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State of California

DWCNewsline

Division of Workers' Compensation
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Internet Web Page: <http://www.dir.ca.gov>

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Notice of rulemaking and public hearing regarding proposed changes to Workers' Compensation Information System rules

New rules part of Division of Workers' Compensation 12-point plan to control medical costs

The Division of Workers' Compensation (DWC) has proposed an update to regulations for the Workers' Compensation Information System (WCIS) as part of its 12-point plan to monitor and help control medical costs in California's workers' compensation system. The 12-point plan includes regulations recently enacted, regulations underway, and a set of proposals to be implemented in 2010.

“Through implementation of workers' compensation reforms, employers have seen a dramatic reduction in system costs—over \$50 billion in savings—since 2003,” said acting Administrative Director Carrie Nevans. “Medical costs also declined steeply following reforms but have begun to escalate again. Our plan allows us to monitor costs more effectively and take decisive action as needed to control medical costs.”

The proposed regulations will update the two WCIS implementation guides (the California EDI Implementation Guide for First and Subsequent Reports of Injury and the California EDI Implementation Guide for Medical Bill Payment Records), refine claim information that must be electronically reported, and clarify the process for medical lien reporting.

The proposed regulations will increase the time for filing the first report of injury (from five business days to 10) and relax some data edits to allow easier transmission of claim information with fewer submission rejections. The proposal is posted on the DWC Web site at http://www.dir.ca.gov/dwc/DWCPropRegs/WCIS_Regs/WCIS_Regulations.htm and has been forwarded to the Office of Administrative Law for publication in the California Notice Registry. A public hearing on the regulations is scheduled for:

Date: Dec. 15, 2009

Time: 10 a.m. to 5 p.m., or until conclusion of business

Place: Elihu Harris State Office Building – Auditorium

1515 Clay Street

Oakland, CA 94612

Members of the public may comment on the proposed regulations until 5 p.m. on Dec. 15, 2009.

The WCIS collects comprehensive workers' compensation claims information from claims administrators via electronic data interchange (EDI) using standards set by the International Association of Industrial Accident Boards and Commissions (IAIABC). WCIS's statistical data is used by DWC and researchers to guide policy determinations, evaluate system costs, and assist in measuring indemnity payments for injured workers and their dependents. California workers' compensation claims administrators began to transmit basic claim information to WCIS in March 2000. In September 2006, claims administrators began to submit medical bill payment data on each claim.

The proposed WCIS regulations are authorized by Labor Code section 138.6; the proposed changes are found in the California Code of Regulations, title 8, sections 9701 and 9702.

DWC's complete 12-point plan includes:

1. Tightening treatment guidelines:

- Updated MTUS rules on compounded drugs—revised MTUS became effective July 18, 2009
- The next revision will address low back injuries

2. Providing a network option:

- Reducing the HCO fees will make HCOs more on par with MPNs and give employers another option for choosing a network of doctors and eliminating utilization review costs
- The regulations should be effective Jan. 1, 2010

3. Simplifying MPN rules:

- Updating the MPN rules to simplify the notice requirements
- The public hearing was held on Oct. 8, 2009

4. Improving medical cost reporting:

- The Workers' Compensation Information System (WCIS) regulations will be updated to clarify medical lien reporting, which will allow DWC to better monitor medical costs
- Notice of rulemaking will issue in October 2009

5. Implementing electronic billing:

- Medical e-billing regulations will encourage electronic billing and faster payments to physicians

- DWC expects to issue a notice of rulemaking by November 2009

6. Creating pharmacy networks:

- Will allow employers to contain pharmacy costs, which are rising at a higher rate than other medical costs
- Advisory group in the fall of 2009
- Draft regulations ready to post on public forum by winter 2009

7. Streamlining requests for medical authorization:

- Revise PR-2 and PR-4 so it is clear when physician requesting approval for medical treatment
- Draft regulations ready to post on public forum by winter 2009

8. Ambulatory surgical center fees:

- Update OMFS to adopt Medicare's 2008 ambulatory surgical centers fee schedule
- Draft regulations ready to post on public forum by winter 2009

9. Eliminating spinal hardware pass-through:

- Amend OMFS to eliminate spinal hardware pass-through
- Draft regulations ready to post on public forum by winter 2009

10. Streamlining utilization review (UR):

- Amending the UR regulations will streamline procedures and reduce administrative costs
- DWC expects to begin this rulemaking in the spring of 2010

11. Updating coding for doctor payments:

- Converting from the current physician fee schedule to a Resource Based Relative Value Scale (RBRVS) system
- Final report from Lewin Group expected in February of 2010
- Final regulations will be sent to OAL by July 2010

12. Considering creation of a drug formulary:

- Consider an additional revision to the MTUS or pharmaceutical fee schedules to include formulary restrictions.

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