

SENATE BILL No. 396

DIGEST OF INTRODUCED BILL

Citations Affected: IC 12-7-2-154.8; IC 12-14-2-21; IC 12-15-2; IC 12-15-2.2; IC 12-15-4; IC 12-20-6-0.5.

Synopsis: Children's health insurance program. Increases for one year the family income eligibility standard for Medicaid for a child who is less than 19 years of age to 150% of the federal income poverty level. Requires the office of Medicaid policy and planning to provide Medicaid services to a pregnant woman who is less than 19 years of age or a child who is less than 19 years of age and who is eligible for Medicaid for 12 consecutive months from the date the pregnant woman's or child's eligibility is determined, or until the pregnant woman or child becomes 19 years of age, whichever occurs first. Provides an exception for a child who becomes eligible for employer sponsored health coverage during the 12 month period. Provides that disproportionate share hospitals may, and enhanced disproportionate (Continued next page)

Effective: Upon passage; November 1, 1997 (retroactive); July 1, 1998.

Kenley

January 9, 1998, read first time and referred to Committee on Planning and Public Services.



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share hospitals shall, determine whether a pregnant woman or a child is presumptively eligible for Medicaid. Provides that presumptive eligibility ends when a formal determination of Medicaid eligibility is made by an employee of a county office of family and children, or on the last day of the month following the month during which a presumptive eligibility determination is made, whichever occurs earlier. Allows a pregnant woman or the parent or guardian of a child who is presumptively eligible for Medicaid to select a representative of a disproportionate share provider or enhanced disproportionate share provider to serve as the child's or pregnant woman's authorized representative in interactions with the county office of family and children to determine Medicaid eligibility. Requires a provider that makes presumptive eligibility determinations to reimburse the office of Medicaid policy and planning for all funds expended in providing care for a presumptively eligible individual if the individual is subsequently determined not to be eligible for Medicaid. Provides that applications for Medicaid may be made at a disproportionate share hospital, enhanced disproportionate share hospital, or county office of family and children in the county where the applicant resides. Requires an individual who applies for Medicaid to verify that all statements made on the application are truthful. Provides that an individual who knowingly or intentionally provides false information on a Medicaid application commits a Class B misdemeanor and is ineligible for Medicaid assistance for one year. Amends provisions that reference the crime of Medicaid fraud to instead reference the crime of Medicaid deception. Establishes the children's health insurance program advisory panel to advise the governor in designing and implementing a children's health insurance program in Indiana.

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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.

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SENATE BILL No. 396



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 12-7-2-154.8 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE UPON PASSAGE]: **Sec. 154.8. "Qualified entity", for**
4 **purposes of IC 12-15-2.2, has the meaning set forth in**
5 **IC 12-15-2.2-2.**

6 SECTION 2. IC 12-14-2-21, AS ADDED BY P.L.46-1995,
7 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
8 JULY 1, 1998]: Sec. 21. (a) An AFDC recipient or the parent or
9 essential person of an AFDC recipient if the AFDC recipient is less
10 than eighteen (18) years of age must sign a personal responsibility
11 agreement to do the following:

- 12 (1) Develop an individual self-sufficiency plan with other family
13 members and a caseworker.
- 14 (2) Accept any reasonable employment as soon as it becomes
15 available.



1 (3) Agree to a loss of assistance, including AFDC assistance
 2 under this article, Medicaid assistance under IC 12-15 if the sole
 3 basis for the person's Medicaid eligibility is based on the person's
 4 eligibility for AFDC assistance under this article, and food
 5 stamps, if convicted of an offense under **IC 12-15-4-1.5** or
 6 **IC 35-43-5-7** or ~~IC 35-43-5-7.1~~ for the following periods:

7 (A) If the conviction is for a misdemeanor, the person is not
 8 eligible to receive assistance as described under this
 9 subdivision for one (1) year after the conviction.

10 (B) If the conviction is for a felony, the person is not eligible
 11 to receive assistance as described under this subdivision for
 12 ten (10) years after the conviction.

13 (4) Subject to section 5.3 of this chapter, understand that
 14 additional AFDC assistance under this article will not be available
 15 for a child born more than ten (10) months after the person
 16 qualifies for assistance.

17 (5) Accept responsibility for ensuring that each child of the
 18 person receives all appropriate vaccinations against disease at an
 19 appropriate age.

20 (6) If the person is less than eighteen (18) years of age and is a
 21 parent, live with the person's parents, legal guardian, or an adult
 22 relative other than a parent or legal guardian in order to receive
 23 public assistance.

24 (7) Subject to IC 12-8-1-12 and sections 5.1 and 22 of this
 25 chapter, agree to accept assistance for not more than twenty-four
 26 (24) months under:

27 (A) the AFDC program (IC 12-14); and

28 (B) the Medicaid program (IC 12-15), if the sole basis for the
 29 person's Medicaid eligibility is based on the person's eligibility
 30 for AFDC assistance under this article.

31 (8) Be available for and actively seek and maintain employment.

32 (9) Participate in any training program required by the division.

33 (10) Accept responsibility for ensuring that the person and each
 34 child of the person attend school until the person and each child
 35 of the person ~~graduates~~ **graduate** from high school or attain a
 36 high school equivalency certificate (as defined in IC 12-14-5-2).

37 (11) Raise the person's children in a safe, secure home.

38 (12) Agree not to abuse illegal drugs or other substances that
 39 would interfere with the person's ability to attain self-sufficiency.

40 (b) Except as provided in subsection (c), assistance under the AFDC
 41 program and Medicaid assistance under IC 12-15 (if the sole basis for
 42 the person's Medicaid eligibility is based on the person's eligibility for

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1 AFDC assistance under this article) shall be withheld or denied to a
 2 person who does not fulfill the requirements of the personal
 3 responsibility agreement under subsection (a).

4 (c) A person who is granted an exemption under section 23 of this
 5 chapter may be excused from specific provisions of the personal
 6 responsibility agreement as determined by the director.

7 SECTION 3. IC 12-15-2-15.6 IS ADDED TO THE INDIANA
 8 CODE AS A NEW SECTION TO READ AS FOLLOWS
 9 [EFFECTIVE JULY 1, 1998]: **Sec. 15.6. (a) Notwithstanding**
 10 **sections 15 and 15.5 of this chapter, an individual:**

11 (1) whose family income does not exceed one hundred fifty
 12 percent (150%) of the federal income poverty level for the
 13 same size family; and

14 (2) who is otherwise eligible for Medicaid under section 15 or
 15 15.5 of this chapter;

16 is eligible for Medicaid.

17 (b) The state's share of any treatment received by an individual
 18 who is eligible for Medicaid under this section is calculated under
 19 Title XXI of the federal Social Security Act (42 U.S.C. 1396aa et
 20 seq.).

21 (c) This section expires June 30, 1999.

22 SECTION 4. IC 12-15-2-20, AS ADDED BY P.L.46-1995,
 23 SECTION 36, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 24 JULY 1, 1998]: Sec. 20. (a) This section does not apply to a provider
 25 (as defined in IC 12-7-2-149(2)).

26 (b) A person convicted of an offense under ~~IC 35-43-5-7.1~~
 27 **IC 35-43-5-7** is ineligible to receive Medicaid assistance under this
 28 article for ten (10) years after the conviction.

29 SECTION 5. IC 12-15-2-22 IS ADDED TO THE INDIANA CODE
 30 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 31 UPON PASSAGE]: **Sec. 22. (a) An individual who is less than**
 32 **nineteen (19) years of age and who is eligible for Medicaid under**
 33 **sections 11 through 15.6 of this chapter is eligible to receive**
 34 **Medicaid until the earlier of the following:**

35 (1) The end of a period of twelve (12) consecutive months
 36 following a determination of the individual's eligibility for
 37 Medicaid.

38 (2) The individual becomes nineteen (19) years of age.

39 (b) Notwithstanding subsection (a)(1), an individual who
 40 becomes eligible for health insurance coverage through the
 41 individual's or a family member's employer is not eligible to
 42 receive Medicaid even if the individual's family income would



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1 otherwise qualify the individual for Medicaid.

2 SECTION 6. IC 12-15-2.2 IS ADDED TO THE INDIANA CODE
3 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
4 UPON PASSAGE]:

5 **Chapter 2.2. Presumptive Eligibility for Pregnant Women and**
6 **Children**

7 **Sec. 1. This chapter applies to an individual who may be eligible**
8 **for Medicaid under the following statutes:**

- 9 (1) IC 12-15-2-11.
10 (2) IC 12-15-2-12.
11 (3) IC 12-15-2-13.
12 (4) IC 12-15-2-14.
13 (5) IC 12-15-2-15.
14 (6) IC 12-15-2-15.5.
15 (7) IC 12-15-2-15.6.

16 **Sec. 2. As used in this chapter, "qualified entity" means an**
17 **entity that is:**

- 18 (1) a disproportionate share provider under IC 12-15-16-1(a);
19 or
20 (2) an enhanced disproportionate share provider under
21 IC 12-15-16-1(b).

22 **Sec. 3. (a) An entity described in section 2(1) of this chapter may**
23 **apply to the office, on a form provided by the office, for**
24 **authorization to be a qualified entity under this chapter.**

25 **(b) An entity described in section 2(2) of this chapter is**
26 **presumed to be a qualified entity.**

27 **Sec. 4. The office shall provide each qualified entity with the**
28 **following:**

- 29 (1) Application forms for Medicaid.
30 (2) Information on how to assist pregnant women, parents,
31 guardians, and other individuals in completing and filing the
32 application forms.

33 **Sec. 5. The office shall provide Medicaid services to a child or**
34 **pregnant woman during a period that:**

- 35 (1) begins on the date on which a qualified entity determines
36 on the basis of preliminary information, including a certified
37 copy of the previous year's tax return or a recent pay stub,
38 that the family income of the child or pregnant woman does
39 not exceed the applicable family income level of eligibility for
40 the child or pregnant woman for Medicaid under IC 12-15-2;
41 and
42 (2) ends on the earlier of the following:

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1 (A) The date on which a determination is made by a
 2 representative of the county office with respect to the
 3 eligibility of the child or pregnant woman for Medicaid
 4 under IC 12-15-2.

5 (B) The last day of the month following the month in which
 6 the qualified entity makes the determination described in
 7 subdivision (1).

8 **Sec. 6. A qualified entity that determines that a child or**
 9 **pregnant woman is presumptively eligible for Medicaid shall do the**
 10 **following:**

11 (1) Notify the office of the determination within five (5)
 12 working days after the date on which the determination is
 13 made.

14 (2) Inform:

15 (A) the parent, guardian, or custodian of the child; or

16 (B) the pregnant woman;

17 that an application for Medicaid is required to be made at a
 18 location listed in IC 12-15-4-1 in the county where the child or
 19 the pregnant woman resides not later than the last day of the
 20 month following the month during which the determination
 21 is made.

22 **Sec. 7. If a child or pregnant woman is determined to be**
 23 **presumptively eligible for Medicaid under this chapter, the:**

24 (1) child's parent, guardian, or custodian; or

25 (2) pregnant woman;

26 shall complete an application for Medicaid as provided in
 27 IC 12-15-4 not later than the last day of the month following the
 28 month during which the determination is made.

29 **Sec. 8. If a child or pregnant woman:**

30 (1) is determined to be presumptively eligible for Medicaid
 31 under this chapter; and

32 (2) appoints an agent of the qualified entity as the child's or
 33 pregnant woman's authorized representative;

34 the county office shall not require a face to face interview with the
 35 child's parent, guardian, or custodian or with the pregnant woman
 36 to determine the child's or pregnant woman's eligibility for
 37 Medicaid.

38 **Sec. 9. If a child or pregnant woman is:**

39 (1) determined to be presumptively eligible for Medicaid
 40 under this chapter; and

41 (2) subsequently determined not to be eligible for Medicaid
 42 after filing an application for Medicaid as required under

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1 section 7 of this chapter;
 2 the qualified entity that determined that the child or pregnant
 3 woman was presumptively eligible for Medicaid shall reimburse
 4 the office for all funds expended by the office in paying for care for
 5 the child or pregnant woman during the child's or pregnant
 6 woman's period of presumptive eligibility.

7 **Sec. 10. The office shall adopt rules under IC 4-22-2 to**
 8 **implement this chapter.**

9 SECTION 7. IC 12-15-4-1 IS AMENDED TO READ AS
 10 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 1. (a) An application
 11 or a request for Medicaid for an individual must be **made:**

12 (1) ~~made to the county office of the county in which the applicant~~
 13 ~~resides; and~~

14 ~~(2) in the manner required by the office; and~~

15 **(2) at one (1) of the following locations in the county where the**
 16 **applicant resides:**

17 **(A) A disproportionate share provider under**
 18 **IC 12-15-16-1(a).**

19 **(B) An enhanced disproportionate share provider under**
 20 **IC 12-15-16-1(b).**

21 **(C) The county office.**

22 **(b) One (1) or more employees at each provider described in**
 23 **subsection (a)(2)(A) and (a)(2)(B) shall:**

24 **(1) accept applications for Medicaid; and**

25 **(2) conduct interviews with applicants.**

26 **(c) The office shall provide each provider described in**
 27 **subsection (a)(2)(A) and (a)(2)(B) with the materials and training**
 28 **needed by the provider to comply with this section.**

29 **(d) A provider described in subsection (a)(2)(A) and (a)(2)(B)**
 30 **shall forward:**

31 **(1) each application taken by the location; and**

32 **(2) any accompanying materials;**

33 **to the county office located in the same county as the provider at**
 34 **least one (1) time each week. The county office shall then make the**
 35 **final determination of an applicant's eligibility for Medicaid.**

36 SECTION 8. IC 12-15-4-1.5 IS ADDED TO THE INDIANA CODE
 37 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 38 1, 1998]: **Sec. 1.5. (a) An individual who applies for Medicaid as**
 39 **described in section 1 of this chapter must verify that all**
 40 **information provided in the application is truthful.**

41 **(b) If an individual who applies for Medicaid knowingly or**
 42 **intentionally provides false information on a Medicaid application,**



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1 the individual commits Medicaid deception, a Class B
2 misdemeanor.

3 (c) In addition to any penalty provided for Medicaid deception
4 under subsection (b), an individual convicted of Medicaid
5 deception is ineligible to receive assistance under this article for
6 one (1) year after the date of the conviction.

7 (d) The office shall design the application form for Medicaid to
8 include the following:

9 (1) Space for an applicant to verify the truthfulness of the
10 applicant's statements on the application form.

11 (2) An explanation of the penalties for committing Medicaid
12 deception.

13 (e) The office shall adopt rules under IC 4-22-2 to carry out this
14 section.

15 SECTION 9. IC 12-20-6-0.5, AS ADDED BY P.L.46-1995,
16 SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
17 JULY 1, 1998]: Sec. 0.5. (a) As used in this section, "member of the
18 applicant's household" includes any person who lives in the same
19 residence as the applicant.

20 (b) The township trustee shall determine whether an applicant or a
21 member of the applicant's household has been denied assistance under
22 IC 12-14-1-1, IC 12-14-1-1.5, IC 12-14-2-5.1, IC 12-14-2-5.3,
23 IC 12-14-2-18, IC 12-14-2-20, IC 12-14-2-21, IC 12-14-2-24,
24 IC 12-14-2-26, IC 12-14-2.5, or IC 12-14-5.5.

25 (c) A township trustee has no obligation to extend aid to an
26 applicant or to a member of an applicant's household who has been
27 denied assistance as described in subsection (b).

28 (d) A township trustee shall not extend aid to an applicant or to a
29 member of an applicant's household if the applicant or the member of
30 the applicant's household has been convicted of an offense under
31 **IC 12-15-4-1.5 or IC 35-43-5-7 or ~~IC 35-43-5-7.1~~** as follows:

32 (1) If the conviction is a misdemeanor, a township trustee shall
33 not extend aid to the applicant or the member of the applicant's
34 household for one (1) year after the conviction.

35 (2) If the conviction is a felony, a township trustee shall not
36 extend aid to the applicant or the member of the applicant's
37 household for ten (10) years after the conviction.

38 SECTION 10. [EFFECTIVE NOVEMBER 1, 1997
39 (RETROACTIVE)] (a) As used in this SECTION, "panel" refers to
40 the children's health insurance program advisory panel established
41 by subsection (c).

42 (b) As used in this SECTION, "program" refers to the

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1 children's health insurance program established to arrange for
 2 health services and related items for uninsured and underinsured
 3 children in Indiana.

4 (c) The children's health insurance program advisory panel is
 5 established.

6 (d) The panel consists of twenty (20) members appointed by the
 7 governor to include the following:

8 (1) The director of the program, who serves as chair of the
 9 panel.

10 (2) Two (2) members of the senate, who may not be from the
 11 same political party.

12 (3) Two (2) members of the house of representatives, who may
 13 not be from the same political party.

14 (4) Fifteen (15) members, each of whom has expertise in at
 15 least one (1) of the following:

16 (A) Delivery of health care services.

17 (B) Health care administration.

18 (C) Health insurance.

19 (D) Education administration.

20 (E) Children's health care needs.

21 (F) Business administration.

22 (e) Each member of the panel serves as a member for the
 23 duration of the panel.

24 (f) The panel shall meet at least one (1) time each month upon
 25 the call of the chair.

26 (g) At least eleven (11) members of the panel must be present to
 27 establish a quorum. The affirmative vote of at least eleven (11)
 28 members of the panel is required for the panel to take any action.

29 (h) The panel may appoint subcommittees to assist the panel in
 30 its work.

31 (i) The panel shall do the following:

32 (1) Review federal requirements for the children's health
 33 insurance program, including eligibility, outreach, plan
 34 design, coordination with private sector benefits, and fiscal
 35 impact.

36 (2) Evaluate the current Medicaid program and recommend
 37 how to coordinate the program with Medicaid.

38 (3) Evaluate other state and federal block grant programs,
 39 including children with special health care needs, maternal
 40 and child health, and immunizations, and recommend how to
 41 coordinate the program with those programs.

42 (4) Recommend the design and coverage of program plans.

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- 1 **(5) Collect and evaluate public input on how to implement the**
 2 **program in Indiana.**
- 3 **(6) Recommend a blueprint for implementing the program,**
 4 **including fiscal impact, outreach, administrative structure,**
 5 **and evaluation.**
- 6 **(j) The panel shall design a program that is separate from but**
 7 **coordinated with the state's Medicaid program. The program**
 8 **designed by the panel must do the following:**
- 9 **(1) Expand eligibility for the program to children in families**
 10 **with incomes that do not exceed one hundred eighty-five**
 11 **percent (185%) of the federal income poverty level for the**
 12 **same size family. Applications for the program must be**
 13 **distributed to children who are eligible for the national school**
 14 **lunch program.**
- 15 **(2) Procure, through the solicitation of requests for proposals,**
 16 **one (1) or more contracts with managed care organizations in**
 17 **each of the three (3) regions under the Hoosier Healthwise**
 18 **program to provide care to individuals enrolled in the**
 19 **program.**
- 20 **(3) Require the managed care organizations selected by the**
 21 **program under subdivision (2) to contact and enroll:**
- 22 **(A) all eligible participants; and**
 23 **(B) the siblings of all eligible participants;**
 24 **unless an eligible participant elects not to participate in the**
 25 **program. A managed care organization selected by the**
 26 **program shall comply with all guidelines established by the**
 27 **program.**
- 28 **(4) Provide that a child who enrolls in the program must meet**
 29 **the following requirements:**
- 30 **(A) The child and the child's family do not have access to**
 31 **health insurance through an employer.**
 32 **(B) The child and the child's family have not participated**
 33 **in a health insurance program for at least one (1) year**
 34 **before enrolling in the children's health insurance**
 35 **program.**
 36 **(C) The child's family agrees to provide copayments for**
 37 **services based on a sliding fee scale developed by the**
 38 **program.**
- 39 **(5) Establish a penalty to be paid by the following:**
- 40 **(A) An insurer, insurance agent, or insurance broker for**
 41 **knowingly or intentionally referring an insured or the**
 42 **dependent of an insured to the program in order to receive**

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- 1 health care when the insured receives health insurance
 2 through an employer's health care plan that is
 3 underwritten by the insurer.
- 4 (B) An employer for knowingly or intentionally referring
 5 an employee or the dependent of an employee to the
 6 program in order to receive health care when the employee
 7 receives health insurance through the employer's health
 8 care plan.
- 9 (C) An employer that knowingly or intentionally changes
 10 the terms of coverage for or premiums paid by an
 11 employee in order to force an employee or the dependent
 12 of an employee to apply to the program in order to receive
 13 health care.
- 14 (6) Create standards to minimize the incentive for:
 15 (A) an employer to eliminate or reduce health care
 16 coverage for an employee's dependents; or
 17 (B) an individual to eliminate or reduce health care
 18 coverage for a dependent of the individual.
- 19 (7) Require a copayment for services for an individual in a
 20 family that earns at least one hundred fifty percent (150%) of
 21 the federal income poverty level, not to exceed five percent
 22 (5%) of the family's annual income.
- 23 (k) The program shall, subject to approval by the panel, submit
 24 a state plan outlining Indiana's initial children's health insurance
 25 program to the Secretary of the United States Department of
 26 Health and Human Services before July 1, 1998.
- 27 (l) The program shall, subject to approval by the panel, amend
 28 the state plan outlining Indiana's children's health insurance
 29 program to describe a program including the elements required
 30 under subsection (j) not later than April 1, 1999.
- 31 (m) Not later than April 1, 1999, the program shall apply for
 32 any waivers from the Secretary of the United States Department of
 33 Health and Human Services that are required to:
 34 (1) carry out the elements of the program required under
 35 subsection (j); and
 36 (2) allow a child who is eligible for the Hoosier Healthwise
 37 program to receive services from the program;
 38 beginning not later than October 1, 1999.
- 39 (n) The panel shall provide a final report to the governor and
 40 the legislative council not later than January 1, 1999.
- 41 (o) This SECTION expires January 1, 2001.
- 42 SECTION 11. An emergency is declared for this act.

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