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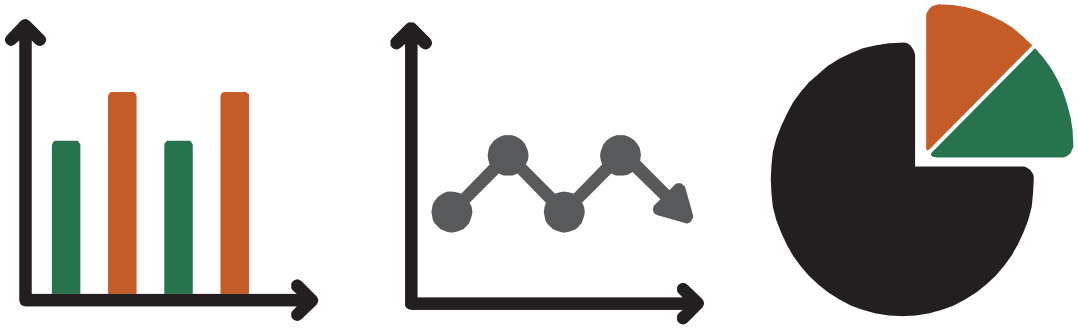

WCIRB Transaction Data Quality Program

April 2021
Updated November 2022

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Notice

This *WCIRB Transaction Data Quality Program* was developed by the Workers' Compensation Insurance Rating Bureau of California for the convenience and guidance of its members. It does not bear the official approval of the Insurance Commissioner and is not a regulation.

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I. Introduction

In order to meet the WCIRB's ratemaking and research needs and respond to California Department of Insurance directives, the Workers' Compensation Insurance Rating Bureau of California (WCIRB) has facilitated the collection of medical and indemnity transaction data in California. The *WCIRB Medical Data Call Reporting Guide* and the *WCIRB Indemnity Data Call Reporting Guide* detail the general rules for reporting each respective transactional data set, including the data call structure, record layouts, data dictionary, reporting rules and schedule, editing and other validation procedures pertaining to the reporting of California medical and indemnity transaction data to the WCIRB.

This *WCIRB Transaction Data Quality Program* (Program) is intended to promote the timely, complete and accurate submission of California medical (Medical Data Call) and indemnity (Indemnity Data Call) transaction data information to the WCIRB inasmuch as this data will be used for research and cost trend analyses and to enhance pure premium ratemaking. Analogous to other WCIRB data quality programs, insurers are subject to monetary fines for failure to submit data in a timely manner or for failure to adequately address documented and significant data completeness or data quality reporting issues in a timely manner.

The Program is effective with respect to transactions occurring on or after April 1, 2021. Fines may be incurred beginning with January 1, 2022 transactions which are due to the WCIRB by the Due Date specified in the applicable data reporting Guide.

II. Program Administration

A. Eligibility

The Program is administered on a calendar quarter basis and applies to the production of Medical Data Call and Indemnity Data Call submissions made in accordance with the rules in their respective Guide.

The applicable Guide defines the eligibility and reporting requirements for submission of medical or indemnity transaction data. Eligibility to report the data associated with either Call is determined based on the insurer group structure as designated by the National Association of Insurance Commissioners (NAIC). These NAIC groups may elect to report the data as a single group or as separate subgroupings, referred to in this Program as "Insurer Groups." All NAIC Groups that are required to report the transaction data associated with either of these Data Calls in accordance with the applicable Guide are subject to this Program.

An Insurer Group must complete testing and receive certification approval from the WCIRB to submit the specific Call's production files no later than one year from the date of notification of eligibility. If the Insurer Group is unable to meet this deadline, the Insurer Group must submit and receive WCIRB approval for a Request for Extension of Certification Testing prior to the one year deadline. The Insurer Group's request must include the specific reasons for the delay and the time frame by which certification testing will be completed and the submission of the applicable Call's production files will commence. If the Insurer Group fails to obtain WCIRB approval or if the time frame approved by the WCIRB is not met, the Insurer Group will be subject to fines as described in Part V, Section A, *Certification Approval Timeliness Fines*.

B. Insurer Group Results

Within 30 calendar days after the end of the quarter subsequent to the submission Due Date, the WCIRB will provide Insurer Groups with a quarterly Data Quality Notice that summarizes the submission completeness for the reporting quarter, as outlined in Part III, *Submission Timeliness and Completeness.* This Notice also includes a summary of the submission data quality for the reporting quarter and any open Transaction Data Inquiries as outlined in Part IV, *Data Quality.*

III. Submission Timeliness and Completeness

A. Timeliness of Data Submissions

A transactional data call submission is considered timely if the submission is received by the WCIRB on or before its Due Date, as specified in the respective Guides. A file is considered successfully processed if the Insurer Group and/or Data Submitter receives an email notification acknowledging File Acceptance. A Data Submitter is a unique data reporting entity authorized by means of a "Consent to Use Third Party Entity and Agreement to Indemnify" to send Medical Data Call or Indemnity Data Call information to the WCIRB on behalf of an Insurer Group.

If the Insurer Group fails to submit any data by the Due Date, the Insurer Group will be subject to fines as described in Part V, Section B, *Data Submission Timeliness and Completeness Fines*.

B. Completeness of Data Submissions

Within thirty days from the end of each quarter, the WCIRB will provide Insurer Groups with a Data Submission Report detailing the group's results with respect to completeness measurements for each transactional data set for the quarter. This will provide Insurer Groups with an opportunity to identify and resolve any potential data reporting deficiencies prior to the Due Date and prior to issuance of the Data Quality Notice. The Insurer Group must identify the root cause of any difference and resolve the anomalous data quality issue by the end of the subsequent quarter after the Due Date to ensure timely submission of complete data and avoid *Data Submission Timeliness and Completeness Fines* (See Part V, Section B) or other remedial action under this Program.

The completeness measurements for this Program include:

1. Transactions Present for All Insurers in the Insurer Group

Transactional data should be reported for all insurers within the Insurer Group.

2. Unmatched Transactions

New injury medical transactions should be generally comparable to original/new injury FROI transactions.

3. Claim Counts – Indemnity Data

Unique indemnity data claim counts should be generally comparable to those reported under the Data Call for Direct Workers' Compensation Experience – Quarterly.

4. Total Paid Medical – Medical Data

The Paid Amount total for the quarter for all medical transactions reported should be generally comparable to the Total Medical Paid reported under the Data Call for Direct Workers' Compensation Experience – Quarterly.

IV. Data Quality

The medical and indemnity transaction data submitted to the WCIRB will be used for research and cost trend analyses and to enhance pure premium ratemaking. As such, the Program is intended to identify and address data quality issues that will significantly impact the WCIRB's ratemaking and research capabilities.

Examples of potential data quality issues that may impact the WCIRB's ability to effectively utilize the medical and transaction indemnity data include, but are not limited to the following:

- Claim Number or Claim Administrator Claim Number reported is inconsistent and cannot be matched with the claim number used for Unit Statistical (USR) reporting.

- Policy Number, Policyholder Name, Policy Effective Date or Class Code reported is largely inconsistent with the policy information reported.

- Medical Data reported is largely inconsistent with the specifications included in the *WCIRB Medical Data Call Reporting Guide,* such as the proper reporting of any applicable Modifier, Secondary Procedure Code, Taxonomy, Place of Service and/or Quantity Number of Units.

- Indemnity Data reported is largely inconsistent with the specifications included in the *WCIRB Indemnity Data Call Reporting Guide*, such as the proper reporting of the Payment Adjustment Paid to Date and the Permanent Impairment Percentage.

An Insurer Group's Medical Data Call and Indemnity Data Call submissions are evaluated for quality based on the WCIRB's analysis of the Insurer Group's data (a) as compared to industry averages or the Insurer Group's previously reported data, or (b) based on relational editing of data elements. Before determining if a potential significant data quality issue exists, the WCIRB's evaluation will include an analysis of data previously reported by the Insurer Group as well as a review of previous communications from the Insurer Group to determine if the issue has already been addressed.

A Data Quality Inquiry will be sent to an Insurer Group if a potential data quality issue is identified that may have a significant impact on the WCIRB's ability to conduct research using the transaction data submitted. Inquiries will include a description of the potential data quality issue, the evaluation criteria used to identify the issue, and the WCIRB's expectations for submitting corrections to the data or a written remediation plan.

Insurer Groups must provide a complete and satisfactory response to a Data Quality Inquiry within 60 calendar days of the date of Inquiry. If necessary, Insurer Groups may request additional time to prepare a response, provided the request is received prior to the due date for the response to the Inquiry. All extensions are subject to written pre-approval by the WCIRB based on the specific circumstances as well as the significance of the data issues. If an approved extension is not adhered to, the Insurer Group will be subject to fines accruing from the original response due date.

A complete and satisfactory response must include:

a) identification and submission of any potential missing data,
b) a valid, fully documented business reason that the Insurer Group's data is complete and accurate as reported, or
c) a written remediation plan that includes a description of the data reporting deficiency(ies) that caused the data quality issue, the actions the Insurer Group has taken or will take to remedy the

deficiency(ies), and the time frame by which the Insurer Group expects all the deficiencies will be resolved.[1]

The WCIRB may also request that an Insurer Group provide additional information or supporting documentation, if necessary, to substantiate the response. The WCIRB will review the response based on the validity and reasonableness of the information provided by the Insurer Group. If a response is submitted timely and approved as complete and satisfactory by the WCIRB and all applicable remediation efforts outlined in the response to the Inquiry are satisfactorily completed, the data quality issue will be closed, and no further action will be required. If an Insurer Group's response is not timely, is not deemed complete by the WCIRB or the data reporting deficiency is not satisfactorily addressed in accordance with the Insurer Group's written plan, the Insurer Group may be subject to Data Quality Inquiry Fines (see Part V, Section C).

V. Fines

When an Insurer Group is subject to a fine under this Program, the WCIRB will send the Insurer Group a Fine Notice imposing the fine(s).

A. Certification Approval Timeliness Fines

Fines for Insurer Groups that fail to obtain certification approval no later than one year from the date of notification of eligibility, as described in Part II, *Program Administration*, Section A, *Eligibility*, are as follows:

1. Fines for failure to obtain WCIRB approval of a Request for Extension of Certification Testing will be $150 per calendar day, beginning on the first business day following the one year from the date of notification of eligibility deadline, and will continue until the Insurer Group obtains the WCIRB's certification approval or approval of a Request for Extension of Certification Testing.
2. Fines for failure to meet the Request for Extension of Certification Testing's approved time frames will be $150 per calendar day, beginning on the first business day following the missed deadline, and will continue until the Insurer Group completes certification testing and Indemnity and/or Medical Data Call production files are received and successfully processed by the WCIRB.

B. Data Submission Timeliness and Completeness Fines

Submission Timeliness Fines will be $150 per calendar day. If no files have been submitted by the Due Date, fines will begin on the first business day following the Due Date. If files have been submitted by the Due Date but the WCIRB determines the data to be incomplete, as specified in Part III, *Submission Timeliness and Completeness*, fines begin on the first business day following the end of the quarter after the Due Date. In either case, fines will continue until all expected data is received and successfully processed.[2]

C. Data Quality Inquiry Fines

Insurer Groups that fail to provide a complete and satisfactory response to an Inquiry, as outlined in Part IV, *Data Quality* within 60 calendar days of the date of Inquiry shall be subject to a fine of $2,500. The WCIRB's Fine Notice will indicate that additional fines may be imposed, beginning 30 calendar days after the Fine Notice, if the Insurer Group does not provide the previously requested response.

[1] An Insurer Group may later revise the schedule for remediation indicated in a response to an Inquiry subject to the approval of WCIRB staff if they are demonstrating a good faith effort to address the data quality issues and the nature of the data issues is not having a significant impact on the WCIRB's research and ratemaking efforts.

[2] A brief extension to the Due Date may be granted under special, limited circumstances, provided the request for an extension is made in writing by the Insurer Group to the WCIRB on or before the Due Date and the extension does not have a significant impact on the WCIRB's research needs. All extensions are subject to written pre-approval by WCIRB staff. If an approved extended Due Date is not adhered to, the Insurer Group will be subject to fines accruing from the original Due Date.

If a complete and satisfactory response is not received within 30 calendar days after issuance of the Fine Notice or the Insurer Group fails to resolve the identified data reporting deficiency within the timeframes specified in the response to the Data Quality Inquiry,[3] the Insurer Group shall be subject to an additional fine of $100 per business day, beginning on the first business day following the missed deadline, that will continue until the missing data is received or a valid, fully documented business reason that the Insurer Group's data is complete and accurate as reported is received.

D. WCIRB Medical Transaction Data Quality Program Incentive Credits

Timeliness Incentive Credits earned by an Insurer Group under the Medical Transaction Data Quality Program, in effect for submissions from January 1, 2015 through December 31, 2021, may be used to offset fines levied pursuant to the Program until December 31, 2023. Beginning January 1, 2024, any previously accrued credits will expire and may no longer be used to offset fines.

E. Maximum Annual Fines

The total fines levied pursuant to this Program will be limited to a maximum of $100,000 per calendar year.

F. Appeal Procedures

An Insurer Group may file an appeal with the WCIRB regarding fines imposed pursuant to this Program, provided that such appeal is submitted, in writing, with a detailed explanation as to the reason the Insurer Group believes the fine imposed is not appropriate. An appeal of a fine must be filed with the WCIRB within 60 calendar days from the date of the Fine Notice which imposes the fine.

The WCIRB will respond within 30 calendar days of receipt of a timely filed appeal. If the appeal is denied by the WCIRB, the Insurer Group may appeal the WCIRB's decision to the WCIRB Classification and Rating Committee. All appeals to the WCIRB Classification and Rating Committee must be submitted within 45 calendar days of the WCIRB's response to the initial appeal.

Appeals, including all appropriate supporting documentation, must be sent to transactiondata@wcirb.com and shall specify "Appeal of WCIRB Transaction Data Quality Program Fines" in the subject line.

[3] Requests to extend the scheduled date to complete the resolution of data reporting deficiencies stated in the Insurer Group's response to the Inquiry are subject to WCIRB approval based on the progress being made by the Insurer Group as well as the criticality of the data issues for WCIRB research purposes.