

SENATE BILL No. 289

DIGEST OF INTRODUCED BILL

Citations Affected: IC 27-1-25-7.5; IC 27-8-5-3.5.

Synopsis: Health insurance claims downcoding. Provides that for purposes of analyzing health care service claims, to downcode means to change to a lesser paying code the code used by a provider of a health care service on a claim used to bill an insurer for covered services. Allows an administrator or insurer to downcode a claim only if the administrator or insurer notifies the provider and insured of the intent to downcode the claim prior to paying the claim. Requires the administrator or insurer to provide for an appeal of a downcode by the provider of the health care service.

Effective: July 1, 1999.

Miller

January 7, 1999, read first time and referred to Committee on Health and Provider Services.

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Introduced

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

SENATE BILL No. 289



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 27-1-25-7.5 IS ADDED TO THE INDIANA CODE
- 2 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
- 3 1, 1999]: **Sec. 7.5. (a) As used in this section, "downcode" means to**
- 4 **change to a lesser paying code the International Classification of**
- 5 **Diseases, Ninth Revision, Clinical Modification, (ICD-9-CM) code**
- 6 **or Current Procedural Terminology, Fourth Edition (CPT-4) code**
- 7 **used by a provider of health care services on a claim to bill an**
- 8 **insurer for covered services provided to an insured.**
- 9 (b) As used in this section, "health care services" has the
- 10 meaning set forth in IC 27-8-11-1.
- 11 (c) As used in this section, "insurance policy" means a policy
- 12 that provides the kind or kinds of insurance described in class 1(b)
- 13 or class 2(a) of IC 27-1-5-1 on an individual, group, franchise, or
- 14 blanket basis or through a preferred provider plan (as defined in
- 15 IC 27-8-11-1).
- 16 (d) As used in this section, "insured" means an individual
- 17 entitled to coverage under an insurance policy.



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1 (e) As used in this section, "insurer" means a person that issues
2 an insurance policy.

3 (f) An administrator may not downcode a claim unless, before
4 paying the claim the administrator provides written notice to the
5 provider of the health care services and the insured that the
6 administrator intends to downcode the claim. The written notice
7 required by this subsection must include the following:

8 (1) The administrator's specific reasons for downcoding.

9 (2) Notice that the provider may appeal the downcoding
10 decision in writing to the administrator within twenty (20)
11 days after receiving the notice.

12 (g) If an administrator provides notice of intent to downcode a
13 claim under subsection (f), the administrator may, forty (40) days
14 after mailing the notice, pay the claim as downcoded, unless the
15 administrator receives an appeal.

16 (h) If an administrator receives an appeal of a downcode
17 decision, the administrator shall appoint an individual who was not
18 involved in the original downcoding decision. The individual
19 appointed under this subsection shall, not more than ten (10)
20 business days after receiving the appeal:

21 (1) allow the provider to discuss the appeal with the
22 individual; and

23 (2) make a final determination regarding the appeal.

24 (i) The administrator shall notify the provider and the insured
25 in writing of the final determination made under subsection (h)(2).

26 SECTION 2. IC 27-8-5-3.5 IS ADDED TO THE INDIANA CODE
27 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
28 1, 1999]: Sec. 3.5. (a) As used in this section, "downcode" means to
29 change to a lesser paying code International Classification of
30 Diseases, Ninth Revision, Clinical Modification, (ICD-9-CM) code
31 or Current Procedural Terminology, Fourth Edition (CPT-4) code
32 used on a claim by a provider of health care services to bill an
33 insurer for covered services provided to an insured.

34 (b) As used in this section, "insurance policy" means a policy of
35 accident and sickness insurance. The term includes a preferred
36 provider plan (as defined in IC 27-8-11-1).

37 (c) As used in this section, "insured" means an individual
38 entitled to coverage under an insurance policy.

39 (d) As used in this section, "insurer" means a person that issues
40 an insurance policy.

41 (e) An insurer may not downcode a claim unless, before paying
42 the claim the insurer provides written notice to the provider of the



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1 health care services and the insured that the insurer intends to
2 downcode the claim. The written notice provided under this
3 subsection must include the following:

4 (1) The insurer's specific reasons for downcoding.

5 (2) Notice that the provider may appeal the downcoding
6 decision in writing to the insurer within twenty (20) days after
7 receiving the notice.

8 (f) If an insurer provides notice of intent to downcode a claim
9 under subsection (e), the insurer may, forty (40) days after mailing
10 the notice, pay the claim as downcoded unless the insurer receives
11 an appeal.

12 (g) If an insurer receives an appeal, the insurer shall appoint an
13 individual who was not involved in the original downcoding
14 decision. The individual appointed under this subsection shall, not
15 more than ten (10) business days after receiving the appeal:

16 (1) allow the provider to discuss the appeal with the
17 individual; and

18 (2) make a final determination regarding the appeal.

19 (h) The insurer shall notify the provider and the insured in
20 writing of the final determination under subsection (g)(2).

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