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2026 Designated Doctor Referral Plan-Based Audit
Executive Summary
June 30, 2026

On November 6, 2025, the Texas Department of Insurance, Division of Workers' Compensation (DWC) announced a plan-based audit of designated doctors (DDs) to ensure that additional testing and referrals ordered by DDs were medically necessary, reasonable, and appropriately documented. The Medical Quality Review Process, the 2026 Annual Audit Plan, and the DD Referral Plan-Based Audit are posted on the TDI website at www.tdi.texas.gov/wc/hcprovider/medadvisor.html. DWC's monitoring of medical necessity and quality of DD reports is set under Texas Labor Code Section 413.002.

Purpose

This plan-based audit evaluates the medical necessity, documentation, and use of DD's referrals and additional testing to support the quality of DD reports, effective dispute resolution, and timely return-to-work outcomes.

Overall assessment

Medical advisor recommendations

The selection process identified 10 subjects, with five cases reviewed for each subject. This resulted in 25 cases closed with no further action and 25 cases with letters of education.

Summary of audit observations related to referrals for additional testing

The audit identified that nine out of the 10 subjects selected for review used the same scheduling company. One subject did not use a scheduling company. The audit did not identify any issues requiring referral to Enforcement. However, we noted opportunities for DD improvement in referrals for additional testing. All additional testing was conducted by health care practitioners within the same scheduling company. Also, DD's that were contracted with the same scheduling company referred injured employees for additional testing, such as functional capacity evaluations (FCE), electromyography (EMG), and neuropsychological testing. Neuropsychological testing was the most prevalent request following FCEs and EMGs. Very few referrals for additional testing to other specialties or diagnostic testing were ordered.

The medical advisor emphasizes that designated doctors should rely on evidence-based medicine, objective clinical findings, proper documentation, and ODG-supported medical necessity when ordering additional testing, making referrals, and rendering opinions necessary to answer the question the DD was asked to address.

The previous 2017 DD Plan-Based Audit comprised of 10 subjects was based on the same objectives and methodology that resulted in 100% of the subjects referred to Enforcement for violations based on referrals for additional testing. These subjects were also administratively affiliated with this same scheduling company as the subjects for the 2026 audit. Based on the results of both audits, we determined that DD narrative reports improved because they contained the required elements under 28 Texas Administrative Code (TAC), Chapter 127, Subchapter C. However, in the 2026 audit, the prevalent issue was that DDs referred out for additional testing that was not medically necessary and did not document their appropriate rationale for additional testing.

Based on the results from the 2017 and 2026 audits, DWC will continue to monitor DD exams conducted by this scheduling company to ensure compliance with rule requirements under 28 TAC, Chapter 127, Subchapter C.

Recommendations for DD's based on the findings

- **Neuropsychological testing.** This kind of testing should **only** be ordered when a traumatic brain injury (TBI) has been reliably established. The results should be incorporated into the DD report. Loss of consciousness and alteration of consciousness or mental state are also considered a classification of severity associated with TBI.
- **Lumbar radiculopathy.** The term "chronic radiculopathy" should be interpreted cautiously, as EMG findings suggestive of old nerve root injury can be subjective and are not routinely quantified. EMG testing has limited utility and should be used sparingly. Imaging findings alone do not establish radiculopathy.
- **Cervical radiculopathy.** Diagnosis should be supported by objective neurologic findings, not solely subjective complaints. Physical examination findings, including Spurling's test and neurologic deficits, are important. Advanced imaging may be appropriate before surgical considerations. EMG has limited evidence for or against supporting its routine use.
- **FCE.** Only order FCE when Official Disability Guidelines (ODG) criteria are met, and there is a specific return-to-work purpose. They are not intended to determine maximum medical improvement (MMI), impairment ratings (IRs), or establish permanent restrictions.

- **Narrative reports.** These reports are required to sufficiently explain and should support medical necessity, clinical rationale, and resolution reached in the DD report. 28 Texas Administrative Code Section 127.220(a)(7) refers to required documentation in the DD report specific to additional testing conducted for referrals made as part of an evaluation.

Evidence-based medicine criteria

While ODG was the baseline for reviewing the selected cases, there were other evidence-based medicine guidelines, such as American Medical Association guides for impairment ratings and MDGuidelines for return to work, that were indicated by either subjects, Medical Quality Review Panel members, or the medical advisor.

References for this evidence-based medicine:

- Sackett DL, et al. Evidence-based Medicine: What it is and what it isn't. British Medical Journal. 1996;312(7023);71-72. American Medical Association Guides to the Evaluation of Disease and Injury Causation, Second Edition Page 8. Sackett DL, et al. Evidence-Based Medicine: How to practice and teach EBM. Edinburgh: Churchill Livingstone.
- *Official Disability Guidelines (ODG)*, Topic: Traumatic Brain Injury
- *American Medical Association Guides to the Evaluation of Permanent Impairment,* 6th edition, Page 576. While Texas currently uses the 4th edition to establish MMI and IR, more modern editions are excellent sources of information on performing physical exams and definitions of diagnostic terminology.
- *American Medical Association Guides to the Evaluation of Permanent Impairment,* 6th edition, Pages 574-575, 579.
- *North American Spine Society Evidence-Based Clinical Guidelines for Multidisciplinary Spine Care Clinical Guidelines for Diagnosis and Treatment of Lumbar Disc Herniation with Radiculopathy*, Pages 14-15.
- Fardon et al. Lumbar disc nomenclature: version 2.0 Recommendations of the combined task forces of the North American Spine Society, the American Society of Spine Radiology, and the American Society of Neuroradiology. The Spine Journal. 2014; 14: 2525-2545.
- *American Medical Association Guides to the Evaluation of Disease and Injury Causation*, 2nd edition, Page 199.
- *NASS Clinical Guidelines for the Diagnosis of Lumbar Disc Herniation with Radiculopathy*, Pages 20-21.

- *North American Spine Society Evidence-Based Guidelines for Multidisciplinary Spine Care for Diagnosis and Treatment of Cervical Radiculopathy from Degenerative Disorders,* Pages 9, 12, 16-18, 25.
- Genovese, Elizabeth, and Jill S. Galper, editors. Guide to the Evaluation of Functional Ability: How to Request, Interpret, and Apply Functional Capacity Evaluations. American Medical Association, 2009.