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IMPLEMENTATION AND COMPLIANCE UPDATE #1

Minnesota's Regulations for the Standard, Electronic Exchange of Health Care Administrative Transactions

Intended Audience and Purpose

This update provides guidance regarding implementation and enforcement of [Minnesota Statutes, chapter 62J, section 536](http://www.revisor.mn.gov/statutes/cite/62J.536) (www.revisor.mn.gov/statutes/cite/62J.536) and related rules. It is intended for health care providers and group purchasers (payers), as well as clearinghouses, billing services, other vendors, and any interested parties.

Summary Overview

Minnesota Statutes, chapter 62J, section 536 requires three types of health care administrative transactions must be exchanged electronically, using a single, uniform data content and format, effective in 2009:

1. Eligibility inquiries and responses (ANSI ASC X12 270/271), effective January 15, 2009
2. Health care claims (ANSI ASC X12 837I, 837P, 837D, and NCPDP 5.1), effective July 15, 2009
3. Payment remittance advices (ANSI ASC X12 835), effective December 15, 2009

The law applies to:

- All health care providers providing services for a fee in Minnesota and who are otherwise eligible for reimbursement under the state's Medical Assistance program, including licensed nursing homes, boarding homes, and home care providers pursuant to Minnesota Statutes, chapter 62J, section 536, subd. 2.
- All group purchasers (payers) as defined in [Minnesota Statutes, chapter 62J, section 03, subd. 6](http://www.revisor.mn.gov/statutes/cite/62J.03) (www.revisor.mn.gov/statutes/cite/62J.03) that are licensed or doing business in Minnesota. The law covers a variety of insurance carriers, including workers' compensation, property-casualty, and auto carriers, as well as TPAs and others.

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The law does not apply to:

- Transactions with Medicare
- The exchange of the Eligibility Inquiry and Response transaction (270/271) with payers not covered by federal HIPAA regulations (workers' compensation, auto, and property-casualty carriers). These payers are required to exchange the other transactions (claims, payment remittance advices) electronically.

Implementation and Enforcement

The Minnesota Department of Health (MDH) ensures compliance with the statute and related rules.

The statute provides that:

- MDH is to achieve voluntary compliance to the extent practicable, and may provide technical assistance
- Enforcement will be complaint-driven
- MDH may investigate complaints, and is to seek informal resolution of complaints, for example, through demonstrated compliance or a completed corrective action plan or other agreement
- If informal resolution is not possible, MDH may impose civil money penalties of up to \$100 for each violation, but not to exceed \$25,000 for identical violations during a calendar year
- Mitigating factors, such as whether attempts are being made to come into compliance, may be considered in determining any penalties
- If a fine is levied, it may be appealed or a contested case hearing requested

Compliance In Practice

Even with the best communication and planning, providers and payers may still encounter possible problems during the initial implementation of standard, electronic administrative transactions.

We are committed to working with the industry to help identify and solve problems as quickly as possible while also achieving the goals of more standard, efficient transactions. As part of this commitment, MDH will use its considerable regulatory flexibility to help minimize the possibility of delays or interruptions in routine business transactions during implementation of the rules.

We understand it is impractical to assume all current paper transactions will be eliminated immediately on the dates the rules become effective. MDH's enforcement goal is not to collect fines for noncompliance, but to help assure routine health care business transactions can flow more rapidly and efficiently. In enforcing the statute and related rules, we will be especially interested in:

- Whether good faith efforts are being made to comply
- The extent of compliance efforts
- Progress toward compliance

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In summary, our approach to enforcement and meeting the goals for standard, electronic transactions will be flexible, practical, and consistent with an overall statutory enforcement policy of:

- Seeking voluntary compliance and offering technical assistance
- Responding to complaints
- Working toward informal resolution of complaints
- Considering possible mitigating factors

New Federal Standards and Minnesota's Regulations

Minnesota's rules for standard, electronic transactions are based on federal HIPAA transactions regulations. On January 16, 2009, the federal Centers for Medicare and Medicaid Services adopted new versions of the HIPAA transactions standards, effective January 1, 2012.

In developing Minnesota's standard, electronic transactions rules taking effect in 2009, we incorporated as many of the anticipated new versions of the federal standards as possible. As a result, becoming compliant with the Minnesota rules now will also help in becoming compliant with the new versions of federal HIPAA standards needed by January 1, 2012. The current statutory requirements and timelines for Minnesota Statutes, chapter 62J, section 536 and related rules remain in effect.

MDH is also actively working with the Minnesota Administrative Uniformity Committee, a broad-based, voluntary provider-payer-state agency organization, and others to ensure Minnesota's regulations are updated as needed and coordinated with federal standards, best practices, and changes in the industry.

We will provide sufficient advance notice of any updates or changes in Minnesota's rules to allow for an appropriate transition and implementation. We will use our existing regulatory flexibility as needed to ensure stakeholders and the industry do not have to make unnecessary, poorly timed, or redundant changes to come into compliance.

We look forward to working with you to streamline health care administrative transactions and reduce their costs and burden. Please contact us if you have questions.

Additional Resources and Information

- [Health Care Administrative Simplification \(www.health.state.mn.us/facilities/ehealth/asa\)](http://www.health.state.mn.us/facilities/ehealth/asa)
- [Minnesota Administrative Uniformity Committee \(www.health.state.mn.us/facilities/ehealth/auc\)](http://www.health.state.mn.us/facilities/ehealth/auc)
- [CMS Administrative Simplification \(www.cms.gov/priorities/key-initiatives/burden-reduction/administrative-simplification\)](http://www.cms.gov/priorities/key-initiatives/burden-reduction/administrative-simplification)

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