
HOUSE BILL No. 1716

DIGEST OF INTRODUCED BILL

Citations Affected: IC 16-18-2; IC 16-21-10.

Synopsis: Disclosure of hospital health care costs. Requires hospitals and ambulatory outpatient surgical centers to: (1) provide billing information to patients and the public; (2) establish an appeal procedure for disputed patient bills; and (3) establish programs that provide reduced cost of care to eligible individuals and alternative payment options to other individuals. Requires the state department of health to investigate violations of these requirements and specifies action that may be taken by the state department for a violation.

Effective: July 1, 2005.

Ripley

January 19, 2005, read first time and referred to Committee on Public Health.

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First Regular Session 114th General Assembly (2005)

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 2004 Regular Session of the General Assembly.

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HOUSE BILL No. 1716



A BILL FOR AN ACT to amend the Indiana Code concerning health.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 16-18-2-52.3 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2005]: **Sec. 52.3. "Charge master", for**
4 **purposes of IC 16-21-10, has the meaning set forth in**
5 **IC 16-21-10-1.**

6 SECTION 2. IC 16-18-2-122 IS AMENDED TO READ AS
7 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 122. "Facility" **refers**
8 **to the following:**

9 (1) For purposes of **IC 16-21-10, has the meaning set forth in**
10 **IC 16-21-10-2.**

11 (2) **For purposes of** IC 16-41-11, has the meaning set forth in
12 IC 16-41-11-2.

13 SECTION 3. IC 16-21-10 IS ADDED TO THE INDIANA CODE
14 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
15 JULY 1, 2005]:

16 **Chapter 10. Disclosure of the Cost of Services**
17 **Sec. 1. As used in this chapter, "charge master" means a**



1 uniform schedule of charges published by a facility as the facility's
2 gross billed charge for a given service or treatment, regardless of
3 payor type.

4 Sec. 2. As used in this chapter, "facility" refers to the following:

- 5 (1) A hospital licensed under IC 16-21-2.
- 6 (2) An ambulatory outpatient surgical center licensed under
7 IC 16-21-2.

8 Sec. 3. (a) A facility shall establish a program that reduces the
9 cost of a service provided by the facility for a patient who:

- 10 (1) has an income of not more than two hundred fifty percent
11 (250%) of the federal income poverty level; and
- 12 (2) does not:
 - 13 (A) have insurance coverage; or
 - 14 (B) qualify for coverage under:
 - 15 (i) Medicaid under IC 12-15;
 - 16 (ii) the federal Medicare program (42 U.S.C. 1395 et
17 seq.);
 - 18 (iii) an association policy under IC 27-8-10; or
 - 19 (iv) any other state or federal assistance program that
20 provides coverage for health care services.

21 (b) A facility shall establish a program that creates a method of
22 payment that allows a patient who has an income of more than two
23 hundred fifty percent (250%) of the federal income poverty level
24 to pay for services rendered by the facility in a manner other than
25 a lump sum basis or a delayed basis.

26 Sec. 4. A facility shall provide a patient described in section
27 3(a)(2) of this chapter with information on the facility's program
28 established under section 3 of this chapter:

- 29 (1) before the patient is admitted to the facility for a
30 nonemergency service; or
- 31 (2) as soon as reasonably practicable if the patient is admitted
32 to the facility for an emergency service.

33 Sec. 5. A facility shall implement procedures for a patient
34 described in section 3(a)(2) of this chapter to apply for the
35 program established under section 3 of this chapter. The facility
36 shall design an application form for the program in a manner that
37 encourages a patient to participate in the program.

38 Sec. 6. (a) A facility shall make the following available to the
39 public on the facility's Internet web site:

- 40 (1) A copy of the facility's program established under section
41 3 of this chapter.
- 42 (2) The facility's current charge master with a comparison of

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1 the amount of reimbursement for the services under the
2 federal Medicare program.
3 (b) A facility shall provide a hard copy of the information
4 required under subsection (a) upon request.
5 Sec. 7. (a) A facility shall conspicuously post a sign:
6 (1) in the area in which patients are admitted;
7 (2) in the reception area that is open to the public; and
8 (3) in the billing office;
9 to notify patients of the facility's program established under
10 section 3 of this chapter and to inform the patient that the patient
11 may have a copy of the program upon request.
12 (b) A facility shall file a quarterly report with the state
13 department indicating the following concerning the program
14 described in section 3(a) of this chapter:
15 (1) The number of patients that applied for the program.
16 (2) The number of patients that were approved to participate
17 in the program.
18 Sec. 8. (a) A facility may not require a patient or a patient's
19 representative to do the following:
20 (1) Enter into an agreement that requires the patient to be
21 financially liable for an unspecified amount for the provision
22 of services by the facility.
23 (2) Waive the patient's right to appeal charges billed to the
24 patient by the facility.
25 (b) A facility may require the patient or a patient's
26 representative to make a financial commitment for nonemergency
27 services if the facility provides the patient or the patient's
28 representative with an estimate of the charges that:
29 (1) the facility;
30 (2) a contractor of the facility; or
31 (3) a physician licensed under IC 25-22.5 who provides
32 services at the facility;
33 generally charges for the services needed to treat the patient's
34 condition.
35 (c) The facility shall notify the patient or the patient's
36 representative of any changes in an estimate provided under
37 subsection (b) in a timely manner.
38 (d) If the facility revises the estimated charges provided under
39 subsection (b) by the lesser of either:
40 (1) twenty percent (20%); or
41 (2) one thousand dollars (\$1,000);
42 of the original estimate, the financial commitment entered into by

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1 the patient or the patient's representative is void.

2 **Sec. 9.** A facility may not provide nonemergency services to a
3 patient until the facility has provided the patient with written
4 notice advising the patient of the availability of the facility's charge
5 master from the state department as required by section 13 of this
6 chapter.

7 **Sec. 10.** If an unanticipated complication or an unforeseen
8 circumstance occurs in the nonemergency treatment of a patient,
9 the facility may charge the patient or a third party payor for the
10 additional services or supplies resulting from the complication or
11 unforeseen circumstance if the charges are itemized on the
12 patient's billing statement.

13 **Sec. 11. (a)** A facility shall provide a patient with the following
14 information concerning a service received by the patient at the
15 facility:

- 16 (1) The cost for each service provided to the patient.
17 (2) The amount of reimbursement for the service under the
18 federal Medicare program, including any cost sharing
19 requirement.

20 (b) Subsection (a)(2) does not include supplemental payments
21 required under the federal Medicare program.

22 **Sec. 12.** A facility may not condition the provision of services to
23 an individual on a waiver of the patient's rights under this chapter.

24 **Sec. 13. (a)** A facility shall file the following with the state
25 department not later than forty-five (45) days after each calendar
26 quarter:

- 27 (1) A copy of the facility's current charge master containing
28 pricing information on each service provided by the facility.
29 (2) The facility's billing policy concerning the facility's charge
30 master.
31 (3) Information concerning any changes in the facility's gross
32 revenue due to a change in the charge master during the
33 previous twelve (12) months.
34 (4) The expected amount that would be reimbursed under the
35 federal Medicare program for a service listed on the facility's
36 charge master, including cost sharing required under the
37 federal Medicare program, but excluding any supplemental
38 payment required under the federal Medicare program.

39 (b) The state department shall publish information on the state
40 department's Internet web site concerning the reports filed under
41 subsection (a).

42 (c) Beginning March 1, 2006, the state department shall

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1 annually issue a report to legislative council in an electronic format
 2 under IC 5-14-6 and to the governor that includes the following
 3 information:

4 (1) The number of individuals who applied to participate in a
 5 program established under section 3(a) of this chapter.

6 (2) The number of investigations conducted by the state
 7 department for violations of this chapter.

8 (3) The number of violations confirmed by the state
 9 department.

10 (4) The name of a facility that has violated this chapter and
 11 the actions taken by the state department against the facility
 12 as allowed under section 14(a) of this chapter.

13 (d) The state department shall make the report required under
 14 subsection (c) available to the public upon request and without
 15 charge.

16 Sec. 14. (a) The state department may take the following action
 17 against a facility that violates this chapter:

18 (1) Suspend the facility's license.

19 (2) Revoke the facility's license.

20 (3) Fine the facility not more than five thousand dollars
 21 (\$5,000) for each violation.

22 (b) An individual may file with the state department a complaint
 23 alleging that a facility has violated this chapter. The state
 24 department shall investigate the complaint and report the state
 25 department's findings to the complainant and any action that will
 26 be taken under subsection (a).

27 Sec. 15. (a) An individual who receives services from a facility
 28 has the right to appeal any charges billed by:

29 (1) the facility;

30 (2) a contractor of the facility; or

31 (3) a physician licensed under IC 25-22.5 who provides
 32 services at the facility.

33 (b) A facility's billing statement must notify the individual of the
 34 individual's right to appeal a charge on the statement. The notice
 35 on the billing statement must meet the following conditions:

36 (1) Be in at least 12 point type.

37 (2) Be in bold faced type.

38 (3) Be in capitalized letters.

39 (4) Be conspicuously displayed at the bottom of the billing
 40 statement.

41 Sec. 16. (a) A facility shall establish an independent method for
 42 reviewing billing that includes the following:

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- 1 **(1) The review of the charges by an individual who was not**
- 2 **involved in the initial billing of the patient.**
- 3 **(2) A written decision with a clear explanation of the grounds**
- 4 **for the decision concerning the billing appeal not later than**
- 5 **thirty (30) days after the facility receives the request for**
- 6 **appeal.**
- 7 **(b) A facility shall maintain a record of the following regarding**
- 8 **a billing appeal filed under this chapter:**
- 9 **(1) The name of the patient or the patient's representative**
- 10 **who requested the appeal.**
- 11 **(2) The basis for the appeal.**
- 12 **(3) The total amount of billing charges.**
- 13 **(4) The amount of billing charges under appeal.**
- 14 **(5) The disposition of the appeal and the basis for the**
- 15 **disposition.**
- 16 **Sec. 17. A facility shall annually report to the state department**
- 17 **the following information concerning appeals at the facility:**
- 18 **(1) The number of appeals filed in the calendar year.**
- 19 **(2) The total amount of billing charges subject to appeal.**
- 20 **(3) A summary of the disposition of each appeal.**

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