



WHITEPAPER

Jopari Solutions: eBill Compliance Recommendations

**California Workers' Compensation
Electronic and Standardized Billing Regulations**

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KEY DATES

10/15/11 – Effective Date of CA Paper Bill Rules (Mandatory Compliance by Providers and Payers)

10/18/12 – Effective Date of CA eBill Rules (Voluntary Compliance by Providers, Mandatory Compliance by Payers)

IMPACT OF PAPER RULES AS OF 10/15/11:

CA DWC has passed new paper medical billing requirements effective 10/15/11. These requirements impact bill processing activities of both providers and payers. As of the effective date, providers are required to submit, and payers to accept, paper bills on specified standard bill formats (5) that:

- Incorporate specific new data elements, in specified locations on the bills, and
- With designated supporting attachments, by service type, containing specific elements.

Under the new rules, the payer is required to determine if the submitted bill meets all these criteria; and must reject or accept the bill based on the criteria. The requirements for paper bill formats, data elements and attachment requirements parallel the CA eBill requirements.

ADDITIONAL WORKLOAD

To meet these new criteria, the additional workload on the payer's paper bill validation process will likely impact pre-adjudication bill processing by 20-30%. Time spent to manually validate bill data formats, data elements, data location and required medical reports will most certainly impact front end processing efficiency.

NON-COMPLIANCE RISK

Payers failing to comply with the state's new paper bill rules will be subject to Audit exposure and related fines and penalties.

One method Jopari recommends to avoid non-compliance is to not wait, but proceed to implement eBilling immediately. Favoring this method is the fact many of the high-volume providers are already eBill enabled, which will lessen a significant portion of the implementation impact.

AVOIDING FRICTIONAL COST

By allowing the Payer to have these validations performed in an automated environment, frictional costs will be avoided. Bills failing to meet the rules for data, with associated attachments, will be electronically rejected back to the submitter for correction before ever entering the payer's workflow.

For this reason, the competence, experience, technology and especially the level of provider participation delivered by the eBilling vendor – are all of critical importance in controlling the payer's exposure to these costs.

The immediate implementation of eBilling to avoid these paper-related costs will be highly important to the Payer, and certainly presents a key opportunity for the Payer to accentuate its service offering.

STATE REPORTING IMPACT

Paper bill rules also will have a direct impact on WCIS state reporting. New data elements under the 10/15/11 payer rules are required to be captured by Payers, and must be included in state reporting so as to provide this specific new data under WCIS reporting requirements. For a great many systems, therefore, the front end data capture process must:

- Be enhanced in order to validate and capture the new data, and
- Be modified to support the reporting mechanisms and data file exports to WCIS.

Jopari's eBilling services eliminate this additional source of friction for Payers by ensuring that all eBills submitted by the payer meet CA clean bill requirements and required state reporting data is present.

EBILL RULES COMPLIANCE

Jopari offers unique capability in delivering an established and nationally recognized track record of competence in the eBill environment. This capability includes numerous eBill implementation rollouts with Payers and Providers in Texas and Minnesota, in full accordance with jurisdictional rules. In fact, due to Jopari's nationally recognized performance as the preferred eBill Agent, most Jopari payers have expanded their acceptance of eBill transactions countrywide as a result of the acknowledged cost-benefits Jopari delivers in reducing paper submissions.

Jopari is widely recognized for its deep knowledge and technical competence within the insurance industry, and provides strong participation and thought leadership within both legislative and standards setting organizations. Jopari is heavily relied on as the subject matter expert by the IAIABC, WEDI, AMA, in addition to the CA DWC.

In California, it is noteworthy that Jopari is the only eBill vendor invited to participate in the DWC training sessions for providers and payers on the new regulations and how to implement them.

SECURITY

Jopari 's commitment to security and secure systems are dedicated to ensuring processing efficiency, as well as meeting stringent requirements of information protection and security under jurisdictional rules and HIPAA. Jopari security systems are constantly tested and feature 24x7 monitoring.

Organizations from PNC Bank, to Coventry, to CIGNA, to Texas Mutual have subjected our systems, processes and business continuity controls to regular and thorough audits and reviews. Jopari continues to meet or exceed all of their requirements. **Jopari undergoes annual SAS 70 Type II audits by outside independent auditors to assure our clients that we are operate by our and industry accepted standards.** Jopari will also be undergoing certification by organizations that evaluate clearinghouse operations later in 2011.

PROVIDER MOBILIZATION

Providers across the country, and particularly now in CA, are quickly mobilizing to adopt eBilling. In fact, many of the largest WC providers in this state are already Jopari enabled and have been submitting electronically for years.

The CA eBill rules require payers to make payment within 15 days of bill receipt of eBills, and the potential cash flow gain for providers is enormous. **When a provider requests that the payer engage in an eBill relationship, and the payer is unable or unwilling to do so, the likely result is that the provider will complain to the DWC – which will generate distractions and negative attention on the payer.** (This behavior was already seen in Texas and Minnesota, even though in those jurisdictions there was no change to payment cycles.)

It is important to keep in mind that CA providers by and large are more technology savvy than providers in many other areas of the country. This is one of the reasons Jopari expects eBill adoption in CA could surge above 50% within 18 months of the rules taking effect – the October, 2012 mandatory eBill acceptance date for Payers.

Jopari has an extensive effort underway to recruit and implement providers. Working with each customer, Jopari identifies key provider groups and establishes relationships to enable their systems to submit electronically. Jopari has already assembled a vast network of Occupational Health providers, along with relationships that include many of the nation's leading clearinghouses and practice management systems. (Key fact: many of these relationships are exclusive to Jopari and its customers; and in some cases, these practice management systems partners rely on Jopari to power their WC capabilities.)

PROMPT PAY

The new CA rules have defined revised payment cycles. The “clock” starts ticking when a payer accepts a properly completed bill. The Jopari process provides all of the required front end edits to determine a “clean claim”. This ensures that bill sets received by payers are in fact ready for processing. Additionally, the process maintains a full audit trail of dates, times and actions -- ensuring if a timeliness of payment issue is raised, a full picture of the process can be reproduced.

One of the key stipulations is that if a provider requests to submit electronically, a payer must be able to connect.

Non-compliance can be costly -- Payers failing to pay properly submitted (clean) eBills within 15 days will be subject to Audit exposure, fines and penalties. Payers failing to pay any properly submitted bill within 45 days (60 days if governmental) are subject to self imposed penalties of 15% plus interest. The provider community is keenly aware of these new guidelines, and it is very likely the individual provider will leverage them.

COMPETITIVE LANDSCAPE

Jopari has a working relationship with several of the other eBill agents, as well as bill review vendors. In many cases, Jopari delivers more transactions to most of these firms than they deliver to Jopari. Exposure to less than fully compliant eBill services on the part of these agents is a situation Jopari carefully monitors and guards against. **CA DWC has made it very clear they plan to enforce fully compliant solutions, and it is imperative that payers demand full solutions.**

REFERENCES

Jopari has relationships (again, many exclusive) with a number of the largest workers compensation Payers in the marketplace, and their solution providers. These relationships include integration and services agreements with some of the industry’s largest and most important technology vendors, such as Mitchell Workers Compensation Solutions, Mitchell Auto Casualty Solutions, Coventry WCS, Stratacare, Medata – all of whom are large bill review vendors in the CA market.

Jopari also maintains hundreds of direct payer connections, including: Texas Mutual Insurance, Gallagher Bassett, CNA, Zenith, TriStar, Farmers, Safeco, ESIS, Electric Insurance, Employers Group, Fireman’s Fund, Amica, Ameriprise, and MetLife – among over 400 national, regional Payers. Add to these Jopari’s dozens of provider organizations and technology partners, and the reference list becomes quite substantial.

In 2010, Mitchell WCS decided to completely align their eBill and ePayment processing services exclusively with Jopari. Mitchell now has more than two dozen eBill implementations with Jopari – a successful solution with happy customers. References at Mitchell can be provided.

JOPARI EBILL LEADERSHIP

Jopari is the Property & Casualty Insurance Industry's only true clearinghouse, and the authoritative voice for the industry in working with national standards setting organizations. These organizations develop and determine the operating rules, billing and payment guidelines, data elements and formats, and EDI transaction requirements that make up the HHS \ HIPAA administrative transaction EDI standard. States are adopting this standard for workers' compensation eBill rulemaking.

Members of Jopari's senior leadership team, combining over 100 years of workers' compensation, healthcare technology and EDI systems development experience, have provided industry expertise and pivotal consultative input to WC Agency eBill task forces beginning in 2004.

Today, senior Jopari executives provide access for customers to rule-making organizations. They represent the interests, strategic objectives and operational needs of our customers within all of these organizations' standard-setting committees and sub-committees whose mandate includes workers' compensation.

Appointments held by Jopari's EVP, Sherry Wilson, include:

ASC X12- Accredited Standards Committee:

ASC X12 develops cross industry e-commerce standards that improve global business process interoperability and facilitate business information exchange. In 1979, the American National Standards Institute (ANSI) chartered the Accredited Standards Committee (ASC) X12 to build and support electronic exchange standards, related documents, and products intended for worldwide use. Today, ASC X12 brings together business and technical professionals in a cross-industry forum to enhance business processes, reduce costs and expand organizational reach for both vertical and horizontal markets.

- **ASCX12 - Officer, X12N Insurance Sub-Committee
Liaison to the IAIABC**
- **X12N Management as IAIABC Liaison:**
- **ASCX12 Special Appointed Committee (SAC) for 835 EFT/ ERA Operating Rules**
- **ASCX12 835 Work Group**
- **Participates as IAIABC representative in the National External Code Standards Committee Meetings**

WEDI- Workgroup for Electronic Data Interchange

The Workgroup for Electronic Data Interchange (WEDI) provide multi-stakeholder leadership and guidance to the healthcare industry on how to use and leverage the industry's collective technology, knowledge, expertise and information resources to improve the administrative efficiency, quality and cost effectiveness of healthcare information.

WEDI SNIP for Workers' Compensation, Auto and Other P& C
WEDI Testing SNIP
WEDI 835 SNIP
WEDI ERA/EFT SNIP
WEDI Acknowledgement SNIP

IAIABC- International Association of Industry Accident Boards and Commissions

The **International Association of Industrial Accident Boards and Commissions (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.

ASCX12 Liaison to the IAIABC
IAIABC Representative to ASCX12 WG3 (835)
IAIABC Representative for the External Code Committee
IAIABC Medical EDI Committee
IAIABC Pro Pay Committee
Past IAIABC Pro Pay Committee Co Chair

Link to California eBill Regulations:

http://www.dir.ca.gov/dwc/DWCPropRegs/Ebilling/EBilling_Regulations.htm