

ADVISORY NO. 451

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TOPIC: DIVISION SIGNALS SHIFT IN CARRIER PBO REPORTING WINDOW

Performance Based Oversight planning took a surprising turn this week when Division staff signaled its intent that the PBO grading process for insurance carriers must be completed by the end of 2010, rather than 2011.

In a February 17, 2010 meeting with carrier and health care provider representatives, Teresa Carney, Division Director of System Monitoring and Oversight advised system stakeholders that the Division hopes to split the biennial PBO grading of health care providers and insurance carriers into even and odd years. Beginning this year, carriers will be graded in even-numbered years, while health care providers will be measured in odd-numbered years.

In order to split the grading process, the Division must complete the PBO process for carriers by the end of this year, Ms. Carney said. The Division will then turn its attention to health care provider measurements for 2011. Insurance carriers will then be measured again in 2012.

In order to meet the 2010 accelerated deadline, Ms. Carney says that the PBO data measurement window must be closed by the end of June. The Division prefers to have six months of data for PBO grading. So this means that the PBO data window for the 2010 measurements is likely to run from January 1, 2010 through June 30, 2010.

In past years, carriers and health care providers have been given several months' notice of the selected PBO measures before the data measurement window has begun. This will not be the case in 2010. Carriers and their third party administrator partners should be advised that they are now in the PBO measurement window and that they are likely to be measured on four data elements for 2010.

Ms. Carney stated that the Division expects to measure carriers using the same four data elements utilized in the 2009 reporting period. Accordingly, carrier claims professionals must pay attention to the following four data elements: 1) timeliness of the initial payment of TIBs, 2) timeliness of medical bill processing, 3) timely submission of initial payment of TIBs data by EDI, and 4) timely submission of medical bill processing data by EDI.

Each of these data elements will be weighted and carrier's scores will be measured for the final report card. It is likely that these elements will be weighted in the same manner as they were weighted in 2009. That is, the timeliness elements will each be given 40 percent weight to the overall score, while the EDI submission elements are likely to be given 10 percent weight each.

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We anticipate that carriers will be given the same opportunities to challenge DWC data as they have been given in past years. However, the accelerated 2010 schedule may shorten carrier's evaluation periods.

As a state regulatory authority, TDI-DWC is required to monitor system participants' compliance with the Texas Workers' Compensation Act and rules and to take actions to correct noncompliant behavior. Performance Based Oversight, data monitoring, complaint handling, audits, and enforcement actions and referrals to law enforcement (when appropriate) are tools the agency is authorized to use to achieve compliance objectives.

The results of each PBO assessment include scoring and tiering those assessed entities into high, average, and poor performance tiers. The Division is responsible for focusing its regulatory oversight on the poor performers while offering incentives for high performers in order to promote improved performance and greater overall compliance with the Workers' Compensation Act and rules.

The results of the 2009 PBO assessment and a list of the insurance carriers and health care providers assessed are posted on TDI website. Insurance carriers and health care providers not listed were not assessed, but this does not imply that any insurance carrier or health care provider participating in the Texas workers' compensation system is exempt from the requirement to comply with the Workers' Compensation Act and rules.

Further information regarding PBO and the 2009 assessments may be found on the PBO webpage at <http://www.tdi.state.tx.us/wc/pbo/pbo.html>.