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The Innovator

Quarterly Newsletter www.mcinnovations.com

End of FY25 – Results Edition

Fiscal Year Results

MC Innovations (MCI) concluded the seventh year of the current contract with the Commonwealth of Virginia (COV) on June 30, 2025. The cornerstone key measurements for our program include cost avoidance, customer satisfaction, return-to-work and reduction in lost workdays.

Cost Avoidance

Since FY 2009, the program has tracked cost avoidance experienced under the outsourced program by comparing spend against actuarial projections for expected spend based on experience under MC Innovations' contracts since 1998.

Cost avoidance for FY25 totaled $5,642,861 compared to $8,481,694 in FY24. Cost avoidance was 9.5%, which is 6.5% better than the program's stretch incentive goal. The program achieved cost avoidance over actuarial projections in this model from FY16 through FY25 totaling $112,602,650.

Customer Satisfaction

The Workers' Compensation (WC) Program surveys client agencies yearly to assess contract performance and drive continuous improvement in claims administration. This year, customer satisfaction rose by 9 percentage points, with 89% rating us six or higher on a ten-point scale. 43% of those responding gave the program a perfect 10 score! 62% of respondents agree/strongly agree that lowering caseloads, adding benefit coordinators and authorizing services on converted

Continued on page 2

Inside this Issue

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Managed Care...Managed Better

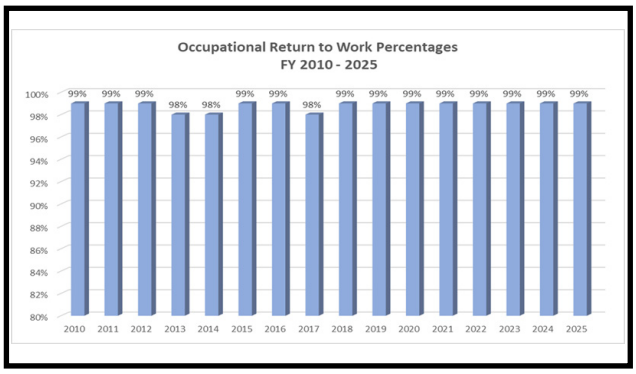
End of FY25

Continued from page 1

claims in a pending status improved service and their level of satisfaction. Of note, the response rate was 21.5% with 84 out of 391 survey recipients responding.

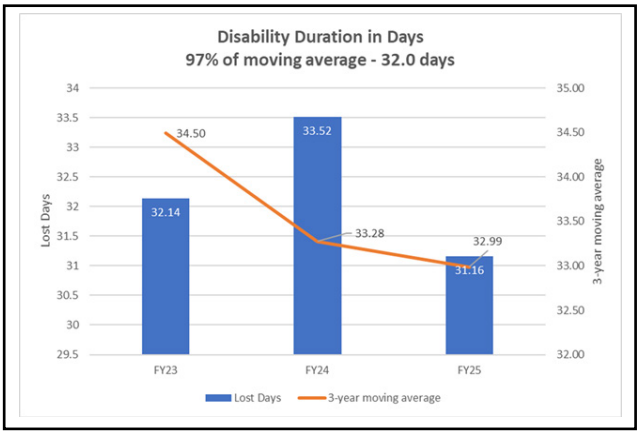
Return-to-Work (RTW)

This marks sixteen consecutive years with RTW rates of either 98 or 99 percent and is the eighth year in a row of 99%.



Lost Workdays

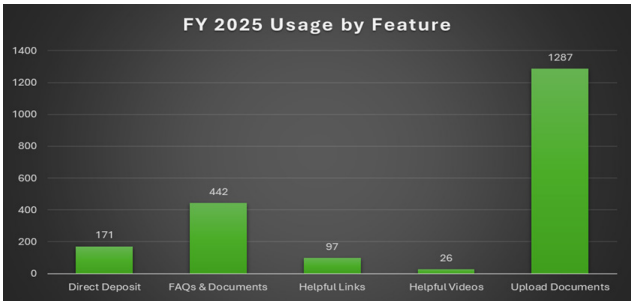
The WC program introduced a key measure in FY 2014 to reduce disability duration by tracking average lost workdays per claim. Comparing FY24 to FY25, the average disability duration dropped from 33.52 to 31.16 days—a 2.36 day decrease—and improved by 5.5% over the three-year average, despite handling 234 more claims than last year. Results remain well below the FY14 baseline of 43.72 days.



What We Have Achieved Together –Fiscal Year Period

The following is a list of key events and program advancements experienced during this fiscal year:

- Unqualified System and Organization Controls (SOC) 1, Type 2 Report.
- VWC EDI average acceptance rate of 97.68%.
- Utilization of mySedgwick, a secure, online self-service tool that allows injured workers access to real-time claim information, continued to grow. As of June 30, 2023, 276 injured workers had enrolled and accessed the tool a total of 1,370 times or an average of 4.96 per injured worker. In FY24, 967 injured workers utilized the tool and accessed it 9,558 times or an average of 9.88 per injured worker. Utilization swelled to 12,997 by 1,145 injured workers in FY25.



- Claim Service Provider (CSP) averaged Compliance Audit score of 95.2% which was a slight improvement over FY24.
- Added rigor around utilization of Age of Injury and Advanced Records Review services.
- Conducted 2 Basic Safety Officer Training Certification Courses that included a 30-hour OSHA Certification.
- Facilitated 6 OSHA 10 & 30-hour courses, along with 3 OSHA 10-hour courses.
- Launched the Behavioral Health Safety Steering Committee.
- Significant focus on training which included 21 huddles, 9 (3 in-person) all-employee meetings, 14 targeted training sessions with technical staff and two claim service provider in-person management meetings.
- Hired three claim associates who are currently matriculating through a claims training program. These personnel will become our bench strength for future openings.
- Three internal promotions and 8 new external hires by the CSP.
- Implementated the direct deposit of indemnity reimbursement for various agencies.
- Streamlined workflow for contested claim report (CCR) processing.
- Added Smart Panels to JURIS for specific OWC requirements.
- In April we rolled out In-Claim Surveying of injured workers with an overall satisfaction of 4.1 on a 5-point scale.

Continued on page 3

End of FY25

Continued from page 2

- Video flyers, PowerPoints and other media for claim team & agency training, loss control and MCI & OWC utilization.
- $992,000 in mail order savings as a result of the MCI mail order incentive program. 13% of scripts were filled via mail order.
- MCI conducted monthly process reviews of all subcontractors to ensure compliance with contracts and procedures. In collaboration with OWC, MCI developed an annual plan with twelve targeted reviews. These monthly reviews focused on training follow-up, identified potential trends (both positive and negative), and determined if procedures needed updating for maximum efficiency or if training needed to be provided on a particular procedure.
- Subrogation recoveries increased by $78,832 over last FY to a total of $838,487.
- Compensability decisions were made on average within 11 days or an improvement of 1 day over last fiscal year results.
- Paid 44,102 checks for medical services with an average turnaround time of 13.7 days which is an improvement of almost 1 day.
- Developed a safety report package for agency identified safety and human resource contacts.
- Added miscellaneous client field to capture claims initially reported as catastrophic (CAT) claims.
- Developed a payroll report of all indemnity payments payable to agencies.
- Developed an ACH FAQ and video for agencies.
- Implemented Sedgwick's Sidekick+, a generative AI tool that assisted the claims team by summarizing medical records and documenting them in the claim file notes. This is a time saver for our benefit coordinators and added consistency to the information recorded in claim notes.
- Lowered the average weighted caseloads for our benefit coordinators to 100; consequently, added two additional benefit coordinators to our team.
- MCI was authorized to approve and schedule treatment, diagnostic, physical/occupational therapy and other ancillary services on claims that were being investigated that have converted from an accepted medical only to a pending lost time claim status.

Other Key FY25 Metrics

Program Payments – Claim payments (indemnity, medical, expense) for the period totaled $57,496,478. Payments for medical expenses totaled $37,349,793 or 65% of the total spend. Total spend increased 13.9% compared to last fiscal year.

Checks Paid FY22

Payment Type	#Checks	Check Amount
Expense	2,760.	$1,420,792.71
Indemnity	12,502.	$16,046,601.77
Medical	61,306.	$26,803,645.82
Total:	**76,568.**	**$44,271,040.30**

Checks Paid FY23

Payment Type	#Checks	Check Amount
Expense	2,342.	$1,067,142.17
Indemnity	10,386.	$15,500,703.24
Medical	48,794.	$31,234,688.82
Total:	**61,522.**	**$47,802,534.23**

Checks Paid FY24

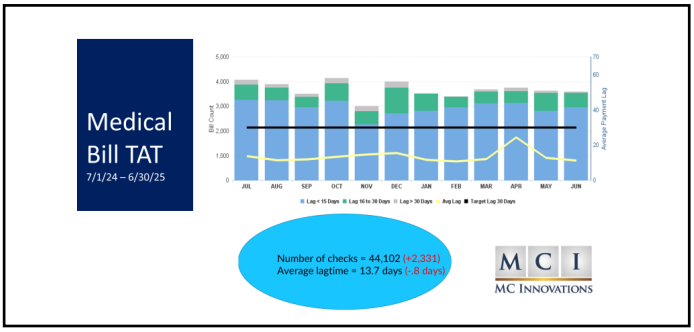
Payment Type	#Checks	Check Amount
Expense	1,988.	$997,961.00
Indemnity	10,575.	$15,901,602.64
Medical	41,156.	$33,562,176.51
Total:	**53,719.**	**$50,461,740.15**

Checks Paid FY25

Payment Type	#Checks	Check Amount
Expense	2,374.	$1,258,109.06
Indemnity	11,771.	$18,888,575.45
Medical	44,872.	$37,349,793.49
Total:	**59,017.**	**$57,496,478.00**

Claim Settlements – Fourteen WCA settlements in FY25 that resulted in substantial cost avoidance for the program estimated at just over $3.3M.

Medical Bill Payment Turn Around Time (TAT) – On average we paid medical bills within 13.7 days of receipt of an appropriate and complete bill.



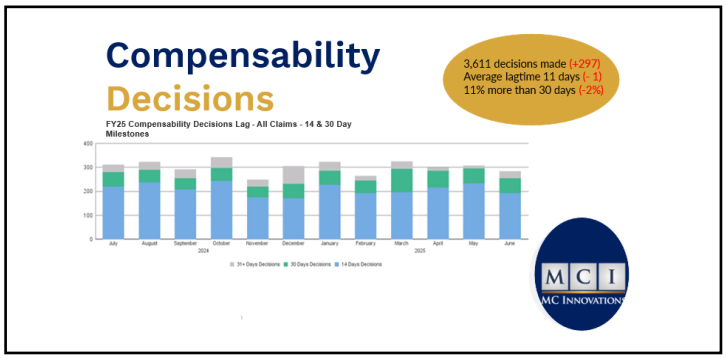
Continued on Page 4

End of FY25

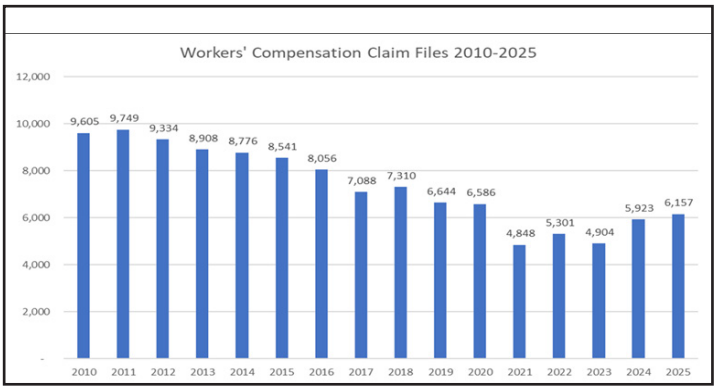
Continued from page 3

Claim Resolution - Claim resolution/claim closure rate is a common benchmark used to evaluate overall operational performance and helps stabilize claim inventories. Against a goal of 100%, the program achieved a 100.7% closing ratio.

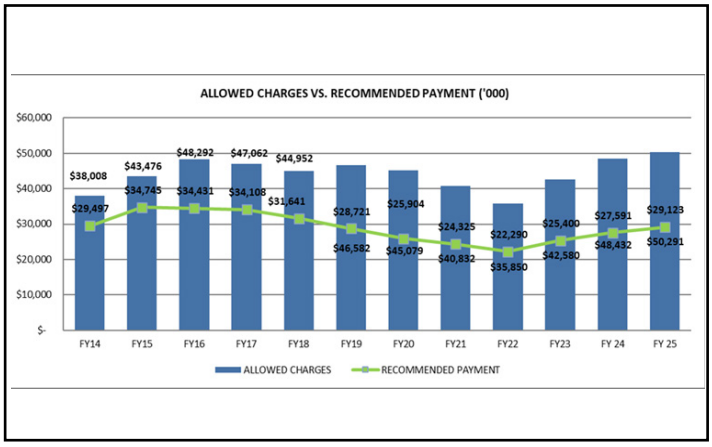
Compensability Decisions - Significant emphasis is always placed on making compensability decisions timely. Compensability decisions were reached on 3,611 claims, or 297 more claims than last FY with an average decision lag time of 11 days.



New Claims Received – The number of new claims received (claims + incidents) increased by 234 or roughly 4% FY24 to FY25. This is the second year in a row of increased new claim volume.



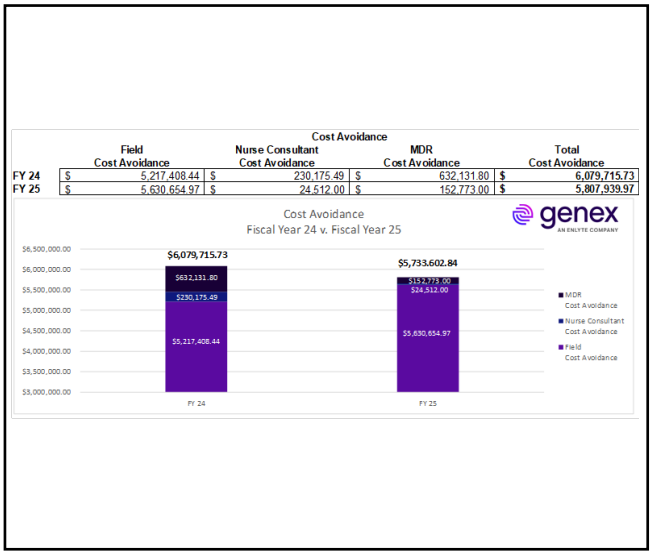
Medical Bill Adjudication – We were presented with 47,129 medical bills or an increase of 5.6% over last fiscal year which was an increase of over 12% from FY23. Our medical bill adjudication partner recommended medical payments totaling $29,123,000 which is an increase of $1,532,000 compared to FY24. The FY25 savings were $21,167,000 or 42.09%.



Pharmacy Benefit Management – Annual pharmacy spend through the PBM remained relatively flat at $3,756,719, while the total prescription count decreased 7.73%. The average cost per script increased by 8.9%.

In addition to the savings below usual and customary charges noted above, an additional $177,620 estimated fiscal year savings were realized because of clinical interventions and $447,183 because of the prior authorization process.

Field Case Management - The total savings during FY25 were $5,807,940 compared to $6,079,716 in FY24 which is a decrease of $271,776. Genex maintained the same open/closed ratio of 98% in FY25. This year we obtained 956 RTW, including 902 full-duty releases with the same employer and 16 placements with new employers.

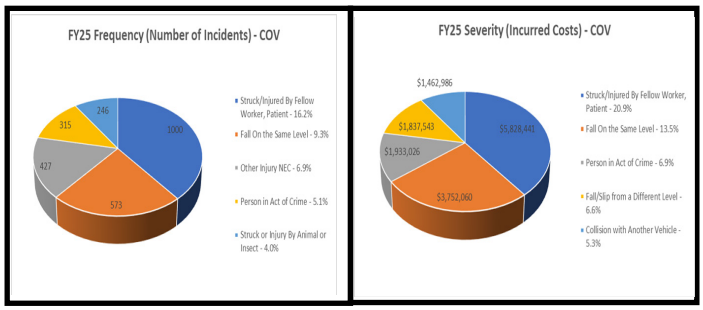


Continued on Page 5

End of FY25

Continued from page 4

Causes of Injury-Frequency & Severity – Struck/ injured by fellow worker or patient accounted for 20.9% of FY25 total incurred while accounting for 16.2% of the frequency. Fall on the same level accounted for 13.5% of the incurred value, and 9.3% of claim frequency.



MC INNOVATIONS

OFFICE OF WORKERS' COMPENSATION

Summary

MC Innovations, a Virginia SWaM-approved employer, and our partners are proud of the program's progress in FY2025. While satisfied with this year's improvements, we remain committed to further enhancing the program. MCI looks forward to continued collaboration with OWC and our agency partners to find new and creative ways to produce even better outcomes for the Commonwealth and its many employees.

Tips for Teamwork

Helping an injured worker return to work is one of the most important things your agency can do to help the employee recover and control your agency's workers' compensation costs. If your agency has an employee who is released to return to modified duty, it is the agency's responsibility to review the medical release to understand the employee's physical limitations. You may receive the release to return to work in a limited capacity from the injured worker, the doctor's office, or the assigned nurse case manager or benefit coordinator. Once reviewed, the agency should assess the feasibility and suitability of offering alternative employment. Are there existing positions that can accommodate the employee's restrictions? Can the employee's existing job be modified to accommodate restrictions? Have you considered a different shift or department? Remember, the modified position must be safe and suitable for the employee's medical condition/ restrictions.

Once a suitable position has been identified, the agency should make a formal offer of modified duty, in writing via letter or email. If you need help understanding what should be included in the formal offer, please consider utilizing the Transitional Employment Plan offered by the Office of Workers' Compensation.

Remember, under Executive Order 109 (10) – Workplace Safety and Employee Health, all executive branch departments, agencies and institutions of higher education have specific requirements related to return-to-work efforts.

If you have any questions or need additional guidance, contact your agency's assigned Agency Relations Representative.

Safety Corner

Cut your Losses

By Terry Botts
Director of Risk Management MCI

State workers are actively engaged in using chainsaws to remove downed trees from roadways after storms and other natural events. This type of operation carries significant hazards and requires careful attention to safety at all times. This includes:

- Kickback injuries.
- Falling limbs and rolling logs.
- Slips, trips, and falls on uneven or wet terrain.
- Struck-by traffic incidents.
- Fatigue from extended operations.

✓ Safety Requirements

Before starting work:

- Inspect Equipment:
  - Check chainsaw chain tension, sharpness and safety features (chain brake, throttle lock, etc.).
- PPE REQUIRED:
  - Hard hat with face shield or goggles.
  - Hearing protection.
  - Chainsaw chaps or pants.
  - High-visibility vest.
  - Cut-resistant gloves.
  - Steel-toe boots.

On-the-Job:

- ⃠ Never work alone – always use the buddy system.
- ⃠ Do NOT cut overhead or attempt cuts outside your training.
- ⚠ Clear area of bystanders and flag traffic as needed.
- ✓ Plan each cut: Identify tension and compression points in the tree or limbs.
- ✓ Use proper stance and grip: Maintain firm footing and control.
- ✓ Stay hydrated and take breaks – fatigue increases risk of injury.

Traffic Control:

- Use cones, signs, and flaggers to maintain a safe work zone.
- Stay alert to approaching vehicles—designate a spotter if needed.

REPORT INJURIES OR NEAR MISSES IMMEDIATELY!

MC INNOVATIONS

Teamwork Results
RISK MANAGEMENT