
HOUSE BILL No. 1277

AM127706 has been incorporated into January 27, 2026 printing.

Synopsis: Long term care.

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January 27, 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.

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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
- 9 offered 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
 27 resources that are potentially available to meet the
 28 individual's needs; 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
 33 by the office of the secretary or under the authority of the
 34 office of the secretary; or
 35 (B) entered into one (1) or more provider agreements to
 36 provide services under a home and community based
 37 services waiver.
 38 (8) Establish and administer a confidential complaint process
 39 for:
 40 (A) an individual receiving; or
 41 (B) a provider described in subdivision (7) providing;
 42 services under a home and community based services waiver.

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- 1 (c) The office of the secretary may do the following:
- 2 (1) At the office's discretion, delegate any of its authority under
- 3 this chapter to any division or office within the office of the
- 4 secretary.
- 5 (2) Issue administrative orders under IC 4-21.5-3-6 regarding the
- 6 provision of a home and community based services waiver.
- 7 SECTION 3. IC 12-8-1.6-9, AS ADDED BY P.L.174-2025,
- 8 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 9 JULY 1, 2026]: Sec. 9. A home and community based services waiver,
- 10 including the delivery and receipt of services provided under the home
- 11 and community based services waiver, must meet the following
- 12 requirements:
- 13 (1) Be provided under public supervision.
- 14 (2) Be individualized and designed to meet the needs of
- 15 individuals eligible to receive services under the home and
- 16 community based services waiver.
- 17 (3) Meet applicable state and federal standards.
- 18 (4) Be provided by qualified personnel.
- 19 (5) Be provided, to the extent appropriate, with services
- 20 provided under the home and community based services waiver
- 21 that are provided in a home and community based setting where
- 22 nonwaiver individuals receive services.
- 23 (6) Be provided in accordance with an individual's:
- 24 (A) service plan; and
- 25 (B) choice of provider of waiver services.
- 26 SECTION 4. IC 12-8-1.6-10, AS AMENDED BY THE
- 27 TECHNICAL CORRECTIONS BILL OF THE 2026 GENERAL
- 28 ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 29 JULY 1, 2026]: Sec. 10. (a) This section applies to **the following**:
- 30 (1) A home and community based services waiver that included
- 31 assisted living services as an available service before July 1,
- 32 2025.
- 33 (2) **An assisted living waiver described in IC 12-15-1.3-26.**
- 34 (b) As used in this section, "office" includes the following:
- 35 (1) The office of the secretary of family and social services.
- 36 (2) A managed care organization that has contracted with the
- 37 office of Medicaid policy and planning under IC 12-15.
- 38 (3) A person that has contracted with a managed care
- 39 organization described in subdivision (2).
- 40 (c) Under a home and community based services waiver that
- 41 provides services to an individual who is aged or disabled, the office
- 42 shall reimburse for the following services provided to the individual by

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1 a provider of assisted living services, if included in the individual's
2 home and community based ~~service~~ **services** plan:

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

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

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

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

17 (1) Require the installation of a sink in the kitchenette within any
18 living unit of an entity that participated in the Medicaid home
19 and community based services program before July 1, 2018.

20 (2) Require all living units within a setting that provides assisted
21 living services to comply with physical plant requirements that
22 are applicable to individual units occupied by a Medicaid
23 recipient.

24 (3) Require a provider to offer only private rooms.

25 (4) Require a housing with services establishment provider to
26 provide housing when:

27 (A) the provider is unable to meet the health needs of a
28 resident without:

- 29 (i) undue financial or administrative burden; or
30 (ii) fundamentally altering the nature of the provider's
31 operations; and

32 (B) the resident is unable to arrange for services to meet the
33 resident's health needs.

34 (5) Require a housing with services establishment provider to
35 separate an agreement for housing from an agreement for
36 services.

37 (6) Prohibit a housing with services establishment provider from
38 offering studio apartments with only a single sink in the unit.

39 (7) Preclude the use of a shared bathroom between adjoining or
40 shared units if the participants consent to the use of a shared
41 bathroom.

42 (8) Reduce the scope of services that may be provided by a

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1 provider of assisted living services under the aged and disabled
2 Medicaid waiver in effect on July 1, 2021.

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

5 **(1) assisted living services; and**

6 **(2) integrated health care coordination;**

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

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

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

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

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

22 **SECTION 5. IC 12-15-1.3-26 IS ADDED TO THE INDIANA
23 CODE AS A NEW SECTION TO READ AS FOLLOWS
24 [EFFECTIVE JULY 1, 2026]: Sec. 26. (a) Not later than September
25 1, 2026, the office of the secretary shall apply to the United States
26 Department of Health and Human Services for a Medicaid waiver
27 to provide assisted living services effective July 1, 2026, in a waiver
28 separate from the Medicaid home and community based services
29 waiver that included assisted living services as an available service
30 before July 1, 2026.**

31 **(b) The office of the secretary shall state in the waiver
32 application a plan to transfer waiver slots from the existing
33 Medicaid home and community based services waivers that include
34 assisted living services to the new assisted living Medicaid waiver
35 application required under subsection (a) upon approval. If the
36 new assisted living Medicaid waiver submitted under subsection (a)
37 is approved, the office of the secretary shall transfer waiver slots
38 currently used for individuals receiving assisted living services
39 from the existing Medicaid home and community based services
40 waivers that include assisted living services to the new assisted
41 living Medicaid waiver.**

42 **(c) The office of the secretary shall establish a work group of**

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1 interested stakeholders to assist in the development and
 2 implementation of the waiver described in subsection (a). The
 3 governor shall appoint the members of the work group and include
 4 providers of assisted living services as members of the work group.

5 SECTION 6. IC 12-15-1.3-27 IS ADDED TO THE INDIANA
 6 CODE AS A NEW SECTION TO READ AS FOLLOWS
 7 [EFFECTIVE JULY 1, 2026]: Sec. 27. (a) Not later than September
 8 1, 2026, the office of the secretary shall apply to the United States
 9 Department of Health and Human Services for an amendment to
 10 the Medicaid home and community based services waiver
 11 concerning the provision of services to individuals who are at least
 12 sixty (60) years of age and meet nursing facility level of care
 13 requirements to establish an individual cost limit of not more than
 14 the institutional cost of nursing facility services.

15 (b) This section expires July 1, 2028.

16 SECTION 7. IC 12-15-13-1.8, AS AMENDED BY P.L.213-2025,
 17 SECTION 112, IS AMENDED TO READ AS FOLLOWS
 18 [EFFECTIVE JULY 1, 2027]: Sec. 1.8. (a) As used in this section,
 19 "covered population" means all Medicaid recipients who meet the
 20 criteria set forth in subsection (b).

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

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

25 (2) is:

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

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

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

29 (i) The aged and disabled Medicaid waiver.

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

33 (iii) The state Medicaid plan.

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

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

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

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

42 from receipt by the managed care organization shall pay a penalty of

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1 five hundred dollars (\$500) per calendar day per claim.
2 (e) Upon an individual receiving nursing facility services for
3 a consecutive period of one hundred (100) days, the individual is no
4 longer a member of the covered population. An individual who was
5 part of the covered population is no longer part of the covered
6 population on the one hundredth day and shall receive Medicaid
7 services under a fee for service program.

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