



WCIS Issues & Medical Data

Presenters

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DWC RESEARCH UNIT

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**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

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Components of WCIS

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

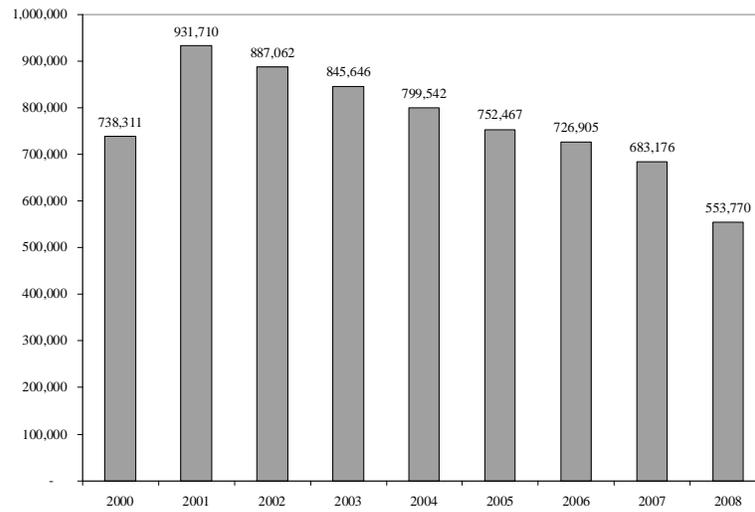
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WCIS Data Collection – First Report of Injury (FROI)

- | | |
|------------------------------------|--------|
| | 1/2009 |
| ■ Trading Partners Submitting Data | 165 |
| ■ Total Number of Claims | 7.0 m |

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Number of Claims Reported to WCIS, 2000-2008
 Total Claims = 6,975,976 as of January 2009



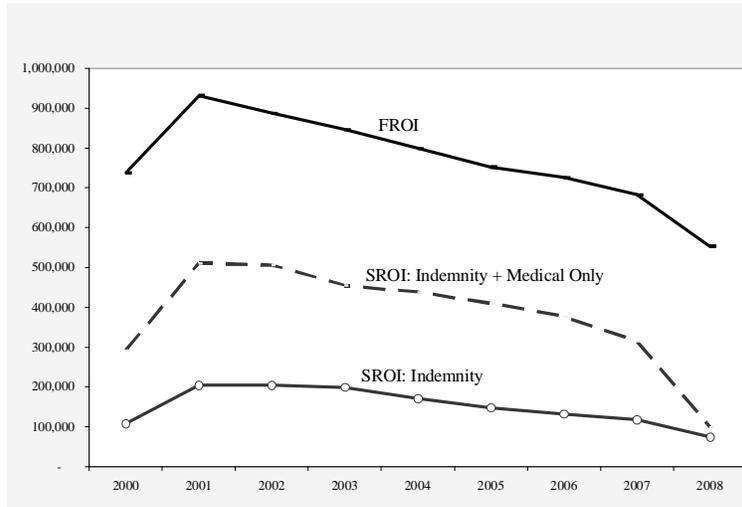
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WCIS Data Collection –
 Subsequent Reports of Injury (SROI)

	1/2009
■ Trading Partners Submitting Data	112
■ Total Number of SROI Reports	3.4 m
■ Indemnity	1.4 m
■ Medical Only	2.0 m

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SROI Reporting is not complete



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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.

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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.
- The SROI Annual and Final Reports will now be accepted if a previously reported indemnity benefit is missing in the AN or FN.
- The SROI Annual will now be accepted with error if a previously unreported indemnity benefit is reported in the AN.

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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).

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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.)

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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)

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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.

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Proposed 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.

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Proposed 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.

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Proposed ARI Regulations

§10104 Annual Report of Inventory

- (d)(4) The waiver granted to a claims administrator under subdivision (d)(1) of this section shall be rescinded if the total number of claims reported by the claims administrator to the Audit Unit in a claim log submitted pursuant to California Code of Regulations, title 8, section 10107.1(a) is not within one percent of the total number of claims electronically reported by the claims administrator to the Workers' Compensation Information System for the same period of time as covered in the submitted claim log.

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Research Projects

- PD-Related Research
- Update PD Benefit Comparison Tables
- New Tables in Progress:
 - Monthly Reports (FROI SROI)
 - Illness and Injury Incidence Rate Reports
 - Timeliness of Payments Reports (for WCIS and for individual claims administrators)

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PD-related Analyses at DWC

- Phase I: Return to Work (RTW) – first report, 2007
- Phase II: first reports, 2007
 - Wage Loss - mandated by the Legislature
 - Retrospective (released March 2007)
 - 2002 Dates of Injury (released May 2007)
 - Compare PD ratings: 1997 vs 2005 PDRS
- Phase III: Update RTW, Wage Loss – ongoing project

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Links to PD-related Research Reports

- <http://www.dir.ca.gov/dwc/dwcrep.htm#3>
- Look under the "Reports" section

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RTW Methodology

- Match Disability Evaluation Unit (DEU) data to WCIS data
- Match DEU/WCIS Info to EDD employment

12-month RTW rate =

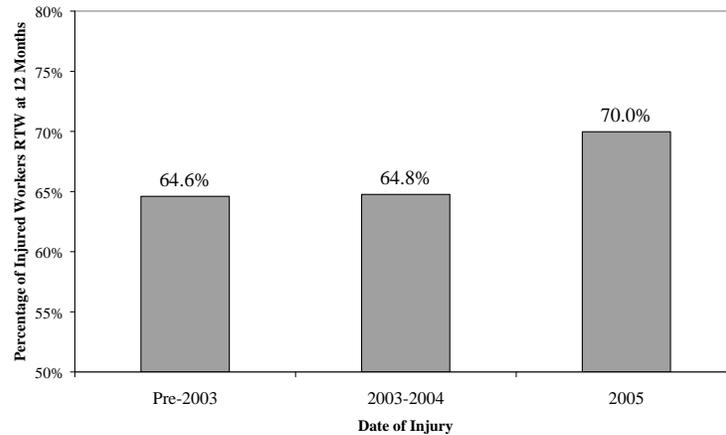
$$\frac{\begin{array}{l} \# \text{ of workers injured in 1Q 2005} \\ \text{who were working in 1Q 2006 (~12 months after injury)} \end{array}}{\# \text{ of workers injured in 1Q 2005}}$$

- The presence of reported wages in the EDD base wage file is used to indicate whether or not someone is working in a given quarter.

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Preliminary Result:
The overall RTW rate increased for workers injured in the 2005 sub-period by about 5 percentage points.

CHART 1. 12-MONTH RETURN-TO-WORK RATES



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Key Findings: Return-to-Work

- Overall RTW rate at 12 months increased by five percentage points (65% to 70%) between 2003 and 2005, driven primarily by workers returning to the same employer
- These RTW rates varied significantly by part of body (53% psych to 78% upper ext)
- These RTW rates rose with age, up to age 60.

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PHASE II – Step 2 DWC Wage Loss Study

- Three-year uncompensated wage loss and total wage loss for workers injured in 2002
- “Uncompensated Wage Loss for Injured Workers with Permanent Disabilities”
- *Released May 2007*

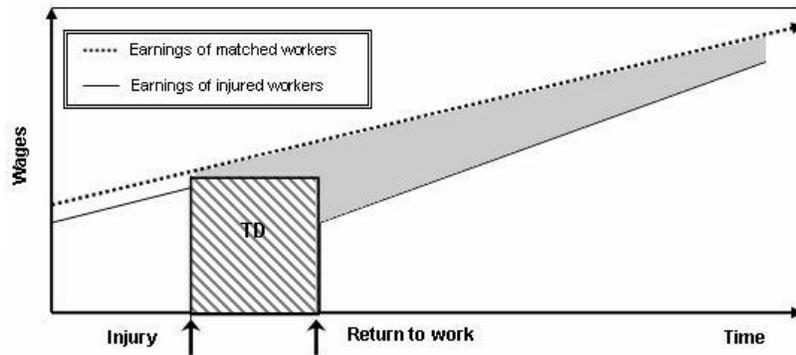
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Assumptions

- Compare injured workers with uninjured workers who had similar probability of injury at any employer. Match probability using all available data:
 - industry, employer size, tenure, wages, gender
 - match against thousands of similar workers
- Use ratings from both litigated and non-litigated cases

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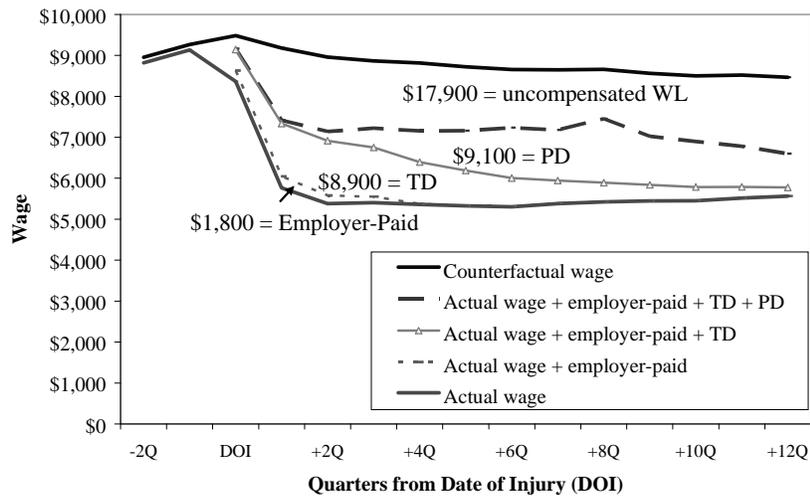
Uncompensated wage loss (in this graph, accounting for temporary disability payments only)



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Figure 1

**Estimated Wage Loss for Permanently Disabled Workers Injured in 2002:
Total Wage Loss = \$37,700**



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Research Projects: Comparative Maximum PD Benefits Across States

- Update Maximum Permanent Disability Benefits Tables provided to the U.S. Chamber of Commerce and the Workers' Compensation Research Institute (WCRI)
 - DWC Methodology changed to include all adjustments in the PDRS (FEC, age, occupation, return to work offer)
 - Result: 2008 Estimates for California's PD benefits are higher than previously reported

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Medical Data Summary Statistics

SENDERS	50
CLAIMS ADMINISTRATORS	380
INSURERS	1,118
CLAIMS	1,115,277
MEDICAL BILLS	14,056,058
MEDICAL LINES ON BILLS	45,147,955
RENDERING BILL PROVIDERS	77,389

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Medical Billing Data: Trading Partner Status Summary

As of January 2009,

- 50 Companies in Production
- 4 Companies in Testing Phase

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When to Report Medical Data

- Within 90 days of payment of medical service
- Frequency of reporting is optional: daily, weekly, monthly, quarterly

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CA Medical Implementation Guide Major proposed changes

- Added five new national provider identification data elements to sections K and L.
- Changed the medical provider entity requirements in section L.

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Provider Identification changes New Conditional Data Elements

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

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Provider Identification changes New Data Edits 058_Code/ID Valid

- Billing Provider National Provider Identification
- Rendering Bill Provider National Provider Identification
- Supervising Provider National Provider Identification
- Referring Provider National Provider Identification
- Facility Provider National Provider Identification
- Rendering Line Provider National Provider Identification

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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

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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

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Proposed WCIS Medical Tables

- The cost of workers' compensation medical care
- Billing practices of medical providers
- Payment practices of claims administrators
- Frequency of
 - Physicians providing services by taxonomy code
 - Physician services by OMFS group
 - Diagnosis

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Proposed WCIS Medical Tables

- Frequency of
 - Pharmaceuticals by NDC code
 - Durable medical equipment, prosthetics, orthotics and supplies
 - Inpatient surgical procedures
 - Outpatient hospital and ambulatory surgical center services
 - pathology and clinical laboratory procedures
 - Medical-legal services
 - Medical lien settlement payments

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Examples of DWC Collaboration with Other Researchers Using WCIS data

- CHSWC: Professor Les Boden, Boston University, "Reporting Workers' Compensation Injuries in California: How Many are Missed?" August 2008
- CA Dept of Insurance/Navigant: "Workers' Compensation Medical Payment Accuracy Study" June 2008
- CHSWC/RAND: Medical Study (forthcoming)

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CHSWC/RAND Medical Study on the Impact of Recent Reforms: Selected Key Issues

CHSWC/RAND Study Scope and Objectives:

A series of legislative changes affecting medical care provided to California's injured workers has been enacted over the past few years to address medical utilization and cost issues.

Senate Bills (SB) 228 and 899 changes included:

- **The repeal of the treating physician presumption**
- **Evidence-based medical treatment guidelines. (e.g., ACOEM *Guidelines*).**
- **Limits on the number of chiropractic, physical therapy and occupational therapy visits**
- **New utilization review (UR) requirements established**
- **Employer control of medical care through medical provider networks**
- **Qualified medical evaluator (QME), agreed medical evaluator (AME) and medical dispute resolution.**

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CHSWC/RAND Medical Study on the Impact of Recent Reforms: Selected Key Issues

The CHSWC/RAND study will:

- **Develop measures that could be used in an ongoing system of monitoring of the cost and quality of care provided to injured workers**
- **Generate aggregate payment information by type of service and average payment levels for high-volume services.**
- **Assess the representativeness and reliability of the medical data (MD) reported in WCIS and compare the data to external sources of information, including the Workers' Compensation Insurance Rating Bureau and the California Department of Statewide Health Planning and Development.**

CHSWC and DWC are currently holding meetings regarding the use of the WCIS data for the study

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