



Reprinted
January 29, 2008

SENATE BILL No. 350

DIGEST OF SB 350 (Updated January 28, 2008 7:41 pm - DI 69)

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

Synopsis: Funding for community mental health centers. Requires a county to transfer money to the division of mental health and addiction (division) to satisfy the non-federal share of medical assistance payments to community mental health centers for: (1) certain administrative services; and (2) community mental health rehabilitation services; in a specified time frame. Requires the division to ensure that the non-federal share of funding received from a county is applied only for a county's designated community mental health center. Specifies the manner in which the division may distribute certain excess state funds. Makes conforming changes.

Effective: July 1, 2008.

Lawson C, Broden, Miller, Simpson

January 14, 2008, read first time and referred to Committee on Health and Provider Services.
January 24, 2008, amended, reported favorably — Do Pass.
January 28, 2008, read second time, amended, ordered engrossed.

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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:

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

22 **(f) The division of mental health and addiction shall ensure that**
23 **the non-federal share of funding received from a county under this**
24 **program is applied only for matching federal funds for the**
25 **designated community mental health centers to the extent a center**
26 **is eligible to receive county funding under IC 12-21-2-3(5)(E).**

- 27 **(g) The division of mental health and addiction:**
 - 28 **(1) shall first apply state funding to a community mental**
 - 29 **health center's non-federal share of funding under this**
 - 30 **program; and**
 - 31 **(2) may next apply county funding received under**
 - 32 **IC 12-29-2-2 to any remaining non-federal share of funding**
 - 33 **for the community mental health center.**

34 **The division shall distribute any excess state funds that exceed the**
35 **community mental health rehabilitation services non-federal share**
36 **applied to a community mental health center that is entitled to the**
37 **excess state funds.**

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

- 41 **(1) is certified by the division of mental health and addiction; and**
- 42 **(2) receives county funding from one (1) or more counties under**

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1 ~~this chapter; and~~
2 ~~(3)~~ (2) is not administered by a hospital licensed under
3 IC 16-21-2;
4 shall include a member of a county fiscal body, or a county fiscal
5 body's designee, on the center's governing board. The member shall be
6 selected by the county fiscal body of the county where the community
7 mental health center maintains its corporate mailing address. The
8 county fiscal body representative must reside in one (1) of the counties
9 in the community mental health center's primary service area.
10 (b) A community mental health center that:
11 (1) is certified by the division of mental health and addiction; **and**
12 (2) ~~receives county funding from one (1) or more counties under~~
13 ~~this chapter; and~~
14 ~~(3)~~ is administered by a hospital licensed under IC 16-21-2;
15 shall include a member of a county fiscal body, or a county fiscal
16 body's designee, on the center's advisory board. The member shall be
17 selected by the county fiscal body of the county where the community
18 mental health center maintains its corporate mailing address. The
19 county fiscal body representative must reside in one (1) of the counties
20 in the community mental health center's primary service area.
21 SECTION 5. IC 12-29-2-16 IS AMENDED TO READ AS
22 FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 16. A community
23 mental health center that is certified by the division of mental health
24 and addiction shall provide an annual report to the fiscal body of each
25 county **located in the community mental health center's primary**
26 **service area. from which the center receives funding under this**
27 **chapter.**
28 SECTION 6. IC 12-29-2-20 IS AMENDED TO READ AS
29 FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 20. (a) **The county**
30 **payment for a community mental health center shall be paid by the**
31 **county treasurer to the division as described in section 2 of this**
32 **chapter.**
33 (b) **To the extent that monies are no longer required or**
34 **requested for programs under section 2 of this chapter,** on the first
35 Monday in October, the county auditor shall certify to:
36 (1) the division of mental health and addiction, for a community
37 mental health center; and
38 (2) the president of the board of directors of each community
39 mental health center;
40 the amount of money that will be provided to the community mental
41 health center under this chapter.
42 ~~(b)~~ (c) The county payment to the community mental health center

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

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COMMITTEE REPORT

Madam President: The Senate Committee on Health and Provider Services, to which was referred Senate Bill No. 350, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 5, line 7, delete ";" and insert ".".

Page 5, delete lines 8 through 13.

Page 5, line 14, delete "(f)" and insert "(e)".

Page 5, line 28, delete "(g)" and insert "(f)".

Page 6, line 26, delete "section 2(e) of this" and insert "**section 2 of this chapter.**".

Page 6, delete lines 27 through 30.

and when so amended that said bill do pass.

(Reference is to SB 350 as introduced.)

MILLER, Chairperson

Committee Vote: Yeas 8, Nays 1.

SENATE MOTION

Madam President: I move that Senator Broden be added as coauthor of Senate Bill 350.

LAWSON C

SENATE MOTION

Madam President: I move that Senators Miller and Simpson be added as coauthors of Senate Bill 350.

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SENATE MOTION

Madam President: I move that Senate Bill 350 be amended to read as follows:

Page 2, line 6, delete "makes payments" and insert "**provides funds**".

Page 2, line 7, delete "to the division of mental health and addiction".

Page 5, line 23, after "funding" insert "**received from a county**".

Page 5, line 24, after "the" insert "**designated**".

Page 5, between lines 26 and 27, begin a new paragraph and insert: "**(g) The division of mental health and addiction:**

(1) shall first apply state funding to a community mental health center's non-federal share of funding under this program; and

(2) may next apply county funding received under IC 12-29-2-2 to any remaining non-federal share of funding for the community mental health center.

The division shall distribute any excess state funds that exceed the community mental health rehabilitation services non-federal share applied to a community mental health center that is entitled to the excess state funds."

(Reference is to SB 350 as printed January 25, 2008.)

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