



January 20, 2026

HOUSE BILL No. 1335

DIGEST OF HB 1335 (Updated January 20, 2026 11:19 am - DI 147)

Citations Affected: IC 16-18; 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.

Effective: July 1, 2026.

Carbaugh, Barrett, McGuire

January 6, 2026, read first time and referred to Committee on Public Health.
January 20, 2026, amended, reported — Do Pass.

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January 20, 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.

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

5 SECTION 2. IC 16-18-2-288.5 IS ADDED TO THE INDIANA
6 CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
7 1, 2026]: **Sec. 288.5. "Preceptor"**, for **purposes of IC 16-21-9, has the meaning set forth in IC 16-21-9-3.4.**

9 SECTION 3. IC 16-21-9-0.5 IS ADDED TO THE INDIANA CODE
10 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
11 1, 2026]: **Sec. 0.5. As used in this chapter, "clinical department"**
12 **means a department of a nonprofit hospital that provides direct**
13 **patient care services.**

14 SECTION 4. IC 16-21-9-3.4 IS ADDED TO THE INDIANA CODE
15 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
16 1, 2026]: **Sec. 3.4. As used in this chapter, "preceptor" means a**
17 **licensed clinician who provides supervised clinical training to**

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1 **students enrolled in any of the following accredited programs:**

2 **(1) Medical.**
3 **(2) Nursing.**
4 **(3) Allied health.**
5 **(4) Behavioral health.**

6 **(5) A program related to a program described in subdivisions**
7 **(1) through (4).**

8 SECTION 5. IC 16-21-9-4 IS AMENDED TO READ AS
9 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4. **(a)** A nonprofit
10 hospital shall develop:

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

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

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

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

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

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

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

32 **(1) Employed clinicians.**

33 **(2) Contracted clinicians.**

34 **(3) Shared preceptors participating in regional training**
35 **partnerships.**

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

40 **(1) Salaries.**

41 **(2) Stipends.**

42 **(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 6. 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 7. 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



1 have elapsed after written notification to the hospital of its failure to
2 file a report.



COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Health, to which was referred House Bill 1335, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, delete lines 1 through 17.
Page 2, delete lines 1 through 7.
Page 2, delete lines 12 through 20.
Page 6, delete lines 36 through 42.
Delete pages 7 through 8.
Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1335 as introduced.)

BARRETT

Committee Vote: yeas 13, nays 0.

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