

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7524
BILL NUMBER: SB 310

DATE PREPARED: Jan 23, 2001
BILL AMENDED:

SUBJECT: Updating Reimbursement Codes.

FISCAL ANALYST: Jim Landers
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FUNDS AFFECTED: X **GENERAL** **IMPACT:** State
 DEDICATED
 FEDERAL

Summary of Legislation: The bill requires an administrator of a state employee health benefit plan, the Office of Medicaid Policy and Planning, an accident and sickness insurer, the Indiana Comprehensive Health Insurance Association, a health maintenance organization, and a limited service health maintenance organization to begin using, on January 1 of each year, the most current version of the Current Procedural Terminology and International Classification of Diseases Codes under which claims for health care services are paid. The bill also requires providers of health care services that are covered under a state employee health benefit plan, Indiana Medicaid, an accident and sickness insurance policy, an Indiana Comprehensive Health Insurance Association policy, a health maintenance organization contract, or a limited service health maintenance organization contract to begin using, on January 1 of each year, the most current version of the Current Procedural Terminology and International Classification of Diseases Codes under which claims are submitted for payment for health care services

Effective Date: July 1, 2001.

Explanation of State Expenditures: The bill potentially could impact health plans providing health benefits to state employees. However, the specific effect of the requirement is unknown at this time. The Current Procedural Terminology (CPT) and International Classification of Diseases Codes (ICDC) are utilized in billing of claims between health care providers and insurers and HMO's. Reportedly, problems do arise when, on the one hand, the codes being utilized by health care providers are up to date while codes being utilized by insurers and HMO's are not. This variation in codes can result in claims being improperly rejected and, ultimately, in claims disputes.

According to the Office of Medicaid Policy and Planning, new reimbursement codes effective January 1 are received by about the end of November during the prior year. These codes go through a review process to determine coverage of the code, prior authorization policy, and rates for the codes. They report that it is very difficult to complete the review process in time to put the new codes in place by January 1. Under this process, the code updates and changes are not finalized by January 1, and reportedly this results in some

claims being denied until the coding updates are completed.

Requests for information on this issue were very recently made to the State Department of Personnel and of the Indiana Comprehensive Health Insurance Association. As more information is received, this fiscal note will be updated.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Department of Personnel; Office of Medicaid Policy and Planning; Indiana Comprehensive Health Insurance Association.

Local Agencies Affected:

Information Sources: Jim Zieba, Indiana State Medical Association, 261-2060.
Liz Carroll, Department of Insurance, 232-2387.
Kathleen Gifford, Family and Social Services Agency, 233-4455.