

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

**LS 7070**

**BILL NUMBER:** HB 1373

**NOTE PREPARED:** Jan 5, 2026

**BILL AMENDED:**

**SUBJECT:** Breast Reconstruction Coverage.

**FIRST AUTHOR:** Rep. King

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill repeals provisions requiring a State Employee Health Plan (SEHP), policy of accident and sickness insurance, and health maintenance organization (HMO) contract to provide certain post-mastectomy coverage. It requires a SEHP, policy of accident and sickness insurance, and HMO contract to: (1) provide coverage for breast reconstruction surgery and all modalities, types, and techniques of a health care service provided for the breast reconstruction surgery; and (2) provide access to an adequate breast reconstruction surgeon network.

This bill prohibits a utilization review entity from denying a claim for breast reconstruction surgery for which prior authorization was granted unless the utilization review entity provides a formal declaration of compelling evidence of health care provider fraud in the prior authorization or claim submission process.

**Effective Date:** January 1, 2027.

**Explanation of State Expenditures:** *SEHP:* The bill's breast reconstruction surgery requirements regarding covered treatments and services, adequate surgeon networks, and out-of-network reimbursement rates and related penalties, may result in increased expenditures to the SEHP. Any resulting increase is indeterminate and will depend on the type and utilization of related services provided, changes in the amount of services provided by out-of-network providers, and whether individuals receiving such services have met their annual deductible or out-of-pocket requirement. [Covered breast reconstruction surgery treatments and services are still subject to policy deductibles, copayments, and coinsurance requirements.]

*Workload:* The bill's requirements will increase workload for the Indiana Department of Insurance (DOI) and State Personnel Department but should be able to be implemented using existing staffing and resources. [*The DOI is funded through a dedicated agency fund.*]

*Additional Information:* The SEHP currently has 28,642 covered females for the 2026 plan year. During the 2025 plan year, a total of 971 claims (387 unique claimants) were paid under the SEHP for breast surgeries (including mastectomy, reconstruction, and related services), totaling approximately \$3.26 M in combine costs paid by the members and the plan.

The bill requires that, if a covered individual receives a covered service from an out-of-network provider due to a health plan's network inadequacy, the covered individual's financial responsibility will be the same as for an in-network provider, which is likely to increase the health plan's share of the service cost. The bill also provides that a health plan must pay a penalty to providers if the health plan violates the bill's out-of-network reimbursement rate provisions, as prescribed in the bill.

**Explanation of State Revenues:** *Insurance Premiums:* The bill's breast reconstruction surgery requirements regarding covered treatments and services, adequate surgeon networks, utilization review, and out-of-network reimbursement rates and related penalties may result in increased insurance premiums for health plans beginning January 1, 2027. If these requirements result in increased insurance premiums then revenue to the state General Fund could increase from either corporate Adjusted Gross Income Tax or Insurance Premium Tax collections.

*Civil Penalty:* The DOI may impose a civil penalty of up to \$25,000 against an HMO for each violation of the bill's provisions. Civil penalty revenue will be deposited into the state General Fund.

**Explanation of Local Expenditures:** The bill may increase expenditures for local units offering health insurance.

**Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Department of Insurance; State Personnel Department; all state agencies.

**Local Agencies Affected:** Local units offering health insurance.

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