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for Workers' Compensation

Government Affairs Alert

September 23, 2009

eBilling Update

In an effort to provide our clients with up-to-date information on public policy changes and associated impacts on the workers' compensation Pharmacy and Medical Services and Equipment marketplace, PMSI publishes frequent Government Affairs Alerts. This Alert focuses on recent eBilling policy enhancements in Minnesota, Texas, and California.

Texas

Since 2008, providers and payors in Texas are required to **be capable** of receiving medical bills electronically and remitting electronic payment advice. However, to ease initial compliance burdens, providers and payors are able to receive eBilling waivers and utilize various eBilling "clearinghouses" or agents. Some of this is about to change.

In August, the Texas Workers' Compensation Commission (TWCC) published proposed rule changes to tighten eBilling requirements and increase stakeholder compliance. Draft rule language includes:

- Tightens requirements (both paper and electronic) for transmittal of medical bill attachments – Cleans up language on what is considered a complete medical bill
- Removes **must be capable** (of receiving and remitting) language and replaces with **shall submit and shall remit** language – eBilling becoming exclusive format
- Updates required formats for eBilling – Anticipates HIPAA related changes to ANSI 837 (ASC 837) and NCPDP 5.1 (NCPDP D.0) formats
- Requires providers and payors to show good cause for continual eBilling waivers – Pushes increased compliance
- Adds language prohibiting carriers from charging healthcare providers to use closed or proprietary eBilling systems – Addresses concerns of compliant providers

The proposed changes highlight TWCC's desire to increase stakeholder compliance with eBilling standards and push eBilling as the exclusive method of workers' compensation medical billing. It appears that in Texas, the grace period for eBilling non-compliance may be coming to an end.

Minnesota

In July 2008, Minnesota became the next state to roll out eBilling requirements by implementing phased-in eBilling requirements for all healthcare providers and payors, including workers' compensation. Driven by Legislative order, the Minnesota Department of Health (MNDOH) adopted several national standards (ANSI 837 & NCPDP 5.1 formats) as part of their eBilling guidelines creating similarities between Minnesota and Texas. Even though similarities exist, there are striking differences. First, implementation will happen over two phases (transmittal required 7/15/09 and remittance required 12/15/09), second, Minnesota requires usage of adopted standards, but most importantly Minnesota is **not granting** eBilling compliance waivers. With the lack of waivers, providers and payors are expected to exhibit day-one "compliance in practice" while initial enforcement efforts and agency audits will be complaint driven. The MNDOH, in conjunction with the Department of Labor and Industry, continues to push back on carriers/payors who may be unfairly charging providers for eBilling connectivity or utilization of a designated eBilling "clearinghouse." Rule promulgation may be pending on this issue to address providers' concerns.

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California

As successful eBilling implementations take hold in Texas and Minnesota and as NCPDP nears completion of their workers' compensation specific NCPDP Universal Claim Form, the California Division of Workers' Compensation (CADWC) edges closer to publication of their first eBilling rule draft. In discussions with experts from CADWC, it appears that the Division will institute eBilling guidelines in-line with Texas, Minnesota and the International Association of Industrial Accident Boards and Commissions (IAIABC). Most likely these guidelines will recommend or **require** utilization of national standards such as ANSI/ASC 837 and NCPDP 5.1/D.0 formats. It is the overriding intent of the Agency to eventually push eBilling as the exclusive billing format for California workers' compensation providers and payors. Adoption of final rules and publication of final implementation guidelines is not expected until mid 2010 with an end of year expected compliance date.

Going Forward

Adoption of eBilling requirements in Texas, Minnesota and eventually California is not a random occurrence. Key regulators from these states (Allen McDonald – TWCC, Dave Haugen – MNDOH, Sue Honor – CADWC) are all involved directly with IAIABC's efforts to push adoption of eBilling efficiencies for workers' compensation. In fact, both NCPDP and IAIABC have been including eBilling requirements, draft implementation guidelines and eBilling work groups as part of their organizational platforms for several years. IAIABC's "Medical Pro-Pay" and "EDI" workgroups/ committees continue to influence and assist numerous workers' compensation state regulators in implementing their eBilling guidelines. Several key IAIABC member states continue to advocate for creation of a model IAIABC eBilling Implementation Guideline(s), sort of a playbook for state agency eBilling implementation. At present the early drafts of this model Guideline(s) calls for adoption/utilization of national standards such as ANSI/ASC and NCPDP formats. As IAIABC and member state agencies continue to advocate for adoption of eBilling standards in the workers' compensation marketplace, it appears that the days of paper billing are numbered. Successful implementation of eBilling requirements in high-profile states such as Texas and California will only augment the desire of other states currently contemplating eBilling (Florida, Louisiana, Oregon, Washington), to implement eBilling.

So What Is PMSI Doing?

First and foremost PMSI has developed a strong eBilling platform to meet the Medical Services and Equipment and Pharmacy eBilling needs of our client carriers and our vendor customers. PMSI's eBilling platform is ANSI/ASC 837 and NCPDP 5.1/D.0 compliant and is ready to connect with any of our partners or their eBilling agents. PMSI also continues to work closely with numerous states to develop eBilling requirements which utilize national standards advocated by IAIABC, thus easing implementation across all states. PMSI continues to play an active role in NCPDP and IAIABC and will be attending the upcoming IAIABC Annual Convention where the EDI and Medical Pro-Pay Committees will meet to discuss eBilling related issues and the Model eBilling Guideline(s). Attending IAIABC's upcoming event will be members of our Government Affairs, eBilling and IT Departments. Should you need to discuss your eBilling needs during the IAIBC event, please feel free to contact Kevin Tribout, Director of Government Affairs at kevin.tribout@pmsionline.com.

In the meantime, PMSI looks to the future as we continue to enhance our eBilling platform. PMSI stands ready to meet the eBilling needs of our clients and our customers and strives to be compliance ready for today and for tomorrow. The days of paper billing are behind us – eBilling is the wave of the future.

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