



Reprinted
April 9, 1999

ENGROSSED HOUSE BILL No. 2041

DIGEST OF HB 2041 (Updated April 8, 1999 4:04 pm - DI 97)

Citations Affected: IC 20-5; IC 21-2; noncode.

Synopsis: School corporation self-insurance programs. Requires a self-insurance program established or maintained by a school corporation for coverage of health care services for the school corporation's employees to provide for appeals to a review panel. Provides that contributions made by employers or employees for coverage of health care services must be deposited into a self-insurance fund and may not be transferred to other accounts or used for any other purpose.

Effective: July 1, 1999.

Fry, Ruppel

(SENATE SPONSORS — SERVER, WASHINGTON)

January 27, 1999, read first time and referred to Committee on Insurance, Corporations and Small Business.

February 16, 1999, amended, reported — Do Pass.

February 24, 1999, read second time, ordered engrossed. Engrossed.

February 25, 1999, read third time, passed. Yeas 65, nays 32.

SENATE ACTION

March 3, 1999, read first time and referred to Committee on Health and Provider Services.

April 5, 1999, amended, reported favorably — Do Pass.

April 8, 1999, read second time, amended, ordered engrossed.

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First Regular Session 111th General Assembly (1999)

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 *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

ENGROSSED HOUSE BILL No. 2041

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 20-5-2.5 IS ADDED TO THE INDIANA CODE
2 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 1999]:

4 **Chapter 2.5. School Corporation Self-Insurance Programs**

5 **Sec. 1. (a) As used in this chapter, "health care services" has the**
6 **meaning set forth in IC 27-8-11-1.**

7 **(b) As used in this chapter, "self-insurance program" means a**
8 **program of self-insurance established or maintained by a**
9 **governing body to provide coverage for health care services to a**
10 **school corporation's employees and the employees' dependents.**

11 **Sec. 2. Subject to IC 20-5-2-2(14) and IC 21-2-5.6 and**
12 **notwithstanding any other law, any self-insurance program must**
13 **comply with this chapter.**

14 **Sec. 3. (a) A self insurance program must provide for appeals to**
15 **a review panel to:**

16 **(1) hear complaints; and**

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1 (2) resolve concerns;
2 regarding issues related to coverage, coverage discrimination, and
3 access under the self-insurance program.

4 (b) The composition of the review panel under subsection (a):

5 (1) must reflect the populations covered under the
6 self-insurance program;

7 (2) may include a member representative of each covered
8 population; and

9 (3) must maintain a balance of administration and
10 non-administration members.

11 (c) Self-insurance program documents provided to individuals
12 covered under the self-insurance program must specify the appeal
13 process including the name, address, and telephone number of the
14 individual with whom an appeal may be filed.

15 Sec. 4. (a) A self-insurance program must be written on an
16 incurred claims basis.

17 (b) The governing body must fund a self-insurance program as
18 described in IC 21-2-5.6-1(2) to include coverage for all eligible
19 incurred claims.

20 (c) Subject to IC 21-2-5.6 and notwithstanding any other law:

21 (1) contributions made on behalf of individuals covered under
22 the self-insurance program, including employee and employer
23 contributions; and

24 (2) transfers or allocations of funds by a governing body;
25 for coverage for health care services under a self-insurance
26 program must be directly deposited into the self-insurance fund
27 established under IC 21-2-5.6-1(2) and may not be transferred to
28 other accounts or expended for any other purpose.

29 SECTION 2. IC 21-2-5.6-1 IS AMENDED TO READ AS
30 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 1. The governing body
31 of each school corporation: ~~in the state~~

32 (1) may establish a self-insurance fund in accord with this chapter
33 for the purposes described in:

34 (A) section 2(1) through 2(3) of this chapter; and

35 (B) section 2(4) of this chapter as section 2(4) of this
36 chapter applies to governing body or school employee
37 coverages other than coverage for health care services (as
38 defined in IC 27-8-11-1); and

39 (2) shall, if the governing body elects to provide a
40 self-insurance program to cover health care services (as
41 defined in IC 27-8-11-1), establish a self-insurance fund under
42 this chapter for the purposes described in section 2(4) of this



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chapter as section 2(4) of this chapter applies to health care services (as defined in IC 27-8-11-1).

SECTION 3. IC 21-2-5.6-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 3. **This section applies to self-insurance funds permitted to be established under section 1(1) of this chapter and self-insurance funds required to be established under section 1(2) of this chapter.** Subject to the approval of the commissioner of the department of insurance, the governing body of the school corporation ~~may~~ **is authorized to:**

- (1) ~~for eventual~~ transfer to the self-insurance fund ~~include~~ an amount of money in:
 - (A) the general fund budget, and
 - (B) the general fund tax levy and rate;
- (2) transfer monies from the general fund to the self-insurance fund; or
- (3) appropriate monies from the general fund for the self-insurance fund.

SECTION 4. [EFFECTIVE JULY 1, 1999] (a) **IC 20-5-2.5, as added by this act, applies to self-insurance programs established, renewed, or in effect after January 1, 2001.**

(b) **This SECTION expires July 1, 2004.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Insurance, Corporations and Small Business, to which was referred House Bill 2041, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 1, delete "IC 5-10-8.5" and insert "IC 20-5-2.5".

Page 1, line 4, delete "8.5. Public Employer Self-Insurance" and insert "**2.5. School Corporation Self-Insurance Programs**".

Page 1, line 5, delete "(a) As used in this chapter, "commissioner" refers to the".

Page 1, delete lines 6 through 8.

Page 1, line 9, delete "(c)" and insert "(a)".

Page 1, run in lines 5 through 9.

Page 1, delete lines 11 through 12.

Page 1, line 13, delete "(e)" and insert "(b)".

Page 1, line 14, delete "public" and insert "**governing body**".

Page 1, line 15, delete "employer".

Page 1, line 15, delete "the public" and insert "**a school corporation's**".

Page 1, line 16, delete "employer's".

Page 1, line 17, delete "Notwithstanding" and insert "**Subject to IC 20-5-2-2(14) and IC 21-2-5.6 and notwithstanding**".

Page 2, line 1, delete "established or maintained by a public employer".

Page 2, line 3, delete "The department shall establish minimum standards to" and insert "**A self-insurance program must provide**".

Page 2, line 4, delete "ensure that a self-insurance program provides".

Page 2, line 20, delete "Notwithstanding any other law:" and insert "**(a) A self-insurance program must be written on an incurred claims basis.**

(b) The governing body must fund a self-insurance program as described in IC 21-2-5.6-1(2) to include coverage for all incurred claims.

(c) Subject to IC 21-2-5.6 and notwithstanding any other law:".

Page 2, line 21, delete "by covered employees;" and insert "**made on behalf of individuals covered under the self-insurance program, including employee and employer contributions;**".

Page 2, line 22, delete "public employer" and insert "**governing body**".

Page 2, line 26, after "department" insert "**of insurance**".

Page 2, line 26, delete "monitor a self-insurance program's".

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Page 2, delete line 27.

Page 2, line 28, delete "Sec. 6. The commissioner shall".

Page 2, run in lines 26 through 28.

Page 2, line 29, delete "implement this chapter." and insert **"specifically identify the consumer protections described in section 3 of this chapter as those protections apply to self-insurance programs."**

Page 2, between lines 29 and 30, begin a new paragraph and insert:
"SECTION 2. IC 21-2-5.6-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 1. (a) The governing body of each school corporation: ~~in the state~~

(1) may establish a self-insurance fund in accord with this chapter **for the purposes described in:**

(A) **section 2(1) through 2(3) of this chapter; and**

(B) **section 2(4) of this chapter as section 2(4) of this chapter applies to governing body or school employee coverages other than coverage for health care services (as defined in IC 27-8-11-1); and**

(2) **shall, if the governing body elects to provide a self-insurance program to cover health care services (as defined in IC 27-8-11-1), establish a self-insurance fund under this chapter for the purposes described in section 2(4) of this chapter as section 2(4) of this chapter applies to health care services (as defined in IC 27-8-11-1).**

SECTION 3. IC 21-2-5.6-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 3. (a) **This subsection applies to self-insurance funds permitted to be established under section 1(1) of this chapter.** Subject to the approval of the commissioner of the department of insurance, the governing body of the school corporation may:

(1) for eventual transfer to the self-insurance fund, include an amount of money in:

(A) the general fund budget, and

(B) the general fund tax levy and rate;

(2) transfer monies from the general fund to the self-insurance fund; or

(3) appropriate monies from the general fund for the self-insurance fund.

(b) **This subsection applies to self-insurance funds required to be established under section 1(2) of this chapter. Money collected each pay period by the governing body of the school corporation on behalf of individuals covered under a self-insurance program**



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(as defined in IC 20-5-2.5-1(b)), including contributions made by the employer and employees, must be:

- (1) directly deposited to the self-insurance fund established under section 1 of this chapter; and
- (2) used only for the administration of the self-insurance program.

Expenditures under this subsection include expenses attributable to providing coverage for all incurred claims."

Page 2, line 30, delete "IC 5-10-8.5," and insert "IC 20-5-2.5,"

Page 2, delete lines 33 through 35.

Page 2, line 36, delete "(c)" and insert "(b)".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 2041 as introduced.)

FRY, Chair

Committee Vote: yeas 7, nays 6.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Health and Provider Services, to which was referred House Bill No. 2041, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, line 3, after "1999]" insert ":".

Page 1, delete lines 14 through 17, begin a new paragraph and insert:

"Sec. 3. (a) A self insurance program must provide for appeals to a review panel to:

- (1) hear complaints; and**
- (2) resolve concerns;**

regarding issues related to coverage, coverage discrimination, and access under the self-insurance program.

(b) The composition of the review panel under subsection (a):

- (1) must reflect the populations covered under the self-insurance program;**
- (2) may include a member representative of each covered population; and**
- (3) must maintain a balance of administration and non-administration members.**

(c) Self-insurance program documents provided to individuals covered under the self-insurance program must specify the appeal process including the name, address, and telephone number of the individual with whom an appeal may be filed."

Page 2, delete lines 1 through 12.

Page 2, line 16, after "all" insert "**eligible**".

Page 2, line 24, after "program" insert "**must be directly deposited into the self-insurance fund established under IC 21-2-5.6-1(2) and**".

Page 2, delete lines 26 through 29, begin a new paragraph and insert:

"(d) Interest earned on funds deposited in the self-insurance fund under subsection (c) must be deposited in the self-insurance fund and may not be transferred to other accounts or expended for any other purpose."

Page 2, line 31, delete "(a)".

Page 3, line 5, delete "(a)".

Page 3, line 5, delete "subsection" and insert "**section**".

Page 3, line 7, delete "." and insert "**and self-insurance funds required to be established under section 1(2) of this chapter.**".

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Page 3, line 9, strike "may:" and insert "**is authorized to:**".

Page 3, line 10, strike "for eventual".

Page 3, line 10, after "fund" delete ",".

Page 3, line 10, strike "include".

Page 3, delete lines 18 through 29.

and when so amended that said bill do pass.

(Reference is to HB 2041 as printed February 17, 1999.)

MILLER, Chairperson

Committee Vote: Yeas 10, Nays 0.

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SENATE MOTION

Mr. President: I move that Engrossed House Bill 2041 be amended to read as follows:

Page 2, delete lines 29 through 32.

(Reference is to EHB 2041 as printed April 6, 1999.)

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