1 LABOR CABINET

2 Department of Workers' Claims

3 (New Administrative Regulation)

4 803 KAR 25:165. Electronic Data Interchange Vendor Approval

5 RELATES TO: KRS 342.0011(1), (6), (7), (22), (26), 342.038, 342.039, 342.260,

6 342.340

7 STATUTORY AUTHORITY: KRS 342.260

8 NECESSITY, FUNCTION, AND CONFORMITY: KRS 342.260 requires the commissioner to promulgate administrative regulations necessary to carry on the work of the department. KRS 342.038 requires an employer to keep a record of all injuries received by the employer's employees and to report to the department any injury causing the employee's absence from more than one day of work. KRS 342.039 requires insurance carriers, each self-insured group, and each employer authorized to carry its own risk to file detailed claim information with the department. KRS 342.340 requires information to be filed when a workers' compensation policy is issued, modified, cancelled, lapsed, or terminated. The department requires approved vendors to communicate the required data. This administrative regulation establishes the procedure to become an approved vendor.

18 Section 1. Definitions.
(1) "Approved vendor" means a vendor approved and certified by the commissioner of the Department of Workers' Claims in accordance with this administrative regulation.

(2) "Electronic Data Interchange" or "EDI" means the electronic transmission of data to and from the Department of Workers' Claims by use of EDI Claims Release, 3.0 version, and Proof of Coverage Release, 2.1 version, of the International Association of Industrial Accident Boards and Commissions.

(3) "Vendor" means an entity that transcribes information into an electronic format, accepts data transmissions, and sorts the resulting data for delivery to and from the Department of Workers' Claims.

Section 2. Application and Qualifications.

(1) An application for approval as an EDI vendor shall be submitted to the commissioner on Form EDIVEN-01, EDI Vendor Application.

(2) An applicant shall meet all of the following qualifications:

(a) The applicant shall submit EDI transactions from trading partners and claim administrators to the Department of Workers' Claims using only EDI Claims Release, 3.0 version, and Proof of Coverage Release, 2.1 version, of the International Association of Industrial Accident Boards and Commissions ("IAIABC"). Kentucky-specific edits for EDI may be found at http://www.labor.ky.gov/workersclaims/Pages/EDI.aspx;

(b) The applicant shall be capable of transmitting and receiving data through secure file transfer protocol ("SFTP").

(c) The applicant shall be able to send and receive data on a daily basis.
(d) The applicant shall provide and identify a contact person capable of providing quick
resolution of issues that arise during attempted data delivery. The contact information shall include
the contact’s name, phone number, email address, and physical address.

(f) The applicant shall submit a list of all insurance carriers for which it will be delivering
and receiving data. The list shall include the name of the insurance carrier, the insurance carrier’s
federal employer identification number, the name of a contact person for the insurance carrier, that
person’s email, phone number and mailing address.

(g) The applicant shall submit data for no less than ten (10) insurance carriers;

(h) The applicant shall be and remain a member of the IAIABC.

(i) The applicant shall comply with the provisions of KRS Chapter 342 and the
administrative regulations promulgated by the commissioner of the Department of Workers’
Claims.

Section 3. Application process.

(1) Upon notification that the application has been accepted, the applicant shall contact the
Data Management Branch of the Division of Information Technology and Support Services of the
Kentucky Labor Cabinet to schedule two (2) test data transmissions.

(2) If both transmissions are successfully completed, trading partner information from the
vendor will be added to the database of the Department of Workers’ Claims. The vendor may
begin submission of data once notified that it has been certified as an approved EDI vendor by the
Department of Workers’ Claims.

Section 4. Certification.
(1) A person or entity shall not act as or hold itself out as an approved EDI vendor unless that person or entity has been approved by the commissioner of the Department of Workers' Claims in accordance with this administrative regulation.

(2) Certification that a vendor has been approved by the commissioner shall remain in effect until revoked by the commissioner pursuant to Section 5 of this administrative regulation or voluntarily surrendered. A vendor that voluntarily surrenders its certificate shall notify the commissioner in writing.

(3) When a vendor desires to deliver and receive data for an insurance carrier not previously reported to the Department an email shall be sent to the Department seeking approval to deliver and send data for the new insurance carrier. The email shall contain the name and FEIN of the new insurance carrier. Attached to the email shall be an updated carrier list that includes that new insurance carrier. Upon receipt of an email confirmation from the Department of Workers' Claims approving the transmittal of data for the new insurance carrier, the vendor may begin transmitting data for the new carrier.

Section 5. Revocation of Certification.

The commissioner may revoke a vendor's certification as an approved EDI vendor when one or more of the following occur:

(1) The vendor resigns or is removed from membership in the IAIABC;

(2) The vendor is unable to be contacted for resolution of transmission issues;

(3) The vendor is unable to resolve transmission issues within ten (10) days of discovery;

(4) The vendor no longer meets the requirements contained in subsection 2(2) of this administrative regulation.
Section 6. Incorporation by Reference. (1) The following material is incorporated by reference:

(a) "Electronic Data Interchange Vendor Application", EDIVEN-1, March 1, 2021 edition.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Department of Workers’ Claims, Mayo-Underwood Building, 3rd Floor, 500 Mero Street, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m and may also be found at https://labor.ky.gov/comp/Forms/Pages/default.aspx.
This is to certify that the commissioner has reviewed and recommended this administrative regulation prior to its adoption, as required by KRS 342.260 and 342.035.

Robert L. Swisher, Commissioner
Department of Workers' Claims

April 29, 2021
PUBLIC HEARING AND PUBLIC COMMENT PERIOD

A public hearing on this administrative regulation shall be held on July 29, 2021, at 10:00 a.m. (EDT) by video teleconference pursuant to KRS 61.800, et seq. In keeping with KRS 13A.270, individuals interested in attending or being heard at this hearing shall notify this agency in writing of their intent to attend no later than five (5) workdays prior to the hearing along with contact information. Upon notification of intent to attend, individuals will be provided information necessary to attend the video teleconference. If no notification of intent to attend the hearing is received by that date, the hearing may be cancelled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted through July 31, 2021. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person

CONTACT PERSON: B. Dale Hamblin, Jr.
Assistant General Counsel
Department of Workers’ Claims
Mayo-Underwood Building, 3rd Floor
500 Mero Street
Frankfort, Kentucky 40601
Telephone Number: (502) 782-4404
Fax Number: (502) 564-0681
Dale.Hamblin@ky.gov
(1) Provide a brief summary of:

(a) What this administrative regulation does: The function of this administrative regulation is to establish the approval procedure for electronic data interchange ("EDI") vendors.

(b) The necessity of this administrative regulation: To provide guidance to entities desiring to be approved EDI vendors.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 342.038 requires an employer to keep a record of all injuries received by the employer’s employees and to report to the department any injury causing the employee’s absence from more than one day of work. KRS 342.039 requires insurance carriers, each self-insured group, and each employer authorized to carry its own risk to file detailed claim information with the department. KRS 342.340 requires information to be filed when a workers’ compensation policy is issued, modified, cancelled, lapsed, or terminated. The department uses approved vendors to communicate the required data. This administrative regulation establishes the procedure to become an approved vendor.
(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation establishes the procedure for becoming an approved EDI vendor.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation:
This is a new administrative regulation.

(b) The necessity of the amendment to this administrative regulation: This is a new administrative regulation.

(c) How the amendment conforms to the content of the authorizing statutes:
This is a new administrative regulation.

(d) How the amendment will assist in the effective administration of the statutes: This is a new administrative regulation.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: Electronic data interchange vendors.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: The entities will apply to the Department to be an approved vendor.
(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): There will be no additional cost.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): The entities will know the process to be approved as an electronic data interchange vendor.

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially: None

(b) On a continuing basis: There should be no additional cost.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: The Department of Workers’ Claims normal budget is the source of funding.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: No increase in fees or funding is needed to implement this administrative regulation.

(8) State whether or not this administrative regulation established any fees or directly or indirectly increased any fees: This administrative regulation does not establish or increase any fees.

(9) TIERING: Is tiering applied? (Explain why or why not) Tiering is not applied; the administrative regulation applies to all parties equally.
1. What units, parts or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? The Department of Workers’ Claims and those parts of state and local government that use a vendor to report data to the Department.

2. Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 342.038, 342.039, 342.260, 342.340.

3. Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect. The Department does not anticipate this administrative regulation to have any effect on the expenditures and revenues of a state or local government agency.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? No revenue will be generated.
(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? No revenue will be generated.

(c) How much will it cost to administer this program for the first year? None

(d) How much will it cost to administer this program for subsequent years? It does not appear there will be additional costs.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-):

Expenditures (+/-):

Other Explanation: There should be no increase or decrease in the cost to administer this administrative regulation.
SUMMARY OF MATERIAL INCORPORATED BY REFERENCE

The “EDI Vendor Application” is a one page form providing basic information about the vendor seeking approval and the trading partners or clients for whom the vendor proposes to receive and transmit data.
The undersigned, hereby applies for certification as an EDI vendor pursuant to 803 KAR 25:165 and states the following:

Name of Applicant: ____________________________________________

Mailing Address: ____________________________________________

City: __________________________ State: ___________________________ Zip Code: ______________________

Member of IAIABC? □ Yes □ No

SFTP Site: ___________________________________________________

Trading Partners/Clients: (minimum of 10 required) Please Attach List to this application

<table>
<thead>
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<th>Vendor Business Contact</th>
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Applicant

By ____________________________

Title: ____________________________