

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

LS 6376
BILL NUMBER: HB 1296

NOTE PREPARED: Feb 9, 2026
BILL AMENDED: Jan 20, 2026

SUBJECT: Mental Health Services.

FIRST AUTHOR: Rep. Bascom
FIRST SPONSOR: Sen. Clark

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill requires the Secretary of Family and Social Services (FSSA) to certify integrated reentry and correctional support programs. This bill requires the owner of a recovery residence to register with the Division of Mental Health and Addiction (DMHA) and sets forth the requirements for registration. This bill requires the DMHA to post a list of registered recovery residences on the DMHA's public website and include certain information concerning each recovery residence.

This bill requires the DMHA to adopt rules concerning: (1) the issuance, revocation, and denial of a registration; and (2) any rules necessary to implement these provisions. This bill also allows the DMHA to contract with certain entities to administer the registration of recovery residences.

Effective Date: July 1, 2026.

Explanation of State Expenditures: The bill's requirements will increase workload for FSSA but should be able to be implemented using existing staffing and resources.

Additional Information: The bill allows DMHA to contract with an organization to administer the registration of recovery residences, DMHA may experience a minimal increase in workload to execute the contract. The bill does not make an appropriation for the procurement of this contract.

The DMHA currently inspects and certifies recovery residences and oversees all peer certification programs in Indiana. The DMHA also maintains an online tool for individuals to search for recovery housing based on environment and population specialty. Currently, eleven states require recovery residences to register with the state mental health or addiction agency.

As defined by the National Association of Recovery Residences, there are four levels of recovery residence support: peer-run (Level I), monitored (Level II), supervised (Level III), and service provider (Level IV). The levels are differentiated by the type of administration, services, residence, and staff provided. Indiana currently has 182 recovery residences (36 Level II residences, 97 Level III residences, and 49 Level IV residences).

Explanation of State Revenues: The bill will increase state General Fund revenue from recovery residence registration fees by an estimated \$91,000 in FY 2027, based on the initial registration fee and the current count of 182 recovery residences in Indiana. The bill sets an initial registration fee of \$500 and a renewal fee of \$350 for each recovery residence. Registrations are valid for two years. For owners of multiple recovery residences, the initial registry fee is limited to \$2,000 total.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Division of Mental Health and Addiction, Family and Social Services Administration.

Local Agencies Affected:

Information Sources: Lindsey Samman, Division of Mental Health and Addiction;
Karmen Hanson, National Conference of State Legislatures;
www.in.gov/fssa/dmha/addiction-services/recovery-residence-designation;
narronline.org/standards/#types-of-recovery-residences;
secure.in.gov/apps/fssa/providersearch/home/category/as.

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