

INGENIX® Innovations

Technology Takes Hassle Out of Workers' Compensation State Reporting

As states impose new requirements for electronic reporting of workers' compensation information – including those covering first report of injury (FROI), subsequent report of injury (SROI) and medical claims – insurance carriers, third-party administrators (TPAs) and self-insured employers are struggling to keep up with the various mandates and the sometimes subtle differences between similar requirements.

“More states are implementing FROI and SROI requirements,” said Shawn Maloney, senior vice president of EDI Services at Ingenix. “Monitoring all the states that are changing their requirements and adding data elements is a time-consuming and confusing task. Each state is using its own set of rules and data elements to collect data.”

Maloney explained that meeting FROI/SROI reporting requirements can be relatively easy or very difficult, depending on the state involved. “If the jurisdiction is well-versed in the data it is requesting, then the carrier submitting the data has a much easier time and a greater chance of fulfilling the request automatically,” he said. “However, if the data elements being requested require a lot of manual work to gather, generating reports can be a complicated and daunting endeavor.”

Tracking the state requirements and when and where changes to those requirements will take effect may be best handled externally, Maloney remarked, because outside experts often can perform those functions more efficiently while freeing payer and TPA staff resources to focus on core business functions.

A moving target: More states, varied requirements

As additional states enter the workers' compensation reporting field, monitoring and complying with state-driven requirements will become more complex, although the industry is working to drive standardization. States currently use a version of standards developed by the International Association of Industrial Accident Board and Commission (IAIABC) for FROI/SROI reporting. These standards are maintained through a consensus process that brings together representatives from jurisdictions, claim administrators, vendors and other interested parties.

Although smaller workers' compensation vendors may have to track only a few states' requirements, national companies must stay up to date on changes in all 50 states. Releases 1 and 2 of the IAIABC reporting standards are the most prevalent, but Release 3 is being utilized for electronic claims reporting by Florida, Maine, Minnesota, New Hampshire and West Virginia, with at least six additional states planning to implement Release 3 in the near future.¹

However, even states using the same format may introduce subtle differences within that format. “The goal is to arrive at one format, certainly,” Maloney asserted. “We would love to see all states use Release 3, but that is not likely to happen in the near future, and we have to recognize that it may never happen.”

Adding further complexity, states are showing an increasing interest in medical data collection. According to the IAIABC, at least 10 states now collect data on medical billing transactions, with two of those states – California and Texas – now requesting individual medical bill information using the IAIABC Medical Standard.²

The state of Oregon is finalizing its reporting requirements using the IAIABC Medical Standard for workers' compensation medical bills, and its officials have engaged Ingenix as consultants in this process, according to Sherry Hoefel, director of regulatory programs at Ingenix. “We are advising them on the data elements they want to collect and the format in which they want to receive the data,” Hoefel said. In addition, Ingenix is helping Oregon define how it will edit submissions internally and which data elements should be deemed conditional as opposed to required.

“You have to start with data that is included on the medical bill,” Hoefel said, “because if you require data elements that are not available there or are difficult to obtain, the insurer is likely to create placeholder data or use a default, which won't yield the desired results.

“It is important to define reporting requirements to meet the specific needs of the state, with enough flexibility that providers and payers can submit data with conditions or using a default value,” she continued. “The goal is not simply to collect data, it is to collect accurate data that makes sense.”

¹ “EDI Update,” *IAIABC Newsletter*, p. 2 (December 2007).

² *Ibid.*

States need to look at data requirements from more than one perspective, she added, so “they understand the data elements and how they tie together.” With its high-level expertise on claims and billing, Ingenix is in a unique position to “give the states a broader perspective on what they are dealing with and how the decisions should be made.”

Ingenix is harnessing their data resources, knowledge and analytic tools to help both payers and states improve data accuracy and integrity, and to add value to the data being collected.

The Ingenix business Red Oak E-Commerce Solutions (ROES) is working with the Commonwealth of Virginia on its plan for FROI/SROI reporting, and has found that states often select data requirements without knowing whether the data is commonly available, Maloney reported. “They may just check data elements off a list, without really knowing whether they have value or are possible to get, and that isn’t very effective.”

Compliance takes time and money

In devising a strategy to track and comply with state reporting requirements, companies are faced with a choice, Maloney said: “Either make a significant IT outlay to automate processes internally or rely on manual processes.” Both of these approaches are costly – one because it involves a large investment and the other because it can take claims adjusters away from their primary responsibilities.

However, failing to comply can be even more expensive in the long run, because fines and penalties apply in many jurisdictions when reports are not filed on a timely basis or when accuracy rate targets are not met. Further, when companies spend time correcting inaccurate reports, there are significant labor costs associated with that rework, Hoefel said.

Outsourcing the data reporting allows insurance carriers and TPAs to eliminate IT and manual processing costs. Vendors such as Ingenix can determine the data to direct to particular states. Further, Ingenix is testing a new product called “Auto-Triggers” that will lower costs by eliminating manual decision-making processes and reducing user involvement in determining when a report is required to be sent to a state. “Basically, this product will tell you what goes where, without taking up staff time or requiring complex programming or internal IT resources,” said Maloney.

Auto-Triggers can automate a company’s electronic data interchange (EDI) processes and enable one file format to be used for processing data. It also will determine the proper document, Maintenance Type Code (MTC) and trigger, and edit and sequence the report. Auto-Triggers will be available for Florida in June, with other state jurisdictions scheduled for a July release.

“With Auto-Triggers, a claims adjuster no longer will have to spend time deciding when to send reports or fixing reporting errors, so they can focus on their main responsibilities: claims adjudication and supporting the treatment of injured workers,” Maloney said.

Companies and states working with Ingenix rely not only on their products, but also on their EDI experts, he observed. “It is difficult to replicate our state reporting and EDI expertise within a carrier or a TPA organization, and when you combine that with advanced technology, our partners control cost and recoup time and effort to focus on core business.”

With states’ interest in collecting data increasing, so too is the complexity and breadth of workers’ compensation claims administrators’ efforts to comply with state requirements. Adopting a technology-driven solution to state reporting now can improve current operations and lay the groundwork for sound compliance strategies in the future.