



February 1, 2002

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## SENATE BILL No. 528

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DIGEST OF SB 528 (Updated January 30, 2002 11:20 AM - DI 97)

**Citations Affected:** IC 12-15.

**Synopsis:** Extends to December 31, 2004, the expiration date of provisions: (1) prohibiting the office of Medicaid policy and planning from providing incentives to primary care medical providers for directing individuals to contracted hospitals other than a hospital in a city where the patient resides; and (2) concerning reimbursement rates for hospitals that previously contracted with the office's managed care contractor for the provision of services under the office's managed care program.

**Effective:** July 1, 2002.

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### Rogers, Miller, Smith S

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January 14, 2002, read first time and referred to Committee on Rules and Legislative Procedure.

January 15, 2002, amended; reassigned to Committee on Health and Provider Services.

January 31, 2002, amended, reported favorably — Do Pass.

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SB 528—LS 7327/DI 13+



February 1, 2002

Second Regular Session 112th General Assembly (2002)

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 2001 General Assembly.

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## SENATE BILL No. 528



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

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

1 SECTION 1. IC 12-15-11.5-3, AS AMENDED BY P.L.141-2001,  
2 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2002]: Sec. 3. (a) The office or the office's managed care  
4 contractor may not provide incentives or mandates to the primary  
5 medical provider to direct individuals described in section 2 of this  
6 chapter to contracted hospitals other than a hospital in a city where the  
7 patient resides.

8 (b) The prohibition in subsection (a) includes methodologies that  
9 operate to lessen a primary medical provider's payment due to the  
10 provider's referral of an individual described in section 2 of this chapter  
11 to the hospital in the city where the individual resides.

12 (c) If a hospital's reimbursement for nonemergency services that are  
13 provided to an individual described in section 2 of this chapter is  
14 established by:

- 15 (1) statute; or  
16 (2) an agreement between the hospital and the individual's  
17 managed care contractor;

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1 the hospital may not decline to provide nonemergency services to the  
 2 individual on the basis that the individual is enrolled in the Medicaid  
 3 risk based program.

4 (d) A hospital that provides services to individuals described in  
 5 section 2 of this chapter shall comply with eligibility verification and  
 6 medical management programs negotiated under the hospital's most  
 7 recent contract or agreement with the office's managed care contractor.

8 (e) This section expires December 31, ~~2002~~: **2004**.

9 (f) Notwithstanding subsection (a), this section does not prohibit the  
 10 office or the office's managed care contractor from directing  
 11 individuals described in section 2 of this chapter to a hospital other  
 12 than a hospital in a city where the patient resides if both of the  
 13 following conditions exist:

14 (1) The patient is directed to a hospital other than a hospital in a  
 15 city where the patient resides for the purpose of receiving  
 16 medically necessary services.

17 (2) The type of medically necessary services to be received by the  
 18 patient cannot be obtained in a hospital in a city where the patient  
 19 resides.

20 SECTION 2. IC 12-15-11.5-4.1, AS ADDED BY P.L.141-2001,  
 21 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 22 JULY 1, 2002]: Sec. 4.1. (a) A hospital that:

23 (1) does not have a contract in effect with the office's managed  
 24 care contractor; but

25 (2) previously contracted or entered into an agreement with the  
 26 office's managed care contractor for the provision of services  
 27 under the office's managed care program;

28 shall be reimbursed for services provided to individuals described in  
 29 section 2 of this chapter at rates equivalent to the rates negotiated under  
 30 the hospital's most recent contract or agreement with the office's  
 31 managed care contractor, as adjusted for inflation by the inflation  
 32 adjustment factor described in subsection (b). However, the adjusted  
 33 rates may not exceed the established Medicaid rates paid to Medicaid  
 34 providers who are not contracted providers in the office's managed  
 35 health care services program.

36 (b) For each state fiscal year beginning after June 30, 2001, an  
 37 inflation adjustment factor shall be applied under subsection (a) that is  
 38 the average of the percentage increase in the medical care component  
 39 of the Consumer Price Index for all Urban Consumers and the  
 40 percentage increase in the Consumer Price Index for all Urban  
 41 Consumers, as published by the United States Bureau of Labor  
 42 Statistics, for the twelve (12) month period ending in March preceding

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1 the beginning of the state fiscal year.  
2 (c) This section expires December 31, ~~2002~~: **2004**.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Rules and Legislative Procedure, to which was referred Senate Bill No. 528, 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:

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill be reassigned to the Senate Committee on Health and Provider Services.

(Reference is to SB 528 as introduced.)

GARTON, Chairperson

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SENATE MOTION

Mr. President: I move that Senator Miller be added as second author and Senator Smith S be added as coauthor of Senate Bill 528.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Health and Provider Services, to which was referred Senate Bill No. 528, 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 2, line 8, reset in roman "(e) This section expires December 31,".

Page 2, line 8, after "2002." insert "**2004.**".

Page 2, line 9, reset in roman "(f)".

Page 2, line 9, delete "(e)".

Page 3, line 2, reset in roman "(c) This section expires December 31,".

Page 3, line 2, after "2002." insert "**2004.**".

and when so amended that said bill do pass.

(Reference is to SB 528 as introduced.)

MILLER, Chairperson

Committee Vote: Yeas 9, Nays 0.

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