

SENATE BILL No. 204

DIGEST OF INTRODUCED BILL

Citations Affected: IC 27-13-7-7; IC 27-13-7-7.5.

Synopsis: Determination of medical necessity. Requires that a health maintenance organization make determinations of medical necessity for health care services in writing and base the determination on certain standards. Provides standards on which a health maintenance organization must base its determinations of medical necessity.

Effective: July 1, 1998.

Miller

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. 204

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

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

1 SECTION 1. IC 27-13-7-7, AS ADDED BY P.L.26-1994,
2 SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 1998]: Sec. 7. The evidence of coverage required by section
4 5 of this chapter must contain **the following:**

5 (1) A clear statement of the matters set forth in section 3(a) of this
6 chapter.

7 (2) **A statement indicating how a determination of medical
8 necessity for health care services is made, as provided in
9 section 7.5 of this chapter.**

10 SECTION 2. IC 27-13-7-7.5 IS ADDED TO THE INDIANA CODE
11 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
12 1, 1998]: **Sec. 7.5. (a) A determination of medical necessity for
13 health care services must be:**

14 (1) **in writing; and**

15 (2) **based on the standards provided in this section.**

16 (b) **A health maintenance organization must base a
17 determination of medical necessity on medical information**

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- 1 provided by:
- 2 (1) the enrollee;
- 3 (2) a member of the enrollee's family; or
- 4 (3) the:
- 5 (A) physician; or
- 6 (B) another provider, a program, or an agency;
- 7 that provides health care services relative to the enrollee's
- 8 diagnosis.
- 9 (c) A determination of medical necessity must be made by a
- 10 provider with expertise in the enrollee's area of diagnosis.
- 11 (d) Health care services provided to an enrollee must be
- 12 sufficient in amount, duration, and scope to reasonably achieve a
- 13 positive outcome.
- 14 (e) The amount, duration, and scope of health care services
- 15 provided to an enrollee may not be arbitrarily denied or reduced
- 16 solely because of the enrollee's diagnosis, type of illness, or
- 17 condition.
- 18 (f) Satisfaction of any one (1) of the following must result in
- 19 authorization for and provision of health care services to an
- 20 enrollee:
- 21 (1) The health care service is expected to prevent the onset of
- 22 an illness, disease, condition, or disability.
- 23 (2) The health care service is expected to correct, cure,
- 24 eliminate, or reduce a physical, mental, or developmental:
- 25 (A) illness;
- 26 (B) disease;
- 27 (C) condition;
- 28 (D) injury; or
- 29 (E) disability.
- 30 (3) The health care service will alleviate the pain of an illness,
- 31 disease, condition, injury, or disability.
- 32 (4) The health care service will assist the enrollee to do the
- 33 following:
- 34 (A) Prevent the development of a secondary condition.
- 35 (B) Achieve, maintain, or improve functional capacity in
- 36 performing daily activities, taking into account the
- 37 following:
- 38 (i) The functional capacity of the enrollee.
- 39 (ii) The functional capacity that is appropriate for an
- 40 individual who is the same age as the enrollee.

