

Target Investigation

- From September 23, 2013 through February 11, 2014, the DWC Audit and Enforcement Unit conducted a Target investigation of Sedgwick Long Beach utilization review procedures for requests for authorization, as required by California Labor Code section 4610(i) and California Code of Regulations, title 8, sections 9792.6 through 9792.12.
- In accordance with 8CCR §9792.11(c)(2)(B)(2) the target investigation included a review of specific requests for authorization, and any credible complaints received by the Administrative Director. This review included a review of the files pertaining to the complaint or possible violations, and a request from the Workers' Compensation Appeals Board regarding the case of an injured worker, Charles Romano (Deceased), to investigate and take appropriate action against Sedgwick.
- The investigation reviewed a total of two hundred and seventy-four (274) files. These files were handled at some point by several claims examiners in the Sedgwick Long Beach office.
- The Target investigation concluded there were violations of Labor Code §4610, and specifically in two areas, (1) that only a licensed physician may modify, delay, or deny requests for authorization of medical treatment for reasons of medical necessity to cure or relieve, and (2) timely responses to requests for authorization by the injured employee's requesting treating physician.
- The Target investigation led to the issuance of a report and Notice of Utilization Review Penalty Assessments on August 17, 2015, of seventy-five (75) mandatory administrative penalties, assessed for a penalty value of **\$1,129,600.00**.

Filing of the Order to Show Cause re: UR Administrative Penalties

- The Administrative Director filed an Order to Show Cause on August 19, 2015, seeking \$1,129,600.00 in administrative penalties on August 19, 2015. Sedgwick filed its Response on October 28, 2015.
- The Administrative Director appointed a pre-hearing conference judge and a trial judge, and set a pre-hearing conference for January 27, 2016, and a trial date of February 29, 2016.

Settlement

- The parties reached a settlement of the OSC on approximately December 29, 2015.