

Sedgwick Claims Management Services, Inc.  
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Workers' Compensation  
Management-Labor Advisory Committee

Dear Committee Members:

Sedgwick is a leading global provider of technology-enabled risk, benefits and integrated business solutions with nearly 27,000 colleagues, located across 65 countries. We administer multiple lines of business, including workers' compensation claims for employers doing business in the State of Oregon as a registered service company. Sedgwick provides these services for employers who are both insured and self-insured.

As you are aware, Senate Bill 801 provides that all self-insured employer claims be processed by the State Accident Insurance Fund (SAIF). On March 23, 2021, I attended the Senate Committee on Labor and Business hearing relating to Senate Bill 801. At the hearing, the United Food & Commercial Workers Union (UFCW) provided statistical information regarding the percentage of accepted COVID-19 claims, including the percentage of those claims accepted respectively by the State Accident Industrial Fund (SAIF), other private insurers, and self-insured employers.

M. Selvaggio, representing the UFCW, noted that the overall acceptance rate of COVID-19 claims in Oregon was 76%. He also noted that coverage may be provided by SAIF, other private insurers, or by employers who are self-insured. He shared that SAIF had accepted 86% of COVID-19 claims, private insurers had accepted 49%, and self-insured employers had accepted 55% of those claims. He also stated that claims should be evaluated in the same manner by all three groups, and stated that for that reason, all three groups would be expected to have similar results.

While it is true that all claims are to be evaluated in the same manner; that the same standards of investigation and compensability are to be applied, an assumption that it will result in similar percentages of acceptance is not necessarily the case. Each employer, whether insured by SAIF, private insurance, or through self-insurance, has unique experience and different potential for exposure with different levels of prevention and control.

Sedgwick administers claims for employers who are both insured and self-insured. Standards of investigation and determination of compensability are the same for both groups.

I reviewed data for all self-insured COVID-19 claims processed by Sedgwick for the period between February 22, 2020 and February 12, 2021. Accepted claims for both disabling and non-disabling claims are included in the analysis. It should be noted that statistical information from the Workers' Compensation Division does not include accepted non-disabling claims, a fact which is pertinent because the majority of the claims processed by Sedgwick during this period did not involve absence exceeding the three waiting days, time loss was not typically authorized by a qualified attending physician (many of the workers were tested without referral from a physician), and many of the employers provided administrative leave benefits for workers quarantined but who were not authorized time loss.

My review included a total of 400 COVID-19 claims processed during this period.

249 claims were accepted, an acceptance rate of 62 percent.

151 claims were denied, a denial rate of 38 percent.

Data also showed that of the 151 denied claims, 133 claims involved negative COVID-19 tests. 88 percent of all denials were issued as a result of negative tests. Most employers elected to pay for any medical evaluations and testing in those cases where billing was involved. And as I noted above, most employers provided administrative wage replacement for any lost wages in cases where time loss had not been authorized.

It is noteworthy that employers reported a variety of situations to Sedgwick. In some cases, workers had possible workplace exposure without symptoms, and were tested as a precaution. Others reported symptoms somewhat indicative of COVID-19 but were determined not to have the disease. There were some employers who felt they should report any possible infection, even in cases where workers were not asserting a work-relationship.

My impression is, after reviewing these claims and discussing administrative processing decisions with colleagues in our office that employers were concerned for the health and welfare of their employees; and in many cases went beyond their required duty to provide benefits to those workers.

The review and analysis of Sedgwick processing of self-insured claims indicates that claims were appropriately investigated, and benefits were provided as required. In many cases, employers elected to pay for medical costs for denied claims.

The Workers' Compensation Division's recent audit of COVID-19 denial investigations showed claims to have been appropriately investigated. With regard to Sedgwick claim denials, of 54 self-insured claim denials audited, the Division found that all claims had been appropriately investigated.

One self-insured employer accounted for 50 of the denials. The Division noted in their special findings/observations that most claims had been initiated by either the employer or the medical provider authorizing testing rather than by workers. They further noted that the processor (Sedgwick) investigated and processed the claims to a standard "at or above that of industry norms for other claims". The findings also indicated that extensive efforts were made to contact non-responsive workers to obtain statements, and that statements taken were thorough, particularly for non-disabling claims.

The Division noted 43 of 50 workers were tested, and all results were negative with no presumptive diagnoses found. Also noted was the fact that the employer, through Sedgwick, as their third party administrator, paid related medical bills for testing, office visits or telehealth exams to prescribe tests, etc., and that Sedgwick actively informed workers to forward bills to the processor for payment.

In closing, I would again like to point out that the majority of self-insured claims are processed by service companies. For our part, Sedgwick directly represents those self-insured employers for whom we provide administrative claims processing, and in a sense, we represent the sentiments of those employers for whom we provide services. Our analysis clearly shows that the self-insured employers for whom we provide services have done more to support their workers than is required by law. We see no basis for requiring those employers to look to SAIF for their claims processing.

Please feel free to contact me if you have questions.

Sincerely,

Larry Bishop  
Technical Standards & Compliance Advisor  
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Attachment

**Covid-19 Claims – Self-insured Employers  
Sedgwick**

**Dates of Injury  
2/22/2020-2/12/2021**

<b><u>Total all claims</u></b>	<b>400</b>
<b><u>Total accepted claims</u></b>	<b>249 (62%)</b>
<b><u>Total denied claims</u></b>	<b>151 (38%)</b>

**Denial reasons**

Negative tests	133 (88%)
No treatment	9
No test – no known exposure	2
Positive – off job exposure	2
Positive – no known exposure	4
Positive – IME states not related	1