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# HOUSE BILL No. 1335

AM133502 has been incorporated into January 20, 2026 printing.

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**Synopsis:** Nonprofit hospitals.

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HB 1335—LS 7015/DI 104



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.

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## 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, 2027]: **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  
7 [EFFECTIVE JULY 1, 2027]: **Sec. 288.5. "Preceptor", for purposes**  
8 **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  
10 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
11 [EFFECTIVE JULY 1, 2027]: **Sec. 0.5. As used in this chapter,**  
12 **"clinical department" means a department of a nonprofit hospital**  
13 **that provides direct patient care services.**  
14 SECTION 4. IC 16-21-9-1 IS AMENDED TO READ AS  
15 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. **(a)** As used in this  
16 chapter, "community benefits" means the unreimbursed cost to a  
17 hospital of providing **the following:**

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- 1 (1) Charity care.
- 2 (2) Government sponsored indigent health care, ~~donations,~~  
3 education, ~~government sponsored program services,~~ and  
4 research, and subsidized health services.
- 5 (3) Subsidized clinical services provided despite a net  
6 financial loss if not providing the services would result in the  
7 loss of community access to the services.
- 8 (4) Services and activities that address needs identified in the  
9 nonprofit hospital's community health needs assessment.
- 10 (b) The term does not include any of the following:
- 11 (1) The cost to the hospital of paying any taxes or other  
12 governmental assessments.
- 13 (2) Bad debt.
- 14 (3) Contractual allowances and discounts negotiated with  
15 third party payors.
- 16 (4) Payment disruptions unrelated to hospital policy.
- 17 (5) Staff education required for licensure or certification.
- 18 (6) Activities with a primary purpose of marketing, lobbying,  
19 fundraising, or routine operations.
- 20 SECTION 5. IC 16-21-9-1.5 IS ADDED TO THE INDIANA  
21 CODE AS A NEW SECTION TO READ AS FOLLOWS  
22 [EFFECTIVE JULY 1, 2026]: **Sec. 1.5. As used in this chapter,**  
23 **"community health needs assessment" refers to a nonprofit**  
24 **hospital's most recent assessment that meets the requirements set**  
25 **forth in 26 U.S.C. 501(r)(3).**
- 26 SECTION 6. IC 16-21-9-3.4 IS ADDED TO THE INDIANA  
27 CODE AS A NEW SECTION TO READ AS FOLLOWS  
28 [EFFECTIVE JULY 1, 2027]: **Sec. 3.4. As used in this chapter,**  
29 **"preceptor" means a licensed clinician who is authorized to**  
30 **provide supervised clinical training to trainees enrolled in any of**  
31 **the following accredited programs:**
- 32 (1) Medical.
- 33 (2) Nursing.
- 34 (3) Allied health.
- 35 (4) Behavioral health.
- 36 (5) A program related to a program described in  
37 subdivisions (1) through (4).
- 38 SECTION 7. IC 16-21-9-4 IS AMENDED TO READ AS  
39 FOLLOWS [EFFECTIVE JULY 1, 2027]: **Sec. 4. (a) A nonprofit**  
40 **hospital shall develop:**
- 41 (1) an organizational mission statement that identifies the  
42 hospital's commitment to serving the health care needs of the

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- 1 community; and
- 2 (2) a community benefits plan defined as an operational plan for
- 3 serving the community's health care needs that:
- 4 (A) sets out goals and objectives for providing community
- 5 benefits that include charity care and government sponsored
- 6 indigent health care; ~~and~~
- 7 (B) identifies the populations and communities served by
- 8 the hospital; **and**
- 9 (C) **describes the use of preceptors and any costs and**
- 10 **expenditures incurred by the nonprofit hospital for**
- 11 **maintaining preceptors as set forth in subsection (b).**
- 12 **(b) A nonprofit hospital shall maintain at least one (1)**
- 13 **preceptor in at least forty percent (40%) of the nonprofit hospital's**
- 14 **clinical departments during each reporting year as part of the**
- 15 **nonprofit hospital's community benefits plan requirement. A**
- 16 **nonprofit hospital may satisfy this requirement through a**
- 17 **combination of any of the following:**
- 18 **(1) Employed clinicians.**
- 19 **(2) Contracted clinicians.**
- 20 **(3) Shared preceptors participating in regional training**
- 21 **partnerships.**
- 22 **(c) A nonprofit hospital may count net costs and expenditures**
- 23 **associated with maintaining preceptors under subsection (b) as**
- 24 **community benefits expenditures for reporting purposes under this**
- 25 **chapter. Qualifying costs and expenditures for the operation of a**
- 26 **preceptor include the following:**
- 27 **(1) Salaries, including employment related benefits.**
- 28 **(2) Stipends and scholarships.**
- 29 **(3) Administrative support.**
- 30 **(4) Training coordination.**
- 31 **(5) Other costs associated with clinical instruction, including**
- 32 **indirect costs and facility costs.**
- 33 **A hospital must subtract any revenue specifically received when**
- 34 **maintaining preceptors in reporting the net costs or expenditures.**
- 35 **(d) The state department shall verify compliance with this**
- 36 **section and the reporting requirements under section 7 of this**
- 37 **chapter. If the state department determines that a nonprofit**
- 38 **hospital is not complying with this section, the state department**
- 39 **may require the nonprofit hospital to submit a corrective action**
- 40 **plan to the state department. If a nonprofit hospital continues to**
- 41 **violate this section, the state department may take action under**
- 42 **section 8 of this chapter.**

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1           (e) A hospital shall verify compliance with the preceptor  
2 requirements of this section in the report required by section 7 of  
3 this chapter. The verification must include the following  
4 information concerning net costs and expenditures associated with  
5 maintaining preceptors under subsection (b):

- 6           (1) The number of clinical departments.  
7           (2) A list of departments meeting the preceptor requirement.  
8           (3) Costs and expenditures associated with maintaining  
9 preceptors as set forth in this section.

10           SECTION 8. IC 16-21-9-7, AS AMENDED BY P.L.6-2012,  
11 SECTION 115, IS AMENDED TO READ AS FOLLOWS  
12 [EFFECTIVE JULY 1, 2026]: Sec. 7. (a) Each nonprofit hospital shall  
13 prepare an annual report of the community benefits plan. The report  
14 must include, in addition to the community benefits plan itself, the  
15 following background information:

- 16           (1) The hospital's mission statement.  
17           (2) A disclosure of the health care needs of the community that  
18 were considered in developing the hospital's community benefits  
19 plan.  
20           (3) A disclosure of the amount and types of community benefits  
21 actually provided, including charity care. Charity care must be  
22 reported as a separate item from other community benefits.  
23           (4) The following information concerning the hospital's  
24 charity care program:  
25           (A) The eligibility criteria.  
26           (B) The number of program applications received by the  
27 hospital in the previous calendar year.  
28           (C) The number of approvals and denials of the  
29 applications received, as described in clause (B).  
30           (5) Each government sponsored indigent health care  
31 program that the hospital participated in during the previous  
32 calendar year and the net cost of the program to the hospital.  
33 Net costs must account for any supplemental payments made  
34 to the hospital under the program, including those provided  
35 under IC 12-15-16.  
36           (6) A list of each clinical service provided at a subsidized cost  
37 by the hospital and the net cost to the hospital for the  
38 subsidized clinical service.  
39           (7) A list of each service provided, and any activity invested  
40 in, to address any need identified in the community health  
41 needs assessment, and the following information for each  
42 service or activity listed:

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- 1 (A) The net cost of each item.  
 2 (B) The need in the community health needs assessment  
 3 that each item addresses.  
 4 (C) The estimated impact of the item on addressing the  
 5 identified need.
- 6 (8) An estimate of the value of the:  
 7 (A) sales tax exemption under IC 6-2.5-5; and  
 8 (B) property tax exemption under IC 6-1.1-10;  
 9 for the hospital.
- 10 (9) Any net revenue derived from the hospital's participation  
 11 in the federal 340B Drug Pricing Program under 42 U.S.C.  
 12 256b(a)(4).
- 13 (b) **Before October 1 of each year**, each nonprofit hospital shall  
 14 annually file a ~~the report of the community benefits plan~~ **described in**  
 15 **subsection (a)** with the state department. For a hospital's fiscal year  
 16 that ends before July 1, 2011, the report must be filed not later than one  
 17 hundred twenty (120) days after the close of the hospital's fiscal year.  
 18 For a hospital's fiscal year that ends after June 30, 2011, the report  
 19 must be filed at the same time the nonprofit hospital files its annual  
 20 return described under Section 6033 of the Internal Revenue Code that  
 21 is timely filed under Section 6072(e) of the Internal Revenue Code,  
 22 including any applicable extension authorized under Section 6081 of  
 23 the Internal Revenue Code. **The nonprofit hospital shall post the**  
 24 **report on the nonprofit hospital's website.**
- 25 (c) Each nonprofit hospital shall prepare a statement that notifies  
 26 the public that the annual report of the community benefits plan is:  
 27 (1) public information;  
 28 (2) filed with the state department; and  
 29 (3) available to the public on **the nonprofit hospital's website**  
 30 **and by** request from the state department.
- 31 This statement shall be posted in prominent places throughout the  
 32 hospital, including the emergency room waiting area and the  
 33 admissions office waiting area. The statement shall also be printed in  
 34 the hospital patient guide or other material that provides the patient  
 35 with information about the admissions criteria of the hospital.
- 36 (d) Each nonprofit hospital shall develop a written notice about  
 37 any charity care program operated by the hospital and how to apply for  
 38 charity care. The notice must be in appropriate languages if possible.  
 39 The notice must also be conspicuously posted in the following areas:  
 40 (1) The general waiting area.  
 41 (2) The waiting area for emergency services.  
 42 (3) The business office.

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1 (4) Any other area that the hospital considers an appropriate area  
2 in which to provide notice of a charity care program.

3 (e) **The state department shall post a report submitted under**  
4 **this section on the state department's website.**

5 SECTION 9. IC 16-21-9-8 IS AMENDED TO READ AS  
6 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 8. (a) The state  
7 department may assess a civil penalty against a nonprofit hospital that  
8 fails to make a report of the community benefits plan as required under  
9 this chapter. The penalty may not exceed ~~one~~ **ten** thousand dollars  
10 ~~(\$1,000)~~ **(\$10,000)** for each day a report is delinquent after the date on  
11 which the report is due. ~~No penalty may be assessed against a hospital~~  
12 ~~under this section until thirty (30) business days have elapsed after~~  
13 ~~written notification to the hospital of its failure to file a report.~~

14 (b) **The penalty collected under this section shall be deposited**  
15 **in the local public health fund established by IC 16-46-10-1.**

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