

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7570

BILL NUMBER: HB 1334

DATE PREPARED: Jan 5, 1999

BILL AMENDED:

SUBJECT: Health Information Privacy.

FISCAL ANALYST: Alan Gossard

PHONE NUMBER: 233-3546

**FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL**

IMPACT: State

Summary of Legislation: This bill provides standards for insurer collection, use, and disclosure of an insured's health information. The bill requires an insurer to have and notify insureds of policies and procedures for the management of health information of its insureds. It also provides that an insured has a right to examine the insured's health information and request amendments to the health information if the insured believes the information to be erroneous.

This bill also requires an insurer to notify an insured, upon request, of disclosure of the insured's health information. It also requires an insurer to obtain authorization from an insured to collect, use, or disclose the insured's health information. The bill provides for unauthorized collection, use, or disclosure of an insured's health information under certain circumstances, including disclosure to research organizations. It also specifies unauthorized uses of health information by an insurer. This bill also provides limitations on disclosure by an insurer as requested by the insured. Penalties for violation of these provisions are specified.

Effective Date: July 1, 2000.

Explanation of State Expenditures: See Explanation of State Revenues, below, regarding prison terms for offenses provided in the bill.

Explanation of State Revenues: The bill provides that the Commissioner of the Department of Insurance may request and the Marion County Circuit Court may order: (1) A civil penalty of not more than \$10,000 for each violation of the provisions of this bill, not to exceed \$50,000 in the aggregate for multiple violations; (2) A civil penalty of not more than \$250,000 if the court finds that violations have occurred with sufficient frequency to constitute a general business practice; (3) Reasonable attorney's fees, investigation costs, and court costs. Civil penalties are deposited into the state General Fund.

In addition, the bill provides for a Class A misdemeanor, a Class D felony, and a Class C felony for various

circumstances under which the offenses are committed. A Class A misdemeanor is punishable by up to 1 year of imprisonment and a maximum fine of \$5,000. A Class D felony is punishable by imprisonment ranging from 6 months to 3 years and up to a \$10,000 fine. A Class C felony is punishable by imprisonment ranging from 2 to 8 years and a maximum fine of \$10,000. Criminal fines are deposited into the Common School Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Insurance, Department of Corrections

Local Agencies Affected:

Information Sources: