

WCAC AUDIT COMMITTEE  
MINUTES  
May 21, 2012  
GEF-1 F105  
Madison, WI

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

Staff present: Joy Schmitt and Lee Shorey

Others present: Forbes McIntosh, Rebecca Hogan, Dr. Janet Jamieson, and Debbie Rickelman

1. Welcome and Introductions: Ms. Knutson called the meeting to order at 10:30 a.m. via teleconference and the attendees introduced themselves.

2. Review of Minutes: The committee members approved the minutes of the May 1, 2012 meeting without corrections.

3. Correspondence: Ms. Knutson reviewed correspondence dated May 7, 2012 from Dr. Janet Jamieson, which provided some background information on the issue of "sampling" and whether or not a sample of 25 individual charges for a treatment code is sufficient to represent a geographical area.

4. Discussion of scope of audit: Ms. Knutson reviewed the criteria for certification of the databases governed by Wis. Admin. Code §DWD 80.72 (7) and (8). The committee discussed further the proposed elements of the scope of the audit. The members discussed the possibility that the audit scope be divided into two sections. The first section would consist of the required items and the second section would consist of the items of secondary importance that would be included in the audit depending upon the cost and timeline of the audit.

The proposed required items are as follows:

1. The factors set forth in Wis. Admin. Code §DWD 80.72(7)(a) 1 through 6 as follows:

1. The fees in the data base accurately reflect the amounts charged by providers for procedures rather than the amounts paid to or collected by providers, and do not include any medicare charges.

2. The information in the data base is compiled and sorted by CPT code, ICD-9-CM code, ADA code, DRG code or other similar coding accepted by the department.

3. The information in the data base is compiled and sorted into economically similar regions within the state, with the fee based on the location at which the service was provided.

4. The information in the data base can be presented in a way which clearly indicates the formula amount for each procedure.

5. The applicant authorizes and assists the department to audit or investigate the accuracy of any statements made in the application for certification by any reasonable method including, if the applicant did not collect or compile the data itself, providing a means for the department to audit or investigate the process used by the person who collected or compiled the data.

6. The information in the data base is up-dated and published or distributed by other methods at least every 6 months.

2. The factors set forth in Wis. Admin. Code §DWD 80.72(7)(b) 1 through 5 as follows:
  1. The coverage of the data base, including the number of CPT codes, ICD-9-CM codes or DRGs for which there are data; the number of data entries for each code or DRG; the number of different providers contributing to a code or DRG entry; and the extent to which reliable data exist for injuries most commonly associated with worker's compensation claims;
  2. The sources from which the data are collected, including the number of different providers, insurers or self-insurers;
  3. The age of the data, and the frequency of the updates in the data;
  4. The method by which the data are compiled, including the method by which mistakes in charges are identified and corrected prior to entry and the extent to which this occurs; and the conditions under which charges reported to the applicant may be excluded and the extent to which this occurs;
  5. The extent to which the data are representative of the entire geographic area for which certification is sought;
3. Validation that the companies are using processes, procedures and methodologies consistent with those reported to the WCD on the application and their internal documents;
4. Source data checking (i.e., how is the company getting the information, from a TPA or directly from the providers);
5. Determination of whether Medicaid charges are included;
6. Criteria used by the companies to determine economically similar regions;
7. Determination of the cleansing methodologies used and how "outlier charges" are addressed;
8. Determination of whether all or selective data is used in setting the standard deviation amount (i.e., are some providers excluded);
9. Determination of the organizational structure of the database companies;
10. Identification of the number of providers included in the data collection and a review of whether the number of providers is adequately representative of the total providers in the geographical regions identified by the databases.

The proposed items of secondary importance include:

1. Obtain an opinion from the auditor as to whether the department should consider defining "economically similar regions" and if so, a recommendation on the number of regions and how the regional boundaries should be determined;
2. Obtain an opinion from the auditor as to whether the current level of 25 occurrences per code per region required by the department is statistically significant and if it should be changed.

Other considerations for the audit discussed by the members include that the audit should involve site visits and structured interviews with the people working in data collection and analysis, and analysis of the criteria build into the customized software for data collection and cleansing.

Mr. Brand raised the issue of protection of trade secrets as set out in Wis. Admin. Code §DWD 80.72(8)(b). The members requested that the WCD provide information at the next meeting on the state request for proposal (RFP) process.

5. Research Requests: Mr Shorey reviewed a limited comparison of certified formula amounts for three certified databases. The data compares specific frequently used medical billing codes in zip code 53202 for three certified databases for 1.4 and 1.2 standard deviations. The spreadsheet shows the variance among the databases for certified formula amounts and sample sizes. Mr Shorey may conduct an analysis on most frequently used codes and provide the committee with the information for the next meeting.

6. Adjournment: The meeting adjourned at approximately 11:40 a.m.

The next meeting is scheduled for June 19, 2012 at 9:30 a.m. via teleconference.