



Government Affairs Alert

June 16, 2009

Minnesota eBilling Update

With the Minnesota eBilling implementation less than 30 days away, we hope that this alert will answer your questions and concerns about Minnesota eBilling, and assist in system development and showcase PMSI's role as part of your compliance team.

Minnesota's **universal** eBilling requirements encompass all lines of health care in the state, with a few exceptions, including **all** Pharmacy, DMEPOS and Medical Services provided as part of a workers' compensation claim. Thus, PMSI continues to enhance our existing pharmacy and Medical Services and Equipment eBilling programs and comprehensive eBilling system to meet Minnesota's new criteria. It is our goal to provide our valued partners and clients continued regulatory information and education on this issue and assist in ensuring compliance, as it relates to our transactional relationships.

eBilling Background

In March of 2009, the Minnesota Department of Public Health (DOH), in conjunction with the Administrative Uniformity Committee (AUC), published a conclusive version of the Minnesota Uniform Companion Guide for Implementation of Electronic Healthcare Billing and Payment, completing final steps towards implementation of eBilling requirements for all healthcare providers and payors in Minnesota. PMSI strongly reminds our clients that this eBilling project is universal **for all** health care and is being developed and implemented by the Department of Health not Department of Labor (DOL). PMSI is actively working with both DOL and DOH to clarify and resolve outstanding questions. Based upon ongoing discussions with both agencies, PMSI provides the following information in order to help our clients understand the impact of this regulation and prepare for compliance.

General Questions

Why is the Minnesota DOH and AUC implementing eBilling requirements?

In 2007, the Minnesota Legislature passed enhancements to MN Statutes §62J.50 - §62J.61 entitled the *Uniform Electronic Transactions and Implementation Guide Standards*, requiring implementation of an electronic system for processing and payment of all healthcare claims.

What does the law do?

The law simplifies, standardizes and automates processes for checking patient eligibility, submitting/adjudicating claims and producing/receiving remittance or remittance advice.

Who does the law impact?

The law impacts all healthcare providers in Minnesota who provide services for a fee and all group purchasers (insurance companies, health plans and other payors) licensed or doing business in Minnesota.

Is workers' compensation coverage exempt?

No. Workers' compensation providers are considered eligible under the definition of 'healthcare provider' and workers' compensation carriers, TPAs and other processors/payors are covered under the definition of 'group purchasers'. Currently, only entities solely engaged in Medicare or other Federal health programs are exempt.

When does the law and/or requirements take effect?

The Department has commented they expect implementation efforts to begin in conjunction with regulatory prescribed implementation dates, which are rolled out in three phases throughout 2009:

1. Eligibility – **January 15, 2009***
2. Claims – **July 15, 2009**
3. Payment and remittance advice – **December 15, 2009**

**A one-year exemption from the eligibility requirement has been granted to all non-HIPAA covered entities, including workers' compensation. The implementation deadline for workers' compensation eligibility is now January 15, 2010.*

Does DOH expect complete system compliance 'day-one'?

No. On June 5, the Minnesota Department of Health outlined a policy of "Compliance in Practice". DOH mentioned that while it is in the best interest of all parties to be 'day-one' compliant, it is understandable that providers and payors will encounter problems, delays and implementation bugs during the initial implementation phase. DOH mentioned they are committed to utilizing their considerable regulatory flexibility to help minimize possible delays and interruptions during initial implementation and achieve the underlying goal of more standard and efficient transactions. Information on their recent policy declaration can be found at:

<http://www.health.state.mn.us/asa/compliance.pdf>

Can fines be levied for non-compliance?

Yes. The Minnesota Department of Health is charged with ensuring compliance with the statutes and related rules. The statutes provide that:

- **DOH is to achieve voluntary compliance** to the extent practical and may provide technical assistance to complying entities
- **Enforcement will be complaint driven** – DOH may investigate complaints and should attempt to seek informal compliance actions through measures such as corrective action plans or agreements
- If informal resolution is not possible, DOH may impose civil penalties of up to \$100 for each violation, but not to exceed \$25,000 for identical violations in a calendar year
- Mitigating factors will be taken into account when determining compliance and all fines levied may be appealed (see additional information in the next paragraph)

However, and as outlined in the policy of "Compliance in Practice", DOH acknowledges complete day-one compliance is impractical to assume. Their initial enforcement goals will not spotlight collection of fines for non-compliance, but work to assure that routine health care business transactions flow rapidly and efficiently. In enforcing the statute and related rules, DOH will be flexible, practical and consistent with an overall statutory enforcement policy focused on voluntary compliance, responsiveness to complaints, ability and desire to work towards informal resolution and will clearly take into consideration mitigating circumstances such as:

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



Will DOH grant extensions or issue waivers for entities unable to comply with assigned deadlines?

No. Minnesota DOH is not granting extensions or issuing waivers. Additionally, there are no exemptions for small providers/payors or entities with little health care claims activity.

What eBilling formats can be used?

The state recommends usage of ANSI 837 File Format(s) (healthcare services) and NCPDP 5.1 File Format (pharmacy). Providers and payors can agree to utilize customized formats as long as minimum data elements found in the 837 and 5.1 formats are included. Providers and payors **cannot** mandate utilization of any specific format and cannot force disclosure of data elements outside of those utilized in the 837 and 5.1 formats.

I am already engaged in eBilling for Texas. Are there similarities between Minnesota and Texas?

Yes. Most similarities are system/technical in nature, enabling insurers and providers conducting business in both states to utilize already existing systems and formats, such as:

- Both states recognize/recommend usage of the ANSI 837 File Format(s) for medical services
- Both states recognize/recommend usage of the NCPDP 5.1 File Format for pharmacy services
- Providers and payors are free to negotiate utilization of other forms of eBilling, but cannot mandate usage of a specific format
- Fines can be imposed for non-compliance
- Providers and payors are free to contract with eBilling agents to handle eBilling transactions

Are there differences between eBilling for Minnesota as compared to Texas?

Yes. Fortunately the following differences are more regulatory in nature and not technical/system driven, making compliance efforts easier:

- The Minnesota DOH is implementing the program, it does not reside at the Department of Labor/Division of Workers' Compensation
- The Minnesota requirement covers all healthcare providers, not just those providing workers' compensation healthcare and services
- In Minnesota, there are no exemptions for small or limited healthcare business providers and DOH is not granting waivers
- Minnesota requirements also include the ability to provide and accept electronic eligibility

Is PMSI already engaged in eBilling with carrier clients?

Yes. PMSI already bills clients electronically, and we continue to enhance our internal systems to meet the eBilling needs of our carrier clients in both Minnesota and Texas. PMSI is looking forward to working directly with our clients to implement our connectivity and provide eBilling capabilities on many levels, be it eBilling directly to our clients or with their eBilling clearinghouse. PMSI has already developed eBilling connectivity with numerous carrier clients and maintains established connectivity with nationally recognized eBilling clearinghouses.



Technical Questions to Kick-Start Implementation

Now that you have a better understanding of Minnesota's eBilling requirements, you may be wondering what it mean for your systems and how you can work with PMSI to gain and maintain compliance. PMSI wants to remind our clients that even though there are distinct similarities between Texas and Minnesota, there are some unique differences. These differences and similarities could simplify system development and implementation, but also could provide unforeseen challenges. In conjunction with our eBilling Development Team, PMSI Government Affairs provides a list of questions you will need to consider when Launching your implementation program.

Is your internal IT staff aware of and working on Minnesota and Texas eBilling requirements? If so, what is your development and compliance plan? Can PMSI assist in implementation?

Clients who have not yet engaged in developing eBilling capabilities will find PMSI to be a strong resource and partner in helping you gain and maintain compliance with both Minnesota and Texas regulations.

Do you currently have the ability to receive electronic bills and transmit electronic remittance? If not, when do you expect to implement this capability and will it be developed internally or with an external partner?

Many of PMSI's clients developed eBilling capabilities internally, while others utilized an external entity. PMSI stands ready to help develop connectivity with our clients or their partners.

Will you be utilizing an eBilling clearinghouse? Will you be utilizing more than one clearinghouse or partnering with multiple clearinghouses for different lines of medical claims? Will your partner clearinghouse be able to support formats such as the ANSI 837 and NCPDP 5.1 and/or D.0?

PMSI has developed and maintains good relationships and electronic connectivity with all of the nationally recognized eBilling trading partners and is more than willing to work with these partners on behalf of our clients.

When do you estimate you will be ready to accept eBills and send response files, or more specifically, when will you be ready to begin the testing phase?

PMSI stands ready to work with your team and/or your eBilling partners to begin testing and establishing eBilling connectivity. Let our development team help you develop a timeline for implementation.

What format are you currently using, or what format do you plan on using for your eBilling systems?

To promote uniformity, both Texas and Minnesota recommend and encourage utilization of ANSI (for MS&E) and NCPDP (for pharmacy) file formats. PMSI is capable of handling and utilizing various eBilling formats, including the recommended ANSI 837 formats for services and MS&E and NCPDP file formats for pharmacy. Also, draft eBilling rules being developed by the California Department of Workers' Compensation (DWC) also recommend utilizing ANSI and NCPDP file formats.

Are you developing the capability to provide electronic eligibility? If so, when will you be able to begin testing this capability with PMSI?

The capability to provide electronic eligibility, as a component of eBilling, helps significantly streamline the eBill process, specifically in relation to Medical Services & Equipment. PMSI looks forward to discussing the positive outcomes of implementing electronic eligibility.



Can you provide PMSI with an IT/Development contact to quickly initiate eBilling connectivity?

PMSI has established a dedicated eBilling implementation team for this project. Since time is of the essence, please ask your account manager or sales Representative to connect your technical team or partner with our eBilling experts.

Moving Forward Together

What is PMSI's strategy moving forward?

As the current regulations contain a few implementation bugs, PMSI will monitor developments in Minnesota for last minute updates or revisions executed to address questions and concerns raised by the workers' compensation community. Additionally, PMSI will keep an eye on Texas for developments and continue to work with our contacts in California as they develop their eBilling regulations. Staying involved, and having the ability to provide as much lead time as possible, makes our Government Affairs and eBilling developmental efforts a value-added service to our clients.

Once Minnesota is implemented what is the time frame for PMSI efforts in Texas?

PMSI's eBilling waiver, granted by the Texas Workers' compensation Commission (TWCC), expires at the end of October 2009, and many of our clients have a need to be eBilling compliant in both states. PMSI will work to develop eBilling connectivity tailored to our clients' jurisdictional needs.

What other states do you see developing and implementing eBilling on the horizon?

As previously mentioned, California's DWC is currently developing draft eBilling regulations. According to our sources, and our involvement with the state, the draft regulations recommend utilization of ANSI and NCPDP file formats. Florida and New York are also presently exploring eBilling regulations; however implementation of these states will be no earlier than late 2010.

Informational Resources

Minnesota: Visit the MN AUC at www.health.state.mn.us/auc/

Texas: Visit the TWCC at <http://www.tdi.state.tx.us/wc/ebill/index.html>

For more information, please contact your Account Manager or Sales Representative. You may also contact our Director of Government Affairs, Kevin Tribout at Kevin.Tribout@pmsionline.com or 813.318.6876.

About PMSI —The Only Solution You Need. Founded in 1976, today PMSI is one of the nation's largest providers of specialty managed care services and products for workers' compensation. PMSI provides a best-in-class integrated portfolio of clinically based services in Pharmacy, Medical Services and Equipment, and Settlement Solutions that promotes quality care for injured workers while helping clients contain costs and control utilization.

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