

# SENATE BILL No. 269

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 27-8-28.

**Synopsis:** Determination of medical necessity. Requires a determination of medical necessity to be made by a qualified physician, in writing, and based on medical information. Specifies certain criteria on which a determination of medical necessity must be based.

**Effective:** July 1, 2000.

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January 10, 2000, read first time and referred to Committee on Health and Provider Services.

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Second Regular Session 111th General Assembly (2000)

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 1999 General Assembly.

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# SENATE BILL No. 269



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

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

1 SECTION 1. IC 27-8-28 IS ADDED TO THE INDIANA CODE AS  
2 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2000]:

4 **Chapter 28. Determination of Medical Necessity**

5 **Sec. 1. As used in this chapter, "covered individual" means an**  
6 **individual covered under a health plan.**

7 **Sec. 2. As used in this chapter, "health plan" includes the**  
8 **following:**

9 (1) **Every policy of accident and sickness insurance (as defined**  
10 **in IC 27-8-5-1), whether written on an individual basis, a**  
11 **group basis, a franchise basis, or a blanket basis that is issued,**  
12 **delivered, or renewed in Indiana.**

13 (2) **Every group contract (as defined in IC 27-13-1-16) or**  
14 **individual contract (as defined in IC 27-13-1-21) that is**  
15 **delivered, executed, or renewed in Indiana through which a**  
16 **health maintenance organization furnishes health care**  
17 **services.**



1           (3) Every health care plan of a state or local governmental  
2           entity that provides coverage for health care services on a  
3           self-insurance basis in Indiana.

4           **Sec. 3. A determination regarding the medical necessity of care  
5           or services covered under a health plan must be:**

6           (1) provided to the covered individual and the treating  
7           physician in writing;

8           (2) based on medical information related to the covered  
9           individual's diagnosis that is provided by:

10           (A) the covered individual;

11           (B) the covered individual's representative;

12           (C) the treating physician; and

13           (D) any other person involved in the care of the covered  
14           individual;

15           (3) made by a physician who is qualified and trained in the  
16           area of the covered individual's diagnosis; and

17           (4) based on the criteria specified in section 4 of this chapter.

18           **Sec. 4. The physician making the determination under section  
19           3 of this chapter shall determine that care or services are medically  
20           necessary if one (1) of the following criteria is satisfied:**

21           (1) The care or service will or is reasonably expected to  
22           prevent or delay the onset or progression of an illness, disease,  
23           condition, disability, or injury.

24           (2) The care or service will or is reasonably expected to:

25           (A) correct, cure, eliminate, reduce, or ameliorate; or

26           (B) alleviate painful effects of;

27           the illness, disease, condition, disability, or injury.

28           (3) The care or service will:

29           (A) assist in the prevention of secondary conditions; or

30           (B) achieve, maintain, or improve functional capacity in  
31           performance of daily activities.

32           (4) The care or service is necessary to assess or screen for an  
33           illness, disease, condition, disability, or injury.

34           (5) The care or service is necessary to establish a diagnosis.

35           (6) The care or service is necessary to prolong life.

36           **Sec. 5. If care or services are determined to be medically  
37           necessary under this chapter, coverage for the care or services:**

38           (1) must be provided under the health plan;

39           (2) must be sufficient in amount, duration, and scope to  
40           reasonably achieve the purpose of the care or services; and

41           (3) may not be denied or reduced due solely to the type of  
42           illness, disease, condition, disability, or injury.



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1           **Sec. 6. This chapter does not add to or otherwise change the**  
2           **terms of coverage included in a health plan under which a covered**  
3           **individual receives coverage.**

4           SECTION 2. [EFFECTIVE JULY 1, 2000] **IC 27-8-28, as added**  
5           **by this act, applies to a determination of medical necessity made**  
6           **after June 30, 2000.**

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