



March 25, 2005

**ENGROSSED  
SENATE BILL No. 43**

DIGEST OF SB 43 (Updated March 24, 2005 10:53 am - DI 97)

**Citations Affected:** IC 27-8; IC 27-13.

**Synopsis:** Health care provider credentialing. Specifies a credentialing application form for use in accident and sickness insurer and health maintenance organization provider credentialing activities. Requires certain provider notifications. Exempts certain providers.

**Effective:** July 1, 2005.

**Gard, Breaux**

(HOUSE SPONSORS — RIPLEY, PELATH)

January 4, 2005, read first time and referred to Committee on Health and Provider Services.

February 3, 2005, reported favorably — Do Pass.

February 7, 2005, read second time, amended, ordered engrossed.

February 8, 2005, engrossed. Read third time, passed. Yeas 50, nays 0.

**HOUSE ACTION**

March 7, 2005, read first time and referred to Committee on Insurance.

March 24, 2005, reported — Do Pass.

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ES 43—LS 6057/DI 97+



March 25, 2005

First Regular Session 114th General Assembly (2005)

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 2004 Regular Session of the General Assembly.

## ENGROSSED SENATE BILL No. 43

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 27-8-11-1 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. ~~As used in (a) The~~  
3 ~~definitions in this section apply throughout~~ this chapter.

4 (b) "Credentialing" means a process through which an insurer  
5 makes a determination:

6 (1) based on criteria established by the insurer; and

7 (2) concerning whether a provider is eligible to:

8 (A) provide health care services to an insured; and

9 (B) receive reimbursement for the health care services;

10 under an agreement entered into between the provider and  
11 the insurer under section 3 of this chapter.

12 (c) "Health care services":

13 (1) means health care related services or products rendered or  
14 sold by a provider within the scope of the provider's license or  
15 legal authorization; and

16 (2) includes hospital, medical, surgical, dental, vision, and  
17 pharmaceutical services or products.

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1 (d) "Insured" means an individual entitled to reimbursement for  
2 expenses of health care services under a policy issued or administered  
3 by an insurer.

4 (e) "Insurer" means an insurance company authorized in this state  
5 to issue policies that provide reimbursement for expenses of health care  
6 services.

7 (f) "Person" means an individual, an agency, a political subdivision,  
8 a partnership, a corporation, an association, or any other entity.

9 (g) "Preferred provider plan" means an undertaking to enter into  
10 agreements with providers relating to terms and conditions of  
11 reimbursements for the health care services of insureds, members, or  
12 enrollees relating to the amounts to be charged to insureds, members,  
13 or enrollees for health care services.

14 (h) "Provider" means an individual or entity duly licensed or legally  
15 authorized to provide health care services.

16 SECTION 2. IC 27-8-11-7 IS ADDED TO THE INDIANA CODE  
17 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
18 1, 2005]: **Sec. 7. (a) This section applies to an insurer that issues or  
19 administers a policy that provides coverage for basic health care  
20 services (as defined in IC 27-13-1-4).**

21 (b) The department of insurance shall prescribe the  
22 credentialing application form used by the Council for Affordable  
23 Quality Healthcare (CAQH) in electronic or paper format, which  
24 must be used by:

- 25 (1) a provider who applies for credentialing by an insurer;
- 26 and
- 27 (2) an insurer that performs credentialing activities.

28 (c) An insurer shall notify a provider concerning a deficiency on  
29 a completed credentialing application form submitted by the  
30 provider not later than thirty (30) business days after the insurer  
31 receives the completed credentialing application form.

32 (d) An insurer shall notify a provider concerning the status of  
33 the provider's completed credentialing application not later than:

- 34 (1) sixty (60) days after the insurer receives the completed  
35 credentialing application form; and
- 36 (2) every thirty (30) days after the notice is provided under  
37 subdivision (1), until the insurer makes a final credentialing  
38 determination concerning the provider.

39 SECTION 3. IC 27-13-1-10.5 IS ADDED TO THE INDIANA  
40 CODE AS A NEW SECTION TO READ AS FOLLOWS  
41 [EFFECTIVE JULY 1, 2005]: **Sec. 10.5. "Credentialing" means a  
42 process through which a health maintenance organization makes**

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- a determination:**
- (1) based on criteria established by the health maintenance organization; and**
- (2) concerning whether a provider may serve as a participating provider.**

SECTION 4. IC 27-13-43 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]:

**Chapter 43. Credentialing**

**Sec. 1. (a) Except as provided in subsection (b), this chapter applies to a health maintenance organization that provides basic health care services.**

**(b) This chapter does not apply to the credentialing of a provider by a health maintenance organization if the provider's application for credentialing is only for purposes of providing health care services to the following:**

- (1) A Medicaid recipient under a Medicaid risk based managed care program described in IC 12-15-12.**
- (2) An individual who is covered under the children's health insurance program established under IC 12-17.6-2.**

**Sec. 2. (a) The department shall prescribe the credentialing application form used by the Council for Affordable Quality Healthcare (CAQH) in electronic or paper format, which must be used by:**

- (1) a provider who applies for credentialing by a health maintenance organization; and**
- (2) a health maintenance organization that performs credentialing activities.**

**(b) A health maintenance organization shall notify a provider concerning a deficiency on a completed credentialing application form submitted by the provider not later than thirty (30) business days after the health maintenance organization receives the completed credentialing application form.**

**(c) A health maintenance organization shall notify a provider concerning the status of the provider's completed credentialing application not later than:**

- (1) sixty (60) days after the health maintenance organization receives the completed credentialing application form; and**
- (2) every thirty (30) days after the notice is provided under subdivision (1), until the health maintenance organization makes a final credentialing determination concerning the provider.**

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SENATE MOTION

Madam President: I move that Senator Breaux be added as second author of Senate Bill 43.

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COMMITTEE REPORT

Madam President: The Senate Committee on Health and Provider Services, to which was referred Senate Bill No. 43, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 43 as introduced.)

MILLER, Chairperson

Committee Vote: Yeas 9, Nays 0.

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SENATE MOTION

Madam President: I move that Senate Bill 43 be amended to read as follows:

Page 2, line 30, delete "fourteen (14)" and insert "**thirty (30)**".

Page 3, line 31, delete "fourteen (14)" and insert "**thirty (30)**".

(Reference is to SB 43 as printed February 4, 2005.)

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Insurance, to which was referred Senate Bill 43, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

RIPLEY, Chair

Committee Vote: yeas 9, nays 0.

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