

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

LS 7016

BILL NUMBER: HB 1405

NOTE PREPARED: Jan 5, 2026

BILL AMENDED:

SUBJECT: Prescription Drug Assistance Program for the Elderly.

FIRST AUTHOR: Rep. Carbaugh

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill establishes the Prescription Drug Assistance Program for the Elderly to be administered by the Division of Aging. It sets forth requirements of the program. It establishes the Prescription Drug Assistance Program for the Elderly Fund. It also creates a Class A misdemeanor for fraud under the program.

Effective Date: July 1, 2026.

Explanation of State Expenditures: The bill will increase workload for the Division of Aging to establish and implement the new Prescription Drug Assistance Program for the Elderly and the nonreverting Prescription Drug Assistance Program for the Elderly Fund. The fund consists of appropriations and prescription drug rebates collected under the program. Expenses for the fund are to be paid from the fund. The program is subject to the availability of funding for the program. The bill does not make an appropriation.

Additional Information: The program is in addition to the Indiana Prescription Drug Program currently administered by the Family and Social Services Administration. Workload and expenditures to create and implement the new program may be mitigated to the extent that existing staff and technology is able to be utilized by the Division of Aging. The bill allows the Division of Aging to contract with a third party to provide claims payment services. The new program takes effect January 1, 2027.

The program is for Indiana residents age 65 and older that are not Medicaid recipients. Participants will pay a deductible, based on their income, and a copayment when purchasing prescription drugs under the program.

Explanation of State Revenues: The bill requires drug manufacturers to make rebate payments on at least a quarterly basis with revenue being deposited into the newly established fund. The increase in revenue from drug rebates is indeterminate and will depend on the number of claims made by participants under the new program and the rebate amounts provided.

Penalty Provision: The bill creates a Class A misdemeanor for committing fraud in the furnishing or

purchase of prescription drugs under the new program. If additional court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class A misdemeanor is \$5,000. The total fee revenue per case would range between \$113 and \$138. The amount of court fees deposited will vary depending on whether the case is filed in a court of record or a municipal court. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in criminal, juvenile, and civil violation cases](#).

Explanation of Local Expenditures: *Penalty Provision:* A Class A misdemeanor is punishable by up to one year in jail.

Explanation of Local Revenues: *Penalty Provision:* If additional court actions result in a guilty verdict, certain local units will collect more revenue. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in criminal, juvenile, and civil violation cases](#).

State Agencies Affected: Division of Aging, Family and Social Services Administration.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: Indiana Supreme Court, Indiana Trial Court Fee Manual.

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