



Government Affairs Alert

April 19, 2011

TEXAS ADOPTS IMPORTANT CHANGES TO EXISTING EBILLING RULES FOR 2011— REQUIRES IMPLEMENTATION OF NEW FORMATS BY JANUARY 1, 2012

As expected, the Texas Division of Workers' Compensation (TDWC) adopted changes to existing medical eBilling rules. These adopted and revised eBilling requirements take effect in two phases: the first being tweaks to existing eBilling requirements (including mandated eBilling compliance) for bills submitted on or after August 1, 2011 and the second being mandated implementation of new eBilling formats for bills submitted on or after January 1, 2012. These revisions are best understood if broken down into two specific implementation timeframes of August 2011 and January 2012.

eBilling Rule Changes Effective August 1, 2011

Though most changes reflect minor adjustments to current eBilling requirements, there are two changes of note for all providers and payors. First is a change in language found in TAC §133.501(a)(2) in which newly adopted rules state, "*Insurance carriers shall accept electronic medical bills from health care providers . . .*" and TAC §133.501(a)(3) in which newly adopted rules state, "*Health care providers shall submit electronic medical bills to insurance carriers . . .*" This is a direct change from current regulation, which states that providers and payors "*must be capable*" of sending/receiving electronic medical bills. The usage of *shall submit* and *shall accept* electronic bills by August 1, 2011 is a clear sign from TDWC that utilization of electronic billing is becoming a mandatory requirement. Additionally, the newly adopted rules allow (providers and payors) to contract with third-party entities to ensure eBilling compliance and continue to provide exemptions and waivers. However, changes in adopted rules have tightened waiver/exemption procedures and timeframes.

The second important change is insertion of a "preauthorization" data element requirement for pharmacy electronic bills, which will assist in compliance for claims/bills subject to the pending Closed Formulary requirements as of September 1, 2011.

Specific Changes:

- Requires that providers and insurance carriers "**shall**" transmit, receive and process electronic medical bills no later than August 1, 2011
- Revises automatic exemptions and tightens requirements and timeframes for granting eBilling waivers to providers and insurance carriers – payors **may be exempt** if:
 - Have less than 32 workers' compensation claims with paid benefits in proceeding year
 - Are self insured and have withdrawn from program (non-subscriber)
 - Demonstrate to TDWC implementation of medical eBilling will create an unreasonable hardship
 - Requested and received approved waiver from TDWC



- Requires utilization of NPIs in lieu of state provider license numbers (NCPDP number for pharmacy)
- Reaffirms usage of current ASC-X12N-837 **4010 Version** (medical services) and NCPDP **5.1 Version** (pharmacy) for eBilling as of August 1, 2011 and prior to January 1, 2012
- Adds Texas-specific billing data elements, which must be provided on all “complete” eBills – Applies individually to bills for medical services, dental, DME/supplies and pharmacy
- Allows utilization of alternative eBilling format(s), if agreed upon between provider and carrier
- Allows payors and providers to utilize a third-party entity to ensure eBilling compliance, but makes provider and/or payor responsible for acts and omissions of these entities

eBilling Rule Changes Effective January 1, 2012

Changes to eBilling rules for bills submitted on or after January 1, 2012 reflect required adoption and implementation of new eBilling formats. Language in newly adopted rules requires all bills submitted on or after January 1, 2012 (and subsequent eBilling communication between payor and provider) shall be in the ASC-X12-837 5010 Version (for medical services) and NCPDP-D.0 Version (for pharmacy) formats. Utilization of these new formats/standards for workers’ compensation medical billing sets Texas on the path to conform to pending implementation of the **5010** and **D.0** formats/standards as required by HIPAA, effective January 1, 2012. Other segments of the newly adopted eBilling rules and requirements remain in effect as of January 1, 2012, including language stating providers and carriers “**shall**” comply with eBilling standards, transmission of “preauthorization” data elements to ensure compliance with pending Closed Formulary requirements, and ability of providers and carriers to use third-party entities and alternative formats to ensure compliance.

Specific Changes:

- Requires that providers and insurance carriers “**shall**” transmit, receive and process electronic bills utilizing most current ASC-X12-837 **5010 Version** (medical services) and the most current NCPDP **D.0 Version** as of January 1, 2012

Recommendations and PMSI Actions

PMSI’s eBilling platform is already among the industry’s strongest and currently handles billing of medical services, DME and pharmacy bills for numerous customers and providers. PMSI has initiated activities to ensure compliance with newly adopted rule changes and will be reaching out to our customers and/or their eBilling trading partners to assess existing eBilling relationships.

PMSI is working diligently (as are our customers and their eBilling agents) to implement the new **5010** and **D.0** formats/standards as of January 1, 2012. PMSI will be prepared to operate using these formats by 2012 and, in doing so, our eBilling team and your account management representative will reach out to you or your eBilling vendor by mid-2011 to discuss eBilling compliance efforts.

In the meantime, PMSI’s Government Affairs Department strongly recommends that all customers and their eBilling agents take the opportunity to review newly adopted eBilling rules and requirements and undertake any necessary programming or system changes to not only comply with the August 1, 2011 date, but also ensure compliant connectivity with all stakeholders via the new formats effective January 1, 2012.



Government Affairs Alert



Proven Solutions for Cost Containment

If you have any questions regarding this alert or any other government-related topic, please contact your dedicated Account Manager. You may also contact our Director of Government Affairs, Kevin Tribout at Kevin.Tribout@pmsionline.com or 813.627.2445.

PMSI—Proven Solutions for Cost Containment. Founded in 1976, PMSI is a leader in developing solutions to control the growth of medical costs in workers' compensation. As one of the nation's largest and most experienced companies focused solely on workers' compensation, we deliver proven solutions for cost containment across the claims lifecycle. PMSI's Pharmacy, Medical Services and Equipment, and Settlement Solutions products deliver quantifiable results and improve the quality of care for injured workers. We provide our customers with the innovation, focus, expertise, analytics and technology needed to successfully deliver workers' compensation benefits. For more information, visit www.pmsionline.com or call 877.ASK.PMSI.

© 2011 PMSI, Inc. All rights reserved. Proprietary and confidential. Do not copy or distribute outside original intent.