



Nevada Department of
BUSINESS AND INDUSTRY
Division of Industrial Relations
Workers' Compensation Section

The Human Connection

Friday, September 8, 2023

Break Out Session 5A:

Driving Audit Value Through Data: A Panel Discussion



Disclaimer:

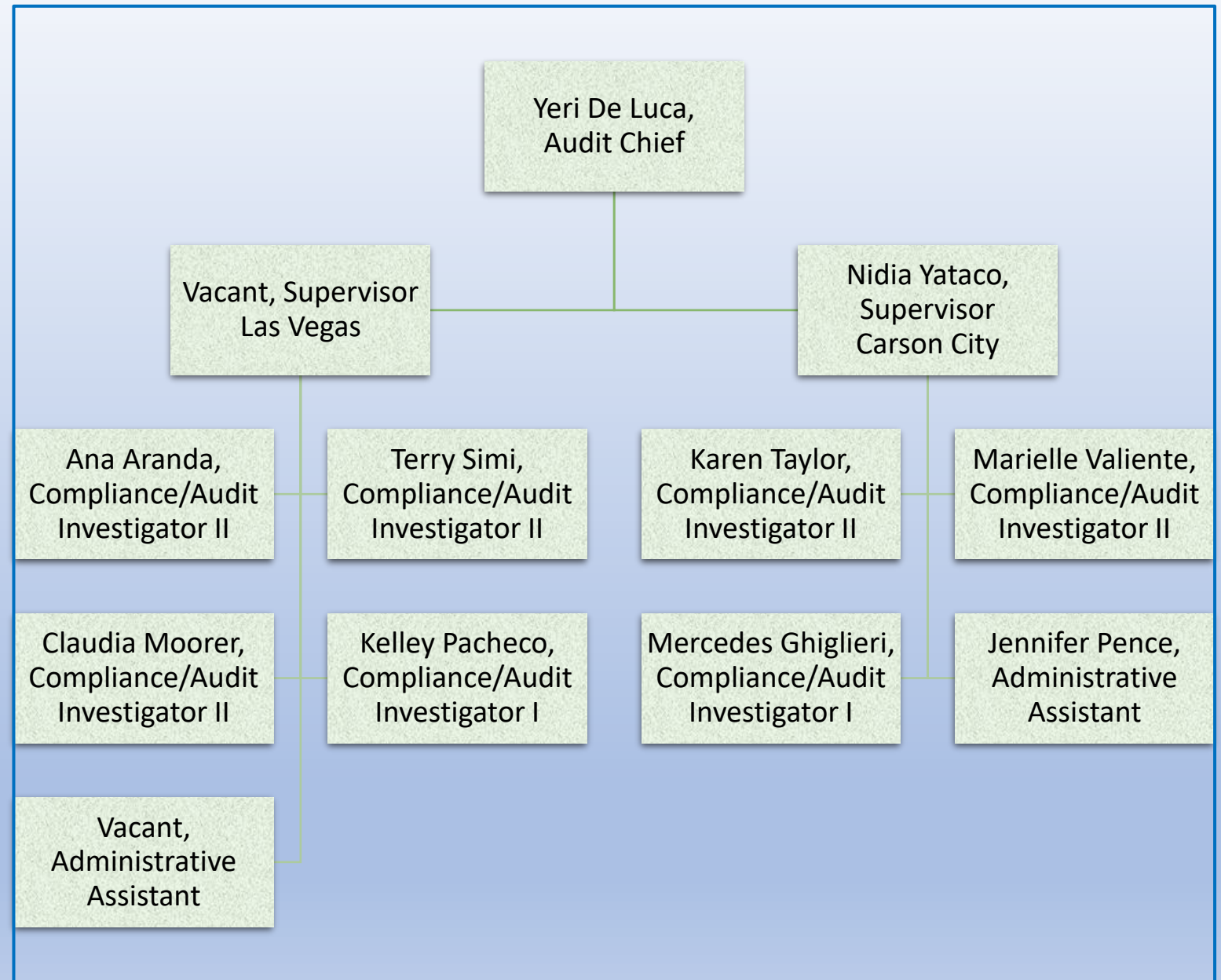
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A PANEL DISCUSSION

- **Moderator: Alzina Cua**, Director of Internal Audit, Employers
- **Yerania De Luca**, Audit Chief, Division of Industrial Relations, Workers' Compensation Section
- **Don Johnson**, Principal, ManageYourStaff
- **Ana Aranda**, Compliance Audit Investigator, Division of Industrial Relations, Workers' Compensation Section, Las Vegas Office



Workers' Compensation Section Audit Team



What can data give you?



Driving Audit Value Through Data



Source: <https://www.fs.usda.gov/recmain/lbmu/recreation>

Data tells a story:

- ✓ Provides insight into the whole picture
- ✓ Helps develop conclusions
- ✓ Support decision making

Mission and Objective

Workers' Compensation Section Mission

The purpose of the Workers' Compensation Section is to impartially serve the interests of Nevada employers and employees by providing assistance, information, and a fair and consistent regulatory structure focused on: ***ensuring the timely and accurate delivery of workers' compensation benefits*** and ensuring employer compliance with the mandatory coverage provisions.

Audit Objective: to assess the administration of claims and ensure injured employees receive timely and accurate benefits.

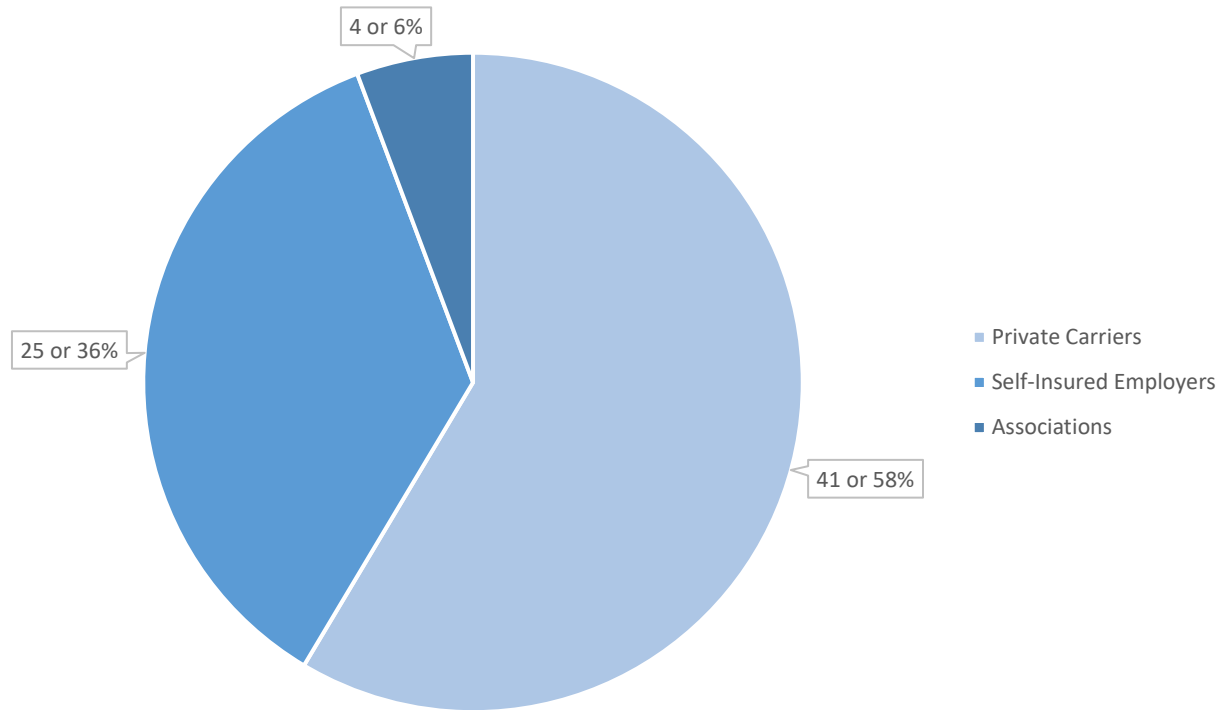


Trends – 2022 Legislative Report

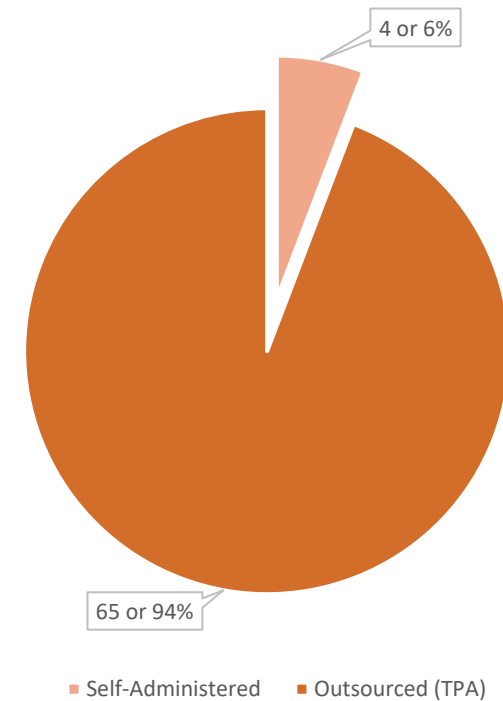
Audits Conducted January 1, 2022, through December 31, 2022

for claims with injury dates between July 1, 2021 – June 30, 2022

Insurers by Type of Organization
2022 Audit Cycle



Insurers by Type of Administration (FY22)



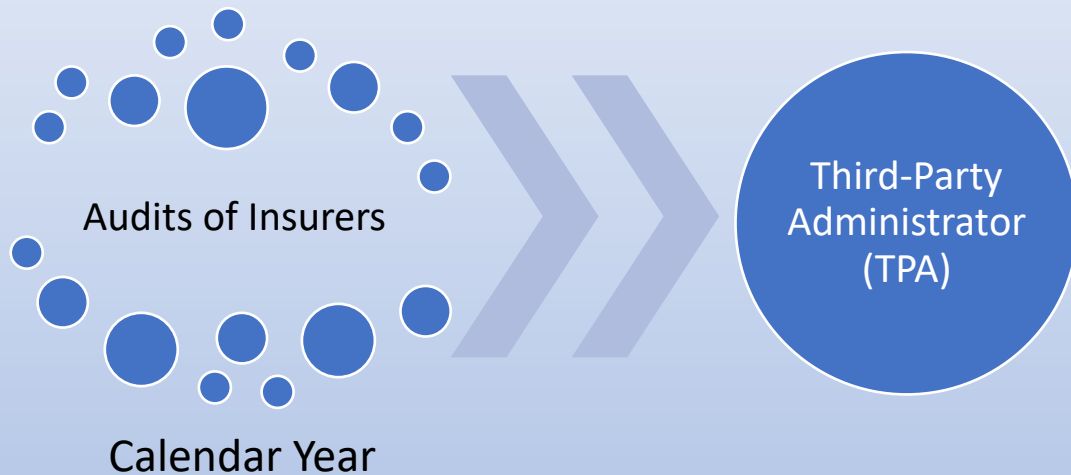
Trends – 2022 Legislative Report

Audits Conducted January 1, 2022, through December 31, 2022

#	Violation Type	Percentage
1	Benefit determination issues, such as untimely determinations, and calculation errors for TTD, TPD, and/or PPD benefit payments.	46%
2	Claim file issues such as untimely indexing, claim misclassification and reporting, and missing required disclosures.	32%
3	Form related issues, such as failure to utilize and/or complete required and approved forms for claims administration.	19%
4	Medical billing issues, such as timeliness and erroneous payments.	3%
	Total	100%

A different view of Workers' Compensation Audits

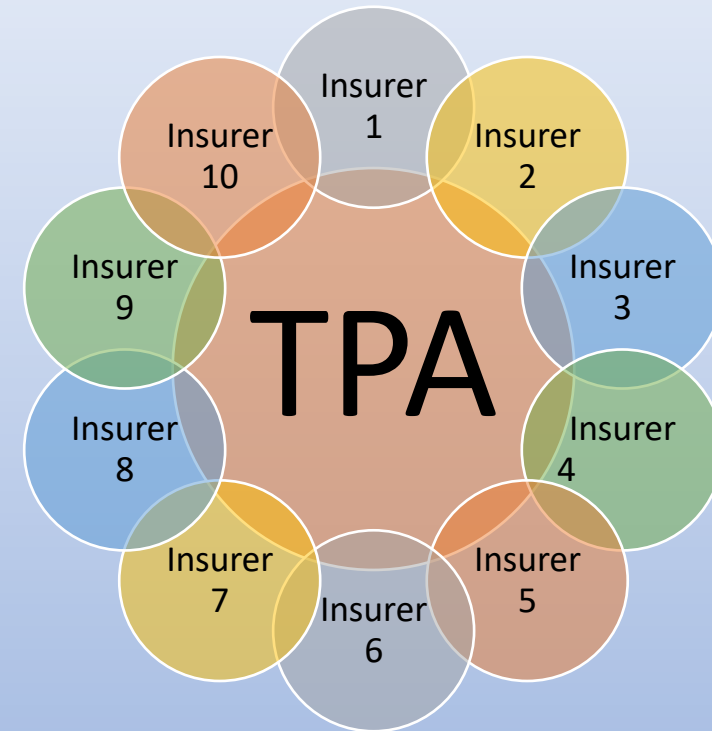
The past



Decentralized Audit Approach:

- A narrow view of claim administration practices
- Recurrent engagement of TPA for audit purposes
 - Claim Access
 - Audit Responses

2023 and beyond



Centralized Audit Approach:

- Comprehensive view of claim administration practices
- Systematic engagement for audit purposes

Workers' Compensation Audit changes with data & automation

Audit Cycle

- Announcement = Survey Style
- Audit Schedule = Highlight claim administration practices by TPA

Audit Engagement

Entrance Letter - Claim Administration Practices

1. Policies and procedures governing claim administration.
2. Entities/third parties engaged with claim processing.
3. Software or method used to administer claims.
4. Data reports from the claim administration system.

BENEFITS TO INSURER/TPA/OTHER STAKEHOLDERS

DATA AND CHANGES TO THE AUDIT PROCESS WILL PROVIDE:

- Perspective on claim administration practices and trends
- Identify opportunities for improvement and accountability
- Clarity to address issues and make decisions



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A REVIEW OF THE AUDIT WORKFLOW

ENTRANCE MEETING

1. Discuss planned audit
2. Review requested items
3. Explain the process and timing

EXIT MEETING

1. Discuss audit results
2. Resolve questions and concerns
3. Discuss corrective action plans

Planning

Define the methodology

- Determine the audit approach based on the insurer/claim administration composition:
- 1) Communicate with the insurer/TPA
 - 2) Review the claims reported for the audit period.
 - 2) Select claims for review.
 - 3) Obtain access to claim files, data reports, etc.



ANALYZE DATA, CLAIM FILES & INTERVIEW

Review and gather evidence

- 1) Analyze data
- 2) Evaluate the claim files
- 3) Interview stakeholders

REPORTING

Communicate audit results

- 1) Provide findings for response
- 2) Obtain response to findings
- 3) Distribute final report

FOLLOW-UP

Corrective Action

- 1) Review corrective action plans
- 2) Follow-up as necessary

REPORT TO LCB

Annual Report

- 1) Number of Insures
- 2) Number of TPAs
- 3) Finding Trends

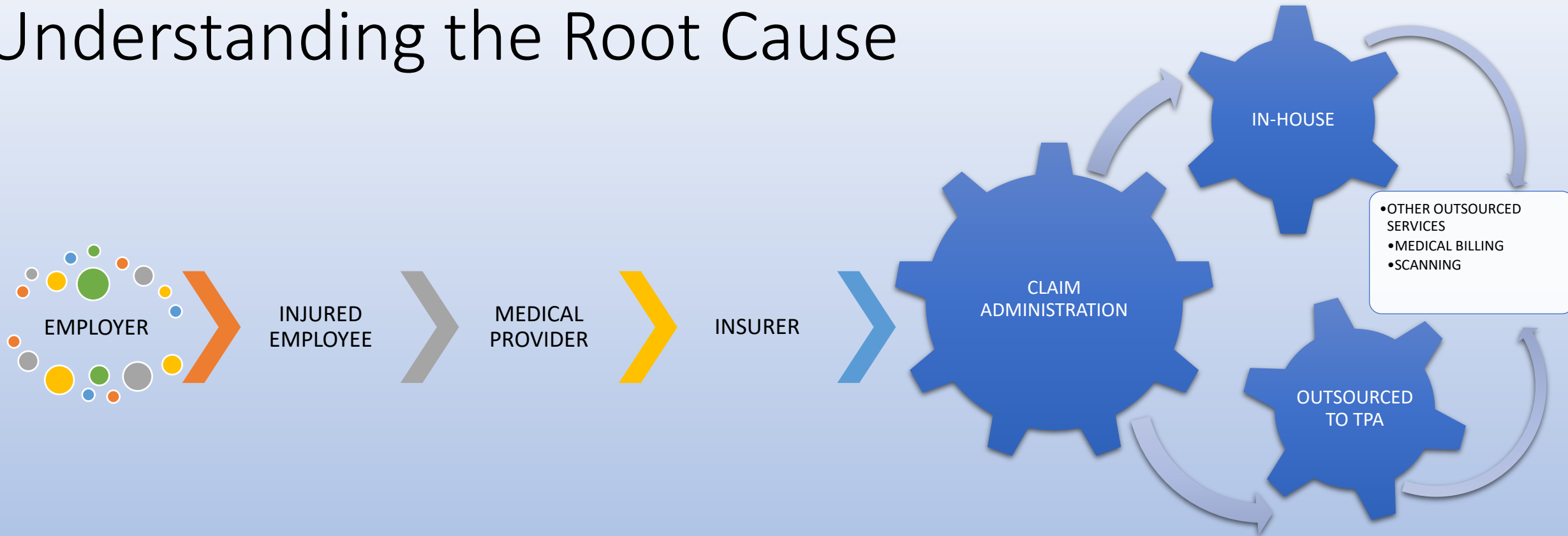


COMMUNICATION FLOW

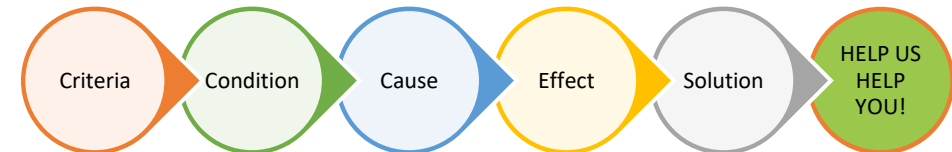
Communicate regularly to resolve questions and concerns

AREAS OF OPPORTUNITY

Understanding the Root Cause



- ❖ **Condition** – what is the situation?
- ❖ **Criteria** – laws and regulations, operating standards
- ❖ **Cause** – the factor or factors responsible for the difference between the condition and the criteria
- ❖ **Effect or potential effect** – the outcome or consequence resulting from the difference between the condition and the criteria



CHANGES TO AUDIT REPORT

- Executive Summary
- Table of Contents
- Three Sections: A) Claim Review, B) Claim Administration, C) Employer Responsibilities
- Findings include the following elements

- ❖ **Condition** – what is the situation?
- ❖ **Criteria** – laws and regulations, operating standards
- ❖ **Cause** – the factor or factors responsible for the difference between the condition and the criteria
- ❖ **Effect or potential effect** – the outcome or consequence resulting from the difference between the condition and the criteria

- Notice of Correction & Fines Table, reduces redundancies
- Audit Methodology
- Enclosures

Questions for the Panel?





PROCESS UPDATES & RESOURCES

UPDATED FORMS:

- [Workers' Compensation](#)
- [Nevada Workers' Compensation Chronicle](#)
- [Nevada Revised Statutes \(NRS\) - Laws](#)
- [Nevada Administrative Code \(NAC\)](#)
- [Workers' Compensation \(WC\) Forms and Worksheets](#)





State of Nevada
Division of Industrial Relations
Workers' Compensation Section

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Evaluation Form*



dir.nv.gov/WCS/home/

For
conference
materials:

