

N E W S L I N E

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Division of Workers' Compensation Administrative Director Announces 2014 Profile Audit Review and Full Compliance Audit Performance Standards

Labor Code §§129 and 129.5 require the Audit 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 QME/AME advice.

The administrative director annually establishes profile audit review and full compliance audit (FCA) standards in accordance with Labor Code §§129(b)(1) and (2) and Title 8, California Code of Regulations §10107.1. The 2014 standards are based on the audit results of calendar years 2010 through 2012.

Performance standards for 2014

- The PAR performance standard for audits conducted in 2014 is **1.61895**. Audit subjects with PAR performance ratings of 1.61895 or lower will be required to pay any unpaid compensation, but no penalties will be assessed. If an audit subject's PAR performance rating is 1.61896 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 2014 is **1.83494**. Audit subjects with an FCA performance rating of 1.83494 or less will be required to pay any unpaid compensation and penalties will be assessed for all violations involving unpaid and late paid compensation. If an audit subject's full compliance audit performance rating is 1.83495 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 8CCR §§10111 through 10111.2.

More information on the performance standards that will be in use for the profile audit reviews and full compliance audits during calendar year 2014 is now posted on the [DWC Audit Unit](#) Web site.

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