

State of California
Department of Industrial Relations
Division of Workers' Compensation
Audit & Enforcement Unit

2019 AUDITS

A Report to the California Legislature on
Claims-Handling Practices of Workers'
Compensation Administrators



State of California
Gavin Newsom, Governor

Pursuant to Labor Code section 129(e), the Administrative Director of the Division of Workers' Compensation (DWC) submits this thirtieth annual workers' compensation report summarizing the results of audits conducted by the DWC Audit & Enforcement Unit.

2019 Audit Results

Profile Audit Review (PAR) standard 1.36133/Full Compliance Audit (FCA) standard 1.66166

Labor Code sections 129 and 129.5 provide the framework for oversight and enforcement of the regulations of the Administrative Director for the prompt and accurate provision of workers' compensation benefits.

The performance of any insurer, self-insurer, or third-party administrator is rated for action in specific areas of benefit provision. Of foremost importance is the payment of all indemnity owed to the injured worker for an industrial injury. The timeliness of all initial and subsequent indemnity payments and compliance with the regulations of the Administrative Director for provision of notice for a qualified or agreed medical evaluation are also measurable performance factors.

The DWC Audit & Enforcement Unit completed 48 audits, of which 38 were routinely selected for PAR. In addition, another 10 audits were selected, of which 2 were target audits based on the failure of a prior audit, and 8 audits were based on credible referrals and/or complaints filed with the Audit Unit. The PAR audit subjects consisted of 16 insurance companies, 9 self-administered/self-insured employers, 22 third-party administrators (TPA), and 2 insurance companies/third-party administrators that combined claims-adjusting locations.

In all audits, claim files were randomly selected for review, with the number of indemnity and denied cases selected based on the number of claims reported in each of those populations for the audit subject in the three calendar years before the audit commenced. In addition, if any complaints were received regarding possible violations of the Labor Code or regulations of the Administrative Director, each respective claim file related to a complaint may have been part of the audit pursuant to California Code of Regulations (CCR), Title 8, sections 10107.1(c)(2), (d)(2), and (e)(2).

Pursuant to CCR, Title 8, section 10107.1(c) and (d), either a "PAR sample" of up to 59 or a "FCA sample" of up to 138 indemnity claims is audited, depending on the claims administrator's performance, as measured in the key areas after the PAR sample is audited. CCR, Title 8, section 10107.1(e), provides for a "sample" of up to 67 denied claims that may be audited. The sample size depends on the claims administrator's performance, as measured in specific areas of benefit provision and determined by

reviewing all audits done of indemnity claims in the "FCA stage 1 sample."

In 2019, within the PAR/FCA audits, compliance officers audited 3,005 claim files, of which 2,834 were randomly selected claims, and 27 claim files were audited based on CCR, Title 8, section 10107.1, complaints received by the DWC. In addition, compliance officers conducted Civil Penalty Audits and Investigations based on CCR, Title 8, section 10106.1(b) which included 141 targeted claim files based on credible complaints, referrals received by the DWC, and 5814 awards, as identified in Labor Code section 5814. A further 3 audited claims were designated as "additional" files. "Additional" files include the following:

- Claims audited as a companion file to randomly selected file.
- Claims chosen based on criteria relevant to a target audit but for which no specific complaints had been received
- Claims in excess of the number of claims in the random sample, audited because the files selected were incorrectly designated in the log.

Basis for the PAR Performance Rating

The current audit regulations (CCR, Title 8, sections 10100.2–10115.2) took effect May 20, 2009. The audit regulations are crafted to produce more efficient audits of workers' compensation claims administrators and establish procedures and penalty provisions for statutory and regulatory obligations.

Pursuant to CCR, Title 8, section 10107.1(c)(3), when the DWC Audit & Enforcement Unit conducts a PAR audit of claim files, a performance rating is calculated for the sample of randomly selected indemnity claims. At present, the performance rating is a composite score reflecting claims performance based on the following:

- The percentage of randomly selected claims with unpaid indemnity and the amount of unpaid indemnity in those claims
- The percentage of randomly selected claims with late first temporary disability (TD) payments and/or failure to comply with the regulations for the provision of the first notice of salary continuation in lieu of TD payment
- The percentage of claims with late first payments of permanent disability (PD) or death benefits
- The percentage of claims with late subsequent indemnity payments
- The percentage of claims with violations involving a failure to comply with the regulations for the provision of notices to advise injured workers of the process for selecting Agreed Medical Examiners (AME) or Qualified Medical Examiners (QME).

The amended Labor Code section 4650(b)(2) came into effect January 1, 2013, and

now provides that, under specific circumstances set by statute, (PD indemnity is not payable to an injured employee until after it is awarded by the Workers' Compensation Appeals Board (WCAB)).

As calculated pursuant to CCR, Title 8, section 10107.1(c)(3), low performance rating numbers reflect good claims-handling performance, and high performance rating numbers reflect poor performance. If an audit subject's PAR performance rating meets or exceeds the PAR performance standard, the audit is terminated, and no administrative penalties are assessed for claims violations. In order to meet or exceed the PAR performance standard, an audit subject's PAR performance rating must meet or exceed the ratings of the worst 20% of performance ratings calculated for all audits conducted over the three-year period preceding the audit. In other words, a PAR performance rating for a 2019 audit that falls within the range of the 80% best scores of all audits conducted from 2016 through 2018 meets or exceeds the PAR performance standard for 2019, which is 1.36133.

Performance Ratings of Audit Subjects

The performance for the 40 routine audit subjects in 2019 can be broken down as follows:

- Twenty-seven audit subjects (67.5%) met or exceeded the PAR 2019 performance standard and therefore had no penalty citations assessed in accordance with Labor Code section 129.5(c) and CCR, Title 8, section 10107.1(c)(4). However, these audit subjects were ordered to pay all unpaid compensation.
- Thirteen audit subjects (32.5%) failed to meet or exceed the PAR standard, and their audits expanded into a full compliance audit of indemnity claims (FCA stage 1). Seven of them failed to meet or exceed the FCA 2019 performance standard, and their audits expanded into full compliance audit of indemnity claims (FCA stage 2), and a sample of denied claims to be audited was added. These audit subjects were assessed administrative penalties for all penalty citations in accordance with Labor Code section 129.5(c) and CCR, Title 8, sections 10107.1(d) and (e). The other six met or exceeded the FCA 2019 performance standard and therefore had penalty citations assessed for unpaid and late payment of indemnity pursuant to Labor Code section 129.5(c)(2) and CCR, Title 8, section 10107.1(d).

The **DWC Administrative Director's 2019 Audit Ranking Report** (Statewide Exhibit 4) is part of this annual report. The Ranking Report provides the performance ratings for the 40 audit subjects listed, from the best to the worst performer.

In accordance with Labor Code sections 129(b)(1) and 129.5(c), the pass/failure for an audit is determined at the conclusion of the FCA of indemnity files. An audit subject that fails to meet or exceed the FCA standard is judged to have failed the audit. While the determination and rating are set at the conclusion of the FCA of indemnity files, the administrator's final performance rating may be subject to adjustment for any information provided during the final stage of the audit to address penalty citations for the previously reviewed indemnity files.

The Ranking Report also gives an accounting of the number of Notice(s) of Compensation Due issued for the individual adjusting locations.

Violations of the Administrative Director's Regulations

As a result of PAR/FCA audits conducted during calendar year 2019, the Audit & Enforcement Unit found and cited 5,261 violations against claims administrators, with administrative penalties totaling \$1,462,876.00 (Statewide Exhibit 1).

Not all administrative penalties are subject to collection. Under the Labor Code, no penalties are assessed on "cited" violations unless the audit subject fails the audit at a specific level.

If an audit subject passes the PAR, which is the first level of audit, no penalties will be assessed, in accordance with Labor Code section 129.5(c)(1). If an audit subject fails the PAR but passes the second level, or FCA stage 1, under Labor Code section 129.5(c)(2), penalties will be assessed for indemnities that were unpaid and paid late, but penalties will not be assessed for violations related to issues of compliance with administrative functions, such as the provision of notices for salary continuation and advice for agreed or qualified medical examination. If an audit subject does not pass the FCA stage 1 audit, the file review will proceed to a full compliance audit of the indemnity files plus a sample of denied claims. For the FCA stage 2 audit, in accordance with Labor Code section 129.5(c)(3), a comprehensive file review is conducted, and penalties are assessed for all violations found.

Penalties assessed for a failed FCA stage 2 audit may be modified relative to the size of the adjusting location to mitigate any inequities for penalty assessment for small and large claims administrators in accordance with CCR, Title 8, section 10111.2(c)(7).

(Statewide (Exhibit 2) provides a detailed analysis of all penalties assessable, by type and those cited in 2019. In accordance with Labor Code section 129.5(c) and regulatory authority, the Audit & Enforcement Unit did not assess \$310,575.00 for administrative penalties of the cited violations for 27 of the audits that met or exceeded the PAR performance standard. All violations cited in the audit that failed the FCA performance

standard were assessed. The assessed penalties subject to collection from claims administrators for FCA audits totaled \$1,085,626.00.

Unpaid Compensation Due to Employees

Audits conducted in 2019 reveal that 11.82% of the 3,005 claims reviewed had an unpaid indemnity. The DWC Audit & Enforcement Unit issued 355 Notices of Compensation Due with the final audit reports. Copies of these notices were provided to injured workers in accordance with Labor Code section 129(c).

The total compensation cited to be paid was \$357,661.71 (Statewide Exhibit 3). The unpaid compensation can be broken down as follows: \$338,870.37 owed in 338 randomly selected claims, \$14,338.15 owed in 6 additional claim audited and complaint claims submitted to the Audit Unit, and \$4,453.19 owed in 11 files referred to the Audit Unit for investigation. An average of \$119.02 per file was found in which compensation was unpaid.

- \$243,797.94 in TD indemnity and salary continuation in lieu of TD (68% of the unpaid compensation)
- \$55,909.27 in PD indemnity (16% of the unpaid compensation)
- \$54,231.86 in 10% self-imposed increases for late indemnity payments (15% of the unpaid compensation)
- \$3,722.64 in interest and penalty or failure to reimburse medical expenses (1% of the unpaid compensation)
- \$0.00 in death benefits (0%).

When a Notice of Compensation Due is issued with the final audit findings and becomes final, the compensation is due and payable within fifteen (15) days of receipt of the notice. To avoid penalty assessments under Labor Code section 129.5(a)(2) and CCR, Title 8, section 10111.2, payment must be timely, and documentation of payment must be forwarded to the Audit & Enforcement Unit within thirty (30) days of receipt of the notice.

When the Audit Unit finds unpaid compensation due, and the injured worker cannot be located at the time of the audit, the unpaid compensation is payable by the claims administrator to the Workers' Compensation Administration Revolving Fund. In these instances, the injured worker can apply to the DWC for payment of monies deposited into this fund. In 2019, the Audit Unit collected a total of \$5,017.65, which was paid into this fund because the injured worker could not be located.

Civil Penalty Issues

Civil Penalty under Labor Code section 129.5(e)

A claims administrator identified for a return target audit because of the failure of a PAR/FCA audit conducted in 2003 or later may be subject to a civil penalty under Labor Code section 129.5(e), which reads in part:

In addition to the penalty assessments permitted in subdivision (a), the Administrative Director may assess a civil penalty, not to exceed one hundred thousand dollars (\$100,000), upon finding, after hearing, that an employer, insurer, or third-party administrator for an employer has knowingly committed or has performed with sufficient frequency so as to indicate a general business practice any of the following:

- (1) Induced employees to accept less than compensation due or made it necessary for employees to resort to proceedings against the employer to secure compensation due
- (2) Refused to comply with known and legally indisputable compensation obligations
- (3) Discharged or administered compensation obligations in a dishonest manner
- (4) Discharged or administered compensation obligations in a manner as to cause injury to the public or those dealing with the employer or insurer.

Any employer, insurer, or third-party administrator that fails to meet the FCA performance standards in two consecutive full compliance audits shall be presumed to have engaged in a general business practice of discharging and administering its compensation obligations in a manner causing injury to those dealing with it.

In 2019, the Audit Unit conducted target audits of the Tristar Risk Management, Santa Ana, and Corvel Corporation, Folsom, because of a failed PAR/FCA routine audit.

Other Issues

Annual Report of Inventory

CCR, Title 8, section 10104, requires claims administrators to file an annual report of inventory (ARI) with the Administrative Director (more specifically, with the Audit & Enforcement Unit) for all claims reported to each of their adjusting locations in the prior calendar year. The report is due by April 1 for any location adjusting California workers'

compensation claims and must be filed even if no claims were reported in the prior year. The Audit Unit monitors the claims inventory for 380 active adjusting locations operating in California.

The DWC Audit & Enforcement Unit reviews logs and tracks all complaints. In 2019, the Audit Unit tracked and logged 906 complaints. The Audit Unit submits all complaints to claims administrators for investigation and response to the Audit Unit within thirty days, except for complaints marked "confidential" (claims files for complaints marked confidential are reviewed at the time of the audit). The Audit Unit reviews all claims administrator responses to determine whether further target or audit action is needed. In August 2019, the Audit Unit started tracking recoveries, which are additional payments and penalties issued to employees and providers as a result of a complaint filed with the Audit Unit. The Audit Unit collected \$208,274.00 from August to December 2019 in additional payments to employees and providers.

Profile Audit Performance Standards/Full Compliance Audit Standards for 2019

The PAR and FCA performance standards have been updated pursuant to Labor Code section 129(b) and CCR, Title 8, sections 10107.1(c), (d), and (e). This was accomplished by taking the 2018 audit results and using the performance ratings for the five factors subject to the PAR program. The results were then combined with the 2017 and 2018 performance rating scores to develop the rating scores for 2019 (as noted earlier, the lower the number, the better the rating). The Audit Unit continues to act as a deterrent to poor claims handling and works to ensure that injured workers receive their workers' compensation benefits.

Description of Statewide Exhibits

Statewide ([Exhibit 1](#)). Audit Penalty Assessments and Collections is a listing of audits conducted in 2019. It summarizes all files audited by type, the number and amount of penalties, the amount collected, the balance due, and the number of appeals.

Statewide ([Exhibit 2](#)). Summary of Penalties for PAR/FCA Audits describes and separates the schedule of administrative penalties described in CCR, Title 8, section 10111.2, into various categories showing the total and the amount of assessable administrative penalties in this statewide audit finding.

Statewide ([Exhibit 3](#)). Statewide Summary of Notices of Compensation Due gives, by type of indemnity, the amount of unpaid compensation found in the 3,002 audited claims for which notices of compensation due were issued.

Statewide ([Exhibit 4](#)). The DWC Administrative Director's 2019 Audit Ranking Report is issued in accordance with Labor Code section 129(e). The report ranks all insurers, self-insured employers, and TPA audited during 2019 according to their performance measured by the PAR and FCA performance standards.

Exhibit 1. Audit Penalty Assessments and Collections, Calendar Year 2019

Audit Subject & Location	R/T CPII	INS/ SI/ TPA	Number of Files Audited					# of APs Cited	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Balance \$ Due	Appeals	
			I	D	C	A	Total						Y	N
PAR/FCA Audits														
Sierra Pacific Industries/Anderson	R	SI	45	0	0	0	45	24	\$6,195.00	\$6,195.00	\$0.00	\$0.00	N	
Northern California Special District Authority/Elk Grove	R	SI	36	0	0	0	36	22	\$1,935.00	\$1,935.00	\$0.00	\$0.00	N	
Association of California Water Agencies/Joint Powers Ins.	R	SI	48	0	0	0	48	17	\$5,100.00	\$5,100.00	\$0.00	\$0.00	N	
Authority/Roseville														
Applied Risk Services, Inc./Omaha, NE	R	INS	58	0	0	0	58	39	\$8,840.00	\$8,840.00	\$0.00	\$0.00	N	
Acclamation Insurance Management Services/Fresno	R	TP	57	0	0	0	57	40	\$5,910.00	\$5,910.00	\$0.00	\$0.00	N	
Contra Costa County Schools Insurance Group/Pleasant Hill	R	SI	54	0	0	0	54	27	\$5,450.00	\$5,450.00	\$0.00	\$0.00	N	
Keenan& Associates/San Jose	R	TP	57	0	0	0	57	49	\$3,670.00	\$3,670.00	\$0.00	\$0.00	N	
City and County of San Francisco/San Francisco	R	SI	57	0	0	0	57	55	\$6,510.00	\$6,510.00	\$0.00	\$0.00	N	
York Risk Services Group, Inc./Oxnard	R	TP	55	0	0	0	55	50	\$10,550.00	\$10,550.00	\$0.00	\$0.00	N	
CompWest Insurance Co./Santa Ana	R	INS	58	0	0	0	58	58	\$19,905.00	\$19,905.00	\$0.00	\$0.00	N	
County of Santa Clara and Santa Clara County Central Fire District/San Jose	R	SI	54	0	0	0	54	62	\$8,600.00	\$8,600.00	\$0.00	\$0.00	N	
ICW Group/Pleasanton	R	INS	58	0	0	0	58	62	\$13,570.00	\$13,570.00	\$0.00	\$0.00	N	
Gallagher Bassett Services/Sacramento	R	TP	57	0	0	0	57	71	\$24,160.00	\$24,160.00	\$0.00	\$0.00	N	
Matrix Absence Management/Roseville	R	TP	57	0	0	0	57	85	\$14,980.00	\$14,980.00	\$0.00	\$0.00	N	
State Compensation Insurance Fund/Redding	R	INS	56	0	0	0	56	69	\$8,740.00	\$8,740.00	\$0.00	\$0.00	N	
York Risk Services Group, Inc./Roseville	R	TP	58	0	0	0	58	67	\$12,960.00	\$12,960.00	\$0.00	\$0.00	N	
LWP Claims Solutions, Inc./Sacramento	R	TP	58	0	0	0	58	71	\$16,560.00	\$16,560.00	\$0.00	\$0.00	N	
CNA Financial Corp./Brea	R	INS	55	0	0	0	55	75	\$16,485.00	\$16,485.00	\$0.00	\$0.00	N	
State Compensation Insurance Fund/Bakersfield	R	INS	56	0	0	0	56	91	\$14,980.00	\$14,980.00	\$0.00	\$0.00	N	
Sedgwick Claims Management Services/Pleasanton	R	TP	58	0	1	0	59	97	\$17,275.00	\$17,275.00	\$0.00	\$0.00	N	
Berkshire Hathaway Guard Insurance Companies/Wilkes- Barre, PA	R	INS	57	0	2	0	59	58	\$18,345.00	\$18,345.00	\$0.00	\$0.00	N	
Alliant Specialty Insurance Service/San Diego	R	TP	28	0	0	0	28	34	\$8,800.00	\$8,800.00	\$0.00	\$0.00	N	
Great West Casualty Company/South Sioux City, NE	R	INS	38	0	0	0	38	44	\$9,405.00	\$9,405.00	\$0.00	\$0.00	N	
BETA Healthcare Group/Granite Bay	R	SI	57	0	0	1	58	66	\$14,110.00	\$14,110.00	\$0.00	\$0.00	N	
Ford Motor Company/Manteca	R	SI	10	0	0	0	10	18	\$3,050.00	\$3,050.00	\$0.00	\$0.00	N	
Preferred Employers Insurance Company/Walnut Creek	R	INS	57	0	0	0	57	99	\$20,145.00	\$20,145.00	\$0.00	\$0.00	N	
Sedgwick Claims Management Services/Glendale	R	TP	58	0	3	0	61	89	\$14,345.00	\$14,345.00	\$0.00	\$0.00	N	
Vanliner Insurance Company/Fenton, MO	R	INS	38	0	0	0	38	56	\$6,406.00	\$1,830.00	\$4,576.00	\$0.00	N	

Amtrust North America/Concord	R	INS /	132	0	1	0	133	251	\$76,100.00	\$28,388.00	\$47,712.00	\$0.00	N
Crum and Forster/Richardson, TX	R	INS	77	0	0	0	77	89	\$23,725.00	\$3,345.00	\$20,380.00	\$0.00	N
York Risk Services Group Incorporation/Pasadena	R	TP	134	0	1	0	135	167	\$28,550.00	\$8,740.00	\$19,810.00	\$0.00	N
CorVel Corporation/Folsom	T	TP	135	0	2	0	137	171	\$57,455.00	\$13,255.00	\$44,200.00	\$0.00	N
ESIS/Southfield, MI	R	TPI	48	0	0	0	48	52	\$30,885.00	\$11,117.00	\$19,768.00	\$0.00	N
Hazelrigg Claims Management/Oakland	R	TP	79	43	1	0	123	346	\$34,335.00	\$0.00	\$34,335.00	\$0.00	N
The American Equity Underwriters, Inc./Metairie, LA	R	TP	23	5	0	0	28	124	\$15,250.00	\$0.00	\$15,250.00	\$0.00	N
Argonaut Insurance Group/San Francisco	R	INS	116	54	1	0	171	443	\$148,266.00	\$0.00	\$148,266.00	\$0.00	N
Cannon Cochran Management Services, Inc./Scottsdale AZ	R	TP A	101	50	0	0	151	342	\$96,642.00	\$0.00	\$9,6642.00	\$0.00	N
Cherokee Insurance Company/Sterling Heights, MI	R	INS	53	12	0	1	66	372	\$68,175.00	\$0.00	\$6,8175.00	\$0.00	N
Adventist Health System West/Roseville	R	SI	111	48	4	0	163	327	\$134,995.00	\$0.00	\$134,995.00	\$0.00	N
Tristar Risk Management/Santa Ana	T	TP	113	65	11	1	190	609	\$311,862.00	\$0.00	\$311,862.00	\$0.00	N
AmTrust North America/Irvine	CPI	INS	0	0	1	0	1	40	\$14,580.00	\$0.00	\$14,580.00	\$0.00	N
Sedgwick Claims Management Services/Long Beach	CPI	TP	0	0	1	0	1	9	\$9,230.00	\$0.00	\$9,230.00	\$0.00	N
Broadspire A Crawford Company/Brea	CPI	TP	0	0	1	0	1	5	\$330.00	\$0.00	\$330.00	\$0.00	N
CorVel Corporation/Folsom	CPI	TP	0	0	131	0	131	279	\$58,285.00	\$0.00	\$58,285.00	\$0.00	N
State Compensation Insurance Fund/Sacramento- Rohnert Park	CPI	TP A	0	0	2	0	2	12	\$4,175.00	\$0.00	\$4,175.00	\$0.00	N
Zurich North America and Zurich Services Corporation/Woodland Hills	CPI	INS /	0	0	1	0	1	2	\$900.00	\$0.00	\$900.00	\$0.00	N
Meadowbrook, Inc./Las Vegas	CPI	INS /	0	0	3	0	3	20	\$27,955.00	\$0.00	\$27,955.00	\$0.00	N
York Risk Services Group, Inc./Oakland	CPI	TP	0	0	1	0	1	6	\$4,200.00	\$0.00	\$4,200.00	\$0.00	N
TOTALS			2,557	277	168	3	3,005	5,261	\$1,462,876.00	\$377,250.00	\$1,085,626.00	\$0.00	

R = Routine

38

T = Target

2

CPI = Civil Penalty

8

INS	Insurer	16
SI/TPA	Self-Insured Employer	9
TPA	Third-Party Administrator	22
INS/TPA	Insurer/Third-Party	2

TOTAL

48

TOTAL

48

Exhibit 2. Summary of Penalties for PAR/FCA Audits, Cited by Type of Penalty, Calendar Year 2019

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits (TD)	646	\$261,049.00	\$99,649.00	\$161,400.00	\$161,400.00	N
Late first payment of permanent disability indemnity benefits (PD)	73	\$52,760.00	\$10,838.00	\$41,922.00	\$41,922.00	N
Late subsequent payment of indemnity benefits	513	\$126,076.00	\$40,163.00	\$85,913.00	\$85,913.00	N
Late first payment of death benefits (DB)	14	\$4,225.00	\$4,225.00	\$0.00	\$0.00	N
Failure to issue benefit notices other than specific notices for denial of liability	482	\$59,640.00	\$2,300.00	\$57,340.00	\$57,340.00	N
Late provision of benefit notices other than specific notices for denial of injury	500	\$32,666.00	\$7,405.00	\$25,261.00	\$25,261.00	N
Failure to comply with requirements to provide notice of the QME/AME process	1,811	\$297,095.00	\$139,570.00	\$157,525.00	\$157,525.00	N
Failure to pay any TD or Salary Continuation> in lieu of TD	303	\$263,980.00	\$55,760.00	\$208,220.00	\$208,220.00	N
Failure to pay any PD indemnity benefit	18	\$25,780.00	\$2,080.00	\$23,700.00	\$23,700.00	N
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits	182	\$36,850.00	\$10,160.00	\$26,690.00	\$26,690.00	N
Failure to pay any indemnity as ordered by the WCAB	25	\$34,030.00	\$3,450.00	\$30,580.00	\$30,580.00	N
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB	13	\$10,750.00	\$1,650.00	\$9,100.00	\$9,100.00	N
Failure to pay or object to medical treatment expense in the manner required by law or regulation	287	\$69,980.00	\$0.00	\$69,980.00	\$69,980.00	N
Failure to pay or object to medical-legal expense in the manner required by law or regulation	12	\$4,760.00	\$0.00	\$4,760.00	\$4,760.00	N
Failure to issue training Supplemental Job Displacement Benefit voucher (injuries on/after 1/1/04) in the manner required by law or regulation	0	\$0.00	\$0.00	\$0.00	\$0.00	N

Failure to provide notices denying all liability or death benefits as required	12	\$3,300.00	\$0.00	\$3,300.00	\$3,300.00	N
Failure to timely respond to a request to provide or authorize medical treatment	1	\$140.00	\$0.00	\$140.00	\$140.00	N
Failure to include specific items or properly designate entries on a claims log	40	\$5,160.00	\$0.00	\$5,160.00	\$5,160.00	N
Materially incomplete or inaccurate benefit notices including denial for all liability	167	\$5,960.00	\$0.00	\$5,960.00	\$5,960.00	N
Failure to investigate	11	\$27,300.00	\$0.00	\$27,300.00	\$27,300.00	N
Failure to fully or timely comply with any award or order of the WCAB for issues other than payment of indemnity under 8 CCR §10111.2(a)	2	\$5,250.00	\$0.00	\$5,250.00	\$5,250.00	N
Penalties for failure to comply with any regulation of the administrative director not otherwise assessed	143	\$117,545.00	\$0.00	\$117,545.00	\$117,545.00	N
Unsupported denial of all liability for a claim	6	\$18,580.00	\$0.00	\$18,580.00	\$18,580.00	N
TOTAL	5,261	\$1,462,876.00	\$377,250.00	\$1,085,626.00	\$1,085,626.00	

Exhibit 3. Statewide Summary of 355 Notices of Compensation Due, Calendar Year 2019

Type of Compensation	Amount Found Due
Temporary Disability	\$243,797.94
Permanent Disability	\$55,909.27
Self-Imposed Increase	\$54,231.86
Death Benefits	\$0
Penalty, Interest or Other	\$3,722.64
Total Compensation Due:	\$357,661.71

Calendar Year 2019

Statewide Exhibit 4

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	Routine and Target Audits conducted pursuant to Labor Code sections 129(b)(1)(2)(3), and 129.5(c)(1)(2)(3)	PAR	FCA Stage 1	FCA Stage 2	Unpaid Compensation
	(Rankings from the best to the worst performers)	Standard	Standard	Final	All Claim Files
	AUDIT SUBJECT/LOCATION	1.36133	1.66166	Rating	338/\$338,870.37

The following audit subjects under the Profile Audit Review (LC 129) met or exceeded the PAR standard (1.36133 or less). Not all administrative penalties were assessed pursuant to Labor Code section 129.5(c)(1). The unpaid compensation found due to injured workers in each claim file was ordered to be paid.

1	Sierra Pacific Industries/Anderson	0.51248	n/a	0.51248	4/\$1,364.89
2	Northern California Special District Authority/Elk Grove	0.55529	n/a	0.55529	1/\$135.20
3	Association of California Water Agencies/Joint Powers Ins. Authority/Roseville	0.57182	n/a	0.57182	5/\$6,124.81
4	Applied Risk Services, Inc./Omaha, NE	0.77116	n/a	0.77116	1/\$1,740.00
5	Acclamation Insurance Management Services/Fresno	0.80160	n/a	0.80160	4/\$2,149.02
6	Contra Costa County Schools Insurance Group/Pleasant Hill	0.80477	n/a	0.80477	1/\$432.29
7	Keenan& Associates/San Jose	0.87650	n/a	0.87650	0/\$0.00
8	City and County of San Francisco/San Francisco	0.88209	n/a	0.88209	5/\$3,541.99
9	York Risk Services Group, Inc./Oxnard	0.92099	n/a	0.92099	6/\$2,002.46
10	CompWest Insurance Co./Santa Ana	0.95425	n/a	0.95425	7/\$3,814.18
11	County of Santa Clara and Santa Clara County Central Fire District/San Jose	0.96940	n/a	0.96940	1/\$5,219.77
12	ICW Group/Pleasanton	0.98868	n/a	0.98868	0/\$0.00
13	Gallagher Bassett Services/Sacramento	0.99024	n/a	0.99024	1/\$413.25
14	Matrix Absence Management/Roseville	1.02688	n/a	1.02688	13/\$3,153.42
15	State Compensation Insurance Fund/Redding	1.03874	n/a	1.03874	3/\$3,612.75
16	York Risk Services Group, Inc./Roseville	1.04055	n/a	1.04055	7/\$3,298.54
17	LWP Claims Solutions, Inc./Sacramento	1.07737	n/a	1.07737	5/\$3,148.78
18	CNA Financial Corp./Brea	1.13462	n/a	1.13462	6/\$3,479.95
19	State Compensation Insurance Fund/Bakersfield	1.14718	n/a	1.14718	4/\$741.89
20	Sedgwick Claims Management Services/Pleasanton	1.16570	n/a	1.16570	3/\$1,338.38
21	Berkshire Hathaway Guard Insurance Companies /Wilkes-Barre, PA	1.25391	n/a	1.25391	6/\$8,012.63
22	Alliant Specialty Insurance Service/San Diego	1.28194	n/a	1.28194	4/\$1,473.98
23	Great West Causality Company/Sioux City, NE	1.30469	n/a	1.30469	8/\$5,942.50

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	Routine and Target Audits conducted pursuant to Labor Code Sections 129(b)(1)(2)(3), and 129.5(c)(1)(2)(3) (Rankings from the best to the worst performers)	PAR Standard	FCA Stage 1 Standard	FCA Stage 2 Final	Unpaid Compensation All Claim Files
	AUDIT SUBJECT/LOCATION				
24	BETA Healthcare Group/Granite Bay	1.31141	n/a	1.31141	12/\$7,651.16
25	Ford Motor Company/Manteca	1.35000	n/a	1.35000	0/\$0.00
26	Preferred Employers Insurance Company/Walnut Creek	1.35453	n/a	1.35453	5/\$2,917.28
27	Sedgwick Claims Management Services/Glendale	1.35624	n/a	1.35624	6/\$1,498.61

The following audit subjects under the Profile Audit Review (LC 129) met or exceeded the PAR standard (1.36133 or less). Not all administrative penalties were assessed pursuant to Labor Code section 129.5(c)(1). The unpaid compensation found due to injured workers in each claim file was ordered to be paid.

28	Vanliner Insurance Company/Fenton, MO	7.29686	1.22541	1.22541	11/\$1,751.85
29	Amtrust North America/Concord	1.37879	1.29446	1.29446	13/\$5,247.88
30	Crum and Forster/Richardson, TX	1.82020	1.30552	1.30552	17/\$8,090.98
31	York Risk Services Group Incorporation/Pasadena	1.74713	1.46938	1.46938	10/\$15,912.64
32	CorVel Corporation/Folsom	1.78083	1.62598	1.62598	24/\$16,317.46
33	ESIS/Southfield, MI	1.92677	1.64887	1.64887	9/\$7,229.13

(Seven) audit subjects under the Profile Audit Review (LC 129) failed to meet or exceed the PAR standard (1.36133 or less) and proceeded to the Full Compliance Audit Stage 1 [LC 129(b)(2)], where they failed to meet or exceed the FCA standard (1.66166 or less). The audit then extended to the Full Compliance Audit Stage 2 [LC 129(b)(2)] for a comprehensive and detailed review of the audit subject's performance. Administrative penalties pursuant to Labor Code 129.5(c)(3) were assessed, and unpaid compensation found due to injured.

34	Hazelrigg Claims Management/Oakland	1.85955	1.69085	1.69085	14/\$18,018.88
35	The American Equity Underwriters, Inc./Metairie, LA	1.82397	1.85379	1.85379	1/\$33.41
36	Argonaut Insurance Group/San Francisco	2.28789	1.95657	1.95657	28/\$16,039.49
37	Cannon Cochran Management Services, Inc./Scottsdale, AZ	2.25043	2.00574	2.36430	18/\$25,321.51
38	Cherokee Insurance Company/Sterling Heights, MI	2.45859	2.64869	2.64871	14/\$5,041.23
39	Adventist Health System West/Roseville	3.00565	3.12892	2.98443	28/\$39,439.31
40	Tristar Risk Management/Santa Ana	6.72695	5.82646	5.62765	33/\$107,218.87