

Adopted	Rejected
---------	----------

COMMITTEE REPORT

YES:	8
NO:	0

MR. SPEAKER:

*Your Committee on Public Health, to which was referred House Bill 1008, 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:*

- 1 Delete the title and insert the following:
- 2 A BILL FOR AN ACT to amend the Indiana Code concerning
- 3 human services.
- 4 Delete everything after the enacting clause and insert the following:
- 5 SECTION 1. IC 5-10-8-2.2, AS AMENDED BY P.L.2-2005,
- 6 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 7 JULY 1, 2007]: Sec. 2.2. (a) As used in this section, "dependent"
- 8 means a natural child, stepchild, or adopted child of a public safety
- 9 employee who:
- 10 (1) is less than eighteen (18) years of age;
- 11 (2) is eighteen (18) years of age or older and physically or
- 12 mentally disabled (using disability guidelines established by the
- 13 Social Security Administration); or
- 14 (3) is at least eighteen (18) and less than twenty-three (23) years
- 15 of age and is enrolled in and regularly attending a secondary

1 school or is a full-time student at an accredited college or
2 university.

3 (b) As used in this section, "public safety employee" means a
4 full-time firefighter, police officer, county police officer, or sheriff.

5 (c) This section applies only to local unit public employers and their
6 public safety employees.

7 (d) A local unit public employer may provide programs of group
8 health insurance for its active and retired public safety employees
9 through one (1) of the following methods:

10 (1) By purchasing policies of group insurance.

11 (2) By establishing self-insurance programs.

12 (3) By electing to participate in the local unit group of local units
13 that offer the state employee health plan under section 6.6 of this
14 chapter.

15 **(4) By electing to participate in a state employee health plan**
16 **under section 6.7 of this chapter.**

17 A local unit public employer may provide programs of group insurance
18 other than group health insurance for the local unit public employer's
19 active and retired public safety employees by purchasing policies of
20 group insurance and by establishing self-insurance programs. However,
21 the establishment of a self-insurance program is subject to the approval
22 of the unit's fiscal body.

23 (e) A local unit public employer may pay a part of the cost of group
24 insurance for its active and retired public safety employees. However,
25 a local unit public employer that provides group life insurance for its
26 active and retired public safety employees shall pay a part of the cost
27 of that insurance.

28 (f) A local unit public employer may not cancel an insurance
29 contract under this section during the policy term of the contract.

30 (g) After June 30, 1989, a local unit public employer that provides
31 a group health insurance program for its active public safety employees
32 shall also provide a group health insurance program to the following
33 persons:

34 (1) Retired public safety employees.

35 (2) Public safety employees who are receiving disability benefits
36 under IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-8, or IC 36-8-10.

37 (3) Surviving spouses and dependents of public safety employees
38 who die while in active service or after retirement.

1 (h) A retired or disabled public safety employee who is eligible for
2 group health insurance coverage under subsection (g)(1) or (g)(2):

3 (1) may elect to have the person's spouse, dependents, or spouse
4 and dependents covered under the group health insurance
5 program at the time the person retires or becomes disabled;

6 (2) must file a written request for insurance coverage with the
7 employer within ninety (90) days after the person retires or begins
8 receiving disability benefits; and

9 (3) must pay an amount equal to the total of the employer's and
10 the employee's premiums for the group health insurance for an
11 active public safety employee (however, the employer may elect
12 to pay any part of the person's premiums).

13 (i) Except as provided in IC 36-8-6-9.7(f), IC 36-8-6-10.1(h),
14 IC 36-8-7-12.3(g), IC 36-8-7-12.4(j), IC 36-8-7.5-13.7(h),
15 IC 36-8-7.5-14.1(i), IC 36-8-8-13.9(d), IC 36-8-8-14.1(h), and
16 IC 36-8-10-16.5 for a surviving spouse or dependent of a public safety
17 employee who dies in the line of duty, a surviving spouse or dependent
18 who is eligible for group health insurance under subsection (g)(3):

19 (1) may elect to continue coverage under the group health
20 insurance program after the death of the public safety employee;

21 (2) must file a written request for insurance coverage with the
22 employer within ninety (90) days after the death of the public
23 safety employee; and

24 (3) must pay the amount that the public safety employee would
25 have been required to pay under this section for coverage selected
26 by the surviving spouse or dependent (however, the employer may
27 elect to pay any part of the surviving spouse's or dependents'
28 premiums).

29 (j) A retired or disabled public safety employee's eligibility for
30 group health insurance under this section ends on the earlier of the
31 following:

32 (1) When the public safety employee becomes eligible for
33 Medicare coverage as prescribed by 42 U.S.C. 1395 et seq.

34 (2) When the employer terminates the health insurance program
35 for active public safety employees.

36 (k) A surviving spouse's eligibility for group health insurance under
37 this section ends on the earliest of the following:

38 (1) When the surviving spouse becomes eligible for Medicare

- 1 coverage as prescribed by 42 U.S.C. 1395 et seq.
- 2 (2) When the unit providing the insurance terminates the health
3 insurance program for active public safety employees.
- 4 (3) The date of the surviving spouse's remarriage.
- 5 (4) When health insurance becomes available to the surviving
6 spouse through employment.
- 7 (l) A dependent's eligibility for group health insurance under this
8 section ends on the earliest of the following:
- 9 (1) When the dependent becomes eligible for Medicare coverage
10 as prescribed by 42 U.S.C. 1395 et seq.
- 11 (2) When the unit providing the insurance terminates the health
12 insurance program for active public safety employees.
- 13 (3) When the dependent no longer meets the criteria set forth in
14 subsection (a).
- 15 (4) When health insurance becomes available to the dependent
16 through employment.
- 17 (m) A public safety employee who is on leave without pay is entitled
18 to participate for ninety (90) days in any group health insurance
19 program maintained by the local unit public employer for active public
20 safety employees if the public safety employee pays an amount equal
21 to the total of the employer's and the employee's premiums for the
22 insurance. However, the employer may pay all or part of the employer's
23 premium for the insurance.
- 24 (n) A local unit public employer may provide group health
25 insurance for retired public safety employees or their spouses not
26 covered by subsections (g) through (l) and may provide group health
27 insurance that contains provisions more favorable to retired public
28 safety employees and their spouses than required by subsections (g)
29 through (l). A local unit public employer may provide group health
30 insurance to a public safety employee who is on leave without pay for
31 a longer period than required by subsection (m), and may continue to
32 pay all or a part of the employer's premium for the insurance while the
33 employee is on leave without pay.
- 34 SECTION 2. IC 5-10-8-2.6, AS AMENDED BY P.L.1-2005,
35 SECTION 76, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
36 JULY 1, 2007]: Sec. 2.6. (a) This section applies only to local unit
37 public employers and their employees. This section does not apply to
38 public safety employees, surviving spouses, and dependents covered by

1 section 2.2 of this chapter.

2 (b) A public employer may provide programs of group insurance for
3 its employees and retired employees. The public employer may,
4 however, exclude part-time employees and persons who provide
5 services to the unit under contract from any group insurance coverage
6 that the public employer provides to the employer's full-time
7 employees. A public employer may provide programs of group health
8 insurance under this section through one (1) of the following methods:

- 9 (1) By purchasing policies of group insurance.
10 (2) By establishing self-insurance programs.
11 (3) By electing to participate in the local unit group of local units
12 that offer the state employee health plan under section 6.6 of this
13 chapter.

14 **(4) By electing to participate in a state employee health plan**
15 **under section 6.7 of this chapter.**

16 A public employer may provide programs of group insurance other
17 than group health insurance under this section by purchasing policies
18 of group insurance and by establishing self-insurance programs.
19 However, the establishment of a self-insurance program is subject to
20 the approval of the unit's fiscal body.

21 (c) A public employer may pay a part of the cost of group insurance,
22 but shall pay a part of the cost of group life insurance for local
23 employees. A public employer may pay, as supplemental wages, an
24 amount equal to the deductible portion of group health insurance as
25 long as payment of the supplemental wages will not result in the
26 payment of the total cost of the insurance by the public employer.

27 (d) An insurance contract for local employees under this section
28 may not be canceled by the public employer during the policy term of
29 the contract.

30 (e) After June 30, 1986, a public employer shall provide a group
31 health insurance program under subsection (g) to each retired
32 employee:

- 33 (1) whose retirement date is:
34 (A) after May 31, 1986, for a retired employee who was a
35 teacher (as defined in IC 20-18-2-22) for a school corporation;
36 or
37 (B) after June 30, 1986, for a retired employee not covered by
38 clause (A);

1 (2) who will have reached fifty-five (55) years of age on or before
2 the employee's retirement date but who will not be eligible on that
3 date for Medicare coverage as prescribed by 42 U.S.C. 1395 et
4 seq.;

5 (3) who will have completed twenty (20) years of creditable
6 employment with a public employer on or before the employee's
7 retirement date, ten (10) years of which must have been
8 completed immediately preceding the retirement date; and

9 (4) who will have completed at least fifteen (15) years of
10 participation in the retirement plan of which the employee is a
11 member on or before the employee's retirement date.

12 (f) A group health insurance program required by subsection (e)
13 must be equal in coverage to that offered active employees and must
14 permit the retired employee to participate if the retired employee pays
15 an amount equal to the total of the employer's and the employee's
16 premiums for the group health insurance for an active employee and if
17 the employee, within ninety (90) days after the employee's retirement
18 date files a written request with the employer for insurance coverage.
19 However, the employer may elect to pay any part of the retired
20 employee's premiums.

21 (g) A retired employee's eligibility to continue insurance under
22 subsection (e) ends when the employee becomes eligible for Medicare
23 coverage as prescribed by 42 U.S.C. 1395 et seq., or when the
24 employer terminates the health insurance program. A retired employee
25 who is eligible for insurance coverage under subsection (e) may elect
26 to have the employee's spouse covered under the health insurance
27 program at the time the employee retires. If a retired employee's spouse
28 pays the amount the retired employee would have been required to pay
29 for coverage selected by the spouse, the spouse's subsequent eligibility
30 to continue insurance under this section is not affected by the death of
31 the retired employee. The surviving spouse's eligibility ends on the
32 earliest of the following:

33 (1) When the spouse becomes eligible for Medicare coverage as
34 prescribed by 42 U.S.C. 1395 et seq.

35 (2) When the employer terminates the health insurance program.

36 (3) Two (2) years after the date of the employee's death.

37 (4) The date of the spouse's remarriage.

38 (h) This subsection does not apply to an employee who is entitled

1 to group insurance coverage under IC 20-28-10-2(b). An employee
 2 who is on leave without pay is entitled to participate for ninety (90)
 3 days in any group health insurance program maintained by the public
 4 employer for active employees if the employee pays an amount equal
 5 to the total of the employer's and the employee's premiums for the
 6 insurance. However, the employer may pay all or part of the employer's
 7 premium for the insurance.

8 (i) A public employer may provide group health insurance for
 9 retired employees or their spouses not covered by subsections (e)
 10 through (g) and may provide group health insurance that contains
 11 provisions more favorable to retired employees and their spouses than
 12 required by subsections (e) through (g). A public employer may
 13 provide group health insurance to an employee who is on leave without
 14 pay for a longer period than required by subsection (h), and may
 15 continue to pay all or a part of the employer's premium for the
 16 insurance while the employee is on leave without pay.

17 SECTION 3. IC 5-10-8-6.7 IS ADDED TO THE INDIANA CODE
 18 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 19 1, 2007]: **Sec. 6.7. (a) As used in this section, "state employee health
 20 plan" means:**

21 **(1) a self-insurance program established under section 7(b) of
 22 this chapter to provide group health coverage; or**

23 **(2) a contract with a prepaid health care delivery plan entered
 24 into by the state personnel department under section 7(c) of
 25 this chapter.**

26 **(b) The state personnel department shall allow a local unit to
 27 provide coverage of health care services for employees of the local
 28 unit through any state employee health plan available to state
 29 employees.**

30 **(c) If a local unit provides health coverage for employees or
 31 retired employees of the local unit, the local unit may elect to
 32 provide the health coverage, and the state personnel department
 33 shall allow the local unit to provide the health coverage:**

34 **(1) through a state employee health plan as provided in this
 35 section; and**

36 **(2) as described in section 2.2 or 2.6 of this chapter, whichever
 37 is applicable to the employees or retired employees of the local
 38 unit for whom health coverage is being provided.**

1 **(d) A local unit employee who receives coverage of health care**
 2 **services under a state employee health plan under subsection (c)**
 3 **must:**

- 4 **(1) receive coverage equal to the coverage provided to state**
 5 **employees under the state employee health plan; and**
 6 **(2) be allowed to choose the state employee health plan under**
 7 **which the local unit employee will be covered.**

8 **(e) The premium rate that applies to a local unit employee who**
 9 **is covered under a state employee health plan under this section**
 10 **must be the same premium rate that applies to a state employee for**
 11 **the same coverage.**

12 SECTION 4. IC 5-10-8-6.8 IS ADDED TO THE INDIANA CODE
 13 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 14 1, 2007]: **Sec. 6.8. (a) As used in this section, "small employer"**
 15 **means a private employer that employs at least two (2) but not**
 16 **more than fifty (50) full-time employees.**

17 **(b) As used in this section, "state employee health plan" means:**

- 18 **(1) a self-insurance program established under section 7(b) of**
 19 **this chapter to provide group health coverage; or**
 20 **(2) a contract with a prepaid health care delivery plan entered**
 21 **into by the state personnel department under section 7(c) of**
 22 **this chapter.**

23 **(c) The state personnel department shall allow a small employer**
 24 **to provide coverage of health care services for employees of the**
 25 **small employer under any state employee health plan available to**
 26 **state employees.**

27 **(d) IC 27-8-15 does not apply to coverage provided to employees**
 28 **of a small employer under this section.**

29 **(e) A small employer's employee who receives coverage of**
 30 **health care services under a state employee health plan under**
 31 **subsection (c) must:**

- 32 **(1) receive coverage equal to the coverage provided to state**
 33 **employees under the state employee health plan; and**
 34 **(2) be allowed to choose the state employee health plan under**
 35 **which the employee will be covered.**

36 **(f) The premium rate that applies to a small employer's**
 37 **employee who is covered under a state employee health plan under**
 38 **this section must be the same premium rate that applies to a state**

1 **employee for the same coverage.**

2 SECTION 5. IC 6-3.1-31 IS ADDED TO THE INDIANA CODE
3 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
4 JULY 1, 2007]:

5 **Chapter 31. Employee Wellness Program Tax Credit**

6 **Sec. 1. As used in this chapter, "pass through entity" means:**

- 7 (1) a corporation that is exempt from the adjusted gross
8 income tax under IC 6-3-2-2.8(2);
9 (2) a partnership;
10 (3) a limited liability company; or
11 (4) a limited liability partnership.

12 **Sec. 2. As used in this chapter, "state tax liability" means a**
13 **taxpayer's total tax liability that is incurred under:**

- 14 (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
15 (2) IC 6-5.5 (the financial institutions tax); and
16 (3) IC 27-1-18-2 (the insurance premiums tax);

17 **as computed after the application of the credits that under**
18 **IC 6-3.1-1-2 are to be applied before the credit provided by this**
19 **chapter.**

20 **Sec. 3. As used in this chapter, "taxpayer" means an individual**
21 **or entity that has any state tax liability.**

22 **Sec. 4. As used in this chapter, "wellness program" means a**
23 **program that rewards:**

- 24 (1) overweight employees for losing weight and all employees
25 for maintaining a healthy weight; or
26 (2) employees for not using tobacco.

27 **Sec. 5. A taxpayer is entitled to a credit against the taxpayer's**
28 **state tax liability for a taxable year in an amount equal to fifty**
29 **percent (50%) of the costs incurred by the taxpayer during the**
30 **taxable year for providing a wellness program for the taxpayer's**
31 **employees during the taxable year.**

32 **Sec. 6. If a pass through entity is entitled to a credit under**
33 **section 5 of this chapter but does not have state tax liability against**
34 **which the tax credit may be applied, a shareholder, partner, or**
35 **member of the pass through entity is entitled to a tax credit equal**
36 **to:**

- 37 (1) the tax credit determined for the pass through entity for
38 the taxable year; multiplied by

1 **(2) the percentage of the pass through entity's distributive**
 2 **income to which the shareholder, partner, or member is**
 3 **entitled.**

4 **Sec. 7. (a) If the credit provided by this chapter exceeds the**
 5 **taxpayer's state tax liability for the taxable year for which the**
 6 **credit is first claimed, the excess may be carried forward to**
 7 **succeeding taxable years and used as a credit against the**
 8 **taxpayer's state tax liability during those taxable years. Each time**
 9 **that the credit is carried forward to a succeeding taxable year, the**
 10 **credit is to be reduced by the amount that was used as a credit**
 11 **during the immediately preceding taxable year.**

12 **(b) A taxpayer is not entitled to any carryback or refund of any**
 13 **unused credit.**

14 **Sec. 8. To receive the credit provided by this chapter, a taxpayer**
 15 **must claim the credit on the taxpayer's state tax return or returns**
 16 **in the manner prescribed by the department. The taxpayer shall**
 17 **submit to the department all information that the department**
 18 **determines is necessary for the calculation of the credit provided**
 19 **by this chapter.**

20 SECTION 6. IC 6-7-1-12 IS AMENDED TO READ AS FOLLOWS
 21 [EFFECTIVE JULY 1, 2007]: Sec. 12. (a) The following taxes are
 22 imposed, and shall be collected and paid as provided in this chapter,
 23 upon the sale, exchange, bartering, furnishing, giving away, or
 24 otherwise disposing of cigarettes within the state of Indiana:

25 (1) On cigarettes weighing not more than three (3) pounds per
 26 thousand (1,000), a tax at the rate of ~~two and seven hundred~~
 27 ~~seventy-five thousandths of a cent (\$0.02775)~~ **five and five**
 28 **tenths cents (\$0.055)** per individual cigarette.

29 (2) On cigarettes weighing more than three (3) pounds per
 30 thousand (1,000), a tax at the rate of ~~three seven and six thousand~~
 31 ~~eight hundred eighty-one ten-thousandths of a cent (\$0.036881)~~
 32 **thirty-one hundredths cents (\$0.0731)** per individual cigarette,
 33 except that if any cigarettes weighing more than three (3) pounds
 34 per thousand (1,000) shall be more than six and one-half (6 1/2)
 35 inches in length, they shall be taxable at the rate provided in
 36 subdivision (1), counting each two and three-fourths (2 3/4)
 37 inches (or fraction thereof) as a separate cigarette.

38 (b) Upon all cigarette papers, wrappers, or tubes, made or prepared

1 for the purpose of making cigarettes, which are sold, exchanged,
 2 bartered, given away, or otherwise disposed of within the state of
 3 Indiana (other than to a manufacturer of cigarettes for use by him in the
 4 manufacture of cigarettes), the following taxes are imposed, and shall
 5 be collected and paid as provided in this chapter:

6 (1) On fifty (50) papers or less, a tax of one-half cent (\$0.005).

7 (2) On more than fifty (50) papers but not more than one hundred
 8 (100) papers, a tax of one cent (\$0.01).

9 (3) On more than one hundred (100) papers, one-half cent
 10 (\$0.005) for each fifty (50) papers or fractional part thereof.

11 (4) On tubes, one cent (\$0.01) for each fifty (50) tubes or
 12 fractional part thereof.

13 SECTION 7. IC 6-7-1-17 IS AMENDED TO READ AS FOLLOWS
 14 [EFFECTIVE JULY 1, 2007]: Sec. 17. (a) Distributors who hold
 15 certificates and retailers shall be agents of the state in the collection of
 16 the taxes imposed by this chapter and the amount of the tax levied,
 17 assessed, and imposed by this chapter on cigarettes sold, exchanged,
 18 bartered, furnished, given away, or otherwise disposed of by
 19 distributors or to retailers. Distributors who hold certificates shall be
 20 agents of the department to affix the required stamps and shall be
 21 entitled to purchase the stamps from the department at a discount of
 22 ~~one and two-tenths~~ **seven tenths** percent (~~1.2%~~) **(0.7%)** of the amount
 23 of the tax stamps purchased, as compensation for their labor and
 24 expense.

25 (b) The department may permit distributors who hold certificates
 26 and who are admitted to do business in Indiana to pay for revenue
 27 stamps within thirty (30) days after the date of purchase. However, the
 28 privilege is extended upon the express condition that:

29 (1) except as provided in subsection (c), a bond or letter of credit
 30 satisfactory to the department, in an amount not less than the sales
 31 price of the stamps, is filed with the department; and

32 (2) proof of payment is made of all local property, state income,
 33 and excise taxes for which any such distributor may be liable. The
 34 bond or letter of credit, conditioned to secure payment for the
 35 stamps, shall be executed by the distributor as principal and by a
 36 corporation duly authorized to engage in business as a surety
 37 company or financial institution in Indiana.

38 (c) If a distributor has at least five (5) consecutive years of good

1 credit standing with the state, the distributor shall not be required to
2 post a bond or letter of credit under subsection (b).

3 SECTION 8. IC 6-7-1-28.1 IS AMENDED TO READ AS
4 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 28.1. The taxes,
5 registration fees, fines, or penalties collected under this chapter shall
6 be deposited in the following manner:

7 (1) ~~Six Three and six-tenths eighty-nine hundredths~~ percent
8 ~~(6.6%)~~ **(3.89%)** of the money shall be deposited in a fund to be
9 known as the cigarette tax fund.

10 (2) ~~Ninety-four Fifty-five hundredths~~ percent ~~(0.94%)~~ **(0.55%)**
11 of the money shall be deposited in a fund to be known as the
12 mental health centers fund.

13 (3) ~~Eighty-three Forty-nine and ninety-seven fifty~~ hundredths
14 percent ~~(83.97%)~~ **(49.50%)** of the money shall be deposited in
15 the state general fund.

16 (4) ~~Eight Five and forty-nine hundredths~~ percent ~~(8.49%)~~ **(5.0%)**
17 of the money shall be deposited into the pension relief fund
18 established in IC 5-10.3-11.

19 **(5) Forty-one and six hundredths percent (41.06%) of the**
20 **money shall be deposited into the health coverage for children**
21 **fund established by IC 12-17.9-14-1.**

22 The money in the cigarette tax fund, the mental health centers fund, **the**
23 **health coverage for children fund**, or the pension relief fund at the
24 end of a fiscal year does not revert to the state general fund. However,
25 if in any fiscal year, the amount allocated to a fund under subdivision
26 (1) or (2) is less than the amount received in fiscal year 1977, then that
27 fund shall be credited with the difference between the amount allocated
28 and the amount received in fiscal year 1977, and the allocation for the
29 fiscal year to the fund under subdivision (3) shall be reduced by the
30 amount of that difference.

31 SECTION 9. IC 12-7-2-15.3 IS ADDED TO THE INDIANA CODE
32 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
33 1, 2007]: **Sec. 15.3. "Application agent", for purposes of IC 12-17.9,**
34 **has the meaning set forth in IC 12-17.9-1-2.**

35 SECTION 10. IC 12-7-2-28, AS AMENDED BY P.L.145-2006,
36 SECTION 37, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
37 JULY 1, 2007]: Sec. 28. "Child" means the following:

38 (1) For purposes of IC 12-17.2, an individual who is less than

1 eighteen (18) years of age.

2 **(2) For purposes of IC 12-17.9, the meaning set forth in**
 3 **IC 12-17.9-1-3.**

4 ~~(2)~~ **(3)** For purposes of IC 12-26, the meaning set forth in
 5 IC 31-9-2-13(d).

6 SECTION 11. IC 12-7-2-76.4 IS ADDED TO THE INDIANA
 7 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 8 [EFFECTIVE JULY 1, 2007]: **Sec. 76.4. "Employer sponsored**
 9 **health coverage" has the meaning set forth in IC 12-17.9-1-4.**

10 SECTION 12. IC 12-7-2-91 IS AMENDED TO READ AS
 11 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 91. "Fund" means the
 12 following:

13 (1) For purposes of IC 12-12-1-9, the fund described in
 14 IC 12-12-1-9.

15 (2) For purposes of IC 12-13-8, the meaning set forth in
 16 IC 12-13-8-1.

17 (3) For purposes of IC 12-15-20, the meaning set forth in
 18 IC 12-15-20-1.

19 (4) For purposes of IC 12-17-12, the meaning set forth in
 20 IC 12-17-12-4.

21 (5) For purposes of IC 12-17.6, the meaning set forth in
 22 IC 12-17.6-1-3.

23 **(6) For purposes of IC 12-17.9, the meaning set forth in**
 24 **IC 12-17.9-1-5.**

25 ~~(6)~~ **(7)** For purposes of IC 12-18-4, the meaning set forth in
 26 IC 12-18-4-1.

27 ~~(7)~~ **(8)** For purposes of IC 12-18-5, the meaning set forth in
 28 IC 12-18-5-1.

29 ~~(8)~~ **(9)** For purposes of IC 12-19-7, the meaning set forth in
 30 IC 12-19-7-2.

31 ~~(9)~~ **(10)** For purposes of IC 12-23-2, the meaning set forth in
 32 IC 12-23-2-1.

33 ~~(10)~~ **(11)** For purposes of IC 12-23-18, the meaning set forth in
 34 IC 12-23-18-4.

35 ~~(11)~~ **(12)** For purposes of IC 12-24-6, the meaning set forth in
 36 IC 12-24-6-1.

37 ~~(12)~~ **(13)** For purposes of IC 12-24-14, the meaning set forth in
 38 IC 12-24-14-1.

1 ~~(13)~~ **(14)** For purposes of IC 12-30-7, the meaning set forth in
2 IC 12-30-7-3.

3 SECTION 13. IC 12-7-2-134 IS AMENDED TO READ AS
4 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 134. "Office" means
5 the following:

6 (1) Except as provided in subdivisions (2) and (3), the office of
7 Medicaid policy and planning established by IC 12-8-6-1.

8 (2) For purposes of IC 12-10-13, the meaning set forth in
9 IC 12-10-13-4.

10 (3) For purposes of IC 12-17.6, the meaning set forth in
11 IC 12-17.6-1-4.

12 **(4) For purposes of IC 12-17.9, the meaning set forth in**
13 **IC 12-17.9-1-6.**

14 SECTION 14. IC 12-7-2-146 IS AMENDED TO READ AS
15 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 146. "Program" refers
16 to the following:

17 (1) For purposes of IC 12-10-7, the adult guardianship services
18 program established by IC 12-10-7-5.

19 (2) For purposes of IC 12-10-10, the meaning set forth in
20 IC 12-10-10-5.

21 (3) For purposes of IC 12-17.6, the meaning set forth in
22 IC 12-17.6-1-5.

23 **(4) For purposes of IC 12-17.9, the meaning set forth in**
24 **IC 12-17.9-1-7.**

25 SECTION 15. IC 12-7-2-164 IS AMENDED TO READ AS
26 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 164. "Resident" has the
27 following meaning:

28 (1) For purposes of IC 12-10-15, the meaning set forth in
29 IC 12-10-15-5.

30 (2) For purposes of IC 12-16, except IC 12-16-1, an individual
31 who has actually resided in Indiana for at least ninety (90) days.

32 **(3) For purposes of IC 12-17.9, the meaning set forth in**
33 **IC 12-17.9-1-8.**

34 ~~(3)~~ **(4)** For purposes of IC 12-20-8, the meaning set forth in
35 IC 12-20-8-1.

36 ~~(4)~~ **(5)** For purposes of IC 12-24-5, the meaning set forth in
37 IC 12-24-5-1.

38 SECTION 16. IC 12-7-2-196.7 IS ADDED TO THE INDIANA

1 CODE AS A NEW SECTION TO READ AS FOLLOWS
 2 [EFFECTIVE JULY 1, 2007]: **Sec. 196.7. "Usual and customary or**
 3 **reasonable charge", for purposes of IC 12-17.9, has the meaning**
 4 **set forth in IC 12-17.9-1-9.**

5 SECTION 17. IC 12-15-2-15.8 IS ADDED TO THE INDIANA
 6 CODE AS A NEW SECTION TO READ AS FOLLOWS
 7 [EFFECTIVE JULY 1, 2007]: **Sec. 15.8. An individual who is less**
 8 **than nineteen (19) years of age and who is eligible for Medicaid**
 9 **under section 14 of this chapter is eligible to receive Medicaid until**
 10 **the earlier of the following:**

11 (1) **The end of a period of twelve (12) consecutive months**
 12 **following a determination of the individual's eligibility for**
 13 **Medicaid.**

14 (2) **The individual becomes nineteen (19) years of age.**

15 SECTION 18. IC 12-15-12-12 IS AMENDED TO READ AS
 16 FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 12. (a)** For a managed
 17 care program or demonstration project established or authorized by the
 18 office, or established or authorized by another entity or agency working
 19 in conjunction with or under agreement with the office, the office must
 20 provide for payment to providers in the managed care program that the
 21 office finds is reasonable and adequate to meet the costs that must be
 22 incurred by efficiently and economically operated providers in order to:

23 (1) provide care and services in conformity with applicable state
 24 and federal laws, regulations, and quality and safety standards;
 25 and

26 (2) ensure that individuals eligible for medical assistance under
 27 the managed care program or demonstration project have
 28 reasonable access (taking into account geographic location and
 29 reasonable travel time) to the services provided by the managed
 30 care program.

31 **(b) In addition to the requirements under subsection (a), the**
 32 **office shall establish payments to a physician who:**

33 (1) **is licensed under IC 25-22.5;**

34 (2) **is a primary care provider; and**

35 (3) **provides physician services under a managed care**
 36 **program or demonstration project established or authorized**
 37 **by the office;**

38 **that represent a one hundred percent (100%) increase of the**

1 **Medicaid reimbursement rates used January 1, 2007.**

2 SECTION 19. IC 12-15-13-2 IS AMENDED TO READ AS
3 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) Except as
4 provided in IC 12-15-14 and IC 12-15-15, payments to Medicaid
5 providers must be:

6 (1) consistent with efficiency, economy, and quality of care; and
7 (2) sufficient to enlist enough providers so that care and services
8 are available under Medicaid, at least to the extent that such care
9 and services are available to the general population in the
10 geographic area.

11 (b) If federal law or regulations specify reimbursement criteria,
12 payment shall be made in compliance with those criteria.

13 **(c) In addition to the requirements under subsection (a), the**
14 **office shall establish payments to a physician who:**

15 **(1) is licensed under IC 25-22.5;**
16 **(2) is a primary care provider; and**
17 **(3) provides physician services under a fee for service**
18 **program or the Medicaid primary care case management**
19 **program;**

20 **that represent a one hundred percent (100%) increase of the**
21 **Medicaid reimbursement rates used January 1, 2007.**

22 SECTION 20. IC 12-17.6-2-3 IS AMENDED TO READ AS
23 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) To the greatest
24 extent possible, the office shall use the same:

25 (1) eligibility determination;
26 (2) enrollment;
27 (3) provider networks; and
28 (4) claims payment systems;

29 as are used by the Medicaid managed care program for children.

30 **(b) The office shall establish payments to a physician who:**

31 **(1) is licensed under IC 25-22.5;**
32 **(2) is a primary care provider; and**
33 **(3) provides physician services under the program;**

34 **that are equal to payments under the Medicaid program under**
35 **IC 12-15.**

36 SECTION 21. IC 12-17.6-3-2 IS AMENDED TO READ AS
37 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) To be eligible to
38 enroll in the program, a child must meet the following requirements:

- 1 (1) The child is less than nineteen (19) years of age.
- 2 (2) The child is a member of a family with an annual income of:
- 3 (A) more than one hundred fifty percent (150%); and
- 4 (B) not more than ~~two~~ **three** hundred percent ~~(200%)~~;
- 5 **(300%)**;
- 6 of the federal income poverty level.
- 7 (3) The child is a resident of Indiana.
- 8 (4) The child meets all eligibility requirements under Title XXI
- 9 of the federal Social Security Act.
- 10 (5) The child's family agrees to pay any cost sharing amounts
- 11 required by the office.

12 (b) The office may adjust eligibility requirements based on available
 13 program resources under rules adopted under IC 4-22-2.

14 SECTION 22. IC 12-17.6-3-3 IS AMENDED TO READ AS
 15 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) Subject to
 16 subsection (b), a child who is eligible for the program shall receive
 17 services from the program until the earlier of the following:

- 18 (1) ~~The child becomes financially ineligible: end of a period of~~
 19 **twelve (12) consecutive months following the determination of**
 20 **the child's eligibility for the program.**
- 21 (2) The child becomes nineteen (19) years of age.

22 (b) Subsection (a) applies only if the child and the child's family
 23 comply with enrollment requirements.

24 SECTION 23. IC 12-17.9 IS ADDED TO THE INDIANA CODE
 25 AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY
 26 1, 2007]:

27 **ARTICLE 17.9. HEALTH COVERAGE FOR CHILDREN**
 28 **AND ADULTS**

29 **Chapter 1. Definitions**

30 **Sec. 1. The definitions in this chapter apply throughout this**
 31 **article.**

32 **Sec. 2. "Application agent" means an organization or**
 33 **individual, including a licensed health care provider, a school, a**
 34 **youth service agency, an employer, a labor union, a local chamber**
 35 **of commerce, a community organization, or another organization,**
 36 **that is approved by the office to assist in enrolling children in the**
 37 **program.**

38 **Sec. 3. "Child" means an individual who is less than nineteen**

1 (19) years of age.

2 Sec. 4. "Employer sponsored health coverage" means coverage
3 that is available through an employer.

4 Sec. 5. "Fund" refers to the health coverage for children and
5 adults fund established by IC 12-17.9-14-1.

6 Sec. 6. "Office" refers to the office of the children's health
7 insurance program established by IC 12-17.6-2-1.

8 Sec. 7. "Program" refers to the health coverage for children
9 program created by IC 12-17.9-2-1.

10 Sec. 8. "Resident" means an individual who is:

11 (1) in Indiana for a purpose other than a temporary or
12 transitory purpose during the taxable year; or

13 (2) domiciled in Indiana, but is absent from Indiana for a
14 temporary or transitory purpose during the taxable year.

15 Sec. 9. "Usual and customary or reasonable charge" means a
16 charge for health care services consistent with the average charge
17 for similar health care services furnished by similar health care
18 providers in a particular geographic area.

19 Chapter 2. Health Coverage for Children Program

20 Sec. 1. The health coverage for children program is created.

21 Sec. 2. The office shall administer the program.

22 Sec. 3. The office has the same powers and authority to
23 administer the program as the powers and duties available to the
24 office under IC 12-17.6.

25 Sec. 4. The office shall coordinate the program with existing
26 children's health programs operated by state agencies.

27 Chapter 3. Eligibility

28 Sec. 1. To be eligible for the program, an individual must be a
29 child:

30 (1) who is a resident;

31 (2) who is ineligible for coverage under the:

32 (A) children's health insurance program under IC 12-17.6;

33 or

34 (B) Medicaid program under IC 12-15; and

35 (3) to whom one (1) of the following applies:

36 (A) The child has been without health coverage for a
37 period of at least six (6) months.

38 (B) The child previously was covered by affordable

1 dependent health coverage through a parent's employment
2 and is no longer covered due to the parent's loss of
3 employment.

4 (C) The child is a newborn for whom affordable private
5 health coverage or employer sponsored health coverage is
6 not available.

7 (D) The child, less than six (6) months before applying for
8 coverage under the program, lost coverage under the
9 children's health insurance program under IC 12-17.6 or
10 the Medicaid program under IC 12-15.

11 Sec. 2. (a) An administrator licensed under IC 27-1-25, an
12 insurer that holds a certificate of authority under IC 27 to issue or
13 deliver a policy of accident and sickness insurance (as defined in
14 IC 27-8-5-1), and a health maintenance organization that holds a
15 certificate of authority under IC 27-13 shall provide health
16 coverage data match information to the office for the use of the
17 office in determining an individual's eligibility for the program.

18 (b) Personal information contained in the data provided to the
19 office under subsection (a) is confidential and may not be disclosed
20 or used for any other purpose.

21 (c) The office, in collaboration with the department of
22 insurance, shall adopt rules under IC 4-22-2:

23 (1) to govern the exchange of information under this section;
24 and

25 (2) that are consistent with laws relating to the confidentiality
26 and privacy of personal information, including the federal
27 Health Insurance Portability and Accountability Act.

28 Sec. 3. The office shall:

29 (1) monitor the availability and retention of employer
30 sponsored health coverage; and

31 (2) modify a period specified in section 1(3) of this chapter as
32 necessary to promote retention of private health coverage or
33 employer sponsored health coverage and timely access to
34 health care services. However, the period described in section
35 1(3)(A) of this chapter may not be less than six (6) months.

36 Sec. 4. The office may consider the affordability of dependent
37 health coverage in making a determination concerning whether
38 employer sponsored health coverage is available upon

1 **reemployment of a child's parent described in section 1(3)(B) of**
2 **this chapter.**

3 **Sec. 5. A child who is eligible for the program under this**
4 **chapter remains eligible for twelve (12) months if the child:**

- 5 **(1) remains a resident;**
- 6 **(2) is less than nineteen (19) years of age; and**
- 7 **(3) is not excluded under section 6 of this chapter.**

8 **Sec. 6. (a) A child is not eligible for coverage under the program**
9 **if:**

- 10 **(1) the premium required under IC 12-17.9-8 has not been**
11 **timely paid; or**
- 12 **(2) the child is an inpatient in a public institution or an**
13 **institution for mental illness.**

14 **(b) If a premium described in subsection (a)(1) is not paid:**

- 15 **(1) the liability of the program is limited to benefits received**
16 **under the program for the period for which premiums have**
17 **been paid;**
- 18 **(2) the child is ineligible for reenrollment in the program for**
19 **at least three (3) months;**
- 20 **(3) reenrollment in the program must be completed before the**
21 **next covered medical visit; and**
- 22 **(4) the first month's premium after reenrollment must be paid**
23 **before the next covered medical visit.**

24 **Chapter 4. Enrollment in Program**

25 **Sec. 1. The office shall develop procedures to allow application**
26 **agents to assist in enrolling children in the program or other**
27 **children's health programs.**

28 **Sec. 2. At the office's discretion, technical assistance payments**
29 **may be made for approved applications facilitated by an**
30 **application agent.**

31 **Chapter 5. Program Outreach and Marketing**

32 **Sec. 1. The office may provide grants to application agents and**
33 **other community based organizations to educate the public about**
34 **the availability of the program.**

35 **Sec. 2. The office shall adopt rules under IC 4-22-2 regarding**
36 **performance standards and outcome measures expected of**
37 **organizations that are awarded grants under this chapter,**
38 **including penalties for nonperformance of contract standards.**

1 **Chapter 6. Health Coverage for Children**

2 **Sec. 1. The office shall purchase or provide for eligible children**
 3 **health coverage, except for nonemergency transportation, that is**
 4 **identical to the coverage provided for children under the children's**
 5 **health insurance program under IC 12-17.6.**

6 **Sec. 2. If cost effective, the office may, as an alternative to the**
 7 **coverage required under section 1 of this chapter, offer subsidies**
 8 **toward the cost of private health coverage or employer sponsored**
 9 **health coverage.**

10 **Sec. 3. The office may offer to a child who would be eligible for**
 11 **the program, but does not meet at least one (1) of the requirements**
 12 **of IC 12-17.9-3-1(3), the following:**

13 **(1) Partial coverage if the child is covered under a private,**
 14 **high deductible health coverage plan.**

15 **(2) A limited package of benefits if the child is covered under**
 16 **private health coverage or employer sponsored health**
 17 **coverage that does not provide dental, vision, or other**
 18 **particular benefits.**

19 **Sec. 4. (a) Subject to subsection (b), the office has sole discretion**
 20 **to determine the:**

21 **(1) content and availability of;**

22 **(2) terms of eligibility for; and**

23 **(3) efficacy and cost effectiveness of providing;**

24 **benefits described in sections 2 and 3 of this chapter.**

25 **(b) In making the determination under subsection (a), the office**
 26 **shall consider the need to promote retention of private health**
 27 **coverage and employer sponsored health coverage.**

28 **Sec. 5. The office shall ensure that reimbursement under the**
 29 **program to a physician who is licensed under IC 25-22.5 and is a**
 30 **primary care provider is not less than the reimbursement rate on**
 31 **January 1, 2007, under the Medicaid program under IC 12-15 plus**
 32 **one hundred percent (100%).**

33 **Sec. 6. The parent or other individual who is responsible for a**
 34 **child who participates in the program shall make an annual**
 35 **contribution to the health incentives account established under**
 36 **IC 12-17.9-14-7 of not more than two percent (2%) of the**
 37 **individual's annual income, according to a contribution schedule**
 38 **adopted by the office in rules under IC 4-22-2.**

- 1 **Chapter 7. Health Coverage for Adults Plan**
- 2 **Sec. 1. The office shall establish a plan through which the office**
- 3 **purchases or provides health coverage to individuals who:**
- 4 (1) are residents;
- 5 (2) are at least nineteen (19) years of age; and
- 6 (2) do not have coverage for health care services.
- 7 **Sec. 2. The office shall design the plan established under section**
- 8 **1 of this chapter to make health coverage available as follows:**
- 9 (1) To an individual described in section 1 of this chapter who
- 10 has a family income equal to not more than one hundred
- 11 percent (100%) of the federal income poverty level, health
- 12 coverage with no premium or cost sharing amounts to be paid
- 13 by the individual.
- 14 (2) To an individual described in section 1 of this chapter who
- 15 has a family income equal to more than one hundred percent
- 16 (100%) but not more than three hundred percent (300%) of
- 17 the federal income poverty level, health coverage with
- 18 premium and cost sharing amounts to be paid by the
- 19 individual according to a sliding scale based on family income
- 20 and established by the office in rules adopted under IC 4-22-2.
- 21 (3) To an individual described in section 1 of this chapter who
- 22 has a family income equal to more than three hundred
- 23 percent (300%) of the federal income poverty level, health
- 24 coverage with all premium and cost sharing amounts to be
- 25 paid by the individual.
- 26 **Sec. 3. The health coverage made available under this chapter**
- 27 **shall include benefits determined by the office.**
- 28 **Sec. 4. If cost effective, the office may provide subsidies toward**
- 29 **the cost of private health coverage or employer sponsored health**
- 30 **coverage.**
- 31 **Sec. 5. The office shall ensure that reimbursement under the**
- 32 **plan to a physician who is licensed under IC 25-22.5 and is a**
- 33 **primary care provider is not less than the reimbursement rate on**
- 34 **January 1, 2007, under the Medicaid program under IC 12-15 plus**
- 35 **one hundred percent (100%).**
- 36 **Sec. 6. An individual who participates in coverage under section**
- 37 **2(2) or 2(3) of this chapter shall make an annual contribution to the**
- 38 **health incentives account established under IC 12-17.9-14-7 of not**

1 more than two percent (2%) of the individual's annual income,
 2 according to a contribution schedule adopted by the office in rules
 3 under IC 4-22-2.

4 **Chapter 8. Cost Sharing**

5 **Sec. 1. (a)** The office shall adopt rules under IC 4-22-2 to
 6 establish cost sharing requirements, including:

7 (1) copayments and coinsurance for health care services
 8 (other than well baby or well child health care services and
 9 age appropriate immunizations required by law); and

10 (2) monthly premiums for coverage under the program;
 11 for children receiving coverage described in IC 12-17.9-6-1.

12 (b) Cost sharing requirements established under subsection (a)
 13 must be determined under a sliding scale based on family income.

14 (c) The office may periodically modify the cost sharing
 15 requirements established under this section.

16 **Sec. 2.** Children and adults who are enrolled in private health
 17 coverage or employer sponsored health coverage for which a
 18 subsidy is provided as described in IC 12-17.9-6-2 or IC 12-17.9-7-4
 19 are subject to the cost sharing provisions stated in the private
 20 health coverage or employer sponsored health coverage plan.

21 **Sec. 3.** Notwithstanding any other law, rates paid by the office
 22 for coverage under the program or under the plan established
 23 under IC 12-17.9-7-1 may not be considered in determining a usual
 24 and customary or reasonable charge.

25 **Chapter 9. Study**

26 **Sec. 1.** The office shall conduct a study that does the following:

27 (1) Establishes estimates of the following that are calculated
 28 using data compiled from particular regions of Indiana:

29 (A) Number of children who have health coverage.

30 (B) Number of children who do not have health coverage.

31 (C) Number of children who are eligible for Medicaid
 32 under IC 12-15 or the children's health insurance program
 33 under IC 12-17.6.

34 (D) Number of children who are enrolled in Medicaid
 35 under IC 12-15 or the children's health insurance program
 36 under IC 12-17.6.

37 (E) Number of children who have access to employer
 38 sponsored health coverage.

- 1 (F) Number of children who are enrolled in employer
- 2 sponsored health coverage.
- 3 (2) Surveys families:
- 4 (A) whose children have access to employer sponsored
- 5 health coverage; and
- 6 (B) who decline the coverage described in clause (A);
- 7 concerning the reason for declining the coverage.
- 8 (3) Ascertain, for the population of children accessing
- 9 employer sponsored health coverage or who have access to the
- 10 coverage, the:
- 11 (A) comprehensiveness of coverage available;
- 12 (B) cost sharing associated with the coverage; and
- 13 (C) amount of cost sharing currently required of
- 14 employees.
- 15 (4) Measures health outcomes or other benefits for children
- 16 using the program.
- 17 (5) Analyzes the effects of enrollment in the program on use
- 18 of health care services by children after enrollment compared
- 19 to use of health care services before enrollment.

20 **Sec. 2.** The study described in section 1 of this chapter must be

21 conducted annually and must compare the data for each year with

22 the data for the immediately preceding year.

23 **Sec. 3.** The office shall submit the results of the study conducted

24 under this chapter to the governor and, in an electronic format

25 under IC 5-14-6, to the legislative council as follows:

- 26 (1) Preliminary results, not later than July 1, 2009.
- 27 (2) Final results, not later than July 1, 2011.

28 **Chapter 10. Consultation With Interested Parties**

29 **Sec. 1.** The office shall present details regarding implementation

30 of the program to the select joint commission on Medicaid

31 oversight established by IC 2-5-26-3.

32 **Sec. 2.** The select joint commission on Medicaid oversight serves

33 as the forum for health care providers, advocates, consumers, and

34 other interested parties to advise the office with respect to the

35 program.

36 **Chapter 11. Federal Financial Participation**

37 **Sec. 1.** The office, in cooperation with the office of Medicaid

38 policy and planning established by IC 12-8-6-1, shall request

1 necessary state plan amendments or waivers of federal
2 requirements to allow receipt of federal funds to implement the
3 program.

4 **Sec. 2. The failure of a responsible federal agency to approve a**
5 **state plan amendment or waiver requested under section 1 of this**
6 **chapter does not prevent the implementation of this article.**

7 **Chapter 12. Rulemaking**

8 **Sec. 1. (a) The office shall adopt under IC 4-22-2 rules necessary**
9 **to implement this article, including rules:**

- 10 (1) regarding annual eligibility renewals;
11 (2) providing for reenrollment, grace periods, notice
12 requirements, and hearing procedures related to a
13 determination of ineligibility under IC 12-17.9-3-6(a)(1) or
14 IC 12-17.9-3-6(b); and
15 (3) used to determine availability and affordability of private
16 health coverage or employer sponsored health coverage,
17 including consideration of:
18 (A) the percentage of income needed to purchase child or
19 family health coverage;
20 (B) the availability of employer subsidies; and
21 (C) other relevant factors.

22 **(b) The office may adopt emergency rules under IC 4-22-2-37.1**
23 **to implement this article.**

24 **Chapter 13. Subrogation**

25 **Sec. 1. The program is subrogated to all claims, demands, and**
26 **causes of action for injuries to an individual covered under the**
27 **program for all amounts paid by the program from the time of**
28 **injury of the individual to the date of recovery on the claim,**
29 **demand, or cause of action.**

30 **Chapter 14. Health Coverage for Children and Adults Fund**

31 **Sec. 1. The health coverage for children and adults fund is**
32 **established to provide funding for:**

- 33 (1) the health coverage for children program created by
34 IC 12-17.9-2-1;
35 (2) a health coverage for adults plan established under
36 IC 12-17.9-7-1; and
37 (3) the annual deposit to the health incentives account under
38 section 7(c)(2) of this chapter.

1 **The fund shall be administered by the office.**

2 **Sec. 2. The fund consists of the following:**

3 **(1) Money deposited in the fund under IC 6-7-1-28.1.**

4 **(2) Donations to the fund.**

5 **(3) Contributions to the health incentives account as described**
6 **in section 7(d) of this chapter.**

7 **(4) Appropriations made by the general assembly.**

8 **Sec. 3. The expenses of administering the fund shall be paid**
9 **from money in the fund.**

10 **Sec. 4. The treasurer of state shall invest the money in the fund**
11 **not currently needed to meet the obligations of the fund in the same**
12 **manner as other public money may be invested. (Interest that**
13 **accrues from these investments shall be deposited in the fund.)**

14 **Sec. 5. Money in the fund at the end of a state fiscal year does**
15 **not revert to the state general fund.**

16 **Sec. 6. There is annually appropriated to the office the money**
17 **in the fund for the use of the office in carrying out the purposes**
18 **described in section 1 of this chapter.**

19 **Sec. 7. (a) The health incentives account is established within the**
20 **fund to provide funding only for the payment of the following for**
21 **individuals who participate in the program established by**
22 **IC 12-17.9-2-1 or the plan established under IC 12-17.9-7-1:**

23 **(1) Copayments.**

24 **(2) Cost sharing requirements.**

25 **(3) Wellness programs.**

26 **(4) Other preventive measures as determined by the office.**

27 **(b) The account shall be administered by the office.**

28 **(c) The account consists of the following:**

29 **(1) Annual contributions to the account as described in**
30 **IC 12-17.9-6-6 and IC 12-17.9-7-6.**

31 **(2) An amount that is:**

32 **(A) annually deposited in the account from the fund; and**

33 **(B) equal to one hundred percent (100%) of the amount of**
34 **the contributions to the account during the previous year.**

35 **(d) The expenses of administering the account shall be paid from**
36 **money in the account.**

37 **(e) The treasurer of state shall invest the money in the account**
38 **not currently needed to meet the obligations of the account in the**

1 **same manner as other public money may be invested. (Interest that**
 2 **accrues from these investments shall be deposited in the account.)**

3 **(f) Money in the account at the end of a state fiscal year does not**
 4 **revert to the state general fund.**

5 **(g) There is annually appropriated to the office the money in the**
 6 **account for the use of the office in carrying out the purposes**
 7 **described in subsection (a).**

8 SECTION 24. IC 16-47-1-4 IS AMENDED TO READ AS
 9 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) The department,
 10 with the approval of the budget agency, shall establish, implement, and
 11 maintain an aggregate prescription drug purchasing program through
 12 which terms are negotiated related to the purchase of prescription drugs
 13 by:

- 14 (1) an entity described in section 5(a) ~~or 5(b)~~ of this chapter; or
- 15 (2) an individual who is covered under a health benefit plan that
 16 includes a prescription drug benefit.

17 (b) The budget agency may contract with a pharmacy benefit
 18 manager or other person to conduct the negotiations of the program
 19 established under subsection (a).

20 (c) The terms and conditions of the program are subject to the
 21 approval of the budget agency.

22 SECTION 25. IC 16-47-1-5 IS AMENDED TO READ AS
 23 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) The following
 24 shall participate in the program:

- 25 (1) The department, for a health benefit plan:
 - 26 (A) described in section 2(1) ~~or 2(2) or 2(3)~~ of this chapter;
 - 27 and
 - 28 (B) that provides coverage for prescription drugs.
- 29 (2) A state educational institution, for a health benefit plan:
 - 30 (A) described in ~~section 2(4)~~ **section 2(3)** of this chapter; and
 - 31 (B) that provides coverage for prescription drugs.

32 ~~unless the budget agency determines that the state educational~~
 33 ~~institution's participation in the program would not result in an~~
 34 ~~overall financial benefit to the state educational institution.~~

35 ~~(b) The following may participate in the program:~~

- 36 ~~(1)~~ **(3)** A state agency other than the department that:
 - 37 (A) purchases prescription drugs; or
 - 38 (B) arranges for the payment of the cost of prescription drugs.

1 ~~(2)~~ **(4)** A local unit (as defined in IC 5-10-8-1).
 2 ~~(3)~~ **(5)** The Indiana comprehensive health insurance association
 3 established under IC 27-8-10.

4 ~~(c)~~ **(b)** The state Medicaid program may not participate in the
 5 program under this chapter.

6 SECTION 26. IC 20-26-5-4, AS AMENDED BY P.L.168-2006,
 7 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 8 JULY 1, 2007]: Sec. 4. In carrying out the school purposes of a school
 9 corporation, the governing body acting on the school corporation's
 10 behalf has the following specific powers:

11 (1) In the name of the school corporation, to sue and be sued and
 12 to enter into contracts in matters permitted by applicable law.

13 (2) To take charge of, manage, and conduct the educational affairs
 14 of the school corporation and to establish, locate, and provide the
 15 necessary schools, school libraries, other libraries where
 16 permitted by law, other buildings, facilities, property, and
 17 equipment.

18 (3) To appropriate from the school corporation's general fund an
 19 amount, not to exceed the greater of three thousand dollars
 20 (\$3,000) per budget year or one dollar (\$1) per pupil, not to
 21 exceed twelve thousand five hundred dollars (\$12,500), based on
 22 the school corporation's previous year's ADM, to promote the best
 23 interests of the school corporation through:

24 (A) the purchase of meals, decorations, memorabilia, or
 25 awards;

26 (B) provision for expenses incurred in interviewing job
 27 applicants; or

28 (C) developing relations with other governmental units.

29 (4) To:

30 (A) Acquire, construct, erect, maintain, hold, and contract for
 31 construction, erection, or maintenance of real estate, real estate
 32 improvements, or an interest in real estate or real estate
 33 improvements, as the governing body considers necessary for
 34 school purposes, including buildings, parts of buildings,
 35 additions to buildings, rooms, gymnasiums, auditoriums,
 36 playgrounds, playing and athletic fields, facilities for physical
 37 training, buildings for administrative, office, warehouse, repair
 38 activities, or housing school owned buses, landscaping, walks,

1 drives, parking areas, roadways, easements and facilities for
2 power, sewer, water, roadway, access, storm and surface
3 water, drinking water, gas, electricity, other utilities and
4 similar purposes, by purchase, either outright for cash (or
5 under conditional sales or purchase money contracts providing
6 for a retention of a security interest by the seller until payment
7 is made or by notes where the contract, security retention, or
8 note is permitted by applicable law), by exchange, by gift, by
9 devise, by eminent domain, by lease with or without option to
10 purchase, or by lease under IC 20-47-2, IC 20-47-3, or
11 IC 20-47-5.

12 (B) Repair, remodel, remove, or demolish, or to contract for
13 the repair, remodeling, removal, or demolition of the real
14 estate, real estate improvements, or interest in the real estate
15 or real estate improvements, as the governing body considers
16 necessary for school purposes.

17 (C) Provide for conservation measures through utility
18 efficiency programs or under a guaranteed savings contract as
19 described in IC 36-1-12.5.

20 (5) To acquire personal property or an interest in personal
21 property as the governing body considers necessary for school
22 purposes, including buses, motor vehicles, equipment, apparatus,
23 appliances, books, furniture, and supplies, either by cash purchase
24 or under conditional sales or purchase money contracts providing
25 for a security interest by the seller until payment is made or by
26 notes where the contract, security, retention, or note is permitted
27 by applicable law, by gift, by devise, by loan, or by lease with or
28 without option to purchase and to repair, remodel, remove,
29 relocate, and demolish the personal property. All purchases and
30 contracts specified under the powers authorized under subdivision
31 (4) and this subdivision are subject solely to applicable law
32 relating to purchases and contracting by municipal corporations
33 in general and to the supervisory control of state agencies as
34 provided in section 6 of this chapter.

35 (6) To sell or exchange real or personal property or interest in real
36 or personal property that, in the opinion of the governing body, is
37 not necessary for school purposes, in accordance with IC 20-26-7,
38 to demolish or otherwise dispose of the property if, in the opinion

1 of the governing body, the property is not necessary for school
2 purposes and is worthless, and to pay the expenses for the
3 demolition or disposition.

4 (7) To lease any school property for a rental that the governing
5 body considers reasonable or to permit the free use of school
6 property for:

7 (A) civic or public purposes; or
8 (B) the operation of a school age child care program for
9 children who are at least five (5) years of age and less than
10 fifteen (15) years of age that operates before or after the school
11 day, or both, and during periods when school is not in session;
12 if the property is not needed for school purposes. Under this
13 subdivision, the governing body may enter into a long term lease
14 with a nonprofit corporation, community service organization, or
15 other governmental entity, if the corporation, organization, or
16 other governmental entity will use the property to be leased for
17 civic or public purposes or for a school age child care program.
18 However, if payment for the property subject to a long term lease
19 is made from money in the school corporation's debt service fund,
20 all proceeds from the long term lease must be deposited in the
21 school corporation's debt service fund so long as payment for the
22 property has not been made. The governing body may, at the
23 governing body's option, use the procedure specified in
24 IC 36-1-11-10 in leasing property under this subdivision.

25 (8) To:

26 (A) Employ, contract for, and discharge superintendents,
27 supervisors, principals, teachers, librarians, athletic coaches
28 (whether or not they are otherwise employed by the school
29 corporation and whether or not they are licensed under
30 IC 20-28-5), business managers, superintendents of buildings
31 and grounds, janitors, engineers, architects, physicians,
32 dentists, nurses, accountants, teacher aides performing
33 noninstructional duties, educational and other professional
34 consultants, data processing and computer service for school
35 purposes, including the making of schedules, the keeping and
36 analyzing of grades and other student data, the keeping and
37 preparing of warrants, payroll, and similar data where
38 approved by the state board of accounts as provided below,

1 and other personnel or services as the governing body
2 considers necessary for school purposes.

3 (B) Fix and pay the salaries and compensation of persons and
4 services described in this subdivision.

5 (C) Classify persons or services described in this subdivision
6 and to adopt schedules of salaries or compensation.

7 (D) Determine the number of the persons or the amount of the
8 services employed or contracted for as provided in this
9 subdivision.

10 (E) Determine the nature and extent of the duties of the
11 persons described in this subdivision.

12 The compensation, terms of employment, and discharge of
13 teachers are, however, subject to and governed by the laws
14 relating to employment, contracting, compensation, and discharge
15 of teachers. The compensation, terms of employment, and
16 discharge of bus drivers are subject to and governed by laws
17 relating to employment, contracting, compensation, and discharge
18 of bus drivers. The forms and procedures relating to the use of
19 computer and data processing equipment in handling the financial
20 affairs of the school corporation must be submitted to the state
21 board of accounts for approval so that the services are used by the
22 school corporation when the governing body determines that it is
23 in the best interest of the school corporation while at the same
24 time providing reasonable accountability for the funds expended.

25 (9) Notwithstanding the appropriation limitation in subdivision
26 (3), when the governing body by resolution considers a trip by an
27 employee of the school corporation or by a member of the
28 governing body to be in the interest of the school corporation,
29 including attending meetings, conferences, or examining
30 equipment, buildings, and installation in other areas, to permit the
31 employee to be absent in connection with the trip without any loss
32 in pay and to reimburse the employee or the member the
33 employee's or member's reasonable lodging and meal expenses
34 and necessary transportation expenses. To pay teaching personnel
35 for time spent in sponsoring and working with school related trips
36 or activities.

37 (10) To transport children to and from school, when in the
38 opinion of the governing body the transportation is necessary,

- 1 including considerations for the safety of the children and without
2 regard to the distance the children live from the school. The
3 transportation must be otherwise in accordance with applicable
4 law.
- 5 (11) To provide a lunch program for a part or all of the students
6 attending the schools of the school corporation, including the
7 establishment of kitchens, kitchen facilities, kitchen equipment,
8 lunch rooms, the hiring of the necessary personnel to operate the
9 lunch program, and the purchase of material and supplies for the
10 lunch program, charging students for the operational costs of the
11 lunch program, fixing the price per meal or per food item. To
12 operate the lunch program as an extracurricular activity, subject
13 to the supervision of the governing body. To participate in a
14 surplus commodity or lunch aid program.
- 15 (12) To purchase textbooks, to furnish textbooks without cost or
16 to rent textbooks to students, to participate in a textbook aid
17 program, all in accordance with applicable law.
- 18 (13) To accept students transferred from other school corporations
19 and to transfer students to other school corporations in accordance
20 with applicable law.
- 21 (14) To make budgets, to appropriate funds, and to disburse the
22 money of the school corporation in accordance with applicable
23 law. To borrow money against current tax collections and
24 otherwise to borrow money, in accordance with IC 20-48-1.
- 25 (15) To purchase insurance or to establish and maintain a
26 program of self-insurance relating to the liability of the school
27 corporation or the school corporation's employees in connection
28 with motor vehicles or property and for additional coverage to the
29 extent permitted and in accordance with IC 34-13-3-20. To
30 purchase additional insurance or to establish and maintain a
31 program of self-insurance protecting the school corporation and
32 members of the governing body, employees, contractors, or agents
33 of the school corporation from liability, risk, accident, or loss
34 related to school property, school contract, school or school
35 related activity, including the purchase of insurance or the
36 establishment and maintenance of a self-insurance program
37 protecting persons described in this subdivision against false
38 imprisonment, false arrest, libel, or slander for acts committed in

1 the course of the persons' employment, protecting the school
 2 corporation for fire and extended coverage and other casualty
 3 risks to the extent of replacement cost, loss of use, and other
 4 insurable risks relating to property owned, leased, or held by the
 5 school corporation. To:

6 (A) participate in a state employee health plan under
 7 IC 5-10-8-6.6;

8 (B) purchase insurance; or

9 (C) establish and maintain a program of self-insurance; or

10 **(D) participate in a state employee health plan under**
 11 **IC 5-10-8-6.7;**

12 to benefit school corporation employees, including accident,
 13 sickness, health, or dental coverage, provided that a plan of
 14 self-insurance must include an aggregate stop-loss provision.

15 (16) To make all applications, to enter into all contracts, and to
 16 sign all documents necessary for the receipt of aid, money, or
 17 property from the state, the federal government, or from any other
 18 source.

19 (17) To defend a member of the governing body or any employee
 20 of the school corporation in any suit arising out of the
 21 performance of the member's or employee's duties for or
 22 employment with, the school corporation, if the governing body
 23 by resolution determined that the action was taken in good faith.
 24 To save any member or employee harmless from any liability,
 25 cost, or damage in connection with the performance, including the
 26 payment of legal fees, except where the liability, cost, or damage
 27 is predicated on or arises out of the bad faith of the member or
 28 employee, or is a claim or judgment based on the member's or
 29 employee's malfeasance in office or employment.

30 (18) To prepare, make, enforce, amend, or repeal rules,
 31 regulations, and procedures:

32 (A) for the government and management of the schools,
 33 property, facilities, and activities of the school corporation, the
 34 school corporation's agents, employees, and pupils and for the
 35 operation of the governing body; and

36 (B) that may be designated by an appropriate title such as
 37 "policy handbook", "bylaws", or "rules and regulations".

38 (19) To ratify and approve any action taken by a member of the

1 governing body, an officer of the governing body, or an employee
 2 of the school corporation after the action is taken, if the action
 3 could have been approved in advance, and in connection with the
 4 action to pay the expense or compensation permitted under
 5 IC 20-26-1 through IC 20-26-5, IC 20-26-7, IC 20-40-12, and
 6 IC 20-48-1 or any other law.

7 (20) To exercise any other power and make any expenditure in
 8 carrying out the governing body's general powers and purposes
 9 provided in this chapter or in carrying out the powers delineated
 10 in this section which is reasonable from a business or educational
 11 standpoint in carrying out school purposes of the school
 12 corporation, including the acquisition of property or the
 13 employment or contracting for services, even though the power or
 14 expenditure is not specifically set out in this chapter. The specific
 15 powers set out in this section do not limit the general grant of
 16 powers provided in this chapter except where a limitation is set
 17 out in IC 20-26-1 through IC 20-26-5, IC 20-26-7, IC 20-40-12,
 18 and IC 20-48-1 by specific language or by reference to other law.

19 SECTION 27. IC 27-8-5-2, AS AMENDED BY P.L.125-2005,
 20 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 21 JULY 1, 2007]: Sec. 2. (a) No individual policy of accident and
 22 sickness insurance shall be delivered or issued for delivery to any
 23 person in this state unless it complies with each of the following:

24 (1) The entire money and other considerations for the policy are
 25 expressed in the policy.

26 (2) The time at which the insurance takes effect and terminates is
 27 expressed in the policy.

28 (3) The policy purports to insure only one (1) person, except that
 29 a policy ~~may~~ **must** insure, originally or by subsequent
 30 amendment, upon the application of any member of a family who
 31 shall be deemed the policyholder and who is at least eighteen (18)
 32 years of age, any two (2) or more eligible members of that family,
 33 including husband, wife, dependent children, or any children
 34 ~~under a specified age, which shall not exceed nineteen (19) who~~
 35 **are less than twenty-four (24) years of age**, and any other person
 36 dependent upon the policyholder.

37 (4) The style, arrangement, and overall appearance of the policy
 38 give no undue prominence to any portion of the text, and unless

1 every printed portion of the text of the policy and of any
2 endorsements or attached papers is plainly printed in lightface
3 type of a style in general use, the size of which shall be uniform
4 and not less than ten point with a lower-case unspaced alphabet
5 length not less than one hundred and twenty point (the "text" shall
6 include all printed matter except the name and address of the
7 insurer, name or title of the policy, the brief description if any,
8 and captions and subcaptions).

9 (5) The exceptions and reductions of indemnity are set forth in the
10 policy and, except those which are set forth in section 3 of this
11 chapter, are printed, at the insurer's option, either included with
12 the benefit provision to which they apply, or under an appropriate
13 caption such as "EXCEPTIONS", or "EXCEPTIONS AND
14 REDUCTIONS", provided that if an exception or reduction
15 specifically applies only to a particular benefit of the policy, a
16 statement of such exception or reduction shall be included with
17 the benefit provision to which it applies.

18 (6) Each such form of the policy, including riders and
19 endorsements, shall be identified by a form number in the lower
20 left-hand corner of the first page of the policy.

21 (7) The policy contains no provision purporting to make any
22 portion of the charter, rules, constitution, or bylaws of the insurer
23 a part of the policy unless such portion is set forth in full in the
24 policy, except in the case of the incorporation of or reference to
25 a statement of rates or classification of risks, or short-rate table
26 filed with the commissioner.

27 (8) If an individual accident and sickness insurance policy or
28 hospital service plan contract or medical service plan contract
29 provides that hospital or medical expense coverage of a
30 dependent child terminates upon attainment of the limiting age for
31 dependent children specified in such policy or contract, the policy
32 or contract must also provide that attainment of such limiting age
33 does not operate to terminate the hospital and medical coverage
34 of such child while the child is and continues to be both:

35 (A) incapable of self-sustaining employment by reason of
36 mental retardation or mental or physical disability; and

37 (B) chiefly dependent upon the policyholder for support and
38 maintenance.

1 Proof of such incapacity and dependency must be furnished to the
 2 insurer by the policyholder within thirty-one (31) days of the
 3 child's attainment of the limiting age. The insurer may require at
 4 reasonable intervals during the two (2) years following the child's
 5 attainment of the limiting age subsequent proof of the child's
 6 disability and dependency. After such two (2) year period, the
 7 insurer may require subsequent proof not more than once each
 8 year. The foregoing provision shall not require an insurer to
 9 insure a dependent who is a mentally retarded or mentally or
 10 physically disabled child where such dependent does not satisfy
 11 the conditions of the policy provisions as may be stated in the
 12 policy or contract required for coverage thereunder to take effect.
 13 In any such case the terms of the policy or contract shall apply
 14 with regard to the coverage or exclusion from coverage of such
 15 dependent. This subsection applies only to policies or contracts
 16 delivered or issued for delivery in this state more than one
 17 hundred twenty (120) days after August 18, 1969.

18 (b) If any policy is issued by an insurer domiciled in this state for
 19 delivery to a person residing in another state, and if the official having
 20 responsibility for the administration of the insurance laws of such other
 21 state shall have advised the commissioner that any such policy is not
 22 subject to approval or disapproval by such official, the commissioner
 23 may by ruling require that such policy meet the standards set forth in
 24 subsection (a) and in section 3 of this chapter.

25 (c) An insurer may issue a policy described in this section in
 26 electronic or paper form. However, the insurer shall:

- 27 (1) inform the insured that the insured may request the policy in
- 28 paper form; and
- 29 (2) issue the policy in paper form upon the request of the insured.

30 SECTION 28. IC 27-8-5-28 IS ADDED TO THE INDIANA CODE
 31 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 32 1, 2007]: **Sec. 28. A policy of accident and sickness insurance may**
 33 **not be issued, delivered, amended, or renewed, unless the policy**
 34 **provides for coverage of a child of the policyholder or certificate**
 35 **holder, upon request of the policyholder or certificate holder, until**
 36 **the date that the child becomes twenty-four (24) years of age.**

37 SECTION 29. IC 27-13-7-3 IS AMENDED TO READ AS
 38 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) A contract

- 1 referred to in section 1 of this chapter must clearly state the following:
- 2 (1) The name and address of the health maintenance organization.
- 3 (2) Eligibility requirements.
- 4 (3) Benefits and services within the service area.
- 5 (4) Emergency care benefits and services.
- 6 (5) Any out-of-area benefits and services.
- 7 (6) Copayments, deductibles, and other out-of-pocket costs.
- 8 (7) Limitations and exclusions.
- 9 (8) Enrollee termination provisions.
- 10 (9) Any enrollee reinstatement provisions.
- 11 (10) Claims procedures.
- 12 (11) Enrollee grievance procedures.
- 13 (12) Continuation of coverage provisions.
- 14 (13) Conversion provisions.
- 15 (14) Extension of benefit provisions.
- 16 (15) Coordination of benefit provisions.
- 17 (16) Any subrogation provisions.
- 18 (17) A description of the service area.
- 19 (18) The entire contract provisions.
- 20 (19) The term of the coverage provided by the contract.
- 21 (20) Any right of cancellation of the group or individual contract
- 22 holder.
- 23 (21) Right of renewal provisions.
- 24 (22) Provisions regarding reinstatement of a group or an
- 25 individual contract holder.
- 26 (23) Grace period provisions.
- 27 (24) A provision on conformity with state law.
- 28 (25) A provision or provisions that comply with the:
- 29 (A) guaranteed renewability; and
- 30 (B) group portability;
- 31 requirements of the federal Health Insurance Portability and
- 32 Accountability Act of 1996 (26 U.S.C. 9801(c)(1)).
- 33 **(26) That the contract provides, upon request of the**
- 34 **subscriber, coverage for a child of the subscriber until the**
- 35 **date the child becomes twenty-four (24) years of age.**
- 36 (b) For purposes of subsection (a), an evidence of coverage which
- 37 is filed with a contract may be considered part of the contract.
- 38 SECTION 30. [EFFECTIVE JULY 1, 2007] (a) As used in this

1 **SECTION, "task force" refers to the healthy Indiana task force**
2 **established by subsection (b).**

3 **(b) The healthy Indiana task force is established to:**

4 **(1) study and provide guidance to the state concerning**
5 **expanding coverage for health care services for all children in**
6 **Indiana;**

7 **(2) develop methods to increase availability of affordable**
8 **coverage for health care services for all Indiana residents;**
9 **and**

10 **(3) make recommendations to the legislative council.**

11 **(c) The task force:**

12 **(1) shall operate under the policies governing study**
13 **committees adopted by the legislative council; and**

14 **(2) may request funding from the legislative council to hire**
15 **consultants.**

16 **(d) The affirmative votes of a majority of the voting members**
17 **appointed to the task force are required for the task force to take**
18 **action on any measure, including final reports.**

19 **(e) The task force consists of the following voting members:**

20 **(1) Eight (8) members appointed by the speaker of the house**
21 **of representatives, three (3) of whom are appointed based on**
22 **the recommendation of the minority leader of the house of**
23 **representatives and none of whom are legislators.**

24 **(2) Eight (8) members appointed by the president pro tempore**
25 **of the senate, three (3) of whom are appointed based on the**
26 **recommendation of the minority leader of the senate and none**
27 **of whom are legislators.**

28 **(f) In making appointments under subsection (e), the speaker of**
29 **the house of representatives and the president pro tempore of the**
30 **senate shall each appoint one (1) member representing each of the**
31 **following:**

32 **(1) Hospitals.**

33 **(2) Insurance companies.**

34 **(3) Primary care providers.**

35 **(4) Health professionals who are not primary care providers.**

36 **(5) Minority health concern experts.**

37 **(6) Business.**

38 **(7) Organized labor.**

1 **(8) Consumers.**

2 **(g) The chairperson of the legislative council shall appoint the**
3 **chairperson of the task force.**

4 **(h) The task force shall report findings and make**
5 **recommendations in a final report to the legislative council in an**
6 **electronic format under IC 5-14-6 before November 1, 2008.**

7 **(i) The task force expires November 1, 2008, unless the**
8 **legislative council extends the work of the task force until**
9 **November 1, 2009.**

10 **(j) If the legislative council extends the work of the task force**
11 **until November 1, 2009, the task force shall submit additional**
12 **findings and recommendations in a final report before November**
13 **1, 2009.**

14 **(k) This SECTION expires January 1, 2010.**

15 **SECTION 31. [EFFECTIVE UPON PASSAGE] (a) As used in this**
16 **SECTION, "corporation" refers to the health and hospital**
17 **corporation of Marion County.**

18 **(b) As used in this SECTION, "office" refers to the office of**
19 **Medicaid policy and planning established by IC 12-8-6-1.**

20 **(c) As used in this SECTION, "program" refers to the health**
21 **care management program established under subsection (d).**

22 **(d) Before June 1, 2007, the office shall establish a**
23 **demonstration project for a health care management program to**
24 **allow the office to do the following:**

25 **(1) Require a certain percentage of Medicaid recipients who**
26 **reside in Marion County to receive Medicaid services**
27 **provided by the corporation, including any clinic operated by**
28 **the corporation. The percentage of recipients must be large**
29 **enough to obtain meaningful data to guide the establishment**
30 **and implementation of the program under subdivision (2).**

31 **(2) Require the corporation to establish and implement a**
32 **program of health care management applying to all Medicaid**
33 **recipients in Indiana and modeled on the United States**
34 **Department of Veterans Affairs Quality Enhancement**
35 **Research Initiative.**

36 **(3) Include in the program payment incentives for:**

37 **(A) health care providers; and**

38 **(B) administrators;**

1 of the corporation to reward the achievement of objectives
2 established for the program.

3 (e) The office and the corporation shall study the impact of
4 implementing the program under subsection (d)(2), including the
5 impact the program has on the:

6 (1) quality; and

7 (2) cost;

8 of health care provided to Medicaid recipients in Indiana.

9 (f) The office shall consult with the Regenstrief Institute for
10 Health Care in developing, implementing, and studying the
11 program.

12 (g) The office shall apply to the United States Department of
13 Health and Human Services for any amendment to the state
14 Medicaid plan or demonstration waiver that is needed to
15 implement this SECTION. The corporation shall assist the office
16 in requesting the amendment or demonstration waiver and, if the
17 amendment or waiver is approved, establishing and implementing
18 the amendment or waiver.

19 (h) The office may not implement the amendment or waiver
20 until the office files an affidavit with the governor attesting that the
21 amendment or waiver applied for under this SECTION is in effect.
22 The office shall file the affidavit under this subsection not more
23 than five (5) days after the office is notified that the amendment or
24 waiver is approved.

25 (i) If the office receives approval for the amendment or waiver
26 under this SECTION from the United States Department of Health
27 and Human Services and the governor receives the affidavit filed
28 under subsection (h), the office shall implement the amendment or
29 waiver not more than sixty (60) days after the governor receives
30 the affidavit.

31 (j) The office may adopt rules under IC 4-22-2 to implement this
32 SECTION.

33 (k) The office shall, before July 1 of each year, report to the
34 legislative council in an electronic format under IC 5-14-6
35 concerning the demonstration project developed and implemented
36 under this SECTION.

37 (l) This SECTION expires January 1, 2013.

38 SECTION 32. [EFFECTIVE UPON PASSAGE] (a) As used in this

1 **SECTION, "corporation" refers to the health and hospital**
2 **corporation of Marion County.**

3 **(b) As used in this SECTION, "insurer" includes the following:**

4 **(1) An insurer (as defined in IC 27-8-11-1).**

5 **(2) An administrator licensed under IC 27-1-25.**

6 **(3) A health maintenance organization (as defined in**
7 **IC 27-13-1-19).**

8 **(4) A person that pays or administers claims on behalf of an**
9 **insurer or a health maintenance organization.**

10 **(c) As used in this SECTION, "office" refers to the office of**
11 **Medicaid policy and planning established by IC 12-8-6-1.**

12 **(d) As used in this SECTION, "small employer" has the**
13 **meaning set forth in IC 27-8-15-14.**

14 **(e) Before June 1, 2007, the office shall develop, with the**
15 **corporation, a pilot project through which small employers that**
16 **are unable to afford to offer health care coverage for employees of**
17 **the small employers may obtain access to affordable health care**
18 **coverage for the employees.**

19 **(f) The office shall apply to the United States Department of**
20 **Health and Human Services for any applicable demonstration**
21 **waiver to implement this SECTION. The corporation shall assist**
22 **the office in requesting a demonstration waiver and, if the waiver**
23 **is approved, establishing and implementing the waiver.**

24 **(g) The office may not implement the waiver until the office files**
25 **an affidavit with the governor attesting that the waiver applied for**
26 **under this SECTION is in effect. The office shall file the affidavit**
27 **under this subsection not more than five (5) days after the office is**
28 **notified that the waiver is approved.**

29 **(h) If the office receives approval for the waiver under this**
30 **SECTION from the United States Department of Health and**
31 **Human Services and the governor receives the affidavit filed under**
32 **subsection (g), the office shall implement the waiver not more than**
33 **sixty (60) days after the governor receives the affidavit.**

34 **(i) The office may adopt rules under IC 4-22-2 to implement this**
35 **SECTION.**

36 **(j) If the pilot project results in the availability of health care**
37 **coverage to small employer groups through the pilot project at a**
38 **premium rate that is at least twenty percent (20%) less than a**

1 comparable health benefit plan available to small employer groups
 2 in Indiana, an insurer may not enter into or enforce an agreement
 3 with the corporation that contains a provision that:

4 (1) prohibits, or grants the insurer an option to prohibit, the
 5 corporation from contracting with another insurer to accept
 6 lower payment for health care services than the payment
 7 specified in the agreement;

8 (2) requires, or grants the insurer an option to require, the
 9 corporation to accept a lower payment from the insurer if the
 10 corporation agrees with another insurer to accept lower
 11 payment for health care services;

12 (3) requires, or grants the insurer an option to require,
 13 termination or renegotiation of the agreement if the
 14 corporation agrees with another insurer to accept lower
 15 payment for health care services; or

16 (4) requires the corporation to disclose the corporation's
 17 reimbursement rates under contracts with other insurers.

18 (k) The office shall report to the legislative council in an
 19 electronic format under IC 5-14-6 concerning the development and
 20 implementation of a pilot project under this SECTION before
 21 December 1, 2007.

22 (l) This SECTION expires December 31, 2007.

23 SECTION 33. [EFFECTIVE JULY 1, 2007] The state personnel
 24 department shall implement the requirements of IC 5-10-8-6.7 and
 25 IC 5-10-8-6.8, both as added by this act, not later than July 1, 2008.

26 SECTION 34. [EFFECTIVE JULY 1, 2007] IC 6-3.1-31, as added
 27 by this act, applies to taxable years beginning after December 31,
 28 2007.

29 SECTION 35. [EFFECTIVE JULY 1, 2007] Notwithstanding
 30 IC 6-7-1-14, revenue stamps paid for before July 1, 2007, and in the
 31 possession of a distributor may be used after June 30, 2007, only if
 32 the full amount of the tax imposed by IC 6-7-1-12, as effective after
 33 June 30, 2007, and as amended by this act, is remitted to the
 34 department of state revenue under the procedures prescribed by
 35 the department.

36 SECTION 36. [EFFECTIVE UPON PASSAGE] (a) As used in this
 37 SECTION, "office" refers to the office of Medicaid policy and
 38 planning established by IC 12-8-6-1.

1 **(b) The office shall apply to the United States Department of**
 2 **Health and Human Services for any amendment to the state**
 3 **Medicaid plan or demonstration waiver that is needed to**
 4 **implement IC 12-17.6-3-2, as amended by this act.**

5 **(c) The office may not implement the amendment or waiver**
 6 **until the office files an affidavit with the governor attesting that the**
 7 **amendment or waiver applied for under this SECTION is in effect.**
 8 **The office shall file the affidavit under this subsection not more**
 9 **than five (5) days after the office is notified that the amendment or**
 10 **waiver is approved.**

11 **(d) If the office receives approval for the amendment or waiver**
 12 **under this SECTION from the United States Department of Health**
 13 **and Human Services and the governor receives the affidavit filed**
 14 **under subsection (c), the office shall implement the amendment or**
 15 **waiver not more than sixty (60) days after the governor receives**
 16 **the affidavit.**

17 **(e) The office may adopt rules under IC 4-22-2 to implement this**
 18 **SECTION.**

19 SECTION 37. [EFFECTIVE JULY 1, 2007] **(a) IC 27-8-5-2, as**
 20 **amended by this act, and IC 27-8-5-28, as added by this act, apply**
 21 **to a policy of accident and sickness insurance that is issued,**
 22 **delivered, amended, or renewed after June 30, 2007.**

23 **(b) IC 27-13-7-3, as amended by this act, applies to a health**
 24 **maintenance organization contract that is entered into, delivered,**
 25 **amended, or renewed after June 30, 2007.**

26 SECTION 38. **An emergency is declared for this act.**

(Reference is to HB 1008 as introduced.)

and when so amended that said bill do pass.

Representative Brown C