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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. **1976**

03/17/2015 Authored by Albright and Mahoney

The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

1.1 A bill for an act  
1.2 relating to workers' compensation; modifying electronic transactions; authorizing  
1.3 penalties; amending Minnesota Statutes 2014, sections 176.135, by adding a  
1.4 subdivision; 176.221, subdivision 8.

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

1.6 Section 1. Minnesota Statutes 2014, section 176.135, is amended by adding a  
1.7 subdivision to read:

1.8 Subd. 7a. **Electronic transactions.** (a) For purposes of this subdivision, the  
1.9 following terms have the meanings given:

1.10 (1) "workers' compensation payer" means a workers' compensation insurer and an  
1.11 employer, or group of employers, that is self-insured for workers' compensation;

1.12 (2) "clearinghouse" has the meaning given in section 62J.51, subdivision 11a; and

1.13 (3) "electronic transactions" means the health care administrative transactions  
1.14 described in section 62J.536.

1.15 (b) In addition to the requirements of section 62J.536, workers' compensation payers  
1.16 and health care providers must comply with the requirements in paragraphs (c) to (e) and  
1.17 any requirements adopted by rule under paragraph (f).

1.18 (c) No later than January 1, 2016, each workers' compensation payer must place  
1.19 the following information in a prominent location on its Web site or otherwise provide  
1.20 the information to health care providers:

1.21 (1) the name of each clearinghouse with which the workers' compensation payer has  
1.22 an agreement to exchange or transmit electronic transactions, along with the identification  
1.23 number each clearinghouse has assigned to the payer in order to route electronic  
1.24 transactions through intermediaries or other clearinghouses to the payer;

2.1 (2) information about how a health care provider can obtain the claim number  
2.2 assigned by the workers' compensation payer for an employee's claim and how the  
2.3 provider should submit the claim number in the appropriate field on the electronic bill to  
2.4 the payer; and

2.5 (3) the name, phone number, and e-mail address of contact persons who can answer  
2.6 questions related to electronic transactions on behalf of the workers' compensation payer  
2.7 and the clearinghouses with which the payer has agreements.

2.8 (d) No later than July 1, 2016:

2.9 (1) health care providers must electronically submit copies of medical records or  
2.10 reports that substantiate the nature of the charge and its relationship to the work injury  
2.11 using the most recently approved version of the ASC X12N 275 transaction ("Additional  
2.12 Information to Support Health Care Claim or Encounter"), according to the requirements  
2.13 in the corresponding implementation guide. The ASC X12N 275 transaction is the only  
2.14 one that shall be used to electronically submit attachments unless a national standard is  
2.15 adopted by federal law or rule. If a new version of the attachment transaction is approved,  
2.16 it must be used one year after the approval date;

2.17 (2) workers' compensation payers and all clearinghouses receiving or transmitting  
2.18 workers' compensation bills must accept attachments using the ASC X12N 275 transaction  
2.19 and must respond with the most recently approved ASC X12 electronic acknowledgment  
2.20 for the attachment transaction. If a new version of the acknowledgment transaction is  
2.21 approved, it must be used one year after the approval date; and

2.22 (3) if a different national claims attachment or acknowledgment requirement is  
2.23 adopted by federal law or rule, it will replace the ASC X12N 275 transaction, and the new  
2.24 standard must be used on the date that it is required by the federal law or rule.

2.25 (e) No later than September 1, 2015, workers' compensation payers must provide  
2.26 the patient's name and patient control number on or with all payments made to a provider  
2.27 under this chapter, whether payment is made by check or electronic funds transfer. The  
2.28 information provided on or with the payment must be sufficient to allow providers to  
2.29 match the payment to specific bills. If a bulk payment is made to a provider for more than  
2.30 one patient, the check or electronic funds transfer statement must also specify the amount  
2.31 being paid for each patient. For purposes of this paragraph, the patient control number is  
2.32 located on the electronic health care claim 837 transaction, loop 2300, segment CLM01,  
2.33 and on the electronic health care claim payment/advice 835 transaction, loop 2100, CLP01.

2.34 (f) The commissioner of labor and industry may update existing workers'  
2.35 compensation rules, using the rulemaking process in section 14.386, as needed to reflect

3.1 the requirements in this section, section 62J.536, and uniform companion guides adopted  
3.2 by the commissioner of health.

3.3 (g) The commissioner may assess a monetary penalty of \$500 for each violation  
3.4 of this section or rule adopted under paragraph (f), not to exceed \$25,000 for identical  
3.5 violations during a calendar year. Before issuing a penalty for a first violation of this  
3.6 section, the commissioner must provide written notice to the noncompliant payer,  
3.7 clearinghouse, or provider that a penalty may be issued if the violation is not corrected  
3.8 within 30 days. Penalties under this paragraph are payable to the commissioner for deposit  
3.9 in the assigned risk safety account.

3.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.11 Sec. 2. Minnesota Statutes 2014, section 176.221, subdivision 8, is amended to read:

3.12 Subd. 8. **Method and timeliness of payment.** (a) Except as otherwise provided  
3.13 in paragraph (b), payment of compensation under this chapter shall be by immediately  
3.14 payable negotiable instrument, or if by any other method, arrangements shall be available  
3.15 to provide for the immediate negotiability of the payment instrument.

3.16 All payment of compensation shall be made within 14 days of the filing of an  
3.17 appropriate order by the division or a compensation judge, unless the order is appealed or  
3.18 if a different time period is provided by this chapter.

3.19 (b) An employer or insurer responsible for payment of periodic monetary benefits  
3.20 under this chapter must send the payments by electronic funds transfer to a bank, savings  
3.21 association, or other financial institution, as defined in section 47.61, if requested by the  
3.22 employee or a dependent under section 176.111.

3.23 (1) If the employer or insurer has already established an electronic funds transfer  
3.24 arrangement with a bank, savings association, or other financial institution for the  
3.25 employee's account, the employer or insurer must begin sending periodic monetary  
3.26 benefit payments by electronic funds transfer to the bank, savings association, or other  
3.27 financial institution within 30 days after the employer or insurer receives a request from  
3.28 the employee or dependent containing the information in paragraph (c).

3.29 (2) If the employer or insurer does not already have an arrangement with the bank,  
3.30 savings association, or other financial institution for electronic funds transfer for the  
3.31 employee or dependent's account at the time of the request, the 30 days to begin sending  
3.32 periodic benefit payments by electronic funds transfer does not start to run until the  
3.33 arrangement has been established. The employer or insurer must make reasonable efforts  
3.34 to establish the electronic funds transfer arrangement within 14 days after receiving a  
3.35 request containing the information in paragraph (c).

4.1 (3) Payment of benefits is deemed to have been made on the date the payment is sent  
4.2 by electronic funds transfer to the employee or dependent's account at the bank, savings  
4.3 association, or other financial institution.

4.4 (c) The employee or dependent must provide the employer or insurer with the  
4.5 following information:

4.6 (1) a signed and dated written request for electronic funds transfer of benefits;

4.7 (2) the name and address of the bank, savings association, or other financial  
4.8 institution where the benefit payments are to be sent by electronic funds transfer;

4.9 (3) the account number to which the payments should be credited; and

4.10 (4) any other information or documentation required by the employer or insurer or  
4.11 the financial institution necessary to implement electronic funds transfer.

4.12 (d) The employer or insurer must retain a copy of the request for as long as the  
4.13 benefits are being paid by electronic funds transfer. The employer or insurer paying the  
4.14 benefits must provide a copy of the request to the department upon request.

4.15 (e) Paragraph (b) does not apply if the employer or insurer reasonably determines  
4.16 that the periodic monetary benefit payments are likely to end before the direct deposit or  
4.17 electronic funds transfer can be arranged.

4.18 (f) The commissioner may assess a monetary penalty of \$500 against the employer  
4.19 or insurer for a violation of paragraph (b) or (d). Before issuing a penalty for a first  
4.20 violation of paragraph (b) or (d), the commissioner must provide written notice to the  
4.21 employer or insurer that a penalty may be issued if the violation is not corrected within  
4.22 30 days. Penalties under this paragraph are payable to the commissioner for deposit in  
4.23 the assigned risk safety account.

4.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.