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**Department of Labor and Industries (L&I)**

**Agency: 235**

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**Audit Report:** 1006745

**Finding Number:** 001

**Finding:** The Department of Labor and Industries' medical payment system lacks adequate internal controls to prevent overpayments to providers of interpreter services and physical and occupational therapy services.

**Resolution:** The Department completed work to recoup all identified physical and occupational therapy (PT/OT) and interpretive service overpayments.

New system controls were implemented on June 30, 2011, to prevent overpayments for PT/OT services including payment for services in excess of the daily cap. The Department's Internal Audit unit will perform a follow-up review to validate the effectiveness of the new system controls. This review will be done after implementation of the medical provider network in early 2013.

The following actions were taken to address potential overpayments for interpretive services:

- a. Bill payment staff implemented a retrospective review process for interpretive services including interpreter travel charges. The review focuses on the issues identified by the state auditors (for example, provider payments in excess of 480 minutes per day, no interpretive services appointment record, excessive travel charges). The Department determines an appropriate sample size to query based on which specific audit issue is being reviewed. Instructions for creating the reports used for the review are stored in a shared drive rather than a desk manual.
- b. Designated lead workers or supervisors perform the review and process adjustments for any overpayments. The supervisors report the results to the Medical Information Payment System operations manager. Any exceptions to the payment policy are documented using the existing process for payments outside of policy.
- c. The Department has undertaken significant preventive activities to improve interpreter compliance with billing policies and submittal of required documentation. These include billing workshops as well as billing consultations, pre-payment reviews, and checks for documentation targeted to specific interpreters who have had compliance issues.
- d. Providers with recurring billing errors, as identified through retrospective reviews, will be referred for education which may include the requirement to attend a billing workshop.

In January 2012, all lead workers were trained on the new procedures and the first monthly retrospective review was conducted.

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## Status of Resolution of Audit Findings

December 2012

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Department of Labor and Industries (L&I)

Agency: 235

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**Audit Report:** 1006745

**Finding Number:** 003

**Finding:** Untimely data sharing led to duplicate payments by Medicaid and L&I.

**Resolution:** All identified Department of Labor and Industries (L&I) overpayments have been recouped.

L&I is currently working with the Health Care Authority (HCA) to develop a data exchange to identify potential duplicate payments on an ongoing basis. Starting January 2012, L&I and HCA staff have met monthly to develop a process to regularly exchange medical payment data for clients covered by both agencies. The work group identified the data elements needed, and a data sharing agreement was signed July 9, 2012. The two agencies are currently working to develop initial datasets with the effort expected to be completed by June 2013. The data exchange must be in place in order for L&I to systematically identify potential overpayments due to duplication of payments.

Refer also to the HCA resolution for this finding on page 19.

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**Audit Report:** 1006745

**Finding Number:** 004

**Finding:** The Workers' Compensation program pays providers when clients do not show up for appointments.

**Resolution:** In January 2012, a project team was formed to scope the extent of the recommended changes and develop a comprehensive implementation plan.

A six-month study on why injured workers do not show for independent medical examination (IME) appointments was conducted on 616 claims. The top four reasons they do not show were: worker was ill or had an emergency (22 percent); incorrect worker address/didn't receive the appointment letter (21 percent); transportation issues (14 percent); worker refused to go (7 percent).

In March 2012, all claim staff received IME refresher training emphasizing the quickest, most effective way to get information to resolve medical and/or vocational issues which can include IMEs. The required steps a claim manager must take every time an injured worker does not show for an IME or there is a late cancellation were also reviewed. The "no-show" issue was also addressed in detail to include:

- Reminder for claim managers (CMs) to verify the injured worker's address before requesting an IME to ensure the appointment letter is sent to the correct address.
- Claim file is to be documented with a log entry and action plan to include the steps that must be followed when "no-shows" occur.
- A management update to all staff dated March 19, 2012, "Failure to Appear for an IME" was presented and discussed. Staff was also provided with a handout reminding them of the procedures.

On May 8, 2012, IME letters were revised to provide a clear objective of the purpose of the examination, incorporating changes recommended from stakeholders including CMs, IME schedulers, and IME providers.

During September and October 2012, an "IME Pre-Call" pilot was conducted in seven claim units. Pre-calls were to be attempted for each IME being requested and a letter would be sent if staff was unable to reach the injured worker or attorney. Pilot data has been compiled and follow-up reviews are underway to see if the injured worker attended the IME and, if not, why. A complete analysis will be completed by December 31, 2012, with recommendations about whether this process should be considered as an approach to reduce no-shows.

On November 12, 2012, an updated policy on failure to appear for IMEs was sent to external stakeholders for comment. Feedback was requested by November 16, 2012.

A monthly management report is being finalized to capture the sequence of IME actions on a claim. This report will be used to identify IME requests with a no-show billing so

## Status of Resolution of Audit Findings

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supervisors can monitor whether appropriate action is being taken. Procedures and expectations of supervisors will be implemented in December 2012.

Another revision to the IME appointment letter is expected by mid-2013. These changes should positively impact the transportation issues identified as one of the leading causes for injured workers not showing up for IME appointments.

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