

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT**

LS 6241
BILL NUMBER: HB 1012

NOTE PREPARED: Nov 25, 2025
BILL AMENDED:

SUBJECT: Medicaid Matters.

FIRST AUTHOR: Rep. Clere
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: *Home and Community Based Services Waivers:* This bill amends the duties of the Office of the Secretary of Family and Social Services (FSSA) concerning Home and Community Based Services (HCBS) waivers. It requires a waiver recipient to review the recipient's monthly statement and report errors or inconsistencies. It requires a provider of waiver services to provide a recipient and the recipient's care coordinator with certain billing statements. It also provides that when FSSA determines an individual is ineligible for Medicaid, FSSA shall provide the specific reason for determining the individual is ineligible.

Fund: This bill establishes the Home and Community Based Services Waiver Waiting List Assistance Fund to provide individuals on a waiver waiting list with access to certain supports. It also provides that appropriations in the budget bill for Medicaid assistance that are budgeted for a waiver that remain unexpended and unencumbered at the close of the state fiscal year and that would otherwise lapse and be returned to the state General Fund do not revert to the state General Fund, but instead shall be deposited in the fund.

Effective Date: July 1, 2026.

Explanation of State Expenditures: *Home and Community Based Services Waivers:* The bill's requirements will increase workload for FSSA but should be able to be implemented using existing staffing and resources. [Medicaid is jointly funded between the state and federal governments with the state share of administrative costs being 50%.]

Workload will also increase for the Division of Disability and Rehabilitative Services (DDRS) Advisory Council to collaborate with FSSA to redesign the list of HCBS service providers, as prescribed in the bill. This should be able to be completed within the typical meeting schedule of the Council. The Council met eight times each year in FY 2024 and FY 2025.

Fund: The bill establishes the non-reverting Home and Community Based Services Waiver Waiting List Assistance Fund to provide individuals on a HCBS waiver waiting list with access to supports that promote

stability, readiness, and crisis prevention. The fund will be administered by FSSA with expenses for the fund paid from the fund. The fund will consist of money from the reversion of select Medicaid appropriations that would have otherwise been reverred to the state General Fund.

Additional Information: Workload will increase for FSSA to do the following, as prescribed in the bill:

- administer the Home and Community Based Services Waiver Waiting List Assistance Fund;
- document compliance of service coordination requirements;
- provide monthly statements to waiver recipients;
- redesign the list of HCBS waiver service providers (in collaboration with the DDRS Advisory Council;
- review the criteria and processes for approving, monitoring, and removing service providers;
- provide individuals with the specific reasons why they were determined to be ineligible for Medicaid;
- each year, conduct an audit of a waiver service provider (FSSA currently conducts routine audits under the Indiana Community Integration and Habilitation waiver); and
- publish required information on the agency website.

Explanation of State Revenues: *Fund:* The bill may result in a decrease in revenue to the state General Fund from Medicaid reversions. Beginning FY 2027, the bill requires appropriation made in the state budget for Medicaid Assistance that are budgeted for a HCBS waiver that remain unexpended and unencumbered at the close of the FY no longer revert to the state General Fund but shall be deposited into the Home and Community Based Services Waiver Waiting List Assistance Fund.

There were no Medicaid appropriations reverted to the state General Fund during FY 2024 or FY 2025. [This does not include reversions made from the Healthy Indiana Plan (HIP) since HIP is funded through dedicated funds.] Any reductions in future reversions to the state General Fund will depend on administrative action regarding the use of Medicaid Assistance appropriations.

Additional Information: The Medicaid Assistance appropriation is based on the latest Medicaid Assistance Forecast issued by FSSA. According to the April 2025 forecast, the amounts of this appropriation budgeted for the state share of HCBS waiver services total \$821.0 M for FY 2026 and \$835.1 M for FY 2027.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration; Division of Disability and Rehabilitative Services Advisory Council.

Local Agencies Affected:

Information Sources: State Comptroller's data; Liza Sherman, FSSA;
www.in.gov/fssa/ddars/resources/individuals/ddars-commissions-and-councils/#DDRS_Advisory_Council;
www.in.gov/sba/budget-information/#tab-843848-2-Fiscal_Year_Close_Out_Statements;
www.in.gov/sba/files/Final-April-2025-Medicaid-Forecast-Update-04152025.pdf.

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