Self-Insured Reorientation Workshop
Introduction

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Agenda

1. Introduction
2. Current state of BWC audit process
3. Future audit process
4. Housekeeping Items
Current State

- Almost 1,200 Self Insured Employers in Ohio
- Per OAC 4123-19-10, BWC shall audit the programs of SI employers. Audits shall include:
  - Method of furnishing medical, surgical, nursing and hospital services, medicine expenses, payment of compensation or benefits in a proper and timely manner, proper filing of all required reports, whether the employer has harassed, dismissed or disciplined employees who have filed complaints
- All audits performed on-site
- Two separate audits (compliance and SI-40)
Current Audit Process

- Administrative Program Review within one year of becoming Self-Insured
- Audits are to be scheduled every 2-4 years
- Audits dictated primarily through timing
- Rating scale: Excellent
  Satisfactory, Level 1, 2 or 3
  Not in compliance
Reasons for changing the current audit process

- Greater Efficiencies
  - Increase oversight within SI community
  - Over the last 5 years the number of audits completed has declined by 75%. In 2007, on average, the SI department would be able to audit each SI employer every 2.06 years. With the current staffing, the average duration would be 8.3 years.
# Historical Compliance Audits

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Audits Completed</th>
<th># Auditors</th>
</tr>
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<tbody>
<tr>
<td>2007</td>
<td>582</td>
<td>9</td>
</tr>
<tr>
<td>2008</td>
<td>389</td>
<td>8</td>
</tr>
<tr>
<td>2009</td>
<td>309</td>
<td>7</td>
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<tr>
<td>2010</td>
<td>245</td>
<td>6</td>
</tr>
<tr>
<td>2011</td>
<td>165</td>
<td>3</td>
</tr>
</tbody>
</table>
Reasons for changing the current audit process

- Greater Effectiveness
  - Are we reviewing the appropriate measures?
  - Are we identifying administration issues?
Ratings and Findings

2004 – Completed 728 audits with 6.5% Not in compliance and 16% Excellent

2008 – Completed 389 audits, with 4.7% Not in compliance and 26.5% Excellent

2011 – Completed 165 audits with 3.6% Not in compliance and 25% excellent

2012 (YTD) - Completed 95 audits with 2% Not in compliance and 37% excellent
New Audit Process

- Goal is to increase efficiency and effectiveness
  - What are we auditing?
  - How are we auditing it?
  - What generates an audit?

- Reviewing all administrative areas that potentially impact SI community

- Ensure compliance without impacting administration of program

- Verify involvement of employer
Future Audit Process

- Three Tiered Review

- Focus on employer’s knowledge and implementation of Ohio Workers’ compensation claim administration and reporting requirements.

- Emphasis on developing and implementing proactive controls to ensure compliance.
SI Employer Controls

- Level of employer involvement with the program
- Outsourcing of administrative responsibilities
- Multiple site administration

- What controls are in place to ensure that the SI program is being administered appropriately?
Three Levels

Level 1 - Targeting 100% of self-insuring employers each year
  - “behind the scenes”

Level 2 - Compliance Assessment
  - Electronic files (if available)

Level 3 - Full administrative audit
  - On-site
Level 1 Audit Scope

Combination of underwriting and auditing units will review:

- Yearly SI-40 reporting
  - Aggregate reserves
  - Reported compensation trends
  - PTD, Death, Reductions
  - Reported claims
- Program Administrator changes
Program Administrator Changes

The SI underwriting unit will look at administrator information with all renewals.

- Any new program administrator will be expected to complete a reorientation program within 6 months of the change.

- SI Department is currently developing an online reorientation option for all employers to access.
Level 2 Compliance Audit

A more comprehensive review of an employer’s claim compliance and SI-40 reporting practices.

Scheduled based on the following triggers:

- Any significant issues identified from level 1 audit
- Unexplained significant variances on SI-40 from one year to the next
- Inability to provide support for a material reduction
- High Risk SI employers (per financial matrix)
- Concerns on prior year level 2 audits
- Random Sampling and/or time elapsed since last audit
Level 2 Audit Scope

- Accuracy of SI-40 reporting
- Wage calculation accuracy for TTD and PPD
- Accurate and timely paid compensation
- PTD rates – documentation supporting current PTD rate
- Number and type of valid complaints over previous two years
Level 2 Process

- Audit will generally be completed in our offices, ideally using the Employer/TPA data imaging system

- Identified employers will be contacted by phone and advised of our intent to complete Level 2 Audit

- E-mail with cover letter and request for information will be sent to employer

- Audit will be conducted upon receipt of information

- Once completed, results will be sent to employer for review and rebuttal

- Wrap up call
Level 2 Information Request

- Loss Run Report – with paid indemnity, paid medical and reserve separately noted for each claim

- SI-40 back up data for requested reports prior to 2012

- PTD claims identified with supporting documentation for current PTD rate of payment

- Access to claims system or receipt of requested documents for identified claims when system access is not available
Level 2 Timelines

- Initial request for information
  - Loss run 2 - 3 days
  - SI-40 back up 2 - 3 days
  - PTD information 4 - 5 days
  - System access 5 - 7 days

- Rebuttal time frame - one week from receipt of results

- Wrap up - one day after Rebuttal deadline
Results and Findings

- The final results from a Level 2 audit will be provided to the employer with an individual sheet from each claim reviewed.

- A final letter will confirm that the employer is compliant or not compliant.

  - If an employer is not compliant, the SI Department may require a formal action plan that addresses all identified issues.

- Future actions will outlined in the final letter.
Level 3 Full Administrative Audit

- A Level 3 audit will review all aspects of an employer’s claims administration and reporting practices.

- Full compliance audit will be conducted onsite at employer, TPA or other agreed upon site

- Claim files can be reviewed electronically using either BWC or TPA computers depending on accessibility

- Designated Ohio Administrator must be present
Level 3 Full Administrative Audit

- Any significant issues identified from level 1 or level 2 audits

- Over four years since last audit
  - Time frame reduced to one year after change in administrator

- Random Sample of SI community with consideration given to time since last level 2 or 3 audit

- Three or more valid complaints in a rolling 12 month period
Level 3 Full Administrative Audit

- Failure to demonstrate strong working knowledge of the statute and requirements for being self insured.

- All new SI employers
  - Between six and twelve months from the effective date

- One audit, consolidate files for those with multiple locations
Level 3 Audit Scope

- Timely notification of certification and reporting of claims

- Timely bill payment

- Timely and accurate compensation payments
  - Initial, ongoing and ordered
Level 3 Audit Scope

- Timeliness in responding to treatment requests
- Maintaining complete file and making it available within 72 hours of a written request
- Proper notification to IW of claim process
- Verification of current and working IT system and relationship with TPA
  - Proper controls in place to comply with rules and regulations
Level 3 Timelines

- Audit will be scheduled within 2-3 weeks from initial contact.

- Loss Run within 2-3 days from initial call

- Goal will be to complete in one day, and provide findings with requests for information at the time of the audit. One week to respond with questions or requested information.

- If needed after response a wrap up call will be set within one week from response
Results and Findings

- The final results from a Level 3 audit will be provided to the employer with an individual sheet from each claim reviewed.

- A final letter will confirm that the employer is compliant or not compliant.

  - If an employer is not compliant, the SI Department may require a repeat level 3 audit in the following six months to one year.

- Future actions will be outlined in the final letter.
C84 and Medco 14

- Claimant responsible for submitting C84 request for TT for each new period

- Attending physician responsible for submitting Medco 14

- If you require a C84 it is recommended that you provide to claimant, and advise it will be needed for each period of TT
  - Must be consistent
Housekeeping Items

- On-line re-orientation
  - Currently in development and hope to roll out in late 2012

- SI 40 annual reports – We will be requesting the SI-40 back up information be submitted with the 2012 SI-40 report (due February 2013).
  - Information should be submitted to the following email: BWCSIAuditing@bwc.oh.state.us

- Topics for future workshops?
Contact Us

When contacting the BWC self-insured department, employers need to include their self-insured policy number.

Phone: Self-insured department contact info: 614-466-6737 or 1.800.OHIOBWC, select SI

E-mail: SIINQ@bwc.state.oh.us

Address: Ohio BWC
30 W. Spring St., Level 22
Columbus, OH 43215