



Workers' Compensation Agency



Claims Electronic Data Interchange Implementation Guide

October 2011

State of Michigan
Department of
Licensing and Regulatory Affairs



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1. INTRODUCTION

The Michigan Department of Licensing and Regulatory Affairs (LARA) Workers' Compensation Agency (WCA) has been developing its Electronic Data Interchange (EDI) program for some time. The rate of EDI submissions is expected to have steady growth in the future as the department seeks increased operational efficiencies and encourages the business community to operate in an increasingly paperless environment.

The EDI program at LARA-WCA will streamline the submission of First Report of Injury (FROI) and Subsequent Report of Injury (SROI) data from its many trading partners to meet their statutory filing requirements and eliminate the handling of paper forms whenever possible. Nationwide, an ever-increasing percentage of the FROI and SROI submissions are received via EDI processing. This percentage is expected to grow substantially as additional insurance companies, self-insured employers and third-party administrators embrace the benefits of EDI.

1.1 EDI Concepts

Electronic Data Interchange makes it feasible for computer systems that store data in disparate proprietary data formats to effectively communicate with one another in an efficient manner. EDI enables the transmission of relevant data from one computer system to another using a commonly understood and standardized format with minimal human intervention. EDI transactions are structured for highly automated processing.

EDI is widely used in industry to transmit traditional "documents," such as invoices or purchase orders, between companies. The standardized transaction set has been refined, expanded and developed so that there are now hundreds of different "documents" that can be electronically exchanged between multiple trading partners. The electronic transmission of these transactions is an efficient means of conducting business.

Although EDI may take place directly between LARA-WCA and its trading partners, some may choose to work through a Value-Added Network (VAN). This is a mechanism that facilitates the transfer of electronic data between trading partners. A VAN can be thought of as a post office that allows an entity to send EDI formatted data to one of its trading partners at any time. The VAN will hold the file of transmitted transactions until the trading partner to whom it is addressed retrieves it at a later time.

1.2 Advantages of EDI

The electronic submission of workers' compensation claim information has many advantages compared with the submission of paper claims. The benefits and advantages are shared by both the trading partner submitting EDI information, as well as the Michigan Department of Licensing and Regulatory Affairs (LARA).

- Improved reporting performance
- Time savings
- Cost savings
- Improved accuracy
- Enhanced flexibility

Improved reporting performance – Electronic submissions are a much more efficient way to transmit the legally required information related to workers' compensation claims. Claim administrators can electronically send the required claim information without generating a paper copy that would need to be sent through fax or the traditional mail system. Typically the electronically submitted EDI data will be received, processed and acknowledged within hours of when it was submitted, rather than the multiple days it would take through the postal system. The timely submission of claim information is of primary importance to both LARA-WCA and the claim administrators. EDI allows LARA-WCA trading partners to meet their reporting deadlines in a timely manner.

Time savings – EDI claim submission provides an efficient means of getting the correct information to the department as quickly as possible. EDI saves time by eliminating the overhead of the paper handling that is required and is otherwise necessary for both the trading partner and the department. The use of EDI for claim submission also streamlines the process of error reporting by eliminating the phone calls that might otherwise be necessary to ensure that accurate information is being reported.

Cost savings – Although there are initial costs involved with designing, developing and implementing a new EDI system, these costs can be recouped and the system can pay for itself many times over by the efficiencies garnered by the use of EDI. The cost of faxing, mailing and handling paper documents is completely avoided when data is sent electronically.

Personnel at both ends of the electronic transaction who would otherwise be involved in the handling of paper-generated claim information can be redeployed to other tasks. There are fewer people required to monitor and administer the EDI system than is necessary to process paper documents.

Improved accuracy – EDI reduces the number of times the same data needs to be redundantly entered into multiple computer systems. There is also the inherent efficiency and improved accuracy from the electronic acknowledgment process that allows for the senders' transactions to be verified and validated immediately upon receipt. The acknowledgment process allows the trading partner to submit more timely and accurate information while at the same time reduces the amount of time that it takes to correct invalid or inaccurate claim information.

Enhanced flexibility – Electronic data can be sent any time, day or night, to ensure that the most accurate and timely information is delivered in an efficient manner. The

EDI submission of transactions can be scheduled to run when the computing resources are at a lower demand (i.e. during nonpeak utilization periods).

LARA-WCA invites you to explore the possibility of participating in its EDI program and to enjoy the many benefits available. The advantage of electronic submission allows for superior communications between the department and its trading partners which, in turn, lead to increased accuracy, improved timeliness and reduced costs.

2. EDI IN MICHIGAN

The EDI environment at LARA-WCA is designed to accept transactions from known trading partners throughout the world. The department is a member organization of the International Association of Industrial Accident Boards and Commissions (IAIABC). The IAIABC creates, maintains and publishes EDI standards that are specific for workers' compensation insurance claims. There are several communication mechanisms available to facilitate the exchange of EDI data between the department and its trading partners, which are typically insurers, self-insured employers and third-party administrators. For additional information contact the LARA-WCA EDI coordinator at lara-wca-edi@michigan.gov.

2.1 IAIABC

The International Association of Industrial Accident Boards and Commissions (IAIABC) is an association of administrators from various state workers' compensation agencies. The objective of the IAIABC is to recommend, create, develop and maintain standards for improving and strengthening workers' compensation laws and their administration. Among the member organizations with representation to the IAIABC are the state administrative agencies, insurance carriers, the National Council on Compensation Insurance (NCCI), the National Association of Insurance Commissioners (NAIC), self-insured employers and other vendor organizations. Michigan is a jurisdictional member of the organization.

The IAIABC has developed standards that are used by the state jurisdictions and the various claim administrators that are required by law to report information about workers' compensation claims. The IAIABC published Release 1 (R1) of the IAIABC standards in 1995. Release 2 (R2) of the IAIABC standards was published in 1997 and is primarily used by Iowa. The IAIABC Release 3 (R3) standard was published in 2004. The IAIABC Release 3 standard is upward-compatible from Release 1 and was designed to resolve outstanding issues with both Release 1 and Release 2. Michigan is using the Claims Release 3 standards.

There are approximately 30 state jurisdictions that currently participate in or are planning to use EDI communications with their trading partners, using the various IAIABC release standards. Many of the states mandate the use of EDI communications with the claim administrators and other companies that are required to report in their

jurisdiction. The EDI program remains voluntary at LARA-WCA, however, the filing of EDI claims may be mandated at some point in the future.

Claim administrators interested in participating in the department's EDI program should reference the IAIABC website below and acquire the appropriate IAIABC EDI Claims Release 3 Implementation Guide.

IAIABC contact information

Phone: (608) 663-6355

Fax: (608) 663-1546

Website: www.iaiaabc.org

2.2 EDI Communications

Trading partners with the department typically batch-up their EDI transactions – currently new and updated FROI and SROI Denial (04) and Partial Denial (PD) transactions – and transmit the transactions as EDI data files at any time during their business day. The EDI transactions from each trading partner are subsequently processed and acknowledgment files are transmitted back to each trading partner. The acknowledgment process provides an indicator to the success or failure of each transmitted EDI transaction.

The EDI data files are picked up from the various EDI communication interfaces and processed each business day. EDI acknowledgment files are delivered back through the same communication interfaces as the EDI data files were received. Files transferred to and received by the EDI DEG mailbox by 5 PM, EST, will be processed on the business day received. Transmissions received after that time will be processed the following business day.

LARA-WCA offers several communication protocols for EDI. Prospective trading partners are required to indicate on their EDI Trading Partner Profile documentation which EDI communication environment they plan to use.

Direct connect – The department allows trading partners to directly connect to the State of Michigan DTMB DEG FTP server using secure FTP via SSL/TLS encryption or SFTP. Trading partners are permitted to send and receive EDI transmissions at any time.

Data Exchange Gateway (DEG) Requirements:

- An FTP Mailbox must be setup for file transfers. An IP Address, USER ID, password and pickup/delivery instructions will be provided.
- EDI transaction files should be 128 bit encrypted and should be transferred by FTP to the Gateway via SSL/FTP. One such SSL/FTP client software is WS_FTP Pro (at least version 7.61) from Ipswitch Inc., which provides a stat command that is needed to keep the firewall control

port opened during long file transfers using SSL. The State of Michigan DEG also supports SFTP and HTTPS web page.

- The file transfer mode must be ASCII (not Binary).
- File naming conventions have been developed to designate “Test” or “Production” transaction files. These naming conventions will be provided when the FTP Mailbox is set up. File transfers must comply with these naming conventions.

2.3 EDI Transactions

There are several types of EDI standards that have been defined by the IAIABC to facilitate the exchange of workers' compensation information between the state jurisdictions and the claim administrators that are required to report. These EDI products are designed to transfer different types of data between trading partners. The primary EDI standards that are being used by LARA-WCA are Claims (Release 3) and Proof of Coverage (POC).

LARA-WCA uses the IAIABC Claims Release 3 product to provide the standards for the exchange of information related to workers' compensation accident/injury/illness claims. The Claims product is used primarily to report First Report of Injury (FROI) and Subsequent Report of Injury (SROI) 04 and PD transactions.

The First Report of Injury (FROI) transaction is used to transmit new and updated claim information. The Subsequent Report of Injury (SROI) transaction is used to transmit payment related to previously submitted claims. LARA-WCA currently accepts FROI and only SROI 04 and PD transactions.

A planned phase of the EDI project at the department is slated to accept the SROI payment information in the near future.

The IAIABC Claims standards have been modified throughout the years and there are several releases of the standards that are defined and available. The department currently accepts, administers and supports the IAIABC Release 3 standards as posted on their website.

The various IAIABC standards define the different types of transactions that are available for processing. Each of the transactions is associated with one or more record types that comprise various fields. The fields within the transactions are known by specific data element numbers that are used to identify the type of data contained. For example, DN0001 is the data element number for the “Transaction Set ID” field.

Certain fields in the EDI record are validated to enforce database integrity rules and to inform the department's trading partners (senders) whether the data is accepted, or rejected in its entirety. The validation of the EDI data is closely related to the acknowledgment process for the EDI data that is returned to the trading partner. As the transaction and the individual data elements are validated for consistency and accuracy,

acknowledgment transactions are built for the eventual transmittal back to each trading partner.

There are circumstances where the transaction may be determined to be rejected based upon the contents of the transaction data elements that were sent. In the case of a rejected transaction (e.g. a missing value for a mandatory field), the acknowledgment record will be created and all further processing of the FROI transaction will not take place (i.e. nothing is written to the database).

Transaction acknowledgments

The data fields in each transaction are identified with a specific data element number, so both the sender and receiver can quickly and easily identify fields during the validation and acknowledgment procedures. Each data element is validated according to specific rules and can potentially generate an error condition for the transaction.

The acknowledgment record that is generated and eventually sent back to the trading partner informs the trading partner whether the EDI data was accepted or rejected. As each data element is validated, the acknowledgment for the submitted EDI data row is generated.

The acknowledgment transaction is a variable length record that indicates the status of the overall transaction and informs the trading partner about the individual data elements that had validation problems. If there are any data elements in a transaction that did not pass validation, the data element number and a corresponding error number that indicates the reason for the validation failure is generated in the acknowledgment record. The Application Acknowledgment Codes (DN0111) that can be returned with the acknowledgment record are:

	Comments
HD	Batch rejected in its entirety
TA	Transaction accepted (default if no other validation issues)
TR	Transaction rejected (certain fields did not pass validation, which forces the rejection of the EDI transaction)

All acknowledgment records for a particular batch transmission from a specific trading partner are written to a unique file that corresponds to the transmitted EDI data file that was sent. The acknowledgment transmission file also has a header and trailer record written as the first and last records, respectively.

2.4 Future Capabilities

The EDI environment at LARA-WCA is continuously maintained and enhanced as business conditions warrant. The goal of the EDI project is to steadily increase the EDI capabilities of the department, with the anticipation of increasing the percentage of electronically received transactions. Future phases of the EDI project include

acceptance of all IAIABC Release 3 Subsequent Report of Injury (SROI) transactions, and expansion of additional communication capabilities as conditions warrant.

3. EDI – IAIABC RELEASE 3

The IAIABC Release 3 standard defines several transaction types that can be used to transmit EDI transactions between trading partners. There are two transaction types that are defined to transmit specific information related to workers' compensation claims: the "First Report of Injury" (FROI – 148/R21) and the "Subsequent Report of Injury" (SROI – A49/R22). The other transaction types defined in the Release 3 standard are primarily for administrative purposes and are used in union with the FROI and SROI transactions.

3.1 Transaction Types

The following record types are defined for transactions in the Release 3 standard.

	Comments
HD1	The HD1 header transaction is used to precede a batch of specific transactions (e.g. 148/R21). There are fields within the HD1 transaction that identify the sender and inform the recipient about the transactions that follow. The Batch Type Code field within the Interchange Version ID identifies whether the batch is FROI (148/R21) or SROI (A49/R22) records. The use of an HD1 transaction in each batch is mandatory.
TR2	The TR2 trailer transaction is used as the final record in a batch of EDI transactions. It is used to indicate that there are no more records to process and to verify the number of records and transactions that were sent with the batch. The use of a TR2 transaction in each batch is mandatory.
148	The 148 (FROI) record is a fixed length record that is used to transmit new and updated First Report of Injury (FROI) information. There are department specific rules for the data elements included in the 148 record.
R21	The R21 (FROI) record is a variable length record that is a companion record to the 148 (FROI) record. Each FROI transaction comprises a pair of 148 and R21 records. There are department-specific rules for the data elements included in the R21 record.
A49	The A49 (SROI) record is currently used to transmit 04 and PD information only.
R22	The R22 (SROI) record is a variable length record that is a companion record to the A49 (SROI) record. Each SROI transaction comprises a pair of A49 and R22 records. The R22 (SROI) record is currently used to transmit 04 and PD information only.
AKC	The AKC acknowledgment record is used to inform the trading partner of the status of the submitted transaction. There is a corresponding AKC transaction generated and returned to the trading partner for each FROI or SROI transaction that is sent and processed.

The Release 3 FROI transaction is made up of a pair of 148 and R21 records that must physically follow one another in the transmitted EDI batch. The FROI transaction has a defined set of maintenance type codes (MTC (DN0002)) that determine what the trading partner is attempting to do with the transmitted data. Each MTC requires slightly different processing and validation rules. Refer to IAIABC Release 3 Section 4.3 for the 148 transaction layout that denotes the mandatory, expected, conditional and optional data elements that are dependent upon which MTC is specified in the 148 transaction.

The requirements are the same for the FROI MTC 00 and the FROI MTC 04. If there is not enough information available to file the MTC 04 you will have to file MTC UI.

LARA-WCA is accepting the following MTCs defined for the **FROI** transaction in the Release 3 standard:

	Comments
00	Original First Report of Injury (FROI).
01	Cancel transaction. The original first report was sent in error.
02	Change first report information transaction. Note there must be a claim on file, based upon the SSN, date of injury and JCN that is specified, for the transaction. Change transactions that are intended to update the value of the SSN and/or date of injury (DOI) must specify both the jurisdiction claim number that is returned with the AKC transaction for new and updated claims, and the claim administrator claim number for the claim.
04	Denial transaction. The MTC 04 is also processed as a new FROI (MTC 00) transaction. Equivalent to Form 107 Reason for Dispute A.
UI	Under Investigation. A determination has not yet been made as to whether this is a compensable claim. Equivalent to Form 107 Reason for Dispute C or D.

LARA-WCA is accepting the following MTCs defined for the **SROI** transaction in the Release 3 standard:

04	The entire claim is being denied and a FROI has already been filed. Equivalent to Form 107 Reason for Dispute code A.
PD	A specific benefit(s) has been denied. Equivalent to Form 107 Reason for Dispute code B or E.

3.2 Record Formats

There are several different records that are required in a batch of EDI transactions that are included in the EDI transmission file. The records must be formatted with appropriate data in the necessary fields and the records must be in the correct order in the transmission file.

A description of each record is included in this section for convenience. The record definitions can also be found in Section 2 – Technical Standards of the *IAIABC EDI Implementation Guide – Release 3* document. IAIABC members can access this document at www.iaabc.org/i4a/pages/index.cfm?pageid=3352. See section 2.1 of this guide.

It is required that the records in the transmission file be received in the proper sequence. A Release 3 transmission file can include one or more batches of transactions; however, it is more common to have one batch per EDI transmission file. Each batch must have a header record (HD1) as the first record in the file. A batch may consist of FROI or SROI transactions. The Batch Type Code identifies which transaction type is contained in the batch. Each FROI transaction comprises a pair of records, the first being the 148 FROI record and the second being the R21 FROI companion record. There can be any number of FROI transactions (pairs of 148/R21 records) or SROI (pairs of A49/R22 records) included in a batch. The last record in the batch must be the trailer record (TR2), which contains the counts for the entire batch and transaction/record set.

Sample Record Transmission Sequence:

HD1
148
R21
148
R21
TR2
HD1
A49
R22
A49
R22
TR2

3.2.1 Header Record (HD1)

The header record (HD1) defined in the Release 3 standards is identical in format to the header defined in the Release 1 specifications. The header record must be the first record in the batch. There are certain fields that must be populated with specific information so that it is known to be a Release 3 transmission file. The “Interchange Version ID” field (DN0105) in the header record is made up of the “Batch Type Code,” “Release Number” and “Version Number.” The Batch Type code identifies whether the batch contains FROI (148/R21) or SROI (A49/R22) transactions. The “Release Number” and “Version Number” should specify “30” to designate the transaction file is a Release 3 formatted transmission file. The expected “Interchange Version ID” is “14830.”

There are other validation rules for a number of different fields in the header record. If there are problems with the validation of any of the fields in the header record, it may cause the entire batch to be rejected. Therefore, it is important to populate all of the fields in the header record with valid information. One of the more important fields is the “Test/Production Code” field (DN0104). This field must be populated with a “T” when sending test transactions and a “P” when sending production transactions. See *IAIABC Header Record 2.5-1*

3.2.2 Trailer Record (TR2)

The last record in a batch is the trailer record (TR2). The Release 3 TR2 record will specify the counts for the number of records contained within the batch (the total number of 148/R21 or A49/R22 records) in the Detail Record Count (DN0106) and the number of transactions contained within the batch (the total number of 148/ R21 or A49/R22 pairs that make up FROI and SROI transactions) in the Transaction Count (DN0191). The Detail Record Count should always be twice (double) the number contained in the Transaction Count for correctly assembled batches. See *IAIABC Trailer Record (TR2) 2.5-10*

3.2.3.1 FROI Records (148/R21)

A Release 3 FROI transaction comprises two records that exist in the transaction file, one directly after the other. The first record in a transaction must be the 148 record. The 148 record is a fixed length record. The second record in a FROI transaction set is the R21 record. The R21 record is the FROI companion record that must be immediately preceded by the 148 record for the same transaction. The 148/R21 pair must be for the same claim (SSN/DOI) as indicated by the “Claim Admin Claim Number,” which is data element DN0015 that exists in both the 148 and R21 record. This is necessary to ensure both the 148 record and the corresponding R21 record are for the same transaction. The R21 record is a variable length record, meaning there are several expandable segments.

3.2.3.2 SROI Records (A49/R22)

A Release 3 SROI transaction comprises two records that exist in the transaction file, one directly after the other. The first record in a transaction must be the A49 record. The A49 record is a fixed length record. The second record in a SROI transaction set is the R22 record. The R22 record is the SROI companion record that must be immediately preceded by the A49 record for the same transaction. The A49/R22 pair must be for the same claim (SSN/DOI) as indicated by the “Claim Admin Claim Number,” which is data element DN0015 that exists in both the A49 and R22 record. This is necessary to ensure the A49 record and the corresponding R22 record are for the same transaction. The R21 record is a variable length record, meaning there are several expandable segments.

3.2.4 Acknowledgment Files (AKC)

A Release 3 acknowledgment transaction is defined as the AKC record. The AKC record is a variable length record, which contains fixed length information and a variable number of error segments depending upon the number of errors in the transaction that is being acknowledged. An acknowledgment batch consists of a header record as the first record, an AKC record that corresponds to each transaction and a trailer record as the last record, all in an acknowledgment transmission file that is returned to the original sender.

The first 248 bytes of the AKC record are fixed length. There is a counter in the AKC record ("Number of Errors (DN0114)) that indicates the number of variable error segments that are contained within the record. The data elements that exist in each variable segment will be specified the number of times that are indicated by the DN0114 error counter. See *IAIABC 2-5.11*

3.3 Validation Rules

The data elements included in the various Release 3 transactions are validated for appropriate values. The IAIABC has published worksheets for Release 3 that can be used by the trading partners to understand the reporting requirements of the jurisdiction. Several of these worksheets are pertinent to the validation of the data elements that are specified in the transactions of a Release 3 transmission file.

The following IAIABC Release 3 worksheets for EDI Claims filing in Michigan are available in MS Excel spreadsheet format on the Michigan Department of Licensing and Regulatory Affairs (LARA) website at www.michigan.gov/wca. Note: spreadsheets may contain several worksheets and the tab name(s) are indicated below.

1. Event Table
 - a. FROI
 - b. SROI
2. Element Requirement Table
 - a. DN Sequence
 - b. Alpha Sequence
 - c. FROI Element Requirements
 - d. FROI Conditional Requirements
 - e. SROI Element Requirements
 - f. SROI Conditional Requirements
3. Edit Matrix
 - a. DN-Error Message
 - b. Value Table
 - c. Match Data Table
 - d. Population Restrictions
 - e. Sequencing

The Event Table indicates when EDI Claims reporting is required in Michigan.

The Element Requirement Table communicates to our trading partners the data element requirements for each Maintenance Type Code (MTC). The Conditional Requirement Table can be referenced for information about the conditional relationships between certain data elements. Some data elements are considered “mandatory” or “fatal” and will cause the FROI (148/R21) or SROI(A49/R/22) transaction to be rejected (TR) if they are not specified or are invalid. Still other columns are considered “mandatory/conditional,” or optional (“if available” or “not applicable”) and will only be validated under certain conditions.

The Edit Matrix Table consists of 5 worksheets. The DN-Error Message Table contains information about the possible error message numbers that may be generated if a transaction is rejected (TR) on a specific data element. The Value Table should be reviewed to determine the set of valid values for a particular data element. Note some valid values proposed by the IAIABC are not accepted on transactions in Michigan. The Match Data Table is designed to convey which data elements should be used as primary or secondary “match” data elements. The Population Restrictions Table is used to convey the restrictions applied to certain data elements. The Transaction Sequencing illustrates logical transaction sequencing for application of edit 063 “Invalid Event Sequence.”

4. EDI TRADING PARTNER QUALIFICATIONS AND STEPS TO PARTNERSHIP

LARA-WCA encourages all claim administrators – including insurers, self-insured employers and third-party administrators – required to submit workers’ compensation claim information to the department to explore the possibility of submitting the information electronically. While the department does not currently have a mandatory requirement for electronic filing, this requirement may exist in the future.

There are several steps that must be undertaken prior to submitting production EDI information to LARA-WCA. The following procedures should be accomplished to become a trading partner with the department.

Step 1 – Contact LARA-WCA

Contact the LARA-WCA EDI coordinator at lara-wca-edi@michigan.gov. The department’s EDI coordinator is available to answer questions and assist with the necessary setup required to trade EDI data with the department. Additionally, the LARA-WCA EDI coordinator can provide contact information for the IAIABC and information about the various communication options.

Step 2 – Contact the IAIABC

The next step for claim administrators to take when considering electronic submissions to the department, is to acquire the IAIABC standards

documentation for the appropriate release level. It is not necessary to be a member of the IAIABC organization to become a trading partner with the department. IAIABC, however, does charge a fee for non-member purchase of the guide.

The IAIABC standards documentation contains information that is necessary to identify the processes and procedures, the transaction data set formats that are understood and supported, error codes and other supporting information. The easiest way to acquire the IAIABC documentation is from its website at www.iaiaabc.org. IAIABC may also be reached by phone at (608) 663-6355 for additional information.

Step 3 – Make arrangements for EDI communications

LARA-WCA has several options for receiving and transmitting EDI transmissions with its trading partners. The most straightforward and cost effective option is the direct connection via the Michigan Data Exchange Gateway (DEG) EDI FTP server. This will typically be the most cost effective EDI communications solution because it avoids all value-added network (VAN) charges. Direct connection requires the trading partner to transmit its EDI data using secure FTP SSL/TLS or SFTP which ensures that all data is encrypted during transmission. Trading partners are permitted to send and receive EDI transmissions at any time. Some of LARA-WCA's current trading partners may wish to use a VAN for receiving and sending EDI transmissions. Many vendors have products, services and years of experience working with claim administrators dealing with workers' compensation claims. Prospective trading partners are expected to use a reliable communications infrastructure to facilitate the transmission and receipt of EDI communications with the department. Refer to Section 2.2.

Step 4 – Plan, research, design and develop the EDI system

After the necessary documentation has been acquired and decisions have been made about which release to use, the mechanisms necessary to transmit claim information electronically can be planned, designed and developed. It is expected this step could potentially take some time, particularly if the claim administrator has not worked with an EDI environment in the past. There are many vendors that specialize in EDI for the insurance industry, including the vendors that offer various communication capabilities to the department, that have products and services that address a claim administrator's needs. The packaged software products can potentially be integrated with existing applications to enable the EDI environment for each site.

Step 5 – Contact the LARA-WCA EDI coordinator to set up for testing

After the application design and development has been completed, or the software packages have been put in place to transmit EDI data to the

department, the new trading partner should contact the EDI coordinator to set up an account for testing with the department. An EDI Trading Partner Profile document should be acquired from the EDI coordinator and completed prior to testing, so the department has a full understanding of the prospective trading partner's EDI environment. The LARA-WCA electronic Trading Partner Profile is available in pdf format at www.michigan.gov/wca.

The EDI coordinator will require the EDI Trading Partner Profile to determine which communication procedures the trading partner will be using for EDI transmissions. All prospective trading partners are expected to know and understand the reporting requirements for the mandatory, expected and conditional fields that are documented for each release standard. Each trading partner is expected to have the ability to accept and process the acknowledgment file that is produced and transmitted back to the trading partner upon receipt of an EDI transmission.

Step 6 – Test the EDI transaction submission process

During the testing phase, all header records (Transaction Set ID “HD1” (DN0001)) should specify a “T” in the Test/Production (TP) code field (DN0104). Test files that are from an unexpected trading partner (unknown account) or that do not follow the guidelines for testing will generate an acknowledgment file for a rejected batch. The test EDI transmissions will be validated for accuracy and consistency. Any problems or issues with the test EDI transmissions will be communicated back to the sending trading partner so they can be rectified before any further testing takes place. The test EDI transmissions must be successful before EDI transmissions will be enabled to the department's production EDI environment.

Step 7 – Test the EDI acknowledgment process

Each EDI transaction submitted to the department's test EDI environment will have an acknowledgment record (Transaction Set ID “AKC” (DN0001)) returned. The trading partner should verify and validate the acknowledgment files that are returned to ensure they are in the expected format and relay meaningful information related to the originally transmitted FROI and/or SROI transactions. Each transaction will return an Application Acknowledgment Code (DN0111) in the acknowledgment record that indicates either an accepted status (TA) or rejected status (TR). The objective of sending acknowledgments is to improve the quality of the data being submitted. Therefore, it is expected the trading partner will correct any deficiencies identified in the acknowledgment and submit a corrected transaction to address the issue(s). Note transactions that are rejected (TR) are not stored in the department's database and may potentially be considered untimely if they are not corrected and resent in the required timeframe.

Step 8 – Review EDI statistics between the department and potential trading partner

During the testing phase of the EDI qualification with the trading partner, statistics will be gathered about the quality of the data being transmitted. The EDI statistics will be reviewed and analyzed by the EDI coordinator to determine whether they meet the acceptable criteria necessary to allow the trading partner to transmit EDI data to the department's production EDI environment. After the decision is made to move forward with EDI submissions to the department's production environment, the EDI coordinator will enable the trading partner's account in the production EDI environment. After the trading partner's account has been enabled, the EDI coordinator will contact the trading partner's EDI representative to inform them they are able to submit their EDI Claims electronically into the LARA-WCA production environment.

Step 9 – Full production implementation of EDI submissions

The LARA-WCA EDI coordinator will also inform the trading partner when full production implementation can take place. All new and updated claim information accepted by LARA-WCA should then be sent electronically.

Step 10 – Processing of claims in production

When the LARA-WCA EDI coordinator has enabled the trading partner's account for production processing, the EDI transmissions should be directed to the department's production EDI environment. The header records in the EDI batch (Transaction Set ID "HD1" (DN0001)) should specify a "P" in the Test/Production (TP) code field (DN0104). The submission of paper First Report of Injury (FROI) and SROI PD and SROI 04 forms on post implementation date claims can be eliminated at this point.

5. EDI FREQUENTLY ASKED QUESTIONS (FAQs)

1. Are electronic submissions of First Report of Injury claims mandated in the state of Michigan?

Not at this time. However, mandatory electronic filing of First Report of Injury (FROI) claims may become a requirement in the future.

2. What steps are required to become a trading partner with LARA-WCA?

There is a series of steps that trading partners interested in the electronic submission of claim information to the department should follow:

1. Acquire LARA-WCA *Electronic Data Interchange Implementation Guide* (this document) and the EDI trading partner profile by visiting

www.michigan.gov/wca or by contacting the EDI coordinator at lara-wca-edi@michigan.gov.

2. Acquire the *IAIABC EDI Implementation Guide* for the appropriate release standards, at www.iaabc.org or by calling (608) 663-6355.
3. Determine the communication interface that will be used to transmit and receive EDI data with the department.
4. Plan, research, design and develop an EDI system.
5. Contact the department's EDI coordinator to initiate the testing phase and the subsequent parallel processing phase.
6. Prepare for full EDI production implementation (paperless).

3. Which IAIABC release standard does LARA-WCA accept and support?

LARA-WCA currently accepts and supports the IAIABC Claims Release 3 standard.

4. What EDI transactions does LARA-WCA accept?

LARA-WCA currently accepts Proof of Coverage and "claims" transactions using the IAIABC Claims Release 3 standard. Within the "claims" transactions, only the First Report of Injury (FROI) and Subsequent Report of Injury (SROI) Denial (04) and Partial Denial (PD) transactions are currently accepted.

5. Does LARA-WCA accept the "Subsequent Report of Injury" (SROI) transactions?

Yes. The department currently only accepts Subsequent Report of Injury (SROI) Denial (04) and Partial Denial (PD) transactions. Payment transactions may be accepted and supported in the future using the IAIABC Claims Release 3 standards.

6. What format of EDI submissions does LARA-WCA accept?

The IAIABC Release 3 standards only allow for the flat-file format of the transactions, therefore, this is the format that is accepted.

7. What transaction record types (Transaction Set IDs (DN0001)) should be sent with the EDI transmission?

Trading partners are expected to send their EDI transmissions as batches of transactions. Each batch requires a header record as the first record in the batch, followed by at least one or more FROI or SROI transactions and a trailer record as the last record in the batch. EDI batches that do not follow these standards will be rejected.

Release 3

HD1 (header record)

148

R21 (1 or more FROI transactions – comprising both a 148 and R21)

TR2 (trailer record)

HD1 (header record)

A49

R22 (1 or more SROI transactions – comprising both an A49 and R22)

TR2 (trailer record)

8. Are header and trailer records required in the EDI transmission file?

Yes. An EDI batch is defined by a header record as the first record in the EDI transmission file, followed by one or more FROI or SROI 04 & PD transactions and a trailer record as the last record in the EDI transmission file. Batches without header or trailer records will be rejected.

9. Can multiple batches be sent in a single EDI transmission file?

Yes. Multiple batches can be sent in a single EDI transmission file when trading partners are using the Release 3 standard. The acknowledgments for each batch will also be returned to the trading partner in a single acknowledgment transmission file when multiple batches are processed. If one of the batches in a multiple batch is rejected, all batches within the single transmission are rejected.

10. Which Maintenance Type Codes (MTCs) are accepted for FROI transactions?

The codes that are currently accepted and supported for the FROI transaction are given below.

Release 3

00 New claim

01 Cancel/Delete claim

02 Change claim

04 Denial of claim

UI Under Investigation

11. How should electronic submissions (EDI transactions) be transmitted to LARA-WCA?

The department accepts EDI transmissions through several different communication interfaces. A direct connection to the department's EDI FTP server is available to trading partners that wish to use secure FTP using FTP/TLS encryption or SFTP.

12. Does LARA-WCA always send EDI acknowledgments?

Yes. An acknowledgment transaction (AKC) is generated for each FROI and SROI transaction that is received. The acknowledgment file will contain a header transaction (HD1) as the first record and a trailer transaction (TR2) as the last record in the file.

13. Is each trading partner required to accept acknowledgment files?

LARA-WCA requires the acceptance and processing of acknowledgment files to obtain sufficient data quality standards. In the case of rejected transactions (TR), the trading partner must send the original transaction with corrected information.

14. How often should EDI data be transmitted?

This is generally dictated by the statutory reporting requirements. Each trading partner can schedule its EDI data files to be transmitted at any time, however, only transmissions received before 5 pm on business days will be processed on the day received. Those received after that time will be processed on the next business day.

15. Does the trading partner need to continue filing paper claims?

The trading partner will be required to continue filing paper claims with LARA-WCA while testing the EDI procedures with the department. After full EDI production implementation occurs, the submission of FROI, SROI 04 and PD paper forms to LARA-WCA can be eliminated. However, statutory and regulatory requirements must still be met that specify the sending of WCA forms 100 and 107 to the injured worker or their surviving dependant.

16. Does LARA-WCA require the use of the agency's Jurisdiction Claim Number (JCN)?

Yes, for MTC 01 and 02. The jurisdiction (agency) claim number is returned in the acknowledgment file for each successful new and updated FROI transaction processed. LARA-WCA EDI processes rely on the jurisdiction claim number for processing updates. The jurisdiction claim number must be sent if the trading partner is attempting to update the SSN or date of injury on a transaction. If it is not sent, we will be unable to process changes to those two fields. The JCN is assigned by LARA-WCA to be used for correspondence between the agency and the trading partner.

17. What happens when updates are necessary for key fields (e.g. SSN or date of injury)?

If the jurisdiction (agency) claim number is submitted with the FROI MTC 02 transactions, the SSN and date of injury can be updated. If the jurisdiction claim number is not available, a paper copy of the updated First Report of Injury form or a phone call will be required to make the necessary update.

18. When do First Reports of Injury need to be filed with LARA-WCA?

A First Report of Injury needs to be filed with LARA-WCA for all claims where there is lost time beyond the waiting period, which is seven calendar days. MCL 418.311.

6. LARA-WCA TRADING PARTNER DOCUMENT INSTRUCTIONS

The trading partner documents must be filled out, sent to and approved by LARA-WCA prior to any claims or proof of coverage filings via EDI. All new trading partners must pass all testing requirements before being approved for production status. The completion of the trading partner documents is the first step in the process.

Careful consideration has been given by LARA-WCA of both demonstrated business needs as well as data availability when establishing data element requirements between trading partners. LARA-WCA has met with data providers and developed a consensus regarding which data elements need to be collected and reported.

The following sections identify and describe the necessary forms.

6.1 Electronic Partnering Agreement

LARA-WCA requires the completion and return of an Electronic Partnering Agreement to use Electronic Data Interchange (EDI) technologies and techniques to meet LARA-WCA workers' compensation reporting requirements.

6.2 Trading Partner Profile

This form documents identification and contact information for each trading partner providing data (whether the partner is the Sender, the insuring claims data source, or the receiving jurisdiction). This form will uniquely identify a trading partner. Members of the partnership fill out the form as it pertains to them. The partners then exchange the completed forms. In the Trading Partner Type section, check all the descriptors that apply to the partner identified in the next section of the form. For example, if the trading partner is a carrier insuring some claims but is also acting as a third party administrator on other claims, the partner should at least check both "Insurer" and "Third Party Administrator."

Sender ID: A composite of FEIN (Federal Employer Identification Number of your business entity) and the 9-digit Postal Code (Zip+4) in the trading partner address field will be used to identify a unique trading partner. The Sender ID FEIN and Postal Code should be the same as those that the partner will use as the Sender ID in the Header Record of all of its EDI transmissions.

Contact Information: This section provides the ability to identify individuals within your business entity who can be used as the main contacts for this trading partner agreement. Two types of contacts should be identified: one for business practices and issues, and one for technical issues.

6.3 Partnering Insurer/Claim Administrator ID List

This form documents the identities of trading partners using the same third party administrator or other Sender to transmit data electronically to LARA-WCA. In conjunction with an individual and separate LARA-WCA Electronic Partnering Agreement for each trading partner, by means of this document the Sender should be considered as having fulfilled any requirement by LARA-WCA for applying for permission to file information electronically.

LARA-WCA has completed the section labeled "To" and the Sender should complete the remainder of the form. In the table in the lower portion of the form, provide the Insurer FEIN, full Insurer Legal Name, and either the LARA-WCA Assigned ID or NAIC Insurer Identification Number for each insurer (carrier, self-insurer, or group-funded pool) for whom the Sender will be transmitting data. LARA-WCA will notify the Sender of any discrepancy between the identifying information in the table and LARA-WCA's existing records. This list should be used to reconcile identification tables. When any changes occur, an updated report must be sent to LARA-WCA. Attach additional sheets as needed.

6.4 Transmission Profile

The profile is divided into two parts: the completed Transmission Profile LARA-WCA's Specifications (Form 6.4.1), and the Transmission Profile Sender's Response (Form 6.4.2). LARA-WCA will complete the Specifications, indicating all requirements. LARA-WCA will provide the form to the Sender to reference while completing the Sender's Response. The Sender marks selections where LARA-WCA provides choices. The Sender should then return the completed Sender's Response form to LARA-WCA.

FTP Note: For security reasons, certain information may be provided here in a generic form. Detailed account and encryption-related information should be exchanged only by telephone, certified mail, or bonded courier; this includes information such as user ID and password, encryption bit size (minimum 128), and that SSL (Secure Sockets Layer) is being used. Authentication of Internet transmissions should be done in one of two ways: by use of digital certificates

signed by a formal Certificate Authority or by a locally managed exchange of certificates by known parties. To ensure non-repudiation, the system must have an auditable tracking of transfers to/from each trading partner. Go to <http://www.hhs.gov/ocr/privacy/> for further information on issues pertaining to secure exchange of confidential information. Contact the IAIABC for the availability of updated information on recommended security procedures.

6.4.1 LARA-WCA's Specifications

Receiver Name: The Receiver in these transactions LARA-WCA.

Receiver Type: LARA-WCA is a jurisdiction. No third party processors are used at this time.

Receiver ID: This is a unique identifier consisting of the Receiver's FEIN. The Receiver Identifier FEIN should be the same as those that the partner will use as the RECEIVER ID in the Header Record of all its EDI transmissions.

IAIABC Transaction Information: This section identifies all the transaction sets/report types described within the profile along with any options the Receiver can provide to the Sender for each transaction set. IAIABC members can access this document at www.iaiaabc.org/i4a/pages/index.cfm?pageid=3352.

Transaction Sets Used: IAIABC Transaction Sets used are 148/R21 and A49/R22.

Release/Version: LARA-WCA can receive information only using IAIABC Claims Release 3.

Acknowledgment Information

Mode: All LARA-WCA acknowledgments will be EDI.

Production Response Period: LARA-WCA will specify the time limit within which the Receiver shall generate, and the Sender may expect to receive, an acknowledgment for each listed transaction set.

Transmission Frequencies: LARA-WCA will accept transmissions for the transaction sets identified within this profile as described here.

Daily: LARA-WCA will accept transmissions on any and all calendar days of the week unless otherwise notified.

Weekly – LARA-WCA will accept transmissions on any and all calendar days of the week unless otherwise notified.

Monthly – LARA-WCA will accept transmissions on any and all calendar days of the week unless otherwise notified.

Other: LARA-WCA will accept transmissions on any and all calendar days of the week unless otherwise notified.

Processing Cut-Off Time: LARA-WCA will accept transmissions at any time but only those received before 5 PM EST on business days will be processed on the day received for the processing cycle specified above (e.g. daily, weekly, or monthly). Transmissions received after that time will be processed on the next business day.

Electronic Mailboxes: If one or more Networks can be used to exchange data, specify here all available electronic mailboxes to which data can be transmitted. Separate mailboxes are used for transmitting test versus production data.

Mailbox ID: The name of the LARA-WCA mailbox on the Michigan DEG.

User ID: The identifier of the Receiver entity to the State of Michigan DEG.

Class ID: The Michigan DEG allows “slots” in the mailbox. Separate Class IDs are used for transmitting test versus production data.

File Transfer Protocol (FTP): Information about the FTP site maintained by the State of Michigan.

IP Address/URL: Enter the Receiver’s Internet address, using a Uniform Resource Locator (URL) format.

Security Protocol: Specify the security protocol options the Receiver supports to be followed in downloading and/or uploading from/to the FTP site. The State of Michigan Data Exchange Gateway requires SSL/FTP or SFTP.

Encryption Level: Specify the minimum level of transmission encryption to be used in downloading and/or uploading from/to the FTP site. LARA-WCA requires at least 128 bit encryption.

6.4.2 Sender’s Response

Form 6.4.2 cannot be downloaded. LARA-WCA will complete the mailbox information and transmit the form for completion. A sample form is available for reference only.

Return This Page To: LARA-WCA information will be provided in the form.

Trading Partner Information

Date Prepared: Date this form completed.

Sender Legal Name: The name of the business entity that will be transmitting detailed workers' compensation data to LARA-WCA. This should be the same name that appears on the LARA-WCA Electronic Trading Partner Profile. The name of the Sender, whether Insurer, Self-Insurer, Third Party Administrator, or other Sender, should be entered as the full legal name of the entity, with no abbreviations. The named Sender shall include all other companies within the company named and authorized to write workers' compensation insurance or to provide insurance-related services within the named state.

Sender Type: Check all descriptors that apply to appropriately reflect the Sender's business type. For example, if the Sender is a carrier insuring some claims but is also acting as a third party administrator on other claims, the Sender should at least check both "Insurer" and "Third Party Administrator."

Sender ID: Enter Sender FEIN and Sender Postal Code.

IAIABC Transaction Information: This section identifies all the transaction sets/report types described within the profile along with any options the Receiver can provide to the Sender for each transaction set. IAIABC members can access this document at www.iaiaabc.org/i4a/pages/index.cfm?pageid=3352.

Transaction Sets Used: IAIABC Transaction Sets used are 148/R21 and A49/R22.

Release/Version: LARA-WCA can receive information only using IAIABC Claims Release 3.

Acknowledgment Information

Mode: All LARA-WCA acknowledgments will be EDI.

Production Response Period: LARA-WCA will specify the time limit within which the Receiver shall generate, and the Sender may expect to receive, an acknowledgment for each listed transaction set.

Transmission Frequency: The Sender will specify which data transmission frequency option it will use, from the choices provided by LARA-WCA.

Note: For FROI/SROI processing, the Sender is encouraged to transmit daily and receive acknowledgments daily to avoid processing delays and sequencing problems.

Electronic Send Mailbox:

Mailbox ID: The name of the LARA-WCA mailbox on the Michigan DEG.

User ID: The LARA-WCA Michigan DEG identifier assigned to the Sender.

Class ID: The Michigan DEG allows “slots” in the mailbox. Separate Class IDs are used for transmitting test versus production data.

Electronic Pickup Mailbox:

Mailbox ID: The LARA-WCA assigned identifier Sender’s mailbox on the Michigan DEG.

User ID: The LARA-WCA Michigan DEG identifier assigned to the Sender.

Class ID: The Michigan DEG allows “slots” in the mailbox. Separate Class IDs are used for transmitting test versus production data.

File Transfer Protocol (FTP):

IP Address/URL: Enter the Receiver’s Internet address using a Uniform Resource Locator (URL) format.

Security Protocol: Form 6.4.2 specifies the security protocol options to be followed in downloading and/or uploading from/to the FTP site. The State of Michigan Data Exchange Gateway requires SSL/FTP, SFTP, or HTTPS for web interface.

Encryption Level: Specify the minimum level of transmission encryption to be used in downloading and/or uploading from/to the FTP site. LARA-WCA requires at least 128 bit encryption.

APPENDIX

TABLES:

- R3 Event Table Instructions
- Michigan R3 Event Table
- R3 Element Requirement Table Instructions
- Michigan R3 Element Requirement Table
- R3 Edit Matrix Instructions
- Michigan R3 Edit Matrix

FORMS:

- Form WC-100
- Form WC-107

TRADING PARTNER DOCUMENTS:

- Form 6.1 – Electronic Partnering Agreement
- Form 6.2 – Trading Partner Profile
- Form 6.3 – Partnering Insurer/Claim Administrator ID List
- 6.4 – Transmission Profile:
 - Form 6.4.1 – LARA-WCA's Specifications (reference copy only)
 - Form 6.4.2 – Sender's Response