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State of California

# DWCNewsline

Division of Workers' Compensation  
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## **Division of Workers' Compensations administrative director announces 2010 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, vocational rehabilitation maintenance allowance and death benefits;
- the late subsequent indemnity payments;
- and, the provision of notices with QME/AME advice, notices of potential eligibility for vocational rehabilitation (injuries prior to January 1, 2004), and, notices advising of the right to supplemental job displacement benefit (injuries on or after January 1, 2004).

The administrative director annually establishes a profile audit review and full compliance audit standards in accordance with Labor Code §§129(b)(1) & (2) and Title 8, California Code of Regulations §10107.1. The 2010 standards are based on the audit results of calendar years 2006 through 2008.

### **Performance standards for 2010**

- The PAR performance standard for audits conducted in 2010 is **1.75629**. Audit subjects with PAR performance ratings of 1.75629 or lower will be required to pay any unpaid compensation, but no penalties will be assessed. If a PAR audit subject's PAR performance rating is 1.75630 or *higher*, the audit will expand to a **full compliance audit (FCA)**, and an additional sample of indemnity claims will be audited.

- The FCA performance standard for audits conducted in 2010 is **2.08062**. FCA audit subjects with an FCA performance rating of 2.08062 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 FCA subject's full compliance audit performance rating is 2.08063 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 2010 is now posted on the DWC Audit and Enforcement Unit Web site at <http://www.dir.ca.gov/dwc/2010Perf.pdf>.

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