

# 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](mailto: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](mailto:SIINQ@bwc.state.oh.us)

**Address:** Ohio BWC  
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Columbus, OH 43215

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