

Division of Workers' Compensation

Medical Quality Review
Calendar Year 2027 Annual Audit Plan

November 16, 2026

Section 1: Review Categories

The Medical Quality Review Annual Audit Plan (Annual Audit Plan) sets priorities for the Medical Quality Review Panel (MQRP) audits during the upcoming year. In calendar year 2027, the Texas Department of Insurance, Division of Workers' Compensation (DWC) will conduct the audits listed below:

1. DWC will evaluate peer review reports issued by utilization review agents for compliance with applicable regulatory requirements, evidence-based treatment guidelines, and medically accepted standards of care, including the qualifications and appropriate selection of peer reviewers, under 28 Texas Administrative Code (TAC) Sections 137.100, 180.28, and 180.22 and Texas Insurance Code Section 4201.153.
2. DWC will conduct a follow-up designated doctor (DD) plan-based audit using criteria from our previous Designated Doctor Plan-Based Audit, including DDs identified in the 2026 plan-based audit to assess compliance with applicable requirements for additional testing and referrals, as well as medical necessity and supporting documentation. Refer to the Executive Summary for recommendations and findings. This audit fulfills DWC's commitment to continued monitoring and evaluation of previously identified deficiencies under 28 TAC Chapter 127, Subchapter C.
3. The MQRP will also assist with the 2027 Health Care Provider Assessment by evaluating medical documentation supporting an injured employee's inability to return to work. Although these assessments are conducted outside the Medical Quality Review Process, MQRP members will provide medical expertise in support of DWC's performance-based oversight responsibilities under 28 TAC Section 129.5 and Texas Labor Code Section 402.075. The MQRP will assist in completing these assessments.

Based on any feedback received, the medical advisor may modify the 2027 Annual Audit Plan. The commissioner of workers' compensation must approve any recommended changes.

Section 2: General Statement, Overview, and Purpose

Labor Code Section 413.002 requires DWC to "monitor health care providers, insurance carriers, independent review organizations, and workers' compensation claimants who receive medical services to ensure the compliance of those persons with rules adopted by the commissioner relating to health care, including medical policies and fee guidelines." DWC audits ensure that doctors in the workers' compensation system treat, recommend,

and prescribe medically necessary and appropriate health care that is timely and cost-effective, as well as facilitate functional recovery and appropriate return-to-work outcomes.

DWC's medical advisor oversees the Medical Quality Review Process conducted by the MQRP. Under 28 TAC Section 180.68, the Medical Quality Review Process is a medical case review initiated based on complaints, plan-based audits, or monitoring as a result of a consent order. The MQRP follows the criteria adopted under Labor Code Section 413.05115. DWC will manage the Medical Quality Review Process in a manner that is fair, open, and transparent to all workers' compensation system participants to the extent consistent with state confidentiality laws to help DWC monitor compliance with the Labor Code and DWC rules.

Section 3: Scope and Selection Criteria

For the Annual Audit Plan, the medical advisor and DWC staff will define the scope and selection criteria for each plan-based audit. DWC will get input from system participants on the development of each individual plan-based audit proposal within the Annual Audit Plan. Individual plan-based audit proposals will specify relevant steps and include specific procedures for each step, including, but not limited to:

- Inclusion and exclusion criteria.
- Service time frame to be audited.
- Sample size.
- Subject and case file selection.

The basis for determining the medical necessity and appropriateness of health care services is under the Labor Code; 28 TAC Chapter 180, Subchapter C; and the Medical Quality Review Process.

Section 4: Conflicts

The Annual Audit Plan incorporates the approved Medical Quality Review Process. However, if a specific conflict exists between this plan and the Medical Quality Review Process, this plan prevails.