

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

**NOTICE OF PROPOSED RULEMAKING**

**Workers' Compensation – Workers' Compensation Information System**

**NOTICE IS HEREBY GIVEN** that the 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, proposes to modify existing regulations, by amending Article 1.1, Subchapter 1 to Chapter 4.5 of California Code of Regulations, title 8, sections 9701 and 9702, relating to the Workers' Compensation Information System.

**PROPOSED REGULATORY ACTION**

The Division of Workers' Compensation proposes to modify existing regulations by amending Article 1.1, Subchapter 1 to Chapter 4.5 of California Code of Regulations, title 8, sections 9701 and 9702, relating to the Workers' Compensation Information System:

Amended section 9701	Definitions
Amended section 9702	Electronic Data Reporting

**TIME AND PLACE OF PUBLIC HEARING**

A public hearing has been scheduled to permit all interested persons the opportunity to present statements or arguments, either orally or in writing, with respect to the subjects noted above. The hearing will be held at the following time and place:

**Date: March 28, 2016**  
**Time: 10:00 A.M. to 5:00 P.M., or until conclusion of business**  
**Place: Elihu Harris State Office Building – Auditorium**  
**1515 Clay Street**  
**Oakland, California 94612**

The State Office Building and its Auditorium are accessible to persons with mobility impairments. Alternate formats, assistive listening systems, sign language interpreters, or other type of reasonable accommodation to facilitate effective communication for persons with disabilities, are available upon request. Please contact the Statewide Disability Accommodation Coordinator, Kathleen Estrada, at 1-866-681-1459 (toll free), or through the California Relay Service by dialing 711 or 1-800-735-2929 (TTY/English) or 1-800-855-3000 (TTY/Spanish) as soon as possible to request assistance.

**Please note that public comment will begin promptly at 10:00 a.m. and will conclude when the last speaker has finished his or her presentation or 5:00 p.m., whichever is earlier. If public comment concludes before the noon recess, no afternoon session will be held.**

The Administrative Director requests, but does not require, that any persons who make oral comments at the hearing also provide a written copy of their comments. Equal weight will be accorded to oral comments and written materials.

## WRITTEN COMMENT PERIOD

Any interested person, or his or her authorized representative, may submit written comments relevant to the proposed regulatory action to the Department of Industrial Relations, Division of Workers' Compensation. The written comment period closes at **5:00 P.M., on March 28, 2016**. The Division of Workers' Compensation will consider only comments received at the Division by that time. Equal weight will be accorded to comments presented at the hearing and to other written comments received by 5 P.M. on that date by the Division.

Submit written comments concerning the proposed regulations prior to the close of the public comment period to:

Maureen Gray  
Regulations Coordinator  
Division of Workers' Compensation, Legal Unit  
P.O. Box 420603  
San Francisco, CA 94142

Written comments may be submitted by facsimile transmission (FAX), addressed to the above-named 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](mailto:dwcrules@dir.ca.gov).

Unless submitted prior to or at the public hearing, Ms. Gray must receive all written comments no later than **5:00 P.M., on March 28, 2016**.

## AUTHORITY AND REFERENCE

The Administrative Director is undertaking this regulatory action pursuant to the authority vested in her by Labor Code sections 133, 138.6, and 138.7.

Reference is to Labor Code sections 129, 138.4, and 138.6.

## INFORMATIVE DIGEST / POLICY STATEMENT OVERVIEW

Labor Code section 138.6 requires the Administrative Director of the Division of Workers' Compensation (DWC) to develop a cost efficient Workers' Compensation Information System (WCIS) to accomplish the following purposes:

- Assist the Department of Industrial Relations to manage the workers' compensation system in an effective and efficient manner.
- Facilitate the evaluation of the effectiveness and efficiency of the benefit delivery system.
- Assist in measuring how adequately the system indemnifies injured workers and their dependents.
- Provide statistical data for research into specific aspects of the workers' compensation system.

The data collected electronically must be compatible with the International Association of Industrial Accident Boards and Commissions' Electronic Data Interchange (IAIABC EDI) system, and the data elements to be provided by claims administrators through the WCIS must be set forth in regulations.

The proposed regulations will update the California EDI Implementation Guide for First and Subsequent Reports of Injury (FROI/SROI), to Version 3.1, the California EDI Implementation Guide for Medical Bill Payment Records, Version 2.0, and refine the list of required data elements set forth in Section 9702.

The proposed regulations are as follows:

## **1. Section 9701**

Section 9701 sets forth definitions pertaining to the Workers' Compensation Information System (WCIS). Specific amendments to subdivisions (b) and (n) are as follows:

Subdivision 9701(b)(2) is amended to provide that, for reporting on or after November 15, 2011 but before the effective date of the California EDI Implementation Guide for First and Subsequent Reports of Injury, Version 3.1, reporting entities should use the California EDI Implementation Guide for First and Subsequent Reports of Injury, Version 3.0, dated November 15, 2011, which is incorporated into the regulation by reference.

Subdivision 9701(b)(3) is amended to state that, for reporting on or after California EDI Implementation Guide for First and Subsequent Reports of Injury, Version 3.1, reporting entities should use the California EDI Implementation Guide for First and Subsequent Reports of Injury, Version 3.1, the effective date to be determined based on the date of approval of these regulations by the Office of Administrative Law (OAL), which is incorporated into the regulation by reference.

Subdivisions 9701(n) and (n)(2) are amended to refer to and incorporate by reference the IAIABC Workers' Compensation Medical Bill Reporting Implementation Guide, Release 2.0, February 1, 2015 Publication, rather than the IAIABC Workers' Compensation Medical Bill Data Reporting Implementation Guide, Release 2.0 February 1, 2014.

## **2. Section 9702**

Section 9702 sets forth the list of data elements required to be electronically transmitted to the WCIS, the timing of the submission of these data elements, and the claims on which these data elements are to be submitted. The required data elements, compatible with the EDI standards of the IAIABC, are essentially divided into three categories: the first report of injury (subdivision (b)), subsequent reports of benefit payments (subdivision (d)), and medical bill payment data (subdivision (e)). Specific proposed amendments to subdivisions (b), (c) and (e) are as follows:

Subdivision 9702(b): Reference to footnote 4 is added to data element number (hereafter "DN") 42 (Social Security Number), the name of DN8 is changed from "Third Party Administrator FEIN" to "Claims Administrator FEIN," and the name of DN9 is changed from "Third Party Administrator Name" to "Claims Administrator Name."

Subdivision 9702(c):

- For DN5 (Agency/Jurisdiction Claim Number), reference to footnote 4 is deleted.

- For DN15 (Claims Administrator Number), reference to footnotes 2 and 3 are deleted.
- For DN31 (Date of Injury), reference to footnote 3 is deleted.
- The following data elements were added: DN52 (Employee Date of Birth), with reference to footnote 6; DN44 (Employee First Name), with reference to footnote 7; DN16 (Employer FEIN), with reference to footnote 7; and DN32 (Time of Injury), with reference to footnote 9.
- DN42 (Social Security Number) is deleted.
- The name of DN8 is changed from “Third Party Administrator FEIN” to “Claims Administrator FEIN,” and reference is changed from footnote 4 to footnote 8.
- In footnote 2, the word “receipt” is changed to “acceptance,” and the remainder of the language in the footnote is deleted.
- The language in footnote 3 is deleted and replaced with the following language: “The Agency/Jurisdiction Claim Number (DN5) is required on all transmissions under subdivision (b), except for original, denied and acquired reports. The Agency/Jurisdiction Claim Number (DN5) is required on all transmissions under subdivisions (d), (e), (f) and (g).”
- The language in footnote 4 is deleted and replaced with the following language: “The Insurer FEIN (DN6) and Claim Administrator Claim Number (DN15) are required on all transmissions under subdivisions (b), (d), (e), (f) and (g).”
- A new footnote 5 is added, including the following language: “The Date of Injury (DN31) is required on all transmissions under subdivisions (b), (d) and (g), except acquired first report transmissions under subdivision (b).”
- A new footnote 6 is added, including the following language: “The Employee Date of Birth (DN52) is required on all first report transmissions under subdivision (b).”
- A new footnote 7 is added, including the following language: “The Employer FEIN (DN16) and Employee First Name (DN44) are required on all first report transmissions under subdivision (b) except for transmissions to cancel a first report.”
- A new footnote 8 is added, including the following language: “The Claims Administrator FEIN (DN8) is required on all transmissions under subdivisions (b), (d), (e), (f) and (g).”
- A new footnote 9 is added, including the following language: “The Time of Injury (DN32) is required on first report transmissions except acquired first report transmissions under subdivision (b) with a Date of Injury (DN31) on or after the implementation date of the California EDI Implementation Guide for First and Subsequent Reports of Injury, Version 3.1.”

Subdivision 9702(e) DN586, Rendering Line Provider FEIN, is deleted from the table. DN48 (Employee Mailing City) and DN50 (Employee Mailing Postal Code) are added to the table.

Subdivision 9702(e)(3) is amended to refer to the IAIABC Workers’ Compensation Medical Bill Reporting Implementation Guide, Release 2.0, February 1, 2015 Publication, rather than the IAIABC Workers’ Compensation Medical Bill Data Reporting Implementation Guide, Release 2.0 February 1, 2014.

Subdivision 9702(g): Payment/Adjustment Days Paid (DN91), Payment/Adjustment Weekly Amount (DN87), and Payment/Adjustment Weeks Paid (DN90) are added to the table.

Subdivision 9702(h): added the requirement to include where no benefits are paid, and clarified the submission of Claims Status (DN73).

### **3. California EDI Implementation Guide for First and Subsequent Reports of Injury (FROI/SROI)**

In the introduction, the date was updated and the name of the Administrative Director was changed from Carrie Nevans to Destie Overpeck.

In Section A, a line referring to section E was deleted and the definition of “Annual Summary Reports” was updated.

In Section B, the DWC’s telephone contact information was updated to a correct telephone number, and to delete a fax number. Current information for subscribing to E-news and language regarding WCIS Training Bulletins language was also added. In addition, information about the SFTP data transmission standard was added.

In Section D, reference was added to the current version of Labor Code section 138.7.

In Section E, language referencing penalties for WCIS reporting violations that will be going into effect by way of anticipated regulations was added.

In Section F, the language regarding WCIS using the Trading Partner FEIN as a substitution for the Claim Administrator FEIN has been deleted. WCIS has also deleted the substitution of the Insurer FEIN (DN6) for a missing Third Party Administrator FEIN (DN6). The link for Claim Administrator identification list was corrected. A section providing instructions for filling out a WCIS Reports Contact has been added. Reference to different trading partners transmitting data on certain days of the week was deleted. Trading partner data transmission information was updated to reflect a more secure file transfer protocol (SSH versus SSL). The fax number was deleted from Receiver Information. Finally, on the trading partner profile form, “master sender” was changed to simply “sender,” and the WCIS Reports contact information fields were added to provide up to three contacts per trading partner.

In Section G, reference to a parallel phase of EDI reporting was removed. Step one of the testing process was clarified. The link to the Trading Partner Profile was corrected. Step two of the testing process was clarified. Error Code 42 was added to the Structural Edits and Data Edits. The processing time for acknowledgments was changed from 48 hours to 3 business days. The timeframe for sending a file and inquiring about an acknowledgment was increased from 48 hours to 5 business days. Clarification of what actions to take if trading partners receive Acknowledgment Transaction Set ID (DN110) = HD1 was added. Step three was updated to include more current reporting information regarding data completeness, accuracy and timelines to correspond to anticipated penalty regulations. Step four was clarified and updated to correspond to anticipated penalty regulations.

In Section I, the language regarding file transfer protocol was updated to reflect the move to more secure version of file transfer protocol known as SFTP (SSH(Secure Shell) File Transfer Protocol). The file naming convention has been updated to provide better consistency amongst trading partners and the two WCIS databases.

In Section J, the language was clarified to match the language in amended WCIS regulations and anticipated penalty regulations. The language regarding when a Change (02) Report on an incomplete first report is due was changed from 60 to 30 calendar days. The language regarding when a Correction (CO) Report is due has been deleted and replaced with “Within 30 calendar days of original TE acknowledgment.” Language regarding the reporting of claims identified as having no coverage has

been added. Language regarding the reporting of Final Reports (FNs) and Annual Reports (ANs) has also been clarified.

In Section K, the following changes were made:

- The requirements for Agency Claim Number (DN5), Claim Administrator FEIN (DN8), Claim Administrator Name (DN9), Claim Administrator Claim Number (DN15), Industry Code (DN25), Policy Number (DN28), Policy Effective Date (DN29), Policy Expiration Date (DN30), Date of Injury (DN31), Time of Injury (DN32), Nature of Injury Code (DN35), Part of Body Injured Code (DN36), Employee Date of Birth (DN52), Class Code (DN59), Employee Date of Death (DN57), Wage (DN62), Wage Period (DN63), Claim Status (DN73), Claim Type (DN74), Permanent Impairment Body Part Code (DN83), Payment/Adjustment Code (DN85), and Payment/Adjustment Paid to Date (DN86) were updated.
- Updated conditional rules and implementation notes for Agency Claim Number (DN5), Claim Administrator FEIN (DN8), Claim Administrator Name (DN9), Claim Administrator Claim Number (DN15), Employer FEIN (DN16), Policy Number (DN28), Policy Effective Date (DN29), Policy Expiration Date (DN30), Nature of Injury Code (DN35), Part of Body Injured Code (DN36), Employee Date of Birth (DN52), Date Disability Began (DN56), Employee Date of Death (DN57), Wage Period (DN63), Date of Maximum Medical Improvement (DN70), Claim Status (DN73), Claim Type (DN74), Number of Permanent Impairments (DN78), Permanent Impairment Body Part Code (DN83), Payment/Adjustment Code (DN85), Payment/Adjustment Paid to Date (DN86), Payment/Adjustment Weekly Amount (DN87), Payment/Adjustment Start Date (DN88), Payment/Adjustment End Date (DN89), Payment/Adjustment Weeks Paid (DN90), Payment/Adjustment Days Paid (DN91), Paid to Date/Reduced Earnings/Recoveries Code (DN95) and Paid to Date/Reduced Earnings/Recoveries Amount (DN96) were updated.
- Data requirements, conditional rules, and implementation notes for Time of Injury (DN32) and Initial Treatment (DN39) were added, along with definitions for FROI and SROI Date Disability Began (DN56).

In Section L, the language in the first paragraph was made more concise. The name of one element was changed from “Third Party Administrator FEIN” to “Claim Administrator FEIN” and two elements were removed to be consistent with the current versions of the implementing regulations (8 C.C.R. §§ 9701-9702). In the FROI table, a requirement was added that the Industry Code must be North American Industry Classification System (NAICS) language. In addition, in the FROI table, the “na” and “unk” options for employee first and last names were removed. In the SROI table, the sequencing edits for Date of Return to Work and Maximum Medical Improvement were removed. In the California-adopted IAIABC Data Element table FROI Data Elements, Sorted by Data Element Number, the data element name “Third Party Administrator FEIN” was changed to “Claim Administrator FEIN” and the data element name “Third Party Administrator Name” was changed to “Claim Administrator Name.” In the California-adopted IAIABC Data Element table FROI Data Elements, Sorted Alphabetically, data elements “Claim Administrator FEIN” and “Claim Administrator Name” were added. Data elements “Third Party Administrator FEIN” and “Third Party Administrator Name” were deleted. In the California-adopted IAIABC Data Element table SROI Data Elements, Sorted by Data Element Number the data element name “Third Party Administrator FEIN” was changed to “Claim Administrator FEIN.” In the California-adopted IAIABC Data Element table SROI Data Elements, Sorted Alphabetically, data element “Claim Administrator FEIN” was added. Data element “Third Party Administrator FEIN” was deleted.

In Section M, processes for the submission and matching of all FROI and SROI transactions were updated as follows: The language regarding the Agency Claim Number/Jurisdiction Claim Number (JCN) (DN5) has been clarified and made current. The language regarding Changed and Corrected Data has been changed to correspond to anticipated penalty regulations. Language regarding the sequencing of first report transactions has been added. Language regarding the reporting of open benefits was clarified. Language regarding the reporting of advances and settlements was clarified as follows: A (PY) should now be sent to report an advance or settlement that is the first indemnity payment. Previously reported SROI benefits are now required on SROI Change in Benefit (CB), SROI Partial Suspensions (Px), and Suspensions (Sx). The requirement that the SROI Change and Correction (MTC=02 and CO) transactions must have at least one previous benefit event has been removed for SROI 02 and CO transactions where the Claim Status (DN73) or Date of Representation (DN76) is present. The language for reporting stipulated settlements has been clarified. The matching rules and processes were updated to include new matching rules for processing all transmissions. These updates were made to control the assignment of the JCN and the data matching that occurs in WCIS once data is received from trading partners.

In Section N, web links were updated and Standard Industrial Classification (SIC) codes were removed as acceptable codes for the Industry Code (DN25). Tables for Nature of Injury (DN35), Part of Body (DN36 and DN83), and Cause of Injury (DN37) were removed.

In Section O, the EDI terminology table and glossary were updated to be consistent with new requirements in the IAIABC EDI Implementation Guide for Claims: First, Subsequent, Acknowledgement Detail, Header, & Trailer Records, Release 3.0.

In Appendix A, the following language was added regarding the differences between Version 3.0 and Version 3.1 of WCIS FROI/SROI:

Line Item 1. Standard Industrial Classification (SIC) codes will no longer be accepted as valid Industry Codes (DN25). Only NAICS codes will be accepted.

Line Items 2 & 3. The only transmission mode allowed will be via SFTP also known as SSH (Secure Shell) File Transfer Protocol. The suffix for the user name of the FTP account will be “@WCIS\_FS”.

Line Item 4. “Third Party Administrator FEIN” (DN8) has been renamed “Claim Administrator FEIN” (DN8) and Third Party Administrator Name (DN9) has been renamed Claim Administrator Name (DN9). Claim Administrator FEIN (DN8) is now Mandatory/Fatal on all FROI transactions. Claim Administrator Name (DN9) is now Mandatory/Serious on FROI 00, AU, 04, 02, and CO. Claim Administrator Name (DN9) is now Optional on the FROI 01.

For a number of line item numbers, DWC is updating the Matching Process for accepting incoming claims as valid and the assignment of JCNs. As such, several data requirements have been updated. Affected line item numbers are 5-12, 23, 28 & 29.

For line item 13, the Employee Date of Death (DN57) is now Conditional/Serious on the SROI IP, AP, FS, 4P, 04, CA, CB, RE, RB, PY, AN, FN and UR. A Mandatory Condition was added where If Paid to Date/Reduced Earnings/Recoveries code (DN95) equals 300. The previous guide required the date of death be reported on only partial suspension (P4) and suspensions (S4), when the employee died and the payment stopped, or an FN contained a fatal benefit code (010, or 510). This proposed change expands the requirement for reporting date of death to anytime the benefit codes (010, 510, or 300) are reported.

For line item 14, the Permanent Impairment Body Part Code (DN83) is now only required on the SROI Final (MTC=FN) and the SROI Upon Request (MTC=UR).

For line item 15, the SROI Date Disability Began (SROI DN56) is now defined by DWC as the first date of lost time for the current benefit period. The FROI Date Disability Began (FROI DN56) remains the original date of lost time.

For line item 16, the Nature of Injury (DN35), Part of Body (DN36), and Cause of Injury (DN37) code lists have been removed and links to the source material are now provided.

For line item 17, the Time of Injury (DN32) is now Mandatory/Serious on the FROI 00, AU, 04, 02 and CO. In addition, the Initial Treatment Code (DN39) is now Mandatory/Serious on the FROI 00, AU, 04, 02 and CO. DWC is proposing to increase the requirement for Initial Treatment code from Optional to Mandatory/Serious.

For line item 18, the Date of Maximum Medical Improvement (DN70) is Mandatory on the SROI FN and UR when reporting and closing permanent disability benefits (DN85=020, 021, 030, 040, or 090 and the Date of Injury (DN31) is on or after January 1, 2013. The Date of Maximum Medical Improvement (DN70) is Mandatory on the SROI FN and UR when reporting and closing permanent disability benefits (DN85=020, 021, 030, 040, or 090, the Date of Injury (DN31) is prior to January 1, 2013, and the MMI date is known.

For line item 19, the Claim Status (DN73) is now Mandatory/Fatal on the SROI FN and AN. The Claim Status (DN73) must equal C or X on the SROI FN.

For line item 20, the Claim Type (DN74) is now Mandatory/Fatal on all SROIs except the CD, 02, and CO. In the current version of the guide, Claim Type is optional for all SROI submissions.

For line item 21, the Payment/Adjustment Start Date (DN88) and the Payment/Adjustment End Date are now mandatory based on the Date of Injury (DN31) being on or after June 18, 2012.

For line item 22, the requirement for submission of the FROI and SROI Correction (MTC=CO) is now within 30 calendar days of original TE acknowledgment.

For line item 24, for indemnity claims, the SROI AN and FN must be preceded by a SROI IP, AP, CD, FS, or PY, as applicable. The IAIABC Release 1 Guide requires the Annual (AN) and Final (FN) to be preceded by an IP or FS. DWC proposes loosening the requirement to allow WCIS to also accept AN and FN transactions where the only previous SROI MTC may have been the Payment (PY), the Acquired Payment (AP), or the Compensable Death (CD). These MTC codes can also be used to initialize indemnity benefits.

For line item 25, the edit for error 035 (must be on or after the Date Disability Began) has been removed for DN88 and DN89 (Payment/Adjustment Start and End Date). Claims Administrators can make payments before the date of disability has been determined. Therefore, DWC proposes relaxing the data requirements for the Payment/Adjustment Start and End Dates to accommodate this scenario.

For line item 26, for SROI Date Disability Began (DN56), if Nature of Injury Code (DN35) is not between 60 and 80, then DOI (DN31) prior to DDB (DN56) is Mandatory. This edit on the SROI Date



Disability Began is proposed to accommodate the reporting of cumulative trauma claims, which may have dates of disability that begin before the reported date of injury.

For line item 27, Payment/Adjustment Code (DN85) and Payment/Adjustment Paid to Date (DN86) are now Mandatory/Fatal on SROI Payment (MTC=PY). Payment/Adjustment Code (DN85) is now Conditional/Fatal on SROI Final (MTC=FN) and Annual (MTC=AN). Payment/Adjustment Code (DN85) and Payment/Adjustment Paid to Date (DN86) are now Mandatory/Fatal on SROI Payment (MTC=PY). Payment/Adjustment Code (DN85) is now Conditional/Fatal on SROI Final (MTC=FN) and Annual (MTC=AN).

For line item 30, Wage (DN62) and Wage Period (DN63) are now Mandatory/Serious on FROI Original (MTC= 00), Acquired/Unallocated (MTC=AU), Denial (MTC=04), Change (MTC=02), and Correction (MTC=00). Wage Period (DN63) is now Mandatory/Serious on SROI Initial Payment (MTC=IP), Acquired Payment (MTC=AP), Change in Amount (MTC=CA), Change in Benefit (MTC = CB), Change (MTC=02), Correction (MTC=00), and Upon Request (UR). Under the current version of the guide, for the Wage and Wage Period Codes, there are minor errors that are not reported back to Claims Administrators. Because wages are used by DIR to determine the adequacy of benefits paid, DWC proposes sending an acknowledgement to the claim administrators with a transaction accepted with error (TE) when the wage data elements are reported incorrectly.

For line item 31, the parallel EDI process has been removed. The parallel process requires WCIS staff to collect paper and electronic submissions before promoting a new trading partner to production status. WCIS has developed other reporting tools that take the place of this costly and time consuming process.

For line item 32, the requirement that the SROI Change and Correction (MTC=02 and CO) transactions must have at least one previous benefit event has been removed for SROI 02 and CO transactions where the Claim Status (DN73) or Date of Representation (DN76) is present.

For line item 33, SROI (MTCs=CA, Px and Sx) must be preceded by a least one previous benefit event of any Payment/Adjustment Code (DN85). DWC proposes extending the logic that states that one previous benefit event code must be reported before it will accept a change in amount, a partial, or suspended benefit maintenance type code. Currently, the sequencing requirement is only for the reinstatement or change of a benefit.

For line item 34, the requirement that Date of Return/Release to Work (DN72) be greater than or equal to Date of Return to Work (DN68) has been removed.

For line item 35, the fax number in WCIS EDI contacts and the Trading Partner Profile Part D, Receiver Information, has been removed.

For line item 36, the change in the file naming convention for files submitted to the SFTP server has been changed. DWC is proposing the change for consistency between what is sent by trading partners and the files sent to both the FROI/SROI database and the Medical Bill Payment database.

For line item 37, the Policy Number (DN28), Policy Effective Date (DN29) and Policy Expiration Date (DN30) have been made Optional on the FROI Acquired (MTC=AU) and FROI Denial (MTC=04) reports.

For line item 38, the requirement that the Date of Return to Work (DN68) must be greater than the Date Disability Began (DN56) has been deleted.

For line item 39, the requirement that the Date of Maximum Medical Improvement (DN70) must be greater than the Date Disability Began (DN56) has been deleted.

Appendix B summarizes the changes between versions 3.0 and 3.1 by section, as set forth in more detail above.

#### **4. California Electronic Data Interchange (EDI) Implementation Guide for Medical Bill Payment Records, Version 2.0**

Throughout the Guide, all references to “IAIABC EDI Implementation Guide for Medical Bill Payment Records, Release 2.0, dated February 1, 2014,” have been replaced with references to “IAIABC Workers’ Compensation Medical Bill Reporting Implementation Guide, Release 2.0, February 1, 2015 Publication.” In addition, references to “Acting Administrative Director Destie Overpeck” are changed to “Administrative Director Destie Overpeck.”

In Section 2, page 4, in the first paragraph of the Trading Partner Profile, the hyphen is replaced by an underscore.

In Section 2, page 11, in the third row, second column, the language “be identical” is replaced with “have the same value.”

In Section 3, page 13, the following language was added to the sentence beginning with “The 41<sup>st</sup> character is...”: “File Extension must be .txt.” The “.txt” file extension has also been added to the three file examples immediately below this new language.

In Section 4, EDI medical testing, on page 16, in the first full paragraph, the “IK501 segment” is renamed the “IK05 segment.”

In Section 4, EDI medical testing, on page 17, in the “IK4 Error Codes for 999 Acknowledgments” table, DN0049 (Employee Mailing City) and DN0050 (Employee Mailing Postal Code) are added to the table.

In Section 4, EDI medical testing, on page 18, in the “IK4 Error Codes for 999 Acknowledgments” table, the description for DN0527 has been changed from “Prescription bill date” to “Prescription Date(s) Range.”

In Section 4, EDI medical testing, on page 21, the table “WCIS adopted Functional Group Acknowledgment code transmitted in IK501” is retitled, “WCIS adopted Transaction Set Acknowledgment code transmitted in IK501.”

In Section 4, EDI medical testing, on page 22, the table “WCIS adopted Transaction Set Acknowledgment code transmitted in AK901” is retitled, “WCIS adopted Functional Group Acknowledgment code transmitted in AK901.”

In Section 5, Supported Transactions and ANSI file structure, on page 26, the publication date “February 1, 2015 Publication” was added to the second paragraph.

In Section 5, Supported Transactions and ANSI file structure, in the California-adopted ANSI 837 loops, segments, and data elements summary, on page 29, the following items were added: Segment N4 (Geographic Location), DN0048 (Employee Mailing City) and DN0050 (Employee Mailing Postal Code).

In Section 5, Supported Transactions and ANSI file structure, in the California-adopted ANSI 837 loops, segments, and data elements summary, on page 31, the following item was removed DN0521 (Principal Diagnosis Code).

In Section 5, Supported Transactions and ANSI file structure, in the California-adopted ANSI 837 loops, segments, and data elements summary, on page 34, the following items were added: LOOP ID 2410 (DRUG IDENTIFICATION), DN0721 (NDC Billed Code), and Segment K3 (File information).

In Section 5, Supported Transactions and ANSI file structure, in the California-adopted ANSI 837 loops, segments, and data elements summary, on page 34, the description for item DN0553 (Day(s)/Unit(s) Code) was added.

In Section 6, Required medical data elements, in the “California Medical Data Elements by Source” table, on page 37, DN0048 (Employee Mailing City) and DN0050 (Employee Mailing Postal Code) and related billing information were added.

In Section 6, Required medical data elements, in the “California Medical Data Elements by Source” table, on page 38, for item DN0521, the language “21a” was removed, and for item DN0522, the language “21b1” was replaced with “21a1.”

In Section 7, Medical data element requirements, in the Medical Data Elements Requirement Table, on page 45, items DN0048 (Employee Mailing City) and DN0050 (Employee Mailing Postal Code) and related billing information were added.

In Section 7, Medical data element requirements, in the Medical Data Elements Requirement Table, on page 47, for item DN0521, the second two entries in the “Business Condition/Mandatory Trigger” column and “P” and “D” were deleted from the “Bill Type(s)” column.

In Section 7, Medical data element requirements, in the Medical Data Elements Requirement Table, on page 47, under DN0528 (Billing Provider Last/Group Name), in the cancellation column, “M” was changed to “NA.”

In Section 7, Medical data element requirements, in the Medical Data Elements Requirement Table, on page 47, under DN0557, bill type “D” was added.

In Section 7, Medical data element requirements, in the Medical Data Elements Requirement Table, on page 50, the data element number in the trigger box for DN0638 was changed from DN0595 to DN0589. For DN0599, the following language was added: “If provider is not eligible for state licensing enter 999999999.”

In Section 7, Medical data element requirements, in the Medical Data Elements Requirement Table, on page 51, the word “invalid” was deleted from the trigger box for DN0659.

In Section 7, Medical data element requirements, in the Medical Data Elements Requirement Table, on page 52, the trigger language for DN0687 and DN0688 was amended to read that the information is only required to be reported if the provider is located in the United States. For DN0714 and DN0715, the word “outpatient” was added to the trigger language after the word “institutional.”

In Section 7, Medical data element requirements, in the Medical Data Elements Requirement Table, on page 53, the trigger language for DN0726 was amended to say it is required for professional bills when DN0729 or DN0728 are not present. For dental bills, the trigger language is required when DN0722 is not present, and for institutional outpatient bills, the trigger language is required when DN0729 is not present.

In Section 7, Medical data element requirements, in the Medical Data Elements Requirement Table, on page 53, the trigger language for DN0729 was amended to add outpatient to the requirement for institutional bills and DN0625 was removed from the requirement.

In Section 7, Medical data element requirements, in the Medical Data Elements Requirement Table, on page 53, the following language was added to the trigger column for DN0722 (ADA Procedure Paid Code): “if DN0726 HCPCS Line Procedure Paid Code is not present.” For DN0726 (HCPCS Line Procedure Paid Code), the following language was added to the trigger column: “and dental.” In addition, for DN0726 (HCPCS Line Procedure Paid Code) and DN0727 (HCPCS Modifier Paid Code), “D” was added to the Bill Type column. Finally, for DN0729 (Jurisdiction Procedure Paid Code) the trigger language “Required for professional bills when DN0726 HCPCS Line Procedure Paid Code is not present” is change to read, “Required for professional bills when DN0726 HCPCS Line Procedure Paid Code or DN0728 NDC Paid Code are not present.”

In Section 8, California-adopted IAIABC data edits and California specific data edits and error messages, in the California Edit Matrix, on page 55, the “C” under error code 059 for DN0015 was deleted.

In Section 8, California-adopted IAIABC data edits and California specific data edits and error messages, in the California Edit Matrix, on page 56, DN0048 (Employee Mailing City) and DN0050 (Employee Mailing Postal Code) and related reporting information were added.

In Section 8, California-adopted IAIABC data edits and California specific data edits and error messages, in the California Edit Matrix, on page 57-64, the following changes were made:

- In the DN0503 (Billing Format Code) row, “C” was added to the error code 064 column;
- In the DN0509 (Service Bill Date(s) Range) row, “X” was deleted from the error code 001 column and “C” was added to the error code 041 column;
- In the DN0510 (Date of Bill) row, “C” was added to the error code 041 column;
- In the DN0511 (Date Insurer Received Bill) row, the “?” and “X” were removed;
- In the DN0512 (Date Insurer Paid Bill) row, “C” was added to the error code 041 column;
- In the DN0515 (Contract Type Code) row, “X” was deleted from the error code 064 column;
- In the DN0520 (Outpatient Reason for Visit Code) row, in the error code 01 column, “X” was changed to “C;”
- In the DN0525 (Principal Procedure Code) row, “C” was deleted from the error code 001 column;

- In the DN0527 row, “C” was added to the error code 064 column and “X” was deleted from the error code 073 column and name of the item was changed from “Prescription Bill Date” to “Prescription Date(s) Range;”
- In the DN0533 (Present on Admission Indicator) row, in the error code 001 column, “X” was changed to “C;”
- In the DN0535 (Admitting Diagnosis Code) row, in the error code 064 column, “X” was changed to “C;”
- In the DN0553 (Day(s)/Unit(s) code) and DN0554 (Day(s)/Unit(s) Billed) rows, “X” was deleted from the error code 001 column;
- In the DN0555 (Place of Service Bill Code) row, “C” was added to the error code 064 column;
- In the DN0599 (Rendering Line Provider State License Number) row, “X” was added to the error code 030 column;
- In the DN0604 (Prescription Line Date) row, “C” was added to the error code 070 column;
- In the DN0630 (Billing Provider State License Number) row, “X” was added to the error code 030 column;
- In the DN0643 (Rendering Bill Provider State License Number) row, “X” was added to the error code 030 column;
- In the DN0659 (Supervising Provider First Name) row, “C” was deleted from the error code 001 column;
- In the DN0680 (Facility State License Number) row, “X” was added to the error code 030 column;
- In the DN0688 (Facility Postal Code) row, “C” was deleted from the error code 001 column;
- In the DN0722 (ADA Procedure Paid Code) row, “C” was added to the error code 001 column;
- In the DN0726 (HCPCS Line Procedure Paid Code) row, “C” was added to the error code 001 column;
- In the DN0728 (NDC Paid Code) row, “C” was added to the error code 001 column;
- In the DN0760 (Prior Actual Amount Paid) row, “X” was deleted from the error code 001 column and “C” was deleted from the error code 064 column.

In Section 9, System specifications, on page 75, in the “Compound drug reporting” section, the citation to “page 4.101” was changed to “Page 4.100.” In addition, the following language was added to the end section: “Physician dispensed compound drugs are reported using loop 2410 Drug Identification for SV1 (professional services). To identify the components of a compound drug, the REF02 segment in Loop 2410 must have the same prescription number or the same linkage number. For reporting physician dispensed compound drugs, refer to IAIABC Workers’ Compensation Medical Bill Data Reporting Implementation Guide Release 2.0, February 1, 2015 Publication, page 2.142.” This language replaced the following language, which was deleted: “The DWC/WCIS requires compound drugs dispensed by a physician to be reported utilizing the SV1 Professional Service segment and the Health Care Financing Administration Common Procedural Coding System (HCPCS) Code, S9430 (Pharmacy compounding and dispensing fee) not associated with the ingredient costs of the compound. All individual ingredients in each compound must be reported at the line level for all compound drug bills, regardless of the type of dispenser.”

In Section 9, System specifications, on page 75, a section entitled “Repackaged drug reporting” was added, including the following language: “The K3 segment in loop 2400 is used to report repackaged drugs. The original NDC is reported in the K3 segment with the original NDC prefaced with ‘ORIGN4’. The repackaged NDC is reported in the LIN segment in the 2410 loop.”

In Section 9, System specifications, on page 77, in the Lien Bills Data Element Requirement table, items DN0503 and DN0504 were removed.

### **DOCUMENTS INCORPORATED BY REFERENCE**

1. IAIABC EDI Implementation Guide for First, Subsequent, Acknowledgment Detail, Header, & Trailer Records, Release 1, February 15, 2002.
2. IAIABC Workers' Compensation Medical Bill Data Reporting Implementation Guide, Release 2.0, February 1, 2015 Publication.
3. California EDI Implementation Guide for First and Subsequent Reports of Injury (FROI/SROI) Version 3.1 (revision date will be six months from date of approval of regulations by OAL).
4. California Electronic Data Interchange (EDI) Implementation Guide for Medical Bill Payment Records Version 2.0 (revision date will be six months from date of approval of regulations by OAL).

### **OBJECTIVE AND ANTICIPATED BENEFITS OF THE PROPOSED REGULATIONS**

With respect to medical billing data reporting, the anticipated changes will enable the DWC to correctly collect compound and repackaged drug information. There are also technical corrections to the previously approved version (approved April 6, 2015) which, if not adopted, will result in difficulty in transmitting data to DWC. With respect to First and Subsequent Reports of Injury reporting, the proposed update to the California EDI Implementation Guide for First and Subsequent Reports of Injury (FROI/SROI) will give greater understanding of the nature of workplace injuries and illnesses by improving the quality of injury data that DWC receives from claim administrators and the ability of DWC to manage that information once it is collected.

### **DETERMINATION OF INCONSISTENCY AND/OR INCOMPATIBILITY WITH EXISTING STATE REGULATIONS**

The Administrative Director has determined that the proposed regulatory amendments are not inconsistent or incompatible with existing regulations. After conducting a review for any regulations that would relate to or affect this area, the Administrative Director has concluded that these are the only operative regulations concerning reporting of EDI to WCIS.

### **DUPLICATION OF LABOR CODE PROVISIONS**

The Administrative Director has determined that the proposed regulatory amendments are not duplicative of any Labor Code provision.

### **DISCLOSURES REGARDING THE PROPOSED REGULATORY ACTION**

The Administrative Director has made the following initial determinations:

- Mandate on local agencies and school districts: None.
- Cost or savings to any state agency: None.

- Cost to any local agency or school district which must be reimbursed in accordance with Government Code sections 17500 through 17630: None.
- Other nondiscretionary cost or savings imposed on local agencies: None.
- Cost or savings in federal funding to the state: None.
- Cost impacts on a representative private person or business: The DWC is not aware of any significant adverse cost impacts that a representative private person or business would need to incur to come into compliance with the new requirements imposed by the proposed amendments to the regulations.
- Statewide adverse economic impact directly affecting business and individuals: Minimal. Costs will be incurred by workers' compensation insurers, self-insured, self-administered employers, and third party administrators to expand the EDI structure of WCIS to conform to changes in the California EDI Implementation Guide for First and Subsequent Reports of Injury, Version 3.1 and the California EDI Implementation Guide for Medical Bill Payment Records, Version 2.0, February 2015 Publication. The cost of the proposed regulations, including the revisions to the California implementation guides, will primarily be limited to the cost of upgrading computer programming. It is estimated that the cost of the proposed WCIS changes medical data reporting requirements will be approximately \$3,500-\$4,000 for each impacted claim administrator, of which there are estimated to be approximately 1,400 in the State of California. More significant costs are predicted for the approximately 200 claim administrators who will be impacted by the WCIS changes to FROI/SROI data reporting requirements, which will incur approximately \$25,000-\$35,000 in programming costs due to these changes. However, these costs are not anticipated to have a significant, statewide adverse economic impact directly affecting business, or negatively impacting the ability of California businesses to compete with businesses in other states.
- Significant Effect on Housing Costs: None.

## **RESULTS OF THE ECONOMIC IMPACT ANALYSIS/ASSESSMENT**

The Administrative Director concludes that it is (1) unlikely that the proposal will create any jobs within the State of California, (2) unlikely that the proposal will eliminate any jobs within the State of California, (3) unlikely that the proposal will create any new businesses within the State of California, (4) unlikely that the proposal will eliminate any existing businesses within the State of California, and (5) unlikely that the proposal would cause the expansion of the businesses currently doing business within the State of California.

The proposed regulations will not have a significant adverse economic impact on representative private persons or directly affected businesses. The entities directly affected by the regulations are three types of private businesses: (1) employers who are large and financially secure enough to be permitted to self-insure their workers' compensation liability and who administer their own workers' compensation claims; (2) private insurance companies which are authorized to transact workers' compensation insurance in California; and (3) third party administrators which are retained to administer claims on behalf of self-insured employers or insurers.

Benefits of the Proposed Action: The objective of these amendments to the regulations is to increase efficiencies in reporting FROI/SROI data, based on feedback from trading partners, which necessitates updates to the California EDI Implementation Guide for First and Subsequent Reports of Injury to Version 3.1. In addition, the California EDI Implementation Guide for Medical Bill Payment Records, Version 2.0 was updated to correspond to changes made in the IAIABC Workers' Compensation Medical Bill Reporting Implementation Guide, Release 2.0, February 1, 2015 Publication. The proposed changes to 8 C.C.R. sections 9701 and 9702 correspond to and implement the changes in the two California EDI Guides. Making these updates will make the data received more useful to WCIS for research and analysis purposes. In addition, making these changes will make EDI reporting requirements for reporting entities performing WCIS reporting, e-billing and other related functions, more consistent, for reporting to DWC and other entities that require the submission of EDI, thereby making reporting requirements more streamlined and efficient for reporting entities.

Small Business Determination: The Administrative Director has determined that the proposed regulations may affect small businesses. However, claim administrators have been required to report to WCIS since November 1, 1999. Therefore, reporting to WCIS is not a new requirement. In addition, small businesses are generally not self-insured, insurers, or third party administrators.

### **CONSIDERATION OF ALTERNATIVES**

In accordance with Government Code section 11346.5(a)(13), the Administrative Director must determine that no reasonable alternative considered or that has otherwise been identified and brought to the Administrative Director's attention would be more effective in carrying out the purpose for which the actions are proposed, or would be as effective and less burdensome to affected private persons than the proposed actions, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

The Administrative Director invites interested persons to present reasonable alternatives to the proposed regulations at the scheduled hearing or during the written comment period.

### **PUBLIC DISCUSSIONS OF PROPOSED REGULATIONS**

The text of the draft proposed regulations and amendments to the California EDI Guidelines for First and Subsequent Reports of Injury, Version 3.1, was made available for pre-regulatory public comment from April 19, 2013 through April 29, 2013 through the Division's Internet message board (the "DWC Forum"). The proposed revisions were also discussed at the October 21, 2013 and October 20, 2014 meetings of the WCIS Advisory Board. In addition, the text of the draft proposed regulations, amendments to the California EDI Guidelines for First and Subsequent Reports of Injury, Version 3.1, and amendments to the California Electronic Data Interchange (EDI) Implementation Guide for Medical Bill Payment Records, Version 2.0, were made available for pre-regulatory public comment from July 10, 2015 through July 20, 2015 through the Division's Internet message board (the "DWC Forum").



## **AVAILABILITY OF INITIAL STATEMENT OF REASONS, TEXT OF PROPOSED REGULATIONS, RULEMAKING FILE AND DOCUMENTS SUPPORTING THE RULEMAKING FILE / INTERNET ACCESS**

An Initial Statement of Reasons and the text of the proposed regulations in plain English have been prepared and are available from the contact person named in this notice. The entire rulemaking file will be made available for inspection and copying at the address indicated below.

As of the date of this Notice, the rulemaking file consists of the Notice, the Initial Statement of Reasons, proposed text of the regulations, including the two updated California EDI Guides, pre-rulemaking comments and the Economic Impact Statement (Form STD 399). Also included are studies and documents relied upon in drafting the proposed regulations.

In addition, the Notice, Initial Statement of Reasons, and proposed text of the regulations may be accessed and downloaded from the Division's website at [www.dir.ca.gov](http://www.dir.ca.gov). To access them, click on the "Proposed Regulations – Rulemaking" link and scroll down the list of rulemaking proceedings to find the WCIS link.

Any interested person may inspect a copy or direct questions about the draft regulations and any supplemental information contained in the rulemaking file. The rulemaking file will be available for inspection at the Department of Industrial Relations, Division of Workers' Compensation, 1515 Clay Street, 17<sup>th</sup> Floor, Oakland, California 94612, between 9:00 A.M. and 4:30 P.M., Monday through Friday. Copies of the proposed regulations, Initial Statement of Reasons and any information contained in the rulemaking file may be requested in writing to the contact person.

### **CONTACT PERSON FOR GENERAL QUESTIONS**

Non-substantive inquiries concerning this action, such as requests to be added to the mailing list for rulemaking notices, requests for copies of the text of the proposed regulations, the Initial Statement of Reasons, and any supplemental information contained in the rulemaking file may be requested in writing at the same address. The contact person is:

Maureen Gray  
Regulations Coordinator  
Department of Industrial Relations  
Division of Workers' Compensation  
P.O. Box 420603  
San Francisco, CA 94142  
E-mail: [mgray@dir.ca.gov](mailto:mgray@dir.ca.gov)

The telephone number of the contact person is (510) 286-7100.

### **CONTACT PERSON FOR SUBSTANTIVE QUESTIONS**

In the event the contact person above is unavailable, or for questions regarding the substance of the proposed regulations, inquiries should be directed to:

Lindsey A. Urbina

Division of Workers' Compensation  
P.O. Box 420603  
San Francisco, CA 94142  
E-mail: [lurbina@dir.ca.gov](mailto:lurbina@dir.ca.gov)

The telephone number of this contact person is (510) 286-7100.

### **AVAILABILITY OF CHANGES FOLLOWING PUBLIC HEARING**

If the Administrative Director makes changes to the proposed regulations as a result of the public hearing and public comment received, the modified text with changes clearly shown will be made available for public comment for at least 15 days prior to the date on which the regulations are adopted.

### **AVAILABILITY OF THE FINAL STATEMENT OF REASONS**

Upon its completion, the final Statement of Reasons will be available and copies may be requested from the contact person named in this notice or may be accessed on the Division's website at [www.dir.ca.gov](http://www.dir.ca.gov).

### **AUTOMATIC MAILING**

A copy of this Notice, the Initial Statement of Reasons, and the text of the regulations, will automatically be sent to those interested persons on the Administrative Director's mailing list.

If adopted, the regulations as amended will appear in California Code of Regulations, title 8, commencing with section 9701. The text of the final regulations may also be available through the website of the Office of Administrative Law at [www.oal.ca.gov](http://www.oal.ca.gov).