



January 13, 2026

HOUSE BILL No. 1277

DIGEST OF HB 1277 (Updated January 13, 2026 11:04 am - DI 147)

Citations Affected: IC 12-8; IC 12-15; noncode.

Synopsis: Long term care. Amends the requirements for a Medicaid home and community based services waiver. Requires the office of the secretary of family and social services (office) to apply to the federal government for: (1) a new Medicaid waiver to provide assisted living services; and (2) an amendment to a specific Medicaid home and community based services waiver to establish an individual cost limit of not more than the institutional cost of nursing facility services. Specifies that provisions concerning reimbursement for assisted living services for individuals who are aged and disabled and receiving services under a Medicaid waiver apply to the new assisted living Medicaid waiver. Requires certain Medicaid recipients to choose the recipient's provider of integrated health care coordination. Provides that integrated health care coordination provided by a provider of assisted living services is not duplicative of certain other services. Specifies that an individual is no longer a member of the covered population upon receiving nursing facility services for 100 consecutive days. Provides that on the one hundredth day, the individual is not a member of the covered population and shall receive Medicaid services under a fee for service program. Requires the office to conduct a comprehensive study of Medicaid reimbursement rates paid to providers of assisted living services.

Effective: July 1, 2026.

Barrett, Goss-Reaves, Porter

January 6, 2026, read first time and referred to Committee on Public Health.
January 13, 2026, reported — Do Pass. Referred to Committee on Ways and Means pursuant to Rule 126.3.

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January 13, 2026

Second Regular Session of the 124th General Assembly (2026)

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 2025 Regular Session of the General Assembly.

HOUSE BILL No. 1277

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 12-8-1.6-2, AS ADDED BY P.L.174-2025,
2 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2026]: Sec. 2. (a) As used in this chapter, "home and
4 community based services waiver" refers to a federal Medicaid waiver
5 granted to the state under 42 U.S.C. 1396n(c) to provide home and
6 community based long term care services and supports to individuals
7 with disabilities **and the elderly**.

8 (b) The term does not include home and community services offered
9 as part of the approved Medicaid state plan.

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

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

16 (1) Administer money appropriated or allocated to the office of
17 the secretary by the state, including money appropriated or

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1 allocated for a home and community based services waiver.

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

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

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

15 (5) Establish and administer a program for a home and
16 community based services waiver, **including the assisted living**
17 **waiver described in IC 12-15-1.3-26**, to provide an eligible
18 individual with care that does not cost more than services
19 provided to a similarly situated individual residing in an
20 institution.

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

25 (A) addresses an individual's needs;

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

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

31 (7) Monitor services provided by a provider that:

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

35 (B) entered into one (1) or more provider agreements to
36 provide services under a home and community based services
37 waiver.

38 (8) Establish and administer a confidential complaint process for:

39 (A) an individual receiving; or

40 (B) a provider described in subdivision (7) providing;

41 services under a home and community based services waiver.

42 (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 12-8-1.6-9, AS ADDED BY P.L.174-2025, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 9. A home and community based services waiver, including the delivery and receipt of services provided under the home and community based services waiver, must meet the following requirements:

(1) Be provided under public supervision.

(2) Be individualized and designed to meet the needs of individuals eligible to receive services under the home and community based services waiver.

(3) Meet applicable state and federal standards.

(4) Be provided by qualified personnel.

(5) Be provided, to the extent appropriate, with services provided under the home and community based services waiver that are provided in a home and community based setting where nonwaiver individuals receive services.

(6) Be provided in accordance with an individual's:

(A) service plan; and

(B) choice of provider of waiver services.

SECTION 4. IC 12-8-1.6-10, AS AMENDED BY THE TECHNICAL CORRECTIONS BILL OF THE 2026 GENERAL ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 10. (a) This section applies to **the following**:

(1) A home and community based services waiver that included assisted living services as an available service before July 1, 2025.

(2) **An assisted living waiver described in IC 12-15-1.3-26.**

(b) As used in this section, "office" includes the following:

(1) The office of the secretary of family and social services.

(2) A managed care organization that has contracted with the office of Medicaid policy and planning under IC 12-15.

(3) A person that has contracted with a managed care organization described in subdivision (2).

(c) Under a home and community based services waiver that provides services to an individual who is aged or disabled, the office shall reimburse for the following services provided to the individual by a provider of assisted living services, if included in the individual's



home and community based ~~service~~ **services** plan:

- (1) Assisted living services.
- (2) Integrated health care coordination.
- (3) Transportation.

(d) If the office approves an increase in the level of services for a recipient of assisted living services, the office shall reimburse the provider of assisted living services for the level of services for the increase as of the date that the provider has documentation of providing the increase in the level of services.

(e) The office may reimburse for any home and community based services provided to a Medicaid recipient beginning on the date of the individual's Medicaid application.

(f) The office may not do any of the following concerning assisted living services provided in a home and community based services program:

- (1) Require the installation of a sink in the kitchenette within any living unit of an entity that participated in the Medicaid home and community based services program before July 1, 2018.
- (2) Require all living units within a setting that provides assisted living services to comply with physical plant requirements that are applicable to individual units occupied by a Medicaid recipient.
- (3) Require a provider to offer only private rooms.
- (4) Require a housing with services establishment provider to provide housing when:
 - (A) the provider is unable to meet the health needs of a resident without:
 - (i) undue financial or administrative burden; or
 - (ii) fundamentally altering the nature of the provider's operations; and
 - (B) the resident is unable to arrange for services to meet the resident's health needs.
- (5) Require a housing with services establishment provider to separate an agreement for housing from an agreement for services.
- (6) Prohibit a housing with services establishment provider from offering studio apartments with only a single sink in the unit.
- (7) Preclude the use of a shared bathroom between adjoining or shared units if the participants consent to the use of a shared bathroom.
- (8) Reduce the scope of services that may be provided by a provider of assisted living services under the aged and disabled



Medicaid waiver in effect on July 1, 2021.

(g) A Medicaid recipient who has a home and community based services plan that includes:

(1) assisted living services; and

(2) integrated health care coordination;

shall choose whether the provider of assisted living services or the office provides the integrated health care coordination to the recipient.

(h) Integrated health care coordination provided by a provider of assisted living services under this section is not duplicative of any services provided by the office.

~~(g)~~ (i) The office of the secretary may adopt rules under IC 4-22-2 that establish the right, and an appeals process, for a resident to appeal a provider's determination that the provider is unable to meet the health needs of the resident as described in subsection (f)(4). The process:

(1) must require an objective third party to review the provider's determination in a timely manner; and

(2) may not be required if the provider is licensed by the Indiana department of health and the licensure requirements include an appellate procedure for such a determination.

SECTION 5. IC 12-15-1.3-26 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 26. (a) Not later than September 1, 2026, the office of the secretary shall apply to the United States Department of Health and Human Services for a Medicaid waiver to provide assisted living services effective July 1, 2026, in a waiver separate from the Medicaid home and community based services waiver that included assisted living services as an available service before July 1, 2026.**

(b) The office of the secretary shall establish a work group of interested stakeholders to assist in the development and implementation of the waiver described in subsection (a). The governor shall appoint the members of the work group and include providers of assisted living services as members of the work group.

SECTION 6. IC 12-15-1.3-27 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 27. Not later than September 1, 2026, the office of the secretary shall apply to the United States Department of Health and Human Services for an amendment to the Medicaid home and community based services waiver concerning the provision of services to individuals who are at least sixty (60) years of age and meet nursing facility level of care**



1 **requirements to establish an individual cost limit of not more than**
 2 **the institutional cost of nursing facility services.**

3 SECTION 7. IC 12-15-13-1.8, AS AMENDED BY P.L.213-2025,
 4 SECTION 112, IS AMENDED TO READ AS FOLLOWS
 5 [EFFECTIVE JULY 1, 2026]: Sec. 1.8. (a) As used in this section,
 6 "covered population" means all Medicaid recipients who meet the
 7 criteria set forth in subsection (b).

8 (b) **Except as provided in subsection (e)**, an individual is a
 9 member of the covered population if the individual:

10 (1) is eligible to participate in the federal Medicare program (42
 11 U.S.C. 1395 et seq.) and receives nursing facility services; or

12 (2) is:

13 (A) at least sixty (60) years of age;

14 (B) blind, aged, or disabled; and

15 (C) receiving services through one (1) of the following:

16 (i) The aged and disabled Medicaid waiver.

17 (ii) A risk based managed care program for aged, blind, or
 18 disabled individuals who are not eligible to participate in the
 19 federal Medicare program.

20 (iii) The state Medicaid plan.

21 (c) The office of the secretary may implement a risk based managed
 22 care program for the covered population.

23 (d) Any managed care organization that participates in the risk
 24 based managed care program under subsection (c) that fails to pay a
 25 claim submitted by a nursing facility provider for payment under the
 26 program later than:

27 (1) twenty-one (21) days, if the claim was electronically filed; or

28 (2) thirty (30) days, if the claim was filed on paper;

29 from receipt by the managed care organization shall pay a penalty of
 30 five hundred dollars (\$500) per calendar day per claim.

31 (e) **Upon an individual receiving nursing facility services for a**
 32 **consecutive period of one hundred (100) days, the individual is no**
 33 **longer a member of the covered population. An individual who was**
 34 **part of the covered population is no longer part of the covered**
 35 **population on the one hundredth day and shall receive Medicaid**
 36 **services under a fee for service program.**

37 SECTION 8. [EFFECTIVE JULY 1, 2026] (a) As used in this
 38 SECTION, "office" refers to the office of the secretary of family
 39 and social services established by IC 12-8-1.5-1.

40 (b) Not later than November 1, 2026, in accordance with
 41 IC 12-15-1-23, the office shall conduct a comprehensive study of
 42 Medicaid reimbursement rates paid to providers of assisted living



1 services.

2 (c) The study required under subsection (b) must include at least
3 the following:

4 (1) Whether existing reimbursement rates are sufficient to
5 attract and retain providers of assisted living services in all
6 regions of Indiana to support Indiana's growing senior
7 population, including rural and underserved areas.

8 (2) The reimbursement rates paid to providers of assisted
9 living services in neighboring states.

10 (3) Whether it is feasible to provide an enhanced
11 reimbursement rate to providers of assisted living services
12 that serve a higher number of Medicaid recipients than other
13 providers.

14 (4) Whether it is possible to:

15 (A) eliminate reimbursement for integrated health care
16 coordination; and

17 (B) increase reimbursement rates for providers of assisted
18 living services;

19 to reduce the administrative workload.

20 (d) Not later than December 1, 2026, the office shall provide a
21 report containing the study's findings to the general assembly and
22 the budget committee in an electronic format under IC 5-14-6.

23 (e) This SECTION expires July 1, 2027.



COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Health, to which was referred House Bill 1277, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

(Reference is to HB 1277 as introduced.)

BARRETT

Committee Vote: Yeas 12, Nays 0

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