

**TEXAS DEPARTMENT OF INSURANCE, DIVISION OF WORKERS' COMPENSATION
COMPLIANCE AND INVESTIGATIONS
AUDIT PLAN
FISCAL YEAR ENDING 08/31/19**

OBJECTIVES

For fiscal year 2019, it is the goal of Compliance and Investigations to improve system performance in the following key areas:

- timely and accurate benefit delivery;
- timely medical reimbursement; and
- accurate reporting of electronic data to the Texas Department of Insurance, Division of Workers' Compensation (DWC).

To obtain these objectives, performance audits will be conducted on select system participants. The Texas Labor Code (TLC) authorizes DWC to conduct performance audits of participants in the Texas Workers' Compensation System. DWC is specifically directed in TLC §402.075 to focus its regulatory oversight on insurance carriers and health care providers identified as poor performers in the Performance-Based Oversight (PBO) program. Therefore, the insurance carriers selected for fiscal year 2019 audits are those identified either as poor performers in the PBO program or through detected compliance issues. Detailed information regarding PBO can be found at <http://www.tdi.texas.gov/wc/pbo/index.html>.

This audit plan identifies the issues to be reviewed during the fiscal year ending August 31, 2019, and describes the scope and methodology related to each audit type. However, this audit plan is subject to change; DWC may identify compliance areas of concern, audit risk, or data availability issues and adjust audit issue, auditee, objective, scope, review period, and/or methodology, as necessary.

AUDIT OVERVIEW

ENTITY TYPE	AUDIT TYPE	APPLICABLE STATUTES AND RULES	AUDIT REVIEW PERIOD	# OF AUDITS
Insurance Carrier	Accuracy of Death/Lifetime Income Benefit Payments; Timeliness of Reporting Claim Data; and Accuracy of Claim Data	408.041, 408.161, 408.181, 124.2, 128.1, 128.3, 131.2, and 132.1	09/01/05 – 4/30/18	15
Insurance Carrier	Timeliness of Medical Bill Processing; Timeliness of Reporting Medical Bill Data; and Accuracy of Medical Bill Data	408.027, 133.240, and 134.804	09/01/18 – 11/30/18 or 12/1/18 – 2/28/19	25
Insurance Carrier	Timeliness of Initial Temporary Income Benefit Payment; Timeliness of Reporting Initial Payment Data; and Accuracy of Initial Payment Data	409.021, 124.2, 124.3, and 124.7	07/01/18 – 09/30/18 or 10/01/18 – 12/31/18	25

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AUDIT SCOPE AND METHODOLOGY

Accuracy of Lifetime Income/Death Benefit Payments and Claim Data

The Accuracy of Lifetime Income/Death Benefit Payments and Claims Data review will determine if insurance carriers accurately paid Lifetime Income and Death benefits and accurately reported claim data to DWC. The review will consist of determining if insurance carriers: 1) accurately calculated average weekly wage (AWW); 2) accurately calculated and paid death benefits; 3) made required adjustments to benefits; and 4) timely and accurately reported claim data to DWC. The audit samples will consist of randomly selected records drawn from DWC database of claim information submitted to DWC by insurance carriers.

The sample data will be drawn from claims for injuries occurring since September 01, 2005. For each claim reviewed, DWC will require the insurance carriers to submit the wage statement, indemnity payment records, and adjuster notes. The records will be reviewed to determine if the payment amounts and data reporting were accurate.

Timeliness of Medical Bill Processing and Accuracy of Medical Data

The Timeliness of Medical Bill Processing and Accuracy of Medical Data review will determine if insurance carriers timely processed medical bills and accurately reported medical bill/payment data to DWC. The review will consist of determining if the insurance carriers paid or denied initial medical bills within 45 days of receipt and accurately reported the following medical bill/payment data elements to DWC:

1. Rendering Line Provider NPI Number (EDI DN592-Unique national provider ID of the rendering provider at the line level)
2. Rendering Line Provider State License Number (EDI DN599-License number issued by a jurisdiction that permits the rendering line provider to practice in that state)
3. Referring Provider Last/Group Name (EDI DN690-Provider referring claimant for care)
4. Referring Provider State License Number (EDI DN695-License number issued by a jurisdiction that permits the referring provider to practice in that state)
5. Date Bill Received (EDI DN511 – Date Insurer Received Bill)
6. Date Paid or Denied (EDI DN512 – Date Insurer Paid Bill)

The audit samples will consist of randomly selected records drawn from the medical bill information submitted to DWC by insurance carriers.

The sample data will be drawn from billing lines submitted to DWC during the period of September 01, 2018, through November 30, 2018, or December 01, 2018, through February 28, 2019, depending on the date of audit initiation. For each billing line reviewed, DWC will require the insurance carriers to submit the medical bills, Explanation of Benefit Statements, and payment detail. The records will be reviewed to determine if each medical bill was timely processed and if the data elements were accurately reported.

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Timeliness of Initial Temporary Income Benefit Payment; Timeliness of Reporting Initial Payment Data; and Accuracy of Initial Payment Data

The Timeliness of Initial Temporary Income Benefit (TIB) Payment; Timeliness of Reporting Initial Payment Data; and Accuracy of Initial Payment Data review will determine if insurance carriers: 1) initiated the first TIB payment timely; 2) timely reported initial payment data to DWC; and 3) accurately reported the following initial payment data elements to DWC:

1. First Day of Disability (EDI DN56 – Date Disability Began)
2. Date of Written Notice of Injury (EDI DN41 – Date Reported to Claims Administrator)
3. Date of Initial Payment (EDI DN03 – Maintenance Type Code Date)
4. TIB From Date (EDI DN88 – Payment/Adjustment Start Date)
5. TIB End Date (EDI DN89 – Payment/Adjustment End Date)

The audit samples will consist of randomly selected records drawn from DWC database of claim information submitted to DWC by insurance carriers.

The sample data will be drawn from claims for which an initial payment of TIBs was issued during the period of either July 01, 2018, through September 30, 2018, or October 01, 2018, through December 31, 2018, depending on the date of audit initiation. For each claim reviewed, DWC will require the insurance carriers to submit the DWC Form-1, Employers First Report of Injury or Illness; Plain Language Notice 2, Notification of First Temporary Income Benefit Payment; adjuster/claim notes; medical reports; and initial TIB payment detail. The records will be reviewed to determine if each initial TIB payment was issued timely and if the initial payment data elements were timely and accurately reported to DWC.

AUDIT DETAIL

	Auditee	Audit Type	Auditor	Expected Initiation Date	Expected Completion Quarter
1-15	15 Insurance Carriers To Be Determined	Accuracy of Lifetime Income/Death Benefit Payments and Claim Data Reporting	To Be Determined	September 2018	3
16-28	13 Insurance Carriers To Be Determined	Initial TIB Timeliness and IP Data Timeliness/Accuracy	To Be Determined	November 2018	2
29-41	13 Insurance Carriers To Be Determined	Timeliness of Medical Bill Processing and Accuracy of Data	To Be Determined	December 2018	3
42-53	12 Insurance Carriers To Be Determined	Initial TIB Timeliness and IP Data Timeliness/Accuracy	To Be Determined	February 2019	4
54-65	12 Insurance Carriers To Be Determined	Timeliness of Medical Bill Processing and Accuracy of Data	To Be Determined	March 2019	4

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LEGEND: QUARTER NUMBER

SEP – NOV 1
 DEC – FEB 2
 MAR – MAY 3
 JUN – AUG 4

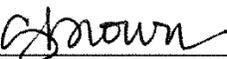
FISCAL IMPACT

Auditee	Number of Audits	Expected Hours per Audit	Number Billable Audits	Total Billable Hours	Bill Rate/Hr.	Projected Revenue
Insurance Carrier	65	35.00	49	1,715	\$50.00	\$85,750
Estimated Revenue Total						\$85,750

Respectfully submitted by:



 Darrell Cooper, Manager
 Audits and Investigations

 8/23/18

 Cassie Brown
 Commissioner of Workers' Compensation