

PREVAILED	Roll Call No. _____
FAILED	Ayes _____
WITHDRAWN	Noes _____
RULED OUT OF ORDER	

HOUSE MOTION _____

MR. SPEAKER:

I move that Engrossed Senate Bill 357 be amended to read as follows:

- 1 Page 60, between lines 6 and 7, begin a new paragraph and insert:
- 2 "SECTION 56. IC 27-2-23 IS ADDED TO THE INDIANA CODE
- 3 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
- 4 UPON PASSAGE]:
- 5 **Chapter 23. Reporting Requirements for Group Health**
- 6 **Arrangements**
- 7 **Sec. 1. As used in this chapter, "administrative expenses"**
- 8 **includes group health arrangement expenses associated with the**
- 9 **following:**
- 10 (1) **Claims processing.**
- 11 (2) **Collection of premiums and assessments.**
- 12 (3) **Marketing.**
- 13 (4) **Operations.**
- 14 (5) **Taxes.**
- 15 (6) **General overhead.**
- 16 (7) **Salaries and benefits.**
- 17 (8) **Quality assurance.**
- 18 (9) **Utilization review and management.**
- 19 (10) **Benefit management.**
- 20 (11) **Network contracting and management.**
- 21 (12) **State and federal regulatory compliance.**
- 22 **Sec. 2. As used in this chapter, "commissioner" refers to the**
- 23 **insurance commissioner appointed under IC 27-1-1-2.**
- 24 **Sec. 3. As used in this chapter, "covered individual" means an**

1 individual entitled to coverage under a group health arrangement.

2 Sec. 4. As used in this chapter, "department" refers to the
3 department of insurance created by IC 27-1-1-1.

4 Sec. 5. As used in this chapter, "group health arrangement"
5 means an arrangement to pool risks of members and provide
6 insured or self-insured health benefits to individuals through a:

- 7 (1) trust;
8 (2) multiple employer welfare arrangement described in
9 IC 27-1-34;
10 (3) fraternal benefit society; or
11 (4) nonemployer based association other than an association
12 of governmental entities;

13 that does not possess a certificate of authority under IC 27-1-3 and
14 is subject to regulation by the department of insurance

15 Sec. 6. (a) As used in this chapter, "medical expense" means the
16 financial obligation of a group health arrangement to pay for
17 direct health care services and products provided to covered
18 individuals.

19 (b) The term includes group health arrangement payments to
20 health care providers for quality or efficiency enhancing initiatives.

21 (c) The term does not include:

- 22 (1) administrative expenses; or
23 (2) amounts that are the financial responsibility of a covered
24 individual or a party other than the group health
25 arrangement.

26 Sec. 7. As used in this chapter, "medical loss ratio" means the
27 quotient of:

- 28 (1) actual claim expenses; divided by
29 (2) earned premiums or assessments;

30 in a calendar year.

31 Sec. 8. (a) A group health arrangement shall, before March 1 of
32 each year, file with the department a report containing group
33 health arrangement information specific to each of the following
34 categories for the immediately preceding calendar year:

- 35 (1) Health coverage provided by the group health
36 arrangement under a self-insured arrangement that does not
37 use a provider network.
38 (2) Health coverage provided by the group health
39 arrangement under a self-insured arrangement that uses a
40 provider network.

41 (b) The report for each category specified in subsection (a) must
42 include the following information:

- 43 (1) A specific breakdown of administrative expenses as
44 follows:
45 (A) Trustee, officer, and director salaries and benefits.
46 (B) Commissions and other broker fees.
47 (C) Utilization and other benefit management expenses.

- 1 **(D) Advertising and marketing expenses.**
2 **(E) Insurance, including the following categories of**
3 **commercial insurance:**
4 **(i) Reinsurance.**
5 **(ii) General liability.**
6 **(iii) Professional liability.**
7 **(iv) Other.**
8 **(F) Taxes, including the following:**
9 **(i) Federal, state and local.**
10 **(ii) Payroll.**
11 **(iii) Real estate.**
12 **(iv) Other.**
13 **(G) Travel and entertainment expenses.**
14 **(H) State and federal lobbying expenses.**
15 **(I) Other expenses, including the following:**
16 **(i) Salaries, wages, and benefits.**
17 **(ii) Rent and real estate expenses.**
18 **(iii) Certification, accreditation, board, bureau, and**
19 **association fees.**
20 **(iv) Auditing and actuarial fees.**
21 **(v) Collection and bank service charges.**
22 **(vi) Occupancy, depreciation, and amortization.**
23 **(vii) Cost or depreciation of electronic data processing,**
24 **claims, and other services.**
25 **(viii) Regulatory authority licenses and fees.**
26 **(ix) Investment expenses.**
27 **(x) Aggregate write-ins for expenses.**
28 **(J) Total expenses incurred.**
29 **(2) The group health arrangement's name and address.**
30 **(3) The group health arrangement's total premium and**
31 **assessments.**
32 **(4) The amount of interest earned on premiums and**
33 **assessments.**
34 **(5) The amount recovered from uninsured motorist insurance,**
35 **accident insurance, workers compensation insurance, and**
36 **other third party liability.**
37 **(6) The total medical expense incurred.**
38 **(7) The medical loss ratio.**
39 **(8) Certification by a member of the American Academy of**
40 **Actuaries that the information provided in the report is**
41 **accurate and complete and that the group health arrangement**
42 **is in compliance with this chapter.**
43 **(9) Any other information requested by the commissioner.**
44 **Sec. 9. (a) The department shall:**
45 **(1) publish and maintain each report filed under section 8 of**
46 **this chapter on the department's Internet web site; and**
47 **(2) make a hard copy of each report filed under section 8 of**

- 1 **this chapter available to the public upon request.**
- 2 **(b) A report filed under section 8 of this chapter is a public**
3 **record.**
- 4 **Sec. 10. The commissioner shall adopt rules under IC 4-22-2 to**
5 **implement this chapter.**
- 6 **Sec. 11. (a) The commissioner may audit a group health**
7 **arrangement at any time to determine compliance with this**
8 **chapter.**
- 9 **(b) If the commissioner, after notice and hearing under**
10 **IC 4-21.5, determines that a group health arrangement has violated**
11 **this chapter, the commissioner may impose a civil penalty equal to:**
- 12 **(1) at least one thousand dollars (\$1,000); and**
13 **(2) not more than ten thousand dollars (\$10,000);**
14 **for each day of noncompliance.**
- 15 **(c) Civil penalties collected under this section must be deposited**
16 **in the state general fund.**
- 17 SECTION 57. IC 27-2-23 IS ADDED TO THE INDIANA CODE
18 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
19 UPON PASSAGE]:
- 20 **Chapter 23. Requirements for Group Health Arrangements**
- 21 **Sec. 1. As used in this chapter, "group health arrangement"**
22 **means an arrangement to pool risks of members and provide**
23 **insured or self-insured health benefits to individuals through a:**
- 24 **(1) trust;**
25 **(2) multiple employer welfare arrangement described in**
26 **IC 27-1-34;**
27 **(3) fraternal benefit society; or**
28 **(4) nonemployer based association other than an association**
29 **of governmental entities;**
- 30 **that does not possess a certificate of authority under IC 27-1-3 and**
31 **is subject to regulation by the department of insurance.**
- 32 **Sec. 2. Before a group health arrangement may:**
- 33 **(1) assess a one (1) time charge to the members of the group**
34 **health arrangement to cover losses for which the arrangement**
35 **has insufficient funds; or**
36 **(2) increase premiums paid by the members or covered**
37 **individuals to provide sufficient funding for anticipated**
38 **losses;**
- 39 **the group health arrangement shall conduct a public meeting**
40 **under section 3 of this chapter.**
- 41 **Sec. 3. (a) A group health arrangement shall send, by first class**
42 **mail, to each individual covered by the group health arrangement**
43 **notice of a public meeting required by section 2 of this chapter at**
44 **least fifteen (15) days before the date of the public meeting.**
- 45 **(b) The notice described in subsection (a) must include the**
46 **following:**
- 47 **(1) A statement of the date, time, place, and nature of the**

- 1 meeting.
- 2 (2) The name, official title, and contact information for the
- 3 individual who will conduct the meeting.
- 4 (3) A statement of the factual basis for the proposed
- 5 assessment or premium increase along with any supporting
- 6 information from the commissioner and the group health
- 7 arrangement.
- 8 (4) A reference to the specific statutes and administrative
- 9 rules that relate to the proposed assessment or premium
- 10 increase.
- 11 (5) A solicitation of oral or written comment from the public.
- 12 (6) The procedure to be followed during the meeting.
- 13 **Sec. 4. An individual who is a trustee, an officer, a director of a**
- 14 **group health arrangement shall annually file with the**
- 15 **commissioner of insurance a statement describing any financial**
- 16 **interest that the individual or a member of the individual's**
- 17 **immediate family has in an insurer doing business in Indiana."**
- 18 Renumber all SECTIONS consecutively.
(Reference is to ESB 357 as printed February 22, 2010.)

Representative Lehman