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HOUSE BILL No. 1335

Proposed Changes to January 20, 2026 printing by AM133502

DIGEST OF PROPOSED AMENDMENT

Community benefits. Delays the effective date until July 1, 2027, of sections concerning preceptors as part of a hospital's community benefits plan. Adds language modifying the definition of "community benefits".

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, 202<6>[7]]: Sec. 56.4. "Clinical department",
- 4 for purposes of IC 16-21-9, has the meaning set forth in
- 5 IC 16-21-9-0.5.
- 6 SECTION 2. IC 16-18-2-288.5 IS ADDED TO THE INDIANA
- 7 CODE AS A NEW SECTION TO READ AS FOLLOWS
- 8 [EFFECTIVE JULY 1, 202<6>[7]]: Sec. 288.5. "Preceptor", for
- 9 purposes of IC 16-21-9, has the meaning set forth in IC 16-21-9-3.4.
- 10 SECTION 3. IC 16-21-9-0.5 IS ADDED TO THE INDIANA
- 11 CODE AS A NEW SECTION TO READ AS FOLLOWS
- 12 [EFFECTIVE JULY 1, 202<6>[7]]: Sec. 0.5. As used in this chapter,
- 13 "clinical department" means a department of a nonprofit hospital
- 14 that provides direct patient care services.
- 15 SECTION 4. <IC 16-21-9-3.4>[IC 16-21-9-1 IS AMENDED TO
- 16 READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) As
- 17 used in this chapter, "community benefits" means the unreimbursed
- 18 cost to a hospital of providing the following:
- 19 (1) Charity care.

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- 1 (2) Government sponsored indigent health care, donations,
- 2 education, government sponsored program services, and
- 3 research, and subsidized health services.
- 4 (3) Subsidized clinical services provided despite a net
- 5 financial loss if not providing the services would result in the
- 6 loss of community access to the services.
- 7 (4) Services and activities that address needs identified in the
- 8 nonprofit hospital's community health needs assessment.
- 9 **(b) The term does not include any of the following:**
- 10 (1) The cost to the hospital of paying any taxes or other
- 11 governmental assessments.
- 12 (2) Bad debt.
- 13 (3) Contractual allowances and discounts negotiated with
- 14 third party payors.
- 15 (4) Payment disruptions unrelated to hospital policy.
- 16 (5) Staff education required for licensure or certification.
- 17 (6) Activities with a primary purpose of marketing, lobbying,
- 18 fundraising, or routine operations.

19 SECTION 5. IC 16-21-9-1.5] IS ADDED TO THE INDIANA
 20 CODE AS A NEW SECTION TO READ AS FOLLOWS
 21 [EFFECTIVE JULY 1, 2026]: Sec. [1.5. As used in this chapter,
 22 "community health needs assessment" refers to a nonprofit
 23 hospital's most recent assessment that meets the requirements set
 24 forth in 26 U.S.C. 501(r)(3).

25 SECTION 6. IC 16-21-9-3.4 IS ADDED TO THE INDIANA
 26 CODE AS A NEW SECTION TO READ AS FOLLOWS
 27 [EFFECTIVE JULY 1, 2027]: Sec.] 3.4. As used in this chapter,
 28 "preceptor" means a licensed clinician who [is authorized to
 29 provide<=> supervised clinical training to <students>[trainees]
 30 enrolled in any of the following accredited programs:

- 31 **(1) Medical.**
- 32 **(2) Nursing.**
- 33 **(3) Allied health.**
- 34 **(4) Behavioral health.**
- 35 **(5) A program related to a program described in**
- 36 **subdivisions (1) through (4).**

37 SECTION <=> [7]. IC 16-21-9-4 IS AMENDED TO READ AS
 38 FOLLOWS [EFFECTIVE JULY 1, 202<6> [7]: Sec. 4. (a) A nonprofit
 39 hospital shall develop:

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

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

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

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

8 [(C) ~~includes a preceptor~~ describes the use of
9 preceptors and any costs and expenditures incurred by
10 the nonprofit hospital for maintaining preceptors] as set
11 forth in subsection (b).<

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

16 [(b) A nonprofit hospital shall maintain at least one (1)
17 preceptor in at least ~~sixty~~ forty percent (~~60%~~ 40%) of the
18 nonprofit hospital's clinical departments during each reporting
19 year as part of the nonprofit hospital's community benefits plan
20 requirement. A nonprofit hospital may satisfy this requirement
21 through a combination of any of the following:

22 (1) Employed clinicians.

23 (2) Contracted clinicians.

24 (3) Shared preceptors participating in regional training
25 partnerships.

26 (c) A nonprofit hospital may count net costs and expenditures
27 associated with maintaining]preceptor~~activities~~s under
28 subsection (b)] as community benefits expenditures for reporting
29 purposes under this chapter. Qualifying costs and]expenditures
30 for the operation of a preceptor include the following:

31 (1) Salaries [, including employment related benefits].

32 (2) Stipends [and scholarships].

33 (3) Administrative support.

34 (4) Training coordination.

35 (5) Other costs associated with clinical instruction [, including
36 indirect costs and facility costs.

37 A hospital must subtract any revenue specifically received when
38 maintaining preceptors in reporting the net costs or expenditures].

39 (d) The state department shall verify compliance with this
40 section and the reporting requirements under section 7 of this
41 chapter. If the state department determines that a nonprofit
42 hospital is not complying with this section, the state department

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1 may require the nonprofit hospital to submit a corrective action
 2 plan to the state department. If a nonprofit hospital continues to
 3 violate this section, the state department may take action under
 4 section 8 of this chapter.

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

10 (1) The number of clinical departments.

11 (2) A list of departments meeting the preceptor requirement.

12 (3) Costs and expenditures associated with maintaining
 13 preceptors as set forth in this section.

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

20 (1) The hospital's mission statement.

21 (2) A disclosure of the health care needs of the community that
 22 were considered in developing the hospital's community benefits
 23 plan.

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

27 ~~(4) <Verification of compliance with the preceptor~~
 28 ~~requirement under section 4(b) of this chapter, including~~
 29 ~~the following information concerning <preceptor~~
 30 ~~activities>[the hospital's charity care program]:~~

31 ~~(A) The eligibility criteria.~~

32 ~~(B) The number of <clinical departments.~~

33 ~~(B) A list of departments meeting the preceptor~~
 34 ~~requirement.~~

35 ~~(C) Expenditures associated with the operation of a~~
 36 ~~preceptor.~~

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

39 ~~(A) Charity care.~~

40 ~~(B) Government>[program applications received by the~~
 41 ~~hospital in the previous calendar year.~~

42 ~~(C) The number of approvals and denials of the~~

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- 1 applications received, as described in clause (B).
2 (5) Each government] sponsored indigent health care~~<~~
3 ~~(C) Donations:~~
4 ~~(D) Education, including preceptor activities:~~
5 ~~(E) Government sponsored program services:~~
6 ~~(F) Research:~~
7 ~~(G) Subsidized health services:~~
8 ~~(6) The nonprofit hospital's total community benefits~~
9 ~~expenditure:~~
10 ~~(7) For each expenditure described in subdivision (5), a~~
11 ~~description of how the expenditure aligns with at least one~~
12 ~~(1) priority specified in the nonprofit hospital's~~] program
13 that the hospital participated in during the previous calendar
14 year and the net cost of the program to the hospital. Net costs
15 must account for any supplemental payments made to the
16 hospital under the program, including those provided under
17 IC 12-15-16.
18 (6) A list of each clinical service provided at a subsidized cost
19 by the hospital and the net cost to the hospital for the
20 subsidized clinical service.
21 (7) A list of each service provided, and any activity invested
22 in, to address any need identified in the community health
23 needs assessment, and the following information for each
24 service or activity listed:
25 (A) The net cost of each item.
26 (B) The need in the] community health needs assessment
27 ~~<filed under 26 U.S.C. 501(r)>~~] that each item addresses.
28 (C) The estimated impact of the item on addressing the
29 identified need].
30 ~~(8) An estimate of the <financial value of all state and local~~
31 ~~tax exemptions under:~~
32 ~~(A) IC 6-1.1;~~
33 ~~(B) IC 6-2.5; and~~
34 ~~(C) IC 6-3;~~
35 ~~received by the nonprofit hospital during the reporting year.~~
36 ~~(9) Measurable outcomes or progress indications related to~~
37 ~~the priorities specified in the nonprofit hospital's community~~
38 ~~health needs assessment filed under 26 U.S.C. 501(r):~~
39 ~~(b) Each~~] value of the:
40 (A) sales tax exemption under IC 6-2.5-5; and
41 (B) property tax exemption under IC 6-1.1-10;
42 for the hospital.

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1 (9) Any net revenue derived from the hospital's participation
 2 in the federal 340B Drug Pricing Program under 42 U.S.C.
 3 256b(a)(4).

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

18 ~~—(c) Each~~ The nonprofit hospital shall post the report on the
 19 nonprofit hospital's website ~~and~~].

20 (c) Each nonprofit hospital shall prepare a statement that notifies
 21 the public that the annual report of the community benefits plan is:

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

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

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

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

42 (e) The state department ~~in consultation with the department~~

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1 of state revenue, shall annually do the following for each nonprofit
2 hospital:

3 ~~— (1) Review each community benefits plan report submitted~~
4 ~~by a nonprofit hospital under this section for accuracy,~~
5 ~~completeness, and compliance.~~

6 ~~— (2) Verify compliance with the expenditure alignment~~
7 ~~requirement under subsection (a)(7):~~

8 ~~— (3) Assess whether the nonprofit hospital's community~~
9 ~~benefits plan expenditures exceed the tax exemption~~
10 ~~information submitted under subsection (a)(8):~~

11 ~~— (f) The state department shall <publish> [post] a <statewide~~
12 ~~community benefits summary> report <of all of the reports>~~
13 ~~submitted under this section <and post the summary report> on~~
14 ~~the state department's website.~~

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

19 ~~— (1) Comply with section 4 of this chapter.~~

20 ~~— (2) Make > [make] a report of the community benefits plan as~~
21 ~~required under this chapter. <~~

22 ~~— (3) Otherwise comply with this chapter.~~

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

25 ~~— (1) Require the nonprofit hospital to submit a corrective~~
26 ~~action plan:~~

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

30 ~~— (A) fails to submit a corrective action plan;~~

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

32 ~~— (C) continuously violates subsection (a)(1) or (a)(3):~~

33 ~~A penalty imposed under this subsection shall be deposited in the~~
34 ~~state general fund:~~

35 ~~— (c) For a violation of subsection (a)(2), the > [The] penalty may~~
36 ~~not exceed [one] [ten] thousand dollars [(\$1,000)] [(\$10,000)] for~~
37 ~~each day a report is delinquent after the date on which the report is due.~~

38 ~~<No penalty may be assessed against a hospital under this section~~
39 ~~subsection until thirty (30) business days have elapsed after written~~

40 ~~notification to the hospital of its failure to file a report.> [No penalty~~
41 ~~may be assessed against a hospital under this section until thirty (30)~~

42 ~~business days have elapsed after written notification to the hospital of~~

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1 its failure to file a report.
2 (b) The penalty collected under this section shall be deposited
3 in the local public health fund established by IC 16-46-10-1.
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