
HOUSE BILL No. 1039

DIGEST OF INTRODUCED BILL

Citations Affected: IC 2-5; IC 12-10-11.5-6; IC 12-13-5-14; IC 12-15; IC 12-17.6-2; IC 16-28-15-13; IC 16-29-6-8; P.L.229-2011, SECTION 282.

Synopsis: State administration. Abolishes the select joint commission on Medicaid oversight, and moves its duties to the health finance commission. Abolishes the health finance advisory committee and the health policy advisory committee within the health finance commission. Extends the leave conversion pilot project for legislative and judicial branch state employees until June 30, 2016. (Under current law, the pilot project expires June 30, 2013.)

Effective: Upon passage.

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January 7, 2013, read first time and referred to Select Committee on Government Reduction.

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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.

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HOUSE BILL No. 1039



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 2-5-1.2-1, AS AMENDED BY P.L.133-2012,
- 2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 3 UPON PASSAGE]: Sec. 1. (a) Except as provided in subsection (b) or
- 4 otherwise in this article, this chapter applies to all committees
- 5 established under this article.
- 6 (b) This chapter does not apply to the following:
- 7 (1) The legislative council and code revision commission
- 8 (IC 2-5-1.1).
- 9 (2) The public officers compensation advisory commission
- 10 (IC 2-5-1.6).
- 11 (3) The commission on interstate cooperation (IC 2-5-2).
- 12 (4) The commission on state tax and financing policy (IC 2-5-3).
- 13 (5) The natural resources study committee (IC 2-5-5).
- 14 (6) The pension management oversight commission (IC 2-5-12).
- 15 (7) The probate code study commission (IC 2-5-16).
- 16 (8) The administrative rules oversight committee (IC 2-5-18).
- 17 (9) The census data advisory committee (IC 2-5-19).



- 1 (10) The commission on military and veterans affairs (IC 2-5-20).
 2 (11) A committee covered by IC 2-5-21.
 3 (12) The health finance commission (IC 2-5-23).
 4 (13) The water resources study committee (IC 2-5-25).
 5 ~~(14) The select joint commission on Medicaid oversight~~
 6 ~~(IC 2-5-26).~~
 7 ~~(15)~~ (14) The commission on developmental disabilities
 8 (IC 2-5-27.2).
 9 ~~(16)~~ (15) The youth advisory council (IC 2-5-29).
 10 ~~(17)~~ (16) The unemployment insurance oversight committee
 11 (IC 2-5-30).
 12 ~~(18)~~ (17) The criminal law and sentencing policy study committee
 13 (IC 2-5-33.4).

14 SECTION 2. IC 2-5-23-2 IS REPEALED [EFFECTIVE UPON
 15 PASSAGE]. Sec. 2. As used in this chapter, "committee" refers to the
 16 health finance advisory committee created under section 6 of this
 17 chapter.

18 SECTION 3. IC 2-5-23-4 IS AMENDED TO READ AS FOLLOWS
 19 [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) The commission may
 20 study any topic:

- 21 (1) directed by the chairman of the commission;
 22 (2) assigned by the legislative council; or
 23 (3) concerning issues that include:
 24 (A) the delivery, payment, and organization of health care
 25 services;
 26 (B) rules adopted under IC 4-22-2 that pertain to health care
 27 delivery, payment, and services that are under the authority of
 28 any board or agency of state government; ~~and~~
 29 (C) the implementation of IC 12-10-11.5; ~~and~~
 30 (D) **the state Medicaid program and the children's health**
 31 **insurance program established under IC 12-17.6.**

32 (b) **The commission may do the following:**

- 33 (1) **Study whether the contractor for the office of Medicaid**
 34 **policy and planning under IC 12-15-30 that has responsibility**
 35 **for processing provider claims for payment under the**
 36 **Medicaid program has properly performed terms of the**
 37 **contractor's contract with the state.**
 38 (2) **Study whether a managed care organization that has**
 39 **contracted with the office of Medicaid policy and planning to**
 40 **provide Medicaid services has properly performed the terms**
 41 **of the managed care organization's contract with the state.**
 42 (3) **Study and propose legislative and administrative**

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1 **procedures that could help reduce the amount of time needed**
 2 **to process Medicaid claims and eliminate reimbursement**
 3 **backlogs, delays, and errors.**

4 **(4) Oversee the case mix reimbursement system designed for**
 5 **Indiana Medicaid certified nursing facilities.**

6 **(5) Study and investigate any other matter related to**
 7 **Medicaid or the children's health insurance program**
 8 **established under IC 12-17.6.**

9 SECTION 4. IC 2-5-23-6 IS REPEALED [EFFECTIVE UPON
 10 PASSAGE]. Sec. 6: The health finance advisory committee is created:
 11 At the request of the chairman, the health finance advisory committee
 12 shall provide information and otherwise assist the commission to
 13 perform the duties of the commission under this chapter. The health
 14 finance advisory committee members are ex officio and may not vote.
 15 Health finance advisory committee members shall be appointed from
 16 the general public; and must include the following:

17 (1) One (1) representative from each of the following fields:

18 (A) Cost accounting;

19 (B) Actuarial sciences;

20 (C) Medical economics;

21 (2) One (1) individual who represents each of the following:

22 (A) Insurance; with knowledge of:

23 (i) acute and long term care; and

24 (ii) reimbursement;

25 (B) Long term care; with knowledge of institutionalized and
 26 home based services; including planning services;

27 (C) Hospitals; with knowledge of:

28 (i) inpatient and outpatient care; and

29 (ii) disproportionate share hospitals;

30 (D) Mental health; with knowledge of acute care; chronic care;
 31 institutional care; and community based care;

32 (E) Pharmacies; with knowledge of:

33 (i) drug utilization;

34 (ii) drug research; and

35 (iii) access to drug services;

36 (F) Physicians licensed under IC 25-22.5;

37 (G) Nurses;

38 (H) Public and community health; with knowledge of:

39 (i) primary care health centers; and

40 (ii) access to care;

41 (I) The dean of the Medical School at Indiana University; or
 42 the dean's designee.

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1 (j) The budget director or the director's designee.
 2 (3) Two (2) individuals with expertise concerning issues under
 3 consideration by the commission.
 4 SECTION 5. IC 2-5-23-7 IS REPEALED [EFFECTIVE UPON
 5 PASSAGE]. Sec. 7: (a) The president pro tempore of the senate, with
 6 the advice of the minority leader of the senate, shall appoint the
 7 members of the committee identified in section 6(1) and 6(2)(A)
 8 through 6(2)(C).
 9 (b) The speaker of the house of representatives, with the advice of
 10 the minority leader of the house of representatives, shall appoint the
 11 members of the committee identified in section 6(2)(D) through
 12 6(2)(H) of this chapter.
 13 (c) The chairman of the commission, with the advice of the vice
 14 chairman of the commission, shall appoint the members of the health
 15 finance advisory committee identified in section 6(3) of this chapter.
 16 SECTION 6. IC 2-5-23-8 IS REPEALED [EFFECTIVE UPON
 17 PASSAGE]. Sec. 8: (a) The health policy advisory committee is
 18 established. At the request of the chairman of the commission, the
 19 health policy advisory committee shall provide information and
 20 otherwise assist the commission to perform the duties of the
 21 commission under this chapter.
 22 (b) The health policy advisory committee members are ex officio
 23 and may not vote.
 24 (c) The health policy advisory committee members shall be
 25 appointed from the general public and must include one (1) individual
 26 who represents each of the following:
 27 (1) The interests of public hospitals.
 28 (2) The interests of community mental health centers.
 29 (3) The interests of community health centers.
 30 (4) The interests of the long term care industry.
 31 (5) The interests of health care professionals licensed under
 32 IC 25, but not licensed under IC 25-22-5.
 33 (6) The interests of rural hospitals. An individual appointed under
 34 this subdivision must be licensed under IC 25-22-5.
 35 (7) The interests of health maintenance organizations (as defined
 36 in IC 27-13-1-19).
 37 (8) The interests of for-profit health care facilities (as defined in
 38 IC 27-8-10-1).
 39 (9) A statewide consumer organization.
 40 (10) A statewide senior citizen organization.
 41 (11) A statewide organization representing people with
 42 disabilities.

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1 (12) Organized labor.

2 (13) The interests of businesses that purchase health insurance
3 policies.

4 (14) The interests of businesses that provide employee welfare
5 benefit plans (as defined in 29 U.S.C. 1002) that are self-funded.

6 (15) A minority community.

7 (16) The uninsured. An individual appointed under this
8 subdivision must be and must have been chronically uninsured.

9 (17) An individual who is not associated with any organization,
10 business, or profession represented in this subsection other than
11 as a consumer.

12 (d) The chairman of the commission shall annually select a member
13 of the health policy advisory committee to serve as chairperson.

14 (e) The health policy advisory committee shall meet at the call of
15 the chairperson of the health policy advisory committee.

16 (f) The health policy advisory committee shall submit an annual
17 report not later than September 15 of each year to the commission that
18 summarizes the committee's actions and the committee's findings and
19 recommendations on any topic assigned to the committee. The report
20 must be in an electronic format under IC 5-14-6.

21 SECTION 7. IC 2-5-23-9 IS REPEALED [EFFECTIVE UPON
22 PASSAGE]. Sec. 9: The president pro tempore of the senate, with the
23 advice of the minority leader of the senate, shall appoint the members
24 of the health policy advisory committee identified in section 8(1); 8(3);
25 8(4); 8(6); 8(7); 8(8); 8(12); and 8(13); of this chapter.

26 SECTION 8. IC 2-5-23-10 IS REPEALED [EFFECTIVE UPON
27 PASSAGE]. Sec. 10: The speaker of the house of representatives, with
28 the advice of the minority leader of the house of representatives, shall
29 appoint the members of the health policy advisory committee identified
30 in section 8(2); 8(5); 8(9); 8(10); 8(11); 8(14); 8(15); 8(16); and 8(17)
31 of this chapter.

32 SECTION 9. IC 2-5-23-12 IS REPEALED [EFFECTIVE UPON
33 PASSAGE]. Sec. 12: A committee member as identified in section 6(3)
34 of this chapter shall serve at the pleasure of the chairman of the
35 commission. The member may be replaced at any time without notice,
36 and for any reason, at the discretion of the chairman of the commission.

37 SECTION 10. IC 2-5-23-17 IS AMENDED TO READ AS
38 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. Each member
39 of the commission each member of the health finance advisory
40 committee, and each member of the health policy advisory committee
41 is entitled to receive the same per diem, mileage, and travel allowances
42 paid to individuals who serve as legislative and lay members,



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1 respectively, of interim study committees established by the legislative
2 council.

3 SECTION 11. IC 2-5-26 IS REPEALED [EFFECTIVE UPON
4 PASSAGE]. (Select Joint Commission on Medicaid Oversight).

5 SECTION 12. IC 12-10-11.5-6 IS AMENDED TO READ AS
6 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) The office of
7 the secretary of family and social services shall annually determine any
8 state savings generated by home and community based services under
9 this chapter by reducing the use of institutional care.

10 (b) The secretary shall annually report to the governor, the budget
11 agency, the budget committee, the ~~select joint commission on Medicaid~~
12 ~~oversight~~, **health finance commission**, and the executive director of
13 the legislative services agency the savings determined under subsection
14 (a). A report under this subsection to the executive director of the
15 legislative services agency must be in an electronic format under
16 IC 5-14-6.

17 (c) Savings determined under subsection (a) may be used to fund the
18 state's share of additional home and community based Medicaid waiver
19 slots.

20 SECTION 13. IC 12-13-5-14, AS ADDED BY P.L.153-2009,
21 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
22 UPON PASSAGE]: Sec. 14. (a) As used in this section, "commission"
23 refers to the ~~select joint commission on Medicaid oversight~~
24 ~~(IC 2-5-26-3)~~: **health finance commission (IC 2-5-23)**.

25 (b) A contractor for the division, office, or secretary that has
26 responsibility for processing eligibility intake for the federal
27 Supplemental Nutrition Assistance program (SNAP), the Temporary
28 Assistance for Needy Families (TANF) program, and the Medicaid
29 program shall do the following:

- 30 (1) Review the eligibility intake process for:
- 31 (A) document management issues, including:
- 32 (i) unattached documents;
- 33 (ii) number of documents received by facsimile;
- 34 (iii) number of documents received by mail;
- 35 (iv) number of documents incorrectly classified;
- 36 (v) number of documents that are not indexed or not
37 correctly attached to cases;
- 38 (vi) number of complaints from clients regarding lost
39 documents; and
- 40 (vii) number of complaints from clients resolved regarding
41 lost documents;
- 42 (B) direct client assistance at county offices, including the:

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- 1 (i) number of clients helped directly in completing eligibility
 2 application forms;
 3 (ii) wait times at local offices;
 4 (iii) amount of time an applicant is given as notice before a
 5 scheduled applicant appointment;
 6 (iv) amount of time an applicant waits for a scheduled
 7 appointment; and
 8 (v) timeliness of the tasks sent by the contractor to the state
 9 for further action, as specified through contracted
 10 performance standards; and
 11 (C) call wait times and abandonment rates.
- 12 (2) Provide an update on employee training programs.
- 13 (3) Provide a copy of the monthly key performance indicator
 14 report.
- 15 (4) Provide information on error reports and contractor
 16 compliance with the contract.
- 17 (5) Provide oral and written reports to the commission concerning
 18 matters described in subdivision (1):
 19 (A) in a manner and format to be agreed upon with the
 20 commission; and
 21 (B) whenever the commission requests.
- 22 (6) Report on information concerning assistance provided by
 23 voluntary community assistance networks (V-CANs).
- 24 (7) Report on the independent performance audit conducted on
 25 the contract.
- 26 (c) Solely referring an individual to a computer or telephone does
 27 not constitute the direct client assistance referred to in subsection
 28 (b)(1)(B).
- 29 SECTION 14. IC 12-15-12-19, AS AMENDED BY P.L.18-2007,
 30 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 31 UPON PASSAGE]: Sec. 19. (a) This section applies to an individual
 32 who is a Medicaid recipient.
- 33 (b) Subject to subsection (c), the office shall develop the following
 34 programs regarding individuals described in subsection (a):
 35 (1) A disease management program for recipients with any of the
 36 following chronic diseases:
 37 (A) Asthma.
 38 (B) Diabetes.
 39 (C) Congestive heart failure or coronary heart disease.
 40 (D) Hypertension.
 41 (E) Kidney disease.
 42 (2) A case management program for recipients described in

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1 subsection (a) who are at high risk of chronic disease, that is
 2 based on a combination of cost measures, clinical measures, and
 3 health outcomes identified and developed by the office with input
 4 and guidance from the state department of health and other
 5 experts in health care case management or disease management
 6 programs.

7 (c) The office shall implement:

8 (1) a pilot program for at least two (2) of the diseases listed in
 9 subsection (b) not later than July 1, 2003; and

10 (2) a statewide chronic disease program as soon as practicable
 11 after the office has done the following:

12 (A) Evaluated a pilot program described in subdivision (1).

13 (B) Made any necessary changes in the program based on the
 14 evaluation performed under clause (A).

15 (d) The office shall develop and implement a program required
 16 under this section in cooperation with the state department of health
 17 and shall use the following persons to the extent possible:

18 (1) Community health centers.

19 (2) Federally qualified health centers (as defined in 42 U.S.C.
 20 1396d(l)(2)(B)).

21 (3) Rural health clinics (as defined in 42 U.S.C. 1396d(l)(1)).

22 (4) Local health departments.

23 (5) Hospitals.

24 (6) Public and private third party payers.

25 (e) The office may contract with an outside vendor or vendors to
 26 assist in the development and implementation of the programs required
 27 under this section.

28 (f) The office and the state department of health shall provide the
 29 ~~select joint commission on Medicaid oversight established by~~
 30 ~~IC 2-5-26-3~~ **health finance commission established by IC 2-5-23-3**
 31 with an evaluation and recommendations on the costs, benefits, and
 32 health outcomes of the pilot programs required under this section. The
 33 evaluations required under this subsection must be provided not more
 34 than twelve (12) months after the implementation date of the pilot
 35 programs.

36 (g) The office and the state department of health shall report to the
 37 ~~select joint commission on Medicaid oversight established by~~
 38 ~~IC 2-5-26-3~~ **health finance commission established by IC 2-5-23-3**
 39 not later than November 1 of each year regarding the programs
 40 developed under this section.

41 (h) The disease management program services for a recipient
 42 diagnosed with diabetes or hypertension must include education for the

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1 recipient on kidney disease and the benefits of having evaluations and
 2 treatment for chronic kidney disease according to accepted practice
 3 guidelines.

4 SECTION 15. IC 12-15-35-28, AS AMENDED BY P.L.3-2012,
 5 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 UPON PASSAGE]: Sec. 28. (a) The board has the following duties:

7 (1) The adoption of rules to carry out this chapter, in accordance
 8 with the provisions of IC 4-22-2 and subject to any office
 9 approval that is required by the federal Omnibus Budget
 10 Reconciliation Act of 1990 under Public Law 101-508 and its
 11 implementing regulations.

12 (2) The implementation of a Medicaid retrospective and
 13 prospective DUR program as outlined in this chapter, including
 14 the approval of software programs to be used by the pharmacist
 15 for prospective DUR and recommendations concerning the
 16 provisions of the contractual agreement between the state and any
 17 other entity that will be processing and reviewing Medicaid drug
 18 claims and profiles for the DUR program under this chapter.

19 (3) The development and application of the predetermined criteria
 20 and standards for appropriate prescribing to be used in
 21 retrospective and prospective DUR to ensure that such criteria
 22 and standards for appropriate prescribing are based on the
 23 compendia and developed with professional input with provisions
 24 for timely revisions and assessments as necessary.

25 (4) The development, selection, application, and assessment of
 26 interventions for physicians, pharmacists, and patients that are
 27 educational and not punitive in nature.

28 (5) The publication of an annual report that must be subject to
 29 public comment before issuance to the federal Department of
 30 Health and Human Services and to the Indiana legislative council
 31 by December 1 of each year. The report issued to the legislative
 32 council must be in an electronic format under IC 5-14-6.

33 (6) The development of a working agreement for the board to
 34 clarify the areas of responsibility with related boards or agencies,
 35 including the following:

36 (A) The Indiana board of pharmacy.

37 (B) The medical licensing board of Indiana.

38 (C) The SURS staff.

39 (7) The establishment of a grievance and appeals process for
 40 physicians or pharmacists under this chapter.

41 (8) The publication and dissemination of educational information
 42 to physicians and pharmacists regarding the board and the DUR

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- 1 program, including information on the following:
- 2 (A) Identifying and reducing the frequency of patterns of
- 3 fraud, abuse, gross overuse, or inappropriate or medically
- 4 unnecessary care among physicians, pharmacists, and
- 5 recipients.
- 6 (B) Potential or actual severe or adverse reactions to drugs.
- 7 (C) Therapeutic appropriateness.
- 8 (D) Overutilization or underutilization.
- 9 (E) Appropriate use of generic drugs.
- 10 (F) Therapeutic duplication.
- 11 (G) Drug-disease contraindications.
- 12 (H) Drug-drug interactions.
- 13 (I) Incorrect drug dosage and duration of drug treatment.
- 14 (J) Drug allergy interactions.
- 15 (K) Clinical abuse and misuse.
- 16 (9) The adoption and implementation of procedures designed to
- 17 ensure the confidentiality of any information collected, stored,
- 18 retrieved, assessed, or analyzed by the board, staff to the board, or
- 19 contractors to the DUR program that identifies individual
- 20 physicians, pharmacists, or recipients.
- 21 (10) The implementation of additional drug utilization review
- 22 with respect to drugs dispensed to residents of nursing facilities
- 23 shall not be required if the nursing facility is in compliance with
- 24 the drug regimen procedures under 410 IAC 16.2-3.1 and 42 CFR
- 25 483.60.
- 26 (11) The research, development, and approval of a preferred drug
- 27 list for:
- 28 (A) Medicaid's fee for service program;
- 29 (B) Medicaid's primary care case management program;
- 30 (C) Medicaid's risk based managed care program, if the office
- 31 provides a prescription drug benefit and subject to IC 12-15-5;
- 32 and
- 33 (D) the children's health insurance program under IC 12-17.6;
- 34 in consultation with the therapeutics committee.
- 35 (12) The approval of the review and maintenance of the preferred
- 36 drug list at least two (2) times per year.
- 37 (13) The preparation and submission of a report concerning the
- 38 preferred drug list at least one (1) time per year to the ~~select joint~~
- 39 ~~commission on Medicaid oversight established by IC 2-5-26-3.~~
- 40 **health finance commission established by IC 2-5-23-3.**
- 41 (14) The collection of data reflecting prescribing patterns related
- 42 to treatment of children diagnosed with attention deficit disorder

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- 1 or attention deficit hyperactivity disorder.
- 2 (15) Advising the Indiana comprehensive health insurance
- 3 association established by IC 27-8-10-2.1 concerning
- 4 implementation of chronic disease management and
- 5 pharmaceutical management programs under IC 27-8-10-3.5.
- 6 (b) The board shall use the clinical expertise of the therapeutics
- 7 committee in developing a preferred drug list. The board shall also
- 8 consider expert testimony in the development of a preferred drug list.
- 9 (c) In researching and developing a preferred drug list under
- 10 subsection (a)(11), the board shall do the following:
- 11 (1) Use literature abstracting technology.
- 12 (2) Use commonly accepted guidance principles of disease
- 13 management.
- 14 (3) Develop therapeutic classifications for the preferred drug list.
- 15 (4) Give primary consideration to the clinical efficacy or
- 16 appropriateness of a particular drug in treating a specific medical
- 17 condition.
- 18 (5) Include in any cost effectiveness considerations the cost
- 19 implications of other components of the state's Medicaid program
- 20 and other state funded programs.
- 21 (d) Prior authorization is required for coverage under a program
- 22 described in subsection (a)(11) of a drug that is not included on the
- 23 preferred drug list.
- 24 (e) The board shall determine whether to include a single source
- 25 covered outpatient drug that is newly approved by the federal Food and
- 26 Drug Administration on the preferred drug list not later than sixty (60)
- 27 days after the date on which the manufacturer notifies the board in
- 28 writing of the drug's approval. However, if the board determines that
- 29 there is inadequate information about the drug available to the board
- 30 to make a determination, the board may have an additional sixty (60)
- 31 days to make a determination from the date that the board receives
- 32 adequate information to perform the board's review. Prior authorization
- 33 may not be automatically required for a single source drug that is newly
- 34 approved by the federal Food and Drug Administration, and that is:
- 35 (1) in a therapeutic classification:
- 36 (A) that has not been reviewed by the board; and
- 37 (B) for which prior authorization is not required; or
- 38 (2) the sole drug in a new therapeutic classification that has not
- 39 been reviewed by the board.
- 40 (f) The board may not exclude a drug from the preferred drug list
- 41 based solely on price.
- 42 (g) The following requirements apply to a preferred drug list

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1 developed under subsection (a)(11):

2 (1) Except as provided by IC 12-15-35.5-3(b) and

3 IC 12-15-35.5-3(c), the office or the board may require prior

4 authorization for a drug that is included on the preferred drug list

5 under the following circumstances:

6 (A) To override a prospective drug utilization review alert.

7 (B) To permit reimbursement for a medically necessary brand

8 name drug that is subject to generic substitution under

9 IC 16-42-22-10.

10 (C) To prevent fraud, abuse, waste, overutilization, or

11 inappropriate utilization.

12 (D) To permit implementation of a disease management

13 program.

14 (E) To implement other initiatives permitted by state or federal

15 law.

16 (2) All drugs described in IC 12-15-35.5-3(b) must be included on

17 the preferred drug list.

18 (3) The office may add a drug that has been approved by the

19 federal Food and Drug Administration to the preferred drug list

20 without prior approval from the board.

21 (4) The board may add a drug that has been approved by the

22 federal Food and Drug Administration to the preferred drug list.

23 (h) At least one (1) time each year, the board shall provide a report

24 to the ~~select joint commission on Medicaid oversight established by~~

25 ~~IC 2-5-26-3.~~ **health finance commission established by IC 2-5-23-3.**

26 The report must contain the following information:

27 (1) The cost of administering the preferred drug list.

28 (2) Any increase in Medicaid physician, laboratory, or hospital

29 costs or in other state funded programs as a result of the preferred

30 drug list.

31 (3) The impact of the preferred drug list on the ability of a

32 Medicaid recipient to obtain prescription drugs.

33 (4) The number of times prior authorization was requested, and

34 the number of times prior authorization was:

35 (A) approved; and

36 (B) disapproved.

37 (i) The board shall provide the first report required under subsection

38 (h) not later than six (6) months after the board submits an initial

39 preferred drug list to the office.

40 SECTION 16. IC 12-15-35-48 IS AMENDED TO READ AS

41 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 48. (a) The board

42 shall review the prescription drug program of a managed care

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1 organization that participates in the state's risk-based managed care
2 program at least one (1) time per year. The board's review of a
3 prescription drug program must include the following:

4 (1) An analysis of the single source drugs requiring prior
5 authorization, including the number of drugs requiring prior
6 authorization in comparison to other managed care organizations'
7 prescription drug programs that participate in the state's Medicaid
8 program.

9 (2) A determination and analysis of the number and the type of
10 drugs subject to a restriction.

11 (3) A review of the rationale for:

12 (A) the prior authorization of a drug described in subdivision
13 (1); and

14 (B) a restriction on a drug.

15 (4) A review of the number of requests a managed care
16 organization received for prior authorization, including the
17 number of times prior authorization was approved and the number
18 of times prior authorization was disapproved.

19 (5) A review of:

20 (A) patient and provider satisfaction survey reports; and

21 (B) pharmacy-related grievance data for a twelve (12) month
22 period.

23 (b) A managed care organization described in subsection (a) shall
24 provide the board with the information necessary for the board to
25 conduct its review under subsection (a).

26 (c) The board shall report to the ~~select joint commission on~~
27 ~~Medicaid oversight established by IC 2-5-26-3~~ **health finance**
28 **commission established by IC 2-5-23-3** at least one (1) time per year
29 on the board's review under subsection (a).

30 SECTION 17. IC 12-15-35-51, AS ADDED BY P.L.36-2009,
31 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
32 UPON PASSAGE]: Sec. 51. (a) As used in this section, "advisory
33 committee" refers to the mental health Medicaid quality advisory
34 committee established by subsection (b).

35 (b) The mental health Medicaid quality advisory committee is
36 established. The advisory committee consists of the following
37 members:

38 (1) The director of the office or the director's designee, who shall
39 serve as chairperson of the advisory committee.

40 (2) The director of the division of mental health and addiction or
41 the director's designee.

42 (3) A representative of a statewide mental health advocacy

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- 1 organization.
- 2 (4) A representative of a statewide mental health provider
- 3 organization.
- 4 (5) A representative from a managed care organization that
- 5 participates in the state's Medicaid program.
- 6 (6) A member with expertise in psychiatric research representing
- 7 an academic institution.
- 8 (7) A pharmacist licensed under IC 25-26.
- 9 (8) The commissioner of the department of correction or the
- 10 commissioner's designee.

11 The governor shall make the appointments for a term of four (4) years
 12 under subdivisions (3) through (7) and fill any vacancy on the advisory
 13 committee.

14 (c) The office shall staff the advisory committee. The expenses of
 15 the advisory committee shall be paid by the office.

16 (d) Each member of the advisory committee who is not a state
 17 employee is entitled to the minimum salary per diem provided by
 18 IC 4-10-11-2.1(b). The member is also entitled to reimbursement for
 19 traveling expenses as provided under IC 4-13-1-4 and other expenses
 20 actually incurred in connection with the member's duties as provided
 21 in the state policies and procedures established by the Indiana
 22 department of administration and approved by the budget agency.

23 (e) Each member of the advisory committee who is a state employee
 24 is entitled to reimbursement for traveling expenses as provided under
 25 IC 4-13-1-4 and other expenses actually incurred in connection with
 26 the member's duties as provided in the state policies and procedures
 27 established by the Indiana department of administration and approved
 28 by the budget agency.

29 (f) The affirmative votes of a majority of the voting members
 30 appointed to the advisory committee are required by the advisory
 31 committee to take action on any measure.

32 (g) The advisory committee shall advise the office and make
 33 recommendations concerning the implementation of IC 12-15-35.5-7(c)
 34 and consider the following:

- 35 (1) Peer reviewed medical literature.
- 36 (2) Observational studies.
- 37 (3) Health economic studies.
- 38 (4) Input from physicians and patients.
- 39 (5) Any other information determined by the advisory committee
- 40 to be appropriate.

41 (h) The office shall report recommendations made by the advisory
 42 committee to the drug utilization review board established by section

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1 19 of this chapter.

2 (i) The office shall report the following information to the ~~select~~
 3 ~~joint commission on Medicaid oversight established by IC 2-5-26-3:~~
 4 **health finance commission established by IC 2-5-23-3:**

5 (1) The advisory committee's advice and recommendations made
 6 under this section.

7 (2) The number of restrictions implemented under
 8 IC 12-15-35.5-7(c) and the outcome of each restriction.

9 (3) The transition of individuals who are aged, blind, or disabled
 10 to the risk based managed care program. ~~This information shall~~
 11 ~~also be reported to the health finance commission established by~~
 12 ~~IC 2-5-23-3.~~

13 (4) Any decision by the office to change the health care delivery
 14 system in which Medicaid is provided to recipients.

15 (j) Notwithstanding subsection (b), the initial members appointed
 16 to the advisory committee under this section are appointed for the
 17 following terms:

18 (1) Individuals appointed under subsection (b)(3) and (b)(4) are
 19 appointed for a term of four (4) years.

20 (2) An individual appointed under subsection (b)(5) is appointed
 21 for a term of three (3) years.

22 (3) An individual appointed under subsection (b)(6) is appointed
 23 for a term of two (2) years.

24 (4) An individual appointed under subsection (b)(7) is appointed
 25 for a term of one (1) year.

26 This subsection expires December 31, 2013.

27 SECTION 18. IC 12-15-46-1, AS ADDED BY P.L.6-2012,
 28 SECTION 95, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 29 UPON PASSAGE]: Sec. 1. (a) As used in this section, "family planning
 30 services" does not include the performance of abortions or the use of
 31 a drug or device intended to terminate fertilization.

32 (b) As used in this section, "fertilization" means the joining of a
 33 human egg cell with a human sperm cell.

34 (c) As used in this section, "state plan amendment" refers to an
 35 amendment to Indiana's Medicaid State Plan as authorized by Section
 36 1902(a)(10)(A)(ii)(XXI) of the federal Social Security Act (42 U.S.C.
 37 1315).

38 (d) Before January 1, 2012, the office shall do the following:

39 (1) Apply to the United States Department of Health and Human
 40 Services for approval of a state plan amendment to expand the
 41 population eligible for family planning services and supplies as
 42 permitted by Section 1902(a)(10)(A)(ii)(XXI) of the federal

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1 Social Security Act (42 U.S.C. 1315). In determining what
 2 population is eligible for this expansion, the state must
 3 incorporate the following:

4 (A) Inclusion of women and men.

5 (B) Setting income eligibility at one hundred thirty-three
 6 percent (133%) of the federal income poverty level.

7 (C) Adopting presumptive eligibility for services to this
 8 population.

9 (2) Consider the inclusion of additional:

10 (A) medical diagnosis; and

11 (B) treatment services;

12 that are provided for family planning services in a family planning
 13 setting for the population designated in subdivision (1) in the state
 14 plan amendment.

15 (e) The office shall report concerning its proposed state plan
 16 amendment to the ~~select joint commission on Medicaid oversight~~
 17 ~~established by IC 2-5-26-3~~ **health finance commission established by**
 18 **IC 2-5-23-3** during the commission's 2011 interim meetings. The ~~select~~
 19 ~~joint commission on Medicaid oversight~~ **health finance commission**
 20 shall review the proposed state plan amendment and may make an
 21 advisory recommendation to the office concerning the proposed state
 22 plan amendment.

23 (f) The office may adopt rules under IC 4-22-2 to implement this
 24 section.

25 (g) This section expires January 1, 2016.

26 SECTION 19. IC 12-15-46-2, AS ADDED BY P.L.6-2012,
 27 SECTION 95, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 28 UPON PASSAGE]: Sec. 2. (a) As used in this section, "commission"
 29 refers to the ~~select joint commission on Medicaid oversight established~~
 30 ~~by IC 2-5-26-3~~: **health finance commission established by**
 31 **IC 2-5-23-3**.

32 (b) As used in this section, "division" refers to the division of
 33 disability and rehabilitative services established by IC 12-9-1-1.

34 (c) As used in this chapter, "waiver" refers to the federal Medicaid
 35 developmental disabilities home and community based services waiver
 36 program that is administered by the office and the division.

37 (d) Before July 1, 2012, the division shall report orally and in
 38 writing to the commission for review of a plan to reduce the aggregate
 39 and per capita cost of the waiver by implementing changes to the
 40 waiver, which may include the following:

41 (1) Calculating budget neutrality on an individual rather than an
 42 aggregate basis.

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- 1 (2) Instituting a family care program to provide recipients with
 2 another option for receiving services.
- 3 (3) Evaluating the current system to determine whether a group
 4 home or a waiver home is the most appropriate use of resources
 5 for placement of the individual.
- 6 (4) Evaluating alternative placements for high cost individuals to
 7 ensure individuals are served in the most integrated setting
 8 appropriate to the individual's needs and within the resources
 9 available to the state.
- 10 (5) Migrating individuals from the waiver to a redesigned waiver
 11 that provides options to individuals for receiving services and
 12 supports appropriate to meet the individual's needs and that are
 13 cost effective and high quality and focus on social and health
 14 outcomes.
- 15 (6) Requiring cost participation by a recipient whose family
 16 income exceeds five hundred percent (500%) of the federal
 17 income poverty level, factoring in medical expenses and personal
 18 care needs expenses of the recipient.
- 19 (e) After the division makes the report required under subsection
 20 (d), the division may consult with the office and take any action
 21 necessary to carry out the requirements of this section, including
 22 applying to the federal Department of Health and Human Services for
 23 approval to amend the waiver.
- 24 SECTION 20. IC 12-17.6-2-7 IS AMENDED TO READ AS
 25 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) The office
 26 shall contract with an independent organization to evaluate the
 27 program.
- 28 (b) The office shall report the results of each evaluation to the:
- 29 (1) children's health policy board established by IC 4-23-27-2;
 30 and
- 31 (2) ~~select joint commission on Medicaid oversight established by~~
 32 ~~IC 2-5-26-3.~~ **health finance commission established by**
 33 **IC 2-5-23-3.**
- 34 (c) This section does not modify the requirements of other statutes
 35 relating to the confidentiality of medical records.
- 36 SECTION 21. IC 12-17.6-2-12 IS AMENDED TO READ AS
 37 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. Not later than
 38 April 1, the office shall provide a report describing the program's
 39 activities during the preceding calendar year to the:
- 40 (1) budget committee;
 41 (2) legislative council;
 42 (3) children's health policy board established by IC 4-23-27-2;

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1 and

2 (4) ~~select joint commission on Medicaid oversight established by~~
 3 ~~IC 2-5-26-3~~; **health finance commission established by**
 4 **IC 2-5-23-3.**

5 A report provided under this section to the legislative council must be
 6 in an electronic format under IC 5-14-6.

7 SECTION 22. IC 16-28-15-13, AS ADDED BY P.L.229-2011,
 8 SECTION 162, IS AMENDED TO READ AS FOLLOWS
 9 [EFFECTIVE UPON PASSAGE]: Sec. 13. The ~~select joint commission~~
 10 ~~on Medicaid oversight established by IC 2-5-26-3~~ **health finance**
 11 **commission established by IC 2-5-23-3** shall review the
 12 implementation of this chapter.

13 SECTION 23. IC 16-29-6-8, AS ADDED BY P.L.229-2011,
 14 SECTION 164, IS AMENDED TO READ AS FOLLOWS
 15 [EFFECTIVE UPON PASSAGE]: Sec. 8. Not later than October 31,
 16 2013, the office of the secretary of family and social services shall
 17 report to the ~~select joint commission on Medicaid oversight~~ **health**
 18 **finance commission** established by ~~IC 2-5-26-3~~ **IC 2-5-23-3** with a
 19 five (5) year plan to steadily reduce the number of Medicaid certified
 20 comprehensive care beds and health facility patients.

21 SECTION 24. P.L.229-2011, SECTION 282, IS AMENDED TO
 22 READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: SECTION
 23 282. (a) The definitions of "vacation leave", "sick leave", and other
 24 types of leave used on July 1, 2010, by the department apply to this
 25 SECTION.

26 (b) As used in this SECTION, "department" refers to the state
 27 personnel department established by IC 4-15-1.8-2 **(before its repeal).**

28 (c) As used in this SECTION, "pilot program" refers to the pilot
 29 program reestablished under subsection (d).

30 (d) The personnel committee of the legislative council for the
 31 legislative branch of state government or the Indiana supreme court for
 32 the judicial branch of state government, or both, may reestablish the
 33 pilot program established by P.L.220-2005, SECTION 8 (before its
 34 expiration), and P.L.220-2005, SECTION 10 (before its expiration),
 35 including provisions adopted by:

36 (1) the deferred compensation committee (established by
 37 IC 5-10-1.1-4) to govern the pilot program;

38 (2) the department under LSA Document #06-488(E) (before its
 39 expiration), filed with the publisher of the Indiana Register on
 40 October 16, 2006, to govern the pilot program; or

41 (3) the auditor of state to administer the pilot program.

42 (e) ~~An individual who:~~

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1 (1) was employed by the legislative or judicial branch of state
2 government during the state's 2010 open enrollment period;
3 (2) would have been eligible during the state's 2010 open
4 enrollment period to participate in the pilot program under the
5 provisions of the program before the program's expiration; and
6 (3) continues to be employed by the legislative or judicial branch
7 of state government;
8 is entitled to elect to participate in the pilot program and to make a
9 leave conversion not later than June 30, 2011, based on the individual's
10 leave balance on December 31, 2010. A leave conversion elected under
11 this subsection by an eligible individual is in addition to any other
12 leave conversion that the individual is otherwise authorized to make
13 under the pilot program.
14 ~~(f)~~ (e) Subject to the Internal Revenue Code and applicable
15 regulations, the personnel committee of the legislative council or the
16 Indiana supreme court, or both, may adopt procedures to implement
17 and administer the pilot program, including provisions established or
18 reestablished under subsections ~~subsection~~ (d). and ~~(e)~~.
19 ~~(g)~~ (f) The auditor of state shall provide for the administration of the
20 pilot program.
21 ~~(h)~~ (g) This SECTION expires June 30, 2013. **2016.**
22 SECTION 25. **An emergency is declared for this act.**

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