

**CONFERENCE COMMITTEE REPORT
DIGEST FOR EHB 1320**

Citations Affected: IC 6-1.1-18.5-10; IC 12-15; IC 12-29-1; IC 12-29-2; IC 16-21-6-7; IC 16-39-9-3; IC 12-29-2-6.

Synopsis: Human services. Conference committee report to EHB 1320. Provides that the maximum appropriation and tax levy for community mental health centers must be annually recalculated based on the increase in the assessed value growth quotient. Authorizes the office of Medicaid policy and planning to implement alternative payment methodologies for payable claim payments to a hospital under certain circumstances. Separates the laws governing the funding of community mental health centers from the laws governing the funding of community mental retardation and other developmental disabilities centers. Repeals a provision that duplicates other provisions added to the same chapter. Allows the state department of health to disclose inpatient and outpatient discharge information to hospitals that have submitted the information. Allows a hospital trade association to disclose health record information received under certain circumstances. Changes a retrieval charge to a labor charge for providing copies of medical records. Eliminates a provision under which a hospital was allowed 180 days to respond to a notice that the hospital was overpaid by the Medicaid program. Makes hospitals subject to the general provision allowing 60 days for a response. Provides alternative options to the nursing facility assessment state plan amendment and waiver request and amends the expiration of the nursing facility quality assessment. Requires the select joint commission on Medicaid oversight to study certain effects resulting from the repeal of continuous eligibility under the Indiana Medicaid program and the children's health insurance program. Makes a technical correction. **(This conference committee report: (1) keeps HB 1320 language concerning tax levies for community mental health centers with changes but removes DSH language; (2) changes nursing facility assessment language to provide alternative modifications to the state Medicaid plan and waiver request and extends assessment; (3) adds SB 161 as the bill left the Senate; and (4) adds language from SB 428 concerning the disclosure of certain health record information, implementation of alternative payment methodologies, and changing of retrieval charges to labor charges.)**

Effective: Upon passage; July 1, 2003 (retroactive); December 12, 2003 (retroactive); January 1, 2004 (retroactive); July 1, 2004.

CONFERENCE COMMITTEE REPORT

MADAM PRESIDENT:

Your Conference Committee appointed to confer with a like committee from the House upon Engrossed Senate Amendments to Engrossed House Bill No. 1320 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

- 1 Delete everything after the enacting clause and insert the following:
- 2 SECTION 1. IC 6-1.1-18-12, AS ADDED BY P.L. 1-2004, SECTION
- 3 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 4 DECEMBER 12, 2003 (RETROACTIVE)]: Sec. 12. (a) For purposes
- 5 of this section, "maximum rate" refers to the maximum:
- 6 (1) property tax rate or rates; or
- 7 (2) special benefits tax rate or rates;
- 8 referred to in the statutes listed in subsection (d).
- 9 (b) The maximum rate for taxes first due and payable after 2003 is
- 10 the maximum rate that would have been determined under subsection
- 11 (e) for taxes first due and payable in 2003 if subsection (e) had applied
- 12 for taxes first due and payable in 2003.
- 13 (c) The maximum rate must be adjusted:
- 14 (1) each time an annual adjustment of the assessed value of real
- 15 property takes effect under IC 6-1.1-4-4.5; and
- 16 (2) each time a general reassessment of real property takes effect
- 17 under IC 6-1.1-4-4.
- 18 (d) The statutes to which subsection (a) refers are:
- 19 (1) IC 8-10-5-17;
- 20 (2) IC 8-22-3-11;

- 1 (3) IC 8-22-3-25;
 2 (4) IC 12-29-1-1;
 3 (5) IC 12-29-1-2;
 4 (6) IC 12-29-1-3;
 5 ~~(7) IC 12-29-2-13;~~
 6 ~~(8)~~ (7) IC 12-29-3-6;
 7 ~~(9)~~ (8) IC 13-21-3-12;
 8 ~~(10)~~ (9) IC 13-21-3-15;
 9 ~~(11)~~ (10) IC 14-27-6-30;
 10 ~~(12)~~ (11) IC 14-33-7-3;
 11 ~~(13)~~ (12) IC 14-33-21-5;
 12 ~~(14)~~ (13) IC 15-1-6-2;
 13 ~~(15)~~ (14) IC 15-1-8-1;
 14 ~~(16)~~ (15) IC 15-1-8-2;
 15 ~~(17)~~ (16) IC 16-20-2-18;
 16 ~~(18)~~ (17) IC 16-20-4-27;
 17 ~~(19)~~ (18) IC 16-20-7-2;
 18 ~~(20)~~ (19) IC 16-23-1-29;
 19 ~~(21)~~ (20) IC 16-23-3-6;
 20 ~~(22)~~ (21) IC 16-23-4-2;
 21 ~~(23)~~ (22) IC 16-23-5-6;
 22 ~~(24)~~ (23) IC 16-23-7-2;
 23 ~~(25)~~ (24) IC 16-23-8-2;
 24 ~~(26)~~ (25) IC 16-23-9-2;
 25 ~~(27)~~ (26) IC 16-41-15-5;
 26 ~~(28)~~ (27) IC 16-41-33-4;
 27 ~~(29)~~ (28) IC 20-5-17.5-2;
 28 ~~(30)~~ (29) IC 20-5-17.5-3;
 29 ~~(31)~~ (30) IC 20-5-37-4;
 30 ~~(32)~~ (31) IC 20-14-7-5.1;
 31 ~~(33)~~ (32) IC 20-14-7-6;
 32 ~~(34)~~ (33) IC 20-14-13-12;
 33 ~~(35)~~ (34) IC 21-1-11-3;
 34 ~~(36)~~ (35) IC 21-2-17-2;
 35 ~~(37)~~ (36) IC 23-13-17-1;
 36 ~~(38)~~ (37) IC 23-14-66-2;
 37 ~~(39)~~ (38) IC 23-14-67-3;
 38 ~~(40)~~ (39) IC 36-7-13-4;
 39 ~~(41)~~ (40) IC 36-7-14-28;
 40 ~~(42)~~ (41) IC 36-7-15.1-16;
 41 ~~(43)~~ (42) IC 36-8-19-8.5;
 42 ~~(44)~~ (43) IC 36-9-6.1-2;
 43 ~~(45)~~ (44) IC 36-9-17.5-4;
 44 ~~(46)~~ (45) IC 36-9-27-73;
 45 ~~(47)~~ (46) IC 36-9-29-31;
 46 ~~(48)~~ (47) IC 36-9-29.1-15;
 47 ~~(49)~~ (48) IC 36-10-6-2;

- 1 ~~(50)~~ **(49)** IC 36-10-7-7;
 2 ~~(51)~~ **(50)** IC 36-10-7-8;
 3 ~~(52)~~ **(51)** IC 36-10-7.5-19; and
 4 ~~(53)~~ **(52)** any statute enacted after December 31, 2003, that:
 5 (A) establishes a maximum rate for any part of the:
 6 (i) property taxes; or
 7 (ii) special benefits taxes;
 8 imposed by a political subdivision; and
 9 (B) does not exempt the maximum rate from the adjustment
 10 under this section.
 11 (e) The new maximum rate under a statute listed in subsection (d) is
 12 the tax rate determined under STEP SEVEN of the following STEPS:
 13 STEP ONE: Determine the maximum rate for the political
 14 subdivision levying a property tax or special benefits tax under the
 15 statute for the year preceding the year in which the annual
 16 adjustment or general reassessment takes effect.
 17 STEP TWO: Determine the actual percentage increase (rounded to
 18 the nearest one-hundredth percent (0.01%)) in the assessed value
 19 (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable
 20 property from the year preceding the year the annual adjustment or
 21 general reassessment takes effect to the year that the annual
 22 adjustment or general reassessment takes effect.
 23 STEP THREE: Determine the three (3) calendar years that
 24 immediately precede the ensuing calendar year and in which a
 25 statewide general reassessment of real property does not first take
 26 effect.
 27 STEP FOUR: Compute separately, for each of the calendar years
 28 determined in STEP THREE, the actual percentage increase
 29 (rounded to the nearest one-hundredth percent (0.01%)) in the
 30 assessed value (before the adjustment, if any, under
 31 IC 6-1.1-4-4.5) of the taxable property from the preceding year.
 32 STEP FIVE: Divide the sum of the three (3) quotients computed in
 33 STEP FOUR by three (3).
 34 STEP SIX: Determine the greater of the following:
 35 (A) Zero (0).
 36 (B) The result of the STEP TWO percentage minus the STEP
 37 FIVE percentage.
 38 STEP SEVEN: Determine the quotient of the STEP ONE tax rate
 39 divided by the sum of one (1) plus the STEP SIX percentage
 40 increase.
 41 (f) The department of local government finance shall compute the
 42 maximum rate allowed under subsection (e) and provide the rate to each
 43 political subdivision with authority to levy a tax under a statute listed in
 44 subsection (d).
 45 SECTION 2. IC 6-1.1-18.5-10 IS AMENDED TO READ AS
 46 FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec.
 47 10. (a) The ad valorem property tax levy limits imposed by section 3 of
 48 this chapter do not apply to ad valorem property taxes imposed by a
 49 civil taxing unit to be used to fund:
 50 **(1)** community mental health centers under: ~~IC 12-29-2-1~~

1 **(A) IC 12-29-2-1.2, for only those civil taxing units that**
 2 **authorized financial assistance under IC 12-29-1 before 2002**
 3 **for a community mental health center as long as the tax**
 4 **levy under this section does not exceed the levy authorized**
 5 **in 2002;**

6 **(B) IC 12-29-2-2 through ~~IC 12-29-2-6~~ IC 12-29-2-5; and**

7 **(C) IC 12-29-2-13; or**

8 **(2) community mental retardation and other developmental**
 9 **disabilities centers under IC 12-29-1-1;**

10 to the extent that those property taxes are attributable to any increase in
 11 the assessed value of the civil taxing unit's taxable property caused by
 12 a general reassessment of real property that took effect after February
 13 28, 1979.

14 (b) For purposes of computing the ad valorem property tax levy limits
 15 imposed on a civil taxing unit by section 3 of this chapter, the civil
 16 taxing unit's ad valorem property tax levy for a particular calendar year
 17 does not include that part of the levy described in subsection (a).

18 SECTION 3. IC 12-15-13-3 IS AMENDED TO READ AS
 19 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3. (a) If the office of
 20 the secretary believes that an overpayment to a provider has occurred,
 21 the office of the secretary may do the following:

22 (1) Notify the provider in writing that the office of the secretary
 23 believes that an overpayment has occurred.

24 (2) Request in the notice that the provider repay the amount of the
 25 alleged overpayment, including interest from the date of
 26 overpayment.

27 (b) ~~Except as provided in subsection (c);~~ A provider who receives a
 28 notice and request for repayment under subsection (a) may elect to do
 29 one (1) of the following:

30 (1) Repay the amount of the overpayment not later than sixty (60)
 31 days after receiving notice from the office of the secretary,
 32 including interest from the date of overpayment.

33 (2) Request a hearing and repay the amount of the alleged
 34 overpayment not later than sixty (60) days after receiving notice
 35 from the office of the secretary.

36 (3) Request a hearing not later than sixty (60) days after receiving
 37 notice from the office of the secretary and not repay the alleged
 38 overpayment, except as provided in subsection (d).

39 (c) If:

40 (1) a provider elects to proceed under subsection (b)(2); and

41 (2) the office of the secretary determines after the hearing and any
 42 subsequent appeal that the provider does not owe the money that
 43 the office of the secretary believed the provider owed;

44 the office of the secretary shall return the amount of the alleged
 45 overpayment and interest paid and pay the provider interest on the
 46 money from the date of the provider's repayment.

47 (d) If:

48 (1) a provider elects to proceed under subsection (b)(3); and

49 (2) the office of the secretary determines after the hearing and any

1 subsequent appeal that the provider owes the money;
 2 the provider shall pay the amount of the overpayment, including interest
 3 from the date of the overpayment.

4 ~~(e) A hospital licensed under IC 16-21 that receives a notice and~~
 5 ~~request for repayment under subsection (a) has one hundred eighty~~
 6 ~~(180) days to elect one (1) of the actions under subsection (b)(1);~~
 7 ~~(b)(2); or (b)(3).~~

8 ~~(f)~~ (e) Interest that is due under this section shall be paid at a rate that
 9 is determined by the commissioner of the department of state revenue
 10 under IC 6-8.1-10-1(c) as follows:

11 (1) Interest due from a provider to the state shall be paid at the rate
 12 set by the commissioner for interest payments from the department
 13 of state revenue to a taxpayer.

14 (2) Interest due from the state to a provider shall be paid at the rate
 15 set by the commissioner for interest payments from the department
 16 of state revenue to a taxpayer.

17 ~~(g)~~ (f) Proceedings under this section are subject to IC 4-21.5.

18 SECTION 4. IC 12-15-15-1.6 IS ADDED TO THE INDIANA CODE
 19 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 20 1, 2003 (RETROACTIVE)]: **Sec. 1.6. (a) This section applies only if**
 21 **the office determines, based on information received from the**
 22 **federal Centers for Medicare and Medicaid Services, that**
 23 **payments made under section 1.5(b) STEP FIVE (A), (B), or (C) of**
 24 **this chapter will not be approved for federal financial**
 25 **participation.**

26 **(b) If the office determines that payments made under section**
 27 **1.5(b) STEP FIVE (A) of this chapter will not be approved for**
 28 **federal financial participation, the office may make alternative**
 29 **payments to payments under section 1.5(b) STEP FIVE (A) of this**
 30 **chapter if:**

31 **(1) the payments for a state fiscal year are made only to a**
 32 **hospital that would have been eligible for a payment for that**
 33 **state fiscal year under section 1.5(b) STEP FIVE (A) of this**
 34 **chapter; and**

35 **(2) the payments for a state fiscal year to each hospital are an**
 36 **amount that is as equal as possible to the amount each**
 37 **hospital would have received under section 1.5(b) STEP FIVE**
 38 **(A) of this chapter for that state fiscal year.**

39 **(c) If the office determines that payments made under section**
 40 **1.5(b) STEP FIVE (B) of this chapter will not be approved for**
 41 **federal financial participation, the office may make alternative**
 42 **payments to payments under section 1.5(b) STEP FIVE (B) of this**
 43 **chapter if:**

44 **(1) the payments for a state fiscal year are made only to a**
 45 **hospital that would have been eligible for a payment for that**
 46 **state fiscal year under section 1.5(b) STEP FIVE (B) of this**
 47 **chapter; and**

48 **(2) the payments for a state fiscal year to each hospital are an**

1 amount that is as equal as possible to the amount each
2 hospital would have received under section 1.5(b) STEP FIVE
3 (B) of this chapter for that state fiscal year.

4 (d) If the office determines that payments made under section
5 1.5(b) STEP FIVE (C) of this chapter will not be approved for
6 federal financial participation, the office may make alternative
7 payments to payments under section 1.5(b) STEP FIVE (C) of this
8 chapter if:

9 (1) the payments for a state fiscal year are made only to a
10 hospital that would have been eligible for a payment for that
11 state fiscal year under section 1.5(b) STEP FIVE (C) of this
12 chapter; and

13 (2) the payments for a state fiscal year to each hospital are an
14 amount that is as equal as possible to the amount each
15 hospital would have received under section 1.5(b) STEP FIVE
16 (C) of this chapter for that state fiscal year.

17 (e) If the office determines, based on information received from
18 the federal Centers for Medicare and Medicaid Services, that
19 payments made under subsection (b), (c), or (d) will not be
20 approved for federal financial participation, the office shall use
21 the funds that would have served as the nonfederal share of these
22 payments for a state fiscal year to serve as the nonfederal share
23 of a payment program for hospitals to be established by the office.
24 The payment program must distribute payments to hospitals for
25 a state fiscal year based upon a methodology determined by the
26 office to be equitable under the circumstances.

27 SECTION 5. IC 12-15-15-9, AS AMENDED BY P.L.255-2003,
28 SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
29 JULY 1, 2003 (RETROACTIVE)]: Sec. 9. (a) For purposes of this
30 section and IC 12-16-7.5-4.5, a payable claim is attributed to a county
31 if the payable claim is submitted to the division by a hospital licensed
32 under IC 16-21-2 for payment under IC 12-16-7.5 for care provided by
33 the hospital to an individual who qualifies for the hospital care for the
34 indigent program under IC 12-16-3.5-1 or IC 12-16-3.5-2 and:

35 (1) who is a resident of the county;
36 (2) who is not a resident of the county and for whom the onset of
37 the medical condition that necessitated the care occurred in the
38 county; or
39 (3) whose residence cannot be determined by the division and for
40 whom the onset of the medical condition that necessitated the care
41 occurred in the county.

42 (b) For each state fiscal year ending after June 30, 2003, a hospital
43 licensed under IC 16-21-2 that submits to the division during the state
44 fiscal year a payable claim under IC 12-16-7.5 is entitled to a payment
45 under this section.

46 (c) ~~For a state fiscal year,~~ Except as provided in section 9.8 of this
47 chapter and subject to section 9.6 of this chapter, for a state fiscal
48 year, the office shall pay to a hospital referred to in subsection (b) an

1 amount equal to the amount, based on information obtained from the
 2 division and the calculations and allocations made under
 3 IC 12-16-7.5-4.5, that the office determines for the hospital under
 4 STEP SIX of the following STEPS:

5 STEP ONE: Identify:

- 6 (A) each hospital that submitted to the division one (1) or more
 7 payable claims under IC 12-16-7.5 during the state fiscal year;
 8 and
- 9 (B) the county to which each payable claim is attributed.

10 STEP TWO: For each county identified in STEP ONE, identify:

- 11 (A) each hospital that submitted to the division one (1) or more
 12 payable claims under IC 12-16-7.5 attributed to the county during
 13 the state fiscal year; and
- 14 (B) the total amount of all hospital payable claims submitted to
 15 the division under IC 12-16-7.5 attributed to the county during
 16 the state fiscal year.

17 STEP THREE: For each county identified in STEP ONE, identify
 18 the amount of county funds transferred to the Medicaid indigent
 19 care trust fund under STEP FOUR of IC 12-16-7.5-4.5(b).

20 STEP FOUR: For each hospital identified in STEP ONE, with
 21 respect to each county identified in STEP ONE, calculate the
 22 hospital's percentage share of the county's funds transferred to the
 23 Medicaid indigent care trust fund under STEP FOUR of
 24 IC 12-16-7.5-4.5(b). Each hospital's percentage share is based on
 25 the total amount of the hospital's payable claims submitted to the
 26 division under IC 12-16-7.5 attributed to the county during the state
 27 fiscal year, calculated as a percentage of the total amount of all
 28 hospital payable claims submitted to the division under
 29 IC 12-16-7.5 attributed to the county during the state fiscal year.

30 STEP FIVE: Subject to subsection (j), for each hospital identified
 31 in STEP ONE, with respect to each county identified in STEP
 32 ONE, multiply the hospital's percentage share calculated under
 33 STEP FOUR by the amount of the county's funds transferred to the
 34 Medicaid indigent care trust fund under STEP FOUR of
 35 IC 12-16-7.5-4.5(b).

36 STEP SIX: Determine the sum of all amounts calculated under
 37 STEP FIVE for each hospital identified in STEP ONE with respect
 38 to each county identified in STEP ONE.

39 (d) A hospital's payment under subsection (c) is in the form of a
 40 Medicaid add-on payment. The amount of a hospital's add-on payment
 41 is subject to the availability of funding for the non-federal share of the
 42 payment under subsection (e). The office shall make the payments
 43 under subsection (c) before December 15 that next succeeds the end
 44 of the state fiscal year.

45 (e) The non-federal share of a payment to a hospital under subsection
 46 (c) is funded from the funds transferred to the Medicaid indigent care
 47 trust fund under STEP FOUR of IC 12-16-7.5-4.5(b) of each county
 48 to which a payable claim under IC 12-16-7.5 submitted to the division
 49 during the state fiscal year by the hospital is attributed.

50 (f) The amount of a county's transferred funds available to be used

1 to fund the non-federal share of a payment to a hospital under
 2 subsection (c) is an amount that bears the same proportion to the total
 3 amount of funds of the county transferred to the Medicaid indigent care
 4 trust fund under STEP FOUR of IC 12-16-7.5-4.5(b) that the total
 5 amount of the hospital's payable claims under IC 12-16-7.5 attributed
 6 to the county submitted to the division during the state fiscal year bears
 7 to the total amount of all hospital payable claims under IC 12-16-7.5
 8 attributed to the county submitted to the division during the state fiscal
 9 year.

10 (g) Any county's funds identified in subsection (f) that remain after
 11 the non-federal share of a hospital's payment has been funded are
 12 available to serve as the non-federal share of a payment to a hospital
 13 under section 9.5 of this chapter.

14 (h) For purposes of this section, "payable claim" has the meaning set
 15 forth in IC 12-16-7.5-2.5(b)(1).

16 (i) For purposes of this section:

17 (1) the amount of a payable claim is an amount equal to the amount
 18 the hospital would have received under the state's fee-for-service
 19 Medicaid reimbursement principles for the hospital care for which
 20 the payable claim is submitted under IC 12-16-7.5 if the individual
 21 receiving the hospital care had been a Medicaid enrollee; and

22 (2) a payable hospital claim under IC 12-16-7.5 includes a payable
 23 claim under IC 12-16-7.5 for the hospital's care submitted by an
 24 individual or entity other than the hospital, to the extent permitted
 25 under the hospital care for the indigent program.

26 (j) The amount calculated under STEP FIVE of subsection (c) for a
 27 hospital with respect to a county may not exceed the total amount of
 28 the hospital's payable claims attributed to the county during the state
 29 fiscal year.

30 SECTION 6. IC 12-15-15-9.5, AS ADDED BY P.L.255-2003,
 31 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 32 JULY 1, 2003 (RETROACTIVE)]: Sec. 9.5. (a) For purposes of this
 33 section and IC 12-16-7.5-4.5, a payable claim is attributed to a county
 34 if the payable claim is submitted to the division by a hospital licensed
 35 under IC 16-21-2 for payment under IC 12-16-7.5 for care provided by
 36 the hospital to an individual who qualifies for the hospital care for the
 37 indigent program under IC 12-16-3.5-1 or IC 12-16-3.5-2 and;

38 (1) who is a resident of the county;

39 (2) who is not a resident of the county and for whom the onset of
 40 the medical condition that necessitated the care occurred in the
 41 county; or

42 (3) whose residence cannot be determined by the division and for
 43 whom the onset of the medical condition that necessitated the care
 44 occurred in the county.

45 (b) For each state fiscal year ending after June 30, 2003, a hospital
 46 licensed under IC 16-21-2:

47 (1) that submits to the division during the state fiscal year a payable
 48 claim under IC 12-16-7.5; and

49 (2) whose payment under section 9(c) of this chapter was less than
 50 the total amount of the hospital's payable claims under IC 12-16-7.5

1 submitted by the hospital to the division during the state fiscal year;
2 is entitled to a payment under this section.

3 (c) ~~For a state fiscal year, Except as provided in section 9.8 of this~~
4 **chapter and** subject to section 9.6 of this chapter, **for a state fiscal**
5 **year**, the office shall pay to a hospital referred to in subsection (b) an
6 amount equal to the amount, based on information obtained from the
7 division and the calculations and allocations made under
8 IC 12-16-7.5-4.5, that the office determines for the hospital under
9 STEP EIGHT of the following STEPS:

10 STEP ONE: Identify each county whose transfer of funds to the
11 Medicaid indigent care trust fund under STEP FOUR of
12 IC 12-16-7.5-4.5(b) for the state fiscal year was less than the total
13 amount of all hospital payable claims attributed to the county and
14 submitted to the division during the state fiscal year.

15 STEP TWO: For each county identified in STEP ONE, calculate the
16 difference between the amount of funds of the county transferred
17 to the Medicaid indigent care trust fund under STEP FOUR of
18 IC 12-16-7.5-4.5(b) and the total amount of all hospital payable
19 claims attributed to the county and submitted to the division during
20 the state fiscal year.

21 STEP THREE: Calculate the sum of the amounts calculated for the
22 counties under STEP TWO.

23 STEP FOUR: Identify each hospital whose payment under section
24 9(c) of this chapter was less than the total amount of the hospital's
25 payable claims under IC 12-16-7.5 submitted by the hospital to the
26 division during the state fiscal year.

27 STEP FIVE: Calculate for each hospital identified in STEP FOUR
28 the difference between the hospital's payment under section 9(c) of
29 this chapter and the total amount of the hospital's payable claims
30 under IC 12-16-7.5 submitted by the hospital to the division during
31 the state fiscal year.

32 STEP SIX: Calculate the sum of the amounts calculated for each
33 of the hospitals under STEP FIVE.

34 STEP SEVEN: For each hospital identified in STEP FOUR,
35 calculate the hospital's percentage share of the amount calculated
36 under STEP SIX. Each hospital's percentage share is based on the
37 amount calculated for the hospital under STEP FIVE calculated as
38 a percentage of the sum calculated under STEP SIX.

39 STEP EIGHT: For each hospital identified in STEP FOUR, multiply
40 the hospital's percentage share calculated under STEP SEVEN by
41 the sum calculated under STEP THREE. The amount calculated
42 under this STEP for a hospital may not exceed the amount by
43 which the hospital's total payable claims under IC 12-16-7.5
44 submitted during the state fiscal year exceeded the amount of the
45 hospital's payment under section 9(c) of this chapter.

46 (d) A hospital's payment under subsection (c) is in the form of a
47 Medicaid add-on payment. The amount of the hospital's add-on
48 payment is subject to the availability of funding for the non-federal
49 share of the payment under subsection (e). The office shall make the
50 payments under subsection (c) before December 15 that next succeeds

1 the end of the state fiscal year.

2 (e) The non-federal share of a payment to a hospital under subsection
3 (c) is derived from funds transferred to the Medicaid indigent care trust
4 fund under STEP FOUR of IC 12-16-7.5-4.5(b) and not expended
5 under section 9 of this chapter. To the extent possible, the funds shall
6 be derived on a proportional basis from the funds transferred by each
7 county identified in subsection (c), STEP ONE:

8 (1) to which at least one (1) payable claim submitted by the hospital
9 to the division during the state fiscal year is attributed; and

10 (2) whose funds transferred to the Medicaid indigent care trust
11 fund under STEP FOUR of IC 12-16-7.5-4.5(b) were not
12 completely expended under section 9 of this chapter.

13 The amount available to be derived from the remaining funds
14 transferred to the Medicaid indigent care trust fund under STEP FOUR
15 of IC 12-16-7.5-4.5(b) to serve as the non-federal share of the payment
16 to a hospital under subsection (c) is an amount that bears the same
17 proportion to the total amount of funds transferred by all the counties
18 identified in subsection (c), STEP ONE, that the amount calculated for
19 the hospital under subsection (c), STEP FIVE, bears to the amount
20 calculated under subsection (c), STEP SIX.

21 (f) Except as provided in subsection (g), the office may not make a
22 payment under this section until the payments due under section 9 of
23 this chapter for the state fiscal year have been made.

24 (g) If a hospital appeals a decision by the office regarding the
25 hospital's payment under section 9 of this chapter, the office may make
26 payments under this section before all payments due under section 9 of
27 this chapter are made if:

28 (1) a delay in one (1) or more payments under section 9 of this
29 chapter resulted from the appeal; and

30 (2) the office determines that making payments under this section
31 while the appeal is pending will not unreasonably affect the interests
32 of hospitals eligible for a payment under this section.

33 (h) Any funds transferred to the Medicaid indigent care trust fund
34 under STEP FOUR of IC 12-16-7.5-4.5(b) remaining after payments
35 are made under this section shall be used as provided in
36 IC 12-15-20-2(8)(D).

37 (i) For purposes of this section:

38 (1) "payable claim" has the meaning set forth in
39 IC 12-16-7.5-2.5(b);

40 (2) the amount of a payable claim is an amount equal to the amount
41 the hospital would have received under the state's fee-for-service
42 Medicaid reimbursement principles for the hospital care for which
43 the payable claim is submitted under IC 12-16-7.5 if the individual
44 receiving the hospital care had been a Medicaid enrollee; and

45 (3) a payable hospital claim under IC 12-16-7.5 includes a payable
46 claim under IC 12-16-7.5 for the hospital's care submitted by an
47 individual or entity other than the hospital, to the extent permitted
48 under the hospital care for the indigent program.

49 SECTION 7. IC 12-15-15-9.8 IS ADDED TO THE INDIANA CODE
50 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY

1 1, 2003 (RETROACTIVE)]: **Sec. 9.8. (a) This section applies only if**
 2 **the office determines, based on information received from the**
 3 **United States Centers for Medicare and Medicaid Services, that a**
 4 **state Medicaid plan amendment implementing the payment**
 5 **methodology in:**

6 (1) section 9(c) of this chapter; or

7 (2) section 9.5(c) of this chapter;

8 **will not be approved by the United States Centers for Medicare**
 9 **and Medicaid Services.**

10 (b) **The office may amend the state Medicaid plan to implement**
 11 **an alternative payment methodology to the payment methodology**
 12 **under section 9 of this chapter. The alternative payment**
 13 **methodology must provide each hospital that would have received**
 14 **a payment under section 9(c) of this chapter during a state fiscal**
 15 **year with an amount for the state fiscal year that is as equal as**
 16 **possible to the amount each hospital would have received under**
 17 **the payment methodology under section 9(c) of this chapter. A**
 18 **payment methodology implemented under this subsection is in**
 19 **place of the payment methodology under section 9(c) of this**
 20 **chapter.**

21 (c) **The office may amend the state Medicaid plan to implement**
 22 **an alternative payment methodology to the payment methodology**
 23 **under section 9.5 of this chapter. The alternative payment**
 24 **methodology must provide each hospital that would have received**
 25 **a payment under section 9.5(c) of this chapter during a state fiscal**
 26 **year with an amount for the state fiscal year that is as equal as**
 27 **possible to the amount each hospital would have received under**
 28 **the payment methodology under section 9.5(c) of this chapter. A**
 29 **payment methodology implemented under this subsection is in**
 30 **place of the payment methodology under section 9.5(c) of this**
 31 **chapter.**

32 SECTION 8. IC 12-15-16-1, AS AMENDED BY P.L.113-2000,
 33 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 34 JULY 1, 2003 (RETROACTIVE)]: Sec. 1. (a) A provider that is an
 35 acute care hospital licensed under IC 16-21, a state mental health
 36 institution under IC 12-24-1-3, or a private psychiatric institution
 37 licensed under IC 12-25 is a disproportionate share provider if the
 38 provider meets either of the following conditions:

39 (1) The provider's Medicaid inpatient utilization rate is at least one
 40 (1) standard deviation above the mean Medicaid inpatient utilization
 41 rate for providers receiving Medicaid payments in Indiana.
 42 However, the Medicaid inpatient utilization rate of providers whose
 43 low income utilization rate exceeds twenty-five percent (25%) must
 44 be excluded in calculating the statewide mean Medicaid inpatient
 45 utilization rate.

46 (2) The provider's low income utilization rate exceeds twenty-five
 47 percent (25%).

48 (b) An acute care hospital licensed under 16-21 is a municipal

1 disproportionate share provider if the hospital:

2 (1) has a Medicaid utilization rate greater than one percent (1%);

3 and

4 (2) is established and operated under IC 16-22-2 or IC 16-23.

5 (c) A community mental health center that:

6 (1) is identified in IC 12-29-2-1;

7 (2) receives funding under:

8 **(A) IC 12-29-1-7(b) before January 1, 2004; or**

9 **(B) IC 12-29-2-20(c) after December 31, 2003;**

10 or from other county sources; and

11 (3) provides inpatient services to Medicaid patients;

12 is a community mental health center disproportionate share provider if
13 the community mental health center's Medicaid inpatient utilization rate
14 is greater than one percent (1%).

15 (d) A disproportionate share provider under IC 12-15-17 must have
16 at least two (2) obstetricians who have staff privileges and who have
17 agreed to provide obstetric services under the Medicaid program. For
18 a hospital located in a rural area (as defined in Section 1886 of the
19 Social Security Act), an obstetrician includes a physician with staff
20 privileges at the hospital who has agreed to perform nonemergency
21 obstetric procedures. However, this obstetric service requirement does
22 not apply to a provider whose inpatients are predominantly individuals
23 less than eighteen (18) years of age or that did not offer nonemergency
24 obstetric services as of December 21, 1987.

25 (e) The determination of a provider's status as a disproportionate
26 share provider under this section shall be based on utilization and
27 revenue data from the most recent year for which an audited cost
28 report from the provider is on file with the office.

29 SECTION 9. IC 12-15-18-5.1, AS AMENDED BY P.L.66-2002,
30 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
31 JULY 1, 2003 (RETROACTIVE)]: Sec. 5.1. (a) For state fiscal years
32 ending on or after June 30, 1998, the trustees and each municipal health
33 and hospital corporation established under IC 16-22-8-6 are authorized
34 to make intergovernmental transfers to the Medicaid indigent care trust
35 fund in amounts to be determined jointly by the office and the trustees,
36 and the office and each municipal health and hospital corporation.

37 (b) The treasurer of state shall annually transfer from appropriations
38 made for the division of mental health and addiction sufficient money
39 to provide the state's share of payments under IC 12-15-16-6(c)(2).

40 (c) The office shall coordinate the transfers from the trustees and
41 each municipal health and hospital corporation established under
42 IC 16-22-8-6 so that the aggregate intergovernmental transfers, when
43 combined with federal matching funds:

44 (1) produce payments to each hospital licensed under IC 16-21 that
45 qualifies as a disproportionate share provider under
46 IC 12-15-16-1(a); and

47 (2) both individually and in the aggregate do not exceed limits
48 prescribed by the federal Centers for Medicare and Medicaid
49 Services.

50 The trustees and a municipal health and hospital corporation are not

1 required to make intergovernmental transfers under this section. The
 2 trustees and a municipal health and hospital corporation may make
 3 additional transfers to the Medicaid indigent care trust fund to the extent
 4 necessary to make additional payments from the Medicaid indigent care
 5 trust fund apply to a prior federal fiscal year as provided in
 6 IC 12-15-19-1(b).

7 (d) A municipal disproportionate share provider (as defined in
 8 IC 12-15-16-1) shall transfer to the Medicaid indigent care trust fund
 9 an amount determined jointly by the office and the municipal
 10 disproportionate share provider. A municipal disproportionate share
 11 provider is not required to make intergovernmental transfers under this
 12 section. A municipal disproportionate share provider may make
 13 additional transfers to the Medicaid indigent care trust fund to the extent
 14 necessary to make additional payments from the Medicaid indigent care
 15 trust fund apply to a prior federal fiscal year as provided in
 16 IC 12-15-19-1(b).

17 (e) A county making a payment under:

18 (1) IC 12-29-1-7(b) **before January 1, 2004; or**

19 (2) **IC 12-29-2-20(c) after December 31, 2003;**

20 or from other county sources to a community mental health center
 21 qualifying as a community mental health center disproportionate share
 22 provider shall certify that the payment represents expenditures that are
 23 eligible for federal financial participation under 42 U.S.C.
 24 1396b(w)(6)(A) and 42 CFR 433.51. The office shall assist a county
 25 in making this certification.

26 SECTION 10. IC 12-29-1-1 IS AMENDED TO READ AS
 27 FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec.

28 1. (a) The county executive of a county may authorize the furnishing
 29 of financial assistance to ~~the following:~~

30 ~~(1) A community mental health center that is located or will be~~
 31 ~~located in the county.~~

32 ~~(2) a community mental retardation and other developmental~~
 33 ~~disabilities center that is located or will be located in the county.~~

34 (b) Assistance authorized under this section shall be used for the
 35 following purposes:

36 (1) Constructing a center.

37 (2) Operating a center.

38 (c) Upon request of the county executive, the county fiscal body may
 39 appropriate annually from the county's general fund the money to
 40 provide financial assistance for the purposes described in subsection
 41 (b). The appropriation may not exceed the amount that could be
 42 collected from an annual tax levy of not more than three and thirty-three
 43 hundredths cents (\$0.0333) on each one hundred dollars (\$100) of
 44 taxable property within the county.

45 SECTION 11. IC 12-29-1-2 IS AMENDED TO READ AS
 46 FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec.

47 2. (a) If ~~a community mental health center or~~ a community mental
 48 retardation and other developmental disabilities center is organized to
 49 provide services to at least two (2) counties, the county executive of
 50 each county may authorize the furnishing of financial assistance for the

1 purposes described in section 1(b) of this chapter.

2 (b) Upon the request of the county executive of the county, the
3 county fiscal body of each county may appropriate annually from the
4 county's general fund the money to provide financial assistance for the
5 purposes described in section 1(b) of this chapter. The appropriation of
6 each county may not exceed the amount that could be collected from
7 an annual tax levy of three and thirty-three hundredths cents (\$0.0333)
8 on each one hundred dollars (\$100) of taxable property within the
9 county.

10 SECTION 12. IC 12-29-1-3 IS AMENDED TO READ AS
11 FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec.

12 3. (a) The county executive of each county whose residents may
13 receive services from ~~a community mental health center or a~~
14 community mental retardation and other developmental disabilities
15 center may authorize the furnishing of a share of financial assistance for
16 the purposes described in section 1(b) of this chapter if the following
17 conditions are met:

18 (1) The facilities for the center are located in a state adjacent to
19 Indiana.

20 (2) The center is organized to provide services to Indiana residents.

21 (b) Upon the request of the county executive of a county, the county
22 fiscal body of the county may appropriate annually from the county's
23 general fund the money to provide financial assistance for the purposes
24 described in section 1(b) of this chapter. The appropriations of the
25 county may not exceed the amount that could be collected from an
26 annual tax levy of three and thirty-three hundredths cents (\$0.0333) on
27 each one hundred dollars (\$100) of taxable property within the county.

28 SECTION 13. IC 12-29-1-4 IS AMENDED TO READ AS
29 FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec.

30 4. (a) Bonds of a county may be issued for the construction and
31 equipment or the improvement of a building to house ~~the following:~~

32 ~~(1) A community mental health center.~~

33 ~~(2) a community mental retardation and other developmental~~
34 ~~disabilities center.~~

35 (b) If services are provided to at least two (2) counties:

36 (1) bonds of the counties involved may be issued to pay the
37 proportionate cost of the project in the proportion determined and
38 agreed upon by the fiscal bodies of the counties involved; or

39 (2) bonds of one (1) county may be issued and the remaining
40 counties may annually appropriate to the county issuing the bonds
41 amounts to be applied to the payment of the bonds and interest on
42 the bonds in the proportion agreed upon by the county fiscal bodies
43 of the counties involved.

44 SECTION 14. IC 12-29-1-7, AS AMENDED BY P.L.215-2001,
45 SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
46 JANUARY 1, 2004 (RETROACTIVE)]: Sec. 7. (a) On the first Monday
47 in October, the county auditor shall certify to:

48 ~~(1) the division of mental health and addiction; for a community~~
49 ~~mental health center;~~

50 ~~(2) (1) the division of disability, aging, and rehabilitative services,~~

1 for a community mental retardation and other developmental
2 disabilities center; and

3 ~~(3)~~ (2) the president of the board of directors of each center;
4 the amount of money that will be provided to the center under this
5 chapter.

6 (b) The county payment to the center shall be paid by the county
7 treasurer to the treasurer of each center's board of directors in the
8 following manner:

9 (1) One-half (1/2) of the county payment to the center shall be
10 made on the second Monday in July.

11 (2) One-half (1/2) of the county payment to the center shall be
12 made on the second Monday in December.

13 ~~A county making a payment under this subsection or from other county~~
14 ~~sources to a community mental health center that qualifies as a~~
15 ~~community mental health center disproportionate share provider under~~
16 ~~IC 12-15-16-1 shall certify that the payment represents expenditures~~
17 ~~eligible for financial participation under 42 U.S.C. 1396b(w)(6)(A) and~~
18 ~~42 CFR 433.51. The office shall assist a county in making this~~
19 ~~certification.~~

20 (c) Payments by the county fiscal body

21 ~~(1) must be in the amounts:~~

22 ~~(A) determined by IC 12-29-2-1 through IC 12-29-2-6; and~~

23 ~~(B) authorized by section 1 of this chapter; and~~

24 ~~(2) are in place of grants from agencies supported within the~~
25 ~~county solely by county tax money.~~

26 SECTION 15. IC 12-29-2-1.2 IS ADDED TO THE INDIANA CODE
27 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
28 JANUARY 1, 2004 (RETROACTIVE)]: **Sec. 1.2. (a) The county**
29 **executive of a county may authorize the furnishing of financial**
30 **assistance for the purposes described in subsection (b) to a**
31 **community mental health center that is located or will be located:**

32 (1) in the county;

33 (2) anywhere in Indiana, if the community mental health
34 center is organized to provide services to at least two (2)
35 counties, including the county executive's county; or

36 (3) in an adjacent state, if the center is organized to provide
37 services to Indiana residents, including residents in the county
38 executive's county.

39 **If a community mental health center is organized to serve more**
40 **than one (1) county, upon request of the county executive, each**
41 **county fiscal body may appropriate money annually from the**
42 **county's general fund to provide financial assistance for the**
43 **community mental health center.**

44 (b) Assistance authorized under this section shall be used for the
45 following purposes:

46 (1) Constructing a community mental health center.

47 (2) Operating a community mental health center.

48 (c) The appropriation from a county authorized under subsection

1 (a) may not exceed the following:

2 (1) For 2004, the product of the amount determined under
3 section 2(b)(1) of this chapter multiplied by one and five
4 hundred four thousandths (1.504).

5 (2) For 2005 and each year thereafter, the product of the
6 amount determined under section 2(b)(2) of this chapter for
7 that year multiplied by one and five hundred four thousandths
8 (1.504).

9 SECTION 16. IC 12-29-2-2, AS AMENDED BY P.L.1-2004,
10 SECTION 54, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
11 JANUARY 1, 2004 (RETROACTIVE)]: Sec. 2. (a) ~~Subject to~~
12 ~~subsections (b), (c), and (d),~~ A county shall fund the operation of
13 community mental health centers in ~~an the~~ amount ~~not less than the~~
14 amount that would be raised by an annual tax rate of one and
15 ~~thirty-three hundredths cents (\$0.0133) on each one hundred dollars~~
16 ~~(\$100) of taxable property within the county,~~ **determined under**
17 **subsection (b),** unless a lower tax **rate levy amount** will be adequate
18 to fulfill the county's financial obligations under this chapter in any of
19 the following situations:

20 (1) If the total population of the county is served by one (1) center.

21 (2) If the total population of the county is served by more than one
22 (1) center.

23 (3) If the partial population of the county is served by one (1)
24 center.

25 (4) If the partial population of the county is served by more than
26 one (1) center.

27 ~~(b) This subsection applies only to a property tax that is imposed in~~
28 ~~a county containing a consolidated city. The tax rate permitted under~~
29 ~~subsection (a) for taxes first due and payable after 1995 is the tax rate~~
30 ~~permitted under subsection (a) as adjusted under this subsection. For~~
31 ~~each year in which an annual adjustment of the assessed value of real~~
32 ~~property will take effect under IC 6-1.1-4-4.5 or a general reassessment~~
33 ~~of property will take effect, the department of local government finance~~
34 ~~shall compute the maximum rate permitted under subsection (a) as~~
35 ~~follows:~~

36 ~~STEP ONE: Determine the maximum rate for the year preceding~~
37 ~~the year in which the annual adjustment or general reassessment~~
38 ~~takes effect.~~

39 ~~STEP TWO: Determine the actual percentage increase (rounded to~~
40 ~~the nearest one-hundredth percent (0.01%)) in the assessed value~~
41 ~~(before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable~~
42 ~~property from the year preceding the year the annual adjustment or~~
43 ~~general reassessment takes effect to the year that the annual~~
44 ~~adjustment or general reassessment is effective.~~

45 ~~STEP THREE: Determine the three (3) calendar years that~~
46 ~~immediately precede the ensuing calendar year and in which a~~
47 ~~statewide general reassessment of real property does not first~~
48 ~~become effective.~~

49 ~~STEP FOUR: Compute separately, for each of the calendar years~~

1 determined in STEP THREE; the actual percentage increase
 2 (rounded to the nearest one-hundredth percent (0.01%)) in the
 3 assessed value (before the adjustment, if any, under
 4 IC 6-1.1-4-4.5) of the taxable property from the preceding year.

5 STEP FIVE: Divide the sum of the three (3) quotients computed in
 6 STEP FOUR by three (3):

7 STEP SIX: Determine the greater of the following:

8 (A) Zero (0):

9 (B) The result of the STEP TWO percentage minus the STEP
 10 FIVE percentage:

11 STEP SEVEN: Determine the quotient of:

12 (A) the STEP ONE tax rate; divided by

13 (B) one (1) plus the STEP SIX percentage increase:

14 This maximum rate is the maximum rate under this section until a new
 15 maximum rate is computed under this subsection for the next year in
 16 which an annual adjustment under IC 6-1.1-4-4.5 or a general
 17 reassessment of property will take effect:

18 (c) With respect to a county to which subsection (b) does not apply;
 19 the maximum tax rate permitted under subsection (a) for taxes first due
 20 and payable in calendar year 2004 and calendar year 2005 is the
 21 maximum tax rate that would have been determined under subsection
 22 (d) for taxes first due and payable in 2003 if subsection (d) had applied
 23 to the county for taxes first due and payable in 2003:

24 (d) This subsection applies only to a county to which subsection (b)
 25 does not apply. The tax rate permitted under subsection (a) for taxes
 26 first due and payable after calendar year 2005 is the tax rate permitted
 27 under subsection (c) as adjusted under this subsection. For each year
 28 in which an annual adjustment of the assessed value of real property
 29 will take effect under IC 6-1.1-4-4.5 or a general reassessment of
 30 property will take effect; the department of local government finance
 31 shall compute the maximum rate permitted under subsection (a) as
 32 follows:

33 STEP ONE: Determine the maximum rate for the year preceding
 34 the year in which the annual adjustment or general reassessment
 35 takes effect.

36 STEP TWO: Determine the actual percentage increase (rounded to
 37 the nearest one-hundredth percent (0.01%)) in the assessed value
 38 (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable
 39 property from the year preceding the year the annual adjustment or
 40 general reassessment takes effect to the year that the annual
 41 adjustment or general reassessment is effective.

42 STEP THREE: Determine the three (3) calendar years that
 43 immediately precede the ensuing calendar year and in which a
 44 statewide general reassessment of real property does not first
 45 become effective:

46 STEP FOUR: Compute separately, for each of the calendar years
 47 determined under STEP THREE; the actual percentage increase
 48 (rounded to the nearest one-hundredth percent (0.01%)) in the
 49 assessed value (before the adjustment, if any, under
 50 IC 6-1.1-4-4.5) of the taxable property from the preceding year.

1 STEP FIVE: Divide the sum of the three (3) quotients computed
2 under STEP FOUR by three (3):

3 STEP SIX: Determine the greater of the following:

4 (A) Zero (0):

5 (B) The result of the STEP TWO percentage minus the STEP
6 FIVE percentage:

7 STEP SEVEN: Determine the quotient of:

8 (A) the STEP ONE tax rate; divided by

9 (B) one (1) plus the STEP SIX percentage increase:

10 This maximum rate is the maximum rate under this section until a new
11 maximum rate is computed under this subsection for the next year in
12 which an annual adjustment under IC 6-1.1-4-4.5 or a general
13 reassessment of property will take effect:

14 (b) The amount of funding under subsection (a) for taxes first
15 due and payable in a calendar year is the following:

16 (1) For 2004, the amount is the amount determined under
17 STEP THREE of the following formula:

18 STEP ONE: Determine the amount that was levied within
19 the county to comply with this section from property taxes
20 first due and payable in 2002.

21 STEP TWO: Multiply the STEP ONE result by the county's
22 assessed value growth quotient for the ensuing year 2003,
23 as determined under IC 6-1.1-18.5-2.

24 STEP THREE: Multiply the STEP TWO result by the
25 county's assessed value growth quotient for the ensuing
26 year 2004, as determined under IC 6-1.1-18.5-2.

27 (2) For 2005 and each year thereafter, the result equal to:

28 (A) the amount that was levied in the county to comply with
29 this section from property taxes first due and payable in the
30 calendar year immediately preceding the ensuing calendar
31 year; multiplied by

32 (B) the county's assessed value growth quotient for the
33 ensuing calendar year, as determined under IC 6-1.1-18.5-2.

34 SECTION 17. IC 12-29-2-13, AS AMENDED BY P.L.215-2001,
35 SECTION 80, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
36 JANUARY 1, 2004 (RETROACTIVE)]: Sec. 13. (a) This section
37 applies to a Lake County, having a population of not less than four
38 hundred thousand (400,000) but not more than seven hundred thousand
39 (700,000):

40 (b) In addition to any other appropriation under this article, a the
41 county annually may fund each center serving the county from the
42 county's general fund in an amount not exceeding the amount that
43 would be raised by a tax rate of one cent (\$0.01) on each one hundred
44 dollars (\$100) of taxable property within the county: the following:

45 (1) For 2004, the product of the amount determined under
46 section 2(b)(1) of this chapter multiplied by seven hundred
47 fifty-two thousandths (0.752).

48 (2) For 2005 and each year thereafter, the product of the

1 **amount determined under section 2(b)(2) of this chapter for**
 2 **that year multiplied by seven hundred fifty-two thousandths**
 3 **(0.752).**

4 (c) The receipts from the tax levied under this section shall be used
 5 for the leasing, purchasing, constructing, or operating of community
 6 residential facilities for the chronically mentally ill (as defined in
 7 IC 12-7-2-167).

8 (d) Money appropriated under this section must be:

9 (1) budgeted under IC 6-1.1-17; and

10 (2) included in the center's budget submitted to the division of
 11 mental health and addiction.

12 (e) Permission for a levy increase in excess of the levy limitations
 13 may be ordered under IC 6-1.1-18.5-15 only if the levy increase is
 14 approved by the division of mental health and addiction for a
 15 community mental health center.

16 SECTION 18. IC 12-29-2-17 IS ADDED TO THE INDIANA CODE
 17 AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE**
 18 **JANUARY 1, 2004 (RETROACTIVE)]; Sec. 17. (a) Bonds of a county**
 19 **may be issued for the construction and equipment or the**
 20 **improvement of a building to house a community mental health**
 21 **center.**

22 **(b) If services are provided to at least two (2) counties:**

23 **(1) bonds of the counties involved may be issued to pay the**
 24 **proportionate cost of the project in the proportion determined**
 25 **and agreed upon by the fiscal bodies of the counties involved;**
 26 **or**

27 **(2) bonds of one (1) county may be issued and the remaining**
 28 **counties may annually appropriate to the county issuing the**
 29 **bonds amounts to be applied to the payment of the bonds and**
 30 **interest on the bonds in the proportion agreed upon by the**
 31 **county fiscal bodies of the counties involved.**

32 SECTION 19. IC 12-29-2-18 IS ADDED TO THE INDIANA CODE
 33 AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE**
 34 **JANUARY 1, 2004 (RETROACTIVE)]; Sec. 18. All general Indiana**
 35 **statutes relating to the following apply to the issuance of county**
 36 **bonds under this chapter:**

37 **(1) The filing of a petition requesting the issuance of bonds.**

38 **(2) The giving of notice of the following:**

39 **(A) The filing of the petition requesting the issuance of the**
 40 **bonds.**

41 **(B) The determination to issue bonds.**

42 **(C) A hearing on the appropriation of the proceeds of the**
 43 **bonds.**

44 **(3) The right of taxpayers to appear and be heard on the**
 45 **proposed appropriation.**

46 **(4) The approval of the appropriation by the department of**
 47 **local government finance.**

48 **(5) The right of taxpayers to remonstrate against the issuance**

1 **of bonds.**

2 SECTION 20. IC 12-29-2-19 IS ADDED TO THE INDIANA CODE
3 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
4 JANUARY 1, 2004 (RETROACTIVE)]: **Sec. 19. If bonds are issued**
5 **under this chapter:**

6 **(1) the building that is constructed, equipped, or improved**
7 **with proceeds of the bonds is:**

8 **(A) the property of the county issuing the bonds; or**

9 **(B) the joint property of the counties involved if the bonds**
10 **are issued by at least two (2) counties; and**

11 **(2) the tax limitations in this chapter do not apply to the levy**
12 **of taxes to pay the bonds and the interest on the bonds.**

13 SECTION 21. IC 12-29-2-20 IS ADDED TO THE INDIANA CODE
14 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
15 JANUARY 1, 2004 (RETROACTIVE)]: **Sec. 20. (a) On the first**
16 **Monday in October, the county auditor shall certify to:**

17 **(1) the division of mental health and addiction, for a**
18 **community mental health center; and**

19 **(2) the president of the board of directors of each community**
20 **mental health center;**

21 **the amount of money that will be provided to the community**
22 **mental health center under this chapter.**

23 **(b) The county payment to the community mental health center**
24 **shall be paid by the county treasurer to the treasurer of each**
25 **community mental health center's board of directors in the**
26 **following manner:**

27 **(1) One-half (1/2) of the county payment to the community**
28 **mental health center shall be made on the second Monday in**
29 **July.**

30 **(2) One-half (1/2) of the county payment to the community**
31 **mental health center shall be made on the second Monday in**
32 **December.**

33 **(c) A county making a payment under this section or from other**
34 **county sources to a community mental health center that qualifies**
35 **as a community mental health center disproportionate share**
36 **provider under IC 12-15-16-1 shall certify that the payment**
37 **represents expenditures eligible for financial participation under**
38 **42 U.S.C. 1396b(w)(6)(A) and 42 CFR 433.51. The office shall**
39 **assist a county in making this certification.**

40 **(d) Payments by the county fiscal body:**

41 **(1) must be in the amounts:**

42 **(A) determined by sections 2 through 5 of this chapter; and**

43 **(B) authorized by sections 1.2 and 13 of this chapter; and**

44 **(2) are in place of grants from agencies supported within the**
45 **county solely by county tax money.**

46 SECTION 22. IC 16-21-6-7, AS AMENDED BY P.L.44-2002,
47 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

1 JULY 1, 2003 (RETROACTIVE)]; Sec. 7. (a) The reports filed under
2 section 3 of this chapter:

- 3 (1) may not contain information that personally identifies a patient
4 or a consumer of health services; and
5 (2) must be open to public inspection.

6 (b) The state department shall provide copies of the reports filed
7 under section 3 of this chapter to the public upon request, at the state
8 department's actual cost.

9 (c) The following apply to information that is filed under section 6 of
10 this chapter:

11 (1) Information filed with the state department's designated
12 contractor:

13 (A) is confidential; and

14 (B) must be transferred by the contractor to the state department
15 in a format determined by the state department.

16 (2) Information filed with the state department or transferred to the
17 state department by the state department's designated contractor is
18 not confidential, except that information that:

19 (A) personally identifies; or

20 (B) may be used to personally identify;

21 a patient or consumer may not be disclosed **to a third party other**
22 **than to a hospital that has filed inpatient and outpatient**
23 **discharge information.**

24 (d) An analysis completed by the state department of information that
25 is filed under section 6 of this chapter:

26 (1) may not contain information that personally identifies or may be
27 used to personally identify a patient or consumer of health services,
28 unless the information is determined by the state department to be
29 necessary for a public health activity;

30 (2) must be open to public inspection; and

31 (3) must be provided to the public by the state department upon
32 request at the state department's actual cost.

33 SECTION 23. IC 16-39-5-3, AS AMENDED BY P.L.44-2002,
34 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
35 JULY 1, 2003 (RETROACTIVE)]; Sec. 3. (a) As used in this
36 section, "association" refers to an Indiana hospital trade association
37 founded in 1921.

38 (b) As used in this section, "data aggregation" means a combination
39 of information obtained from the health records of a provider with
40 information obtained from the health records of one (1) or more other
41 providers to permit data analysis that relates to the health care
42 operations of the providers.

43 (c) Except as provided in IC 16-39-4-5, the original health record of
44 the patient is the property of the provider and as such may be used by
45 the provider without specific written authorization for legitimate
46 business purposes, including the following:

47 (1) Submission of claims for payment from third parties.

48 (2) Collection of accounts.

49 (3) Litigation defense.

50 (4) Quality assurance.

1 (5) Peer review.

2 (6) Scientific, statistical, and educational purposes.

3 (d) In use under subsection (c), the provider shall at all times protect
4 the confidentiality of the health record and may disclose the identity of
5 the patient only when disclosure is essential to the provider's business
6 use or to quality assurance and peer review.

7 (e) A provider may disclose a health record to another provider or to
8 a nonprofit medical research organization to be used in connection with
9 a joint scientific, statistical, or educational project. Each party that
10 receives information from a health record in connection with the joint
11 project shall protect the confidentiality of the health record and may not
12 disclose the patient's identity except as allowed under this article.

13 (f) A provider may disclose a health record or information obtained
14 from a health record to the association for use in connection with a
15 ~~voluntary~~ data aggregation project undertaken by the association.
16 However, the provider may disclose the identity of a patient to the
17 association only when the disclosure is essential to the project. The
18 association may disclose the information it receives from a provider
19 under this subsection to the state department to be used in connection
20 with a ~~voluntary~~ public health activity **or data aggregation of**
21 **inpatient and outpatient discharge information submitted under**
22 **IC 16-21-6-6.** The information disclosed by:

23 (1) a provider to the association; or

24 (2) the association to the state department;

25 under this subsection is confidential.

26 (g) Information contained in final results obtained by the state
27 department for a ~~voluntary~~ public health activity that:

28 (1) is based on information disclosed under subsection (f); and

29 (2) identifies or could be used to determine the identity of a patient;
30 is confidential. All other information contained in the final results is not
31 confidential.

32 (h) Information that is:

33 (1) advisory or deliberative material of a speculative nature; or

34 (2) an expression of opinion;

35 including preliminary reports produced in connection with a ~~voluntary~~
36 public health activity using information disclosed under subsection (f),
37 is confidential and may only be disclosed by the state department to the
38 association and to the provider who disclosed the information to the
39 association.

40 (i) The association shall, upon the request of a provider that contracts
41 with the association to perform data aggregation, make available
42 information contained in the final results of data aggregation activities
43 performed by the association **in compliance with subsection (f).**

44 (j) A person who recklessly violates or fails to comply with
45 subsections (e) through (h) commits a Class C infraction. Each day a
46 violation continues constitutes a separate offense.

47 (k) This chapter does not do any of the following:

48 (1) Repeal, modify, or amend any statute requiring or authorizing
49 the disclosure of information about any person.

50 (2) Prevent disclosure or confirmation of information about patients

1 involved in incidents that are reported or required to be reported to
2 governmental agencies and not required to be kept confidential by
3 the governmental agencies.

4 SECTION 24. IC 16-39-9-3 IS AMENDED TO READ AS
5 FOLLOWS [EFFECTIVE JULY 1, 2003 (RETROACTIVE)]: Sec. 3. (a)
6 A provider may collect a charge of twenty-five cents (\$0.25) per page
7 for making and providing copies of medical records. If the provider
8 collects a **retrieval labor** charge under subsection (b), the provider may
9 not charge for making and providing copies of the first ten (10) pages
10 of a medical record under this subsection.

11 (b) A provider may collect a fifteen dollar (\$15) **retrieval labor** charge
12 in addition to the per page charge collected under subsection (a).

13 (c) A provider may collect actual postage costs in addition to the
14 charges collected under subsections (a) and (b).

15 (d) If the person requesting the copies requests that the copies be
16 provided within two (2) working days, and the provider provides the
17 copies within two (2) working days, the provider may collect a fee of
18 ten dollars (\$10) in addition to the charges collected under subsections
19 (a) through (c).

20 SECTION 25. IC 12-29-2-6 IS REPEALED [EFFECTIVE JANUARY
21 1, 2004 (RETROACTIVE)].

22 SECTION 26. [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]
23 **(a) IC 12-29-1 and IC 12-29-2, both as amended by this act, apply**
24 **to property taxes first due and payable after December 31, 2003.**

25 **(b) If the department of local government finance determines**
26 **that compliance with this act would cause an unreasonable delay**
27 **in the certification of budgets, tax rates, and tax levies in a**
28 **county, the department of local government finance may certify**
29 **budgets, tax rates, and tax levies for the county under**
30 **IC 6-1.1-18-12, IC 12-29-1, and IC 12-29-2 as if this act had not**
31 **been passed. However, if the department of local government**
32 **finance takes this action, the affected county and the department**
33 **of local government finance shall provide for an additional**
34 **shortfall property tax levy and an additional budgeted amount in**
35 **2005 to replace the revenue lost in 2004 to community mental**
36 **health centers as a result of certifying budgets, tax rates, and tax**
37 **levies for the county under IC 6-1.1-18-12, IC 12-29-1, and**
38 **IC 12-29-2 as if this act had not been passed.**

39 **(c) The amount of the shortfall levy under subsection (b) shall**
40 **be treated as an addition to the amount allowed in 2005 under**
41 **IC 12-29-2, as amended by this act. The ad valorem property tax**
42 **levy limits imposed by IC 12-29-2, as amended by this act, do not**
43 **apply to ad valorem property taxes imposed under subsection (b).**
44 **The shortfall levy imposed under this SECTION may not be**
45 **considered in computing ad valorem property tax levies under**
46 **IC 12-29-2, as amended by this act, for property taxes first due**
47 **and payable after 2005.**

48 SECTION 27. P.L.224-2003, SECTION 70, IS AMENDED TO

1 READ AS FOLLOWS [EFFECTIVE JULY 1, 2003 (RETROACTIVE)]:
 2 SECTION 70. (a) As used in this SECTION, ~~"high Medicaid utilization~~
 3 ~~nursing facility"~~ means the smallest number of those nursing facilities
 4 with the greatest number of Medicaid patient days for which it is
 5 necessary to assess a lower quality assessment to satisfy the statistical
 6 test set forth in ~~42 CFR 433.68(e)(2)(ii)~~. "health facility" refers to
 7 a health facility is licensed under IC 16-28 as a comprehensive
 8 care facility.

9 (b) As used in this SECTION, "nursing facility" means a health
 10 facility that is

- 11 ~~(1) licensed under IC 16-28 as a comprehensive care facility; and~~
 12 ~~(2) certified for participation in the federal Medicaid program under~~
 13 Title XIX of the federal Social Security Act (42 U.S.C. 1396 et
 14 seq.).

15 (c) As used in this SECTION, "office" refers to the office of
 16 Medicaid policy and planning established by IC 12-8-6-1.

17 (d) As used in this SECTION, "total annual revenue" does not include
 18 revenue from Medicare services provided under Title XVIII of the
 19 federal Social Security Act (42 U.S.C. 1395 et seq.).

20 (e) Effective August 1, 2003, the office shall collect a quality
 21 assessment from each nursing facility that has:

- 22 (1) a Medicaid utilization rate of at least twenty-five percent (25%);
 23 and
 24 (2) at least seven hundred thousand dollars (\$700,000) in annual
 25 Medicaid revenue, adjusted annually by the average annual
 26 percentage increase in Medicaid rates.

27 **(f) If the United States Centers for Medicare and Medicaid**
 28 **Services determines not to approve payments under this**
 29 **SECTION using the methodology described in subsection (e), the**
 30 **office shall revise the state plan amendment and waiver request**
 31 **submitted under subsection (l) as soon as possible to demonstrate**
 32 **compliance with 42 CFR 433.68(e)(2)(ii). In amending the state**
 33 **plan amendment and waiver request under this subsection, the**
 34 **office shall collect a quality assessment effective August 1, 2003,**
 35 **from each health facility except the following:**

- 36 (1) A continuing care retirement community.
 37 (2) A health facility that only receives revenue from Medicare
 38 services provided under 42 USC 1395 et seq.
 39 (3) A health facility that has less than seven hundred fifty
 40 thousand dollars (\$750,000) in total annual revenue, adjusted
 41 annually by the average annual percentage increase in
 42 Medicaid rates.

43 (4) The Indiana Veterans' Home.

44 Any revision to the state plan amendment or waiver request
 45 under this subsection is subject to and must comply with the
 46 provisions of this SECTION.

47 **(g) If the United States Centers for Medicare and Medicaid**
 48 **Services determines not to approve payments under this**

1 **SECTION using the methodology described in subsections (e) and**
 2 **(f), the office shall revise the state plan amendment and waiver**
 3 **request submitted under subsection (l) as soon as possible to**
 4 **demonstrate compliance with 42 CFR 433.68(e)(2)(ii) and to collect**
 5 **a quality assessment from health facilities effective August 1,**
 6 **2003. In amending the state plan amendment and waiver request**
 7 **under this subsection, the office may modify the parameters**
 8 **described in subsection (f)(1) through (f)(4). However, if the office**
 9 **determines a need to modify the parameters described in**
 10 **subsection (f)(1) through (f)(4), the office shall modify the**
 11 **parameters in order to achieve a methodology and result as**
 12 **similar as possible to the methodology and result described in**
 13 **subsection (f). Any revision of the state plan amendment and**
 14 **waiver request under this subsection is subject to and must**
 15 **comply with the provisions of this SECTION.**

16 **(h)** The money collected from the quality assessment may be used
 17 only to pay the state's share of the costs for Medicaid services provided
 18 under Title XIX of the federal Social Security Act (42 U.S.C. 1396 et
 19 seq.) as follows:

- 20 (1) Twenty percent (20%) as determined by the office.
- 21 (2) Eighty percent (80%) to nursing facilities.

22 ~~(g)~~ **(i)** The office may not begin collection of the quality assessment
 23 set under this SECTION before the office calculates and begins paying
 24 enhanced reimbursement rates set forth in this SECTION.

25 ~~(h)~~ **(j)** If federal financial participation becomes unavailable to match
 26 money collected from the quality assessments for the purpose of
 27 enhancing reimbursement to nursing facilities for Medicaid services
 28 provided under Title XIX of the federal Social Security Act (42 U.S.C.
 29 1396 et seq.), the office shall cease collection of the quality assessment
 30 under the SECTION.

31 ~~(i)~~ **(k)** The office shall adopt rules under IC 4-22-2 to implement this
 32 act.

33 ~~(j)~~ **(l)** Not later than July 1, 2003, the office shall do the following:

- 34 (1) Request the United States Department of Health and Human
 35 Services under 42 CFR 433.72 to approve waivers of 42 CFR
 36 433.68(c) and 42 CFR 433.68(d) by demonstrating compliance
 37 with 42 CFR 433.68(e)(2)(ii).
- 38 (2) Submit any state Medicaid plan amendments to the United
 39 States Department of Health and Human Services that are necessary
 40 to implement this SECTION.

41 ~~(k)~~ **(m)** After approval of the waivers and state Medicaid plan
 42 amendment applied for under subsection ~~(j)~~; **(l)**, the office shall
 43 implement this SECTION effective July 1, 2003.

44 ~~(l)~~ **(n)** The select joint commission on Medicaid oversight, established
 45 by IC 2-5-26-3, shall review the implementation of this SECTION. The
 46 office may not make any change to the reimbursement for nursing
 47 facilities unless the select joint commission on Medicaid oversight
 48 recommends the reimbursement change.

1 ~~(m)~~ (o) A nursing facility may not charge the nursing facility's
 2 residents for the amount of the quality assessment that the nursing
 3 facility pays under this SECTION.

4 ~~(n)~~ (p) **The office may withdraw a state plan amendment under**
 5 **subsection (e), (f), or (g) only if the office determines that failure**
 6 **to withdraw the state plan amendment will result in the**
 7 **expenditure of state funds not funded by the quality assessment.**

8 (q) This SECTION expires August 1, ~~2004~~ 2005.

9 SECTION 28. [EFFECTIVE JULY 1, 2004] (a) **In addition to the**
 10 **duties specified under IC 2-5-26, the select joint commission on**
 11 **Medicaid oversight established by IC 2-5-26-3 shall, to the extent**
 12 **the commission determines is feasible after consultation with the**
 13 **office of Medicaid policy and planning established by IC 12-8-6-1,**
 14 **study the following effects of the repeal of continuous eligibility**
 15 **for children under the Indiana Medicaid program and the**
 16 **children's health insurance program established under**
 17 **IC 12-17.6-2:**

18 (1) **Effects on government, including the following:**

19 (A) **Costs to Medicaid and the division of family and children**
 20 **established by IC 12-13-1-1 due to more frequent**
 21 **recertification requirements.**

22 (B) **Loss of revenue from federal matching funds that could**
 23 **not be obtained because of the repeal of continuous**
 24 **eligibility.**

25 (2) **Effects on the economy, including the following:**

26 (A) **Indirect cost shifting to providers due to increased**
 27 **charity care because recipients have lapses in eligibility.**

28 (B) **Increased burdens on township assistance (poor relief).**

29 (3) **Effects on children, including the following:**

30 (A) **Increases in the level of uninsured children in Indiana.**

31 (B) **Decreases in wellness and the effects on the educational**
 32 **abilities of sicker children.**

33 (4) **Effects on families, including the following:**

34 (A) **Effects on family income due to the burden of sicker**
 35 **children.**

36 (B) **Effects on the ability of parents to maintain stable**
 37 **employment due to sicker children or more burdensome**
 38 **recertification procedures.**

39 (b) **The select joint commission on Medicaid oversight shall**
 40 **submit to the legislative council before November 1, 2004, a report**
 41 **of its findings and recommendations concerning the study under**
 42 **subsection (a). The report must be submitted in an electronic**
 43 **format under IC 5-14-6.**

44 (c) **This SECTION expires January 1, 2005.**

45 SECTION 29. [EFFECTIVE UPON PASSAGE] (a) **The state**
 46 **budget committee shall review the funding allocations for mental**
 47 **health institutions and community mental health centers for state**

1 **fiscal year 2004-2005.**

2 **(b) As part of the budget build up process for the 2005 session**
3 **of the general assembly, the state budget committee shall make**
4 **recommendations to the general assembly concerning funding for**
5 **mental health institutions and community mental health centers**
6 **for the 2005-2007 biennial budget.**

7 **(c) This SECTION expires December 31, 2005.**

8 **SECTION 30. An emergency is declared for this act.**

9 Renumber all SECTIONS consecutively.

(Reference is to EHB 1320 as reprinted February 24, 2004.)

Conference Committee Report
on
Engrossed House Bill 1320

Signed by:

Representative Hasler
Chairperson

Senator Miller

Representative Scholer

Senator Simpson

House Conferees

Senate Conferees