

SENATE BILL No. 216

DIGEST OF SB 216 (Updated January 27, 1998 5:38 pm - DI 88)

Citations Affected: IC 27-13; noncode.

Synopsis: Return to home. Provides that, for a one year period, an individual who receives health care under an individual or a group health maintenance organization contract or a contract with a provider sponsored organization, who resides in a continuing care retirement community or a health facility, and who requires skilled nursing care, must receive skilled nursing care from the facility in which the individual resides if the following conditions are met: (1) The facility provides the necessary level of care. (2) The facility agrees to accept payment at the terms and conditions for payment at the contract rate negotiated with similar providers for the same services and supplies. (3) The facility meets certain guidelines established by the health maintenance organization or provider sponsored organization relating to quality of care, utilization, referral authorization, risk assumption, use of the health maintenance organization's or provider sponsored
(Continued next page)

Effective: July 1, 1998.

Miller, Server

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

January 15, 1998, reported favorably — Do Pass.

January 27, 1998, read second time, amended, ordered engrossed.

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Digest Continued

organization's network, and others. (4) The facility and the facility's skilled nursing facility are both Medicare certified. (5) The individual chooses to receive skilled nursing care from the facility. Provides that, beginning July 1, 1999, the above provisions apply only for 60 days after a health maintenance organization or provider sponsored organization terminates a contract with a continuing care retirement community or health facility. Requires the community or health facility to notify the residents of the community or health facility within 10 working days if such a contract is terminated. Requires a health maintenance organization or provider sponsored organization to provide an individual who may enter into a contract to receive coverage for health services from the health maintenance organization or provider sponsored organization with a notice informing the individual about possible limitations regarding where the individual might receive skilled nursing care.

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Reprinted
January 28, 1998

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. 216

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 27-13-36 IS ADDED TO THE INDIANA CODE
2 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 1998]:
4 **Chapter 36. Release to Skilled Nursing Facility Within a Home**
5 **Sec. 1. This chapter applies to the following:**
6 (1) A group contract or individual contract through which a
7 health maintenance organization or provider sponsored
8 organization (as defined in 42 U.S.C. 1395w-25d) with
9 coverage for Medicare benefits furnishes health care services,
10 when the contract:
11 (A) is issued, delivered, executed, or renewed in Indiana;
12 and
13 (B) provides skilled nursing care benefits.
14 (2) An enrollee or a subscriber who is a resident of:
15 (A) a home registered under IC 23-2-4 that provides

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1 services under a continuing care agreement as provided in
 2 IC 23-2-4; or

3 (B) a health facility licensed under IC 16-28.

4 Sec. 2. (a) This section applies to an enrollee or a subscriber
 5 residing in:

6 (1) a home registered under IC 23-2-4; or

7 (2) a health facility licensed under IC 16-28;

8 whenever the home or health facility has a contract with the
 9 enrollee's or subscriber's health maintenance organization or
 10 provider sponsored organization (as defined in 42 U.S.C.
 11 1395w-25d) to provide services to residents of the home or health
 12 facility.

13 (b) Beginning July 1, 1999, if a health maintenance organization
 14 or provider sponsored organization terminates or otherwise
 15 discontinues a contract with a home or health facility described in
 16 subsection (a), the home or health facility shall notify the residents
 17 of the home or health facility of the termination or discontinuance
 18 within ten (10) working days after the home or health facility
 19 receives notice of the termination or discontinuance.

20 (c) For sixty (60) days following termination or discontinuance
 21 of a contract as described in subsection (b), if an enrollee's or a
 22 subscriber's physician determines that it is medically necessary to
 23 refer the enrollee or subscriber to a skilled nursing facility (as
 24 defined in 42 U.S.C. 1395i-3), the physician must refer the enrollee
 25 or subscriber back to a home described in section 1(2)(A) of this
 26 chapter or a health facility described in section 1(2)(B) of this
 27 chapter where the enrollee or subscriber resides, if the following
 28 conditions are met:

29 (1) The home or health facility has a Medicare certified skilled
 30 nursing facility located within the home or health facility and
 31 the enrollee or subscriber will be placed in the Medicare
 32 certified skilled nursing facility upon referral.

33 (2) All of the following apply:

34 (A) The home or health facility provides the level of care
 35 the enrollee or subscriber needs.

36 (B) The home or health facility agrees to accept payment
 37 for care of the enrollee or subscriber that is subject to the
 38 health maintenance organization's or provider sponsored
 39 organization's terms and conditions for payment at the
 40 contract rate negotiated with similar providers for the
 41 same services and supplies.

42 (C) The home or health facility meets all guidelines



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1 established by the health maintenance organization or
 2 provider sponsored organization related to:

- 3 (i) quality of care;
 4 (ii) utilization;
 5 (iii) referral authorization;
 6 (iv) risk assumption;
 7 (v) use of the health maintenance organization's or
 8 provider sponsored organization's network; and
 9 (vi) other criteria applicable to providers under contract
 10 for the same services and supplies.

11 (D) The home or health facility is Medicare certified.

12 (3) The enrollee or subscriber chooses to receive the necessary
 13 skilled nursing services from the home or health facility.

14 **Sec. 3. (a) A health maintenance organization or provider**
 15 **sponsored organization must provide an individual with a written**
 16 **notice before the individual enters into a contract with the health**
 17 **maintenance organization or provider sponsored organization. The**
 18 **notice must inform the individual of the following:**

19 (1) That an enrollee or a subscriber will not be referred to a
 20 skilled nursing facility that does not have a contract with the
 21 health maintenance organization or provider sponsored
 22 organization.

23 (2) That if an enrollee or a subscriber:

- 24 (A) is a resident or intends to become a resident of a home
 25 or health facility described in section 1 of this chapter; and
 26 (B) requires skilled nursing services;

27 the enrollee or subscriber may be required to receive the
 28 skilled nursing services at a skilled nursing facility other than
 29 a skilled nursing facility located at the home or health facility
 30 where the enrollee or subscriber resides.

31 (b) The department of insurance shall adopt rules under
 32 IC 4-22-2 to determine the wording of the notice required under
 33 this section.

34 SECTION 2. [EFFECTIVE JULY 1, 1998] (a) The definitions in
 35 IC 27-13-1 apply throughout this SECTION.

36 (b) If an enrollee's or a subscriber's physician determines that
 37 it is medically necessary to refer the enrollee or subscriber to a
 38 skilled nursing facility (as defined in 42 U.S.C. 1395i-3), the
 39 physician must refer the enrollee or subscriber back to a home
 40 described in section 1(2)(A) of this chapter or a health facility
 41 described in section 1(2)(B) of this chapter, where the enrollee or
 42 subscriber resides, if the following conditions are met:



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- (1) The home or health facility has a Medicare certified skilled nursing facility located within the home or health facility and the enrollee or subscriber will be placed in the Medicare certified skilled nursing facility upon referral.**
 - (2) All of the following apply:**
 - (A) The home or health facility provides the level of care the enrollee or subscriber needs.**
 - (B) The home or health facility agrees to accept payment for care of the enrollee or subscriber that is subject to the health maintenance organization's terms and conditions for payment at the contract rate negotiated with similar providers for the same services and supplies.**
 - (C) The home or health facility meets all guidelines established by the health maintenance organization related to:**
 - (i) quality of care;**
 - (ii) utilization;**
 - (iii) referral authorization;**
 - (iv) risk assumption;**
 - (v) use of the health maintenance organization's network; and**
 - (vi) other criteria applicable to providers under contract for the same services and supplies.**
 - (D) The home or health facility is Medicare certified.**
 - (3) The enrollee or subscriber chooses to receive the necessary skilled nursing services from the home or health facility.**
- (c) This SECTION expires June 30, 1999.**

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SENATE MOTION

Mr. President: I move that Senator Server be added as second author of Senate Bill 216.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Health and Environmental Affairs, to which was referred Senate Bill 216, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 216 as introduced.)

MILLER, Chairperson

Committee Vote: Yeas 10, Nays 0.

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SENATE MOTION

Mr. President: I move that Senate Bill 216 be amended to read as follows:

Page 1, line 7, after "organization" insert "**or provider sponsored organization (as defined in 42 U.S.C. 1395w-25d)**".

Page 2, line 2, after "2." insert "**(a) This section applies to an enrollee or a subscriber residing in:**

(1) a home registered under IC 23-2-4; or

(2) a health facility licensed under IC 16-28;

whenever the home or health facility has a contract with the enrollee's or subscriber's health maintenance organization or provider sponsored organization (as defined in 42 U.S.C. 1395w-25d) to provide services to residents of the home or health facility.

(b) Beginning July 1, 1999, if a health maintenance organization or provider sponsored organization terminates or otherwise discontinues a contract with a home or health facility described in subsection (a), the home or health facility shall notify the residents of the home or health facility of the termination or discontinuance within ten (10) working days after the home or health facility receives notice of the termination or discontinuance.

(c) For sixty (60) days following termination or discontinuance of a contract as described in subsection (b), if an enrollee's or a subscriber's physician determines that it is medically necessary to refer the enrollee or subscriber to a skilled nursing facility (as defined in 42 U.S.C. 1395i-3), the physician must refer the enrollee or subscriber back to a home described in section 1(2)(A) of this chapter or a health facility described in section 1(2)(B) of this chapter where the enrollee or subscriber resides, if the following conditions are met:

(1) The home or health facility has a Medicare certified skilled nursing facility located within the home or health facility and the enrollee or subscriber will be placed in the Medicare certified skilled nursing facility upon referral.

(2) All of the following apply:

(A) The home or health facility provides the level of care the enrollee or subscriber needs.

(B) The home or health facility agrees to accept payment for care of the enrollee or subscriber that is subject to the health maintenance organization's or provider sponsored organization's terms and conditions for payment at the contract rate negotiated with similar providers for the



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same services and supplies.

(C) The home or health facility meets all guidelines established by the health maintenance organization or provider sponsored organization related to:

- (i) quality of care;
- (ii) utilization;
- (iii) referral authorization;
- (iv) risk assumption;
- (v) use of the health maintenance organization's or provider sponsored organization's network; and
- (vi) other criteria applicable to providers under contract for the same services and supplies.

(D) The home or health facility is Medicare certified.

(3) The enrollee or subscriber chooses to receive the necessary skilled nursing services from the home or health facility.

Sec. 3. (a) A health maintenance organization or provider sponsored organization must provide an individual with a written notice before the individual enters into a contract with the health maintenance organization or provider sponsored organization. The notice must inform the individual of the following:

(1) That an enrollee or a subscriber will not be referred to a skilled nursing facility that does not have a contract with the health maintenance organization or provider sponsored organization.

(2) That if an enrollee or a subscriber:

(A) is a resident or intends to become a resident of a home or health facility described in section 1 of this chapter; and

(B) requires skilled nursing services;

the enrollee or subscriber may be required to receive the skilled nursing services at a skilled nursing facility other than a skilled nursing facility located at the home or health facility where the enrollee or subscriber resides.

(b) The department of insurance shall adopt rules under IC 4-22-2 to determine the wording of the notice required under this section.

SECTION 2. [EFFECTIVE JULY 1, 1998] (a) The definitions in IC 27-13-1 apply throughout this SECTION.

(b)".

Page 2, line 18, delete "usual and customary".

Page 2, line 33, delete "meets the guidelines for" and insert "is Medicare certified.".

Page 2, delete line 34.

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Page 2, after line 36, begin a new paragraph and insert:

"(c) **This SECTION expires June 30, 1999.**"

Re-number all SECTIONS consecutively.

(Reference is to Senate Bill 216 as printed January 16, 1998.)

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