

June 20, 2003

CIRCULAR LETTER #183  
REGARDING MICHIGAN PROOF OF COVERAGE

The State of Michigan has authorized the Compensation Advisory Organization of Michigan (CAOM) to transmit data submitted by its member carriers through CAOM to the Michigan Bureau of Workers and Unemployment Compensation (BW&UC) for coverage verification purposes. This coverage data currently submitted to CAOM through the WCIO Data Specification formatted WCPOLS will be transferred to the Michigan BW&UC via the International Association of Industrial Accident Boards and Commission (IAIABC) standards. The carriers who participate in this program will no longer be required to submit duplicate printed documentation to the Michigan BW&UC for all successful transactions. For any record transaction which cannot be successfully transferred from CAOM to the Michigan BW&UC, it will be the carrier's obligation to continue to supply the Michigan BW&UC with direct printed documentation. The carriers will receive substantial economic benefits by participating in this program. The Michigan BW&UC will also receive substantial benefits by eliminating manual data entry costs.

Only those carriers submitting policy data electronically to CAOM will qualify for this service. Carriers supplying printed policy and cancellation\reinstatement data must continue to supply proof of coverage directly to the Michigan BW&UC. CAOM will take the role of formatter in this process. In this role, it is not CAOM's intention to change any carrier's data, but to pass the data along as is to the state authorities on the carrier's behalf. In transferring the carrier's data to the IAIABC standards, CAOM may add to or enhance the structure of the data. An example of this would be CAOM adding the FEIN to a cancellation which the carrier previously submitted on the policy submission. An acknowledgement and error resolution process will be developed to determine if corrections are needed and how they will be submitted.

It is the carrier's responsibility to put systems in place to correctly format names and addresses according to the WCIO/CAOM WCPOLS specifications. This may entail some minor system enhancements or major application changes for a given carrier. It is the carrier's responsibility to meet these specifications. CAOM cannot code carrier specific solutions into their system. The following items are an initial indication of some of the requirements carriers will need to meet in order for the Michigan BW&UC to accept their data from CAOM.

The Michigan BW&UC will require the following:

- a. The Michigan BW&UC will not accept string name types; WCPOLS Type of Name Record Code must be 1 or 2. The name must be formatted appropriately on Name Records.
  - i) Personal Names: Last Name, First Name
  - ii) Commercial Names: Name of Entity
  - iii) One Name per record

- b. The Michigan BW&UC will not accept free-form addresses (WCPOLS Address Structure Code 2). The address must be submitted as Structure Code 1 and the address must be formatted appropriately on Address Records.

The purpose of this circular is to give our membership advanced notice of these initial requirements in order that they may plan for any necessary system changes. Further details will be made available as ongoing discussions between CAOM and the Michigan BW&UC progress.

There will be a four step implementation process for this coverage verification program.

**1) Michigan BW&UC/Carrier Records Reconciliation**

Coverage records are compared and updated between the carriers and the Michigan BW&UC.

**2) Carrier Testing**

CAOM reviews carrier test data and provides feedback to the carrier for all policy data submitted.

Errors will be identified by CAOM and fixed by carriers.

No data will be passed to the Michigan BW&UC.

**3) State Testing**

CAOM passes clean carrier data to the Michigan BW&UC for their review.

The Michigan BW&UC edits data and provides feedback to CAOM and carrier.

**4) Production**

The Michigan BW&UC notifies the carrier and CAOM of their successful test process.

CAOM translates carrier WCPOLS data to IAIABC format and submits it to the Michigan BW&UC.

Data not successfully formatted into the IAIABC standards, not successfully transmitted by CAOM to the Michigan BW&UC, or failing the Michigan BW&UC edits will require resubmission. Certain resubmissions to the Michigan BW&UC may be required on paper. The error resolution and correction process have not yet been fully determined, carriers should consult the CAOM web site, [www.caom.com](http://www.caom.com) for future details. The error feedback system will remain in place during production.

It may be possible that only certain types of transactions will be passed along to the state. Initial electronic filings from CAOM to the Michigan BW&UC may be limited to new and renewal policies, cancellations, and reinstatements. We also recognize that there are ongoing discussions between IAIABC and the WCIO/WCPOLS standards committees to address the inherent translation problems.

It is the carrier's responsibility to program their systems to be able to satisfy these requirements. We anticipate the test phase of this process to begin in the later part of this year. Contact our office or website for future updates.

Sincerely,

Jon D. Heikkinen