

DWC RESEARCH UNIT

19TH ANNUAL DIVISION OF WORKERS' COMPENSATION
EDUCATIONAL CONFERENCE



Los Angeles: February 23-24, 2012
Oakland: March 5-6, 2012

1

WCIS Overview

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2

Workers' Compensation Information System

Goals of WCIS:

- Help DWC Manage WC system
- Facilitate Evaluation of Benefits Delivery
- Assist in Measuring Benefit Adequacy
- Provide Statistical Data for Research

Components of WCIS:

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

WCIS website: <http://www.dir.ca.gov/dwc/WCIS.htm>

3

WCIS Data Collection – First Reports of Injury (FROI) Subsequent Reports of Injury (SROI)

	1/2012
□ Total number of FROI Reports	8.8m
□ Total Number of SROI Reports	4.4 m
□ Indemnity	1.8 m
□ Medical Only	2.6 m

4

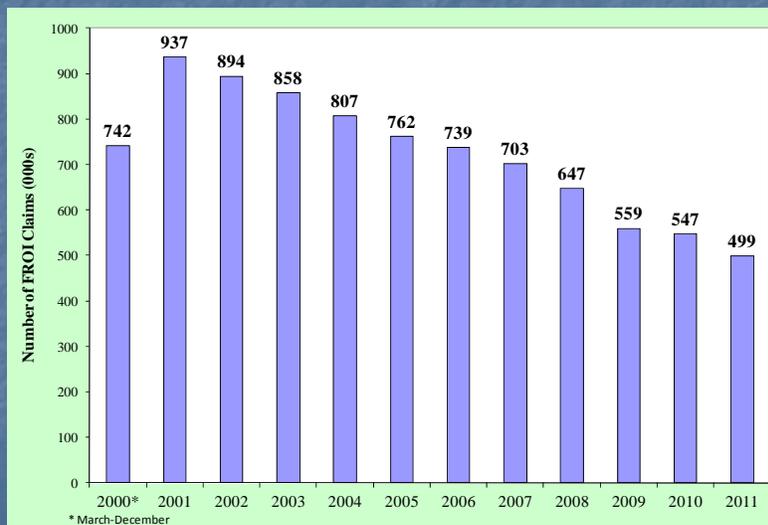
WCIS Data Collection – FROI, SROI and Medical Billing

Number of Trading Partners Submitting Data to WCIS
as of 1/2012:

□ FROI Data - Production	172
□ New Trading Partners in Testing	10
□ SROI Data - Production	120
□ New Trading Partners in Testing	40
□ Medical Billing Data - Production	57
□ New Trading Partners in Testing	25

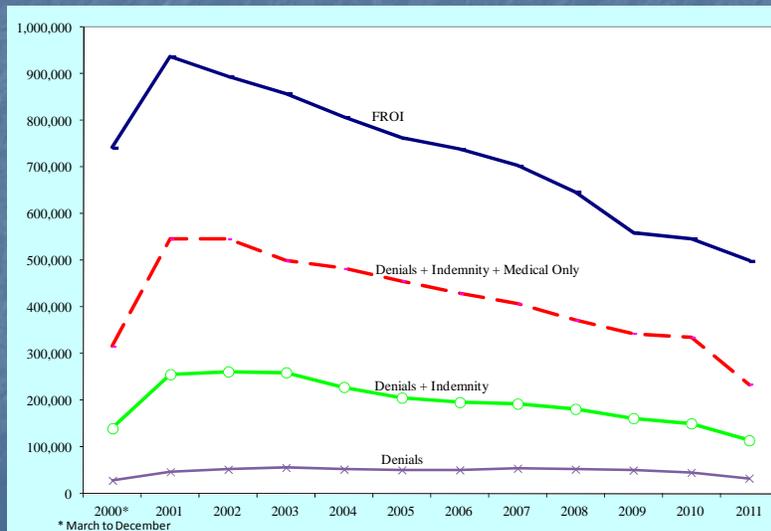
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Number of Claims Reported to WCIS, 2000-2011
Total Claims = 8,768,743 as of January 2012



6

SROI Reporting is not complete



7

Examples: Uses of WCIS Data

Multi-source reporting project:

- Using WCIS data, the California DWC is collaborating in a research project with the California Department of Public Health, the U.S. Bureau of Labor Statistics, the State of Washington and the State of Massachusetts
- This project is a BLS-funded study to determine the factors that may account for the differences between reported state workers' compensation claims and the number of Occupational Safety and Health Act (OSHA) reportable injuries and illnesses reported to BLS by employers for the Survey of Occupational Injuries and Illnesses (SOII). They are looking at carpal tunnel and amputation injuries.
- This multi-source reporting project is part of the modernization of OSHA's Injury and Illness Data Collection Process.
<http://edocket.access.gpo.gov/2010/pdf/2010-10163.pdf>

8

Examples: Uses of WCIS Data

WCIS data extracts were provided in 2011 to various state agencies:

- DIR's Division of Occupational Safety and Health, the Department of Public Health (Occupational Health Branch), CHSWC, and the Employment Development Department.

For the California Workers' Compensation Insurance Rating Bureau (WCIRB):

- WCIS data have been used for claim denial analysis and for monitoring permanent disability settlements since the Almaraz, Ogilvie and Guzman decisions.

Under contract with CHSWC:

- Data were provided to a Boston University researcher to study injury underreporting.
- RAND: Medical Care Provided Under CA's Workers' Compensation Program, Dec 2011 http://www.dir.ca.gov/chswc/Reports/2011/CHSWC_MedicalCareReformsandOpps_2011.pdf
- RAND: Evaluation of California's Injury and Illness Prevention Program <http://www.dir.ca.gov/chswc/Reports/2012/IIPPEvaluation.pdf>
- RAND: new study begun on Disability Evaluation and Medical Treatment

9

Regulatory Process for Changes to California Implementation Guides

- Nov 2009: DWC posts revised FROI SROI and Medical Implementation Guides for comment
- Public Hearing 12-15-2009
 - DWC reviews comments and posts revisions
 - 15-day comment period...
- DWC sends final IG documents to OAL Nov 2010
- Effective date: **June 18, 2012**
 - FROI SROI Version 3.0, Medical Billing Version 1.1
- http://www.dir.ca.gov/dwc/DWCPropRegs/WCIS_Regs/WCIS_Regulations.htm

10

Examples of Changes to the FROI SROI CA Implementation Guide

- ▣ Trading partners will send all data to an FTP server hosted by the WCIS
- ▣ FROI reporting due date will be within 10 days of claim administrator knowledge of the claim.
- ▣ 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.

11

Examples of Changes to the FROI SROI CA Implementation Guide

- ▣ The Payment/Adjustment Weeks and Days Paid will be Mandatory Fatal for some SROI MTCs.
- ▣ WCIS data edits relaxed in some cases:
 - ▣ SROI Annual (AN) and Final (FN) Reports.
- ▣ FN can be sent when a claim is closed, even if no benefits have been paid.

12

WCIS Reports (FROI SROI)

- WCIS reports:
 - http://www.dir.ca.gov/dwc/wcis/WCIS_Reports.html
- Feedback to data senders and claims administrators:
 - Table 8, FROI SROI Data Quality Reports
 - Table 15, Timeliness of Temporary Disability (TD) Payments
 - Table 16, Timeliness of FROI Reporting
- In December 2011, FROI SROI data quality reports were sent to individual data senders

13

Data Quality: FROI SROI Matching Issues

- Sender ID – Claim Administrator/TP ID List (no match, 039 error => TR)
 - Primary match: FEIN
- FROI – SROI (no match, 053 error => TR)
 - Primary match: JCN

14

Data Quality: FEINs

- ▣ Some claims administrators are reporting their own FEIN as the insurer FEIN and the employer FEIN (instead of the true employer FEIN)
- ▣ Blank FEINs, invalid FEINs (123456789)
- ▣ FEINs with transposed digits

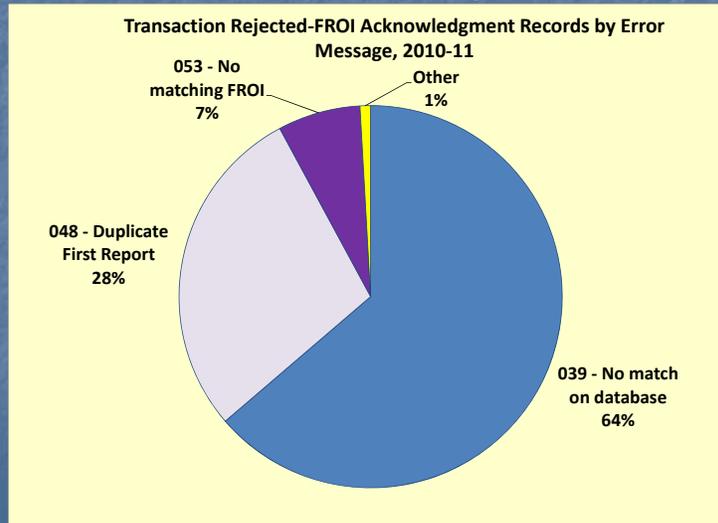
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Acknowledgment Records (millions) June 1, 2010 – May 31, 2011

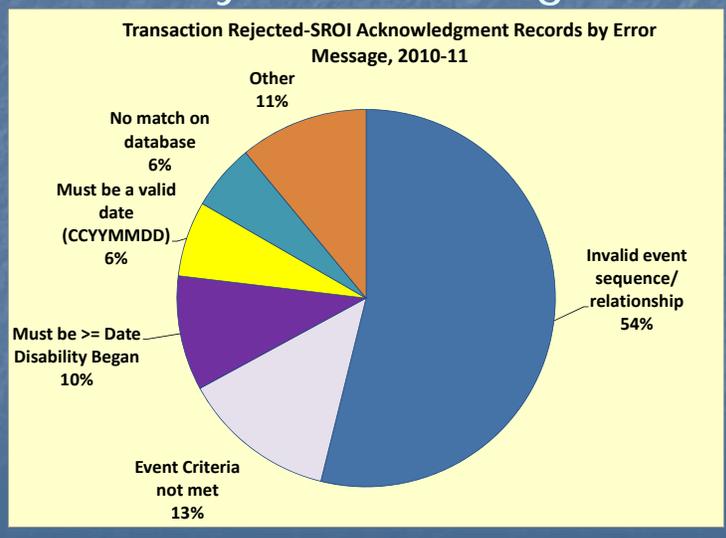
	Accept (TA)	Accept w/ Error (TE)	Reject (TR)	Total
FROI	1.5m	0.3m	0.1m	1.9m
SROI	1.3m	0.1m	0.1m	1.5m
Total	2.8m	0.4m	0.2m	3.4m

16

Trading partners need to keep their Sender ID lists up to date



SROI Acknowledgment Rejections – by Error Message



WCIS Reports to Claims Administrators (FROI SROI)

- ❑ In September 2011, three sets of reports were sent to claims administrators:
 - ❑ Comparison of WCIS counts with those from the DWC Audit Unit's Annual Report of Inventory (ARI)
 - ❑ Timeliness of TD Payments Reports
 - ❑ Report on Timeliness of FROI Reporting (new)

19

Timeliness of TD Payments Reports

- ❑ In November 2010, timeliness reports for 2008 and 2009 were sent for review to claims administrators reporting SROI data to WCIS.
- ❑ Revised reports were sent in February 2011 to some claims administrators.
- ❑ In September 2011, timeliness of payments reports were sent for 2010 data.
- ❑ In Spring 2012, timeliness of payments reports will be sent for 2011 data.
- ❑ DWC plans to post the reports by claim administrator online in Spring 2012.

20

Timeliness of Payments Reports

Revised Methodology (reports sent 9/2011):

- Time elapsed between the date disability began (or date of employer knowledge if DDB is missing) and the date of the first indemnity payment for temporary disability
- Calculate timeliness for Temporary Disability Payments
- Exclude valid late reason codes (DN77)

21

Improvement in Timeliness of TD Payments: 2008 to 2011*

- Time Elapsed Between Date Disability Began (or Date of Employer Knowledge) and Date of First Indemnity Payment
- 55% were on time (0-14 days) in 2011*

	Median # Days	Average # Days
2008	14	56
2011* (August)	14	28

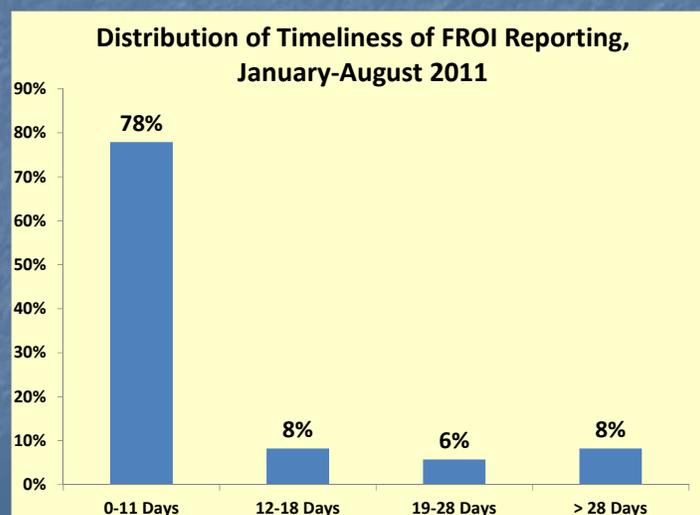
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Timeliness of FROI Reporting

- Time Elapsed between the date FROI was reported to claim administrator (DN41) and the date of transmission (DN100) to WCIS
- On time: 5 business days (CA Implementation Guide, version 2.1)
 - Version 3.0 (June 18, 2012) – 10 business days
- Results: January-August, 2011:
 - Median Days = 5
 - Average Days = 10

23

Timeliness of FROI Reporting



24

WCIS-ARI Comparison Reports Sent to Claim Administrators

- ❑ General Methodology to match WCIS FEINs to Audit Locations:
 - ❑ Counts from DWC audit locations for the same company were aggregated.
 - ❑ WCIS claims by FEIN were aggregated to match the companies audited by DWC.
 - ❑ A small number of claims were not matched.

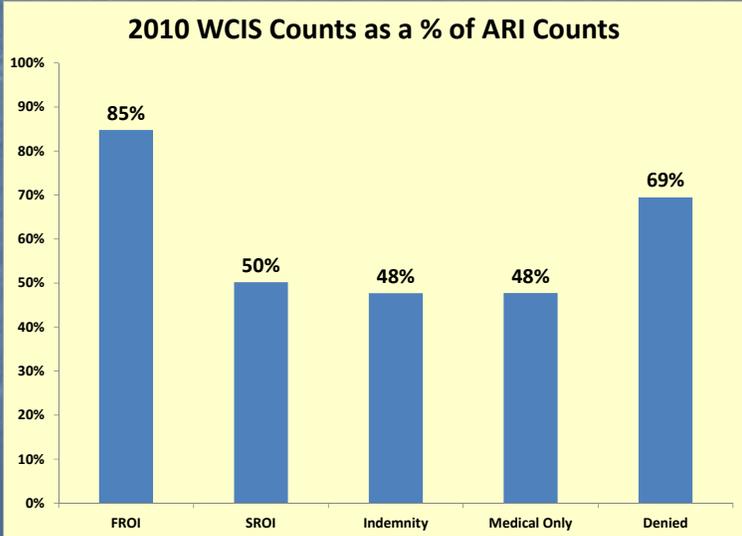
25

WCIS-ARI Comparison: Improvements to the Process

- ❑ The DWC Audit Unit:
 - ❑ Requests FEINs on the ARI for underwriting companies and their clients at each adjusting location
 - ❑ Requests FEINs with notice for audit (when the Claims Handling Profile is completed, upon request, by each audit subject)
 - ❑ Posts a fillable ARI reporting form on its webpage
- ❑ New WCIS Claim Admin ID List (June 2012)
 - ❑ Will include postal code of physical adjusting location for clients of data senders

26

Compared with the ARI, the 2010 estimated undercount for WCIS FROI was 15%



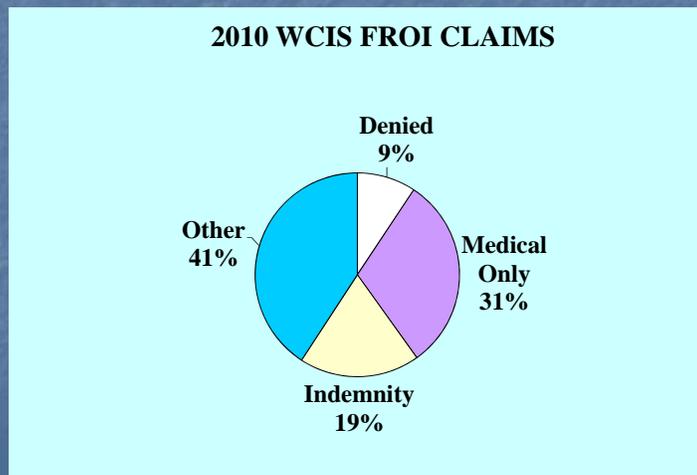
27

2010 WCIS ARI Comparison

(000s of claims)	Audit: ARI	WCIS
Total Claims	650	551
Denied	74	51
Medical Only	336	170
Indemnity	221	105
"Other"		225

28

41% of 2010 WCIS FROI claims did not have SROI medical or indemnity payment data reported



29

WCIS Detailed Medical Billing Data

Genet Daba
Research Program Specialist

30

Overview

- DWC started collecting Medical Billing data in September 22, 2006.
- Medical Billing Data Counts by Date of Injury, Date Insurer Paid Bill and Date of Service
 - http://www.dir.ca.gov/dwc/wcis/WCIS_MedicalBillingReports.html

31

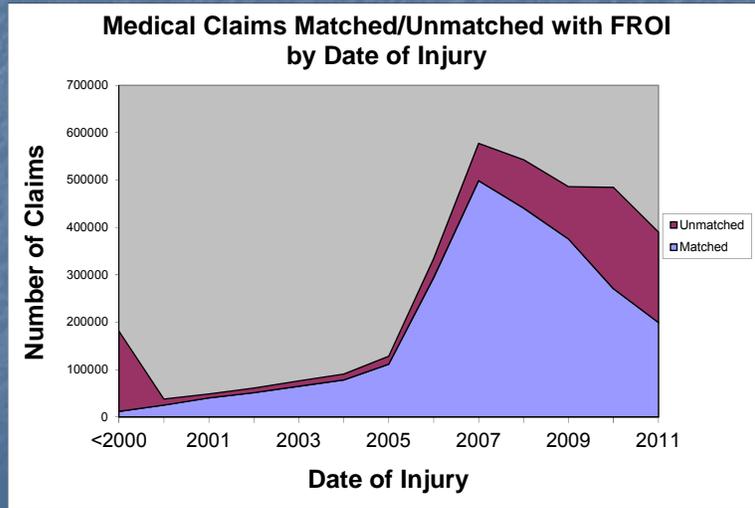
Medical Data Summary Statistics (Matched Claims)

	1/2011	1/2012
Senders	52	57
Claims Administrators	471	481
Insurers	1,475	1,579
Claims*	2.2m	2.4m
Medical Bills*	36.7m	50.1m
Medical Lines on Bills*	134.2m	188.1m

Note: * Millions

32

About one million (28%) claims associated with medical billing data are not matched with a FROI.



33

Data Quality: Claim Administrator Claim Number Variations on the Theme

Medical	FROI SROI	
4406089030000	440608903	Trailing zeros
111C202777	111202777	C in 4 th position
081889990	2008189990	20 added at start
QG199993	NG199993	1 st character differs
2222222	2222222STAN	STAN added
0005320050999999	05320050999999	Leading zeros
0051070088888	7770051070088888	Leading 777
222A9M3399N	222CMA9M3399	Added characters

34

Uses of WCIS Medical Billing Data

- Under contract with CHSWC:
 - RAND: Medical Care Provided Under California's Workers' Compensation Program, December 2011
http://www.dir.ca.gov/chswc/Reports/2011/CHSWC_MedicalCareReformsandOpps_2011.pdf
 - RAND: new study begun - Disability Evaluation and Medical Treatment in the California Workers' Compensation System Study
- Multi-source reporting project (BLS, CA, MA, WA)
 - WCIS medical billing data are being used to help identify carpal tunnel and amputation injuries.

35

California Implementation Guide – Medical Bill Payment Records Major changes from version 1.0 to version 1.1

- June 18, 2012 - changes to the California Medical Bill Payment Records Implementation Guide
- Added five new national provider identification data elements.
- Added new section: Lump sum bundled lien bill payment
- Improved acknowledgement process

36

WCIS Data Quality Reports Sent to Data Senders (Medical Billing)

- ❑ In May 2011, 2006-2010 medical billing data quality reports were sent to individual data senders
- ❑ Online: aggregated Medical Billing Data Quality Reports for WCIS: Table 1a, 1b, 1c, 1d
- ❑ We are currently preparing data quality reports for 2011 data.

37

Where are we heading?

- ❑ IAIABC Medical Bill Report Implementation Guide, Release 2.0, February 23, 2012
- ❑ DWC Medical e-billing regulations

Regulatory Update

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DWC Legal Counsel

39

Regulatory Update

- ❑ Amendments to California Code of Regulations, title 8, sections 9701 & 9702
 - ❑ Effective date postponed to June 18, 2012
 - ❑ California EDI Implementation Guide for First and Subsequent Reports of Injury, Version 3.0
 - ❑ California EDI Implementation Guide for Medical Bill Payment Records, Version 1.1
- ❑ Planned in 2012: Employers' First Report (AB 2181)
- ❑ WCIS Administrative Penalties

40

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).

41

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.)

42

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)

43

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.

44

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.

45

ARI Waiver

- DWC reviewed WCIS and ARI submissions to claims administrators in 2010.
- Waivers from reporting the ARI were granted to six claims administrators.

46

Can WCIS information trigger an audit?

- ❑ Yes, WCIS information can be used to select subjects for an audit.
- ❑ Title 8 CCR section 10106.1 c (4)
- ❑ DWC has been relying on voluntary compliance for WCIS reporting, but SB 826 (Leno, effective 1-1-2012) gives the Administrative Director the authority to assess administrative penalties for WCIS reporting.

47

WCIS Administrative Penalties Senate Bill 826



WCIS Administrative Penalties

Since 2000, WCIS has relied on claims administrators to voluntarily comply with the WCIS data reporting requirements found at California Code of Regulations, title 8, section 9702.

As of 2011, a significant number of claims administrators are still not complying with the requirement to electronically submit claims data to the WCIS. Also, a large percentage of reporting claims administrators are continually sending inaccurate or incomplete data, as well as not sending required data on a timely basis.

WCIS Administrative Penalties

Comparing the number of claims electronically reported to WCIS with the number of claims reported on the Annual Report of Inventory to DWC's Audit Unit, approximately 15% of workers' compensation claims were not reported to WCIS in 2010. Of the initial FROI claims reported, 41% did not have SROI data reported.

SB 826, signed into law by Governor Brown on October 7, 2011, amends Labor Code sections 138.6 and 138.7 by authorizing DWC to assess administrative penalties for the failure by a claims administrator to report accurate claim information to WCIS.

WCIS Administrative Penalties

SB 826 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.

WCIS Administrative Penalties

- Establish threshold rates of violations that shall be excluded from the calculation of penalty assessments.
 - The threshold rates, to be determined by DWC, cannot be less than 3% of the reports filed by the claims administrator.
 - SB 826 authorizes DWC to establish higher thresholds for data elements that commonly are not reasonably available.
- Publish an annual report on the compliance of claims administrators.

Alternative Dispute Resolution (ADR)/Carve-out Programs

John Gordon
Research Program Specialist

53

Alternative Dispute Resolution (ADR)/ Carve-out Programs, 2009

- 25 Active ADR/carve-out programs in 2009
 - 21 Construction Programs (Labor Code 3201.5)
 - 4 Non-Construction Programs (Labor Code 3201.7)
- 5 Additional Non-Construction programs were granted permission to negotiate
- DWC publishes carve-out program reports online:
<http://www.dir.ca.gov/dwc/carveout.html>
- The 2004-2009 carve-out report:
http://www.dir.ca.gov/dwc/Carveout/CarveOutReport2004_2009.pdf
- 2010 carve-out data are reported in CHSWC's 2011 Annual Report:
http://www.dir.ca.gov/chswc/Reports/2011/CHSWC_AnnualReport2011.pdf

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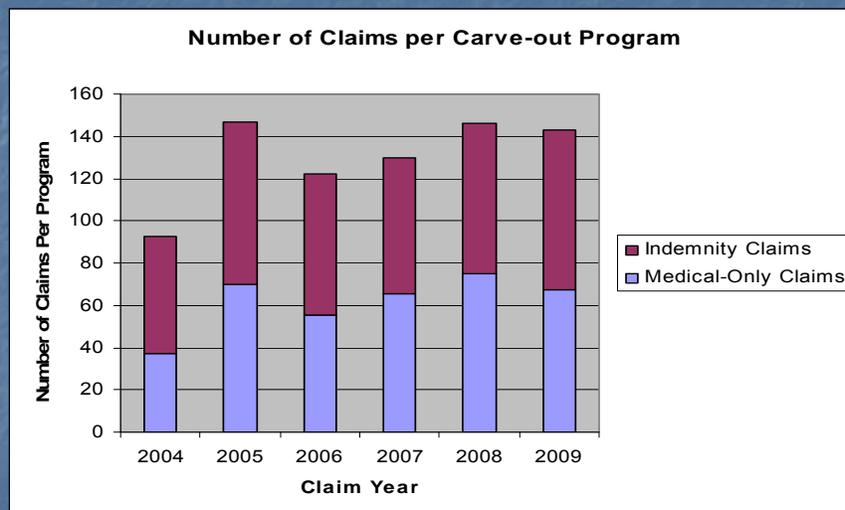
Alternative Dispute Resolution (ADR)/Carve-out Programs

2009 reported activities for carve-outs included:

- 23 carve-outs reporting
- 876 employers
- \$3.39 billion in payroll
- 49,618 full-time equivalent (FTE) employees
- 3,282 claims
 - 1,554 medical-only claims
 - 1,728 indemnity claims
- \$16,339,173 in paid costs
- \$32,545,150 in incurred costs

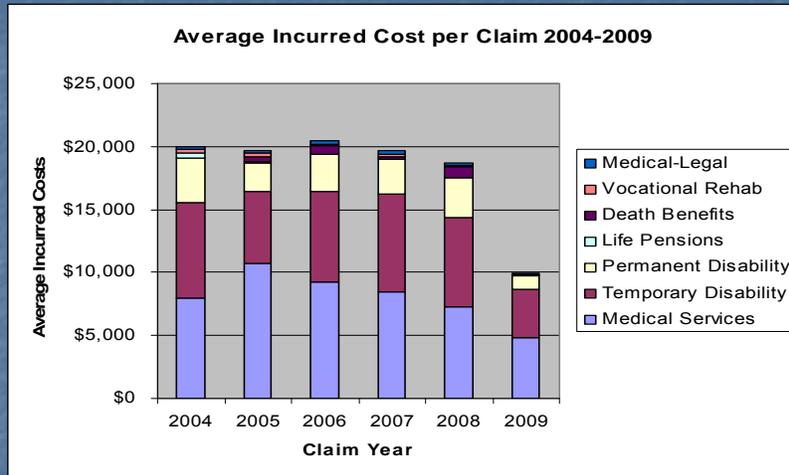
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Alternative Dispute Resolution (ADR)/Carve-out Programs



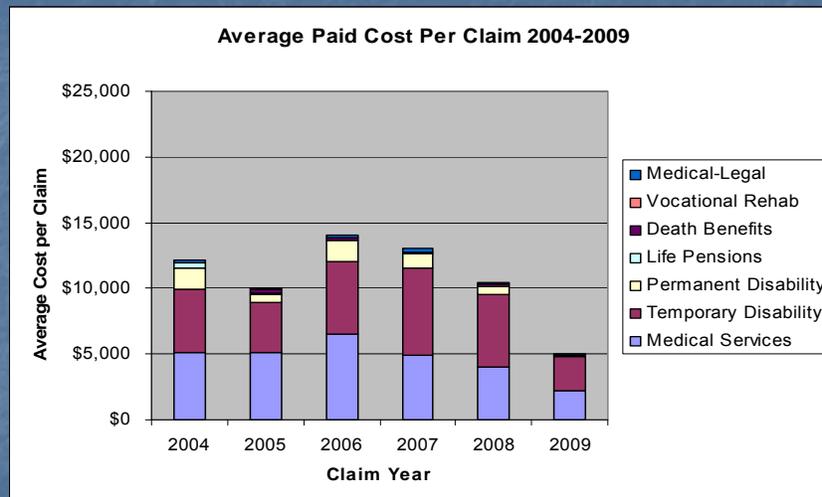
56

Alternative Dispute Resolution (ADR)/Carve-out Programs



57

Alternative Dispute Resolution (ADR)/Carve-out Programs



58

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59

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60