



PRACTICE GROUP

email alert

To: Healthcare Reform Educational Task Force Members

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Indiana Healthcare Reform Update

By Allison Taylor*

This year, the Indiana General Assembly met for a "short," non-budget writing session. Several healthcare reform initiatives were introduced this session; however, few will become law.

Medicaid Fraud

Earlier this year, the Indiana attorney general (AG) announced his 2010 agenda and stated that combating Medicaid fraud would be a top priority. In conjunction with this announcement, the AG introduced a sweeping Medicaid fraud legislative package. As introduced, the proposal would have required all Medicaid providers to submit a \$50,000 surety bond to the state Medicaid office before receiving reimbursement. This provision was quickly removed from the bill as it was obvious that such a requirement would hinder participation in the already struggling state program. In addition, the bill would have required the state Medicaid program to exclude individuals engaging in fraud and abuse and maintain a list of excluded individuals, essentially mirroring the federal regulations surrounding the Office of Inspector General's List of Excluded Individuals/Entities. This provision was viewed as onerous and duplicative by the provider community and was tabled this session. Finally, the bill would have required the AG to establish a procedure for investigating, seizing, and destroying abandoned or at-risk health records. This language was narrowed to allow the AG to just take control of abandoned records. This provision of the bill will become law.

Welfare Privatization

The Indiana General Assembly continues to scrutinize the Obama Administration's attempts to privatize the state's welfare program. Last year, the Family and Social Services Administration (FSSA) halted the rollout of the privatization. In January of this year, FSSA announced the rollout of a "new Hybrid Welfare system" that will allow for increased face-to-face contact between case workers and clients. Despite the introduction of the new hybrid system, several bills were introduced this

legislative session that would have further delayed or required oversight of the privatization process.

Insurance Reform

Indiana is home to WellPoint Inc., the largest health benefits company in America. An executive from the company's Anthem Blue Cross and Blue Shield made a rare appearance before the Indiana House Insurance Committee to respond to questions regarding the company's rising premiums. Shortly after the hearing, the chair of the Insurance Committee amended extensive regulation and oversight of health insurance plans (defined as accident and sickness insurers and Health Maintenance Organizations) into an already moving bill. As amended, the bill would have required health plans to file annual statements disclosing executive salaries, travel and entertainment expenses, lobbying expenses, taxes, medical loss ratios, etc. The bill would also have required the commissioner of the Department of Insurance to provide notice and a public hearing prior to premium rate increases. The proposed language would have also impacted how hospitals are paid by Indiana's high-risk insurance pool.

Ultimately, the insurance reform provisions failed to pass the House and are dead for this session. However, Indiana Democrats continue to seek Congressional investigation into the premium rate increases. The Indiana House Democrats sent a [letter](#) to Congressional leaders urging intervention and oversight.

Electronic Health Information

While no significant legislation moved this year regarding electronic health information, the state continues to excel with regard to health information exchange organizations. On March 15, 2010, the American Recovery and Reinvestment Act's State Health Information Exchange Cooperative Agreement Program (CAP) announced the award of a four-year, \$10.3 million grant to expand Indiana's existing health information technology delivery system. The grant will be made to the state through a new state-chartered, nonprofit entity created for this program, the Indiana Health Information Technology Inc. (IHIT). IHIT will prioritize and develop work plans for expanding infrastructure, adding more connectivity and interoperability, expanding electronic quality reporting, building a clinical repository with Medicaid patient records, and creating a statewide shared healthcare provider directory. IHIT will complement the state's existing independent health information organizations.

The 2010 Session in the Context of Indiana's Fiscal Climate

Indiana's state revenues have fallen short of projections for seventeen consecutive months. Just days after the General Assembly adjourned, Indiana Governor Mitch Daniels (R) stressed again that his number one priority is controlling state spending. Daniels has already cut state agency spending by 20%. The agency reductions have spurred cuts in Medicaid reimbursement to various healthcare providers. On January 1, 2010, the Office of Medicaid Policy and Planning (OMPP) temporarily reduced hospital reimbursement by 5%. In addition, OMPP recently

announced temporary rate cuts to dentists, home health providers, and residential facilities for the developmentally disabled, and permanent cuts for outpatient radiology services. Cuts to other providers are expected.

**We would like to thank Allison L. Taylor, Esquire (Hall Render Killian Heath & Lyman PC, Indianapolis, IN), for providing this email alert.*

Member benefit educational opportunity:
Participate in the [webinar](#) on why health insurance markets don't work like other markets. Or do they (April 27, 2010)?

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