THOMAS P. DiNAPOLI
COMPTROLLER

110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

May 19, 2021

Ms. Clarissa M. Rodriguez
Chair
Workers' Compensation Board
328 State Street
Schenectady, NY 12305

Re: Report 2019-WCB-01

Dear Chair Rodriguez:

Our Office examined[1] the Workers' Compensation Board (Board) payments to claimants, attorneys, insurance companies and medical providers from the Board's special funds during the period January 1, 2019 through December 31, 2019. Our objectives were to determine whether payments were appropriate and: (i) complied with the New York State Workers' Compensation Law, (ii) were consistent with applicable fee schedules, and (iii) complied with the Board's policies and procedures.

A. Summary of Results

Our Office identified 1,208 errors totaling nearly $4.28 million that were approved by the Board and submitted to our Office for audit, approval and payment (see Attachment A). The errors included: duplicate payments; payments not in compliance with or inconsistent with applicable medical fee schedules; claimant or payment errors; unsupported charges; or incorrectly calculated compensation.

In addition, our auditors identified 917 errors totaling nearly $3.85 million in claims that contained an incorrect or missing product code, which identifies the specific type of claim for which the Board's Third Party Administrator (TPA) is seeking funds for payment. This incorrect or missing data limits the ability to monitor TPA performance and perform accurate data analysis. We did not include these findings in Attachment A of this report, but provided these details to the Board separately.

[1] We performed our examination in accordance with the State Comptroller's authority set forth in Article V, Section 1 of the State Constitution, as well as Article II, Section 8(1) and (7), and Article VII, Section 111 of the State Finance Law.

Our auditors requested that the Board provide us with more easily accessible electronic access to payment and claimant information. However, the Board has been unwilling to provide certain data fields (e.g., Social Security Number, Date of Birth, Claimant Address and Payment Address) in the format that we requested. Instead of the Board providing this data to us in easy to use electronic files, we must obtain the data by manually retrieving the information one record at a time which is time consuming and delays our auditors in their work to identify fraud, waste and improper payments. We continue to work with and encourage the Board to provide these requested data fields in a useful format.

We also asked for copies of TPA subcontracts to ensure the TPAs are paying the correct amounts on claims to the extent payments vary from applicable medical fee schedules. With the exception of one subcontract, the Board has also been unwilling to provide subcontracts to our auditors citing no access to them. Without access to these subcontracts, our auditors cannot ensure that payments of claims are made in accordance with contract terms.

We shared a draft report with Board officials and considered their comments (Attachment B) in preparing this final report. The comments of this Office on the Board's response are set forth in Attachment C. While Board officials generally disagreed with our findings, the Board has made some improvements to their own processes by addressing several of our current and past findings. These changes include implementation of a system to check for duplicate payment of claims, and reassignment of staff to review medical bills for appropriateness. In addition, the Board has developed a new database to review and track requests for payment.

B. Background and Methodology

The Board processed more than 580,000 claims totaling nearly $732 million from its four special funds in 2019 - the Uninsured Employers' Fund, the Special Fund for Disability Benefits, the Second Injury Fund, also referred to as the Special Disability Fund, and the Fund for Reopened Cases. The Board completed its transition from its Financial Management Information System to the Statewide Financial System (SFS) in April 2018 and processed all claim payments in the SFS for all of 2019. Use of the SFS allows the Board and our Office to process claim payments timely and efficiently through one centralized system.

The Board has contracts with four TPAs: FCS Administrators Inc. (FCS), NCACOMP Inc. (NCA), SAFE LLC (SAFE), and Triad Group LLC (Triad) to perform the Board's claims administration responsibilities, which include case management, processing indemnity and medical payments and providing monthly reports to the Board.

In addition to our daily review of claims, we worked with the Board to obtain claimant and payment data files and TPA subcontracts, as discussed in the Summary of Results above. In addition to the Board's request to change the way claims are processed and paid by our Office beginning in 2021, we coordinated with the Board on plans to transition to a new payment process that facilitates a secure transfer of supporting claim data to our Office. To ensure an effective transition to the new process, we have had ongoing discussions with the Board regarding the proposed approach and how it will impact the audit and approval of claims payments.

To accomplish our objectives, we used data analytics to identify high-risk claims for examination and reviewed applicable fee schedules, bills from medical providers, receipts and any other pertinent documentation which supported the claims.

Recommendations

1) *Take necessary steps to ensure the Board and the TPAs accurately process claims and recover monies as appropriate.*

2) *Provide electronic access to data fields (e.g., Social Security Number, Date of Birth, Claimant Address, and Payment Address) in a more accessible format and TPA subcontracts, as requested by this Office.*

3) *Continue to coordinate with this Office to identify areas of improvement in claims processing.*

We would appreciate your response to this report by June 18, 2021, indicating any actions planned to address the recommendations in this report. We thank the management and staff of the Workers' Compensation Board for the courtesies and cooperation extended to our auditors.

Sincerely,

Bernard J. McHugh
Director of State Expenditures

Encl: Attachment A
Attachment B
Attachment C

cc: David Wertheim, Acting Executive Director and General Counsel
Suzanne Aluise, Director of Financial Administration

Attachment A

Workers' Compensation Board
Error Types by Claims Processing Entity
Resulting from Daily Audit Activities
Calendar Year 2019

Error Type	WCB		Triad		NCA		SAFE		FCS		Total	
	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount
Duplicate Payments	5	$71,803	24	$94,227	208	$918,807	48	$366,889	17	$40,109	302	$1,491,835
Noncompliant or Inconsistent with Applicable Fee Schedule	1	1,038	84	114,951	246	645,015	174	584,543	13	89,262	518	$1,434,809
Claimant or Payment Errors	10	178,613	5	7,117	57	395,849	6	5,237	1	6,840	79	$593,656
Unsupported Charges	0	0	13	17,334	57	156,316	77	386,805	2	2,425	149	$562,880
Incorrectly Calculated Compensation	6	54,060	24	13,528	55	48,563	63	58,914	12	16,936	160	$192,001
Total	**22**	**$305,514**	**150**	**$247,157**	**623**	**$2,164,550**	**368**	**$1,402,388**	**45**	**$155,572**	**1,208**	**$4,275,181**

NEW YORK STATE OF OPPORTUNITY. | Workers' Compensation Board

ANDREW M. CUOMO
Governor

CLARISSA M. RODRIGUEZ
Chair

September 15, 2020

Bernard J. McHugh, Director of State Expenditures
Office of the State Comptroller
110 State Street
Albany, NY 12236

Dear Mr. McHugh:

Attached please find the Workers' Compensation Board's (Board) comments in response to the Office of the State Comptroller's (OSC) Draft Audit Report (2019-WCB-01).

As noted in the report, the Board processed approximately 580,000 claims totaling nearly $732 million from its various special funds in 2019. OSC has identified $4.3 million in errors for the audit period. However, the Board objects to most of the findings identified as errors in OSC's report.

As you are aware, calendar year 2018 was a time of great transition in the Board's approach to managing the payments from the various special funds. Not only did we move to the Statewide Financial System (SFS), but we also procured the services of qualified Third-Party Administrators (TPAs) to manage over 180,000 claims within the Fund for Reopened Cases. Prior to the transition, every payment to a claimant, medical provider, attorney, etc., was manually entered into the financial system as its own voucher. The Board generated approximately 260,000 uniquely auditable payments per year. Because the payments on these claims are now administered by TPAs, the Board currently only makes 1,700 payments per year. Instead of paying claimants, medical providers, attorneys, etc., directly, we now fund the TPAs for payments they are making.

For 2019 (the audit period) OSC's audit procedures continued to fail to recognize or support this 2018 change in business practice. Therefore, solely to accommodate OSC's audit needs, the Board continued to create 260,000 vouchers, with 3-4 FTEs dedicated to this function. Board resources dedicated to this effort would be more effectively utilized in the front-end management of the Board contracted TPAs.
It is important to note that the funding requests audited by OSC are an intermediary step in the process of providing funds to claimants, providers, attorneys, etc. Once the TPA receives the funding from SFS, the TPA processes the payment directly from their own accounts. The final record of payment resides in the TPAs system and the Board performs a regularly scheduled reconciliation with each TPA to ensure that the funds provided are appropriate to what has been paid. Standard business practice would provide advanced lump-sum funding to a TPA to make payments on behalf of a carrier with only a post-audit to

*See State Comptroller's Office Comments

reconcile funds. OSC's process of pre-audit is entirely unique in the world of workers' compensation payments and one that has required significant adaptation for the Board and the TPAs.

As such, before the end of 2019 we intended to discontinue this ineffective and inefficient data entry process and fully capitalize on our streamlined new business model by entering vouchers into SFS in a manner that accurately reflects how the TPAs are being funded. Further, the staff dedicated to the manual entry of these individual vouchers were to be redeployed to direct oversight of the TPAs, an organizational change that would better serve both the injured workers' and providers. In response to OSC's concerns regarding their readiness to adjust their audit procedures accordingly, and to ensure there is no unnecessary disruption in payments, the Board postponed the transition to April 1, 2020. With the COVID-19 outbreak, this transition was again postponed. However, the Board is prepared to reestablish the planned transition and before the end of this month will provide OSC files to begin their own testing. It is expected that full implementation of the new model will be complete before the end of 2020.

As to the details contained in the OSC draft report, the Board considers most of the reported findings to be improperly identified errors that are more a function of OSC's continued application of standard audit protocols to the nuanced workers' compensation environment.

The substantial efforts OSC has long undertaken to learn about the claim's administration processes performed by the Board and its third-party administrators are apparent and appreciated. However, the Workers' Compensation Law (WCL) and claims administration process is complex. As the Board continues to refine its procedures to maximize the efficiencies expected by moving to the SFS/TPA model for managing claims, it will continue to work with OSC to ensure payments made are appropriate. The Board will make every effort to keep OSC apprised of any procedural changes so that their audit procedures can be adjusted accordingly.

Thank you for the opportunity to comment.

Sincerely,

Clarissa M. Rodriguez
Chair

*See State Comptroller's Office Comments

Background

The Board processes more than $700 million annually from its various special funds, including the Special Disability Fund (WCL §15.8), the Fund for Reopened Cases (WCL §25-a), the Uninsured Employers' Fund (WCL §26-a) and the Special Fund for Disability Benefits (WCL §214). Prior to April 2018, the Board processed these payments from its internal Financial Management Information System (FMIS). After a multi-year transition from FMIS to the Statewide Financial System (SFS), the Board began to process these payments from SFS in April 2018.

At the same time as the massive conversion to SFS occurred, management of the more than 20,000 active claims of the Fund for Reopened Cases (as well as an additional 160,000 inactive claims that can reopen) was transitioned away from the Special Funds Conservation Committee (SFCC) to four competitively procured Third-Party Administrators (TPAs). The TPAs are licensed by the Board and collectively possess decades of experience with specific expertise managing claims in the complex workers' compensation system. The TPAs are responsible for all aspects of case management including the direct payment of all appropriate indemnity, medical, legal, defense of fund, etc. Prior to the transition, the Board made roughly 260,000 payments annually to claimants, medical providers, attorneys, etc. from the Fund for Reopened Cases. In the current environment, the TPAs make these payments directly; the Board now processes approximately 1,700 payments a year to the TPAs.

Before the TPAs release payments (to claimants, medical providers, attorneys, etc.), they request funding from the Board. To protect fund assets, this is provided "just-in-time", with only a 10 to 14-day (and in some instances less) turnaround from TPA request to Board funding. Even though this transition occurred in 2018, OSC insists on continuing to pre-audit all medical and compensation payments that are now being made by the TPAs before the just-in-time funding is released. In other words, OSC is auditing the 1,700 payments as if the Board continues to make 260,000 payments. This means that the TPAs and the Board must create files and manipulate data for the sole purpose of preserving OSC's audit procedures. The Board has transformed our approach to managing these claims, only to be held to OSC requirements based on the previous environment. Ironically, this continues to give rise to many of the findings identified by OSC.

Additionally, to satisfy OSC pre-audit requirements, the Board significantly limited its review period. In fact, the Special Funds Group (SFG), the unit within the Board responsible for the oversight of the TPAs and for approving the just-in-time funding, was only given 24-48 hours to review payment requests. Then the Accounting Unit only had 24-48 hours to ensure the data is accurately input to SFS. OSC had at least five business days to perform their pre-audit. This scheme proved untenable, as it is simply illogical to reduce the Board's review period in favor of providing OSC extra review time.

As such, the Board is prepared to discontinue this ineffective and inefficient data entry process and fully capitalize on its streamlined new business model by entering vouchers into SFS in a manner that accurately reflects how the TPAs are being funded. The Board will reestablish the planned transition before the end of this month and will provide OSC files to begin their own testing. It is expected that full implementation of the new model will be complete before the end of 2020.

Moreover, many of the audit findings from prior periods have highlighted that the coding established for the TPAs to use when submitting funding requests, and for input to SFS, was unnecessarily complicated. For example, separate expense codes were established for different types of medical treatment: durable medical goods expense code is 316416 and diagnostic/office visit coding is 316414. The appropriate coding for an office visit where durable

medical goods were provided can be open to interpretation. While the distinction may have been relevant under the old manner of managing claims, this information does not need to be tracked in SFS; specific data, when (and if) needed, is available from the TPAs upon request. Accordingly, the Board streamlined its coding requirements.

Finally, it is the Board's position that valid payments are achieved when the correct payee is paid the correct amount, from the correct account. The Board considers any payments that meet this standard as valid and should not have been flagged as an error by OSC.

Summary of Findings

Given the context described above, the Board's comments on the specific findings contained in the audit report are as follows:

Category	Amount	Board Comments
Duplicate Payments	$1,491,835	The vast majority (85%) of the duplicates identified by OSC occurred prior to September 2019. In July of 2019, the calendar year 2018 audit report was provided to the Board, with $1 million in duplicate requests identified as a finding. Based on this, the Board immediately implemented a robust duplicate checking process in September of 2019, which has resulted in drastically reduced findings related to duplicates. Furthermore, it is important to note that these would not have resulted in duplicate payments being issued to claimants, providers, attorneys, etc. These would have been identified during the reconciliation the TPAs performed prior to checks being released and subsequent reimbursements to the TPAs would have been adjusted accordingly. These findings are a function of OSC's application of standard audit protocols to the nuanced workers' compensation environment and the specific funding model used by the Board for the TPAs.
Unsupported Charges	$562,880	Under WCL, claims administrators are permitted, encouraged, and required to make decisions to voluntarily pay benefits without a formal decision directing such payments. In most cases this is to ensure that the claimant receives the support and treatment they need without undue delay. Proper TPA claims administration involves cost benefit analyses at every turn. Claims administrators may opt to pay certain claimed benefits, even where there may not be a clear entitlement, to avoid the imminent litigation costs associated with disputing such claims. Claims administrators may wait to collect monies owed until it can be recovered in a lump sum, rather than collect in installments, to avoid the risks of overpayment or underpayment. Claims administrators may negotiate medical bill payment rates or contract with third-party entities to secure better pricing for services and equipment. After careful evaluation, the Board has

		entrusted these claims administration decisions and practices to the expert TPAs. Additionally, the funding model utilized by the Board requires the TPAs to request funding in anticipation of payments being made. This "just-in-time" funding leaves little room for delays. Specifically, this category includes $307,311 in findings identified as "voucher not yet due". OSC contends that the TPAs should not request funding from the Board until the payment to claimants or provider is actually "due". Again, OSC is applying standard audit protocols to amounts paid pursuant to a complex workers' compensation framework. For example, if a law judge's decision has been issued directing a payment and no objection is going to be made, in order to ensure the claimant is paid appropriately, there is nothing that prohibits early release of that payment. In addition, if the TPA requests payment from the Board, it does not necessarily mean that the TPA will prematurely release payment, simply that they are attempting to have the funding in place to ensure timely payments and avoid potential penalties. Reconciliations between funding requests and amounts paid by the TPAs are done regularly and will identify any discrepancies; concern regarding overpayments is unwarranted.
Incorrectly Calculated Compensation	$192,001	Many of the errors identified as "incorrectly calculated compensation" were legitimate errors identified by OSC. However, any overpayments made to claimants, providers or attorneys can be offset against future amounts due.

In addition to the findings noted above, OSC identified $3.85 million in what is described as "incorrect or missing product code". Product codes were created in SFS for internal Board use only and have no relevance to claimants, their providers or the TPAs. As discussed with OSC, the coding established for entering TPA funding requests into SFS was unnecessarily complicated. As such, the Board has since simplified our product code structure. It should be noted, however, that regardless of the coding structure used, product codes have no impact on the amounts paid, the payees or the accounts paid from. Beginning in April of 2019, OSC ceased rejecting vouchers with what they considered incorrect coding. Of the $3.85 million in findings noted for 2019, $723,000 was from prior to April and the remaining $3.1 million is related to payments made from May – December. It is unclear why these vouchers are still being noted as findings.

Regarding the three recommendations noted in OSC's report, the Board offers the following:

Recommendation #1: Take necessary steps to ensure the Board and the TPAs accurately process claims and recover monies as appropriate.

Response #1: The Board has contracted with TPAs that maintain all industry standard claim servicing procedures and expertise. Each TPA is licensed by the Board through a rigorous process of exams and interviews to ensure they understand the WCLs, regulations and application of fee schedules. In addition, the Board provides regular guidance and oversight of all claims processing. Recently, a procurement was issued to select industry claims

professionals that will conduct reviews on the TPAs handling of claims. With regard to recovery of monies, in the unlikely event that a TPA does make an overpayment, the TPA is empowered to offset future payments.

Recommendation #2: Continue to coordinate with this office to identify areas of improvement in claims processing.

Response #2: In October of 2019, OSC and the Board, at the Board's request, began a series of ongoing meetings to discuss OSC's monthly findings. Prior to implementing this ongoing communication, OSC and the Board lacked any opportunity to discuss trends in findings or the overall process in real-time. Historically findings were only discussed after an annual report was produced regarding the previous year's operations. In the new spirit of collaboration, OSC now provides the Board with a summary of monthly findings on or after the first of each month for the previous month. This has allowed the Board to respond more readily to potential areas of concern.

The Board has also implemented many continual improvements in the monitoring of our TPAs. The Board has implemented a more robust system to check for duplicates, reassigned staff with expertise in medical bill review and is in the process of implementing a new database custom built for review and tracking of requests for payment.

Most notably, as promised in our response to the 2018 Audit Report, the Board has worked with OSC toward development of a streamlined vouchering system. Due to the request from OSC to delay implementation of the system and in consideration of the impacts of COVID-19 on agency operations, the Board has delayed the effective date of the new streamlined vouchering process. However, the Board stands ready to move forward with OSC to deliver on our promise to maximize the intended efficiencies in moving to the SFS/TPA system and ensure that accurate and appropriate payments are made.

Recommendation #3: Provide data fields and TPA subcontracts requested by this Office.

Response #3: The Board has provided most of the data elements requested by OSC. However, as conveyed on multiple occasions, it is not feasible for other data to be provided. While the Board appreciates that OSC may want certain data to fulfill other audit responsibilities, information such as social security number is not required for the payment of workers' compensation benefits and is therefore not consistently captured in our files. As has always been the case, OSC will continue to have access to the Board's systems and the TPA claims files and has full authority and permission to access this data on any claim they are auditing.

Also, OSC has requested contracts between our TPAs and their third-party vendors. These arrangements between TPAs and third-party vendors are permissible under the law and exist regardless of our contracts with the TPAs. We are not privy to the agreements between the TPAs and these vendors, and therefore cannot provide them to OSC.

Attachment C

State Comptroller's Office Comments on Auditee Response

The comments included below constitute our Office's overall observations on the Board's response to our audit report. Our Office chose to broadly summarize our comments based on the entirety of the Board's response in lieu of a detailed response to each point of disagreement.

The Board objects to the majority of our findings identified in this report. However, prior to our Office denying or adjusting any claims, both the Board and its Third Party Administrators (TPAs) agreed to the audit finding and agreed to correct and resubmit the claim to prevent an inappropriate or erroneous payment. Furthermore, while the Board continues to object to most of our findings, Board officials have established an audit function which designed a system to check for duplicates, reassigned staff to review medical bills for appropriateness and developed a new database to track claims submitted by the TPAs. These actions by the Board support that our findings are valid and have made an impact on the Board's processes.

In its response to our audit report, the Board detailed the transition of claims processing from its Financial Management Information System to the Statewide Financial System (SFS). Prior to the transition, the Board utilized, in part, the Special Funds Conservation Committee for its claims management responsibilities. The Board has since contracted with TPAs for the majority of this oversight and audit function and relies on the TPAs to ensure claims are accurate. In communications with our auditors, the Board has suggested that our Office should cease the pre-audit of these claim payments and rely on the Board's post-payment reconciliation to recover any inappropriate payments. To date, the Board has provided our Office with no assurance that this reconciliation process would detect inappropriate and erroneous payments or provide for recovery of funds when such payments are made.

Over the last several years, our audit findings and savings have grown significantly, from just over $500,000 in 2017 to more than $4.4 million in 2018 and nearly $4.3 million in 2019. This illustrates the importance of the pre-payment audit to ensure payment appropriateness. The Board now recognizes the importance of proper claims oversight and has developed a process to review the claims submitted for payment by the TPAs prior to submission to our Office.

The Board continues to deny our requests for several critical data fields in a more accessible electronic format. As the Board states, this Office "will continue to have access to the Board's systems and the TPA claims files and has full authority and permission to access this data on any claim [we] audit." However, this manual access on a claim by claim basis significantly limits the

efficiency and effectiveness of our audit. Given that we already have manual, claim-by-claim access to this data, we again request that the Board provide the data in a format that will allow for an efficient and effective audit process, saving time and resources for both our Office and the Board.

Additionally, our Office spent a considerable amount of time working with the Board to prepare for a new payment process proposed by the Board that was fully implemented on January 1, 2021. The Board contends that delays in the implementation of the new payment process were due to the actions of our Office. In fact, in late 2019, the Board and this Office mutually agreed to postpone the new payment process until April 1, 2020. Additionally, the Board initiated a further postponement of the new payment process when the COVID-19 pandemic began.

The Board indicates that our Office's audit procedures don't recognize or support its change in business practice (move to SFS and use of TPAs). In fact, our Office has coordinated extensively with the Board and SFS, before, during and long after the Board transitioned to the SFS. This collaboration included mutual agreement on all business practices involved in the transition. Our auditors have met routinely with Board staff to discuss audit findings, trends, and areas of improvement. We will continue to work with the Board to address improvement opportunities as they arise.

NEW YORK STATE OF OPPORTUNITY. | Workers' Compensation Board

ANDREW M. CUOMO
Governor

CLARISSA M. RODRIGUEZ
Chair

DAVID F. WERTHEIM
Acting Executive Director

June 18, 2021

Bernard J. McHugh
Director of State Expenditures
Office of the State Comptroller
110 State Street
Albany, NY 12236

Dear Mr. McHugh:

The following serves as the Workers' Compensation Board's response to the recommendations made by the Office of the State Comptroller (OSC) in the audit report issued 05/19/2021.

As stated in our September 15, 2020 response to the draft report (attached to OSC's final audit report), the Board considers most of the reporting findings to be improperly identified errors that are more a function of OSC's continued application of standard audit protocols to the nuanced workers' compensation environment.

Regarding the three general recommendations made by OSC, the Board offers the following:

OSC Recommendation #1: Take necessary steps to ensure the Board and the TPAs accurately process claims and recover monies as appropriate.

Board Response #1: The Board has contracted with TPAs that maintain all industry standard claim servicing procedures and expertise. Each TPA is licensed by the Board through a rigorous process of exams and interviews to ensure they understand the WCL, regulations and application of fee schedules. In addition, the Board provides regular guidance and oversight of all claims processing. Recently, the Board has commenced independent claims reviews on the TPAs handling of the claims. Regarding the recovery of monies, in the unlikely event that a TPA does make an overpayment, the TPA is empowered to offset future payments.

OSC Recommendation #2: Provide electronic access to data fields (e.g., social security number, date of birth, claimant address, and payment address) in a more accessible format and TPA subcontracts, as requested by this Office.

Board Response #2: The Board has provided most of the data elements requested by OSC. However, and as conveyed on multiple occasions, it is not feasible for the other data to be provided. While the Board appreciates that OSC may want certain data to fulfill other audit responsibilities, information such as social security number is not required for the payment of workers' compensation benefits and is therefore not consistently captured in our files. As has always been the case, OSC will continue to have access to the Board's systems and the TPA claims files and has full authority and permission to access this data on any claim they are auditing.

Also, OSC has requested contracts between our TPAs and their third-party vendors. These arrangements between TPAs and third-party vendors are permissible under the law and exist

regardless of our contracts with the TPAs. We are not privy to the agreements between the TPAs and these vendors, and therefore cannot provide them to OSC.

OSC Recommendation #3: Continue to coordinate with this Office to identify areas of improvement in claims processing.

Board Response #3: In October of 2019 (towards the end of the audit period) OSC and the Board began a series of ongoing meetings to discuss trends in findings and the overall process, including potential improvements. Prior to implementing this ongoing communication, OSC and the Board lacked any opportunity to discuss issues in real-time. Historically, findings were only discussed after an annual report was produced regarding the previous year's operations. Today, OSC provides the Board with a summary of monthly findings on or after the first of each month. This has allowed the Board to respond more readily to potential areas of concern.

The Board has also implemented many continual improvements in the monitoring of our TPAs. The Board has employed a more robust system to check for duplicates and a new database custom built for review and tracking of requests for payment. As evidenced by the dramatic decrease in what OSC considers findings (now provided by OSC to the Board monthly), many of the improvements implemented have proven successful. The Board is confident that this success will be demonstrated in OSC's audit report for 2021.

Finally, it is important to note that during 2021, the Board executed the first Assumption of Liability (ALP) policy for the Fund for Reopened Cases, transferring almost 2000 claims to a private carrier. We are in the process of preparing the next tranche of claims to be transferred. As these ALPs are done the Board's role in the processing of these payments will be eliminated. As such, the Board is always mindful of the cost/benefit of any significant system changes or process improvements, given the expected short-term nature of the Board's control of these claims.

Thank you for the opportunity to comment.

Sincerely,

Clarissa M. Rodriguez
Chair