

Texas Department of Insurance  
Division of Workers' Compensation



Independent Review Organization  
Plan-Based Audit

February 23, 2011

## **Section I: General Statement and Overview**

Texas Labor Code sections 413.0511 and 413.0512 require the Texas Department of Insurance, Division of Workers' Compensation (TDI-DWC) to review the quality of health care provided in the workers' compensation system and take appropriate action as needed. In addition to reviewing health care providers that deliver services, the Texas Labor Code also requires the TDI-DWC to review actions of peer review doctors, designated doctors, Utilization Review Agents, and Independent Review Organizations (IROs).

IROs are independent third parties certified by the TDI to review an insurance carrier's utilization review agent decision regarding the medical necessity or appropriateness or the experimental or investigational nature of health care services. TDI assigns the next available IRO to resolve disputes regarding adverse determinations made by utilization review agents or insurance carriers for network and non-network claims. IROs assign individual health care providers to review all of the submitted documentation and render a decision.

Texas Labor Code section 413.0512 requires the Medical Advisor and Medical Quality Review Panel (MQRP) to focus increased attention on the quality and timeliness of IRO decisions and to impose sanctions with non-compliance of the Texas Labor Code and TDI-DWC rules.

## **Section II: Purpose for Plan-Based Audit**

- Promote the delivery of quality health care in a cost-effective manner, including protection of injured employee safety; and
- Assure that IROs adhere to reasonable standards for conducting IRO reviews, including the appropriate selection of reviewing health care providers.

## **Section III: Scope and Methodology for Plan-Based Audit**

- Quality of non-network decisions made by IROs for prospective review of the medical necessity and appropriateness of health care services proposed to be provided to an injured employee.
- The basis for determining the medical necessity and appropriateness of health care services is outlined in Section II of the Medical Quality Review Procedure and pursuant to Texas Labor Code section 413.031.

## **Section IV: Selection Criteria for Plan-Based Audit**

- The statistical toolbox developed by the State Auditor's Office will be used to determine:
  - Subject Selection - IRO sample size based at a 98% confidence level; and
  - Case Selection - decision sample size at a 95% confidence level.
- Time frame to select data:
  - Decisions issued during 1/1/10 through 12/25/10.
- Exclusions:
  - IROs previously reviewed or currently under review by the MQRP in FY 09, FY 10, and FY 11.
  - IROs that were not certified for the entire review period.
  - Decisions that were disputed.
  - IROs or decisions currently undergoing a quality of care complaint investigation.

**Section V: Roles and Responsibilities**

Health & Workers' Compensation Network Certification & Quality Assurance (HWCN)

- HWCN provides a list of IRO decisions based on the scope, methodology, and selection criteria.

Workers' Compensation Research & Evaluation Group (REG)

- Selects the subjects and decisions for medical quality review based on selection criteria.

Health Care Quality Review, Division of Workers' Compensation

- Notifies subjects chosen for medical quality review and requests documents.
- Requests from the REG another IRO or decision if the nurse investigator verifies in writing that the subject or decision 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, or 408.0045.
- Concludes plan-based audit in six months.
- Provides 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.

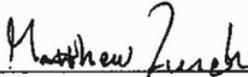
**Section V: Conflicts**

This IRO 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 IRO Plan-Based Audit is respectfully submitted by:

  
 \_\_\_\_\_ 2/23/11  
 Date  
 Mary Landrum  
 Director  
 Health Care Business Management

  
 \_\_\_\_\_ Feb 23, 2011  
 Date  
 Matthew Zurek  
 Executive Deputy Commissioner  
 Health Care Management

  
 \_\_\_\_\_ 2/23/11  
 Date  
 Debra Diaz-Lara  
 Deputy Commissioner

This IRO Plan-Based Audit is respectfully approved by:

  
 \_\_\_\_\_ 2-23-11  
 Date  
 Donald Patrick, M.D., J.D.  
 Medical Advisor

  
 \_\_\_\_\_ 2/23/11  
 Date  
 Rod Bordelon  
 Commissioner of Workers' Compensation