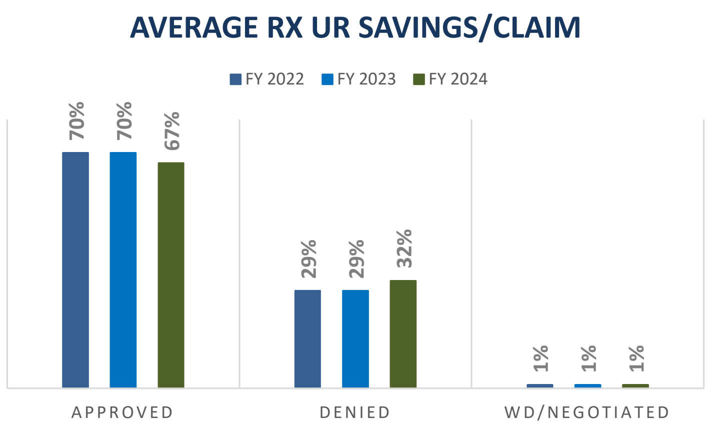
UR PROCEDURES BY STATUS

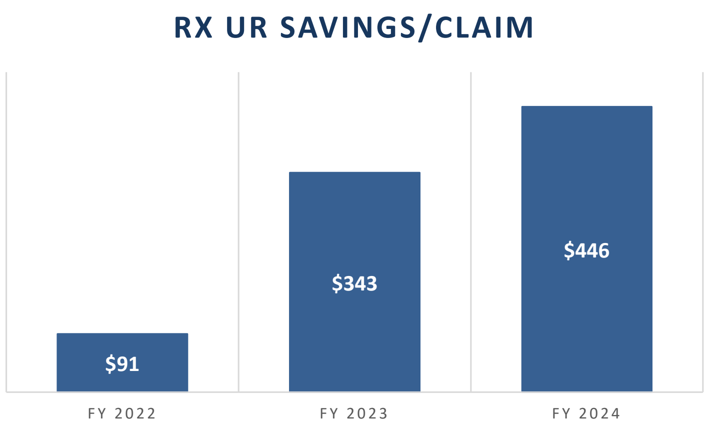


AVERAGE UR SAVINGS/CLAIM



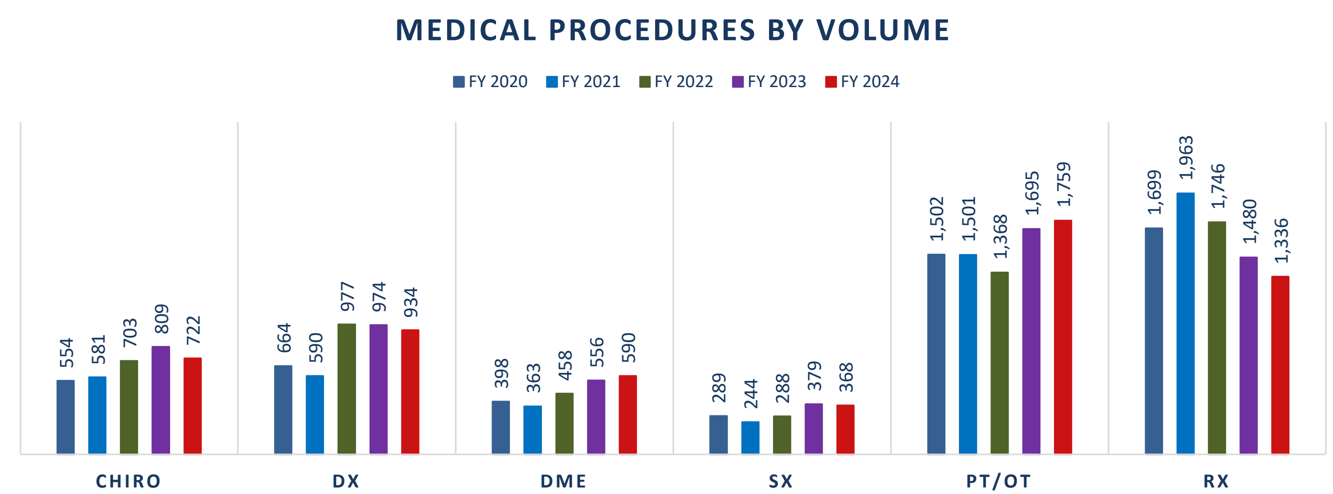
- FY 2023 & FY 2024 saw sizeable increases in denial rates vs. prior years – driven largely by denials for chiro, DME and "miscellaneous" services
- CA book of business in FY 2024 for approvals is 53.3% vs. 44.9% in denials
- Average savings/review are up 143% in FY 2024 because of one claim* where an FRP was requested and denied, saving $1.1M in medical costs
- FY 2024 continues to see a higher rate of denial stemming from increased PT, chiro and pain management RFAs





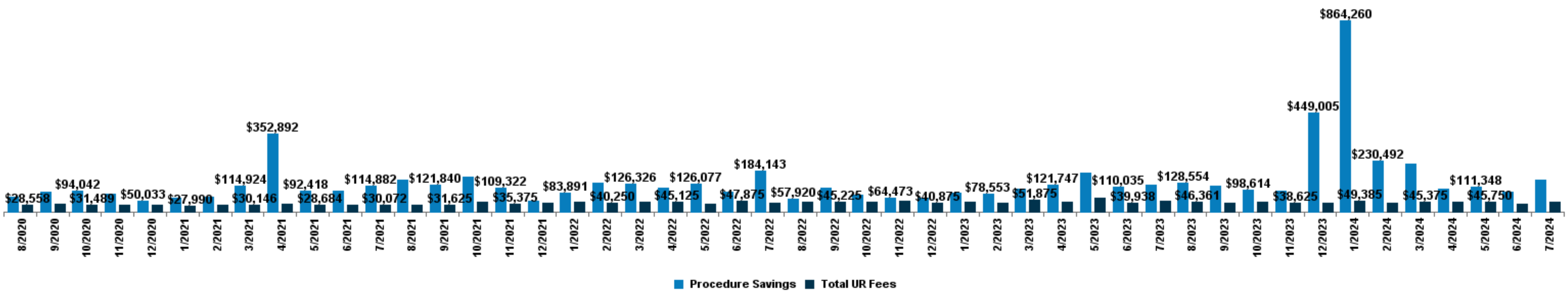
- Pharmacy requests made up 30.3% of all URs FY 2024 (down 0.5%)
- Including Rx UR, average total UR savings/claim is $5,040 (up 126%)
- Predominance of denials were for topicals (diclofenac gels), opioids, exotic NSAIDs (ketoprofen/phenoprofen), and non-industrial Rxs (e.g.~ anti-asthmatics)

WC – MANAGED CARE – MEDICAL SERVICE BREAKDOWN



- These 6 categories represent the highest volume of reviewable medical services for the last 5 years
- PT/OT, Dx and Chiro have grown significantly over the last 3 years
- Chiro exhibited the highest rate of growth (RFAs are up 24.1% from FY 2022)
- Surgery is increasing year-over-year, with 27.4% of new/pending claims needing URs for surgical requests, vs. FY 2023 at 23.7% and FY 2022 at 18.1%.

Utilization Review Savings and Fees by Month Completed



- Very few years show significant outliers across the prior 5 years of UR data
- All high savings URs are functional restoration programs denied and upheld in IMR (two of which were prescribed by Dr. Jamasbi)

Key Statistics	
Total Savings	Total Fees
$6,512,127	$1,916,642
Savings/Claim	% Approved
$4,668	49.2%
# of Reviews	% Negotiated
8990	.7%
# of Procedures	% Withdrawn
27580	.0%
ROI	% Denied
$3.4	46.9%

- FY 2020:
  - Total Savings: $1,067,677
  - ROI: $2.9:1
- FY 2021:
  - Total Savings: $1,280,052
  - ROI: $3.5:1
- FY 2022:
  - Total Savings: $1,426,319
  - ROI: $3:1
- FY 2023:
  - Total Savings: $1,159,596
  - ROI: $2.1:1
- FY 2024:
  - Total Savings: $2,646,159
  - ROI: $5.1:1

Vertical Integration & Care Coordination in Work Comp

- Key studies looking into "vertical integration" of medical providers were conducted to determine the effect of consolidation and overall injury and claims outcomes.
- Harvard/Kennedy School of Medicine study looked at private insurance medical outcomes.
- WCRI 2023 (Dec.) study looked at WC and impact with soft tissue and surgical cases.
- Studies found that medical costs increased in vertically integrated systems went up, but total visits remained relatively unchanged.
- TTD was minimally affected, increasing 0.6%.
- Diagnostics and number of specialists involved increased 14.1% and 18.9%, respectively.
- What does this mean for future medical management of CSU claims?

PROGRAM PERFORMANCE SUMMARY

HIGHLIGHTS/EVENTS OF FY2024

People First

- Zero claims examiner turnover
- Successfully renewed the CSURMA WC contract for another five years!!!

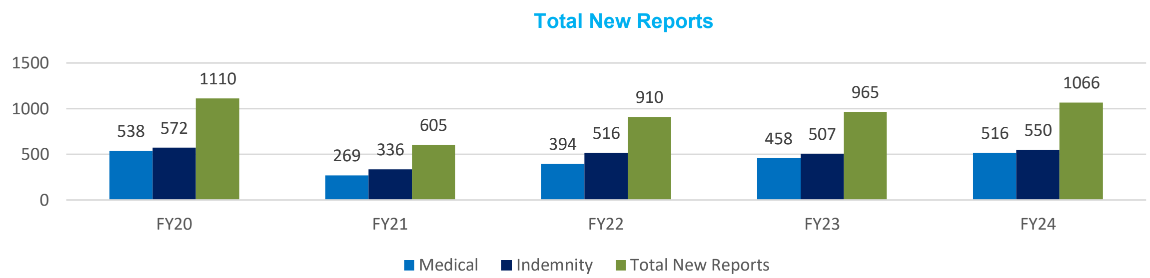
Data Driven

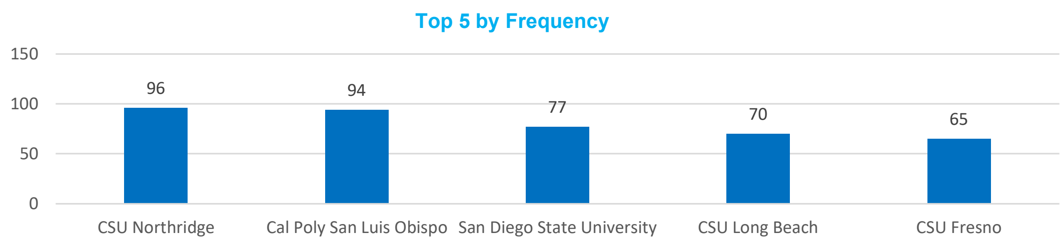
- Indemnity Closing Ratio at 103%
- 98% Closing Rate for the entire COVID population
- Pending Indemnity Claims down by 4% FY2024 over FY2023
- Settlements up by 12% for FY2024 over FY2023

Partnership Focused

- Earned a 92% score on the 2024 bi-annual PRISM audit
- Worked with Systemwide Risk and IMPAXX to obtain PRISM's approval for evidence-based, non-submit Medicare Set-Asides
- Double Play claim staffing accounted for 12% of all settlements and an accompanying $1.5M in reserve salvage
- Worked with Systemwide Risk and the campus locations to timely administer large-scale union-driven, retroactive IDL/TD increases

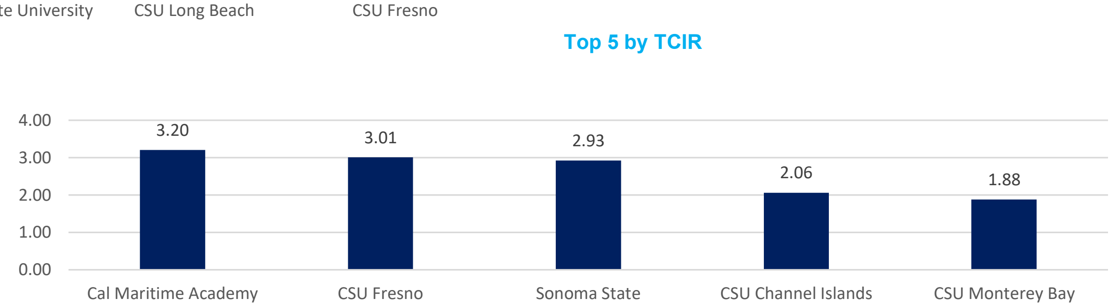
New claim volume for FY2024 is up compared to last year, approaching pre-pandemic levels. Before the pandemic, new claim volume had dropped by an average of 10% annually since 2015



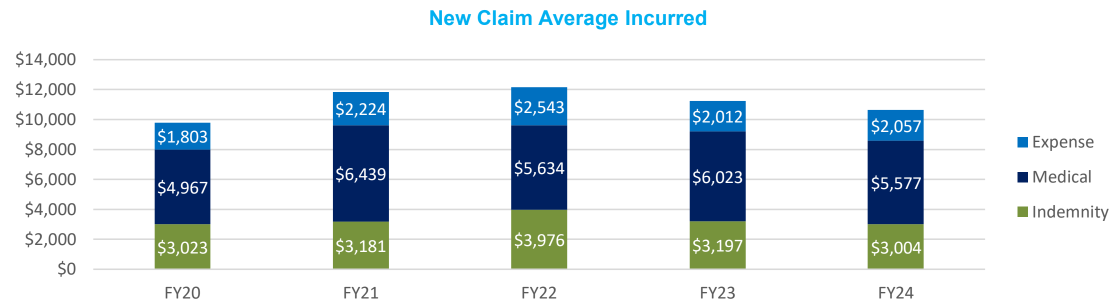


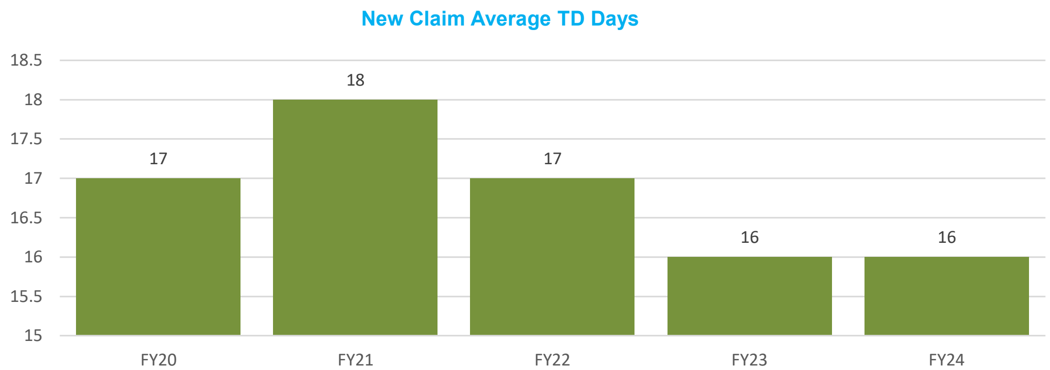
The Top Five Campus locations for frequency reported 38% of the new claims for FY2024

Except for Fresno State, the Top 5 by Total Case Incident Rate (TCIR – OSHA measurement based on FTE) does not overlap pure frequency



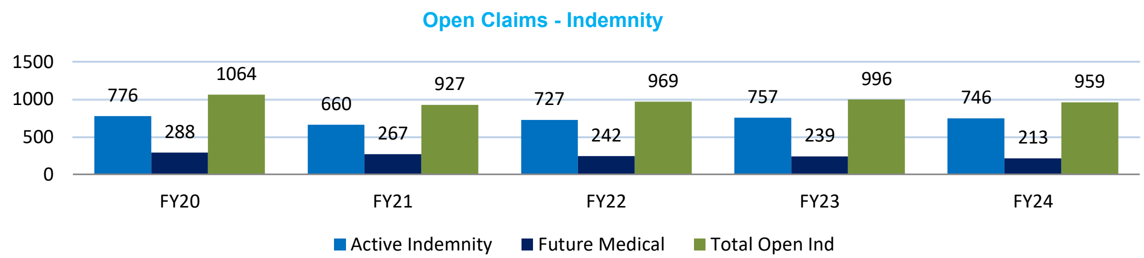
New claim average incurred is substantially similar for FY2024 over FY2023. This tracks roughly with the static nature of the average TD days

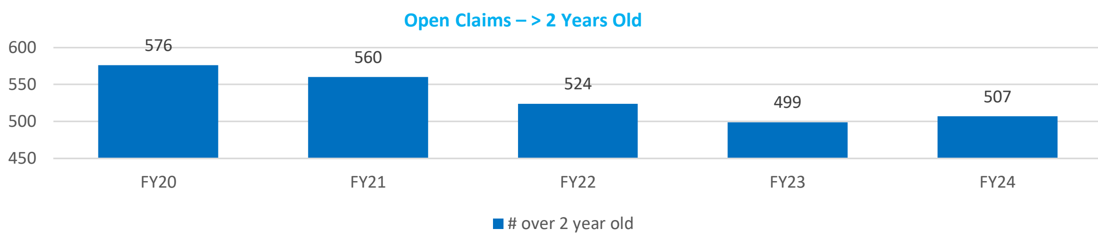




Average TD days on new claims has held steady for FY2024 over FY2023

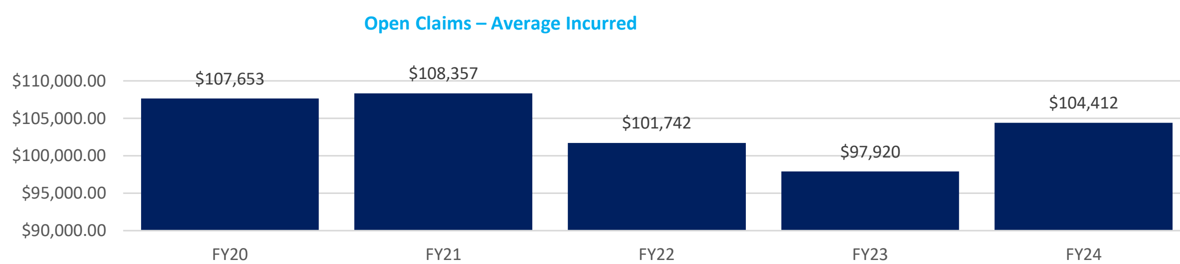
After a small increase in FY2023 open claim counts for FY2024 are again down to near-historic lows



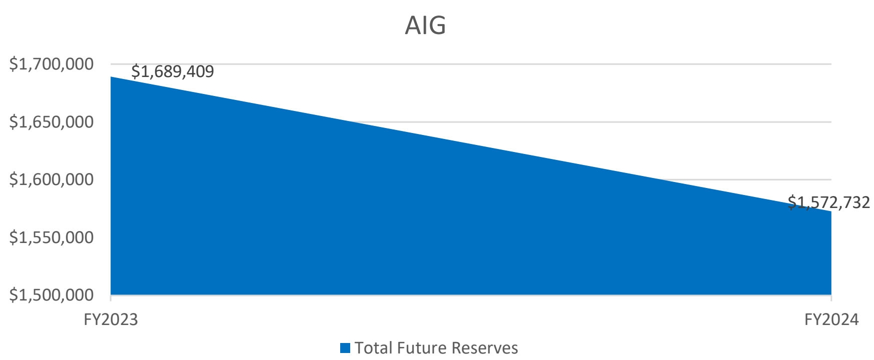


With the increase in new claim reporting, we have experienced a slight bump in the aged pending caseload. This population still hovers at near-historic lows

The % change in average incurred on the open inventory tracks with the increased frequency of the last couple of years.

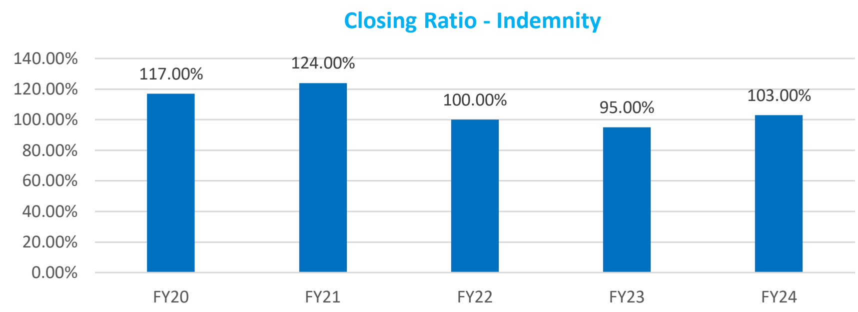


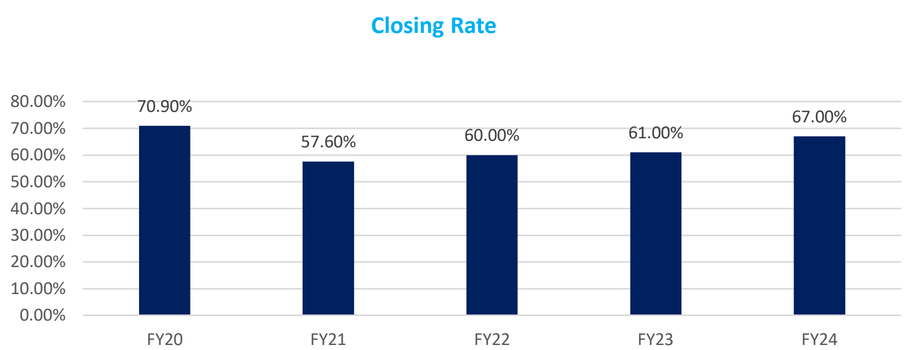
The population of SELF (Schools Excess Liability Fund) coverage files has decreased by 16% between FY2023 and FY2024, with a decrease in outstanding reserves of 13%



The population of AIG "first dollar" coverage files has decreased by 3% between FY2023 and FY2024, with a decrease in outstanding reserves of 7%

The CSU Program has a consistent history of indemnity closing ratios at 100% or better. This has been achieved in all but one of the previous five years.





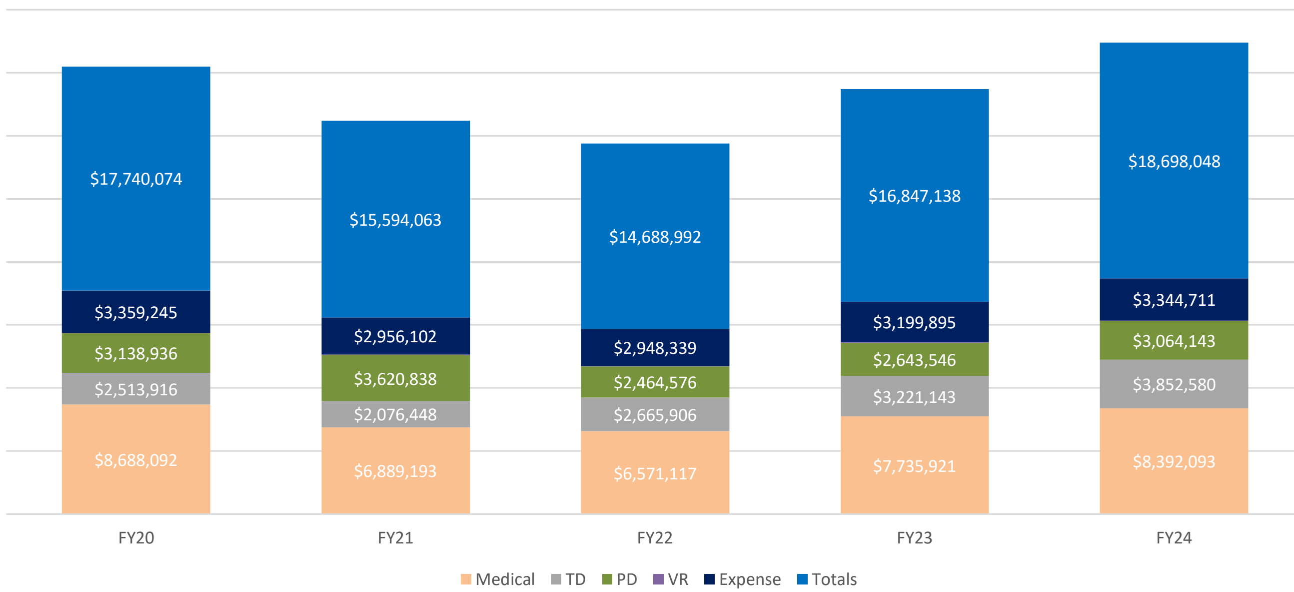
The Closing Rate reflects claims received and closed in the same fiscal year.

PROGRAM STATISTICAL ANALYSIS – CASHFLOW

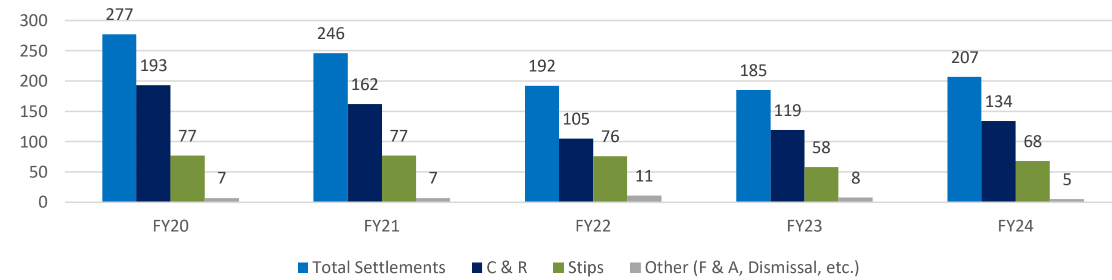
Now that we are back to essentially normal activities there is a corresponding 11% increase in cash flow for FY2024 over FY2023. This tracks with the 10% increase in new claim reporting

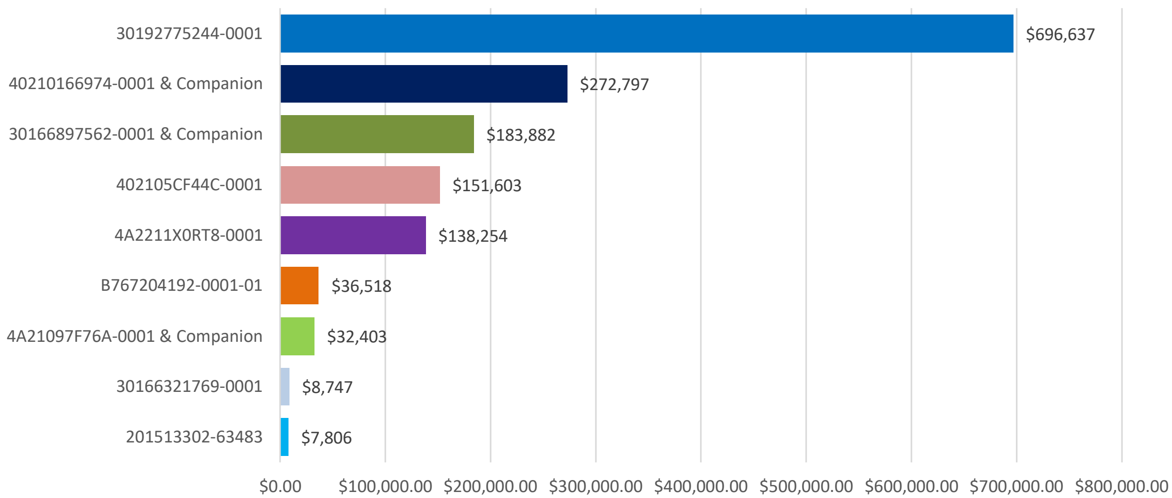
A retroactive wage increase impacted the IDL/TD spend. This resulted in a substantial number of retro-TD/IDL payments not associated with periods of IDL/TD not incurred in FY2024. IDL/TD spend was also impacted by several outlier files with retro-IDL/TD due as part of settlements or orders

The VR spend is not represented on the chart as it is now a minimal expense, with an average of $44K/year for the last five years



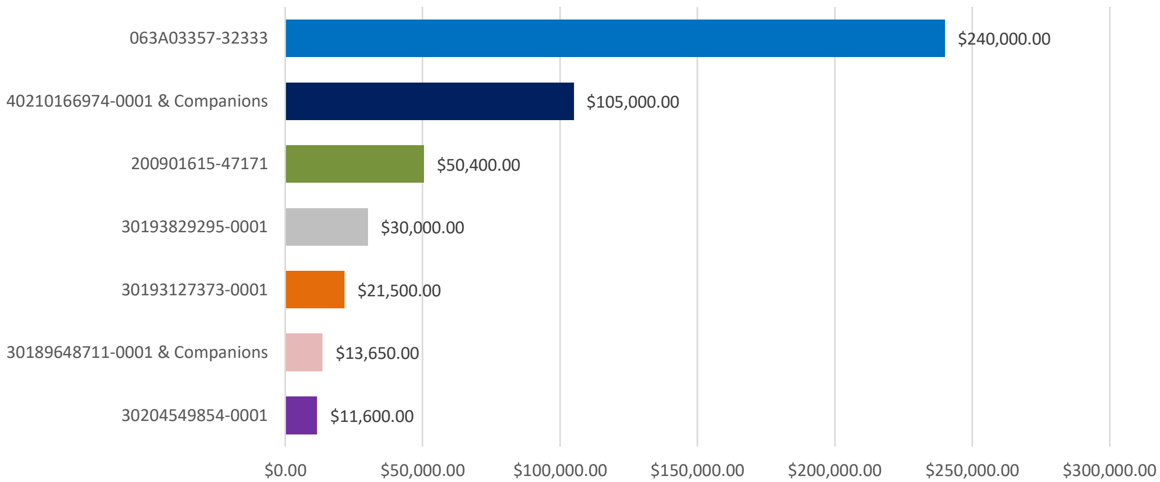
C&Rs continue to make up the bulk of the resolutions. In FY2024 they were 65% of all settlements compared to FY2023 at 64%





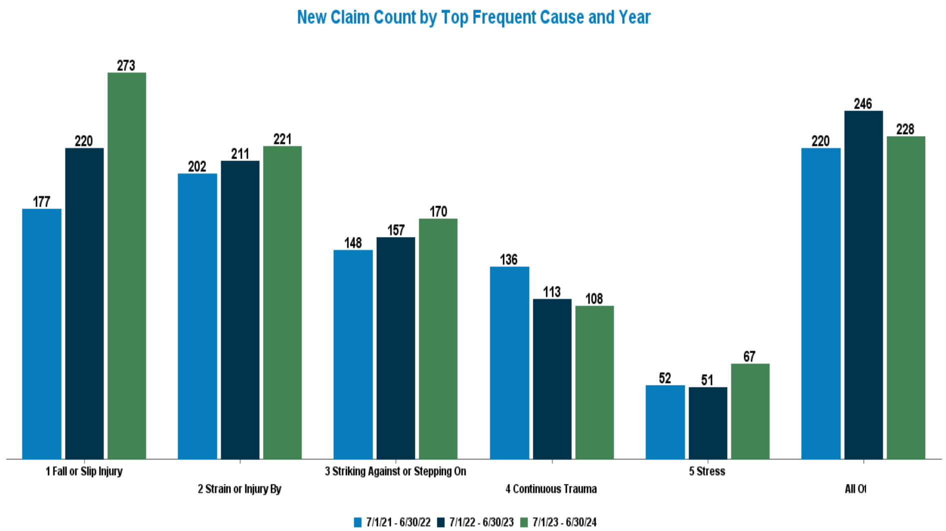
Double Play staffed settlements account for 12% of our total settlements for the FY. As of 6/30/2024, the program has yielded a total reserve salvage of just over $17.6 million, with $1.5M of that being realized in FY2024

The CSU WC program has found quantifiable value in the use of evidence-based Medicare set-aside agreements – informally referred to as Non-Submit MSAs. We have had great success using these tools on many older, resistant-to-settlement large-loss cases. The CSURMA's long-standing risk financing partner, PRISM, was previously very resistant to non-submit MSAs and was not authorizing their use on cases involving their reinsurer. We are pleased to report that through close collaboration with the CSU's preferred vendor (IMPAXX), Systemwide Risk, and the Sedgwick CSU team PRISM has officially updated its position on these agreements, and now permits and provides authorization for these non-submit MSAs for not only the CSU, but for all members.

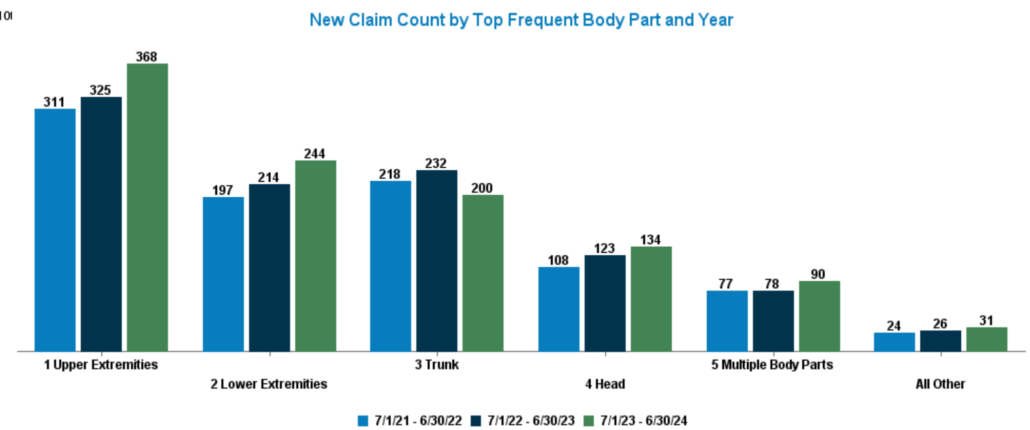


The use of evidenced-based, non-submit MSAs saved $475,000 in funding requirements for settlements finalized in FY2023 and FY2024

LOSS CONTROL – CAUSE/BODY PART

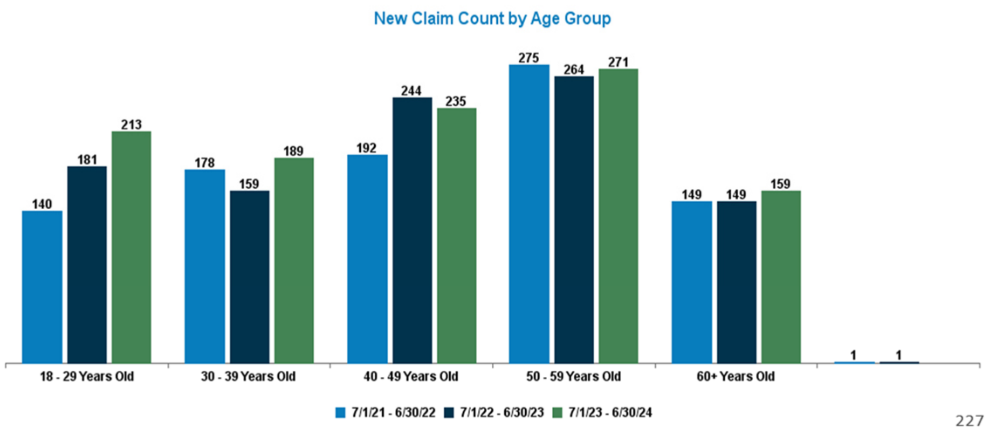


Fall or Slip injuries tag team with Strain or Injury by for top cause categories



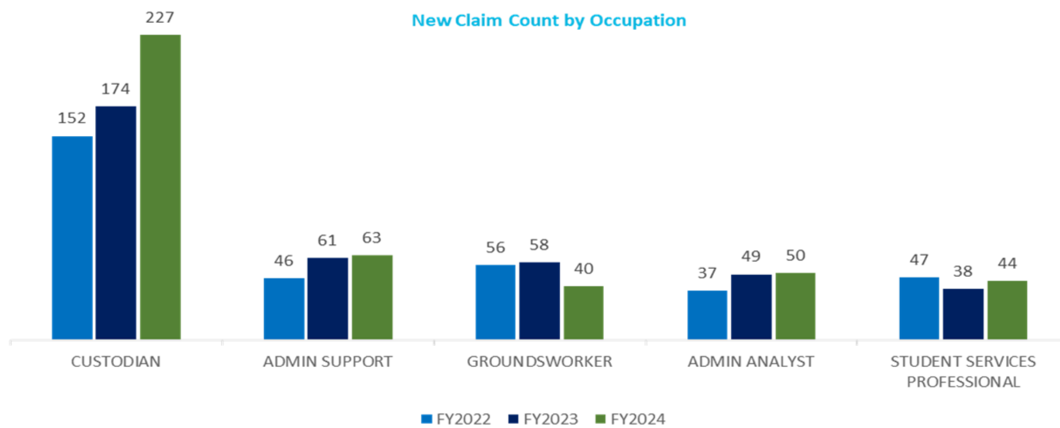
Upper Extremities take the top spot each year. This includes Shoulders – one of the top three specific body parts, along with Lower Back and Knees

LOSS CONTROL – AGE/OCCUPATION



The combined 50-year-old + groups create the greatest population of new claims

Custodians account for more new claims than the next three occupations combined



Custodians remain the largest group of injured workers - 18% of frequency and 19% of the total incurred for the wrap-up period

50+ Year-old Custodians make up 55% of the total injuries in this group and 65% of the total incurred, with shoulder and lower back injuries due to Strain or Injury By being the predominant body parts and cause

The theme of FY2025 is Connections

Connecting with the Sedgwick team
Continued support of the CSU claims team in their day-to-day activities

Connecting with injured workers
Starting in July 2024, we are sending surveys to the injured workers

Connecting with our campus partners
Connecting with the campus locations in a meaningful way – campus meetings, tours and strategic planning

Connecting with quality
Continual process improvement utilizing the knowledge and expertise of the CSU team and our partners at Hudson

Thank you | Questions?