



THE E-BILLING TRANSFORMATION: A JOPARI SOLUTIONS PERSPECTIVE

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In the field of workers compensation, more and more medical providers, payers, regulators and vendors are relying on electronic medical data transmission to save time and money, and to meet the increasing demand for more complete medical information.

Beginning in the early 2000s, the workers compensation community first recognized the potential of electronic data transmission for its market segment, already a proven model in other arenas such as group health, Medicaid and Medicare. At the time, select hospitals, occupational medicine clinics, and other early adopters began sending electronic bills to insurers or third party administrators. The evolution continued with medical providers attempting to electronically send treatment documentation to a few workers compensation claims payers.

But this was only the beginning. Today, some providers already rely on electronic transmissions for over half their workers compensation billing and document submission. Some payers, as well, use this method to receive up to a fifth or more of their incoming bills and attachments. These providers and payers are realizing definite benefits from more timely and accurate communication, thus reducing operating costs that are inherent from the friction of paper submission/processing. Indeed, electronic transmissions have emerged as the preferred method of sending and receiving medical information in workers' compensation, thanks to a decade of small and large advances, refinement, and significant progress on an electronic highway that will eventually support virtually every inter-party exchange of medical information.

The workers compensation community is leveraging advances in the standardization, collection and use of medical data.

Conventional transmission methods, heavily dependent on mail, faxing and scanning, impose delays and error rates which leading medical bill review firms estimate as upwards of 20% or more. Also, new concerns about medical information privacy

and the required security controls make these methods even more problematic. Electronic submission largely sweeps away these defects.

At first, adoption was spotty. Each payer wanted something different in the way of data or documentation. There were no real workers compensation guidelines, and the first versions of state rules to be put in place leaned towards the use of individual state-specific formats that were significant variants of with existing national standard formats

It was soon realized that in order to achieve full adoption by providers, workers compensation payers needed to leverage the vast technology infrastructure in place to support group health and commercial claims. The workers compensation industry, working in conjunction with regulators and standards setting bodies, has established a consensus of how to employ these well-established formats, allowing providers to use their existing technology, while at the same time provide for the data requirements needed in workers compensation.



State regulators now have begun to legislate electronic transmission of bills, attachments, and remittance/payment information citing these standards. Many national workers compensation payers have begun to request and accept electronic bills and attachments in every jurisdiction.

The workers compensation professional and the medical provider executive need to be aware of, and know how they fit into this transformation. As standardization moves incrementally forward, the operational features will become more widely known, the implementation tasks less arduous, and economic benefit better documented.

Without the full adoption and standardization of electronic transmission methods, the workers compensation field will remain clogged with paper. And it will be handicapped in its urgent agenda to control spiraling medical costs because it will be unable to reduce delays and errors in medical information.

Jopari Solutions, Inc. (www.jopari.com) is a leader in inter-party data communications in the Property and Casualty insurance field. It has designed and operates a full array of electronic transmission services expressly for the workers compensation and the auto medical insurance market that can fully support the use of the national standards. It has been a leading participant in nearly every major milestone event associated with this evolution.

A burgeoning community of beneficiaries

Constituents with six independent perspectives are moving forward the switch to electronic transmission.

State agencies can set standards and rules on the transmission of medical information pertaining to work related injuries, often based on HIPAA requirements. The pace of adaptation to electronic transmission of medical bills and attachments is more intense today in part due to recent mandates by states - Texas¹ and Minnesota² - to send and/or accept workers compensation medical bills/attachments electronically.

Workers compensation regulators are more assiduous about collecting information they view as necessary to maintain the integrity of their workers compensation system. These information demands include not just medical data, but also reports of injury and proof of insurance coverage. Regulators see the vast superiority of electronic submission over paper channels.

¹ The Texas Department of Insurance, Division of Workers Compensation, mandated e-billing as of 1/1/08 "to be able to exchange medical billing and reimbursement data electronically."

² The Minnesota Department of Public Health mandated e-bill transmittal as of 7/15/09 and remittance as of 12/15/09. The regulations cover bills for almost all health transactions including workers compensation and auto medical.



While each state operates with total independence from each other, many have looked to an association of state workers compensation agencies to provide guidance on establishing workers compensation electronic data interchange (EDI) standards. The association is the International Association of Industrial Accident Boards and Commissions (IAIABC). The IAIABC is a not-for-profit trade association representing government agencies charged with the administration of workers compensation systems throughout the United States, Canada, and other nations and territories. The IAIABC EDI Provider to Payer (Pro-Pay) Subcommittee and Medical EDI Committees are working collaboratively with standards setting organizations to establish a set of national workers compensation EDI guidelines. (Jopari is an active participant and contributor in these efforts, providing valuable input from providers, payers, and technology suppliers.)

Claims payers receive medical information, channel it to various internal users and external partners, and make payments to medical providers. Insurers, TPAs, and self-administered employers are today burdened with huge, largely paper-driven flows of medical information in the forms of bills and accompanying documentation.

Claims payers like “straight through” processing of bills.

Claims payers which are experienced with e-billing like the “straight through” features of electronic submission. From the provider’s doorstep, data flows to the payer or its agents without human intervention and with powerful exception controls. With clean data, the payer can more accurately fulfill state data filing requirements, as well as process and pay bills in compliance with tighter turn-around standards states have begun to impose.

Independent vendors comprise another constituency. They act on behalf of the payer, provider or both. These vendors facilitate electronic transmission connectivity for the benefit of their customers. These vendors include clearinghouses, which shepherd data between entities, and e-billing agents (such as Jopari), which create the interfaces between clearinghouses and their provider or payer clients. They also include medical bill review systems and firms which receive medical information on behalf of their payer clients. Jopari has established formal trading partner relationships with numerous vendors, and continues to expand the inventory.

Medical providers are the originating source of medical information. They too are challenged with rising operational costs. Providers are primarily interested in being reimbursed quickly and accurately. Many have seen that electronic submission can cut payment cycle time by 75% or more. Providers range from solo practices that may be technologically challenged to multi-provider chains with immense internal IT resources.

A fifth constituency is the **insurance rating agencies** which actuarially analyze loss costs and submit filings to state insurance departments. The National Council of Compensation Insurers and the state bureaus that operate in states not covered by the NCCI are in the process of significantly upgrading the quality of medical information they are requiring from insurers. Their focus is on improving the quality of loss analysis in an era in which medical expenses exceed indemnity expenses and are growing at a considerably faster rate.

The NCCI is introducing a major overhaul of its medical database, effective in the third quarter of 2010.

Everyone needs to see how she or he fits into this transformation.

Participating insurers will be required to submit considerably more detailed information about medical payments. While not the intention, this “data call” will effectively put a much higher burden on insurers to collect correct and complete medical information from medical providers.

Voluntary standard setting bodies are committees, usually made up of representatives of the users of a given data transmission standard, and either accepted by industry or charged by a government to maintain the standards in question.³ Jopari is an active member and/or contributor to these organizations.

Visualizing the technology

Start with the injured worker presenting her or himself at the registration counter of a medical practice. The practice needs to verify the coverage of the worker and obtain billing information. It may also want to confirm that the patient visit is approved by the payer.

It is technologically feasible for the practice to obtain these confirmations by electronic inquiry, as often happens in group health today. However, at this time, this stretch of the electronic highway for workers compensation has not yet been built. It will begin to be better established over the next few years.

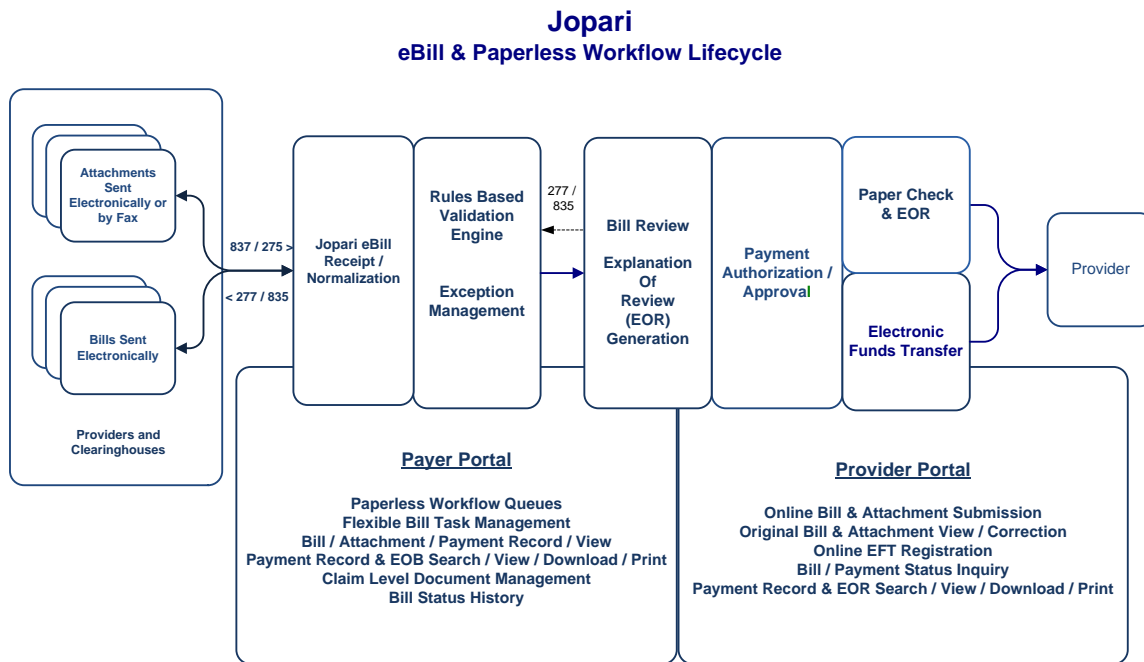
So electronic communication begins today with the submission of a bill with accompanying documentation. In the workers compensation field, about 80-90% of medical bills include attachments, which document treatment and prognosticate future treatment and recovery.

Many providers are already accustomed to submitting medical bills electronically to commercial and government health insurers. (Most providers have technology in their offices to submit bills electronically using standard formats.) For workers compensation bill submission, it is necessary to think

³ These standard setting groups include: ASC - Accreditation Standards Committee; NCPDP - National Council for Prescription Drug Programs; NUBC - National Uniform Billing Committee (mainly for hospitals); NUCC - National Uniform Claims Committee (mainly for doctors); and WEDI - Workgroup for Electronic Data Interchange.

beyond the health insurance model to address the substantial amount of documentation, such as doctor’s notes and state forms which workers compensation claims payers need or are required to receive in order to establish the appropriate reimbursement.

If the practice has installed an electronic medical record or document management system, it can submit both the bill and the documents via secure transmission sessions, in standard formats.⁴ Many medical practices do not yet have fully electronic systems. In this more common scenario, the practice relies on paper records, and will need to submit documents by fax. The schematic shows that Jopari has established the processes to manage both electronic document and fax submission, which ensures linking attachments to the appropriate bill, before sending to the payer.



⁴ Four of the ASC X12N standard transactions that are most prevalent in workers compensation EDI connections are ASC X12N 837 Healthcare Claim (bill); ASC X12N 835 Healthcare Claim Payment /Remittance Advice (EOR/EOB); ASC X12N 275 Additional Information to Support a Health Care Claim or Encounter (documentation/medical attachment) ; and the ASC X12N 277 Health Care Claim Acknowledgement (status messages.)



The medical practice could send its information directly to payers. This is rarely found, because the provider does not wish to dedicate resources to forge and manage direct links, and because payers may not wish to create or manage by themselves the vast number of connections required, as well as develop the complex system of edits and exception processing rules.

Jopari has deployed and manages a connectivity hub for payers with those providers which can submit directly, as well as clearinghouses and other e-bill agents. The system detects duplicate medical bills, matches to claim information supplied by the payer, as well as identifies errors and omissions in the submitted data. Jopari returns the submission to the sender for correction automatically. Without these checks, the bills may flow into the payer's own intake or the intake of its partners (such as a bill review vendor) requiring manual intervention, incurring extra expense in processing, and delaying the reimbursement cycle. As noted above, the system also ensures that all required documentation is also submitted and linked to the bill, prior to sending the complete set to the payer.

Jopari is dedicated to streamlining the information flow by keeping the provider and payer fully informed about the status of transmissions via a series of acknowledgements. Thus, electronic transmission is essentially a two way communication involving constant editing, exception processing, and confirmations. As shown in the schematic, the payer and provider can access portals to monitor every step in the submission/reimbursement cycle, as well as have acknowledgments and remittance information imported directly into their systems by Jopari. This improved communication significantly reduces telephone calls about status and duplicate bill submission.

Eventually all the parties – internal and external to the payer– review, adjust, and pass on their results to the payer's payment system. The payer then reimburses the provider. Information is also passed on to state databases where required.

The schematic shows that remittance information and payment to the provider can be completed electronically rather than by paper check. This extension of the highway is technologically feasible but at an early stage of implementation in the workers compensation field. Over the next few years, electronic remittance/payment will become more prevalent as the benefits of auto-posting of reimbursement decisions and cash are realized, thus reducing printing and mailing costs.

The demon of medical inflation

You have to be part of this transformation because this trend toward e-transmissions is part of a bigger context—the heightened concern over medical inflation. Indeed, electronic transmission's core rationale in workers compensation is medical cost containment.

*E-billing's core rationale:
medical cost containment.*

State regulatory agencies have been upgrading their programs for overseeing the delivery of medical care. They are spurred on by the realization that medical care today accounts for more workers



compensation losses than do indemnity benefits. In some states, over 70% of workers compensation claims costs are for medical payments, and nationally about 60% of claims costs are for medical care. These agencies want closer analysis of medical fee schedules and the performance of provider networks.

At the same time, the National Council for Compensation Insurance has, as noted above, significantly upgraded its “call” for medical data from participating workers compensation insurers. The NCCI expects these improvements will enable it to much better analyze loss trends and to project the impact on loss costs of proposed legislative changes at the state levels – for instance, a change in fee schedule.

Electronic transmission can sharply improve a claim payer’s influence over the course of medical treatment. Medical bills are received much faster, and this can mean discovering claims to which its employer clients have not yet alerted it. The claims payer learns quickly who is providing medical care – whether care is within or outside a provider network. When bill submission is simultaneous with document submission –as it should be – the claims payer is decidedly advantaged by getting quickly the material it needs to assess, reserve for, and strategize the claim, as well as authorize payment.

Claims payers should therefore approach e-billing not simply as a way of shaving the burdens of managing paper flow or simply achieving compliance. They should use e-billing to sweep away obstacles to improving the management of medical care.

Jopari Solutions, Inc (www.jopari.com) provides to the insurance industry gateway technology which expedites medical and financial data communications among payers, providers, suppliers, and regulators. Jopari’s technology speeds data throughput, reduces errors and lowers overhead. Jopari is a leader in inter-party data communications in the Property and Casualty insurance field.

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Update on eBilling in Workers' Compensation

Administrative Cost and State & Federal Regulations are Impacting eBill Adoption

Workers' compensation administrative cost continues to escalate and electronic medical billing is playing a major role in containing costs and bringing business efficiencies to a paper intense industry. Electronic processing of medical bills from start to finish continues to grow in use and value. Health care providers, claims payers and regulators seeking productivity gains, are increasingly adopting eBill solutions to address the costly administrative inefficiencies and delays associated with manual processing.

The term eBilling refers to both the electronic submission of medical bills and supporting documentation. Jopari enables both health care providers and claims payers with the technology to exchange edit and deliver information as well as facilitate the payment of medical bills electronically.

Jopari's white paper on eBilling, published in 2009, explains why claim payers, health care providers and regulators find the eBill solution attractive.⁵ This update provides an overview of the progress of eBill Adoption.

Pace of adoption has greatly increased

- As of early 2011, roughly 15% of non-pharmacy medical bills for treatment of work injuries are being submitted electronically, throughout the country (70% of pharmacy bills). This is up from roughly 5% in 2008.
- The pace of adoption has increased in part because claims payers have begun to adopt eBilling across every jurisdiction they do business in. Jopari estimates that by mid 2013 some 50-60% of

⁵ At http://www.jopari.com/ebill/Jopari_Whitepaper_eBilling_Transformation.pdf

- non-pharmacy medical bills will be submitted electronically, and that by then substantially all the largest claims payers in the country will have implemented the solution.
- Emerging national health care reform regulations are mandating electronic claim processing as part of the administrative simplification solution to reduce cost. Health care providers are being forced to migrate from paper and adopt electronic processing. In workers' compensation, states such as Minnesota and Texas have implemented eBilling regulations that mandate health care provider participation.
- The California, Texas and Minnesota eBill jurisdiction regulations have adopted the HIPAA EDI transaction sets to facilitate stakeholder eBill adoption. The collaborative efforts of the International Association of Industrial Accident Boards and Commissions (IAIABC), eBill jurisdictions and the national standard organizations have resulted in bridging the gap between commercial health care and workers compensations electronic data interchange (EDI) business requirements. The outcome of this effort has resulted in national workers' compensation EDI eBilling standards.

More Jurisdiction adopting e-Bill solutions

- Jurisdictions are looking at ways to reduce cost and are looking closely at HIPAA Administrative Simplification cost savings. In June 2009, the AMA published a white paper on eBill cost savings using a group health model that showed significant savings of paper conversion to eBilling based on 3 billion medical bills to result in an overall savings for both providers and payers resulting in a savings of \$90.27billion per year.
- The impact of the economy and escalating workers' compensation administrative cost are driving legislative eBill initiatives to streamline the state workers' compensation systems. Jurisdictions such as California, Texas and Minnesota have passed eBill regulations to help reduce the administrative cost associated with manual medical bills, claims and payment processing.
- Other jurisdiction legislative initiatives such as California and Texas have mandated Medical State Reporting to collect data to rein in medical costs and keep employer costs down. eBilling improves the data integrity of the workers' compensation system which is critical to medical cost containment analysis. States realize the timeliness of receiving information and electronic collection of data is vastly superior over paper channels. States that have legislated Medical State Reporting are moving to encourage or mandate eBill regulations to gain the benefits of automation as well as to help meet regulatory compliance initiatives.

- Some dozen additional states are considering similar eBill initiatives as California, Texas and Minnesota. Jurisdictions have taken note of the 2010 International Association of Industrial Boards and Commissions (IAIABC) eBill Model Rule Template. The eBill Model Rule provides national guidance for emerging eBill states that can be adapted to state specific requirements .The IAIABC Jurisdiction eBill tools also include a National Workers’ Compensation eBill Medical Billing and Payment Companion Guide. California and Texas have adopted the IAIABC Companion Guide as part of their regulations that align with the national HIPAA EDI standards. The IAIABC eBill Model Rule Template can significantly help states to streamline their rule making process.
- Electronic payment and electronic remittance advice (ERA) is also gaining the interest of regulators and payers as the payment process of choice. One of the main drivers for payment automation is the Federal Government Affordable Care Act that requires Electronic Fund Transfer (EFT) and Electronic Remittance Advice (ERA) must be adopted by July 1, 2012 with an effective compliance date of January 2014 for Medicare. The application of EFT and ERA is expected to be widely adopted in the payment of medical transactions for all lines of health care business. Texas, California and Minnesota eBill regulations already require the use of ERA transactions and strongly recommend EFT adoption. Various national standard organizations and industry stakeholders are already working on the EFT and ERA operating rules to ensure a consistent industry approach.
- While property and casualty has been exempt from HIPAA EDI transaction standards, the new Federal Regulations, The Patient Protection and Affordable Care Act may change this status in the future. The new regulation requires HHS no later than January 1, 2012 and every three years thereafter, must seek input and consider changes as stipulated in Section 10109(b)(2) requires HHS to consider whether the standards and operating rules should apply to:
 - Automobile insurance;
 - Workers’ Compensation programs; and
 - Other non-covered programs

Emerging eBill States realize that there are opportunities to be gained by aligning with the HIPAA EDI transaction standards. The health care information technology vendors, including practice management systems (PMS), payer claim systems, bill review systems and clearinghouses have been making system and or business process changes to comply with the emerging national health care regulations. The jurisdictions realize that the health care information technology vendors are not going to change their business processes to address a small percentage of the health care market and or “one off jurisdiction EDI requirements”. Regulators are seeing that a national standardized approach to eBill is a key to successful stakeholder adoption.

Major Doctor Endorsement of eBilling

- The American Medical Association has long been a strong supporter of all medical practices and insurers use of eBilling. The AMA estimates that some \$200 billion is wasted annually nationwide, due to inefficient health care bill processing, payment and reconciliation. Health care providers are realizing the cost benefits of administrative simplification by automating their bill submission and revenue cycle management process. These savings show up in reductions in staff distraction, errors, delays, reconciliations and duplicate billing. Workers' compensation health care providers that are participating in eBilling are also reporting the same benefits and cost saving outcomes.
- Due to eBilling in workers' compensation, for example, a nationwide medical clinic system experienced a 10 to 25 day drop in average days to collect, coupled with reductions in its cost to bill and collect of 10 to 20%. They continue to see these numbers decrease as new eBill payers are added to the EDI process each year. Their centralized business offices bill approximately 50% of their workers' compensation cases electronically. In Texas they bill almost 80% electronically. Their ability to send electronic bills is limited only by payer's ability to accept an electronic transaction.
- The benefits of eBilling as a way of doing business have motivated national health care providers as well as payers to adopt eBill on a national voluntary basis. Today Jopari Solutions Inc has providers and payers participating in eBilling in most of the 50 states.

Gains from eBilling are Escalating

- Productivity gains to claims payers from e-billing escalate as greater shares of their medical bill traffic shift to electronic transmission. This makes it easier today to ramp up penetration.
- The electronic platform for handling medical bills and their attachments is a grid of interconnecting medical practice information systems, electronic channels, and claims payer databases. Jopari is the one of the nation's experts in helping to make the entire national grid operate more efficiently for workers compensation claims payers. Month by month, traffic flows more easily through the grid to claims payers, error- and delay-free.
- Likewise, provider groups are also seeing benefits of eBilling. From improved office workflows to enhanced cash flows, eBilling is fulfilling administrative simplification expectations for all stakeholders, while facilitating the exchange of medical information.



Jopari Solutions Inc.

- Jopari Solutions is an active participant in the national standard setting organization such as ASC X12, WEDI, IAIABC, HMSIS, Cooperative Exchange and other associations. Jopari also has been an active stakeholder in the California, Minnesota and Texas eBill initiatives.
- Jopari 's national eBill technology, compliance solutions and collaborative industry relationships are helping payers, health care providers, billing entities, clearinghouse and other technology vendors to implement cost effective strategies to enhance their business processes , decrease administrative cost and comply with federal and state ebill initiatives.

For more information regarding eBilling and or technology solutions, please contact us at www.jopari.com or by calling Jim Grim at 800.903.7799 ext 5213.