



April 23, 2010

California eBilling Draft Rule Publication

Recently, California's Division of Workers' Compensation (DWC) published draft regulations for paper billing (and eventual eBilling) of all workers' compensation medical and pharmacy claims. The proposed rules titled "Workers' Compensation Medical Billing and Payment Guide 2010" are open to stakeholder comment and DWC has scheduled two separate public hearings to be held in Los Angeles and Oakland. As of publication, rules are open for 45 day public comment period, after which DWC is granted an additional 45 days to respond to public comments. Upon completion of the initial comment/response period, DWC may make necessary changes or tweaks and repost as either a second informal draft for additional comment or a formal draft for adoption.

If DWC moves forward with publishing a final formal version of proposed rules, this step officially initiates formal administrative rule making procedures and timelines. CA-DWC has worked diligently on these rules, including ongoing discussions with PMSI, other stakeholders and national standards organizations. Thus, PMSI expects rule making to take approximately 6 months—barring any major hitches—and initial implementation of new paper billing requirements is expected to be no sooner than January 1, 2011. Subsequently, implementation of new eBilling requirements will take effect within 18 months from adoption of paper billing requirements and initial implementation of eBilling requirements is expected to be no sooner than July 1, 2012.

Outlined below are key pieces of proposed paper and subsequent eBilling rules:

Paper Billing

- Implements paper billing (subsequent eBilling) requirements for all medical services in California
 - Medical Services and Durable Medical Equipment billed on CMS-1500
 - Pharmacy billed on NCPDP Workers' Compensation Specific UCF Form
 - Doctor dispensed medications billed on CMS-1500
 - By Report items – services or supplies – shall be billed on new By Report (BR) form
- Requires providers and payors to utilize state prescribed billing forms for all medical billings – Allows utilization of other 'agreed upon' forms if these forms contain all data elements found in state prescribed forms
- Billing, payment and state reporting timeframes will continue to follow existing statute/regulation for California medical billing
- Defines a complete bill under California billing regulations
- Upon adoption, California will publish a final paper billing implementation guide for stakeholders
 - Initial paper billing requirements take effect 90 days from final adoption
 - Compliance date expected to be no sooner than January 1, 2011



eBilling

- Payers must have capacity to receive and transmit eBilling (eBill and remittance advice) within 18 months from implementation of paper billing requirements
- Providers and payors to utilize state prescribed formats (ASC X12/837 for Medical Services and NCPDP 5.1/D.0 for pharmacy) – Allows utilization of other “agreed upon” formats if these formats contain all data elements found in state prescribed formats
- Payers and providers can utilize processors and/or clearinghouses to achieve compliance with eBilling requirements
- Providers not required to engage in eBilling – If provider transmits to payor in eBilling format, payor must be able to receive and process in eBill format. Payor must receive and remit bill in fashion it was transmitted by provider.
 - Payers shall return initial acknowledgement on an eBill within 24 hours – Detailed acknowledgement within 48 hours
 - eBills must be processed and either Explanation of Benefit (EOB) or remittance advice within 15 days
 - Payment does not need to be electronic, but EFT is recommended
 - Attachments for medical bills can be done via electronic format, fax or email – All versions must be secure as to protect health information
- State Reporting on eBills will continue to follow current requirements
- Upon adoption, California will publish a final eBilling implementation guide for stakeholders
 - Initial eBilling requirements take effect within 18 months from final adoption of paper billing requirements
 - Compliance date expected to be no sooner than July 1, 2012

As with all state regulatory rule making processes, the initial proposed draft regulations remain fluid. Imposition of paper and eBill requirements in California will impact numerous stakeholders and is no small undertaking in a state which currently lacks any form of specified billing regulations. PMSI’s work with CA-DWC has been fruitful as indicated by DWC’s desire to specify the ASC-X12/837 file format for medical services and the NCDPD 5.1/D.0 for pharmacy services—similar to what Minnesota and Texas adopted—while allowing for other “agreed upon formats.” Adoption of these national standards will allow for easier transition and implementation of eBilling in California for those entities already complying with Minnesota and Texas mandates. PMSI will continue to participate and monitor the rule making process, and will provide timely updates to assist our clients in implementation and ongoing compliance.

For more information, please contact your Account Manager or Sales Representative. You may also contact our Director of Government Affairs, Kevin Tribout, at Kevin.Tribout@pmsionline.com or 813.627.2445.

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