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

## 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

**UPDATE OF INITIAL STATEMENT OF REASONS AND INFORMATIVE DIGEST**

As authorized by Government Code section 11346.9(d), the Acting Administrative Director hereby incorporates by reference the entire the Initial Statement of Reasons prepared in this matter. Unless a specific basis is stated below for any modification to the regulations as initially proposed, the necessity for the amendments to existing regulations and for the adoption of new regulations as set forth in the Initial Statement of Reasons continues to apply to the regulations as now adopted.

All modifications from the initially proposed text of the regulations are summarized below.

**Modifications to Section 9701 – Definitions**

§ 9701(d): Reference to the pre-2014 fee schedule regulations, in effect from July 1, 2004 through December 31, 2013, has been added to this subdivision. In addition, reference to the California EDI Implementation Guide for Medical Bill Payment has been changed from Version 1.1 to Version 2.0. These changes were made in response to comments received from WCIS trading partners (those transmitting workers' compensation claims data to WCIS) and to increase the breadth of information that will be reported to WCIS.

§ 9701(n)(2): The date February 1, 2013 has been changed to February 1, 2014. This change was made for accuracy and in response to a comment from a WCIS trading partner.

**Specific Purpose of Changes to Section 9701**

Based on comments from WCIS trading partners, it was determined that it would be beneficial to WCIS to be able to receive claims data information from the period before the current version of DWC's Official Medical Fee Schedule. Thus, the current proposed language allows receipt of medical billing information dating back to July 1, 2004 through the present time. The additional change to subdivision (n)(2) was to correct an error in noting the appropriate date.

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

§ 9702(e): The following changes have been made to the table that appears in this subdivision:

- The name of DN0527 has been changed from "Prescription Bill Date" to "Prescription Date(s) Range."
- The order of the lines for Admitting Diagnosis Code (DN0535) and Admission Type Code (DN0577) has been reversed.
- The name of DN0541 has been changed from "Billing Provider State" to "Billing Provider State Code."
- The line for DN0624 has been deleted.

These changes were made to conform to IAIABC reporting requirements.

§ 9702(e)(3): The date February 1, 2013 has been changed to February 1, 2014. This change was made for accuracy and in response to a comment from a WCIS trading partner.

**Specific Purpose of Changes to Section 9702**

Changes to the table that appears in subdivision (e) were made to conform to the reporting requirements set forth in the IAIABC Workers' Compensation Medical Bill Data Reporting Implementation Guide, Release 2.0. The additional change to subdivision (e)(3) was to correct an error in noting the appropriate date.

**Modifications to the California EDI Implementation Guide for Medical Bill Payment Records, Version 2.0**

The California EDI Implementation Guide for Medical Bill Payment Records, Version 1.1 (dated November 15, 2011) will be replaced by Version 2.0. Use of Version 2.0 by claims administrators will be required twelve months after the effective date of the regulations. The significant changes between Version 1.1 and Version 2.0, by section, are as follows:

**Section I**

- Adopts IAIABC Workers' Compensation Medical Bill Data Reporting Implementation Guide, Release 2.0, dated February 1, 2013.
- Adopts the ASC (Accredited Standards Committee) X12 Implementation Acknowledgement for Health Care Insurance (999), dated February 2011.
- Medical bill records shall be transmitted to the DWC within 90 calendar days of the medical bill payment, the final determination that payment is denied, or the date the claim is settled.
- A no longer valid fax number is deleted.

**Section II**

- Updated the Trading Partner Profile Form to provide that user names and passwords will be provided by WCIS.
- Removed obsolete information from Part C1 and C2.

**Section III**

- Updated the process for establishing SFTP connectivity and getting access to the WCIS server.

**Section IV**

- Updated the testing requirement. Added a new testing requirement for the newly proposed adoption of ANS X12 999 Implementation acknowledgement.
- IK4 Error Codes for 999 Acknowledgements updated.

**Section V**

- Updated the list of reportable data elements list and the 837 loops and segments it should be reported under.
- Updated the loops and segments for 824 acknowledgements to Version 2.0 standards.
- Added the loops and segments for 999 acknowledgments.

**Section VI**

- Updated the data element by source table according to the proposed data element list.

**Section VII**

- Updated the data element requirement table to Version 2.0 standards and the proposed data elements.
- Added one new BSRC code (02-Correction) to be used on bills that have been submitted and accepted by WCIS but requires that information be corrected by the Claims Administrator.

**Section VIII**

- Updated the California edits matrix according to Version 2.0 standards and the proposed data elements.

**Section IX**

- Updated the system specifications according to Version 2.0.
- Described the proposed 999 implementation acknowledgements that replaced the 997 functional acknowledgements used in Release 1.1.
- Updated the matching rules for
  - o Matching 837 files to 824 application advice
  - o Matching transaction sets
  - o Matching injured worker claims between the FROI and Medical Bill databases of WCIS.
- Updated the rule for identifying duplicate transaction sets and medical bills.
- Introduced the new balancing process according to Version 2.0 standards
  - o Balancing at the bill level
  - o Balancing at the line level
- Provided description of how to report compound drugs.
- Updated the section on how to report bundled lien bill payments.

**Section X**

- Updated the source of code lists used in WCIS.

**Non-substantive modifications to the California EDI Implementation Guide for Medical Bill Payment Records, Version 2.0, following the close of the 3rd 15-day Comment Period (page reference to marked up version of the Guide):**

Page 2: The sentence appearing at the top the page reading "Medical bill records shall be transmitted to the DWC within 90 days of the medical bill payment or the date of the final determination that payment is denied" is corrected to read as follows: "Medical bill records shall be transmitted to the DWC within 90 calendar days of the medical bill payment, the final determination that payment is denied, or the date the claim is settled."

Page 18: table code for error code 110 corrected to read, “Implementation ‘Not Used’ data element present” at stakeholder request (it previously read ‘Not Us’ due to a typographical error).

Page 23: “Functional Group” is corrected to read “Transaction Set” in first paragraph.

Page 24: The missing word “tested” is added to the second to last line of the second paragraph.

Page 24: “transaction” is replaced with “item” and “837 transaction” is changed to “rejected bill” to be consistent with other parts of the Guide.

Page 25: The following changes are made to the “Error codes for 824 Acknowledgement” table: For error code 028, “Must be numeric” is changed to “All digits must be,” for error code 031, the language “(HHMM)” is deleted, for error code 057, “transaction set” is changed to “Batch,” for error code 063, the language “/relationship” is deleted, and for error code 070, the language, “< = Service Date” is added. These changes are made to conform to IAIABC Release 2.0 reporting standards.

Page 28: Under Format ID, “Place of Service Code 11” is corrected to read “Billing Format Code A” for consistency with IAIABC reporting standards.

Page 30: Unnecessary duplicated language “Data Element 0042 (Employee Social Security Number), Segment REF (Claimant Claim Number)” and “Data Element 0015 (Claim Administrator Claim Number)” is deleted.

Page 36: The language regarding Loop ID OTI is corrected from “Original Identification Transaction” to “Original Transaction Identification.”

Page 46: For DN0208, “MPN approval number” is changed to “MPN ID number,” for consistency with IAIABC reporting standards.

Page 48: For DN0522, missing language relating to DN0521 and DN0535 was added and the unnecessary language “is present” is deleted.

Page 49: For DN0543, the language “containing more than one line” was removed as this condition applies to bills of any length.

Page 67: In the second paragraph, an unnecessary “with” is deleted at stakeholder request, for clarity. For the language “837 file is fully accepted,” the following clarifying language is added: “(no error in any transaction set in the file).” For the language “837 file is partially accepted,” the following clarifying language is added: “(at least one transaction set in the file was rejected).” In step 2, under the above-quoted language, “E” is corrected to “P.”

Page 69: In step 2, “E” is corrected to “P.”

Page 71: In steps 2 and 5, "transaction" is replaced with "item," for consistency within the Guide.

Page 72: The following language is deleted at the end of the first full paragraph, under the heading, "Matching 837 Health Care Claim(s) to 824 Application Advice(s)": "The Time transmission sent (DN0101) in the BHT segment(s) of the 837 must be identical to the time in the ISA10 interchange time and the GS05 Time in the 837 headers where the standard format is HHMM." This information is redundant, as it included earlier in the Guide.

Page 73: "Transaction" is replaced with "item" in the first, second and third paragraphs on this page for consistency within the Guide.

Page 76: The language "the complete list" is deleted from the paragraph under the heading, "Lump sum bundled lien bill payment," as the referenced page does not provide a complete list, but does provide a list of the codes needed in this section.

## LOCAL MANDATES DETERMINATION

- Local Mandate: None. The proposed regulations will not impose any new mandated programs or increased service levels on any local agency or school district. The proposed amendments do not apply to any local agency or school district.

- Cost to any local agency or school district that is required to be reimbursed under Part 7 (commencing with Section 17500) of Division 4 of the Government Code: None. The proposed amendments do not apply to any local agency or school district.

- Other nondiscretionary costs/savings imposed upon local agencies: None. The proposed amendments do not apply to any local agency or school district.

## CONSIDERATION OF ALTERNATIVES

The Division considered all comments submitted during the public comment periods, and made modifications based on those comments to the regulations as initially proposed. The Acting Administrative Director has now determined that no alternatives proposed by the regulated public or otherwise considered by the Division of Workers' Compensation would be more effective in carrying out the purpose for which these regulations were proposed, nor would they be as effective and less burdensome to affected private persons and businesses than the regulations that were adopted or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

**SUMMARY OF COMMENTS RECEIVED AND RESPONSES THERETO CONCERNING THE REGULATIONS ADOPTED**

The comments of each organization or individual are addressed in the accompanying charts.

The public comment period was as follows:

**Initial 45-day comment period on proposed regulations:**

May 30, 2014 - July 14, 2014

**15-day comment period on modifications to proposed text:**

September 4, 2014 – September 19, 2014

**Second 15-day comment period on modifications to proposed text:**

November 13, 2014 – November 28, 2014

**Third 15-day comment period on modifications to proposed text:**

December 29, 2014 – January 13, 2015