

**STATE OF CALIFORNIA  
DEPARTMENT OF INDUSTRIAL RELATIONS  
DIVISION OF WORKERS' COMPENSATION**

**INITIAL STATEMENT OF REASONS**

**Subject Matter of Regulations:  
Transition to ICD-10; Update to  
DWC Medical Billing and Payment Guide**

**TITLE 8, CALIFORNIA CODE OF REGULATIONS  
SECTIONS 9770, 9785, 9785.2, 9785.2.1, 9785.3, 9785.3.1, 9785.4, 9785.4.1, 9792.5.1,  
14003, 14006, 14006.1 and 14007**

Amend section 9770	Definitions
Amend section 9785	Reporting Duties of the Primary Treating Physician
Amend section 9785.2	Form PR-2 "Primary Treating Physician's Progress Report" – Services Prior to October 1, 2015
Adopt section 9785.2.1	Form PR-2 "Primary Treating Physician's Progress Report" – Services On or After October 1, 2015
Amend section 9785.3	Form PR-3 "Primary Treating Physician's Permanent and Stationary Report" – Services Prior to October 1, 2015
Adopt section 9785.3.1	Form PR-3 "Primary Treating Physician's Permanent and Stationary Report" – Services On or After October 1, 2015
Amend section 9785.4	Form PR-4 "Primary Treating Physician's Permanent and Stationary Report" – Services Prior to October 1, 2015
Adopt section 9785.4.1	Form PR-4 "Primary Treating Physician's Permanent and Stationary Report" – Services On or After October 1, 2015
Amend section 9792.5.1	Medical Billing and Payment Guide; Electronic Medical Billing and Payment Companion Guide; Various Implementation Guides [and adopt the document incorporated by reference into section 9792.5.1 subdivision (a): California Division of Workers' Compensation Medical Billing and Payment Guide, Version 1.2.2]
Amend section 14003	Physician.
Amend section 14006	Form 5021, Rev. 4, Doctor's First Report of Occupational Injury or Illness – Services Prior to October 1, 2015
Adopt section 14006.1	Form 5021, Rev. 5, Doctor's First Report of Occupational Injury or Illness – Services On or After October 1, 2015
Amend section 14007	Reproduction of the Doctor's Report.

## **BACKGROUND TO REGULATORY PROCEEDING**

Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee for injuries sustained in the course of his or her employment. Labor Code section 4600 requires an employer to provide 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. Under existing law, payment for medical treatment shall be no more than reasonable maximum amounts set by the Administrative Director in the Official Medical Fee Schedule or the amounts set pursuant to a contract.

Labor Code section 4603.2 sets forth procedures and timelines for payment of a medical treatment bill. Labor Code section 4603.4 mandates the Administrative Director to adopt rules to standardize paper billing forms and to establish electronic billing rules. Regulations of the Administrative Director specify billing formats and detailed requirements for the bills. Regulations adopted to implement the Labor Code's medical treatment and evaluation requirements (including sections 4600, 4603.2, 4603.4, 4660, 4662, 4663, and 4664) specify forms for physicians to use to report on treatment rendered, and to evaluate disability resulting from industrial injury or illness.

The federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) contains "administrative simplification" provisions relating to medical billing, including the requirement for HIPAA-covered entities to use specified code sets. Currently the required code sets for HIPAA covered entities are the International Classification of Diseases, 9th Revision (ICD-9-CM) for diagnosis, and the International Classification of Diseases, 9th Revision (ICD-9-PCS) for inpatient procedure codes. Substantially revised codes sets, the International Classification of Diseases – 10<sup>th</sup> Revision, Clinical Modification (ICD-10-CM) and the International Classification of Diseases – 10<sup>th</sup> Revision, Procedure Coding System (ICD-10-PCS) have been developed to improve upon diagnosis and procedure coding.

The United States Department of Health and Human Services (HHS) issued a rule requiring medical providers in the United States to transition from the ICD-9 to the ICD-10 system effective October 1, 2013. The October 1, 2013 date was extended to October 1, 2014, due to concerns regarding readiness raised by the United States medical community. On April 1, 2014, the Protecting Access to Medicare Act of 2014 (PAMA) (Public Law No. 113-93) was enacted by the United States Congress. Section 212 of Public Law 113-93 delayed the ICD-10 for at least one year, providing, *inter alia*, that the ICD-10 may not be adopted by the Secretary of the United States Department of Health and Human Services earlier than October 1, 2015. Thereafter, on September 3, 2014, the United States Department of Health and Human Services enacted a Final Rule implementing Section 212 of the PAMA, thereby setting October 1, 2015 as the implementation date for use of ICD-10 by entities covered by the Health Insurance Portability and Accountability Act of 1996 (HIPAA).

Currently, the California workers' compensation system uses the ICD-9 for diagnosis and inpatient procedure coding. Although there is a specific exemption for workers' compensation in HIPAA, the Administrative Director of the Division of Workers' Compensation (DWC) and the Director of the Department of Industrial Relations (DIR) determined that it would be efficient to transition to the ICD-10 coding system adopted by HHS for the larger health care industry. The DWC initially adopted the ICD-10 for workers' compensation billing in the Medical Billing and Payment Guide to be effective for services on or after October 1, 2014. When HHS extended the ICD-10 implementation date to 2015, DWC conducted a rulemaking action to delay the October 1, 2014 date. On September 30, 2014 regulations were adopted revising the billing regulations and the Medical Billing and Payment Guide to transition to ICD-10 for services rendered on or after October 1, 2015.

Accordingly, the Acting Administrative Director of DWC and the Director of the DIR are issuing this Notice of Proposed Rulemaking so that the Division of Workers' Compensation's and the Department of Industrial Relations' physician reporting regulations and forms are consistent with the ICD-10 transition already adopted for workers compensation billing. Moreover, it is beneficial for the workers' compensation system to align with this important change in the way the United States medical community will be diagnosing patients and coding inpatient procedures as of October 1, 2015. Also, in this rulemaking the Acting Administrative Director of DWC adopts and incorporates by reference a revised Medical Billing and Payment Guide which adopts the ICD-10-CM Official Guidelines for Coding and Reporting FY 2015 and the 2015 Code Tables and Index (updated November 13, 2014), which were not available when the billing guide was revised to adopt the October 1, 2015 date. In addition, the proposed Medical Billing and Payment Guide adopts updated 1500 Claim Form Instruction Manual and Change Log, UB-04 Data Specifications Manual, and American Dental Association *Current Dental Terminology (CDT)*.

## **PROBLEMS ADDRESSED BY THIS RULEMAKING**

The United States Department of Health and Human Services (HHS) has issued a final rule that will require use of the ICD-10 beginning October 1, 2015 for HIPAA-covered entities. In light of this final rule, the Acting Administrative Director of DWC and the Director of DIR are issuing this Notice of Proposed Rulemaking. It is important that the Division of Workers' Compensation's and the Department of Industrial Relations' regulations and forms are consistent with this important change in the way the United States medical community will be diagnosing patients as of October 1, 2015.

The amended regulations solve the problem of DWC's and DIR's regulations and forms being inconsistent with the ICD-10 system of diagnosis as of October 1, 2015.

## **TECHNICAL, THEORETICAL, OR EMPIRICAL STUDIES, REPORTS, OR DOCUMENTS**

None.

## **SPECIFIC TECHNOLOGIES OR EQUIPMENT**

None.

## **REASONABLE ALTERNATIVES TO THE PROPOSED REGULATIONS AND REASONS FOR REJECTING THOSE ALTERNATIVES**

The Acting Administrative Director of DWC and the Director of DIR have not identified any effective alternative, or any equally effective and less burdensome alternative to the regulations at this time. The public is invited to submit such alternatives during the public comment process. A theoretical alternative would be to not amend the regulations and forms to be consistent with ICD-10. However, this would cause inefficiencies and confusion for the medical community, insurers and claims administrators, as they will need to use ICD-10 for record-keeping and billing purposes for their Medicare and private patients as of October 1, 2015.

## **DUPLICATION OR CONFLICTS WITH FEDERAL REGULATIONS**

The proposed regulations do not duplicate or conflict with any federal regulations.

## **SUMMARY OF PROPOSED CHANGES**

### **Specific Purpose, Rationale, and Necessity of Each Section of the Proposed Amendments**

The specific purpose, rationale, and necessity of each section of the proposed amendments, in accordance with Government Code section 11346.2(b)(1), is provided below.

#### **Section 9770 – Definitions**

##### **Specific Purpose of Section:**

Section 9770 lists and defines the terms used in the Certification Standards for Health Care Organizations regulations, set forth at Title 8, Chapter 4.5, Subchapter 1, Article 4. The purpose of this section to ensure that the meanings of the terms used to set standards for certification of Health Care Organizations is clearly understood by the workers' compensation community.

Subdivision (g), defining "International Classification of Diseases – 9th Revision (ICD-9) Code," is deleted, because upon review of Article 4, it was determined that ICD-9 is nowhere else mentioned in the Health Care Organization certification regulations. Therefore it is unnecessary to update the definition to ICD-10. It can instead be deleted as superfluous and subdivisions (h)-(q) re-designated (g)-(p), accordingly.

**Necessity:**

It is necessary to define each of the key terms used in the Health Care Organization certification regulations to ensure that the content and meaning of the regulations are clearly understood by the workers' compensation community.

The defined terms in the regulation are individually lettered in alphabetical order to allow for ease of reference by the regulated community.

Because the term, "International Classification of Diseases – 9th Revision (ICD-9) Code" is not again mentioned in the remainder of the subject Health Care Organization certification regulations, it does not need to be updated to reflect ICD-10, and can instead be deleted.

**Section 9785 – Reporting Duties of the Primary Treating Physician**

**Specific Purpose of Section:**

Section 9785 sets forth in detail all of the various reporting obligations a primary treating physician has with respect to treating an injured worker within the Workers' Compensation system, including preparation of the Doctor's First Report of Injury (DLSR Form 5021), in subdivision (e)(1), the Primary Treating Physician's Progress Report (DWC Form PR-2), in subdivision (f)(8), and the Primary Treating Physician's Permanent and Stationary Report (DWC Forms PR-3 and PR-4), in subdivision (h).

Each of the aforementioned subdivisions has been amended to reference new versions of the aforementioned forms for dates of service on or after October 1, 2015, when revised versions of the forms will need to be used to report new ICD-10 diagnosis codes. In addition, references to "Form DLSR 5021" are revised to read, "Form 5021."

**Necessity:**

It is necessary that the aforementioned forms be updated so that Primary Treating Physicians will be able to report on their workers' compensation patients' conditions using ICD-10 codes as of October 1, 2015. Therefore it is necessary to update Section 9785 to advise Primary Treating Physicians of the need to use the revised versions of the forms as of October 1, 2015, and to continue to use existing versions of those forms for dates of service prior to October 1, 2015. DLSR, which stood for the Division of Labor Standards Research, no longer exists as a Division within DIR. Accordingly, it is more appropriate to refer to the form simply by its number and remove "DLSR" from its title.

## **Section 9785.2 – Form PR-2 “Primary Treating Physician’s Progress Report”**

### **Specific Purpose of Section:**

Section 9785.2 provides a link where Primary Treating Physicians may download a Form PR-2, which they can use to provide the progress reports required of them pursuant to Section 9785, subdivision (f)(8). The form has been amended to request diagnosis information using ICD-10 codes, rather than ICD-9 codes. In addition, reference to the injured worker’s social security number is removed and designation of the injured worker’s sex is changed to gender. Finally, the version of the form is updated.

### **Necessity:**

It is necessary that the Form PR-2 be updated so that Primary Treating Physicians will be able to report on their workers’ compensation patients’ conditions using ICD-10 codes as of October 1, 2015. The requirement to list the injured worker’s social security number was removed to protect injured workers’ privacy. Reference to the injured worker’s sex was changed to “gender” for consistency with other forms used in workers’ compensation and the medical community. The version information was updated so that Primary Treating Physicians and their staff can ensure they are using the correct version of the form.

## **Section 9785.3 – Form PR-3 “Primary Treating Physician’s Permanent and Stationary Report”**

### **Specific Purpose of Section:**

Section 9785.3 provides a link where Primary Treating Physicians may download a Form PR-3, which they can use to provide a report required of them pursuant to Section 9785, subdivision (h), when an injured worker becomes permanent and stationary and the injury occurred prior to January 1, 2005. The form has been amended to request diagnosis information using ICD-10 codes, rather than ICD-9 codes. In addition, reference to the injured worker’s social security number is removed and designation of the injured worker’s sex is changed to gender. Finally, the version of the form is updated.

### **Necessity:**

It is necessary that the Form PR-3 be updated so that Primary Treating Physicians will be able to report on their workers’ compensation patients’ conditions using ICD-10 codes as of October 1, 2015. The requirement to list the injured worker’s social security number was removed to protect injured workers’ privacy. Reference to the injured worker’s sex was changed to “gender” for consistency with other forms used in workers’ compensation and the medical community. The version information was updated so that Primary Treating Physicians and their staff can ensure they are using the correct version of the form.

## **Section 9785.4 – Form PR-4 “Primary Treating Physician’s Permanent and Stationary Report”**

### **Specific Purpose of Section:**

Section 9785.4 provides a link where Primary Treating Physicians may download a Form PR-4, which they can use to provide a report required of them pursuant to Section 9785, subdivision (h), when an injured worker becomes permanent and stationary and the injury occurred on or after January 1, 2005. The form has been amended to request diagnosis information using ICD-10 codes, rather than ICD-9 codes. In addition, reference to the injured worker’s social security number is removed and designation of the injured worker’s sex is changed to gender. In the job description section, it is noted that Form DWC-AD 10133.33 can be attached for injuries occurring on or after January 1, 2013. In the work restrictions section, reference is made to completing Form DWC-AD 10133.36 in connection with completing this section for injuries occurring on or after January 1, 2013. Finally, the version of the form is updated.

### **Necessity:**

It is necessary that the Form PR-4 be updated so that Primary Treating Physicians will be able to report on their workers’ compensation patients’ conditions using ICD-10 codes as of October 1, 2015. The requirement to list the injured worker’s social security number was removed to protect injured workers’ privacy. Reference to the injured worker’s sex was changed to “gender” for consistency with other forms used in workers’ compensation and the medical community. Reference to related Forms DWC-AD 10133.33 and 10133.36 is necessary as these forms did not exist at the time of the last revision of this form and relate to the portion of the PR-4 form addressing the injured workers’ ability to return to work and any necessary work restrictions. The version information was updated so that Primary Treating Physicians and their staff can ensure they are using the correct version of the form.

## **Section 9792.5.1 – Medical Billing and Payment Guide; Electronic Medical Billing and Payment Companion Guide; Various Implementation Guides**

Text of section 9792.5.1, subdivision (a)

### **Specific Purpose of Section:**

Section 9792.5.1 subdivision (a) is revised to add a new subdivision (a)(4) in order to adopt and incorporate by reference a revised version of the California Division of Workers’ Compensation Medical Billing and Payment Guide for bills submitted on or after October 1, 2015.

## **Necessity:**

The Medical Billing and Payment Guide is too large to print in the code of regulations, as it is over 100 pages in length. It is necessary to adopt and incorporate by reference the Medical Billing Payment Guide, which is a separate document, into the regulations. In order to make it clear to the public which obligations are in effect for bills submitted on or after October 1, 2015, a new version of the guide is adopted, rather than merely amending the prior guide. Strikethrough and underlining is used within the proposed guide Version 1.2.2 to show the revisions from the prior version, Version 1.2.1.

## **California Division of Workers' Compensation Medical Billing and Payment Guide (incorporated by reference into Section 9792.5.1, subdivision (a))**

### **Specific Purpose of Guide:**

The California Division of Workers' Compensation Medical Billing and Payment Guide, incorporated by reference into subdivision (a) is amended to adopt additional documents needed for the transition to ICD-10, and to adopt updates to national standard guides for paper medical billing. The proposed amendments include the following.

- Update to cover page to change version number from 1.2.1 to 1.2.2
- Update to the Version Table set forth in the Introduction to list Version 1.2.2 and the October 1, 2015 effective date
- Revision to Section 3.2.1 to adopt the 2015 Code Tables and Index (updated 11/13/2014) and the ICD-10-CM Official Guidelines for Coding and Reporting FY 2015 (updated 9/29/2014)
- Revision to Section One – Business Rules, Appendix A to adopt updated documents incorporated into the Medical Billing and Payment Guide for bills submitted on or after October 1, 2015
  - The 1500 Health Insurance Claim Form Reference Instruction Manual for Form Version 02/12, Version 2.0 7/14 and 1500 Instructions Change Log – as of 10/14
  - The National Uniform Billing Committee Official UB-04 Data Specifications Manual 2015, Version 9.0, July 2014
  - The American Dental Association's CDT 2015 Dental Procedure Codes

## **Necessity:**

The proposed amendments are necessary to ensure that the Medical Billing and Payment Guide conforms to the national standards, and provides clear guidance to the public regarding applicable dates.

- It is necessary to change the cover page to Version 1.2.2 to clearly distinguish it from the prior version.
- Revision of the version table that is set forth in the Introduction is necessary so that the public can easily determine that the Version 1.2.2 is effective for bills submitted on or after October 1, 2015.

- The proposed amendment to Section 3.2.1 is necessary to adopt documents which are important components of the ICD-10. The “2015 Code Tables and Index” file was previously adopted by the Administrative Director, but the Center for Medicare and Medicaid Services (CMS) posted a revised version updated on 11/13/2014. Therefore it is necessary to delete the prior version from the Guide and add the 11/3/2014 version. In addition, the ICD-10-CM Official Guidelines for Coding and Reporting FY 2015 (updated 9/29/2014) published by the CMS was not available for adoption at the time the Administrative Director adopted the October 1, 2015 ICD-10 transition date. The “ICD-10-CM Official Guidelines” document contains critically important rules for use of the ICD-10-CM diagnosis classification system. Adoption of the “ICD-10-CM Official Guidelines” into the Medical Billing and Payment Guide is a necessary adjunct to the ICD-10-CM coding system. Moreover, use of the “ICD-10-CM Official Guidelines” will enhance consistency of workers’ compensation diagnosis coding with coding used in other health care systems.
- It is necessary to adopt the updated documents into Section One – Business Rules, Appendix A in order to keep current with national standards for physician/practitioner billing, facility billing, and dental billing.
  - The CMS 1500 Health Insurance Claim Form version 02/12 and its instruction manual are national standards for physician/practitioner billing which are updated annually for use in a multitude of health care systems. The 1500 form, the Instruction Manual, and the Change Log were previously adopted by the Administrative Director. The National Uniform Claim Committee updated the Instruction Manual in July 2014 and updated the Change Log as of 10/2014 and it is necessary to adopt the revised documents for workers’ compensation so the public will have use of the most current national standard instructions for the form.
  - The National Uniform Billing Committee’s (NUBC) UB-04 (revised 2005) is the national standard form for facility billing and was adopted by the Administrative Director for workers’ compensation together with the National Uniform Billing Committee Official UB-04 Data Specifications Manual 2014. The manual is updated annually by the NUBC for use in a multitude of health care systems. It is necessary now to adopt the updated National Uniform Billing Committee Official UB-04 Data Specifications Manual 2015, Version 9.0, July 2014 into the Medical Billing and Payment Guide so the public will utilize the revised manual for workers’ compensation.
  - The American Dental Association’s dental procedure codes are the national standard codes used to bill for dental services. The Administrative Director previously adopted the American Dental Association’s CDT 2014 Dental Procedure Codes into the Medical Billing and Payment Guide. The codes are updated by the American Dental Association annually. It is necessary to adopt the CDT 2015 Dental Procedure Codes into the Medical Billing and Payment Guide so workers’ compensation dental billing will conform to the most current national standard dental codes used in other health care systems.

## **Section 14003 – Physician.**

### **Specific Purpose of Section:**

This section discusses the duties of a physician rendering treatment to an injured worker to complete a Form 5021 and the circumstances in which one should be filed.

### **Necessity:**

It is necessary to amend subdivision (c) of this section to reference Rev. 5 of Form 5021 and to specify the appropriate dates of service in which Rev. 4 and Rev. 5 should be used. It is no longer necessary to make reference to Rev. 3, as it is long outdated.

## **Section 14006 – Form 5021, Rev. 5, Doctor’s First Report of Occupational Injury or Illness**

### **Specific Purpose of Section:**

Section 14006 provides a link where Primary Treating Physicians or other medical providers may download a Form 5021, which they can use to provide the Doctor’s First Report of Occupational Injury or Illness required of them pursuant to Section 9785, subdivision (e). The form has been amended to reference ICD-10, instead of ICD-9, and additional space is provided for additional detailed diagnostic information that may be provided under the ICD-10 system. The address in the header of the form is changed from “Division of Labor Standards Research” to “Department of Industrial Relations.” A column entitled “please do not use this column” on the right side of the top of the form has been deleted. In addition, reference to the injured worker’s social security number was removed and designation of the injured worker’s sex was changed to gender. In item 24 (formerly item 25), “Estimated stay” has been changed to “Estimated length of stay.” The physician signature block has been updated to be consistent with the physician signature blocks on Forms PR-2 – PR-4. Finally, the version of the form has been updated.

### **Necessity:**

It is necessary that Form 5021 be updated so that Primary Treating Physicians and other medical providers will be able to report on their workers’ compensation patients’ conditions using ICD-10 codes as of October 1, 2015. The Division of Labor Standards Research no longer exists within the Department of Industrial Relations. Accordingly, the address in the header of the form was changed from “Division of Labor Standards Research” to “Department of Industrial Relations.” The column entitled “please do not use this column” on the right side of the top of the form was deleted because it is no longer used by DWC or any other division of the Department of Industrial Relations. The requirement to list the injured worker’s social security number was removed to protect injured workers’ privacy. Reference to the injured worker’s sex was changed to “gender”

for consistency with other forms used in workers' compensation and the medical community. In item 24 (formerly item 25), "Estimated stay" has been changed to "Estimated length of stay" to provide clarity. The form has not been updated since 1992 and the physician signature block was updated to the version used in the more current Forms PR-2 – PR-4 for consistency. The version information was updated so that Primary Treating Physicians and their staff can ensure they are using the correct version of the form.

### **Section 14007 – Reproduction of the Doctor's Report.**

#### **Specific Purpose of Section:**

This section discusses the circumstances under which third parties may reproduce the Form 5021 and the specifications for any such duplication.

#### **Necessity:**

It is necessary to amend subdivision (a) of this section to reference Rev. 5 of Form 5021 and to specify the appropriate dates of service in which Rev. 4 and Rev. 5 should be used. Subdivisions (b), (c) and (d) have been amended to refer to the form as simply "Form 5021" rather than to the particular revision, as listing the revision number in each subsection is redundant and unnecessary. In subdivision (d), the address to direct requests for permission to make modifications to Form 5021 not specifically allowed in Section 14007 is provided, rather than a reference to a different regulation. The address in the other regulation, while still the correct address to direct such requests, lists a title and a Division within DIR that no longer exist.

## **ECONOMIC IMPACT ANALYSIS**

### **Evidence Supporting Finding of No Significant Statewide Adverse Impact Directly Affecting Business**

The proposed regulations will not have a significant adverse economic impact on representative private persons or directly affected businesses. While there will no doubt be potentially significant costs for medical providers to implement ICD-10 into their record-keeping and billing practices, these costs are necessitated by the federal government's mandate that ICD-10 be implemented on October 1, 2015. The proposed regulations, in and of themselves, do not impose any additional costs on impacted entities. Almost all workers' compensation medical providers also provide medical care to other patients, such as patients covered by Medicare or private insurance. Providers are already mandated to use ICD-10 for such patients, effective October 1, 2015. If we did not adopt these regulations, it would be even more costly for providers, as they would need to update their medical billing and reporting practices to comply with ICD-10 for their Medicare and private patients, while maintaining the ability to bill and report using ICD-9 for their workers' compensation patients.

### **Creation or Elimination of Jobs within the State of California**

None. The Acting Administrative Director of DWC and the Director of DIR have determined that the proposed regulations will not create or eliminate any jobs within the State of California. As noted above, the regulations will not impose any obligations not already being imposed by the federal government. Therefore, it would be inaccurate to conclude that adoption of the proposed regulations would create or eliminate jobs within the State of California.

### **Creation of New or Elimination of Existing Businesses within the State of California**

None. The Acting Administrative Director of DWC and the Director of DIR have determined that the proposed regulations will not create or eliminate any existing businesses within the State of California. As noted above, the regulations will not impose any obligations not already being imposed by the federal government. Therefore, it would be inaccurate to conclude that adoption of the proposed regulations would create new businesses or eliminate existing businesses within the State of California.

### **Expansion of Businesses Currently Doing Business within the State of California**

None. The Acting Administrative Director of DWC and the Director of DIR have determined that the proposed regulations will not cause the expansion or elimination of any existing businesses within the State of California. As noted above, the regulations will not impose any obligations not already being imposed by the federal government. Therefore, it would be inaccurate to conclude that adoption of the proposed regulations would cause an expansion of businesses currently doing business within the State of California.

### **Benefits of the Regulations to the Health and Welfare of California Residents, Worker Safety, and the State's Environment**

The United States Department of Health and Human Services (HHS) has issued a final rule that will require use of the ICD-10 beginning October 1, 2015 for HIPAA-covered entities. In light of this final rule, the Acting Administrative Director of DWC and the Director of DIR are issuing this Notice of Proposed Rulemaking. It is important that the Division of Workers' Compensation's and the Department of Industrial Relations' regulations and forms are consistent with this important change in the way the United States medical community will be diagnosing patients as of October 1, 2015.