

ACQUIRED CLAIMS PROCESSING

A claim is considered to be an acquired claim any time a new claim administrator has acquired claims from a prior claim administrator. Notification of the acquisition and FEIN of the acquiring claim administrator is essential in processing acquired claims.

A jurisdiction can receive transactions from multiple claim administrators at different times or concurrently over the life of a claim. Additional definitions, process rules, problems, recommendations, and scenarios are listed below that further clarify the process claim administrators and jurisdictions should use when acquired transaction events occur.

Definitions

Existing claims: A claim can exist in the prior claim administrator's system in an open or closed status. At the time of acquisition, some claims may or may not be administered by the new claim administrator. If the prior claim administrator continues to handle certain claims, then these are not acquired claims. If the new claim administrator receives existing open or closed claims from the prior claim administrator, then these claims are considered "acquired" if the new claim administrator will be responsible for them. It is possible for both the prior and new claim administrator to handle claims for the same client and be subject to the terms of the client's agreement with the prior and new claim administrator.

The prior claim administrator may not have the ability to send any additional transactions once the new claim administrator takes over. The new claim administrator may not be able to fix old claim administrator inaccuracies. The jurisdiction will communicate what claims are required to be reported through the acquired claims process on the Event Table (e.g. only open claims; only open claims and claims closed within a set time period prior to acquisition as identified by the new claim administrator). The jurisdiction and claim administrator need to reconcile any exceptions. For example, the previous claim administrator may not have received a TA (Transaction Accepted) for a Final to close the claim yet reported the claim as closed to the new claim administrator. The new claim administrator would then be responsible for the closure even though they are not making any payments. See Acquisition/Indemnity Ceased (AC MTC) for more information.

New claims: A new claim administrator that receives first reports of injury after the effective date of a new contract between parties, or merger, or acquisition should not file acquired claims reports (MTC AU); instead, it should file original first reports of injury (MTC 00). Likewise, should a prior claim administrator retain a certain group of open or closed claims and submit follow-up reports to a jurisdiction, the claims are not considered acquired.

Acquired Claim Processing Rules

In order for jurisdictions to process acquired claims from a new claim administrator, their element requirements, event, and edit matrix tables must include MTCs AU, AQ, and AP. MTC AC Acquisition/Indemnity Ceased is intended to report suspension of indemnity paid by the prior claim administrator where that suspension was not reported prior to claim transfer to the new claim administrator. Jurisdictions that require reporting of this type must include MTC AC on their tables.

It is recommended that the jurisdiction reduce the data element requirements on the AQ, AC and AP transactions for open reportable claims. See Jurisdiction Element Requirement and Edit Process Recommendations below.

Any payment information that may have been received from the previous claim administrator(s) will be summarized into Unallocated Prior Indemnity Benefits Paid to Date (430) and Unallocated Prior Medical Paid to Date (440) and reported on any future SROI transactions.

Section 4: Business/Technical Process Rules

If a claim has been acquired and an AU or AQ has previously been reported to the jurisdiction, the first payment by the new claim administrator will be reported using MTC AP. Initial payments on new injuries occurring after the takeover effective date will be reported using MTC IP, after the 00 Original is reported to the jurisdiction.

If a claim has been acquired and has not been previously reported to the jurisdiction (AQ rejected), and the acquiring claim administrator is denying the claim in its entirety, one of the following options applies:

- AFROI 04 (Denial) can be sent; however, this will not provide the jurisdiction with notification that the file has been acquired. Some jurisdictions include acquisition information in their penalty decisions, if the filing/payment is late. If a FROI 04 is sent to deny the claim, and the claim administrator later decides to rescind the denial, a SROI IP (or its equivalent) must be sent. An AP cannot be sent because the jurisdiction has no prior knowledge of the acquisition.
- A FROI AU can be sent, along with a SROI 04. This will provide the jurisdiction with notification that the file has been acquired and totally denied. If a FROI AU and SROI 04 is sent to deny the claim, and the claim administrator later decides to rescind the denial, a SROI AP (or its equivalent) must be sent. An IP cannot be sent because this is the first payment by the acquiring claim administrator.
- A third option is available, only if permitted by the jurisdiction. A FROI AU can be sent, followed by a FROI 04 (in place of the SROI 04). Some jurisdictions include acquisition information in their penalty decisions, if the filing/payment is late. If a FROI AU is sent followed by a FROI 04 to deny the claim, and the claim administrator later decides to rescind the denial, a SROI AP (or its equivalent) must be sent. An IP cannot be sent because this is the first payment by the acquiring claim administrator.

Acknowledging the AQ/AU

When an AQ or AU is acknowledged it is recommended that the Acquisition Status **Code** be returned on the accepted (TA/TE) acknowledgement. The code will alert the claim administrator of what type of SROI transaction may be due, if any, based upon the jurisdiction's status of the claim and their Event Table. See Section 6 Data Dictionary, Acquisition Status Code.

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SROI AC Acquisition/Indemnity Ceased

1. Upon receipt of a TA or TE acknowledgement with the Acquisition Status **Code** sent, the Claim Administrator should review the claim and submit the appropriate transaction. If a claim has been acquired and the new claim administrator does not anticipate making further indemnity payments, an Acquisition/Indemnity Ceased (MTC AC) transaction may be sent (based on the jurisdiction's Event Table) to substitute for transaction(s) not accepted from a prior Claim Administrator.
2. Claim Administrators should be aware that the submission of a AC (Acquisition/Indemnity Ceased) MTC may not resolve the Claim Administrator's previous obligation to have reported individual MTCs and they may be subject to penalties upon audit or administrative review at the discretion of the jurisdiction. See Section 6 Data Dictionary, Maintenance Type Code, AC.
3. MTC SROI AC shall not be used to replace a missing FROI or SROI 04.
4. If any indemnity benefits have been reported by the acquiring claim administrator then the AC shall not be sent.
5. If indemnity benefits were previously paid, a Benefit Segment shall not be required but OBT 430 shall be provided unless Employer Paid Salary Prior To Acquisition Code (DN0203) is equal to E.
6. Mandatory data on a SROI AC should be limited. See Jurisdiction Element Requirement and Edit Process Recommendations below.
7. A jurisdiction may not be aware that a new claim administrator has taken over a claim and when implementing the SROI AC should allow adequate time for the current claim administrator to be identified and the AC to be triggered as identified on the Event Table.

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Jurisdiction Processing Issues

Jurisdictions must understand that during the process of handling acquired claims that claim administrators may adjust financial data to more correctly reflect actual expenditures.

If the jurisdiction receives subsequent reports from a claim administrator who is not the claim administrator found in the matching criteria, the jurisdiction must determine how to match the incoming acquired transaction to existing reports on file. The jurisdiction needs to determine if there is an acquiring claim administrator who has not filed an AQ or AU, or if an additional claim administrator is concurrently handling a portion of the claim along with a new claim administrator. The jurisdiction will be challenged to match on traditional match data and will need to have quality data in the Insurer FEIN and Claim Administrator FEIN data elements for match purposes. If the new claim administrator is reporting the Acquired Unallocated Indemnity and Unallocated Medical benefits, then the jurisdiction should reject the current transaction and require an AQ or AU transaction; otherwise the jurisdiction needs to determine whether to add a new acquired report as an original first report, change existing claim information, or reject the transaction as a duplicate.

It is recommended that jurisdictions utilize a report to identify claims where it appears transactions may be missing based on jurisdictional requirements, e.g. suspension after it appears that benefits have been exhausted.

Problems with Processing Acquired Transactions

- The data received by a new claim administrator from a prior claim administrator is usually incomplete and not provided in a timely fashion.
- The format of the data provided to the new claim administrator may be electronic or on paper.
- The financial data may consist of a single paid to date summary or provided in a detailed manner that does not map to EDI standards.
- There may be even less information provided by the prior claim administrator on closed claims.
- The new claim administrator is not provided with any information from the prior claim administrator regarding which EDI transactions have already been filed, nor provided with the Jurisdiction Claim Number that the jurisdiction assigned.
- There may have been multiple prior claim administrators and each time the claim is transferred, more details on the historical information may be lost.
- The new claim administrator's system may prevent the entry of payment data from a prior claim administrator. It may not be possible to rebuild historical information to satisfy EDI reporting requirements.
- Jurisdictions should recognize that under-reporting of benefit payment amounts could result if simple replacement logic is used when acquired transactions are received and matched to existing claims in their systems.

Section 4: Business/Technical Process Rules

Jurisdiction Element Requirement and Edit Process Recommendations

1. Mandatory data on an AQ FROI transaction should be limited to:

- Jurisdiction Code
- Date of Injury
- Claim Administrator FEIN
- Insurer FEIN
- Employer FEIN
- Insurer Name
- Claim Administrator Name
- Employer Name
- Claim Administrator Address
- Employee Name
- Social Security Number (or any other employee ID number accepted by the jurisdiction)
- Jurisdiction Claim Number (if provided)
- Insolvent Insurer FEIN (when applicable).

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Any additional information known should also be sent on the AQ.

2. Mandatory data on an AU FROI transaction should be limited to available data elements that are required on the jurisdiction's element requirement table for the MTC 00 FROI transaction. Missing data may be required via a change transaction at a later date.

3. Mandatory data on an AP SROI transaction (unless it is the first payment of the claim) should be limited to:

- Primary match data elements
- Average weekly wage
- Calculated weekly compensation amount (and any related data elements)
- Specific Benefit segment(s) and Adjustments, Credits and/or Redistribution segments being paid by the current claim administrator (populated as defined in the Data Dictionary)
- Date of Maximum Medical Improvement (DN0070) when 030 (Permanent Partial
- Scheduled) benefits are being paid
- Employee Date of Death (DN0057) when 010 (Fatal) benefits are being paid
- Other Benefit Type paid to date amounts paid by the current claim administrator
- Any unallocated prior indemnity or medical amounts (if supplied by the prior claim administrator)

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4. It is recommended that the jurisdiction allow for an extension to the report due date for an AU FROI. If the jurisdiction requires an AU transaction, the jurisdiction must allow the claim administrator sufficient time to gather and send those details. For instance, the claim administrator may send the AQ FROI transaction with minimal data first and then send the AU FROI, if necessary, with complete data at a later date.

5. It is recommended that the Jurisdiction Claim Number (JCN) not be a required field on acquired AU or AQ transactions. If the jurisdiction must make this field mandatory, it is crucial that it provide a way for the new claim administrator to get the JCN directly from the jurisdiction, because the acquiring claim administrator would not have that information from the prior claim administrator.

Section 4: Business/Technical Process Rules

6. It is recommended that a jurisdiction allow for a FROI 02 to be sent to update claim administrator information when the administration of the claim remains in the original claim system. For example, if Claim Administrator A acquires all of Claim Administrator B's assets, including its claim system, and Claim Administrator A continues to use Claim Administrator B's claim system for its remaining claims, it must still report to the jurisdiction that it is the new claim administrator. Prior to transmission of the acquired claims, the acquiring claim administrator shall coordinate with the jurisdiction whether it will report the acquisition using the AQ or the 02 transaction. Claim administrators and jurisdictions may work together to determine a mutually acceptable alternative solution.
7. Mandatory data on a SROI AC should be limited to the below data set but not all of the data elements must be required. Mandatory data should also be limited on Periodic MTCs or a FN where Other Benefit Type Code of 430 and/or 440 are present but there are no additional OBTs or Benefit Type Codes present.
- Jurisdiction Code
 - MTC Date
 - Date of Injury
 - Claim Admin FEIN
 - Insurer FEIN
 - Insurer Name
 - Claim Admin Name
 - Claim Admin Postal Code (DN14)
 - Employee First Name
 - Employee Last Name
 - Employee ID Type Qualifier (A, E, G, P or S)
 - Employee ID
 - Jurisdiction Claim Number
 - Employee Date of Birth
 - Employer Name
 - Employer FEIN
 - Claim Administrator Claim Number
 - Other Benefit Type Code - MC (not required if DN0203 is present)
 - Other Benefit Type Amount - MC (not required if DN0203 is present)
 - Claim Administrator Alternate Postal Code
 - Acquired Claim Last Known Indemnity Through Date - MC (not required if DN0203 is present)
 - New DN
 - Claim Status
 - (Note: Systems may need to allow Claim Status and Claim Type to be mandatory for AQ.)

Jurisdictions should not hold the new claim administrator responsible for sending previous EDI reports or historical data that was required of the prior claim administrator, with the exception of total unallocated indemnity and total unallocated medical, nor to send or to correct errors on the prior claim administrator's submissions. A jurisdiction should retain the sequencing of the prior claim administrator's transactions to be able to determine if an MTC AC is due. For example, on an indemnity claim where the acquiring claim administrator has not paid indemnity, a Final (FN) should be rejected if the prior claim administrator had not successfully processed the required suspension. This would inform the acquiring claim administrator that an AC is due prior to the FN.

Commented [GM(5): Add Name of this DN (Employer Paid Salary Prior to Acquisition)

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Commented [GM(8): Add DN0423 instead of stating "New DN"?

Commented [GM(9): This note was added when IRR was being created. What do we want to publish in the IG?