

Transforming Workers' Compensation through Claim Advocacy: A Case Study of The University of Texas System

By Melissa Steger, Retired August 31, 2024, as Associate Director of Workers' Compensation, The University of Texas System

A Journey of Purpose and Transformation

After more than two decades with The University of Texas System, I had the privilege of overseeing one of the largest self-insured, self-administered workers' compensation programs in the country—covering more than 150,000 employees across 14 academic and health institutions. When I retired on September 1, 2024, the program had evolved far beyond a compliance-driven operation. It had become a model of claim advocacy, accountability, and employee-centered care.

Prior to my assuming leadership of the program in 2015, the focus was primarily regulatory: ensuring statutory compliance, timely reporting, and cost containment. While these elements remain important, they do not capture the true purpose of workers' compensation—to help people recover and return to productive lives. Over time, we intentionally shifted our culture from one of process to one of purpose.



Melissa Steger is the Executive VP of Business Development and partner of WorkCompCollege.com. Prior to this role, Melissa supported WorkCompCollege.com on the Board of Trustees and Dean for the School of Humanities, while also being a member of the faculty.

Melissa retired after 30 years of workers' compensation experience gained from the public, private, and regulatory sectors. Her career consisted of building and leading innovatively expansive programs, managing large teams, and presenting before audiences across the country and internationally. She ended her career as the Associate Director of Workers' Compensation for The University of Texas System where she administered the self-insured workers' compensation and unemployment programs providing coverage for over 140K employees of the academic and health institutions across the state.

Melissa served on the Texas and national boards for PRIMA and held the national presidency in 2021-2022. She received the Texas PRIMA Risk Professional of the Year award, a Servant Heart Award, and the PRIMA Chapter Service Award. She earned a Bachelor of Science degree in Interdisciplinary Studies, Master of Public Administration degree, and is a certified risk manager.



Redefining Success

We began by redefining what success looked like. Rather than measuring outcomes solely by claim closure speed or indemnity costs, we prioritized recovery, communication, and trust. This required retraining staff, rethinking workflows, and empowering claims professionals to engage empathetically with injured employees.

We emphasized education, collaboration, and continuous improvement, working closely with campus stakeholders, medical providers, and risk managers across the System.

The result was a transformative change. Our team built a program rooted in transparency, accountability, and compassion—values that not only improved outcomes but also enhanced trust across our campuses. Injured employees felt heard and supported. Supervisors became better informed. And claims staff developed a deeper sense of purpose in their work.

The UT System workers' compensation program stands today as an example of what can be achieved when leadership commits to both operational excellence and human-centered advocacy.

Executive Summary

The University of Texas System (UT System) operates one of the largest self-insured, self-administered workers' compensation programs in the United States. With more than 150,000 employees across multiple academic and health institutions, the program has evolved from a traditional compliance-based structure into a nationally recognized model emphasizing claim advocacy, employee support, and accountability.

Since incorporating claim advocacy principles in 2015, the program has demonstrated measurable, sustained improvement in outcomes, including:

89% Rate Reduction

Average system rates dropped from \$0.80 (1993) to \$0.085 (2024) per \$100 payroll

\$67M+ Returned

Over \$67 million returned to institutions through the Resource Allocation Program (RAP)

\$2.1M Annual Savings

Since 2018, an average of \$1.8 million in annual wage replacement savings through RTW accommodations, reaching \$2.1 million in 2023

A consistent trend of lower claim counts and expenditures despite a 31% workforce growth from 114,000 in 2015 to over 150,000 employees in 2024*.

***Numbers effective through 2024.**





Background: The Scale of UT System

The University of Texas System is a network of academic and health institutions. In 2024, the System manages:

\$29.1B

Operating Budget

68K

Degrees Awarded
Annually

108M

Square Feet of
Facilities

400K

Total Population
Served

\$49.5B

Total Insured Value

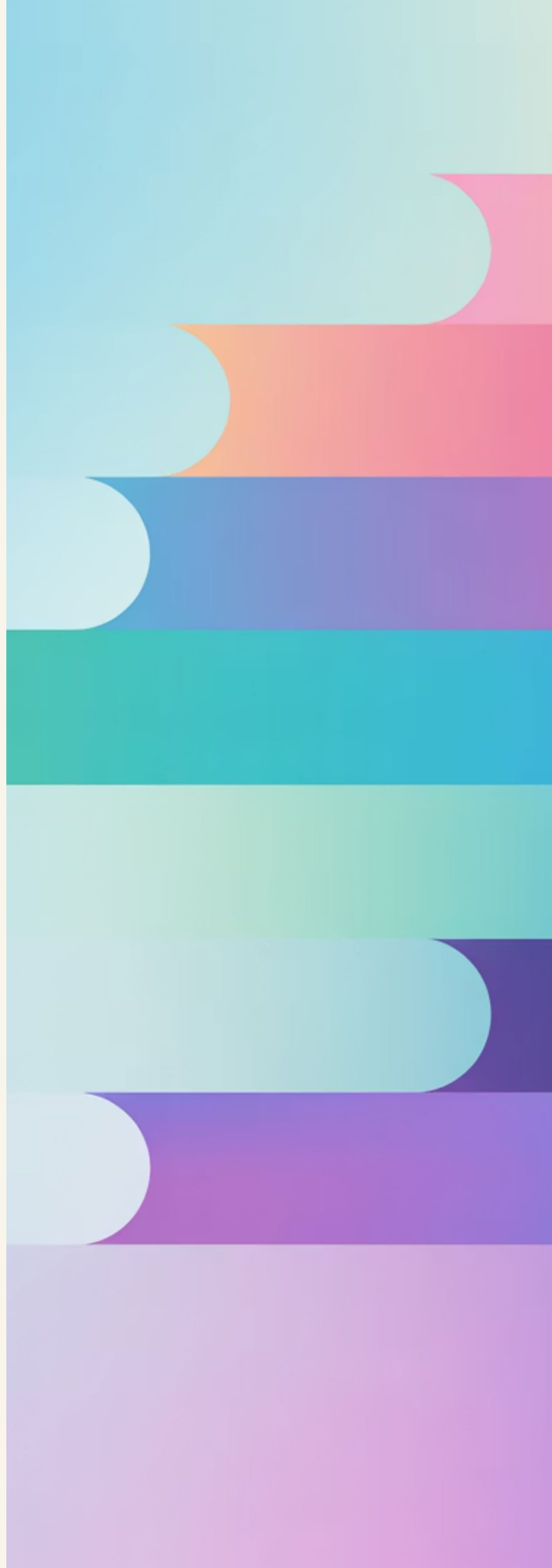
Under Texas Labor Code §503, UT System operates as a self-insured, self-administered program. System Administration acts as the carrier, while each institution functions as an employer. The System funds all workers compensation claims directly, with no retention level, and establishes institutional rates using a three-year formula incorporating loss history, payroll, and claim frequency.

Early in the program, every reported incident — regardless of whether an actual injury occurred — was treated as a claim, significantly inflating frequency and costs. In 1993, rates were as high as \$0.80 per \$100 payroll, generating \$10.6 million in expenditure.

Evolution of Program Design

1994–1998: Laying the Foundation

Beginning in 1994, UT System introduced structured reporting guidelines, training institutions to only forward claims to UT System that were reportable by law or incurred medical or other claim expenses. This change alone began to drive claim frequency — and corresponding rates — downward.

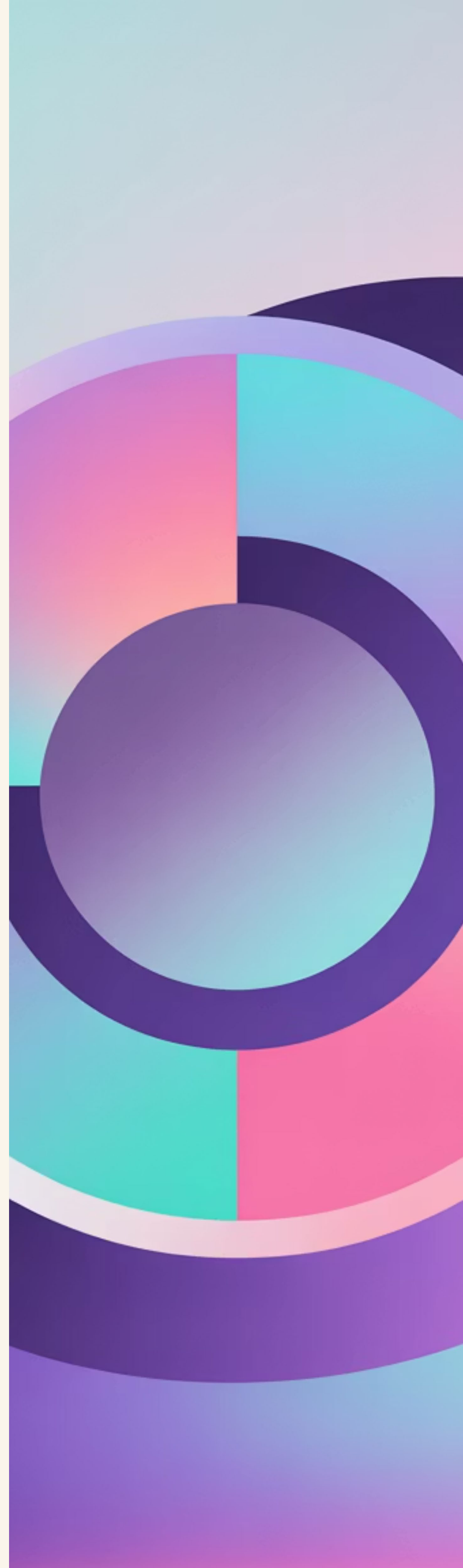


Early Innovations and Competition

By 1995, rates fell to \$0.57, and UT System introduced a variable rating system, creating competition among institutions. This incentivized local creativity:

- Medical institutions leveraged their in-house resources to provide first aid care at no expense to the injured employee or fund.
- Many campuses expanded return-to-work (RTW) programs, focusing on keeping employees productive and connected.

By 1998, the Workers' Compensation Insurance (WCI) fund was over-capitalized, allowing the UT System to launch the Resource Allocation Program (RAP) a grant-style initiative reinvesting surplus funds into safety and health programs. Since inception through August 2024, RAP has returned over \$67 million to participating institutions.

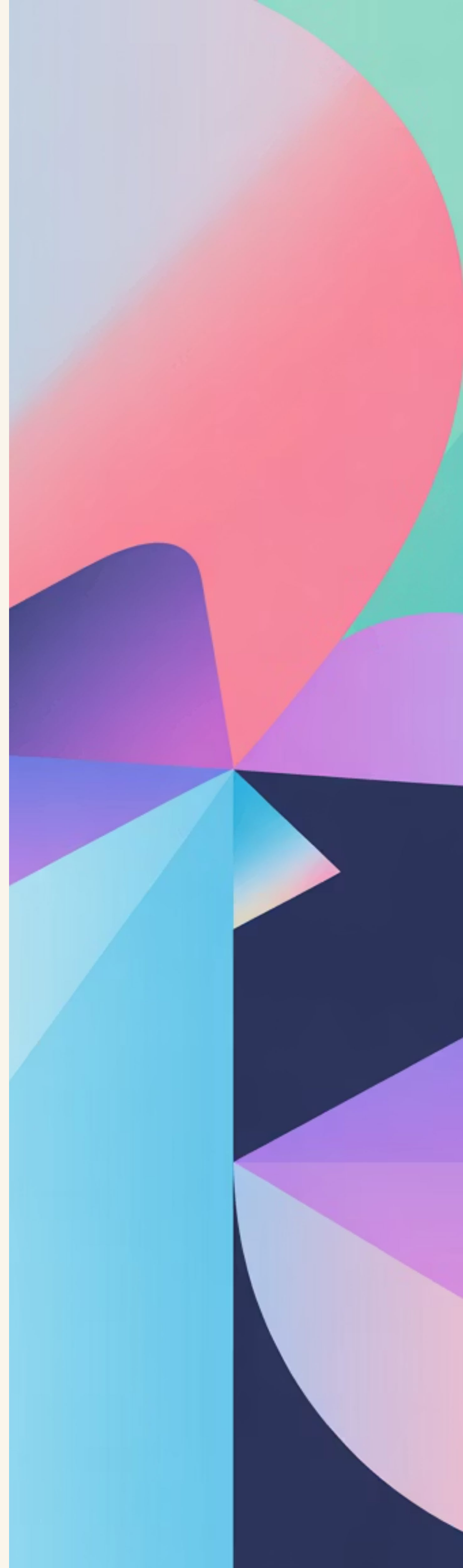


2008–2013: Sustained Growth and the Hybrid Model

In 2008, UT System achieved a 40% rate reduction (to \$0.12) while continuing to fund RAP. In 2013, facing a transition away from a legacy mainframe system, the System strategically partnered with a third-party administrator (TPA) for claims system support and adjuster staffing.

Rather than fully outsourcing, UT System retained its own claims supervisors and leadership to oversee operations — establishing a hybrid self-administered model that preserved control, transparency, and the program's institutional culture.


Average rates at that time:
\$0.10 per \$100 payroll.



The Turning Point

2015–2024: The Claim Advocacy Era

When leadership transitioned in 2015, UT System formally adopted a claim advocacy philosophy, redefining how claims professionals interacted with injured employees, institutions, and vendors.

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The Advocacy Approach

The approach emphasized:

Empathy and Transparency

Communications to emphasize the human aspect of the claim

"Our Program" Mindset

Viewing the claim process as "our program" rather than a function of the TPA generating cross functional trust

Regular Interdisciplinary Meetings

Across the TPA, cost containment vendors, and System staff to promote unity

Leveraging Institutional Resources

Employee Assistance Programs, RTW programs, outplacement, and medical services — to eliminate barriers to recovery

This collaborative and compassionate model transformed both outcomes and culture.

Measured Outcomes of Advocacy

Year	Claim Count	Net Expenditures	Rate (\$/100 Payroll)	Headcount (FTE)
2013	1,614	\$5.05M	0.10	108,846
2015	1,443	\$3.60M	0.102	114,605
2020	1,064	\$2.76M	0.097	132,099
2024*	—	—	0.085	150,000+

**Due to retirement, data for 2024 is unknown.*

 Despite a 30% increase in covered employees, claim counts and costs declined.





Return-to-Work (RTW) Performance

A formal RTW evaluation formula was implemented to quantify the value of accommodations. Each day an employee returned with modified restrictions was assigned a "what would have been paid" value, representing wages saved through accommodation.

Fiscal Year	Claims with Accommodated Restrictions	Accommodated Days	Total Savings
2018	476	19,921	\$1.74M
2020	435	18,334	\$1.75M
2023	440	19,958	\$2.03M

In fiscal year 2023, **\$2.03 million** in benefits were avoided due to proactive RTW accommodations.



Quantitative Results: 30 Years of Progress

Year	Rate (\$/100 Payroll)	Expenditures (Millions)
1993	0.800	\$10.63
2008	0.120	\$4.62
2015	0.110	\$3.60
2020	0.097	\$2.76
2024	0.085	—

- ☐ Rates declined 89% since program inception
- ☐ Expenditure dropped even as headcount and total payroll rose dramatically
- ☐ Institutions achieved a rate range of \$0.044 to \$0.15 in 2024, reflecting performance-based variability

Premium Rate Reduced
From .80 to .085 per
\$100 of Payroll





Lessons Learned

01

Education Drives Empowerment

Training institutions to distinguish between reportable and non-reportable incidents directly curbed frequency.

02

Incentives Matter

The variable rate model and RAP program aligned risk management with financial stewardship.

03

Advocacy Outperforms Adversarial Models

Claim advocacy reduced conflict, improved outcomes, and built trust between injured employees, supervisors, and the claims team.

04

Data Transparency Creates Accountability

Annual performance reporting to executive leadership reinforced the link between RTW success and institutional pride.

The Broader Implication

UT System's journey demonstrates that advocacy-based claims management is not only ethical — it's financially superior.

By centering communication, trust, and proactive accommodation, workers' compensation programs can achieve sustainable rate reductions and improved recovery outcomes.

This case study serves as a replicable model for other public and private entities seeking to modernize workers' compensation programs while preserving control, transparency, and employee well-being.



Conclusion

From **\$0.80** to **\$0.085** per
\$100 payroll

A near 90% reduction in costs — The University of Texas System's Workers' Compensation Program illustrates the long-term power of combining education, accountability, and advocacy.

Through intentional culture-building, strategic partnerships, and compassion-centered claims management, UT System has achieved what many view as the gold standard in public-sector workers' compensation performance.

The results of this program were recently highlighted in an industry podcast with Melissa Steger.

From Compassion to Cost Savings: How a Culture Shift Transformed the University of Texas Workers' Compensation Program

Based on insights from the "Straight Outta Workers' Comp" podcast, Episode 17, featuring hosts Bob Wilson and Mark Pew with guest Melissa Steger.





A Data-Driven Case for Advocacy

"The dirty little secret is that if we actually treat our injured workers with respect and open communication and empathy, you'll reduce litigation, you'll have shorter indemnity periods, you'll have less medical costs — and you'll actually save money."

— Bob Wilson

That statement set the tone for Episode 17 of *Straight Outta Workers' Comp*, where hosts Wilson and Mark Pew welcomed Melissa Steger, former Associate Director of Workers' Compensation at the University of Texas System. The discussion dove into the real-world results of an "advocacy-based" model — one that not only improved recovery outcomes but also significantly reduced program costs across a workforce of more than 150,000 employees.

Steger, who oversaw the self-insured UT System program for more than a decade, presented data that would catch any CFO's attention. "In 2010, our total expenditures were \$4.8 million. In 2023, we were at almost \$4.1 million," she explained. "And that's despite the employee count rising from 107,000 to nearly 144,000 over the same period."

The average rate charged to UT institutions to replenish the workers' compensation fund dropped from \$0.80 per \$100 of payroll in 1993 to just \$0.085 in 2024, with conversations underway to lower it further to \$0.08.

"We were performing well before we began the advocacy model," Steger said, "but when we truly started focusing on communication, care, and collaboration — that's when we saw the most dramatic improvements."

Culture Change Isn't Easy — But It Pays Off

Wilson drew a parallel to Safeway's Bill Zachry, who famously said he wanted his adjusters to treat injured employees "like they were their own mother." Steger agreed that changing culture was the hardest — and most critical — step.

"I made mistakes. I fell down. I made wrong decisions. As a leader, you own it, you learn from it, and you adapt your communication to the receiver."

— Melissa Steger

When Steger first rolled out her approach, not everyone was on board. "Some people needed to see the data to accept it," she said. "Others thought we were just trying to give the injured employees everything they wanted. But once they saw the numbers and outcomes, they understood — this wasn't about spending more, it was about spending smarter."

Empathy by Design: A Systematic Approach

Key elements of Steger's program included:

Rapid Communication

Injured employees were contacted within two days of an incident

Timely Claim Determinations

Decisions were made, on average, within 14–15 days — not for the carrier's sake, but so "the injured employee knew where they stood"

Human Conversations Before Denials

"If the claim was going to be denied, I wanted a conversation before the 'hate letter' went in the mail," Steger explained

Collaboration Over Silos

"I didn't want to look at, 'Oh, you're the TPA' or 'you're the network.' We were all part of the UT System Workers' Comp Program, regardless of whose paycheck we were on"

That collaborative mindset, coupled with an emphasis on empathy, reshaped the outcomes. Total claims dropped from 1,753 in 2010 to 1,202 in 2023, while care delivery became faster and more consistent.

"Care was being delivered quicker, which I love," Steger said. "It paints a nice picture of what advocacy can do to a program."



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The Bottom Line: Doing the Right Thing Works

Measuring What Matters: Return-to-Work and True Savings

Steger's team built tools to measure return-to-work outcomes and track the real financial value of accommodations. "We figured out a way to code payments for different types of work restrictions so we could calculate the dollars saved when employees were brought back under modified duty," she said.

That metric — "total savings" — represented the money that would have been paid had those accommodations not been made. "It created healthy competition among institutions," she added, noting that some departments developed job banks or temporary work assignments to keep employees engaged.

Pew underscored the point: "The cost didn't increase by doing these additional things, right?" "Correct," Steger replied. "And it wasn't just dollars — it was people. By using our institutional resources, we reduced both claims and costs while improving safety."

Communication Is the Core

The episode returned often to one theme: communication — not just with injured employees, but among leaders, teams, and partners. Wilson recalled an example of a Michigan TPA that replaced legalistic claim letters with what they called a "warm and fuzzy" version: plain English, empathetic, and informative.

The Power of Listening and Adaptation

Steger echoed that sentiment: "It's not just about talking to the injured employee; it's about sitting and listening. You can tell when someone needs data, when they need reassurance, or when they're not hearing you. We learned to adapt our approach to meet people where they are."

"I tell my team all the time: go until 'no.' Push forward until you hit a true barrier. Don't dig in your heels and say you can't get it done. There's always a way to make things better — for the employee and for the program."

— Melissa Steger

As Wilson summarized near the end of the episode, "You've really demonstrated how to communicate at every level — from the injured worker to the executive board — and proven that doing the right thing not only feels good, it saves real money."

[Listen to Episode 17 of Straight Outta Workers' Comp](#) 🎧

"The Dollars and Sense of Advocacy: A Case Study with the University of Texas System" Available on WorkCompCollege.com and all major podcast platforms.

