STATE OF CALIFORNIA
DEPARTMENT OF INDUSTRIAL RELATIONS
DIVISION OF WORKERS’ COMPENSATION

PUBLIC HEARING

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

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Acting Administrative Director

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Reported by: Dawn M. Ryan
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SANDY SHTAB
Compliance Manager, Healthesystems

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

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

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

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

So the purpose of the hearing is to receive comments on the proposed regulations, and we welcome any comments you may
have about them. Please be sure to restrict your comments to
the regulations. We will carefully review anything that you
tell us orally or in writing, and we'll consider whether or not
additional changes need to be made, based on your comments.

When you come up to give your testimony, please give a
business card, if you have one, to the court reporter, and then
be sure and say your name and who you're speaking on behalf of.

All right. So we have a sign-in sheet, and I'm going to
go through the names of those who have checked off that they
want to speak, but after we do that, if anyone else wants to
comment, that's fine, too. So we'll make sure everyone can
have a chance to speak.

So the first is Sandra --

MS. SHTAB:  Shtab.

MS. OVERPECK:  Shtab.

MS. SHTAB:  Okay. Am I standing?

MS. OVERPECK:  Okay. Stand right here and speak loudly.

MS. SHTAB:  Here's my card.

SANDY SHTAB

Good morning, everyone. Thank you so much for having this
hearing. I'm sorry there isn't a bigger turnout. I was really
excited and thinking there would be a lot of people here
talking about e-billing.
I'm with Healthesystems in Tampa, Florida. We're a Pharmacy Benefit Manager, and we provide adjudication services to many clients in the State of California. We are really supportive of the e-bill regulation. We're very excited about it, and actually, we were eagerly anticipating this coming out.

We attended last week (inaudible). They had a really big
--

THE REPORTER: I'm sorry?

MS. SHTAB: I'm sorry.

-- last week, IAIABC. Please don't ask me to tell you what that stands for right now.

We did do a little session on e-billing regulations and talking about what's working, what's not working, what has to happen in the system. One of the recurring themes was that you need to have economy of scale when you're putting these processes into place, and there's a huge financial investment that happens in the technology.

So to date, we have just Texas and Minnesota with mandatory e-billing requirements. Those two states were present last week at that conference, and they talked a little bit about the penetration that they're seeing. Even though they do have a mandatory requirement, Texas has had it for two years now, and they are somewhere, I believe, Alan McDonald said, around 80-percent penetration.

Now, Minnesota implemented back in July of last year, and
what they're at by the end of the year was 3 percent, and that was mandatory.

So we heard testimony around that, and understanding that there are challenges for a lot of providers to put these processes into place, you know, we think that it's really important that when you're putting these regulations into place, that there's a period of time where the implementation allows for the development that's necessary, getting the word out to providers, and then also making that switch to a period of time where it is optional to do it, but then moving to mandatory at some point in the future.

So what we are recommending is that in adding this 18-month implementation period after adoption of the rule, that there be an additional period, whether it be six months, one year, two years, I don't know what the right period of time is, but to make that requirement mandatory.

There's a ton of money that's being infused into the system for health care information technology, including electronic medical records and attachments, and again, understanding what our financial status is as a nation, we don't want to put anyone out of business in the process, yet we do want to realize the benefits of this technology. If you've got payers and providers that are putting in the investment, let's make it equitable for everyone so that either, A, there's an exemption process for those little guys who do very little
in work comp, you know, we don't want to hurt them, but at the same time, you're continuing to perpetuate paper, and we really want to get away from paper. And I think the only way to do that is to put into place some mandatory regulations that have compliant regulations attached to them.

Does that -- I hope that makes sense.

MS. NEVANS: Do you think it's going to be easier once we -- once we transition over to RBRVS codes and get rid of the old CPT codes?

MS. SHTAB: You know, that's a whole other -- that's a whole other topic, and I'm afraid I can't comment on that at this point in time because our core business is pharmacy.

MS. NEVANS: Okay.

MS. SHTAB: Which is, you know, really what I can only speak to at this time.

MS. NEVANS: Yeah.

MS. SHTAB: But I will say that understanding in 2012 that there's going to be changes that happen with ICD-10 and changing the electronic standards from the 4010 to the 5010, there are a lot of things that are going to be happen -- happening around that time. So that, let's say we were implementing this regulation in -- what month is it now? It's April -- let's say September, you know, in a good year, and then you have 18 months. So, we're getting closer to that 2012 date. And I think if everybody's moving towards technology
really being the key to save us money in the long run, let's move in that direction as a whole. That's really the point I'm trying to make here.

The other piece that we'd really like to see addressed -- by the way, I just wanted to point out a little tidbit of information from the CMS website, which I understand is part of the regulations. There were some reports that were attached that showed what the time frames were on connectivity and electronic remittance advice. There are about, according to the CMS website, 95 percent or greater of all medical providers have established electronic connectivity with Medicare. So in the space of clearinghouses, you've got -- you know, there's -- there are a lot of companies out there that are helping connect the physicians or the medical providers to the payers, and I think that if we move in that direction of making that a mandatory requirement, you'll see significant savings to the system as a whole.

Now, that being said, there is one piece here in that current regulation that I wanted to point out, which is the 15-day remittance advice, and that, in itself, could be problematic for a lot of payers because you've got third party medical billing companies that are the conduit between the physician's office and that -- the insurance carrier of the self-insured, and when you are talking about marrying up these systems where you've got a bill coming in electronically, an
adjudication system that works that bill through the rules for
that state or that service, and then transmitting that bill to
the ultimate payer, there has to be a reconciliation process on
their end. And then coming back to where that check is cut,
15 days may not be enough time for a lot of payers, and may
also ultimately wind up with a lot more denials because they're
trying to make sure that they meet that requirement. And I
think that's counterintuitive to what we're trying to
accomplish here.

MS. OVERPECK: The time period's in the statute.

MS. NEVANS: Yeah, it's in the statute.

MS. SHTAB: It is? Okay. Well, then, that is what it is,
I guess. Okay.

So, those were really the points that I wanted to make
here was regarding the time frame, which it sounds like is not
negotiable at this moment.

MS. OVERPECK: Not for us.

MS. NEVANS: No.

MS. SHTAB: But definitely if there could be something
built in that either extends the time frame for implementation
and make it mandatory up front, or make it optional for that
period of time, and then move to mandatory with some sort of
compliance around it in the future, I think that it would be
very favorable to a lot of providers and payers.

MS. OVERPECK: Thank you for your comments.
MS. SHTAB: That's all I have. Thank you so much.

MS. OVERPECK: So, we don't show anyone else with a check of yes, but is there -- please, come on up.

MS. WIKLER: Let me get a business card. Sorry about that. Okay. I don't think anyone will have a problem hearing me. I have a loud voice.

LINDA WIKLER

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

MS. SHTAB: Yes.

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

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

MS. WIKLER: My name is Linda Wikler, W-i-k-l-e-r. I'm with Emdeon, which is one of those clearinghouses that connects providers to payers. I don't know if I, one hundred percent, agree with Sandra, to be honest. No disrespect. I don't think you need that long of an implementation period. This is not anything that different, out of box. This is providers sending bills electronically. We provide a solution where the provider could just fax the attachments, which is why this is such a paper-intensive type of industry. But we provide a solution where the provider can just fax it, which is a lot of -- may not be sophisticated, may not even have practice management or
HR, but they all have fax machines.

So we provide a portal at no charge for providers to literally just fax their attachments in. We marry it with the e-bill and send it to the payer.

I also don't feel that the 15 days is an issue for the remittance advice, especially the workers' comp payers that are using our connectivity with the providers. If they have to route it to a third party for bill review, we can route it to that third party, bring it back to the payer for adjudication. All this is done electronically, and get those remittances out the door, preferably electronically.

So, I -- I, you know, as I said, no disrespect, but I think that -- that the amount of time is absolutely within reason, and I think it should be mandatory. I think we've got to start reducing our costs. And everything that you do -- the more paper that you're involved with, the more your costs are going to stay high. I mean, besides the earth part, the trees and all that, if you just even ignore that, just the costs for migrating paper processes is very costly with postage and the manual processes of paper.

So I just wanted to kind of like -- for the record, Emdeon is already doing this. We're doing it in Texas; we're doing it in Minnesota.

So we are well-positioned to be able to really look at it electronically and start getting rid of the paper, both in the
ERA's, the remittance advice, as well as on the front end with attachments.

MS. NEVANS: Why has Minnesota seen so few of them?

THE WITNESS: Well, partly is the connectivity with -- the biggest -- the biggest payer in Minnesota is Corvel, and Corvel and I were very, very close to doing it where the providers would be able to fax. It's a great solution. I mean, they can upload from a hard drive, but they can fax. And that's really the key. And Corvel -- we were right in the middle of negotiating the deal, and Corvel said, "We want it for free," and I said, "I can't do that. I'm giving you significantly reduced costs, but I can't do it for free." So that kind of left the providers in a lurch with --

MS. NEVANS: They then had to submit the bill with the paperwork?

MS. WIKLER: They had to either submit the bill with paperwork on paper, or they didn't really have a means. Most providers are not technically savvy enough to just send electronic attachments. They need a vehicle. Either our portal, where they can fax it, or upload it to our portal and we can marry it. So most providers don't have the technical savviness to just be able to send an attachment electronically with a bill.

So I think that -- you know, I think Texas is really -- of course, Texas has been at it longer. So, you know, I have the
same statistics in Texas, about approximately 80 percent.

I also know about Minnesota, and I think one of the problems really is because their largest payer, Corvel, is just not connected, but I'm still working on it.

MS. OVERPECK: Thank you, Linda.

MS. WIKLER: And I represent California in my -- in my companies, so I'm very interested in these regulations. So thank you for allowing me to speak.

MS. OVERPECK: Thank you.

MS. NEVANS: Sure.

MS. OVERPECK: Is there anyone else who would like to make a comment?

(No response.)

MS. OVERPECK: No?

Okay. So what we're going to do is we'll go off the record, but we'll keep the hearing open until 10:30 to see if anyone else comes in.

(Whereupon, a recess was taken.)

MS. OVERPECK: Let's go back on.

So nobody else has come, but has anyone decided perhaps they'd like to make any comments?

(No response.)

MS. OVERPECK: In that case, we'll close the hearing. I'd
like to remind you that you have the opportunity until five o'clock today to file any written comments. We take them as seriously as we take oral comments, and you'll need to get them however, either E-mail or fax, up to our office in Oakland.

And thank you all for coming and for your thoughts today, and the hearing is now closed.

(The Public Hearing concluded at 10:30 a.m.)

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REPORTER'S CERTIFICATE

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

Date

/s/ DAWN M. RYAN

Hearing Reporter

Workers' Compensation Appeals Board