Oregon

John A. Kitzhaber, MD, Governor

Department of Consumer and Business Services
Workers' Compensation Division
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To: Workers' compensation insurers, self-insured employers, and third-party administrators

Subject: Performance audits: Employer-at-Injury Program (EAIP) Audit and Annual Audit

Industry Notice

The Workers' Compensation Division (WCD) previously informed you that we have shifted our performance audit activities to two basic types: Annual Audits and Focused Audits. You can review the prior notices at http://www.cbs.state.or.us/wcd/compliance/fau/ptd/audinfo.html under "Audit Methodology." This notice provides updated information about the upcoming audits WCD will be conducting.

Our next focused audit topic emphasizing a specific performance area will be an audit of Employer-at-Injury Program (EAIP) reimbursements. See ORS 656.622 and OAR 436-105. WCD will review the accuracy of EAIP reimbursements, as administered by claims processors, and paid from the Workers' Benefit Fund.

The EAIP Audit will address the appropriateness and accuracy of EAIP reimbursements, which includes reimbursement for wage subsidy, worksite modifications, and EAIP purchases. WCD will audit reimbursements issued in 2012 and 2013. All insurers and self-insured employers with applicable reimbursements will be audited. Reimbursements may be disallowed if WCD finds that the requirements of the administrative rules were not met. Disallowed reimbursements must be repaid to the department. Insurers and self-insured employers may also be subject to sanctions as listed under OAR 436-105-0560(3) if warranted. Additionally, if the EAIP audit identifies low performance, WCD will provide required training and may re-assess performance in follow-up audits. Auditors will immediately begin contacting processing locations to schedule audits.

In addition to the upcoming EAIP Audit, we are continuing to conduct the Annual Audit, which emphasizes timeliness of benefit payments and processing actions. Auditors are currently conducting the 2012 Annual Audit, which is a review of insurers and self-insured employers that had performance below required standards in the 2011 audit. All companies with applicable activity will then be subject to the upcoming 2013 Annual Audit. In April 2014, WCD will request that companies provide the required payment data for the 2013 audit.

We have completed the Pre-Closure Accuracy Audit and are currently analyzing individual company and industry-wide performance findings from this audit to identify areas where additional audits and education are needed to help improve temporary disability benefit accuracy.

~Continued~

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We continue to welcome your input on our audit programs and how best we can monitor industry performance while minimizing burdens and intrusiveness on companies.

If you have questions about this notice, contact Performance Section Manager Sally Coen at 503-947-7651 or email sally.c.coen@state.or.us.

John L. Shilts

John Shilts, Administrator
Workers' Compensation Division

Distribution: PD8903 (insurers and self-insured employers) and PD8913 (TPAs)
GovDelivery list