



Pennsylvania Compensation Rating Bureau

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April 25, 2018

PENNSYLVANIA TEST AUDIT PROGRAM BULLETIN #121

AUDIT NONCOMPLIANCE CHARGE

PCRB Circular 1655 (and DCRB Circular 915) announced the establishment of an Audit Noncompliance Charge (ANC) effective January 1, 2017. With the establishment of an ANC, Section VII of the PCRB Test Audit Program will be revised to reflect this new procedure (see below). The earliest impact of this change will be on policy selection notices posted to Test Audit Online on June 1, 2018. Note the existing “three attempt” rule is being retained (see PCRB Circular 1634, Rule VII; F), however policies selected for test audit with a properly executed ANC will be treated differently than the standard “three attempt” rule.

G. In cases where a carrier has exercised the ANC the carrier must show evidence of that application in order for a test audit selection to be considered for rescission. This evidence must be submitted at the time of the carriers’ response to the PCRB’s request for audit worksheets.

Requests to rescind a test audit selection based on the ANC being applied must include the following:

- Confirmation that the ANC endorsement was included at policy inception
- A copy of the billing showing statistical Code 9757 applied to premium
- Documentation showing the insured has been advised of the potential premium impact of the application of the ANC.

Absent the submission of all information required above the test audit selection cannot be rescinded.

The revisions to the Test Audit Portal reflecting these changes follow below:

From the Policy Selection tab, carriers will have a new option on the drop down menu for Type of Audit titled *Noncompliant Insured – ANC Applied*.

CARRIER RESPONSE

Type of Audit:

Claims Information:

Comments:

Carrier Physical

Independent Physical

Voluntary

Estimated/Waived

Rescind Test Audit Request

Noncompliant Insured - ANC Applied

Once *Noncompliant Insured – ANC Applied* has been selected, the carrier will be taken to a new form to attach all necessary documentation. The carrier must acknowledge that the Audit Noncompliance Charge Endorsement was applied at policy inception, provide a copy of the final billing showing that Code 9757, Audit Noncompliance Charge, was applied and document two notifications (e.g., appointment letters, progress report, etc.) showing the insured was advised of the potential premium impact resulting from the ANC application.

CARRIER RESPONSE

Type of Audit: Noncompliant Insured - ANC Applied

Provide the following supporting documentation.

ENDORSEMENT

Did you attach the ANC endorsement at policy inception?

Yes No

BILLING (Showing 9757 applied)

Click here to browse files... Browse...

Attach Additional File

DOCUMENTATION

Provide copies of notification employer received advising of the premium impact of the potential Audit Noncompliance Charge.

Click here to browse files... Browse...

Click here to browse files... Browse...

Attach Additional File

- File types allowed: .txt, .doc, .docx, .pdf, .xls, .xlsx, .rtf, .tif
- The maximum file size allowed per attachment is 8 MB
- Note: if file size exceeds the maximum allowed: 8 MB, below message will appear:
"The server encountered an internal unspecified error that prevented it from fulfilling the request."
Please try to reduce the file size by create a multiple documents.

Upon submission, the carrier's request will be transmitted to the PCRB for review. If approved, the status of the test audit selection will be changed to *Rescinded* and the appropriate rescind message will be posted in the *PCRB Message* section. If the request is denied, the PCRB will notify the carrier through the *PCRB Message* section and include the reason(s) for denial.

Questions regarding this change in procedure should be directed to: Christina Yost at 215-320-4552 (cyost@pcrb.com), Roxanne Walker at 215-320-4578 (rwalker@pcrb.com) or Vincent Dean at 215-320-4490 (vdean@pcrb.com). The next complete update to the PCRB Test Audit Program (currently PCRB Circular 1634) will incorporate this revised language.

William V. Taylor
President

WVT/vd

Remember to visit our web site at www.pcrb.com for more information about this and other topics.