

*Original publication date: May 2010  
Reformatted and links updated: March 2025*

## IMPLEMENTATION AND COMPLIANCE UPDATE #5

### New Minnesota Law:

# Requirements for Health Care Clearinghouses

## Intended Audience and Purpose

This Implementation and Compliance Update briefly describes a recently enacted Minnesota law, [Minnesota Session Laws 2010, chapter 243 \(www.revisor.mn.gov/laws/2010/0/Session+Law/Chapter/243\)](http://www.revisor.mn.gov/laws/2010/0/Session+Law/Chapter/243), that adds health care clearinghouses to Minnesota's Administrative Simplification Act (ASA), [Minnesota Statutes, chapter 62J, sections 50-61 \(www.revisor.mn.gov/statutes/cite/62J\)](http://www.revisor.mn.gov/statutes/cite/62J). The law creates requirements for clearinghouses and extends enforcement and compliance provisions of the ASA to clearinghouses.

The goal of the law is to ensure health care clearinghouses comply with industry best practices and meet the same requirements as health care providers and payers when exchanging administrative transactions.

This update is intended for clearinghouses, billing services, health care group purchasers (payers), providers, as well as other vendors, and any interested parties. It is one of a series prepared by the Minnesota Department of Health to provide information regarding Minnesota's statutes and rules for health care administrative simplification.

## Background

Minnesota has taken several important steps as part of larger health care reform efforts to reduce health care administrative costs and burdens. [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 providers and group purchasers (payers) to exchange three types of common, high volume administrative transactions electronically, using a single standard data content and format. The transactions are:

- Eligibility verifications
- Health care claims - billings
- Remittance advices

The statute applies to over 60,000 health care providers and more than 2,000 payers. MDH estimates that when fully implemented, the law will reduce health care administrative costs system-wide by more than \$60 million annually.

Health care providers and payers often use clearinghouses to help them translate and/or exchange the required administrative transactions. Most clearinghouses comply with industry best practices, but recent experience has exposed clearinghouse practices that are barriers to the timely, efficient exchange of routine administrative transactions.

## IMPLEMENTATION AND COMPLIANCE UPDATE #5

### Examples of Practices that Create Barriers

- Not responding to information requests needed by health care providers/payers to effectively connect with the clearinghouses to exchange of administrative transactions
- Not sending acknowledgements (receipts) of transactions, making it difficult to track or to rectify problems with a transaction
- Inappropriate charging of fees
- Offering only limited connectivity to other clearinghouses or networks

### Specifics of the New Law

The law amends the Minnesota Health Care Administrative Simplification Act, to include health care clearinghouses by making the following changes below, shown with the corresponding section of the law in which the change appears:

#### Section 1

- **Defines the term “health care clearinghouse.”** This term defines the activities which constitute clearinghouse functions. It is based on the federal HIPAA definition.
- **Defines the term “agent.”** This addition defines when a clearinghouse acts on the behalf of a health care provider or group purchaser. This definition is necessary because clearinghouses also interact with providers/payers when working on another entity’s behalf.

#### Section 2

- **Defines the term “standard transaction.”** This addition clarifies the specific national transactions and standards that constitute a standard administrative transaction.

#### Section 3

- **Requires acknowledgements of administrative transactions by 2012.** This addition requires all providers, payers, and clearinghouses to acknowledge receipt of an administrative transaction starting January 1, 2012. This change will ensure transactions arrive at their final destination and are not lost. The required acknowledgements are national standards already widely used in the health care system.
- **Clarifies when fees may be charged.** This addition clarifies that payers and providers may not charge each other for exchanging standard transactions. Similarly, clearinghouses may not charge providers or payers fees unless an agent relationship exists.

#### Section 4

- **Extends the ASA compliance provisions to clearinghouses.** These changes extend the Administrative Simplification Act’s (ASA) compliance provisions to clearinghouses.

# IMPLEMENTATION AND COMPLIANCE UPDATE #5

## Section 5

- **Requires transaction tracking.** This change requires clearinghouses, beginning January 1, 2012, to provide mechanisms for providers and payers to track administrative transactions to ensure transactions make it to their final destination.
- **Requires connectivity.** Requires clearinghouses to make electronic connections with other clearinghouses or trading partners.
- **Clarifies standard transactions must be accepted.** The law prohibits a clearinghouses from making the acceptance of a standard transaction contingent on the purchase of additional services.
- **Enhances transparency about clearinghouse services.** Clearinghouses may be required to:
  - Submit information regarding their operations and performance to ensure state requirements are met
  - Post and regularly update the point-of contact information on their web sites
  - Provide accurate, timely, reliable information regarding products, services, pricing and other related information to clients and potential clients

We look forward to continuing to work with providers, payers, and clearinghouses 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)

Minnesota Department of Health  
Center for Health Information Policy and Transformation  
[health.asaguides@state.mn.us](mailto:health.asaguides@state.mn.us)  
[www.health.state.mn.us](http://www.health.state.mn.us)

May 2010