

# HOUSE BILL No. 1062

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 27-8; IC 27-13.

**Synopsis:** Basic health insurance coverage. Allows, under certain circumstances, an accident and sickness insurer or a health maintenance organization to provide a policy or contract without complying with all health benefit mandates.

**Effective:** July 1, 2011.

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January 5, 2011, read first time and referred to Committee on Insurance.

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First Regular Session 117th General Assembly (2011)

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 2010 Regular Session of the General Assembly.

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## HOUSE BILL No. 1062



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

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

1 SECTION 1. IC 27-8-13.5 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2011]:

4 **Chapter 13.5. Health Benefit Mandate Option**

5 **Sec. 1. As used in this chapter, "health benefit mandate" means**  
6 **any of the following requirements for coverage in, or an offering**  
7 **of coverage that must be made in connection with the purchase of,**  
8 **a policy of accident and sickness insurance, to the extent that the**  
9 **coverage is not required under federal law:**

- 10 (1) **Mastectomy related coverage under IC 27-8-5-26.**
- 11 (2) **Mental illness related coverage under IC 27-8-5-15.6.**
- 12 (3) **Dental anesthesia related coverage under IC 27-8-5-27.**
- 13 (4) **Adopted child coverage under IC 27-8-5-21.**
- 14 (5) **Newborn coverage under IC 27-8-5.6.**
- 15 (6) **Breast cancer screening related coverage under**
- 16 **IC 27-8-14.**
- 17 (7) **Morbid obesity related coverage under IC 27-8-14.1.**



- 1           **(8) Pervasive developmental disorder related coverage under**
- 2           **IC 27-8-14.2.**
- 3           **(9) Diabetes related coverage under IC 27-8-14.5.**
- 4           **(10) Prostate cancer testing related coverage under**
- 5           **IC 27-8-14.7.**
- 6           **(11) Colorectal cancer testing related coverage under**
- 7           **IC 27-8-14.8.**
- 8           **(12) Off label drug treatment coverage under IC 27-8-20.**
- 9           **(13) Minimum maternity related benefits under IC 27-8-24.**
- 10          **(14) Inherited metabolic disease related coverage under**
- 11          **IC 27-8-24.1.**
- 12          **(15) Orthotic device and prosthetic device coverage under**
- 13          **IC 27-8-24.2.**
- 14          **(16) Care related to clinical trials coverage under IC 27-8-25.**
- 15          **(17) Cancer chemotherapy related coverage under IC 27-8-32.**
- 16          **Sec. 2. As used in this chapter, "insurer" refers to an insurer (as**
- 17          **defined in IC 27-1-2-3(x)) that issues or delivers a policy of**
- 18          **accident and sickness insurance.**
- 19          **Sec. 3. As used in this chapter, "policy of accident and sickness**
- 20          **insurance" has the meaning set forth in IC 27-8-5-1.**
- 21          **Sec. 4. As used in this chapter, "prospective purchaser" means**
- 22          **an:**
- 23                **(1) individual who requests coverage under a policy of**
- 24                **accident and sickness insurance that is issued on an individual**
- 25                **basis; or**
- 26                **(2) employer that:**
- 27                    **(A) employs not more than fifty (50) employees, a majority**
- 28                    **of whom were not offered coverage for health care services**
- 29                    **(as defined in IC 27-13-1-18) by:**
- 30                        **(i) the employer; or**
- 31                        **(ii) a parent, a subsidiary, or an affiliate of the employer;**
- 32                    **during the preceding calendar year; and**
- 33                    **(B) requests coverage for the employer's employees under**
- 34                    **a policy of accident and sickness insurance that is issued on**
- 35                    **a group basis.**
- 36          **Sec. 5. Notwithstanding any other law, an insurer may offer to**
- 37          **a prospective purchaser a policy of accident and sickness insurance**
- 38          **without complying with all health benefit mandates if:**
- 39                **(1) when the offer is made, the insurer provides a list of the**
- 40                **health benefit mandates with which the offer does not comply;**
- 41                **and**
- 42                **(2) the policy offered includes the following:**

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- 1 (A) Newborn coverage required under IC 27-8-5.6.
- 2 (B) Diabetes related coverage required under IC 27-8-14.5.
- 3 (C) If the prospective purchaser is described in section 4(2)
- 4 of this chapter:
- 5 (i) breast cancer screening related coverage required
- 6 under IC 27-8-14;
- 7 (ii) prostate cancer testing related coverage required
- 8 under IC 27-8-14.7; and
- 9 (iii) colorectal cancer testing related coverage required
- 10 under IC 27-8-14.8.
- 11 (D) Adopted child coverage required under IC 27-8-5-21.
- 12 (E) Minimum maternity related benefits of examination
- 13 and testing of a newborn child required under
- 14 IC 27-8-24-4(a)(2) and IC 27-8-24-4(a)(3).

15 **Sec. 6. An insurer that offers to a prospective purchaser a policy**  
 16 **of accident and sickness insurance described in section 5 of this**  
 17 **chapter shall also offer to the prospective purchaser a policy of**  
 18 **accident and sickness insurance in compliance with all health**  
 19 **benefit mandates.**

20 **Sec. 7. An insurer that issues or delivers a policy of accident and**  
 21 **sickness insurance described in section 5 of this chapter shall**  
 22 **provide to each individual insured under the policy of accident and**  
 23 **sickness insurance a written disclosure that:**

- 24 (1) acknowledges that the policy of accident and sickness
- 25 insurance is not issued in compliance with all health benefit
- 26 mandates; and
- 27 (2) lists in summary form the health benefits:
- 28 (A) to which a health benefit mandate applies; and
- 29 (B) for which coverage is provided in the policy of accident
- 30 and sickness insurance.

31 SECTION 2. IC 27-8-15-30 IS AMENDED TO READ AS  
 32 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 30. Except as permitted  
 33 under IC 27-8-13.5, IC 27-13-7.5, and sections 27 and 29 of this  
 34 chapter, a small employer insurer shall not modify a health insurance  
 35 plan with respect to:

- 36 (1) a small employer; or
  - 37 (2) an eligible employee or dependent;
- 38 through riders, endorsements, or otherwise to restrict or exclude  
 39 coverage or benefits for specific diseases, medical conditions, or  
 40 services otherwise covered by the plan.

41 SECTION 3. IC 27-13-1-17.6 IS ADDED TO THE INDIANA  
 42 CODE AS A NEW SECTION TO READ AS FOLLOWS

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[EFFECTIVE JULY 1, 2011]: **Sec. 17.6. "Health benefit mandate"** means any of the following requirements for coverage in, or an offering of coverage that must be made in connection with the purchase of, an individual contract or a group contract, to the extent that the coverage is not required under federal law:

- (1) Mastectomy related coverage under IC 27-13-7-14.
- (2) Mental illness related coverage under IC 27-13-7-14.8.
- (3) Dental anesthesia related coverage under IC 27-13-7-15.
- (4) Adopted child coverage under IC 27-8-5-21.
- (5) Newborn coverage under IC 27-8-5.6.
- (6) Breast cancer screening related coverage under IC 27-13-7-15.3.
- (7) Morbid obesity related coverage under IC 27-13-7-14.5.
- (8) Pervasive developmental disorder related coverage under IC 27-13-7-14.7.
- (9) Diabetes related coverage under IC 27-8-14.5.
- (10) Prostate cancer testing related coverage under IC 27-13-7-16.
- (11) Colorectal cancer testing related coverage under IC 27-13-7-17.
- (12) Off label drug treatment coverage under IC 27-8-20.
- (13) Minimum maternity related benefits under IC 27-8-24.
- (14) Inherited metabolic disease related coverage under IC 27-13-7-18.
- (15) Orthotic device and prosthetic device coverage under IC 27-13-7-19.
- (16) Cancer chemotherapy related coverage under IC 27-13-7-20.
- (17) Care related to clinical trials coverage under IC 27-13-7-20.2.

SECTION 4. IC 27-13-1-27.8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 27.8. "Prospective purchaser"** means an:

- (1) individual who requests coverage under an individual contract; or
- (2) employer that:
  - (A) employs not more than fifty (50) employees, a majority of whom were not offered coverage for health care services by:
    - (i) the employer; or
    - (ii) a parent, a subsidiary, or an affiliate of the employer;

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1                   during the preceding calendar year; and  
2                   **(B) requests coverage for the employer's employees under**  
3                   **a group contract.**

4                   SECTION 5. IC 27-13-7.5 IS ADDED TO THE INDIANA CODE  
5                   AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
6                   JULY 1, 2011]:

7                   **Chapter 7.5. Health Benefit Mandate Option**

8                   **Sec. 1. Notwithstanding any other law, a health maintenance**  
9                   **organization may offer to a prospective purchaser an individual**  
10                   **contract or a group contract without complying with all health**  
11                   **benefit mandates if:**

12                   (1) when the offer is made, the health maintenance  
13                   organization provides a list of the health benefit mandates  
14                   with which the offer does not comply; and

15                   (2) the contract offered includes the following:

16                   (A) Newborn coverage that is substantially similar to the  
17                   coverage required under IC 27-8-5.6.

18                   (B) Diabetes related coverage required under IC 27-8-14.5.

19                   (C) If the prospective purchaser is described in  
20                   IC 27-13-1-27.8(2):

21                   (i) breast cancer screening related coverage required  
22                   under IC 27-13-7-15.3;

23                   (ii) prostate cancer testing related coverage required  
24                   under IC 27-13-7-16; and

25                   (iii) colorectal cancer testing related coverage required  
26                   under IC 27-13-7-17.

27                   (D) Adopted child coverage required under IC 27-8-5-21.

28                   (E) Minimum maternity related benefits of examination  
29                   and testing of a newborn child required under  
30                   IC 27-8-24-4(a)(2) and IC 27-8-24-4(a)(3).

31                   **Sec. 2. A health maintenance organization that offers to a**  
32                   **prospective purchaser an individual contract or a group contract**  
33                   **described in section 1 of this chapter shall also offer to the**  
34                   **prospective purchaser an individual contract or a group contract**  
35                   **in compliance with all health benefit mandates.**

36                   **Sec. 3. A health maintenance organization that enters into or**  
37                   **delivers an individual contract or a group contract described in**  
38                   **section 1 of this chapter shall provide to each enrollee a written**  
39                   **disclosure that:**

40                   (1) acknowledges that the individual contract or group  
41                   contract is not entered into in compliance with all health  
42                   benefit mandates; and

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- 1           **(2) lists in summary form the health benefits:**
- 2                 **(A) to which a health benefit mandate applies; and**
- 3                 **(B) for which coverage is provided in the individual**
- 4                 **contract or group contract.**

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