Division of Workers’ Compensation Announces 2020 Profile Audit Review and Full Compliance Audit Performance

The Division of Workers’ Compensation’s (DWC) Audit and Enforcement Unit conducts a profile audit review (PAR) for all adjusting locations of California workers’ compensation claims at least once every five years, per the requirements of Labor Code sections 129 and 129.5.

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 2020 standards are based on the audit results of calendar years 2016 through 2018.

Performance standards for 2020

The PAR performance standard for audits conducted in 2020 is 1.32020. Audit subjects with PAR performance ratings of 1.32020 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 1.32021 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 2020 is 1.60183. Audit subjects with an FCA performance rating of 1.60183 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 1.60184 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 2020

The Severity Rate standard for 2020 is $108.11.

More information on the performance standards that will be in use for the profile audit reviews and full compliance audits during calendar year 2020 will be posted on the DWC Audit and Enforcement Unit web page.

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