

HOUSE BILL No. 1335

DIGEST OF INTRODUCED BILL

Citations Affected: IC 16-18-2; IC 16-21.

Synopsis: Nonprofit hospitals. Sets forth additional requirements for a nonprofit hospital's community benefits plan (plan). Requires a nonprofit hospital to spend more under the nonprofit hospital's plan than the nonprofit hospital's estimated tax exemption value. Allows the Indiana department of health (state department) to enforce compliance with the plan requirements. Sets forth additional reporting requirements for a nonprofit hospital's annual plan report (report). Requires the state department to review the report for compliance and to verify certain reported expenditure data. Allows for the assessment of a penalty for violations. Requires a nonprofit hospital to: (1) disclose information concerning payment assistance programs; (2) post signs concerning the programs in specified locations of the hospital; and (3) make information concerning the programs available to patients through the hospital's patient portal system. Requires a nonprofit hospital to notify a patient or the patient's representative of available payment assistance programs before beginning a collection action against the patient.

Effective: July 1, 2026.

Carbaugh

January 6, 2026, read first time and referred to Committee on Public Health.



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. 1335

A BILL FOR AN ACT to amend the Indiana Code concerning health.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 16-18-2-52.5, AS AMENDED BY P.L.188-2025,
2 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2026]: Sec. 52.5. (a) "Charity care", for purposes of
4 IC 16-21-6, IC 16-21-9, **IC 16-21-9.5**, and IC 16-40-6, means the
5 unreimbursed cost to a hospital of providing, funding, or otherwise
6 financially supporting health care services:
7 (1) to a person classified by the hospital as financially indigent or
8 medically indigent on an inpatient or outpatient basis; and
9 (2) to financially indigent patients through other nonprofit or
10 public outpatient clinics, hospitals, or health care organizations.
11 (b) As used in this section, "financially indigent" means an
12 uninsured or underinsured person who is accepted for care with no
13 obligation or a discounted obligation to pay for the services rendered
14 based on the hospital's financial criteria and procedure used to
15 determine if a patient is eligible for charity care. The criteria and
16 procedure must include income levels and means testing indexed to the
17 federal poverty guidelines. A hospital may determine that a person is



1 financially or medically indigent under the hospital's eligibility system
2 after health care services are provided.

3 (c) As used in this section, "medically indigent" means a person
4 whose medical or hospital bills after payment by third party payors
5 exceed a specified percentage of the patient's annual gross income as
6 determined in accordance with the hospital's eligibility system, and
7 who is financially unable to pay the remaining bill.

8 SECTION 2. IC 16-18-2-56.4 IS ADDED TO THE INDIANA
9 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
10 [EFFECTIVE JULY 1, 2026]: **Sec. 56.4. "Clinical department", for**
11 **purposes of IC 16-21-9, has the meaning set forth in IC 16-21-9-0.5.**

12 SECTION 3. IC 16-18-2-251 IS AMENDED TO READ AS
13 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 251. "Nonprofit
14 hospital", for purposes of IC 16-21-9 and **IC 16-21-9.5**, has the
15 meaning set forth in IC 16-21-9-3.

16 SECTION 4. IC 16-18-2-272.6 IS ADDED TO THE INDIANA
17 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
18 [EFFECTIVE JULY 1, 2026]: **Sec. 272.6. "Payment assistance**
19 **program", for purposes of IC 16-21-9.5, has the meaning set forth**
20 **in IC 16-21-9.5-1.**

21 SECTION 5. IC 16-18-2-288.5 IS ADDED TO THE INDIANA
22 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
23 [EFFECTIVE JULY 1, 2026]: **Sec. 288.5. "Preceptor", for purposes**
24 **of IC 16-21-9, has the meaning set forth in IC 16-21-9-3.4.**

25 SECTION 6. IC 16-21-9-0.5 IS ADDED TO THE INDIANA CODE
26 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
27 1, 2026]: **Sec. 0.5. As used in this chapter, "clinical department"**
28 **means a department of a nonprofit hospital that provides direct**
29 **patient care services.**

30 SECTION 7. IC 16-21-9-3.4 IS ADDED TO THE INDIANA CODE
31 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
32 1, 2026]: **Sec. 3.4. As used in this chapter, "preceptor" means a**
33 **licensed clinician who provides supervised clinical training to**
34 **students enrolled in any of the following accredited programs:**

- 35 (1) **Medical.**
- 36 (2) **Nursing.**
- 37 (3) **Allied health.**
- 38 (4) **Behavioral health.**
- 39 (5) **A program related to a program described in subdivisions**
- 40 **(1) through (4).**

41 SECTION 8. IC 16-21-9-4 IS AMENDED TO READ AS
42 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4. (a) A nonprofit



hospital shall develop:

(1) an organizational mission statement that identifies the hospital's commitment to serving the health care needs of the community; and

(2) a community benefits plan defined as an operational plan for serving the community's health care needs that:

(A) sets out goals and objectives for providing community benefits that include charity care and government sponsored indigent health care; ~~and~~

(B) identifies the populations and communities served by the hospital; **and**

(C) includes a preceptor as set forth in subsection (b).

A nonprofit hospital shall spend more on the nonprofit hospital's community benefits plan than on the nonprofit hospital's estimated value of tax exemptions, as calculated under section 7(a)(8) of this chapter.

(b) A nonprofit hospital shall maintain at least one (1) preceptor in at least sixty percent (60%) of the nonprofit hospital's clinical departments during each reporting year as part of the nonprofit hospital's community benefits plan requirement. A nonprofit hospital may satisfy this requirement through a combination of any of the following:

(1) Employed clinicians.

(2) Contracted clinicians.

(3) Shared preceptors participating in regional training partnerships.

(c) A nonprofit hospital may count preceptor activities as community benefits expenditures for reporting purposes under this chapter. Qualifying expenditures for the operation of a preceptor include the following:

(1) Salaries.

(2) Stipends.

(3) Administrative support.

(4) Training coordination.

(5) Other costs associated with clinical instruction.

(d) The state department shall verify compliance with this section and the reporting requirements under section 7 of this chapter. If the state department determines that a nonprofit hospital is not complying with this section, the state department may require the nonprofit hospital to submit a corrective action plan to the state department. If a nonprofit hospital continues to violate this section, the state department may take action under



section 8 of this chapter.

SECTION 9. IC 16-21-9-7, AS AMENDED BY P.L.6-2012, SECTION 115, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 7. (a) Each nonprofit hospital shall prepare an annual report of the community benefits plan. The report must include, in addition to the community benefits plan itself, the following background information:

- (1) The hospital's mission statement.
- (2) A disclosure of the health care needs of the community that were considered in developing the hospital's community benefits plan.
- (3) A disclosure of the amount and types of community benefits actually provided, including charity care. Charity care must be reported as a separate item from other community benefits.

(4) Verification of compliance with the preceptor requirement under section 4(b) of this chapter, including the following information concerning preceptor activities:

- (A) The number of clinical departments.
- (B) A list of departments meeting the preceptor requirement.
- (C) Expenditures associated with the operation of a preceptor.

(5) The nonprofit hospital's expenditure for each of the following categories of community benefits:

- (A) Charity care.
- (B) Government sponsored indigent health care.
- (C) Donations.
- (D) Education, including preceptor activities.
- (E) Government sponsored program services.
- (F) Research.
- (G) Subsidized health services.

(6) The nonprofit hospital's total community benefits expenditure.

(7) For each expenditure described in subdivision (5), a description of how the expenditure aligns with at least one (1) priority specified in the nonprofit hospital's community health needs assessment filed under 26 U.S.C. 501(r).

(8) An estimate of the financial value of all state and local tax exemptions under:

- (A) IC 6-1.1;
- (B) IC 6-2.5; and
- (C) IC 6-3;



received by the nonprofit hospital during the reporting year.
(9) Measurable outcomes or progress indications related to the priorities specified in the nonprofit hospital's community health needs assessment filed under 26 U.S.C. 501(r).

(b) Each nonprofit hospital shall annually file a report of the community benefits plan with the state department. ~~For a hospital's fiscal year that ends before July 1, 2011, the report must be filed not later than one hundred twenty (120) days after the close of the hospital's fiscal year.~~ For a hospital's fiscal year that ends after June 30, 2011, the report must be filed at the same time the nonprofit hospital files its annual return described under Section 6033 of the Internal Revenue Code that is timely filed under Section 6072(e) of the Internal Revenue Code, including any applicable extension authorized under Section 6081 of the Internal Revenue Code.

(c) Each nonprofit hospital shall **post the report on the nonprofit hospital's website and** prepare a statement that notifies the public that the annual report of the community benefits plan is:

- (1) public information;
- (2) filed with the state department; and
- (3) available to the public on **the nonprofit hospital's website and that a written copy will be provided to the public by the nonprofit hospital upon request.** ~~from the state department.~~

This statement shall be posted in prominent places throughout the hospital, including the emergency room waiting area and the admissions office waiting area. The statement shall also be printed in the hospital patient guide or other material that provides the patient with information about the admissions criteria of the hospital.

(d) Each nonprofit hospital shall develop a written notice about any charity care program operated by the hospital and how to apply for charity care. The notice must be in appropriate languages if possible. The notice must also be conspicuously posted in the following areas:

- (1) The general waiting area.
- (2) The waiting area for emergency services.
- (3) The business office.
- (4) Any other area that the hospital considers an appropriate area in which to provide notice of a charity care program.

(e) The state department, in consultation with the department of state revenue, shall annually do the following for each nonprofit hospital:

- (1) Review each community benefits plan report submitted by a nonprofit hospital under this section for accuracy, completeness, and compliance.**



(2) Verify compliance with the expenditure alignment requirement under subsection (a)(7).

(3) Assess whether the nonprofit hospital's community benefits plan expenditures exceed the tax exemption information submitted under subsection (a)(8).

(f) The state department shall publish a statewide community benefits summary report of all of the reports submitted under this section and post the summary report on the state department's website.

SECTION 10. IC 16-21-9-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 8. (a) The state department may assess a civil penalty against a nonprofit hospital that fails to **do the following:**

(1) Comply with section 4 of this chapter.

(2) Make a report of the community benefits plan as required under this chapter.

(3) Otherwise comply with this chapter.

(b) For a violation of subsection (a)(1) or (a)(3), the state department may take any of the following actions:

(1) Require the nonprofit hospital to submit a corrective action plan.

(2) Impose a civil penalty in an amount not to exceed ten thousand dollars (\$10,000) per violation if the nonprofit hospital:

(A) fails to submit a corrective action plan;

(B) fails to comply with the corrective action plan; or

(C) continuously violates subsection (a)(1) or (a)(3).

A penalty imposed under this subsection shall be deposited in the state general fund.

(c) For a violation of subsection (a)(2), the penalty may not exceed one thousand dollars (\$1,000) for each day a report is delinquent after the date on which the report is due. No penalty may be assessed against a hospital under this ~~section~~ subsection until thirty (30) business days have elapsed after written notification to the hospital of its failure to file a report.

SECTION 11. IC 16-21-9.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]:

Chapter 9.5. Notice of Payment Assistance Programs

Sec. 1. As used in this chapter, "payment assistance program" refers to any of the following:

(1) Charity care.



(2) Financial assistance.

(3) Discounted care.

(4) Assistance programs offered as part of a nonprofit hospital's community benefits plan.

Sec. 2. (a) A nonprofit hospital shall provide written notice of the nonprofit hospital's payment assistance program to a patient or the patient's representative at the following times:

(1) During registration or intake for inpatient or outpatient services.

(2) At discharge, either in a written format or electronically through a patient portal system.

(3) With the initial billing statement for the provided services.

(b) The written notice required under subsection (a) must include the following:

(1) A description of available payment assistance programs.

(2) Eligibility criteria.

(3) Application instructions.

(4) Contact information for a hospital representative when assistance is needed to complete the application.

Sec. 3. A nonprofit hospital shall post conspicuous signage notifying patients of the availability of payment assistance programs in the following locations:

(1) Inpatient and outpatient registration areas.

(2) Financial counseling offices.

(3) Emergency departments.

The signs must be printed in at least the five (5) most used languages spoken in the county based on the most recent United States Census Bureau American Community Survey.

Sec. 4. A nonprofit hospital shall make payment assistance program information available electronically through any patient portal maintained by the nonprofit hospital.

Sec. 5. Before beginning a collection action, a nonprofit hospital shall do the following:

(1) Determine whether the patient is eligible for a payment assistance program.

(2) Make a reasonable effort to notify the patient of available payment assistance programs and provide the patient with an application form.

Sec. 6. A nonprofit hospital shall annually report compliance with this chapter as part of the nonprofit hospital's community benefits plan report under IC 16-21-9-7.

Sec. 7. The state department may adopt rules under IC 4-22-2



1 to administer and enforce this chapter.

2 **Sec. 8. The state department may assess a nonprofit hospital a**
3 **civil penalty of not more than one thousand dollars (\$1,000) per**
4 **violation for failure to comply with this chapter. A penalty**
5 **collected under this section shall be deposited in the state general**
6 **fund.**

