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## Sedgwick pays \$1.13 million to settle California comp violations

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the California Division of Workers' Compensation for utilization review procedures the state said violated California workers comp law.

The California agency investigated 274 utilization review files handled by Sedgwick's Long Beach, California, office from September 2013 to February 2014, according to documents provided to *Business Insurance* by the department on Wednesday.

The review was based on complaints received by the department's administrative director, as well as a review request from the California Workers' Compensation Appeals board related to a specific injured worker.

The workers comp department assessed Sedgwick in August with 75 administrative penalties related to utilization review, according to department filings. They alleged failures to respond to authorization requests from doctors treating injured workers and comply with a California requirement that only licensed physicians can modify, delay or deny requests for authorization of medical treatment.

The workers comp board determined that some utilization review decisions had been made by Sedgwick litigation specialists, rather than licensed physicians, according to records.

Sedgwick was set to go to trial in February in relation to the alleged violations, but reached a settlement agreement with the California agency Dec. 29, records show.

Sedgwick did not admit wrongdoing in the settlement agreement.

Funds from the settlement will be paid to the workers comp department, according a spokesman for the agency.

Sedgwick said in a Dec. 31 statement that it will "work cooperatively" with California insurance regulators to "monitor compliance going forward."

"Sedgwick took the issue very seriously and undertook significant measures, including extensive auditing and training, among other action, to correct the issue and ensure it would never happen again," Sedgwick Chief Claims Officer Darrell Brown said in the statement. "We have fully cooperated with the state of California during the audit process and have

significantly strengthened our quality program with a focus on compliance.”