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 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, 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: December 15, 2009
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 State Wide 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 Acting 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 December 15, 2009.** 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.

Unless submitted prior to or at the public hearing, Ms. Gray must receive all written comments no later than **5:00 P.M., on December 15, 2009.**

AUTHORITY AND REFERENCE

The Acting 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 Acting Administrative Director of the Division of Workers' Compensation to develop a cost efficient workers' compensation information system 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 two WCIS implementation guides (the California EDI Implementation Guide for First and Subsequent Reports of Injury and the California EDI Implementation Guide for Medical Bill Payment Records), refine the list of required data elements, and establish reporting procedures for disputed medical bills paid by a lump sum following the filing of a lien with the Workers' Compensation Appeals Board.

These proposed regulations implement, interpret, and make specific these two sections of the Labor Code as follows:

1. Section 9701

This section is amended to assign a lettered subdivision to each defined term; several regulatory citations have also been corrected. Additionally, the definitions for the two California implementation guides have been amended to reflect updated versions; the definitions for the two IAIABC implementation guides have been amended to reflect a change in access to the document.

(b) "California EDI Implementation Guide for First and Subsequent Reports of Injury" is amended to be defined as the California specific reporting requirements and information excerpted from the IAIABC EDI Implementation Guide for First, Subsequent, Acknowledgment Detail, Header & Trailer Records, Release 1, issued February 15, 2002, by the International Association of Industrial Accident Boards and Commissions. The current version of the guide, Version 2.1 (dated February 2006), will continue to be used for reporting for six months following the effective date of the amended regulation. Version 3.0 (dated January 2010) is to be used for reporting six months after the effective date of the amended regulation. Both versions of the implementation guide, which are incorporated by reference, are posted on the Division's website at http://www.dir.ca.gov/dwc/WCIS.htm.

(c) "California EDI Implementation Guide for Medical Bill Payment Records" is amended to be defined as the California-specific protocols and excerpts from the IAIABC EDI Implementation Guide for Medical Bill Payment Records, which explains the technical design and functionality of the WCIS system, testing options for the trading partners, and instructions regarding the data elements for medical billing. The current version of the guide, Version 1.0 (dated February 2006), will continue to be used for reporting for six months following the effective date of the amended regulation. Version 1.1 (dated January 2010) is to be used for reporting six months after the effective date of the amended regulation. Both versions of the implementation guide, which are incorporated by reference, are posted on the Division's website at http://www.dir.ca.gov/dwc/WCIS.htm.

(d) "California Jurisdiction Code" is added to be defined as a California-specific code that identifies a procedure, service, or product billed that is not identified by a current HCPCS code. California Jurisdiction Codes are either set forth and/or incorporated by reference in California Code of Regulations, title 8, section 9795, regarding reasonable fees for medical-legal expenses, section 9789.11, regarding fees for physician services rendered on or after July 1, 2004, or in amended section 9702(e), footnote 13, regarding lump-sum settlements.

(k) "IAIABC EDI Implementation Guide, Release 1" is amended to reflect that the guide can no longer be accessed through the Division's website. The definition now provides that the guide can be

obtained for a fee at either the IAIABC website at http://www.iaiabc.org, or the IAIABC office located at 5610 Medical Circle, Suite 24, Madison, WI, 53719-1295; Telephone: (608) 663-6355.

(*l*) "HCPCS" is added to be defined as Healthcare Common Procedure Coding System.

(m) "IAIABC EDI Implementation Guide, Release 1" is amended to reflect that the guide, which is incorporated by reference, can be obtained for a fee at either the IAIABC website at http://www.iaiabc.org, or the IAIABC office located at 5610 Medical Circle, Suite 24, Madison, WI, 53719-1295; Telephone: (608) 663-6355. IAIABC EDI Implementation Guide, Release 1 cannot be accessed through the Division's website.

(n) "IAIABC EDI Implementation Guide for Medical Bill Payment Records" is amended to reflect a new, updated release. The current version of the guide, Release 1 (approved July 1, 2002), will continue to be used for reporting for six months following the effective date of the amended regulation. Release 1.1 (approved July 1, 2009) is to be used for reporting six months after the effective date of the amended regulation. Both versions of the implementation guide, which are incorporated by reference, can be obtained for a fee at either the IAIABC website at http://www.iaiabc.org, or the IAIABC office located at 5610 Medical Circle, Suite 24, Madison, WI, 53719-1295; Telephone: (608) 663-6355. The guides cannot be accessed through the Division's website.

(q) "International Association of Industrial Accident Boards and Commissions ("IAIABC")" is amended to reflect the correct address for the association: 5610 Medical Circle, Suite 24, Madison, Wisconsin 53719-1295.

2. Section 9702

Subdivision (b) is amended by increasing the period for reporting from five (5) business days to ten (10) business days. The subdivision is further amended by placing Data Element No. 11, "Claim Administrator Address Line 2" in its correct position in the alphabetical listing of data elements. The subdivision is also amended by adding IAIABC Data Element Nos. 39 ("Initial Treatment Code"); 26 ("Insured Report Number"); 29 ("Policy Effective Date"); and 30 ("Policy Expiration Date"); 28 ("Policy Number"); 33 ("Postal Code of Injury Site"); and 32 ("Time of Injury"). The subdivision is further amended by deleting Data Element No. 42's ("Social Security Number") reference to footnote 1 and adding footnote 4. Footnote 4 provides that if the Social Security Number is not known by the claims administrator, either: (a) a string of eight zeros followed by a six; (b) a string of eight zeros followed by a seven; or (c) a string of nine consecutive nines, should be used.

Subdivision (c) is amended by correcting the name of Data Element No. 5 ("Agency/Jurisdiction Claim Number") and adding Data Element Nos. 1 ("Transaction Set ID") and 4 ("Jurisdiction"). The erroneous reference to footnote 2 in Data Elements Nos. 31 ("Date of Injury") and 42 ("Social Security Number") is deleted; the correct reference to footnote 3 is added. The footnotes in subdivision (c) are amended to reflect the new and corrected data elements. Footnote No. 3 is amended by the addition of sentence providing that if Data Element No. 42 ("Social Security Number") is not known, either: (a) a string of eight zeros followed by a six; (b) a string of eight zeros followed by a seven; or (c) a string of nine consecutive nines, should be used.

Subdivision (d) is amended by the addition of the following IAIABC data elements: Nos. 92 ("Benefit Adjustment Code"); 94 ("Benefit Adjustment Start Date"); 93 ("Benefit Adjustment Weekly Amount") 14 ("Claim Administrator Postal Code"); 74 ("Claim Type"); 57 ("Employee Date of Death"); 26 ("Insured Report Number"); 80 ("Number of Benefit Adjustments"); 82 ("Number of Death

Dependent/Payee Relationships"); 55 ("Number of Dependents"); 81 ("Number of Paid To Date/Reduced Earnings/Recoveries"); 79 ("Number of Payments/Adjustments"); 78 ("Number of Permanent Impairments"); 71 ("Return to Work Qualifier"); and 67 ("Salary Continued Indicator"). The subdivision is further amended by the deletion of the following data elements: Nos. 68 ("Date of Return to Work"); and 58 ("Employment Status Code").

Subdivision (e) is first amended by providing that data shall be submitted within ninety (90) calendar days of the medical bill payment or the date of the final determination that payment for billed medical services will be denied. The subdivision is then amended by requiring that each claims administrator shall submit all lump sum payments following the filing of a lien claim for the payment of such medical services pursuant to Labor Code sections 4903 and 4903.1 within ninety (90) calendar days of the medical lien payment. Subdivision (e) is further amended by the addition of the following IAIABC data elements: 634 ("Billing Provider National Provider ID"); 682 ("Facility National Provider ID"); 699 ("Referring Provider National Provider ID"); 647 ("Rendering Bill Provider National Provider ID")' and 667 ("Supervising Provider National Provider ID").

Footnote 7 in subdivision (e), applicable to data elements 647 ("Rendering Bill Provider National Provider ID"); 630 ("Facility State License Number"); 649 ("Rendering Bill Provider Specialty License Number"); 643 ("Rendering Bill Provider State License Number"); and 599 ("Rendering Line Provider State License Number"), is amended by providing that the applicable data elements should be provided if available. If not available, a string of nine consecutive nines should be used. Footnote 8, applicable to data elements 718 ("Jurisdiction Modifier Billed Code"), 730 ("Jurisdiction Modifier Paid Code"), 715 ("Jurisdiction Procedure Billed Code"), and 729 ("Jurisdiction Paid Code"), has been amended to provide that the codes to be used for the data elements are those either set forth and/or incorporated by reference in California Code of Regulations, title 8, section 9795, regarding reasonable fees for medical-legal expenses, and section 9789.11, regarding fees for physician services rendered after January 1, 2004. Footnote 9, applicable to data element Nos. 512 ("Date Insurer Paid Bill") and 605 ("Service Line Date(s) Range"), has been added to provided that for payments made pursuant to California Code of Regulations, title 8, section 10536, the data edit date the insurer paid the bill (DN 512) must be > = date the insurer received the bill (Error Code 073 is waived to allow payment of services); the data edit service line date(s) range (DN 605) must be < = the current date (Error Code 041 is waived to allow payment of services). Footnote 10, applicable to data element No. 42, ("Employee Social Security Number"), is added to provide that if an employee is not a United States Citizen and has no other form of identification (a visa, green card, or passport number), either: (a) a string of eight zeros followed by a six; (b) a string of eight zeros followed by a seven; or (c) a string of nine consecutive nines, should be used.

Footnotes 11-17 are added to assist claims administrator in reporting medical services, whether reflected in one or more medical bills, that are fully satisfied by a single lump sum payment following the filing of a lien claim for the payment of such medical services pursuant to Labor Code sections 4903 and 4903.1. Footnote 11, applicable to data elements No. 512 ("Date Insurer Paid Bill"), provides that for medical lien bills the date the final payment was made should be used. Footnote 12, applicable to data element No. 511 ("Date Insurer Received Bill"), provides that for medical lien lump sum payment the date on the first medical bill received should be used. Footnote 13, applicable to data element Nos. 715 ("Jurisdiction Procedure Billed Code") and 729 ("Jurisdiction Procedure Paid Code"), provides that the following codes should be used for reporting a medical lien lump sum payment:

MDS10 Lump sum settlement for multiple bills where the amount of reimbursement is in dispute between the claims payer and the healthcare provider.

MDO10 Final order or award of the Workers' Compensation Appeals Board requires a lump

sum payment for multiple bills where the amount of reimbursement is in dispute between the claims payer and the healthcare provider

MDS11 Lump sum settlement for multiple bills where liability for a claim was denied but finally accepted by the claims payer

MDO11 Final order or award of the Workers' Compensation Appeals Board requires a lump sum payment for multiple bills where claims payer is found to be liable for a claim which it had denied liability.

MDS21 Lump sum settlement for a single medical bill where the amount of reimbursement is in dispute between the claims payer and the healthcare provider.

MDO21 Final order or award of the Workers' Compensation Appeals Board requires a lump sum payment for a single medical bill where the amount of reimbursement is in dispute between the claims payer and the healthcare provider.

Footnote 14, applicable to data element No. 509 ("Service Bill Date(s) Range"), provides that for a medical lien lump sum payment the date of lien filing should be used. Footnote 15, applicable to data element No. 516 ("Total Amount Paid Per Bill"), provides that for a medical lien lump sum payment the settled or ordered amount should be used. Footnote 16, applicable to data element No. 501 ("Total Charge Per Bill"), provides that for a medical lien lump sum payment the amount in dispute should be used. Footnote 17, applicable to data element Nos. 513 ("Admission Date"); 545 ("Bill Adjustment Amount"); 543 ("Bill Adjustment Group Code"); 544 ("Bill Adjustment Reason Code"); 546 ("Bill Adjustment Units"); 502 ("Billing Type Code"); 510 ("Date of Bill"); 554 ("Days/Units Billed"); 553 ("Days/Units Code"); 514 ("Discharge Date"); 678 ("Facility Name"); 688 ("Facility Postal Code"); 715 ("Jurisdiction Procedure Billed Code"); 704 ("Managed Care Organization FEIN"); 721 ("NDC Billed Code"); 555 ("Place of Service Billed Code"); 600 ("Place of Service Line Code"); 521 ("Principle Diagnosis Code"); 699 ("Referring Provider National Provider ID"); 526 ("Release of Information Code"); 647 ("Rendering Bill Provider National Provider ID"); 651 ("Rendering Bill Provider Primary Specialty Code"); 643 ("Rendering Bill Provider State License Number"); 592 ("Rendering Line Provider National Provider ID"); 733 ("Service Adjustment Amount"); 731 ("Service Adjustment Group Code"); 732 ("Service Adjustment Reason Code"); 605 ("Service Line Date(s) Range"); 574 ("Total Amount Paid Per Line"); and 552 ("Total Charge Per Line"), provides that the referenced data elements are not required for a mixed medical lien lump sum payment. Footnote 18, applicable to data element No. 547 ("Line Number"), provides that for a mixed bill medical lien lump sum payment a value = 00 should be assigned.

Subdivision (g) is amended by removing obsolete and redundant terms. The phrase "commencing in 2001" is deleted as the date qualifier is no longer relevant. The phrase "for each claim with a date of injury on or after July 1, 2000 and with any payment in any benefit category in the previous calendar year" is deleted as unnecessary; subsequent minor corrections to the text of the subdivision show the phrase to be redundant.

Subdivisions (i) and (j) are revised to correct legal citations.

3. California EDI Implementation Guide for First and Subsequent Reports of Injury

The California EDI Implementation Guide for First and Subsequent Reports of Injury, Version 2.1 (dated February 2006), will now be replaced by a new version, Version 3.0 (dated January 2010). Use of Version 3.0 by claims administrators will become required six months after the effective date of the regulation. The major changes between Version 2.1 and 3.0 are as follows:

- Introduction. Update text. Include new table of contents for entire guide.

- Section A. Remove section table of contents. Update text to remove obsolete references and reflect changes in regulations. Corrected previous error: Subsequent Reports of Injury (SROI) must be submitted within 15 business days following specific events. Update the First Report of Occupational Injury FROI reporting requirement from 5 to 10 business days. Remove references to VAN and e-mail transmission options. Provide that the WCIS can support two different file formats, known as ANSI X12 and "flat-file" formats.

- Section B. Remove section table of contents. Update WCIS contact information. EDI Service Provider information in Section B expanded to include information from the deleted Section J. Listings of EDI Service Providers now available online.

- Section C. Remove section table of contents. Update references to new Sections (J, K, L, M, N, O, and P) and to listing of EDI Service Providers, which is now provided online. Remove references to VAN and e-mail transmission options.

- Section D. Remove section table of contents. No substantial changes.

- Section E. Remove section table of contents. No substantial changes.

- Section F. Remove section table of contents. Update text regarding importance of reporting the correct claims administrator FEIN (Federal Employer Identification Number) and postal code for physical adjusting location. Update Electronic Data Interchange Trading Partner Profile (DWC WCIS TP01 – Revised 1/10). Update Part C2 and C3 of the Trading Partner Profile to use a WCIS-hosted FTP as the sole transmission mode. Remove references to VAN and e-mail transmission options. Update contact information in Part D. Add Part E – California EDI Trading Partner Insurer/Claims Administrator ID List. Update WCIS zip code to 94612-1491. Update instructions.

- Section G. Remove section table of contents. Remove or correct redundant or unnecessary phrases and sentences. Remove references to VAN and e-mail transmission options. Clarify codes used for rejected transmissions or transmissions accepted with errors. Remove Crosswalk of Employer's First Report of Occupational Injury or Illness (Form 5020), Doctor's Report of Occupational Injury or Illness (Form 5021), and EDI First Report.

- Section H. Remove section table of contents. Remove reference to Release 3 format.

- Section I. Remove section table of contents. Update information for File Transfer Protocol (FTP) transmission mode, including security provisions. Remove references to VAN and e-mail transmission options.

- Section J. Section is deleted. Information regarding EDI Service Providers is available online so it can be updated more easily.

- Section K. Renamed Section J. Remove section table of contents. Update Maintenance Type Codes for FROI, SROI, and Annual Report. Update the First Report of

Occupational Injury FROI reporting requirement from 5 to 10 business days. Corrected previous error: Subsequent Reports of Injury (SROI) are submitted within 15 business days. Clarify reporting requirements for settlements. Clarify reporting requirements for the Annual Summary.

- Section L. Renamed Section K. Remove section table of contents. Update WCIS Data Requirements Codes List for required data elements. Update Data Requirements for First Reports of Injury table (include filling in existing blanks with "optional"). Update FROI Conditional Rules and Implementation Notes. Update Data Requirements for Subsequent Report of Injury table (include filling in existing blanks with "optional"). Update SROI Conditional Rules and Implementation Notes.

- Section M. Renamed Section L. Remove section table of contents. Update California-Specific Data Edits table. Add or update California-specific data edits for IAIABC Data Elements Nos. 4 ("Jurisdiction Code"); 6 ("Insurer FEIN"); 8 ("Third Party Administrator FEIN"); 15 ("Claims Administrator Claims Number"); 5 ("Agency/Jurisdiction Claim Number"); 59 ("Class Code"); 68 ("Date of Return to Work"); 72 ("Date of Return/Release to Work"); 85 ("Payment Adjustment Code"); 86 ("Payment Adjustment Paid to Date"); 88 ("Payment Adjustment Start Date"); 89 ("Payment Adjustment End Date"); 93 ("Benefit Adjustment Amount"); 94 ("Benefit Adjustment Start Date"); and 96 ("Paid to Date/Reduced Earnings/Recoveries Code"). Add California-adopted IAIABC Data Elements tables, sorted by data element number and alphabetically.

- Section N. Renamed Section M. Remove section table of contents. Clarify transaction processing for partial denials (MTC Code 4P), annual transaction (MTC Code AN), and final transactions (MTC Code FN). Clarify the reporting of advances and settlements. Clarify sequencing requirements for subsequent reports. Update WCIS secondary matching rules. Corrected Acquired Claims diagram.

- Section O. Renamed Section N. Remove section table of contents. Update and correct code lists: Nature of Injury Codes (DN 35); Part of Body Codes (DN 36 and DN 83); Cause of Injury Codes (DN 37); Late Reason Codes (DN 77); and Class Codes (DN 59); Payment/Adjustment and Paid to Date (DN 85 and DN 95) Benefit Type Codes; and Industry Codes (DN 25). Add note about bilateral body part reporting. Add web links for code lists. Restructure table for Part of Body Codes to make easier to read. Replace Workers' Compensation Insurance Rating Bureau's Class Code list with link to website.

- Section P. Deleted.

- Section Q. Renamed Section O. Remove section table of contents.

- Appendix A. Add clarification of issues and update differences between versions of implementation guide.

- Appendix B. Add principal changes made by Version 3.0.

4. California EDI Implementation Guide for Medical Bill Payment Records

The California EDI Implementation Guide for Medical Bill Payment Records, Version 1.0.1 (dated February 2006) will now be replaced by a new version, Version 1.1 (dated January 2010). Use of Version 1.1 by claims administrators will be required six months after the effective date of the regulations. Version 1.1. The significant changes between Version 1.0.1 and Version 1.1, by section, are as follows:

- Introduction. Update text. Include new table of contents for entire guide.

- Section A. Remove section table of contents. Delete paragraph outlining WCIS components. Revise California EDI requirements to reflect changes in the regulations. The WCIS testing procedure for medical data has been expanded from a general four-stage testing procedure to a more comprehensive five-step testing procedure. New testing procedures include the cancellation of a medical bill and the replacement of a claim number.

- Section B. Remove section table of contents. Update WCIS contact person information. EDI Service Provider information in Section B expanded to include information from the deleted Section J. (The listing of EDI Service Providers is now available online.) Delete User Groups.

- Section C. Remove section table of contents. Remove unnecessary language and update section to reflect changes in the regulations. Update references to amended sections and to listing of EDI Service Providers, which is now provided online. Remove references to VAN transmission option. Update language regarding testing and production. Remove references to the optional matching of medical data on paper bills to electronic reports.

- Section D. Remove section table of contents. No significant change.

- Section E. Remove section table of contents. No significant change.

- Section F. Remove section table of contents. Update of the Trading Partner Profile form to use a WCIS-hosted FTP as the sole transmission mode. Remove references to Value Added Network (VAN) as a WCIS transmission mode. Update the Trading Partner Profile, including WCIS receiver information (Form DWC WCIS TP01 Revised 01/10).

- Section G. Remove section table of contents. The four-step testing procedure has been expanded to a more comprehensive five-step testing procedure. New testing procedures include the cancellation of a medical bill and the replacement of a claim number. Remove unnecessary language. Remove references to VAN transmission option. Remove references to parallel pilot procedure and the WCIS paper pilot identification form.

- Section H. Remove section table of contents. Update California ANSI 837 loop, segment, and data element summary. Added two national provider loops and segments to 837 file structure. Added five new national provider identification data elements.

- Section I. Remove section table of contents. Update new File Transfer Protocol (FTP) process. Remove the Value Added Network (VAN) as a WCIS transmission mode.

- Section J. Delete section. Information regarding EDI Service Providers is available online so it can be updated more easily.
- Section K. Renamed Section J. Remove section table of contents. No significant change.
- Section L. Renamed Section K. Remove section table of contents. Update California Medical Data Elements by Source table. Addition of five new national provider identification data elements: IAIABC Data Elements Nos. 634 ("Billing Provider National Provider ID"); 682 ("Facility National Provider ID"); 699 ("Referring Provider National Provider ID"); 647 ("Rendering Bill Provider National Provider ID")' and 667 ("Supervising Provider National Provider ID") with applicable bill submission reason codes. Delete existing medical data element requirement table and replace with new, updated medical data element requirement table that is sorted alphabetically by data element name. (Changes made to deleted table are indicated by underline/strikeout text.)
- Section M. Renamed Section L. Remove section table of contents. Update California-Adopted IAIABC Data Edits and Error Messages table for addition of new national provider identification data elements (named above). Delete California-specific data edits.

- Section N. Renamed Section M. Remove section table of contents. Update procedures regarding the submission of the jurisdiction claim number; transaction processing and sequencing (including bill submission reason codes and acknowledgement codes); corrections and updates of data elements; replacing a claims administrator claim number; the submission of duplicate medical bills; and matching medical bill data to FROI claims.

- Section O. Deleted. IAIABC information is available online.

- Section P. Renamed Section N. Remove section table of contents. Update addresses and web links for code lists. Delete listed facility/place of service codes; add reference to Centers for Medicare and Medicaid Services with contact information. Delete listed revenue billed/paid codes. Delete listed claim adjustment group codes; add reference and link to IAIABC and Washington Publishing Company. Add reference and link to the Washington Publishing Company for claim adjustment reason codes. Add reference and link to national plan and provider enumeration system.

- Section O. New section to add numerically-sorted list of California-adopted IAIABC data elements.

- Section P. New section to implement proposed regulation requiring the reporting of lump sum medical lien payments. See proposed amendments to California Code of Regulations, title 8, section 9702(e). Includes new jurisdictional codes, data elements, and data edits.

- Section Q. Delete Section.
- Section R. Delete Section.
- Appendix A. Added to clarify differences between current and proposed versions of implementation guide.

DISCLOSURES REGARDING THE PROPOSED REGULATORY ACTION

The Acting Administrative Director has made the following initial determinations:

- Significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states: None. Costs will be incurred by workers' compensation insurers, self-insured self-administered employers and third party claims administrators to expand the Electronic Data Interchange structure of the Workers' Compensation Information System (WCIS) to report lump sum payments of medical bill liens. Costs will further be incurred to modify EDI systems to conform to changes in the California EDI implementation guides. Insurance companies who report directly to WCIS and use their own systems will need to upgrade their programming for the reporting of lien data may incur an initial cost of approximately $20,000. These costs, which may include payments for programming and reporting additional medical transactions data to the WCIS, are not anticipated to have a significant, statewide adverse economic impact directly affecting business.

- Adoption of these regulations will not: (1) create or eliminate jobs within the State of California, (2) create new businesses or eliminate existing businesses within the State of California, or (3) affect the expansion of businesses currently doing business in California.

- Effect on Housing Costs: None.

- Cost impacts on representative private person or business: The Acting Administrative Director has determined that 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.

EFFECT ON SMALL BUSINESS

The Acting Administrative Director has determined that the proposed regulations may affect small businesses. However, claims administrators have been required to report to WCIS since November 1, 1999. Therefore, the reporting to WCIS is not a new requirement. Additionally, small businesses are generally not self-insured, insurers, or third party administrators. Finally, subdivision (e), which requires medical data reporting, will not affect small business, as only claims administrators handling

one hundred and fifty or more total claims per year are required to report.

FISCAL IMPACTS

- Costs or savings to state agencies or costs/savings in federal funding to the State: None.

- Local Mandate: None. The Acting Administrative Director has determined that the proposed regulations will not impose any new mandated programs on any local agency or school district. The California Supreme Court has determined that an increase in workers' compensation benefit levels does not constitute a new State mandate for the purpose of local mandate claims because the increase does not impose unique requirements on local governments. See *County of Los Angeles v. State of California* (1987) 43 Cal.3d 46. The potential costs imposed on all public agency employers and payors by these proposed regulations, although not a benefit level increase, are similarly not a new State mandate because the regulations apply to all employers and payors, both public and private, and not uniquely to local governments.

- 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. (See "Local Mandate" section above.)

- Other nondiscretionary costs/savings imposed upon local agencies: None. (See "Local Mandate" section above.)

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code section 11346.5(a)(13), the Acting Administrative Director must determine that no reasonable alternative considered or that has otherwise been identified and brought to the Acting 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.

The Acting 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 was made available for pre-regulatory public comment from October 17, 2007 through October 31, 2007 through the Division's Internet website (the "DWC Forum"), as required by Government Code section 11346.45. Amendments to the California EDI Implementation Guides were also provided on the Division's Internet website for public comment at the Division's annual WCIS Advisory Committee meeting on June 1, 2009.

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, 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 being proposed may be accessed and downloaded from the Division's website at 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 proposed 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, 17th 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

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:

George P. Parisotto
Division of Workers' Compensation
P.O. Box 420603
San Francisco, CA 94142
E-mail: gparisotto@dir.ca.gov

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

AVAILABILITY OF CHANGES FOLLOWING PUBLIC HEARING

If the Acting 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.

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 Acting 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 also may be available through the website of the Office of Administrative Law at www.oal.ca.gov.