



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. Health care providers, claims payers and regulators seeking productivity gains, are increasingly adopting eBill solutions to address these costly administrative inefficiencies and delays.

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. ¹This 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 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

¹ At http://www.jopari.com/ebill/Jopari_Whitepaper_eBilling_Transformation.pdf

(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 800.903.7799 ext 5218.