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

FINAL STATEMENT OF REASONS

Subject Matter of Regulations: Workers’ Compensation – Medical Billing and Payment – ICD-10 Delay

California Code of Regulations, Title 8, Article 5.5.0
Section 9792.5.1

The Acting Administrative Director of the Division of Workers’ Compensation (hereinafter “Administrative Director”) pursuant to the authority vested in her by Labor Code Sections 59, 133, 4603.4, 4603.5 and 5307.3, has amended the following regulation, including the document incorporated by reference:

Amend section 9792.5.1. Medical Billing and Payment Guide; Electronic Medical Billing and Payment Companion Guide; Various Implementation Guides [and amend the document incorporated by reference into section 9792.5.1 subdivision (a): California Division of Workers’ Compensation Medical Billing and Payment Guide, Version 1.2]

REQUEST AND GOOD CAUSE FOR EFFECTIVE DATE UPON FILING WITH THE SECRETARY OF STATE

The Administrative Director requests that these regulations become effective upon filing with the Secretary of State. It is critically important that the regulations become effective as soon as possible in order to avoid widespread confusion and potentially inconsistent legal obligations. The sole focus of this rulemaking action is to delay the effective date of the use of the International Classification of Diseases, 10th Revision (ICD-10) for one year, from October 1, 2014 to October 1, 2015, to coincide with the delayed ICD-10 transition date mandated by the Secretary of the United States Department of Health and Human Services (HHS) for entities covered under the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA). Although there are workers’ compensation exemptions in HIPAA, HIPAA-covered entities (which includes many doctors that treat workers’ compensation patients) will be precluded from using ICD-10 until October 1, 2015. The current workers’ compensation deadline for using ICD-10 is October 1, 2014, which could create inconsistent obligations. Therefore, to avoid inconsistency and confusion, there is good cause pursuant to Government Code section 11343.4(b)(3) to make the revised regulations effective upon filing with the Secretary of State, rather than January 1, 2015, which would be the effective date under the standard timeframe in Government Code section 11343.4(a).

1 On August 4, 2014, HHS published the final rule adopting October 1, 2015 as the ICD-10 transition date for HIPAA-covered entities (Federal Register, Vol. 79, No. 149, page 45128.)
UPDATE OF INITIAL STATEMENT OF REASONS AND INFORMATIVE DIGEST

As authorized by Government Code section 11346.9(d), the Administrative Director hereby incorporates by reference the entire Initial Statement of Reasons prepared in this matter. The necessity for the amendments to existing regulations and for the adoption of new regulations as set forth in the Initial Statement of Reasons continues to apply to the regulations as now adopted.

There have been no substantive modifications from the initially proposed text of the regulations.

THE FOLLOWING ADDITIONAL NON-SUBSTANTIVE/CORRECTIONS WITHOUT REGULATORY EFFECT WERE MADE TO THE DOCUMENT INCORPORATED BY REFERENCE (MEDICAL BILLING AND PAYMENT GUIDE VERSION 1.2.1) AFTER THE CLOSE OF THE FINAL COMMENT PERIOD

The Division of Workers’ Compensation Medical Billing and Payment Guide Version 1.2.1, which is incorporated by reference into Section 9792.5.1 subdivision (a), was modified after the close of the comment period to correct the placement of the header rows in Appendix B, Table 1.0 California DWC Bill Adjustment Reason Code / CARC / RARC Matrix Crosswalk. Due to clerical irregularity, in several places the header row was inadvertently placed between table rows instead of at the top of each page. This was corrected after the close of the comment period. In addition, the table of contents was updated to reflect the correct pagination.

The table of contents of the Medical Billing and Payment Guide Version 1.2.1 was corrected after the close of the comment period. The corrections were made to update the pagination to match the final text of the guide. In addition, the Division corrected the strikethrough and underline formatting in the table of contents to properly illustrate the changes in the table of contents from Version 1.2 to Version 1.2.1. The sections added to the table of contents were already in the text of the headings in the body of the guide, but had not been brought forward to the table of contents. The revisions to the table of contents do not cause a substantive change in the regulations.

The text of the Medical Billing and Payment Guide Version 1.2.1 as proposed erroneously omitted the first appearance of the word “Bill” from the heading in 6.0 “Bill Processing and Payment Requirements for Non-Electronically Submitted Medical Treatment Bills”. The first word “Bill” did appear in version 1.2 of the Guide but was inadvertently and unintentionally omitted from the proposed Version 1.2.1. This error was discovered after the close of the comment period. The final text of the Medical Billing and Payment Guide Version 1.2.1 has been corrected to add the word “Bill” to the heading of 6.0. This is a non-substantive change to conform the Medical Billing and Payment Guide to the currently adopted text, which was not noticed for amendment, and to avoid inadvertent change to the language of the guide.
LOCAL MANDATES DETERMINATION

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

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

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

CONSIDERATION OF ALTERNATIVES

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

SUMMARY OF COMMENTS RECEIVED AND RESPONSES THERETO CONCERNING THE REGULATIONS ADOPTED

The comments of each organization or individual are summarized and are addressed in the specified chart, which is incorporated by reference into this Final Statement of Reasons.

Comment Chart: ICD-10 Delay Rulemaking Comments 45 Day Comment Period

The public comment period was as follows:

Initial 45-day comment period on proposed regulations:


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