

Audit Report: 6703

Finding Number: 001

Finding: The Department did not comply with rules limiting payments for prescription medications dispensed to a 30-day supply.

Effective January 1, 2008, the Department changed its bill payment system to limit prescriptions to a 30-day supply unless a longer period is authorized based on review by the Department's pharmacy consultant.

To enforce this limitation, overrides are not allowed in the point-of-sale (POS) system. When the number of days is not specified, the POS system will deny payment. Paper bills that have over a 30-day supply are sent to the pharmacy consultant for review and approval.

The number of days supply is not required on paper bills received from injured workers. Workers who pay in advance for their prescriptions attach a receipt proving they paid out of pocket, but they use a simpler bill form that does not capture number of days supply. These paper bills account for less than one percent (.7%) of total pharmacy bills. The number of days supply is required on paper bills from pharmacies, although the use of paper bills by pharmacies is rare.

The Department's monitoring for noncompliance shows that the number of bills paid that are missing the number of days supply is within acceptable limits.

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Status of Audit Resolution

December 2008

Department of Labor and Industries (L&I)

Agency: 235

Audit Report: 6703

Finding Number: 002

Finding: The Department does not adequately monitor claims when opioids are prescribed to injured workers.

Resolution: The Department has begun a project to address this finding. To insure compliance with rules and policies, the Department is implementing use of exception reports that will alert claim managers to ongoing opioid use by injured workers. During this project, the Department is reviewing the current process used to authorize and monitor opioid use and is updating correspondence sent to treating physicians. The goal is to reduce the administrative burden on treating physicians so they will submit better medical information regarding the need for opioids.

The Department is also studying a process to ensure the claim managers seek consultation with the occupational nurse consultants who can assist in developing an action plan to work with the doctor to encourage compliance with Department rules and policies.

The Department is updating the training materials for claim managers to emphasize the need to specifically note authorization or denial of opioid use in the computer system to ensure that only appropriate bills are paid and that there is file documentation of all efforts.

Some of the specific changes the Department is making include simplifying the "Opioid Progress Report"; updating opioid codes to make them more understandable for the claim managers; developing reports that assist claim managers and supervisors with monitoring opioid claims and authorizations as well as with ensuring proper documentation is provided.

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Status of Audit Resolution

December 2008

Department of Labor and Industries (L&I)

Agency: 235

Audit Report: 6703

Finding Number: 003

Finding: The Department's internal controls are inadequate to ensure warrants are safeguarded.

Resolution: The mailroom supervisors are monitoring operations to ensure the staff is in compliance with agency policies, and mailroom staff has reviewed all relevant agency policies and procedures.

Since June 27, 2007, all returned warrants are being opened and logged in the mailroom by two employees upon receipt. Completed logs are reviewed and approved by one of the mailroom supervisors. Before this process was updated in 2008, individual program logs were also reviewed and approved by the programs subsequently receiving the returned warrants. The new process, implemented by the Department on July 1, 2008, centralizes processing of all returned warrants in the mailroom rather than distributing them to individual programs.

The safe combination was changed on August 9, 2007, following the change in supervisors. It was again changed December 4, 2007 and April 14, 2008. In the future, it will be changed when staff with access to the safe changes and, at a minimum, annually. It will be changed more frequently if deemed advisable by the mailroom's program support supervisor.

On August 9, 2007, a safe log was established. It is reviewed daily by the supervisor and kept secured in the safe after hours.

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Audit Report: 6703

Finding Number: 004

Finding: The Department's Pension Payment System's internal controls are inadequate to ensure public resources are safeguarded.

Resolution: The Department started the process to automate the calculation of the monthly pension benefit. Due to the magnitude of this endeavor and to ensure a successful outcome, the implementation was broken into four phases. Each phase will automate a piece of the manual process thereby assisting staff immediately. Phase 4 will be total automation of the monthly pension benefit.

Phase 1 automated the calculation of the monthly benefit amount for permanent partial disability with permanent reduction and pension advances with permanent reduction. This phase was implemented in January 2008.

Phase 2 involves the automation of calculating the three pension option amounts. In accordance with state law, pension recipients will choose the amount of their monthly benefit award based on these three options. This is scheduled for implementation in December 2008.

Phase 3 involves automating the process of calculating the monthly benefit award when a pension recipient is placed on social security and receiving a monthly benefit from the Department. In accordance with state law, the Department is entitled to offset the recipient's monthly benefit award and monthly social security benefit. This phase is also in process with an anticipated completion in December 2008.

Phase 4 will be creating a new computer screen linking all the prior phases together in one destination. New incoming pension claims will be processed through this screen. It will incorporate all prior phases and update all appropriate computer screens to start the monthly benefit process. This is anticipated to be completed in April 2009.

The above total automation of the monthly benefit calculations will free up time for staff to review more of the one-time pension payments mentioned in the audit finding and to conduct an analysis to determine the extent of resources needed to automate the special one-time payments.

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