



California Coalition on
22ND Workers' Compensation
ANNUAL CONFERENCE
LEGISLATIVE & EDUCATIONAL FORUM

**BEST PRACTICES
CALIFORNIANS CAN
LEARN FROM OTHER
STATES TO FIND
SOLUTIONS FOR COST
CONTAINMENT, AI
ADAPTATION AND MORE**

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BEST PRACTICES: WHAT CALIFORNIANS CAN LEARN FROM OTHER STATES

- California often leads the nation in workers' compensation innovation. However, with 56 jurisdictions across the United States, there are opportunities to learn from approaches that have successfully addressed claim duration, medical management, information sharing, return-to-work, and litigation.
- Today we will explore several ideas that may challenge conventional thinking but are focused on improving outcomes for the two most important stakeholders:
 - » Employees
 - » Employers



CALIFORNIA'S MAJOR COST DRIVERS

- » 1. Litigation / Medical-Legal Churning
- » 2. *Cumulative Trauma Claims*
- » 3. Long Claim Duration (The California Tail, Delay, Delay, Delay)
- » 4. Poor Employer-Employee Relationships
- » 5. Lack of Injured Worker Engagement
- » 6. Failure to Provide Modified Duty
- » 7. At-Risk Employees and Comorbidities
- » 8. Severity of Injury
- » 9. Misdiagnosis and poor medical treatment
- » 10. Examiner Turnover and Excessive Caseloads
- » 11. Inaccurate, inconsistent, and tardy Medical-Legal Evaluations
- » 12. Lack of Quality Data
- » 13. Misplaced Financial Incentives

Discussion Question
Which of these cost drivers can
California realistically
influence?



CUMULATIVE TRAUMA (CT)

- **The Concept**
 - » Unique to California
 - » Expanding Rapidly from just a Southern California issue
 - » Most Claims are Post-employment
 - » Most other states do not apportion PD
- **Why it matters**
 - » One of the biggest cost drivers in California
- **There is an employer initiative to legislatively fix the problem**



HIGH-YIELD PILOT: AUTOMATED RTW ENGINE

- **The Concept**

- » Segregates medical-only and restricted-duty claims instantly at first report
- » Sends compliant transitional duty offers within hours of initial injury — bypassing standard TPA administrative latency

- **Mitigation Driver**

- » Speed of return-to-work offer is the single most important RTW variable — delays kill outcomes
- » Automates the compliance burden and removes examiner bottlenecks from the RTW process

- **Discussion Questions**

- » What is the average time from injury to first RTW offer in California today?
- » Can automation overcome the examiner turnover and caseload problems identified in our cost drivers?



OHIO: OBJECTIVE JOB-RESTRICTION PARSING

- **The Concept**

- » NLP extracts physician work restrictions and matches them instantly to light-duty job databases
- » Proves active, interactive compliance with return-to-work obligations

- **Mitigation Driver**

- » Shields employers against FEHA lawsuits by documenting good-faith RTW compliance
- » Removes ambiguity between physician restrictions and available modified duty

- **Discussion Questions**

- » How often do California employers lose FEHA claims due to inadequate documentation of RTW efforts?
- » Can this approach be integrated with California's MPN structure?



MULTIPLE: PREDICTIVE COMORBIDITY ESCALATION

- **The Concept**

- » AI scans unstructured clinical notes to identify comorbidity barriers — diabetes, obesity, behavioral health — early in the claim
- » Stops high-cost claims before they compound into major exposures

- **ROI Impact**

- » Prevents standard claims from escalating into major clinical and indemnity losses
- » Early identification enables proactive care coordination and cost containment

- **Discussion Questions**

- » Does California's medical management system currently flag comorbidities at intake?
- » Can MPN physicians be incentivized to address comorbidities as part of the treatment plan?



FLORIDA: RESOLVING CLAIMS FASTER

- **The Concept**
 - » Focus on timely claim resolution following MMI
- **Why It Matters**
 - » Open claims create expense
 - » Open claims create litigation opportunities
 - » Open claims require ongoing administration
 - » Delays rarely improve outcomes
- **Discussion Questions**
 - » Should claim duration become a performance metric?
 - » How long should a claim remain open after P&S/MMI?
 - » What delays are within our control?



COLORADO: SHARED MEDICAL RECORDS AND AI

- **The Concept**
 - » One Claim
 - » One Medical Record
 - » One Source of Truth
- **Potential Benefits**
 - » Better communication
 - » Reduced duplication
 - » Faster treatment decisions
 - » Better medical-legal evaluations
 - » Better use of AI
- **Discussion Questions**
 - » Can California modernize information sharing?
 - » How much cost is created by fragmented records?



NEW YORK: AUTOMATED MEDICAL RECORD CHRONOLOGIES

- **The Concept**

- » AI ingests and catalogs massive clinical portfolios to auto-classify historical timeline files
- » Produces organized chronologies in hours rather than weeks of manual review

- **Mitigation Driver**

- » Bypasses complex QME page fees by reducing the volume of records requiring physician review
- » Reduces medical-legal costs and speeds evaluation timelines

- **Discussion Questions**

- » How much does California spend annually on QME record preparation and page fees?
- » Would automated chronologies reduce costs and improve QME quality simultaneously?



MULTIPLE: LITIGATION PROPENSITY TRIAGE

- **The Concept**

- » NLP metrics detect early claimant friction indicators that predict attorney representation before it occurs
- » Enables proactive claim intervention before litigation escalates costs

- **ROI Impact**

- » Successfully mitigates legal involvement, keeping claim outcomes predictable and affordable
- » Earlier engagement with injured workers reduces adversarial dynamics

- **Discussion Questions**

- » What early signals in California claims predict eventual attorney representation?
- » Can early intervention programs reduce litigation rates without compromising worker rights?



MULTIPLE: PRIVACY COMPLIANCE

- **The Concept**

- » Local LLM scrubbing masks clinical identifiers before routing data to third-party AI model endpoints
- » Enables AI-assisted claim processing without exposing protected health information

- **Mitigation Driver**

- » Ensures complete CCPA and HIPAA compliance in AI-enhanced workflows
- » Removes the primary legal barrier to adopting AI tools in California workers' compensation

- **Discussion Questions**

- » Is CCPA compliance a significant barrier to AI adoption among California employers and carriers today?
- » Should California establish a workers' compensation-specific AI data governance standard?



MULTIPLE: TECHNOLOGY / PRIVACY

- **The Concept**

- » Technological monitoring of workers
- » Real-time haptic alerts prevent physical re-injury events before they occur

- **Mitigation Driver**

- » Reduces re-injury probability with objective data that documents compliance
- » Creates a data record of modified duty participation useful in disputed claims

- **Discussion Questions**

- » Would California injured workers and their physicians accept technology monitoring?
- » How should technological-derived data be used in California workers' compensation claims?



MULTIPLE: ML FRAUD SIGNATURE TRIAGE

- **The Concept**

- » Machine learning cross-checks new claims within hours against historical fraud networks
- » Operates within California's statutory 90-day investigation window

- **Mitigation Driver**

- » Triggers forensic investigation during the statutory window — before the deadline forecloses action
- » Identifies network fraud patterns invisible to manual claim-by-claim review

- **Discussion Questions**

- » Is California's 90-day fraud investigation window sufficient given current fraud complexity?
- » Should California establish a shared fraud intelligence database accessible to all carriers and self-insureds?



MULTIPLE: AI-SELECTED HIGH-PERFORMANCE PROVIDERS

- **The Concept**

- » Directs injured workers to clinical providers statistically proven to deliver optimal recovery times and lower litigation rates
- » Provider selection based on outcomes data, not simply network membership

- **Mitigation Driver**

- » Outperforms fragmented MPNs by replacing proximity-based selection with performance-based selection
- » Aligns provider incentives with recovery outcomes rather than treatment volume

- **Discussion Questions**

- » Does California's MPN system currently measure or reward provider performance?
- » What outcomes data would be needed to build a high-performance provider tier in California?



WASHINGTON: IMPROVED MEDICAL TREATMENT

- **The Model: Dr. Gary Franklin, MD, MPH — Medical Director, WA Dept. of Labor & Industries (since 1988)**
 - » Treatment guidelines grounded in outcomes research, not convention or provider preference
 - » Opioid prescribing rules: dose thresholds, mandatory second opinions, functional improvement required to continue
 - » Lumbar fusion criteria: evidence-based patient selection — reduced unnecessary surgery and poor outcomes
 - » COHE (Centers for Occupational Health & Education): provider-incentive programs; 48-hour documentation tied to better outcomes and lower long-term disability
 - » Key finding: workers not back within 3 months are far less likely to recover — early return to work is the goal
- **Why It Matters for California**
 - » CA MTUS is evidence-based in name — Washington operationalizes it with incentives, enforcement, and outcomes data
 - » Aligns treatment incentives with recovery, not utilization — reduces costs while improving care for injured workers
- **Discussion Questions**
 - » Should California tie provider reimbursement incentives to functional outcomes and early return to work?
 - » Can the DWC Medical Director role be empowered to enforce guidelines the way Washington's L&I does?



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