



**2020
TRENDING
TOPICS**

DWC-AUDIT AND ENFORCEMENT UNIT

AUDITS COMPLETED IN 2019

- 17 PAR audits (Passed)
- 11 ongoing audits (as of 12-19)
- 36 UR Investigations
- 8 FCA 1 (Passed)
- 7 FCA 2
- 2 Targets
- 9 Civil Penalty (CP) audits and investigations (**New for 2019**)

2018 ANNUAL AUDIT REPORT FINDINGS

- 53 Audits completed- 1 Target, 43 PAR, 2 Target, 4 FCA 1, 6 FCA 2
- 3,695 claim files reviewed
- Cited 8,171 violations (almost doubled from 2017)
- Penalties assessed \$2,092,334.40
- Collected \$1,453,596. 40 in penalties.
- Issued 432 Notices of Compensation Due (almost doubled from 2017)
- Additional paid compensation due to injured worker \$521,586.48

ADDITIONAL AUDIT STATS

- The Audit Unit averages about 50 PAR audits per year, and an average of 4 or more of these audits go FCA 1, and another 4 or more move all the way to FCA 2 phase, which can take 6 to 9 months.
- The Audit Unit publishes an Annual Report with Claims Administrator's score by location. The 2018 report is posted.
- The Audit Tracks and reviews complaints: 846 for 2018 and 884 for 2019.
- In 2019 the Audit Unit conducted 49 Workshops to Claims Administrators throughout California.
- Audit Unit began tracking complaint recoveries from August 2019 to December 2019- \$201,592.80 additional payments to injured workers and providers.

AUDIT STATS CONTINUED

- Civil Penalty Unit is conducting several smaller audits.
- The Audit Unit has two office locations: Sacramento and Los Angeles.
- The Audit Unit has three units that include :1 Manager, 3 Supervisors, 7 Senior Auditors, and 20 auditors, and 3 Audit Technicians.
- The Audit Unit monitors claim inventory for 362 active adjusting locations operating in California.
- The Audit Unit generates the annual score and severity rate based audits conducted over the previous three years for each new year.
- The Audit Unit produces the Audit Annual Report.



**2020 ANNUAL REPORT OF
INVENTORY**

DUE APRIL 01, 2020

2020 ANNUAL REPORT OF INVENTORY

- Reports are due 4-1-2020!
- TPAS should list out all Underwriting Companies separately.
- \$500 Penalties for untimely reporting.
- No new waivers on reporting being issued.
- The Reporting forms are located on the Audit Unit website.

AUDIT WEBSITE PAGE

Audit Unit

The DWC Audit and Enforcement Unit audits insurance companies, self-insured employers, and third-party administrators to ensure that they have met their obligations under the Labor Code and the California Code of Regulations under the direction of the Administrative Director of the Division of Workers' Compensation. The DWC Audit and Enforcement Unit conducts compliance audits for a random selection of claim files. The Audit Unit assesses penalties and orders that unpaid compensation be paid. This unit ensures that proper benefits are delivered accurately and in a timely manner.

Annual report to the legislature, including the administrative director's annual ranking report

- [2018 Audit Unit annual report](#)
 - ➔ [Archived Audit Unit Annual Reports by year](#)
- [Administrative director's 2018 audit ranking report](#)
 - ➔ [Administrative director's ranking report archive](#)

Annual audit performance standard

- **NEW** [Profile audit review and full compliance audit performance standards for 2020](#)
- [Profile audit review and full compliance audit performance standards for 2019](#)
- [Profile audit review and full compliance audit performance standards for 2018](#)
 - ➔ [Profile audit review and full compliance audit performance standards archive](#)

Audit Program Description

- **NEW** [2020 Audit Program Description](#)

Working with the Audit Unit

Filing

- [Annual report of inventory](#)

File a complaint with the Audit Unit

- [How to file a complaint with the Audit Unit - Spanish](#)
- [Audit referral form - Spanish](#)

DWC AUDIT COMPLAINTS

**HOW ARE COMPLAINTS BEING
HANDLED BY THE AUDIT UNIT?**

AUDIT COMPLAINT PROCESS

- The Audit Receives complaints via mail and email at dwcauditunit@dir.ca.gov.
- Complaints are logged, and then sent to the Claims Administrator for a response within 30 days. If no response, a 2nd request letter will be sent and a response is due within 15 days. If no response to 1st and 2nd request, Audit Manager or Supervisor will contact the Claims Administrator for response within 7 days.
- The all responses are reviewed by the Audit Supervisors for possible Target audits or request for further action.
- Complaints issued by Judges, Assembly/Legislative, Lobbyist are expedited, and a response will be issued by the Audit Unit.

AUDIT COMPLAINT INFORMATION

The screenshot shows the website header with the CA.GOV logo, the State of California Department of Industrial Relations name, and a search bar. The navigation menu includes Labor Law, Cal/OSHA - Safety & Health, Workers' Comp (highlighted), Self-Insurance, Apprenticeship, Director's Office, and Boards. The breadcrumb trail reads 'Workers' Compensation > Filing a complaint'. The main content area is titled 'Filing a complaint' and contains a paragraph explaining the DWC's role and a bulleted list of complaint types: Qualified medical evaluator (QME), Utilization review (UR), and Benefit delivery. A yellow arrow points from the 'File a complaint' link in the 'Quick Links' sidebar to the 'File a complaint' link in the main text. The sidebar also includes 'About DWC' with links for Contact Us, Locations, and Court calendar. The date 'August 2016' is visible at the bottom left of the page content.

State of California
Department of Industrial Relations

Press room | Índice en español

Search

Labor Law Cal/OSHA - Safety & Health **Workers' Comp** Self-Insurance Apprenticeship Director's Office Boards

Workers' Compensation > Filing a complaint

Filing a complaint

The California Division of Workers' Compensation (DWC) takes complaints about entities it regulates. Complaints can be filed about the doctors who examine injured workers to help determine benefits (qualified medical evaluators), the process used to determine whether treatment given to injured workers is medically necessary (utilization review) or the way in which benefits are provided by the claims administrator in a workers' compensation claim.

- Qualified medical evaluator (QME) complaints: The [Investigations Unit](#) of the [DWC Medical Unit](#) investigates complaints about physicians in the workers' compensation system. Use the [QME complaint form](#) to file a complaint about a QME.
- Utilization review (UR) complaints: Medical providers, injured workers or others who find that UR is not being done according to the regulations can file a complaint with the DWC. Use the [UR complaint form](#) to file a complaint about improper UR. Use the [UR information page](#) to learn more about UR and find the results of UR investigations.
- Benefit delivery complaints: The DWC Audit Unit does not resolve disputes about benefits—that is done by the Claims Adjudication Unit or Workers' Compensation Appeals Board—but it tracks complaints against all workers' compensation claims administrators (insurance companies, self-insured employers and third party administrators) and takes action to make sure laws that lay out how benefits should be delivered are followed. Use the [audit referral form](#) to file a complaint against a claims administrator.

August 2016

Division of Workers' Compensation (DWC)

Quick Links

- [Online QME Form 106 Panel Request](#)
- [DWC Physician Education](#)
- [Search for a workers' comp case](#)
- [Know my rights](#)
- [What to do if you get hurt on the job](#)
- [Find a fact sheet or I&A guide](#)
- [Forms](#)
- [Reports, publications & schedules](#)
- [File a complaint](#)
- [Pay my bill online](#)

About DWC

- [Contact Us](#)
- [Locations](#)
- [Court calendar](#)

REVISED AUDIT COMPLAINT FORM

AUDIT COMPLAINT FORM

IF YOU WANT THIS COMPLAINT TO BE KEPT CONFIDENTIAL, PLEASE MARK THIS BOX:

DIR PRIVACY NOTICE: The Department of Industrial Relations, Division of Workers' Compensation uses the information in your complaint (1) to monitor workers' compensation claims administrators; (2) to assist DWC and other government agencies in general civil and criminal law enforcement; and (3) to conduct research on the workers' compensation system. **If you indicate that you want your complaint kept confidential, the Audit Unit will not share your complaint with any party named in your complaint.** If you do not request confidentiality, the Audit Unit may share your complaint with the claims administrator. Please note that your complaint and your workers' compensation claim information cannot be disclosed to the public under the Public Records Act. If you have questions about this notice please write to Privacy@dir.ca.gov.


<input type="text"/>	<input type="text"/>
Claims administrator / Company name	Injured worker name
<input type="text"/>	<input type="text"/>
Claims administrator's address	Claim number
<input type="text"/>	<input type="text"/>
City, state, zip (physical location only- do not use P.O. Box)	Date of injury
<input type="text"/>	<input type="text"/>
Date or period of violations	Employer

SPECIFIC DETAILS OF COMPLAINT

Describe the nature of the complaint, being as specific as possible. For example, late payments of temporary or permanent disability (the number of late payments, if known), failure to pay temporary or permanent disability, or 10% self-imposed penalties for late payments (indicate the periods not paid, if known), failure to pay or object to medical treatment or medical-legal bills, failure to investigate a claim, unsupported denial of liability for a claim, et al. Please attach copies of supporting documentation, if available.

<input type="text"/>	<input type="text"/>
Complainant (name & title)	Date
<input type="text"/>	
Address, city, state, zip code	

LETTER TO CLAIMS ADMINISTRATOR

STATE OF CALIFORNIA	Gavin Newsom, Governor
DEPARTMENT OF INDUSTRIAL RELATIONS DIVISION OF WORKERS' COMPENSATION Audit & Enforcement Unit 320 West Fourth Street, Suite 900 Los Angeles, CA 90013-1954	Tel: (213) 620-2312 Fax: (213) 620-6133
	
DATE	
NAME	
ADDRESS	
City State Zip	
RE: _____	_____
(Injured Worker)	(Employer)

	(Claim or WCAB Number)

Dear NAME:

Enclosed, is a copy of the complaint submitted by NAME. We request that you review the complaint and provide a detailed response that addresses all the issues listed in the complaint. The response is due to us within thirty (30) days of receipt of the complaint. Please refer to Title 8, California Code of Regulations section 10109, which requires claims administrators to conduct a reasonable and timely investigation upon receiving notice or knowledge of a complaint from the Audit Unit. The claims administrator's response must demonstrate a good faith attempt to obtain the information needed to determine and timely determine the issues involved. The Audit Unit will review your responses when received in accordance with Title 8, California Code of Regulations section 10106.1(C) (3). Your responses will be kept on file with the audit unit, and we may still review the entire claim file at the time of audit in accordance with Title 8, California Code of Regulations section 10106(d).

Responses to complaints must be mailed to the following address:

DIR DWC Audit and Enforcement Unit
160 Promenade Circle, Suite 340
Sacramento, CA 95834-2962

If your office no longer handles the file associated with the complaint, please notify us of the date of transfer and the address of the new adjusting location. If the file has been transferred to a new Claims Administrator, please provide the name of the new adjusting entity. Please provide this information to the Audit Unit as soon as you receive this complaint via email to DWCAuditUnit@dir.ca.gov or by telephone to (916) 928-3180.

Please contact us immediately if you have any questions or need additional information at (916) 928-3180. You may also email general questions: DWCAuditUnit@dir.ca.gov.

Thank you for your cooperation.

Sincerely,

DIR DWC Audit and Enforcement Unit
See complaint attachment.

COMPLAINT CONTACT

- Complaint contact information can be updated using the 2020 Annual Report of Inventory form.
- The Claims Administrator can also email the Audit Unit with new complaint contact information.
- Complaints are currently mailed.
- 2nd request letters can be escalated via email to a specific contact.
- Complaint contacts can be the same for all locations or specific to an entire entity.
- To avoid delays, please make sure your complaint contact information is updated with the Audit Unit.

CIVIL PENALTY INVESTIGATIONS

WHAT ARE THE TRIGGERS?

5814 AUDIT PENALTIES PROCESS:

- DWC shall report 5814 monthly to the Audit Unit. Refer to 8CCR §10112.2 and 10106.1 (c)(2)(A).
- The Audit runs a monthly report in EAMS on all 5814 awards.
- Tracks and files the 5814 awards by audit location.
- Target audit on any audit location with two or more 5814 awards.

TARGET AUDIT TRIGGERS-CIVIL PENALTY HANDLES TARGET AUDITS

Civil Penalty Unit investigates and audits based on CCR section 10106.1.

- Triggers include creditable complaints and referrals.
 - Multiple unpaid bills
 - Unsupported denials.
- Triggers for target audits:
 - Failing to produce a claim file.
 - Failing to pay compensation found due.



AUDIT ISSUES IN 2019

WHAT ARE THE AUDITORS SEEING?

AVERAGE WEEKLY WAGE MISTAKES

Auditors are continuing to see mistakes in the calculation of the Average Weekly Wage statements.

Payment Schedule:

- LC §4650(a) and (b)
 - Payment due no later than 14 days after employer's DOK
 - First payment through the date of the check
 - Record of payment of compensation benefits as defined by 8CCR§10100.2(jj) and (mm)

DOCUMENTATION FOR THE AWW

- Wage Loss and/or Indemnity Calculations
- Mistakes in calculating wage statements
- Seasonal
- Concurrent employment LC §4453(c)(2)
- Scheduled raise (Grossmont)
- Document, Document, Document

TEMPORARY DISABILITY ISSUES

- Inaccurate wage statement calculation results in underpayment of TD.
- Late 1st payment of TD- Delay of Liability notice to extend investigation period.
- Reasons-unable to reach the employer or employee by telephone even with medical report on file.
- 5021 on file, but adjuster is waiting for records even though employee was seen in emergency room and employer is not denying claim.
- Delaying the 1st payment of TD based on the date listed on the 90 day notice issued even though evidence was received earlier that TD is due.

TD FREQUENTLY SEEN ISSUES

Delaying Temporary Disability without adequate reason.

It should be noted that sending a “TD Delay” letter does not justify late payment of TD if there is no adequate reason to delay. A common reason given in TD Delay letters is that the adjuster needs to confirm with the employer whether the person is missing time, or to confirm the wages with the employer. This is not a reason to delay. The Employer’s date of knowledge sets the 14-day clock running, and sending the delay letter does not stall that clock. And if a wage statement cannot be obtained quickly, an estimated rate should be paid based on the available information, pending receipt of the wage statement.

BENEFIT NOTICES

- Effective January 1, 2016
 - Must have the appropriate chapter of the W.C. Guidebook
 - Provide the URL
 - Benefit Notice Manual is posted to the Audit website.

Laws and Regulations

- [Labor Code §§ 129 & 129.5](#)
- [California Code of Regulations, Title 8, § 10100-10115](#)
- [Benefit Notice Manual](#)

Audit Unit Office

BENEFIT NOTICE ISSUES

Benefit notices-8CCR §9810 General Provision

- Notice Errors-failure to send, late notices, and inaccurate notices.
- Check boxes
 - Incorrectly checked
 - Not checked at all
- Fact Sheet
 - Correct revision dates listed
 - Notices issued through 2015
 - Missing URL of QME form (cited as inaccurate)
 - Missing chapter 4 link to Guidebook (cited as inaccurate)

ADDITIONAL AUDIT SEEN PROBLEMS ISSUES

Additional errors

- Late or unpaid self imposed penalties on indemnity and bills.
- Failure to pay PD within 14 days of knowledge. DOK CIC 11652
- Failure to pay retroactive to the last date of TD (when employee has not returned to work.
- Claims notes fail to include documentation for basis of decisions made on the claim.
- File is missing the 5020

PERMANENT DISABILITY ISSUES

Permanent Disability

- Denials
- Exists
- Advancing PD

Can you close a file if PD is due/exists?



TIPS FOR A SMOOTH AUDIT

**WHAT CAN CLAIMS
ADMINISTRATORS DO?**

TIPS FOR A SMOOTH AUDIT

Claims Logs

- Definitions.

Communication

- Responding to violations.

Claims file contents

- All documents should be in the file.
- Full Adjuster computer access.

TIPS FOR A SMOOTH AUDIT

Tips for a smooth electronic audit

- **Full access** to all files identified on the log.
- Access to the entire file from the start.
- All documents should be in the file.
- Claims notes and pay history printed out on day one.
- Test/training before audit begins.
- Webex, telephone or in person meetings are always welcome.



WE TRAIN

SCHEDULE A WORKSHOP

TRAINING AVAILABLE & TOPICS

Current topics include:

- An Overview of the DWC Audit & Enforcement Unit Regulations
- A detailed description of the PAR/FCA (Profile Audit Review and Full Compliance Audit) audit process
- Claim File Contents and Maintenance
- Documentation of Earnings; Calculation of the Average Weekly Wage (AWW)
- Payment and Notices for Provision of Temporary and Permanent Disability Indemnity
- Self-Imposed Increase
- Interest and Increase issues on late paid medical bills
- Electronic billing
- The Right and Duty to Investigate a Claim for Workers' Compensation Benefits
- Unsupported Denials
- The Penalty Regulations for LC 5814.6
- Information Available on the DIR/DWC Webpage
- Complaints Filed with the DWC Audit & Enforcement Unit
- Benefit Notice Regulations (effective January 1, 2016)
- Utilization Review Investigations

TRAINING SCHEDULING

- **If you are interested in Audit & Enforcement Unit staff participating in this type of training, for your company or organization, please make your request at least 60 days in advance.**
- **Requests for training can be sent via email: DWCAuditUnit@dir.ca.gov. Please include the Company name, facilitator's contact information, number of participants, address for the physical location of the training site, and alternate dates for training.**



CONTACT US

**DWC AUDIT AND ENFORCEMENT
UNIT**

CONTACT THE AUDIT UNIT

Christina Fenimore/Audit Manager

Montserrat Morita & Ilene Howard/Audit Supervisors

320 W Fourth Street, Suite 900, Los Angeles, CA 90013

Tel: (213) 620-2312 Fax: (213) 620-6133

Mark Skarakis/Audit Supervisor

160 Promenade Circle, Suite 340, Sacramento, CA
95834

Tel: (916) 928-3180 Fax: (916) 928-3183

E-mail: dwcauditunit@dir.ca.gov

QUESTIONS.....

