

ADVISORY NO. 410
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SUBJECT: PUBLIC MEETING RE: PERFORMANCE BASED OVERSIGHT

On Friday, June 22, 2007, the Division convened a meeting to describe its intentions and answer questions about performance based oversight. They also explained the weighting to be given to the data categories for use in placing carriers in performance tiers.

DWC will base its ratings according to a formula based upon a bell curve and actual data. For the “high” performers, TDI will identify carriers achieving a 95% performance not to exceed 20% of the participants. The “poor” tier will be the lowest performing 20% of the carriers. The “average” tier will be those carriers that are not high and not poor – roughly 60% of the carriers rated.

At the meeting, DWC announced that all carriers have achieved an average 97% rate of compliance rate for timely payment of medical bills. Sixty-eight percent of all carriers achieved a 95% compliance rate or higher. For initial payment of income benefits, carriers paid those benefits timely 83% of the time. At one time when DWC was performing monthly audits, carriers were timely paying 91% of the time. *The 97% and 83% figures are carrier benchmarks to give you some idea of your company’s performance as compared to the performance of all carriers in general in Texas.*

TDI sent sample data for carriers to review for accuracy and dispute. TDI has not identified all violations it is only a sample. The samples are provided for the purpose of establishing some measure of reliability for the data. At the top of the spreadsheet for each data request, DWC has identified your compliance rate for that category.

DWC will accept challenges or disputes to their identification of violations for the sample files. DWC will also permit carriers to request a full report of *all* files identified by DWC in the event the carrier wishes to audit the entire universe of files. If there is interest in undertaking this very large project of reviewing every potential late payment in the entire universe of claims for your company, you should request this data as soon as possible.

A formula will be used to calculate the percentile performance of carriers versus other carriers. TDI will assign weight values for specific measured categories as follows:

1. Timely payment of initial TIBs by the carrier – 30% weight;
2. Timely processing of medical bills by the carrier – 30% weight;
3. Carrier’s winning percentage at Medical Dispute Resolution – 20% weight;
4. Carrier’s winning percentage at Contested Case Hearings – 20% weight.

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It is possible that all of these categories are subject to data correction for various reasons – other audit reviews have demonstrated many timely payment errors. Many “late” payments were actually timely paid, but appear late because of data reporting errors.

For income benefits, if the employee lost time intermittently, benefits will not be owed within eight days of the beginning date of lost time. (For example: 1st date of lost time occurred on Jan 1, employee returned to work Jan 3 through Jan 15, then lost time resumed on Jan 16 – payment due on Jan 22 and not Jan 8.) DWC software cannot identify intermittent lost time case. There are a number of other explanations for a timely income benefit payment appearing to be a late payment.

For hearing win lost ratios, even though the DWC identifies a case as a loss, it may have been won on other issues, it may have been appealed and is still pending, or it may have been appealed and won.

Lastly, you are reminded that the response deadline of July 27, 2007 is firm. TDI and DWC will not consider anything filed after that date. This is an important opportunity to affect the way that your carrier is perceived and we urge that you take this very seriously.