

Statement of  
International Association of Industrial Accident Boards and Commissions

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on the  
Applicability of Standards to Other Insurance Types

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Thank you to the co-chairs, members, and staff of the Subcommittee for the opportunity to appear today. My name is Gregory Krohm and I am the Executive Director of the International Association of Industrial Accident Boards and Commissions. **We represent state workers' compensation administrative agencies on a wide range of workers' compensation issues, prominently Electronic Data Interchange standards development.**

Before stating our enthusiastic support for electronic standards to simplify the administration of medical payments we must highlight a concern of the utmost importance to our state members. Our Association strongly opposes **the inclusion of workers' compensation insurers, employers self-insured for workers' compensation, or their agents hired for the administration of workers' compensation claims as covered entities under the Health Insurance Portability and Accountability Act (HIPAA) administrative rule.** Likewise, we oppose any modification of the HIPAA rule for uses and disclosures contained in section 164.512(l), which allows for disclosures without **authorization or opportunity to object for purposes of the administration of workers' compensation law.**

The basis for our position is the same as the reasoning behind Congress' express exemption of **workers' compensation** from the privacy provisions of the HIPAA Act of 1996. The free flow of personal medical information **in workers' compensation** is essential to ensure the timely adjudication of indemnity benefits, the coordination of medical treatment, and early return to work.

Restricting information would undoubtedly slow the payment of indemnity checks to injured workers and increase friction costs because claims adjusters will more often be in conflict with claimants over information the payer believed was relevant to the claim. Payers and state administrative agencies would see their administrative costs increase from increased paperwork and friction. To illustrate the rapid pace of communications, **workers' compensation claims adjusters are now commonly expected by management to make contact with the injured worker, the employer, and the health care provider within 24-48 hours of receipt of the report of injury to discuss the provider's plans for medical care and return to work options.** This would be unattainable if signed HIPAA releases were required before these conversations could begin.

However, the IAIABC strongly supports the use of standardized electronic transactions to facilitate billing and payment of medical services for injured workers. The IAIABC medical billing initiative maximizes the use of the well-conceived ASC X12 transaction sets for bills, acknowledgments, and remittance advice. Because the **specific data needs for workers' compensation** are somewhat different than for federal or private health insurance, the IAIABC has necessarily demonstrated how medical providers should use standards to complete an acceptable billing transaction for workers' compensation. Specifically, this means:

- Showing what data should be put in each data element;
- Identifying the **data elements that are required or conditionally used for workers' compensation billing.**

The goal of administrative simplification should be to create standards that meet the needs of the sending and receiving parties with as little as possible confusion, error, and wasted effort. To further electronic billing and payment using national standards, in 2011 the IAIABC adopted the **Workers' Compensation Electronic Billing Model Rule**. This model rule references use of applicable X12 standards, IAIABC transaction codes, and a companion guide for medical providers **submitting bills under workers' compensation**. Thanks to leadership from Texas, Minnesota, and California, states that pioneered workers' compensation "ebilling" mandates, the IAIABC now has a model for states to follow in legislating ebilling. Many states, including Oregon, Louisiana, Illinois and Georgia, have shown keen interest in lawmaking that adheres closely to the IAIABC model rule.

The business rules and regulatory requirements for medical billing and **payment in workers' compensation** are very different than for health insurance. The IAIABC Electronic Billing Companion Guide contains clarifications and payer-specific requirements related to data usage and content needed to submit an EDI bill **to a workers' compensation payer (or its agent)**.

The IAIABC's Electronic Billing Model Rule and Companion Guide were developed in cooperation with ASC X12 and WEDI, with which the IAIABC has memoranda of understanding to guide our collaboration on standards. IAIABC medical EDI standards leverage the same transaction sets that are adopted by HHS related to medical bill submission and processing. These documents include other transaction sets that are not yet adopted by HHS, such as acknowledgments, because of the business need to support the electronic transmission of this information. In addition, the IAIABC documents help to frame the use of **these transaction sets using workers' compensation terminology and highlight the data use differences between a health claim and a workers' compensation medical bill.**

The experience in Texas since January 2008 and California since March 2011 demonstrates that the IAIABC Model Rule and Companion Guide will be accepted and used by medical providers, data service vendors, and bill payers. Part of the implementation success of this framework was because of ASC X12's **willingness to collaborate with the IAIABC to make modifications to the 005010 billing transaction sets to support workers' compensation business data needs.** An excellent example of **this cooperation is the recent approval of new workers' compensation "Claim Adjustment Reason Codes" (CARC) and "Remittance Advice Reason Codes" (RARC) in the 835 transaction, as supported by the States of Minnesota, Texas and California.**

The IAIABC and its partner organizations, like ASC X12, have made great strides in **aligning workers' compensation transactions** with health care claims, remittance advice, and acknowledgments. We will continue to work with X12 on improving transactions that have direct applications and utility **to workers' compensation, such as** the medical attachment transaction, rules for the use of standard acknowledgements, and electronic funds transfer. We will also continue to articulate the limited applicability **to workers' compensation** of other X12 transactions sets, e.g., those for Coordination of Benefits, Premium, and Eligibility. While at a surface level, an electronic first report of injury by a medical provider might seem to be worthwhile, the application of this would be extremely limited and difficult to standardize. Few states require doctors to file what could be characterized as a first report, instead assigning that responsibility for reporting to employers.

Another area of collaboration is to work with provider groups to help support a national approach **to ebilling implementation by state workers' compensation systems**. In this regard, the IAIABC enjoys excellent working relationships with the American Medical Association and the American College of Occupational and Environmental Medicine. Together, we hope to use webinars and other educational campaigns to raise awareness of the availability of automated electronic billing solutions for **workers' compensation** insurance using existing and familiar X12 transaction standards.

In closing, the IAIABC is committed to working with other standard development organizations to devise standards and companion guides that are as consistent as possible with general health transactions, but that meet the unique needs and processes of **workers' compensation**. We are also dedicated to promoting standard business rules and codes among the states. In particular, we will be working to harmonize state codes for billing with other national standards and to promote codes for special medical services particular to occupational medicine, e.g., functional evaluations or opioid prescription counseling.

Thank you for this opportunity to contribute to this important effort to improve the process of billing and payment for medical treatment.