

**DWC RESEARCH UNIT**

**17<sup>TH</sup> ANNUAL DIVISION OF WORKERS' COMPENSATION  
EDUCATIONAL CONFERENCE**



Los Angeles: February 25-26, 2010  
Oakland: March 1-2, 2010

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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

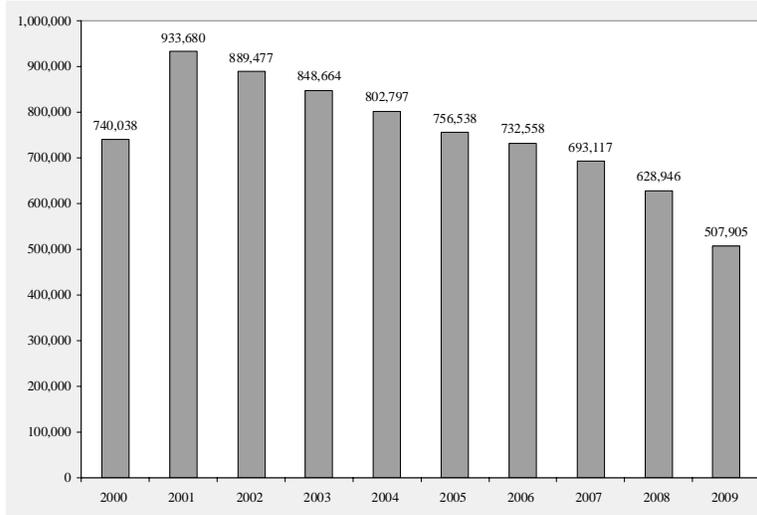
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## WCIS Data Collection – First Report of Injury (FROI)

|                                    |        |
|------------------------------------|--------|
|                                    | 1/2010 |
| ■ Trading Partners Submitting Data | 175    |
| ■ Total Number of Claims           | 7.6 m  |

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Number of Claims Reported to WCIS, 2000-2009  
 Total Claims = 7,597,176 as of January 2010



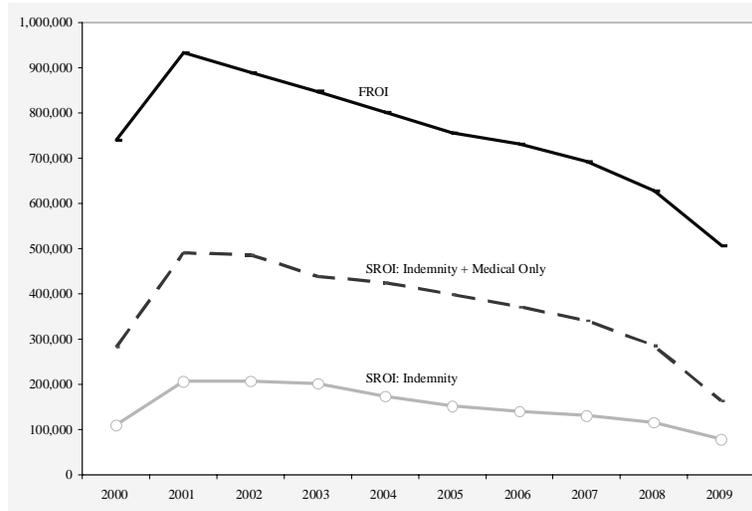
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WCIS Data Collection –  
 Subsequent Reports of Injury (SROI)

|                                    |        |
|------------------------------------|--------|
|                                    | 1/2010 |
| ■ Trading Partners Submitting Data | 121    |
| ■ Total Number of SROI Reports     | 3.7 m  |
| ■ Indemnity                        | 1.5 m  |
| ■ Medical Only                     | 2.2 m  |

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## SROI Reporting is not complete



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## WCIS Reports (FROI SROI) available online

- <http://www.dir.ca.gov/dwc/WCIS.htm>
- WCIS reports:  
[http://www.dir.ca.gov/dwc/wcis/WCIS\\_Reports.html](http://www.dir.ca.gov/dwc/wcis/WCIS_Reports.html)

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## Regulatory Process for Changes to Implementation Guides

- Nov 2009: DWC posts revised FROI SROI and Medical Implementation Guides for comment
- Public Hearing 12-15-2009
  - DWC reviews comments
  - DWC posts revisions
  - 15-day comment period...
- DWC sends final IG documents to OAL
  - Trading partners receive transition period for implementation of changes

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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.
- WCIS data edits relaxed in some cases:
  - 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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## California-specific EDI Training

- California-specific EDI training will cover business and technical rules for First and Subsequent Reports of Injury reporting as well as Medical Bill Payment Reporting
- Los Angeles:
  - June 21, am – WCIS Advisory Committee (DWC)
  - June 21, pm – FROI SROI training (IAIABC/DWC)
  - June 22 – Medical bill payment reporting (IAIABC/DWC)
- Oakland:
  - June 23 and 24 (same program as Los Angeles)

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## WCIS

- ARI – Audit's Annual Report of Inventory
- Employer's First Report – AB 2181
- EAMS
- E-billing

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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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## 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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## 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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## 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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## 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](http://www.dir.ca.gov/dwc/dwc_home_page.htm))

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## WCIS Reports to Claim Administrators (in Progress)

- WCIS-ARI Comparison
- Timeliness of Payments Reports
  - Date Disability Began to Date of Initial Payment (IP)
  - Date of Injury to Date of IP
  - Date of Claim Administrator Knowledge to Date of IP
  - Date of Employer Knowledge to Date of IP

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## Uses of WCIS Data within DWC

- MTUS – post-surgical medical treatment and acupuncture
- Physician fee schedule modeling done by the Lewin Group (CWCI data; WCIS)
- Medical Access Study – WCIS data used to construct samples of injured workers and physicians; TD for selected low-back claims
- Measure impact of 2005 PDRS

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## Examples of DWC Collaboration with Other Researchers Using WCIS data

- WCIRB – Claim Denial Counts
- WCIRB – Ogilvie, Almaraz, Guzman
- CA Department of Insurance/Navigant – medical payment accuracy
- CA Department of Insurance – fraud
- PhD Theses: UC Berkeley; UC San Diego

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## Examples of DWC Collaboration with Other Researchers Using WCIS data

- CA Dept. of Public Health (CDPH/OHB)
- CDPH/BLS – SOII Surveillance Research Group – SOII + state-level data from CA, MA, and WA
- DIR/DOSH
- CHSWC/Boston University, Professor Les Boden
- CHSWC/RAND Center for Health and Safety in the Workplace, John Mendeloff
- CHSWC/RAND: Medical Study, Barbara Wynn

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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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## WCIS Detailed Medical Billing Data

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### **Overview**

- DWC started collecting Medical Bill data in September 22, 2006.
- Proposed changes to the California Implementation Guide – Medical Bill Payment Records.
- Collecting Medical Lien Data.
- Uses of Medical Data.

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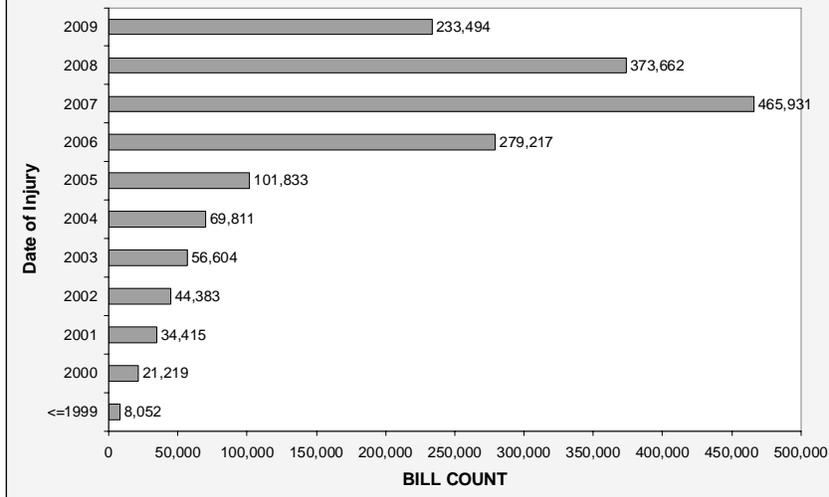
## Table1:Medical Data Summary Statistics

|                         | 1/2009     | 1/2010     |
|-------------------------|------------|------------|
| Senders                 | 50         | 53         |
| Claims Administrators   | 380        | 378        |
| Insurers                | 1,118      | 1,387      |
| Claims*                 | 1,115,277  | 1,722,258  |
| Medical Bills*          | 14,056,058 | 24,584,065 |
| Medical Lines on Bills* | 45,147,955 | 83,336,083 |

Note: \* Claims with matching FROI

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### Distribution of Medical Bills by Date of Injury



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**California Implementation Guide –  
Medical Bill Payment Records**  
**List of major proposed changes from version  
1.0 to version 1.1**

- Added five new national provider identification data elements.
- Removed references to VAN transmission option.
- Deleted the California-specific edits.
- Deleted IAIABC code lists.
- Added web links for code lists
- Deleted the Standard Medical Forms.
- Added new Section: Lump sum bundled lien bill payment

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**What is a Lien in Workers'  
Compensation ?**

A lien is a procedural device by which someone other than an injured worker makes a monetary claim against the employer or its insurance carrier in a workers' compensation case.

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## **Direct Medical Provider- Examples of Medical Liens**

- Physicians' services
- Pharmaceuticals
- Outpatient surgical services
- Durable medical equipment
- Medical travel
- Attendant & housekeeping services

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## **Medical Treatment Statutory Basis**

“Labor Code §4600. (a) Medical, surgical, chiropractic, acupuncture, and hospital treatment, including nursing, medicines, medical and surgical supplies, crutches, and apparatus, including orthotic and prosthetic devices and services, that is reasonably required to cure or relieve the injured worker from the effects of his or her injury shall be provided by the employer...”

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## **DWC WCAB Form 6**

- Notice and request for allowance of lien.
- Labor Code § 9702 (e) ".... Each claims administrator shall submit all lump sum payments following the filing of a lien claim for the payment of such medical services pursuant to Labor Code sections 4903 and 4903.1 within ninety (90) calendar days of the medical lien payment. "

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## **IAIABC IRR: MED547R1.0**

- The IAIABC determined the jurisdiction could adopt up to six jurisdictional codes that are part of the 2009 IAIABC ANSI 837 standard.

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## **Jurisdictional Codes for Bundled Bills**

- MDS10 Lump sum settlement for multiple bills where the amount of reimbursement is in dispute between the claims payer and the healthcare provider.
- MDO10 Final order or award of the Workers' Compensation Appeals Board requires a lump sum payment for multiple bills where the amount of reimbursement is in dispute between the claims payer and the healthcare provider
- MDS11 Lump sum settlement for multiple bills where liability for a claim was denied but finally accepted by the claims payer
- MDO11 Final order or award of the Workers' Compensation Appeals Board requires a lump sum payment for multiple bills where claims payer is found to be liable for a claim which it had denied liability.
- MDS21 Lump sum settlement for a single medical bill where the amount of reimbursement is in dispute between the claims payer and the healthcare provider.
- MDO21 Final order or award of the Workers' Compensation Appeals Board requires a lump sum payment for a single medical bill where the amount of reimbursement is in dispute between the claims payer and the healthcare provider.

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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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## WCIS Trading Partner Liaisons

Elisema Cantu

510-286-6763, [ecantu@dir.ca.gov](mailto:ecantu@dir.ca.gov)

Trading Partner Letters B, D-F, N, O, W-Y

Kenneth Kong

510-286-6753, [kkong@dir.ca.gov](mailto:kkong@dir.ca.gov)

Trading Partner Letters

Johnny Lee

510-286-6772, [jblee@dir.ca.gov](mailto:jblee@dir.ca.gov)

Trading Partner Letters

Antoinette Esqueda

510-286-6773, [aesqueda@dir.ca.gov](mailto:aesqueda@dir.ca.gov)

Medical Reports Technical Contact

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## Questions?

- Martha Jones, Research Manager,  
[mjones@dir.ca.gov](mailto:mjones@dir.ca.gov), 510-286-0911
- David Henderson, Research Program  
Specialist, [dhenderson@dir.ca.gov](mailto:dhenderson@dir.ca.gov), 916-  
928-3177
- Genet Daba, Research Program Specialist,  
[gdaba@dir.ca.gov](mailto:gdaba@dir.ca.gov), 510-286-0626

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