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## HOUSE BILL No. 1012

Proposed Changes to introduced printing by AM101202

### DIGEST OF PROPOSED AMENDMENT

Medicaid. Provides that, for the state fiscal year beginning July 1, 2026, and ending June 30, 2027, appropriations in the budget bill for Medicaid assistance in an amount sufficient to cover costs incurred by the office of the secretary of family and social services (office) in carrying out specified duties 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 remain available to the office to cover these costs. Amends the duties of the office concerning home and community based services waivers (waiver). Amends the information that must be provided: (1) in a monthly statement to a recipient of waiver services; and (2) in a notice of ineligibility for Medicaid. Sets forth requirements for conducting an audit of a provider of waiver services. Requires a recipient's case manager to provide assistance to the recipient in reviewing the monthly statements and reporting any errors. Requires the office to review certain bank accounts in determining an individual's Medicaid eligibility. Changes the timeframe in which a provider must provide billing records to an individual.

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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 4-13-2-19, AS AMENDED BY P.L.9-2024,  
2 SECTION 90, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2026]: Sec. 19. (a) Except as specifically provided for in  
4 appropriation acts, every appropriation or part thereof remaining  
5 unexpended and unencumbered at the close of any fiscal year shall  
6 lapse and be returned to the general revenue fund. However, an  
7 appropriation for purchase of real estate or for construction or other  
8 permanent improvement shall not lapse until the purposes for which  
9 the appropriation was made shall have been accomplished or

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abandoned, unless such appropriation has remained during an entire fiscal biennium without any expenditure therefrom or encumbrance thereon.

(b) Except as otherwise expressly provided by law, the provisions of this section shall apply to every appropriation of a stated sum for a specified purpose or purposes made from the general revenue fund, but shall not, unless expressly so provided by law, apply to any fund or balance of a fund derived wholly or partly from special taxes, fees, earnings, fines, federal grants, or other sources which are by law appropriated for special purposes by standing, continuing, rotary, or revolving appropriations.

(c) In the case of federal funds encumbered by a state agency that is the recipient of the federal grant, for purposes of meeting reimbursements that are to come due after the expiration of the federal grant, the state agency's encumbrance on its ledgers shall be recognized as valid by the state comptroller for one (1) year or until the money is expended, whichever is sooner.

(d) Notwithstanding subsection (a), beginning with the state fiscal year ending June 30, 2026, and each state fiscal year thereafter, appropriations in the budget bill for Medicaid assistance that are budgeted for a home and community based services waiver (as defined in IC 12-8-1.6-2) 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 shall not revert to the state general fund, but instead shall be deposited in the home and community based services waiver waiting list assistance fund established by IC 12-8-1.6-11.5.

[ (e) Notwithstanding subsection (a), for the state fiscal year beginning July 1, 2026, and ending June 30, 2027, appropriations in the budget bill for Medicaid assistance in an amount sufficient to cover costs incurred by the office of the secretary in:

(1) carrying out the office of the secretary's duties under:

(A) IC 12-8-1.6-4(b)(9) through IC 12-8-1.6(b)(16); and

(B) IC 12-8-1.6-8.5; and

(2) implementing the home and community based services waiver waiting list assistance fund established by IC 12-8-1.6-11.5;

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 shall not revert to the state general fund, but instead shall remain available to the office of the secretary to cover costs described in subdivisions (1) and (2). The appropriations are



not subject to allotment under IC 4-12-1-12.

SECTION 2. IC 12-8-1.6-4, AS ADDED BY P.L.174-2025, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4. (a) The office of the secretary has all powers necessary and convenient to administer a home and community based services waiver.

(b) The office of the secretary shall do the following:

(1) Administer money appropriated or allocated to the office of the secretary by the state, including money appropriated or allocated for a home and community based services waiver.

(2) Take any action necessary to implement a home and community based services waiver, including applying to the United States Department of Health and Human Services for approval to amend or renew the waiver, implement a new Medicaid waiver, or amend the Medicaid state plan.

(3) Ensure that a home and community based services waiver is subject to funding available to the office of the secretary.

(4) Ensure, in coordination with the budget agency, that the cost of a home and community based services waiver does not exceed the total amount of funding available by the budget agency, including state and federal funds, for the Medicaid programs established to provide services under a home and community based services waiver.

(5) Establish and administer a program for a home and community based services waiver to provide an eligible individual with care that does not cost more than services provided to a similarly situated individual residing in an institution.

(6) Within the limits of available resources, provide service coordination services to individuals receiving services under a home and community based services waiver, including the development of an individual service plan that:

(A) addresses an individual's needs;

(B) identifies and considers family and community resources that are potentially available to meet the individual's needs; and

(C) is consistent with the person centered care approach for receiving services under a waiver.

(7) Monitor services provided by a provider that:

(A) provides services to an individual using funds provided by the office of the secretary or under the authority of the office of the secretary; or



- 1 (B) entered into one (1) or more provider agreements to  
 2 provide services under a home and community based  
 3 services waiver.  
 4 (8) Establish and administer a confidential complaint process  
 5 for:  
 6 (A) an individual receiving; or  
 7 (B) a provider described in subdivision (7) providing;  
 8 services under a home and community based services waiver.  
 9 (9) Establish a procedure for documenting compliance with  
 10 subdivision (6) in the individual service plan of an individual  
 11 receiving services under a home and community based  
 12 services waiver, which must include provider attestation that  
 13 services delivered to a recipient align with the recipient's  
 14 individual service plan.  
 15 (10) ~~<P>~~ [Beginning not later than January 1, 2027, p]rovide  
 16 a monthly statement ~~<in>~~ [by] electronic ~~<form>~~ [means as  
 17 the default method of delivery], or in paper form upon a  
 18 recipient's request, to an individual receiving services under  
 19 a home and community based services waiver that includes  
 20 the following information:  
 21 [ ~~<(A) The state contribution amount to the services>~~ [(A)  
 22 The amount the state paid for:  
 23 (i) home and community based services waiver  
 24 services; and  
 25 (ii) Medicaid medical services;  
 26 ]provided to the recipient<  
 27 ~~— (B) The amount the recipient is required to pay for~~  
 28 ~~services provided to the recipient.~~  
 29 ~~— (C) [ during the preceding month.~~  
 30 (B)] The reason for any denial of services to the  
 31 recipient.  
 32 (11) ~~<A>~~ [Beginning not later than January 1, 2027, a]nnually  
 33 publish on the office of the secretary's website the following  
 34 information on each home and community based services  
 35 waiver for the preceding state fiscal year:  
 36 (A) The amount of state funds that were:  
 37 (i) budgeted for; and  
 38 (ii) spent under;  
 39 each waiver.  
 40 (B) The amount billed by providers for each service  
 41 under each waiver.  
 42 (C) Comparative data on providers, including quality



measures, credentialing, accreditation, and per capita  
incident rates.

(12) Not later than January 1, 2027, in collaboration with the division of disability and rehabilitative services advisory council established by IC 12-9-4-2, redesign the list of service providers, including case management organization providers, available under a home and community based services waiver to meet the following requirements:

(A) Be electronically searchable by the public.

(B) Be consumer friendly.

(C) Only display information about providers that are accepting new ~~<patients>~~ <clients> by geographic area.

(D) Include the following information for each provider described in clause (C):

(i) Provider credentialing and accreditation.

(ii) Performance data, including the results of any provider satisfaction survey.

(13) Each month, publish on the office of the secretary's website the number of home and community based services waiver slots that were:

(A) released;

(B) accepted;

(C) declined; and

(D) rescinded;

during the previous month, and the reason for a denial or rescission.

(14) Provide annual updates concerning home and community based services waivers to the division of disability and rehabilitative services advisory council established by IC 12-9-4-2.

(15) ~~<R>~~ [In collaboration with the division of disability and rehabilitative services advisory council established by IC 12-9-4-2, r]review the criteria and process for approving, monitoring, and removing providers of services under a home and community based services waiver ~~<, including removing providers that mismanage funds or have consistently high incident rates as determined by the office of the secretary>.<~~

> (16) After reviewing the criteria and process described in subdivision (15), make any changes necessary to ensure provider accountability and the provision of high quality services.<



~~(17) At least once each year, conduct an audit of a provider of services under a home and community based services waiver.>~~

(c) The office of the secretary may do the following:

(1) At the office's discretion, delegate any of its authority under this chapter to any division or office within the office of the secretary.

(2) Issue administrative orders under IC 4-21.5-3-6 regarding the provision of a home and community based services waiver.

SECTION 3. IC 12-8-1. [6-8.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 8.5. (a) As used in this section, "provider" refers to a provider of services under a home and community based services waiver.

(b) As used in this section, "recipient" means an individual who receives services under a home and community based services waiver.

(c) Before July 1, 2028, the office of the secretary shall conduct an audit of a provider that:

(1) provides services to less than ten (10) recipients; and

(2) either:

(A) has not been audited by or on behalf of the office of the secretary; or

(B) was audited by or on behalf of the office of the secretary before July 1, 2021.

(d) After July 1, 2028, at least once each year, the office of the secretary shall conduct an audit of each provider that provides services to less than ten (10) recipients.

(e) In conducting an audit under subsection (d), the office of the secretary shall do the following:

(1) Determine whether the provider is accredited by an approved national accrediting body (as defined in IC 12-11-1.1-1(j)).

(2) Evaluate whether the provider is able to deliver services without interruption for at least three (3) consecutive months in the absence of payment for services.

SECTION 4. IC 12-8-1. [6-9.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 9.5. ~~<In order to continue to receive>~~ [(a) An individual receiving] services under a home and community based services waiver ~~<,an individual receiving services under the waiver>~~ shall do the following:<



- (1) Review the recipient's monthly statement received under section 4(b)(10) of this chapter.
- (2) Not later than thirty (30) days after receiving each monthly statement, report to the office of the secretary or other appropriate entity any:
- (A) error in the statement; or
  - (B) inconsistency between the statement and services received.

[ (b) Upon request, the case manager of a recipient described in subsection (a) shall do the following:

- (1) Assist the recipient in reviewing the recipient's monthly statement described in subsection (a)(1).
- (2) Assist in reporting and resolving any error or inconsistency under subsection (a).

1 SECTION ~~4~~5. IC 12-8-1.6-11.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 11.5. (a) As used in this section, "fund" refers to the home and community based services waiver waiting list assistance fund established by subsection (b).

(b) The home and community based services waiver waiting list assistance fund is established to provide individuals on a home and community based services waiver waiting list with access to supports that promote stability, readiness, and crisis prevention.

(c) The office of the secretary shall administer the fund.

(d) The fund consists of money from the reversion of Medicaid assistance appropriations deposited in the fund under IC 4-13-2-19(d).

(e) Money in the fund may be used to provide an individual on a home and community based services waiver waiting list with any of the following:

- (1) Caregiver or individual training, such as person centered planning training, skill building training, and self-advocacy workshops.
- (2) Assistive technology devices or adaptive equipment to support an individual's independence.
- (3) Short term stabilization supports to prevent institutionalization, such as respite care services or transitional assistance.
- (4) Care coordination planning.
- (5) Any other supports that promote stability, readiness, and crisis prevention, as determined by the office of the secretary.





(f) The expenses of administering the fund shall be paid from money in the fund.

(g) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested.

(h) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

SECTION ~~<5>~~[6]. IC 12-15-2-27 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 27. [ (a) ] When the office of the secretary determines that an individual is ineligible for Medicaid under this article, the office of the secretary shall provide to the individual the specific reason for determining that the individual is ineligible.

[ (b) In determining an individual's eligibility for Medicaid under this article based on the individual's total equity value of nonexempt property, the office of the secretary shall review each of an individual's bank account that is both:

(1) active; and

(2) contains assets;

at the time of the eligibility determination.

(c) When the office of the secretary issues a notice of ineligibility under this section, the office of secretary shall:

(1) use plain language; and

(2) identify each bank account reviewed under subsection (b), including the name of the financial institution and last four (4) numbers of the account.

] SECTION ~~<6>~~[7]. IC 12-15-11-11 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 11. A provider of services under a home and community based services waiver (as defined in IC 12-8-1.6-2) shall do the following:

[(1) ~~<Not later than fifteen (15) days before>~~ [Upon request by] an individual receiving services under the waiver ~~<has a meeting with the recipient's care coordination team, provide the recipient's care coordinator with>~~ [or the individual's legal guardian, but not more than once per calendar quarter, provide to the individual or the individual's legal guardian] the provider's ~~<billing>~~ [accounting] records [ of service delivery] for the recipient.]

[(2) ~~<Biannually>~~ [Upon request, but not more than twice per calendar year,] provide to an individual receiving services





1 under the waiver an itemized statement of the services billed  
2 by the provider for the recipient. The statement must be in  
3 plain language.[\[\]](#)

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