

# New State Law Requires Electronic Exchange of Administrative Health Care Transactions

- All health care providers and group purchasers must exchange health care administrative transactions in standard electronic format starting in 2009
- Work is now underway to develop rules for the transaction standards by 2008, effective in 2009

## Frequently Asked Questions

### What is the new law, and what does it do?

The new law was signed by Governor Pawlenty on May 25, 2007 as part of the state's Omnibus Health and Human Services funding bill (Minnesota Session Laws 2007 - Chapter 147). It adds a new section to the Minnesota Health Care Administrative Simplification Act, Minnesota Statutes, section 62J.536, entitled "*Uniform Electronic Transactions and Implementation Guide Standards.*"

Minnesota Statutes, section 62J.536 requires that beginning in 2009:

- All group purchasers and health care providers must electronically exchange the following four health care transactions: eligibility; claims; payment; and remittance advice.
- The electronic transactions must be in a standard format, which will be adopted through a rule-making process by the Commissioner of the Minnesota Department of Health, in consultation with the Administrative Uniformity Committee.

### Who is affected by the law?

The law applies to "all group purchasers and health care providers" and affects virtually anyone who bills for health care services or purchases health care services on behalf of an identified group of persons.

### What is a "group purchaser"?

A "group purchaser" is a person or organization that purchases health care services on behalf of an identified group of persons. It includes, but is not limited to: health insurance companies; health maintenance organizations, nonprofit health service plan corporations, and other health plan companies; employee health plans offered by self-insured employers; trusts established in a collective bargaining agreement under the federal Labor-Management Relations Act of 1947, United States Code, title 29, section 141, et seq.; the Minnesota Comprehensive Health Association; group health coverage offered by fraternal organizations; professional associations or other organizations; state and federal health care programs; state and local public employee health plans; workers' compensation plans; and the medical component of automobile insurance coverage.

### What is a "health care provider"?

"Health care provider" means a person or organization that provides health care or medical care services within Minnesota for a fee and is eligible for reimbursement under the medical assistance program under Minnesota Statutes Chapter 256B. The new law



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also applies to licensed nursing homes, licensed board care homes, and licensed home care providers. Other examples of providers affected by the new law include (but are not limited to): doctors; hospitals; pharmacists; dentists; chiropractors; personal care attendants; and others.

### **Why was the law enacted?**

In health care, as in other industries, administrative costs are reduced and productivity increased when transactions are processed electronically using common formats and conventions. Minnesota's health care industry and other previous state regulations have helped make Minnesota a leader in efforts to reduce health care administrative costs. At the national level, federal rules (known as HIPAA), as well as other industry and state efforts, have also helped bring about much greater use of efficient, effective, standard electronic transactions in health care.

Despite these advances, the health care industry still lags behind other sectors in its use of information technology and common data standards. The new law will accelerate the use of standard, electronic transactions to help reduce health care administrative costs and related "hassle factor." More of every health care dollar can then be spent on maintaining and improving health, and less on duplicative or unnecessary administration.

The new law was a Governor's health care reform initiative. It passed with strong bipartisan legislative support and industry leadership and backing.

### **How will the new health care transactions rules be developed?**

The new health care transactions rules will be developed by the Commissioner of Health, in consultation with the Minnesota Administrative Uniformity Committee (AUC), a voluntary, broad-based group representing Minnesota health care public and private payers, hospitals, health care providers and state agencies. The AUC has served since 1992 to develop agreement among Minnesota payers

and providers on standardized administrative processes. The standards for the rules will be based on the Medicare program, with modifications the Commissioner deems appropriate after consulting with the AUC.

The AUC has formed Technical Advisory Groups (TAGs) to reconcile diverse coding and conventions for health care transactions. Planning and initial work with the AUC and the appropriate TAGs is underway to develop the rules required by the new law by 2008, effective in 2009.

### **What are the compliance dates for the new law?**

The rules for Uniform Electronic Transactions and Implementation Guide Standards must be developed at least one year prior to their effective dates. The table below shows the statutory timelines for rule development as well as the effective dates for the rules:

<b>Type of health care transaction</b>	<b>Deadline for Rule Promulgation</b>	<b>Effective Date of Rules</b>
Eligibility	January 15, 2008	January 15, 2009
Claims	July 15, 2008	July 15, 2009
Remit/Payment	December 1, 2008	December 1, 2009

### **How can I find out more? How can I participate in the consultation process for the Uniform Electronic Transactions and Implementation Guide Standards?**

To learn more about the new law, its implementation, and the AUC consultation process, call Kelly Moch at 651-201-3578.

You can also learn more about the AUC and subscribe to AUC updates by going to: <http://www.health.state.mn.us/auc/>