



Oregon

Theodore R. Kulongoski, Governor

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To: Workers' compensation insurers, self-insured employers, and third-party administrators

Subject: Employer-at-Injury Program audit methodology change

The purpose of this notice is to advise you that the Workers' Compensation Division (WCD) plans to implement a change in audit methodology for the Employer-at-Injury Program (EAIP).

In 2003, the division revised its EAIP audit methodology to address customer concerns with the audit process while still maintaining appropriate oversight of the public monies that fund the program. Since then, our field audit team has reviewed all insurer and self-insured employer EAIP reimbursements of more than \$1,000 and a five percent sample of reimbursements totaling \$1,000 or less (with a minimum of five reimbursements). For those reimbursements audited, our team conducted full audits and reviewed all records related to reimbursements of wage subsidy, worksite modification costs, and return-to-work purchases.

We have continued to review our audit methodology based on performance data captured during our audits. Based on our analysis of the 2005-2006 audit cycle, which reviewed reimbursements made in 2003, we are further adjusting our audit methodology. The 2006-2007 audit cycle will review requests reimbursed during the period of January 1, 2004 through December 31, 2004. The audit will recognize strong performance and focus on particular problem areas:

- All insurers and self-insured employers that had 100 percent claims accuracy during the 2005-2006 audit cycle will not be audited in this cycle. We will audit those companies in future cycles.
- All companies that had between 90 and 99 percent claims accuracy during the 2005-2006 audit cycle will receive reduced audits. The reduced audit will focus on the performance areas that accounted for 93-100 percent of all deviations in the prior cycle. We will review three components relating to wage subsidy reimbursements: whether the wage subsidy period was valid; whether the gross wages reported for reimbursement were calculated correctly; and whether the gross wages reported for reimbursement were limited to the wage subsidy period.
- All companies that had claims accuracy below 90 percent or that were not audited during the 2005-2006 audit cycle will receive full audits. The full audit will review all records related to reimbursements of wage subsidy, worksite modification costs, and return-to-work purchases.
- We will continue to select the reimbursements for all audit samples consistent with the methodology used for the 2005-2006 cycle.

- During each audit we conduct, our audit team will identify and address any training needs the company may have regarding appropriate use of the EAIP and the program's reimbursement requirements.

You may view EAIP audit performance data from the 2005-2006 audit cycle on WCD's Web site at www.wcd.oregon.gov. Click on "Audits" in the left menu.

At the end of this upcoming cycle, the division will continue our ongoing review of audit methodologies based on performance data and program objectives. This may result in further modifications to our audits.

If you have any questions regarding this notice, contact Sally Coen, Field Audit Unit manager, (503) 947-7687, or send e-mail to sally.c.coen@state.or.us.



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