



Streamline the Payment of Civil Penalties Incurred During the Claims Processing Audit Process by Supporting HB 2211

HB 2211 authorizes 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. Multiple service companies typically handle claims for any particular insurer. This process of auditing insurers' claims at multiple service companies creates administrative issues for the service companies with respect to these insured claims. The errors or deviations identified at each service company during a WCD audit must be combined into a single insurer report in order to determine penalties for the insurer.

The insurer is then responsible for payment of any penalties based on the audit of their collective claims. Penalty orders are provided only to the insurers. For these audits involving multiple service companies, the insurer must then determine each service company's respective reimbursement to them, based on each service companies percentage of errors. It is at this point when the significant challenge arises. Considerable time and resources are spent reviewing WCD audit reports and insurer requests for reimbursement to ensure these reimbursements are appropriate and accurate.

Passage of HB 2211 will provide the following benefits:

- Accountability for performance will clearly be at the level of the processor responsible for handling the claims.
- Insurers will no longer need to calculate and allocate penalties based on percentages of deviations attributable to multiple service companies.
- Communication between WCD and the processors will be more direct and effective because service companies typically have local/state contacts. Penalties will be sent directly to the processor for the claims being audited, thereby improving overall response and compliance with penalty orders.

Amendments have been developed to address minor technical issues. Passage of HB 2211 will create more effective utilization of service company resources, i.e. allowing service companies to better focus on creating solutions for improving compliance performance, rather than spending time on reviewing segregated carrier and self-insured reports and reimbursing multiple entities' penalties. **OSIA urges your support of HB 2211.**