



April 5, 2013

**ENGROSSED
SENATE BILL No. 559**

DIGEST OF SB 559 (Updated April 2, 2013 11:59 am - DI 92)

Citations Affected: IC 6-8.1; IC 7.1-2; IC 12-7; IC 12-13; IC 12-15; IC 20-26.

Synopsis: Fraud. Specifies that all state agencies shall cooperate with the department of state revenue (department) in tax administration by providing, at no charge to the department, relevant information that the department requests, including monthly reports identifying the use of a fraudulent identity. Requires the department of correction to annually provide to the department an electronic file listing the name and Social Security number of each individual under the jurisdiction of the department of correction. Requires the state department of health to annually provide to the department an electronic file listing the name of each individual for whom an Indiana death certificate was issued during the last year. Requires the state excise police to investigate allegations of electronic benefit transfer (EBT) fraud. Requires an owner, vendor, or third party processor of an automated teller machine or point of sale terminal to disable access to electronic cash assistance benefits in specified prohibited locations. Requires the division of (Continued next page)

Effective: July 1, 2013.

**Hershman, Mishler, Charbonneau,
Holdman, Miller Patricia**
(HOUSE SPONSORS — TURNER, TRUITT)

January 14, 2013, read first time and referred to Committee on Health and Provider Services.
January 31, 2013, amended; reassigned to Committee on Tax and Fiscal Policy.
February 21, 2013, amended, reported favorably — Do Pass.
February 25, 2013, read second time, ordered engrossed. Engrossed.
February 26, 2013, read third time, passed. Yeas 43, nays 7.
HOUSE ACTION
March 12, 2013, read first time and referred to Committee on Ways and Means.
April 4, 2013, amended, reported — Do Pass.

ES 559—LS 7280/DI 104+



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Digest Continued

family resources to assist owners, vendors, and third party processors in carrying out this provision. Makes it a Class B infraction for a person to violate these provisions. Requires the division of family resources to establish a process for certain recipients to follow in order to receive a replacement EBT card. Sets forth the Medicaid ineligibility time frame for a person who is convicted of forgery, fraud, legend drug deception, and other deceptions related to the application for or receipt of Medicaid assistance. Requires a transportation provider that applies to enroll in the Medicaid program to file with the office of Medicaid policy and planning a surety bond to be used for specified purposes. Provides certain exceptions. Requires the office of Medicaid policy and planning to visit certain Medicaid providers and provider applicants if certain conditions are met. Requires a national criminal history background check on certain Medicaid provider applicants at the cost of the applicant. Allows an audit and inspection of completed school lunch program applications to ensure that applicants meet the requirements to participate in the program.

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April 5, 2013

First Regular Session 118th General Assembly (2013)

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 2012 Regular Session of the General Assembly.

ENGROSSED SENATE BILL No. 559

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

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

1 SECTION 1. IC 6-8.1-3-7 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 7. (a) The department
3 may enter into reciprocal agreements with the taxing officials of the
4 United States government or with the taxing officials of other state
5 governments to furnish and receive information relevant to the
6 administration and enforcement of the listed taxes. However, the
7 department may not furnish information obtained from federal returns
8 or schedules to officials of other state governments.
9 (b) All agencies of the state of Indiana shall cooperate with the
10 department in the administration of the listed taxes and shall, **upon**
11 **request and at no charge to the department**, furnish to the
12 department any information relevant to the administration and
13 collection of the listed taxes that the department requests. **In addition,**
14 **a state agency that encounters the use of a fraudulent identity shall**
15 **notify the department and provide in electronic format identifying**
16 **information as specified by the department for the department's**
17 **use in preventing tax fraud. If a state agency encounters the use of**

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1 **fraudulent identities on a regular basis, the state agency shall**
2 **provide to the department a monthly electronic report furnishing**
3 **the identifying information specified by the department.**

4 **(c) Before December 1 each year:**

5 **(1) the department of correction shall provide to the**
6 **department an electronic file listing the name and Social**
7 **Security number of each individual under the jurisdiction of**
8 **the department of correction as of November 1 of that year;**
9 **and**

10 **(2) the state department of health shall provide to the**
11 **department an electronic file listing the name of each**
12 **individual for whom an Indiana death certificate was issued**
13 **during the immediately preceding twelve (12) months.**

14 SECTION 2. IC 7.1-2-2-9.5 IS ADDED TO THE INDIANA CODE
15 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
16 1, 2013]: **Sec. 9.5. The state excise police may investigate fraud**
17 **within the electronic benefits transfer program, as set forth in**
18 **IC 12-13-14-14.**

19 SECTION 3. IC 12-7-2-74.3 IS ADDED TO THE INDIANA CODE
20 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
21 1, 2013]: **Sec. 74.3. "EBT card", for purposes of IC 12-13-14-15,**
22 **has the meaning set forth in IC 12-13-14-15(a).**

23 SECTION 4. IC 12-7-2-137, AS AMENDED BY P.L.145-2006,
24 SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
25 JULY 1, 2013]: Sec. 137. (a) "Person", except as provided in
26 subsections (b) ~~and (c)~~; **through (d)**, means an association, a
27 corporation, a limited liability company, a governmental entity, an
28 individual, or a partnership.

29 (b) "Person", for purposes of IC 12-13-14, has the meaning set forth
30 in IC 12-13-14-1.

31 (c) "Person", for purposes of IC 12-17.2, means an individual who
32 is at least twenty-one (21) years of age, a corporation, a partnership, a
33 voluntary association, or other entity.

34 **(d) "Person", for purposes of IC 12-15-2-20, means an**
35 **individual who is:**

- 36 **(1) at least twenty-one (21) years of age; and**
- 37 **(2) applying for or receiving Medicaid assistance.**

38 SECTION 5. IC 12-13-14-4.5, AS AMENDED BY P.L.3-2012,
39 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
40 JULY 1, 2013]: Sec. 4.5. (a) Except as provided in this section, the
41 division may distribute cash assistance benefits to a person who is
42 eligible for assistance under the Title IV-A assistance program though

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1 an automated teller machine or a point of sale terminal that is
2 connected to the EBT system.

3 (b) The following establishments shall post a sign next to each
4 automated teller machine or point of sale terminal located on the
5 premises informing a potential user that the automated teller machine
6 or point of sale terminal may not be used to receive cash assistance
7 benefits under the Title IV-A assistance program:

8 (1) A horse racing establishment:

9 (A) where the pari-mutuel system of wagering is authorized;
10 and

11 (B) for which a permit is required under IC 4-31-5.

12 (2) A satellite facility:

13 (A) where wagering on horse racing is conducted; and

14 (B) for which a license is required under IC 4-31-5.5.

15 (3) An allowable event required to be licensed by the Indiana
16 gaming commission under IC 4-32.2.

17 (4) A riverboat or other facility required to be licensed by the
18 Indiana gaming commission under IC 4-33.

19 (5) A store or other establishment:

20 (A) where the primary business is the sale of firearms (as
21 defined in IC 35-47-1-5); and

22 (B) that sells handguns for which a license to sell handguns is
23 required under IC 35-47-2.

24 (6) A store or other establishment where the primary business is
25 the sale of alcoholic beverages for which a permit is required
26 under IC 7.1-3.

27 (7) An adult entertainment establishment.

28 (c) An:

29 (1) establishment that does not post the sign required under
30 subsection (b); or

31 (2) individual who attempts to use an automated teller machine or
32 point of sale terminal with a sign posted as required under
33 subsection (b) to access cash assistance benefits under the Title
34 IV-A assistance program in violation of subsection (b);

35 commits a Class C misdemeanor.

36 **(d) The owner, vendor, or third party processor of an**
37 **automated teller machine or point of sale terminal shall disable or**
38 **have disabled access to electronic cash assistance benefits in a**
39 **location described in subsection (b) unless the location has been**
40 **approved by the federal Food and Nutrition Services. The division**
41 **shall provide assistance to an owner, vendor, or third party**
42 **processor under this subsection. A person that violates this**



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1 **subsection commits a Class B infraction.**

2 ~~(d)~~ (e) The division shall adopt rules under IC 4-22-2 to carry out
3 this section.

4 SECTION 6. IC 12-13-14-14 IS ADDED TO THE INDIANA
5 CODE AS A NEW SECTION TO READ AS FOLLOWS
6 [EFFECTIVE JULY 1, 2013]: **Sec. 14. The state excise police may**
7 **investigate allegations of fraud within the EBT program, including**
8 **investigations of the following persons:**

9 (1) Applicants.

10 (2) Recipients.

11 (3) Retailers that participate in the EBT program.

12 (4) Individuals who sell or purchase access to cash assistance
13 benefits in violation of any federal or state law or regulation.

14 SECTION 7. IC 12-13-14-15 IS ADDED TO THE INDIANA
15 CODE AS A NEW SECTION TO READ AS FOLLOWS
16 [EFFECTIVE JULY 1, 2013]: **Sec. 15. (a) As used in this section,**
17 **"EBT card" has the meaning set forth in 470 IAC 6-0.5-1.**

18 (b) The replacement process established under this section
19 applies until federal rules are adopted establishing a replacement
20 EBT card process that supersedes or nullifies the process
21 established by the division.

22 (c) The division shall establish a process for a recipient to follow
23 in order to receive a replacement EBT card. The process must
24 include contact with the division for replacement if the individual
25 requesting replacement of the EBT card has previously requested
26 a replacement EBT card at least four (4) times in the preceding
27 twelve (12) month period.

28 (d) The division may hold replacement of an EBT card if the
29 recipient seeking replacement of the EBT card does not follow the
30 procedure established by the division under subsection (b).

31 SECTION 8. IC 12-15-1-22 IS ADDED TO THE INDIANA CODE
32 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
33 1, 2013]: **Sec. 22. (a) The office shall visit a Medicaid provider's**
34 **office, entity, or facility if:**

35 (1) the provider is categorized as high risk to the Medicaid
36 program under 42 U.S.C. 1395cc(j)(2)(B) and 42 CFR
37 455.450; and

38 (2) the provider's Medicaid claims have increased by at least
39 fifty percent (50%) over a six (6) month period.

40 (b) The office shall adopt rules under IC 4-22-2 or issue a
41 Medicaid provider bulletin setting forth procedures and standards
42 for the visit required under this section.



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1 SECTION 9. IC 12-15-2-20 IS AMENDED TO READ AS
 2 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 20. ~~(a) This section~~
 3 ~~does not apply to a provider (as defined in IC 12-7-2-149.1(2)).~~

4 ~~(b) (a)~~ **(a)** A person convicted of an offense under ~~IC 35-43-5-7.1~~
 5 **IC 35-43-5 or IC 35-43-10 related to the application for or receipt**
 6 **of Medicaid assistance** is ineligible to receive Medicaid assistance
 7 under this article for **the following time:**

8 **(1) One (1) year if the conviction is for the person's first**
 9 **offense.**

10 **(2) Two (2) years if the conviction is for the person's second**
 11 **offense.**

12 **(3) Ten (10) years after if the conviction is for the person's third**
 13 **or subsequent offense.**

14 **(b) A person's ineligibility period for Medicaid assistance**
 15 **described in subsection (a) begins either:**

16 **(1) on the date the person is sentenced, if the person's sentence**
 17 **does not include incarceration; or**

18 **(2) on the date the individual is released from incarceration.**

19 **(c) Upon receipt of substantiated evidence that a person has**
 20 **committed fraud concerning the application for or receipt of**
 21 **Medicaid assistance, the office may remove the person from**
 22 **receiving Medicaid assistance for one (1) year. If the office**
 23 **determines that a person receiving Medicaid assistance is to be**
 24 **removed from receiving Medicaid assistance under this subsection,**
 25 **the person may appeal the determination. An appeal under this**
 26 **subsection is subject to IC 4-21.5.**

27 **(d) The office may adopt rules under IC 4-22-2 to implement**
 28 **this section.**

29 SECTION 10. IC 12-15-11-2.5 IS ADDED TO THE INDIANA
 30 CODE AS A NEW SECTION TO READ AS FOLLOWS
 31 [EFFECTIVE JULY 1, 2013]: Sec. 2.5. **(a) As used in this section,**
 32 **"transportation provider" means a person:**

33 **(1) that is a common carrier, including a person that provides**
 34 **transportation by a taxi; and**

35 **(2) that:**

36 **(A) is enrolled; or**

37 **(B) applies for enrollment;**

38 **in the Medicaid program as a Medicaid provider to render**
 39 **transportation services to Medicaid recipients.**

40 **(b) This section does not apply to a transportation provider that**
 41 **is:**

42 **(1) exempt from federal taxation under Section 501(c)(3) of**

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- 1 the Internal Revenue Code;
- 2 (2) at the discretion of the secretary, granted a waiver of the
- 3 bond requirement under subsection (c) to provide
- 4 transportation services in a federal or state designated
- 5 underserved area;
- 6 (3) at the discretion of the secretary, granted a waiver of the
- 7 bond requirement under subsection (c) based on the
- 8 determination that the provider does not pose a significant
- 9 risk of submitting fraudulent or false Medicaid claims;
- 10 (4) owned or controlled by a person that is licensed or
- 11 certified by a board listed in IC 25-1-9-1;
- 12 (5) owned or controlled by a pharmacy that has a permit
- 13 issued under IC 25-26-13;
- 14 (6) owned or controlled by a hospital licensed under IC 16-21;
- 15 or
- 16 (7) required under federal law to obtain a surety bond to
- 17 cover Medicaid overpayments and false Medicaid claims and
- 18 has obtained a bond that complies with the applicable federal
- 19 law.

20 (c) A transportation provider that applies for enrollment as a
 21 Medicaid provider:

- 22 (1) as a new applicant;
- 23 (2) due to a change in ownership of a transportation provider
- 24 currently enrolled; or
- 25 (3) due to a purchase or transfer of the assets of a
- 26 transportation provider currently enrolled;

27 shall, at the time the transportation provider files a provider
 28 agreement with the office, submit to the office a surety bond that
 29 meets the requirements of subsection (d) and is issued by a surety
 30 that is authorized by the office of the secretary.

31 (d) The following apply to a surety bond filed with the office
 32 under this section:

- 33 (1) The surety bond must be continuously in effect for at least
- 34 three (3) years after the application is made as described in
- 35 subsection (c).
- 36 (2) The surety bond must provide coverage for liability of at
- 37 least fifty thousand dollars (\$50,000).
- 38 (3) The surety bond must name the:
- 39 (A) transportation provider as the principal;
- 40 (B) office as the obligee; and
- 41 (C) person that issues the surety bond, including the
- 42 person's heirs, executors, administrators, successors, and

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- 1 assignees, jointly and severally, as surety.
- 2 (4) The surety bond must provide the surety's name, street
3 address or post office box number, city, state, and ZIP code.
- 4 (5) The surety bond must provide that the surety is liable
5 under the surety bond for a duplicate, erroneous, or false
6 Medicaid claim paid by the office or its fiscal agent to the
7 transportation provider during the term of the surety bond.
- 8 (6) The surety bond must provide that the bond may not be
9 void on a first recovery, but that suits may be instituted until
10 the penalty is exhausted.
- 11 (7) The surety bond must guarantee that the surety will, not
12 later than thirty (30) days after the surety receives written
13 notice from the office containing sufficient evidence to
14 establish the surety's liability under the surety bond as
15 described in subdivision (5), pay to the office the following
16 amounts, not to exceed the full amount of the surety bond:
- 17 (A) The amount of the duplicate, erroneous, or false claim
18 that was previously paid by the office or its fiscal agent to
19 the transportation provider, plus accrued interest.
- 20 (B) An assessment imposed under IC 12-15-22 by the office
21 on the transportation provider.
- 22 (8) The surety bond must provide that if the transportation
23 provider's provider agreement is not renewed or is
24 terminated, the surety bond submitted by the transportation
25 provider remains in effect until the last day of the surety bond
26 coverage period and the surety remains liable for a duplicate,
27 erroneous, or false claim paid by the office or its fiscal agent
28 to the transportation provider during the term of the surety
29 bond.
- 30 (9) The surety bond must provide that actions under the
31 surety bond may be brought by the office or the attorney
32 general.
- 33 (e) The office may revoke or deny a provider agreement for a
34 transportation provider's failure to comply with this section.
- 35 (f) The office may revoke a provider agreement if a
36 transportation provider cancels a surety bond required by this
37 section.
- 38 (g) The office or its designee may, at any time, require a
39 transportation provider to demonstrate compliance with this
40 section.
- 41 (h) If:
- 42 (1) a surety has paid the office for a liability incurred under

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1 a surety bond under this section; and
 2 **(2) the transportation provider is subsequently successful in**
 3 **appealing the determination of liability;**
 4 **the office shall, upon completion of the appellate process, refund**
 5 **the surety or the transportation provider the full amount paid for**
 6 **the liability.**

7 SECTION 11. IC 12-15-11-3 IS AMENDED TO READ AS
 8 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 3. A provider
 9 agreement must do the following:

10 (1) Include information that the office determines necessary to
 11 facilitate carrying out of IC 12-15.

12 (2) Prohibit the provider from requiring payment from a recipient
 13 of Medicaid, except where a copayment is required by law.

14 **(3) For providers categorized as high risk to the Medicaid**
 15 **program under 42 U.S.C. 1395cc(j)(2)(B) and 42 CFR**
 16 **455.450, require the submission of necessary information,**
 17 **forms, or consents for the office to obtain a national criminal**
 18 **history background check through the state police department**
 19 **under IC 10-13-3-39 of any person who:**

20 **(A) holds at least a five percent (5%) ownership interest in**
 21 **a facility or entity; or**

22 **(B) is a member of the board of directors of a nonprofit**
 23 **facility or entity;**

24 **in which the provider applicant plans to provide Medicaid**
 25 **services under the provider agreement. The provider**
 26 **applicant is responsible for the cost of the national criminal**
 27 **history background check.**

28 SECTION 12. IC 12-15-11-4 IS AMENDED TO READ AS
 29 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 4. **(a)** A provider
 30 desiring to participate in the Medicaid program by providing physician
 31 services as a managed care provider must enter into a provider
 32 agreement with the office or the contractor under IC 12-15-30 to
 33 provide Medicaid services.

34 **(b) Before the office may approve a provider agreement, the**
 35 **office shall conduct a pre-enrollment site visit for provider**
 36 **applicants that are designated as moderate or high categorical**
 37 **risks to the Medicaid program under 42 U.S.C. 1395cc(j)(2)(B) and**
 38 **42 CFR 455.450.**

39 SECTION 13. IC 20-26-9-10, AS ADDED BY P.L.1-2005,
 40 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 41 JULY 1, 2013]: Sec. 10. (a) The state superintendent shall prescribe
 42 rules for keeping accounts and records and making reports by or under

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- 1 the supervision of a governing body.
- 2 (b) The accounts and records shall:
 - 3 (1) be available for inspection and audit at all times by authorized
 - 4 officials; and
 - 5 (2) be preserved for at least five (5) years, as the state
 - 6 superintendent may prescribe.
- 7 (c) The state superintendent shall conduct or cause to be conducted
- 8 any audits, inspections, and administrative reviews of **completed**
- 9 **applications**, acts, records, and operations of a school lunch program
- 10 necessary to do the following:
 - 11 (1) Determine whether agreements with the governing body and
 - 12 rules under this chapter are being complied with.
 - 13 (2) Ensure that a school lunch program is effectively
 - 14 administered.
 - 15 (3) **Ensure that participants meet all requirements to**
 - 16 **participate in the school lunch program.**

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COMMITTEE REPORT

Madam President: The Senate Committee on Health and Provider Services, to which was referred Senate Bill No. 559, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 7.1-2-2-9.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 9.5. The state excise police may investigate fraud within the electronic benefits transfer program, as set forth in IC 12-13-14-14.**"

Page 1, between lines 15 and 16, begin a new paragraph and insert:

"SECTION 3. IC 12-13-14-14 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 14. The state excise police may investigate allegations of fraud within the EBT program, including investigations of the following persons:**

- (1) Applicants.
- (2) Recipients.
- (3) Retailers that participate in the EBT program.
- (4) Individuals who sell or purchase access to cash assistance benefits in violation of any federal or state law or regulation.

SECTION 4. IC 12-13-14-15 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 15. (a) The division shall establish a process for a recipient to follow in order to receive a replacement EBT card. The process must include a written request for replacement if the individual requesting replacement of the EBT card has previously requested a replacement EBT card at least three (3) times in the preceding twelve (12) month period.**

(b) The division may deny replacement of an EBT card if the recipient seeking replacement of the EBT card does not follow the procedure established by the division under subsection (a).

SECTION 5. IC 12-15-1-22 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 22. (a) The office shall visit a Medicaid provider's office, entity, or facility if the provider's Medicaid claims have increased by at least fifty percent (50%) over a six (6) month period.**

(b) The office shall adopt rules under IC 4-22-2 or issue a



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Medicaid provider bulletin setting forth procedures and standards for the visit required under this section."

Page 2, line 22, delete "." and insert **"for one (1) year. If the office determines that a person receiving Medicaid assistance is to be removed from receiving Medicaid assistance under this subsection, the person may appeal the determination. An appeal under this subsection is subject to IC 4-21.5."**

Page 2, after line 24, begin a new paragraph and insert:

"SECTION 7. IC 12-15-11-2.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 2.5. (a) As used in this section, "transportation provider" means a person:

(1) that is a common carrier, including a person that provides transportation by a taxi;

(2) that:

(A) is enrolled; or

(B) applies for enrollment;

in the Medicaid program as a Medicaid provider to render transportation services to Medicaid recipients; and

(3) that is not a nonprofit organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code.

(b) A transportation provider that applies for enrollment as a Medicaid provider:

(1) as a new applicant;

(2) due to a change in ownership of a transportation provider currently enrolled; or

(3) due to a purchase or transfer of the assets of a transportation provider currently enrolled;

shall, at the time the transportation provider files a provider agreement with the office, submit to the office a surety bond that meets the requirements of subsection (d) and is issued by a surety that is authorized by the office of the secretary.

(c) The secretary may waive the surety bond requirement of subsection (b) for a transportation provider if, in the secretary's sole discretion, the secretary determines that the transportation provider renders or will render transportation services in an underserved area, as classified by applicable federal or state designations.

(d) The following apply to a surety bond filed with the office under this section:

(1) The surety bond must be continuously in effect for at least three (3) years after the application is made as described in

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subsection (b).

(2) The surety bond must provide coverage for liability of at least fifty thousand dollars (\$50,000).

(3) The surety bond must name the:

(A) transportation provider as the principal;

(B) office as the obligee; and

(C) person that issues the surety bond, including the person's heirs, executors, administrators, successors, and assignees, jointly and severally, as surety.

(4) The surety bond must provide the surety's name, street address or post office box number, city, state, and ZIP code.

(5) The surety bond must provide that the surety is liable under the surety bond for a duplicate, erroneous, or false Medicaid claim paid by the office or its fiscal agent to the transportation provider during the term of the surety bond.

(6) The surety bond must guarantee that the surety will, not later than thirty (30) days after the surety receives written notice from the office containing sufficient evidence to establish the surety's liability under the surety bond as described in subdivision (5), pay to the office the following amounts, not to exceed the full amount of the surety bond:

(A) The amount of the duplicate, erroneous, or false claim that was previously paid by the office or its fiscal agent to the transportation provider, plus accrued interest.

(B) An assessment imposed under IC 12-15-22 by the office on the transportation provider.

(7) The surety bond must provide that if the transportation provider's provider agreement is not renewed or is terminated, the surety bond submitted by the transportation provider remains in effect until the last day of the surety bond coverage period and the surety remains liable for a duplicate, erroneous, or false claim paid by the office or its fiscal agent to the transportation provider during the term of the surety bond.

(8) The surety bond must provide that actions under the surety bond may be brought by the office or the attorney general.

(e) The office may revoke or deny a provider agreement for a transportation provider's failure to comply with this section.

(f) The office may revoke a provider agreement if a transportation provider cancels a surety bond required by this section.

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(g) The office or its designee may, at any time, require a transportation provider to demonstrate compliance with this section.

(h) If:

(1) a surety has paid the office for a liability incurred under a surety bond under this section; and

(2) the transportation provider is subsequently successful in appealing the determination of liability;

the office shall, upon completion of the appellate process, refund the surety or the transportation provider the full amount paid for the liability.

SECTION 8. IC 12-15-11-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 3. A provider agreement must do the following:

(1) Include information that the office determines necessary to facilitate carrying out of IC 12-15.

(2) Prohibit the provider from requiring payment from a recipient of Medicaid, except where a copayment is required by law.

(3) Require the submission of necessary information, forms, or consents for the office to obtain a national criminal history background check through the state police department under IC 10-13-3-39 of any person who holds at least a five percent (5%) ownership interest in a facility or entity in which the provider applicant plans to provide Medicaid services under the provider agreement. The provider applicant is responsible for the cost of the national criminal history background check.

SECTION 9. IC 12-15-11-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 4. **(a)** A provider desiring to participate in the Medicaid program by providing physician services as a managed care provider must enter into a provider agreement with the office or the contractor under IC 12-15-30 to provide Medicaid services.

(b) Before the office may approve a provider agreement, the office shall visit the facility or entity in which the provider applicant plans to provide Medicaid services under a provider agreement. The office shall adopt rules under IC 4-22-2 or issue a Medicaid provider bulletin setting forth procedures and standards for the visit required under this subsection.

SECTION 10. IC 20-26-9-10, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 10. (a) The state superintendent shall prescribe

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rules for keeping accounts and records and making reports by or under the supervision of a governing body.

(b) The accounts and records shall:

- (1) be available for inspection and audit at all times by authorized officials; and
- (2) be preserved for at least five (5) years, as the state superintendent may prescribe.

(c) The state superintendent shall conduct or cause to be conducted any audits, inspections, and administrative reviews of **completed applications**, acts, records, and operations of a school lunch program necessary to do the following:

- (1) Determine whether agreements with the governing body and rules under this chapter are being complied with.
- (2) Ensure that a school lunch program is effectively administered.
- (3) Ensure that participants meet all requirements to participate in the school lunch program."**

Renumber all SECTIONS consecutively.

and when so amended that said bill be reassigned to the Senate Committee on Tax and Fiscal Policy.

(Reference is to SB 559 as introduced.)

MILLER PATRICIA, Chairperson

Committee Vote: Yeas 10, Nays 0.

COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 559, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-8.1-3-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 7. (a) The department may enter into reciprocal agreements with the taxing officials of the United States government or with the taxing officials of other state governments to furnish and receive information relevant to the administration and enforcement of the listed taxes. However, the department may not furnish information obtained from federal returns

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or schedules to officials of other state governments.

(b) All agencies of the state of Indiana shall cooperate with the department in the administration of the listed taxes and shall, **upon request and at no charge to the department**, furnish to the department any information relevant to the administration and collection of the listed taxes that the department requests. **In addition, a state agency that encounters the use of a fraudulent identity shall notify the department and provide in electronic format identifying information as specified by the department for the department's use in preventing tax fraud. If a state agency encounters the use of fraudulent identities on a regular basis, the state agency shall provide to the department a monthly electronic report furnishing the identifying information specified by the department.**

(c) Before December 1 each year:

(1) the department of correction shall provide to the department an electronic file listing the name and Social Security number of each individual under the jurisdiction of the department of correction as of November 1 of that year; and

(2) the state department of health shall provide to the department an electronic file listing the name of each individual for whom an Indiana death certificate was issued during the immediately preceding twelve (12) months."

Page 2, line 16, after "(a)" insert "**This section is effective until federal rules are promulgated that establish a replacement EBT card process.**

(b)".

Page 2, line 18, delete "a written request" and insert "**contact with the division's local office**".

Page 2, line 21, delete "three (3)" and insert "**four (4)**".

Page 2, line 22, delete "(b)" and insert "**(c)**".

Page 2, line 24, delete "(a)." and insert "**(b).**".

Page 2, line 28, after "if" insert ":

(1) **the provider is categorized as high risk to the Medicaid program under 42 U.S.C. 1395cc(j)(2)(B) and 42 CFR 455.450; and**

(2)".

Page 2, line 37, delete ":". "

Page 2, line 38, delete "(1) IC 35-43-5;" and insert "**IC 35-43-5**".

Page 2, line 39, delete "(2) IC 35-43-10;" and insert "**IC 35-43-10**".

Page 2, run in lines 37 through 40.

Page 3, line 27, after "taxi;" insert "**and**".

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Page 3, line 32, delete "; and" and insert ".".

Page 3, delete lines 33 through 34.

Page 3, line 35, after "(b)" insert "**This section does not apply to a transportation provider that is:**

- (1) exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code;**
- (2) at the discretion of the secretary, granted a waiver of the bond requirement under subsection (c) to provide transportation services in a federal or state designated underserved area;**
- (3) at the discretion of the secretary, granted a waiver of the bond requirement under subsection (c) based on the determination that the provider does not pose a significant risk of submitting fraudulent or false Medicaid claims;**
- (4) owned or controlled by a person that is licensed or certified by a board listed in IC 25-1-9-1;**
- (5) owned or controlled by a pharmacy that has a permit issued under IC 25-26-13;**
- (6) owned or controlled by a hospital licensed under IC 16-21; or**
- (7) required under federal law to obtain a surety bond to cover Medicaid overpayments and false Medicaid claims and has obtained a bond that complies with the applicable federal law.**

(c)".

Page 4, delete lines 4 through 9.

Page 4, line 14, delete "(b)." and insert "(c)".

Page 4, line 29, after "(6)" insert "**The surety bond must provide that the bond may not be void on a first recovery, but that suits may be instituted until the penalty is exhausted.**

(7)".

Page 4, line 40, delete "(7)" and insert "**(8)".**

Page 5, line 6, delete "(8)" and insert "**(9)".**

Page 5, line 32, delete "Require" and insert "**For providers categorized as high risk to the Medicaid program under 42 U.S.C. 1395cc(j)(2)(B) and 42 CFR 455.450, require".**

Page 5, line 35, after "who" insert ":

(A)".

Page 5, line 36, after "entity" insert "; or

(B) is a member of the board of directors of a nonprofit facility or entity;".

Page 5, line 36, beginning with "in which" begin a new line block

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indented.

Page 6, delete lines 5 through 10, begin a new paragraph and insert:

"(b) Before the office may approve a provider agreement, the office shall conduct a pre-enrollment site visit for provider applicants that are designated as moderate or high categorical risks to the Medicaid program under 42 U.S.C. 1395cc(j)(2)(B) and 42 CFR 455.450."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 559 as printed February 1, 2013.)

HERSHMAN, Chairperson

Committee Vote: Yeas 11, Nays 0.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 559, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, between lines 18 and 19, begin a new paragraph and insert:

"SECTION 3. IC 12-7-2-74.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 74.3. "EBT card", for purposes of IC 12-13-14-15, has the meaning set forth in IC 12-13-14-15(a)."

Page 2, between lines 33 and 34, begin a new paragraph and insert:

"SECTION 4. IC 12-13-14-4.5, AS AMENDED BY P.L.3-2012, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 4.5. (a) Except as provided in this section, the division may distribute cash assistance benefits to a person who is eligible for assistance under the Title IV-A assistance program though an automated teller machine or a point of sale terminal that is connected to the EBT system.

(b) The following establishments shall post a sign next to each automated teller machine or point of sale terminal located on the premises informing a potential user that the automated teller machine or point of sale terminal may not be used to receive cash assistance benefits under the Title IV-A assistance program:

(1) A horse racing establishment:

(A) where the pari-mutuel system of wagering is authorized;

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and

(B) for which a permit is required under IC 4-31-5.

(2) A satellite facility:

(A) where wagering on horse racing is conducted; and

(B) for which a license is required under IC 4-31-5.5.

(3) An allowable event required to be licensed by the Indiana gaming commission under IC 4-32.2.

(4) A riverboat or other facility required to be licensed by the Indiana gaming commission under IC 4-33.

(5) A store or other establishment:

(A) where the primary business is the sale of firearms (as defined in IC 35-47-1-5); and

(B) that sells handguns for which a license to sell handguns is required under IC 35-47-2.

(6) A store or other establishment where the primary business is the sale of alcoholic beverages for which a permit is required under IC 7.1-3.

(7) An adult entertainment establishment.

(c) An:

(1) establishment that does not post the sign required under subsection (b); or

(2) individual who attempts to use an automated teller machine or point of sale terminal with a sign posted as required under subsection (b) to access cash assistance benefits under the Title IV-A assistance program in violation of subsection (b);

commits a Class C misdemeanor.

(d) The owner, vendor, or third party processor of an automated teller machine or point of sale terminal shall disable or have disabled access to electronic cash assistance benefits in a location described in subsection (b) unless the location has been approved by the federal Food and Nutrition Services. The division shall provide assistance to an owner, vendor, or third party processor under this subsection. A person that violates this subsection commits a Class B infraction.

~~(e)~~ (e) The division shall adopt rules under IC 4-22-2 to carry out this section."

Page 3, line 4, delete "This section is effective" and insert "As used in this section, "EBT card" has the meaning set forth in 470 IAC 6-0.5-1.

(b) The replacement process established under this section applies until federal rules are adopted establishing a replacement EBT card process that supersedes or nullifies the process



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established by the division."

Page 3, delete lines 5 through 6.

Page 3, line 7, delete "(b)" and insert "**(c)**".

Page 3, line 9, delete "division's local office" and insert "**division**".

Page 3, line 13, delete "(c)" and insert "**(d)**".

Page 3, line 13, delete "deny" and insert "**hold**".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 559 as printed February 22, 2013.)

BROWN T, Chair

Committee Vote: yeas 17, nays 0.

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