Section O
IAIABC Information

The following information about the International Association of Industrial Accident Boards and Commissions (IAIABC) was produced by the IAIABC. It is reproduced here by permission for users' convenience.

Organizations newly implementing an Electronic Data Interchange (EDI) system may need to obtain documents and/or a user agreement from IAIABC. You may contact the IAIABC for further information. Their website address is www.iaiabc.org.

The IAIABC asserts ownership of the intellectual property in the EDI transaction standards. It requires that any organization must obtain a license to use the standards to transmit workers' compensation data to any state. Contact the IAIABC for further information.

I. HISTORY OF THE IAIABC AND EDI

In April of 1914, just six years after the enactment of the first Workers' Compensation Act in the United States, regulators from federal and state programs gathered in Lansing, Michigan and formed an association. The next year, a Canadian province joined and the International Association of Industrial Accident Boards and Commissions was formed.

Concurrent with the activities of the IAIABC subcommittee reviewing Basic Administrative Information Systems (BAIS), the National Association of Insurance Commissioners (NAIC) established a subcommittee to review the subject of data collection. The NAIC subcommittee was established at the same point in time that the IAIABC subcommittee was compiling the results of the second survey directed to the state agencies. Based upon the similarity of purpose in terms of expanded workers' compensation data collection, a joint working group composed of members of the IAIABC subcommittee and the NAIC subcommittee was formed.

In March of 1991, several carriers and associations met with the IAIABC in an effort to truly standardize the electronic reporting process. The result was the formation of the EDI Steering Committee. This working group within the IAIABC proceeded with the concept of moving the data collection project into an implementation phase. At the same time, a technical working group was established—composed primarily of insurance representatives, state agency personnel, and consultants—who have focused on the detail of defining the data elements and developing the format in which the data can be electronically transferred. This group, after reviewing all the various forms presently filed with state agencies, identified distinct phases that the project would follow. These phases reflect the various generic categories into which the various state reporting forms fell and include:

First Report of Injury—the initial report designed to notify the parties of the occurrence of an injury or illness.

Subsequent Payment Record—Consists of forms which gather information when benefit payments begin, case progress information, and paid amounts by benefit type when the claim is concluded.

Medical Data—Develops more refined data pertinent to the dates of service, diagnostic and procedure codes, and costs associated with the providing of medical care.

Vocational Rehabilitation Data—Monitors the incidence of vocational rehabilitation, the outcomes, and the costs associated with it.

Litigation Data—Reflects the incidence of disputes, issues in dispute, outcome results at various adjudication levels, and system costs related to litigation.

Each of these categories represents a separate project phase for the technical working group. Focusing first on the First Report of Injury (FROI), the working groups were able to create a standard reporting format that served the needs of virtually each one of the state agencies.

Efforts have also been directed at establishing the same standardized reporting formats for the Proof of Coverage (POC), the reporting of medical information, and the Subsequent Payment Report which contains all those claim derivatives—including the level and type of benefit payments—that occur following the initial reporting of the claim. The transaction standards for

FROI and Subsequent Reports have developed into a Release I version of the EDI Implementation Guide.

II. WHAT IS ELECTRONIC DATA INTERCHANGE (EDI)?

Electronic Data Interchange (EDI) consists of standardized business practices that permit the flow of information between organizations without the need for human intervention.

Imagine that an ambitious ant wanted to get from your left hand to your right hand. It would be a long journey for a little ant. Imagine next that you held a string between your fingers. The ant could cross that string and get there much faster in that situation. Finally, imagine that you took the two ends of the string and put them together. That is EDI. It is putting together the two points for instant travel.

Using technology enables trading partners to communicate with themselves and their jurisdiction. Someone gathers the information, types it into the computer and the computer does the rest. Information can be routed to the correct system regardless of whether the system resides in the next room or somewhere across the globe.

Electronic Data Interchange is a member of a family of technologies for communicating business messages electronically. This family includes EDI, facsimile, electronic mail, telex, and computer conferencing systems. Technically speaking, EDI is the computer application to computer application exchange of business data in a structured format. In other words, the purpose of EDI is to take information from one company's application and place it in the computer application of another company (or in EDI vocabulary – a trading partner.)

Here are three key components to EDI:

(1) Standards, (2) Software, and (3) Communications.

A. STANDARDS

Standards have three categories.

Transactions sets—a logical grouping of segments used to convey business data (also referred to as a document). These replace paper documents or verbal requests.

Data dictionary - defines the meaning of individual pieces of information (a.k.a. data elements) within a transaction set.

Systems - an electronic envelope where all of the information resides.

B. SOFTWARE

Software solutions for managing the system will be dictated by your communications technology. You will be reprogramming existing systems and purchasing a translator, purchasing an off-the-shelf solution, hiring an outside consultant, or using a 3rd party to collect the data.

The EDI translation software component converts the application data to a standard EDI format. The telecommunication software initiates the communication session, establishes protocol, validates security, and transmits the EDI data. The telecommunication network provides the medium to connect two or more computer environments.

C. COMMUNICATIONS

Communications is the technology that allows data to flow between one computer and another. The EDI telecommunications process involves a computer application to formulate the customized business partner's data. Communications technology is divided into software and network choices. The number of choices depends on the how you choose to implement EDI. The two choices are:

Communications Technology

Internal Systems Technology

The communications software you choose will be dictated by your choice of communications network and whether you are communicating with the same structure or need a translator between systems. The primary objective of communications relative to EDI is to transport information between business partners in a cost effective and efficient manner. A second critical objective is to assure the privacy and confidentiality of the information while it is being electronically exchanged.