



February 23, 2005

HOUSE BILL No. 1519

DIGEST OF HB 1519 (Updated February 22, 2005 6:36 pm - DI 77)

Citations Affected: Noncode.

Synopsis: Developmental disabilities. Requires the office of Medicaid policy and planning to adopt certain rules concerning requirements for the supported living program and reimbursement system. Requires the office of the secretary of family and social services to adopt rules concerning audits of providers that provide services to developmentally disabled individuals. Requires the division of disability, aging, and rehabilitative services to adopt rules concerning: (1) the exemption of certain accredited agencies from the supported living services requirements; and (2) certain issues related to audits of providers.

Effective: July 1, 2005.

Alderman, Fry, Klinker, Whetstone

January 18, 2005, read first time and referred to Committee on Public Health.
February 22, 2005, amended, reported — Do Pass.

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HB 1519—LS 7734/DI 77+



February 23, 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.

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HOUSE BILL No. 1519

A BILL FOR AN ACT concerning human services.

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

- 1 SECTION 1. [EFFECTIVE JULY 1, 2005] (a) **Before July 1, 2006,**
2 **the office of Medicaid policy and planning shall adopt rules under**
3 **IC 4-22-2 to amend the requirements under 405 IAC to require**
4 **that the supported living program and reimbursement system**
5 **contain the following components:**
6 (1) **Conduct of an independent assessment to determine the**
7 **level of resources necessary to meet the needs of a**
8 **developmentally disabled individual (as defined in**
9 **IC 12-7-2-62) in a healthy and safe environment.**
10 (2) **Determination of the level of resources that are needed by**
11 **a developmentally disabled individual (as defined in**
12 **IC 12-7-2-62) using a funding matrix that differentiates**
13 **between needs and service requirements for developmentally**
14 **disabled individuals:**
15 (A) **with family or other nonpaid supports; and**
16 (B) **without family or other nonpaid supports.**
17 (3) **Requirement that individual support teams assist**
18 **developmentally disabled individuals (as defined in**

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IC 12-7-2-62) in developing and implementing individualized plans after resources have been allocated.

(4) Require daily rate components for residential based setting based on a three (3) resident to one (1) staff ratio, unless there is a behavioral or medical condition, day services, case management, or system infrastructure for training, crisis management, and other services.

(5) Require an annual or a biennial service agreement among the state, the provider, and the developmentally disabled individual (as defined in IC 12-7-2-62) that formalizes the commitment of each party to the placement and the implementation of the individualized support plan.

(6) Allow termination or modification of the service agreement upon death, moving out of state, abuse or neglect, or substantial change of the developmentally disabled individual (as defined in IC 12-7-2-62) and an appropriate payment adjustment or penalty for early termination by the state, the provider, and the developmentally disabled individual for any other reason.

(7) Require annual cost reporting to determine the base rates for the funding matrix under subdivision (2).

(b) This SECTION expires July 1, 2007.

SECTION 2. [EFFECTIVE JULY 1, 2005] (a) Before July 1, 2006, the division of disability, aging, and rehabilitative services shall adopt rules under IC 4-22-2 to amend 460 IAC 6 to provide that 460 IAC 6 does not apply to an agency that is required to be accredited by one (1) of the following organizations:

- (1) The Commission on Accreditation of Rehabilitation Facilities (CARF) or its successor.**
- (2) The Council on Quality and Leadership in Supports for People with Disabilities or its successor.**
- (3) The Joint Commission on Accreditation of Healthcare Organizations (JCAHO) or its successor.**
- (4) The National Commission on Quality Assurance or its successor.**
- (5) An independent national accreditation organization approved by the secretary.**

(b) This SECTION expires July 1, 2007.

SECTION 3. [EFFECTIVE JULY 1, 2005] (a) Before July 1, 2006, the office of the secretary of family and social services shall adopt rules under IC 4-22-2 to add and amend rules under 405 IAC to govern fiscal audits completed by:

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1 (1) the office of the secretary of family and social services
2 audit staff; and
3 (2) agencies contracted by the office of the secretary of family
4 and social services to complete fiscal audits.
5 (b) Before July 1, 2006, the office of the secretary of family and
6 social services shall adopt rules under IC 4-22-2 to add and amend
7 rules under 405 IAC to require that the office of the secretary of
8 family and social services' audit rules for providers of services to
9 of the to a developmentally disabled individual (as defined in
10 IC 12-7-2-62) must meet the following requirements:
11 (1) All classifications of providers are required to be audited.
12 (2) The audit process must be written, be formalized, and
13 have specific time schedules.
14 (3) Not less than fourteen (14) days advanced notice must be
15 given before:
16 (A) an audit; and
17 (B) any papers required to be provided during the audit.
18 (4) The purpose and content of an exit conference must be
19 defined.
20 (5) The purpose, scope, and schedule for the issuance of audit
21 reports must be defined.
22 (6) Except for cases of fraud, an audit must be completed not
23 more than two (2) years after:
24 (A) the end of the grant period; or
25 (B) the end of the provider's fiscal year;
26 whichever is later.
27 (7) A formal appeal process that includes:
28 (A) the issuance of a preliminary finding;
29 (B) a time for the provider to respond to the preliminary
30 findings and submit additional information for review
31 before final findings are issued; and
32 (C) appeal procedures with deadlines.
33 (c) Before July 1, 2006, the division of disability, aging, and
34 rehabilitative services shall adopt rules under IC 4-22-2 that
35 comply with rules adopted under subsections (a) and (b) and that
36 require the following:
37 (1) Audit and program staff of the division of disability, aging,
38 and rehabilitative services to jointly approve issued service
39 definitions and bulletins that impact potential audit issues.
40 (2) Development of a comprehensive bureau of developmental
41 disabilities services provider manual for state and waiver
42 funded services that is comparable to the Medicaid provider

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- 1 **manual.**
- 2 **(3) All revisions to the manual created under subdivision (2)**
- 3 **and rules adopted or amended may be implemented only on**
- 4 **the first day of a month.**
- 5 **(4) Develop consistent definition of services and**
- 6 **documentation standards regardless of the funding source.**
- 7 **(5) Develop written documentation standards, including**
- 8 **acceptable electronic documentation formats.**
- 9 **(6) Implement an automated claims system for all types of**
- 10 **bureau of developmental disabilities services.**
- 11 **(7) Provide initial and periodic training of a provider's**
- 12 **financial staff by the division of disability, aging, and**
- 13 **rehabilitative services concerning accounting, billing, and**
- 14 **audit procedures.**
- 15 **(d) This SECTION expires July 1, 2007.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Health, to which was referred House Bill 1519, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 1, delete "Before July 1, 2006,".

Page 1, delete lines 2 through 18.

Page 2, delete lines 1 through 17.

Page 2, line 18, delete "(c)".

Run in page 1, line 1 through page 2, line 18.

Page 2, between lines 37 and 38, begin a new line block indented and insert:

"(4) Require daily rate components for residential based setting based on a three (3) resident to one (1) staff ratio, unless there is a behavioral or medical condition, day services, case management, or system infrastructure for training, crisis management, and other services.

(5) Require an annual or a biennial service agreement among the state, the provider, and the developmentally disabled individual (as defined in IC 12-7-2-62) that formalizes the commitment of each party to the placement and the implementation of the individualized support plan.

(6) Allow termination or modification of the service agreement upon death, moving out of state, abuse or neglect, or substantial change of the developmentally disabled individual (as defined in IC 12-7-2-62) and an appropriate payment adjustment or penalty for early termination by the state, the provider, and the developmentally disabled individual for any other reason.

(7) Require annual cost reporting to determine the base rates for the funding matrix under subdivision (2). "

Page 2, line 38, delete "(d)" and insert "**(b)**".

Page 2, line 42, after "is" insert "**required to be**".

Page 3, after line 12, begin a new paragraph and insert:

"SECTION 3. [EFFECTIVE JULY 1, 2005] (a) Before July 1, 2006, the office of the secretary of family and social services shall adopt rules under IC 4-22-2 to add and amend rules under 405 IAC to govern fiscal audits completed by:

(1) the office of the secretary of family and social services audit staff; and

(2) agencies contracted by the office of the secretary of family and social services to complete fiscal audits.

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(b) Before July 1, 2006, the office of the secretary of family and social services shall adopt rules under IC 4-22-2 to add and amend rules under 405 IAC to require that the office of the secretary of family and social services' audit rules for providers of services to of the to a developmentally disabled individual (as defined in IC 12-7-2-62) must meet the following requirements:

- (1) All classifications of providers are required to be audited.
- (2) The audit process must be written, be formalized, and have specific time schedules.
- (3) Not less than fourteen (14) days advanced notice must be given before:
 - (A) an audit; and
 - (B) any papers required to be provided during the audit.
- (4) The purpose and content of an exit conference must be defined.
- (5) The purpose, scope, and schedule for the issuance of audit reports must be defined.
- (6) Except for cases of fraud, an audit must be completed not more than two (2) years after:
 - (A) the end of the grant period; or
 - (B) the end of the provider's fiscal year;
 whichever is later.
- (7) A formal appeal process that includes:
 - (A) the issuance of a preliminary finding;
 - (B) a time for the provider to respond to the preliminary findings and submit additional information for review before final findings are issued; and
 - (C) appeal procedures with deadlines.

(c) Before July 1, 2006, the division of disability, aging, and rehabilitative services shall adopt rules under IC 4-22-2 that comply with rules adopted under subsections (a) and (b) and that require the following:

- (1) Audit and program staff of the division of disability, aging, and rehabilitative services to jointly approve issued service definitions and bulletins that impact potential audit issues.
- (2) Development of a comprehensive bureau of developmental disabilities services provider manual for state and waiver funded services that is comparable to the Medicaid provider manual.
- (3) All revisions to the manual created under subdivision (2) and rules adopted or amended may be implemented only on the first day of a month.

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(4) Develop consistent definition of services and documentation standards regardless of the funding source.

(5) Develop written documentation standards, including acceptable electronic documentation formats.

(6) Implement an automated claims system for all types of bureau of developmental disabilities services.

(7) Provide initial and periodic training of a provider's financial staff by the division of disability, aging, and rehabilitative services concerning accounting, billing, and audit procedures.

(d) This SECTION expires July 1, 2007. "

and when so amended that said bill do pass.

(Reference is to HB 1519 as introduced.)

BECKER, Chair

Committee Vote: yeas 12, nays 0.

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