

PROPOSED AMENDMENT

HB 1277 # 5

DIGEST

Medicaid requirements. Sets forth requirements for a home and community based services attendant care service Medicaid provider to meet in the use of the state fund share of Medicaid reimbursement for compensation of direct care staff. Requires the provider to submit a cost report annually to verify compliance.

- 1 Page 1, between the enacting clause and line 1, begin a new
2 paragraph and insert:
3 "SECTION 1. IC 12-7-2-40.3 IS ADDED TO THE INDIANA
4 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
5 [EFFECTIVE JULY 1, 2026]: **Sec. 40.3. "Compensation", for**
6 **purposes of IC 12-8-1.6-5.5, has the meaning set forth in**
7 **IC 12-8-1.6-5.5(a).**
- 8 SECTION 2. IC 12-7-2-62.5 IS ADDED TO THE INDIANA CODE
9 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
10 1, 2026]: **Sec. 62.5. "Direct care staff", for purposes of**
11 **IC 12-8-1.6-5.5, has the meaning set forth in IC 12-8-1.6-5.5(b)."**
- 12 Page 3, between lines 5 and 6, begin a new paragraph and insert:
13 "SECTION 5. IC 12-8-1.6-5.5 IS ADDED TO THE INDIANA
14 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
15 [EFFECTIVE JULY 1, 2026]: **Sec. 5.5. (a) As used in this section,**
16 **"compensation" means any of the following:**
- 17 **(1) Salaries and wages.**
 - 18 **(2) Benefits, including the following:**
 - 19 **(A) Paid time off.**
 - 20 **(B) Health, dental, and vision insurance.**
 - 21 **(C) Life and disability insurance.**
 - 22 **(D) Worker's compensation.**
 - 23 **(E) Qualifying pensions and other retirement benefits.**
 - 24 **(F) Tuition reimbursement.**
 - 25 **(G) The employer's share of payroll taxes.**
 - 26 **(H) Travel reimbursement.**

1 **(I) Other remuneration under the federal Fair Labor**
 2 **Standards Act of 1938, as amended (29 U.S.C. 201-219).**

3 **The term does not include office administrative costs, supervision,**
 4 **or other program or overhead costs.**

5 **(b) As used in this section, "direct care staff" means an**
 6 **employee of a home and community based services waiver**
 7 **provider who provides direct, hands on care for a participant**
 8 **under the home and community based services waiver.**

9 **(c) A provider that provides attendant care services under a**
 10 **home and community based services waiver must use at least**
 11 **seventy percent (70%) of the state share of Medicaid per diem**
 12 **reimbursement for the services provided on compensation for the**
 13 **provider's direct care staff providing attendant care services.**

14 **(d) A provider described in subsection (c) shall, not later than**
 15 **June 30 of each year, submit a direct care staff cost report to the**
 16 **office of the secretary documenting that the provider has complied**
 17 **with subsection (c). The report must meet at least the following**
 18 **requirements:**

19 **(1) Be based upon actual, documented expenditures.**
 20 **(2) Be attested to by an authorized representative of the**
 21 **provider.**
 22 **(3) Include the following information for the previous**
 23 **calendar year:**

24 **(A) The provider's total attendant care revenue under a**
 25 **home and community based services waiver.**

26 **(B) The total spent as compensation for direct care staff**
 27 **providing attendant care services, separated by each**
 28 **category described in subsection (a).**

29 **(C) The total dollars spent on supervision costs for direct**
 30 **care staff.**

31 **(D) The total dollars spent on administrative, overhead,**
 32 **and program support costs.**

33 **(4) Include any other information deemed relevant and**
 34 **required by the office to ensure compliance with this section."**

35 Renumber all SECTIONS consecutively.

(Reference is to HB 1277 as printed January 27, 2026.)