

N E W S L I N E

Newsline No.: 2018-96

Date: November 19, 2018

Division of Workers' Compensation Announces 2019 Profile Audit Review and Full Compliance Audit Performance

Labor Code sections 129 and 129.5 require the [Audit](#) and Enforcement Unit of the Division of Workers' Compensation (DWC) to conduct a profile audit review (PAR) for all adjusting locations of California workers' compensation claims at least once every five years.

Performance of the adjusting locations is measured in five areas of claims administration:

- The payment of accrued and undisputed indemnity
- The late first payment of temporary disability / first notice of salary continuation
- The late first payment of permanent disability and death benefits
- The late subsequent indemnity payments
- The provision of notices with Qualified Medical Evaluator/Agreed Medical Evaluator advice.

DWC annually establishes profile audit review and full compliance audit (FCA) standards in accordance with Labor Code sections 129(b)(1) and (2) and California Code of Regulations, title 8 (8 C.C.R.), section 10107.1. The 2019 standards are based on the audit results of calendar years 2015 through 2017.

Performance standards for 2019

The PAR performance standard for audits conducted in 2019 is **1.36133**. Audit subjects with PAR performance ratings of 1.36133 or lower will be required to pay any unpaid compensation, but no administrative penalties will be assessed. If an audit subject's PAR performance rating is 1.36134 or *higher*, the audit will expand to a FCA, and an additional sample of indemnity claims will be audited.

The FCA performance standard for audits conducted in 2019 is **1.66166**. Audit subjects with an FCA performance rating of 1.66166 or less will be required to pay any unpaid

compensation and administrative penalties will be assessed for all violations involving unpaid and late paid compensation. If an audit subject's full compliance audit performance rating is **1.66167** or *higher*, an additional sample of denied claims as well as the expanded sample of indemnity claims will be audited. Penalties will be assessed for *all* violations as appropriate pursuant to 8 C.C.R. sections 10111 through 10111.2.

Severity Rate standard for 2019

The Severity Rate standard for 2019 is \$104.97.

More information on the performance standards that will be in use for the profile audit reviews and full compliance audits during calendar year 2019 will be posted on the DWC Audit and Enforcement Unit [web page](#).

#



The [California Department of Industrial Relations](#), established in 1927, protects and improves the health, safety, and economic well-being of over 18 million wage earners, and helps their employers comply with state labor laws. DIR is housed within the [Labor & Workforce Development Agency](#). For general inquiries, contact DIR's Communications Call Center at 844-LABOR-DIR (844-522-6734) for help in locating the appropriate [division or program](#) in our department.