

WCAC AUDIT COMMITTEE  
MINUTES  
May 1, 2012  
GEF-1 H303 - 10:00am

Members present: Stephanie Bloomingdale, Jeff Brand, Mark Grapentine, Janell Knutson

Staff present: Joy Schmitt, Lee Shorey, Mike Topp

Others present: James Buchen, Laura Leitch, Forbes McIntosh, Rebecca Hogan, Dr. Janet Jamieson

1. Welcome and Introductions: Ms. Knutson called the meeting to order at 10:00 a.m. and the attendees introduced themselves.
2. Review of 2011 Wisconsin Act 183, section 30(2): Ms. Knutson reviewed the statutory authority for the committee. The committee's assignment is to develop and recommend to the Worker's Compensation Advisory Council the scope of the first audit of State certified Workers Compensation databases. The audit must be commenced by November 1, 2012 or the standard deviation is increased and the permanent partial disability benefit maximum rate is decreased, both effective January 1, 2013. Once the scope of the audit is developed, if the committee has any thoughts on who should conduct the audit, those can be relayed to the WCAC as well, keeping in mind that the department will retain an auditor consistent with state procurement rules.
3. Brief review of s. 102.16(2) and DWD 80.72: Ms. Knutson provided a handout which covered information on the reasonableness of fees dispute resolution process. The relevant statute (§102.16(2)) and administrative code provisions (§DWD 80.72) have been in effect since 1992. Prior to that time, starting in 1987, ALJs made decisions on disputes based on a desk review and guide letters were issued. Wisconsin is the only state in the nation with this system. Databases are certified with the department and individual billing codes must be certified as having 25 or more occurrences in an economically-similar geographic region, with the maximum allowable charge amount calculated at 1.2 standard deviations from the mean. Originally the standard deviation was 1.5; then in 2004 it was decreased to 1.4, and as of April 17, 2012 it is 1.2. Ms. Knutson, Ms. Schmitt and Mr. Topp discussed with the committee members the types of disputes, current certified databases, fee dispute process and factors for reducing reimbursements and dispute process concerns. The members were provided with a line graph chart that showed the number of total health cost disputes filed from 1996 to 2011.
4. Current procedures on certification of databases: Mr. Shorey reported on the current procedures for certification of the databases governed by §DWD 80.72 (7) and (8) and issues that have arisen in the past. He handed out the application for certification packet that all companies must complete when requesting initial certification. Mr. Shorey also provided comparison data from Fair Health for a few CPT codes showing the reduction in maximum allowable charges for 1.4 and 1.2 standard deviations from the mean. In addition, he provided a limited data comparison with database allowable charges for the Ingenix and True Course databases compared to Worker's Compensation Research Institute data for January 1, 2008.
5. Discussion on scope of audit: The members discussed possible issues to consider for the scope of the audit including:
  - Geographical regions used (current statutes and rules do not define "economically similar geographic regions")

- Source data checking
- Set level for occurrences required for certification of specific billing codes (i.e., is 25 occurrences enough to get a statistically significant/adequate sample)
- Cleansing methodologies used
- All or selective data used in setting the standard deviation amount (i.e., are some providers excluded)
- Adequately refreshing data (how old is the data)
- Data to be based on charge data
- Are Medicare charges excluded for data collecting?
- Is Medicaid data included in the data collected?
- Organizational structure of database companies
- Validation that the companies are using processes, procedures and methodologies consistent with those reported to the WCD and their internal documents

The members also discussed considerations for the audit process itself including:

- Where the audit will be conducted
- What process was used to validate the data
- What software applications are used by the companies
- How is data collected
- Will there be site visits with structured interviews of company staff
- Who will conduct the audit

6. Future meetings: The next WCAC meeting is June 26, 2012. The Audit Committee should present its recommendations on the scope of the audit at that meeting. Future Audit Committee meetings are scheduled as follows:

May 21, 2012 10:30am

June 19, 2012 9:30am

7. Adjournment: The meeting adjourned at approximately 1:30 p.m.