

Division of Workers' Compensation

Application for Data Collection Agent Designation

The Texas Department of Insurance, Division of Workers' Compensation (DWC) is seeking applications from qualified candidates to serve as a data collection agent. The agent will collect and maintain Texas Claim Electronic Data Interchange (EDI) information that workers' compensation insurance carriers under Texas Labor Code §401.011(27) report using the International Association of Industrial Accident Boards and Commissions (IAIABC) Release 3.1 according to 28 Texas Administrative Code, Chapter 124.

1. Data Collection Agent Responsibilities

DWC administers the Texas workers' compensation system. Texas Labor Code 411.012, 411.031, and 411.033 requires DWC to maintain data related to injuries. Texas Labor Section 401 also allows the commissioner of workers' compensation to designate and contract with a data collection agent to fulfill the data collection requirements of the Texas Workers' Compensation Act.

Insurance carriers are required to submit claim information under Texas Labor Code Section 411.032. DWC implemented the IAIABC Claims EDI Release 1.0 in 1995, to collect claim EDI data from insurance carriers and trading partners on behalf of workers' compensation insurance carriers.

Today, about 434 insurance carriers and trading partners report claim data electronically to DWC. There are approximately 700-800 entities providing workers' compensation insurance coverage in Texas, which include insurance companies, certified self-insured employers, group-self-insured employers and self-insured governmental entities and risk pools. There are about 400 trading partners submitting claims data on behalf of these entities.

Insurance carriers and their trading partners must use the American National Standards Institute (ANSI) X12 148 format to transmit first report of injury data. DWC receives about 530,000 first report of injury transactions each year, 73% reported by commercial carriers and certified self-insured employers. Insurance carriers and their trading partners must use the ANSI X12 A49 format to transmit subsequent reports of injury. DWC receives about 230,000 subsequent report of injury transactions each year, 77% reported by commercial carriers and certified self-insured employers.

DWC is in the process of rulemaking to revise the claim data collection standard from the IAIABC Claims EDI Release 1.0 standard to the IAIABC Claims EDI Release 3.1. The duties of the designated data collection agent are to:

- assist DWC with finalizing Texas Claim EDI Release 3.1 requirements and implementation timelines;
- implement Texas Claim EDI Release 3.1 reporting, including testing and trading partner certification;
- collect, store, and report on Texas Claim EDI Release 3.1 data and support interface programs with DWC's enterprise claim system;
- provide customer support to reporting insurance carriers, including billing for services; and
- meet or exceed DWC performance standards.

2. Minimum Qualifications

Texas Labor Code 401.024(c) requires a data collection agent to show at least five years of experience in data collection, data maintenance, data quality control, accounting, and related areas.

An applicant must provide information showing that it meets the minimum qualifications with enough detail to enable DWC to verify the applicant's data collection experience. This must include:

- a list of specific projects;
- a description of the data collected under the projects;
- the period the applicant collected the data;
- the data maintenance and quality control processes the applicant enacted;
- the entities the applicant collected this data for; and
- and contacts for those entities.

3. Performance Standards

The designated data collection agent must adhere to the Performance Standards. To complete the application, companies interested in applying for the data collection agent position should request a copy of the Performance Standards by emailing a statement of interest to RuleComments@tdi.texas.gov.

4. Timeline for Data Collection

DWC must complete formal rulemaking to require insurance carriers to submit Texas Claim EDI data in the IAIABC Release 3.1 format. DWC anticipates adopting these rules in calendar year 2021 and will work with the designated data collection agent to finalize report requirements and timeframes.

5. Communication with DWC before Data Collection Agent Appointment

Applicants or potential applicants must direct all questions in writing to RuleComments@tdi.texas.gov. DWC staff will not answer questions through telephone. DWC will publish responses to questions on its website.

On publication of this document, and before a qualified entity is designated as data collection agent, employees and representatives of DWC — other than the DWC contacts identified in this document — will not discuss the contents of this application with any applicant, potential applicant, or its representatives.

If an applicant or any of its representatives fail to observe this restriction, they may be disqualified.

This restriction does not preclude discussions between affected parties for the purpose of conducting business unrelated to this data collection agent designation.

6. DWC Contact

Companies interested in the data collection agent designation to collect Claim EDI data must send a completed application to RuleComments@tdi.texas.gov. A completed application consists of the company's response to the questions under **Section 8 (Applicant Questions)** contained within this application document. DWC is subject to the Public Information Act under Texas Government Code Chapter 552. Companies should label any confidential or privileged information "confidential" or "privileged." Applicants and potential applicants must address any questions to RuleComments@tdi.texas.gov.

7. Deadline

Applicants must provide their completed application, including their responses to the questions and all documents, no later than **Monday, October 26, 2020**.

The commissioner of workers' compensation is not obligated to designate a data collection agent as a result of this request to interested parties.

8. Applicant Questions

Applicants wishing to be designated as a data collection agent must provide answers to the following items and questions:

- 1) Provide the following information about your company:
 - name, address, email address, telephone, and fax number of the company submitting the proposal;
 - the federal employer identification number and Texas tax identification or registration number with a copy of local business or Texas tax license;
 - company profile providing introductory and background information on the entity, and any affiliated companies;
 - profiles of key staff who will be responsible for providing the required services;
 - listing of trading partner services to insurance carriers in Texas and other states; and
 - disclosure of any potential conflicts of interest in serving as the data collection agent for DWC.
- 2) Describe your company's experience collecting claim data using the IAIABC Claims Release 1.0, 3.0, or 3.1 EDI data format, the company you collect data for, and how long your company has been collecting claim data. Discuss the method of data collection, as well as data maintenance and quality control procedures your company has in place. Discuss billing and invoicing, report development, experience managing the process of testing and certification of trading partners who submit data using the IAIABC Claims formats and other relevant activities your company has in place.
- 3) Describe your company's experience collecting nonclaim data in Texas or other states. Discuss the type of data your company collects, the company you collect data for, who your company reports the data to (if any), and how long your

company has been collecting the data. Discuss the method of data collection, as well as data maintenance and quality control procedures your company has in place.

- 4) Describe the staffing and resources your company will devote to this data collection agent role. Detail the qualifications, education, training, experience, and certifications of key staff that will provide services if your company is designated as the data collection agent.
- 5) Describe the data collection and maintenance processes and procedures your company has in place for:
 - tracking submissions and identifying companies that have not submitted required data or companies that have not submitted expected Claim EDI data;
 - handling error correction and resubmission of Claim EDI data;
 - monitoring data for compliance with edits and event triggers;
 - minimizing late or inaccurate data reporting, including incentives for timely and accurate reporting;
 - educating and training eligible insurance carriers about data reporting requirements, including procedures for new reporting insurance carriers to test and certify as trading partners; and
 - any additional activities to promote data quality and integrity.

Describe the infrastructure and staffing the data collection agent has in place to ensure it can implement the necessary customer support functions to assist insurance carriers in reporting and submitting data under the IAIABC Claims EDI Release 3.1 standards (see Performance Standards, Sections 3. Timeliness and 4. Reporting Insurance Carrier Support).

- 6) Describe the data security processes and procedures your company has in place for:
 - maintaining one or multiple databases, including backup or off-site copies of data;
 - encrypting and protecting data at rest and in transit;
 - restricting access to data and databases and preventing alteration to data and databases; and
 - physically securing offices, computer resources and data.

Describe the infrastructure, security controls, and staffing the data collection agent has in place to implement the necessary data security procedures to ensure DWC's data is protected (see Performance Standards, Sections 9. Data Security and 14. Method of Collecting Data). This includes conducting criminal background checks on data collection agent staff assigned to any work concerning Texas Claim EDI Release 3.1 data collection (see Performance Standards, Section 16. Staffing).

- 7) Describe how your company would assist an insurance carrier's transition from reporting Texas Claim EDI data in Release 1.0 format to reporting Texas Claim EDI Release 3.1 data to your company. The plan should include:
 - a proposed transition timeline;
 - transfer of historical data and reporting records for Texas Claim EDI Release 1.0 from DWC, including identifying the format needed to affect this transfer and describing how these transferred records will be stored and viewed by DWC;
 - processes for executing contracts and establishing technical capabilities between the data collection agent and reporting insurance carriers;
 - processes for testing and certifying insurance carriers and their trading partners to transmit data;
 - the regular schedule of data collection, processing and reporting;
 - initial billing for services to reporting insurance carriers; and
 - other activities necessary to transfer data collection agent activities and initiate activities as the Texas Claim EDI Release 3.1 data collection agent.

- 8) Are there any requirements in the Performance Standards your company cannot meet, meet in the specified time frame, or agree to? If yes, please describe the requirements and the reasons your company cannot meet them, meet them in the specified time frame, or agree to them.

- 9) Has your organization paid any fines or penalties for civil or criminal violations of law in any jurisdiction in the United States? If yes, provide the years these fines or penalties were imposed, the jurisdictions, and describe the violations involved.

- 10) Has your organization had any civil or criminal judgments imposed on it by a court of law or government agency in any jurisdiction in the United States? If yes, provide the years these judgments were imposed, the jurisdictions, and describe the violations involved.

11) Under Texas Labor Code Section 401.024(e), the agent may collect fees from a reporting insurance carrier, other than a governmental entity to recover the necessary and reasonable costs of collecting data from that reporting insurance carrier. A reporting insurance carrier, other than a governmental entity, must pay the fee to the data collection agent for the data collection services the data collection agent provided.

Provide an estimate of the necessary and reasonable costs allocations to reporting insurance carriers for collecting Texas Claim EDI Release 3.1 data separately for:

- Start-up costs. These are one-time costs necessary to begin collecting Texas Claim EDI Release 3.1 data.
- Annual data collection costs. These are the costs for your company to collect Texas Claim EDI Release 3.1 data on an ongoing basis.
- Other. Please describe any other activities or services.

Describe any cost-saving suggestions or opportunities for reporting insurance carriers. Provide any procedures for occurrences of non-payment by reporting companies.

The cost to develop the system to collect Texas Claim EDI Release 3.1 data and for the agent to fulfill the duties this document describes must be included in fees collected from the reporting insurance carriers, which must pay any and all data transmission costs. **DWC will not incur any costs as a result of this request or designating a data collection agent.**

12) Describe the actions your company has taken since March 13, 2020, to ensure its continued operation during the COVID-19 pandemic to ensure it can continue to operate without substantial interruption.

13) Is there anything else you want us to know about your company's ability to provide data collection services?