

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

LS 7015

BILL NUMBER: HB 1335

NOTE PREPARED: Jan 28, 2026

BILL AMENDED: Jan 20, 2026

SUBJECT: Nonprofit Hospitals.

FIRST AUTHOR: Rep. Carbaugh

BILL STATUS: As Passed House

FIRST SPONSOR: Sen. Deery

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: *Community Benefits Plan:* This bill sets forth additional requirements for a nonprofit hospital's community benefits plan (CBP). This bill requires a nonprofit hospital to spend more under the nonprofit hospital's plan than the nonprofit hospital's estimated tax exemption value. It allows the Indiana Department of Health (IDOH) to enforce compliance with the CBP requirements.

Annual Plan Report: This bill sets forth additional reporting requirements for a nonprofit hospital's annual plan report. It requires the IDOH to review the report for compliance and to verify certain reported expenditure data and allows for the assessment of a penalty for violations.

Effective Date: July 1, 2026.

Explanation of State Expenditures: The bill will increase workload for the IDOH and the Department of State Revenue (DOR) regarding hospital reporting but each agency should be able to implement these requirements using existing staffing and resources. *[The IDOH's administrative expenditures are currently paid from the Tobacco Master Settlement Fund, a dedicated fund.]*

Additional Information: The bill requires IDOH, in consultation with the Indiana DOR, to annually:

- Review each nonprofit hospital CBP for accuracy, completeness, and compliance;
- Verify that each nonprofit hospital's community benefits expenditures are aligned with its community health needs assessment;
- Assess whether the nonprofit hospital's CBP expenditures exceed the estimated value of its property, sales, and income tax exemptions.

The IDOH currently collects and posts online Schedule H of IRS Form 990 in lieu of a CBP submitted by a nonprofit hospital. The bill adds several new elements that must be included on the CBP so IDOH will need to provide additional guidance to hospitals concerning the updated format and content requirements.

Explanation of State Revenues: The bill allows IDOH to assess a civil penalty of up to \$10,000 for nonprofit hospitals that do not comply with CBP requirements.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Department of Health; Department of State Revenue.

Local Agencies Affected:

Information Sources:

www.in.gov/health/cshcr/reports-on-health-care-facilities/hospital-community-benefit-reports.

Fiscal Analyst: Dhiann Kinsworthy-Blye, 317-234-1360.