



HEALTH WATCH

c/o New York State AFL-CIO

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Mr. Harry Schwartz, CEO
The Carlyle Group Inc.
1001 Pennsylvania Avenue N.W.
Washington DC 20004-2505

May 19th, 2023

Dear Mr. Schwartz,

I am writing to you regarding Sedgwick Claims Management Services, a company majority owned by the Carlyle Group, and the poor performance it has shown since winning the contract to be the National Provider Network (NPN) for the World Trade Center Health Program. I am sure that as a New Yorker you and the Carlyle Group would want to know what Mr. Arbour, CEO of Sedgwick Claims Management, is saying on your behalf and more importantly what he is not saying.

9/11 Health Watch, Inc. was created by stakeholders—survivors and first responders and their unions who fought long and hard to get health care and compensation for those impacted by the toxins at Ground Zero. We are dedicated to ensuring that the programs are implemented under the James Zadroga 9/11 Health and Compensation Act—the September 11th Victim Compensation Fund and the World Trade Center Health Program and that they provide optimal care for injured and ill 9/11 responders and survivors as the law intended.

On March 8, 2023, Mr. Michael Arbour, CEO of Sedgwick Claims Management, responded on your behalf to a letter sent to you by New York State Comptroller Thomas Napoli in his capacity as trustee of the New York State Common Retirement Fund. Comptroller DiNapoli expressed his concerns regarding the performance of Sedgwick:

“...There have been public reports of Sedgwick denying injured 9/11 responders and survivors access to health care for their injuries and illnesses. Additionally, there have been reports of problems with Sedgwick’s service delivery, including a lack of staff, poor communication with responders and survivors, and overall operational failures.

I am concerned that Carlyle, as the majority owner of Sedgwick, may receive negative attention due to its affiliation with Managed Care Advisors through Sedgwick and the perception of being ultimately responsible for denying healthcare and services to 9/11 responders and survivors.”

—Comptroller’s letter to Carlyle Group February 17, 2023

The response by Mr. Arbour on your behalf raises more questions than it answers and does not reflect the reality of the continuing lack of care that 9/11 responders and survivors are receiving from Sedgwick.

First—and most disturbing—are the facts cited by Mr. Arbour in response to the Comptroller. Mr. Arbour’s letter states that the Sedgwick call center’s abandonment rate was 2.2 % as of January 15, 2023, down from 45% as of October 2, 2023. In addition, the time to answer calls for the same time period, had gone from 18.5 minutes to only 45 Seconds.

This is highly misleading since as of the date of his letter, March 8, 2023, the abandonment rate for the call center was 25.5% for February and the call wait time for February was 2:54, nearly three minutes.

Sedgwick does report that as of last December during the holidays when traffic to the call center was markedly down, that their abandonment rate was at a low as .09%. However as of April 2023 it is up to 14.1 %. While it is better than the absurd 40.4% abandonment rate last August, the 27.2% in September, and the 26% in October, it’s a disturbing development that it is again rising to over one in seven calls being abandoned.

Now Sedgwick is reporting that its average speed to answer in April was almost 6 minutes. While less than what it was last August (nearly 17 minutes) and September/October (12 minutes), it is showing a startling increase from lows that were reported in December.

While Mr. Arbour's misstatements regarding their call centers are troubling, what's equally troubling is his utter non-response to the company's lack of performance.

I would like to point out that the RFP for this contract specifically mentions the requirement of a call wait time of "20 seconds or fewer" and an abandonment rate of less than 2% of calls.

The simple fact is ten months since taking over the NPN, Sedgwick still cannot operate a call center that meets contract requirements, and it's NOT getting better.

Secondly, he seems to defend the performance of Sedgwick by stating that Sedgwick is staffing the National Provider Network with over 400,000 service providers. However, in prior written statements by the World Trade Center Health Program before Sedgwick took over, the size of the new Sedgwick NPN was reportedly more than 900,000 providers.

"The onboarding NPN contractor, MCA, offers network access to more than 900,000 providers nationwide through more than 30 national and regional networks that are either leased or owned to ensure maximum provider coverage both in terms of geographic area and healthcare specialty area." Howard letter to 911 Health Watch, January 24th, 2022.

Recently Sedgwick staff, when asked the size of their network, have stated that their network is over "Half Million" providers, not the 400,000 that their CEO stated to the Comptroller.

Which number is it, and how can you account for the difference?

More troubling still are reports of providers in the NPN who are leaving the network because they are dissatisfied with Sedgwick's lack of communication and nonpayment of claims. This is a real problem, since a National Provider Network cannot operate with providers leaving the program.

Not only is the performance for the members call center inadequate, the most recent metrics for the provider's call center that Sedgwick supplied from February show an average wait time for the providers at 10:41 with a 17.3 % abandonment rate.

Providers will not remain in the program they can't get questions answered and if they have to struggle to be paid in a timely fashion.

We are continuing to get reports that Sedgwick cannot supply a doctor to members to provide treatment for 9/11-related conditions now, ten months after taking over the program.

Also, it appears Sedgwick cannot provide annual medical exams to the program's members. (The contract RFP states that, "An acceptable retention rate is when at least 65% of eligible members have received a monitoring exam in the previous eighteen (18) months.")

Sedgwick reported in April they conducted 427 annual medical exams. At this rate, it would take four and half years in order for Sedgwick to do annual exams for 75% of the National Provider Network.

These are just some of the failures to meet contract deliverables on the part of Sedgwick.

Yet ironically, Sedgwick refuses to meet with us to discuss these issues—citing of all things their contract doesn't require it.

There have been numerous press reports about Sedgwick's failures from across the country since they took over as the National Provider Network.

"9/11 'vampire' Christine LaSala blasted over service to ailing responders", NY Post, April 4, 2023.

"Health company for 9/11 first responders still falling short: advocates", NY Daily News, January 23, 2023.

"Macon Man Who Worked During 9/11 Struggles to Get Therapist"¹³ WMAZ, December 16, 2022

"CDC keeps contract with Managed Care Advisors-Sedgwick as it struggles to provide medical services to 9/11 responders" NY Daily News, November 22, 2022.

“9/11 advocacy group asks CDC to reconsider contract with Sedgwick for health services due to ‘nonperformance’ “NY Daily News, November 16, 2022.

“9/11 health program users plagued with problems using new medical providers”
NY Daily News, November 7, 2022.

“Health Care Problems Persist for Tampa Bay 9/11 Survivors Enrolled in the Troubled Government Program” WFLA News Channel 8 Tampa Bay, September 12, 2022

“Jacksonville 9/11 First Responder Battling Cancer Dropped from WTC Health Program After Insurance Provider Switched.”News4 Jacksonville, September 1, 2022.

I am sure as a New Yorker; you and the Carlyle Group are concerned about how the company you own is failing sick and injured 911 responders and survivors.

Since Sedgwick will not meet with us, hopefully you can meet with us or delegate someone from the Carlyle Group to discuss what it will take for Sedgwick to properly care for injured 9/11 responders and survivors.

Sincerely,



Benjamin Chevat
Executive Director

Enclosed

February 17th, 2023, Letter from N.Y.S. Comptroller Thomas DiNapoli to Harvey Schwartz, CEO of the Carlyle Group.

March 8th, 2023, Letter from CEO of Sedgwick Claims Management Services Inc. Michael Arbour to N.Y.S Comptroller Thomas DiNapoli.

THOMAS P. DiNAPOLI
STATE COMPTROLLER



110 STATE STREET
ALBANY, NY 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

February 17, 2023

Harvey M. Schwartz, CEO
The Carlyle Group Inc.
1001 Pennsylvania Avenue NW
Washington, DC 20004-2505

Dear Mr. Schwartz:

I write as Trustee of the New York State Common Retirement Fund, the third-largest public pension fund in the United States, which holds and invests the assets of the New York State and Local Retirement System on behalf of its 1.1 million members, retirees, and beneficiaries. As of December 31, 2022, the Fund held approximately 403,125 shares of The Carlyle Group Inc.

Specifically, I am writing to express my concern regarding Carlyle's majority ownership of Sedgwick, the parent of Managed Care Advisors, which is the company that is now serving the World Trade Center Health Program (WTCHP) as its Nationwide Provider Network. There have been public reports of Sedgwick denying injured 9/11 responders and survivors access to health care for their injuries and illnesses. Additionally, there have been reports of problems with Sedgwick's service delivery, including a lack of staff, poor communication with responders and survivors, and overall operational failures.

I am concerned that Carlyle, as the majority owner of Sedgwick, may receive negative attention due to its affiliation with Managed Care Advisors through Sedgwick and the perception of being ultimately responsible for denying healthcare and services to 9/11 responders and survivors.

I urge Carlyle to examine Sedgwick's management to ensure the company is meeting the needs of the 9/11 responder and survivor community with the goal of minimizing any negative publicity for Carlyle. I look forward to your response.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom DiNapoli".

Thomas P. DiNapoli
State Comptroller



March 8, 2023

Mr. Thomas P. DiNapoli
Comptroller
State of New York
110 State Street
Albany, NY 12236

Dear Mr. DiNapoli,

Thank you for your letter dated February 17, 2023, to Carlyle, majority owner of Sedgwick, concerning the performance of Managed Care Advisors' (MCA) management of the World Trade Center (WTC) Health Program Nationwide Provider Network (NPN).

In your letter, you raised concerns about MCA's delivery of services to WTC Health Program members. I can assure you that all members of my team are committed to providing the highest level of care and benefits to the responders and survivors served by the WTC Health Program's NPN.

I have discussed your concerns with Carlyle and my leadership team at MCA.

MCA took over this program on August 1, 2022. There was a lengthy implementation period, due to the complexity of the program and this being the first time the NPN was transitioned since the WTC Health Program's inception.

The NPN provides members with access to over 400,000 service providers. MCA continues to adhere to the guidelines of the WTC Health Program. MCA does not make independent decisions about denying access to care or treatment, but rather follows the benefit guidelines mandated by the Program.

MCA has made significant progress in our efforts to support Program members. This includes expanding our member services call center staffing and hours of operation, resulting in significantly improved performance and member experience over the past few months. To highlight our noteworthy progress to date: Our member services call abandon rate (caller hanging up before the call is completed) was reduced from 45% on October 2, 2022, to 2.2% by January 15, 2023. The average speed of answer for the same time frame improved from 18.5 minutes to just 45 seconds. MCA has added supplemental support in order to recruit more medical and care providers into the network on a daily basis.

Although our colleague retention numbers remain at over 98%, we continue extensive onboarding, training and quality assurance to ensure our member services representatives are providing the most accurate and current information to the members they serve. MCA continues to train colleagues on an ongoing basis, and we have doubled the number of leaders available to member services colleagues to support call resolution on a real-time basis.



During the transition from the previous Program administrator, we did experience some disruption with providers; in most cases, we were able to quickly intervene, but unfortunately, there have been times when providers refused to participate in our network and/or the program. Access to health care providers is dependent on the willingness of providers to participate in the program and to accept lower reimbursement at enforced FECA rates, as per the Zadroga Act.

To resolve any network provider issues, we are focusing on maximizing access to care for our members. We have augmented our team to expedite recruiting for participants and are casting a wide net to federal providers to ensure optimal coverage and care for our members. In addition to our provider recruitment efforts, we are adding self-service features to our provider portal to alleviate unnecessary confusion and calls to member services.

We continue to partner with the WTC Health Program to find solutions and respond to member needs. With a heightened focus on the member experience, MCA works to directly engage with members to ensure they receive the resources needed through these benefits.

We are here to support the 9/11 responders and survivors, and it's a responsibility we take seriously. We are committed to providing the highest level of care and benefits to the thousands of responders and survivors.

Please let me know if you would like to discuss further.

Sincerely,

A handwritten signature in black ink that reads "Mike".

Michael Arbour
Chief Executive Officer
Sedgwick Claims Management Services, Inc.