ARTICLE 4.3. MANAGED CARE PROVIDER CERTIFICATION

Rule 1. Definitions

440 IAC 4.3-1-1 Definitions

Authority: IC 12-8-8-4; IC 12-21-2-3; IC 12-21-2-8; IC 12-21-5-1.5
Affected: IC 12-7-2; IC 12-21-2-7; IC 23-17; 42 U.S.C. 300x-2(c)

Sec. 1. The following definitions apply throughout this article:

(1) "Accreditation" means that an accrediting agency has determined that the entity has met the requirements of the accrediting agency.

(2) "Accrediting agency" means an organization, included on a list of accrediting organizations approved by the division, that:

(A) has developed standards for agencies providing behavioral health care or agencies that arrange to provide behavioral health care through a network or integrated delivery system; and

(B) evaluates compliance with the established standards on a regularly scheduled basis.

(3) "Addiction services" means a structured program designed for the treatment, care, or rehabilitation of individuals who abuse alcohol or drugs.

(4) "Alcohol abuse" means repeated episodes of intoxication or drinking that impair the individual's health or interfere with the individual's effectiveness on the job, at home, in the community, or in operating a motor vehicle.

(5) "Certification" means the process used by the division to document a provider's compliance with the statutory and regulatory requirements for contracting with the division as a managed care provider, including issuance of a certificate if the provider is found to comply with the applicable requirements in this article.

(6) "Community mental health center" or "CMHC" means a mental health facility that the division has certified as fulfilling the statutory and regulatory requirements to be a community mental health center.

(7) "Consumer" means an individual who has received or is receiving mental health or addiction services.

(8) "Continuum of care" means a range of services the provision of which is assured by a managed care provider. The term includes the following:

(A) Individualized treatment planning to increase patient coping skills and symptom management, which may include any combination of services listed in this subdivision.

(B) Twenty-four (24) hour a day crisis intervention.

(C) Case management to fulfill individual patient needs, including assertive case management when indicated.

(D) Outpatient services, including the following:

(i) Intensive outpatient services.

(ii) Substance abuse services.

(iii) Counseling and treatment.

(E) Acute stabilization services, including detoxification services.

(F) Residential services.

(G) Day treatment.

(H) Family support services.

(I) Medication evaluation and monitoring.

(J) Services to prevent unnecessary and inappropriate treatment and hospitalization and the deprivation of a person's liberty.

(9) "Division" means the division of mental health.

(10) "Drug abuse" means the development of a psychological or physical dependence on the effect of drugs or harmful substances so that the individual or society is harmed or endangered.

(11) "Managed care provider" means an organization:

(A) that:

(i) for mental health services, is defined under 42 U.S.C. 300x-2(c); or

(ii) provides addiction services;

(B) that has entered into a provider agreement with the division under IC 12-21-2-7 to provide a continuum of care in the least restrictive, most appropriate setting; and

(C) that is operated by at least one (1) of the following:

(i) A city, town, county, or other political subdivision of Indiana.
(ii) An agency of Indiana or of the United States.
(iii) A political subdivision of another state.
(iv) A hospital owned or operated by:
(AA) a unit of government; or
(BB) a building authority that is organized for the purpose of constructing facilities to be leased to units of government.
(v) A corporation incorporated under IC 23-7-1.1 (before its repeal August 1, 1991) or IC 23-17.
(vi) A nonprofit corporation incorporated in another state.
(vii) A university or college.

(12) "Provider agreement" means a properly executed contract to provide services.

(13) "Subcontract" means any contract established between:
(A) the managed care provider and another entity; or
(B) a subcontractor and another entity;
to provide financial services, administrative services, or one (1) or more services as a part of the continuum of care.

(Division of Mental Health and Addiction; 440 IAC 4.3-1-1; filed Oct 11, 1996, 2:00 p.m.: 20 IR 753; errata, 20 IR 959; filed Mar 13, 2000, 7:44 a.m.: 23 IR 1985; readopted filed May 10, 2001, 2:30 p.m.: 24 IR 3235)

Rule 2. Certification of Managed Care Providers

440 IAC 4.3-2-1 Certification by the division

Authority: IC 12-8-8-4; IC 12-21-2-3; IC 12-21-2-8; IC 12-21-5-1.5
Affected: IC 12-21-2-8

Sec. 1. (a) The division shall certify all managed care providers funded by the division.

(b) The certification of managed care providers shall coincide with the state fiscal year.

(c) When an entity has demonstrated compliance with all applicable laws and regulations, including the specific criteria established by the division, the entity is eligible to contract as a managed care provider with the division for the specific population approved.

(d) When a contract from the division has been issued, a document certifying the entity as a managed care provider shall be issued by the division.

(e) The document certifying the entity as a managed care provider must be posted in a conspicuous place open to consumers and the public.

(f) A managed care provider may not transfer its certification to another entity. *(Division of Mental Health and Addiction; 440 IAC 4.3-2-1; filed Oct 11, 1996, 2:00 p.m.: 20 IR 754; filed Mar 13, 2000, 7:44 a.m.: 23 IR 1986; readopted filed May 10, 2001, 2:30 p.m.: 24 IR 3235)*

440 IAC 4.3-2-2 Types or steps of certification (Repealed)

Sec. 2. *(Repealed by Division of Mental Health and Addiction; filed Mar 13, 2000, 7:44 a.m.: 23 IR 1992)*

440 IAC 4.3-2-3 Requirements for regular certification

Authority: IC 12-8-8-4; IC 12-21-2-3; IC 12-21-2-8; IC 12-21-5-1.5
Affected: IC 12-7-2-40.6; IC 12-27

Sec. 3. (a) Regular certification is on a three (3) year cycle, commencing with the certification that is effective July 1, 2000, including the following:

(1) Regular certification is granted for one (1) year and may be renewed for two (2) additional one-year periods.

(2) An entity that becomes regularly certified after the first year of the cycle shall be certified for one (1) year and may be renewed for one (1) additional year.

(3) An entity that becomes regularly certified after the second year of the cycle shall be certified for one (1) year.

(b) To be certified and retain certification as a managed care provider, the provider must do the following:

(1) For the services in the continuum of care provided by the entity, maintain accreditation from an approved accrediting agency as follows:

(A) A managed care provider who primarily provides centralized administrative services must be accredited as a network for behavioral care services.

(B) A managed care provider who primarily provides direct care services shall be accredited either as a network for behavioral care services or as a provider of behavioral care services.

(2) Require all subcontractors to have written policies and enforce these policies to support and protect the fundamental human, civil, constitutional, and statutory rights of each consumer. Each managed care provider, including its subcontractors, shall do the following:

(A) Give a written statement of rights under IC 12-27 to each consumer. The statement shall include the toll free consumer service line number and the telephone number for Indiana protection and advocacy.

(B) Document that staff provides both a written and an oral explanation of these rights to each consumer.

(3) Require all subcontractors to maintain compliance with health, fire, and safety codes as prescribed by federal and state law.

(4) Provide, either directly or through subcontracting with another entity, the continuum of care, as defined in IC 12-7-2-40.6, for the populations to be served under the certification.

(5) Demonstrate the administrative and financial capacity to continue successful operations as a viable entity, including the following:

(A) An audit of the financial operations of the managed care provider shall be performed annually by an independent certified public accountant. The audit, including the management letter, shall be forwarded to the division within six (6) months of the end of the entity's fiscal year.

(B) The managed care provider shall purchase and maintain general liability insurance in the minimum amount of five hundred thousand dollars ($500,000) for bodily injury and property damage.

(6) Comply with the policies and procedures of the division in enrolling consumers eligible for financial support by the state.

(7) Meet the requirements of the managed care provider contract with the division.

(c) A certified managed care provider must do the following:

(1) Provide information to the division regarding the following:

(A) The number and characteristics of consumers served.

(B) Services provided.

(C) Financial information associated with the provision of these services.

(2) Participate in and meet the requirements of the division's quality assurance program.

(3) Provide information related to services or the operation of the organization as required by the division.

(4) Submit the accreditation report within fifteen (15) days of its receipt from the accrediting agency.

(d) A managed care provider must notify the division, in writing, of any of the following within thirty (30) days after the occurrence:

(1) Change in location of an operational site.

(2) The date of the accreditation survey and the name of the accrediting agency to provide accreditation.

(3) Change in the accreditation status.

(4) The initiation of bankruptcy proceedings.

(5) Adverse action against the entity as the result of the violation of health, fire, or safety codes as prescribed by federal, state, and local law.

(6) Documented violation of the rights of an individual being treated for mental illness under IC 12-27.

(7) Change in the entities with which the managed care provider or its subcontractors contract.

(8) Change in the services provided by the managed care provider or its subcontractors.

(e) The division reserves the right to require a managed care provider to apply for recertification when there is a substantive change in the operation of the managed care provider.

(f) The division shall maintain and provide all managed care providers with a list of approved accrediting agencies annually.

(Division of Mental Health and Addiction; 440 IAC 4.3-2-3; filed Oct 11, 1996, 2:00 p.m.: 20 IR 754; filed Mar 13, 2000, 7:44 a.m.:

23 IR 1986; readopted filed May 10, 2001, 2:30 p.m.: 24 IR 3235)

440 IAC 4.3-2-4 Application

Authority: IC 12-8-8-4; IC 12-21-2-3; IC 12-21-2-8; IC 12-21-5-1.5
Affected: IC 12-7-2-40.6

Sec. 4. (a) The division shall establish and publish annually the schedule setting out when applications will be accepted by the division for managed care providers to serve specific populations.

(b) Any organization applying for certification as a managed care provider shall file an application with the division on a form required by the division.

(c) The application submitted by the applicant must contain the following:

(1) Evidence of the entity's federal and state nonprofit status.

(2) A copy of the applicant's articles of incorporation and all amendments.

(3) A copy of all bylaws regulating the conduct of the internal affairs of the applicant.

(4) A copy of the financial plan of the applicant, including the following:

(A) A projection of anticipated operating results for at least three (3) years.

(B) A statement of the sources of working capital and any other sources of funding and provisions for contingencies.

(5) Identification of the populations the applicant intends to serve.

(6) A description of the organizational structure of the applicant.

(7) The location of all operational sites of the applicant.

(8) Proof of current accreditation by an approved accrediting agency.

(9) A list of governing board members and executive staff.

(10) A statement of understanding from the board president and chief executive officer that these rules have been read and understood.

(11) Proof of general liability insurance coverage as required in this article.

(12) A copy of the applicant's criteria and performance expectations for quality assurance of the applicant and for monitoring its subcontractors regarding consumer rights and confidentiality.

(13) A copy of the most recent financial audit, including a balance sheet of assets and liabilities of the applicant, which shall be prepared by an independent certified accountant.

(14) A copy of the applicant's contracts with other agencies that demonstrate the applicant's ability to provide, either directly or through subcontracting, the continuum of care as defined in IC 12-7-2-40.6.

(15) A copy of the applicant's procedures for addressing complaints made by consumers, or their representatives, regarding the applicant agency or the applicant's subcontractors.

(16) A copy of the applicant's procedures to monitor its subcontractors regarding all contract issues, including the following:

(A) Quality assessment and utilization review.

(B) Screening and eligibility of the consumers.

(C) The assurance of the integration of all parts of the continuum of care into each individual's treatment.

(17) Other materials as requested by the division to assist in the evaluation of the application.

(d) The division shall:

(1) complete the review of the application for certification as a managed care provider; and

(2) respond to the applicant;

within sixty (60) days.

(e) If the division determines that the application does not meet the requirements set forth in this rule, the division shall deny the application. The applicant may not reapply to become a managed care provider until the next scheduled application period. *(Division of Mental Health and Addiction; 440 IAC 4.3-2-4; filed Oct 11, 1996, 2:00 p.m.: 20 IR 755; errata, 20 IR 959; filed Mar 13, 2000, 7:44 a.m.: 23 IR 1987; readopted filed May 10, 2001, 2:30 p.m.: 24 IR 3235)*

440 IAC 4.3-2-4.5 Temporary certification

Authority: IC 12-8-8-4; IC 12-21-2-3; IC 12-21-2-8; IC 12-21-5-1.5
Affected: IC 12-21-2-8

Sec. 4.5. (a) This section is applicable to an organization that is not yet accredited.

(b) If an organization is not yet accredited by an approved accrediting agency at the time of the submission of the application, but the entity has applied to become accredited prior to the submittal of the application and meets the requirements set forth in section 3(b)(2) through 3(f) of this rule, the entity is eligible to contract with the division as a temporary managed care provider for the specific population approved.

(c) When a contract has been issued by the division, a document certifying the entity as a managed care provider with a temporary certification shall be issued by the division.

(d) The temporary certification as a managed care provider shall be valid for no longer than twelve (12) months.

(e) The division may renew the temporary certification for an additional twelve (12) months if the applicant meets minimum criteria for certification.

(f) Temporary certification shall not exceed a total of twenty-four (24) months.

(g) If temporary certification is denied, the organization may not reapply to be a certified managed care provider until the next scheduled application period.

(h) If an entity has not been accredited at the end of twenty-four (24) months from the initial issuance of temporary certification, the entity may not reapply to become a managed care provider until the next scheduled application period after the lapse of one (1) year from the end of the twenty-four (24) months. *(Division of Mental Health and Addiction; 440 IAC 4.3-2-4.5; filed Mar 13, 2000, 7:44 a.m.: 23 IR 1988; readopted filed May 10, 2001, 2:30 p.m.: 24 IR 3235)*

440 IAC 4.3-2-5 Conversion of temporary certification to regular certification

Authority: IC 12-8-8-4; IC 12-21-2-3; IC 12-21-2-8; IC 12-21-5-1.5
Affected: IC 12-21-2-8

Sec. 5. (a) To change from temporary certification to a regular certification, the entity must do the following:

(1) Submit a full application for regular certification to the division at the time scheduled for the division to accept applications.

(2) Submit proof of the status of the accreditation, including the following:

(A) Submit the site survey recommendations and responses.

(B) Submit all accreditation determination reports and recommendations in full.

(3) Submit to the division recommendations from the accrediting body and the applicant responses to those recommendations.

(4) Take any action deemed by the division to be necessary in response to the site survey issued by the accrediting agency prior to the expiration of a temporary certification.

(b) The division shall consider whether the entity has met the requirements of the managed care provider contract.

(c) The division shall determine whether the provider has met the requirements for the regular certification as a managed care provider as set forth in this rule.

(d) If the division determines that the provider has met the requirements for regular certification, the division shall find that the entity is eligible to contract with the division as a regular managed care provider.

(e) If regular certification is denied, the entity may not reapply to be a certified managed care provider until the next scheduled application period. *(Division of Mental Health and Addiction; 440 IAC 4.3-2-5; filed Oct 11, 1996, 2:00 p.m.: 20 IR 756; filed Mar 13, 2000, 7:44 a.m.: 23 IR 1989; readopted filed May 10, 2001, 2:30 p.m.: 24 IR 3235)*

440 IAC 4.3-2-6 Recertification

Authority: IC 12-8-8-4; IC 12-21-2-3; IC 12-21-2-8; IC 12-21-5-1.5
Affected: IC 12-7-2-40.6

Sec. 6. (a) A managed care provider shall apply for recertification every three (3) years.

(b) To be recertified as a managed care provider, the provider shall file an application according to the schedule determined by the division and on a form prepared by the division.

(c) The application shall include the same information as is required at section 4(c) of this rule.

(d) The division may require the applicant to resolve any problems identified by the accrediting agency within the time period contained in the notification from the division.

(e) The division shall examine the performance of the managed care provider in meeting the requirements of the division's quality assurance program.

(f) The division shall consider whether the entity has met the requirements of the managed care provider contract.

(g) The entity is eligible to contract with the division as a managed care provider when:

(1) an application for recertification is deemed to meet the requirements in this rule;

(2) the division has determined that the managed care provider has met the requirements of the division's quality assurance program; and

(3) the managed care provider has taken any action required by the division, including action in response to the survey recommendations of the accrediting agency.

(h) When the division issues a contract, a document certifying the entity as a managed care provider with a regular certification shall be issued by the division.

(i) If an entity fails to apply for certification, or applies for certification and it is denied, the agency may not reapply until the next scheduled application period. *(Division of Mental Health and Addiction; 440 IAC 4.3-2-6; filed Oct 11, 1996, 2:00 p.m.: 20 IR 756; filed Mar 13, 2000, 7:44 a.m.: 23 IR 1989; readopted filed May 10, 2001, 2:30 p.m.: 24 IR 3235)*

440 IAC 4.3-2-6.5 Renewal of regular certification

Authority: IC 12-8-8-4; IC 12-21-2-3; IC 12-21-2-8; IC 12-21-5-1.5
Affected: IC 12-7-2-127

Sec. 6.5. (a) Regular certification must be renewed pursuant to section 3 of this rule.

(b) To renew regular certification as a managed care provider, the provider shall file an application with the division according to the schedule determined by the division. The application shall be submitted on a form prescribed by the division.

(c) The renewal application shall include the following:

(1) A copy of the applicant's most recent financial audit and a balance sheet of assets and liabilities of the applicant, which shall be prepared by an independent certified public accountant.

(2) A copy of each new subcontract between the applicant and a subcontractor.

(3) Information demonstrating that the managed care provider is providing the full continuum of care.

(d) The entity is eligible for renewal as a managed care provider when:

(1) an application for renewal is deemed to meet the requirements in this rule by the division; and

(2) the entity has met the requirements of the managed care provider contract.

(e) If the renewal of the regular certification is denied, the entity may not reapply to be a managed care provider until the next scheduled application period. *(Division of Mental Health and Addiction; 440 IAC 4.3-2-6.5; filed Mar 13, 2000, 7:44 a.m.: 23 IR 1990; readopted filed May 10, 2001, 2:30 p.m.: 24 IR 3235)*

440 IAC 4.3-2-7 Conditional certification

Authority: IC 12-8-8-4; IC 12-21-2-3; IC 12-21-2-8; IC 12-21-5-1.5
Affected: IC 12-21-2-8; IC 12-21-5-1.5

Sec. 7. (a) The division shall, at any time during the fiscal year, change the certification status of a managed care provider to that of conditional certification if the division determines that the managed care provider has not met the requirements in this article or has not met the requirements of the managed care provider contract with the division.

(b) Within a conditional certification period, the division may:

(1) grant an extension of the conditional certification;

(2) reinstate the regular or temporary certification of the managed care provider if the division requirements are met timely; or

(3) terminate the managed care provider certification if the division requirements are not met within the imposed deadline.

(c) The division may issue a conditional certification for one (1) or more specific populations served by the managed care provider.

(d) The division shall notify the chief executive officer of the managed care provider of the change in certification status in writing. The notice shall include the following:

(1) The standards not met and the actions the provider must take to meet those standards.

(2) Any intermediate steps required by the division toward meeting the standards.

(3) The amount of time granted the managed care provider to meet the required standard.

(e) The division has the discretion to determine the time period and frequency of a conditional certification; however, a conditional certification plus any extensions may not exceed twelve (12) months from the date that conditional certification was effective.

(f) Extension requirements are as follows:

(1) If the division grants an extension of a conditional certification, the division shall notify the managed care provider in writing.

(2) The notice shall include the following:

(A) The time period of the extension.

(B) The intermediate steps required by the division.

(g) If the provider does not attain the standard required by the division within the period of time required, the provider's certification shall be terminated. *(Division of Mental Health and Addiction; 440 IAC 4.3-2-7; filed Oct 11, 1996, 2:00 p.m.: 20 IR 757; filed Mar 13, 2000, 7:44 a.m.: 23 IR 1990; readopted filed May 10, 2001, 2:30 p.m.: 24 IR 3235)*

440 IAC 4.3-2-8 Suspension of payments (Repealed)

Sec. 8. *(Repealed by Division of Mental Health and Addiction; filed Mar 13, 2000, 7:44 a.m.: 23 IR 1992)*

440 IAC 4.3-2-9 Termination of certification

Authority: IC 12-8-8-4; IC 12-21-2-3; IC 12-21-2-8; IC 12-21-5-1.5
Affected: IC 12-21-2-8; IC 12-21-5-1.5

Sec. 9. (a) The division may terminate the certification of a managed care provider immediately upon the occurrence of any of the following:

(1) Revocation of the accreditation of the managed care provider by the provider's accrediting agency.

(2) Failure of the managed care provider to maintain accreditation.

(3) Failure of the managed care provider to meet the conditions of any conditional certification.

(4) Conduct or practice of the managed care provider or its subcontractors that is found by the division to be detrimental to the welfare of individuals served by the managed care provider.

(5) Fraudulent conduct or practice of the managed care provider or its subcontractors.

(6) The termination of the managed care provider's contract with the division.

(7) A change resulting in the entity's ineligibility to be a managed care provider.

(b) If payments to the managed care provider under the contract are suspended, the managed care provider's regular certification must be converted to a conditional certification or terminated.

(c) If the division terminates a portion of the contract addressing a specific population, the provider's certification for that population shall be terminated.

(d) If a managed care provider's certification for a specific population is terminated, the portion of the contract addressing that population shall be terminated.

(e) The division shall notify the Indiana family and social services administration, the Indiana state department of health, and the Indiana department of administration that the managed care provider's certification has been terminated.

(f) An entity whose contract is terminated may not reapply to become a managed care provider until the next scheduled application period after the lapse of one (1) year from the date of termination.

(g) If the division terminates a portion of an entity's contract addressing a specific population, the entity may not reapply to become a managed care provider for that population or for any population that the provider is not currently serving until the next scheduled application period after the lapse of one (1) year from the date of termination. *(Division of Mental Health and Addiction; 440 IAC 4.3-2-9; filed Oct 11, 1996, 2:00 p.m.: 20 IR 757; filed Mar 13, 2000, 7:44 a.m.: 23 IR 1991; readopted filed May 10, 2001, 2:30 p.m.: 24 IR 3235)*

440 IAC 4.3-2-10 Community mental health centers (Repealed)

Sec. 10. *(Repealed by Division of Mental Health and Addiction; filed Mar 13, 2000, 7:44 a.m.: 23 IR 1992)*

440 IAC 4.3-2-11 Appeals

Authority: IC 12-8-8-4; IC 12-21-2-3; IC 12-21-2-8; IC 12-21-5-1.5
Affected: IC 4-21.5-3

Sec. 11. A party who is aggrieved by any adverse action taken under this rule may appeal under IC 4-21.5-3. *(Division of Mental Health and Addiction; 440 IAC 4.3-2-11; filed Mar 13, 2000, 7:44 a.m.: 23 IR 1992; readopted filed May 10, 2001, 2:30 p.m.: 24 IR 3235)*

*