



May 26, 2011

### **California Adopts New Standardized Medical Billing Regulations— Includes Paper and Electronic Billing Requirements with Slight Modifications to Existing EDI/State Reporting Requirements**

As expected, the California Division of Workers' Compensation (CA-DWC) adopted new regulations for standardized paper and electronic billing of medical claims. Final regulations were approved by the Office of Administrative Law and filed with the Secretary of State on April 18, 2011. Approval of these rules is a move to control medical and administrative costs for system participants, and hopefully streamline and relieve administrative burdens for both providers and payors. The new paper and electronic billing rules will solidify billing requirements in California, which for years lacked regulatory direction on billing of medical care in workers' compensation. Most importantly, providers and payors will need to move to ensure compliance with the new paper and electronic billing requirements once fully implemented. The adopted rule(s) implement paper billing requirements as of **October 15, 2011** and electronic billing requirements as of **October 18, 2012**. Additionally, and to synergize with newly adopted paper and electronic billing requirements, CA-DWC also adopted regulatory changes to their EDI/State Reporting requirements. These changes take effect as of **November 15, 2011**.

#### **Paper Billing Requirements Effective October 15, 2011**

- All billing on or after October 15, 2011, shall comply with rules and regulations as set forth in the *California Division of Workers' Compensation Medical Billing and Payment Guide 2011* (or future adopted versions):  
[www.dir.ca.gov/dwc/DWCPropRegs/Ebilling/Guide\\_CompanionGuide/MedicalBillingPaymentGuideFinal\\_Final.pdf](http://www.dir.ca.gov/dwc/DWCPropRegs/Ebilling/Guide_CompanionGuide/MedicalBillingPaymentGuideFinal_Final.pdf)
- Providers shall use the most current CMS-1500 to bill medical services and most current NCPDP WC-UCF to bill for pharmacy services
- Utilization of alternatively agreed-upon forms may be used if form(s) capture all data elements required by state-prescribed forms and all data elements needed for CA-EDI compliance
- Response and payment time on paper bills remains at 45 days (**changed to 60 for government entities**)
- Rules include updates to California EOB requirements as well as modified CA-specific EOB codes
- Parties **may engage** in electronic billing prior to October 18, 2012 – but eBilling must conform to rules and regulations established by the most current Electronic Medical Billing and Payment Companion Guide

#### **Electronic Billing Requirements Effective October 18, 2012**

- All electronic billing on or after October 18, 2012 shall comply with rules and regulations as set forth in the *California Division of Workers' Compensation Electronic Medical Billing and Payment Companion Guide 2012* (or future adopted versions):  
[www.dir.ca.gov/dwc/DWCPropRegs/Ebilling/Guide\\_CompanionGuide/MedicalBillingPaymentElectronicCompanionGuide\\_Final.pdf](http://www.dir.ca.gov/dwc/DWCPropRegs/Ebilling/Guide_CompanionGuide/MedicalBillingPaymentElectronicCompanionGuide_Final.pdf)
- eBilling is not mandated, but payors must be able to accept, process and remit in formats and timeframes required if provider sends an eBill
- Providers and Payors shall use the most current ASC X12 5010 (and related formats) for eBilling and remittance of medical services and most current NCPDP D.0 for pharmacy services
- Utilization of alternatively agreed-upon formats may be used if the format(s) captures all data elements required in state-prescribed format(s) and all data elements needed for CA-EDI compliance
- eBilling requirements for acknowledgement and payment are shorter than standard paper bills
  - Interchange acknowledgement = 1 day
  - Health care claim acknowledgement = 2 days



- Pending claim acknowledgement = 5 days
- **Payment** and Remittance for eBills = 15 days
- Rules include updates to California EOB requirements as well as modified CA-specific EOB codes

#### **EDI/State Reporting**

- Requirements of California EDI Implementation Guide Version 1.1 (replaces Version 1.0) are effective November 15, 2011, and incorporate by rule the most current version of IAIABC EDI Implementation Guide with CA-specific additions
- Payors, or their EDI trading partners, are required to report all paid medical claims data within 90 calendar days from medical bill payment or final determination (includes reductions or denials)
- Transmission of rendering and billing provider NPI numbers as assigned by CMS is required (if available)
- More information on the regulations, including a copy of the EDI Implementation Guide is available at: [www.dir.ca.gov/dwc/DWCPropRegs/WCIS\\_Regs/WCIS\\_MedicalCAImplementationGuide\\_Nov2010.pdf](http://www.dir.ca.gov/dwc/DWCPropRegs/WCIS_Regs/WCIS_MedicalCAImplementationGuide_Nov2010.pdf)

#### **Compliance Issues**

- Impacted stakeholders must either transition to state-prescribed billing forms (CMS-1500 & NCPDP WC-UCF) or ensure unique billing forms capture all data elements required by state-prescribed forms and comply with CA-EDI (State Reporting) requirements
- Impacted stakeholders must ensure they are capable of engaging in electronic billing (both provider side and payor side) in state-prescribed formats (ASC X12 5010 & NCPDP D.0) or ensure unique eBilling formats capture all data elements required by state-prescribed formats and comply with CA-EDI (State Reporting) requirements
- Impacted stakeholders must review the newly adopted CA EDI Implementation Guide Version 1.1 and ensure compliance with any adopted modifications, including capture and transmission of rendering and billing provider NPI(s) and reporting of paid medical claims (full-pay/reduced/denied) within a 90-day timeframe

#### **Recommendations and PMSI Actions – Paper Billing**

In order to ensure compliance, PMSI will fully review our current paper billing policies, procedures and billing files/formats in preparation for implementation of the California requirements in 2011. PMSI will also undertake an internal compliance audit of our current billing systems and forms/formats to ensure all required data elements are captured and transmitted for both billing and EDI purposes. For those clients who currently utilize the CMS-1500 or NCPDP WC-UCF forms, PMSI will crosswalk the form data to ensure billing and EDI compliance. For those clients who receive a unique agreed-upon form(s), PMSI will perform a full gap analysis of the prescribed state form(s) against the unique form(s) and quickly identify necessary billing and EDI system changes. Once identified, PMSI will implement required changes/upgrades internally in our billing protocols, and our clients will be assured of a seamless and compliant transition.

#### **Recommendations and PMSI Actions – Electronic Billing**

PMSI's eBilling platform is already among the industry's strongest and currently handles billing of medical services, DME and pharmacy bills for numerous customers and providers. PMSI has already initiated activities to ensure compliance with newly adopted rule changes and over the next 18 months will reach out to our customers and/or their eBilling trading partners. PMSI will also undertake activities to ensure continued compliance with our California State Reporting and EDI services as it relates to adoption of the new eBilling regulations.

In the meantime, PMSI's Government Affairs department strongly recommends that customers and their eBilling agents take the opportunity to review newly adopted eBilling requirements and begin any necessary programming or system changes to ensure compliant connectivity with all stakeholders via the new formats effective October 18, 2012.



## *Government Affairs Alert*



### **Recommendations and PMSI Actions – EDI/State Reporting**

PMSI has initiated internal compliance activities and reviews to recognize required EDI system changes. PMSI will incorporate into our EDI systems mandated changes prescribed by the new EDI Implementation Guide including capture and transmittal of rendering and billing provider NPI(s). PMSI's State Reporting team will also coordinate with our clients and other State Reporting vendors to ensure a smooth transition and full compliance by November. Where necessary, PMSI will reach out to our customers and their EDI trading partners to discuss necessary communication/data transmittal changes.

To reinforce the importance of this matter, PMSI's Government Affairs department urges all customers to communicate with their EDI/State Reporting vendors to ensure they are fully compliant with the new requirements for **all** medical services in California.

If you have any questions regarding this alert or any other government-related topic, please contact your dedicated Account Manager. You may also contact our Director of Government Affairs, Kevin Tribout at [Kevin.Tribout@pmsionline.com](mailto:Kevin.Tribout@pmsionline.com) or 813.627.2445.

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