



TEXAS
WORKERS' COMPENSATION COMMISSION
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MEMORANDUM

DATE: May 20, 2005

TO: All Insurance Carriers and Trading Partners for Medical Billing Data Collection

FROM: Allen McDonald, Director of Medical Review
Stacey Jefferson, Director of Business & Information Technology Services

RE: Transition from Payment Exception Codes (PEC) to ANSI Claim Adjustment Reason Codes for Processing Medical Bills and Submitting Data to TWCC

On March 28, 2005, the Commission published a document to provide some guidance for the transition from the use of Payment Exception Codes (PEC) to the ANSI Claim Adjustment Reason Codes for bill processing and data submission purposes. We published this document in response to stakeholder requests for information on the relationship between the two code-sets and the identification of appropriate ANSI codes for the Texas workers' compensation system. In addition, this document may be used to assist insurance carriers in modifying their automated systems to support the transition to the new reporting mechanism while ensuring that the health care provider is appropriately informed about why a bill was reduced or denied.

This document is dynamic in nature and represents our current opinion on the appropriate use of particular ANSI codes. However, we recognize that there may be other applications of these codes for specific business situations and scenarios. If an insurance carrier or trading partner identifies the need to use a code contrary to this guidance, they should send an explanation and description of the scenario to medical.benefits@twcc.state.tx.us. We will consider this information and adjust the guidance as necessary to more closely match the business environment.

From a technical standpoint, the Commission will accept all active ANSI codes through the data submission system in order to help ensure a successful transition to the new reporting mechanism. While all active codes may pass the technical edits in the data transmission process, this does not mean that all codes are correct or appropriate for an individual situation. Rule 133.304(c) requires the carrier to include the correct "code" and a sufficient explanation on the explanation of benefits. For dispute resolution and enforcement purposes, the key question will be whether or not a particular code (and explanation) is correct or appropriate for the reason the carrier denied or reduced a bill.

We believe that it is only through the experience gained by the insurance industry and provider community using these codes over the next year that an informed publication can be developed that more precisely directs which codes should or should not be used in any and all Texas circumstances. At that time the 837 bill submission system's edits will be changed in accordance with that more detailed direction. In the meantime, we hope that the published document helps provide the necessary guidance for this transition and encourages dialogue between system participants and the Commission.