



**Division of Workers'
Compensation**

Designated Doctor Plan-Based Audit

November 6, 2025

Section 1: General Statement and Overview

The Texas Department of Insurance, Division of Workers' Compensation (DWC) will conduct an audit of designated doctors (DDs) to ensure that additional testing and referrals ordered by DDs are medically necessary, reasonable, and appropriately documented. The audit will also review how DDs incorporate referral and testing results into their narrative reports.

DDs are selected by DWC to provide impartial medical evaluations and answer questions about a work-related injury or occupational illness.¹ DDs help resolve disputes in the workers' compensation system. In some cases, these evaluations may include referrals or additional testing necessary to resolve the issue in question.² DWC is responsible for monitoring the medical necessity, reasonableness, and documentation of these referrals and tests to ensure they are consistent with statutory and regulatory requirements, such as DWC's adopted guidelines, and to ensure the workers' compensation system is cost-effective. Further, a DD must file narrative reports in the form and manner required by DWC.³

DDs must summarize any additional testing or referrals in their narrative reports,⁴ including:

- The identity of the health care provider.
- The types of tests conducted, or referrals made.
- The dates of the testing or referral examinations.
- An explanation of why the referral or testing was needed.
- The date of the test or referral examination was completed.

Medical quality reviews of additional testing ensure DD compliance with the Labor Code and DWC rules, while helping injured employees receive medically necessary, evidence-based and cost-effective care.

DWC is required to monitor health care providers, insurance carriers, independent review organizations, and workers' compensation claimants who receive medical services to ensure they comply with DWC rules relating to health care, including medical policies and fee guidelines.⁵

¹ Texas Labor Code Section [408.0041](#) and 28 Texas Administrative Code (TAC) Section [127.10](#) authorize DDs to examine injured employees.

² A DD is allowed to conduct or order additional testing or make referrals to other health care providers to resolve a question at issue per 28 TAC Sections [130.1](#) and [127.10](#).

³ 28 TAC Section [127.220](#).

⁴ 28 TAC Sections [127.200](#) and [127.220](#).

⁵ Texas Labor Code Section [413.002](#).

The Medical Quality Review Panel (MQRP) will recommend to the medical advisor appropriate action regarding doctors, other health care providers, insurance carriers, utilization review agents, and independent review organizations.⁶

Texas Labor Code Section [408.021\(a\)](#) states that “an employee who sustains a compensable injury is entitled to all health care reasonably required by the nature of the injury as and when needed. The employee is specifically entitled to health care that: cures or relieves the effects naturally resulting from the compensable injury; promotes recovery; or enhances the ability of the employee to return to or retain employment.”

DWC will manage the Medical Quality Review Process ([Process](#)) in a manner that is fair, open, and transparent to all workers’ compensation system participants to the extent consistent with state confidentiality laws. DWC will provide the subject of a review with the opportunity to participate throughout the Process.

Medical quality reviews help DWC monitor compliance with the Labor Code and DWC rules. They also ensure that injured employees in the workers’ compensation system receive medically necessary and appropriate health care that is timely and cost-effective. In addition, these reviews facilitate functional recovery and appropriate return-to-work outcomes.

Section 2: Purpose

- Promote the delivery of quality, evidence-based health care in a cost-effective manner.
- Ensure that additional testing and referrals ordered by DDs are medically necessary, reasonable, and appropriately documented.
- Review how DDs incorporate referral and testing results into their narrative reports.
- Support timely dispute resolution, recovery, and appropriate return-to-work outcomes for injured employees.

Section 3: Scope and Methodology

This audit includes DDs who ordered referrals or additional testing for injured employees during the audit period. The review will assess whether:

- The additional testing was medically necessary to resolve the issue the DD was asked to address.
- The testing was supported by DWC’s adopted guidelines for impairment rating, return to work, and treatment or other evidence-based medicine when appropriate.

⁶ Texas Labor Code Section [413.0512](#).

- The DD properly documented the identity of the provider, test type, and test dates in the narrative report.
- The results of the additional testing were incorporated into the DD's opinion.
- The referral health care provider was appropriately selected (same practice, third-party association, or independent).

Section 4: Selection Criteria

Timeframe

Examinations subject to review include those conducted between June 1, 2024, and May 31, 2025.

Population

DDs with the highest number of referrals or diagnostic tests ordered during the audit period constitute the review population.

Case Selection

- DDs will be stratified according to referral and testing percentages.
- Up to 10 DDs are selected for review.
- In the event of a tie, selection will favor DDs with the highest percentage of referrals relative to total examinations.
- From each DD selected, up to five cases will be chosen at random for review.

Review Process

The MQRP will evaluate selected cases to determine whether:

- The referral or diagnostic testing was medically necessary and reasonable.
- The referral or testing complied with evidence-based medicine.
- The referral or testing was properly documented in the narrative report.

Exclusions

The following will be excluded from review:

- DDs with no referrals or diagnostic testing during the audit period.
- DD cases currently pending in the dispute resolution process.
- Out-of-state DDs.

Section 5: Conflicts

This plan-based audit complies with the approved Process. If a conflict exists between this audit plan and the Process, the Process prevails.

Section 6: Approval

Submitted by:



11/6/25

Graves Owen, M.D.

Date

Medical Advisor

TDI, Division of Workers' Compensation

Approved by:



11/10/2025

Jeff Nelson

Date

Commissioner

TDI, Division of Workers' Compensation