



Reprinted
January 26, 2000

HOUSE BILL No. 1179

DIGEST OF HB 1179 (Updated January 25, 2000 3:48 PM - DI 97)

Citations Affected: IC 27-1; IC 27-13.

Synopsis: Prohibition on premium rebates and qualifications of HMO medical directors. Prohibits an affiliate of an insurance company from offering, promising, allowing, giving, setting off, or paying any rebate of the premium or other cost related to a policy of insurance, unless it is specified in the policy. Provides that an individual appointed medical director of a health maintenance organization (HMO) must have an unlimited license to practice medicine issued under Indiana law.

Effective: July 1, 2000.

Denbo, Fry

January 10, 2000, read first time and referred to Committee on Insurance, Corporations and Small Business.
January 13, 2000, reported — Do Pass.
January 25, 2000, read second time, amended, ordered engrossed.

C
o
p
y



Reprinted
January 26, 2000

Second Regular Session 111th General Assembly (2000)

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 1999 General Assembly.

HOUSE BILL No. 1179

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 27-1-20-30 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 30. (a) No company **or**
3 **affiliate of a company** acting through its officers or members,
4 attorney-in-fact, or by any other party, no officer of a company acting
5 on his own behalf and no insurance agent, broker, or solicitor,
6 personally or by any other party, shall offer, promise, allow, give, set
7 off or pay, directly or indirectly, any rebate of or part of the premium
8 payable on a policy, or any agent's commission thereon, or earnings,
9 profits, dividends or other benefits founded, arising, accruing, or to
10 accrue thereon or therefrom, or any special advantage in date of policy
11 or age of issue, or any paid employment or contract for services of any
12 kind, or any other valuable consideration or inducement, to or for
13 insurance on any risk in this state, now or hereafter to be written, or for
14 or upon any renewal of any such insurance, which is not specified in
15 the policy contract of insurance, or offer, promise, give, option, sell or
16 purchase any stocks, bonds, securities, or property, or any dividends or
17 profits accruing or to accrue thereon, or other thing of value whatsoever

HB 1179—LS 6816/DI 97+



C
O
P
Y

1 as inducement to insurance or in connection therewith, or any renewal
 2 thereof, which is not specified in the policy. Nothing in this section
 3 shall prevent a company which transacts industrial life insurance on a
 4 weekly payment plan from returning to policyholders who have made
 5 a premium payment for a period of at least one (1) year directly to the
 6 company at its home or district office a percentage of premium which
 7 the company would otherwise have paid for the weekly collection of
 8 such premium, nor shall this section be construed to prevent the taking
 9 of a bona fide obligation, with legal interest, in payment of any
 10 premium.

11 (b) No insured person or party or applicant for insurance shall
 12 directly or indirectly, receive or accept, or agree to receive or accept,
 13 any rebate of premium or of any part thereof, or all or any part of any
 14 agent's or broker's commission thereon, or any favor or advantage, or
 15 share in any benefit to accrue under any policy of insurance, or any
 16 valuable consideration or inducement, other than such as are specified
 17 in the policy.

18 SECTION 2. IC 27-13-36-1 IS AMENDED TO READ AS
 19 FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 1. (a) Each health
 20 maintenance organization shall appoint a medical director who has an
 21 unlimited license to practice medicine under IC 25-22.5. ~~or an~~
 22 ~~equivalent license issued by another state.~~

23 (b) The medical director is responsible for oversight of treatment
 24 policies, protocols, quality assurance activities, and utilization
 25 management decisions of the health maintenance organization.

26 (c) A health maintenance organization shall contract with or employ
 27 at least one (1) individual who holds an unlimited license to practice
 28 medicine under IC 25-22.5 to do the following:

29 (1) Develop, in consultation with a group of appropriate
 30 providers, the health maintenance organization's treatment
 31 policies, protocols, and quality assurance activities.

32 (2) Consult with the treating provider before an adverse
 33 utilization review decision is made.

34 (d) Compliance with the most current standards or guidelines
 35 developed by the National Committee on Quality Assurance or a
 36 successor organization is sufficient to meet the requirements of this
 37 section.

C
O
P
Y



COMMITTEE REPORT

Mr. Speaker: Your Committee on Insurance, Corporations and Small Business, to which was referred House Bill 1179, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

FRY, Chair

Committee Vote: yeas 13, nays 0.

C
o
p
y



HOUSE MOTION

Mr. Speaker: I move that House Bill 1179 be amended to read as follows:

Page 15, after line 35 , begin a new paragraph and insert:

"SECTION 5. IC 27-13-36-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 1. (a) Each health maintenance organization shall appoint a medical director who has an unlimited license to practice medicine under IC 25-22.5. ~~or an equivalent license issued by another state.~~

(b) The medical director is responsible for oversight of treatment policies, protocols, quality assurance activities, and utilization management decisions of the health maintenance organization.

(c) A health maintenance organization shall contract with or employ at least one (1) individual who holds an unlimited license to practice medicine under IC 25-22.5 to do the following:

(1) Develop, in consultation with a group of appropriate providers, the health maintenance organization's treatment policies, protocols, and quality assurance activities.

(2) Consult with the treating provider before an adverse utilization review decision is made.

(d) Compliance with the most current standards or guidelines developed by the National Committee on Quality Assurance or a successor organization is sufficient to meet the requirements of this section."

Re-number all SECTIONS consecutively.

(Reference is to HB 1179 as printed January 14, 2000.)

FRY

C
O
P
Y

