

## **2019-102 AUDIT SCOPE AND OBJECTIVES**

### **Department of Industrial Relations—Qualified Medical Evaluator Program**

The audit by the California State Auditor will provide independently developed and verified information related to the Department of Industrial Relations' (Industrial Relations) Division of Workers' Compensation (division) oversight and regulation of the Qualified Medical Evaluator program (program). The audit's scope will include, but not be limited to, the following activities:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Identify the number of Qualified Medical Evaluators (medical evaluators) and the number of requests for their services during the last five fiscal years. To the extent possible, determine whether the current number of medical evaluators can meet the demand for the program's services. Determine what efforts, if any, the division has made to increase the number of medical evaluators participating in the program.
3. Review the division's policies and procedures for appointing and reappointing medical evaluators and determine whether they comply with state laws and regulations. Review a selection of medical evaluator appointments and reappointments to determine whether the division is following its processes and complying with statutory requirements.
4. Review the division's policies and procedures for medical evaluators to appeal denial of appointments and reappointments and determine whether they comply with state laws and regulations. Review a selection of appeals by medical evaluators to determine whether the division is following its processes and complying with statutory requirements.
5. Assess the process used by the division to establish its existing fee schedules for the program and determine whether the process complies with state laws and regulations. In addition, evaluate the process, if any, the division uses to update or modify program fee schedules. To the extent possible, assess the reasonableness and fairness of the fee schedules.
6. Review the division's process for investigating and resolving complaints filed by medical evaluators when insurance carriers deny or reduce their payments for services. Review a selection of complaints filed by medical evaluators to determine whether the division followed its process and complied with statutory requirements.
7. Assess how the division allocates its audit resources and prioritizes reviews of medical evaluators and insurance carriers.
8. Evaluate the relationship between the division, the insurance industry, and the independent bill review process. To the extent that specific concerns are identified, review communications between the division and the various parties.
9. Determine whether the division collected funds on behalf of the insurance industry from medical evaluators and distributed those funds to insurance carriers or other parties. To the extent it occurred, determine whether the division's collection and payment of those funds complied with state laws and regulations.
10. Review and assess any other issues that are significant to the audit.