

1 LABOR CABINET

2 Department of Workers' Claims

3 (Amended After Comments)

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

18 Section 1. Definitions.

19 **(1) "Applicant" means a vendor seeking to become an approved vendor.**

1 (2) [(4)] “Approved vendor” means a vendor approved and certified by the commissioner
2 of the Department of Workers’ Claims in accordance with this administrative regulation.

3 (3) [(2)] “Electronic Data Interchange” or “EDI” means the electronic transmission of data
4 to and from the Department of Workers’ Claims by use of EDI Claims Release, 3.0 version, and
5 Proof of Coverage Release, 2.1 version, of the International Association of Industrial Accident
6 Boards and Commissions.

7 (4) [(3)] “Vendor” means an entity that **formats electronic data for transmission to the**
8 **Department of Workers’ Claims, transmits electronic data to the Department of Workers’**
9 **Claims, and responds to any technical issues related to the content or structure of an**
10 **electronic data interchange file.** [~~transcribes information into an electronic format, accepts data~~
11 ~~transmissions, and sorts the resulting data for delivery to and from the Department of Workers’~~
12 ~~Claims.~~]

13 Section 2. Application and Qualifications.

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

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

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

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

3 (c) The applicant shall be able to send and receive data on a daily basis.

4 (d) The applicant shall provide and identify a contact person capable of providing quick
5 resolution of issues that arise during attempted data delivery. The contact information shall include
6 the contact’s name, phone number, email address, and physical address.

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

11 (g) The applicant shall submit data for no less than **eight (8)** [~~ten (10)~~] insurance carriers.

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

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

16 Section 3. Application process.

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

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

1 Section 4. Certification.

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

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

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

16 Section 5. Revocation of Certification.

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

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

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

21 (3) The vendor **does not actively take steps to assist in the resolution of EDI related**

22 **issues** [~~is unable to resolve transmission issues within ten (10) days of discovery~~];

1 (4) The vendor no longer meets the requirements contained in subsection 2(2) of this
2 administrative regulation.

3 Section 6. Incorporation by Reference. (1) The following material is incorporated by
4 reference:

5 (a) “Electronic Data Interchange Vendor Application”, EDIVEN-1, **August 10** [~~March 1~~],
6 2021 edition.

7 (2) This material may be inspected, copied, or obtained, subject to applicable copyright
8 law, at the Department of Workers’ Claims, Mayo-Underwood Building, 3rd Floor, 500 Mero
9 Street, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m. and may also be
10 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 Walker, Interim Commissioner
Department of Workers' Claims

Date

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Administrative Regulation No.: 803 KAR 25:165

Contact person: B. Dale Hamblin, Jr, Assistant General Counsel

Telephone Number: (502) 782-4404

(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.

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

Administrative Regulation No.: 803 KAR 25:092

Contact Person: B. Dale Hamblin, Jr.
Assistant General Counsel
Dale.Hamblin@ky.gov

Telephone Number: (502) 782-4404

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.

SUMMARY OF CHANGES TO MATERIAL INCORPORATED BY REFERENCE

(Amended After Comments version)

The form was amended to make clear it was the address of the vendor being requested and not that of the Trading Partner. Additionally, lines were added to inquire whether the vendor had a pre-existing SFTP address and, if not, informing the applicant that the Department would provide a SFTP after application.

Commonwealth of Kentucky
Department of Workers' Claims
EDI Vendor Application

The undersigned, hereby applies for certification as an EDI vendor pursuant to 803 KAR 25:165,
and states the following under oath:

Name of Applicant: _____

Vendor Mailing Address: _____

City: _____ State: _____ Zip Code: _____

Member of IAIABC? Yes No

Does Vendor have SFTP

Site: Yes No

If yes, please provide SFTP Site: _____

If no, Kentucky will provide SFTP after application submission. _____

Trading Partners/Clients: (minimum of 8 required) Please Attach List to this application

Vendor Business Contact	
Name:	
Phone:	
Email:	
Title:	

Vendor Technical Contact	
Name:	
Phone:	
Email:	
Title:	

Vendor

Submitted By: _____

Title: _____

STATEMENT OF CONSIDERATION

RELATING to 803 KAR 25:165

Labor Cabinet, Department of Workers' Claims

(Amended After Comments)

I. The public hearing on 803 KAR 25:165, scheduled for July 29, 2021, at 10:00 a.m., to be held by videoconference by the Department of Workers' Claims, 500 Mero Street, Frankfort, Kentucky, was held by Assistant General Counsel, Dale Hamblin. No public comments were made at the hearing; however, one (1) written comment was received during the public comment period.

II. The following person offered comment:

(a) Tina Queen, Mitchell International, Inc.

III. The following persons from the administrative body were present at the hearing or responded to comments:

(1) B. Dale Hamblin, Jr., Assistant General Counsel, Workers' Claims Legal Division

IV Summary of Comments and Responses

(1) SUBJECT MATTER: Definitions.

(a) Comment: Tina Queen - The comment suggested a new definition for the term "vendor" and suggested adding a definition for the term "applicant."

(b) Response: The administrative regulation was revised to amend the definition of vendor and a definition for applicant was added.

(2) SUBJECT MATTER: Application and Qualifications.

(a) Comment: Tina Queen – The comment suggested additional language for Section 2(2)(g); specifically, "or maintain an acceptable level of performance as defined by the Department."

(b) Response: - The administrative regulation was revised to reduce the number of insurance carriers for which the applicant must submit data but did not include the suggested language.

(3) SUBJECT MATTER: Application and Qualifications.

(a) Comment: Tina Queen – The comment urged that language be included to require applicants be paid members of IAIABC and have representation on EDI committees.

(b) Response: While the Department appreciates the intent to require applicants to be active EDI members of IAIABC, no amendment was made as a result of this comment.

(4) SUBJECT MATTER: Application and Qualifications.

(a) Comment: Tina Queen – The comment stated that the reference to KRS Chapter 342 placed more responsibility on Vendors than is warranted.

(b) Response: Referencing KRS Chapter 342 does not place additional responsibilities on a vendor; only the portions of KRS Chapter 342 that speak to EDI impact vendors. As such, no amendment was made as a result of this comment.

(5) SUBJECT MATTER: Revocation of Certification.

(a) Comment: Tina Queen – The comment suggested language that would speak to an applicant's willingness to resolve transmission issues.

(b) Response: The administrative regulation was revised to incorporate a major portion of the suggested language.

SUMMARY OF STATEMENT OF CONSIDERATION AND ACTION TAKEN BY PROMULGATING ADMINISTRATIVE BODY

The public hearing on this administrative regulation was held as scheduled. In addition, written comments were received. The Department of Workers' Claims responded to the comments and amends the administrative regulation as follows:

Page 2

Section 1. Definitions.

Line 1

Before “(1)”

Insert “**(1) “Applicant” means a vendor seeking to become an approved vendor.**”

(2)”

Delete “(1)”

.

Page 2

Section 1. Definitions.

Line 3

Before “(2)” insert “(3)”

Delete “(2)”

Page 2

Section 1. Definitions.

Line 7

Before “(3)” insert “(4)”

Delete “(3)”

Page 2

Section 1. Definitions.

Line 7

After “means an entity that” insert “**formats electronic data for transmission to the Department of Workers’ Claims, transmits electronic data to the Department of Workers’ Claims, and responds to any technical issues related to the content or structure of an electronic data interchange file.**”

Delete “transcribes information into an electronic format, accepts data transmissions, and sorts the resulting data for delivery to and from the Department of Workers’ Claims.”.

Page 3

Section 2. Application and Qualifications.

Line 8

After “less than” insert “**eight (8)**”

Delete “ten (10)”

Page 4

Section 5. Revocation of Certification.

Line 20

After “The vendor” insert “**does not actively take steps to assist in the resolution of EDI related issues;**”

Delete “is unable to resolve transmission issues within ten (10) days of discovery;”

Page 5

Section 6. Incorporation by Reference.

Line 3.

After “EDIVEN-1,” insert “August 10”

Delete “March 1”

Commonwealth of Kentucky Department of Workers' Claims EDI Vendor Application

The undersigned, hereby applies for certification as an EDI vendor pursuant to 803 KAR 25:165,
and states the following under oath:

Name of Applicant: _____

Vendor Mailing Address: _____

City: _____ State: _____ Zip Code: _____

Member of IAIABC? Yes No

Does Vendor have SFTP Site: Yes No

If yes, please provide SFTP Site: _____

If no, Kentucky will provide SFTP after application submission. _____

Trading Partners/Clients: (minimum of 8 required) Please Attach List to this application

Vendor Business Contact	
Name:	
Phone:	
Email:	
Title:	

Vendor Technical Contact	
Name:	
Phone:	
Email:	
Title:	

Vendor

Submitted By: _____

Title: _____