

Texas Department of Insurance
Division of Workers' Compensation



Insurance Carrier/Utilization Review
Agent
Plan-Based Audit

October 22, 2012

Section I: General Statement and Overview

The Texas Department of Insurance, Division of Workers' Compensation (TDI-DWC) is required by Texas Labor Code §413.002 to "monitor health care providers, insurance carriers, independent review organizations, and workers' compensation claimants who receive medical services to ensure the compliance of those persons with rules adopted by the Commissioner relating to health care, including medical policies and fee guidelines." Furthermore, Texas Labor Code §413.0512 allows the Medical Quality Review Panel (MQRP) to recommend to the medical advisor appropriate action regarding doctors, other health care providers, insurance carriers, utilization review agents (URAs), and independent review organizations. The TDI-DWC will manage the medical quality review process in a manner that is fair to all workers' compensation system participants, open, and transparent to the extent consistent with state confidentiality laws, and provide the subject of a review the opportunity to participate throughout the review process as set forth in the Medical Quality Review procedure. Medical quality reviews aid the TDI-DWC both to monitor compliance with the Texas Workers' Compensation Act (Act) and TDI-DWC Rules and to help ensure that injured employees in the workers' compensation system receive medically necessary and appropriate health care that is timely and cost-effective, and facilitates functional recovery and appropriate return-to-work outcomes.

URAs are registered or licensed entities that review requests for health care services being provided (concurrent), proposed to be provided (prospective) or already provided (retrospective). URAs determine whether services are medically necessary and appropriate and may also determine if services are experimental and investigational. The Managed Care Quality Assurance (MCQA) Office processes applications for entities seeking registration, licensure or licensure renewal as a URA within the state of Texas.

Section II: Purpose for Plan-Based Audit

- Promote the delivery of quality health care in a cost-effective manner; and
- Ensure that insurance carriers and/or URAs adhere to the Official Disability Guides and medically accepted standards of care for conducting utilization review, including the appropriate selection of reviewing health care providers.

Section III: Scope and Methodology for Plan-Based Audit

- Insurance carriers and/or URAs who have retrospectively denied Evaluation and Management Office Visits to injured employees:
 - where the office visit was billed with Current Procedural Terminology (CPT) codes 99201-99205 and 99211-99215;
 - where the office visit was retrospectively denied by the insurance carrier/URA using Service Adjustment Reason Code "50" prior to reconsideration; and
 - where the office visit was for a non-network claim and paid amount for the denied office visit was \$0.

- Office visits will be identified by the CPT code as billed by health care providers and reported through Medical State Reporting data (i.e., Medical EDI data).
- Denial codes will be identified by the Service Adjustment Reason Codes as provided on EOBs by insurance carriers and reported through Medical State Reporting data.
- The procedure for determining the medical necessity and appropriateness of health care services is set forth in Section II of the Medical Quality Review Procedure. See also Texas Labor Code Sections 413.002, 413.013, and 413.05115.

Section IV: Selection Criteria for Plan-Based Audit

- Time frame to select data:
 - Dates of injury after May 1, 2007; and
 - Office Visits occurred during January 9, 2011 through December 31, 2011.
- Exclusion:
 - Insurance carriers who have less than 30 medical necessity denials that meet the selection criteria.
- The statistical toolbox developed by the State Auditor’s Office may be used to determine:
 - Subject Selection:
 - Select no more than 10 insurance carriers who retrospectively denied office visits for medical necessity and had:
 - the highest percentage of office visits denied per the selection time frame; and
 - at least 30 medical necessity denials that meet selection criteria.
 - Case Selection:
 - Select a sample size at a 95% confidence level with a minimum of five cases selected.

Section V: Roles and Responsibilities

Information Management Services (IMS), Division of Workers’ Compensation

- Provides a list of insurance carriers based on the scope, methodology, and selection criteria.
- Selects the subjects and case files for medical quality review based on selection criteria.

Health Care Quality Review (HCQR), Division of Workers' Compensation

- Notifies subjects (insurance carriers) chosen for medical quality review and requests documents.
- Upon receipt of documents, HCQR identifies the URAs associated with the selected cases and notifies those URAs of the medical quality review. All URAs that are part of the selection criteria will be selected as part of this plan-based audit, unless an exclusion applies.
- Requests from IMS another subject or case if the nurse investigator verifies in writing that a subject or case was not selected in accordance with the approved plan-based audit criteria.
- Selects MQRP members to perform a review in accordance with Texas Labor Code Sections 408.0043, 408.0044, and 408.0045 and 28 Texas Administrative Code Sections 180.1 and 180.22.
- Provides an Executive Summary to the Commissioner of Workers' Compensation upon conclusion of plan-based audit.

Medical Advisor, Division of Workers' Compensation

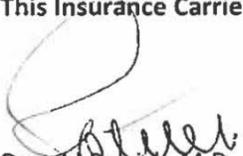
- The Medical Advisor shall develop questions for the MQRP Experts. Those questions shall be approved by all undersigned parties prior to any records being sent to the MQRP Experts.

Section VI: Conflicts

This Insurance Carrier/Utilization Review Agent plan-based audit incorporates the approved Medical Quality Review Procedure. However, if a specific conflict exists between this plan-based audit and the Medical Quality Review Procedure, this plan-based audit prevails.

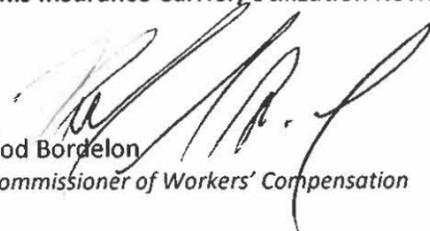
Section VII: Approvals

This Insurance Carrier/Utilization Review Agent Plan-Based Audit is respectfully submitted by:


Donald Patrick, M.D., J.D.
Medical Advisor

Date 10/22/12

This Insurance Carrier/Utilization Review Agent Plan-Based Audit is respectfully approved by:


Rod Bordelon
Commissioner of Workers' Compensation

Date 10/22/12