

Regulatory Update
Workers' Compensation Information System
WCIS Advisory Committee
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Regulatory Update

- California EDI Implementation Guide for Medical Bill Payment Records, Version 2.0
- California EDI Implementation Guide for First and Subsequent Reports of Injury, Versions 3.0 & 3.1
- Administrative Penalties

Medical Billing Data

- California EDI Implementation Guide for Medical Bill Payment Records, Version 2.0 has been updated to reflect and be consistent with requirements in IAIABC's Workers' Compensation Medical Bill Data Reporting Implementation Guide, Release 2.0 (dated February 1, 2014).
- Title 8, California Code of Regulations sections 9701 and 9702 are being simultaneously updated to reflect and be consistent with new EDI reporting requirements.

Medical Billing Data

- Public Hearing on this rulemaking was held on July 14, 2014 and a 15-day public comment period was held thereafter.
- Additional revisions are about to be released for an additional 15-day public comment period.
- Regulations and Guide should be final by the end of 2014.

First Report & Subsequent Reports of Injury

- California EDI Implementation Guide for First and Subsequent Reports of Injury, Version 3.0 was released on November 1, 2011.
- On January 1, 2014, IAIABC updated its EDI Implementation Guide for Claims: First, Subsequent, Acknowledgment Detail, Header, & Trailer Records, to Release 3.0.

First Report & Subsequent Reports of Injury

- WCIS now needs to update the EDI Implementation Guide for First and Subsequent Reports of Injury to Version 3.1, and 8 C.C.R. section 9701 and 9702 to reflect the new reporting requirements and be consistent with the requirements of IAIABC's EDI Implementation Guide for Claims: First, Subsequent, Acknowledgment Detail, Header, & Trailer Records, Release 3.0.

First Report & Subsequent Reports of Injury

- Because Title 8, California Code of Regulations sections 9701 and 9702 are being amended by changes to (1) Medical Bill reporting and (2) First and Subsequent Reports of Injury requirements, WCIS must wait until the Medical Bill reporting rulemaking is complete before further amending sections 9701 and 9702 and implementing the First and Subsequent Reports of Injury reporting rulemaking.

Administrative Penalties

- Labor Code section 138.6 requires DWC to:
- Assess administrative penalties for WCIS data reporting violations by claims administrators.
- Promulgate a schedule of penalties capped at \$5,000 against a claims administrator in any given year.
- The schedule shall provide for no more than \$100 per violation for violations where a report is not submitted or not accepted, and no more than \$50 per violation for violations involving errors or late filings.

Administrative Penalties

- Establish threshold rates of violations that shall be excluded from the calculation of penalty assessments.
 - Threshold rates cannot be less than 3% of the reports filed by the claims administrator.
 - Higher thresholds rates for data elements that commonly are not reasonably available.
- Publish an annual report on the compliance of claims administrators.

W Administrative Penalties – Regulations

- The Administrative Director shall assess an administrative penalty for a claims administrator's failure to comply with selected WCIS reporting requirements. The total amount of penalties assessed against a claims administrator in a calendar year for each type of violation listed shall not exceed \$5,000.
- Penalties will not be retroactive; a grace period following the effective date of the regulations will be established.
- Penalties may be waived if a failure to comply is due to human error, or system failure caused by DWC or DIR.

Administrative Penalties – Regulations

\$100 Administrative Penalty:

- Failure to submit complete set of FROI data elements under section 9702(b).
- Failure to submit complete set of SROI data elements under section 9702(d).
- Failure to submit an Annual Report under section 9702(g).
- Failure to submit a Final Report under section 9702(h).
- Failure to submit complete set of Medical Bill Payment data elements when required by section 9702(e).

Administrative Penalties – Regulations

- Rejected reports (TR code) will be considered as not filed.
- Required reports that remain rejected and unaccepted for greater than 30 days.
- Rejected reports that are not required to be resubmitted will not be included in the calculation of the threshold amount .

Administrative Penalties – Regulations

\$50 Administrative Penalty:

- Failure to timely submit the FROI.
- Failure to timely submit, when required, a Medical Bill Payment Record.
- Failure to timely submit an Annual Report.

Administrative Penalties – Regulations

- Failure to correct and resubmit within 30 days after receipt of the original acknowledgement message, the following error codes on a FROI or SROI on an acknowledgement of a transaction accepted with (“TE”) error code:
 - Mandatory Field not Present: Error code 001;
 - Code Invalid: Error codes 006, 007, 008, 009, 011, 012, 014, 015, 016, 017, 020, 032 (with reported United States address), 042;
 - Date Invalid: Error code 029;
 - Format Error: Error code 028, 031;
 - Required Segment not Present: Error code 062;

Administrative Penalties – Regulations

- DWC may use the following sources to determine penalties:
 - Previous reports submitted by Claims Administrators to WCIS under section 9702;
 - ARI;
 - Audit Unit Reports and Findings;
 - EAMS.
- DWC will provide on a periodic basis a data quality report, which will identify data reporting errors that are subject to an assessment of administrative penalties. The data quality report shall identify the electronic report or reports that are subject to a penalty assessment and indicate the specific violations that are associated with the reports.

Administrative Penalties – Regulations

- Before October 1 of each calendar year, DWC shall review WCIS reports submitted during the previous calendar year, in addition to the information previously noted, and assess penalties for the previous calendar year.
- For the purpose of assessing penalties, multiple errors in a single electronic report shall be counted as a single violation.

Administrative Penalties – Regulations

- Penalties will not be assessed against claim administrators for the first 5% of each the following types of violations that were submitted to WCIS by claims administrators during the prior calendar year:
 - Reports that are not submitted;
 - Reports that are not submitted within required timeframes;
 - Reports that are submitted but rejected (acknowledgment code “TR”) during the previous calendar year;
 - Reports accepted with an error (acknowledgment code “TE”) during the previous calendar year.

Administrative Penalties – Regulations

- If violations are found after a review of WCIS submissions, a claims administrator will receive, on or before October 1, a Notice of Penalty Assessment, which will contain:
 - Information identifying the report(s) being assessed a penalty;
 - The specific violation associated with the report and amount assessed for the violation;
 - The claims administrator's threshold rates
 - The amount of penalties assessed against the claims administrator for the current calendar year and amount owed (subject to the \$5,000 cap).
- Payment of the penalty is due within 30 days after the date of service of the Notice of Penalty Assessment

Administrative Penalties – Regulations

- Request for Reconsideration before Administrative Director.
- Good cause to grant reconsideration include:
 - System failure or human error caused by or affecting WCIS
 - Penalties in given year already greater than \$5,000
 - Inconsistency between required data element and another regulation of AD
 - Violations are not consistent with the 5% threshold
 - Penalties based on data element not available to claims administrator
 - Data error or omission on part of WCIS
 - The violation in question relates to an injury that does not meet the definition of a claim under section 9701
 - Clear showing that the claims administrator experienced an unexpected, unintended system failure that prevented timely and accurate submission of data to WCIS

Administrative Penalties – Regulations

- Appeal of Administrative Director decision to the WCAB.
- DWC will post on its website an annual report disclosing the compliance rates of claims administrators