

SENATE BILL No. 151

DIGEST OF INTRODUCED BILL

Citations Affected: IC 12-7-2-25.3; IC 12-8-6-5; IC 12-15-1-10; IC 12-15-14; IC 12-15-21-2.

Synopsis: Medicaid reimbursement rules. Requires the office of the secretary of family and social services and the office of Medicaid policy and planning, before adopting a rule establishing a method of provider reimbursement based on a case mix index, to have specific authority to adopt the rule through a statute that describes the case mix reimbursement system that is to be implemented. Provides that the office of the secretary of family and social services and the office of Medicaid policy and planning may not adopt a rule establishing a method of provider reimbursement that is based on a case mix system if the rule differs from the intent of the statute authorizing the adoption of the rule. Voids administrative rules implementing a case mix reimbursement system.

Effective: July 1, 1997 (retroactive).

Meeks

January 6, 1998, read first time and referred to Committee on Health and Environmental Affairs.



Introduced

Second Regular Session 110th General Assembly (1998)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1997 General Assembly.

SENATE BILL No. 151

A BILL FOR AN ACT to amend the Indiana Code concerning human services.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 12-7-2-25.3 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 1997 (RETROACTIVE)]: **Sec. 25.3. "Case mix index," for**
4 **purposes of the following statutes, has the meaning set forth in**
5 **IC 12-15-14-0.1:**

6 (1) **IC 12-8-6-5.**
7 (2) **IC 12-15.**

8 SECTION 2. IC 12-8-6-5 IS AMENDED TO READ AS FOLLOWS
9 [EFFECTIVE JULY 1, 1997 (RETROACTIVE)]: Sec. 5. (a) **Except as**
10 **provided in subsection (b),** the secretary may adopt rules under
11 IC 4-22-2 to implement this chapter and the state Medicaid program.

12 (b) **Before the secretary may adopt a rule establishing a method**
13 **of provider reimbursement that is based on a case mix index, the**
14 **secretary must have specific authority to adopt the rule through a**
15 **statute that describes the case mix reimbursement system that is to**
16 **be implemented. The secretary may not adopt a rule establishing**
17 **a method of provider reimbursement that is based on a case mix**

1998

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1 **system if the rule differs from the intent of the statute authorizing**
 2 **the adoption of the rule.**

3 SECTION 3. IC 12-15-1-10 IS AMENDED TO READ AS
 4 FOLLOWS [EFFECTIVE JULY 1, 1997 (RETROACTIVE)]: Sec. 10.
 5 **(a) Except as provided in subsection (b),** the secretary and office
 6 may:

- 7 (1) take actions;
 8 (2) give directions; and
 9 (3) adopt procedures and rules under IC 4-22-2;

10 necessary to carry out the Medicaid program and the federal Social
 11 Security Act to provide Medicaid and ensure uniform equitable
 12 treatment of applicants for and recipients of Medicaid.

13 **(b) Before the secretary and the office may adopt a rule**
 14 **establishing a method of provider reimbursement that is based on**
 15 **a case mix index, the secretary and the office must have specific**
 16 **authority to adopt the rule through a statute that describes the case**
 17 **mix reimbursement system that is to be implemented. The**
 18 **secretary and the office may not adopt a rule establishing a method**
 19 **of provider reimbursement that is based on a case mix system if the**
 20 **rule differs from the intent of the statute authorizing the adoption**
 21 **of the rule.**

22 SECTION 4. IC 12-15-14-0.1 IS ADDED TO THE INDIANA
 23 CODE AS A NEW SECTION TO READ AS FOLLOWS
 24 [EFFECTIVE JULY 1, 1997 (RETROACTIVE)]: **Sec. 0.1. As used in**
 25 **this chapter, "case mix index" means a numerical value score**
 26 **based on an assessment of each resident that describes the relative**
 27 **resource use for each resident within the groups under the**
 28 **resource utilization group classification system prescribed by the**
 29 **office.**

30 SECTION 5. IC 12-15-14-2, AS AMENDED BY P.L.257-1996,
 31 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 32 JULY 1, 1997 (RETROACTIVE)]: Sec. 2. (a) Payment of nursing
 33 facility services under 42 U.S.C. 1396a(a)(13)(A) shall be determined
 34 in accordance with a prospective payment rate that meets the following
 35 conditions:

- 36 (1) Is reasonable and adequate to meet the costs that must be
 37 incurred by efficiently and economically operated facilities to
 38 provide care and services in conformity with state and federal:
 39 (A) laws, rules, and regulations; and
 40 (B) quality and safety standards.
 41 (2) Is determined in accordance with and as defined by generally
 42 accepted accounting principles.



1 (b) The office may not require a provider to submit non-Medicaid
 2 revenue information in the provider's annual historical financial report.
 3 Non-Medicaid revenue information obtained by Medicaid auditors in
 4 the course of their audits may not be used for public reporting
 5 purposes.

6 (c) The office may only request complete balance sheet data that
 7 applies directly to the provider's facility. Complete balance sheet data
 8 acquired by the office under this subsection:

9 (1) is confidential; and

10 (2) may only be disclosed:

11 (A) in the aggregate; or

12 (B) for an individual facility;

13 if the office removes all non-Medicaid data.

14 (d) The office of the secretary shall adopt rules under IC 4-22-2 to
 15 implement the reimbursement system required by this section.
 16 **However, before the office of the secretary may adopt a rule**
 17 **establishing a method of provider reimbursement that is based on**
 18 **a case mix index, the office of the secretary must have specific**
 19 **authority to adopt the rule through a statute that describes the case**
 20 **mix reimbursement system that is to be implemented. The office of**
 21 **the secretary may not adopt a rule establishing a method of**
 22 **provider reimbursement that is based on a case mix system if the**
 23 **rule differs from the intent of the statute authorizing the adoption**
 24 **of the rule.**

25 SECTION 6. IC 12-15-21-2 IS AMENDED TO READ AS
 26 FOLLOWS [EFFECTIVE JULY 1, 1997 (RETROACTIVE)]: Sec. 2.

27 (a) **Except as provided in subsection (b)**, the secretary shall, with the
 28 advice of the office's medical staff, adopt rules under IC 4-22-2 and
 29 consistent with Title XIX of the federal Social Security Act (42 U.S.C.
 30 1396 et seq.) and regulations promulgated under the federal Social
 31 Security Act.

32 (b) **Before the secretary may adopt a rule establishing a method**
 33 **of provider reimbursement that is based on a case mix index, the**
 34 **secretary must have specific authority to adopt the rule through a**
 35 **statute that describes the case mix reimbursement system that is to**
 36 **be implemented. The secretary may not adopt a rule establishing**
 37 **a method of provider reimbursement that is based on a case mix**
 38 **system if the rule differs from the intent of the statute authorizing**
 39 **the adoption of the rule.**

40 SECTION 7. [EFFECTIVE JULY 1, 1997 (RETROACTIVE)]: **405**
 41 **IAC 1-14.2 and 405 IAC 1-14.3 are void. The publisher of the**
 42 **Indiana Administrative Code and Indiana Register shall remove**



1 **these rules from the Indiana Administrative Code.**
2 **SECTION 8. An emergency is declared for this act.**

