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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. 3372

February 25, 2008

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The bill was read for the first time and referred to the Committee on Health and Human Services

1.1 A bill for an act
1.2 relating to health; changing provisions for uniform billing forms and electronic
1.3 claim filing; amending Minnesota Statutes 2006, sections 62J.51, subdivisions
1.4 17, 18; 62J.52, subdivisions 4, 5; 62J.59; Minnesota Statutes 2007 Supplement,
1.5 sections 62J.52, subdivisions 1, 2; 62J.536, subdivision 1, by adding a
1.6 subdivision; repealing Minnesota Statutes 2006, section 62J.58.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. Minnesota Statutes 2006, section 62J.51, subdivision 17, is amended to read:

1.9 Subd. 17. **Uniform billing form CMS 1450.** "Uniform billing form CMS 1450"
1.10 means the most current version of the uniform billing form known as the CMS 1450 ~~or~~
1.11 ~~UB92~~, developed by the National Uniform Billing Committee ~~in 1992 and approved for~~
1.12 ~~implementation in October 1993, and any subsequent amendments to the form.~~

1.13 Sec. 2. Minnesota Statutes 2006, section 62J.51, subdivision 18, is amended to read:

1.14 Subd. 18. **Uniform billing form CMS 1500.** "Uniform billing form CMS 1500"
1.15 means the ~~1990~~ most current version of the health insurance claim form, CMS 1500,
1.16 developed by the National Uniform Claim Committee ~~and any subsequent amendments to~~
1.17 ~~the form.~~

1.18 Sec. 3. Minnesota Statutes 2007 Supplement, section 62J.52, subdivision 1, is amended
1.19 to read:

1.20 Subdivision 1. **Uniform billing form CMS 1450.** (a) On and after January 1,
1.21 1996, all institutional inpatient hospital services, ancillary services, institutionally owned
1.22 or operated outpatient services rendered by providers in Minnesota, and institutional
1.23 or noninstitutional home health services that are not being billed using an equivalent

2.1 electronic billing format, must be billed using the uniform billing form CMS 1450, except
2.2 as provided in subdivision 5.

2.3 (b) The instructions and definitions for the use of the uniform billing form CMS
2.4 1450 shall be in accordance with the uniform billing form manual specified by the
2.5 commissioner. In promulgating these instructions, the commissioner may utilize the
2.6 manual developed by the National Uniform Billing Committee, ~~as adopted and finalized~~
2.7 ~~by the Minnesota Uniform Billing Committee.~~

2.8 (c) Services to be billed using the uniform billing form CMS 1450 include:
2.9 institutional inpatient hospital services and distinct units in the hospital such as psychiatric
2.10 unit services, physical therapy unit services, swing bed (SNF) services, inpatient state
2.11 psychiatric hospital services, inpatient skilled nursing facility services, home health
2.12 services (Medicare part A), and hospice services; ancillary services, where benefits are
2.13 exhausted or patient has no Medicare part A, from hospitals, state psychiatric hospitals,
2.14 skilled nursing facilities, and home health (Medicare part B); institutional owned or
2.15 operated outpatient services such as waived services, hospital outpatient services,
2.16 including ambulatory surgical center services, hospital referred laboratory services,
2.17 hospital-based ambulance services, and other hospital outpatient services, skilled nursing
2.18 facilities, home health, freestanding renal dialysis centers, comprehensive outpatient
2.19 rehabilitation facilities (CORF), outpatient rehabilitation facilities (ORF), rural health
2.20 clinics, federally qualified health centers, and community mental health centers; home
2.21 health services such as home health intravenous therapy providers, ~~waived services,~~
2.22 ~~personal care attendants~~, and hospice; and any other health care provider certified by the
2.23 Medicare program to use this form.

2.24 (d) On and after January 1, 1996, a mother and newborn child must be billed
2.25 separately, and must not be combined on one claim form.

2.26 (e) Services provided by Medicare Critical Access Hospitals electing Method
2.27 II billing will be allowed an exception to this provision to allow the inclusion of the
2.28 professional fees on the CMS 1450.

2.29 Sec. 4. Minnesota Statutes 2007 Supplement, section 62J.52, subdivision 2, is amended
2.30 to read:

2.31 Subd. 2. **Uniform billing form CMS 1500.** (a) On and after January 1, 1996, all
2.32 noninstitutional health care services rendered by providers in Minnesota except dental
2.33 or pharmacy providers, that are not currently being billed using an equivalent electronic
2.34 billing format, must be billed using the health insurance claim form CMS 1500, except as
2.35 provided in subdivision 5.

3.1 (b) The instructions and definitions for the use of the uniform billing form CMS
3.2 1500 shall be in accordance with the manual developed by the Administrative Uniformity
3.3 Committee entitled standards for the use of the CMS 1500 form, dated February 1994,
3.4 as further defined by the commissioner.

3.5 (c) Services to be billed using the uniform billing form CMS 1500 include physician
3.6 services and supplies, durable medical equipment, noninstitutional ambulance services,
3.7 independent ancillary services including occupational therapy, physical therapy, speech
3.8 therapy and audiology, home infusion therapy, podiatry services, optometry services,
3.9 mental health licensed professional services, substance abuse licensed professional
3.10 services, nursing practitioner professional services, certified registered nurse anesthetists,
3.11 chiropractors, physician assistants, laboratories, medical suppliers, waivered services,
3.12 personal care attendants, and other health care providers such as day activity centers and
3.13 freestanding ambulatory surgical centers.

3.14 (d) Services provided by Medicare Critical Access Hospitals electing Method
3.15 II billing will be allowed an exception to this provision to allow the inclusion of the
3.16 professional fees on the CMS 1450.

3.17 Sec. 5. Minnesota Statutes 2006, section 62J.52, subdivision 4, is amended to read:

3.18 Subd. 4. **Uniform pharmacy billing form.** (a) On and after January 1, 1996,
3.19 all pharmacy services provided by pharmacists in Minnesota that are not currently
3.20 being billed using an equivalent electronic billing format shall be billed using the
3.21 NCPDP/universal claim form, ~~except as provided in subdivision 5.~~

3.22 (b) The instructions and definitions for the use of the uniform claim form shall
3.23 be in accordance with instructions specified by the commissioner of health, ~~except as~~
3.24 ~~provided in subdivision 5.~~

3.25 Sec. 6. Minnesota Statutes 2006, section 62J.52, subdivision 5, is amended to read:

3.26 Subd. 5. **State and federal health care programs.** (a) Skilled nursing facilities
3.27 and ICF/MR services billed to state and federal health care programs administered by
3.28 the Department of Human Services shall use the CMS 1450 form ~~designated by the~~
3.29 ~~Department of Human Services.~~

3.30 (b) On and after July 1, 1996, state and federal health care programs administered by
3.31 the Department of Human Services shall accept the CMS 1450 for community mental
3.32 health center services and shall accept the CMS 1500 for freestanding ambulatory surgical
3.33 center services.

4.1 ~~(e) State and federal health care programs administered by the Department of~~
4.2 ~~Human Services shall be authorized to use the forms designated by the Department of~~
4.3 ~~Human Services for pharmacy services.~~

4.4 ~~(d) State and federal health care programs administered by the Department of~~
4.5 ~~Human Services shall accept the form designated by the Department of Human Services,~~
4.6 ~~and the CMS 1500 for supplies, medical supplies, or durable medical equipment. Health~~
4.7 ~~care providers may choose which form to submit.~~

4.8 ~~(e)~~ (c) Personal care attendant and waived services billed on a fee-for-service basis
4.9 directly to state and federal health care programs administered by the Department of
4.10 Human Services shall use either the ~~CMS 1450~~ or the CMS 1500 form, as designated by
4.11 the Department of Human Services.

4.12 Sec. 7. Minnesota Statutes 2007 Supplement, section 62J.536, subdivision 1, is
4.13 amended to read:

4.14 Subdivision 1. **Electronic claims and eligibility transactions required.** (a)
4.15 Beginning January 15, 2009, all group purchasers must accept from health care providers
4.16 the eligibility for a health plan transaction described under Code of Federal Regulations,
4.17 title 45, part 162, subpart L. Beginning July 15, 2009, all group purchasers must accept
4.18 from health care providers the health care claims or equivalent encounter information
4.19 transaction described under Code of Federal Regulations, title 45, part 162, subpart K.

4.20 (b) Beginning January 15, 2009, all group purchasers must transmit to providers
4.21 the eligibility for a health plan transaction described under Code of Federal Regulations,
4.22 title 45, part 162, subpart L. Beginning December ~~1~~ 15, 2009, all group purchasers must
4.23 transmit to providers the health care payment and remittance advice transaction described
4.24 under Code of Federal Regulations, title 45, part 162, subpart P.

4.25 (c) Beginning January 15, 2009, all health care providers must submit to group
4.26 purchasers the eligibility for a health plan transaction described under Code of Federal
4.27 Regulations, title 45, part 162, subpart L. Beginning July 15, 2009, all health care
4.28 providers must submit to group purchasers the health care claims or equivalent encounter
4.29 information transaction described under Code of Federal Regulations, title 45, part 162,
4.30 subpart K.

4.31 (d) Beginning January 15, 2009, all health care providers must accept from group
4.32 purchasers the eligibility for a health plan transaction described under Code of Federal
4.33 Regulations, title 45, part 162, subpart L. Beginning December 15, 2009, all health care
4.34 providers must accept from group purchasers the health care payment and remittance

5.1 advice transaction described under Code of Federal Regulations, title 45, part 162, subpart
5.2 P.

5.3 (e) Each of the transactions described in paragraphs (a) to (d) shall require the use
5.4 of a single, uniform companion guide to the implementation guides described under
5.5 Code of Federal Regulations, title 45, part 162. The companion guides will be developed
5.6 pursuant to subdivision 2.

5.7 (f) Notwithstanding any other provisions in sections 62J.50 to 62J.61, all group
5.8 purchasers and health care providers must exchange claims and eligibility information
5.9 electronically using the transactions, companion guides, implementation guides, and
5.10 timelines required under this subdivision. Group purchasers may not impose any fee on
5.11 providers for the use of the transactions prescribed in this subdivision.

5.12 (g) Nothing in this subdivision shall prohibit group purchasers and health care
5.13 providers from using a direct data entry, Web-based methodology for complying with
5.14 the requirements of this subdivision. Any direct data entry method for conducting
5.15 the transactions specified in this subdivision must be consistent with the data content
5.16 component of the single, uniform companion guides required in paragraph (e) and the
5.17 implementation guides described under Code of Federal Regulations, title 45, part 162.

5.18 Sec. 8. Minnesota Statutes 2007 Supplement, section 62J.536, is amended by adding a
5.19 subdivision to read:

5.20 Subd. 4. **Group purchasers not covered by HIPAA.** (a) For transactions with
5.21 group purchasers defined in section 62J.03, subdivision 8, that are not covered under
5.22 United States Code, title 42, sections 1320d to 1320d-8, the requirements of this section
5.23 are modified as follows:

5.24 (1) The group purchasers may be exempt from one or more of the requirements
5.25 to exchange claims and eligibility information electronically using the transactions,
5.26 companion guides, implementation guides, and timelines in subdivision 1 if the
5.27 commissioner of health determines that:

5.28 (i) a transaction is incapable of exchanging data that are currently being exchanged
5.29 on paper and is necessary to accomplish the purpose of the transaction; or

5.30 (ii) another national electronic transaction standard would be more appropriate and
5.31 effective to accomplish the purpose of the transaction.

5.32 (2) If group purchasers are exempt from one or more of the requirements to exchange
5.33 claims and eligibility information electronically using the transactions, companion guides,
5.34 implementation guides, and timelines in subdivision 1, providers shall also be exempt
5.35 from exchanging those transactions with the group purchaser.

6.1 (3) If the commissioner of health exempts a group purchaser from one or more of
 6.2 the requirements because a transaction is incapable of exchanging data that are currently
 6.3 being exchanged on paper and are necessary to accomplish the purpose of the transaction,
 6.4 the commissioner shall review that exemption annually. If the commissioner determines
 6.5 that the exemption is no longer necessary or appropriate, the commissioner of health shall
 6.6 promulgate rules pursuant to section 62J.61 establishing and requiring group purchasers
 6.7 and health care providers to use the transactions and the uniform, standard companion
 6.8 guides required under subdivision 1, paragraph (e). Group purchasers and providers shall
 6.9 have 12 months to implement any rules promulgated.

6.10 (4) If the commissioner of health exempts a group purchaser from one or more of
 6.11 the requirements because another national electronic transaction standard would be more
 6.12 appropriate and effective to accomplish the purpose of the transaction, the commissioner
 6.13 shall promulgate rules pursuant to section 62J.61 establishing and requiring group
 6.14 purchasers and health care providers to use the national electronic transaction standard.
 6.15 Group purchasers and providers shall have 12 months to implement any rules promulgated.

6.16 (5) The requirement of paper claims attachments shall not indicate that a health
 6.17 care claims or equivalent encounter information transaction described under Code of
 6.18 Federal Regulations, title 45, part 162, subpart K, is incapable of exchanging data that
 6.19 are currently being exchanged on paper provided that the electronic health care claims
 6.20 transaction has a mechanism to link the paper attachments to the electronic claim.

6.21 Sec. 9. Minnesota Statutes 2006, section 62J.59, is amended to read:

6.22 **62J.59 IMPLEMENTATION OF NCPDP TELECOMMUNICATIONS**
 6.23 **STANDARD FOR PHARMACY CLAIMS.**

6.24 (a) Beginning January 1, 1996, all category I and II pharmacists licensed in this state
 6.25 shall accept the most recent version of the NCPDP telecommunication standard ~~format 3.2~~
 6.26 or the most recent version of the NCPDP tape billing and payment ~~format 2.0~~ standard for
 6.27 the electronic submission of claims as appropriate.

6.28 (b) Beginning January 1, 1996, all category I and category II group purchasers in this
 6.29 state shall use the most recent version of the NCPDP telecommunication standard ~~format~~
 6.30 ~~3.2~~ or NCPDP tape billing and payment ~~format 2.0~~ standard for electronic submission
 6.31 of payment information to pharmacists.

6.32 Sec. 10. **REPEALER.**

6.33 Minnesota Statutes 2006, section 62J.58, is repealed.