



**OFFICE OF THE
AUDITOR GENERAL**

May 19, 2026
Performance Audit

Follow-Up Report

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Management Audit of the
Workers' Compensation Program as It Applies to State Employees
Audit Follow-Up

In April 2012, the Office of the Auditor General released a management audit of the Department of Central Management Services' (Department or CMS) Workers' Compensation Program as it applies to State employees. The audit contained 12 recommendations directed to CMS. As part of the Fiscal Years 2022 and 2023 financial audit and compliance examination of the Department, we followed up on the status of the two remaining recommendations that had not been fully implemented. We determined that the Department had fully implemented 11 of the 12 recommendations and partially implemented the remaining recommendation. As part of the Fiscal Years 2024 and 2025 compliance examination of the Department, we followed up on the status of the remaining recommendation. We determined that the Department had not yet fully implemented the recommendation. The current status of the recommendations is shown in the table below.

STATUS OF MANAGEMENT AUDIT RECOMMENDATIONS

As of June 30, 2025

Rec. No.	Recommendation Description	Agency	Current Status		
			Implemented	Partially Implemented	Not Implemented
1	Workers' Compensation Data	CMS	X		
2	State Workers' Compensation Program Advisory Board	CMS	X		
3	Claims Reporting	CMS	X		
4	Claims Adjudication	CMS	X		
5	Determination for Subrogation Eligibility	CMS	X		
6	Periodic Data Matches	CMS	X		
7	CMS Adjuster Caseloads	CMS		X	
11	Contract Approval Limits	CMS	X		
12	Negotiating Settlement Contracts	CMS	X		
13	Medical Support for Settlement Injuries	CMS	X		
15	Communication	CMS	X		
20	CMS Conflict of Interest Policies	CMS	X		

Source: Summary of OAG follow-up.

Recommendation 7: CMS Adjuster Caseloads

The Department of Central Management Services should track Adjuster caseloads and consider establishing caseload standards for Adjusters.

Current Status: Partially Implemented

In February 2023, a contract with a new Workers Compensation Third Party Administrator, Gallagher Bassett Services, Inc., went into effect. According to the Gallagher Bassett Services, Inc. contract, they will maintain an average workload of 150 active indemnity claims per adjuster and 250 open active medical only claims.

Gallagher Bassett Services, Inc. provides a weekly report with the weekly caseloads. The Department reviews these monthly to determine if action needs to be taken to address issues. To test compliance with the established caseload

standards, we reviewed the monthly reports for Fiscal Year 2025 for March, May, and June. During March, we noted 20 of 24 (83%) indemnity adjusters had open claims exceeding the 150 open active indemnity claims limit. The exceptions ranged from 151 to 335 active indemnity caseloads. During May, we noted 20 of 23 (87%) indemnity adjusters had open claims exceeding the 150 open active indemnity claims limit established in the contract with Gallagher Bassett. The exceptions ranged from 156 to 339 active indemnity caseloads. During June, we noted 19 of 24 (79%) indemnity adjusters had open claims exceeding the 150 open active indemnity claims limit established in the contract with Gallagher Bassett. The exceptions ranged from 156 to 335 active indemnity caseloads.

No resolution manager had a caseload exceeding 250 open active medical only claims at any of the valuation dates.

Follow-up was conducted as part of the Fiscal Year 2024 and 2025 State compliance examination by our special assistant auditors, Sikich. This was the sixth time follow-up has been done on the recommendations from the April 2012 performance audit.