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Maryland Uninsured Employers' Fund-C96J00
Fiscal Year 2026 Operating Budget
Response to Department of Legislative Services Analysis

Maryland Senate Budget and Taxation
Committee
Public Safety, Transportation and
Environment Sub-Committee
Senator Michael Jackson, Chair
Hearing – February 27, 2025

Maryland House of Delegates
House Appropriations Committee
Public Safety and Administration Subcommittee
Delegate Jazz Lewis, Chair
Hearing – March 3, 2025

Please accept the following, with the enclosed attachments, as the written testimony of the Maryland Uninsured Employers' Fund (UEF/Fund/Agency) on February 27, 2025 and March 3, 2025 regarding the status of the UEF and the budget proposal for FY 2026:

MISSION STATEMENT

The Uninsured Employer's Fund (UEF/agency) exists to protect Maryland workers whose employers fail to obtain Worker's Compensation Insurance. The UEF reviews and investigates claims by injured workers who are not properly insured and compensated for their injuries by their employers and pays claims when appropriate. We work to ensure that benefits and medical expenses are properly paid to injured workers, and that uninsured employers are held accountable with penalties and sanctions for their failure to comply with Maryland law to insure and protect their employees.

Our mission is, therefore, to protect innocent injured employees and to ensure that noncompliant employers are held accountable for their actions as mandated by law.

BACKGROUND AND DESCRIPTION

Worker's Compensation is a system of no-fault insurance that provides wage replacement and medical benefits to employees for accidental injuries or diseases related to the employee's work.

Workers' compensation is one of America's oldest, and successful, social insurance programs: It was adopted in most states during the first decades of the twentieth century. The Maryland Workers Compensation Act was first enacted in 1914.

The workers' compensation system is based on a trade-off between employers and employees. Employees are entitled to receive prompt, effective medical treatment for on-the-job injuries or illnesses no matter who is at fault and appropriate compensation for lost wages and, in return, are prevented from suing employers over those injuries. This is the system set up generally throughout the various states, including Maryland.

As a result of this system, most Maryland employers are required by law to secure and maintain workers' compensation insurance, even if they have only one employee, or must meet the criteria for becoming self-insured. Labor and Employment section 9-402 (2016 Replacement Volume and 2023 Supplement). And, if employees get injured in the course of their employment, the employer is required to pay by way of their insurance for their injured workers' medical and other compensation benefits.

This system works exceedingly well – the tradeoff between the rights of employers and employees results in serious protections for the injured worker at a reasonable cost to the employer for workers compensation insurance.

When, however, the employer fails to live up to its part of the trade off – when that employer, for whatever reason, fails to carry the required insurance - the system breaks down, leaving the injured worker in a serious and dangerous position. For the system to work all relevant employers must secure and maintain the required workers compensation insurance. Were it not for uninsured employers' funds such as Maryland's UEF, injured workers with uninsured employers would face terribly difficult – potentially catastrophic - situations in which lost wages and medical treatment payments would be difficult, if not impossible, to recover, from employers without insurance and then only by means of long, costly legal action.

The Maryland Uninsured Employers' Fund

In 1983, the Uninsured Employers' Fund Board was created by the General Assembly to protect workers whose employers are not insured under Workers' Compensation (Chapter 576, Acts of 1983).

The Fund reviews and investigates claims by employees, or by their dependents in case of death, who have not been compensated properly by their employer. The agency also provides coverage for claims for compensation for injured workers employed by insolvent self-insured employers as well. In cases of uninsured workers, or insolvent self-insured employers, the Fund makes the payments due to injured workers and seeks recovery from uninsured employers (absent funds held in trust for self-insured employers by the WCC or ordered by bankruptcy courts there is no source of funding for these insolvent self-insured payments). Additionally, the UEF supervises the operation and administration of the Uninsured Employers' Fund itself and State staff as well.

The UEF is a statutorily-created, self-funded agency which does not receive other general funding. The agency was created in order to protect Maryland workers who are injured on the job from an accidental injury or an occupational disease under certain circumstances. Specifically, the agency provides workers' compensation benefits, including medical benefits, to injured workers, and to their families and dependents as appropriate, in cases where an uninsured employer fails to carry Workers' Compensation Insurance, an employee is injured, benefits are awarded by the Maryland Workers' Compensation Commission (WCC/Commission) and the uninsured employer fails to pay the WCC award as ordered by the Commission. The agency's obligation to provide benefits and/or compensation is triggered when an uninsured employer defaults on an award issued by the Commission.

The UEF was originally designed to be a limited stop-gap funding mechanism for injured workers whose employers failed to maintain legally required workers' compensation insurance. It was apparently felt when the agency was established that there would only be a fairly small number of such cases because employers would maintain workers compensation insurance to cover their employees since that insurance was, and still is, required of most Maryland employers under the law.

Over the years this expectation has proven to be erroneous. Some employers, especially in the dangerous construction and landscaping industries, routinely and deliberately fail to carry required insurance because it enables them to underbid their competition and thus obtain work, or because it increases their own profits, or for other reasons. Add to this honest employers who simply fail to have coverage at the time of an injury for various reasons and then have a claim from an injured worker, as well as bankrupt self-insured employers, such as the Bethlehem Steel Corporation (BSC) and A&P Supermarkets (A & P), and by 2024 the result is that the UEF has now grown to cover hundreds of injured workers at any one time – currently a monthly average currently of approximately 900 active cases, including approximately 30 permanently totally disabled cases, with expenditures for both lost wages and medical bills totaling millions of dollars per year.

A&P and BSC, both large self-insured companies, have become insolvent during the past 20 years and the UEF has also become responsible for tens of millions of dollars in workers' compensation payments for these two corporations' injured workers, a responsibility which continues at the present time, remains ongoing and will continue for decades to come. It is important to note that there is no source of funding in existence currently for the BSC claims which the Fund manages and pays for.

UEF coverage for a claim can last for any amount of time depending on the Order of the WCC: weeks, months, years, a lifetime. Workers often come back to the WCC with a claim for worsening of their condition, requiring a new hearing, resulting in a new order with increased payments, multiple times. Even if a claimant does not claim a worsening of their condition the agency is still responsible for casually-related medical treatment for the remainder of the claimant's life. Over time, cases can result in millions of dollars in medical and related expenses.

It is important to emphasize again that the UEF is self-funded. The agency does not receive General Funding. Maryland State staff are paid out of the Fund.

The UEF is a special fund. It is partially funded by fines levied by the WCC against uninsured employers and assessments imposed on awards of indemnity benefits. The agency also is to receive reimbursement from uninsured employers for expenditures made to claimants. Many uninsured employers refuse to make these required payments and reimbursements which has made collecting these funds is often a challenge to recover requiring substantial time and effort from the agency.

In addition to collecting these fines and assessments the UEF seeks repayment of the benefits paid from the relevant liable uninsured employers by way of civil and criminal collection and enforcement actions. The agency now vigorously pursues suspension of business licenses and permits from, and seeks criminal penalties against, employers who fail to secure insurance and/or fail to pay benefits awarded by the commission.

As noted, the UEF is entirely self-funded and typically receives approximately 80% plus of its funding from a 2% assessment on most WCC permanency awards and settlements (with the remainder of funding coming mostly from payments received from uninsured employers) as well as penalties assessed by the WCC against employers who fail to carry required workers' compensation insurance.

The 2% assessment amount is the statutory maximum assessment available to the agency and has been the statutory maximum for many years. During the 2020 legislative session the Legislature raised that assessment amount temporarily for a period of one year to 3%. During the 2021 legislative session the agency requested, as a result of the COVID pandemic disruption and shutdown which occurred starting in March of 2020, that the temporary 3% figure be extended for one additional year. Although supported by the prior Administration the House Economic Matters Committee declined to extend the assessment increase and it therefore terminated on June 30, 2021. The result of that one-year increase in the assessment, even during the Covid shutdown, indicated that such a permanent assessment increase would result in a substantial increase in the Fund's revenue, balance and financial health. This optional one-percent increase has been introduced legislatively as SB0219/HB0193 as agency legislation approved by the Governor's Administration.

During the past eight years the UEF has been continually and actively engaged in the process of identifying and correcting a host of serious issues and deficiencies which were left by prior UEF management going back years – in some cases decades - including correcting serious deficiencies in the critical areas of structure, claims administration, enforcement and collections. It is important to emphasize that this work during these past several years involves a program to fix and stabilize an agency which had been slowly collapsing over a number of years. That difficult task has been neither easy, steady nor without mishaps. The challenges of dealing with such a situation as was faced eight years ago are difficult to convey to those without actual experience in dealing with them - but our progress has been real, success has been substantial and material and the efforts of the agency staff, the Executive and the Legislature continue to show genuine measurable progress and positive results. All involved in this work and success should take pride in the enormous progress here which directly benefits injured Maryland workers and their families.

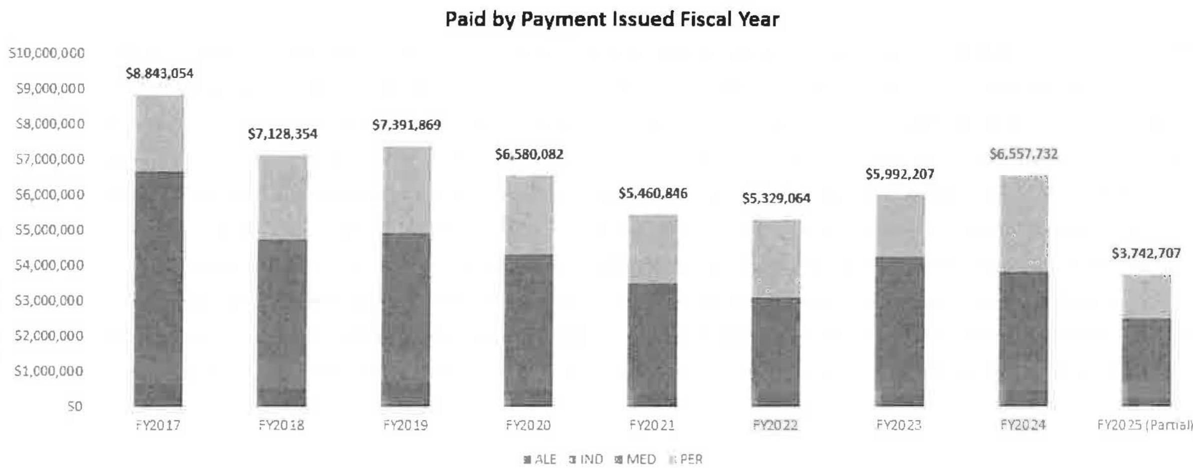
OPERATING BUDGET – OVERVIEW OF AGENCY SPENDING

The major expenditures of the agency are staffing costs (34%) and the third-party administrator (TPA) contract with the CorVel Corporation (Corvel) (58%). These percentages are basically unchanged from the prior year.

The contract for third-party claims services with CorVel continues be a success, providing large cost savings and competent professional services to the agency for a reasonable cost. The administration, investigation, medical care and payments savings, reporting, cost management and other benefits the agency has received under the contract more than recoup the cost of CorVel's services.

Since starting on the program with CorVel, expenditures for claims have declined. There continues to be a more than an approximate 60% decrease in the total number of open claims and roughly a 39% decrease in money spent on claims over time. These savings are substantial and could have only been achieved with the Agency procuring such TPA services from a competent national TPA. The contract with CorVel was, and remains, one of the major and critical reasons for the agency's success over the past six and one-half years.

An example of these savings is the following chart, UEF Budget Testimony Exhibit 1 (UEF Exhibit 1), which illustrates expenditures for medical payments and related matters:



As his chart illustrates, over the past eight years CorVel's management of medical claims and expenses has resulted in a significant and ongoing reduction in costs for the agency, saving the UEF millions of dollars in medical payments over time. (ALE=Allocated Expenses; IND=Indemnity payments; MED=Medical payments and expenses; PER=Permanency payments).

It is worth quoting, in detail, this agency's report to the legislature in 2020 regarding the performance, and importance, of the contract with CorVel:

> It is clear, when the facts and results are reviewed, that there are multiple reasons why the UEF hiring a TPA such as Corvel is the only rational course for an agency such as the UEF. As illustrated, a professional TPA company such as Corvel provides a host of advantages for all aspects of claims management that this agency could not possible achieve by attempting to manage claims administration in-house, including: a detailed and extensive proprietary claims management and tracking system; experienced claims administration and investigative staff; vast experience with workers compensation claims investigation, management and payments; and, a national network of agreements with literally thousands of vendors which result in substantial savings in costs to the UEF on a daily basis for a host of services, both medical and non-medical.
>
> Additionally, Corvel provides the UEF with professional reporting and compliance services required under law to various entities, including state and federal entities, on a regular basis which would be time-consuming, challenging

> and expensive for a state-run in-house TPA. The data is clear that the savings of having a competent TPA manage this agency's claims results in savings and benefits that far outweigh the costs of the contract.
>
> Whatever may have once been the case regarding claims management of workers' compensation claims, the modern environment in which today's claims are administered, especially medically, make a competent TPA with national exposure and reach a necessity for government agencies dealing with workers' compensation claims and payments. This is why several large and mid-size Maryland counties – as well as other government entities - choose to contract for these services rather than attempt to provide them in-house.
>
> For the UEF this necessity is even more evident. Our legal team depends on Corvel for superior investigative work in order to defend cases and find insurance coverage that allows the UEF to avoid paying on claims. Our collections unit works with Corvel's investigators, with the result that our collections staff has more information on potential uninsured employers and is better able to collect funds due from such uninsured employers. Our daily functions at the agency often involve and benefit from interactions with the Corvel staff and system.
>
> The single most important, necessary and successful action the UEF has taken during the rebuilding process of the past four [now six plus] years has been the hiring of a competent TPA.

The past five years have only reaffirmed those statements and findings. A competent and proven TPA, with significant experience, experienced staff and national networks made available to the State of Maryland is absolutely essential to the continued success of the UEF. The savings achieved by employing a competent TPA have been, and remain, demonstrable and substantial.

Just one data point illustrates the basis for that finding: before the current TPA the UEF found insurance coverage in 9% of monthly incoming cases (finding coverage means, quite simply, the UEF is not required to be involved, and pay WCC awards, in an uninsured employer case). In the seven plus years of employing a competent, professional TPA the UEF has found coverage in approximately 58% of monthly cases received. And it is vital to note that because there are always cases where there is no insurance to be found no matter how thorough the search, that 58% figure is actually higher by an unknowable amount.

This is a demonstrable 640% increase in the number of cases found for coverage by the UEF with the TPA investigating over years of experience. It is impossible to know how much this increase has saved the UEF monetarily but clearly it has been an enormous amount in dollars saved – millions of dollars - due to coverage found.

What this agency does to manage the claims of injured workers is extremely specialized and complicated and the services must be performed in a professional manner in order to achieve the best possible services at the best possible price.

Clearly, the facts show that the hiring of a TPA has been an economic and a performance success for the agency and, just as importantly, for our injured worker clients and their families.

The agency has included a copy of the most recent regular report from CorVel, from January, 2025, to this testimony as UEF Budget Testimony Exhibit 2 (UEF Exhibit 2) in order to illustrate the wide range of performance metrics and requirements the TPA undertakes on an ongoing basis and to illustrate the success over time of the contracts.

Key Observations

1. Cost per Claim Continues to Increase

As noted in the Department of Legislative Services (DLS) Budget Analysis (Budget Analysis):

> The operating cost per claim (case) can help to determine UEF's administrative productivity. Different cases merit different costs in terms of investigative costs and legal fees. Exhibit 3 shows the average cost per resolved claim from fiscal 2015 to 2024.
>
> The cost per claim is on an upward trend since fiscal 2021 increasing by a significant $5,177, or 160%, from fiscal 2021 to 2024 due to UEF's third-party administrator (TPA) contract. As shown in Exhibit 4, UEF experienced a modest but steady decline in benefit payments between fiscal 2018 and 2020. Benefit payments declined more substantially between fiscal 2020 and 2021 by $2.3 million, or 31%, due to impacts of the COVID-19 pandemic on the workforce and on the number of cases heard by WCC. With the resumption of more consistent WCC hearings, benefit payments increased by $0.5 million (or 11%) in fiscal 2022 compared to fiscal 2021. Benefit payments declined to $4.9 million in fiscal 2023 before increasing in fiscal 2024 to its highest level since fiscal 2020. A portion of the recent lower benefit payments can be attributed to TPA increasing the share of claims in which the agency has found non-UEF coverage. When the labor market increased in fiscal 2023, the number of WCC hearings increased, and the unprocessed claims filed before calendar 2020 were processed in fiscal 2024, which is the reason why the benefit payments increased by $1.5 million, or 31%, in fiscal 2024 compared to fiscal 2023.

Budget Analysis, pp. 5-6 (Exhibit 4 omitted).

The UEF controls neither the number of Orders issued by the WCC nor the findings in those Orders. Orders of the WCC are issued on claims filed – when claims are found to be legitimate and compensable and the relevant uninsured employer refuses to pay on those Orders the UEF, by statute, becomes responsible for those payments. Within certain limits and guidelines each claim costs what it costs and the Fund pays as described previously.

As noted in the 2024 session budget analysis, the UEF has managed claims investigations and payments in an effective manner over time.

It is critical to understand that the UEF is not an insurance company. It is a statutory payer of last resort. It does not write and issue insurance policies, set and collect premiums, assess risks and otherwise control who it insures. By statute we cover injured workers when employers fail to have legally required workers' compensation insurance coverage for those workers and when self-insured companies go insolvent. As demonstrated, the agency has a remarkable record of improving finding coverage in cases, thus avoiding serving as the payer in many cases.

The UEF does not, and cannot, however, control the claims that become its responsibility. Ensuring that uninsured employers pay their injured workers is a goal of the agency – and the enactment of SB0216 last year will eventually assist with that goal – but collection from uninsured employers remains a time-consuming and difficult mission for uninsured employers' funds across the country.

The agency manages claims and collects funds at a far more efficient and successful rate than when current agency leadership started years ago and is always working to control costs where possible and legal.

2. UEF Report: Long-term Solvency of the Uninsured Employers' Fund

As noted in the Department of Legislative Services (DLS) Budget Analysis (Budget Analysis):

> Committee narrative in the 2024 Joint Chairmen's Report (JCR) requested that UEF and WCC establish a workgroup to study and report on potential changes to UEF's funding structure and operations. The workgroup was created in April 2024 and had four meetings starting on August 5, 2024; September 5, 2024; October 1, 2024; and ending on November 14, 2024. UEF and WCC submitted separate responses. . .
>
> The UEF fund balance covers all operating costs and payments to workers injured on the job. Most revenues (about 86%) come from a 2% assessment on workers' compensation awards. Chapter 495 of 2020 increased the assessment,

from 2% to 3%, for fiscal 2021 only to assist with the UEF declining fund balance due to expenditures exceeding revenues. As of September 30, 2024, the UEF fund balance was $7.4 million, a $2 million increase from the fiscal 2024 closing fund balance of $5.4 million. A December 2020 actuarial report determined that UEF would face insolvency by fiscal 2030 hindering the fund's ability to financially sustain injured workers. Exhibit 5 shows expenditures including administrative costs and claims (compensation and medical payments) exceeded revenues in fiscal 2023 and 2024. Exhibit 6 shows that growth in administrative costs beginning with fiscal 2022 is the primary cause of spending exceeding revenues. Claim payments for compensation and medical expenses declined as share of total spending in fiscal 2022 and 2023 and remain below 70% of spending in fiscal 2024.

The three main areas of UEF's expenses are medical bills and lost wages paid to injured workers; operating expenses (salaries and related benefits and rent); and the fees related to CorVel. From fiscal 2022 to 2024, the amounts paid to injured workers averaged $5.7 million, and the average operating expenses have been $2 million. UEF noted that it paid CorVel $11.5 million ($2.3 million per year for five years). CorVel in the last five years has secured payments totaling $25 million. A new contract was approved by the Board of Public Works on October 30, 2024, for CorVel to remain as TPA, through October 31, 2029. CorVel would receive $8.4 million by the end of the term. UEF noted that they expect for CorVel's costs under the contract to decrease by approximately 20%. WCC noted concerns regarding whether the reduction is adequate and if the costs are in line with industry standards. **UEF should comment on the need to retain CorVel and why the TPA's costs are expected to decrease.**

Agency Response:

UEF Revenue and Expenditures

FY 2019-2024

Fiscal Year	2019	2020	2021	2022	2023	2024
Value of compensation and medical payments made	8,772,756	8,784,084	8,225,106	5,648,907	4,925,642	6,427,536
Agency operating expenditures - 1	2,010,988	2,015,260	1,940,363	4,098,804	4,879,925	4,668,311
Total expenditures	10,783,744	10,799,344	10,165,469	9,747,711	9,805,567	11,095,847
Dollar amount of assessments collected ($)	8,501,406	9,927,746	10,948,564	9,035,789	7,264,077	8,124,529
Interest on fund balance	122,793	96,035	20,075	35,514	215,683	252,691
Recovery of benefit payments owed by uninsured employers	918,229	1,319,496	1,340,995	799,598	987,239	903,956
Total revenue	9,542,428	11,343,277	12,309,634	9,870,901	8,466,999	9,281,176
Ratio of total expenditures to total revenue for the year	1.13:1	0.95:1	0.83:1	0.99:1	1.16:1	1.20:1
	1.13	0.95	0.83	0.99	1.16	1.20

1 - This metric does not include funding for the third-party administrator contracts. These funds were categorized as non-budgeted prior to fiscal year 2022, but have been recategorized as special funds due to accounting changes

As the chart "UEF Revenue and Expenditures FY2019-2024" shows, from FY 2019 – FY 2022, assessment revenue received by the UEF varied from a low of $8.5 million in FY2019 to a high of $10.9 million in 2021. FY2020-21 were Covid impacted years and FY 2020 was boosted by the temporary one-year one percent assessment increase authorized by the legislature in 2020. The "average" number of the four fiscal years for assessments was approximately $9.6 million.

In FY 2023 and 2024, however, the assessment revenue generated by the assessment was down significantly. Assuming an average of $9 million, demonstrably lower than the average of the preceding four years, assessment revenue in FY 2023 - $7,264,077 - was approximately $1.8 million below the average $ 9 million previously received while assessment revenue in recently concluded FY 2024 - $8,124,529 - was $.9 million below the previous $ 9 million average figure. Had revenue even continued at the lower than previous average of even $9 million in those two years, the UEF Fund balance in FY 2023 would have actually **increased by $400,000 not decreased by $1.3 million.** In FY 2024, had the assessment revenue reached the lessor $9.0 million figure the Fund reduction would have been $.93 million (the result of compensation and medical payments increasing by $1.3 million year over year – expenses that can neither be predicted nor reduced) not the almost double figure experienced.

The UEF can also report, unfortunately, that assessment revenue appears to be continuing to generate lower revenue than was the case before FY 2023.

There was some discussion in the Workgroup and the Budget Analysis that the cost of the TPA contract was responsible for this recent drop in revenue. As the chart here shows, that conclusion is not supported by data. As the chart here indicates, from FY 2019 to FY 2024 the Fund balance (as of the end of each fiscal year/June 30) increased steadily from one year to the next from FY 2019 through FY 2022:

2019	$ 5,781,953.68
2020	$ 6,327,160.83
2021	$ 8,472,365.19
2022	$ 8,605,648.97
2023	$ 7,189,880.09
2024	$ 5,298,761.75

The TPA contract costs for administration only increased marginally between FY 2022 and FY 2024. It was only when the assessment revenue began to decline precipitously in FY 2023 and FY 2024 that the Fund balance began to decline, and continues to decline. The figures indicate clearly that the reduction in assessment revenue generated is the direct cause of the UEF's declining Fund balance.

As the Agency emphasized to the Workgroup, the UEF has a revenue problem, not an expenditure problem. The answer lies in the assessment revenue stream.

The current contract for TPA services, competitively bid and awarded, results in efficiencies, services and savings which would be impossible to duplicate in-house.

The agency has attempted to operate an in-house equivalent of a claims administration unit in the past. Those attempts failed. In fact, when considering establishing an in-house TPA in

2015 the agency was told by a WCC staff person who was assisting the UEF at that time that an in-house TPA would be a failure and that a professional TPA was a necessity.

The nature and requirements for providing competent claims administration and investigation services for workers compensation claims in the 21st century require an organization with national outreach and a host of experts to handle the multiple complex tasks involved in claims administration now. Trying to replicate such a complicated program in a government setting simply did not and does not compare to the services, savings and results of contracting with a professional TPA.

Although done originally as part of an emergency procurement, the location and hiring of a competent, experienced national TPA was determined to be a critical part of correcting ongoing deficiencies in the function of the UEF. TPA services not only impact claimants; because of the nature of the UEF's mission and responsibilities and function a competent, experienced TPA with national experience is vitally important to other responsibilities and functions of the UEF, including: legal defense, collections, cost management and enforcement. A TPA with proven experience in, and success with, the management of worker's compensation claims management provides efficiency, claims management expertise, investigations and savings that an in-house TPA simply cannot provide.

For example, when a competent TPA was brought in during September of 2017 the UEF did not have any idea how many claims it had open and/or had exposure for. After months of research the TPA worked through the records and data and discovered roughly 1600 open claims. After review, investigation, management and handling of these claims the number was significantly lowed over time. Currently the UEF has reduced this number to approximately 600-650 open claims in any one month.

Further, when the TPA, the Corvel Corporation (Corvel), started to service the agency in 2017 the UEF had no information as to what the total exposure was for the agency TPA programs. Today the agency has reserves set for every claim and an overall figure of reserves as previously noted. The agency finally has an idea what its liabilities and exposure are going forward and can plan accordingly based on genuine data and realistic estimates based on facts and data.

In addition to uninsured employers, the UEF is also statutorily responsible for the claims of insolvent self-insured self-employers. One major responsibility is for the insolvent Great Atlantic and Pacific Supermarket Company (A & P). Prior to hiring the TPA the agency had no information as to the liabilities and status of A & P claims. Working with Corvel the UEF has now reviewed all open cases and has initiated complete claims management over them. In addition, the TPA discovered that excess coverage with AIG Insurance existed for claims and as a result closed out three claims with an extremely high exposure and also has received funds in the amount of nearly $300,000 representing the funds the UEF paid over and above the excess threshold in these cases. These sort of efficiencies and savings are replicated throughout the agency's claims management system now. Thanks to the current TPA contract the UEF is finally managing claims correctly at the lowest possible cost to the agency.

The facts are clear: before the addition of a competent TPA to the agency's structure the UEF had little factual data about almost anything to do with its claims and claimants. Costs were not being controlled and millions of dollars in savings were being lost because of a failure to successfully achieve those savings.

The contract with the TPA has resulted in other benefits and savings as well. By working closely with Corvel staff the agency has been successful in defending several claims cases in which the amount of liability potential reached over $1 million dollars. The professional investigations and active collaboration of the TPA staff with our attorneys general played a critical role in the agency's success in prevailing in these cases. Over and over the TPA also finds coverage keeping this agency out of cases that otherwise we would have been responsible for paying.

Our collections efforts have also been augmented by our contract with the TPA. Because of their excellent investigations, our TPA finds vital information which allows the agency to locate and contact relevant parties in the recovery of funds from uninsured employers. The UEF has received countless corrected addresses and contacts from the TPA which enabled collection of repayments and fines due and owing to the agency.

One of the most significant benefits of the contract is the staff provided to the UEF by our TPA. The Corvel staff is extremely competent and experienced. The claims adjusters on the UEF account have an average of 30 years of experience each. That level of experience is extremely rare and an asset that cannot be duplicated. The agency's on-site manager has over 40 years of experience in handling workers compensation claims. His experience includes having served as the President of the Maryland Workers Compensation Educational Association, the premier Maryland statewide organization involving all aspects of workers compensation. Again, his experience is an enormous asset to the agency. These type of experienced claims professionals are available only because the TPA has a large staff of experienced claims administrators available which the UEF has access to.

This TPA staff also provides us with staffing so that the State in not responsible for numerous personnel expenses, including paying salaries, health insurance benefits, retirement/pension benefits, taxes, workers compensation coverage, E & O exposure, and other expenses which are an enormous short and long-term cost savings to the State.

It would also take at least 11, probably more, state employee staff to handle an in-house claims administration program here. Instead of simply paying the TPA monthly administrative costs, as now occurs under the contract, the agency would be also paying for an additional host of benefits, taxes, and fees for an in-house model of services. Again, the agency receives maximum benefit and real savings from the dollars it expends on staffing under the current TPA structure.

There are numerous other benefits to hiring a professional TPA for claims administration (benefits unavailable to an in-house state claims administration unit). Some examples of the benefits the UEF obtains from the current contract with the Corvel Corporation include:

- Program Savings: Corvel's Network Solutions program manages all aspects of UEF's TPA program via a single, integrated solution focused on providing quality care while managing and lowering expenditures. It includes a national provider network, a bill review system and the clinical expertise of its professional review nurses. These components deliver savings across the entire TPA program to the agency.
- Extensive National and Local Networks: Corvel has an extensive PPO network which is designed to both insure ensure the quality of care being delivered to patients as well as savings to the UEF. Every directly contracted provider has been selected based on their workers' compensation experience, quality of delivery, range of services, cost and location. As a part of the network, providers are contractually obligated to do more than just accept a PPO discount. Corvel outlines, monitors, and holds providers accountable to return to work protocols, adherence to evidence-based practice guidelines, prescribing methods and appropriate billing practices in order to deliver effective care at the best possible cost to the UEF.
- Pharmacy Program Management and Savings – Corvel's pharmacy program achieves value through integration with its bill review system which results in effective management and monitoring of pharmacy costs. This allows Corvel to identify and address pharmacy transactions that were not properly managed including out-of-network bills, paper bills, third party bills, and physician dispensing. It also allows Corvel to identify potentially harmful situations such as prescription abuse and patient addiction so potential issues can be proactively identified and dealt, benefiting both the UEF and our claimants.
- Bill Review: Corvel has proprietary software for effective bill review. It's program for bill review platform services all types of bills and offers a number of advantages. The bill review system provides a complete and detailed analysis of all bills and results in cost reductions automatically. Automated business rules and notifications are programmed into the system and identify incorrect or questionable billings when they occur. They also automatically trigger interventions by adjusters or escalate the issue to subject matter experts for review. The result is that discounts are applied correctly and completely to each pharmacy bill. Pharmacy costs can be enormous in our cases and this program achieves important savings unavailable with this TPA's work.

- Expert Review: Workers' compensation billing is often very complex, especially when it comes to hospitalizations and surgical care. Corvel's professional review system combines a system of sophisticated computer software with the clinical expertise of professional review nurses and certified procedure coders to evaluate every complex bill for accuracy and savings. Such savings are vital and cannot be achieved in an in-house setting.
- Case Management Program: Corvel has a proprietary system for collecting and organizing all aspects of case management. This system collects vital data and is accessible by UEF staff. Claims data including all associated bill review information such as scanned medical bills and explanations of review is available in one system for all UEF personnel with a need to access the system. Claims management, bill review, claims status, investigation results, physician and other medical reports and a host of other data are available to the agency staff.

It is clear, when the facts and results are reviewed, that there are numerous financial and performance reasons why the UEF hiring a TPA such as Corvel is the best course for an agency such as the UEF. As illustrated, a professional TPA company such as Corvel provides a host of advantages for all aspects of claims management that this agency could not possible achieve by attempting to manage claims administration in-house, including: a detailed and extensive proprietary claims management and tracking system; experienced claims administration and investigative staff; vast experience with workers compensation claims investigation, management and payments; and, a national network of agreements with literally thousands of vendors which result in substantial savings in costs to the UEF on a daily basis for a host of services, both medical and non-medical.

Additionally, Corvel provides the UEF with professional reporting and compliance services required under law to various entities, including state and federal entities, on a regular basis which would be time-consuming, challenging and expensive for a state-run in-house TPA. The data is clear that the savings of having a competent TPA manage this agency's claims results in savings and benefits that far outweigh the costs of the contract.

Whatever may have once been the case regarding claims management of workers' compensation claims, the modern environment in which today's claims are administered, especially medically, make a competent TPA with national exposure and reach a necessity for government agencies dealing with workers' compensation claims and payments. This is why a number of Maryland counties – including several large and mid-size counties – as well as other government entities - choose to contract for these services rather than attempt to provide them in-house. And many utilize, as the UEF does, the services of Corvel.

For the UEF these benefits are even more varied and evident. Our legal team depends on Corvel for superior investigative work in order to defend cases and find insurance coverage that allows the UEF to avoid paying on claims. Our collections unit works with Corvel's investigators, with the result that our collections staff has more information on potential uninsured employers and is better able to collect funds due from such uninsured employers. Our daily functions at the agency often involve and benefit from interactions with the Corvel staff and system.

Based on the evidence presented here, the probability of substantial cost savings resulting from such a complicated move of TPA services in-house is extremely speculative and very limited. In fact, it is entirely possible that the cost of in-house services as opposed to the current model would actually cost more and, frankly, achieve far less. It must also be noted – and emphasized – that, in fact, many self-insured Maryland Counties and Baltimore City utilize a TPA model rather than administering claims in-house, as do the uninsured employers' funds of many other states. They do not do that without a sound basis in fact and experience and their choice to follow the current UEF model for these services should not be ignored by the legislature.

The UEF has maintained consistently that the TPA contract is not the problem here. And the new contract, substantially revised to reflect the agency's experience during the previous five-year contract, is demonstrably less expensive, with administrative expenses being approximately 20% less than the prior contract.

This agency is entirely self-funded. It is constantly looking for ways to spend money more efficiently and to achieve savings. It welcomes questions as to agency operations, including the contracting of professional TPA services. Even an in-house TPA, if it did achieve savings, which remains completely speculative, would not result in reductions in costs sufficient to offset the decline in revenue the agency has and is currently experiencing.

As has been discussed, the issue is not expenses; it is revenue - assessment revenue is down during the past two fiscal years – which is a demonstrable fact - and that reduction is reflected in the Fund balance.

The Budget Analyst notes that:

> WCC's report also discusses the possibility of some type of overseer that could monitor UEF's monthly bank balances and CorVel's monthly administrative fees, establish standards for reserves, and assess the agency's staffing needs among other activities. WCC also suggests an overseer could work with the Department of Budget and Management and the Office of Legislative Audits (OLA) to separate TPA expenses from benefit payments to injured workers. **UEF should comment on the suggestion for an overseer.**

Agency Response

The UEF is, by statute, a State of Maryland Agency, part of the Executive Branch ultimately managed by the Governor. It appears yearly before the Legislature and receives yearly budget reviews, to which it responds. Every four years it is audited by the Legislative Office of Legislative Audits (OLA), a process which it is currently undergoing. Like every other State of Maryland agency, it is, therefore, constantly monitored and overseen– by the Executive and by the Legislature.

It is controlled and managed by a Board, which by statute is "appointed by the Governor with the advice and consent of the Senate." Labor and Employment, section 10-308.The Director of the Fund, appointed by the Board, has "immediate supervision and direction over the administration of the Fund". Labor and Employment section 10-309(d)(1).

The notion that some outside person, not a State employee or perhaps even a resident of Maryland, should be compensated by the Fund to "oversee" the Agency not only makes no sense, it puts the Agency in the position of being, apparently, managed and in some sense controlled not by the Governor, the Legislature, or even the Agency Board, Director and Staff but, rather, by a non-State employee with no real understanding of, or experience with, the internal operations of the agency. Decisions concerning internal functions and operations – for example "staffing needs" - of a state agency would rest with an outside individual with no connection to the State. Suggested powers of the "UEF Czar" directly contradict the authority granted currently in statute to the agency and various specific entities and individuals. Such decisions could result in adverse legal consequences for the State and a dysfunctional system of operations for the agency.

The UEF has oversight currently from the Governor and the Legislature. That is a system that has been in effect since 1983. It needs no "overseer" to manage it.

UEF should comment on the options considered in the two reports and the suggestion of an overseer.

The Budget Analysis noted that:

The "WCC also described a number of potential changes, including ones that do not require legislative actions, as well as ones that do, which included conflicting positions."

The Budget analysis requests a review of the possible options considered in the two reports. Therefore, the Agency responds with the following:

1) "Consideration of the Feasibility of Transferring Claims Management In-house Either in Whole or in Part: WCC noted that UEF suggested an independent feasibility study should be conducted. WCC noted that before undertaking this type of study, if an overseer is created, that entity could identify activities that could be transferred in house."

The Agency has responded to the proposal of a "UEF Czar" to oversee agency operations.

In addition, the notion of an outside party, a non-state employee, having the authority to order a state agency to conduct a study as per his/her orders or specifications would expose the agency and the State to potential serious negative consequences and results – not to mention the clear legal conflict of having such an outside party having operational control over a State agency staff and operations.

2) "Retaining a Private Commission-based Collections Agency to Pursue Debts Owed to UEF: WCC indicated that workgroup members supported this recommendation. UEF supports but prefers to also have the Central Collections Unit continue to collect debt."

   The agency is in the process of doing this. The Central Collection Unit should also collecting monies owed the State – to exclude it makes no sense.

3) "UEF Should Seek to Reduce Fines, Penalties, and Assessments to Judgments and Bring Civil Collection Actions: WCC noted that this was discussed and not objected to by the workgroup, but an overseer could determine if UEF has sufficient staff needed for certain enforcement actions or that a collections agency could perform this function."

   The agency notes that "not objected to by the workgroup" is not an endorsement, especially considering how the workgroup process came out. With additional staffing such a proposal might might sense as a long-term goal– a self-funded agency such as the UEF cannot, however, afford to hire staff simply hoping this idea would succeed. Again, agency operations would be, under this proposal, under the control of not state staff but an outside party with limited knowledge of the agency.

4) "Increase the Allowable Assessments Percentage on Awards and Settlements: WCC noted disagreement on the level of increase with UEF suggesting a 1 percentage point increase (approximately $4 million in annual revenue), while WCC supported a 0.5 percentage point increase (approximately $2 million in annual revenue). SB 219 introduced at the request of UEF provides for a 1 percentage point increase to the assessment.:

   Administration legislation SB0219/HB0193 would increase the assessment by up to an additional one percent If the Board determines the reserves of the Fund are inadequate to meet anticipated losses", Labor and Employment section 9-1007(b).

   As the Agency repeatedly emphasized to the Workgroup, the UEF has a revenue problem, not an expenditure problem. The answer lies in the assessment revenue stream.

   This legislation would clearly resolve the Funding issue and the solvency concerns. The current system, with a one percent assessment - and an additional one percent assessment available if the Board determines that the reserves of the Fund are inadequate to meet anticipated payments (which as noted has been the case for over a dozen years) – is demonstrably unable in 2024 to produce the revenue it has regularly produced in the past and cannot keep up with the increased costs of protecting injured uninsured workers.

Such an increase would generate anywhere from $3.0 to $4.0 million per year. After several years, the uncreased revenue should have restored the Fund's balance to permit the Agency to reduce the assessment to 2% or, if conditions warranted, even 1%. The annual assessment rate would then be a function of the previous year's expenditures and the total revenue generated, adjustable up or down in years future as total revenue and expenditures required.

It is important to emphasize that this would not be a set, permanent 3% assessment rate if the agency's legislative proposal was enacted. The assessment would only rise to three percent if and when such an increase was required "when the Board determines that reserves of the Fund are inadequate to meet anticipated losses".

It should be noted that there is a consensus developing to grant additional authority to the Board to increase the assessment by one-half a percent instead of the one percent in the legislation. The agency would support that decision.

5) "Make Reserve Setting Mandatory Rather Than Discretionary: WCC stated disagreement, while noting that the agency supports this, but UEF does not."

   The UEF has been setting reserves for a number of years and if the legislature wishes to make this mandatory has no objection to that policy decision.

6) "Repeal the Suspension of Assessments Once the UEF Fund Balance Reaches $5 Million: Both agencies support repealing the suspension to allow the agency to address long-term needs of the agency. However, WCC suggests that this should be done in conjunction with other oversight and mandatory reserve setting."

   This Code section makes no sense considering the history of the agency's funding and the amounts required to operate the agency and pay claims. The WCC conditions are vague and not relevant to the policy decision as to amending this provision out of the law. This would make sense by any measure on the merits.

7) "Redirect Civil Penalties from Workplace Fraud from the General Fund to UEF: The workgroup members had no objections, but WCC noted that the Maryland Department of Labor may express concerns. UEF supports this but is unsure of how much revenue this provision currently generates."

   This idea comes from the WCC Chair. The agency has no position on this idea but would point out the need to involved the Department of Labor and other stakeholders in any such discussion since it is funding that currently goes to other entities which might not be anxious to see that funding transferred away.

8) "Transfer $10 Million from the Subsequent Injury Fund (SIF) to UEF and Readjust the Assessment Ratios: UEF supports this idea, while WCC and SIF do not."

   The UEF Board supports this.

9) "Shift Cost of UEF Employee Salaries and Benefits (Excluding Assistant Attorney Generals) to the General Fund: UEF supports because they project it will save $1.5 million in expenditures per year."

   The UEF supports this option but, in light of the current budget situation, clearly sees that it may be an idea for a time when budgeting dynamics are more favorable in the State.

3. <u>Proposed Legislation</u>

SB0227, will make it easier and simpler for the Fund to pay injured workers on their claims by expediting the payment process and removing a requirement that injured uninsured workers must wait for payments during appeals of their cases is such appeals occur.

It gets uninsured workers their claim funds quicker and easier.

<u>Operating Budget Recommended Actions</u>

1. "Adopt the following narrative:

   Report on Operational Needs: The budget committees are concerned about the significant increase in operating expenditures due to the procurement of a contract with a third-party administrator (TPA) to perform many core functions of the agency. The committees direct that, in conjunction with the Department of Budget and Management (DBM), the Uninsured Employers' Fund (UEF) produce a report documenting whether a TPA is needed for the entire current five-year contract. The report should also provide an analysis of the agency's current and future staffing needs and consider the possible shift of claim management functions in house.

   Information Request UEF operational needs

   Author UEF DBM

   Due Date December 1, 2025"

The UEF has no objection to any of this Committee Narrative as stated.

Operating Budget Recommended Actions

The Agency concurs with the Governor's allowance and the Budget Analyst's recommendations as regards the Budget.

In conclusion, the agency sincerely thanks the budget analyst, Mr. Micah Richards, for his courtesy, his ongoing professional and collaborative work with this agency and his excellent and thorough Budget Analysis. We appreciate his efforts to work with this agency to provide the legislature with both accurate information and various recommendations regarding the UEF. His performance, knowledge, thoroughness and demeanor have made the process more successful for all involved.

It is always my pleasure to appear before legislative committees and I look forward to working with you all to continue our ongoing successful collaborative progress to make the Maryland Uninsured Employers' Fund an even more outstanding and successful State government agency - which in turn will help protect thousands of injured Marylanders and their families during difficult times.

Thank you.

Sincerely,

Michael W. Burns

Michael W. Burns, Esquire
Director

Encls.

Current Month: Jan-2025

Maryland Uninsured Employers' Fund

Key Performance Indicators Tracking

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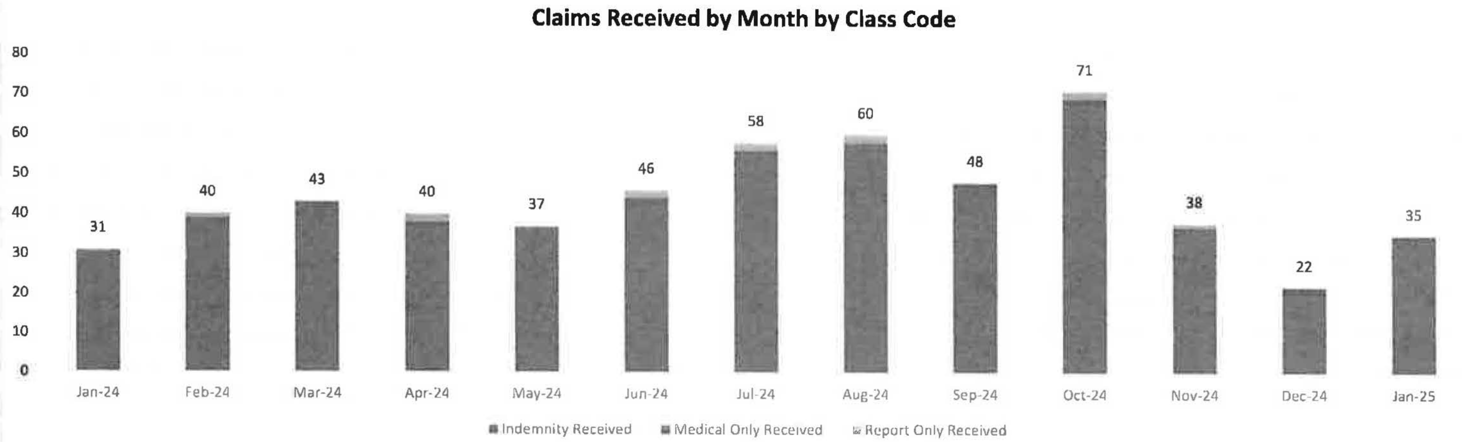
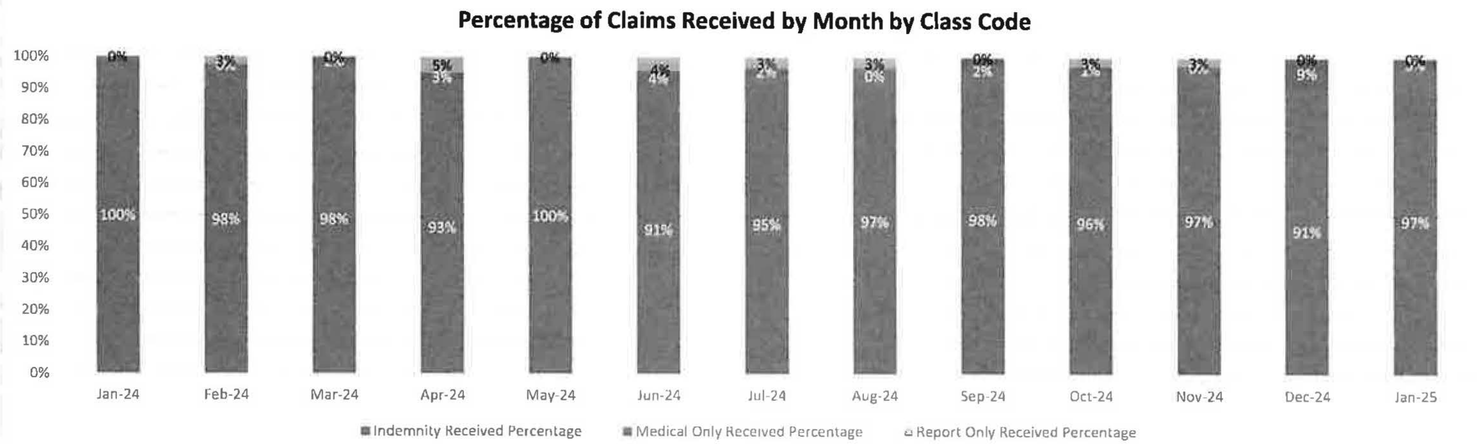
Maryland Uninsured Employers' Fund
Key Performance Indicators

Jan-2025





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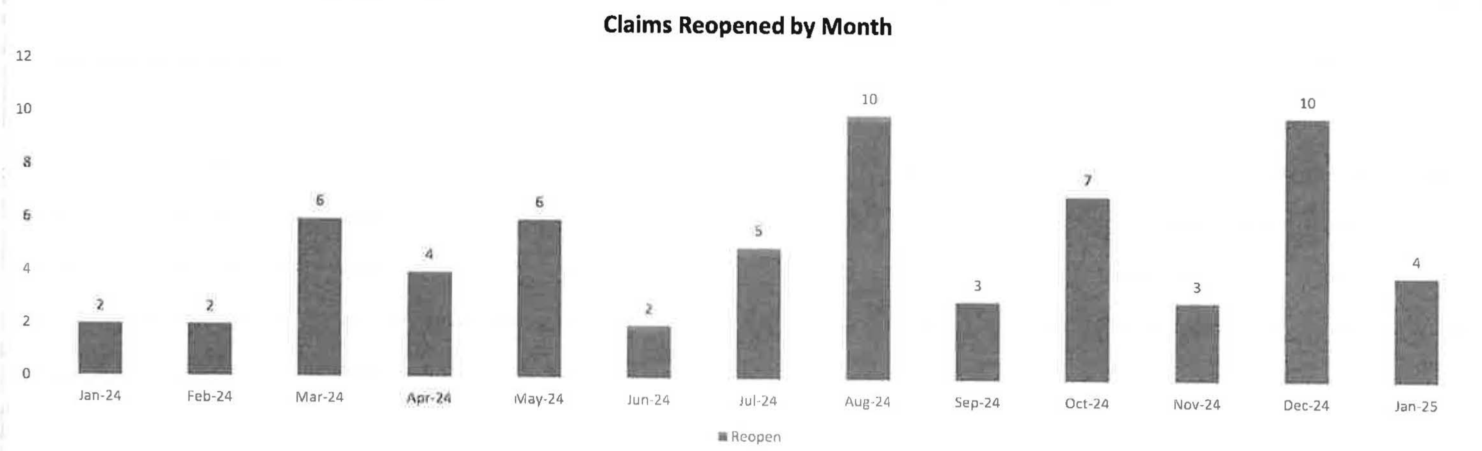
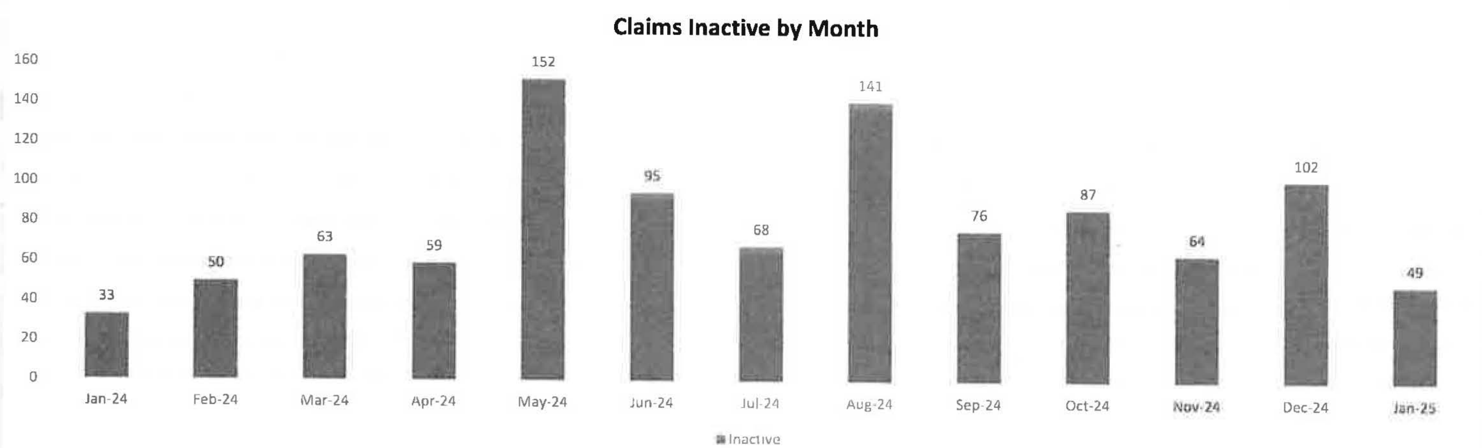
Maryland Uninsured Employers' Fund
Key Performance Indicators

Jan-2025





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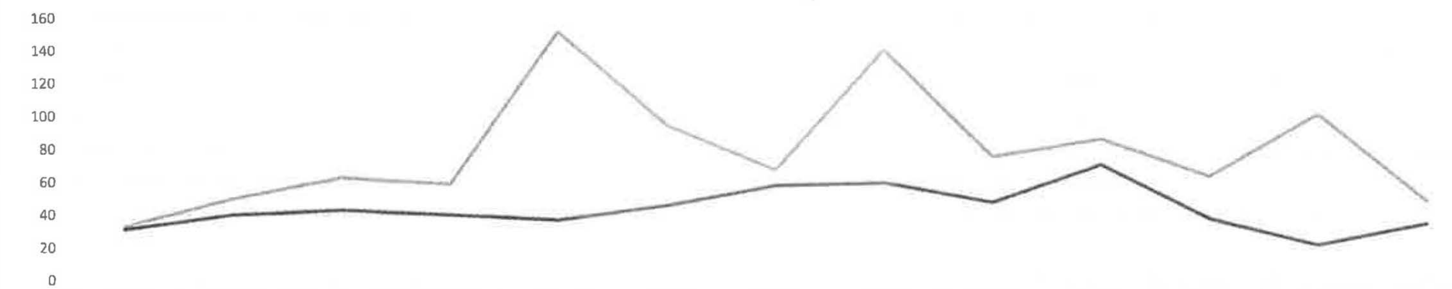
Maryland Uninsured Employers' Fund
Key Performance Indicators

Jan-2025

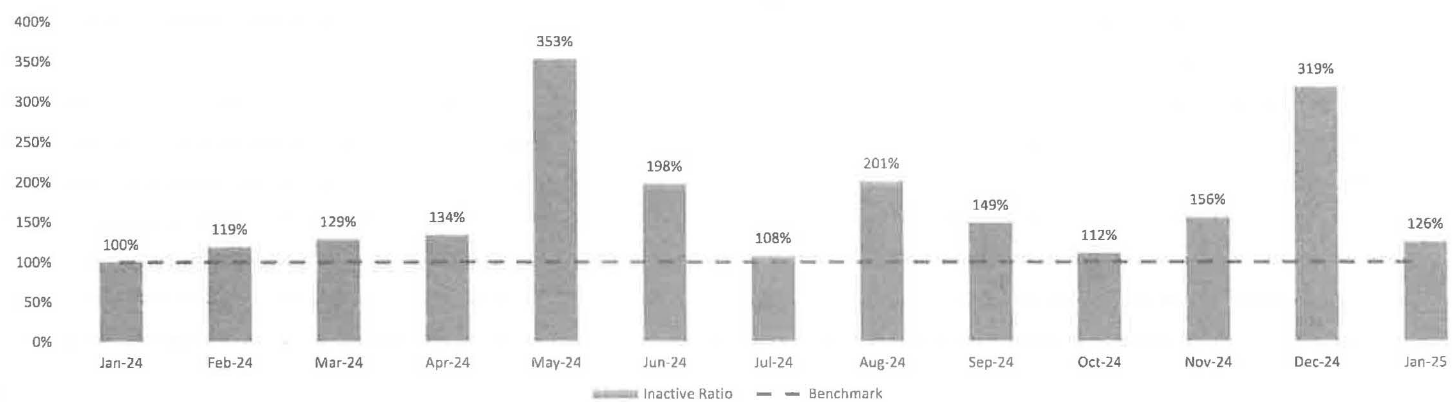
Received vs Inactive by Month



	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
Inactive	33	50	63	59	152	95	68	141	76	87	64	102	49
Received	31	40	43	40	37	46	58	60	48	71	38	22	35

Inactive — Received

Inactive Ratio by Month



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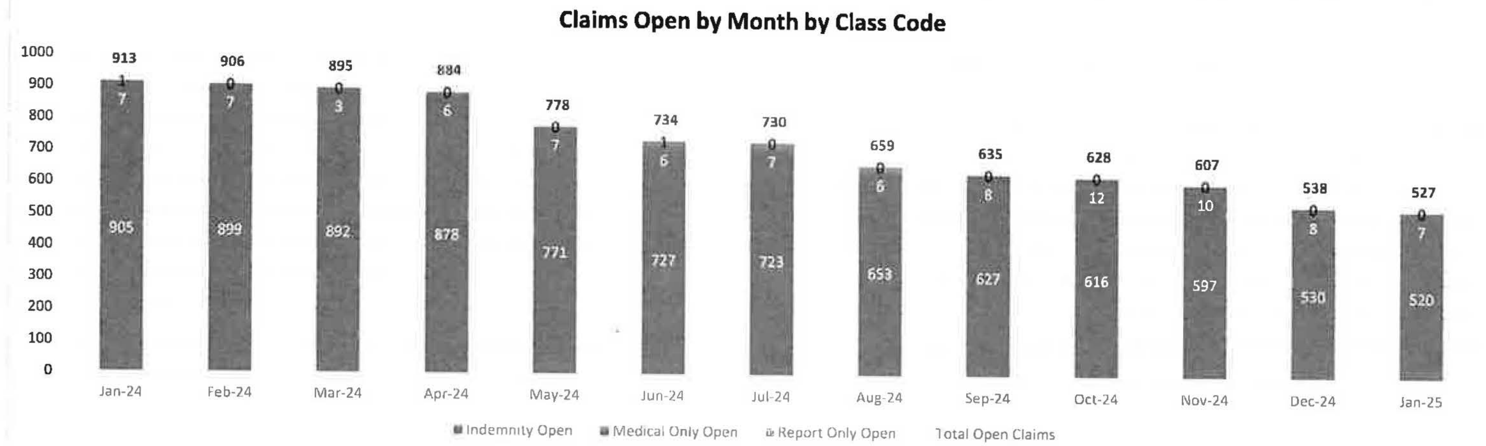
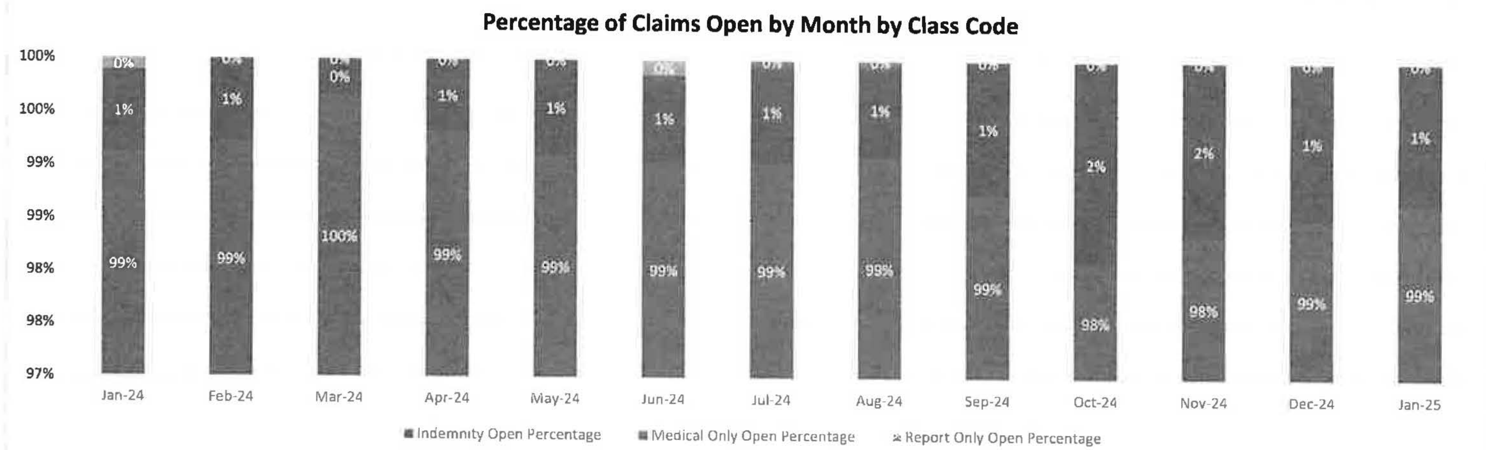
Maryland Uninsured Employers' Fund
Key Performance Indicators

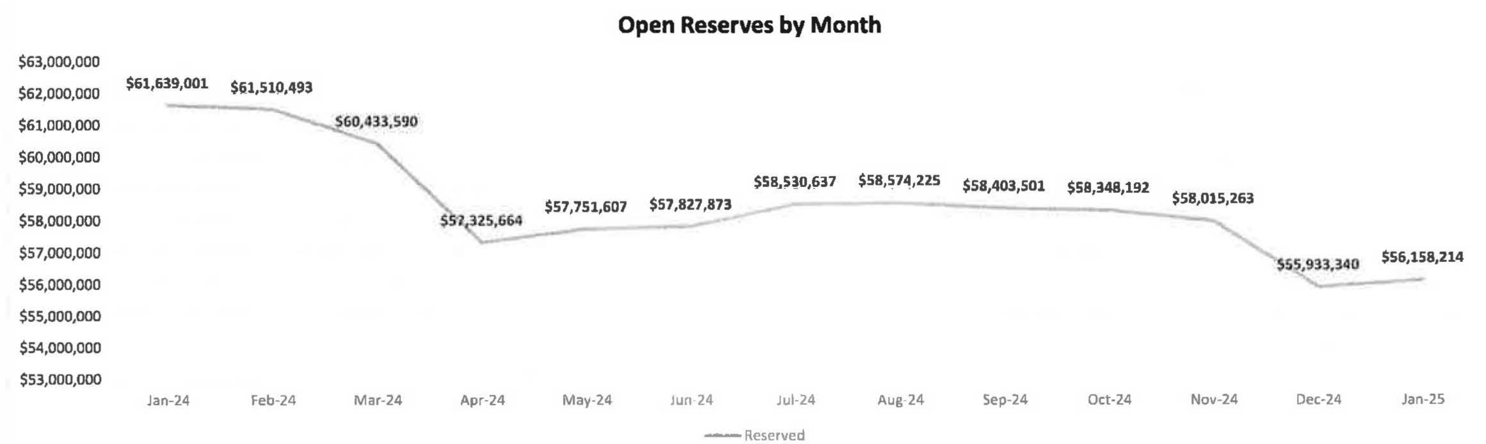
Jan-2025





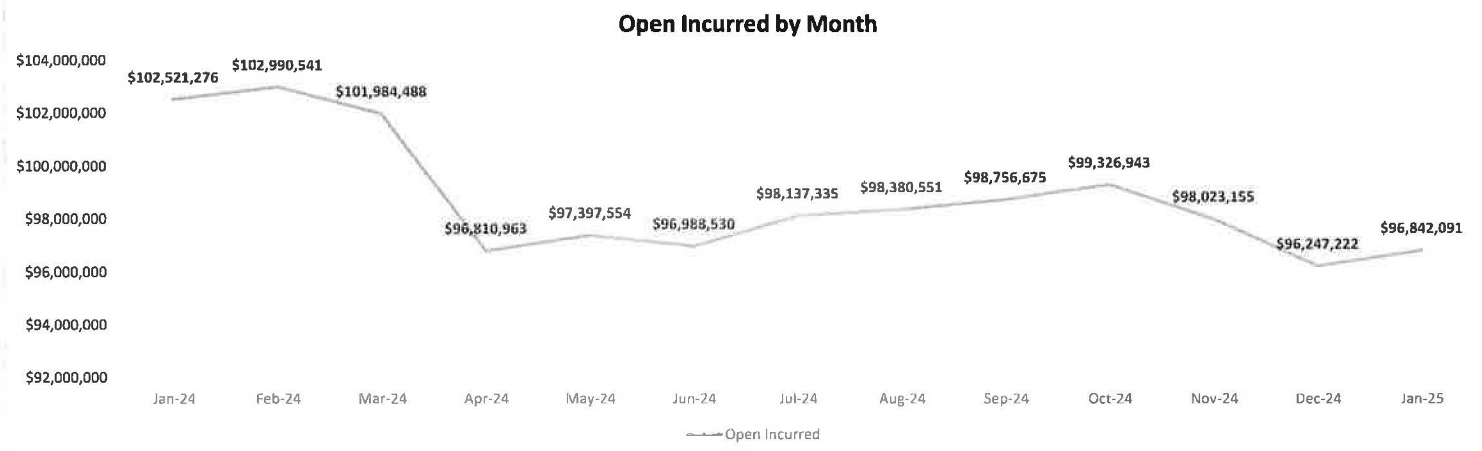
Maryland Uninsured Employers' Fund
Key Performance Indicators

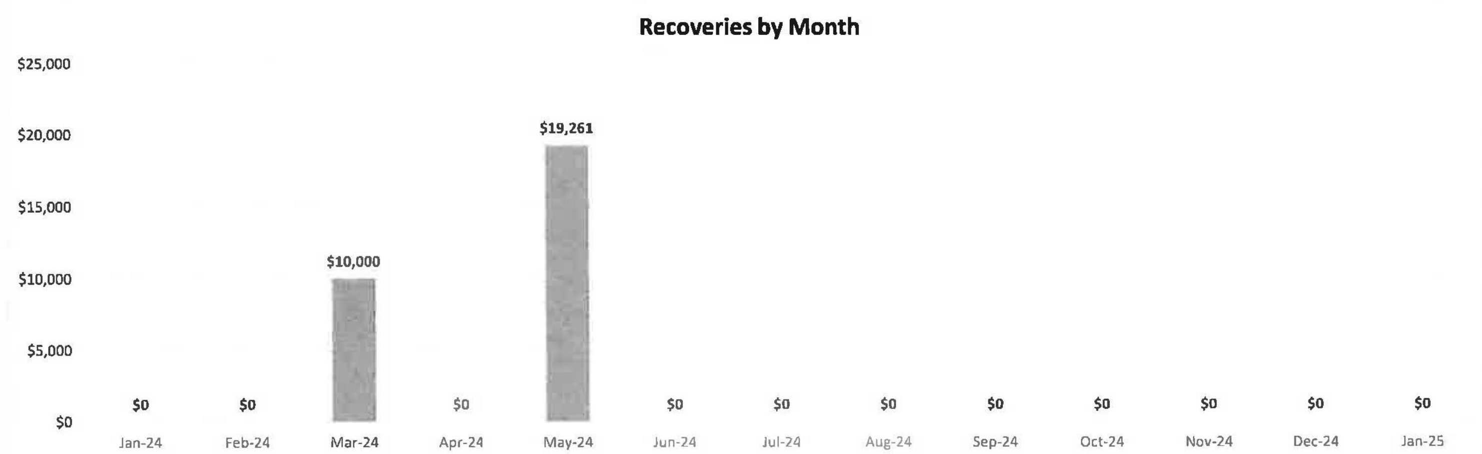
Jan-2025



Maryland Uninsured Employers' Fund
Key Performance Indicators

Jan-2025





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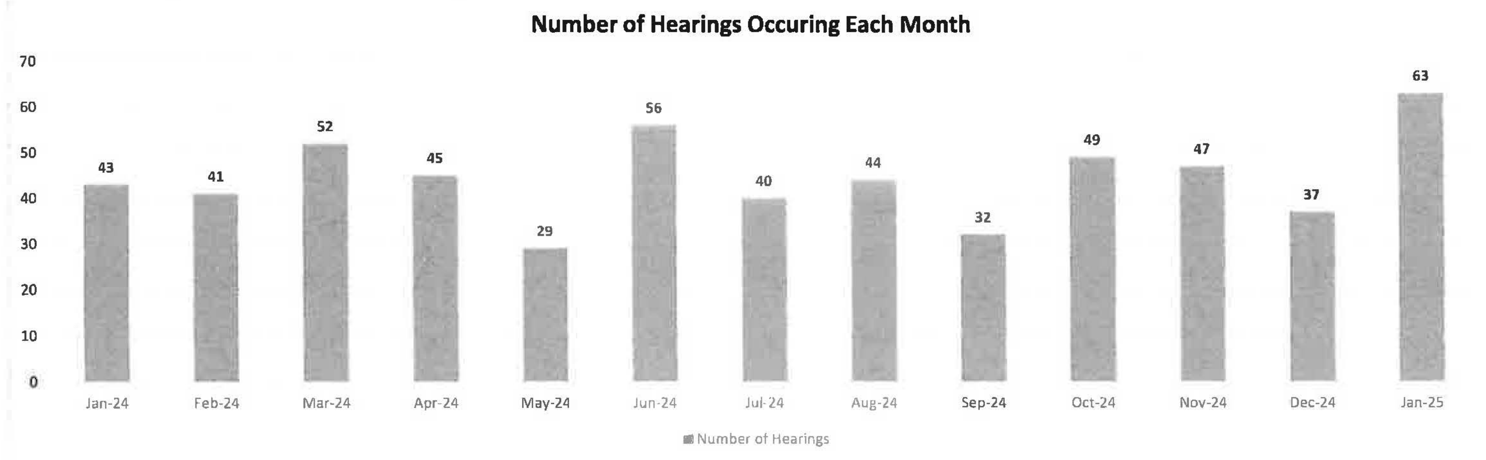
Maryland Uninsured Employers' Fund
Key Performance Indicators

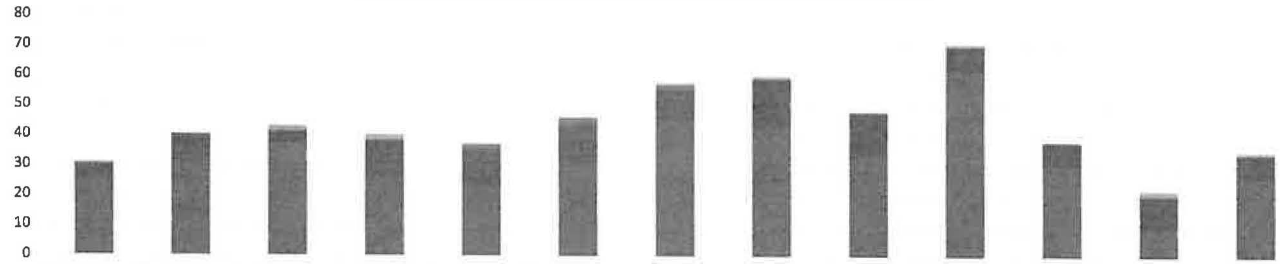
Jan-2025



Maryland Uninsured Employers' Fund
Key Performance Indicators

Jan-2025

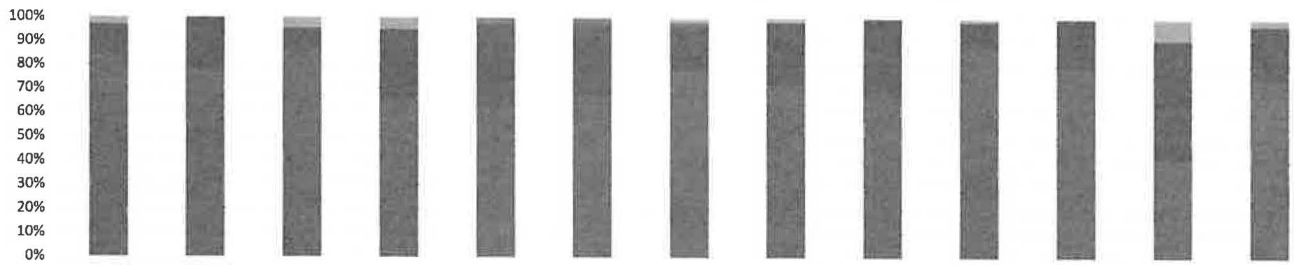
Received Claims: Documented vs Undocumented by Month- Count



	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
Unknown Received	1	0	2	2	0	0	1	1	0	1	0	2	1
Undocumented Received	4	9	4	12	14	15	12	16	15	8	8	11	8
Documented Received	26	31	37	26	23	31	45	43	33	62	30	9	26

■ Documented Received ■ Undocumented Received ■ Unknown Received

Received Claims: Documented vs Undocumented by Month- Percentage



	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
Unknown Received	3%	0%	5%	5%	0%	0%	2%	2%	0%	1%	0%	9%	3%
Undocumented Received	13%	23%	9%	30%	38%	33%	21%	27%	31%	11%	21%	50%	23%
Documented Received	84%	78%	86%	65%	62%	67%	78%	72%	69%	87%	79%	41%	74%

■ Documented Received ■ Undocumented Received ■ Unknown Received

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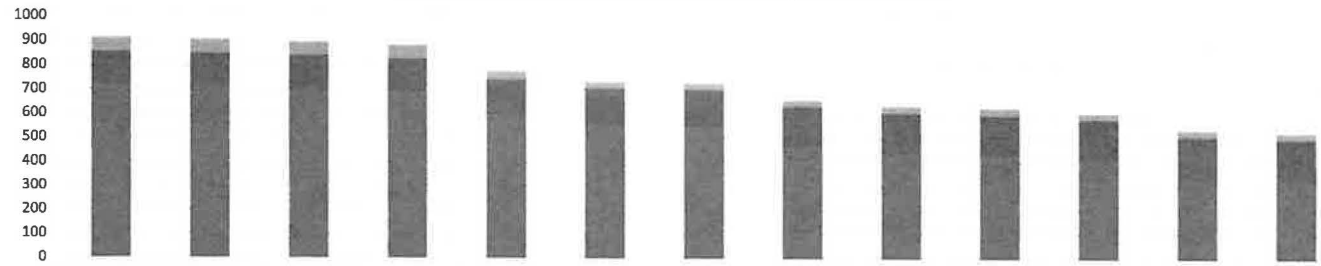
Maryland Uninsured Employers' Fund
Key Performance Indicators

Jan-2025

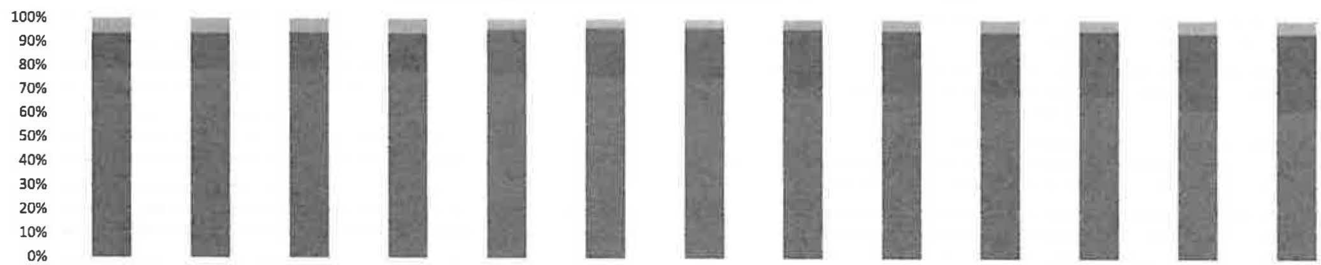
Open Claims: Documented vs Undocumented by Month- Count



	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
Unknown Open	58	58	54	57	36	28	29	28	30	32	29	30	29
Undocumented Open	138	140	138	139	146	153	154	165	168	165	166	175	171
Documented Open	717	708	703	688	596	553	547	466	437	431	412	333	327

■ Documented Open ■ Undocumented Open ■ Unknown Open

Open Claims: Documented vs Undocumented by Month- Percentage



	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
Unknown Open	6%	6%	6%	6%	5%	4%	4%	4%	5%	5%	5%	6%	6%
Undocumented Open	15%	15%	15%	16%	19%	21%	21%	25%	26%	26%	27%	33%	32%
Documented Open	79%	78%	79%	78%	77%	75%	75%	71%	69%	69%	68%	62%	62%

■ Documented Open ■ Undocumented Open ■ Unknown Open

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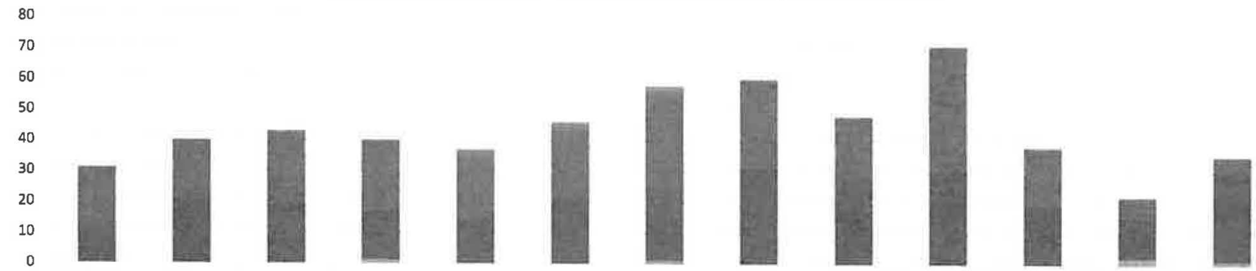
Maryland Uninsured Employers' Fund
Key Performance Indicators

Jan-2025

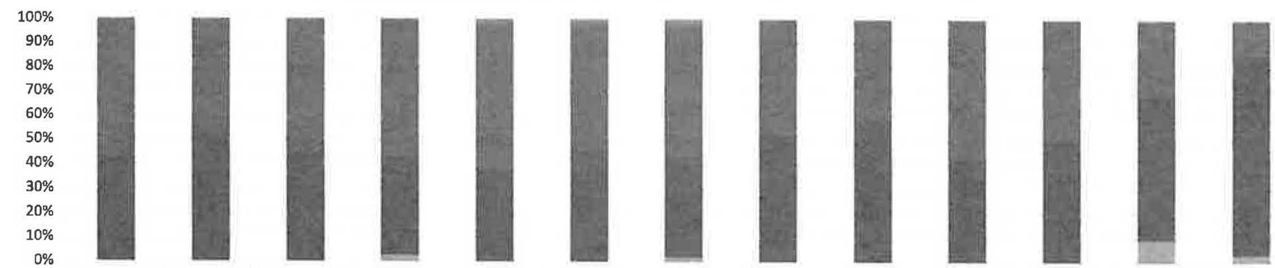
Received Claims: Coverage Found vs No Coverage Found by Month- Count



	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
Coverage Found Received	18	19	24	23	23	25	33	29	20	41	19	7	5
No Coverage Found Received	13	21	19	16	14	21	24	31	28	30	19	13	29
Unknown Received	0	0	0	1	0	0	1	0	0	0	0	2	1

■ Unknown Received ■ No Coverage Found Received ■ Coverage Found Received

Received Claims: Coverage Found vs No Coverage Found by Month- Percentage



	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
Coverage Found Received	58%	48%	56%	58%	62%	54%	57%	48%	42%	58%	50%	32%	14%
No Coverage Found Received	42%	53%	44%	40%	38%	46%	41%	52%	58%	42%	50%	59%	83%
Unknown Received	0%	0%	0%	3%	0%	0%	2%	0%	0%	0%	0%	9%	3%

■ Unknown Received ■ No Coverage Found Received ■ Coverage Found Received

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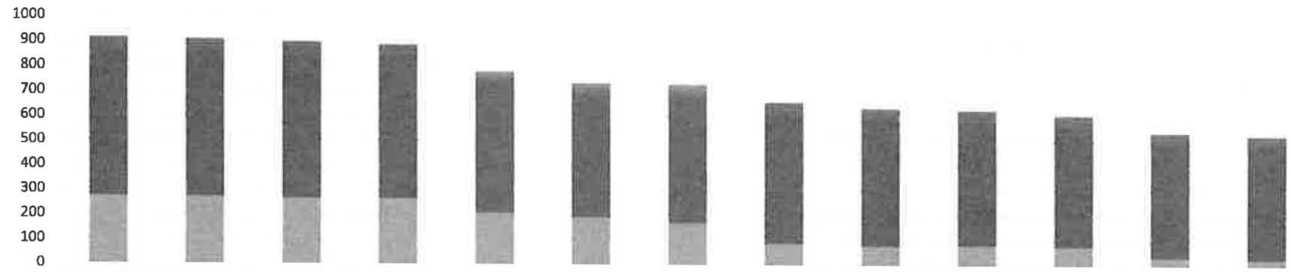
Maryland Uninsured Employers' Fund
Key Performance Indicators

Jan-2025

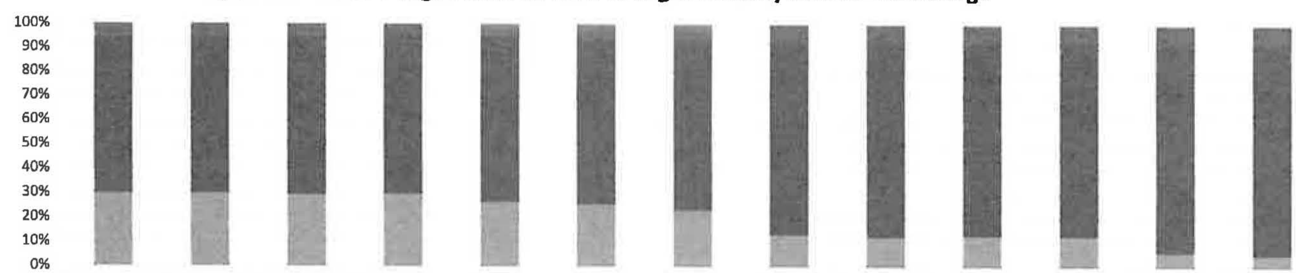
Open Claims: Coverage Found vs No Coverage Found by Month- Count



	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
Coverage Found Open	55	51	53	43	40	49	46	50	48	48	49	49	41
No Coverage Found Open	586	586	580	579	532	497	515	523	510	501	482	457	461
Unknown Open	272	269	262	262	206	188	169	86	77	79	76	32	25

■ Unknown Open ■ No Coverage Found Open ■ Coverage Found Open

Open Claims: Coverage Found vs No Coverage Found by Month- Percentage



	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
Coverage Found Open	6%	6%	6%	5%	5%	7%	6%	8%	8%	8%	8%	9%	8%
No Coverage Found Open	64%	65%	65%	65%	68%	68%	71%	79%	80%	80%	79%	85%	87%
Unknown Open	30%	30%	29%	30%	26%	26%	23%	13%	12%	13%	13%	6%	5%

■ Unknown Open ■ No Coverage Found Open ■ Coverage Found Open

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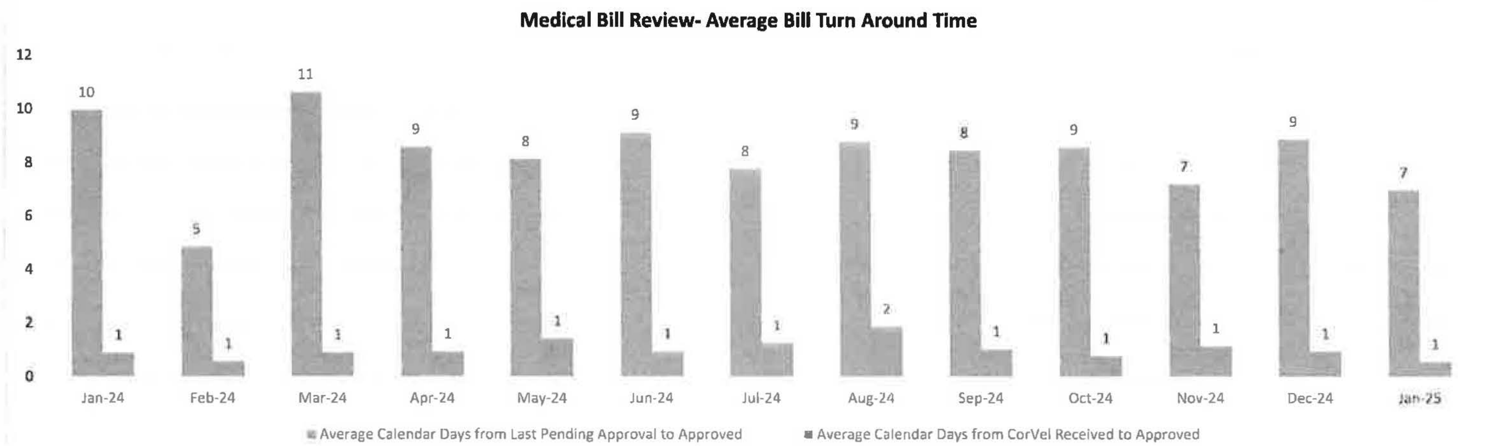

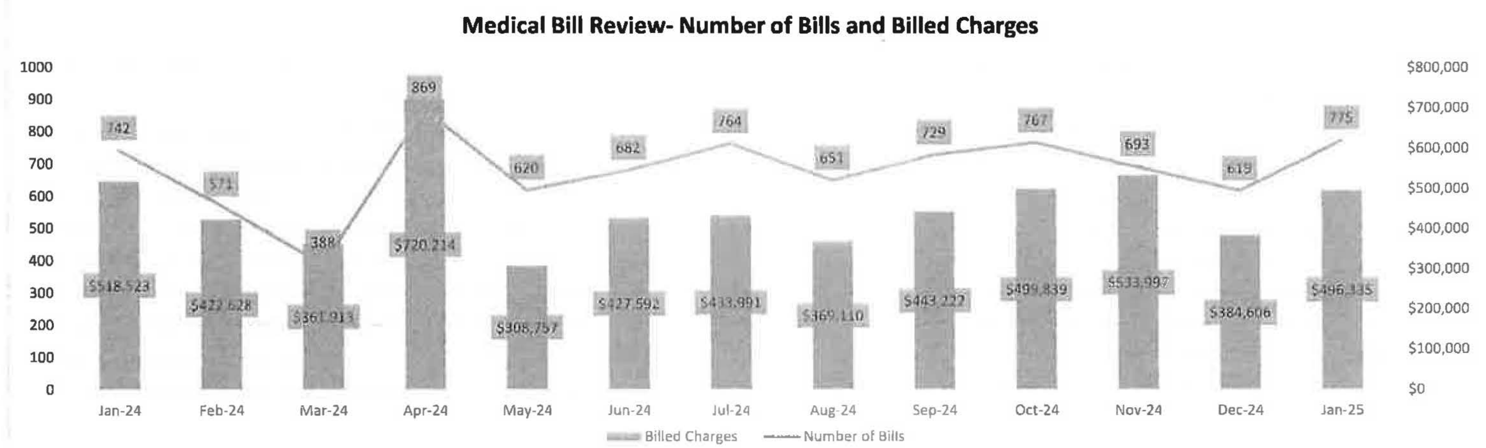

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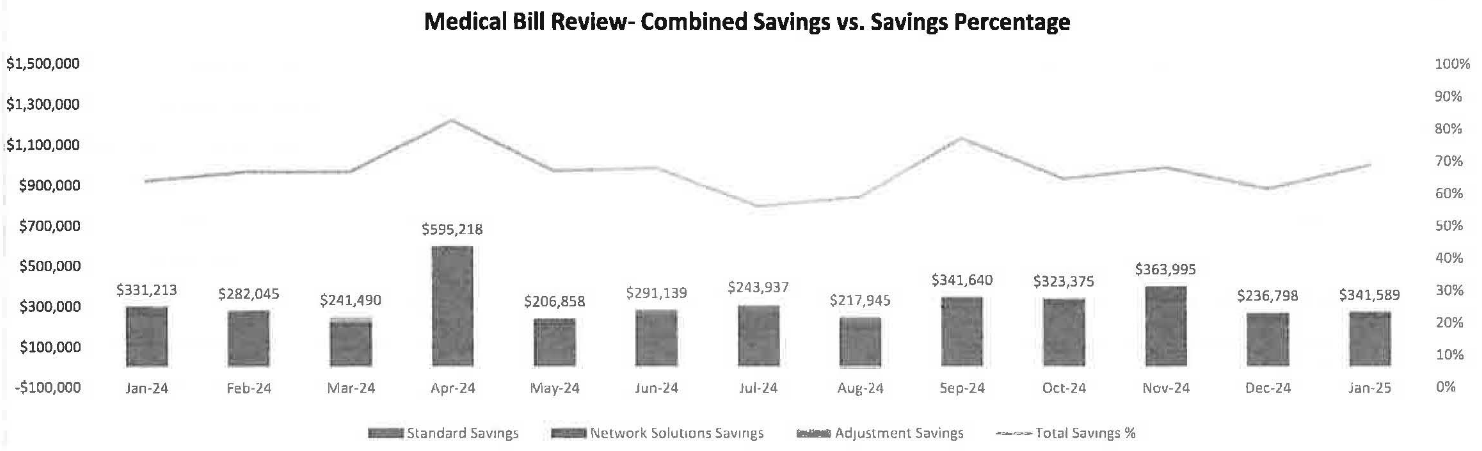

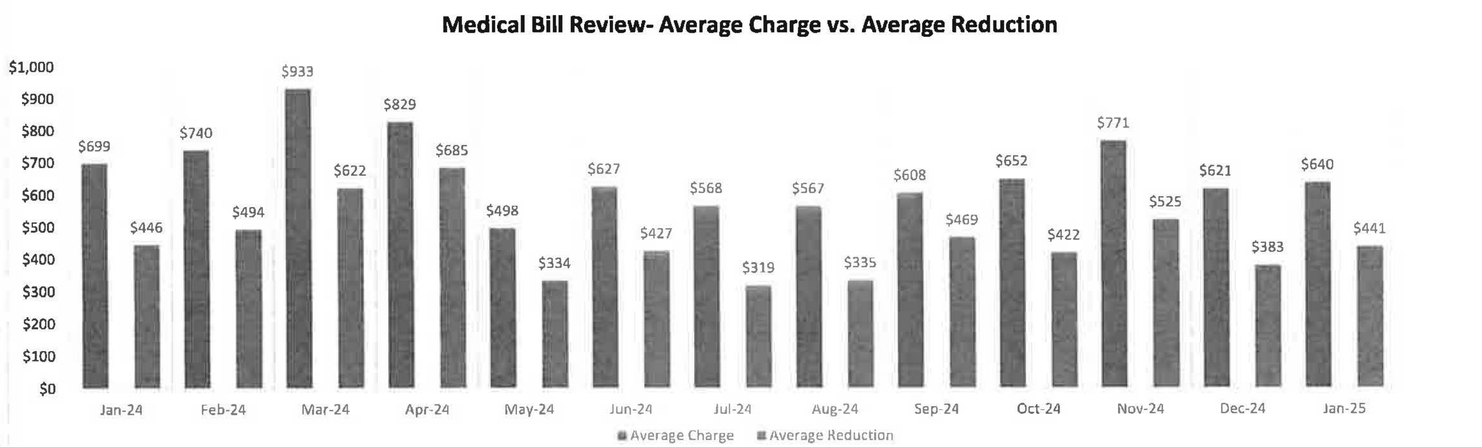

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Maryland Uninsured Employers' Fund
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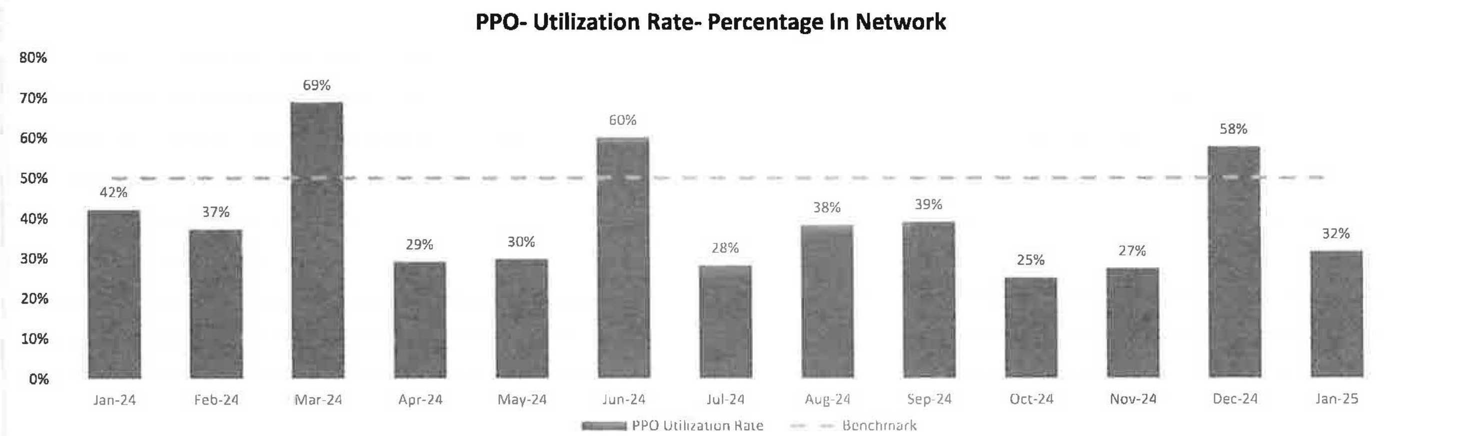
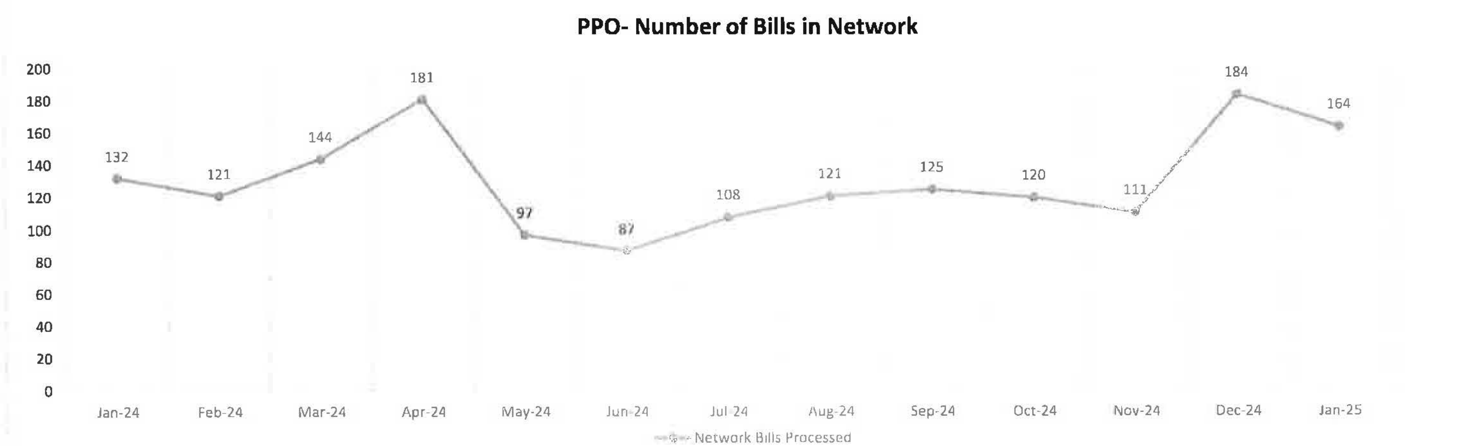
Jan-2025





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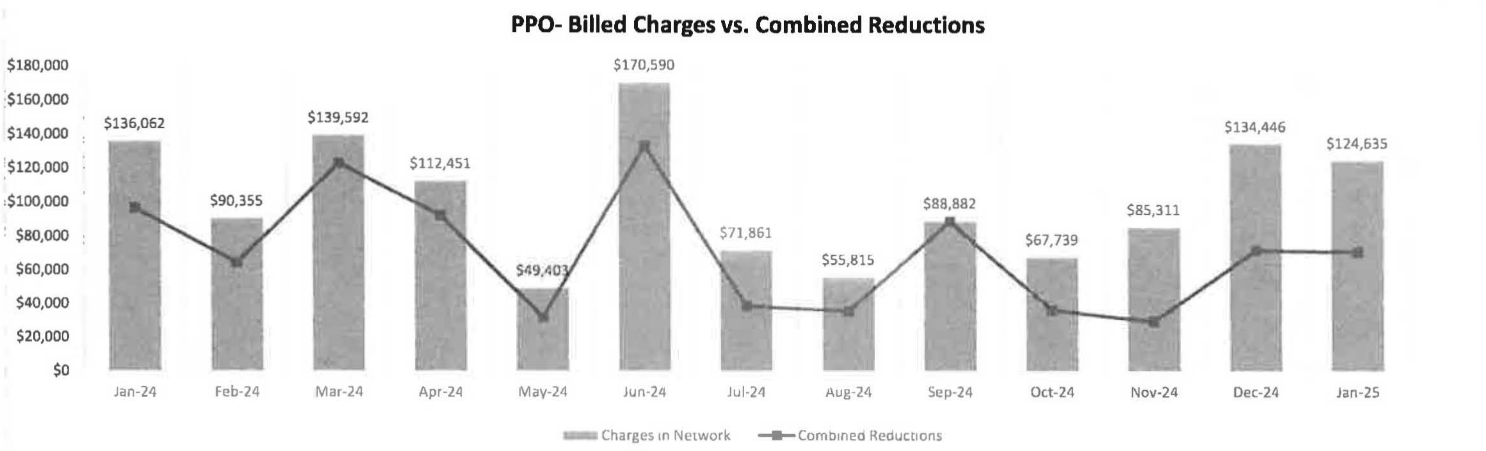

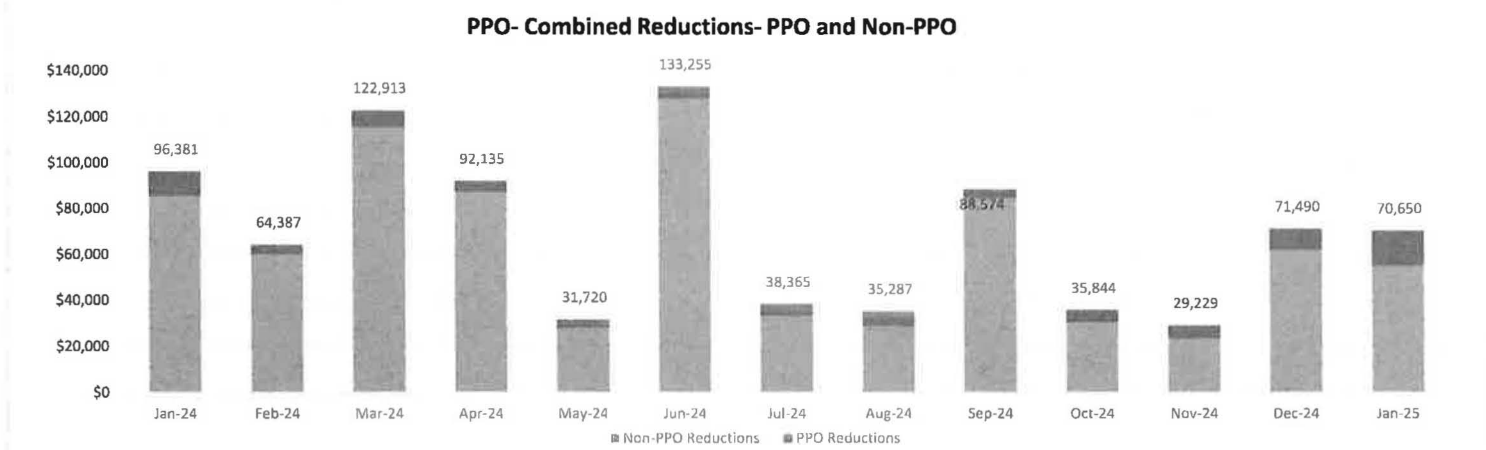

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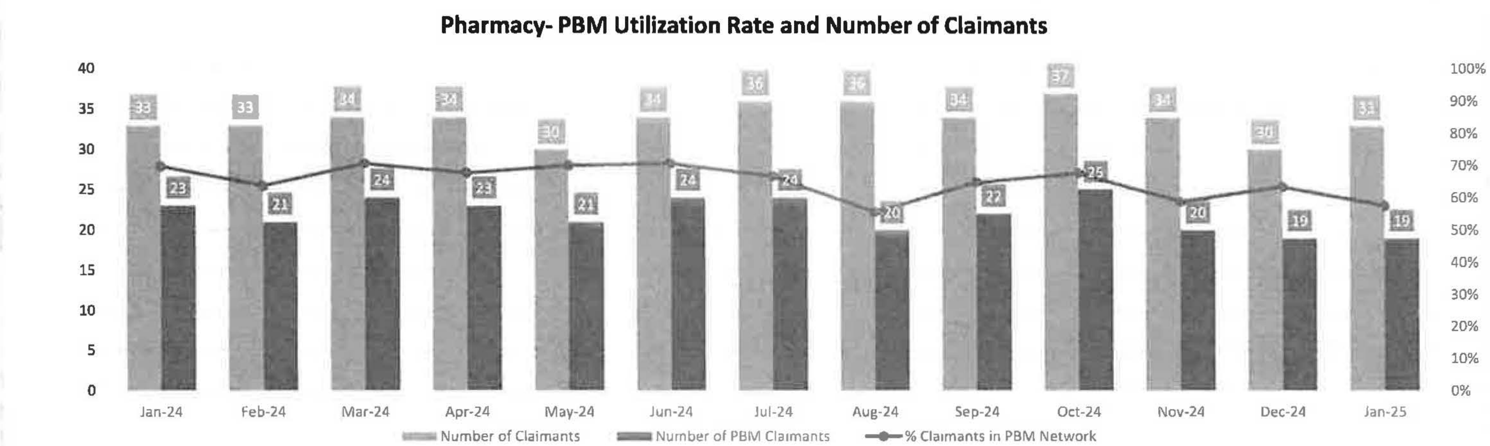

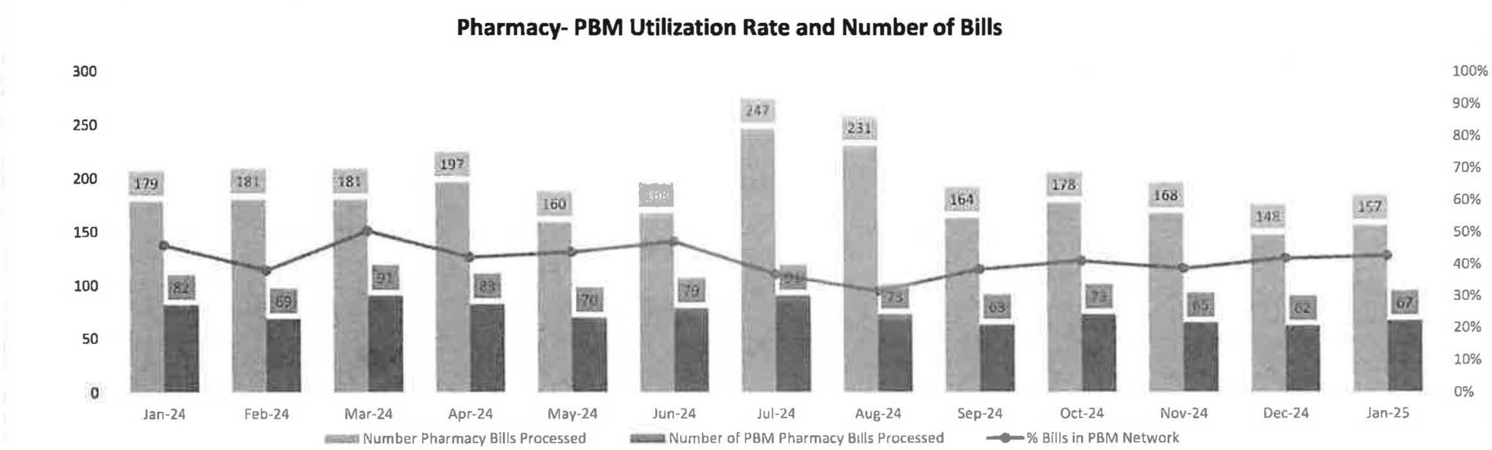

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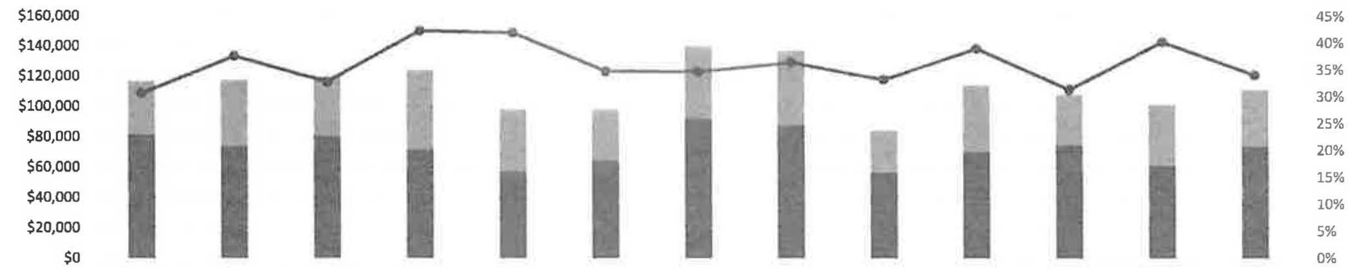
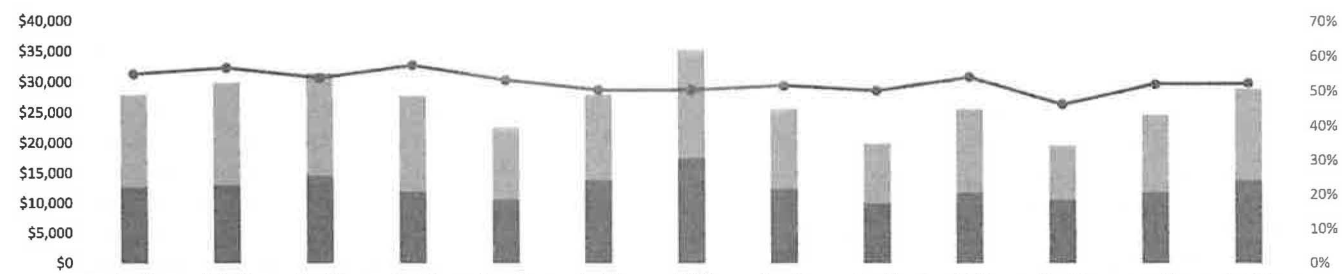
Pharmacy- Billed vs Paid and Savings Percent



	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
Amount Billed	$116,934	$117,704	$119,455	$124,160	$98,243	$98,510	$139,981	$137,493	$84,513	$114,390	$108,193	$101,618	$111,414
Amount Paid	$81,272	$73,585	$80,447	$71,729	$57,119	$64,304	$91,563	$87,509	$56,505	$69,867	$74,356	$60,801	$73,519
Overall Savings Percentage	30%	37%	33%	42%	42%	35%	35%	36%	33%	39%	31%	40%	34%

Amount Billed — Amount Paid — Overall Savings Percentage

Pharmacy- PBM- Billed vs Paid and Savings Percent



	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
Amount Billed (PBM)	$28,007	$29,927	$31,533	$27,830	$22,667	$28,000	$35,385	$25,753	$19,879	$25,629	$19,639	$24,695	$29,022
Amount Paid (PBM)	$12,661	$13,000	$14,616	$11,884	$10,625	$13,936	$17,596	$12,481	$9,929	$11,778	$10,563	$11,835	$13,846
PBM Savings Percentage	55%	57%	54%	57%	53%	50%	50%	52%	50%	54%	46%	52%	52%

Amount Billed (PBM) — Amount Paid (PBM) — PBM Savings Percentage

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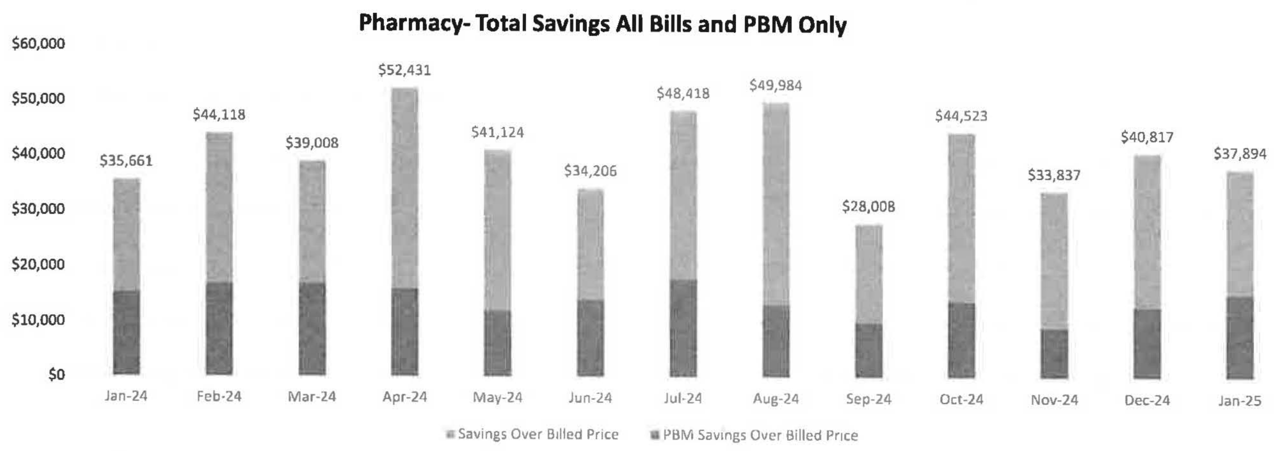

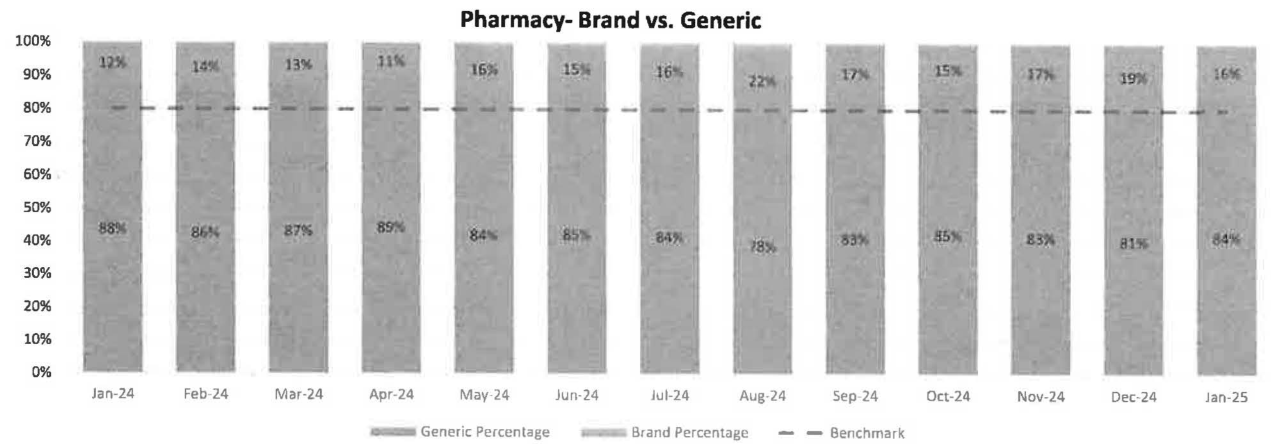

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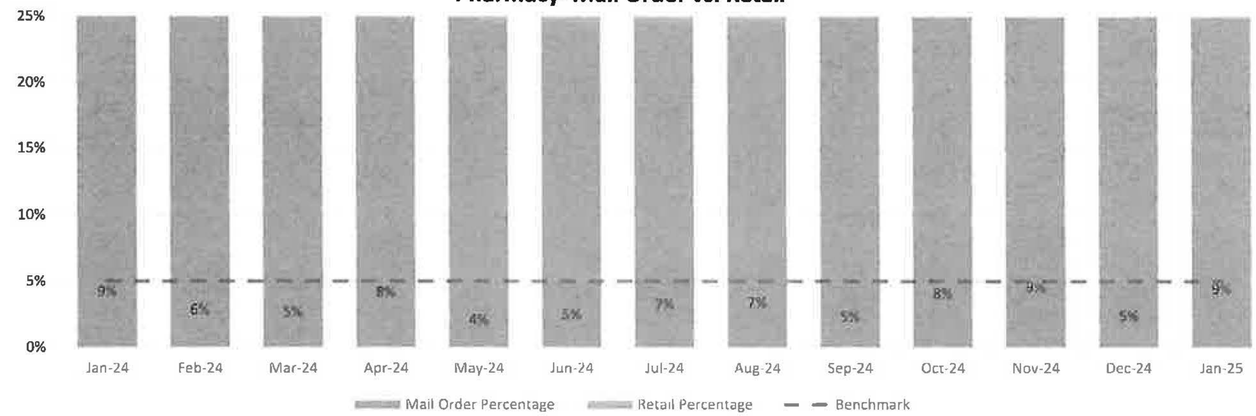
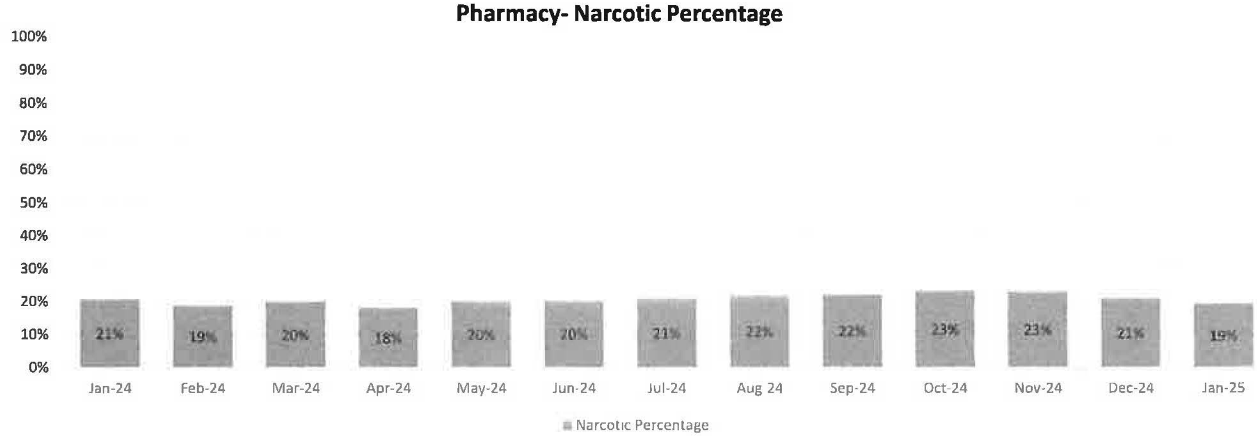
Pharmacy- Mail Order vs. Retail



Pharmacy- Narcotic Percentage



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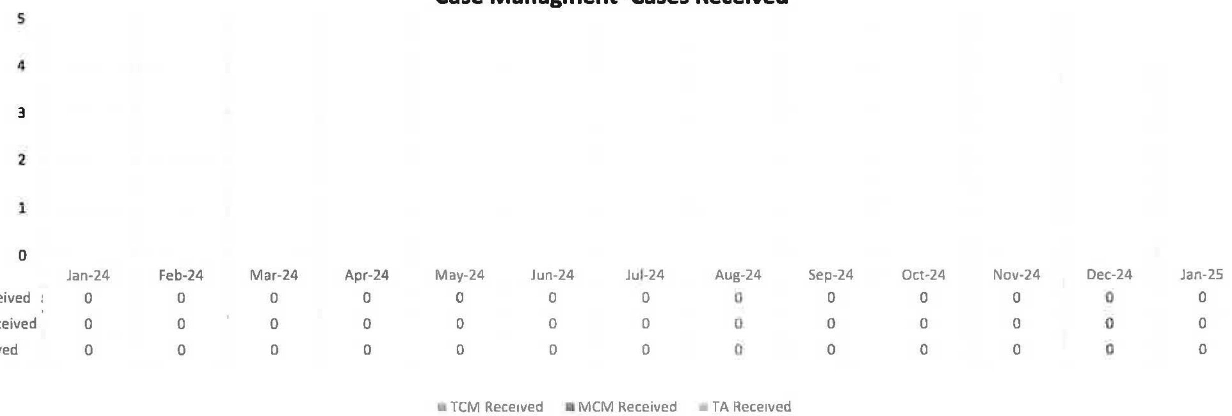
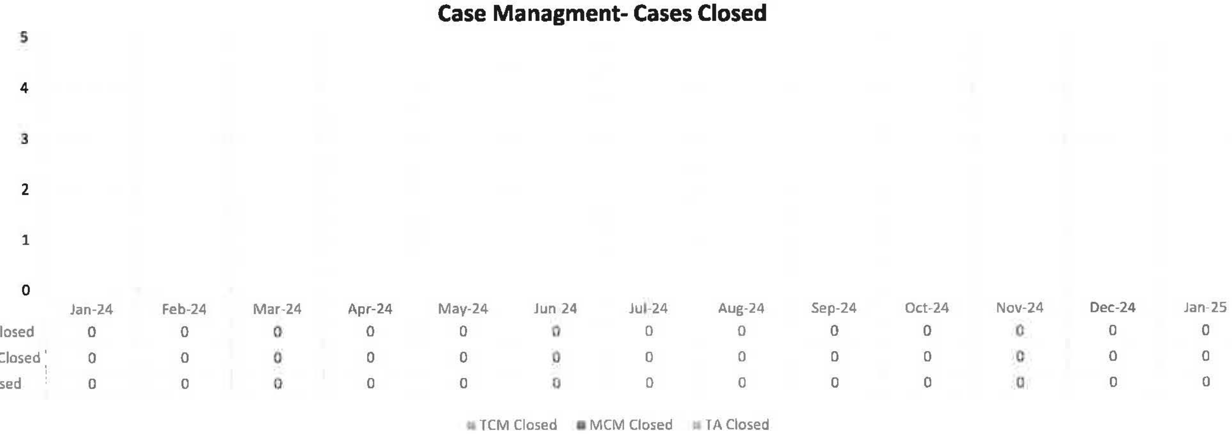
Case Managment- Cases Received



	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
TCM Received	0	0	0	0	0	0	0	0	0	0	0	0	0
MCM Received	0	0	0	0	0	0	0	0	0	0	0	0	0
TA Received	0	0	0	0	0	0	0	0	0	0	0	0	0

Case Managment- Cases Closed



	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun 24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
TCM Closed	0	0	0	0	0	0	0	0	0	0	0	0	0
MCM Closed	0	0	0	0	0	0	0	0	0	0	0	0	0
TA Closed	0	0	0	0	0	0	0	0	0	0	0	0	0

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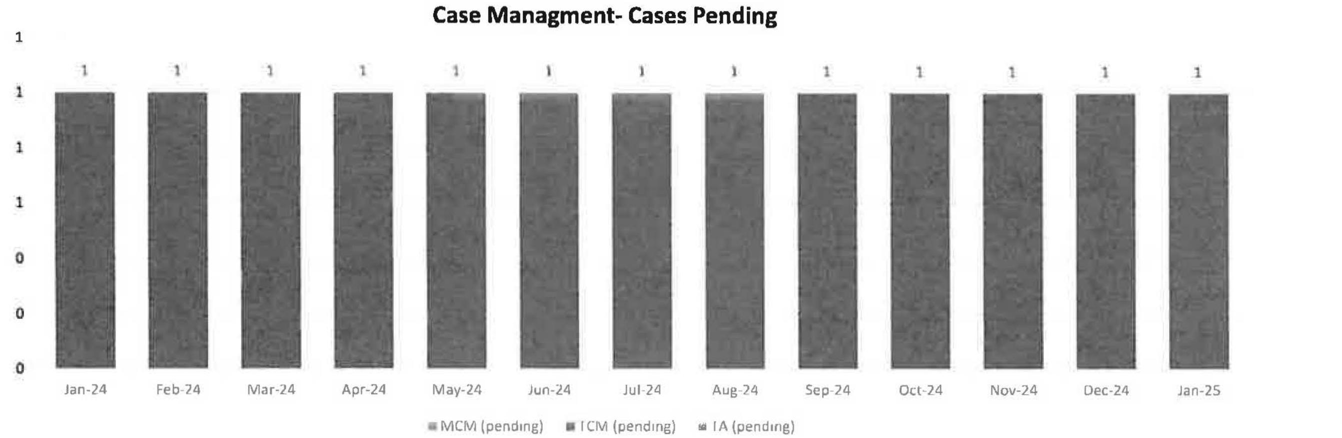

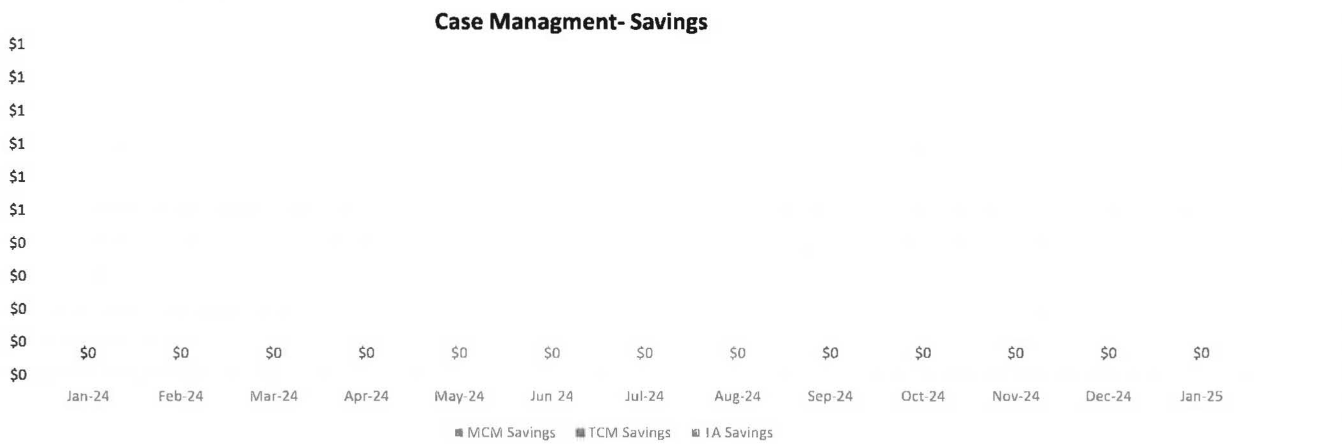

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Activity	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	13 Month Average	13 Month Total
Received	31	40	43	40	37	46	58	60	48	71	38	22	35	44	569
Indemnity Received	31	39	42	37	37	42	55	58	47	68	37	20	34	42	547
Medical Only Received	0	0	1	1	0	2	1	0	1	1	0	2	1	1	10
Report Only Received	0	1	0	2	0	2	2	2	0	2	1	0	0	1	12
Indemnity Received Percentage	100%	98%	98%	93%	100%	91%	95%	97%	98%	96%	97%	91%	97%	96%	96%
Medical Only Received Percentage	0%	0%	2%	3%	0%	4%	2%	0%	2%	1%	0%	9%	3%	2%	2%
Report Only Received Percentage	0%	3%	0%	5%	0%	4%	3%	3%	0%	3%	3%	0%	0%	2%	2%
Reopen	2	2	6	4	6	2	5	10	3	7	3	10	4	5	64
Inactive	33	50	63	59	152	95	68	141	76	87	64	102	49	80	1,039
Inactive Ratio	100%	119%	129%	134%	353%	198%	108%	201%	149%	112%	156%	319%	126%	170%	164%

Hearings	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	13 Month Average	13 Month Total
Number of Hearings	43	41	52	45	29	56	40	44	32	49	47	37	63	44	578

Inventory	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	13 Month Average	13 Month Total
Indemnity Open	905	899	892	878	771	727	723	653	627	616	597	530	520	718	
Medical Only Open	7	7	3	6	7	6	7	6	8	12	10	8	7	7	
Report Only Open	1	0	0	0	0	1	0	0	0	0	0	0	0	0	
Indemnity Open Percentage	99%	99%	100%	99%	99%	99%	99%	99%	99%	98%	98%	99%	99%	99%	
Medical Only Open Percentage	1%	1%	0%	1%	1%	1%	1%	1%	1%	2%	2%	1%	1%	1%	
Report Only Open Percentage	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Total Open Claims	913	906	895	884	778	734	730	659	635	628	607	538	527	726	

Financial Overview	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	13 Month Average	13 Month Total
Monthly Paid	$432,459	$666,269	$421,357	$632,445	$467,882	$379,772	$557,395	$495,024	$373,070	$531,870	$460,856	$555,912	$330,311	$484,971	$6,304,621
Open Paid	$40,882,275	$41,480,048	$41,550,898	$39,485,299	$39,645,947	$39,160,657	$39,606,698	$39,806,326	$40,353,174	$40,978,751	$40,007,892	$40,313,881	$40,683,877	$40,304,286	
Reserved	$61,639,001	$61,510,493	$60,433,590	$57,325,664	$57,751,607	$57,827,873	$58,530,637	$58,574,225	$58,403,501	$58,348,192	$58,015,263	$55,933,340	$56,158,214	$58,496,277	
Open Incurred	$102,521,276	$102,990,541	$101,984,488	$96,810,963	$97,397,554	$96,988,530	$98,137,335	$98,380,551	$98,756,675	$99,326,943	$98,023,155	$96,247,222	$96,842,091	$98,800,563	
Recovered	$0	$0	$10,000	$0	$19,261	$0	$0	$0	$0	$0	$0	$0	$0	$2,251	$29,261

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Documented vs. Undocumented	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	13 Month Average	13 Month Total
Documented Received	26	31	37	26	23	31	45	43	33	62	30	9	26	32	422
Undocumented Received	4	9	4	12	14	15	12	16	15	8	8	11	8	10	136
Unknown Received	1	0	2	2	0	0	1	1	0	1	0	2	1	1	11
Documented Open	717	708	703	688	596	553	547	466	437	431	412	333	327	532	
Undocumented Open	138	140	138	139	146	153	154	165	168	165	166	175	171	155	
Unknown Open	58	58	54	57	36	28	29	28	30	32	29	30	29	38	

Coverage Found vs. No Coverage Found	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	13 Month Average	13 Month Total
Coverage Found Received	18	19	24	23	23	25	33	29	20	41	19	7	5	22	286
No Coverage Found Received	13	21	19	16	14	21	24	31	28	30	19	13	29	21	278
Unknown Received	0	0	0	1	0	0	1	0	0	0	0	2	1	0	5
Coverage Found Open	55	51	53	43	40	49	46	50	48	48	49	49	41	48	
No Coverage Found Open	586	586	580	579	532	497	515	523	510	501	482	457	461	524	
Unknown Open	272	269	262	262	206	188	169	86	77	79	76	32	25	154	

Medical Bill Review Turn Around Time	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	13 Month Average	13 Month Total
Average Calendar Days from Last Pending Approval to Approved	10	5	11	9	8	9	8	9	8	9	7	9	7	8	
Average Calendar Days from CorVel Received to Approved	1	1	1	1	1	1	1	2	1	1	1	1	1	1	

Medical Bill Savings	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	13 Month Average	13 Month Total
Number of Bills	742	571	388	869	620	682	764	651	729	767	693	619	775	682	8,870
Billed Charges	$518,523	$422,628	$361,913	$720,214	$308,757	$427,592	$433,991	$369,110	$443,222	$499,839	$533,997	$384,606	$496,335	$455,441	$5,920,728
Total Savings %	64%	67%	67%	83%	67%	68%	56%	59%	77%	65%	68%	62%	69%	67%	
Standard Savings	$255,134	$260,641	$202,544	$580,693	$190,787	$228,445	$189,683	$181,440	$324,415	$312,021	$322,785	$217,274	$248,432	$270,330	$3,514,294
Network Solutions Savings	$76,464	$23,130	$18,167	$14,525	$16,071	$62,694	$49,455	$43,054	$17,225	$11,333	$43,375	$19,524	$93,157	$37,552	$488,172
Adjustment Savings	-$384	-$1,725	$20,779	$0	$0	$0	$4,798	-$6,549	$0	$22	-$2,165	$0	$0	$1,137	$14,775
Total Savings	$331,213	$282,045	$241,490	$595,218	$206,858	$291,139	$243,937	$217,945	$341,640	$323,375	$363,995	$236,798	$341,589	$309,019	$4,017,241
Average Charge	$699	$740	$933	$829	$498	$627	$568	$567	$608	$652	$771	$621	$640	$673	
Average Reduction	$446	$494	$622	$685	$334	$427	$319	$335	$469	$422	$525	$383	$441	$454	

Preferred Provider Network	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	13 Month Average	13 Month Total
Network Bills Processed	132	121	144	181	97	87	108	121	125	120	111	184	164	130	1,695
PPO Utilization Rate	42%	37%	69%	29%	30%	60%	28%	38%	39%	25%	27%	58%	32%	40%	
Charges in Network	$136,062	$90,355	$139,592	$112,451	$49,403	$170,590	$71,861	$55,815	$88,882	$67,739	$85,311	$134,446	$124,635	$107,088	$1,327,142
PPO Reductions	$11,066	$4,355	$7,352	$5,091	$3,700	$5.353	$5,313	$6,533	$4,161	$5,424	$5,820	$9,502	$15,672	$6,872	$89,341
Non-PPO Reductions	$85,315	$60,032	$115,561	$87,044	$28,020	$127,903	$33,053	$28,754	$84,413	$30,420	$23,409	$61,988	$54,978	$63,145	$820,890

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Pharmacy Management	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	13 Month Average	13 Month Total
Number of Claimants	33	33	34	34	30	34	36	36	34	37	34	30	33	34	438
Number Pharmacy Bills Processed	179	181	181	197	160	168	247	231	164	178	168	148	157	181	2,359
Amount Billed	$116,934	$117,704	$119,455	$124,160	$98,243	$98,510	$139,981	$137,493	$84,513	$114,390	$108,193	$101,618	$111,414	$113,278	$1,472,608
Amount Paid	$81,272	$73,585	$80,447	$71,729	$57,119	$64,304	$91,563	$87,509	$56,505	$69,867	$74,356	$60,801	$73,519	$72,506	$942,577
Savings Over Billed Price	$35,661	$44,118	$39,008	$52,431	$41,124	$34,206	$48,418	$49,984	$28,008	$44,523	$33,837	$40,817	$37,894	$40,772	$530,031
Overall Savings Percentage	30%	37%	33%	42%	42%	35%	35%	36%	33%	39%	31%	40%	34%	36%	
Number of PBM Claimants	23	21	24	23	21	24	24	20	22	25	20	19	19	22	285
Number of PBM Pharmacy Bills Processed	82	69	91	83	70	79	91	73	63	73	65	62	67	74	968
Amount Billed (PBM)	$28,007	$29,927	$31,533	$27,830	$22,667	$28,000	$35,385	$25,753	$19,879	$25,629	$19,639	$24,695	$29,022	$26,767	$347,968
Amount Paid (PBM)	$12,661	$13,000	$14,616	$11,884	$10,625	$13,936	$17,596	$12,481	$9,929	$11,778	$10,563	$11,835	$13,846	$12,673	$164,749
PBM Savings Over Billed Price	$15,346	$16,928	$16,918	$15,947	$12,042	$14,064	$17,790	$13,272	$9,950	$13,851	$9,075	$12,860	$15,176	$14,094	$183,220
PBM Savings Percentage	55%	57%	54%	57%	53%	50%	50%	52%	50%	54%	46%	52%	52%	52%	
% Claimants in PBM Network	70%	64%	71%	68%	70%	71%	67%	56%	65%	68%	59%	63%	58%	65%	
% Bills in PBM Network	46%	38%	50%	42%	44%	47%	37%	32%	38%	41%	39%	42%	43%	41%	
Brand Percentage	12%	14%	13%	11%	16%	15%	16%	22%	17%	15%	17%	19%	16%	16%	
Generic Percentage	88%	86%	87%	89%	84%	85%	84%	78%	83%	85%	83%	81%	84%	84%	
Mail Order Percentage	9%	6%	5%	8%	4%	5%	7%	7%	5%	8%	9%	5%	9%	7%	
Retail Percentage	91%	94%	95%	92%	96%	95%	93%	93%	95%	92%	91%	95%	91%	93%	
Narcotic Percentage	21%	19%	20%	18%	20%	20%	21%	22%	22%	23%	23%	21%	19%	21%	
Number of OON 3rd Party Bills	12	12	13	13	10	11	12	16	13	13	14	12	14	13	165
Number of OON Physician Dispensing Bills	3	4	3	5	4	5	6	6	6	6	6	4	3	5	61

Case Management	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	13 Month Average	13 Month Total
MCM (pending)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
MCM Received	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MCM Closed	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MCM Savings	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
TCM (pending)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
TCM Received	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TCM Closed	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TCM Savings	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
TA (pending)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TA Received	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TA Closed	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TA Savings	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total (pending)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
Received	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Closed	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Savings	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

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Key Performance Indicators

Jan-2025

Adjuster	Previous Month Open Claims	Received Claims	Reopen Claims	Claims Transferred	Closed Claims	Open Claims	Closing Ratio
Casselman, Melissa	103	0	0	1	4	100	100%
Joseph, Kathy A	103	0	3	5	1	110	33%
Amenta, Steven	98	5	0	(5)	14	84	280%
Maszon, Michele D	88	7	0	0	9	86	129%
Rudasill, Catherine	65	8	0	1	13	61	163%
Airey, Alyssa	50	7	0	0	1	56	14%
Schaffer, Michael	17	0	0	(1)	0	16	0%
James, Jessica	9	7	1	0	7	10	88%
Assignment, Pending X	5	1	0	(2)	0	4	0%
Grand Total	538	35	4	(1)	49	527	126%

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CORVEL