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IMPLEMENTATION AND COMPLIANCE UPDATE #3

Required Starting December 15, 2009:

Standard, Electronic X12 835 Remittance Advices (RAs)

Intended Audience and Purpose

[Minnesota Statutes, chapter 62J, section 536 \(www.revisor.mn.gov/statutes/cite/62J.536\)](http://www.revisor.mn.gov/statutes/cite/62J.536) requires all health care “group purchasers” (health plans, TPAs, insurance carriers, and other payers) and all health care providers exchange three types of health care administrative transactions electronically, using a single, uniform data content and format, effective in 2009.

The statute and related rules apply to all group purchasers licensed or doing business in Minnesota, as well as all health care providers providing services for a fee in Minnesota and who are otherwise eligible for reimbursement under the state’s Medical Assistance (Medicaid) program. This update provides guidance regarding implementation and enforcement of Minnesota Statutes, chapter 62J, section 536 and related rules. It is intended for health care group purchasers (payers) and providers, as well as clearinghouses, billing services, other vendors, and any interested parties.

Compliance Deadline of December 15, 2009

This bulletin serves as reminder that starting December 15, 2009, all health care providers and group purchasers (see above for description) that exchange health care remittance advices must do so electronically, in compliance with Minnesota Statutes, chapter 62J, section 536 and related rules.

- **Minnesota Statutes, chapter 62J, section 536 does not require electronic payment (EFT)**

Electronic payment (electronic funds transfer or EFT) is not required under Minnesota Statutes, chapter 62J, section 536. However, EFT is required for payment by the Minnesota Department of Human Services. Other group purchasers (payers) may require EFT as part of their provider contracting or business arrangements.

Compliance and Enforcement

MDH previously published a summary of its compliance and enforcement plans and policies as [Implementation and Compliance Update #1 \(www.health.state.mn.us/facilities/ehealth/asa/docs/impcomp1.pdf\)](http://www.health.state.mn.us/facilities/ehealth/asa/docs/impcomp1.pdf).

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Please note the following updates:

- Standard, electronic transactions

December 15, 2009, group purchasers (payers) must be able to transmit – and providers must be able to accept - standard, electronic RAs via computer-computer electronic data interchange (EDI). So long as payers and providers are able to exchange the remittance advice standard transaction electronically, the Department does not take issue with payers making available additional mechanisms for communicating RAs to providers, such as access to portable document format (.pdf) files, or provider electronic mailboxes.

- Electronic RAs are not required in response to paper claims

As noted in Update #1, our approach to enforcement 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

As also noted in Update #1, it is impractical to assume all current paper transactions will end immediately when the rules become effective. Similarly, we recognize it is also not feasible or practical for payers to generate electronic remittance advices when they receive paper claims.

The Department's determinations of whether payers are complying with the regulations will take into account several factors. **However, we have determined it is not realistic to require electronic remittance advices when claims are received on paper. As a result, we will not require electronic remittance advices in response to paper claims.** This determination is consistent with our overall enforcement authority and with our stated regulatory intent as published previously.

We hope this update is helpful. We look forward to working with you as part of efforts 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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