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# SENATE BILL No. 350

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 12-15; IC 12-29-2.

**Synopsis:** Funding for community mental health centers. Requires a county to transfer money to the division of mental health and addiction to satisfy the non-federal share of medical assistance payments for (1) administration; and (2) services in a specified time frame. Specifies the use of the funds. Makes conforming changes.

**Effective:** July 1, 2008.

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January 14, 2008, read first time and referred to Committee on Health and Provider Services.

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Second Regular Session 115th General Assembly (2008)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2007 Regular Session of the General Assembly.

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**SENATE BILL No. 350**



A BILL FOR AN ACT to amend the Indiana Code concerning human services.

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

1 SECTION 1. IC 12-15-16-1 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 1. (a) A provider that  
3 is an acute care hospital licensed under IC 16-21, a state mental health  
4 institution under IC 12-24-1-3, or a private psychiatric institution  
5 licensed under IC 12-25 is a disproportionate share provider if the  
6 provider meets either of the following conditions:

7 (1) The provider's Medicaid inpatient utilization rate is at least  
8 one (1) standard deviation above the mean Medicaid inpatient  
9 utilization rate for providers receiving Medicaid payments in  
10 Indiana. However, the Medicaid inpatient utilization rate of  
11 providers whose low income utilization rate exceeds twenty-five  
12 percent (25%) must be excluded in calculating the statewide  
13 mean Medicaid inpatient utilization rate.

14 (2) The provider's low income utilization rate exceeds twenty-five  
15 percent (25%).

16 (b) An acute care hospital licensed under 16-21 is a municipal  
17 disproportionate share provider if the hospital:



1 (1) has a Medicaid utilization rate greater than one percent (1%);  
 2 and  
 3 (2) is established and operated under IC 16-22-2 or IC 16-23.  
 4 (c) A community mental health center: ~~that:~~  
 5 (1) **that** is identified in IC 12-29-2-1;  
 6 (2) ~~receives funding under:~~ **for which a county makes payments**  
 7 **to the division of mental health and addiction under:**  
 8 (A) IC 12-29-1-7(b) before January 1, 2004; or  
 9 (B) ~~IC 12-29-2-20(c)~~ **IC 12-29-2-20(d)** after December 31,  
 10 2003;  
 11 or from other county sources; and  
 12 (3) **that** provides inpatient services to Medicaid patients;  
 13 is a community mental health center disproportionate share provider if  
 14 the community mental health center's Medicaid inpatient utilization  
 15 rate is greater than one percent (1%).  
 16 (d) A disproportionate share provider under IC 12-15-17 must have  
 17 at least two (2) obstetricians who have staff privileges and who have  
 18 agreed to provide obstetric services under the Medicaid program. For  
 19 a hospital located in a rural area (as defined in Section 1886 of the  
 20 Social Security Act), an obstetrician includes a physician with staff  
 21 privileges at the hospital who has agreed to perform nonemergency  
 22 obstetric procedures. However, this obstetric service requirement does  
 23 not apply to a provider whose inpatients are predominantly individuals  
 24 less than eighteen (18) years of age or that did not offer nonemergency  
 25 obstetric services as of December 21, 1987.  
 26 (e) The determination of a provider's status as a disproportionate  
 27 share provider under this section shall be based on utilization and  
 28 revenue data from the most recent year for which an audited cost report  
 29 from the provider is on file with the office.  
 30 SECTION 2. IC 12-15-18-5.1 IS AMENDED TO READ AS  
 31 FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 5.1. (a) For state fiscal  
 32 years ending on or after June 30, 1998, the trustees and each municipal  
 33 health and hospital corporation established under IC 16-22-8-6 are  
 34 authorized to make intergovernmental transfers to the Medicaid  
 35 indigent care trust fund in amounts to be determined jointly by the  
 36 office and the trustees, and the office and each municipal health and  
 37 hospital corporation.  
 38 (b) The treasurer of state shall annually transfer from appropriations  
 39 made for the division of mental health and addiction sufficient money  
 40 to provide the state's share of payments under IC 12-15-16-6(c)(2).  
 41 (c) The office shall coordinate the transfers from the trustees and  
 42 each municipal health and hospital corporation established under

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1 IC 16-22-8-6 so that the aggregate intergovernmental transfers, when  
2 combined with federal matching funds:

3 (1) produce payments to each hospital licensed under IC 16-21  
4 that qualifies as a disproportionate share provider under  
5 IC 12-15-16-1(a); and

6 (2) both individually and in the aggregate do not exceed limits  
7 prescribed by the federal Centers for Medicare and Medicaid  
8 Services.

9 The trustees and a municipal health and hospital corporation are not  
10 required to make intergovernmental transfers under this section. The  
11 trustees and a municipal health and hospital corporation may make  
12 additional transfers to the Medicaid indigent care trust fund to the  
13 extent necessary to make additional payments from the Medicaid  
14 indigent care trust fund apply to a prior federal fiscal year as provided  
15 in IC 12-15-19-1(b).

16 (d) A municipal disproportionate share provider (as defined in  
17 IC 12-15-16-1) shall transfer to the Medicaid indigent care trust fund  
18 an amount determined jointly by the office and the municipal  
19 disproportionate share provider. A municipal disproportionate share  
20 provider is not required to make intergovernmental transfers under this  
21 section. A municipal disproportionate share provider may make  
22 additional transfers to the Medicaid indigent care trust fund to the  
23 extent necessary to make additional payments from the Medicaid  
24 indigent care trust fund apply to a prior federal fiscal year as provided  
25 in IC 12-15-19-1(b).

26 (e) A county making a payment under:

27 (1) IC 12-29-1-7(b) before January 1, 2004; or

28 (2) ~~IC 12-29-2-20(e)~~ **IC 12-29-2-20(d)** after December 31, 2003;  
29 or from other county sources to a community mental health center  
30 qualifying as a community mental health center disproportionate share  
31 provider shall certify that the payment represents expenditures that are  
32 eligible for federal financial participation under 42 U.S.C.  
33 1396b(w)(6)(A) and 42 CFR 433.51. The office shall assist a county in  
34 making this certification.

35 SECTION 3. IC 12-29-2-2, AS AMENDED BY P.L.224-2007,  
36 SECTION 102, IS AMENDED TO READ AS FOLLOWS  
37 [EFFECTIVE JULY 1, 2008]: Sec. 2. (a) A county shall fund the  
38 operation of community mental health centers in the amount  
39 determined under subsection (b), unless a lower tax levy amount will  
40 be adequate to fulfill the county's financial obligations under this  
41 chapter in any of the following situations:

42 (1) If the total population of the county is served by one (1)

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1 center.  
 2 (2) If the total population of the county is served by more than one  
 3 (1) center.  
 4 (3) If the partial population of the county is served by one (1)  
 5 center.  
 6 (4) If the partial population of the county is served by more than  
 7 one (1) center.  
 8 (b) The amount of funding under subsection (a) for taxes first due  
 9 and payable in a calendar year is the following:  
 10 (1) For 2004, the amount is the amount determined under STEP  
 11 THREE of the following formula:  
 12 STEP ONE: Determine the amount that was levied within the  
 13 county to comply with this section from property taxes first  
 14 due and payable in 2002.  
 15 STEP TWO: Multiply the STEP ONE result by the county's  
 16 assessed value growth quotient for the ensuing year 2003, as  
 17 determined under IC 6-1.1-18.5-2.  
 18 STEP THREE: Multiply the STEP TWO result by the county's  
 19 assessed value growth quotient for the ensuing year 2004, as  
 20 determined under IC 6-1.1-18.5-2.  
 21 (2) Except as provided in subsection (c), for 2005 and each year  
 22 thereafter, the result equal to:  
 23 (A) the amount that was levied in the county to comply with  
 24 this section from property taxes first due and payable in the  
 25 calendar year immediately preceding the ensuing calendar  
 26 year; multiplied by  
 27 (B) the county's assessed value growth quotient for the ensuing  
 28 calendar year, as determined under IC 6-1.1-18.5-2.  
 29 (c) This subsection applies only to property taxes first due and  
 30 payable after December 31, 2007. This subsection applies only to a  
 31 county for which a county adjusted gross income tax rate is first  
 32 imposed or is increased in a particular year under IC 6-3.5-1.1-24 or a  
 33 county option income tax rate is first imposed or is increased in a  
 34 particular year under IC 6-3.5-6-30. Notwithstanding any provision in  
 35 this section or any other section of this chapter, for a county subject to  
 36 this subsection, the county's maximum property tax levy under this  
 37 section to fund the operation of community mental health centers for  
 38 the ensuing calendar year is equal to the county's maximum property  
 39 tax levy to fund the operation of community mental health centers for  
 40 the current calendar year.  
 41 **(d) The county shall pay the funding in the amount determined**  
 42 **under subsection (b) to the division of mental health and addiction.**

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1 The funding required under this section shall be paid by the county  
2 to the division of mental health and addiction. These funds shall be  
3 used solely for satisfying the non-federal share of medical  
4 assistance payments to community mental health centers serving  
5 the county for:

- 6 (1) allowable administrative services; and
  - 7 (2) community mental health rehabilitation services;
- 8 as specified in subsection (e).

9 (e) The money paid by the county shall first be used to cover  
10 administrative expenses under the federal Mental Health Funds  
11 Recovery Program. Any remaining funds shall be used to satisfy  
12 the non-federal share payment to community mental health  
13 rehabilitation services.

14 (f) The county shall appropriate and disburse the funds  
15 semiannually not later than December 1 and June 1 in an amount  
16 equal to the amount determined under subsection (b) and  
17 requested in writing by the division of mental health and addiction.  
18 The total funding amount paid to the division of mental health and  
19 addiction for a county for each calendar year may not exceed the  
20 amount that is calculated in subsection (b) and set forth in writing  
21 by the division of mental health and addiction for the county.  
22 Funds paid to the division of mental health and addiction by the  
23 county shall be submitted by the county in a timely manner after  
24 receiving the written request from the division of mental health  
25 and addiction, to ensure current year compliance with the  
26 community mental health rehabilitation program and any  
27 administrative requirements of the program.

28 (g) The division of mental health and addiction shall ensure that  
29 the non-federal share of funding under this program is applied  
30 only for matching federal funds for the community mental health  
31 centers to the extent a center is eligible to receive county funding  
32 under IC 12-21-2-3(5)(E).

33 SECTION 4. IC 12-29-2-15 IS AMENDED TO READ AS  
34 FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 15. (a) A community  
35 mental health center that:

- 36 (1) is certified by the division of mental health and addiction; and
- 37 ~~(2) receives county funding from one (1) or more counties under~~  
38 ~~this chapter; and~~
- 39 ~~(3)~~ (2) is not administered by a hospital licensed under  
40 IC 16-21-2;

41 shall include a member of a county fiscal body, or a county fiscal  
42 body's designee, on the center's governing board. The member shall be

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1 selected by the county fiscal body of the county where the community  
2 mental health center maintains its corporate mailing address. The  
3 county fiscal body representative must reside in one (1) of the counties  
4 in the community mental health center's primary service area.

- 5 (b) A community mental health center that:
- 6 (1) is certified by the division of mental health and addiction; **and**
- 7 (2) ~~receives county funding from one (1) or more counties under~~
- 8 ~~this chapter; and~~
- 9 ~~(3)~~ is administered by a hospital licensed under IC 16-21-2;

10 shall include a member of a county fiscal body, or a county fiscal  
11 body's designee, on the center's advisory board. The member shall be  
12 selected by the county fiscal body of the county where the community  
13 mental health center maintains its corporate mailing address. The  
14 county fiscal body representative must reside in one (1) of the counties  
15 in the community mental health center's primary service area.

16 SECTION 5. IC 12-29-2-16 IS AMENDED TO READ AS  
17 FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 16. A community  
18 mental health center that is certified by the division of mental health  
19 and addiction shall provide an annual report to the fiscal body of each  
20 county **located in the community mental health center's primary**  
21 **service area. from which the center receives funding under this**  
22 **chapter.**

23 SECTION 6. IC 12-29-2-20 IS AMENDED TO READ AS  
24 FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 20. (a) **The county**  
25 **payment for a community mental health center shall be paid by the**  
26 **county treasurer to the division as described in section 2(e) of this**  
27 **chapter solely for the non-federal share of medical assistance**  
28 **payments to community mental health centers serving the county**  
29 **for community mental health rehabilitation services and allowable**  
30 **administrative services.**

31 (b) **To the extent that monies are no longer required or**  
32 **requested for programs under section 2 of this chapter,** on the first  
33 Monday in October, the county auditor shall certify to:

- 34 (1) the division of mental health and addiction, for a community
- 35 mental health center; and
- 36 (2) the president of the board of directors of each community
- 37 mental health center;

38 the amount of money that will be provided to the community mental  
39 health center under this chapter.

40 ~~(b)~~ (c) The county payment to the community mental health center  
41 shall be paid by the county treasurer to the treasurer of each community  
42 mental health center's board of directors in the following manner:

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- 1 (1) One-half (1/2) of the county payment to the community mental
- 2 health center shall be made on the second Monday in July.
- 3 (2) One-half (1/2) of the county payment to the community mental
- 4 health center shall be made on the second Monday in December.
- 5 ~~(e)~~ (d) A county making a payment under this section or from other
- 6 county sources to a community mental health center that qualifies as a
- 7 community mental health center disproportionate share provider under
- 8 IC 12-15-16-1 shall certify that the payment represents expenditures
- 9 eligible for financial participation under 42 U.S.C. 1396b(w)(6)(A) and
- 10 42 CFR 433.51. The office shall assist a county in making this
- 11 certification.
- 12 ~~(d)~~ (e) Payments by the county fiscal body:
- 13 (1) must be in the amounts:
- 14 (A) determined by sections 2 through 5 of this chapter; and
- 15 (B) authorized by sections 1.2 and 13 of this chapter; and
- 16 (2) are in place of grants from agencies supported within the
- 17 county solely by county tax money.

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