

**STATE OF CALIFORNIA
DEPARTMENT OF INDUSTRIAL RELATIONS
DIVISION OF WORKERS' COMPENSATION**

**ADDENDUM TO FINAL STATEMENT OF REASONS AND
UPDATED INFORMATIVE DIGEST**

**Subject Matter of Regulations:
Workers' Compensation Information System**

**TITLE 8, CALIFORNIA CODE OF REGULATIONS
SECTIONS 9701 and 9702**

The Acting Administrative Director of the Division of Workers' Compensation, pursuant to the authority vested in her by Labor Code sections 133, 138.6 and 138.7, has adopted or amended the following sections of Article 1.1, Subchapter 1 to Chapter 4.5 of California Code of Regulations, title 8:

Section 9701 Definitions
Section 9702 Electronic Data Reporting

Economic Impact Analysis

Evidence Supporting Finding of No Significant Statewide Adverse Impact Directly Affecting Business

The Administrative Director has determined that the proposed regulations will not have a significant adverse impact on business. The changes to reporting requirements imposed by the proposed regulations will affect approximately 1,400 reporting entities. These entities are larger entities that handle 150 or more workers' compensation claims per year and include claims administrators, third party administrators and self-insured employers. It is anticipated that each affected entity will need to spend approximately \$20,000-\$25,000 to upgrade the programming on their Electronic Data Information (EDI) reporting systems, for a total impact of approximately \$35,000,000. Approximately 70% of these costs are expected to be borne by insurance carriers, with the balance being borne by self-insured employers. While the impact may sound rather large, the cost to each impacted entity will be manageable, as these are large insurers and employers. In addition, if the updates were not made, this would not be without cost as insurers and employers would have to report under the new national standard, which the proposed regulations bring California workers' compensation EDI reporting into compliance with, as well as under the old California EDI reporting standard, if these updates were not adopted.

Creation or Elimination of Jobs within the State of California

The Acting Administrative Director has determined that the proposed regulations will not have a significant adverse impact on jobs within the State of California. These regulations change existing EDI reporting requirements. To implement the programming changes necessary to come into compliance with the new regulations, a few jobs may be created in software development, consulting and data transition.

Creation of New or Elimination of Existing Business within the State of California

Businesses will not be created or eliminated. There will be no net gain or loss in revenues and no expected creation or elimination of jobs within the State of California. As stated above, a few jobs may be created as a result of these regulatory changes, but not such that new businesses would be created. The regulations are not anticipated to result in any loss of jobs or closure of businesses.

Expansion of Businesses Currently Doing Business within the State of California

Businesses will not be expanded or eliminated. As explained above, a few jobs may be created as a result of these regulatory changes, but such job growth is projected to minimal.

Benefits of the Regulation to the Health and Welfare of California Resident, Worker Safety, and the State's Environment

The objective of these amendments to the regulations is to ensure consistency with national standards for Workers' Compensation EDI reporting set forth by the IAIABC in its Workers' Compensation Medical Bill Data Reporting Implementation Guide, Release 2.0, dated February 1, 2014, which necessitates a new version of the California EDI Implementation Guide for Medical Bill Payment Records, Version 2.0, and the proposed changes to 8 C.C.R. sections 9701 and 9702. Making these updates will make the data received more useful to WCIS for research and analysis purposes and will make more consistent EDI reporting requirements for reporting entities performing WCIS reporting, e-billing and other related functions to both DWC and other entities that require the submission of EDI, and will streamline and make more efficient reporting requirements for reporting entities.

Title I, Section 20 Declaration

The Acting Administrative Director declares that it would be cumbersome, unduly burdensome and impracticable to publish the California Electronic Data Interchange (EDI) Implementation Guide for Medical Bill Payment Records, Version 2.0, to be effective April 6, 2016, or the International Association of Industrial Accident Boards and Commissions (IAIABC) Workers' Compensation Medical Bill Data Reporting Implementation Guide, Release 2.0, approved February 1, 2014, or the International Association of Industrial Accident Boards and Commissions (IAIABC) EDI

Implementation Guide for Medical Bill Payment Records, Release 1.1, approved July 1, 2009, in the California Code of Regulations, as these documents are very lengthy. These documents are therefore incorporated by reference into 8 C.C.R. section 9701, subdivisions (c)(2) and (n) and are available to the public for viewing and download on the Division of Workers' Compensation's website. This information was noticed and available for public comment and is being listed in this location for clarification and to facilitate review.