

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

Calendar Year	Audits Completed	# Auditors
2007	582	9
2008	389	8
2009	309	7
2010	245	6
2011	165	3

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 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