

## HOUSE BILL No. 1335

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### 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.

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

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Introduced

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

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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 [EFFECTIVE JULY  
 23 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



1        hospital shall develop:

2                (1) an organizational mission statement that identifies the  
3                hospital's commitment to serving the health care needs of the  
4                community; and  
5                (2) a community benefits plan defined as an operational plan for  
6                serving the community's health care needs that:

7                        (A) sets out goals and objectives for providing community  
8                        benefits that include charity care and government sponsored  
9                        indigent health care; **and**  
10                        (B) identifies the populations and communities served by the  
11                        hospital; **and**  
12                        (C) **includes a preceptor as set forth in subsection (b).**

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

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

23                (1) **Employed clinicians.**  
24                (2) **Contracted clinicians.**  
25                (3) **Shared preceptors participating in regional training**  
26                **partnerships.**

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

31                (1) **Salaries.**  
32                (2) **Stipends.**  
33                (3) **Administrative support.**  
34                (4) **Training coordination.**  
35                (5) **Other costs associated with clinical instruction.**

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



1       **section 8 of this chapter.**

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

8       (1) The hospital's mission statement.

9       (2) A disclosure of the health care needs of the community that  
10       were considered in developing the hospital's community benefits  
11       plan.

12       (3) A disclosure of the amount and types of community benefits  
13       actually provided, including charity care. Charity care must be  
14       reported as a separate item from other community benefits.

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

18       (A) The number of clinical departments.

19       (B) A list of departments meeting the preceptor  
20       requirement.

21       (C) Expenditures associated with the operation of a  
22       preceptor.

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

25       (A) Charity care.

26       (B) Government sponsored indigent health care.

27       (C) Donations.

28       (D) Education, including preceptor activities.

29       (E) Government sponsored program services.

30       (F) Research.

31       (G) Subsidized health services.

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

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

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

40       (A) IC 6-1.1;

41       (B) IC 6-2.5; and

42       (C) IC 6-3;



1                   **received by the nonprofit hospital during the reporting year.**

2                   **(9) Measurable outcomes or progress indications related to**  
 3                   **the priorities specified in the nonprofit hospital's community**  
 4                   **health needs assessment filed under 26 U.S.C. 501(r).**

5                   (b) Each nonprofit hospital shall annually file a report of the  
 6                   community benefits plan with the state department. ~~For a hospital's~~  
 7                   fiscal year that ends before July 1, 2011, the report must be filed not  
 8                   later than one hundred twenty (120) days after the close of the  
 9                   hospital's fiscal year. For a hospital's fiscal year that ends after June 30,  
 10                   2011, the report must be filed at the same time the nonprofit hospital  
 11                   files its annual return described under Section 6033 of the Internal  
 12                   Revenue Code that is timely filed under Section 6072(e) of the Internal  
 13                   Revenue Code, including any applicable extension authorized under  
 14                   Section 6081 of the Internal Revenue Code.

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

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

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

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

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

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

40                   (1) **Review each community benefits plan report submitted by**  
 41                   **a nonprofit hospital under this section for accuracy,**  
 42                   **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.





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.**

