

**TEXAS DEPARTMENT OF INSURANCE, DIVISION OF WORKERS' COMPENSATION
SYSTEM MONITORING AND OVERSIGHT
AUDIT PLAN
FISCAL YEAR ENDING 08/31/10**

BACKGROUND

For fiscal year 2010, it is the goal of System Monitoring and Oversight to improve system performance in the following key areas:

- reporting of electronic data to the Texas Department of Insurance, Division of Workers' Compensation (TDI-DWC),
- timely and complete return to work notification,
- timely communication, and
- timely benefit delivery.

To obtain these objectives, performance audits will be conducted on select system participants. The Texas Labor Code (TLC) authorizes the TDI-DWC to conduct performance audits of participants in the Texas Workers' Compensation System. TDI-DWC is specifically directed in TLC §402.075 to focus its regulatory oversight on insurance carriers and health care providers identified as poor performers in the Performance-Based Oversight (PBO) program. Therefore, the insurance carriers and health care providers selected for fiscal year 2010 audits are those identified either as poor performers in the PBO program or through detected compliance issues. Detailed information regarding PBO can be found at <http://www.tdi.state.tx.us/wc/pbo/pbo0809.html>.

This audit plan identifies the issues and system participants to be reviewed during the fiscal year ending August 31, 2010, and describes the objectives, scope, and methodology related to each audit type. However, this audit plan is subject to change; TDI-DWC may identify compliance areas of concern or audit risk and adjust audit issue, auditee, objective, scope, and/or methodology, as necessary.

AUDIT OVERVIEW

ENTITY TYPE	AUDIT ISSUE TYPE	APPLICABLE STATUTES AND RULES	AUDIT REVIEW PERIOD	# OF AUDITS
Insurance Carrier	Timeliness of Initial Temporary Income Benefits Payment; Timeliness of Reporting Initial Payment Data; and Accuracy of IP Data	409.021, 124.2, 124.3, and 124.7	06/01/09 – 08/31/09 or 10/01/09 – 12/31/09	16
	Accuracy of Medical Bill/Payment Data	413.007, 413.008, 134.802	05/01/09 – 08/31/09 or 09/1/09 – 12/31/09	40
Health Care Provider	Timeliness of DWC Form-69, Report of Medical Evaluation; and Timeliness and Proper Completion of DWC Form-73, Work Status Report	408.025, 408.123, 126.7, 129.5, 130.1, 130.2, 130.3, and 130.6	01/01/10 – 03/31/10	32
Other Audits as Directed	(Legislature, Commissioner, or Special Projects that may arise during the year)		To be determined (TBD)	TBD
Total number of audits				88

**TEXAS DEPARTMENT OF INSURANCE, DIVISION OF WORKERS' COMPENSATION
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FISCAL YEAR ENDING 08/31/10**

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

Insurance Carrier Audits

Timeliness of Initial Temporary Income Benefits Payment; Timeliness of Reporting Initial Payment Data; and Accuracy of Initial Payment Data

The Timeliness of Initial Temporary Income Benefits (TIBs) Payment; Timeliness of Reporting Initial Payment Data; and Accuracy of Initial Payment Data review will determine if insurance carriers: 1) initiated the first TIB payment timely; 2) timely reported initial payment data to TDI-DWC; and 3) accurately reported initial payment data to TDI-DWC. The review will consist of determining if the insurance carriers: 1) initiated income benefits within 7 days of the eighth day of disability (accrual date); 2) reported initial payment data to TDI-DWC within 10 days of making the first payment; and 3) accurately reported various initial payment data elements to TDI-DWC. The audit samples will consist of randomly selected records drawn from the TDI-DWC database of claim information submitted to TDI-DWC by insurance carriers.

The sample data will be drawn from claims for which an initial payment of TIBs was issued during the period of June 01, 2009 through August 31, 2009 or October 1, 2009 through December 31, 2009, depending on the date of audit initiation. For each claim reviewed, TDI-DWC will require the insurance carriers to submit the DWC Form-1, Employers First Report of Injury or Illness; Plain Language Notice 2, Notification of First Temporary Income Benefit Payment; DWC Form-21, Payment of Compensation or Notice of Refused or Disputed Claim; adjuster/claim notes; and initial TIB payment information. The records will be reviewed to determine if the first TIB payment was issued timely and if the IP data elements were timely and accurately reported.

Accuracy of Medical Bill/Payment Data

The Accuracy of Medical Bill/Payment Data review will determine if insurance carriers accurately reported medical bill/payment data to TDI-DWC. The review will consist of determining if the insurance carriers accurately reported various medical bill/payment data elements to TDI-DWC. The audit samples will consist of randomly selected records drawn from the TDI-DWC database of medical bill/payment information submitted to TDI-DWC by insurance carriers.

The sample data will be drawn from billing lines submitted to TDI-DWC during the period of May 01, 2009 through August 31, 2009 or September 01, 2009 through December 31, 2009, depending on the date of audit initiation. For each billing line reviewed, TDI-DWC will require the insurance carriers to submit the medical bill; DWC Form-62, Explanation of Benefits; and payment summary. The records will be reviewed to determine if the data elements were accurately reported.

Health Care Provider Audits

Timeliness of DWC Form-69, Report of Medical Evaluation; and Timeliness and Accuracy of DWC Form-73, Work Status Report

The Timeliness of DWC Form-69, Report of Medical Evaluation; and Timeliness and Accuracy of DWC Form-73, Work Status Report review will determine if health care providers (HCPs) timely submitted the reports to the insurance carriers and properly completed the DWC Form-73. The review will consist of determining if the HCPs: 1) submitted the DWC Form-69 to the insurance carrier no later than the seventh working day after the later of the date of the certifying examination or receipt of all of the required medical information; 2) submitted the DWC Form-

**TEXAS DEPARTMENT OF INSURANCE, DIVISION OF WORKERS' COMPENSATION
SYSTEM MONITORING AND OVERSIGHT
AUDIT PLAN
FISCAL YEAR ENDING 08/31/10**

DWC Form-73 to the insurance carrier not later than the end of the second working day after the date of examination after the initial examination, when the employee experiences a change in work status, or as a result of a substantial change in activity restrictions; and 3) properly completed the DWC Form-73 by including key claim elements, work status, and required dates and explanations. The audit samples will consist of randomly selected records drawn from the TDI-DWC databases of DWC Form-69s submitted to TDI-DWC by HCPs, medical bill/payment information submitted to TDI-DWC by insurance carriers, and/or records requested from the auditees.

The sample data will be drawn from DWC Form-69s and DWC Form-73s for exams that occurred on or after January 01, 2010. TDI-DWC will require the HCPs to submit the DWC Form-69 and DWC Form-73 with evidence of the filing to the insurance carrier. The records will be reviewed to determine if the forms were timely submitted to the insurance carrier and if the DWC Form-73s were properly completed.

AUDIT DETAIL

The Audits and Investigations Team will initiate the following eighty-eight (88) audits during fiscal year 2010:

	AUDITEE NAME	AUDIT ISSUE TYPE	AUDITOR	EXPECTED INITIATION DATE	EXPECTED COMPLETION QUARTER
1	TO BE DETERMINED (Non-PBO tiered insurance carrier)	Initial TIB Timeliness and IP Data Timeliness/Accuracy	P. Evora	September 2009	2
2	TO BE DETERMINED	Initial TIB Timeliness and IP Data Timeliness/Accuracy	A. Galer	September 2009	2
3	TO BE DETERMINED	Initial TIB Timeliness and IP Data Timeliness/Accuracy	R. Hamilton	September 2009	2
4	TO BE DETERMINED	Initial TIB Timeliness and IP Data Timeliness/Accuracy	I. Harvey	September 2009	2
5	TO BE DETERMINED	Initial TIB Timeliness and IP Data Timeliness/Accuracy	M. Marinelarena	September 2009	2
6	TO BE DETERMINED	Initial TIB Timeliness and IP Data Timeliness/Accuracy	M. Rhea	September 2009	2
7	TO BE DETERMINED	Initial TIB Timeliness and IP Data Timeliness/Accuracy	P. Sikos	September 2009	2
8	TO BE DETERMINED	Initial TIB Timeliness and IP Data Timeliness/Accuracy	A. Telles	September 2009	2
9	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	P. Evora	October 2009	2
10	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	A. Galer	October 2009	2
11	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	R. Hamilton	October 2009	2
12	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	I. Harvey	October 2009	2
13	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	M. Marinelarena	October 2009	2

**TEXAS DEPARTMENT OF INSURANCE, DIVISION OF WORKERS' COMPENSATION
SYSTEM MONITORING AND OVERSIGHT
AUDIT PLAN
FISCAL YEAR ENDING 08/31/10**

	AUDITEE NAME	AUDIT ISSUE TYPE	AUDITOR	EXPECTED INITIATION DATE	EXPECTED COMPLETION QUARTER
14	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	M. Rhea	October 2009	2
15	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	P. Sikos	October 2009	2
16	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	A. Telles	October 2009	2
17	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	P. Evora	October 2009	2
18	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	A. Galer	October 2009	2
19	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	R. Hamilton	October 2009	2
20	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	I. Harvey	October 2009	2
21	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	M. Marinelarena	October 2009	2
22	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	M. Rhea	October 2009	2
23	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	P. Sikos	October 2009	2
24	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	A. Telles	October 2009	2
25	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	P. Evora	October 2009	2
26	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	A. Galer	October 2009	2
27	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	R. Hamilton	October 2009	2
28	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	I. Harvey	October 2009	2
29	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	M. Marinelarena	October 2009	2
30	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	M. Rhea	October 2009	2
31	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	P. Sikos	October 2009	2
32	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	A. Telles	October 2009	2
33	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	P. Evora	January 2010	3
34	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	A. Galer	January 2010	3
35	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	R. Hamilton	January 2010	3
36	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	I. Harvey	January 2010	3
37	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	M. Marinelarena	January 2010	3

**TEXAS DEPARTMENT OF INSURANCE, DIVISION OF WORKERS' COMPENSATION
SYSTEM MONITORING AND OVERSIGHT
AUDIT PLAN
FISCAL YEAR ENDING 08/31/10**

	AUDITEE NAME	AUDIT ISSUE TYPE	AUDITOR	EXPECTED INITIATION DATE	EXPECTED COMPLETION QUARTER
38	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	M. Rhea	January 2010	3
39	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	P. Sikos	January 2010	3
40	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	A. Telles	January 2010	3
41	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	P. Evora	January 2010	3
42	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	A. Galer	January 2010	3
43	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	R. Hamilton	January 2010	3
44	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	I. Harvey	January 2010	3
45	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	M. Marinelarena	January 2010	3
46	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	M. Rhea	January 2010	3
47	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	P. Sikos	January 2010	3
48	TO BE DETERMINED	Accuracy of Medical Bill/Payment Data	A. Telles	January 2010	3
49	AMERICAN GUARANTEE & LIAB.	Initial TIB Timeliness and IP Data Timeliness/Accuracy	P. Evora	January 2010	3
50	BEAUMONT ISD	Initial TIB Timeliness and IP Data Timeliness/Accuracy	A. Galer	January 2010	3
51	CITY OF CORPUS CHRISTI	Initial TIB Timeliness and IP Data Timeliness/Accuracy	R. Hamilton	January 2010	3
52	CITY OF MCALLEN	Initial TIB Timeliness and IP Data Timeliness/Accuracy	I. Harvey	January 2010	3
53	DALLAS AREA RAPID TRANSIT	Initial TIB Timeliness and IP Data Timeliness/Accuracy	M. Marinelarena	January 2010	3
54	FEDEX FREIGHT EAST	Initial TIB Timeliness and IP Data Timeliness/Accuracy	M. Rhea	January 2010	3
55	FORT BEND ISD	Initial TIB Timeliness and IP Data Timeliness/Accuracy	P. Sikos	January 2010	3
56	XL SPECIALTY INSURANCE CO.	Initial TIB Timeliness and IP Data Timeliness/Accuracy	A. Telles	January 2010	3
57	DR. CHRISTINE WYMAN WAN	DWC-69, DWC-73	P. Evora	May 2010	4
58	DR. JULIAN JAY GONZALEZ	DWC-69, DWC-73	A. Galer	May 2010	4
59	DR. BRYAN SCOTT DRAZNER	DWC-69, DWC-73	R. Hamilton	May 2010	4
60	DR. BRUCE CHARLES BEGIA	DWC-69, DWC-73	I. Harvey	May 2010	4
61	DR. JOE L. WALLACE	DWC-69, DWC-73	M. Marinelarena	May 2010	4
62	DR. VICTORIA D. KNOLL	DWC-69, DWC-73	M. Rhea	May 2010	4
63	DR. WALTER LEE	DWC-69, DWC-73	P. Sikos	May 2010	4

**TEXAS DEPARTMENT OF INSURANCE, DIVISION OF WORKERS' COMPENSATION
SYSTEM MONITORING AND OVERSIGHT
AUDIT PLAN
FISCAL YEAR ENDING 08/31/10**

	AUDITEE NAME	AUDIT ISSUE TYPE	AUDITOR	EXPECTED INITIATION DATE	EXPECTED COMPLETION QUARTER
64	DR. EPIFANIO VIRIL DIMAZANA	DWC-69, DWC-73	A. Telles	May 2010	4
65	DR. ROBERT MICHAEL CHOUTEAU	DWC-69, DWC-73	P. Evora	May 2010	4
66	DR. KELLY W. LOBB	DWC-69, DWC-73	A. Galer	May 2010	4
67	DR. WILLIAM DAVID DODGE	DWC-69, DWC-73	R. Hamilton	May 2010	4
68	DR. PETERMINH V. NGUYEN	DWC-69, DWC-73	I. Harvey	May 2010	4
69	DR. STEVEN LANE CASEY	DWC-69, DWC-73	M. Marinelarena	May 2010	4
70	DR. J. TEIG PORT	DWC-69, DWC-73	M. Rhea	May 2010	4
71	DR. PATRICIA H. JANKI	DWC-69, DWC-73	P. Sikos	May 2010	4
72	DR. DAVID ANTHONY JOLIVET	DWC-69, DWC-73	A. Telles	May 2010	4
73	DR. PETER EDWARD GRAYS	DWC-69, DWC-73	P. Evora	May 2010	4
74	DR. DEAN CHEN	DWC-69, DWC-73	A. Galer	May 2010	4
75	DR. JAMES L. DAVIS	DWC-69, DWC-73	R. Hamilton	May 2010	4
76	DR. LOUIS FRANK PUIG III	DWC-69, DWC-73	I. Harvey	May 2010	4
77	DR. JAMES KEITH ROSE	DWC-69, DWC-73	M. Marinelarena	May 2010	4
78	DR. SHARON J. GIBBS	DWC-69, DWC-73	M. Rhea	May 2010	4
79	DR. ALEJANDRO LOPEZ, JR.	DWC-69, DWC-73	P. Sikos	May 2010	4
80	DR. LUBOR JAROLIMEK	DWC-69, DWC-73	A. Telles	May 2010	4
81	DR. BLISS WATSON CLARK II	DWC-69, DWC-73	P. Evora	May 2010	4
82	DR. MICHAEL JOHNATHAN HORODA	DWC-69, DWC-73	A. Galer	May 2010	4
83	DR. C. LYNN ANDERSON, JR.	DWC-69, DWC-73	R. Hamilton	May 2010	4
84	DR. GREGORY P. ENNIS	DWC-69, DWC-73	I. Harvey	May 2010	4
85	DR. FRANCISCO JAVIER GUERRA, SR.	DWC-69, DWC-73	M. Marinelarena	May 2010	4
86	DR. HENRY H. CALDERONI	DWC-69, DWC-73	M. Rhea	May 2010	4
87	DR. CARLOS ROSAS	DWC-69, DWC-73	P. Sikos	May 2010	4
88	DR. ROGER MICHAEL MOCZYGEMBA	DWC-69, DWC-73	A. Telles	May 2010	4

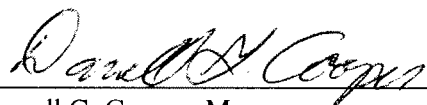
LEGEND: QUARTER NUMBER
 SEP – NOV 1
 DEC – FEB 2
 MAR – MAY 3
 JUN – AUG 4

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FISCAL IMPACT

Auditee Type	Number of Audits (total 88)	Expected Completion Hours per Audit	Number Billable Audits	Total Billable Hours	Billable Rate	Projected Revenue
Health Care Provider	32	50	0	0	N/A	\$0.00
Insurance Carrier	56	40	56	2,240	\$50.00	\$112,000
Estimated Revenue Total						\$112,000

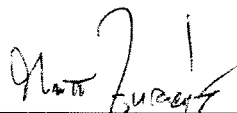
Respectfully submitted by:



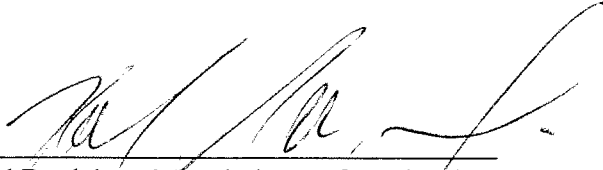
 Darrell G. Cooper, Manager
 Audits and Investigations
 System Monitoring and Oversight
 Texas Department of Insurance, Division of Workers' Compensation



 Teresa Carney, Director
 System Monitoring and Oversight
 Texas Department of Insurance, Division of Workers' Compensation



 Matt Zurek, Executive Deputy Director
 Health Care Management and System Monitoring
 Texas Department of Insurance, Division of Workers' Compensation



 Rod Bordelon, Commissioner of Workers' Compensation
 Texas Department of Insurance, Division of Workers' Compensation

