



February 17, 1999

SENATE BILL No. 605

DIGEST OF SB 605 (Updated February 16, 1999 9:10 am - DI 88)

Citations Affected: IC 4-22; IC 4-23; IC 12-7; IC 12-8; IC 12-13; IC 12-15; IC 12-17.6; IC 16-41; IC 35-43; noncode.

Synopsis: Children's health insurance program. Establishes the children's health insurance program (program) within the office of the secretary of family and social services to provide health insurance coverage to uninsured children. Establishes the children's health policy board to coordinate aspects of existing children's health programs. Provides that an individual who is less than 19 years old and who is a member of a family with an annual income that is less than 150% of the federal income poverty level is eligible for Medicaid. Provides eligibility requirements that a child and the child's family must meet in order to enroll in the program. Provides that providers enrolled under the Medicaid program and providers enrolled under the children's health insurance program are considered providers for both programs. Requires the office of the secretary of family and social services to improve its system through the use of technology and training of staff
(Continued next page)

Effective: Upon passage; July 1, 1999; January 1, 2000.

Miller, Simpson, Young R, Johnson

January 21, 1999, read first time and referred to Committee on Health and Provider Services.
February 16, 1999, amended, reported favorably — Do Pass.

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Digest Continued

to accomplish certain objectives. Adds two parent advocates to the Medicaid advisory committee. Provides a specific package of benefits for the program. Requires the office administering the program to contract with an independent entity to conduct evaluations of the program every two years. Establishes, with exceptions, a waiting period to enter the program that may not exceed three months. Requires that community health centers be utilized to provide health care services under the program. Allows the office administering the program to apply for a waiver to provide family coverage from the program when it is economically efficient to provide family coverage. Provides that the select joint committee to oversee Medicaid has authority to oversee all matters related to the children's health insurance program. Extends the select joint committee to oversee Medicaid for three years. Makes all cases of Medicaid fraud and insurance fraud Class D felonies. (Current law provides that Medicaid fraud is a Class C felony if the fair market value of the claim or payment that is the subject of the fraud is at least \$50,000.) Makes conforming changes.

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February 17, 1999

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.

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SENATE BILL No. 605

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 4-22-2-37.1 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 37.1. (a) This
3 section applies to a rulemaking action resulting in any of the following
4 rules:
5 (1) An order adopted by the commissioner of the Indiana
6 department of transportation under IC 9-20-1-3(d) or
7 IC 9-21-4-7(a) and designated by the commissioner as an
8 emergency rule.
9 (2) An action taken by the director of the department of natural
10 resources under IC 14-22-2-6(d) or IC 14-22-6-13.
11 (3) An emergency temporary standard adopted by the
12 occupational safety standards commission under
13 IC 22-8-1.1-16.1.
14 (4) An emergency rule adopted by the solid waste management
15 board under IC 13-22-2-3 and classifying a waste as hazardous.

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- 1 (5) A rule, other than a rule described in subdivision (6), adopted
2 by the department of financial institutions under IC 24-4.5-6-107
3 and declared necessary to meet an emergency.
4 (6) A rule required under IC 24-4.5-1-106 that is adopted by the
5 department of financial institutions and declared necessary to
6 meet an emergency under IC 24-4.5-6-107.
7 (7) A rule adopted by the Indiana utility regulatory commission to
8 address an emergency under IC 8-1-2-113.
9 (8) An emergency rule jointly adopted by the water pollution
10 control board and the budget agency under IC 13-18-13-18.
11 (9) An emergency rule adopted by the state lottery commission
12 under IC 4-30-3-9.
13 (10) A rule adopted under IC 16-19-3-5 that the executive board
14 of the state department of health declares is necessary to meet an
15 emergency.
16 (11) An emergency rule adopted by the Indiana transportation
17 finance authority under IC 8-21-12.
18 (12) An emergency rule adopted by the insurance commissioner
19 under IC 27-1-23-7.
20 (13) An emergency rule adopted by the Indiana horse racing
21 commission under IC 4-31-3-9.
22 (14) An emergency rule adopted by the air pollution control
23 board, the solid waste management board, or the water pollution
24 control board under IC 13-15-4-10(4) or to comply with a
25 deadline required by federal law, provided:
26 (A) the variance procedures are included in the rules; and
27 (B) permits or licenses granted during the period the
28 emergency rule is in effect are reviewed after the emergency
29 rule expires.
30 (15) An emergency rule adopted by the Indiana election
31 commission under IC 3-6-4.1-14.
32 (16) An emergency rule adopted by the department of natural
33 resources under IC 14-10-2-5.
34 (17) An emergency rule adopted by the Indiana gaming
35 commission under IC 4-33-4-2, IC 4-33-4-3, or IC 4-33-4-14.
36 (18) An emergency rule adopted by the alcoholic beverage
37 commission under IC 7.1-3-17.5, IC 7.1-3-17.7, or
38 IC 7.1-3-20-24.4.
39 (19) An emergency rule adopted by the department of financial
40 institutions under IC 28-15-11.
41 (20) An emergency rule adopted by the office of the secretary of
42 family and social services under IC 12-8-1-12.

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- 1 **(21) An emergency rule adopted by the office of the children's**
 2 **health insurance program under IC 12-17.6-2-7.**
 3 (b) The following do not apply to rules described in subsection (a):
 4 (1) Sections 24 through 36 of this chapter.
 5 (2) IC 13-14-9.
 6 (c) After a rule described in subsection (a) has been adopted by the
 7 agency, the agency shall submit the rule to the publisher for the
 8 assignment of a document control number. The agency shall submit the
 9 rule in the form required by section 20 of this chapter and with the
 10 documents required by section 21 of this chapter. The publisher shall
 11 determine the number of copies of the rule and other documents to be
 12 submitted under this subsection.
 13 (d) After the document control number has been assigned, the
 14 agency shall submit the rule to the secretary of state for filing. The
 15 agency shall submit the rule in the form required by section 20 of this
 16 chapter and with the documents required by section 21 of this chapter.
 17 The secretary of state shall determine the number of copies of the rule
 18 and other documents to be submitted under this subsection.
 19 (e) Subject to section 39 of this chapter, the secretary of state shall:
 20 (1) accept the rule for filing; and
 21 (2) file stamp and indicate the date and time that the rule is
 22 accepted on every duplicate original copy submitted.
 23 (f) A rule described in subsection (a) takes effect on the latest of the
 24 following dates:
 25 (1) The effective date of the statute delegating authority to the
 26 agency to adopt the rule.
 27 (2) The date and time that the rule is accepted for filing under
 28 subsection (e).
 29 (3) The effective date stated by the adopting agency in the rule.
 30 (4) The date of compliance with every requirement established by
 31 law as a prerequisite to the adoption or effectiveness of the rule.
 32 (g) Subject to subsection (h), IC 14-10-2-5, IC 14-22-2-6, and
 33 IC 22-8-1.1-16.1, a rule adopted under this section expires not later
 34 than ninety (90) days after the rule is accepted for filing under
 35 subsection (e). Except for a rule adopted under subsection (a)(14), the
 36 rule may be extended by adopting another rule under this section, but
 37 only for one (1) extension period. A rule adopted under subsection
 38 (a)(14) may be extended for two (2) extension periods. Except for a
 39 rule adopted under subsection (a)(14), for a rule adopted under this
 40 section to be effective after one (1) extension period, the rule must be
 41 adopted under:
 42 (1) sections 24 through 36 of this chapter; or



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- 1 (2) IC 13-14-9;
 2 as applicable.
 3 (h) A rule described in subsection (a)(6), (a)(9), or (a)(13) expires
 4 on the earlier of the following dates:
 5 (1) The expiration date stated by the adopting agency in the rule.
 6 (2) The date that the rule is amended or repealed by a later rule
 7 adopted under sections 24 through 36 of this chapter or this
 8 section.
 9 (i) This section may not be used to readopt a rule under IC 4-22-2.5.
 10 SECTION 2. IC 4-23-26 IS ADDED TO THE INDIANA CODE AS
 11 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON
 12 PASSAGE]:
 13 **Chapter 26. Advisory Committee for Children With Special**
 14 **Health Needs**
 15 **Sec. 1. As used in this chapter, "committee" refers to the**
 16 **advisory committee for children with special health needs**
 17 **established by section 2 of this chapter.**
 18 **Sec. 2. The advisory committee for children with special health**
 19 **needs is established.**
 20 **Sec. 3. (a) The committee consists of the following members:**
 21 (1) **The director of the children's special health care services**
 22 **program.**
 23 (2) **The director of the first steps program.**
 24 (3) **The chair of the governor's interagency coordinating**
 25 **council for early intervention.**
 26 (4) **The chair of the children's special health care services**
 27 **advisory council under 410 IAC 3.2-11.**
 28 (5) **The director of the division of special education created**
 29 **under IC 20-1-6-2.1.**
 30 (6) **One (1) representative of the Indiana chapter of the**
 31 **American Academy of Pediatrics.**
 32 (7) **One (1) representative of a family advocacy group.**
 33 (8) **Three (3) parents of children with special health needs.**
 34 (9) **Three (3) parents of children who are enrolled in the:**
 35 (A) **children's health insurance program under IC 12-17.6;**
 36 **or**
 37 (B) **Medicaid managed care program for children.**
 38 (b) **The members under subdivisions (1) and (2) are nonvoting**
 39 **members.**
 40 **Sec. 4. (a) The governor shall appoint the committee members**
 41 **under section 3(6), 3(7), 3(8), and 3(9) of this chapter.**
 42 (b) **The term of each member appointed under subsection (a) is**

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1 three (3) years.

2 (c) A committee member identified in subsection (a) may be
3 reappointed to serve consecutive terms.

4 Sec. 5. (a) The director of the children's special health care
5 services program is chair of the committee during odd numbered
6 years.

7 (b) The director of the first steps program is chair of the
8 committee during even numbered years.

9 Sec. 6. The committee shall meet at least quarterly at the call of
10 the chair.

11 Sec. 7. Eight (8) members of the committee constitute a quorum.

12 Sec. 8. (a) Each member of the committee who is not a state
13 employee is entitled to receive both of the following:

14 (1) The minimum salary per diem provided by
15 IC 4-10-11-2.1(b).

16 (2) Reimbursement for travel expenses and other expenses
17 actually incurred in connection with the member's duties, as
18 provided in the state travel policies and procedures
19 established by the Indiana department of administration and
20 approved by the budget agency.

21 (b) Each member of the committee who is a state employee is
22 entitled to reimbursement for travel expenses and other expenses
23 actually incurred in connection with the member's duties, as
24 provided in the state travel policies and procedures established by
25 the Indiana department of administration and approved by the
26 budget agency.

27 Sec. 9. The committee shall advise and assist the children's
28 health policy board established by IC 4-23-27-2 in the
29 development, coordination, and evaluation of policies that have an
30 impact on children with special health needs by doing the
31 following:

32 (1) Seeking information from families, service providers,
33 advocacy groups, and health care specialists about state or
34 local policies that impede the provision of quality service.

35 (2) Taking steps to ensure that relevant health policy issues
36 that have an impact on children with special health needs are
37 forwarded to the children's health policy board.

38 (3) Advising the children's health policy board with respect to
39 the integration of services across:

40 (A) programs; and

41 (B) state agencies;

42 for children with special health needs.

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1 SECTION 3. IC 4-23-27 IS ADDED TO THE INDIANA CODE AS
 2 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON
 3 PASSAGE]:

4 **Chapter 27. Children's Health Policy Board**

5 **Sec. 1. As used in this chapter, "board" refers to the children's**
 6 **health policy board established by section 2 of this chapter.**

7 **Sec. 2. The children's health policy board is established.**

8 **Sec. 3. The board consists of the following members:**

- 9 (1) **The chair, appointed by the governor.**
 10 (2) **The secretary of family and social services.**
 11 (3) **The state health commissioner.**
 12 (4) **The insurance commissioner of Indiana.**
 13 (5) **The state personnel director.**
 14 (6) **The budget director.**

15 **Sec. 4. (a) Four (4) members of the board constitute a quorum.**
 16 **(b) The affirmative vote of at least four (4) members of the**
 17 **board is required for the board to take any official action.**

18 **Sec. 5. (a) The board shall meet monthly at the call of the chair.**

19 **(b) In addition to the meetings held under subsection (a), the**
 20 **board shall hold public hearings as determined by the chair.**

21 **Sec. 6. The board shall direct policy coordination of children's**
 22 **health programs by doing the following:**

- 23 (1) **Developing a comprehensive policy in the following areas:**
 24 (A) **Appropriate delivery systems of care.**
 25 (B) **Enhanced access to care.**
 26 (C) **The maximum use of funding for various programs.**
 27 (D) **The maximum provider participation in various**
 28 **programs.**
 29 (E) **The potential for expanding health insurance coverage**
 30 **to other populations.**
 31 (F) **Future technology needs.**
 32 (G) **Appropriate organizational structure to develop health**
 33 **policy in the state.**

34 (2) **Coordinating aspects of existing children's health**
 35 **programs, including the children's health insurance program,**
 36 **Medicaid managed care for children, first steps, and**
 37 **children's special health care services, in order to achieve a**
 38 **more seamless system that is easy to access for both**
 39 **participants and providers, specifically in the following areas:**

- 40 (A) **Identification of potential enrollees.**
 41 (B) **Outreach.**
 42 (C) **Eligibility criteria.**



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- 1 **(D) Enrollment.**
 2 **(E) Benefits and coverage issues.**
 3 **(F) Provider requirements.**
 4 **(G) Evaluation.**
 5 **(H) Procurement policies.**
 6 **(I) Information technology systems.**
 7 **(3) Collecting, analyzing, disseminating, and using data when**
 8 **making policy decisions.**
 9 **Sec. 7. The board may draw upon the expertise of other boards,**
 10 **committees, and individuals whenever the board determines that**
 11 **such expertise is needed.**
 12 SECTION 4. IC 12-7-2-52.2 IS ADDED TO THE INDIANA CODE
 13 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 14 UPON PASSAGE]: **Sec. 52.2. "Crowd out", for purposes of**
 15 **IC 12-17.6, has the meaning set forth in IC 12-17.6-1-2.**
 16 SECTION 5. IC 12-7-2-91 IS AMENDED TO READ AS
 17 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 91. "Fund" means
 18 the following:
 19 (1) For purposes of IC 12-12-1-9, the fund described in
 20 IC 12-12-1-9.
 21 (2) For purposes of IC 12-13-8, the meaning set forth in
 22 IC 12-13-8-1.
 23 (3) For purposes of IC 12-15-20, the meaning set forth in
 24 IC 12-15-20-1.
 25 (4) For purposes of IC 12-17-12, the meaning set forth in
 26 IC 12-17-12-4.
 27 **(5) For purposes of IC 12-17.6, the meaning set forth in**
 28 **IC 12-17.6-1-3.**
 29 ~~(5)~~ **(6)** For purposes of IC 12-18-4, the meaning set forth in
 30 IC 12-18-4-1.
 31 ~~(6)~~ **(7)** For purposes of IC 12-18-5, the meaning set forth in
 32 IC 12-18-5-1.
 33 ~~(7)~~ **(8)** For purposes of IC 12-19-3, the meaning set forth in
 34 IC 12-19-3-1.
 35 ~~(8)~~ **(9)** For purposes of IC 12-19-4, the meaning set forth in
 36 IC 12-19-4-1.
 37 ~~(9)~~ **(10)** For purposes of IC 12-19-7, the meaning set forth in
 38 IC 12-19-7-2.
 39 ~~(10)~~ **(11)** For purposes of IC 12-23-2, the meaning set forth in
 40 IC 12-23-2-1.
 41 ~~(11)~~ **(12)** For purposes of IC 12-24-6, the meaning set forth in
 42 IC 12-24-6-1.



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1 ~~(12)~~ **(13)** For purposes of IC 12-24-14, the meaning set forth in
2 IC 12-24-14-1.

3 ~~(13)~~ **(14)** For purposes of IC 12-30-7, the meaning set forth in
4 IC 12-30-7-3.

5 SECTION 6. IC 12-7-2-134 IS AMENDED TO READ AS
6 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 134. "Office"
7 means the following:

8 (1) Except as provided in subdivisions (2) and (3), the office of
9 Medicaid policy and planning established by IC 12-8-6-1.

10 (2) For purposes of IC 12-10-13, the meaning set forth in
11 IC 12-10-13-4.

12 (3) For purposes of ~~IC 12-17-18~~, **IC 12-17.6**, the meaning set
13 forth in ~~IC 12-17-18-1~~: **IC 12-17.6-1-4**.

14 SECTION 7. IC 12-7-2-146 IS AMENDED TO READ AS
15 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 146. "Program"
16 refers to the following:

17 (1) For purposes of IC 12-10-7, the adult guardianship services
18 program established by IC 12-10-7-5.

19 (2) For purposes of IC 12-10-10, the meaning set forth in
20 IC 12-10-10-5.

21 **(3) For purposes of IC 12-17.6, the meaning set forth in**
22 **IC 12-17.6-1-5.**

23 SECTION 8. IC 12-7-2-149 IS AMENDED TO READ AS
24 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 149. "Provider"
25 means the following:

26 (1) For purposes of IC 12-10-7, the meaning set forth in
27 IC 12-10-7-3.

28 (2) For purposes of the following statutes, an individual, a
29 partnership, a corporation, or a governmental entity that is
30 enrolled in the Medicaid program under rules adopted under
31 IC 4-22-2 by the office of Medicaid policy and planning:

32 (A) IC 12-14-1 through IC 12-14-9.

33 (B) IC 12-15, except IC 12-15-32, IC 12-15-33, and
34 IC 12-15-34.

35 (C) IC 12-17-10.

36 (D) IC 12-17-11.

37 **(E) IC 12-17.6.**

38 (3) For purposes of IC 12-17-9, the meaning set forth in
39 IC 12-17-9-2.

40 ~~For purposes of IC 12-17-18, the meaning set forth in~~
41 ~~IC 12-17-18-2.~~

42 ~~(5)~~ For the purposes of IC 12-17.2, a person who operates a child



1 care center or child care home under IC 12-17.2.

2 ~~(6)~~ (5) For purposes of IC 12-17.4, a person who operates a child
3 caring institution, foster family home, group home, or child
4 placing agency under IC 12-17.4.

5 SECTION 9. IC 12-8-1-14 IS ADDED TO THE INDIANA CODE
6 AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE**
7 **UPON PASSAGE]: Sec. 14. The office of the secretary shall**
8 **improve its system through the use of technology and training of**
9 **staff to do the following:**

10 (1) **Simplify, streamline, and destigmatize the eligibility and**
11 **enrollment processes in all health programs serving children.**

12 (2) **Ensure an efficient provider payment system.**

13 (3) **Improve service to families.**

14 (4) **Improve data quality for program assessment and**
15 **evaluation.**

16 SECTION 10. IC 12-13-8-4 IS AMENDED TO READ AS
17 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. For taxes first
18 due and payable in 1990, each county shall impose a medical
19 assistance property tax levy equal to the amount determined using the
20 following formula:

21 STEP ONE: Determine the sum of the amounts that were incurred
22 by the county as determined by the state board of accounts for all
23 medical care, including psychiatric care and institutional
24 psychiatric care, for wards of the county office (described in
25 ~~IC 12-15-2-15~~ **IC 12-15-2-16**) that was provided in 1986, 1987,
26 and 1988.

27 STEP TWO: Subtract from the amount determined in STEP ONE
28 the sum of:

29 (A) the amount of bank taxes (IC 6-5-10);

30 (B) the amount of savings and loan association taxes (IC
31 6-5-11);

32 (C) the amount of production credit association taxes (IC
33 6-5-12); plus

34 (D) the amount of motor vehicle excise taxes (IC 6-6-5);

35 that were allocated to the county welfare fund and used to pay for
36 the medical care for wards provided in 1986, 1987, and 1988.

37 STEP THREE: Divide the amount determined in STEP TWO by
38 three (3).

39 STEP FOUR: Adjust the amount determined in STEP THREE by
40 the amount determined by the state board of tax commissioners
41 under section 6 of this chapter.

42 STEP FIVE: Multiply the amount determined in STEP FOUR by

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the greater of:

(A) the assessed value growth quotient determined under IC 6-1.1-18.5-2 for the county for property taxes first due and payable in 1990; or

(B) the statewide average assessed value growth quotient using the county assessed value growth quotients determined under IC 6-1.1-18.5-2 for property taxes first due and payable in 1990.

STEP SIX: Multiply the amount determined in STEP FIVE by the statewide average assessed value growth quotient, using all the county assessed value growth quotients determined under IC 6-1.1-18.5-2 for the year in which the tax levy under this section will be first due and payable.

SECTION 11. IC 12-15-1-19 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 19. The office may, in administering managed care programs, contract with community entities, including private entities, to provide:**

- (1) outreach for and enrollment in the managed care programs;
- (2) services; and
- (3) consumer education and public health education.

SECTION 12. IC 12-15-2-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 14. (a) An individual:

- (1) who is less than ~~one (1)~~ year **nineteen (19)** years of age;
- (2) who is not described in 42 U.S.C. 1396a(a)(10)(A)(i); and
- (3) whose family income does not exceed the income level established in subsection (b);

is eligible to receive Medicaid.

(b) An individual described in this section is eligible to receive Medicaid, subject to 42 U.S.C. 1396a et seq., if the individual's family income does not exceed one hundred fifty percent (150%) of the federal income poverty level for the same size family.

(c) The office may apply a resource standard in determining the eligibility of an individual described in this section.

SECTION 13. IC 12-15-2-15.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 15.7. ~~(a)~~ An individual who is less than nineteen (19) years of age and who is eligible for Medicaid under ~~sections~~ **section 14 through 15.6** of this chapter is eligible to receive Medicaid until the earlier of the following:

- (1) The end of a period of twelve (12) consecutive months following a determination of the individual's eligibility for

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Medicaid.

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

~~(b) This section expires August 31, 1999.~~

SECTION 14. IC 12-15-4-5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. The office shall implement outreach strategies that build on community resources.**

SECTION 15. IC 12-15-20-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. The Medicaid indigent care trust fund is established to pay the state's share of the following:

- (1) Enhanced disproportionate share payments to providers under IC 12-15-19.
- (2) Disproportionate share payments and significant disproportionate share payments for certain outpatient services under IC 12-15-17-3.
- (3) Medicaid payments for pregnant women described in IC 12-15-2-13 and infants and children described in IC 12-15-2-14. ~~IC 12-15-2-15, and IC 12-15-2-15.5.~~
- (4) Municipal disproportionate share payments to providers under IC 12-15-19-8.

SECTION 16. IC 12-15-33-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. The Medicaid advisory committee is created to act in an advisory capacity to the following:

- (1) The office in the administration of the Medicaid program.
- (2) **The children's health policy board established by IC 4-23-27-2 in the board's responsibility to direct policy coordination of children's health programs.**

SECTION 17. IC 12-15-33-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. The committee shall be appointed as follows:

- (1) One (1) member shall be appointed by the administrator of the office to represent each of the following organizations:
 - (A) Indiana Council of Community Mental Health Centers.
 - (B) Indiana State Medical Association.
 - (C) Indiana State Chapter of the American Academy of Pediatrics.
 - (D) Indiana Hospital Association.
 - (E) Indiana Dental Association.
 - (F) Indiana State Psychiatric Association.
 - (G) Indiana State Osteopathic Association.

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- 1 (H) Indiana State Nurses Association.
- 2 (I) Indiana State Licensed Practical Nurses Association.
- 3 (J) Indiana State Podiatry Association.
- 4 (K) Indiana Health Care Association.
- 5 (L) Indiana Optometric Association.
- 6 (M) Indiana Pharmaceutical Association.
- 7 (N) Indiana Psychological Association.
- 8 (O) Indiana State Chiropractic Association.
- 9 (P) Indiana Ambulance Association.
- 10 (Q) Indiana Association for Home Care.
- 11 (R) Indiana Academy of Ophthalmology.
- 12 (S) Indiana Speech and Hearing Association.
- 13 (2) ~~Eight (8)~~ **Ten (10)** members shall be appointed by the
- 14 governor as follows:
- 15 (A) One (1) member who represents agricultural interests.
- 16 (B) One (1) member who represents business and industrial
- 17 interests.
- 18 (C) One (1) member who represents labor interests.
- 19 (D) One (1) member who represents insurance interests.
- 20 (E) One (1) member who represents a statewide taxpayer
- 21 association.
- 22 **(F) Two (2) members who are parent advocates.**
- 23 ~~(F)~~ **(G)** Three (3) members who represent Indiana citizens.
- 24 (3) One (1) member shall be appointed by the president pro
- 25 tempore of the senate acting in the capacity as president pro
- 26 tempore of the senate to represent the senate.
- 27 (4) One (1) member shall be appointed by the speaker of the
- 28 house of representatives to represent the house of representatives.
- 29 SECTION 18. IC 12-17.6 IS ADDED TO THE INDIANA CODE
- 30 AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE
- 31 UPON PASSAGE]:
- 32 **ARTICLE 17.6. CHILDREN'S HEALTH INSURANCE**
- 33 **PROGRAM**
- 34 **Chapter 1. Definitions**
- 35 **Sec. 1. The definitions in this chapter apply throughout this**
- 36 **article.**
- 37 **Sec. 2. "Crowd out" means the extent to which:**
- 38 **(1) families substitute coverage offered under the program for**
- 39 **employer sponsored health insurance coverage for children;**
- 40 **and**
- 41 **(2) employers:**
- 42 **(A) reduce or eliminate health insurance benefits for**

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1 children under an employer based health insurance plan;
 2 or
 3 (B) increase the employee's share of the cost of benefits for
 4 children under an employer based health insurance plan
 5 relative to the total cost of the plan;
 6 as a result of the program.

7 Sec. 3. "Fund" refers to the children's health insurance
 8 program fund established by IC 12-17.6-7-1.

9 Sec. 4. "Office" refers to the office of the children's health
 10 insurance program established by IC 12-17.6-2-1.

11 Sec. 5. "Program" refers to the children's health insurance
 12 program established by IC 12-17.6-2.

13 Sec. 6. "Provider" has the meaning set forth in IC 12-7-2-149(2).

14 **Chapter 2. Program Administration**

15 Sec. 1. The office of the children's health insurance program is
 16 established within the office of the secretary.

17 Sec. 2. The office shall design and administer a system to
 18 provide health benefits coverage for children eligible for the
 19 program.

20 Sec. 3. To the greatest extent possible, the office shall use the
 21 same:

- 22 (1) eligibility determination;
- 23 (2) enrollment;
- 24 (3) provider networks; and
- 25 (4) claims payment systems;

26 as are used by the Medicaid managed care program for children.

27 Sec. 4. The office shall evaluate the feasibility of the following:

- 28 (1) Establishing a program of employer based subsidies to
 29 encourage employers to provide coverage under the program.
- 30 (2) Expanding health insurance coverage under the program
 31 to other populations as provided under section 2105(c)(3) of
 32 the federal Social Security Act.

33 Sec. 5. Reviews of the program shall:

- 34 (1) be conducted in compliance with federal requirements;
- 35 and
- 36 (2) include an analysis of the extent to which crowd out is
 37 occurring.

38 Sec. 6. The office shall do the following:

- 39 (1) Establish performance criteria and evaluation measures.
- 40 (2) Monitor program performance.
- 41 (3) Adopt a sliding scale formula that:
 42 (A) specifies the premiums, if any, to be paid by the parent

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or guardian of a child enrolled in the program; and
 (B) is based on the child's family income.

Sec. 7. (a) The office shall contract with an independent organization to evaluate the program.
 (b) An evaluation of the program must occur one (1) time every two (2) years.
 (c) The office shall report the results of each evaluation to the children's health policy board established by IC 4-23-27-2.
 (d) This section does not modify the requirements of other statutes relating to the confidentiality of medical records.

Sec. 8. The office may, in administering the program, contract with community entities, including private entities, to provide:
 (1) outreach for and enrollment in the managed care program;
 (2) services; and
 (3) consumer education and public health education.

Sec. 9. (a) The office shall incorporate creative methods, reflective of community level objectives and input, to do the following:
 (1) Encourage beneficial and appropriate use of health care services.
 (2) Pursue efforts to enhance provider availability.
 (b) In determining the best approach for each area, the office shall, in collaboration with communities, do the following:
 (1) Evaluate distinct market areas.
 (2) Weigh the advantages and disadvantages of alternative delivery models, including the following:
 (A) Risk based managed care only.
 (B) Primary care gatekeeper model only.
 (C) A combination of clauses (A) and (B).

Sec. 10. (a) The office may establish a program to subsidize employer sponsored coverage for:
 (1) eligible individuals; and
 (2) the families of eligible individuals;
 consistent with federal law.
 (b) If the office establishes a program under subsection (a), the employer sponsored benefit package must comply with federal law.

Sec. 11. (a) The office shall adopt rules under IC 4-22-2 to implement the program.
 (b) The office may adopt emergency rules under IC 4-22-2-37.1 to implement the program on an emergency basis.

Sec. 12. Not later than April 1, the office shall provide a report

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1 describing the program's activities during the preceding calendar
2 year to the:

- 3 (1) budget committee;
- 4 (2) legislative council; and
- 5 (3) children's health policy board established by IC 4-23-27-2.

6 **Chapter 3. Eligibility, Outreach, and Enrollment**

7 **Sec. 1. This chapter does not apply until January 1, 2000.**

8 **Sec. 2. (a) To be eligible to enroll in the program, a child must**
9 **meet the following requirements:**

- 10 (1) The child is less than nineteen (19) years of age.
- 11 (2) The child is a member of a family with an annual income
- 12 of:

13 (A) more than one hundred fifty percent (150%); and

14 (B) not more than two hundred percent (200%);

15 of the federal income poverty level.

- 16 (3) The child is a resident of Indiana.
- 17 (4) The child meets all eligibility requirements under Title
- 18 XXI of the federal Social Security Act.
- 19 (5) The child's family agrees to pay any cost sharing amounts
- 20 required by the office.

21 (6) Except as provided in subsection (b), the child must be
22 uninsured for a period that does not exceed three (3) months
23 as determined by the office.

24 (b) The following are exempt from the requirement under
25 subsection (a)(6):

- 26 (1) A child who is a member of the high risk pool and who has
- 27 ongoing medical needs.
- 28 (2) A child who loses coverage through the termination of a
- 29 parent's employer plan.
- 30 (3) A child whose parents have lost jobs with insurance
- 31 coverage.
- 32 (4) A child who loses insurance coverage due to the divorce of
- 33 the child's parents.

34 (c) The office may adjust eligibility requirements based on
35 available program resources under rules adopted under IC 4-22-2.

36 **Sec. 3. (a) Subject to subsection (b), a child who is eligible for**
37 **the program shall receive services from the program until the**
38 **earlier of the following:**

- 39 (1) The end of a period of twelve (12) consecutive months
- 40 following the determination of the child's eligibility for the
- 41 program.
- 42 (2) The child becomes nineteen (19) years of age.

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1 (b) Subsection (a) applies only if the child and the child's family
2 comply with enrollment requirements.

3 Sec. 4. The office shall implement outreach strategies that build
4 on community resources.

5 Sec. 5. A child may apply at an enrollment center as provided in
6 IC 12-15-4-1 to receive health care services from the program if
7 the child meets the eligibility requirements of section 2 of this
8 chapter.

9 Chapter 4. Benefits, Crowd Out, and Cost Sharing

10 Sec. 1. This chapter does not apply until January 1, 2000.

11 Sec. 2. (a) The benefit package provided under the program
12 shall focus on age appropriate preventive, primary, and acute care
13 services.

14 (b) The office shall offer health insurance coverage for the
15 following basic services:

- 16 (1) Inpatient and outpatient hospital services.
- 17 (2) Physicians' services provided by a physician (as defined in
- 18 42 U.S.C. 1395x(r)).
- 19 (3) Laboratory and x-ray services.
- 20 (4) Well-baby and well-child care, including:
 - 21 (A) age appropriate immunizations; and
 - 22 (B) periodic screening, diagnosis, and treatment services
 - 23 according to a schedule developed by the office.

24 The office may offer services in addition to those listed in this
25 subsection if appropriations to the program exist to pay for the
26 additional services.

27 (c) The office shall offer health insurance coverage for the
28 following additional services if the coverage for the services has an
29 actuarial value equal to the actuarial value of the services provided
30 by the benchmark program determined by the children's health
31 policy board established by IC 4-23-27-2:

- 32 (1) Prescription drugs.
- 33 (2) Mental health services.
- 34 (3) Vision services.
- 35 (4) Hearing services.
- 36 (5) Dental services.

37 (d) Notwithstanding subsections (b) and (c), the office may not
38 impose treatment limitations or financial requirements on the
39 coverage of services for a mental illness if similar treatment
40 limitations or financial requirements are not imposed on coverage
41 for services for other illnesses.

42 (e) The children's health policy board established by

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IC 4-23-27-2 shall annually:

- (1) review the benefits provided to program enrollees; and**
- (2) adjust the benefits as needed to remain within the program's appropriations.**

Sec. 3. Premium and cost sharing amounts established by the office are limited by the following:

- (1) Deductibles, coinsurance, or other cost sharing are not permitted with respect to benefits for well-baby and well-child care, including age appropriate immunizations.**
- (2) Premiums and other cost sharing may be imposed based on family income. However, the total annual aggregate cost sharing with respect to all children in a family under this article may not exceed five percent (5%) of the family's income for the year.**

Sec. 4. The office may do the following:

- (1) Determine cost sharing amounts.**
- (2) Determine waiting periods and exceptions to the requirement of waiting periods for potential enrollees in the program.**
- (3) Adopt additional methods for complying with federal requirements relating to crowd out.**

Sec. 5. (a) It is a violation of IC 27-4-1-4 if an insurer, or an insurance agent or insurance broker compensated by the insurer, knowingly or intentionally refers an insured or the dependent of an insured to the program for health insurance coverage when the insured already receives health insurance coverage through an employer's health care plan that is underwritten by the insurer.

(b) The office shall coordinate with the children's health policy board under IC 4-23-27 to evaluate the need for mechanisms that minimize the incentive for an employer to eliminate or reduce health care coverage for an employee's dependents.

Sec. 6. Community health centers shall be used to provide health care services.

Chapter 5. Provider Contracts

Sec. 1. This chapter does not apply until January 1, 2000.

Sec. 2. A provider agreement must do the following:

- (1) Include information that the office finds necessary to facilitate carrying out IC 12-17.6.**
- (2) Prohibit the provider from requiring payment from an enrollee of the program, except where a copayment is required by law.**

Sec. 3. A provider who participates in the program, including a

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1 provider who is a member of a managed care organization, must
2 comply with the enrollment requirements that are established
3 under IC 12-15.

4 Sec. 4. (a) A provider that participates in the Medicaid program
5 as provided in IC 12-15-11 is considered a provider for purposes
6 of the program.

7 (b) A provider that enters into a provider agreement with the
8 program under this chapter is considered a provider in the
9 Medicaid program under IC 12-15.

10 (c) If an enrollee in the Medicaid managed care program for
11 children has direct access to a provider who has entered into a
12 provider agreement under IC 12-15-11, an enrollee in the program
13 has direct access to the same provider.

14 **Chapter 6. Provider Sanctions, Theft, Kickbacks, and Bribes**

15 **Sec. 1. This chapter does not apply until January 1, 2000.**

16 **Sec. 2. If after investigation the office finds that a provider has**
17 **violated this article or rule adopted under this article, the office**
18 **may impose at least one (1) of the following sanctions:**

19 (1) Deny payment to the provider for program services
20 provided during a specified time.

21 (2) Reject a prospective provider's application for
22 participation in the program.

23 (3) Terminate a provider agreement allowing a provider's
24 participation in the program.

25 (4) Assess a civil penalty against the provider in an amount
26 not to exceed three (3) times the amount paid to the provider
27 in excess of the amount that was legally due.

28 (5) Assess an interest charge, at a rate not to exceed the rate
29 established by IC 24-4.6-1-101(2) for judgments on money, on
30 the amount paid to the provider in excess of the amount that
31 was legally due. The interest charge accrues from the date of
32 the overpayment to the provider.

33 **Sec. 3. In addition to any sanction imposed on a provider under**
34 **section 2 of this chapter, a provider convicted of an offense under**
35 **IC 35-43-5-7.2 is ineligible to participate in the program for ten**
36 **(10) years after the conviction.**

37 **Sec. 4. A provider may appeal a sanction imposed under section**
38 **2 of this chapter under rules concerning Medicaid provider appeals**
39 **that are adopted by the secretary under IC 4-22-2.**

40 **Sec. 5. After exhausting all administrative remedies, a provider**
41 **may obtain judicial review of a sanction under IC 4-21.5-5.**

42 **Sec. 6. A final directive made by the office that:**



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- 1 (1) denies payment to a provider for medical services
- 2 provided during a specified period of time; or
- 3 (2) terminates a provider agreement permitting a provider's
- 4 participation in the program;
- 5 **must direct the provider to inform each eligible recipient of**
- 6 **services, before services are provided, that the office will not pay**
- 7 **for those services if provided.**

8 **Sec. 7. Subject to section 8 of this chapter, a final directive:**

- 9 (1) denying payment to a provider;
- 10 (2) rejecting a prospective provider's application for
- 11 participation in the program; or
- 12 (3) terminating a provider agreement allowing a provider's
- 13 participation in the program;

14 **must be for a sufficient time, in the opinion of the office, to allow**

15 **for the correction of all deficiencies or to prevent further abuses.**

16 **Sec. 8. Except as provided in section 10 of this chapter, a**

17 **provider sanctioned under section 2 of this chapter may not be**

18 **declared reinstated as a provider under this article until the office**

19 **has received the following:**

- 20 (1) Full repayment of the amount paid to the provider in
- 21 excess of the proper and legal amount due, including any
- 22 interest charge assessed by the office.
- 23 (2) Full payment of a civil penalty assessed under section 2(4)
- 24 of this chapter.

25 **Sec. 9. Except as provided in section 10 of this chapter, a**

26 **provider sanctioned under section 2 of this chapter may file an**

27 **agreement as provided in IC 12-17.6-5.**

28 **Sec. 10. A provider who has been:**

- 29 (1) convicted of a crime relating to the provision of services
- 30 under this chapter; or
- 31 (2) subjected to a sanction under section 2 of this chapter on
- 32 three (3) separate occasions by directive of the office;
- 33 **is ineligible to submit claims for the program.**

34 **Sec. 11. Evidence that a person or provider received money or**

35 **other benefits as a result of a violation of:**

- 36 (1) a provision of this article; or
- 37 (2) a rule established by the office under this article;
- 38 **constitutes prima facie evidence, for purposes of IC 35-43-4-2, that**
- 39 **the person or provider intended to deprive the state of a part of the**
- 40 **value of the money or benefits.**

41 **Sec. 12. A person who furnishes items or services to an**

42 **individual for which payment is or may be made under this chapter**

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1 and who knowingly or intentionally solicits, offers, or receives a:
 2 (1) kickback or bribe in connection with the furnishing of the
 3 items or services or the making or receipt of the payment; or
 4 (2) rebate of a fee or charge for referring the individual to
 5 another person for the furnishing of items or services;
 6 commits a Class A misdemeanor.

7 Chapter 7. Funding

8 Sec. 1. The children's health insurance program fund is
 9 established for the purpose of paying expenses relating to:

- 10 (1) the program;
- 11 (2) services offered through the program for children enrolled
 12 in the program; and
- 13 (3) services and administration eligible for reimbursement
 14 under Title XXI of the federal Social Security Act for children
 15 enrolled in Medicaid under IC 12-15-2-14.

16 Sec. 2. The office shall administer the fund.

17 Sec. 3. The fund consists of the following:

- 18 (1) Amounts appropriated by the general assembly.
- 19 (2) Amounts appropriated by the federal government.
- 20 (3) Fees, charges, gifts, grants, donations, money received
 21 from any other source, and other income funds as may
 22 become available.

23 Sec. 4. The treasurer of state shall invest the money in the fund
 24 not currently needed to meet the obligations of the fund in the same
 25 manner as other public funds may be invested.

26 Sec. 5. Money in the fund at the end of a state fiscal year does
 27 not revert to the state general fund.

28 Chapter 8. Appeals and Hearings

29 Sec. 1. This chapter does not apply until January 1, 2000.

30 Sec. 2. An applicant for or a recipient of services under the
 31 program may appeal to the office if at least one (1) of the following
 32 occurs:

- 33 (1) An application or a request is not acted upon by the office
 34 within a reasonable time after the application or request is
 35 filed.
- 36 (2) The application is denied.
- 37 (3) The applicant or recipient is dissatisfied with the action of
 38 the office.

39 Sec. 3. The secretary shall conduct hearings and appeals
 40 concerning the program under IC 4-21.5.

41 Sec. 4. The office shall, upon receipt of notice of appeal under
 42 section 2 of this chapter, set the matter for hearing and give the

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1 applicant or recipient an opportunity for a fair hearing in the
2 county in which the applicant or recipient resides.

3 **Sec. 5. (a) At a hearing held under section 4 of this chapter, the**
4 **applicant or recipient and the office may introduce additional**
5 **evidence.**

6 **(b) A hearing held under section 4 of this chapter shall be**
7 **conducted under rules adopted by the secretary for applicants and**
8 **recipients of Medicaid that are not inconsistent with IC 4-21.5 and**
9 **the program.**

10 **Sec. 6. The office:**

11 **(1) may make necessary additional investigations; and**

12 **(2) shall make decisions concerning the:**

13 **(A) granting of program services; and**

14 **(B) amount of program services to be granted;**

15 **to an applicant or a recipient that the office believes are justified**
16 **and in conformity with the program.**

17 **Chapter 9. Confidentiality and Release of Information**

18 **Sec. 1. This chapter does not apply until January 1, 2000.**

19 **Sec. 2. The following concerning a program applicant or**
20 **recipient under the program are confidential, except as otherwise**
21 **provided in this chapter:**

22 **(1) An application.**

23 **(2) An investigation report.**

24 **(3) An information.**

25 **(4) A record.**

26 **Sec. 3. The use and the disclosure of the information described**
27 **in this chapter to persons authorized by law in connection with the**
28 **official duties relating to:**

29 **(1) financial audits;**

30 **(2) legislative investigations; or**

31 **(3) other purposes directly connected with the administration**
32 **of the program;**

33 **is authorized.**

34 **Sec. 4. (a) The release and use of information of a general nature**
35 **shall be provided as needed for adequate interpretation or**
36 **development of the program.**

37 **(b) The information described in subsection (a) includes the**
38 **following:**

39 **(1) Total program expenditures.**

40 **(2) The number of recipients.**

41 **(3) Statistical and social data used in connection with studies.**

42 **(4) Reports or surveys on health and welfare problems.**



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1 **Sec. 5. The office shall make available the following to providers**
 2 **for immediate access to information indicating whether an**
 3 **individual is eligible for the program:**

4 (1) **A twenty-four (24) hour telephone system.**

5 (2) **A computerized data retrieval system.**

6 **Sec. 6. Information released under section 5 of this chapter is**
 7 **limited to the following:**

8 (1) **Disclosure of whether an individual is eligible for the**
 9 **program.**

10 (2) **The date the individual became eligible for the program**
 11 **and the individual's program number.**

12 (3) **Restrictions, if any, on the scope of services to be**
 13 **reimbursed under the program for the individual.**

14 **Sec. 7. Information obtained by a provider under this chapter**
 15 **concerning an individual's eligibility for the program is**
 16 **confidential and may not be disclosed to any person.**

17 **Sec. 8. If it is established that a provision of this chapter causes**
 18 **the program to be ineligible for federal financial participation, the**
 19 **provision is limited or restricted to the extent that is essential to**
 20 **make the program eligible for federal financial participation.**

21 SECTION 19. IC 16-41-40-5 IS AMENDED TO READ AS
 22 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) A program
 23 established under this chapter must include the distribution of readily
 24 understandable information and instructional materials regarding
 25 shaken baby syndrome, explaining its medical effects on infants and
 26 children and emphasizing preventive measures.

27 (b) The information and instructional materials described in
 28 subsection (a) must be provided without cost by the following:

29 (1) Each hospital licensed under IC 16-21, to a parent or guardian
 30 of each newborn upon discharge from the hospital.

31 (2) The division of family and children to each provider (as
 32 defined in IC 12-7-2-149(4)) ~~or IC 12-7-2-149(5))~~ when:

33 (A) the provider applies for a license from the division under
 34 IC 12-17.2 or IC 12-17.4; or

35 (B) the division inspects a facility operated by a provider.

36 SECTION 20. IC 35-43-5-7.1 IS AMENDED TO READ AS
 37 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 7.1. ~~(a) Except as~~
 38 ~~provided in subsection (b);~~ A person who knowingly or intentionally:

39 (1) files a Medicaid claim, including an electronic claim, in
 40 violation of IC 12-15;

41 (2) obtains payment from the Medicaid program under IC 12-15
 42 by means of a false or misleading oral or written statement or

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1 other fraudulent means;
 2 (3) acquires a provider number under the Medicaid program
 3 except as authorized by law;
 4 (4) alters with the intent to defraud or falsifies documents or
 5 records of a provider (as defined in 42 CFR 1002.301) that are
 6 required to be kept under the Medicaid program; or
 7 (5) conceals information for the purpose of applying for or
 8 receiving unauthorized payments from the Medicaid program;
 9 commits Medicaid fraud, a Class D felony.

10 (b) ~~The offense described in subsection (a) is a Class C felony if the~~
 11 ~~fair market value of the claim or payment is at least fifty thousand~~
 12 ~~dollars (\$50,000).~~

13 SECTION 21. IC 35-43-5-7.2 IS ADDED TO THE INDIANA
 14 CODE AS A NEW SECTION TO READ AS FOLLOWS
 15 [EFFECTIVE JANUARY 1, 2000]: **Sec. 7.2. A person who**
 16 **knowingly or intentionally:**

17 (1) **files a children's health insurance program claim,**
 18 **including an electronic claim, in violation of IC 12-17.6;**

19 (2) **obtains payment from the children's health insurance**
 20 **program under IC 12-17.6 by means of a false or misleading**
 21 **oral or written statement or other fraudulent means;**

22 (3) **acquires a provider number under the children's health**
 23 **insurance program except as authorized by law;**

24 (4) **alters with intent to defraud or falsifies documents or**
 25 **records of a provider (as defined in 42 CFR 1002.301) that are**
 26 **required to be kept under the children's health insurance**
 27 **program; or**

28 (5) **conceals information for the purpose of applying for or**
 29 **receiving unauthorized payments from the children's health**
 30 **insurance program;**

31 **commits insurance fraud, a Class D felony.**

32 SECTION 22. THE FOLLOWING ARE REPEALED [EFFECTIVE
 33 UPON PASSAGE]: IC 12-7-2-139.1; IC 12-17-18.

34 SECTION 23. THE FOLLOWING ARE REPEALED [EFFECTIVE
 35 JULY 1, 1999]: IC 12-15-2-15; IC 12-15-2-15.5.

36 SECTION 24. P.L.130-1998, SECTION 1, IS AMENDED TO
 37 READ AS FOLLOWS [EFFECTIVE UPON PASSAGE] (a) As used
 38 in this SECTION, "committee" refers to the select joint committee on
 39 Medicaid oversight established by this SECTION.

40 (b) As used in this SECTION, "office" refers to the office of
 41 Medicaid policy and planning.

42 (c) The select joint committee on Medicaid oversight is established.

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1 (d) The committee consists of twelve (12) voting members
2 appointed as follows:

3 (1) Six (6) members shall be appointed by the president pro
4 tempore of the senate, not more than three (3) of whom may be
5 from the same political party.

6 (2) Six (6) members shall be appointed by the speaker of the
7 house of representatives, not more than three (3) of whom may be
8 from the same political party.

9 (e) A vacancy on the committee shall be filled by the appointing
10 authority.

11 (f) The president pro tempore of the senate shall appoint a member
12 of the committee to serve as chairman of the committee from January
13 31, 1998, until December 31, 1998.

14 (g) The speaker of the house of representatives shall appoint a
15 member of the committee to serve as chairman of the committee from
16 January 1, 1999, until December 31, 1999.

17 (h) The committee shall meet at the call of the chairman.

18 (i) The committee shall study, investigate, and oversee the
19 following:

20 (1) Whether the contractor of the office under IC 12-15-30 that
21 has responsibility for processing provider claims for payment
22 under the Medicaid program has properly performed the terms of
23 the contractor's contract with the state.

24 (2) Legislative and administrative procedures that are needed to
25 eliminate Medicaid claims reimbursement backlogs, delays, and
26 errors.

27 (3) The establishment and implementation of a case mix
28 reimbursement system designed for Indiana Medicaid certified
29 nursing facilities developed by the office.

30 (4) Any other matter related to Medicaid.

31 **(5) All matters related to the children's health insurance**
32 **program established by IC 12-17.6.**

33 (j) If the office awards a contract for processing provider claims for
34 payment before January 1, 1999, the office shall submit the contract to
35 the:

36 (1) committee; and

37 (2) budget committee established by IC 4-12-1-3;

38 for review before signing the contract or a document related to the
39 contract.

40 (k) The committee is under the jurisdiction of the legislative
41 council. The legislative services agency shall provide staff support to
42 the committee.



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- 1 (l) Unless specifically authorized by the legislative council, the
- 2 chairman may not create subcommittees.
- 3 (m) The committee may not recommend proposed legislation to the
- 4 general assembly unless the proposed legislation is approved by a
- 5 majority of the voting members appointed to serve on the committee.
- 6 All votes taken by the committee must be:
- 7 (1) by roll call vote; and
- 8 (2) recorded.
- 9 (n) This SECTION expires December 31, ~~1999~~ **2002**.
- 10 SECTION 25. [EFFECTIVE UPON PASSAGE] (a) **The office may**
- 11 **apply to the Secretary of the United States Department of Health**
- 12 **and Human Services for a waiver to provide family coverage from**
- 13 **the children's health insurance program under IC 12-17.6 when it**
- 14 **is economically efficient to provide family coverage.**
- 15 (b) **This SECTION expires January 1, 2001.**

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SENATE MOTION

Mr. President: I move that Senator Simpson be added as second author and Senator Young be added as coauthor of Senate Bill 605.

MILLER

SENATE MOTION

Mr. President: I move that Senator Johnson be added as coauthor of Senate Bill 605.

MILLER

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COMMITTEE REPORT

Mr. President: The Senate Committee on Health and Provider Services, to which was referred Senate Bill No. 605, 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 4, line 28, delete "chair of the state advisory council on the education of" and insert "**director of the division of special education created under IC 20-1-6-2.1.**".

Page 4, delete line 29.

Page 4, between lines 33 and 34, begin a new line block indented and insert:

- "(9) Three (3) parents of children who are enrolled in the:**
(A) children's health insurance program under IC 12-17.6;
or
(B) Medicaid managed care program for children."

Page 4, line 37, delete "and".

Page 4, line 37, after "3(8)" insert ", **and 3(9)**".

Page 5, line 7, delete "(a) Six (6)" and insert "**Eight (8)**".

Page 5, delete lines 9 through 10.

Page 9, between lines 3 and 4, begin a new paragraph and insert:

"SECTION 9. IC 12-8-1-14 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 14. The office of the secretary shall improve its system through the use of technology and training of staff to do the following:**

- (1) Simplify, streamline, and destigmatize the eligibility and enrollment processes in all health programs serving children.**
- (2) Ensure an efficient provider payment system.**
- (3) Improve service to families.**
- (4) Improve data quality for program assessment and evaluation."**

Page 10, between lines 1 and 2, begin a new paragraph and insert:

"SECTION 11. IC 12-15-1-19 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 19. The office may, in administering managed care programs, contract with community entities, including private entities, to provide:**

- (1) outreach for and enrollment in the managed care programs;**
- (2) services; and**
- (3) consumer education and public health education."**

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Page 11, line 7, delete "directing" and insert "**the board's responsibility to direct**".

Page 11, between lines 8 and 9, begin a new paragraph and insert:
"SECTION 17. IC 12-15-33-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. The committee shall be appointed as follows:

(1) One (1) member shall be appointed by the administrator of the office to represent each of the following organizations:

- (A) Indiana Council of Community Mental Health Centers.
- (B) Indiana State Medical Association.
- (C) Indiana State Chapter of the American Academy of Pediatrics.
- (D) Indiana Hospital Association.
- (E) Indiana Dental Association.
- (F) Indiana State Psychiatric Association.
- (G) Indiana State Osteopathic Association.
- (H) Indiana State Nurses Association.
- (I) Indiana State Licensed Practical Nurses Association.
- (J) Indiana State Podiatry Association.
- (K) Indiana Health Care Association.
- (L) Indiana Optometric Association.
- (M) Indiana Pharmaceutical Association.
- (N) Indiana Psychological Association.
- (O) Indiana State Chiropractic Association.
- (P) Indiana Ambulance Association.
- (Q) Indiana Association for Home Care.
- (R) Indiana Academy of Ophthalmology.
- (S) Indiana Speech and Hearing Association.

(2) ~~Eight (8)~~ **Ten (10)** members shall be appointed by the governor as follows:

- (A) One (1) member who represents agricultural interests.
- (B) One (1) member who represents business and industrial interests.
- (C) One (1) member who represents labor interests.
- (D) One (1) member who represents insurance interests.
- (E) One (1) member who represents a statewide taxpayer association.

(F) Two (2) members who are parent advocates.

~~(F)~~ **(G) Three (3) members who represent Indiana citizens.**

(3) One (1) member shall be appointed by the president pro tempore of the senate acting in the capacity as president pro tempore of the senate to represent the senate.



(4) One (1) member shall be appointed by the speaker of the house of representatives to represent the house of representatives."

Page 11, line 17, after "the" insert "**extent to which**".

Page 11, delete lines 18 through 22, begin a new line block indented and insert:

"(1) families substitute coverage offered under the program for employer sponsored health insurance coverage for children; and

(2) employers:

(A) reduce or eliminate health insurance benefits for children under an employer based health insurance plan; or

(B) increase the employee's share of the cost of benefits for children under an employer based health insurance plan relative to the total cost of the plan;

as a result of the program."

Page 12, line 7, delete "and evaluations".

Page 12, between lines 18 and 19, begin a new paragraph and insert:

"Sec. 7. (a) The office shall contract with an independent organization to evaluate the program.

(b) An evaluation of the program must occur one (1) time every two (2) years.

(c) The office shall report the results of each evaluation to the children's health policy board established by IC 4-23-27-2.

(d) This section does not modify the requirements of other statutes relating to the confidentiality of medical records.

Sec. 8. The office may, in administering the program, contract with community entities, including private entities, to provide:

(1) outreach for and enrollment in the managed care program;

(2) services; and

(3) consumer education and public health education.

Sec. 9. (a) The office shall incorporate creative methods, reflective of community level objectives and input, to do the following:

(1) Encourage beneficial and appropriate use of health care services.

(2) Pursue efforts to enhance provider availability.

(b) In determining the best approach for each area, the office shall, in collaboration with communities, do the following:

(1) Evaluate distinct market areas.



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(2) Weigh the advantages and disadvantages of alternative delivery models, including the following:

- (A) Risk based managed care only.**
- (B) Primary care gatekeeper model only.**
- (C) A combination of clauses (A) and (B).**

Sec. 10. (a) The office may establish a program to subsidize employer sponsored coverage for:

- (1) eligible individuals; and**
- (2) the families of eligible individuals;**

consistent with federal law.

(b) If the office establishes a program under subsection (a), the employer sponsored benefit package must comply with federal law."

Page 12, line 19, delete "7" and insert "**11**".

Page 12, line 23, delete "8" and insert "**12**".

Page 12, line 26, delete "and".

Page 12, line 27, delete "." and insert "**;** and

- (3) children's health policy board established by IC 4-23-27-2."**

Page 12, after line 42, begin a new line block indented and insert:

"(6) Except as provided in subsection (b), the child must be uninsured for a period that does not exceed three (3) months as determined by the office.

(b) The following are exempt from the requirement under subsection (a)(6):

- (1) A child who is a member of the high risk pool and who has ongoing medical needs.**
- (2) A child who loses coverage through the termination of a parent's employer plan.**
- (3) A child whose parents have lost jobs with insurance coverage.**
- (4) A child who loses insurance coverage due to the divorce of the child's parents."**

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

Page 13, line 11, delete "all".

Page 13, line 20, after "2." insert "(a)".

Page 13, line 20, delete ":" and insert "**focus on age appropriate preventive, primary, and acute care services.**

(b) The office shall offer health insurance coverage for the following basic services:

- (1) Inpatient and outpatient hospital services.**
- (2) Physicians' services provided by a physician (as defined in**

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42 U.S.C. 1395x(r)).

(3) Laboratory and x-ray services.

(4) Well-baby and well-child care, including:

(A) age appropriate immunizations; and

(B) periodic screening, diagnosis, and treatment services according to a schedule developed by the office.

The office may offer services in addition to those listed in this subsection if appropriations to the program exist to pay for the additional services.

(c) The office shall offer health insurance coverage for the following additional services if the coverage for the services has an actuarial value equal to the actuarial value of the services provided by the benchmark program determined by the children's health policy board established by IC 4-23-27-2:

(1) Prescription drugs.

(2) Mental health services.

(3) Vision services.

(4) Hearing services.

(5) Dental services.

(d) Notwithstanding subsections (b) and (c), the office may not impose treatment limitations or financial requirements on the coverage of services for a mental illness if similar treatment limitations or financial requirements are not imposed on coverage for services for other illnesses.

(e) The children's health policy board established by IC 4-23-27-2 shall annually:

(1) review the benefits provided to program enrollees; and

(2) adjust the benefits as needed to remain within the program's appropriations."

Page 13, delete lines 21 through 26.

Page 13, line 28, delete "to" and insert "by".

Page 13, line 37, delete "adopt rules under IC 4-22-2 to".

Page 13, line 39, delete "program benefits and".

Page 13, line 40, delete "Implement" and insert "Determine".

Page 14, line 10, delete "standards" and insert "mechanisms".

Page 14, between lines 12 and 13, begin a new paragraph and insert:

"Sec. 6. Community health centers shall be used to provide health care services."

Page 14, between lines 30 and 31, begin a new paragraph and insert:

"(c) If an enrollee in the Medicaid managed care program for children has direct access to a provider who has entered into a provider agreement under IC 12-15-11, an enrollee in the program

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has direct access to the same provider."

Page 16, line 26, delete ". The fund is a revolving fund".

Page 16, line 27, delete "all".

Page 16, line 28, delete "and".

Page 16, delete lines 29 through 32, begin a new line block indented and insert:

"(2) services offered through the program for children enrolled in the program; and

(3) services and administration eligible for reimbursement under Title XXI of the federal Social Security Act for children enrolled in Medicaid under IC 12-15-2-14."

Page 19, between lines 10 and 11, begin a new paragraph and insert:

"SECTION 20. IC 35-43-5-7.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 7.1. ~~(a) Except as provided in subsection (b);~~ A person who knowingly or intentionally:

(1) files a Medicaid claim, including an electronic claim, in violation of IC 12-15;

(2) obtains payment from the Medicaid program under IC 12-15 by means of a false or misleading oral or written statement or other fraudulent means;

(3) acquires a provider number under the Medicaid program except as authorized by law;

(4) alters with the intent to defraud or falsifies documents or records of a provider (as defined in 42 CFR 1002.301) that are required to be kept under the Medicaid program; or

(5) conceals information for the purpose of applying for or receiving unauthorized payments from the Medicaid program;

commits Medicaid fraud, a Class D felony.

~~(b) The offense described in subsection (a) is a Class C felony if the fair market value of the claim or payment is at least fifty thousand dollars (\$50,000):"~~

Page 19, line 13, delete "(a) Except as provided".

Page 19, line 14, delete "in subsection (b), a" and insert "A".

Page 19, delete lines 30 through 32.

Page 19, delete lines 37 through 41, begin a new paragraph and insert:

"SECTION 24. P.L.130-1998, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "committee" refers to the select joint committee on Medicaid oversight established by this SECTION.

(b) As used in this SECTION, "office" refers to the office of Medicaid policy and planning.

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- (c) The select joint committee on Medicaid oversight is established.
- (d) The committee consists of twelve (12) voting members appointed as follows:
- (1) Six (6) members shall be appointed by the president pro tempore of the senate, not more than three (3) of whom may be from the same political party.
 - (2) Six (6) members shall be appointed by the speaker of the house of representatives, not more than three (3) of whom may be from the same political party.
- (e) A vacancy on the committee shall be filled by the appointing authority.
- (f) The president pro tempore of the senate shall appoint a member of the committee to serve as chairman of the committee from January 31, 1998, until December 31, 1998.
- (g) The speaker of the house of representatives shall appoint a member of the committee to serve as chairman of the committee from January 1, 1999, until December 31, 1999.
- (h) The committee shall meet at the call of the chairman.
- (i) The committee shall study, investigate, and oversee the following:
- (1) Whether the contractor of the office under IC 12-15-30 that has responsibility for processing provider claims for payment under the Medicaid program has properly performed the terms of the contractor's contract with the state.
 - (2) Legislative and administrative procedures that are needed to eliminate Medicaid claims reimbursement backlogs, delays, and errors.
 - (3) The establishment and implementation of a case mix reimbursement system designed for Indiana Medicaid certified nursing facilities developed by the office.
 - (4) Any other matter related to Medicaid.
 - (5) All matters related to the children's health insurance program established by IC 12-17.6.**
- (j) If the office awards a contract for processing provider claims for payment before January 1, 1999, the office shall submit the contract to the:
- (1) committee; and
 - (2) budget committee established by IC 4-12-1-3;
- for review before signing the contract or a document related to the contract.
- (k) The committee is under the jurisdiction of the legislative council. The legislative services agency shall provide staff support to

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the committee.

(l) Unless specifically authorized by the legislative council, the chairman may not create subcommittees.

(m) The committee may not recommend proposed legislation to the general assembly unless the proposed legislation is approved by a majority of the voting members appointed to serve on the committee. All votes taken by the committee must be:

- (1) by roll call vote; and
- (2) recorded.

(n) This SECTION expires December 31, ~~1999~~ **2002**.

SECTION 25. [EFFECTIVE UPON PASSAGE] (a) The office may apply to the Secretary of the United States Department of Health and Human Services for a waiver to provide family coverage from the children's health insurance program under IC 12-17.6 when it is economically efficient to provide family coverage.

(b) This SECTION expires January 1, 2001."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 605 as introduced.)

MILLER, Chairperson

Committee Vote: Yeas 9, Nays 0.

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