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FISCAL IMPACT STATEMENT

LS 7689

BILL NUMBER: SB 455

NOTE PREPARED: Jan 29, 2007

BILL AMENDED:

SUBJECT: Indiana Health Care System.

FIRST AUTHOR: Sen. Simpson

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill imposes various requirements on the Indiana State Department of Health (ISDH), the Department of Insurance, the Office of Medicaid Policy and Planning (OMPP), and the Secretary of the Family and Social Services Administration (FSSA) to develop and implement health care initiatives, including chronic care planning, premium assistance, health plan access, quality assurance, data collection and use, and to study various health care issues. The bill requires application for appropriate Medicaid waivers.

Effective Date: July 1, 2007.

Explanation of State Expenditures: This bill would provide for certain reforms of the health care system in Indiana as set forth below. The total fiscal impact is undetermined at this time. However, ultimately, the fiscal impact will depend on the results and plans produced by the administration and by the study commissions established by the bill, as well as on legislative appropriations and on administrative actions in implementing the provisions of the bill. [This note will be updated as information becomes available.]

Administration: The bill specifies that the Secretary of the Family and Social Services Administration is responsible for coordination of the various provisions of the bill among the necessary state agencies. The Secretary is required to report to the Legislative Council and to the Governor before December 1, 2007, regarding a 5-year strategic plan for implementing the health care system reform initiatives included in the bill. The report is also to include any recommendations for administration or legislation necessary. Annually thereafter the Secretary is required to report the progress of the reform initiatives to the Legislative Council.

Chronic Care Plan: In coordination with the Secretary of FSSA, the Commissioner of ISDH is responsible

for the development and implementation of the Chronic Care Plan. The Commissioner is required to establish an executive committee to advise the Commissioner with regard to the development and implementation of the Plan. The bill specifies the membership of the executive committee. The bill specifies considerations, descriptions, and information the Chronic Care Plan must include. The bill requires the Plan to be reviewed and amended as necessary every two years. The Commissioner of ISDH is required to annually report information regarding the status of the implementation of the Chronic Care Plan to the Legislative Council. The bill specifies information to be included in the report.

Chronic Care Management Program: The Secretary is required to create a Chronic Care Management Program to be administered or operated by a contractor for individuals who have a chronic condition and are enrolled in Medicaid or the Children's Health Insurance Program. The Chronic Care Program may not include individuals who are also eligible for Medicare. The bill includes other requirements for the implementation of the program.

Chronic Condition Prevention Plan: The bill requires the Commissioner of ISDH to develop an implementation plan for the prevention of chronic conditions and for the management of chronic care conditions. OMPP is required to ensure that the Medicaid Program and Children's Health Insurance Program (CHIP) include changes to the reimbursement system that align with the recommendations of the Chronic Care Plan. The OMPP is further required to revise its enrollment requirements for CHIP and Medicaid to allow for continuous eligibility for 12 months.

Employer-Sponsored Premium Assistance Program: The bill requires OMPP to establish a Premium Assistance Program to assist individuals eligible for employer-sponsored health benefit plans to receive financial assistance with the premium payments subject to federal Medicaid approval. Eligible individuals must have family incomes below 300% of the federal poverty income level (FPL). The bill specifies other conditions for receiving premium subsidies and specifies that families may not be required to include children in employer-sponsored health benefit plans. OMPP would be required to report specific information monthly to the Budget Committee.

Indiana Health: The bill would require the Secretary of FSSA to establish the Indiana Health Program to provide a program of insurance coverage for primary care, preventive care, chronic care, acute episodic care, and hospital care health services. The benefits for Indiana Health are required to be provided through one or more preferred provider health plans with specified deductibles, co-payments, and out-of-pocket maximums. Policies under Indiana Health are to be guaranteed issue for any uninsured person who otherwise qualifies. The bill specifies other terms and conditions that the policies must meet including the reimbursement levels required for health care providers. The bill specifies that Indiana Health policies may not be sold before October 1, 2008.

Indiana Health Assistance Program: The bill establishes the Indiana Health Assistance Program to provide uninsured residents with financial assistance in purchasing Indiana Health policies. The bill specifies the qualifications of individuals who may receive assistance and the amount that individuals must contribute in order to receive premium subsidies. Individuals with income less than 300% of the FPL are eligible to receive premium subsidies based upon the family income and the size of the family.

Administration of the Indiana Health and the Indiana Health Assistance Program: The bill requires the Secretary of FSSA to engage in an aggressive enrollment strategy for the Indiana Health Program and the Indiana Health Assistance Program. The Secretary is required to establish a toll-free telephone assistance line to provide information and assistance for the programs. The Secretary is required to provide an

administrative hearing process for individuals filing complaints regarding adverse decisions involving application and enrollment in the program.

Indiana Health Fund: The bill establishes the Indiana Health Fund as a dedicated non-reverting account to be administered by the Secretary of FSSA for the purpose of funding the programs required in the bill.

Commission on Health Care Reform: The bill would establish the Commission on Health Care Reform to determine legislative and administrative action necessary to achieve health care reform. The Commission is to consist of four members of the House of Representatives and four members of the Senate. The chairperson is to alternate between the House and the Senate members. The Commission is to operate under the policies governing study committees adopted by the Legislative Council. Legislative Council resolutions in the past have established budgets for interim study committees in the amount of \$9,500 per interim for committees with fewer than 16 members. The bill specifies the topics and duties assigned to the Commission. The bill specifies that authorization for the Commission expires on December 31, 2008.

Immunizations: The bill provides that if funding is available within the Indiana Health Fund, the Secretary shall provide payment for any resident to receive immunizations without cost to the resident. The bill provides that the Secretary is a secondary payer to Medicaid, CHIP, Medicare, and any public program that covers immunizations. The bill requires the Commissioner of ISDH to study methods to ensure that all residents have access to immunizations. The study is required to consider certain information. The Commission is required to report the findings and recommendations to the Legislative Council no later than January 15, 2008.

Hospital Uncompensated Care Study: The bill requires the Commissioner of ISDH and the Department of Insurance to review the uncompensated care and bad debt policies of Indiana hospitals and recommend a standard uniform uncompensated care and bad debt policy. The bill specifies certain requirements for the standard policies recommended and requires the Commissioner to report the findings to the Legislative Council not later than January 15, 2008.

Individual Health Plan Market Study: The Department of Insurance would be required to recommend to the Legislative Council before January 15, 2008, the best method to consolidate the individual health plan market into a single risk pool of insured residents with access to health plans equivalent to or better than Indiana Health Plans.

Health Care Reform Report: The bill would require the FSSA to report to the Legislative Council before January 15, 2010, concerning the percentage of uninsured residents and the number of insured residents by coverage type based on a survey to be conducted by the ISDH. Other specified information is also required to be reported by the Secretary.

Healthy Lifestyles Discounts: The bill would require insurance carriers to use community rating in determining premiums for small group health benefit plans. The Department of Insurance is required to adopt rules related to establishing standards and to allow a carrier to establish rewards, premium discounts, rebates, or other incentives for adherence by an insured to programs of health promotion and disease prevention.

Common Claims and Procedures and Health Care Data: The bill requires that not later than July 1, 2009, the Commissioner of ISDH and the Commissioner of the Department of Insurance are to adopt rules to establish common claim forms and procedures to be used by health care providers to submit claims for payment to third-party payers. The Commissioner of ISDH is further required to establish and maintain a

unified health care data base which must include specified information and be used for certain purposes. The Commissioner is required to collaborate with the Secretary of FSSA to develop a comprehensive health care information system. The Commissioner is required to adopt rules to implement the chapter.

Master Provider Index: The bill requires the Commissioner of ISDH to convene a work group before September 1, 2007, for the purpose of making recommendations for the creation of a master provider index intended to assure uniform and consistent identification and cross-reference of all health care providers in the state. The recommendations of the workgroup are to be reported to the Legislative Council not later than January 15, 2008.

Medicaid Waivers: The bill requires OMPP to apply for any waiver necessary to implement the bill before September 1, 2007.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: OMPP, FSSA, ISDH, Department of Insurance, State Personnel Department.

Local Agencies Affected:

Information Sources:

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