

State of California
Department of Industrial Relations
Division of Workers' Compensation
Audit & Enforcement Unit

2020 AUDITS

A Report to the California Legislature on
Claims-Handling Practices of Workers'
Compensation Administrators



State of California
Gavin Newsom, Governor

2020 Audits of Workers' Compensation Insurers, Self-Insured Employers and Third-Party Administrators

Pursuant to Labor Code section 129(e), the Administrative Director of the Division of Workers' Compensation (DWC) submits this thirty-first annual workers' compensation report summarizing the results of audits conducted by the DWC Audit & Enforcement Unit.

2020 Audit Results

Profile Audit Review (PAR) standard 1.32020/Full Compliance Audit (FCA) standard 1.60183

Labor Code sections 129 and 129.5 provide the framework for oversight and enforcement of the regulations of the Administrative Director for the prompt and accurate provision of workers' compensation benefits.

The performance of any insurer, self-insurer, or third-party administrator is rated for action in specific areas of benefit provision. Of foremost importance is the payment of all indemnity owed to the injured worker for an industrial injury. The timeliness of all initial and subsequent indemnity payments and compliance with the regulations of the Administrative Director for provision of notice for a qualified or agreed medical evaluation are also measurable performance factors.

The DWC Audit & Enforcement Unit completed 60 audits, of which 33 were routinely selected for PAR. In addition, another 27 audits were selected, of which three were target audits based on the failure of a prior audit, and 24 audits were based on credible referrals and/or complaints filed with the Audit Unit. The PAR audit subjects consisted of 9 insurance companies, 11 self-administered/self-insured employers, 33 third-party administrators (TPA), and seven insurance companies/third-party administrators that combined claims-adjusting locations.

In all audits, claim files were randomly selected for review, with the number of indemnity and denied cases selected based on the number of claims reported in each of those populations for the audit subject in the three calendar years before the audit commenced. In addition, if any complaints were received regarding possible violations of the Labor Code or regulations of the Administrative Director, each respective claim file related to a complaint may have been part of the audit pursuant to California Code of Regulations (CCR), Title 8, sections 10107.1(c)(2), (d)(2), and (e)(2).

Pursuant to CCR, Title 8, section 10107.1(c) and (d), either a "PAR sample" of up to 59 or a "FCA sample" of up to 138 indemnity claims is audited, depending on the claims administrator's performance, as measured in the key areas after the PAR sample is audited. CCR, Title 8, section 10107.1(e), provides for a "sample" of up to 67 denied claims that may be audited. The sample size depends on the claims administrator's performance, as measured in specific areas of benefit provision and determined by

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reviewing all audits of indemnity claims in the "FCA stage 1 sample."

In 2020, within the PAR/FCA audits, compliance officers audited 5,195 claim files, of which 2,820 were randomly selected claims, and 25 claim files were audited based on CCR, Title 8, section 10107.1, complaints received by the DWC. In addition, compliance officers conducted Civil Penalty Audits and Investigations based on CCR, Title 8, section 10106.1(b) which included 2,350 targeted claim files based on credible complaints, referrals received by the DWC, and 5814 awards, as identified in Labor Code section 5814. A further 7 audited claims were designated as "additional" files. Additional files include the following:

- Claims audited as a companion file to randomly selected file.
- Claims chosen based on criteria relevant to a target audit but for which no specific complaints had been received
- Claims in excess of the number of claims in the random sample, audited because the files selected were incorrectly designated in the log.

Basis for the PAR Performance Rating

The current audit regulations (CCR, Title 8, sections 10100.2–10115.2) took effect May 20, 2009. The audit regulations are crafted to produce more efficient audits of workers' compensation claims administrators, and to establish procedures and penalty provisions for statutory and regulatory obligations.

Pursuant to CCR, Title 8, section 10107.1(c)(3), when the DWC Audit & Enforcement Unit conducts a PAR audit of claim files, a performance rating is calculated for the sample of randomly selected indemnity claims. At present, the performance rating is a composite score reflecting claims performance based on the following:

- The percentage of randomly selected claims with unpaid indemnity and the amount of unpaid indemnity in those claims
- The percentage of randomly selected claims with late first temporary disability (TD) payments and/or failure to comply with the regulations for the provision of the first notice of salary continuation in lieu of TD payment
- The percentage of claims with late first payments of permanent disability (PD) or death benefits
- The percentage of claims with late subsequent indemnity payments
- The percentage of claims with violations involving a failure to comply with the regulations for the provision of notices to advise injured workers of the process for selecting Agreed Medical Examiners (AME) or Qualified Medical Examiners (QME).

The amended Labor Code section 4650(b)(2) came into effect January 1, 2013, and

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now provides that, under specific circumstances set by statute, PD indemnity is not payable to an injured employee until after it is awarded by the Workers' Compensation Appeals Board (WCAB).

As calculated pursuant to CCR, Title 8, section 10107.1(c)(3), low performance rating numbers reflect good claims-handling performance, and high performance rating numbers reflect poor performance. If an audit subject's PAR performance rating meets or exceeds the PAR performance standard, the audit is terminated, and no administrative penalties are assessed for claims violations. In order to meet or exceed the PAR performance standard, an audit subject's PAR performance rating must meet or exceed the ratings of the worst 20% of performance ratings calculated for all audits conducted over the three-year period preceding the audit. In other words, a PAR performance rating for a 2020 audit that falls within the range of the 80% best scores of all audits conducted from 2017 through 2019 meets or exceeds the PAR performance standard for 2020, which is 1.32020.

Performance Ratings of Audit Subjects

The performance for the 33 routine audit subjects in 2020 can be broken down as follows:

- Twenty-one audit subjects (64%) met or exceeded the PAR 2020 performance standard and therefore had no penalty citations assessed in accordance with Labor Code section 129.5(c) and CCR, Title 8, section 10107.1(c)(4). However, these audit subjects were ordered to pay all unpaid compensation.
- Twelve audit subjects (36%) failed to meet or exceed the PAR standard, and their audits expanded into full compliance audits of indemnity claims (FCA stage 1). Five of them failed to meet or exceed the FCA 2020 performance standard, and their audits expanded into full compliance audits of indemnity claims (FCA stage 2), and samples of denied claims to be audited were added. These audit subjects were assessed administrative penalties for all penalty citations in accordance with Labor Code section 129.5(c) and CCR, Title 8, sections 10107.1(d) and (e). The other seven met or exceeded the FCA 2020 performance standard and therefore had penalty citations assessed for unpaid and late payment of indemnity pursuant to Labor Code section 129.5(c)(2) and CCR, Title 8, section 10107.1(d).

The **DWC Administrative Director's 2020 Audit Ranking Report** (Statewide Exhibit 4) is part of this annual report. The Ranking Report provides the performance ratings for the 36 audit subjects listed, from the best to the worst performer.

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In accordance with Labor Code sections 129(b)(1) and 129.5(c), the pass/failure for an audit is determined at the conclusion of the FCA of indemnity files. An audit subject that fails to meet or exceed the FCA standard is judged to have failed the audit. While the determination and rating are set at the conclusion of the FCA of indemnity files, the administrator's final performance rating may be subject to adjustment for any information provided during the final stage of the audit to address penalty citations for the previously reviewed indemnity files.

The Ranking Report also gives an accounting of the number of Notice(s) of Compensation Due issued for the individual adjusting locations.

Violations of the Administrative Director's Regulations

As a result of PAR/FCA audits conducted during calendar year 2020, the Audit & Enforcement Unit found and cited 5,051 violations against claims administrators, with administrative penalties totaling \$1,199,021.00 (Statewide Exhibit 1).

Not all administrative penalties are subject to collection. Under the Labor Code, no penalties are assessed on "cited" violations unless the audit subject fails the audit at a specific level.

If an audit subject passes the PAR, which is the first level of audit, no penalties will be assessed, in accordance with Labor Code section 129.5(c)(1). If an audit subject fails the PAR but passes the second level, or FCA stage 1, under Labor Code section 129.5(c)(2), penalties will be assessed for indemnities that were unpaid and paid late, but penalties will not be assessed for violations related to issues of compliance with administrative functions, such as the provision of notices for salary continuation and advice for agreed or qualified medical examination. If an audit subject does not pass the FCA stage 1 audit, the file review will proceed to a full compliance audit of the indemnity files plus a sample of denied claims. For the FCA stage 2 audit, in accordance with Labor Code section 129.5(c)(3), a comprehensive file review is conducted, and penalties are assessed for all violations found.

Penalties assessed for a failed FCA stage 2 audit may be modified relative to the size of the adjusting location to mitigate any inequities for penalty assessment for small and large claims administrators in accordance with CCR, Title 8, section 10111.2(c)(7).

Statewide (Exhibit 2) provides a detailed analysis of all penalties assessable, by type and those cited in 2020. In accordance with Labor Code section 129.5(c) and regulatory authority, the Audit & Enforcement Unit did not assess \$330,703.00 for administrative penalties of the cited violations for 31 of the audits that met or exceeded the PAR/FCA stage 1 audit performance standard. All violations cited in the audit that failed the FCA stage 2 performance standard were assessed. The assessed penalties subject to

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collection from claims administrators for FCA audits totaled \$868,318.00.

Unpaid Compensation Due to Employees

Audits conducted in 2020 reveal that 10.06% of the 2,822 claims reviewed had an unpaid indemnity. The DWC Audit & Enforcement Unit issued 284 Notices of Compensation Due with the final audit reports. Copies of these notices were provided to injured workers in accordance with Labor Code section 129(c).

The total compensation cited to be paid was \$332,825.68 (Statewide Exhibit 3). The unpaid compensation can be broken down as follows: \$328,552.67 owed in 2,820 of randomly selected claims, \$4,273.01 owed in 2 complaint claims submitted to the Audit Unit. An average of \$117.94 per file was found in which compensation was unpaid.

- \$206,395.73 in TD indemnity and salary continuation in lieu of TD (62% of the unpaid compensation)
- \$83,753.41 in PD indemnity (25% of the unpaid compensation)
- \$39,016.15 in 10% self-imposed increases for late indemnity payments (12% of the unpaid compensation)
- \$3,660.39 in interest and penalty other (1% of the unpaid compensation)
- \$0.00 in death benefits (0%).

When a Notice of Compensation Due is issued with the final audit findings and becomes final, the compensation is due and payable within fifteen (15) days of receipt of the notice. To avoid penalty assessments under Labor Code section 129.5(a)(2) and CCR, Title 8, section 10111.2, payment must be timely, and documentation of payment must be forwarded to the Audit & Enforcement Unit within thirty (30) days of receipt of the notice.

When the Audit Unit finds unpaid compensation due, and the injured worker cannot be located at the time of the audit, the unpaid compensation is payable by the claims administrator to the Workers' Compensation Administration Revolving Fund. In these instances, the injured worker can apply to the DWC for payment of monies deposited into this fund. In 2020, the Audit Unit did not collect any money for this fund as all injured workers were located and paid directly by Claims Administrators.

Civil Penalty Issues

Civil Penalty under Labor Code section 129.5(e)

A claims administrator identified for a return target audit because of the failure of a PAR/FCA audit conducted in 2003 or later may be subject to a civil penalty under Labor Code section 129.5(e), which reads in part:

In addition to the penalty assessments permitted in subdivision (a), the Administrative Director may assess a civil penalty, not to exceed one hundred thousand dollars (\$100,000), upon finding, after hearing, that an employer, insurer, or third-party administrator for an employer has knowingly committed or has performed with sufficient frequency so as to indicate a general business practice any of the following:

- (1) Induced employees to accept less than compensation due or made it necessary for employees to resort to proceedings against the employer to secure compensation due
- (2) Refused to comply with known and legally indisputable compensation obligations
- (3) Discharged or administered compensation obligations in a dishonest manner
- (4) Discharged or administered compensation obligations in a manner as to cause injury to the public or those dealing with the employer or insurer.

Any employer, insurer, or third-party administrator that fails to meet the FCA performance standards in two consecutive full compliance audits shall be presumed to have engaged in a general business practice of discharging and administering its compensation obligations in a manner causing injury to those dealing with it.

In 2020, the Audit Unit conducted target audits of the Corvel Corporation, San Diego, Murphy and Beane, Culver City, and Zurich North America and Zurich Services Company, Rancho Cordova, because of a failed PAR/FCA routine audit.

Other Issues

Annual Report of Inventory

CCR, Title 8, section 10104, requires claims administrators to file an annual report of inventory (ARI) with the Administrative Director (more specifically, with the Audit & Enforcement Unit) for all claims reported to each of their adjusting locations in the prior calendar year. The report is due by April 1 for any location adjusting California workers'

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compensation claims and must be filed even if no claims were reported in the prior year. The Audit Unit monitors the claims inventory for 376 active adjusting locations operating in California. In 2020, the Audit staff provided claims training workshops to 65 Claims Administrators' locations. In addition to the 60 audits completed in 2020, the Audit Unit conducted 34 Utilization Review investigations of Claims Administrators, and results of these investigations were published in February 2021 on the DWC website.

The DWC Audit & Enforcement Unit reviews, logs and tracks all complaints. In 2020, the Audit Unit tracked and logged 1,329 complaints. The Audit Unit submits all complaints to claims administrators for investigation and response to the Audit Unit within thirty days, except for complaints marked "confidential" (claims files for complaints marked confidential are reviewed by the Audit Supervisor for possible target audit action, and the complaint claim file is reviewed at the time of the audit). The Audit Unit reviews all claims administrator responses to determine whether further target or audit action is needed. In 2020, the Audit Unit tracked recoveries, which are additional payments and penalties issued to employees and providers as a result of a complaint filed with the Audit Unit. The Audit Unit collected \$344,311.63 in additional payments to employees and providers.

Profile Audit Performance Standards/Full Compliance Audit Standards for 2020

The PAR and FCA performance standards have been updated pursuant to Labor Code section 129(b) and CCR, Title 8, sections 10107.1(c), (d), and (e). This was accomplished by taking the 2019 audit results and using the performance ratings for the five factors subject to the PAR program. The results were then combined with the 2018 and 2019 performance rating scores to develop the rating scores for 2020 (as noted earlier, the lower the number, the better the rating). The Audit Unit continues to act as a deterrent to poor claims handling and works to ensure that injured workers receive their workers' compensation benefits.

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Description of Statewide Exhibits

Statewide ([Exhibit 1](#)). Audit Penalty Assessments and Collections is a listing of audits conducted in 2020. It summarizes all files audited by type, the number and amount of penalties, the amount collected, the balance due, and the number of appeals.

Statewide ([Exhibit 2](#)). Summary of Penalties for PAR/FCA Audits describes and separates the schedule of administrative penalties described in CCR, Title 8, section 10111.2, into various categories showing the total and the amount of assessable administrative penalties in this statewide audit finding.

Statewide ([Exhibit 3](#)). Statewide Summary of Notices of Compensation Due gives, by type of indemnity, the amount of unpaid compensation found in the 284 audited claims for which notices of compensation due were issued.

Statewide ([Exhibit 4](#)). The DWC Administrative Director's 2020 Audit Ranking Report is issued in accordance with Labor Code section 129(e). The report ranks all insurers, self-insured employers, and TPA audited during 2020 according to their performance measured by the PAR and FCA performance standards.

Audit Subject & Location	R/ T/ C	INS/ SI/ TPA	Number of Files Audited					# of AP's Cited	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Balance \$ Due	Appeals	
			I	D	C	A	Total						Y	N
PAR/FCA Audits														
1 Acclamation Insurance Management Services / Rancho Cordova	R	TPA	53	0	0	0	53	37	\$6,875.00	\$6,875.00	\$0.00	\$0.00		x
2 AIG Claims, Inc. / San Diego	C	TPA	0	0	117	0	117	4	\$900.00	\$0.00	\$900.00	\$0.00		x
3 Amtrust North America / Concord	C	INS/TPA	0	0	88	0	88	5	\$500.00	\$0.00	\$500.00	\$0.00		x
4 Athens Administrators / Concord	R	TPA	59	0	0	0	59	32	\$14,830.00	\$14,830.00	\$0.00	\$0.00		x
5 Athens Administrators / Orange	C	TPA	0	0	150	0	150	3	\$400.00	\$0.00	\$400.00	\$0.00		x
6 Berkshire Hathaway Homestate Companies / Sacrame	R	INS/TPA	58	0	0	0	58	53	\$12,130.00	\$12,130.00	\$0.00	\$0.00		x
7 Cannon Cochran Management Services / Metairie, LA	C	TPA	0	0	68	0	68	3	\$600.00	\$0.00	\$600.00	\$0.00		x
8 Cannon Cochran Management Services, Inc. / Irvine	R	TPA	135	0	1	2	138	229	\$51,665.00	\$10,595.00	\$41,070.00	\$0.00		x
9 Chubb LTD. / Los Angeles	C	TPA	0	0	42	0	42	13	\$1,300.00	\$0.00	\$1,300.00	\$0.00		x
10 City of Burbank / Burbank	R	SI	73	18	0	0	91	380	\$58,655.00	\$0.00	\$58,655.00	\$0.00		x
11 City of Glendale / Glendale	R	SI	40	0	0	0	40	17	\$4,600.00	\$4,600.00	\$0.00	\$0.00		x
12 City of Long Beach / Long Beach	R	SI	53	0	0	0	53	64	\$3,835.00	\$3,835.00	\$0.00	\$0.00		x
13 City of Santa Monica / Santa Monica	R	SI	53	0	0	0	53	52	\$9,310.00	\$9,310.00	\$0.00	\$0.00		x
14 CorVel Corporation / San Diego	T	TPA	57	0	0	0	57	59	\$13,315.00	\$13,315.00	\$0.00	\$0.00		x
15 Corvel Corporation / San Diego	C	TPA	0	0	126	0	126	0	\$0.00	\$0.00	\$0.00	\$0.00		x
16 Corvel Corporation / Santa Ana	R	TPA	53	0	0	0	53	39	\$12,015.00	\$12,015.00	\$0.00	\$0.00		x
17 County of Santa Clara / San Jose	C	TPA	0	0	37	0	37	0	\$0.00	\$0.00	\$0.00	\$0.00		x
18 ESIS / Chatsworth	C	TPA	0	0	184	0	184	73	\$7,300.00	\$0.00	\$7,300.00	\$7,300.00		x
19 ESIS / Fremont	R	TPA	132	0	4	0	136	285	\$83,315.00	\$35,611.00	\$47,704.00	\$47,704.00		x
20 Farmers Insurance Exchange / Grand Rapids, MI	C	TPA	0	0	42	0	42	8	\$800.00	\$0.00	\$800.00	\$0.00		x
21 Foster Poultry Farms / Livingston	R	SI	50	0	0	0	50	76	\$17,105.00	\$17,105.00	\$0.00	\$0.00		x
22 Fresno Unified School District / Fresno	R	SI	49	0	0	0	49	55	\$5,155.00	\$5,155.00	\$0.00	\$0.00		x
23 Gallagher Basset Services / Greenwood Village, CO	C	TPA	0	0	255	0	255	2	\$200.00	\$0.00	\$200.00	\$0.00		x
24 Gallagher Bassett Services / Orange	R	TPA	59	0	3	0	62	78	\$22,715.00	\$22,715.00	\$0.00	\$0.00		x
25 Golden State Risk Management Authority / Willows	R	SI	37	0	0	0	37	19	\$2,235.00	\$2,235.00	\$0.00	\$0.00		x
26 GuideOne Insurance Company / Des Moines, IA	R	INS	109	54	1	0	164	431	\$74,445.00	\$17,549.00	\$56,896.00	\$0.00	x	
27 ICW Group / San Diego	R	INS	59	0	0	1	60	49	\$9,615.00	\$9,615.00	\$0.00	\$0.00		x
28 ICW Group / San Diego	C	TPA	0	0	0	0	0	0	\$0.00	\$0.00	\$0.00	\$0.00		x
29 Keenan & Associates / Pleasanton	C	TPA	0	0	47	0	47	0	\$0.00	\$0.00	\$0.00	\$0.00		x
30 Keenan & Associates / Torrance	R	TPA	131	63	12	3	209	425	\$181,850.00	\$0.00	\$181,850.00	\$181,850.00	x	
31 Keenan and Associates / Rancho Cordova	R	TPA	57	0	0	0	57	50	\$4,310.00	\$4,310.00	\$0.00	\$0.00		x
32 Liberty Mutual Insurance / Rocklin	C	TPA	0	0	100	0	100	9	\$900.00	\$0.00	\$900.00	\$0.00		x
33 Markel Service, Inc. / Ontario	R	TPA	101	0	0	0	101	144	\$36,250.00	\$13,614.00	\$22,636.00	\$0.00		x
34 Marriott Claims Services Corporation / Bethesda	R	SI	56	0	0	0	56	72	\$13,165.00	\$13,165.00	\$0.00	\$0.00		x
35 Matrix Absence Management, Inc. / Phoenix, AZ	C	TPA	0	0	1	0	1	7	\$1,900.00	\$0.00	\$1,900.00	\$0.00		x
36 Matrix Absence Management, Inc. / Santa Clara	R	TPA	52	0	0	0	52	46	\$6,025.00	\$6,025.00	\$0.00	\$0.00		x
37 Murphy & Beane, Inc. / Culver City	T	TPA	36	0	0	0	36	32	\$5,090.00	\$5,090.00	\$0.00	\$0.00		x
38 North American Risk Services / Altamonte Springs, FL	R	TPA	53	0	0	0	53	116	\$19,910.00	\$8,645.00	\$11,265.00	\$0.00		x
39 One Beacon Insurance Group / Englewood, CO	R	INS	90	55	2	1	148	658	\$128,526.00	\$0.00	\$128,526.00	\$0.00	x	

Audit Subject & Location	R/ T/ C	INS/ SI/ TPA	Number of Files Audited					# of AP's Cited	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Balance \$ Due	Appeals	
			I	D	C	A	Total						Y	N
PAR/FCA Audits														
40 Packard Claims Administration, Inc. / Tarpon Springs, FL	R	TPA	97	65	0	0	162	428	\$173,285.00	\$0.00	\$173,285.00	\$0.00		x
41 PTSC/MTA Risk Management Authority/Metro Transportation Authority / Los Angeles	R	SI	57	0	0	0	57	89	\$5,885.00	\$5,885.00	\$0.00	\$0.00		x
42 RICA & RICC - Republic Indemnity / Calabasas	R	INS	57	0	0	0	57	12	\$4,090.00	\$4,090.00	\$0.00	\$0.00		x
43 RICA / Encino	C	TPA	0	0	68	0	68	3	\$300.00	\$0.00	\$300.00	\$0.00		x
44 RISICO Claims Management, Inc. / Fresno	R	TPA	128	0	1	0	129	148	\$33,030.00	\$13,846.00	\$19,184.00	\$0.00		x
45 Sedgwick Claims Management Services / Rancho Cordova	R	TPA	55	0	0	0	55	17	\$1,425.00	\$1,425.00	\$0.00	\$0.00		x
46 Sedgwick Claims Management Services / Rancho Cordova	C	TPA	0	0	361	0	361	6	\$1,200.00	\$0.00	\$1,200.00	\$0.00		x
47 Sedgwick Claims Management Services / Orange	C	TPA	0	0	1	0	1	5	\$5,900.00	\$0.00	\$5,900.00	\$0.00		x
48 Sempra Energy Corp. / San Diego Gas & Electric Co. / San Diego	R	SI	42	0	0	0	42	63	\$4,565.00	\$4,565.00	\$0.00	\$0.00		x
49 SFMTA / San Francisco	C	SI	0	0	93	0	93	2	\$400.00	\$0.00	\$400.00	\$0.00		x
50 State Compensation Insurance Fund / Monterey Park	R	INS	124	0	0	0	124	228	\$45,195.00	\$16,351.00	\$28,844.00	\$0.00		x
51 State Compensation Insurance Fund / Rohnert Park	C	TPA	0	0	456	0	456	2	\$200.00	\$0.00	\$200.00	\$0.00		x
52 State Compensation Insurance Fund / Stockton	C	INS	0	0	1	0	1	30	\$14,680.00	\$0.00	\$14,680.00	\$0.00		x
53 The Hartford / Lexington, KY	C	INS	0	0	64	0	64	0	\$0.00	\$0.00	\$0.00	\$0.00		x
54 The Hartford / Rancho Cordova	R	INS	55	0	0	0	55	50	\$21,135.00	\$8,227.00	\$12,908.00	\$0.00		x
55 The Travelers Companies, Inc / Rancho Cordova	R	INS/TPA	58	0	0	0	58	35	\$5,030.00	\$5,030.00	\$0.00	\$0.00		x
56 The Travelers Companies, Inc. / Rancho Cordova	C	INS/TPA	0	0	47	0	47	1	\$100.00	\$0.00	\$100.00	\$0.00		x
57 WCF National Insurance Company / Roseville	R	INS	45	0	0	0	45	70	\$13,190.00	\$13,190.00	\$0.00	\$0.00		x
58 Zurich North America and Zurich Services Corporation / Rancho Cordova	T	INS/TPA	135	0	1	0	136	190	\$50,970.00	\$9,755.00	\$41,215.00	\$0.00		x
59 Zurich North America and Zurich Services Corporation / Woodland Hills	C	INS/TPA	0	0	1	0	1	9	\$2,700.00	\$0.00	\$2,700.00	\$0.00		x
60 Zurich North America and Zurich Services Corporation / Woodland Hills	C	INS/TPA	0	0	1	0	1	38	\$4,000.00	\$0.00	\$4,000.00	\$0.00		x
			2,558	255	2,375	7	5,195	5,051	\$1,199,021.00	\$330,703.00	\$868,318.00	\$236,854.00		

R - Routine 33
T - Target 3
C - Complaint 24
TOTAL 60

INS Insurer 9
SI Self-Insured Employer 11
TPA Third-Party Administrator 33
INS/TP Insurer/Third-Party Administrator 7
TOTAL 60

Calendar Year: 2020

Statewide Exhibit 2

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Statewide Summary of Penalties for PAR/FCA Audits

Cited by Type of Penalty

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	549	\$248,145.00	\$70,813.00	\$177,332.00	\$126,671.00	Y
Late first payment of permanent disability indemnity benefits (PD).	69	\$52,320.00	\$13,309.00	\$39,011.00	\$29,727.00	Y
Late subsequent payment of indemnity benefits.	534	\$145,654.00	\$28,245.00	\$117,409.00	\$64,841.00	Y
Late first payment of death benefits (DB).	0	\$0.00	\$0.00	\$0.00	\$0.00	N
Failure to issue benefit notices other than specific notices for denial of liability.	537	\$69,240.00	\$2,319.00	\$66,921.00	\$59,521.00	Y
Late provision of benefit notices other than specific notices for denial of injury.	288	\$20,530.00	\$4,214.00	\$16,316.00	\$7,886.00	Y
Failure to comply with requirements to provide notice of the QME/AME process.	1,964	\$253,362.00	\$144,277.00	\$109,085.00	\$84,184.00	Y
Failure to pay any TD or SC in lieu of TD.	242	\$202,740.00	\$46,455.00	\$156,285.00	\$123,365.00	Y
Failure to pay any PD indemnity benefit.	19	\$20,780.00	\$3,232.00	\$17,548.00	\$14,228.00	Y
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	151	\$29,335.00	\$5,806.00	\$23,529.00	\$16,809.00	Y
Failure to pay any indemnity as ordered by the WCAB.	7	\$10,520.00	\$7,800.00	\$2,720.00	\$1,120.00	Y
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	10	\$4,150.00	\$2,112.00	\$2,038.00	\$1,967.00	Y

Calendar Year: 2020

Statewide Exhibit 2

Page 2 of 2

Statewide Summary of Penalties for PAR/FCA Audits

Cited by Type of Penalty

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	385	\$77,680.00	\$1,148.00	\$76,532.00	\$45,027.00	Y
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	6	\$2,200.00	\$112.00	\$2,088.00	\$668.00	Y
Failure to issue training or SJDB voucher (injuries on/after 01/01/04) in the manner required by law or regulation.	0	\$0.00	\$0.00	\$0.00	\$0.00	N
Failure to provide notices denying all liability or death benefits as required.	12	\$3,000.00	\$28.00	\$2,972.00	\$2,767.00	Y
Failure to timely respond to a request to provide or authorize medical treatment.	2	\$240.00	\$0.00	\$240.00	\$240.00	N
Failure to include specific items or properly designate entries on a claim log.	23	\$2,220.00	\$56.00	\$2,164.00	\$1,554.00	Y
Materially incomplete or inaccurate benefit notices including denial for all liability.	157	\$6,235.00	\$301.00	\$5,934.00	\$4,780.00	Y
Failure to investigate.	3	\$1,900.00	\$0.00	\$1,900.00	\$1,900.00	N
Failure to fully or timely comply with any award or order of the WCAB for issues other than payment of indemnity under 8CCR§10111.2(a).	3	\$1,840.00	\$168.00	\$1,672.00	\$642.00	Y
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	81	\$10,820.00	\$308.00	\$10,512.00	\$7,457.00	Y
Unsupported denial of all liability for a claim.	9	\$36,110.00	\$0.00	\$36,110.00	\$36,110.00	N
TOTAL	5,051	\$1,199,021.00	\$330,703.00	\$868,318.00	\$631,464.00	

Administrative penalties assessed pursuant to Labor Code Section 129.5(c) and regulatory authority.

Calendar Year 2020

Statewide Exhibit 3

**Statewide Summary of
284 Notices of Compensation Due**

Type of Compensation	Amount Found Due
Temporary Disability	\$ 206,395.73
Permanent Disability	\$ 83,753.41
Self-Imposed Increase	\$ 39,016.15
Death Benefits	\$ -
Penalty, Interest or Other	\$ 3,660.39
Total Compensation Due:	\$ 332,825.68

	Routine and Target Audits conducted pursuant to Labor Code Sections 129(b)(1)(2)(3), and 129.5(c)(1)(2)(3) (Rankings from the best to the worst performers) AUDIT SUBJECT / LOCATION	PAR Standard 1.32020	F Stage 1 Standard 1.60183	F Stage 2 Final Rating	Unpaid Compensation All Claim Files 284 / \$332,825.68
<i>The following audit subjects under the Profile Audit Review (LC 129) met or exceeded the PAR standard (1.32020 or less). All administrative penalties were not assessed pursuant to Labor Code Section 129.5(c)(1). The unpaid compensation found due to injured workers within each claim file was ordered paid.</i>					
1	RICA & RICC - Republic Indemnity / Calabasas	0.20064		0.20064	1 / \$1,088.34
2	Sedgwick Claims Management Services / Rancho Cordova	0.22440		0.22440	0 / \$0
3	City of Glendale / Glendale	0.32836		0.32836	2 / \$3,957.63
4	The Traveler's Companies, Inc. / Rancho Cordova	0.49454		0.49454	4 / \$1,516.44
5	Golden State Risk Management Authority / Willows	0.53961		0.53961	2 / \$379.16
6	ICW Group / San Diego	0.62630		0.62630	2 / \$1,128.62
7	Matrix Absence Management, Inc. / Santa Clara	0.65485		0.65485	5 / \$2,167.18
8	Athens Administrators / Concord	0.81277		0.81277	7 / \$10,952.42
9	Murphy & Beane, Inc. / Culver City	0.81894		0.81894	4 / \$1,008.73
10	City of Santa Monica / Santa Monica	0.83708		0.83708	5 / \$1,654.42
11	Fresno Unified School District / Fresno	0.86295		0.86295	0 / \$0
12	Berkshire Hathaway Homestate Companies / Sacramento	0.86503		0.86503	1 / \$38.38
13	Rancho Cordova	0.87189		0.87189	0 / \$0
14	Acclamation Insurance Management Services / Rancho Cordova	0.87536		0.87536	4 / \$9,115.03
15	Sempra Energy Corp. / San Diego Gas & Electric Co. / San Diego PTSC/MTA Risk Management Authority/Metro Transportation	0.93724		0.93724	6 / \$1,189.76
16	Authority / Los Angeles	0.97585		0.97585	3 / \$2,025.60
17	CorVel Corporation / San Diego	1.09169		1.09169	7 / \$5,613.76
18	City of Long Beach / Long Beach	1.19020		1.19020	0 / \$0
19	Marriott Claims Services Corporation / Bethesda	1.20506		1.20506	4 / \$14,525.45
20	Gallagher Bassett Services, #138 / Orange	1.25449		1.25449	11 / \$1,553.53
21	CorVel Corporation / Santa Ana	1.26582		1.26582	2 / \$26,572.43
22	WCF National Insurance Company / Roseville	1.28577		1.28577	4 / \$1,529.86

23	Foster Poultry Farms / Livingston	1.30352		1.30352	6 / \$3,599.04
<p><i>Eight audit subjects under the Profile Audit Review (LC 129) failed to meet or exceed the PAR standard (1.32020 or less). The audit proceeded to the Full Compliance Audit Stage 1 [LC 129(b)(2)] and four of the ten met or exceeded the Full Compliance Audit Stage 1 standard (1.60183 or less). Administrative penalties pursuant to Labor Code 129.5(c)(2) were assessed and unpaid compensation found due injured workers within each claim file was ordered paid.</i></p>					
24	RISICO Claims Management, Inc. / Fresno	1.36690	1.23600	1.23600	10 / \$16,850.76
25	Zurich North America and Zurich Services Corporation / Rancho Cordova	1.47344	1.27616	1.27616	18 / \$11,846.61
26	Markel Service, Inc. / Ontario	1.37610	1.38742	1.38742	11 / \$13,834.52
27	The Hartford / Rancho Cordova	1.74237	1.47759	1.47759	7 / \$9,833.31
28	State Compensation Insurance Fund / Monterey Park	1.40968	1.50525	1.50525	19 / \$11,672.79
29	ESIS / Fremont	1.54500	1.55699	1.55699	15 / \$18,574.15
30	Cannon Cochran Management Services, Inc. / Irvine	2.87646	1.56479	1.56479	27 / \$10,168.43
31	North American Risk Services / Altamonte Springs, FL	1.72567	1.57410	1.57410	7 / \$3,777.78
<p><i>Five audit subjects under the Profile Audit Review (LC 129) failed to meet or exceed the PAR standard (1.32020 or less) and proceeded to the Full Compliance Audit Stage 1 [LC 129(b)(2)], where they failed to meet or exceed the Full Compliance Audit Stage 1 standard (1.60183 or less). The audit then extended to the Full Compliance Audit Stage 2 [LC 129(b)(2)] for a comprehensive and detailed review of the audit subject's performance. Administrative penalties pursuant to Labor Code 129.5(c)(3) were assessed and unpaid compensation found due to injured workers within each claim file was ordered paid.</i></p>					
32	GuideOne Insurance Company / Des Moines, IA	1.65064	1.70762	1.70762	16 / \$5,884.06
33	Keenan & Associates / Torrance	1.51161	1.80394	1.80686	18 / \$24,221.78
34	City of Burbank / Burbank	2.94819	2.14378	2.14378	9 / \$24,546.90
35	One Beacon Insurance Group / Englewood, CO	2.39961	2.57024	2.57024	20 / \$19,912.56
36	Packard Claims Administration, Inc. / Tarpon Springs, FL	2.57515	4.29192	4.29192	27 / \$72,086.25