

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 Information System**

**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 modify the text of the following proposed amendments to the following sections of Article 1.1, Subchapter 1 to Chapter 4.5 of, California Code of Regulations, title 8:

Amended section 9701	Definitions
Amended section 9702	Electronic Data Reporting

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

Members of the public are invited to present written comments regarding this proposed modification. **Only comments concerning the proposed modification to the text of the regulation 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 Thursday, August 26, 2010.**

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](mailto:dwcrules@dir.ca.gov)

Due to the inherent risks of non-delivery by facsimile transmission, the Administrative Director suggests, but does not require, that a copy of any comments transmitted by facsimile transmission also be submitted by regular mail.

**Comments sent to other e-mail addresses or other facsimile numbers will not be accepted. Comments sent by e-mail or facsimile are subject to the deadline set forth above for written comments.**

**AVAILABILITY OF TEXT OF REGULATIONS AND RULEMAKING FILE**

Copies of the original text, the modified text with modifications clearly indicated 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.

## FORMAT OF PROPOSED MODIFICATIONS

### Proposed Text Noticed for 45-Day Comment Period:

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.

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

Deletions from the proposed revisions noticed for the 45-day comment period are indicated by strike-through underlining: ~~deleted language~~

Newly proposed deletions from the original codified regulatory text noticed for the 45-comment period are indicated by double strike-through: ~~~~deleted language~~~~.

Newly proposed additions to the original codified regulatory text noticed for the 45-comment period are indicated by double underlining: added language.

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

Newly proposed deletions from the original codified regulatory text and previously proposed regulatory text are indicated by bold double strike-through underlining in light grey shading: ~~~~deleted language~~~~

Newly proposed additions to the original codified regulatory text and previously proposed regulatory text are indicated by bold double underlining in light grey shading: added language.

## SUMMARY OF PROPOSED CHANGES

### Modifications to Section 9701      Definitions

#### Subdivision (c)

- Delete phrase “and copies of the required medical billing electronic forms”. Clarify sentence to read: Contains the California-specific protocols and excerpts from the IAIABC EDI Implementation Guide for Medical Bill Payment Records, explains the technical design and functionality of the WCIS system, testing options for the trading partners, instructions regarding the medical billing data elements, and reporting standards and requirements.

#### Subdivision (d)

- Clarify language of subdivision; correct citation to section 9702(e); expand “lump-sum settlements to read “medical lien lump sum payments or settlements”.

#### Subdivision (n)(1) and (2)

- Deletion of the word “approved”.

## **Modifications to Section 9702      Electronic Data Reporting**

Subdivision (e):

- Expand “lump sum payments” and “medical lien payment” in first paragraph to read “medical lien lump sum payments or settlements.”
- Include IAIABC EDI Implementation Guide for Medical Bill Payment Records as source for electronic data interchange transmission data.
- Revise Footnote 13 to: (1) substitute “lump sum payment or settlement” for either “lump sum payment” or “lump sum settlement”; and (2) substitute “administrator” for “payer”.

## **Modifications to California EDI Implementation Guide for First and Subsequent Reports of Injury (Version 3.0)**

1. Add definition of ANSI on page 5 of Section A, “Sending Data to WCIS”.
2. Replace “L” with “K” in first paragraph on page 15 of Section A, “Decide whether your organization could benefit by adding data edits.”
3. Add “the” before “Division of Workers’ Compensation in last paragraph on page 25.
4. Delete “A history of the PGP program and frequently asked questions is available at <http://www.pgpi.org>.” in first paragraph on page 67, Section I.
5. Delete “FS” in first sentence under heading “Sending data through FTP” on page 73, Section I,
6. Change data requirements for DN84, Permanent Impairment Percentage, to match those of DN70, Date of Maximum Medical Improvement, page 97, Section K, “Data Requirements for Subsequent Report of Injury”.
7. Delete condition for DN31, Date of Injury, page 99, Section K, “SROI Conditional Rules and Implementation Notes”.
8. Replace “starting, denying or updating” with “reporting” in conditional rule for DN84, Permanent Impairment Percentage, on page 101, Section K, “SROI Conditional Rules and Implementation Notes”.
9. Replace "Payment/Adjustment" with "Benefit Adjustment" in conditional rule for DN92, Benefit Adjustment Code, on page 102, Section K, “SROI Conditional Rules and Implementation Notes”.
10. Delete “and Date of Injury (DN31) must be on or after September 1, 1999” in second paragraph on page 104, Section L, “Current Edits”.
11. Delete “Must be >= 09/01/99” from edit for DN31, Date of Injury, on page 105, Section L, “First Reports (FROIs)”.
12. Replace "Benefit/Adjustment Amount" with "Benefit Adjustment Weekly Amount" for DN93, page 105, Section L, Subsequent Reports (SROIs).
13. Clarify the reporting of attorney fees in settlements using codes for DN85, Payment/Adjustment, and DN95, Paid to Date, in “Reporting Advances and Settlements” segment on pages 118-119, Section M.
14. Update sequencing rule for AN and FN to “Allow all” on page 120, Section M, “Sequencing Rules”.
15. Delete FN from “Rules Specific to Transaction-Level MTC,” page 120, Section M.
16. On Number 1, correct WCIS Zip Code to 94612-1489 on page 161, Appendix A, “Differences Between Version 2.1 and Version 3.0 of WCIS”.
17. On Number 14, correct name of DN93, Benefit Adjustment Weekly Amount, on page 162, Appendix A, “Differences Between Version 2.1 and Version 3.0 of WCIS”.
18. On Number 18, correct sentence to: "The SROI Annual (MTC=AN) and SROI Final (MTC=FN) will now be accepted if a previously unreported indemnity benefit is reported in the AN.", on page 162, Appendix A, “Differences Between Version 2.1 and Version 3.0 of WCIS”.

19. Delete Number 23, page 162, Appendix A, "Differences Between Version 2.1 and Version 3.0 of WCIS".
20. Add Number 29, "The Permanent Impairment Percent (DN84) is now only required on the SROI Final (MTC=FN) and the SROI Upon Request (MTC=UR)." on page 163, Appendix A, "Differences Between Version 2.1 and Version 3.0 of WCIS".
21. Remove difference #23 in footnote to Number 14 on page 165, Appendix A, "Differences Between Version 2.0 and Version 2.1 of WCIS". The footnote now reads: "\*This difference has been revised in Version 3.0. See difference #18 in the Differences Between Version 2.1 and Version 3.0 of WCIS."
22. Change difference #25 to #24 in footnote to Number 16 on page 165, Appendix A, "Differences Between Version 2.0 and Version 2.1 of WCIS". The footnote now reads: "\*\*This difference has been revised in Version 3.0. See difference #24 in the Differences Between Version 2.1 and Version 3.0 of WCIS."
23. Add "'Removed benefit sequencing rules'" to page 168, "Section N: Renamed Section M," Appendix B, "Revision History – Summary of Principal Changes from Previous Versions." Also add phrase "including the reporting of attorney fees" to end of sentence "Clarified advances and settlement reporting."

### **Modifications to California EDI Implementation Guide for Medical Bill Payment Records (Version 1.01)**

1. Revise first sentence of second paragraph in "Step five: Detailed Testing – Sender receives and processes an 824 from DWC", page 7, Section A, to read: "After the structural and detailed testing is successfully completed, the trading partner transmits a cancellation of at least one of the medical bills sent in step three."
2. Revise second sentence in first paragraph under "California Division of Workers' Compensation", page 10, Section B, to read: "It requires detailed technical information as well as close cooperation between the organizations that send and receive data, the trading partner, and the California Division of Workers' Compensation (DWC)."
3. Reorganize paragraph structure in "EDI service providers", page 11, Section B.
4. Clarify first paragraph of "Who should complete the trading partner profile?" page 25, Section F. Insert "ISA" before "header record" in second sentence; replace "time of transmission" with "transmission time".
5. Non-substantive language clarification to "Step four: Structural testing - Sender receives and processes a 997 from DWC", page 42, Section G.
6. Move "Re-transmit corrected file to WCIS" paragraph into previous paragraph, "Process the 997 functional acknowledgment and correct any errors", pages 42-43, Section G. Change paragraph structure; define "R" and "E" acknowledgement codes.
7. Non-substantive language clarification to "Transmission 997 acknowledgment error messages", page 43, Section G.
8. Delete sentence "The WCIS will process all medical bills included in the transmission until 20 errors per medical bill have been detected." from first paragraph in "Electronic acknowledgment from WCIS", page 48, Section G. Delete sentence "The only exception is when the transaction does not have a match on the database (See Section ML)." from second paragraph.
9. Delete sentence "The DWC will process all medical bills in each ST-SE transaction set until 20 errors per bill are detected and then send the 824 acknowledgment." from bullet point under "Production Status", page 52, Section G.
10. Delete third and fifth sentences in paragraph for ANSI definition of AN format, page 56, Section H.
11. Change UB92 to UB04 in first paragraph of "Medical data elements by name and source", page 85, Section K.
12. Non-substantive language change in "Medical data element requirement table", page 89, Section K. Also change "correctable" to "critical" under 00 = Original; delete clause "...or a re-submission of a medical bill with a correctable error previously accepted"

- under 01 = Cancellation; and add sentence “The following element requirement table does not apply to medical lien lump sum payments or settlements (See Section O).”
13. Non-substantive language change to “Transaction processing and sequencing”, page 113, Section M. Add phrase “previously accepted” to second sentence of last paragraph to read: “The originals of all corrected medical bill payment records previously accepted are canceled utilizing BSRC = 01.”
  14. Add “BA” (Batch Accepted) and “BR” (Batch Rejected) codes to DN111, Application Acknowledgment Codes, on page 114, Section M.
  15. Revise No. 2 under “Correcting data elements (BSRC=00)(AAC=TR)” on page 114, Section M, to read: “DWC/WCIS sends a 997 and a “TR” 824 acknowledgement with errors to sender.”
  16. Add paragraph and instructions explaining “BA” (Batch Accepted) and “BR” (Batch Rejected) codes, “Correcting batch level duplicates (BSRC=00)(AAC=BR)”, on pages 115-116, Section M.
  17. Revise first paragraph of “Matching transmissions, transactions and duplicate medical bills”, page 116, Section M, to be consistent with use of “BA” (Batch Accepted) and “BR” (Batch Rejected) codes.
  18. Revise second to last sentence in first paragraph on page 117, Section M (under heading “Matching transmissions, transactions and duplicate medical bills”), to read: “Duplicate medical bills that are not correctly coded with the appropriate claim adjustment reason code (18 or B13) will cause an error.” Add last sentence: “The DWC will transmit a 057\_duplicate transmission error code with the unique bill id number in the bad data field of the matching 824 acknowledgement.”
  19. Non-substantive change to sentence structure to No. 3 of “Unmatched Transactions (AAC=TE), page 118, Section M.
  20. Add sentence “Clarified the batch rejection rules.” To “Section N: Renamed Section M.” on page 151, Appendix A.