

RESERVE ADEQUACY ANALYSIS

Jai Goertzen Polytrauma Crush & CRPS Type I

CLAIM NO.	WC-2025-02491
DATE OF INJURY	March 11, 2024
EMPLOYER	Summit Structural Steel LLC
JURISDICTION	Colorado
REPORT DATE	May 6, 2026

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Reserve Adequacy Analysis · Claim WC-2025-02491 · Jai Goertzen · DOI 03/11/2024 · Report Date 05/06/2026

Reserve Verdict

VERDICT — INADEQUATE

Current reserves do not account for permanence of CRPS, implantable device authorization trajectory, and extended indemnity exposure beyond 110 weeks already incurred. Recommended total reserve increase: \$583,000.

Key Findings

Reserves inadequate. Current reserves do not cover projected permanent medical care for CRPS, approved implantable pain device costs (~\$50,000–\$80,000 device + surgical/follow-up), extended indemnity liability (minimum 48 additional weeks at \$1,456.49/week), psychological treatment continuation, and legal defense escalation in contested authorization environment.

CRPS Type I diagnosed October 2024 with documented treatment-resistant course; dorsal root ganglion stimulator trial (October 2025) showed approximately 55% pain reduction, strengthening case for permanent implant authorization.

Claimant non-vocational since injury date. Functional Capacity Evaluation confirms sedentary work capacity questionable due to pain variability and opioid side effects; permanent work restrictions highly probable.

Litigation active on implant authorization and indemnity continuation; Administrative Law Judge appeal pending; settlement discussions initiated due to catastrophic exposure.

Current incurred cost (\$497,207.93) represents only 26 months of active claim; projected duration 30–48 months absent settlement; Medicare Set-Aside exposure imminent.

Current Position

CATEGORY	PAID TO DATE	CURRENT RESERVE	REMAINING
Medical	\$276,441.22	Not specified	TBD
Indemnity	\$168,992.81	Not specified	TBD
Expenses (Legal)	\$51,773.90	Not specified	TBD
Total Incurred	\$497,207.93	Unknown	Unknown

Claim file does not itemize current reserve balances by category. Recommended immediate reserve ledger reconciliation to establish baseline.

Exposure Analysis

Medical

Paid to date: \$276,441.22 (26 months).

Cost drivers. Initial trauma surgery (tibial rod, fasciotomy, debridement); shoulder rotator cuff repair (November 2024); CRPS-related sympathetic nerve blocks; ongoing pain management; psychological treatment (May 2025 forward); dorsal root ganglion trial (October 2025).

Projected remaining.

- **Permanent implantable dorsal root ganglion stimulator authorization** highly probable given IME physician support, trial efficacy (~55% pain reduction), and administrative appeal pathway. Device cost estimate: \$50,000–\$80,000 (hardware + surgical implantation + intraoperative monitoring). Post-implant follow-up (programming, battery replacement cycles, 10–15 year lifespan) estimated \$25,000–\$40,000 over claim duration.
- **Chronic pain management continuation.** Ongoing opioid therapy, pain psychology, and specialist consultations (pain management, neurology) estimated \$15,000–\$25,000 annually for 30–48 month projection: \$37,500–\$100,000.
- **CRPS-specific treatment.** Sympathetic nerve blocks (repeat cycles if implant delayed), topical agents, physical / occupational therapy: \$20,000–\$35,000 remaining.

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- **Psychological component.** Major depressive disorder with trauma overlay; treatment authorization active; estimated \$12,000–\$20,000 remaining.

Total projected medical remaining: \$144,500–\$275,000 (conservative to high-end; subject to implant authorization timeline).

Indemnity

Paid to date: \$168,992.81 (TTD \$154,388.14 + PPD advances \$14,604.67).

Duration to date: 110+ weeks at \$1,456.49/week (per wage documentation).

Non-vocational status confirmed. Functional Capacity Evaluation (March 2025) shows claimant unable to return to ironworker role or comparable heavy labor; sedentary work capacity “questionable due to pain variability and medication side effects” per IME.

Projected remaining weeks. IME opinion: “Heavy labor employment capacity does not currently exist; sedentary work capacity remains questionable.” In Colorado context, expect minimum permanent total disability (PTD) trajectory or extended TTD pending Whole Person Impairment (WPI) rating and vocational assessment. Conservative estimate: 48–80 additional weeks of TTD exposure before PTD determination or settlement.

Weekly indemnity calculation. \$1,456.49/week × 48–80 weeks = \$69,911.52–\$116,519.20.

PPD exposure. IME estimates 34% WPI (not final). Additional PPD advance reserves: \$15,000–\$25,000.

Total projected indemnity remaining: \$84,911–\$141,519 (TTD extension + incremental PPD advances).

Expenses

Paid to date: \$51,773.90 (legal defense).

Ongoing litigation exposure. Active dispute over implant authorization (utilization review / peer review pending); potential Administrative Law Judge hearing on indemnity continuation; settlement valuation discussions.

Projected remaining legal: Contested authorization appeal + potential settlement negotiation + post-settlement administration (MSA, lien resolution) estimated \$35,000–\$65,000.

IME costs (future). If additional peer review or independent evaluations ordered: \$5,000–\$12,000.

Medicare Set-Aside reserve. Claimant age 38; non-vocational with permanent work restrictions; future medical care (implant, ongoing pain management, psychology) spans decades. MSA calculation likely \$150,000–\$250,000+ depending on life expectancy and permanent device costs.

Total projected expenses remaining: \$190,000–\$327,000 (includes MSA reserve establishment).

Reinsurance Threshold Risk

SCENARIO	TOTAL PROJECTED COST
Current incurred	\$497,207.93
Low estimate (paid + low-end remaining medical + indemnity + expenses)	\$916,619
High estimate (paid + high-end remaining medical + indemnity + expenses)	\$1,240,727

Action. Verify carrier's excess or catastrophic injury reinsurance attachment point. If threshold exceeded, recommend immediate reinsurance notification and coordination.

Recommended Reserves

CATEGORY	CURRENT RESERVE	RECOMMENDED	CHANGE
Medical	Unspecified	\$210,000	+\$210,000
Indemnity	Unspecified	\$113,000	+\$113,000
Expenses	Unspecified	\$260,000	+\$260,000
Total	Unspecified	\$583,000	+\$583,000

Rationale

- **Medical: \$210,000.** Covers dorsal root ganglion implant authorization / execution (\$65,000), 10-year post-implant device management (\$40,000), CRPS and chronic pain specialist care (\$60,000), and psychological treatment continuation (\$45,000).
- **Indemnity: \$113,000.** Reserves 48–80 weeks additional TTD at \$1,456.49/week (\$69,912) plus incremental PPD advances (\$18,000) plus contingency for PTD hearing delays (\$25,088).

- **Expenses: \$260,000.** Covers Medicare Set-Aside establishment and administration (\$180,000), continued litigation defense on authorization appeal and indemnity disputes (\$50,000), future IME / peer review (\$15,000), and settlement facilitation (\$15,000).

Required Approvals & Notifications

1 Supervisor / Reserve Authority Approval

Required for reserve increase exceeding \$100,000 and catastrophic claim designation. Route to Denver Catastrophic Injury Unit supervisor (copy to Claims Manager).

2 Employer Notification

Summit Structural Steel LLC should be notified of extended reserve projection and non-return-to-work status per policy requirements.

3 Reinsurance Coordination

If carrier's catastrophic injury reinsurance or excess coverage is triggered at current/projected incurred levels, notify broker / reinsurer immediately.

4 Attorney Communication

Advise Rebecca Sloan, Esq. (claimant counsel) of reserve adequacy assessment; coordinate on settlement valuation framework if global resolution discussions advance.

Action Plan

Immediate (Week of May 13, 2026)

- Reconcile current reserve ledger by category (Medical, Indemnity, Expenses, MSA) to establish precise baseline; confirm no duplicate or lapsed reserves.
- Submit reserve increase authorization request (\$583,000 total) to Claims Manager with this analysis; obtain supervisor sign-off.
- Notify reinsurance broker / excess carrier of current incurred (\$497,208) and projected total exposure (\$916,619–\$1,240,727); confirm attachment point status and reporting obligations.

Short-Term (May–June 2026)

- Obtain final IME WPI rating (currently estimated 34% "not final") to finalize PPD reserve calculation.
- Coordinate with utilization review contractor on dorsal root ganglion stimulator authorization decision timeline; prepare internal brief on medical necessity defensibility should litigation escalate.
- Initiate Medicare Set-Aside calculation with qualified MSA vendor; target completion by July 2026 to inform settlement negotiation parameters.

Diary

June 15, 2026. Follow-up on implant authorization appeal outcome; confirm indemnity continuation status (TTD vs. PTD determination); reassess reserve adequacy if material change in medical / legal posture occurs.

Next reserve review. August 2026 or upon settlement advancement.

IMPORTANT DISCLAIMER

This reserve adequacy analysis is generated by AxiomAI Resolve based on the claim documents provided. All reserve decisions must be approved through NorthRiver Indemnity Services' actual authority structure and compliance framework.

Examiner Melissa Tran (ext. 5571) and supervisor must review and approve final reserve amounts before implementation. Verify all figures against the actual claim management system, payment ledgers, and carrier policy guidelines.

Colorado workers' compensation law, current benefit caps, and reinsurance thresholds must be confirmed against current statutes and policy language. This analysis does not constitute legal advice; coordinate with carrier counsel on litigation strategy and settlement authority.

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