

DWC RESEARCH UNIT

**18TH ANNUAL DIVISION OF WORKERS' COMPENSATION
EDUCATIONAL CONFERENCE**



Los Angeles: February 24-25, 2011
Oakland: February 28-March 1, 2011

1

**Goals for the Workers'
Compensation Information System
(WCIS)**

- Help DWC Manage WC system
- Facilitate Evaluation of Benefits Delivery
- Assist in Measuring Benefit Adequacy
- Provide Statistical Data for Research

2

Components of WCIS

- First Reports—FROI
- Subsequent Reports—SROI
- Medical/Bill Payment Reports

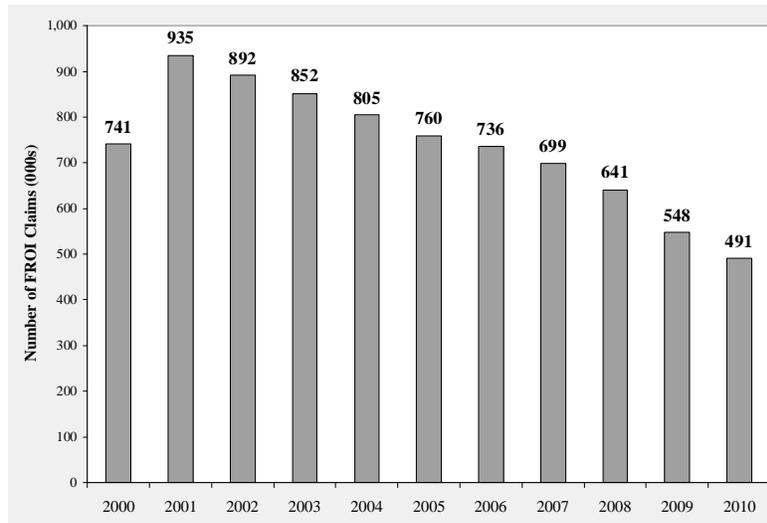
3

WCIS Data Collection – First Report of Injury (FROI)

- | | |
|------------------------------------|--------|
| | 1/2011 |
| ■ Trading Partners Submitting Data | 177 |
| ■ Total Number of Claims | 8.2 m |

4

Number of Claims Reported to WCIS, 2000-2010
 Total Claims = 8,161,278 as of January 2011



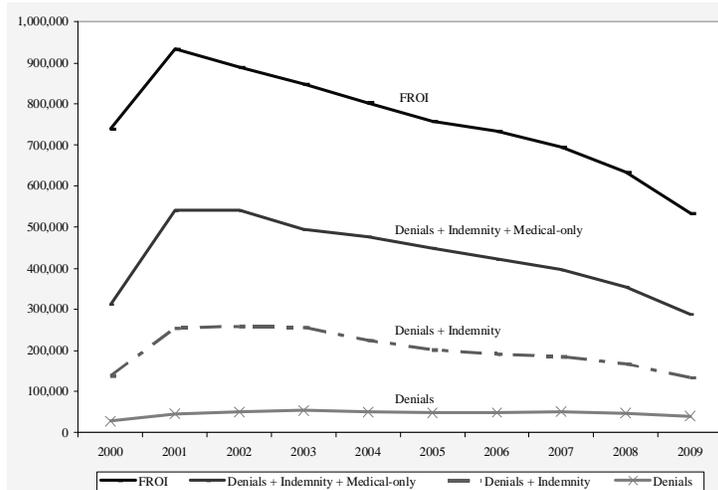
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WCIS Data Collection –
 Subsequent Reports of Injury (SROI)

	1/2011
■ Trading Partners Submitting Data	126
■ Total Number of SROI Reports	3.9 m
■ Indemnity	1.6 m
■ Medical Only	2.3 m

6

SROI Reporting is not complete



7

WCIS Reports (FROI SROI) available online

- <http://www.dir.ca.gov/dwc/WCIS.htm>
- WCIS Reports:
http://www.dir.ca.gov/dwc/wcis/WCIS_Reports.html
- Feedback to data senders and claims administrators:
 - Table 8, Data Quality Reports
 - Table 15, Timeliness of Payments

8

WCIS Data Quality Reports Sent to Data Senders (FROI SROI)

- In October 2010, data quality reports were sent to individual data senders
- Online: aggregated Data Quality Reports for WCIS: Table 8, 8a, 8b, 8c, 8d, 8e

9

Matching Problems

- Sender ID – Claim Administrator/TP ID List (no match, 039 error => TR)
 - Primary match: FEIN
- FROI – SROI (no match, 053 error => TR)
 - Primary match: JCN
- Medical bills – FROI (no match, 039=>TE)
 - Primary match: JCN
 - Secondary match: Claim Administrator Claim Number + Insurer FEIN + Date of Injury + Employee Last Name

10

Data Quality: FEINs

- Some claims administrators are reporting their own FEIN as the insurer FEIN and the employer FEIN (instead of the true employer FEIN)
- Blank FEINs, invalid FEINs (123456789)
- FEINs with transposed digits

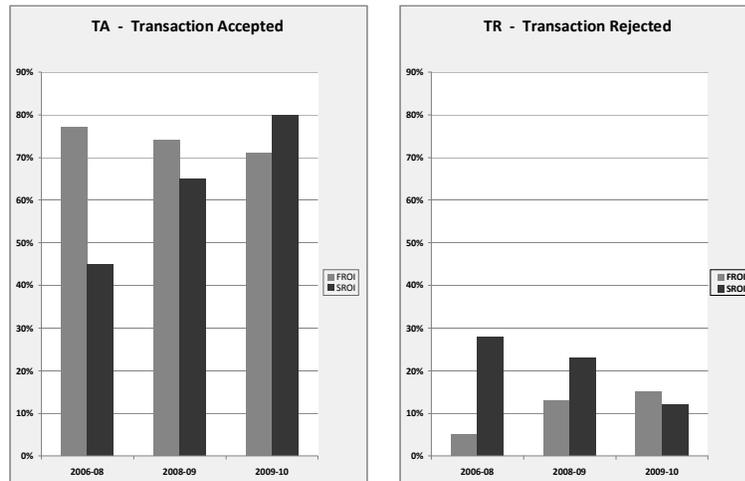
11

Claim Administrator Claim Number Variations on the Theme

Medical	FROI SROI	
440608903 <u>0000</u>	440608903	Trailing zeros
111 <u>C</u> 202777	111202777	C in 4 th position
081889990	<u>2</u> 008189990	20 added at start
<u>Q</u> G199993	<u>N</u> G199993	1 st character differs
2222222	2222222 <u>STAN</u>	STAN added
<u>00</u> 05320050999999	05320050999999	Leading zeros
0051070088888	<u>777</u> 0051070088888	Leading 777
222A9M3399 <u>N</u>	222 <u>C</u> MA9M3399	Added characters

12

Data Quality: Acknowledgments



13

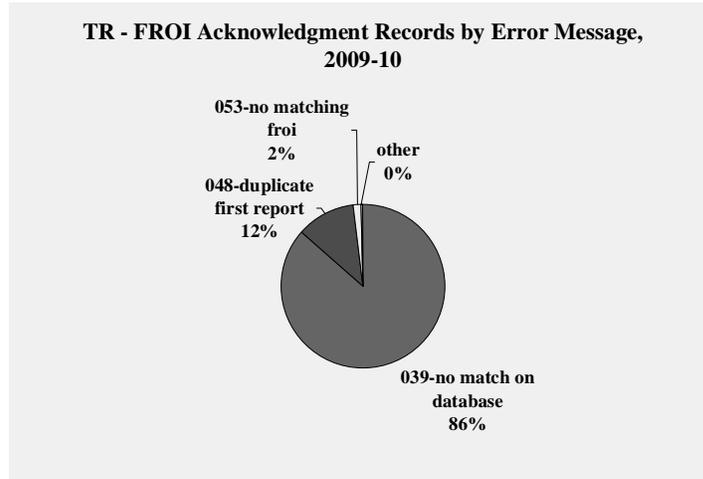
Acknowledgment Records (millions) July 1, 2009 – May 31, 2010

	Accept (TA)	Accept w/ Error (TE)	Reject (TR)	Total
FROI	1.6m	0.3m	0.3m	2.3m
FROI*	1.6m	0.3m	0.06m	2.0m
SROI	1.2m	0.1m	0.2m	1.5m
Total	2.9m	0.4m	0.5m	3.8m

* Excluding one sender

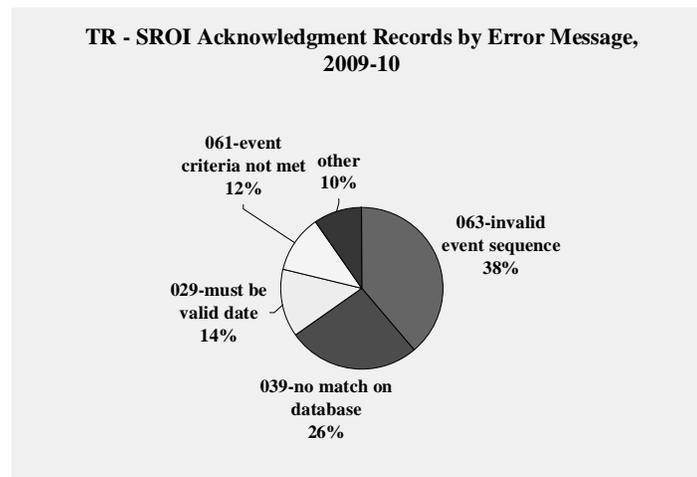
14

Trading partners need to keep their Sender ID lists up to date



15

SROI Acknowledgment Rejections – by Error Message



16

Regulatory Update

- Amendments to California Code of Regulations, title 8, sections 9701 & 9702
- California EDI Implementation Guide for First and Subsequent Reports of Injury, Version 3.0
- California EDI Implementation Guide for Medical Bill Payment Records, Version 1.1
- E-billing rulemaking currently in progress
- Planned in 2011: Employers' First Report (AB 2181)

17

Regulatory Process for Changes to Implementation Guides

- Nov 2009: DWC posts revised FROI SROI and Medical Implementation Guides for comment
- Public Hearing 12-15-2009
 - DWC reviews comments
 - DWC posts revisions
 - 15-day comment period...
- DWC sends final IG documents to OAL Nov 2010
- Effective date for implementation of changes:
NOVEMBER 15, 2011

18

Examples of Proposed Changes to the FROI SROI CA Implementation Guide

- FROI reporting due date will be within 10 days of claim administrator knowledge of the claim.
- Trading partners will send all data to an FTP server hosted by the WCIS
- New data elements to be collected: policy number, policy effective date, policy expiration date.
- For the Social Security Number, a default value will be accepted if the employee has no SSN or refuses to provide it.

19

Examples of Proposed Changes to the FROI SROI CA Implementation Guide

- The Payment/Adjustment Weeks and Days Paid will be Mandatory Fatal for some SROI MTCs.
- WCIS data edits relaxed in some cases:
 - SROI Annual (AN) and Final (FN) Reports.
- FN can be sent when a claim is closed, even if no benefits have been paid.

20

WCIS Reports to Claims Administrators (FROI SROI)

- In November 2010, two sets of reports were sent to claims administrators:
 - Comparison of WCIS counts with those from the DWC Audit Unit's Annual Report of Inventory (ARI)
 - Timeliness of Payments Reports

21

WCIS-ARI Comparison Reports Sent to Claim Administrators

- Timeline:
 - Nov 2010 – more than 400 reports for 2008 and 2009 sent to claims administrators for review
 - Feb 2011 – revised reports will be sent to claims administrators

22

WCIS-ARI Comparison Reports Sent to Claim Administrators

- General Methodology to match WCIS FEINs to Audit Locations:
 - Counts from DWC audit locations for the same company were aggregated
 - WCIS claims by FEIN were aggregated to match the companies audited by DWC
 - A small number of claims were not matched.

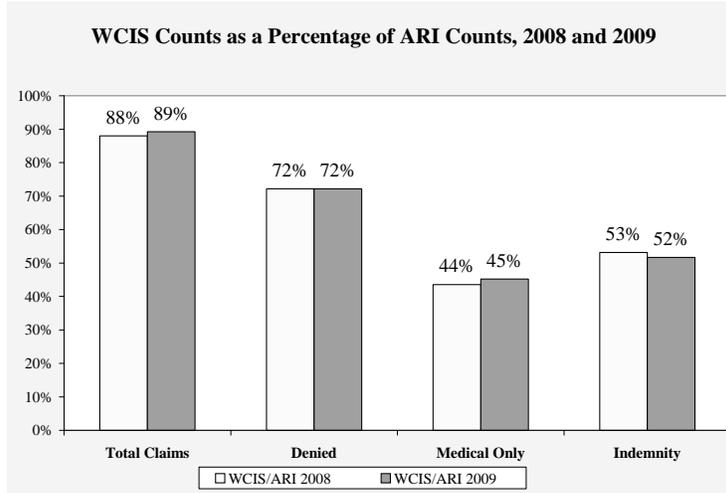
23

WCIS-ARI Comparison: Future Improvements to the Process

- The DWC Audit Unit:
 - Requests FEINs on the ARI for underwriting companies and their clients at each adjusting location
 - Requests FEINs with notice for audit (when the Claims Handling Profile is completed, upon request, by each audit subject)
 - Posts a fillable ARI reporting form on its webpage
- New WCIS Claim Admin ID List (Nov, 2011)
 - Will include postal code of physical adjusting location for clients of data senders

24

For total claims, the estimated undercount for WCIS is 11%-12%



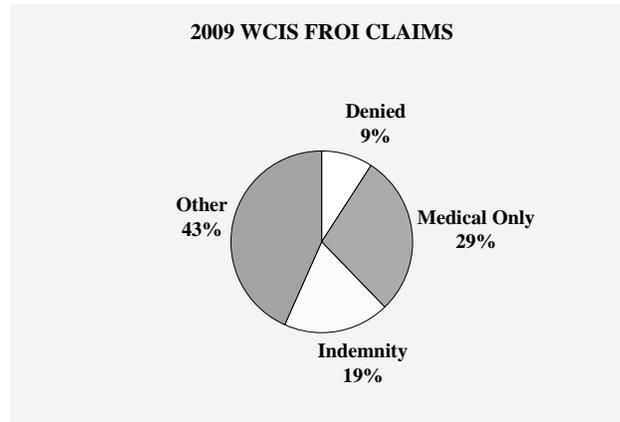
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2009 WCIS ARI Comparison

(000s of claims)	Audit: ARI	WCIS
Total Claims	639	567
Denied	72	52
Medical Only	359	162
Indemnity	208	108
"Other" (no SROI reported)	0	245

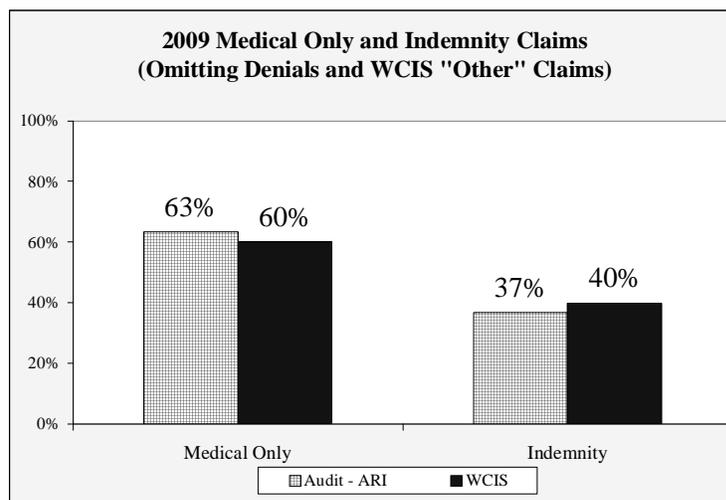
26

43% of 2009 WCIS FROI claims did not have SROI data reported



27

Percentage Med-Only & Indemnity: SROI data reported to WCIS are comparable to ARI data



28

WCIS and Annual Report of Inventory (ARI) – Regulation 9702

- On and after September 22, 2006, a claim administrator's obligation to submit an ARI...is satisfied upon determination by the Administrative Director that the claims administrator has demonstrated the capability to submit complete, valid, and accurate data as required under subdivisions (b), (d), (e), and (g) and continued compliance with those subsections.

29

ARI Regulations

§10104 Annual Report of Inventory

- (d)(1) A claims administrator's obligation to submit an Annual Report of Inventory under subdivision (a) of this section is waived upon a determination by the Administrative Director that the claims administrator is in compliance with the electronic data reporting requirements of the Workers' Compensation Information System, as set forth in California Code of Regulations, title 8, section 9702.

30

ARI Regulations

§10104 Annual Report of Inventory

- (d)(2) Each claims administrator whose obligation to submit an Annual Report of Inventory is satisfied under subdivision (c)(1) of this section shall maintain and file with the Administrative Director an Annual Report of Adjusting Locations.

31

Can WCIS information trigger an audit?

- WCIS information can be used to select subjects for an audit.
- Title 8 CCR section 10106.1 c (4)
- DWC relies on voluntary compliance for WCIS reporting.

32

Results of WCIS-ARI Comparison

- A waiver from the obligation to report an Annual Report of Inventory will be granted to two claims administrators.
- An additional nine excellent reporters will receive letters with details showing how they might improve and qualify for a waiver.
- New Trading Partners: About 70 of the 400 Audit Locations that received WCIS-ARI comparison reports had not reported any data to WCIS. Some of these locations have already begun to set up reporting to WCIS.

33

Timeliness of Payments Reports

- Timeline:
- In November 2010, timeliness reports were sent for review to claims administrators reporting SROI data to WCIS.
- Revised reports will be sent in February 2011.
- DWC plans to post the reports by claim administrator online in 2011.

34

Timeliness of Payments Reports

Revised Methodology:

- Time elapsed between the date disability began (or date of claim administrator knowledge if DDB NULL) and the date of the first indemnity payment for temporary disability
- Calculate timeliness for Temporary Disability Payments

35

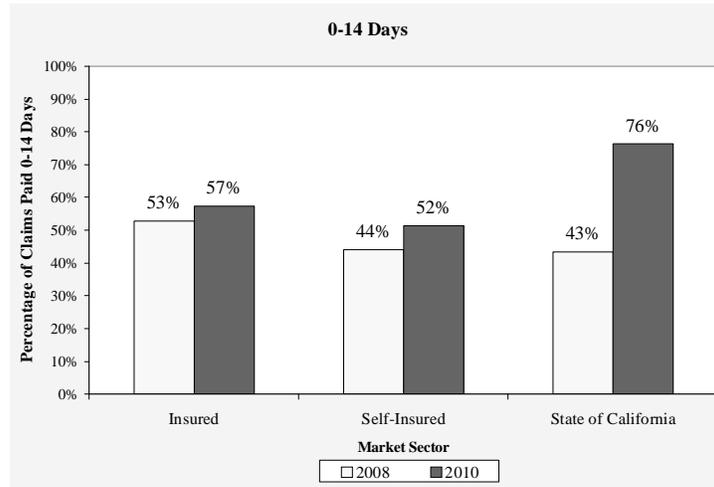
Improvement in Timeliness of TD Payments: 2008 to 2010

- Time Elapsed Between Date Disability Began (or Date of Claim Administrator Knowledge) and Date of First Indemnity Payment

	Median # Days	Average # Days
2008	14	54
2010	13	31

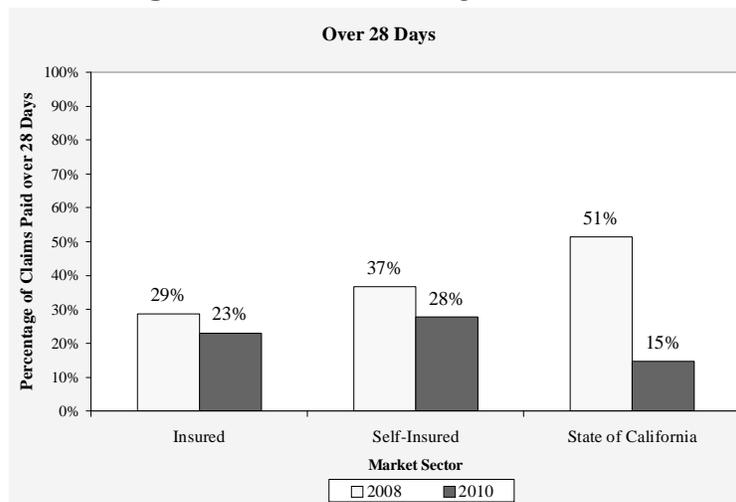
36

Improvement in Timeliness: Increasing Percentage of On-Time TD Payments, 2008-10



37

Improvement in Timeliness: Decreasing Percentage of Late TD Payments, 2008-10



38

AB 2181

Employers' First Report, Form 5020

- AB 2181, which was signed into law by the Governor on September 30, 2008, amends Labor Code sections 6409.1 and 6410 by authorizing the Division of Workers' Compensation (DWC) to create a new employer's first report of occupational injury or illness. The new employer's report, which will replace the current Form 5020 administered by the Division of Labor Statistics and Research (DLSR), will be submitted to DWC by insurers and self-insured employers via the Workers' Compensation Information System (WCIS).

39

AB 2181

Employers' First Report, Form 5020

- The changes to the Labor Code made by AB 2181 will become effective on the same day that the DWC regulations implementing the bill become effective. (A transition period of up to 18 months for employers to comply with the law is required to be part of the regulations.)

40

AB 2181

Employers' First Report, Form 5020

- DWC is currently drafting the new employer's report and will begin the regulatory process, which includes the opportunity for public comment, within the next several months. Please check DWC's website on a regular basis for updates and information. If you are subscribed to DWC newslines, you will be automatically notified.
- (http://www.dir.ca.gov/dwc/dwc_home_page.htm)

41

Examples: Uses of WCIS Data

- Using WCIS data, the California DWC is collaborating in a research project with the U.S. Bureau of Labor Statistics, the State of Washington and the State of Massachusetts
- This project is a BLS-funded study to determine the factors that may account for the differences between reported state workers' compensation claims and the number of Occupational Safety and Health Act (OSHA) reportable injuries and illnesses reported to BLS by employers for the Survey of Occupational Injuries and Illnesses (SOII).
- The multi-source reporting project is part of the modernization of OSHA's Injury and Illness Data Collection Process.
<http://edocket.access.gpo.gov/2010/pdf/2010-10163.pdf>

42

Examples: Uses of WCIS Data

WCIS data extracts were provided to various state agencies:

- DIR's Division of Labor Statistics and Research, DIR's Division of Occupational Safety and Health, the Department of Public Health (Occupational Health Branch), CHSWC, and the Employment Development Department.

For the California Workers' Compensation Insurance Rating Bureau (WCIRB):

- WCIS data have been used for claim denial analysis and for monitoring permanent disability settlements since the Almaraz, Ogilvie and Guzman decisions.

Under contact with CHSWC:

- WCIS data have been provided to a researcher at Boston University to further study injury underreporting.
- The RAND Center for Health and Safety in the Workplace obtained a WCIS data extract in order to evaluate the effectiveness of California's Injury and Illness Prevention Program and Compliance Officers' Inspections Study.

WCIS Detailed Medical Billing Data

Overview

- DWC started collecting Medical Bill data in September 22, 2006.
- November 15, 2011 - changes to the California Medical Bill Payment Records Implementation Guide.
- Uses of Medical Data.
- New WCIS Reporting Capabilities.

45

Medical Data Summary Statistics (Matched Claims)

	1/2010	1/2011
Senders	53	52
Claims Administrators	378	471
Insurers	1,387	1,475
Claims*	1.7m	2.2m
Medical Bills*	24.6m	36.7m
Medical Lines on Bills*	83.3m	134.2m

Note: * Millions

46

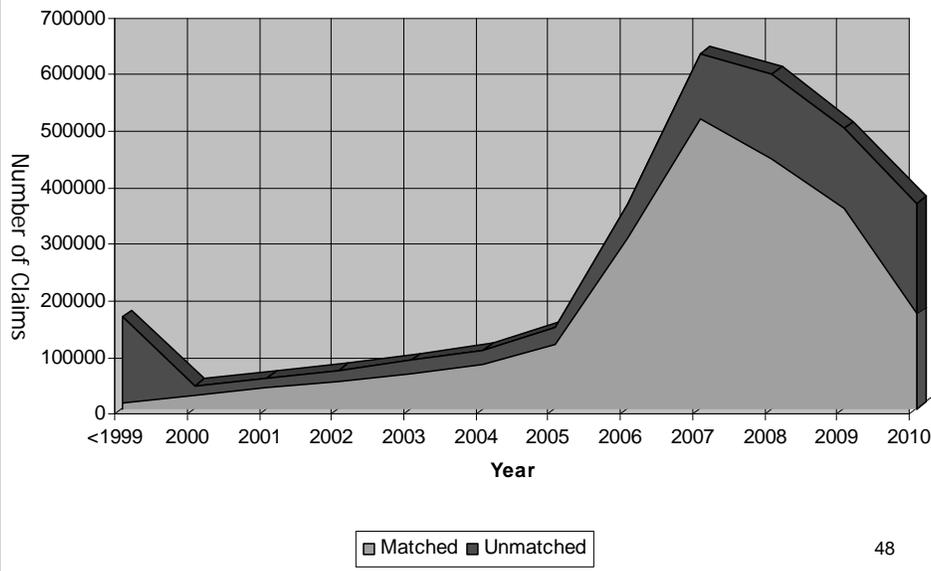
Matched and Unmatched FROI Claims, 1/2011

	Unmatched	Matched	Total
Senders	52	52	52
Claims Administrators	541	471	541
Insurers	1,623	1,475	1,623
Claims*	0.9m (23%)	2.2m (77%)	3.1m
Medical Bills*	11.1m (21%)	36.7m (79%)	47.8m
Medical Lines on Bills*	36.7m (30%)	134.2m (70%)	170.8m

Note: * Millions

47

Matched and Unmatched FROI Claims by Year



48

California Implementation Guide –
Medical Bill Payment Records
Major changes from version 1.0 to version 1.1

- Added five new national provider identification data elements.
- Added new Section: Lump sum bundled lien bill payment

49

New Medical Provider Identification

- Billing Provider National Provider ID
- Rendering Bill Provider National Provider ID
- Facility National Provider ID
- Referring Provider National Provider ID
- Supervising Provider National Provider ID

50

DWC WCAB Form 6

- Notice and request for allowance of lien.
- Labor Code § 9702 (e) ".... 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. "

51

Jurisdictional Codes for Bundled Bills

- 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.

52

Uses of Medical Data

- Monitor the care injured workers receive
- Monitor the cost of various medical services
- Monitor utilization of medical services and products
- Monitor how insurers/claims administrators are following standardized treatment guidelines
- Monitor system performance by tracking medical costs and medical service delivery
- Work with the California Department of Insurance and others to detect and/or corroborate medical billing fraud

53

Uses of Medical Data (cont'd)

- Identify needed fee schedule adjustments to ensure physician and other professional participation
- Provide detailed information on other medical services (e.g. pharmaceuticals, emergency rooms)
- Provide information to help develop adjustments to the existing fee schedule such as a resource based relative value payment system
- Determine if capped price and capitated services are adequate
- Compare costs on an intra-state basis

54

New WCIS reporting capabilities Medical Provider Examples

- National Provider Identification
- Provider Last Name (Legal Name)
- Provider Other Organization Name
- Provider First Line Business Mailing Address
- Provider Second Line Business Mailing Address
- Provider Business Practice Location Address

55

New WCIS reporting capabilities Medical Provider Examples

- Provider Enumeration Date
- Healthcare Provider Taxonomy Code
- Healthcare Provider Taxonomy Code
- Provider License Number
- Provider License Number State Code

56

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57

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58