

SEPTEMBER 2020  
AUDIT REPORT

**CITY OF OAKLAND**  
**Third Party Administrator – JT2**



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*Addendum I – POA, S/R and Excess Detail Results*

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## **EXECUTIVE SUMMARY**

This section will serve as an overview of the audit findings with recommendations for moving forward. The overall claims handling of the TPA is *Exceeds Expectations* as measured in accordance with the standards set forth in the Guidelines.

### **Performance Strengths**

Outstanding results were achieved in the categories of adjuster caseload, medical only conversion, initial employer contact, penalties coded correctly, member notified of permanent work restrictions, TD/4850 reserves separate, PD exposure includes life pension, settlement valuations, Medicare's interest protected, EIA settlement authority requested, member settlement authority requested and approval to accept/waive/settle subrogation.

### **Performance Improvement Recommendations**

Additional attention is warranted in balancing the file when benefits are ended, as required by the standards.

There was a theme of cases being worked up for settlement well beyond the standard to pursue resolution within 10 working days of receipt of information that would allow the claim to be finalized. Timely mail management and/or enhanced use of the diary could be employed to increase the performance in this category.

There were two files affecting the employee contact score which appear to be claims where the ongoing contact diary fell off track. There were also two files affecting the subsequent excess reporting score where the ongoing excess reporting diary fell off track. Given the low number of exceptions in these categories we do not consider this to be an adverse handling trend. There was one file negatively impacting the subrogation score. We do not consider this to be a performance trend.

### **Audit Demographics**

The audit criterion was formed by using the PRISM Claims Administration standards. The file audits specifically focused on claims handling activity from 10/01/19 through the date of the audit. JT2 provided a list of the open inventory covered by the PRISM program and a random selection of the files was pulled to gather 121 files from the open inventory. The file selection consisted of a mix of indemnity claims, future medical files, and medical only claims. File documents, notes, payments, letters, and reserves are maintained in electronic form. The files were accessed remotely. Each worksheet was provided to Carmen Angeles, Angela Sorrentino, Andrew Lathrop and Mary Baptiste for review and comment. They engaged with the auditors and submitted all questions, feedback, or disputes prior to the conclusion of the audit.

## **AUDIT TEAM**

**Angela Mudge**

**Owner, President & CEO**

*Over 30 years of workers' compensation claims experience. IEA Certificate, Self-Insured Certificate & WCCP Designation. Prior positions held - adjuster, supervisor, claims manager and vice president.*

**Anne Ruiz**

**Chief Operating Officer**

*Over 24 years of workers' compensation claims experience. Associate in Claims Designation, Self-Insured Certificate & WCCA Designation. Prior positions held - adjuster, supervisor, claims services liaison and central services manager.*

**Tera Martin Del Campo**

**Senior Collaborator**

*Over 17 years of workers' compensation claims experience. IEA Certificate, Self-Insured Certificate and WCCA Designation. Prior positions held – adjuster and claim compliance analyst.*

**Sherrí Ventimiglia**

**Senior Collaborator**

*Over 30 years of workers' compensation claims experience. Self-Insured Certificate & WCCP Designation. Prior positions held – adjuster, claims analyst, supervisor, manager, director of claims and assistant vice president of claims.*

**Fernando Rodriguez**

**Collaborator**

*Over 6 years of workers' compensation claims experience. Bachelor of science in business administration. Self-Insured Certificate. Prior positions held – adjuster and supervisor trainee.*

# AUDIT SCORESHEETS

## Overview

Category	Points Available	Points	Score	%
<b>Claim Handling - Administrative</b>	<b>1254</b>	<b>1200</b>	<b>Exceeds Expectations</b>	<b>95.69%</b>
Caseload	1	1	Exceeds Expectations	100.00%
Case Review and Documentation	1071	1031	Exceeds Expectations	96.27%
Communication	9	7	Below Expectations	77.78%
Fiscal Handling	62	53	Meets Expectations	85.48%
Claim Creation	55	54	Exceeds Expectations	98.18%
Reserves	56	54	Exceeds Expectations	96.43%
<b>Claims Handling - Technical</b>	<b>558</b>	<b>505</b>	<b>Exceeds Expectations</b>	<b>90.50%</b>
Payments	85	84	Exceeds Expectations	98.82%
Apportionment	31	27	Meets Expectations	87.10%
Disability Management	9	8	Meets Expectations	88.89%
Reserving	294	263	Meets Expectations	89.46%
Resolution of Claim	68	56	Meets Expectations	82.35%
Settlement Authority	24	24	Exceeds Expectations	100.00%
Litigated Cases	35	34	Exceeds Expectations	97.14%
Subrogation	3	2	Unsatisfactory	66.67%
Excess Coverage	9	7	Below Expectations	77.78%
<b>Overall Score</b>	<b>1812</b>	<b>1705</b>	<b>Exceeds Expectations</b>	<b>94.09%</b>

Detail

Category	Points Available	Points	Score	%	Prior Score	Variance
<b>Claim Handling - Administrative</b>						
<b>Caseload</b>						
Adjuster Caseload	1	1	Exceeds Expectations	100.00%	100.00%	0.00%
<b>Case Review and Documentation</b>						
Examiner Reviews - Timing	663	652	Exceeds Expectations	98.34%	98.57%	-0.23%
Examiner Reviews - Quality Plan of Action	121	111	Exceeds Expectations	91.74%	84.29%	7.45%
Supervisor Reviews	282	263	Exceeds Expectations	93.26%	100.00%	-6.74%
Medical Only Conversion	5	5	Exceeds Expectations	100.00%	66.67%	33.33%
<b>Communication</b>						
Ongoing Employee Contact	9	7	Below Expectations	77.78%	50.00%	27.78%
<b>Fiscal Handling</b>						
Payments on Correct Claims	28	27	Exceeds Expectations	96.43%	68.42%	28.01%
File Balancing	34	26	Below Expectations	76.47%	91.30%	-14.83%
<b>Claim Creation</b>						
Three Point Contact - Initial Employee Contact	27	26	Exceeds Expectations	96.30%	57.14%	39.16%
Three Point Contact - Initial Employer Contact	28	28	Exceeds Expectations	100.00%	57.14%	42.86%
<b>Reserves</b>						
Initial Reserves for Probable Value	28	27	Exceeds Expectations	96.43%	100.00%	-3.57%
Initial Reserves Timely	28	27	Exceeds Expectations	96.43%	100.00%	-3.57%
<b>Score for Claim Handling - Administrative</b>	<b>1254</b>	<b>1200</b>		<b>95.69%</b>		

Category	Points Available	Points	Score	%	Prior Score	Variance
<b>Claim Handling - Technical</b>						
<b>Payments</b>						
Medical Bills Paid Timely	84	83	Exceeds Expectations	98.81%	100.00%	-1.19%
Penalties Coded Correctly	1	1	Exceeds Expectations	100.00%	100.00%	0.00%
<b>Apportionment</b>						
Apportionment Ruled In/Out	16	14	Meets Expectations	87.50%	87.50%	0.00%
Apportionment Pursued Appropriately	15	13	Meets Expectations	86.67%	90.00%	-3.33%
<b>Disability Management</b>						
Proactive RTW	8	7	Meets Expectations	87.50%	100.00%	-12.50%
Member Noticed of Perm. Restrictions	1	1	Exceeds Expectations	100.00%	0.00%	100.00%
<b>Reserving</b>						
Reserves Adjusted Timely	121	102	Meets Expectations	84.30%	67.16%	17.14%
TD & 4850 Reserves Separate	18	18	Exceeds Expectations	100.00%	100.00%	0.00%
PD Exposure Includes Life Pension	2	2	Exceeds Expectations	100.00%	100.00%	0.00%
FM Reserve Consistent with OSIP	34	32	Exceeds Expectations	94.12%	81.48%	12.64%
Allocated Reserves Accurate	119	109	Exceeds Expectations	91.60%	89.06%	2.54%
<b>Resolution of Claim</b>						
Resolution Pursued Timely	38	26	Unsatisfactory	68.42%	61.90%	6.52%
Settlement Valuation	29	29	Exceeds Expectations	100.00%	100.00%	0.00%
Medicare's Interests Protected	1	1	Exceeds Expectations	100.00%	N/A	N/A
<b>Settlement Authority</b>						
EIA Settlement Authority Requested	1	1	Exceeds Expectations	100.00%	NA	N/A
Member Settlement Authority Requested	23	23	Exceeds Expectations	100.00%	100.00%	0.00%
<b>Litigated Cases</b>						
Initiate Investigation Material to Potential Lit.	0	0	N/A	N/A	100.00%	N/A
Litigation Management & Defense Attorney on Panel	35	34	Exceeds Expectations	97.14%	75.00%	22.14%
<b>Subrogation</b>						
Identify and Notice 3rd Party Timely	2	1	Unsatisfactory	50.00%	100.00%	-50.00%
Periodic Contact with 3rd Party	0	0	N/A	N/A	100.00%	N/A
Complaint or Lien Filed Timely	0	0	N/A	N/A	100.00%	N/A
Member Involved in Complaint vs. Lien	0	0	N/A	N/A	100.00%	N/A
Subrogation Pursued for Maximum Recovery	0	0	N/A	N/A	100.00%	N/A
Approval to Accept, Waive, or Settle	1	1	Exceeds Expectations	100.00%	N/A	N/A
<b>Excess Coverage</b>						
Timely Initial Excess Reporting	1	1	Exceeds Expectations	100.00%	100.00%	0.00%
Timely Subsequent Excess Reporting	8	6	Below Expectations	75.00%	75.00%	0.00%
Timely Excess Reimbursement Requests	0	0	N/A	N/A	N/A	N/A
Closing Excess Report Sent	0	0	N/A	N/A	N/A	N/A
<b>Score for Claim Handling - Technical</b>	<b>558</b>	<b>505</b>		<b>90.50%</b>		

# AUDIT EXCEPTION DETAILS

## Claim Handling – Administrative Caseload

### Adjuster Caseload

#### Opportunities 1 | Achieved 1

There are 7 dedicated adjusters handling claims for the City of Oakland. Two of these adjusters are predominately handling future medical claims. All caseloads are within the standard. The weighted values listed below include adjustment for the 2:1 ratio for future medical and medical only claims.

Adjuster / Supervisor	City of Oakland			Other Accounts			Total	Weighted Value
	Indemnity	Med Only	Future Med	Indemnity	Med Only	Future Med		
Caryl Calizo/Betsy Strome	0	0	211	0	0	0	211	106
Daniel Christensen/Alex Cardenas	5	0	217	0	0	0	222	114
Mary Denham/Betsy Strome	103	18	8	0	0	0	129	116
Jerry Hom/Alex Cardenas	91	10	10	0	0	0	111	101
Pearlie James/Betsy Strome	83	2	12	0	0	0	97	90
Linda Rocha/Betsy Strome	85	22	3	0	0	0	110	98
Jacqueline Stingily/Alex Cardenas	80	11	16	0	0	0	107	94
<b>Total</b>	<b>447</b>	<b>63</b>	<b>477</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>987</b>	<b>717</b>

## Case Review & Documentation

### Examiner Reviews - Timing

#### Opportunities 663 | Achieved 652

Please see Addendum I for a detailed summary of opportunities and plan of actions meeting the criteria for this standard.

### Examiner Reviews - Quality Plan of Action

#### Opportunities 121 | Achieved 111

1. CSAC-1979 The POAs completed prior to the 07/22/20 reserve change outline that there is a surplus in indemnity reserves but do not have documentation to support why the additional money is warranted. The most recent POA, prior to the reserve change, was completed on 05/25/20 outlining that \$3,045 remains due on the PD award but there is \$11,817.50 remaining in PD reserves.
2. CSAC-2001 The plan of action 08/03/20 was marked down as it does not accurately reflect the expense reserve exposure.
3. CSAC-2014 The POA does not meet standard as it states reserves are appropriate for the accepted claim, but it does not support why additional expense reserves are not needed.
4. CSAC-2033 The 07/30/20 POA states that reserves are appropriate for med/legal and post-operative care at \$11,757.01. This is inaccurate for the exposures.
5. CSAC-2034 The POAs completed on 03/23/20, 05/07/20 and 06/19/20 state that the employee was last seen on 02/03/20 and the employee is to transfer care to ortho. The first documented follow up on initial ortho eval was not made until 07/02/20. POAs for the dates listed lack action items to drive results.
6. CSAC-2043 The 08/06/20 POA states that the employee has not sought treatment since 10/17/18 which is inaccurate. The employee was seen on 04/24/20, 06/17/20, and 07/17/20 by the PTP.



7. CSAC-2067 The 06/30/20 POA states the plan is to settle claim via C&R or Stips for additional PD and request the AME address apportionment between the N&F and CT. Auditor is unable to find action items to support this plan. The reserves outlined within the POA do not support the exposures for future medical care.
8. CSAC-2076 The plan of action 08/31/20 indicates the adjuster is working up the file for settlement authority, however it is not evident to the auditor that this action was timely taken.
9. CSAC-2081 The 02/24/20 and 04/09/20 POAs state that the SAR is in process, but this did not occur. The 05/22/20 POA states that SAR is deferred due to deficiencies in the AME reporting, however, there is no plan in place to get accurate reporting. There is a lack of action items to drive results.
10. CSAC-2087 The 08/26/20 POA is a copy and paste of the prior POA and contains stale information. POA outlines that examiner will continue efforts to secure the QME report so the claim can move forward to resolution. It states that examiner "Called today as today is 59th day from evaluation (QME have up to 60 days). No response / left a message on recorder. Diary for another week to follow up for this report. Suspecting this is delayed due to COVID-issues." This is inaccurate as it was previously determined that the employee no showed to the 05/04/20 QME reevaluation and wanted to be seen in November 2020 due to COVID concerns. Currently a QME reevaluation has not been scheduled nor has a supplemental QME report been requested with review of SDT records. There is a lack of action items outlined to bring this claim to conclusion.

### **Supervisor Reviews**

#### **Opportunities 282 | Achieved 263**

Please see Addendum I for a detailed summary of opportunities and supervisor reviews meeting the criteria for this standard.

### **Medical Only Conversion**

#### **Opportunities 5 | Achieved 5**

All claims that met the criteria for this category also met the standard.

## **Communication**

### **Ongoing Employee Contact**

#### **Opportunities 9 | Achieved 7**

1. CSAC-2035 The employee has been continually TD since 02/13/20. There was a gap in employee contact longer than 30 days from 02/28/20 to 04/01/20.
2. CSAC-2075 The employee was TD from 04/15/20 - 08/31/20. There was a gap in employee contact longer than 30 days from 04/16/20 to 05/28/20.

## **Fiscal Handling**

### **Payments on Correct Claims**

#### **Opportunities 28 | Achieved 27**

1. CSAC-1996 The DOS for the 02/14/20 emergency visit was paid on this claim when it should have been paid on DOI 02/14/20 which is claim #200200024.

## **File Balancing**

### **Opportunities 34 | Achieved 26**

1. CSAC-1975 Salary continuation benefits were paid through 08/02/20. File balancing was due prior to issuing the benefit termination letter of 08/10/20 and it was untimely completed on 08/19/20.
2. CSAC-1976 A permanent disability ending notice issued 02/06/20 and the file was untimely balanced 05/13/20.
3. CSAC-1979 Permanent disability payments began on 10/04/19. Semi-annual file balancing was due on 04/04/19. It was untimely completed on 07/14/20.
4. CSAC-2004 Salary continuation benefits were paid through 03/09/20. File balancing was due prior to issuing the benefits termination notice of 04/15/20 and it was untimely completed 05/18/20.
5. CSAC-2056 File balancing was marked down as temporary disability ended 11/04/19 and the file was untimely balanced 11/06/19.
6. CSAC-2067 TD/4850 benefits stopped on 01/24/20. Auditor is unable to locate a balance sheet.
7. CSAC-2071 File balancing was marked down as a temporary disability ending notice was issued 07/13/20 and the file was not balanced at that time.
8. CSAC-2075 Auditor was unable to locate a completed balance sheet when TD/4850 ended on 08/31/20.

## **Claim Creation**

### **Three Point Contact – Initial Employee Contact**

#### **Opportunities 27 | Achieved 26**

1. CSAC-2008 The initial contact with the employee was marked down as there was one call attempt made 04/06/20. A contact letter was sent 04/15/20.

### **Three Point Contact – Initial Employer Contact**

#### **Opportunities 28 | Achieved 28**

All claims that met the criteria for this category also met the standard.

## **Reserves**

### **Initial Reserves for Probable Value**

#### **Opportunities 28 | Achieved 27**

1. CSAC-2014 The initial reserves were timely entered but did not support the probable value. There was 15% reserved for cost containment based upon the \$10K medical reserve and only \$1,000 set aside for a full AOE/COE investigation and copy service fees. This was inadequate for the probable cost.

### **Initial Reserve Timely**

#### **Opportunities 28 | Achieved 27**

1. CSAC-1978 Initial reserves were due on 06/22/20. They were untimely entered on 06/24/20.

## Claim Handling – Technical Payments

### Medical Bills Paid Timely

#### Opportunities 84 | Achieved 83

1. CSAC-2066 The 09/26/19 DOS of Dr. Richard Levy was received on 10/08/19. It was originally objected to but should have been paid when the claim was accepted based on the 01/22/20 findings and award. The bill was untimely paid on 06/30/20.

### Penalties Coded Correctly

#### Opportunities 1 | Achieved 1

The claim that met the criteria for this category also met the standard.

## Apportionment

### Ruled In/Out

#### Opportunities 16 | Achieved 14

1. CSAC-2013 The employee was not asked about his nonindustrial exposures during the initial contact to address apportionment. The medical record indicates that employee has been semi-professionally bowling for many years, but this is not mentioned in the file notes. The diagnostic findings were consistent with arthritic changes.
2. CSAC-2035 The ISO shows prior injury, but the employee was not asked about prior injuries at the time of initial contact. To date, the records have not been ordered and the medical release has not been secured. The employee's deposition has not been set to explore his history for apportionment opportunities.

### Pursued Appropriately

#### Opportunities 15 | Achieved 13

1. CSAC-1999 The employee will not settle based on the PTP report and has requested a QME eval. Auditor cannot locate efforts to secure the employee's prior medical records to have apportionment addressed by the QME.
2. CSAC-2044 Examiner discovered the employee had a prior injury to the right knee in 2016 while in the reserves. There has been no follow up on the return of the medical release to get the medical records so that apportionment can be addressed.

## Disability Management

### Proactive Return to Work

#### Opportunities 8 | Achieved 7

1. CSAC-2035 There have been no efforts to press the PTP for work restrictions or use of either a telephonic or field case manager to more aggressively intervene on RTW considering the employee is four months post-operative.

### Member Noticed of Permanent Work Restrictions

#### Opportunities 1 | Achieved 1

The claim that met the criteria for this category also met the standard.

## Reserving

### Reserves Adjusted Timely

#### Opportunities 121 | Achieved 102

1. CSAC-1979 The file settled on 09/20/19 for 19% totaling \$20,445 for PD. The PD reserves were untimely reduced by \$8,772.50 to the settlement amount on 07/22/20. The PD reserves were overstated during the audit period.
2. CSAC-1986 The claim was initially denied on 05/13/20 and later accepted on 08/24/20 after receipt of the AME report on 08/11/20. It is not evident to the auditor that the reserves were timely reviewed and adjusted to reflect the AME findings to include retro TD, ongoing treatment, estimated PD and cost of further litigation. A reserves increase is recommended.
3. CSAC-1987 An MMI report was received 01/23/20 and the reserves were untimely adjusted 02/24/20.
4. CSAC-1997 The member provided settlement authority 05/07/20 and the reserves were untimely adjusted for the settlement 08/11/20.
5. CSAC-1998 The medical reserves were untimely updated on 07/07/20 based on the 11/21/19 AME report which recommends additional treatment. The report was received on 12/17/19.
6. CSAC-1999 The employee has opted not to have hernia surgery and will be pursuing a QME for a final MMI report. There is \$24,010 in TD & 4850 reserved for the surgery. The employee is now retired and not pursuing surgery. Auditor recommends bringing the TD/4850 down and leaving a small amount for possible PD (5% \$4,350) in the event the QME assigns a WPI. This makes the indemnity over reserved by \$19,660. The medical reserves are set at \$21,955 which seem overstated for the exposures. A hernia repair costs around \$5,000, a QME eval costs around \$3,000, and auditor would recommend an additional \$5,000 for miscellaneous treatment/FMC buyout. The medical reserves are overstated by \$8,955.
7. CSAC-2001 Reserves adjusted timely and accurately was marked down as they were adjusted 06/28/20 for continued treatment, however the expense reserves are understated. There is \$215 in outstanding expense. The last year of medical spend was \$9,239.94.
8. CSAC-2006 An independent rating was received 03/12/20 and the reserves were untimely adjusted for the exposure 04/29/20.
9. CSAC-2013 The current reserves were updated on 09/09/20 based on the request for surgery and are appropriate for anticipated TD and medical costs. There is nothing reserved for anticipated PD. Auditor recommends adding money for realistic PD expectations.
10. CSAC-2014 There is currently only \$398.63 remaining in expense reserves which is insufficient for cost containment and pending copy records to address apportionment. Strengthening is recommended.
11. CSAC-2025 An AME report was received 08/12/19 finding New and Further disability. The reserves were untimely adjusted for the exposure 11/12/19.
12. CSAC-2033 The reserves have not been reviewed/updated since 06/15/18 when the employee returned to work after lumbar surgery. The employee has been full duty for over two years now and continues conservative treatment. There is \$91,581.82 remaining in TD and \$5,313.89 remaining in 4850 benefits. Auditor recommends this be reduced as no further TD is anticipated at this time. PD is estimated between 35% and 40%. Auditor recommends reallocating reserves to support 40% PD totaling \$58,290. Indemnity is currently overstated by \$38,605.71. There is only \$11,636.53 remaining in medical which is insufficient for the pending QME reevaluation and realistic values for future medical care post back surgery. The employee has a 35.85 (years) life expectancy. The medical record suggests that the employee is a candidate for a second surgery and/or functional restoration program. To date, the employee has declined both. Auditor recommends medical reserves be increased as follows: \$500/year average x LE of 35.85 years totaling \$21,500, \$3,000 for QME reevaluation, \$3,000 for diagnostic testing and \$10,000 for the

*possibility of surgery. This is a total of \$37,500. The current medical reserves are understated by \$25,863.47.*

13. *CSAC-2035 Surgery was authorized by UR on 04/14/20. The reserves were untimely increased on 06/09/20.*
14. *CSAC-2043 The reserves were last updated on 12/14/18 when \$10,000 was added for legal expenses. The legal fees are being paid on the master claim. Based on the outstanding medical reserve of \$9,170.92, the expense reserves are overstated for cost containment.*
15. *CSAC-2044 The current reserves were timely updated on 08/06/20 upon knowledge the employee would be having surgery, however, the expense reserves were not considered. There is only \$878 remaining in expense which is not sufficient for the cost containment associated with medical treatment. Strengthening is recommended.*
16. *CSAC-2062 The last reserve update per OSIP was completed on 10/19/18 and is currently overdue. Reserve reduction is recommended based upon the auditor's calculation which is outlined within the audit worksheet.*
17. *CSAC-2067 There is \$13,772 remaining in medical reserves, however, the employee is actively treating having spent \$5,034 in the last year on treatment. The employee is post back surgery with a life expectancy of 42.19 years. OSIP calculation is premature but even with a \$1,500/year average x LE, the reserves for medical should be around \$63,000. This does not include the possibility of further AME reporting or surgical procedures. Auditor recommends strengthening for realistic expectations for future medical care.*
18. *CSAC-2072 Defense counsel provided a settlement analysis which includes an increase in PD exposure per the AME findings. Reserves have not been reviewed and adjusted to reflect the new exposure. A reserve increase is recommended.*
19. *CSAC-2084 The examiner updated the reserves on 06/29/20 using a three-year average of \$887.70 x 20.6 life expectancy totaling \$18,287. The employee has not treated since 07/16/18 when found MMI so the yearly average is not accurate as it uses treatment prior to MMI. Based upon the MMI report, the employee is entitled to ortho or physiatry reevaluations, if needed, and PT/acupuncture should remain available. The employee has not pursued any future medical treatment to date. Auditor recommends a yearly average of \$300 for reevaluations/meds and \$2,000 for courses of PT/acupuncture. This totals \$8,180. The medical reserves are overstated by \$10,000.*

### **TD & 4850 Reserved Separately Opportunities 18 | Achieved 18**

*All claims that met the criteria for this category also met the standard.*

### **PD Exposure Includes Life Pension Opportunities 2 | Achieved 2**

*Both claims that met the criteria for this category also met the standard.*

### **FM Reserves Consistent with OSIP Standards Opportunities 34 | Achieved 32**

1. *CSAC-2062 The last reserve update per OSIP was completed on 10/19/18 and is currently overdue. Reserve reduction is recommended based upon the auditor's calculation which is outlined within the audit worksheet.*
2. *CSAC-2084 The examiner updated the reserves on 06/29/20 using a three-year average of \$887.70 x 20.6 life expectancy totaling \$18,287. The employee has not treated since 07/16/18 when found MMI so the yearly average is not accurate as it uses treatment prior to MMI. Based upon the MMI report, the employee is entitled to ortho or physiatry reevaluations, if needed, and*

*PT/acupuncture should remain available. The employee has not pursued any future medical treatment to date. Auditor recommends a yearly average of \$300 for reevaluations/meds and \$2,000 for courses of PT/acupuncture. This totals \$8,180. The medical reserves are overstated by \$10,000.*

**Allocated Reserve Accurate  
Opportunities 119 | Achieved 109**

1. *CSAC-1986 The claim was initially denied on 05/13/20 and later accepted on 08/24/20 after receipt of the AME report on 08/11/20. It is not evident to the auditor that the reserves were timely reviewed and adjusted to reflect the cost of further litigation. A reserves increase is recommended.*
2. *CSAC-1998 The medical reserves were increased on 07/07/20 by \$29,500. The expense reserves are at \$75 which is insufficient based on the medical projection. Strengthening is recommended.*
3. *CSAC-2001 The reserves were adjusted 06/28/20 for continued treatment, however the expense reserves are understated. There is \$215 in outstanding expense. The last year of medical spend was \$9,239.94.*
4. *CSAC-2014 There is currently only \$398.63 remaining in expense reserves which is insufficient for cost containment and pending copy records to address apportionment. Strengthening is recommended.*
5. *CSAC-2033 There is only \$1,405 remaining in expense. This is insufficient considering the cost containment exposure for future medical care totaling \$37,500. Auditor recommends strengthening.*
6. *CSAC-2043 The reserves were last updated on 12/14/18 when \$10,000 was added for legal expenses. The legal fees are being paid on the master claim. Based on the outstanding medical reserve of \$9,170.92, the expense reserves are overstated for cost containment.*
7. *CSAC-2044 The current reserves were timely updated on 08/06/20 upon knowledge the employee would be having surgery, however, the expense reserves were not considered. There is only \$878 remaining in expense which is not sufficient for the cost containment associated with medical treatment. Strengthening is recommended.*
8. *SAC-2062 The average trending for cost containment has been roughly 15% of the medical spend. Using that same formula to project future cost containment expenses, the recommended expense reserve of \$6,406.15 is overstated based upon the current outstanding medical reserve of \$8,325.74.*
9. *CSAC-2067 Based upon the anticipated future medical care, the cost containment excess reserves are understated.*
10. *CSAC-2084 Based on the medical reserves being overstated by \$10,000, the expense reserves are overstated for expense/cost containment by \$1,000.*

**Reserve Detail**

No recommended changes	108 claims
Increase recommended	8 claims
Decrease recommended	5 claims
Total estimated reserve variance	\$19,679

## Resolution of Claim

### Resolution Pursued Timely

#### Opportunities 38 | Achieved 26

1. CSAC-1967 The AME report finding no additional PD was received on 10/28/19. The file was untimely reviewed for resolution on 11/14/19 when applicant's attorney was contacted to discuss their Petition for N&F.
2. CSAC-1987 An MMI report was received 01/23/20 and an SAR was untimely submitted 05/14/20.
3. CSAC-1992 An MMI report was received 11/23/19 and an SAR was untimely submitted 07/13/20.
4. CSAC-1995 The defense attorney drafted a letter dated 06/27/19 with recommendations for a C&R. That letter was uploaded to the system on 09/24/19. The SAR was untimely submitted to the employer on 10/16/19.
5. CSAC-2025 An AME report was received 08/12/19 finding New and Further disability and an SAR was untimely submitted 11/12/19.
6. CSAC-2026 The QME supplemental report of 11/08/19 was received on 11/14/19. A SAR was untimely prepared on 12/11/19.
7. CSAC-2034 The employee has not responded to the 12/31/19 PD denial nor 07/02/20 closure letter and the file remains open. Resolution pursued timely is scored down.
8. CSAC-2067 The employee was found MMI by the QME on 04/29/20. The examiner asked the defense attorney to close his legal file so that the examiner could negotiate settlement with applicant's attorney. The applicant's attorney's 07/16/20 email suggests that he is not willing to negotiate currently. Applicant's attorney has not scheduled the QME's cross examination. An SAR based on the QME report has not been submitted to the member and a DOR has not been filed to pursue settlement based on the QME report.
9. CSAC-2072 Defense counsel provided a settlement analysis within their emails of 07/21/20 and 08/25/20. It is not evident to the auditor that a SAR has been completed.
10. CSAC-2074 Defense counsel provided a settlement analysis in their emails of 07/21/20 and 08/25/20. It is not evident to the auditor that a SAR has been completed.
11. CSAC-2076 Resolution pursued timely was marked down as the adjuster sent an email to the defense attorney 07/17/20 advising that he was going to request settlement authority however it is not evident to the auditor that it has been submitted.
12. CSAC-2081 The supplemental AME report was received on 02/11/20. The subsequent reviews of the file state that SAR would be drafted but it never was. On 05/22/20 the file notes indicate that the reporting is not sufficient for settlement, but no action was taken to move the claim to settlement until 06/22/20 when the legal referral approval was requested from the member.

### Settlement Valuation

#### Opportunities 29 | Achieved 29

All claims that met the criteria for this category also met the standard.

### Medicare's Interests Protected

#### Opportunities 1 | Achieved 1

The claim that met the criteria for this category also met the standard.

## **Settlement Authority**

### **EIA Settlement Authority Requested**

**Opportunities 1 | Achieved 1**

*The claim that met the criteria for this category also met the standard.*

### **Member Settlement Authority Requested**

**Opportunities 23 | Achieved 23**

*All claims that met the criteria for this category also met the standard.*

## **Litigated Claims**

### **Initiate Investigation Material to Potential Litigation**

**Opportunities 0 | Achieved N/A**

*There were no applicable claims for this category.*

### **Proper Litigation Management and Defense Attorney on Panel**

**Opportunities 35 | Achieved 34**

1. CSAC-2067 Litigation management is scored down because examiner requested the defense attorney deactivate the litigation file on 06/30/20 so that the examiner could negotiate settlement with applicant's attorney. The last follow up with applicant's attorney was on 07/31/20 where applicant's attorney was unwilling to discuss settlement based on the AME's MMI report. There is a not a clear legal plan of action in place to bring the claim to resolution.

## **Subrogation**

### **Identify & Notice 3<sup>rd</sup> Party Timely**

**Opportunities 2 | Achieved 1**

1. CSAC-2006 It is not evident to the auditor that the 3rd party was placed on notice. There is a note in the claim file 08/27/18 that a police report was completed, and the 3rd party was identified.

### **Periodic Contact with 3<sup>rd</sup> Party**

**Opportunities 0 | Achieved N/A**

*There were no applicable claims for this category.*

### **Complaint or Lien Filed Timely**

**Opportunities 0 | Achieved N/A**

*There were no applicable claims for this category.*

### **Member Involved in Complaint vs. Lien**

**Opportunities 0 | Achieved N/A**

*There were no applicable claims for this category.*

### **Subrogation Pursued for Maximum Recovery**

**Opportunities 0 | Achieved N/A**

*There were no applicable claims for this category.*



**Approval to Accept, Waive or Settle 3<sup>rd</sup> Party Case**

**Opportunities 1 | Achieved 1**

*The claim that met the criteria for this category also met the standard.*

**Excess Coverage**

**Timely Initial Excess Reporting**

**Opportunities 1 | Achieved 1**

*The claim that met the criteria for this category also met the standard.*

**Timely Subsequent Excess Reports**

**Opportunities 8 | Achieved 6**

*Please see Addendum I for a detailed summary of opportunities and excess reports meeting the criteria for this standard.*

**Timely Excess Reimbursement Requests**

**Opportunities 0 | Achieved N/A**

*There were no applicable claims for this category.*

**Closing Excess Report Sent**

**Opportunities 0 | Achieved N/A**

*There were no applicable claims for this category.*

## AUDITED BUT NOT SCORED RESULTS

Category	Points Available	Points	%	Prior %	Variance
Supervisor Caseload	1	1	100.00%	100.00%	0.00%
Respond to Written Inquiries	25	25	100.00%	84.21%	15.79%
Ongoing Employer Communication/Reporting	6	6	100.00%	N/A	N/A
Initial Decision	28	23	82.14%	100.00%	-17.86%
Final Decision	3	3	100.00%	60.00%	40.00%
AOE/COE Investigation	2	2	100.00%	66.67%	33.33%
Indexing	58	58	100.00%	100.00%	0.00%
Initial TD/PD Payment	22	18	81.82%	81.82%	0.00%
DWC Notice	36	30	83.33%	66.67%	16.66%
Subsequent TD/PD Payments	34	33	97.06%	90.91%	6.15%
Overpayments	1	1	100.00%	N/A	N/A
Undisputed Awards Paid Timely	13	13	100.00%	83.33%	16.67%
Copy of Award to Excess	1	1	100.00%	N/A	N/A
Medical Bills Objection Letters	6	6	100.00%	100.00%	0.00%
Employee Reimbursements Timely	10	10	100.00%	100.00%	0.00%
Advance Travel Timely	16	13	81.25%	88.89%	-7.64%
Self-Imposed Penalties Paid	0	0	N/A	66.67%	N/A
Penalty Reimbursement	0	0	N/A	N/A	N/A
Proper Use of UR	43	43	100.00%	95.83%	4.17%
NCM Used Appropriately	0	0	N/A	100.00%	N/A
Proof of Member/EIA Authority	22	21	95.45%	100.00%	-4.55%
Member Involved in Legal Activities Where Appropriate	4	4	100.00%	100.00%	0.00%