

STATE OF CALIFORNIA
DEPARTMENT OF INDUSTRIAL RELATIONS
Division of Workers' Compensation

**NOTICE OF FURTHER MODIFICATION TO
TEXT OF PROPOSED REGULATIONS**

Subject Matter of Regulations: Workers' Compensation – Electronic and Standardized Medical Treatment Billing

TITLE 8, CALIFORNIA CODE OF REGULATIONS
Sections 9792.5 et seq.

NOTICE IS HEREBY GIVEN, pursuant to Government Code section 11346.8(c), that the Acting Administrative Director of the Division of Workers' Compensation, proposes to further modify the text of regulations and documents incorporated by reference relating to Electronic and Standardized Medical Treatment Billing. The Notice of Proposed Rulemaking was published in the California Notice Register on March 5, 2010, OAL Notice # Z2010-0223-01, Register # 2010, 10Z. Public hearings were held on April 23 and April 26, 2010 and the written comment period closed on April 26, 2010. After consideration of the oral and written public comment, the Acting Administrative Director proposed sufficiently related modifications to the text (and to the billing guide documents incorporated by reference) of the proposed regulations and a 15-day comment period was held, which closed on January 28, 2011. After consideration of the comments received, further modifications were proposed, with a 15-day comment period closing on February 16, 2011. After further review, and consideration of the comments received, further modifications are proposed to the following regulations:

1. Proposed Section 9792.5.1. Medical Billing and Payment Guide; Medical Billing and Payment Companion Guide; Various Implementation Guides [Adopt]
2. Proposed Section 9792.5.2 – Standardized Medical Treatment Billing Forms/Formats, Billing Rules, Requirements for Completing and Submitting Form CMS 1500, Form CMS 1450 (or UB 04), American Dental Association Form, Version 2006, NCPDP Workers' Compensation / Property & Casualty Claim Form, Payment Requirements [Adopt]

**PRESENTATION OF WRITTEN COMMENTS AND DEADLINE FOR SUBMISSION OF WRITTEN
COMMENTS**

Members of the public are invited to present written comments regarding these proposed modifications. **Only comments directly concerning the proposed modifications to the text of the regulations, documents incorporated by reference, and documents added to the rulemaking file will be considered and responded to in the Final Statement of Reasons.**

Written comments should be addressed to:

Maureen Gray, Regulations Coordinator
Department of Industrial Relations
Division of Workers' Compensation
Post Office Box 420603
San Francisco, CA 94142

The Division's contact person must receive all written comments concerning the proposed modifications to the regulations no later than **5:00 p.m. on Friday, March 4, 2011**. Written comments may be submitted by facsimile transmission (FAX), addressed to the contact person at (510) 286-0687. Written comments may also be sent electronically (via e-mail), using the following e-mail address: dwcrules@dir.ca.gov.

AVAILABILITY OF TEXT OF REGULATIONS AND RULEMAKING FILE

Copies of the original text and modified text with modifications clearly indicated, documents added to the rulemaking file, and the entire rulemaking file, are currently available for public review during normal business hours of 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding legal holidays, at the offices of the Division of Workers' Compensation. The Division is located at 1515 Clay Street, 17th Floor, Oakland, California.

Please contact the Division's regulations coordinator, Ms. Maureen Gray, at (510) 286-7100 to arrange to inspect the rulemaking file.

NOTICE OF ADDITION OF REFERENCE MATERIAL TO RULEMAKING FILE

Pursuant to the requirements of Government Code section 11347.1, the Division of Workers' Compensation is providing notice that reference materials which the agency has relied upon in proposing the modifications to the proposed regulations have been added to the rulemaking file. The documents are available for public inspection and comment during the written comment period set forth above, see "Presentation of Written Comments and Deadline for Submission of Written Comments." The Division will respond to comments regarding the documents in the Final Statement of Reasons. The documents may be inspected as part of the rulemaking file; see "Availability of Text of Regulations and Rulemaking File" above for the place and time the documents will be available and the name and phone number of the contact person.

Additional documents added to rulemaking file after close of the 45 day comment period:

- ASC X12N/005010X210E1
Based on Version 5, Release 1
ASC X12 Standards for Electronic Data Interchange
Technical Report Type 3
Additional Information to Support a Health Care Claim (275)
Errata
January 2009

- ASC X12N/005010X213E1
Based on Version 5, Release 1
ASC X12 Standards for Electronic Data Interchange
Technical Report Type 3
Health Care Claim Request for Additional Information (277)
Errata
April 2008
- ASC X12N/005010X213E2
Based on Version 5, Release 1
ASC X12 Standards for Electronic Data Interchange
Technical Report Type 3
Health Care Claim Request for Additional Information (277)
Errata
January 2009
- Federal Register, Vol. 75, No. 197 / Wednesday, October 13, 2010, pages 62684-62686
Health Insurance Reform;
Announcement of Maintenance
Changes to Electronic Data
Transaction Standards Adopted Under
the Health Insurance Portability and
Accountability Act of 1996

FORMAT OF PROPOSED MODIFICATIONS

Proposed Text Noticed for 45-Day Comment Period:

The original codified regulatory text is in plain text.

Deletions from the original codified regulatory text noticed for the 45-comment period are indicated by single strike-through, thus: ~~deleted language~~.

Additions to the original codified regulatory text noticed for the 45-comment period are indicated by single underlining, thus: added language.

The Medical Billing and Payment Guide and the Electronic Medical Billing and Payment Companion Guide proposed for adoption through incorporation by reference are in plain text for the 45-day comment period.

Proposed Text Noticed for First 15-Day Comment Period on Modified Text:

Deletions proposed during the 15-day comment period, to text of regulation and documents incorporated by reference, are indicated by double strikethrough, thus: ~~~~deleted language~~~~.

Additions proposed during the 15-day comment period, to text of regulation and documents incorporated by reference, are indicated by double underlining, thus: added language.

Proposed Text Noticed for Second 15-Day Comment Period on Modified Text:

Text proposed during 2nd 15-Day Comment Period to be added is displayed in grey shaded double underscore type.

Text proposed during 2nd 15-Day Comment Period to be deleted is displayed in grey shaded double ~~strikeout~~ type: ~~deletion~~.

Proposed Text Noticed for Third 15-Day Comment Period on Modified Text:

Text proposed during 3rd 15-Day Comment Period to be added is displayed in **bold double underscore italic** type.

Text proposed during 3rd 15-Day Comment Period to be deleted is displayed in bold double ~~strikeout~~ italic type: ~~deletion~~.

SUMMARY OF MODIFICATIONS TO PROPOSED TEXT

Modifications to section 9792.5.1 subdivision (a)

Modifications are made to the *California Division of Workers' Compensation Medical Billing and Payment Guide* which is incorporated by reference into the section. Modifications include the following:

- Section One Business Rules, 1.0 Standardized Billing / Electronic Billing Definitions subdivision (e)(i) is modified to delete “written authorization” from the definition of “complete bill.” Subdivision (n) is modified to delete “ANSI” (American National Standards Institute) from the title of the Claim Adjustment Group Codes, Claim Adjustment Reason Codes, and Remittance Advice Remark Codes. Subdivision (x) is modified to delete “any written authorization received from the claims administrator” from the initial definition of “supporting documentation.” However, a sentence is added to state: “For paper bills, supporting documentation includes any written authorization for services that may have been received by the physician” in order to conform to Labor Code §4603.2.
- Section One Business Rules, 6.0 Medical Treatment Billing and Payment Requirements for Non-Electronically Submitted Medical Treatment Bills subdivision (b)(1) is modified to delete “ANSI” from the title of the Appendix B, “1.0 California DWC Bill Adjustment Reason Code / CARC / RARC Matrix Crosswalk.”
- Section One Business Rules, 7.0 Medical Treatment Billing and Payment Requirements for Electronically Submitted Bills, 7.1 Timeframes subdivision (b)(1) and (b)(2) are modified to insert the words “Health Care Claim” into the title of “ASC X12N/005010X221 Health Care Claim Payment/Advice (835)” to correct an erroneous omission.
- 7.1 Timeframes subdivision (a)(3)(A)(i) is modified to conform the timeframe for payment to other provisions by adding the word “working,” to read the 15 “working-day” time period to pay the bill does not begin anew.
- Section One Appendix A, 1.1 Field Table CMS 1500 is modified to add “Optional” to the heading for Workers’ Compensation Requirements to conform to entries in the table.

- Section One, Appendix B, 3.0 Table for Paper Explanation of Review is modified to correct errors in numbering in the Data Item No. column. Medical Billing and Payment Guide 3.0 Table for Paper Explanation of Review, Item 42 and Make plural as there may be more than one DWC bill adjustment reason code and explanatory message.
- Section Two Transmission Standards, 2.4 Documentation/Attachments to Support a Claim is modified to add three ASC X12 Technical Report Type Three Errata: ASC X12N/005010X210E Additional Information to Support a Health Care Claim or Encounter (275); ASC X12N/005010X213E1 Health Care Claim Request for Additional Information (277); and ASC X12N/005010X213E2 Health Care Claim Request for Additional Information (277).
- Section Two Transmission Standards, 3.0 Obtaining Transaction Standards is modified to delete reference to Washington Publishing Company and insert reference to Data Interchange Standards Association (DISA) as the source for purchasing the standards.

Modifications to section 9792.5.1 subdivision (b)

Modifications are made to the *California Division of Workers' Compensation Electronic Medical Billing and Payment Companion Guide*, dated 2012, which is incorporated by reference into the section.

Modifications include the following:

- Modifications are made throughout the Companion Guide to make the provisions more consistent with the ASC X12N 005010 Technical Reports Type 3, including changes made because of comments received from the ASC X12 as a result of their preliminary review of the guide.
 - Correction of the references to Technical Reports Type 3, including elimination of the use of the term “implementation guide” to refer to the ASC X12 Technical Reports.
 - Revision of the references to Technical Reports Type 3 to adhere to the format conventions of the ASC X12 as requested by the Data Interchange Standards Association (DISA) that holds the copyright to the Technical Reports Type 3.
 - The source of the ASC X12 Technical Reports is changed to the Data Interchange Standards Association (DISA) and the Washington Publishing Company is deleted.
 - Reference to the American National Standards Institute (ANSI) is deleted.
 - Changes are made to correct various technical references, including Loops and Segments, and to delete material that duplicates material in the Technical Reports Type 3.
 - Modifications were made to eliminate any usage of the K3 segment for the Technical Reports Type 3 as they must be pre-approved by the ASC X12.
 - The “Value” column is deleted from each of the tables for the ASC X12 Technical Reports since the value information is included in the comments column where the value requires special workers’ compensation instruction.
- 2.2.1 California Prescribed and Optional Formats is modified to add a provision stating that reference to an ASC X12/005010 Technical Report Type 3 includes reference to the related errata unless otherwise specified. Subdivision (1)(d) Retail Pharmacy Billing is revised to correct the date of the Telecommunication Standard Implementation Guide Version D.0 to August 2007, and to correct the date of the Batch Standard Implementation Guide, Version 1, Release 2 to January 2006. Modifications are made to add the errata for three Technical Reports Type 3: ASC X12N/005010X210E1 Additional Information to Support a Health Care Claim (275); ASC

X12N/005010X213E1 Health Care Claim Request for Additional Information (277) and ASC X12N/005010X213E2 Health Care Claim Request for Additional Information (277).

- 2.2.3 Summary of Adopted Formats and Correlation to Paper Form is revised to correct the reference to the National Council on Prescription Drug Programs (NCPDP) Workers' Compensation Property and Casualty Universal Claim Form.
- 2.3 Companion Guide Usage. Language is added to clarify that the Guide is not intended to exceed the requirements or usage of the ASC X12 Technical Reports Type 3 or the NCPDP Implementation Guides.
- 2.4.1 Language is modified to reference the ASC X12 Technical Reports for submitter/receiver information rather than duplicating Loop instructions that are contained in the Technical Reports. "Sender" is changed to "submitter" to use the Technical Reports language.
- 2.6 Description of Formatting Requirements is modified to add reference to the NCPDP guide.
- 2.11.2 Duplicate Bill Transaction Prior to Payment is modified to add a provision that the NUBC Condition Codes are not used for dental Billing as the 0050X224 does not accommodate them.
- 2.11.4 Appeal/Reconsideration Bill Transactions is modified to conform to Technical Report Type 3 language which strongly recommends, rather than requires, the CLM01 is a unique identifier.
- 2.13.5 Jurisdictional State Code: Compliance State Identification is deleted as it is not compliant with ASC X12 Technical Report Type 3 usage.
- 3.3.1 ASC X12N/005010X222 Health Care Claim: Professional (837) table deletes several rows which duplicate material in the Technical Report Type 3. Other rows also eliminate duplicate provisions. The K3 segment rows are deleted.
- 4.3.1 ASC X12N/005010X223 Health Care Claim: Institutional (837) table deletes several rows which duplicate material in the Technical Report Type 3. Other rows also eliminate duplicate provisions. The K3 segment rows are deleted.
- 5.3.1 ASC X12N/005010X224 Health Care Claim: Dental (837) table deletes several rows which duplicate material in the Technical Report Type 3. Other rows also eliminate duplicate provisions. The K3 segment rows are deleted.
- Chapter 7 is modified to correct references to Remittance Advice Remark Codes, Claim Adjustment Reason Codes and Claim Adjustment Group Codes. Technical changes are made to conform to ASC X12N/005010X221 Health Care Claim Payment/Advice (835) usage.
- Chapter 9 is modified by replacing three flow charts with new flow charts. The new charts correct the references to the Technical Reports Type 3 and also change the timeline language from "Business Day" to "Working Day" to conform to the usage in the Companion Guide and Medical Billing and Payment Guide which are based on working days. Each chart has a note indicating that it is new; because the charts are not shown in underscore italic bold as other 3rd 15-day comment period changes are shown.

Modifications to section 9792.5.1 subdivision (c), (e)

This section is modified to change the source of the ASC X12 Technical Reports Type 3 from Washington Publishing Company to Data Interchange Standards Association (DISA.)

Modifications to section 9792.5.2 subdivision (d)

The subdivision is modified to replace the word "third party biller" with the word "billing agent" for consistency.