

Formulating a Copy Service Fee Schedule for the California Division of Workers' Compensation

October 17, 2013

Submitted to: State of California
Department of Industrial Relations

Submitted by: Berkeley Research Group, LLC
Gregory J. Nachtwey, Project Director
Esther Z. Hirsh
Jake Seefer

Table of Contents

I.	INTRODUCTION	3
II.	SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS	3
III.	SOURCES OF DATA	4
IV.	METHODOLOGY AND RATIONALE	5
V.	POLICY ISSUES RELATED TO COPY COST FEE SCHEDULES AND SUGGESTED REGULATORY RESPONSES.....	9
	A. Level of Acrimony	9
	B. Collection Issues	10
	C. Proposed Policy Response	10
	D. Copy and Related Services.....	12
	E. Registration Requirement.....	13
	F. Electronic Records	13

I. INTRODUCTION

This report is submitted to the Department of Industrial Relations, Division of Workers' Compensation (DWC) by Berkeley Research Group. Senate Bill 863 requires the DWC to implement a schedule of reasonable maximum fees for copying and related services. This report was prepared to assist the DWC in determining the appropriate maximum fee for services. We also discuss the policy issues that should be addressed by regulations regarding the implementation of the schedules, in order to have a fair, transparent and orderly transition to use of the schedules. This report is presented in five chapters: this introduction; our summary of conclusions and recommendations; a listing of the data and other material we collected and considered; a discussion of analytical methodologies employed; and our recommendations with respect to facilitating the use of the schedules. An appendix contains exhibits documenting our calculations.

II. SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

We have analyzed the data detailed in the next section, communicated with stakeholders and conducted research regarding the practices of other jurisdictions and other systems. Based on our review and analysis, we have concluded that the most cost effective and fair method for paying for copy costs is to institute a single price for copy sets, regardless of the number of pages involved (up to 1,000 pages) or the difficulty in retrieval of documents. For such a method to succeed, the implementation of strict regulations governing its use is required. We discuss proposed regulations in Section V of this Report.

Based on our analysis, we have concluded that the cost of each initial copy set should be \$103.55.¹ Additional copy sets should be made available at \$.10 per page if paper and for a nominal lump sum fee of \$5.00 if electronic. We provide the rationale for our conclusion in Section IV. However, we must caveat our conclusion with this important condition: the proposed fee schedule is feasible only if there is prompt payment of copy services invoices by the payer. Accordingly, as discussed further in Section IV, we recommend the implementation of a tiered price to reflect the average estimated business expense for collection and uncertainty when payment is not made promptly.

In order to prevent abuses of the new system, we recommend requiring that each subpoena be supported by the declaration of the attorney seeking documents that the subpoena was issued in good faith, is not duplicative and seeks documents necessary to pursue the applicant's claim.

III.SOURCES OF DATA

In formulating our opinions, we collected and analyzed data relevant to copy costs from the following sources:

1. Applicant Copy Services Firms within the State of California (598,342 Observations);
2. Defense Copy Services Firms within the State of California (1,647 Observations between 2011 and 2013) serving the entertainment, and retail food and groceries industries;
3. Published data from other states and from other systems within California.
4. Profit and overhead costs associated with the claims processing industry.

¹ Exhibit 1

IV.METHODOLOGY AND RATIONALE

We began our assignment by speaking to a number of different stakeholders involved in the procuring, preparation of and payment for copying and related services. It became clear almost immediately that the system was riven with distrust and that it had essentially broken down, with each side feeling justified in its approach to pricing. Applicant copy services accuse payers of unreasonable delay or refusal, and they build the cost of collections and bad debts into their fees. Payers accuse the applicant copy services of puffing the bills, and they reject the bills or offer only discounted payments.

We believe that it is essential to break this vicious cycle of inefficiency, which is why we are proposing a lump sum payment system. The advantage of a flat rate is to simplify the process, as well as to reduce the number of areas of potential disagreement between Applicant copy services and payers. We propose that the DWC institute a schedule in accordance with the guidelines we have provided, with payment due within 60 days from receipt of invoice. If a proper invoice is not paid within 60 days, a higher fee should be applied to take account of the increased collection costs and uncertainty. A flat rate fee schedule can reduce or eliminate reliance on the system of lien enforcement, which is cumbersome, expensive and unnecessary.

The definition of a fair market value is a price at which buyers and sellers with a reasonable knowledge of pertinent facts and not acting under any compulsion are willing to do business.² We found two distinct markets for copy services in California workers' compensation. In one market, applicant copy services perform work for the attorneys for injured workers, then look to the employer or insurer (i.e., a third party) for payment. In the other market, defense copy services perform work for the employers or insurers who contract and pay for the service. Payers contend that defense copy

² <http://www.merriam-webster.com/dictionary/fair%20market%20value>

services exemplify the fair market value because both the copy service and the payer are voluntarily doing business with one another. Applicant copy services contend that the defense copy market is not comparable because the defense market is characterized by ongoing relationships, volume discounts, and hassle-free payment. Applicant copy services contend that the prices actually paid by defendants for applicant copy services, whether by voluntary payment or by settlement of a lien, reflect a fair market value since these are amounts that defendant ultimately agreed to pay.

Although neither the defense copy segment of the market nor the resolutions of applicant copy billings segment is exclusively determinative of a fair market value for applicant copy services, we find that both are informative. We conclude that the average payment for defense copy services is a useful indicator of the fair market value of copy services where payment is prompt and free of disputes. The average payment for applicant copy services is not a useful indicator of fair market value in these circumstances because the payers for applicant copy services are under compulsion of law to do business with the copy services selected by the injured worker's attorney.

We conclude, however, that the average payment for applicant copy services is a good indicator of the fair market value when the seller (the copy service) has to repeatedly rebill, pursue collection, and risk prolonged delay or nonpayment, and when the payer's alternative to settlement is to engage in litigation that often requires multiple hearings.

Therefore, we take the defense copy market as an initial approximation of the fair market value of copy services when the bills are paid promptly and without disputes, and we take the average payment of applicant copy service bills as an approximation of the fair market value of copy services when payment is uncertain and delayed. In addition, we consider the effective rates of other states as an indicator of the fair market value of copy service when the bills are paid promptly and without disputes.

We were able to obtain data on 598,342 transactions from applicant copy services, 1,647 transactions with defense copy services (i.e., insurers and employers), and pricing rules from 16 states. As discussed above, we did not believe that applicant data (i.e., the 598,342 transactions) was applicable to settings where payment is prompt and undisputed. As explained later, we conclude that the applicant copy service data is applicable to settings where collection entails greater effort and uncertainty. The detailed applicant transaction data was used, however, to determine the average number of pages copied per assignment. See Exhibit 1 attached to this report for more detail. We then examined the payment schedules adopted by other states, where possible. We were able to obtain per page pricing data from 16 states and we used these as our “comparables” for pricing. See Exhibits 2(a) through (c). The 16 states listed in the exhibit are the only ones for which we were able to locate pricing data by means of internet searches. We applied each of the state pricing schemes to the number of pages (less than or equal to 1,000 pages) from the applicant copy services data set, resulting in a mean payment of \$98.13 per transaction among the 16 states.³

This per transaction amount already includes an adjustment to account for copy service profit and overhead of 27.4 percent.⁴ Exhibit 2 (e) shows how we arrived at this percentage using data applicable to administrative-related firms. We utilized the IBISWorld Industry Report data relating to medical claims processing services, the industry most analogous to workers’ compensation copy services, to obtain the following percentages: 13.0% profit (earnings before interest and tax) and 14.4% for rent and utilities. 27.4% is the sum of these and reflects the need to compensate copy firms for both reasonable profit and certain fixed expenses that are not likely contemplated in the states’ pricing frameworks.

³ Exhibit 2(a)

⁴ Exhibit 2(e)

We then analyzed the 1,647 transactions from defense copy services. The mean payment made was \$108.98.⁵ The average of the state data (after adjusted for profit and overhead and when applied to a typical number of copies) and the defense data yielded our recommended amount of \$103.55 for the initial set of documents responsive to a subpoena.⁶

After concluding our interviews and reviewing the data, we concluded that the major costs of providing documents copies were the costs of retrieving the documents, rather than the actual per page copy costs, which is one reason why our lump sum payment proposal disregards the number of pages in a copy set. There are occasional outliers which may be so exceptionally large as to justify a higher fee, but we would propose keeping these to a minimum by requiring that any copy service desiring special consideration demonstrate that the pages copied exceeded one thousand pages. While there will be other variables in terms of effort required to access the records, these are averaged into the flat fee. Only the excessive page count for paper records should be grounds for an exception to the flat fee.

In cases where the copy company incurs additional business expense, aging receivables, and risk of non-payment, however, neither the defense copy market nor the other state's fee schedules are comparable. In those cases, the average payment on the 592,927 applicant copy service transactions (with less than or equal to 1,000 pages) is the best available indicator of the fair cost of the service including all associated business expenses. As demonstrated in Exhibit 4(a) the cost is considerably higher than our earlier determined \$103.55 and the typical cost per copy event of \$251.20 is a

⁵ Exhibit 3(a)

⁶ Exhibit 1

reasonable estimate of fair market value.⁷ Exhibit 4(b) shows the distribution of applicant copy payment amounts.⁸

As stated earlier, one of our major goals is to streamline the system to eliminate protracted payment disputes. This will require that any document subpoena be issued in good faith. It seems prudent to require the attorney who requests the documents to issue a declaration to that effect in order to prevent abuse of the system by over-issuance of subpoenas. We revisit this idea in our discussion of policy considerations.

V. POLICY ISSUES RELATED TO COPY COST FEE SCHEDULES AND SUGGESTED REGULATORY RESPONSES

The following are our observations based on interviews and discussions with numerous participants in the workers' compensation system. They are generalizations and we do not assert that they are true in every instance.

A. Level of Acrimony

Providers and payers for copy services in the workers' compensation system display a remarkable level of acrimony and distrust

Applicant representatives believe that insurance companies are untrustworthy and that they withhold relevant documents unless served with a subpoena that requires them to declare under penalty of perjury that they have provided all responsive documents. They perceive copy services which are under contract with insurance carriers as under their control.

⁷ Exhibit 4(a)

⁸ Exhibit 4(b)

Defense representatives believe that applicant attorneys are somehow benefitting from the copy services industry (as well as other industries that service injured workers) and that they needlessly duplicate document requests/subpoenas in order to attain some kind of benefit, whether it be in the form of money or perquisites received from copy services.

B. Collection Issues

Both applicants and defendants complain about the unwieldy and lengthy procedures to collect payment for copying costs from insurance carriers. There is a “chicken and egg” situation where applicant copy firms allegedly add all sorts of charges to their bills to account for the uncertainties and difficulties of collection and length of time till payment, whereas the insurance companies refuse timely payment because they object to the amount of the bills. Applicant copy firms decry being forced to engage in a lien collection process by insurers. On the other hand, defense attorneys complain about being presented with inflated bills that required them to litigate copy cost lien claims, when applicant copy firms merely send low-paid representatives. SB 863 creates a more expeditious procedure for resolving billing disputes, but there is a high opportunity cost to engage in this system which applicants decry as unfair.

C. Proposed Policy Response

It seems overly optimistic at this point to expect applicants and defendants to use the same copy service, given that there is the perception that it is not uncommon for there to be substantial disparity in the size of document productions obtained by each party relative to the same document source. Although it may be possible to institute a rule that there be only one document production where documents are sought from a third party, e.g., a prior employer or doctor, we recommend continuing to permit the use of applicant and defense copying services at this time, but revisiting this question after the fee schedules have been in effect for enough time to measure their effects.

It seems like some problems could be solved if the pre-lawsuit production of documents also required the custodian of records to issue a declaration that all responsive documents have been produced. Then there would be no apparent basis for a second request via subpoena after the suit is filed. We recommend amending the regulations to create such a requirement as a condition of payment for pre-litigation production of documents. We have also been informed that some applicant copy services will issue document subpoenas without attorney approval or even knowledge. We recommend that the DWC consider requiring that all document subpoenas must be supported by attorneys' declarations of necessity as discussed below.

Collection proceedings appear to consume an unreasonable amount of resources, including judicial time. Although the new procedure ameliorates this to some extent, we recommend adopting the single fee described previously for each document request or subpoena (with copies to non-requesting parties at \$.10 per page assuming standard paper copies or in accordance with Evidence Code Section 1158 where the copies are nonstandard). The fee schedule adopted by the DWC should operate as a "safe harbor" for copy services, such that as long as a copy service complies with the schedule, there is no excuse for nonpayment for appropriately requested records. An insurance company who delays payment beyond 60 days from presentation of the invoice should be required to pay substantially more money, perhaps the \$251.20 which represents the mean of the applicant copy service data, in order to motivate compliance with the regulation.⁹

To ensure that copy services are not issuing subpoenas without attorney knowledge, we recommend consideration of a requirement that each attorney who requests the issuance of a subpoena file a declaration that the subpoena is issued in good faith, is not duplicative and the records

⁹ Exhibit 4(a)

sought are necessary to the litigation of the applicant's claim. That declaration would become part of the documentation submitted for payment.

The flat fee per job or per subpoena will create an opportunity for abuse if a single job can be split into two or three jobs to double or triple the fees. When two or three separate jobs are actually necessary, there may still be suspicion and accusations of abuse. To minimize these disputes, the regulations should define what constitutes a single job for payment of the flat fee. The contested-payment fee will be an incentive for payers to be cautious about contesting a bill on the ground that the job was improperly split. Some other incentive may need to be created to discourage copy services from improperly splitting jobs.

D. Copy and Related Services

S.B. 863 amends the California Labor Code to add Section 5307.9, which provides that the administrative director shall adopt a schedule of reasonable maximum fees for "copy and related services." The scope of permissible services must be specified by the schedule.

In our review of the workers' compensation system, we observed that applicant copy services perform many tasks that would be performed by attorneys or paralegals in analogous civil litigation circumstances. It is our view that such paralegal services do not fall within the purview of the phrase "copy and related services." We are informed that in the California workers' compensation community, unlike in some other contexts, that phrase is generally construed to mean not only the retrieval and copying of documents responsive to a duly issued subpoena, but also the preparation of the subpoena and the service of the subpoena and in some cases the advance of the witness fee. Our recommended fee for uncontested payments includes the retrieval and copying, but does not include the preparation and service of the subpoena and associated documents nor reimbursement for witness fees advanced. An additional allowance for document preparation and service may be added to our recommended fee

for uncontested payments, as well as reimbursement of witness fees advanced. For the contested payment situation, however, our recommended fee represents the average total payment including all associated services and including reimbursement of witness fees paid, so where the recommended fee in contested payment situations is applicable, no additional allowance is indicated under any circumstances (other than records exceeding 1000 pages).

E. Registration Requirement

We have been informed that much of the abuse in the system comes from unregistered applicant copy services. This has not been verified. However, we recommend requiring the use of a registered service to qualify for payment. Registered copiers cannot be convicted felons, must have a notary public involved in the management, must be bonded, must carry an identification card issued by the county clerk, and are statutorily responsible for maintaining the integrity and confidentiality of information obtained (Business & Professions Code section 22450 *et seq.*). This would be one way of trying to protect injured workers' privacy as well as possibly reducing unprofessional practices.

F. Electronic Records

Increasingly, electronic records are becoming the norm, rather than the exception. For some time, health care providers and employers have been transitioning from paper to electronic records and it is foreseeable that paper (and/or microfilm and other tangible media) records will become rare in the future. It has been reported to us that the workers' compensation system has been slow to transition to electronic records sharing, but even so, there should be significant changes over the next several years. As the years pass, the need for copy services may disappear altogether because of the ease with which electronic records may be shared.

File sharing applications, such as "Hightail" (formerly called "You Send It") and "Drop Box," already exist and are widely used in civil litigation. These services charge for their use (e.g., Hightail



charges \$160 per year for unlimited file sharing), but they do not have per page or per subpoena charges. Use of electronic records will greatly decrease the cost of records retrieval and transmission.

Our review of the copy service data indicates that relatively few productions will be of sufficient magnitude to require even the use of file sharing services. The DWC may want to consider creating a flat fee for electronic records transmission.

Exhibit 1
California Applicant and Defense Data
Summary Statistics

[A] State Pricing Summary Statistics Based on California Applicant Page Data ≤ 1,000 Pages

Select State Comps based on California Applicant Page Data (i.e. Number of Pages)	Min (Pages = 0)	1st Quartile (Pages = 13)	Median (Pages = 43)	Mean (Pages = 94.19)	3rd Quartile (Pages = 115)	Max (Pages = 1,000)
State Pricing Mean Payment	\$19.01	\$35.66	\$65.19	\$98.13	\$118.72	\$716.91

[B] Summary Statistics Based on Additional Defense Data

Category	# Obs.	Min (Pages = 0)	1st Quartile (Pages = 16)	Median (Pages = 52)	Mean (Pages = 170)	3rd Quartile (Pages = 157)	Max (Pages = 8418)
Payments	1647	\$2.62	\$64.85	\$88.76	\$108.98	\$127.90	\$1,755.20

State Pricing Mean Payment	\$98.13
Additional Data Mean Payment	\$108.98
	\$207.11

Concluded Copy Cost Assuming Prompt Payment	\$103.55
---	----------

Sources and Notes:

- [A] Exhibit 2(a)
[B] Exhibit 3(a)

Exhibit 2(a)
 Department of Industrial Relations
 Select State Comps Summary Statistics with Industry Cost-Adjustment Factor
 Based on California Applicant Page Data ≤ 1,000 Pages (n = 592,927 Observations, 99.1% of Total)

Industry Cost-Adjustment Factor	1.274					
Select State Comps based on California Applicant Page Data (i.e. Number of Pages)	Min (Pages = 0)	1st Quartile (Pages = 13)	Median (Pages = 43)	Mean (Pages = 94.19)	3rd Quartile (Pages = 115)	Max (Pages = 1,000)
Michigan	\$ 29.71	\$ 48.92	\$ 76.26	\$ 83.43	\$ 100.48	\$ 359.80
Minnesota	\$ 21.93	\$ 43.46	\$ 93.14	\$ 177.93	\$ 212.39	\$ 1,678.13
Missouri	\$ 29.07	\$ 37.85	\$ 58.11	\$ 92.67	\$ 106.72	\$ 704.29
Pennsylvania	\$ 26.86	\$ 50.37	\$ 93.80	\$ 109.21	\$ 141.15	\$ 535.69
Ohio	\$ -	\$ 40.33	\$ 64.03	\$ 71.32	\$ 91.09	\$ 384.24
Illinois	\$ 33.11	\$ 49.18	\$ 78.91	\$ 92.95	\$ 111.21	\$ 472.00
New York	\$ -	\$ 12.42	\$ 41.09	\$ 90.00	\$ 109.88	\$ 955.50
Maryland	\$ -	\$ 12.59	\$ 41.63	\$ 91.19	\$ 111.35	\$ 968.24
Texas	\$ 56.50	\$ 62.20	\$ 119.14	\$ 161.11	\$ 203.27	\$ 770.20
Georgia	\$ 6.37	\$ 38.22	\$ 38.22	\$ 42.32	\$ 38.22	\$ 254.80
Alabama	\$ 6.37	\$ 22.93	\$ 49.69	\$ 78.48	\$ 95.55	\$ 659.30
Florida	\$ -	\$ 16.56	\$ 54.78	\$ 120.00	\$ 146.51	\$ 1,274.00
Louisiana	\$ 31.85	\$ 48.41	\$ 75.17	\$ 100.61	\$ 121.03	\$ 477.75
Kansas	\$ 24.17	\$ 34.60	\$ 58.68	\$ 95.63	\$ 116.47	\$ 654.80
West Virginia	\$ -	\$ 12.42	\$ 41.09	\$ 90.00	\$ 109.88	\$ 955.50
Oregon	\$ 38.22	\$ 40.13	\$ 59.24	\$ 73.26	\$ 84.40	\$ 366.28
Median	\$ 23.05	\$ 39.18	\$ 58.96	\$ 91.93	\$ 110.54	\$ 657.05
Mean	\$ 19.01	\$ 35.66	\$ 65.19	\$ 98.13	\$ 118.72	\$ 716.91
3rd Quartile	\$ 30.24	\$ 48.54	\$ 76.92	\$ 102.76	\$ 126.06	\$ 955.50
Total California Applicant Price Data	\$ -	\$ -	\$ 232.00	\$ 261.30	\$ 325.30	\$ -

Sources and Notes:

Exhibit 2(b)
 Department of Industrial Relations
 Select State Comps Summary Statistics with Industry Cost-Adjustment Factor
 Based on California Applicant Page Data ≤ 500 Pages (n = 577,254 Observations, 96.5% of Total)

Industry Cost-Adjustment Factor	1.274					
Select State Comps based on California Applicant Page Data (i.e. Number of Pages)	Min (Pages = 0)	1st Quartile (Pages = 13)	Median (Pages = 41)	Mean (Pages = 78.43)	3rd Quartile (Pages = 106)	Max (Pages = 500)
Michigan	\$ 29.71	\$ 48.92	\$ 74.78	\$ 78.52	\$ 97.84	\$ 213.29
Minnesota	\$ 21.93	\$ 43.46	\$ 89.83	\$ 152.51	\$ 197.48	\$ 850.03
Missouri	\$ 29.07	\$ 37.85	\$ 56.76	\$ 82.03	\$ 100.65	\$ 366.66
Pennsylvania	\$ 26.86	\$ 50.37	\$ 91.13	\$ 101.56	\$ 137.06	\$ 312.74
Ohio	\$ -	\$ 40.33	\$ 62.45	\$ 65.74	\$ 88.11	\$ 218.62
Illinois	\$ 33.11	\$ 49.18	\$ 77.26	\$ 86.25	\$ 107.28	\$ 268.16
New York	\$ -	\$ 12.42	\$ 39.18	\$ 74.94	\$ 101.28	\$ 471.38
Maryland	\$ -	\$ 12.59	\$ 39.70	\$ 75.94	\$ 102.63	\$ 484.12
Texas	\$ 56.50	\$ 62.20	\$ 115.35	\$ 148.97	\$ 194.78	\$ 521.64
Georgia	\$ 6.37	\$ 38.22	\$ 38.22	\$ 38.81	\$ 38.22	\$ 127.40
Alabama	\$ 6.37	\$ 22.93	\$ 48.41	\$ 68.34	\$ 89.82	\$ 340.80
Florida	\$ -	\$ 16.56	\$ 52.23	\$ 99.92	\$ 135.04	\$ 637.00
Louisiana	\$ 31.85	\$ 48.41	\$ 73.89	\$ 93.18	\$ 115.30	\$ 318.50
Kansas	\$ 24.17	\$ 34.60	\$ 57.08	\$ 85.51	\$ 109.25	\$ 368.15
West Virginia	\$ 12.74	\$ 25.16	\$ 51.92	\$ 87.68	\$ 114.02	\$ 490.49
Oregon	\$ 38.22	\$ 40.13	\$ 57.97	\$ 68.11	\$ 81.54	\$ 207.03
Median	\$ 23.05	\$ 39.18	\$ 57.52	\$ 83.77	\$ 104.96	\$ 353.73
Mean	\$ 19.81	\$ 36.46	\$ 64.13	\$ 88.00	\$ 113.14	\$ 387.25
3rd Quartile	\$ 30.24	\$ 48.54	\$ 75.40	\$ 94.87	\$ 120.23	\$ 485.71
Total California Applicant Price Data	\$ -	\$ -	\$ 232.00	\$ 261.30	\$ 325.30	\$ -

Sources and Notes:

Exhibit 2(c)
 Department of Industrial Relations
 Select State Comps Summary Statistics with Industry Cost-Adjustment Factor
 Based on Complete California Applicant Page Data (n = 598,342 Observations, 100% of Total)

Industry Cost-Adjustment Factor	1.274						
Select State Comps based on California Applicant Page Data (i.e. Number of Pages)	Min (Pages = 0)	1st Quartile (Pages = 14)	Median (Pages = 44)	Mean (Pages = 109.2)	3rd Quartile (Pages = 119.2)	Max (Pages = 55,913)	
Michigan	\$ 29.71	\$ 50.40	\$ 77.00	\$ 87.93	\$ 101.65	\$ 16,450.41	
Minnesota	\$ 21.93	\$ 45.11	\$ 94.80	\$ 202.77	\$ 219.09	\$ 92,625.04	
Missouri	\$ 29.07	\$ 38.53	\$ 58.78	\$ 102.80	\$ 109.42	\$ 37,782.65	
Pennsylvania	\$ 26.86	\$ 52.18	\$ 95.14	\$ 116.10	\$ 142.85	\$ 25,021.40	
Ohio	\$ -	\$ 41.12	\$ 64.82	\$ 76.40	\$ 92.42	\$ 18,573.62	
Illinois	\$ 33.11	\$ 50.41	\$ 79.74	\$ 99.16	\$ 112.84	\$ 22,858.94	
New York	\$ -	\$ 13.38	\$ 42.04	\$ 104.33	\$ 113.70	\$ 53,424.87	
Maryland	\$ -	\$ 13.56	\$ 42.60	\$ 105.73	\$ 115.22	\$ 54,137.20	
Texas	\$ 56.50	\$ 64.09	\$ 121.04	\$ 170.00	\$ 207.04	\$ 28,054.14	
Georgia	\$ 0.25	\$ 38.22	\$ 38.22	\$ 38.44	\$ 38.22	\$ 14,208.41	
Alabama	\$ 6.37	\$ 24.21	\$ 50.32	\$ 88.06	\$ 98.10	\$ 35,638.88	
Florida	\$ -	\$ 17.84	\$ 56.06	\$ 139.12	\$ 151.61	\$ 71,233.16	
Louisiana	\$ 31.85	\$ 49.69	\$ 75.80	\$ 106.19	\$ 123.58	\$ 17,967.54	
Kansas	\$ 24.17	\$ 35.40	\$ 59.48	\$ 104.58	\$ 119.68	\$ 32,136.42	
West Virginia	\$ 12.74	\$ 26.12	\$ 54.78	\$ 117.07	\$ 126.44	\$ 53,437.61	
Oregon	\$ 38.22	\$ 40.77	\$ 59.88	\$ 78.07	\$ 85.68	\$ 17,856.07	
Median	\$ 23.05	\$ 39.65	\$ 59.68	\$ 104.46	\$ 114.46	\$ 30,095.28	
Mean	\$ 19.42	\$ 37.56	\$ 66.91	\$ 108.55	\$ 122.35	\$ 36,962.90	
3rd Quartile	\$ 30.24	\$ 49.86	\$ 77.69	\$ 116.34	\$ 130.55	\$ 53,428.06	
Total California Applicant Price Data	\$ -	\$ -	\$ 232.00	\$ 261.30	\$ 325.30	\$ -	

Sources and Notes:

Exhibit 2(d)
Department of Industrial Relations
Select State Comps

	State	Effective-Date	Total Fixed Costs	Variable Costs												
			Fixed Fee	Pages 1-10	Pages 11-20	Pages 21-25	Pages 26-40	Pages 41-50	Pages 51-60	Pages 61-100	Pages 101-150	Pages 151-250	Pages 251-350	Pages 351-400	Pages 401-end	
[A]	Michigan	2/8/2013	\$ 23.32	\$ 1.16	\$ 1.16	\$ 0.58	\$ 0.58	\$ 0.58	\$ 0.23	\$ 0.23	\$ 0.23	\$ 0.23	\$ 0.23	\$ 0.23	\$ 0.23	\$ 0.23
[B]	Minnesota	2/1/2013	\$ 17.21	\$ 1.30	\$ 1.30	\$ 1.30	\$ 1.30	\$ 1.30	\$ 1.30	\$ 1.30	\$ 1.30	\$ 1.30	\$ 1.30	\$ 1.30	\$ 1.30	\$ 1.30
[C]	Missouri	2/1/2013	\$ 22.82	\$ 0.53	\$ 0.53	\$ 0.53	\$ 0.53	\$ 0.53	\$ 0.53	\$ 0.53	\$ 0.53	\$ 0.53	\$ 0.53	\$ 0.53	\$ 0.53	\$ 0.53
[D]	Pennsylvania	1/1/2013	\$ 21.08	\$ 1.42	\$ 1.42	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35
[E]	Ohio	1/1/2013	\$ -	\$ 2.98	\$ 0.62	\$ 0.62	\$ 0.62	\$ 0.62	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.26
[F]	Illinois	1/1/2013	\$ 25.99	\$ 0.97	\$ 0.97	\$ 0.97	\$ 0.65	\$ 0.65	\$ 0.32	\$ 0.32	\$ 0.32	\$ 0.32	\$ 0.32	\$ 0.32	\$ 0.32	\$ 0.32
[G]	New York	12/1/2012	\$ -	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75
[H]	Maryland	9/28/2012	\$ -	\$ 0.76	\$ 0.76	\$ 0.76	\$ 0.76	\$ 0.76	\$ 0.76	\$ 0.76	\$ 0.76	\$ 0.76	\$ 0.76	\$ 0.76	\$ 0.76	\$ 0.76
[I]	Texas	9/1/2012	\$ 44.35	\$ -	\$ 1.49	\$ 1.49	\$ 1.49	\$ 1.49	\$ 1.49	\$ 0.74	\$ 0.74	\$ 0.74	\$ 0.74	\$ 0.74	\$ 0.74	\$ 0.39
[J]	Georgia	8/27/2012	\$ 30.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20
[K]	Alabama	2/19/2012	\$ 5.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50
[L]	Florida	1/1/2012	\$ -	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
[M]	Louisiana	1/1/2012	\$ 25.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.25	\$ 0.25
[N]	Kansas	1/1/2012	\$ 18.97	\$ 0.63	\$ 0.63	\$ 0.63	\$ 0.63	\$ 0.63	\$ 0.63	\$ 0.63	\$ 0.63	\$ 0.63	\$ 0.63	\$ 0.45	\$ 0.45	\$ 0.45
[O]	West Virginia	1/1/2012	\$ 10.00	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75
[P]	Oregon	1/1/2011	\$ 30.00	\$ -	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25
Average Select 16 States			\$ 17.11	\$ 0.89	\$ 0.87	\$ 0.81	\$ 0.73	\$ 0.73	\$ 0.65	\$ 0.55	\$ 0.55	\$ 0.57	\$ 0.56	\$ 0.54	\$ 0.52	\$ 0.52

Sources and Notes:

- [A] http://www.michigan.gov/documents/mdch/Rate_Schedule_for_Medical_Records_2012_374532_7.pdf
- [B] <http://www.health.state.mn.us/divs/hpsc/dap/maxcharge.pdf>
- [C] <http://health.mo.gov/atoz/fees.php>
- [D] http://www.portal.state.pa.us/portal/server.pt/community/department_of_health_information/10674/fees_for_medical_records/559368
- [E] <http://www.odh.ohio.gov/~media/ODH/ASSETS/Files/rules/referenced%20materials/rm-rc3701742.ashx>
- [F] <http://www.ioc.state.il.us/index.cfm/resources/general-resources/copy-fees/>
- [G] <http://www.health.ny.gov/publications/1443/>
- [H] http://www.mbp.state.md.us/pages/faq_records.htm
- [I] <http://webcache.googleusercontent.com/search?q=cache:sJxNyg7B6NAJ:www.dshs.state.tx.us/hfp/pdf/MedRecFee.pdf+&cd=1&hl=en&ct=clnk&gl=us>
- [J] http://sbwc.georgia.gov/sites/sbwc.georgia.gov/files/imported/SBWC/Files/MedicalRecordCopyCharges11_15_10.pdf
- [K] <http://law.onecle.com/alabama/courts/12-21-6.1.html>
- [L] http://www.leg.state.fl.us/Statutes/index.cfm?App_mode=Display_Statute&Search_String=&URL=0300-0399/0395/Sections/0395_3025.html
- [M] <http://www.legis.state.la.us/lss/lss.asp?doc=97291>
- [N] <http://www.dol.ks.gov/Files/PDF/MedicalRecFees.pdf>
- [O] <http://www.legis.state.wv.us/WVCODE/ChapterEntire.cfm?chap=16&art=29G>
- [P] <http://www.leg.state.or.us/ors/192.html>

Exhibit 2(e)
Department of Industrial Relations
Copy Services Adjustments for Profits and Fixed Overhead

<u>Adjustment</u>	<u>Amount</u>
Profit (Earnings Before Interest and Tax)	13.0%
Rent and Utilities	14.4%
Total Markup Adjustment	27.4%

Sources and Notes:

[A] IBISWorld Industry Report OD4792 - Medical Claims Processing Services, November 2012

Exhibit 3(a)
Additional Defense Data
Summary Statistics

Category	# Obs.	Min	1st Quartile	Median	Mean	3rd Quartile	Max
Pages	1177	0	16	52	170	157	8418
Payments	1647	\$2.62	\$64.85	\$88.76	\$108.98	\$127.90	\$1,755.20

Sources and Notes:

[A] Data from Entertainment and Insurance Industries

[B] 470 Observations (1647 - 1177 = 470) contained a value of "CNR" for Pages. These observations were excluded when calculating summary statistics for Pages. However, these observations were NOT excluded when calculating summary statistics for Payments.

Exhibit 3(b)
Additional Applicant Data
Summary Statistics

Category	# Obs.	Min	1st Quartile	Median	Mean	3rd Quartile	Max
Pages	1702	0	9	45	127	130	4764
Payments	1702	(\$462.17)	\$0.00	\$60.15	\$62.52	\$83.06	\$1,250.00

Sources and Notes:

[A] Data from Grocery and Insurance Industries

Exhibit 4(a)
Department of Industrial Relations
CA Applicant Data Summary Statistics with ≤ 1,000 Pages

	n	Min	1st Quartile	Median	Mean	3rd Quartile	Max
Pages	592,927	0.00	13.00	43.00	94.19	115.00	1000.00
Payments	592,927	\$0.00	\$118.70	\$231.40	\$251.20	\$322.40	\$25,375.00

Sources and Notes:

Exhibit 4(b)
 Department of Industrial Relations
 CA Applicant Data Distribution with ≤ 1,000 Pages

	Quantiles										
	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Pages	0.00	0.00	9.00	18.00	29.00	43.00	63.00	94.00	144.00	248.00	1000.00
Payments	\$0.00	\$25.11	\$91.09	\$149.19	\$190.40	\$231.42	\$266.03	\$300.72	\$350.54	\$461.50	\$25,375.00

Sources and Notes:
