



Proven Solutions for Cost Containment

Government Affairs Alert

April 21, 2011

FL DWC Announces Tighter Audit Evaluation Components

In late 2010, the Florida Division of Workers' Compensation (DWC) Bureau of Monitoring and Audit released a memorandum regarding revised audit activity in 2011. In the memo, DWC stated that they will begin enhanced audit evaluations for all claims effective January 1, 2011, and as part of these revised audit evaluations, DWC will now review Explanation of Benefits (EOB) communications.

In 2004, DWC instituted comprehensive changes to EOB requirements as part of the implementation of the State Reporting program. These instituted DWC- specific EOB notification provisions have not significantly changed since 2004 and are still in effect today. Florida's EOB requirements can be found in Rule 69L-7.602(5) (o) and (q) Florida Administrative Code (F.A.C.) on DWC's website at www.myfloridacfo.com/wc/forms.html. Under these rule(s), all EOBs must contain, at a minimum, the following seven data elements:

- 1) Insurer Name
- 2) Division-issued insurer number
- 3) Insurer mailing address
- 4) Correct use of EOB codes
- 5) Correct matching description for EOB codes
- 6) State that EOB constitutes a "notice of disallowance or adjustment of payment within the meaning of Section 440.13(7), F.S."
- 7) Name and mailing address of entity designated to receive service on behalf of "carrier and all affected parties" for purpose of receiving a copy of a petition for reimbursement dispute resolution from provider

For each audit conducted between January 1 and June 30, 2011, DWC will begin evaluating adherence to required EOB data elements on selected claims in order to provide feedback to insurers regarding EOB compliance. However, on audits conducted after July 1, 2011, (during which DWC will still review selected claims for adherence to EOB requirements), any non-willful pattern and/or practice violation of 69L-7.602(5) (o) and (q) F.A.C. could lead to a penalty of \$2,500, if compliance falls below 90% for any **one** EOB data element in accordance with Section 440.525(4) F.S. and 69L-24.007 F.A.C.

As your partner, PMSI is aware that DWC has begun pre-auditing entities and that one area of review during pre-audit is compliance with all EOB requirements. PMSI is confident communications with network pharmacies meets all EOB requirements. However, PMSI encourages concerned clients to communicate with PMSI to undertake a review of current billing files to ensure your internal billing processes/data transmissions are capturing, storing and able to retrieve necessary data elements when subject to a Division audit. Please inform your Account Management Representative to secure a dialogue with our Billing and State Reporting Department.

If you have any questions regarding this communication or any other government-related topic, please contact your dedicated Account Manager. You may also contact our Director of Government Affairs, Kevin Tribout at Kevin.Tribout@pmsionline.com or 813.627.2445.

PMSI—Proven Solutions for Cost Containment. Founded in 1976, PMSI is a leader in developing solutions to control the growth of medical costs in workers' compensation. As one of the nation's largest and most experienced companies focused solely on workers' compensation, we deliver proven solutions for cost containment across the claims lifecycle. PMSI's Pharmacy, Medical Services and Equipment, and Settlement Solutions products deliver quantifiable results and improve the quality of care for injured workers. We provide our customers with the innovation, focus, expertise, analytics and technology needed to successfully deliver workers' compensation benefits. For more information, visit www.pmsionline.com or call 877.ASK.PMSI.

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