September 2025

California State University Stewardship Meeting

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AGENDA

- Introductions & Executive Summary
- Sedgwick Solutions
- Results from Prior Year Areas of Focus
- Program Performance Summary
- Utilization Review Summary
- Opportunities and challenges for FY2026

INTRODUCTIONS AND EXECUTIVE SUMMARY

INTRODUCTIONS

Zachary Gifford – Sr. Director Systemwide Risk Management
Scott Bourdon – Asst. Director Systemwide Risk Management

Amy Lightner – Vice President

Eddy Canavan – Chief Claims Advisor
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Welcome to the annual CSU Workers' Compensation Stewardship presentation.

We're proud to mark 23 years of partnership with the California State University system, having launched claim administration services in July 2003. Today, our dedicated Sedgwick team of 16 professionals supports 23 campuses and the Office of the Chancellor.

This year brings both change and opportunity. As CSU adapts to evolving budget priorities and economic conditions, strategic transitions are underway, such as the integration of Cal Maritime into Cal Poly San Luis Obispo. These shifts reflect the system's long-term commitment to its mission and resilience.

Just as we partnered through the SB1159 pandemic response, we remain committed to supporting CSU with proactive solutions and a deeply collaborative approach.

Program metrics over the past five years have remained steady, with expected increases in new claims and cash flow as part of the normalization of pandemic-era activity. We're closely monitoring emerging trends, such as mental health claims and extended lost time, while maintaining strong overall performance and a focus on continuous improvement.

SEDGWICK
SOLUTIONS

Unmatched perspective

Depth of talent to respond to any claim scenario

Unparalleled data set driving better outcomes

Culture of yes

Flexible, AI-enabled technology

Creative solutions tailored to your needs

Caring that counts

Culture of service and caring

Compassion at every step of the claim journey

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INVESTING IN TALENT

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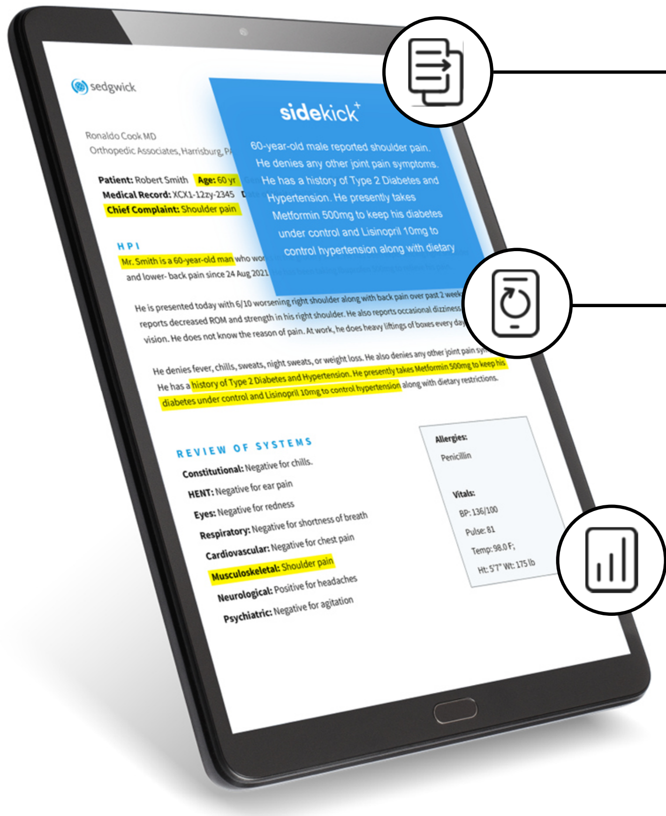

Improving the claimant experience

- **In-claim surveys** | check in during the claim process to assess satisfaction
- **mySedgwick |** claimant-facing claim information system

Enhancing workflows with Sidekick+ GenAI

- Medical document summarization
- One-page summary of claim notes and financials
- Demand packet summarization
- Optimization of claims functions

Using data to guide decisions

- Clinical care guidance identifies claims for clinical intervention
- New model to support recovery from musculoskeletal injuries

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Staying connected
with Sedgwick

- In the know webinars
- Circles for peer connection
- Thought leadership | Forecasting 2025
- Blogs and conferences
- NEW! Podcasts

RESULTS FROM PRIOR YEAR AREAS OF FOCUS

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RESULTS FROM PRIOR YEAR AREAS OF FOCUS

Connecting with the Sedgwick Team

Team Engagement & Development Initiatives

- Monthly All-Team Meetings continue
- Weekly Examiner Huddles led by Team Leads

New Initiative: Weekly Client Service Instruction (CSI) Training/Refresher meetings

- Launching: October 8, 2025
- Initial Focus: Audit improvement areas
- First Topic: Litigation Management (based on bi-annual Alliant Audit results)

Work Environment

- Team returned-to-office on a hybrid schedule
- Positive impact on morale and collaboration

Connecting with Injured Workers

In-Claim Survey Program Highlights

- Initiated July 1, 2024
- Sent 10 days post-conversion to Indemnity or upon reserve addition
- Question: “How would you rate your claim experience so far?”
- FY2025 Avg. Score: 3.98/5 (Target:3.5/5)

Enhancements (Effective July 1, 2025)

- Expanded to 5 questions
- Avg. Score: 4.2/5

Connecting with Campus Partners

Campus Visits

- Ongoing and effective for understanding WCC needs
- Helps identify how Sedgwick can better support campus partners

Active involvement in Workers’ Comp Affinity Group meetings

- Provides insight into systemwide concerns, training needs, and development opportunities

Connecting with Quality

Alliant Audit Results

- Achieved 92% on latest audit
- Fifth consecutive cycle scoring above 90%

Improvement Efforts

- Examiner-level targeted coaching
- Team-wide via CSI meetings

Program Recognition

- CSU Program consistently ranks as a top-three performer in the Western Business Unit (internal audit scores)

“Claims process has been smooth, streamlined, and professional.” (Ginger Pierce)
“My adjuster has taken care of the necessary paperwork and information promptly, and everything was explained clearly. Great help.” (Susan Neville)
“Daniel Lee, my claims adjuster, has been very good and helpful with the doctors for approving any tests or PT requests quickly. Thank you” (Daniel Lee)
“Overall, I would give Sedgwick and Jessica Magpayo a 5 out of 5 stars for the experience. Thank you.” (Jessica Magpayo)

PROGRAM PERFORMANCE SUMMARY

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HIGHLIGHTS OF FY2025

92% SCORE ON BI-ANNUAL ALLIANT AUDIT

101% CLOSING RATIO

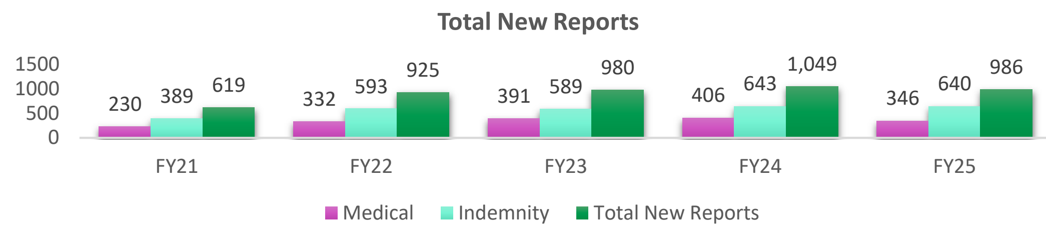
$1.2M IN RESERVE SALVAGE ON DOUBLE PLAY STAFFED CLAIMS SETTLED BY COMPROMISE AND RELEASE

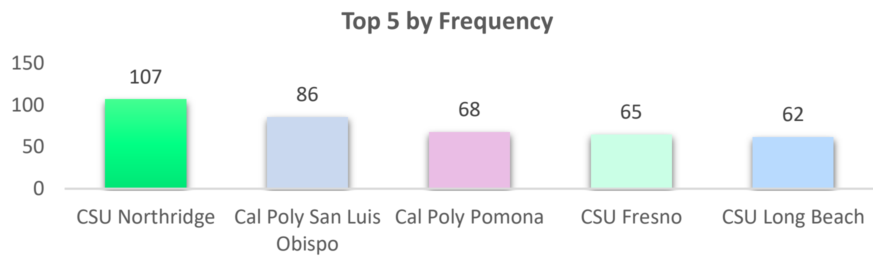
$268K IS REDUCED MEDICARE SET-ASIDE (MSA) FUNDING ACHIEVED USING “NON-SUBMIT” MSAS

TWO “TAKE NOTHING” FINDINGS

USE OF “HOME GROWN” IAP EXAMINER TO MAINTAIN UNINTERRUPTED STAFFING DESPITE ONE DEPARTURE (INTERNAL PROMOTION TO TEAM LEAD ON ANOTHER PROGRAM)

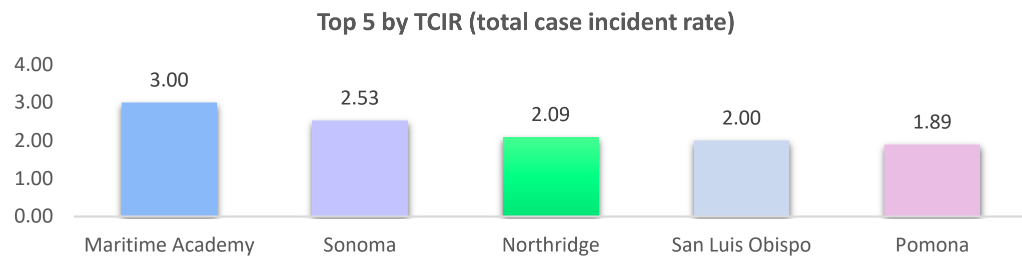
New claim volume for FY2025 is down by 6% compared to last year. Compared to pre-pandemic reporting levels (FY2019), they are down 16%



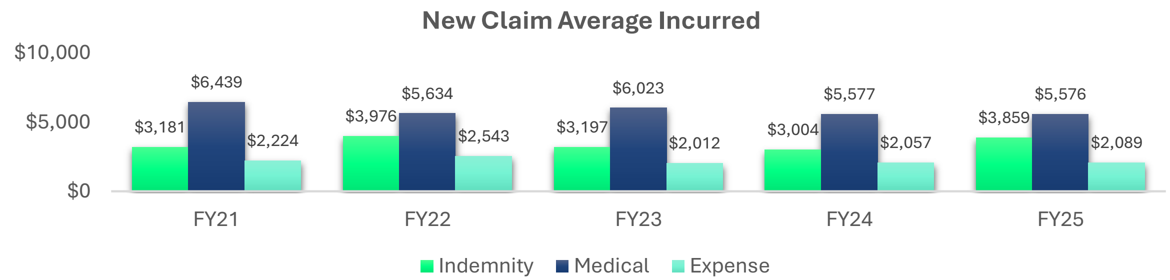


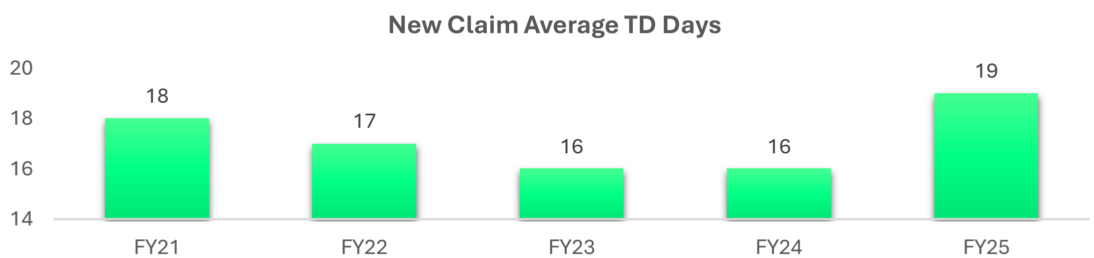
The Top Five Campus locations reported 39% of the new claims for FY2025. This stat has not deviated more than 2% over the last five FYs

For the first time in the last five FYs there is substantial overlap between this stat and the top five by pure frequency, with the top three by frequency taking up the three through five slots by TCIR (TCIR – OSHA measurement based on FTE)



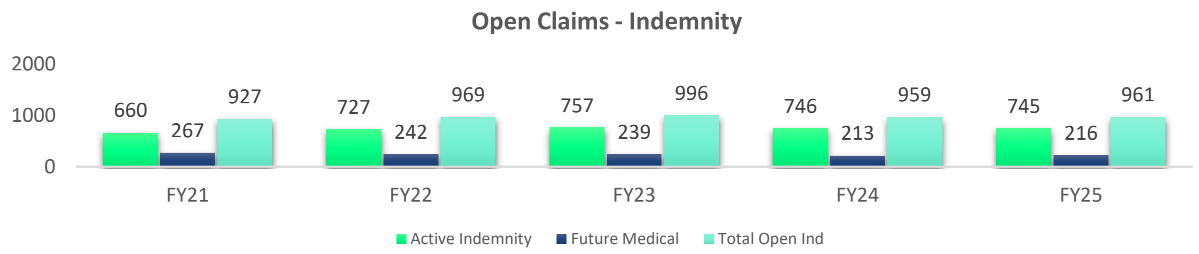
New claim average incurred is substantially similar for FY2025 over FY2024.

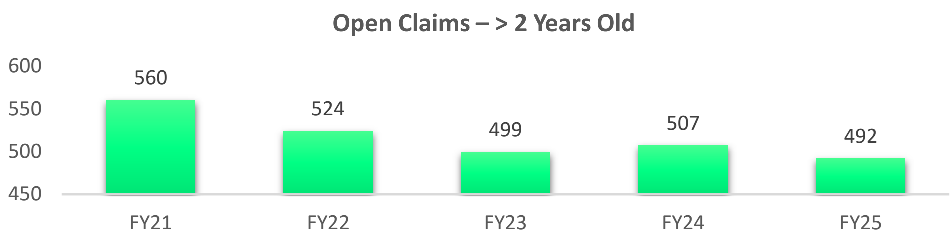




There is a spike in average TD days on new claims for FY2025 vs. FY2024

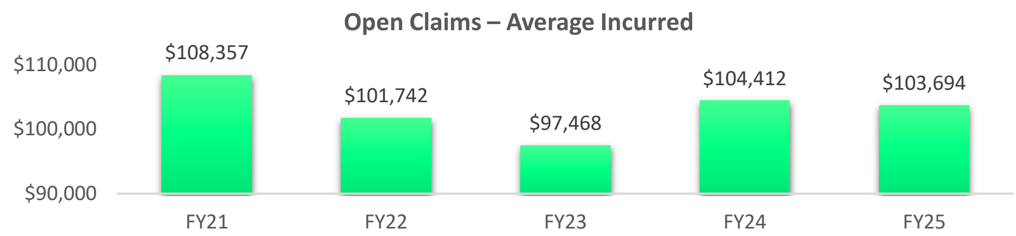
Very slight increase for FY2025 over FY2024 for total open indemnity claims





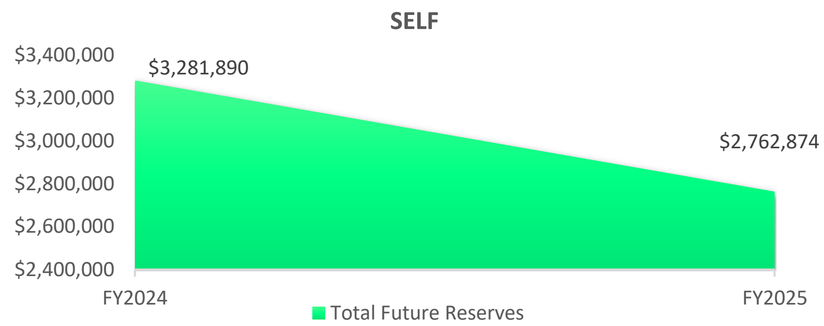
After last year's slight bump in the aged pending caseload, this population is at a historic low

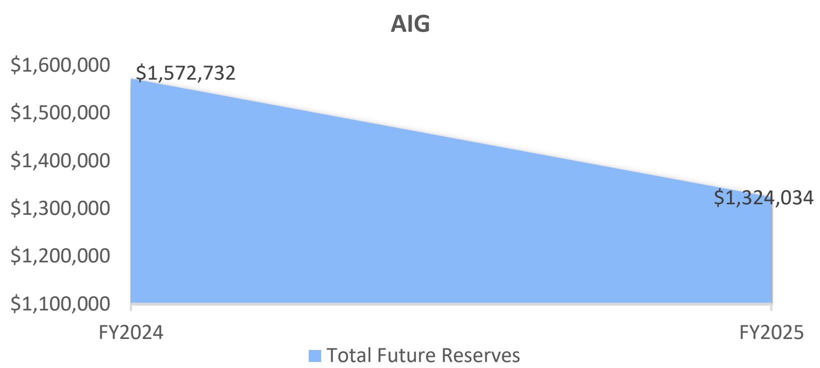
The average incurred on the open inventory tracks with the decreased frequency of new claims for FY2025 over FY2024. The fluctuation for the look-back period is less than 10%



PROGRAM STATISTICAL ANALYSIS - PENDING

The population of SELF (Schools Excess Liability Fund) coverage files has decreased by 2% between FY2024 and FY2025, with a decrease in outstanding reserves of 16%

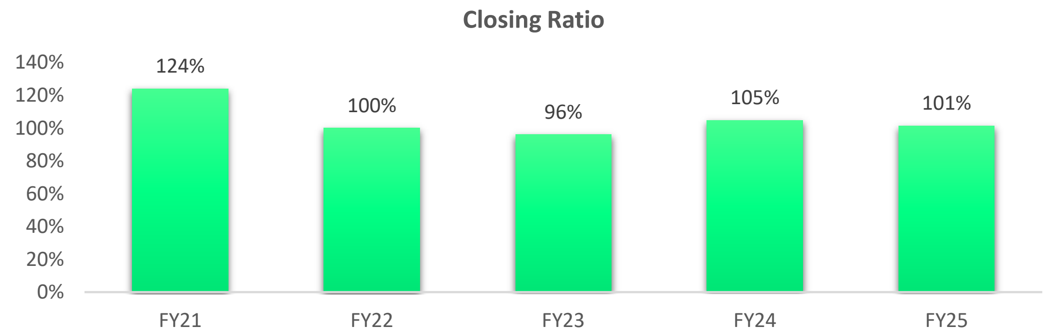


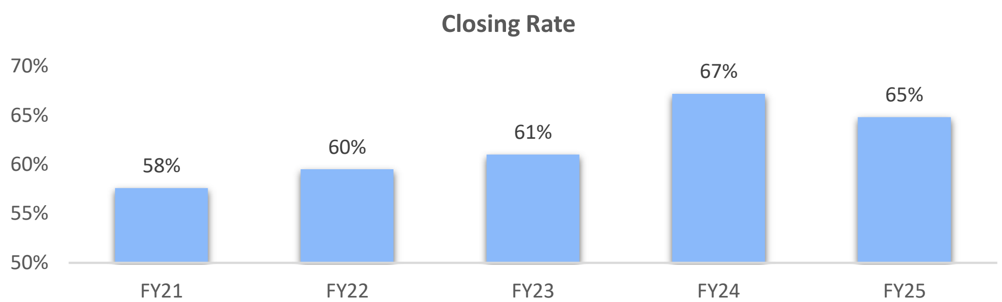


The population of AIG “first dollar” coverage files has decreased by 24% between FY2024 and FY2025, with a decrease in outstanding reserves of 16%

PROGRAM STATISTICAL ANALYSIS - CLOSED

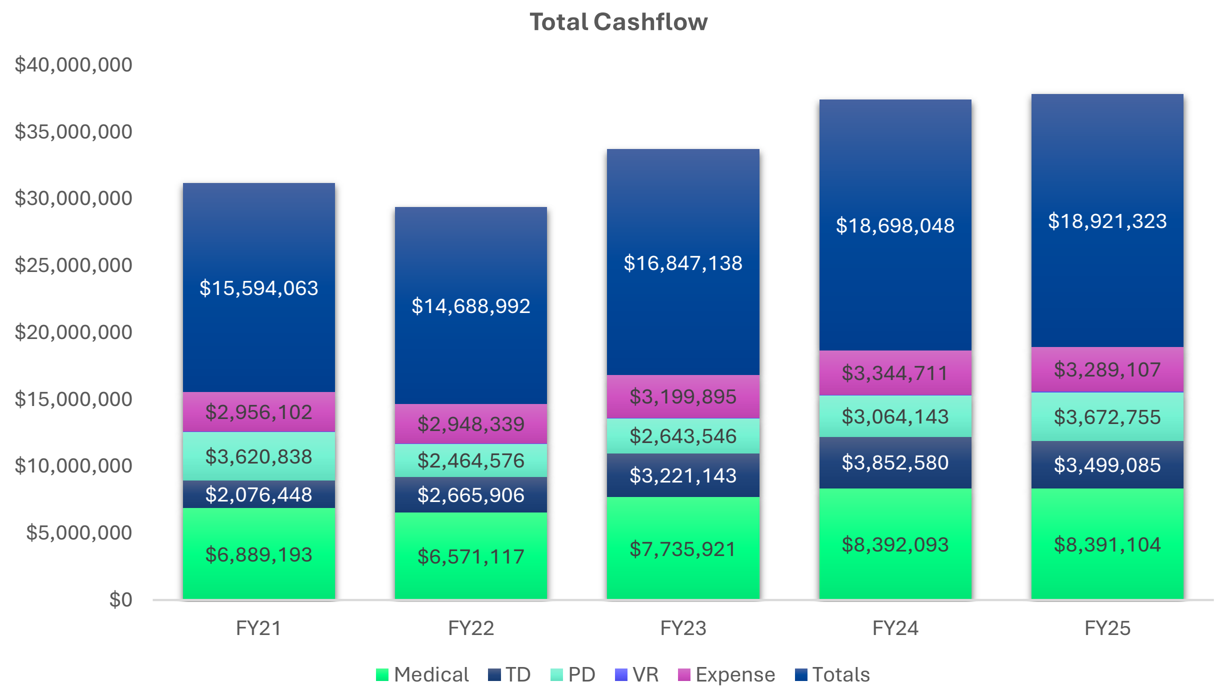
The CSU Program has a consistent history of indemnity closing ratios at 100% or better. This has been achieved in all but one of the previous five years





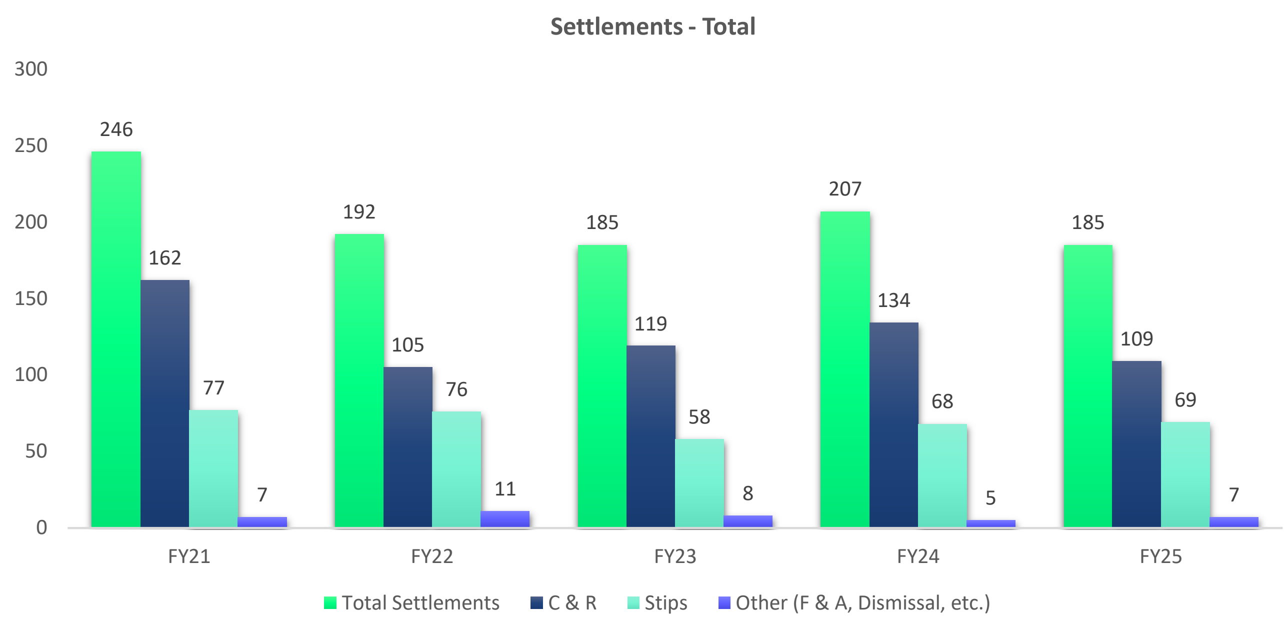
The Closing Rate reflects claims received and closed in the same fiscal year. While a bit lower than FY2024, this category has shown consistent year-over-year improvement and remains strong despite reduced new claim reporting

Total cash flow remained stable in FY2025, with a modest 1% increase over the previous year, FY2024. The rise in Permanent Disability payments is attributed to a small number of high-value claims.



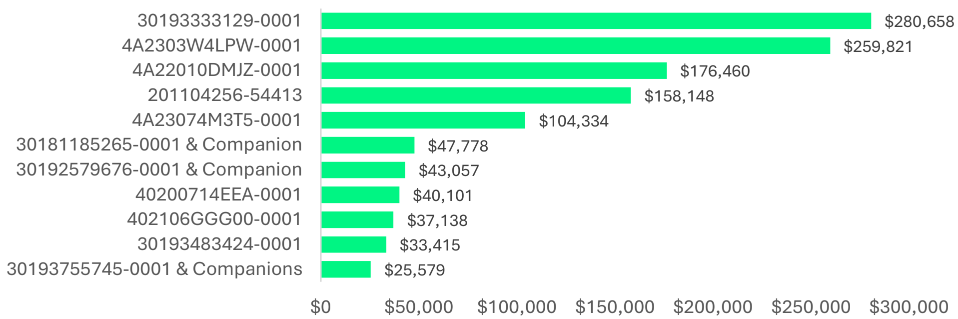
PROGRAM STATISTICAL ANALYSIS - SETTLEMENTS

C&Rs continue to make up the bulk of the resolutions. In FY2025 they were 59% of all settlements compared to FY2024 at 65%



PROGRAM STATISTICAL ANALYSIS - SETTLEMENTS

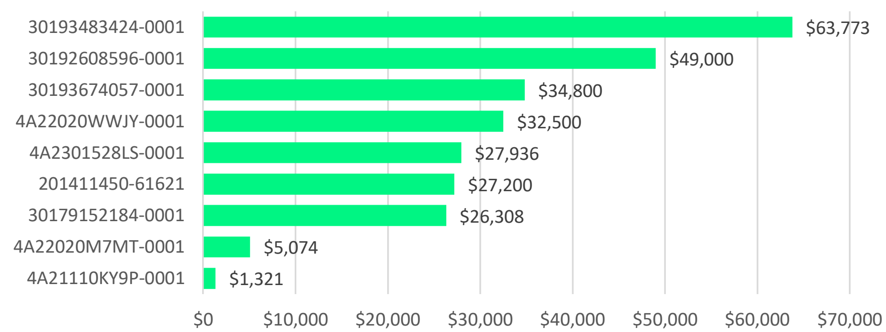
Settlements in FY2025 – Double Play Reserve Salvage



Double Play staffed settlements account for 12% of our total settlements for the FY. As of 6/30/2025, the program has yielded a total reserve salvage of just over $18.8 million, with $1.2M of that being realized in FY2025

The use of evidenced-based, non-submit MSAs saved $267,912 in funding requirements for settlements finalized in FY2025

Settlements in FY2025 – Non-Submit MSA Funding Savings



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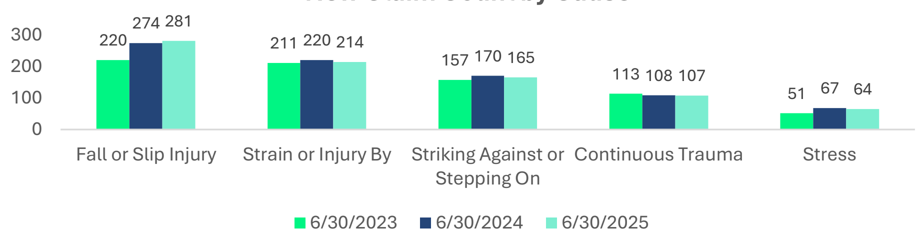
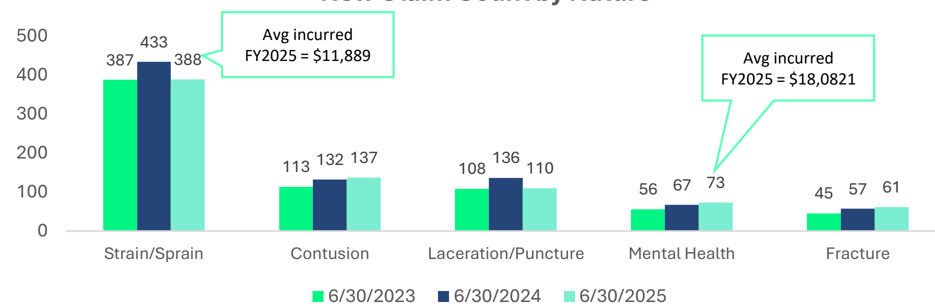
LOSS CONTROL TOP 5 – CAUSE/NATURE/BODY PART (ALL OCCUPATIONS CONSIDERED)

New Claim Count by Cause



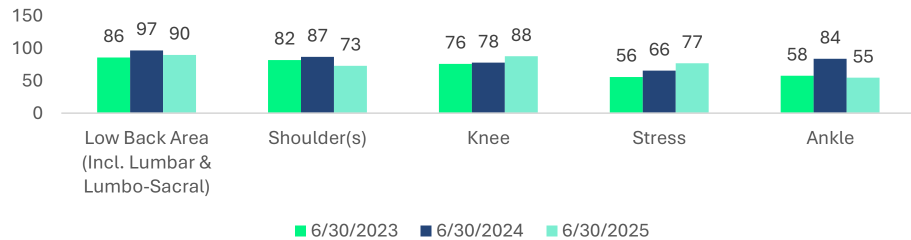
Fall or Slip injuries tag team with Strain or Injury by for top cause categories, but we do see a progressive increase in Fall and Slip injuries over the look-back period

New Claim Count by Nature



An area that may bear additional review and remediation is that of Mental Health injuries, which have increased by 30% over the look-back period and provide for a disproportionate level of total incurred

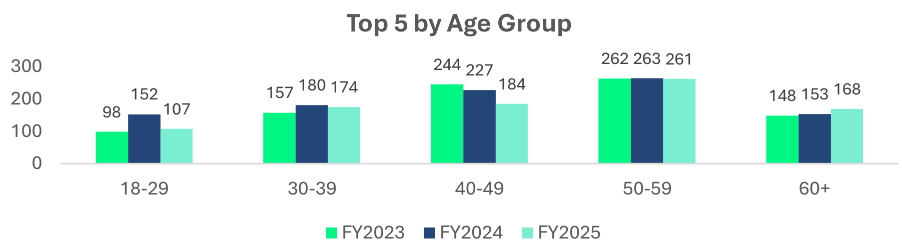
Top 5 by Body Part



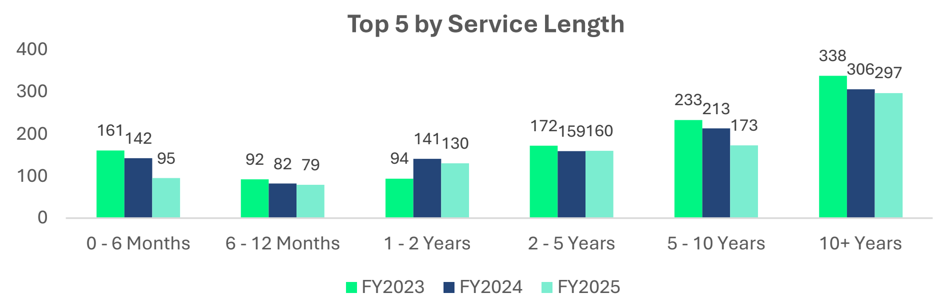
Looking at the areas of injury, we see a progressive increase in injuries to the knee and stress-related injuries

LOSS CONTROL TOP 5 – AGE/SERVICE LENGTH/OCCUPATION

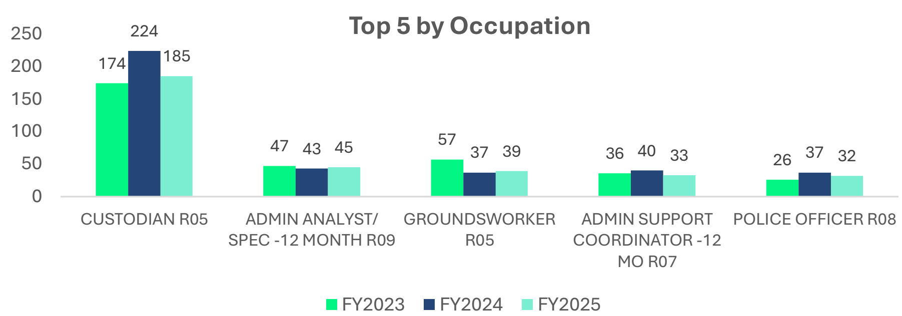
(STUDENT ASSISTANTS REMOVED FOR THESE SLIDES)



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



The population of claimants with 10+ years of service is the group with the highest frequency



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

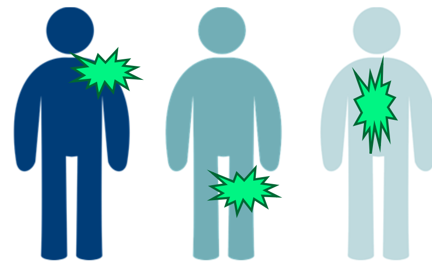
LOSS CONTROL WRAP UP – NEW REPORTS - FY2022 THRU FY2025

Average injured worker age
46 years

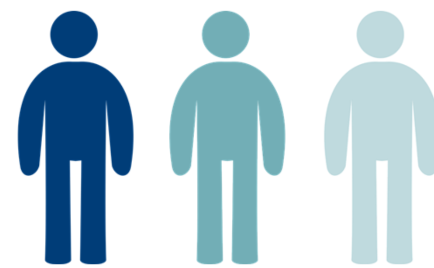
Average injured worker tenure
9 years

50-59 year-old Custodians with low back, shoulder, and knee injuries from strains/tears

- **Shoulder, knee, and back**
  - **25%** new claim volume
  - **33%** new claim costs
- Resulting in **Strain/Sprain,** most frequently caused by **Lifting, Falls/Slips/Trips, and Continuous Trauma**

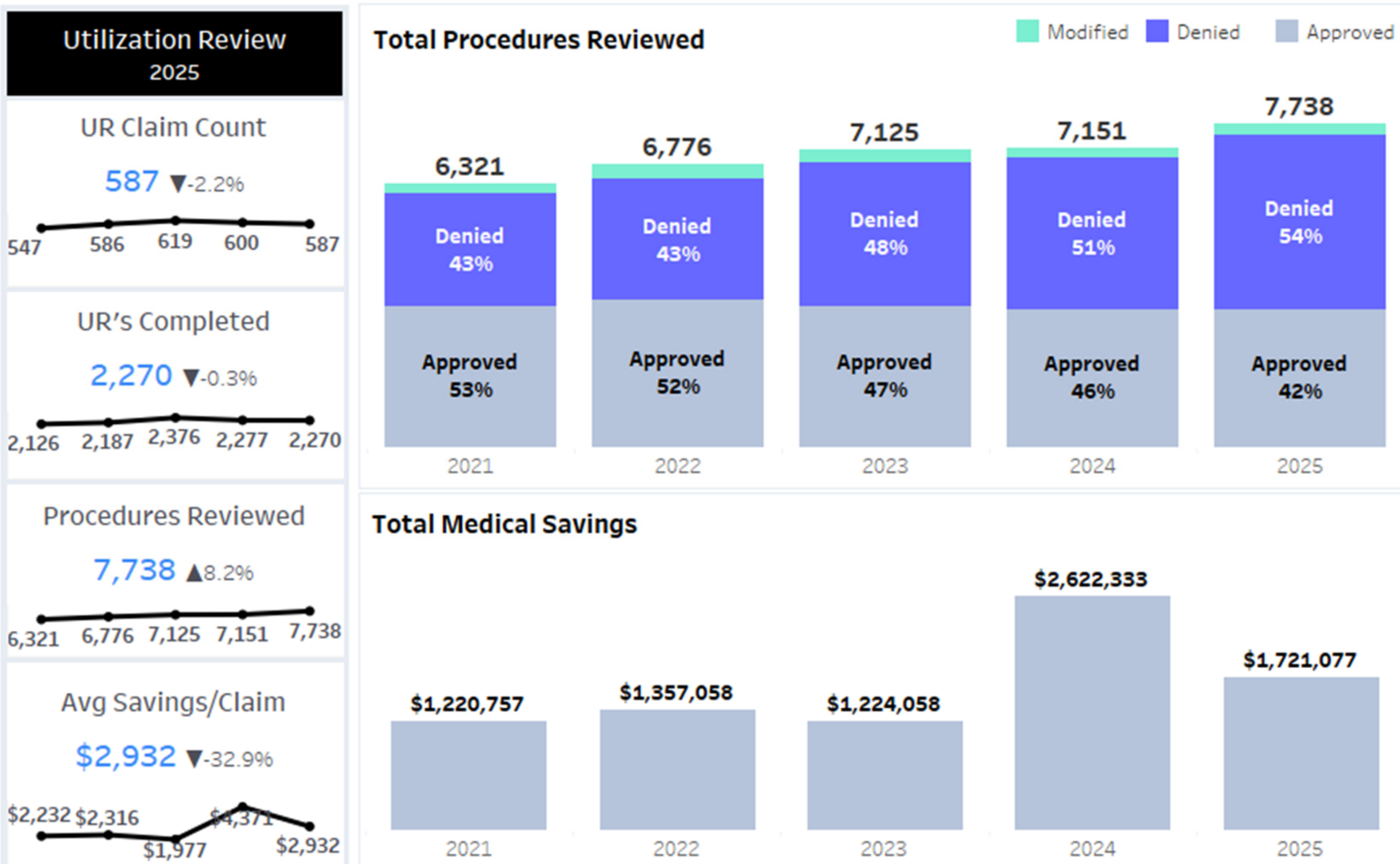


- **Custodians, Admin Analysts, and Grounds Workers**
  - **31%** new claim volume
  - **31%** new claim costs
- Of the Top 5 Occupations, **Custodians** are the greatest contributors to both frequency and severity
- **55% of Top 5 Severity**
- **66% of Top 5 Severity**



Custodians **Admin Analysts** **Ground Workers**

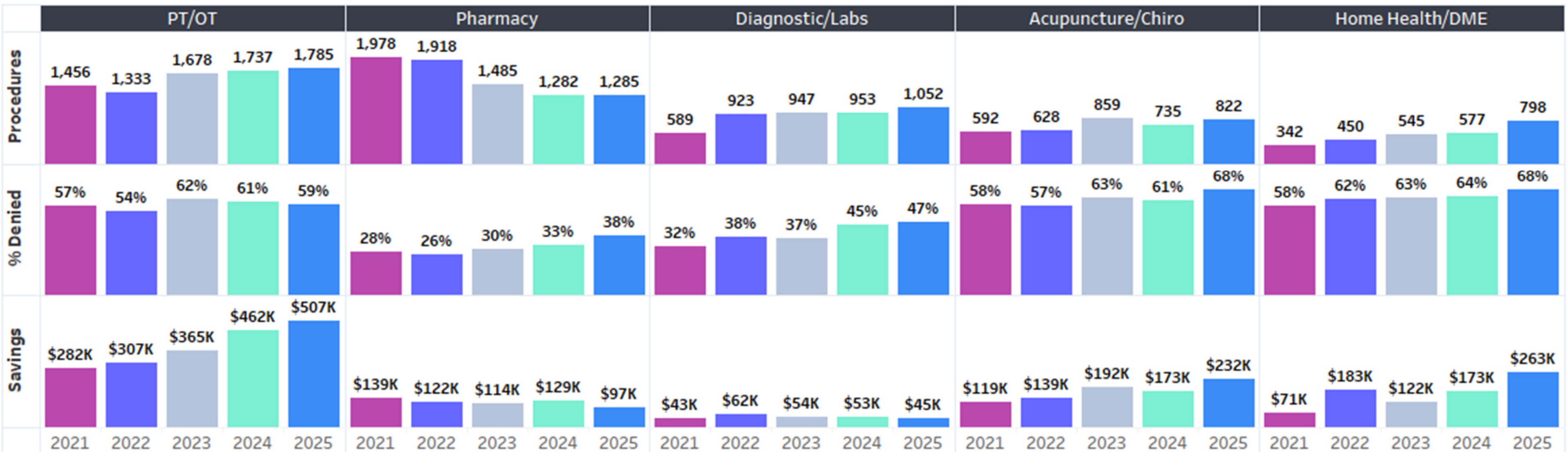
UTILIZATION REVIEW RESULTS



- Denial rate increased to 54% in FY2025, continuing the upward trend from previous years.
- 8.2% increase in procedures reviewed versus last year
- Total savings and average savings declined significantly compared to last year.

Utilization Review

by Top Frequent Procedure Categories



- Majority of denials coming from PT/OT, Acupuncture/Chiro, and Home Health/DME
- Between those 3 categories, we saw around $1 Million in savings. These categories also made up around 44% of the UR procedures reviewed.
- 37% of UR's were completed in the 36+ month claim group.

Pharmacy UR
2025

RX UR Claim Count
281 ▼-2.8%

RX UR's Completed
708 ▼-1.3%

Procedures Reviewed
1,311 ▲0.6%

RX UR Savings
$100,651 ▼-22.4%

Pharmacy UR Procedures Reviewed - 2025

	Count Procedures	% Denied	Procedure Savings
HYDROCODONE BITARTRATE-ACETA..	174	55%	$6,781
GABAPENTIN	117	32%	$4,344
LIDOCAINE	84	55%	$20,665
DICLOFENAC SODIUM	70	41%	$6,370
IBUPROFEN	63	10%	$310
CYCLOBENZAPRINE HCL	55	51%	$2,204
MELOXICAM	46	15%	$1,297
TRAMADOL HCL	41	61%	$1,999
NAPROXEN	40	23%	$672
OXYCODONE HCL-ACETAMINOPHEN	35	37%	$2,724
DOCUSATE SODIUM	28	43%	$22
CELECOXIB	23	17%	$1,642
ACETAMINOPHEN	20	5%	$2
METHOCARBAMOL	17	65%	$368
PREGABALIN	16	19%	$2,579
FAMOTIDINE	16	75%	$1,043
ONDANSETRON HCL	15	33%	$2,420
BACLOFEN	15	73%	$919
OMEPRAZOLE	14	29%	$542
CEPHALEXIN	13	77%	$233
ALL OTHERS	409	33%	$43,518
Grand Total	1,311	38%	$100,651

- Pharmacy UR claim count down only 8 claims, with 9 less PUR's completed.
- Most common drug type with UR denials were opioids, anticonvulsants topicals, NSAIDS, and muscle relaxers.
- We saw around $100k in savings through pharmacy UR this past year, down slightly from the year prior.
- In fiscal year 2024, the top five claims resulted in approximately $29,000 in savings. In comparison, the top five claims in fiscal year 2025 had only generated about $11,000 in savings.

Key Statistics	
Total Savings	Total Fees
$8,145,281	$2,468,572
Savings/Claim	% Approved
$4,949	47.90%
# of Reviews	% Denied
11,236	48.20%
# of Procedures	% Modified
35,111	3.90%
ROI	
$3.30	

- 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
- FY 2025:
  - Total Savings: $1,721,077
  - ROI: $3:1

OPPORTUNITIES FOR FY2026

OPPORTUNITIES AND CHALLENGES FOR FY2026

Opportunities

- Improve initial claim experience with pre-authorization for routine care during the first 60 days of the claim
- Work with systemwide HR to provide a monthly report of terminations and separations
- Work with systemwide HR to make all necessary adjustment to Sedgwick systems to allow for accurate coding of new claims
- Cost containment opportunities via Sedgwick specialty services
  - Targeted intervention at the examiner's discretion
  - Cost reduction with an improvement in employee claim experience

Challenges

- The ongoing departure of long-term Workers' Comp Coordinators (WCC) continues
- Progressive increase in mental health claims
  - Low frequency with high severity
- Consolidation of the Cal Maritime Academy into the Cal Poly San Luis Obispo structure
- Pending classification and wage structure updates to take effect 10/1/2025

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