

COMPLIANCE AUDIT REPORT

STATE OF MAINE
WORKERS' COMPENSATION BOARD



Broadspire Services, Inc.
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Office of Monitoring, Audit & Enforcement

Paul H. Sighinolfi, Esq.
Executive Director/Chair

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SUMMARY

Broadspire Services, Inc. (Broadspire) is a third-party administrator (TPA) that handles Maine workers' compensation claims for several insurers and self-insured employers.

The Audit Division of the Maine Workers' Compensation Board (Board) examined fourteen (14) claim files where indemnity benefits were paid for the period under examination (2014) as well as sixty (60) medical payments for the period under examination (2014) to determine compliance with statutory and regulatory requirements in the following areas:

- Timeliness of benefit payments
- Accuracy of benefit payments

The claim sample was drawn from a listing of all of Broadspire's 2014 Maine workers' compensation claims. The medical payment sample was drawn from a listing of all of Broadspire's 2014 medical payments for those claims in the sample.

Broadspire handles its Maine workers' compensation claims primarily in Dedham, Massachusetts and Poland, Maine.

The audit work was conducted as a desk audit.

The compliance tables found on pages 9 through 11 of this report are representative of Board findings as of September 30, 2015. Since that time, the Audit Division has received additional information, missing form filings, form corrections, indemnity payments and adjustments.

Following is a discussion of the aforementioned compliance tables and of the steps taken since September 30, 2015 to rectify identified noncompliance issues. This discussion also includes other significant issues identified by the audit.

➤ **Timeliness of benefit payments**

- Title 39-A M.R.S.A. Section 205(2) provides the time requirements for indemnity payments.
- When there is not an ongoing dispute, failure to pay weekly compensation benefits or accrued weekly benefits within 30 days after becoming due and payable is a violation of Title 39-A M.R.S.A. Section 205(2) and subject to penalty under Section 205(3).
- Initial Indemnity Payments:
 - Eleven (11) initial indemnity payments were made timely and two (2) claims received “salary continuation” from their respective employers.
 - Broadspire’s compliance rate for initial indemnity payments (timely payments and “salary continuation” collectively) is 81%, which is below the Board’s performance benchmark of 87%.
 - Three (3) initial indemnity payments were made late.
 - One (1) late initial indemnity payment was made later than 30 days after it became due and payable, in violation of Section 205(2) and subject to penalty under Section 205(3).
- Subsequent Indemnity Payments:
 - Two hundred (200) subsequent indemnity payments were made timely.
 - Eight (8) subsequent indemnity payments were made late.
- Board Rules and Regulations Chapter 5 states in part, “The employer/insurer shall pay the health care provider’s charge or the maximum allowable payment under this fee schedule, whichever is less, within 30 days of receipt of a bill unless the bill or previous bills from the same provider or the underlying injury has been controverted or denied. If an employer/insurer controverts whether a health care provider’s bill is reasonable and proper under § 206 of the Act, the employer/insurer shall send a copy of the notice of controversy to the health care provider.”
 - Fifty-seven (57) medical payments were made timely.
 - Three (3) medical payments were made late.
- Title 39-A M.R.S.A. Section 324(1) provides the requirements for compensation payments per an approved agreement, order or decision. Board Rules and Regulations Chapter 8, Section 18.2 provides the requirements for compensation payments per a Consent Between Employer and Employee (WCB-4A).
 - One (1) Lump Sum Settlement and two (2) mediation agreements were paid timely.

➤ **Accuracy of indemnity payments**

- Title 39-A M.R.S.A. Section 102(4) and Board Rules and Regulations Chapter 1, Section 5 provide the requirements for calculating average weekly wages (AWWs). Title 39-A M.R.S.A. Section 102(1) and Board Rules and Regulations Chapter 8, Section 9 provides the requirements for determining weekly compensation rates (WCRs). Title 39-A M.R.S.A. Sections 212, 213, and 215 provide the requirements for compensation for total incapacity, partial incapacity, and death benefits.
- The accuracy of indemnity payments was reviewed for fourteen (14) claims.
- Average Weekly Wage:
 - Thirteen (13) AWWs were correct.
 - One (1) AWW was incorrect.
- Weekly Compensation Rate:
 - Twelve (12) WCRs were correct.
 - Two (2) WCRs were incorrect.
- Partial Benefits Calculation Method:
 - The method used to calculate partial benefits was correct for two (2) claims.
- Amount Paid:
 - Four (4) claims were compensated correctly and one (1) claim received “salary continuation” from its employer.
 - Four (4) claims were underpaid (\$640.09 aggregately).
 - Since September 30, 2015, Broadspire paid the amounts due.
 - Five (5) claims were overpaid (\$1,362.19 aggregately).
 - Collectively, the aforementioned errors resulted in a net overpayment of \$722.10 to injured workers.

➤ **Accuracy of medical payments**

- Title 39-A M.R.S.A. Section 209-A and Board Rules and Regulations Chapter 5, provide the fee setting requirements for medical and ancillary services and products rendered by individual health care practitioners and health care facilities.
- The accuracy of medical payments was reviewed for ten (10) claims.
- Amount Paid:
 - Medical payments sampled for seven (7) claims were correct.
 - Medical payments sampled for three (3) claims were incorrect.

➤ **Other significant issues**

- Box 22 (First Day Of Compensability After Waiting Period Is Met) of the WCB-3, Memorandum of Payment (MOP) must accurately reflect the date of the first compensable day that follows the completion of the 7-day waiting period. See the Board's Forms and Petitions Manual.
 - An incorrect date was reported in Box 22 of the MOP that was filed for one (1) claim.
- Box 24 (Date Check Mailed) of the WCB-3, Memorandum of Payment (MOP) must accurately reflect the date that the initial indemnity payment (for the incapacity addressed by the MOP) is sent to the employee. See the Board's Forms and Petitions Manual.
 - Incorrect dates were reported in Box 24 of the MOPs that were filed for four (4) claims.
- Additional payments were made since the "Final" WCB-11 Statement of Compensation Paid was filed for three (3) claims.
- The Maine Workers' Compensation Act provides no vehicle for the unilateral recovery of benefit overpayment(s). See Board decision *Pritchard v. S.D. Warren Co.* and Law Court decision *Bureau v. Staffing Network*. Recoveries under Section 324 and Section 360(2) fall under Board jurisdiction.
 - Evidence of a successful attempt to recover an overpayment of benefits was found on one (1) claim.

PENALTIES

➤ **Penalties payable to providers and/or injured employees**

Title 39-A M.R.S.A. Section 205(3)

“When there is not an ongoing dispute, if weekly compensation benefits or accrued weekly benefits are not paid within thirty (30) days after becoming due and payable, \$50 per day must be added and paid to the worker for each day over thirty (30) days in which the benefits are not paid. Not more than \$1,500 in total may be added pursuant to this subsection. For purposes of ratemaking, daily charges paid under this subsection do not constitute elements of loss.”

A delay of an initial indemnity payment, subject to penalty under Section 205(3), was found on the following claim:

CLAIM	PENALTY JUSTIFICATION	PENALTY EXPOSURE
Elena O’Brien vs. Land O’ Lakes, Inc. Date of Injury: 3/22/14 Date ER Notified of Incapacity: 10/20/14 Claim# 186740222-001 Board# 14007128	No NOC was filed for the 2 nd period of incapacity until 101 days after compensation became due and payable (11/3/14). The “mandatory payment” was made 4/13/15, which was 161 days after compensation became due and payable (11/3/14).	\$1,500.00*
Total Penalties to Injured Employees for Delays of Initial Indemnity Payments		\$1,500.00

* This claim has been settled by Lump Sum and the Audit Division is not pursuing penalties (on behalf of the corresponding employee) arising from the violation cited.

Delays of “other” indemnity payments, subject to penalty under Section 205(3), were found on the following claims:

CLAIM	PENALTY JUSTIFICATION	PENALTY EXPOSURE
Robert Boyle vs. Coca-Cola Bottling of Northern New England, Inc. Date of Injury: 2/4/14 Date ER Notified of Incapacity: 4/4/14 Claim# 186696973-001 Board# 14006655	The claimant’s benefits were improperly discontinued on 4/15/14. Payment of accrued benefits was made 2/12/16, which is 654 days after compensation became due and payable (4/29/14).	\$1,500.00
James Nelson vs. Coca-Cola Bottling of Northern New England, Inc. Date of Injury: 1/3/14 Date ER Notified of Incapacity: 5/14/14 Claim# 186672098-001 Board# 14000378	The claimant was totally incapacitated from 4/22/15 through 4/29/15. Payment for one (1) day of that incapacity was made 2/22/16, which was 285 days after compensation became due and payable (5/13/15).	\$1,500.00

CLAIM	PENALTY JUSTIFICATION	PENALTY EXPOSURE
Kevin Parks, Sr. vs. Land O'Lakes, Inc. Date of Injury: 3/17/14 Date ER Notified of Incapacity: 4/9/14 Claim# 186726404-001 Board# 14006766	The claimant was totally incapacitated from 4/25/15 through 5/1/15. Payment for that incapacity was made 2/22/16, which was 283 days after compensation became due and payable (5/15/15).	\$1,500.00
Total Penalties to Injured Employees for Delays of "Other" Indemnity Payments		\$4,500.00

◆ **Penalties payable to the State General Fund**

Title 39-A M.R.S.A. Section 359(2)

“In addition to any other penalty assessment permitted under this Act, the Board may assess civil penalties not to exceed \$25,000 upon finding, after hearing, that an employer, insurer or 3rd-party administrator for an employer has engaged in a pattern of questionable claims-handling techniques or repeated unreasonably contested claims. The Board shall certify its findings to the Superintendent of Insurance, who shall take appropriate action so as to bring any such practices to a halt. This certification by the Board is exempt from the provisions of the Maine Administrative Procedure Act. The amount of any penalty assessed pursuant to this subsection must be directly related to the severity of the pattern of questionable claims-handling techniques or repeated unreasonably contested claims. All penalties collected pursuant to this subsection shall inure to the benefit of the General Fund. An insurance carrier’s payment of any penalty assessed under this section may not be considered an element of loss for the purpose of establishing rates for workers' compensation insurance.”

- No action will be taken at this time.

To avoid future penalty referral(s) under Section 359(2) and/or 360(2), Broadspire must take corrective measures to address the following inadequacy:

- Failure to pay benefits accurately

Title 39-A M.R.S.A. Section 360(2)

“The Board may assess, after hearing, a civil penalty in an amount not to exceed \$1,000 for an individual and \$10,000 for a corporation, partnership or other legal entity for any willful violation of this Act, fraud or intentional misrepresentation. The Board may also require that person to repay any compensation received through a violation of this Act, fraud or intentional misrepresentation or to pay any compensation withheld through a violation of this Act, fraud or misrepresentation, with interest at the rate of 10% per year.”

- No action will be taken at this time.

To avoid future penalty referral(s) under Section 360(2) and/or 359(2), Broadspire must take corrective measures to address the following inadequacy:

- Failure to pay benefits accurately

COMPLIANCE TABLES

◆ Timeliness of Benefit Payments

A. Initial Payment of Indemnity Benefits

			2014	
			Number	Percent
Check Issued Within:				
0-14	Days	Compliant	13	81%
15-44	Days		1	6%
45+	Days		2	13%
Total			16	100%

B. Subsequent Payment of Indemnity Benefits

			2014	
			Number	Percent
Check Issued Within:				
0-7	Days	Compliant	200	96%
8-37	Days		8	4%
Total			208	100%

C. Medical Payments

			2014	
			Number	Percent
Check Issued Within:				
0-30	Days	Compliant	57	95%
31+	Days		3	5%
Total			60	100%

D. Payment of Approved Agreements, Orders, Decisions

			2014	
			Number	Percent
Check Issued Within:				
0-10	Days	Compliant	3	100%
Total			3	100%

◆ **Accuracy of Indemnity Payments**

E. Average Weekly Wage

		2014	
		Number	Percent
Calculated:			
Correct	Compliant	13	93%
Incorrect		1	7%
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Total		14	100%

F. Weekly Compensation Rate

		2014	
		Number	Percent
Calculated:			
Correct	Compliant	12	86%
Incorrect		2	14%
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Total		14	100%

G. Partial Benefits

		2014	
		Number	Percent
Calculated:			
Correct	Compliant	2	100%
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Total		2	100%

H. Amount Paid

		2014	
		Number	Percent
Calculated:			
Correct	Compliant	5	36%
Underpaid		4	28%
Overpaid		5	36%
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Total		14	100%

◆ **Accuracy of Medical Payments**

I. Amount Paid

		2014	
		Number	Percent
Calculated:			
Correct	Compliant	7	70%
Incorrect		3	30%
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Total		10	100%
		<hr/>	