



Improve the Claims Processing Audit Process by Supporting HB 2211-A

HB 2211-A authorizes, but does not require, the Workers' Compensation Division (WCD) to audit service companies directly for their claims processing performance.

Current law allows WCD to audit only insurers and self-insured employers for claims processing performance, even though multiple service companies typically handle claims for any particular insurer. This requires WCD to audit insurers' claims at multiple service companies and creates administrative burdens for the service companies with respect to these insured claims. To determine penalties for an insurer, WCD must combine errors or deviations identified at each service company during an audit into a single insurer report.

The insurer must pay any penalties based on the audit of their collective claims and seek applicable reimbursement from the responsible service companies. For audits involving multiple service companies, the insurer must calculate each service company's respective reimbursement share, based on its percentage of errors. Insurers and service companies spend considerable time and resources reviewing audit reports and insurer requests for reimbursement to ensure that reimbursements are appropriate and accurate. WCD has no discretion to streamline this process by auditing service companies directly when appropriate.

Passage of HB 2211-A will provide the following benefits:

- WCD will have the option to place accountability for performance directly at the level of the responsible claims processor.
- WCD will be able to streamline audits for insurers in multiple service company locations by separating insurer audits based on processing location
- WCD will no longer need to separate/segregate draft and final insurer reports based on each service company processor, when it chooses to audit the service company directly.
- Insurers will no longer need to calculate and allocate penalties among multiple service companies, reducing administrative burdens on insurers and service companies when WCD audits the service companies directly
- WCD and the processors will have more direct and effective communication because service companies typically have local/state contacts. WCD will be able to send penalties directly to the processor for audited claims, thereby improving overall response and compliance with penalty orders.

The Labor Management Advisory Committee (MLAC) recommended approval of the measure as amended and there is no known opposition to it. Approved by the House unanimously, passage of HB 2211-A will allow WCD to audit service companies directly for their claims processing performance. **OSIA urges your support of HB 2211-A.**