

ACORD-LOMA 2006 Insurance Systems Forum

A Step Towards Workers
Compensation STP

Agenda

- ◆ Standards
- ◆ Workers' Compensation Standards Groups
 - IAIABC XML Committee
 - WCIO
- ◆ Process Improvements
- ◆ Status of Work Completed, In Development and In Plan
- ◆ Straight-Through-Processing
- ◆ Questions and Commentary

Panelists

◆ Pete Marotta
ISO

◆ Randy Mellin
Workers Compensation Insurance Rating Bureau of CA
and WCIO XML Committee Chair

◆ Richard Saltzman
NCCI

◆ Michelle Wiseman
State of Montana & IAIABC XML Committee Chair

Standards

Types of Standards

- ◆ Business Models
 - Identify All the Major Processes and Relationships
- ◆ Common Insurance Terminology
- ◆ Coverage and Forms
- ◆ Process Standards
 - Application Forms, Report of Injury or Claim, Licensing, etc.

Types of Standards (cont'd)

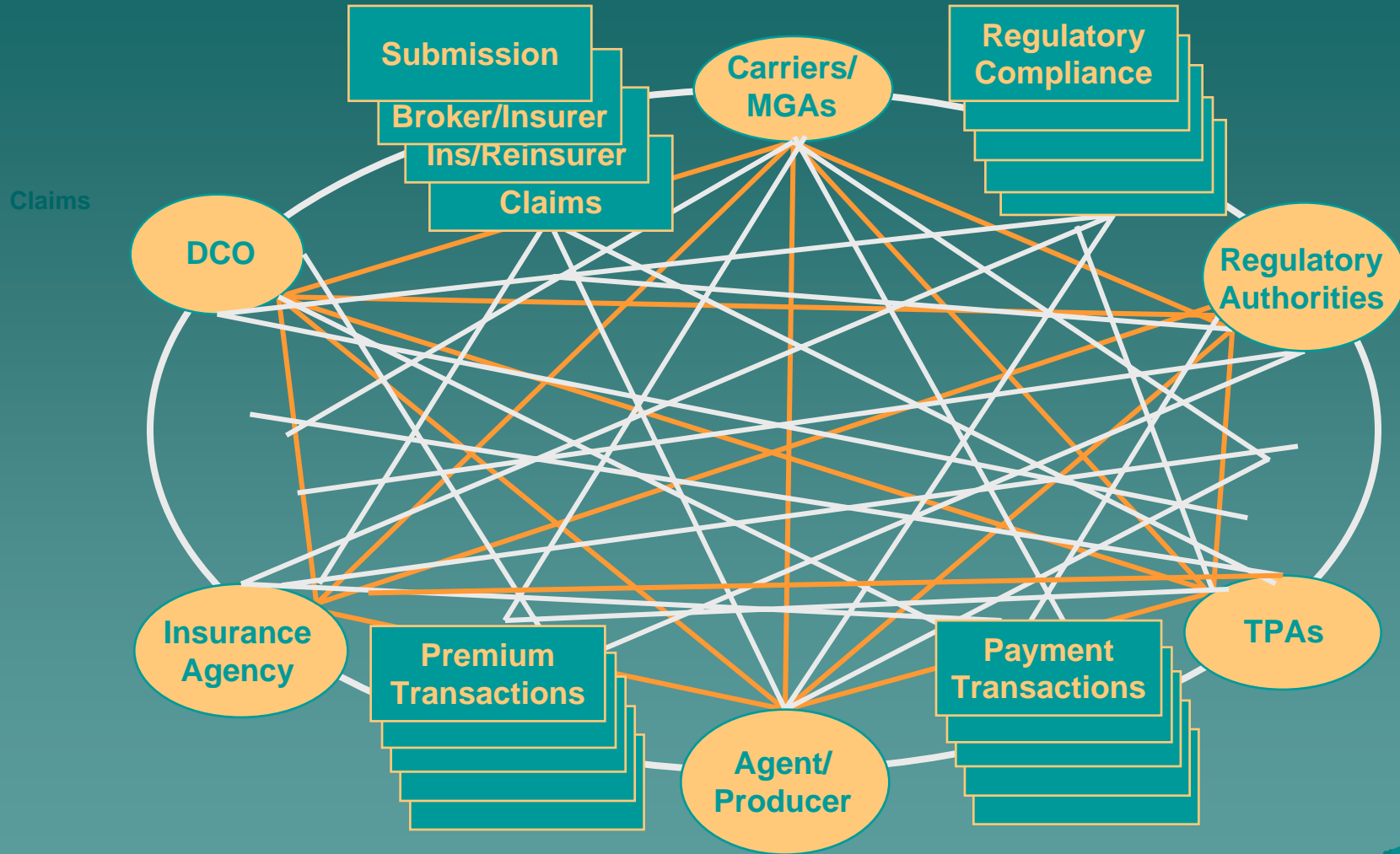
◆ Other

- Solvency Standards
- Financial Information Exchange Standards
- Market Conduct Information Standards
- Ratemaking Standards
- Operating Data Standards
- Data Exchange Standards
- Data Quality Standards

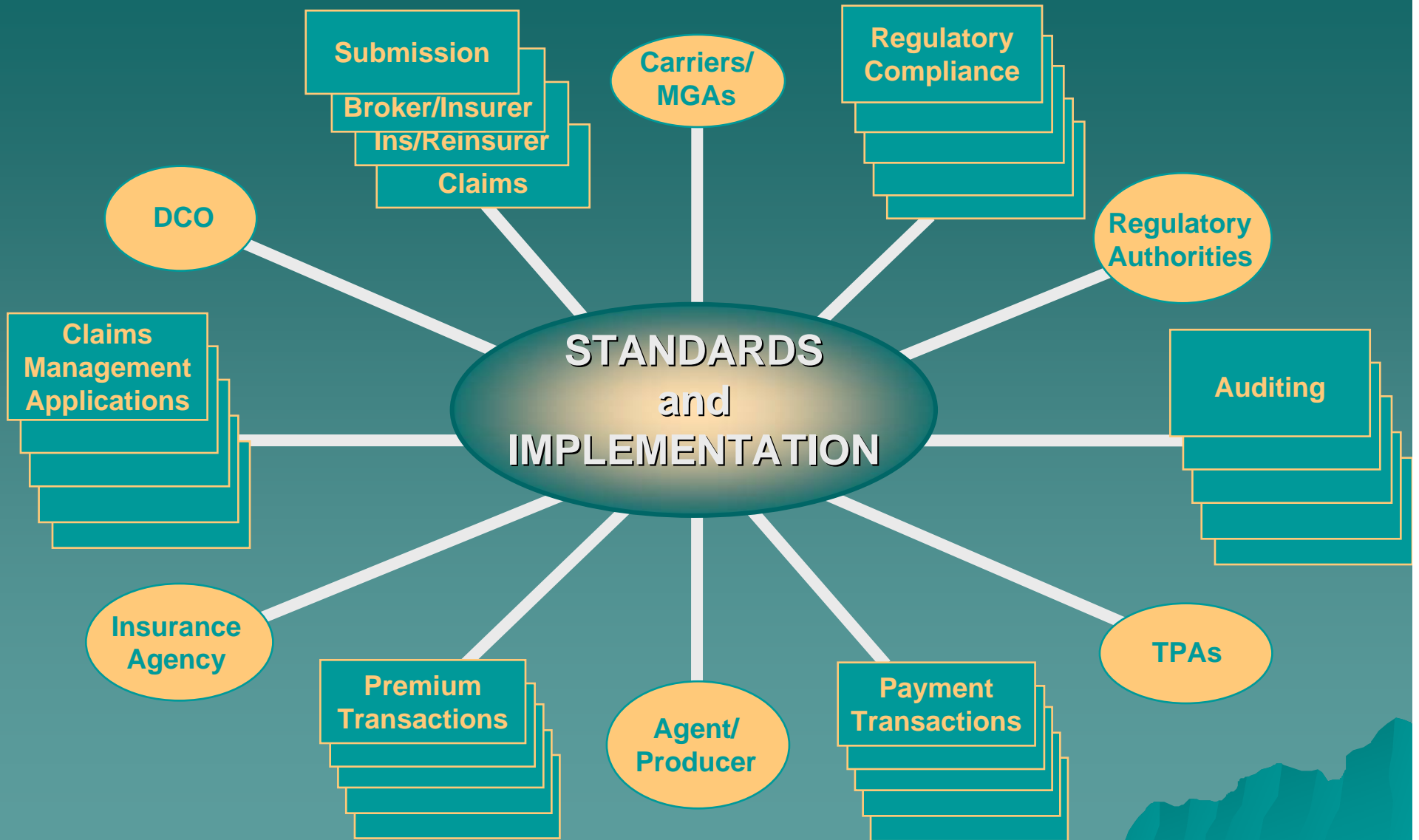
Regulatory and Data Collection Organization Standards

- ◆ Proof of Coverage
- ◆ First and Subsequent Reports of Injury
- ◆ Medical Reporting
- ◆ Policy Forms and Coverages
- ◆ Rate Making Standards
- ◆ Data Reporting Standards
- ◆ Data Quality Standards
- ◆ Data Element Definitions
- ◆ Code List Definitions

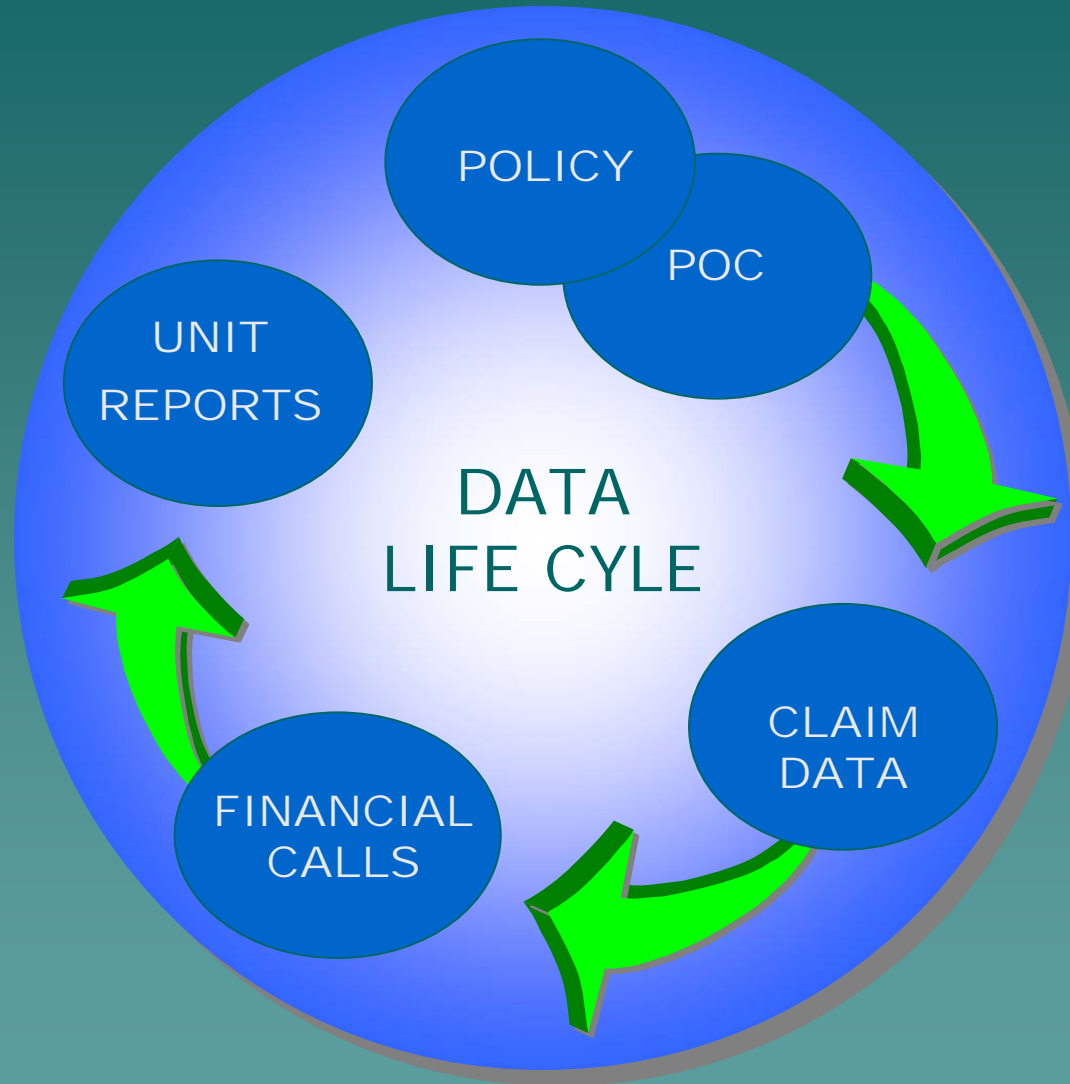
Data Standards



Data Standards



Overview of Data Reporting



Data Type Overview

Policy data—Estimated exposure and premium, and also includes coverage information on the employer

Data uses:

- Tracking the receipt of statistical data, administration of assigned risk pools, and actuarial analysis
- Proof of Coverage Service (POC)—for regulators to confirm coverage
- Mechanism for delivery of experience rating modifications

Unit Statistical data—Audited exposure, premium, and loss information for a policy

Data uses:

- Ratemaking—Development of advisory loss costs or rates to determine premium for W/C insurance
- Experience Rating—Production of experience modification factors based on the relative experience of an insured used to forecast future losses
- Actuarial Analysis—Evaluation of claim costs, frequency, development, and other statistical values

Data Type Overview (cont'd)

Financial data—Aggregated (summarized) premium, losses, and expenses.

Data uses:

- Ratemaking—Used to determine the overall lost cost or rate change should be for the respective state
- Supplement to Ratemaking—Supports market analysis and research, and responds to state regulatory requirements

Claim Data—First Report of Injury (FROI), Detailed Claim Information (DCI) and Individual Case/Claim Reports (ICR)—Individual “detailed claim reporting”

Data uses:

- Fulfills the regulatory tracking of claim payments
- Provides valuable information on cost containment
- Provides research capability of major claims (death and permanent total claims)

Workers' Compensation Standards Groups

What does the IAIABC XML Committee Do?

Mission

Develop and maintain an XML standard, in partnership with ACORD and WCIO, for the IAIABC EDI products:

- Claims
- Medical
- Proof of Coverage

The XML format provides an optional transmission tool for submitting data using the IAIABC standards.

What does the IAIABC XML Committee do? (cont'd)

- ◆ EDI product standards will be maintained in their respective committees.
- ◆ When changes are made to the product standard – the committee (i.e. Proof of Coverage) will work with the XML Committee to ensure the XML format is synchronized with the flat file format.
- ◆ The XML Committee will maintain the XML format in conjunction with ACORD standards and processes.

Who is WCIO?

Workers Compensation Insurance Organization

WCIO is a voluntary association of statutorily authorized or licensed rating, advisory, or data service organizations that collect workers compensation insurance information in one or more states.

The WCIO is composed of presidents and managers of the various rating bureaus/DCOs. The purpose of the WCIO is to provide a forum for the exchange of information about workers compensation insurance.

Who is WCIO? (cont'd)

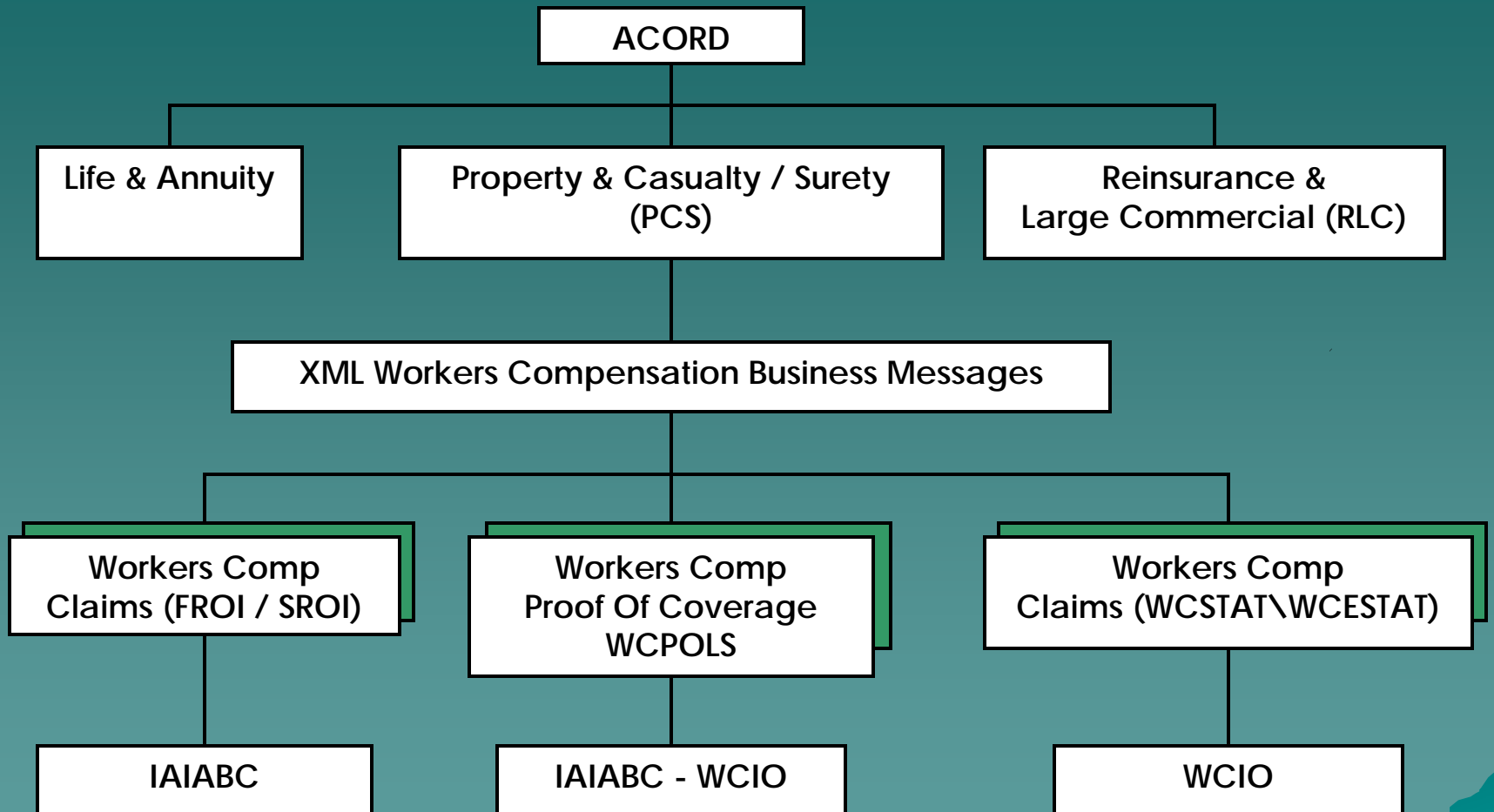
WCIO has developed standards for the electronic transmission of information between insurers and rating/advisory organizations and are available for:

- Policy information
- Unit statistical reporting
- Experience modifications
- Detailed claim information
- Individual case reports

WCIO has designated committees, which make recommendations for action, as appropriate. Among them, the WCIO XML Technical Task Group created the XML reporting format for existing WCIO products.

- EDI flat file format will continue to be used
- XML files will be extensions/alternative format

XML Partnering



Process Improvements Opportunities

Process Improvements Utilizing XML

- ◆ Common Data Dictionary that Spans Across Multiple PC&S Insurance Lines of Business
- ◆ Simplified Data Exchange Between Business Partners
- ◆ Provides for Transparency Between Disparate Systems and Technology Platforms
- ◆ Improved Customer Relationship - Less Time Processing
- ◆ Ease of Doing Business
- ◆ Improved efficiencies and data quality

Process Improvements Utilizing XML (cont'd)

- ◆ Reduced obstacles to data sharing
- ◆ On Demand Real-Time Experience Modification Data
- ◆ Ability to Exploit Web Services Using Automated WCESTAT and WCEPOLS Error Correction
- ◆ Provide Capability to Map and Display Experience Modification Worksheet Data through Web Based Browsers in Real-Time
- ◆ Provides for Simplified and More Dynamic Import, Processing and Storage of Data Between Business Partners' Systems

Status of Work Completed, In Development and In Plan

WCIO EDI Committee Background and ACORD XML V2 Standards Development

- ◆ WCIO EDI Committee develops and maintains data reporting standards for the exchange of workers' compensation related data between Data Collection Organizations (DCOs) and Insurance Companies – currently standards in flat file format
- ◆ WCIO EDI Committee comprised of representatives from DCOs (WCIRB of CA, NCCI, etc.) and Insurance Companies (Hartford, Liberty, etc.)
- ◆ WCIO EDI Committee members participate in ACORD XML Groups to establish ACORD XML V2 standards for the WCIO EDI data products (WCSTAT, WCETAT, WCRATING, WCPOLS and WCEPOLS)
 - PCS V2 WG (business and architectural requirements for all PCS LOBs)
 - PCS V2 Claims Sub-Group (claims data reporting for all PCS LOBs)
 - PCS V2 Technical Sub-Group (technical requirements for all PCS LOBs)
 - PCS V2 Workers' Compensation Claims Sub-Group (specifically for workers' comp data reporting – IAIABC and WCIO EDI data products)

WCIO EDI XML V2 Standards Participation and Development Plan

- ◆ Work with ACORD sub-groups to complete logical mapping of all WCIO EDI flat file record fields to ACORD XML V2 tags and aggregates for all WCIO EDI data products
- ◆ Work with ACORD to validate that all necessary tags and aggregates for the WCIO EDI data products are part of the ACORD XML V2 Worker's Comp Standards and add new tags and aggregates as required
- ◆ WCIO EDI Committee members in conjunction with ACORD to create mapping documents, Visio UML diagrams, generic message structures, sample XML V2 data messages and implementation guides for all WCIO EDI data products
- ◆ Conduct pilots between DCOs and Insurance Companies for each message standard before it is officially adopted and approved by ACORD

IAIABC XML Development Plan

- ◆ IAIABC Claims Release 3 (CR3) Product
 - ACORD V2 Workers Compensation & Claims Sub-Group
 - Adopt process methodology (batch~single record, error handling)
 - Map First Report of Injury (FROI) and Subsequent Report of Injury (SROI) and Acknowledgment data elements to existing ACORD message tags
 - Create new message tags in ACORD XML Standard Version 2, as needed
 - Create Comparable Sample Streams (Flat file ~ XML)
 - Verify functional model, beta testing
 - Create supplement to the CR3 Implementation Guide for XML

- ◆ Proof of Coverage (including WCIO's WCPOLS and WCEPOLS – Scheduled in ACORD XML Version 2 - Phase 2

- ◆ Medical – ACORD unknown at this time. IAIABC will also research the Federal adoption of the HL-7/835 standard in XML for Medicare, so we will consider that product for development.

IAIABC XML Development Plan (cont'd)

The IAIABC work on XML development for CR3 is estimated to take 12-16 months after the ACORD Version 2 - Phase 1 CR release.

This is due to the initial learning curve of ensuring IAIABC to ACORD compatibility, structure, etc.

Proof of Coverage development could be faster for two reasons:

- ◆ IAIABC will be more familiar with the process
- ◆ WCIO is a strong partner at ACORD for WCPOLS reporting which is already proven to be compatible with the IAIABC Proof of Coverage product.

Medical

- ◆ IAIABC will research the Federal adoption of the HL-7835 XML Standard for Medicare for possible use

Legal

- ◆ IAIABC will research the LegalXML product of the Electronic Filing Committee of the American Bar Association for Workcomp Court

Completed WCIO EDI XML V2 Standards

- ◆ WCSTAT – Unit Statistical Reporting
- ◆ WCESTAT – USR Error Correction Reporting
- ◆ WCRATING – Experience Modification Worksheets
- ◆ Completed Tasks for each standard
 - Mapping documents
 - Visio UML diagrams
 - Generic message structures
- ◆ Tasks in Progress for each standard
 - Creating sample messages with real data to test the designs to be completed June 2006
- ◆ Tasks to be completed for each standard
 - Create implementation guides by September 2006
 - Conduct pilots between DCO and Insurance Companies by November 2006

WCIO EDI XML V2 Standards in Development

- ◆ WCPOLS – Policy Data Reporting (POC)
 - WCPOLS (general message structure*) completed in ACORD XML V1, but excludes general and jurisdiction specific endorsements records data elements
- ◆ WCEPOLS – Policy Data Error Correction Reporting
 - Standard to be developed and completed after completion of all of WCPOLS
- ◆ Tasks to be completed by November 2006
 - Migration of work completed earlier for WCPOLS* from V1 to V2
 - Update/complete mapping documents for WCPOLS* from V1 to V2
 - Complete Visio UML diagram for WCPOLS*
 - Complete generic message structure for WCPOLS*
 - Create sample messages with real data to test the design of WCPOLS*
 - Develop standards for WCPOLS generic and jurisdiction specific endorsements
 - Integrate WCPOLS endorsements XML V2 standards into mapping document, Visio UML diagram, generic message structure and create sample messages to test the design

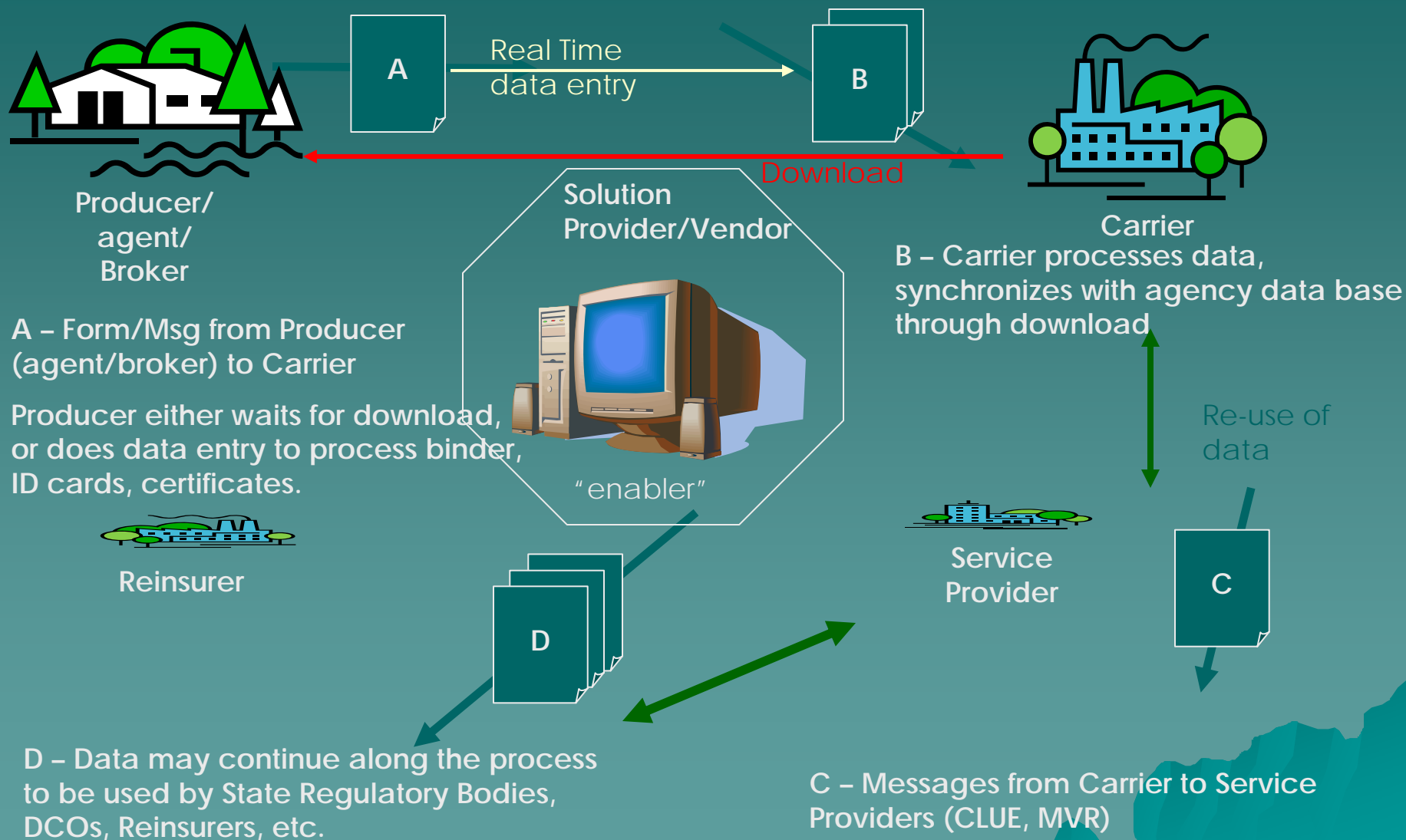
WCIO EDI XML V2 Standards in Development (cont'd)

- ◆ Tasks to be completed by November 2006 (cont'd)
 - Develop XML V2 standards for WCEPOLS
 - Create mapping document, Visio UML diagram, generic message structure and create sample messages to test the design for WCEPOLS

- ◆ Tasks to be completed by June 2007
 - Create implementation guides for WCPOLS and WCEPOLS
 - Conduct pilots between DCOs and Insurance companies

The Goal: Straight-Through-Processing

The Goal: Single Entry



Thank You ACORD!

The IAIABC and WCIO would like to sincerely thank ACORD for all their guidance, assistance, patience and perseverance with the development of the ACORD XML V2 standards for the Workers' Compensation industry, data collection organizations and insurance companies!

And again, thank You!

Questions and Commentary