
PRELIMINARY DRAFT
No. 3478

PREPARED BY
LEGISLATIVE SERVICES AGENCY
2004 GENERAL ASSEMBLY

DIGEST

Citations Affected: IC 27-8-13.5; IC 27-13.

Synopsis: Optional mandated coverage. Allows an accident and sickness insurer or a health maintenance organization to offer optional coverage that does not include mandated coverage. Requires an accident and sickness insurer or a health maintenance organization that provides the optional coverage on a group basis to provide individuals the opportunity to purchase supplemental mandated coverage.

Effective: July 1, 2004.



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

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

1 SECTION 1. IC 27-8-13.5 IS ADDED TO THE INDIANA CODE
2 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2004]:

4 **Chapter 13.5. Mandated Coverage Option**

5 **Sec. 1. As used in this chapter, "insurer" refers to an insurer (as**
6 **defined in IC 27-1-2-3) that issues or delivers a policy of accident**
7 **and sickness insurance.**

8 **Sec. 2. As used in this chapter, "mandated coverage" means**
9 **coverage for a particular condition or treatment that must be**
10 **provided by a policy of accident and sickness insurance under this**
11 **title, except as provided in this chapter.**

12 **Sec. 3. As used in this chapter, "mandated offering" means an**
13 **offer of coverage for a particular condition or treatment that must**
14 **be made to a prospective purchaser of a policy of accident and**
15 **sickness insurance under this title.**

16 **Sec. 4. As used in this chapter, "policy of accident and sickness**
17 **insurance" has the meaning set forth in IC 27-8-5-1.**

18 **Sec. 5. An insurer may offer to a prospective purchaser of a**
19 **policy of accident and sickness insurance an optional policy of**
20 **accident and sickness insurance that, at the option of the**
21 **prospective purchaser, does not include one (1) or more types of:**

22 **(1) mandated coverage; or**

23 **(2) coverage provided for in a mandated offering.**

24 **Sec. 6. An insurer that offers, issues, or delivers an optional**
25 **policy of accident and sickness insurance under section 5 of this**
26 **chapter on a group basis shall provide to an individual insured**
27 **under the optional policy of accident and sickness insurance the**
28 **opportunity to purchase a supplemental policy of accident and**
29 **sickness insurance that:**

30 **(1) is issued on an individual basis; and**

31 **(2) provides one (1) or more types of:**



- 1 (A) mandated coverage; or
 2 (B) coverage provided for in a mandated offering;
 3 selected by the individual and not provided by the optional
 4 policy of accident and sickness insurance.

5 **Sec. 7. This chapter does not require the purchaser of an**
 6 **optional policy of accident and sickness insurance described in**
 7 **section 5 of this chapter to pay any part of the cost of the mandated**
 8 **coverage or mandated offerings of coverage provided in a**
 9 **supplemental policy of accident and sickness insurance described**
 10 **in section 6 of this chapter.**

11 SECTION 2. IC 27-13-1-21.7 IS ADDED TO THE INDIANA
 12 CODE AS A NEW SECTION TO READ AS FOLLOWS
 13 [EFFECTIVE JULY 1, 2004]: **Sec. 21.7. "Mandated coverage"**
 14 **means coverage for a particular condition or treatment that must**
 15 **be provided under an individual contract or a group contract**
 16 **under this title, except as provided in IC 27-13-7.5.**

17 SECTION 3. IC 27-13-1-21.8 IS ADDED TO THE INDIANA
 18 CODE AS A NEW SECTION TO READ AS FOLLOWS
 19 [EFFECTIVE JULY 1, 2004]: **Sec. 21.8. "Mandated offering" means**
 20 **an offer of coverage for a particular condition or treatment that**
 21 **must be made to a prospective purchaser of an individual contract**
 22 **or a group contract under this title.**

23 SECTION 4. IC 27-13-7.5 IS ADDED TO THE INDIANA CODE
 24 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 25 JULY 1, 2004]:

26 **Chapter 7.5. Mandated Coverage Option**

27 **Sec. 1. A health maintenance organization may offer to a**
 28 **prospective purchaser of an individual contract or a group**
 29 **contract an optional individual contract or group contract that, at**
 30 **the option of the prospective purchaser, does not include one (1) or**
 31 **more types of:**

- 32 (1) mandated coverage; or
 33 (2) coverage provided for in a mandated offering.

34 **Sec. 2. A health maintenance organization that offers or enters**
 35 **into an optional group contract described in section 1 of this**
 36 **chapter shall provide to a subscriber covered under the optional**
 37 **group contract the opportunity to purchase a supplemental**
 38 **individual contract that provides one (1) or more types of:**

- 39 (1) mandated coverage; or
 40 (2) coverage provided for in a mandated offering;
 41 selected by the subscriber and not provided under the optional
 42 group contract.

43 **Sec. 3. This chapter does not require a group contract holder of**
 44 **an optional group contract described in section 1 of this chapter to**
 45 **pay any part of the cost of the mandated coverage or mandated**
 46 **offerings of coverage provided in a supplemental individual**



1 **contract described in section 2 of this chapter.**

