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

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6 **PUBLIC HEARING**

7 Monday, April 26, 2010
The Ronald Reagan State Building
8 300 South Spring Street
Los Angeles, California

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11 **Carrie Nevans**
Acting Administrative Director

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13 **Destie Overpeck**
Chief Counsel

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15 **Maureen Gray**
Regulations Coordinator

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25 Reported by: Dawn M. Ryan

I N D E X

SANDY SHTAB
Compliance Manager, Healthesystems

LINDA WIKLER
Director, National Sales, Emdeon

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1 **PUBLIC HEARING**

2 **LOS ANGELES, CALIFORNIA**

3 **MONDAY, APRIL 26, 2010; 10:03 a.m.**

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6 MS. OVERPECK: Good morning, everyone. First, I'd like to
7 apologize. We don't have a microphone, so if everyone could
8 stay up front, and when you speak, speak really loudly so that
9 our court reporters can get everything.

10 My name is Destie Overpeck, and I'm the Chief Counsel for
11 the Division of Workers' Compensation. This is Carrie Nevans,
12 the Administrative Director.

13 We are here today for the hearing on the proposed
14 Electronic and Standardized Medical Treatment Billing
15 Regulations. Our Regulations Coordinator is Maureen Gray.
16 If you have brought any written comments, feel free to hand
17 them to her, and she will take them back up for us. Any
18 written comments that you want to submit can be submitted up
19 until five o'clock today. You can fax them or e-mail them to
20 us, as well.

21 The hearing today will continue as long as there are
22 people present to testify. However, I anticipate it won't go
23 on too long today based on the small number who have signed in.

24 So the purpose of the hearing is to receive comments on
25 the proposed regulations, and we welcome any comments you may

1 have about them. Please be sure to restrict your comments to
2 the regulations. We will carefully review anything that you
3 tell us orally or in writing, and we'll consider whether or not
4 additional changes need to be made, based on your comments.
5 When you come up to give your testimony, please give a
6 business card, if you have one, to the court reporter, and then
7 be sure and say your name and who you're speaking on behalf of.
8 All right. So we have a sign-in sheet, and I'm going to
9 go through the names of those who have checked off that they
10 want to speak, but after we do that, if anyone else wants to
11 comment, that's fine, too. So we'll make sure everyone can
12 have a chance to speak.
13 So the first is Sandra --
14 MS. SHTAB: Shtab.
15 MS. OVERPECK: Shtab.
16 MS. SHTAB: Okay. Am I standing?
17 MS. OVERPECK: Okay. Stand right here and speak loudly.
18 MS. SHTAB: Here's my card.
19
20 **SANDY SHTAB**
21
22 Good morning, everyone. Thank you so much for having this
23 hearing. I'm sorry there isn't a bigger turnout. I was really
24 excited and thinking there would be a lot of people here
25 talking about e-billing.

1 I'm with Healthesystems in Tampa, Florida. We're a
2 Pharmacy Benefit Manager, and we provide adjudication services
3 to many clients in the State of California. We are really
4 supportive of the e-bill regulation. We're very excited about
5 it, and actually, we were eagerly anticipating this coming out.
6 We attended last week (inaudible). They had a really big
7 --
8 THE REPORTER: I'm sorry?
9 MS. SHTAB: I'm sorry.
10 -- last week, IAIABC. Please don't ask me to tell you
11 what that stands for right now.
12 We did do a little session on e-billing regulations and
13 talking about what's working, what's not working, what has to
14 happen in the system. One of the recurring themes was that you
15 need to have economy of scale when you're putting these
16 processes into place, and there's a huge financial investment
17 that happens in the technology.
18 So to date, we have just Texas and Minnesota with
19 mandatory e-billing requirements. Those two states were
20 present last week at that conference, and they talked a little
21 bit about the penetration that they're seeing. Even though
22 they do have a mandatory requirement, Texas has had it for two
23 years now, and they are somewhere, I believe, Alan McDonald
24 said, around 80-percent penetration.
25 Now, Minnesota implemented back in July of last year, and

1 what they're at by the end of the year was 3 percent, and that
2 was mandatory.
3 So we heard testimony around that, and understanding that
4 there are challenges for a lot of providers to put these
5 processes into place, you know, we think that it's really
6 important that when you're putting these regulations into
7 place, that there's a period of time where the implementation
8 allows for the development that's necessary, getting the word
9 out to providers, and then also making that switch to a period
10 of time where it is optional to do it, but then moving to
11 mandatory at some point in the future.
12 So what we are recommending is that in adding this
13 18-month implementation period after adoption of the rule, that
14 there be an additional period, whether it be six months, one
15 year, two years, I don't know what the right period of time is,
16 but to make that requirement mandatory.
17 There's a ton of money that's being infused into the
18 system for health care information technology, including
19 electronic medical records and attachments, and again,
20 understanding what our financial status is as a nation, we
21 don't want to put anyone out of business in the process, yet we
22 do want to realize the benefits of this technology. If you've
23 got payers and providers that are putting in the investment,
24 let's make it equitable for everyone so that either, A, there's
25 an exemption process for those little guys who do very little

1 in work comp, you know, we don't want to hurt them, but at the
2 same time, you're continuing to perpetuate paper, and we really
3 want to get away from paper. And I think the only way to do
4 that is to put into place some mandatory regulations that have
5 compliant regulations attached to them.
6 Does that -- I hope that makes sense.
7 MS. NEVANS: Do you think it's going to be easier once we
8 -- once we transition over to RBRVS codes and get rid of the
9 old CPT codes?
10 MS. SHTAB: You know, that's a whole other -- that's a
11 whole other topic, and I'm afraid I can't comment on that at
12 this point in time because our core business is pharmacy.
13 MS. NEVANS: Okay.
14 MS. SHTAB: Which is, you know, really what I can only
15 speak to at this time.
16 MS. NEVANS: Yeah.
17 MS. SHTAB: But I will say that understanding in 2012 that
18 there's going to be changes that happen with ICD-10 and
19 changing the electronic standards from the 4010 to the 5010,
20 there are a lot of things that are going to be happen --
21 happening around that time. So that, let's say we were
22 implementing this regulation in -- what month is it now? It's
23 April -- let's say September, you know, in a good year, and
24 then you have 18 months. So, we're getting closer to that 2012
25 date. And I think if everybody's moving towards technology

1 really being the key to save us money in the long run, let's
2 move in that direction as a whole. That's really the point I'm
3 trying to make here.
4 The other piece that we'd really like to see addressed --
5 by the way, I just wanted to point out a little tidbit of
6 information from the CMS website, which I understand is part of
7 the regulations. There were some reports that were attached
8 that showed what the time frames were on connectivity and
9 electronic remittance advice. There are about, according to
10 the CMS website, 95 percent or greater of all medical providers
11 have established electronic connectivity with Medicare. So in
12 the space of clearinghouses, you've got -- you know, there's --
13 there are a lot of companies out there that are helping connect
14 the physicians or the medical providers to the payers, and I
15 think that if we move in that direction of making that a
16 mandatory requirement, you'll see significant savings to the
17 system as a whole.
18 Now, that being said, there is one piece here in that
19 current regulation that I wanted to point out, which is the
20 15-day remittance advice, and that, in itself, could be
21 problematic for a lot of payers because you've got third party
22 medical billing companies that are the conduit between the
23 physician's office and that -- the insurance carrier of the
24 self-insured, and when you are talking about marrying up these
25 systems where you've got a bill coming in electronically, an

1 adjudication system that works that bill through the rules for
2 that state or that service, and then transmitting that bill to
3 the ultimate payer, there has to be a reconciliation process on
4 their end. And then coming back to where that check is cut,
5 15 days may not be enough time for a lot of payers, and may
6 also ultimately wind up with a lot more denials because they're
7 trying to make sure that they meet that requirement. And I
8 think that's counterintuitive to what we're trying to
9 accomplish here.
10 MS. OVERPECK: The time period's in the statute.
11 MS. NEVANS: Yeah, it's in the statute.
12 MS. SHTAB: It is? Okay. Well, then, that is what it is,
13 I guess. Okay.
14 So, those were really the points that I wanted to make
15 here was regarding the time frame, which it sounds like is not
16 negotiable at this moment.
17 MS. OVERPECK: Not for us.
18 MS. NEVANS: No.
19 MS. SHTAB: But definitely if there could be something
20 built in that either extends the time frame for implementation
21 and make it mandatory up front, or make it optional for that
22 period of time, and then move to mandatory with some sort of
23 compliance around it in the future, I think that it would be
24 very favorable to a lot of providers and payers.
25 MS. OVERPECK: Thank you for your comments.

1 MS. SHTAB: That's all I have. Thank you so much.

2 MS. OVERPECK: So, we don't show anyone else with a check

3 of yes, but is there -- please, come on up.

4 MS. WIKLER: Let me get a business card. Sorry about

5 that. Okay. I don't think anyone will have a problem hearing

6 me. I have a loud voice.

7

8 **LINDA WIKLER**

9

10 I wanted to kind of piggyback on Sandra -- is that your

11 name?

12 MS. SHTAB: Yes.

13 MS. WIKLER: -- on Sandra's comments.

14 MS. OVERPECK: Can you say what your name is, please?

15 MS. WIKLER: My name is Linda Wikler, W-i-k-l-e-r. I'm

16 with Emdeon, which is one of those clearinghouses that connects

17 providers to payers. I don't know if I, one hundred percent,

18 agree with Sandra, to be honest. No disrespect. I don't think

19 you need that long of an implementation period. This is not

20 anything that different, out of box. This is providers sending

21 bills electronically. We provide a solution where the provider

22 could just fax the attachments, which is why this is such a

23 paper-intensive type of industry. But we provide a solution

24 where the provider can just fax it, which is a lot of -- may

25 not be sophisticated, may not even have practice management or

1 HR, but they all have fax machines.
2 So we provide a portal at no charge for providers to
3 literally just fax their attachments in. We marry it with the
4 e-bill and send it to the payer.
5 I also don't feel that the 15 days is an issue for the
6 remittance advice, especially the workers' comp payers that are
7 using our connectivity with the providers. If they have to
8 route it to a third party for bill review, we can route it to
9 that third party, bring it back to the payer for adjudication.
10 All this is done electronically, and get those remittances out
11 the door, preferably electronically.
12 So, I -- I, you know, as I said, no disrespect, but I
13 think that -- that the amount of time is absolutely within
14 reason, and I think it should be mandatory. I think we've got
15 to start reducing our costs. And everything that you do -- the
16 more paper that you're involved with, the more your costs are
17 going to stay high. I mean, besides the earth part, the trees
18 and all that, if you just even ignore that, just the costs for
19 migrating paper processes is very costly with postage and the
20 manual processes of paper.
21 So I just wanted to kind of like -- for the record, Emdeon
22 is already doing this. We're doing it in Texas; we're doing it
23 in Minnesota.
24 So we are well-positioned to be able to really look at it
25 electronically and start getting rid of the paper, both in the

1 ERA's, the remittance advice, as well as on the front end with
2 attachments.
3 MS. NEVANS: Why has Minnesota seen so few of them?
4 THE WITNESS: Well, partly is the connectivity with -- the
5 biggest -- the biggest payer in Minnesota is Corvel, and Corvel
6 and I were very, very close to doing it where the providers
7 would be able to fax. It's a great solution. I mean, they can
8 upload from a hard drive, but they can fax. And that's really
9 the key. And Corvel -- we were right in the middle of
10 negotiating the deal, and Corvel said, "We want it for free,"
11 and I said, "I can't do that. I'm giving you significantly
12 reduced costs, but I can't do it for free." So that kind of
13 left the providers in a lurch with --
14 MS. NEVANS: They then had to submit the bill with the
15 paperwork?
16 MS. WIKLER: They had to either submit the bill with
17 paperwork on paper, or they didn't really have a means. Most
18 providers are not technically savvy enough to just send
19 electronic attachments. They need a vehicle. Either our
20 portal, where they can fax it, or upload it to our portal and
21 we can marry it. So most providers don't have the technical
22 savviness to just be able to send an attachment electronically
23 with a bill.
24 So I think that -- you know, I think Texas is really -- of
25 course, Texas has been at it longer. So, you know, I have the

1 same statistics in Texas, about approximately 80 percent.

2 I also know about Minnesota, and I think one of the

3 problems really is because their largest payer, Corvel, is just

4 not connected, but I'm still working on it.

5 MS. OVERPECK: Thank you, Linda.

6 MS. WIKLER: And I represent California in my -- in my

7 companies, so I'm very interested in these regulations. So

8 thank you for allowing me to speak.

9 MS. OVERPECK: Thank you.

10 MS. NEVANS: Sure.

11 MS. OVERPECK: Is there anyone else who would like to make

12 a comment?

13 (No response.)

14 MS. OVERPECK: No?

15 Okay. So what we're going to do is we'll go off the

16 record, but we'll keep the hearing open until 10:30 to see if

17 anyone else comes in.

18

19 (Whereupon, a recess was taken.)

20

21 MS. OVERPECK: Let's go back on.

22 So nobody else has come, but has anyone decided perhaps

23 they'd like to make any comments?

24 (No response.)

25 MS. OVERPECK: In that case, we'll close the hearing. I'd

1 like to remind you that you have the opportunity until
2 five o'clock today to file any written comments. We take them
3 as seriously as we take oral comments, and you'll need to get
4 them however, either E-mail or fax, up to our office in
5 Oakland.
6 And thank you all for coming and for your thoughts today,
7 and the hearing is now closed.
8 (The Public Hearing concluded at 10:30 a.m.)
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REPORTER'S CERTIFICATE

I, DAWN M. RYAN, hereby certify that the foregoing is a full, true and correct transcript of the proceedings taken by me in shorthand on the date and in the matter described on the first page hereof.

____________________ ____________________________________

Date /s/ DAWN M. RYAN

Hearing Reporter

Workers' Compensation Appeals Board