



January 16, 2026

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## SENATE BILL No. 1

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DIGEST OF SB 1 (Updated January 15, 2026 3:02 pm - DI 120)

**Citations Affected:** IC 4-12; IC 12-7; IC 12-8; IC 12-14; IC 12-15; noncode.

**Synopsis:** Human services matters. Establishes the Indiana rural health transformation fund and makes allotments and expenditures from the fund subject to budget committee review before the allotment and expenditure may occur. Requires the office of the secretary of family and social services to report biennially to the budget committee concerning the use of the money in the fund. Prohibits recipients of Supplemental Nutrition Assistance Program (SNAP) benefits from using SNAP benefits to purchase candy and soft drinks. Requires the office of the secretary of family and social services to apply for a waiver or authorization to implement the prohibition if a waiver or authorization from a federal agency is required. Terminates the state's participation in the use of expanded categorical eligibility within the

(Continued next page)

**Effective:** Upon passage; January 1, 2026 (retroactive); July 1, 2026; October 1, 2026; January 1, 2027.

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**Garten, Mishler, Charbonneau,  
Holdman, Koch, Johnson T, Brown L,  
Busch, Freeman, Gaskill, Donato,  
Byrne, Carrasco, Alexander, Maxwell,  
Baldwin, Goode, Raatz, Clark,  
Schmitt, Crider, Buchanan, Rogers,  
Doriot, Young M, Tomes, Niemeyer**

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January 8, 2026, read first time and referred to Committee on Appropriations.  
January 15, 2026, amended, reported favorably — Do Pass.

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SB 1—LS 6602/DI 104



## Digest Continued

federal SNAP. Specifies gross income standards and countable resources for SNAP eligibility. Establishes immigration eligibility requirements for SNAP and requires the division of family resources to verify compliance with the requirements and submit information to the federal government about individuals for whom the division could not verify the immigration status. Specifies the time frame for Medicaid eligibility redeterminations. Requires the office of the secretary of family and social services (office) to transmit certain information to the federal government to prevent multiple state Medicaid enrollment. Specifies the time frame concerning the initial date of Medicaid assistance based on the application date. Sets forth additional countable income requirements for Medicaid. Modifies immigration status requirements for Medicaid, including presumptive eligibility and the healthy Indiana plan (HIP), and requires the office to verify compliance of the requirements and report information to the federal government. Modifies work and exemption requirements for HIP and requires the conditions to be met in the three preceding months before an individual applies to HIP. Requires the office to verify compliance with the work requirements on an ongoing basis and at least quarterly. Prohibits the office from expanding the medically frail exemption beyond the federal definition of the term. Removes the 12 month eligibility period for HIP and requires semiannual renewal. Sets forth additional copayments for the use of an emergency room setting for nonemergency services and other services under HIP.

**SB 1—LS 6602/DI 104**



January 16, 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.

## SENATE BILL No. 1

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A BILL FOR AN ACT to amend the Indiana Code concerning human services and to make an appropriation.

*Be it enacted by the General Assembly of the State of Indiana:*

1        SECTION 1. IC 4-12-1-18, AS AMENDED BY P.L.174-2022,  
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JANUARY 1, 2026 (RETROACTIVE)]: Sec. 18. Except for allotment  
4 stipulations provided in IC 4-12-18 **and IC 12-8-15**, federal funds  
5 received by an instrumentality are appropriated for purposes specified  
6 by the federal government and the general assembly, if that body elects  
7 to appropriate federal funds, subject to allotment by the budget agency.  
8 The provisions of this chapter and other laws concerning the  
9 acceptance, disbursement, review, and approval of grants, loans, and  
10 gifts made by the federal government or any other source to the state  
11 or its agencies apply to instrumentalities.

12        SECTION 2. IC 12-7-2-24.3 IS ADDED TO THE INDIANA CODE  
13 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
14 1, 2026]: **Sec. 24.3. "Candy", for purposes of IC 12-14-30-10, has  
15 the meaning set forth in IC 12-14-30-10(a).**

16        SECTION 3. IC 12-7-2-179.5 IS ADDED TO THE INDIANA  
17 CODE AS A **NEW** SECTION TO READ AS FOLLOWS

**SB 1—LS 6602/DI 104**



1 [EFFECTIVE JULY 1, 2026]: **Sec. 179.5. "Soft drink", for purposes**  
2 **of IC 12-14-30-10, has the meaning set forth in IC 12-14-30-10(b).**

3 SECTION 4. IC 12-8-15 IS ADDED TO THE INDIANA CODE AS  
4 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
5 JANUARY 1, 2026 (RETROACTIVE)]:

6 **Chapter 15. Indiana Rural Health Transformation Fund**

7 **Sec. 1. (a) The Indiana rural health transformation fund is**  
8 **established as a dedicated fund for the purpose of implementing**  
9 **the Indiana rural health transformation program authorized by**  
10 **federal law under Section 71401 of Public Law 119-21 (42 U.S.C.**  
11 **1397ee), and based on Indiana's federally approved application.**  
12 **The fund shall be administered by the office of the secretary.**

13 **(b) Money in the fund is continuously appropriated. The fund**  
14 **consists of federal funds received from the federal government**  
15 **under Section 71401 of Public Law 119-21.**

16 **(c) The expenses of administering the fund shall be paid from**  
17 **money in the fund to the extent allowable by federal law under**  
18 **Section 71401 of Public Law 119-21.**

19 **(d) The treasurer of state shall invest the money in the fund not**  
20 **currently needed to meet the obligations of the fund in the same**  
21 **manner as other public funds may be invested. Interest that**  
22 **accrues from these investments shall be deposited in the fund.**

23 **(e) Money in the fund at the end of a state fiscal year does not**  
24 **revert to the state general fund.**

25 **(f) The secretary may make recommendations concerning**  
26 **expenditures from the fund to the budget committee, and**  
27 **allotments and expenditures from the fund are subject to budget**  
28 **committee review before the allotment and expenditure may occur.**

29 **(g) This section expires December 31, 2032.**

30 **Sec. 2. (a) Before June 1 and December 1 of each year, the office**  
31 **of the secretary shall submit a written report for review to the**  
32 **budget committee concerning the following:**

33 **(1) An itemization of each of the expenditures of money from**  
34 **the fund since the last report to the budget committee.**

35 **(2) The aggregate amount of expenditures of money from the**  
36 **fund since the last report to the budget committee.**

37 **(3) Anticipated expenditures for the subsequent six (6)**  
38 **months.**

39 **(4) Whether the office of the secretary is meeting the**  
40 **benchmarks set forth in the state federally approved**  
41 **application for the federal funds.**

42 **(5) Whether the office of the secretary believes the state is**



meeting the federally approved application requirements necessary to continue to receive federal funds for operation of the Indiana rural health transformation program.

**(b) This section expires December 31, 2033.**

SECTION 5. IC 12-14-30-4, AS ADDED BY P.L.207-2017, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4. (a) The division shall notify the United States Department of Agriculture and take any other action necessary for the state to

- (1) elect to participate in; and
- (2) implement, beginning January 1, 2018;

**terminate the state's participation in the use of expanded categorical eligibility within SNAP unless required by federal law.**

(b) The division: shall implement for the expanded categorical eligibility a countable asset limitation for resources that does not exceed five thousand dollars (\$5,000). In determining whether an individual meets the resource requirement of this subsection, an individual's funeral and burial resources, including both revocable and irrevocable resources, may not be counted.

- (1) may not apply gross income standards higher than the standards specified in 7 U.S.C. 2014(c);
- (2) may not allow countable financial resources that are higher than the standards specified in 7 U.S.C. 2014(g)(1) other than the financial resources described in 7 U.S.C. 2014(g)(2)(D); and
- (3) may apply alternate vehicle allowance standards authorized by 7 U.S.C. 2014(g)(2)(D).

(c) The division may adopt rules under IC 4-22-2 necessary to implement this section.

(d) Before November 1, 2018, the division shall submit a report in an electronic format under IC 5-14-6 to the legislative council concerning the projected total amounts that individuals receiving SNAP benefits would be required to repay over the period beginning January 1, 2018, and ending December 31, 2019, due to positive errors, in which individuals are approved for an amount in error and then are required to repay the amount. The projected total amounts must be based on the amounts that individuals receiving SNAP benefits have been required to repay over the period beginning January 1, 2018, and ending September 30, 2018, due to positive errors.

SECTION 6. IC 12-14-30-9 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 9. (a) An individual is not eligible to receive SNAP



1       **benefits unless the individual is a resident of the United States who**  
2       **meets at least one (1) of the following:**

3       (1) **Is a citizen or national of the United States.**  
4       (2) **Is an alien lawfully admitted for permanent residence (as**  
5       **defined in 8 U.S.C. 1101(a)(20) as an immigrant (as defined in**  
6       **8 U.S.C. 1101(a)(15)), not including the following:**  
7           (A) **An alien visitor.**  
8           (B) **A tourist.**  
9           (C) **A diplomat.**  
10           (D) **A student.**  
11           (E) **Any other individual admitted temporarily without**  
12       **intent to abandon the individual's residence in a foreign**  
13       **country.**  
14       (3) **Is an alien who has been granted the status of Cuban or**  
15       **Haitian entrant, as set forth in Section 501(e) of the Refugee**  
16       **Education Assistance Act of 1980.**  
17       (4) **Is an individual lawfully residing in the United States in**  
18       **accordance with a Compact of Free Association under 8**  
19       **U.S.C. 1612(b)(2)(G).**

20       (b) **The division shall verify that an individual is eligible for**  
21       **SNAP benefits under subsection (a) and 7 U.S.C. 2015(f) during**  
22       **enrollment and eligibility recertification by verifying citizenship or**  
23       **eligible alien status using the Systematic Alien Verification for**  
24       **Entitlements (SAVE) online service.**

25       (c) **If the division is unable to verify eligibility under subsection**  
26       **(b), the division shall verify citizenship through an acceptable form**  
27       **of proof of citizenship or eligible alien status. An acceptable form**  
28       **of proof includes the following:**

29           (1) **A certified birth certificate.**  
30           (2) **United States passport.**  
31           (3) **United States Customs and Immigration Service**  
32       **documentation.**

33       **The individual shall submit the documentation to the division**  
34       **required for verification under this subsection.**

35       (d) **The division shall submit to the United States Department of**  
36       **Agriculture information concerning any household member for**  
37       **whom the division is unable to verify eligible citizenship or**  
38       **immigration status, regardless of whether the household member**  
39       **is applying to participate in SNAP as a member of the household.**

40       (e) **Notwithstanding any option set forth in 7 CFR 273.11(c)(3),**  
41       **the division:**

42           (1) **shall consider the entire income and financial resources of**



1                   **any individual determined to be ineligible to participate in**  
2                   **SNAP under subsection (a) or 7 U.S.C. 2015(f) when**  
3                   **determining the eligibility and benefit allotment of the**  
4                   **household of which the individual is a member; and**  
5                   **(2) may not prorate or exclude the income or financial**  
6                   **resources of the ineligible individual.**

7                   SECTION 7. IC 12-14-30-10 IS ADDED TO THE INDIANA  
8                   CODE AS A NEW SECTION TO READ AS FOLLOWS  
9                   [EFFECTIVE JULY 1, 2026]: Sec. 10. (a) **As used in this section,**  
10                  **"candy" means a preparation of sugar, honey, or other natural or**  
11                  **artificial sweeteners in combination with chocolate, fruits, nuts, or**  
12                  **other ingredients or flavorings in the form of bars, drops, or pieces.**  
13                  **The term does not include any preparation requiring refrigeration.**

14                  (b) **As used in this section, "soft drink" means nonalcoholic**  
15                  **beverages that contain natural or artificial sweeteners. The term**  
16                  **does not include beverages that contain milk or milk products, soy,**  
17                  **rice, or similar milk substitutes, or are exclusively naturally**  
18                  **sweetened using natural vegetable or fruit juice.**

19                  (c) **A SNAP recipient may not use SNAP benefits to purchase**  
20                  **candy or soft drinks.**

21                  (d) **If the office of the secretary determines that a waiver or**  
22                  **authorization by a federal agency is needed to implement this**  
23                  **section, the office of the secretary shall request the necessary**  
24                  **waiver or authorization.**

25                  SECTION 8. IC 12-15-1-24, AS AMENDED BY THE  
26                  TECHNICAL CORRECTIONS BILL OF THE 2026 GENERAL  
27                  ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
28                  JANUARY 1, 2027]: Sec. 24. (a) Except as required under federal law,  
29                  the office of the secretary may not accept self-attestation of any of the  
30                  following in the administration of the Medicaid program without  
31                  verification before enrollment:

- 32                  (1) Income.
- 33                  (2) Residency.
- 34                  (3) Age.
- 35                  (4) Household composition.
- 36                  (5) Caretaker or relative status.
- 37                  (6) Receipt of other coverage.

38                  (b) The office of the secretary shall enter into a data matching  
39                  agreement with:  
40                  (1) the state lottery commission; and  
41                  (2) the Indiana gaming commission;  
42                  to, on at least a monthly basis, identify individuals receiving Medicaid



1 assistance with lottery and gambling winnings of at least three  
2 thousand dollars (\$3,000). Upon verification of any winnings resulting  
3 in the individual no longer being eligible for Medicaid, the office of the  
4 secretary shall terminate the individual's enrollment.

5 (c) On at least a monthly basis, the office of the secretary shall  
6 review vital statistics information provided by the Indiana department  
7 of health under IC 16-19-3-19 to determine removal of deceased  
8 individuals from Medicaid enrollment.

9 (d) On at least a quarterly basis, the office of the secretary shall  
10 receive and review information from the department of state revenue  
11 and the department of workforce development concerning Medicaid  
12 recipients that indicates a change in circumstances that may affect  
13 eligibility, including changes to employment or wages.

14 (e) On at least an annual basis, the office of the secretary shall  
15 receive and review information from the department of state revenue  
16 concerning Medicaid recipients, including:

17 (1) adjusted gross income; and  
18 (2) family composition;

19 that indicates a change in circumstances that may affect Medicaid  
20 eligibility.

21 (f) On at least a monthly basis, the office of the secretary shall  
22 review information concerning Medicaid recipients who also receive  
23 **SNAP benefits** to determine whether there has been any change in  
24 circumstances that may affect Medicaid eligibility, including a change  
25 in residency as may be identified through electronic benefit transfer  
26 program transactions.

27 (g) On at least a monthly basis, the office of the secretary shall  
28 receive and review information from the department of correction  
29 concerning Medicaid recipients that may indicate a change in  
30 circumstances that may affect Medicaid eligibility.

31 (h) Upon receiving information concerning a Medicaid recipient  
32 that indicates a change in circumstances that may affect Medicaid  
33 eligibility, the office of the secretary shall promptly conduct an  
34 eligibility redetermination for the recipient.

35 (i) **Unless prohibited by federal law, the office of the secretary  
36 shall conduct a Medicaid eligibility redetermination for a recipient  
37 as follows:**

38 (1) **At least one (1) time every six (6) months for a nonelderly  
39 adult Medicaid recipient whose eligibility is determined based  
40 upon a modified adjusted gross income standard under 42  
41 CFR 435.603, including adults eligible under 42 U.S.C.  
42 1396u-1.**



(2) At least one (1) time every twelve (12) months for any other Medicaid recipient.

SECTION 9. IC 12-15-1-25, AS ADDED BY P.L.126-2025, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 25. (a) Unless prohibited by federal law and on at least a monthly basis, the office of the secretary shall review the following to assess continuous eligibility of Medicaid recipients:

(1) The following information maintained by the United States Social Security Administration:

- (A) Earned income information.
- (B) Death register information.
- (C) Incarceration records.
- (D) Supplemental security income information.
- (E) Beneficiary records.
- (F) Earnings information.
- (G) Pension information.

(2) The following information maintained by the United States Department of Health and Human Services:

(A) Income and employment information maintained in the national directory of new hires data base.

(B) Child support enforcement data.

(3) Change of address or **mail forwarding address** information maintained by the United States Postal Service.

(4) Payment and earnings information maintained by the United States Department of Housing and Urban Development.

(5) National fleeing felon information

(6) Tax filing information maintained by the United States Department of the Treasury.

(b) The office of the secretary may contract with an independent

(e) The Office of the Secretary may contract with an independent third party for additional data base searches that may contain information that indicates a change in circumstances that may affect a Medicaid applicant or recipient eligibility.

(c) At least one (1) time per month, the office of the secretary shall transmit information to the United States Department of Health and Human Services required by 42 U.S.C. 1396a(uu) to prevent Medicaid enrollment in more than one (1) state.

SECTION 10. IC 12-15-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2027]: Sec. 2. The county office shall determine eligibility and shall certify to the office at the time and in the manner required by the office a list of individuals who have been found eligible to receive Medicaid and the effective date for



1 the payment of assistance under this chapter. The date must be:

2       **(1) not earlier than one (1) month before the first day of the**  
 3       **month in which the application or request is made for individuals**  
 4       **eligible under IC 12-15-44.5; and**  
 5       **(2) not earlier than two (2) months before the first day of the**  
 6       **month in which an application or request is made for any**  
 7       **other individual not described in subdivision (1).**

8       SECTION 11. IC 12-15-2-17.2 IS ADDED TO THE INDIANA  
 9       CODE AS A NEW SECTION TO READ AS FOLLOWS  
 10       [EFFECTIVE JULY 1, 2026]: Sec. 17.2. **(a) This section is effective**  
 11       **October 1, 2026.**

12       **(b) Except as otherwise provided by federal law, the office of the**  
 13       **secretary shall count any income of a household member who is**  
 14       **ineligible due to the household member's immigration status when**  
 15       **calculating and determining an individual's financial eligibility for**  
 16       **Medicaid.**

17       **(c) The office of the secretary shall apply for any Medicaid state**  
 18       **plan amendment necessary to implement this section.**

19       SECTION 12. IC 12-15-2.5-1 IS AMENDED TO READ AS  
 20       FOLLOWS [EFFECTIVE OCTOBER 1, 2026]: Sec. 1. **(a) This**  
 21       **section does not apply to any alien for whom federal financial**  
 22       **participation is unavailable under 42 U.S.C. 1396b(v)(5) or any**  
 23       **alien who has not satisfied the requirements of 8 U.S.C. 1613.**

24       **(b) A person who:**

25       **(1) is classified as a refugee (as defined in 8 U.S.C. 1101)**  
 26       **lawfully admitted for permanent residence (as defined in 8**  
 27       **U.S.C. 1101(a)(20);**  
 28       **(2) has been granted the status of Cuban or Haitian entrant**  
 29       **under Section 501(e) of the Refugee Education Assistance Act**  
 30       **of 1980; or**  
 31       **(3) lawfully resides in the United States in accordance with a**  
 32       **Compact of Free Association under 8 U.S.C. 1612(b)(2)(G);**  
 33       is eligible for all services under this article as if the person were  
 34       classified as a citizen of the United States.

35       SECTION 13. IC 12-15-2.5-3, AS AMENDED BY P.L.1-2007,  
 36       SECTION 121, IS AMENDED TO READ AS FOLLOWS  
 37       [EFFECTIVE OCTOBER 1, 2026]: Sec. 3. A person who is in the  
 38       United States ~~without permission of the United States Citizenship and~~  
 39       ~~Immigration Services and who does not meet the requirements of 42~~  
 40       ~~U.S.C. 1396b(v)(5)~~ is not entitled to receive assistance under this  
 41       article.

42       SECTION 14. IC 12-15-2.5-3.5 IS ADDED TO THE INDIANA



1       CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
2       [EFFECTIVE JULY 1, 2026]: Sec. 3.5. **(a)** This section is effective  
3       **October 1, 2026.**

4       **(b)** The office of the secretary shall do the following:

5       **(1)** Verify citizenship or satisfactory immigration status for  
6       each applicant, recipient, or identified household member of  
7       an applicant or recipient.

8       **(2)** Either:

9                   **(A)** after a reasonable opportunity period to verify  
10                  citizenship or satisfactory immigration status where the  
11                  status could not be verified; or

12                   **(B)** upon receipt of verification that indicates that the  
13                  applicant, recipient, or household member is not a United  
14                  States citizen or lacks satisfactory immigration status and  
15                  has entered the United States without inspection or  
16                  admission, or has remained beyond the expiration of an  
17                  authorized period of stay;

18                   promptly refer the applicant, recipient, or household member  
19                  of an applicant or recipient to the United States Department  
20                  of Homeland Security or any other appropriate federal  
21                  authority for further investigation and enforcement.

22       SECTION 15. IC 12-15-4-1.3 IS ADDED TO THE INDIANA  
23       CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
24       [EFFECTIVE JULY 1, 2026]: Sec. 1.3. **(a)** This section is effective  
25       **October 1, 2026.**

26       **(b)** The office shall include a field concerning an applicant's  
27       immigration status on any Medicaid presumptive eligibility  
28       application used for the Medicaid program.

29       **(c)** A hospital, clinic, or other qualified entity conducting a  
30       presumptive eligibility determination shall collect and transmit the  
31       required information concerning the applicant's immigration  
32       status as part of the individual's presumptive eligibility application.

33       **(d)** A presumptive eligibility application may not be approved  
34       unless the applicant's immigration status has been verified to meet  
35       the requirements set forth in IC 12-15-2.5-1.

36       SECTION 16. IC 12-15-44.5-1.5 IS ADDED TO THE INDIANA  
37       CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
38       [EFFECTIVE UPON PASSAGE]: **Sec. 1.5.** As used in this chapter,  
39       "office" refers to the office of the secretary.

40       SECTION 17. IC 12-15-44.5-3, AS AMENDED BY P.L.126-2025,  
41       SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
42       JULY 1, 2026]: Sec. 3. **(a)** The healthy Indiana plan is established. **The**



1       **secretary shall oversee the plan and has the authority to set policy**  
 2       **for the plan in compliance with this chapter.**

3       (b) The office, **under the direction of the secretary**, shall  
 4       administer the plan.

5       (c) The adult group described in 42 CFR 435.119 may be eligible  
 6       for the plan if the conditions in section 4 of this chapter are met and if  
 7       the individual meets at least one (1) of the following:

8       (1) Is working at least **twenty (20) eighty (80) hours per week on**  
 9       **a monthly average month.**

10       (2) Is participating in and complying with the requirements of a  
 11       work program for at least **twenty (20) eighty (80) hours per week**,  
 12       **as determined by the office month.**

13       (3) Is volunteering **or performing community service** at least  
 14       **twenty (20) eighty (80) hours per week**, **as determined by the office month.**

15       (4) Undertakes a combination of the activities described in  
 16       subdivision (1), (2), or (3) for a combined total of at least **twenty**  
 17       **(20) eighty (80) hours per week**, **as determined by the office month.**

18       (5) Participates in and complies with the **work** requirements of a  
 19       **workfare program**, **as determined by the office the TANF**  
 20       **program or SNAP.**

21       (6) Receives **unemployment compensation** and complies with  
 22       **federal and state work requirements** under the **unemployment**  
 23       **compensation system**. Has:

24       (A) **a monthly income of at least the applicable minimum**  
 25       **wage requirement under 29 U.S.C. 206**, **multiplied by**  
 26       **eighty (80) hours**; or

27       (B) **an average monthly income in the preceding six (6)**  
 28       **months that is not less than the applicable minimum wage**  
 29       **requirements under 29 U.S.C. 206**, **multiplied by eighty**  
 30       **(80) hours** and is a seasonal worker as defined under  
 31       **26 U.S.C. 45R(d)(5)(B).**

32       (7) Participates in a **substance use drug addiction or alcoholic**  
 33       **treatment and rehabilitation program**, **as defined in 7 U.S.C.**  
 34       **2012(h).**

35       (8) Is medically certified as **physically or mentally unfit for**  
 36       **employment**. **medically frail** (as defined in 42 CFR 440.315(f)).

37       (9) Is:

38       (A) pregnant;

39       (B) **entitled to postpartum medical assistance under 42**  
 40       **U.S.C. 1396a(e)(5) or 42 U.S.C. 1396a(e)(16); or is**



**(C)** a parent, **guardian**, or caretaker **relative** responsible for the care of a dependent child less than **six** (6) **fourteen** (14) years of age.

(10) Is a parent, spouse, or caretaker family caregiver under **Section 2 of the RAISE Family Caregivers Act** personally providing the care for an individual with a serious medical condition or a disability.

(11) Is an individual who has been released from incarceration for less than ninety (90) days: **is an inmate of a public institution.**

(12) Is an Indiana resident enrolled in and attending an accredited educational program **full at least half** time.

**(13) Is, as set forth in the Indian Health Care Improvement Act:**

(A) an Indian

(B) an urban Indian; or

(C) a California Indian;

**or has otherwise been determined eligible as an Indian by the federal Indian Health Service.**

(14) Is eligible for medical assistance under 42 U.S.C. 1396a(a)(10)(A)(i)(IX).

**(15) Is a veteran with a disability rated as total under 38 U.S.C. 1155.**

23 An individual must meet the Medicaid residency requirements under  
24 IC 12-15-4-4 and this article to be eligible for the plan.

(d) The following individuals are not eligible for the plan:

(1) An individual who participates in the federal Medicare program (42 U.S.C. 1395 et seq.).

(2) An individual who is otherwise eligible and enrolled for medical assistance.

(e) The department of insurance and the office of the secretary shall provide oversight of the marketing practices of the plan.

(f) The office shall promote the plan and provide information to potential eligible individuals who live in medically underserved rural areas of Indiana.

(g) The office shall, to the extent possible, ensure that enrollment in the plan is distributed throughout Indiana in proportion to the number of individuals throughout Indiana who are eligible for participation in the plan.

(h) The office shall establish standards for consumer protection, including the following:

### (1) Quality of care standards.

(2) A uniform process for participant grievances and appeals.



(3) Standardized reporting concerning provider performance, consumer experience, and cost.

(i) A health care provider that provides care to an individual who receives health coverage under the plan shall also participate in the Medicaid program under this article.

(j) The following do not apply to the plan:

- (1) IC 12-15-12.
- (2) IC 12-15-13.
- (3) IC 12-15-14.
- (4) IC 12-15-15.
- (5) IC 12-15-21.
- (6) IC 12-15-26.
- (7) IC 12-15-31.1.
- (8) IC 12-15-34.
- (9) IC 12-15-35.
- (10) IC 16-42-22-10.

SECTION 18. IC 12-15-44.5-3.5, AS AMENDED BY P.L.180-2022(ss), SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3.5. (a) The plan must include the following in a manner and to the extent determined by the **office: secretary:**

- (1) Mental health care services.
- (2) Inpatient hospital services.
- (3) Prescription drug coverage, including coverage of a long acting, nonaddictive medication assistance treatment drug if the drug is being prescribed for the treatment of substance abuse.
- (4) Emergency room services.
- (5) Physician office services.
- (6) Diagnostic services.
- (7) Outpatient services, including therapy services.
- (8) Comprehensive disease management.
- (9) Home health services, including case management.
- (10) Urgent care center services.
- (11) Preventative care services.
- (12) Family planning services:
  - (A) including contraceptives and sexually transmitted disease testing, as described in federal Medicaid law (42 U.S.C. 1396 et seq.); and
  - (B) not including abortion or abortifacients.
- (13) Hospice services.
- (14) Substance abuse services.
- (15) Donated breast milk that meets requirements developed by



the office of Medicaid policy and planning.

(16) A service determined by the secretary to be required by federal law as a benchmark service under the federal Patient Protection and Affordable Care Act.

(b) The plan may not permit treatment limitations or financial requirements on the coverage of mental health care services or substance abuse services if similar limitations or requirements are not imposed on the coverage of services for other medical or surgical conditions.

(c) The plan may provide vision services and dental services only to individuals who regularly make the required monthly contributions for the plan as set forth in section 4.7(c) of this chapter.

(d) The benefit package offered in the plan:

(1) must be benchmarked to a commercial health plan described in 45 CFR 155.100(a)(1) or 45 CFR 155.100(a)(4); and

(2) may not include a benefit that is not present in at least one (1) of these commercial benchmark options.

(e) The office shall provide to an individual who participates in the plan a list of health care services that qualify as preventative care services for the age, gender, and preexisting conditions of the individual. The office shall consult with the federal Centers for Disease Control and Prevention for a list of recommended preventative care services.

(f) The plan shall, at no cost to the individual, provide payment of preventative care services described in 42 U.S.C. 300gg-13 for an individual who participates in the plan.

(g) The plan shall, at no cost to the individual, provide payments of not more than five hundred dollars (\$500) per year for preventative care services not described in subsection (f). Any additional preventative care services covered under the plan and received by the individual during the year are subject to the deductible and payment requirements of the plan.

(h) The office shall apply to the United States Department of Health and Human Services for any amendment to the waiver necessary to implement the providing of the services or supplies described in subsection (a)(15). This subsection expires July 1, 2024.

SECTION 19. IC 12-15-44.5-4, AS AMENDED BY P.L.216-2025, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) The plan:

(1) is not an entitlement program;

(2) serves as an alternative to health care coverage under Title XIX of the federal Social Security Act (42 U.S.C. 1396 et seq.);



(3) except as provided in section 4.2(a) of this chapter, must not grant eligibility under the state Medicaid plan for medical assistance under 42 U.S.C. 1396a; and

(4) must grant eligibility for the plan through an approved demonstration project under 42 U.S.C. 1315.

(b) If any of the following occurs, the **office secretary** shall terminate the plan in accordance with section 6(b) of this chapter:

(1) The:

(A) percentages of federal medical assistance available to the plan for coverage of plan participants described in Section 1902(a)(10)(A)(i)(VIII) of the federal Social Security Act are less than the percentages provided for in Section 2001(a)(3)(B) of the federal Patient Protection and Affordable Care Act; and

(B) office, after considering the modification and the reduction in available funding, does not alter:

(i) the formula established under IC 16-21-10-13.3(b)(1) to cover the amount of the reduction in federal medical assistance; or

(ii) if applicable, the fee formula used to fund the reimbursement for inpatient and outpatient hospital services under IC 16-21-10-8.5 to cover the amount of the reduction in federal medical assistance.

For purposes of this subdivision, "coverage of plan participants" includes reimbursement, payments, contributions, and amounts referred to in IC 16-21-10-13.3(b)(1)(A), IC 16-21-10-13.3(b)(1)(C), and IC 16-21-10-13.3(b)(1)(D), including reimbursement, payments, contributions, and amounts incurred before termination of the plan.

(2) The:

(A) methodology of calculating the incremental fee set forth in IC 16-21-10-13.3 is modified in any way that results in a reduction in available funding;

(B) office, after considering the modification and reduction in available funding, does not alter:

(i) the formula established under IC 16-21-10

cover the amount of the reduction in fees; or  
(ii) if applicable, the fee formula used to fund the reimbursement for inpatient and outpatient hospital services under IC 16-21-10-8.5 to cover the amount of the reduction in fees; and

(C) office does not use alternative financial support to cover



the amount of the reduction in fees.

(3) The Medicaid waiver approving the plan is revoked, rescinded, vacated, or otherwise altered in a manner that the state cannot comply with the requirements of this chapter.

(c) If federal financial participation for recipients covered under the plan is less than ninety percent (90%), the ~~office secretary~~ may terminate the plan in accordance with section 6(b) of this chapter.

(d) If the plan is terminated under subsection (b), the secretary may implement a plan for coverage of the affected population in a manner consistent with the healthy Indiana plan (IC 12-15-44.2 (before its repeal)) in effect on January 1, 2014:

(1) subject to prior approval of the United States Department of Health and Human Services; and

(2) using funding from the incremental fee set forth in IC 16-21-10-13.3.

(e) The **office secretary** may not operate the plan in a manner that would obligate the state to financial participation beyond the level of state appropriations or funding otherwise authorized for the plan.

(f) The office of the secretary shall submit annually to the budget committee an actuarial analysis of the plan that reflects a determination that sufficient funding is reasonably estimated to be available to operate the plan.

SECTION 20. IC 12-15-44.5-4.2, AS ADDED BY P.L.126-2025, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4.2. (a) Notwithstanding section 3 of this chapter, the ~~office of the~~ secretary shall amend the Medicaid state plan to not include individuals described in 42 CFR 435.119. The ~~office of the~~ secretary shall delay the effective date of the amendment to not later than upon the completion of negotiations with the United States Department of Health and Human Services for a 3.0 plan waiver and an approved implementation of the waiver.

(b) The office of the secretary shall continue to operate the plan, as in effect on January 1, 2025, until the effective date of a 3.0 plan waiver authorized by the United States Department of Health and Human Services or the expiration, termination, or vacatur of the waiver authorizing the plan. **However, the following statutes shall be implemented before the following dates:**

(1) Section 3(c) of this chapter, before January 1, 2027.

**(2) Section 5.7 of this chapter, before October 2, 2028.**

SECTION 21. IC 12-15-44.5-4.5, AS ADDED BY P.L.30-2016, SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4.5. (a) An individual who participates in the



1 plan must have a health care account to which payments may be made  
 2 for the individual's participation in the plan.

3 (b) An individual's health care account must be used to pay the  
 4 individual's deductible for health care services under the plan.

5 (c) An individual's deductible must be at least two thousand five  
 6 hundred dollars (\$2,500) per year.

7 (d) An individual may make payments to the individual's health care  
 8 account as follows:

9 (1) An employer withholding or causing to be withheld from an  
 10 employee's wages or salary, after taxes are deducted from the  
 11 wages or salary, the individual's contribution under this chapter  
 12 and distributed equally throughout the calendar year.

13 (2) Submission of the individual's contribution under this chapter  
 14 to the office to deposit in the individual's health care account in  
 15 a manner prescribed by the ~~office~~ secretary.

16 (3) Another method determined by the ~~office~~ secretary.

17 SECTION 22. IC 12-15-44.5-4.7, AS AMENDED BY  
 18 P.L.126-2025, SECTION 12, IS AMENDED TO READ AS  
 19 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4.7. (a) To participate  
 20 in the plan, an individual must:

21 (1) apply for the plan on a form prescribed by the ~~office~~;  
 22 secretary;

23 (2) **comply with the requirements of section 3(c) of this**  
 24 **chapter for the three (3) consecutive months immediately**  
 25 **preceding the month the individual applies to the plan; and**  
 26 **(3) provide documentary evidence of compliance with**  
 27 **subdivision (2).**

28 **The secretary may not accept self-attestation by the applicant as**  
 29 **evidence of compliance.** The ~~office~~ secretary may develop and allow  
 30 a joint application for a household.

31 (b) A pregnant woman is not subject to the cost sharing provisions  
 32 of the plan. Subsections (c) through (g) do not apply to a pregnant  
 33 woman participating in the plan.

34 (c) An applicant who is approved to participate in the plan does not  
 35 begin benefits under the plan until a payment of at least:

36 (1) one-twelfth (1/12) of the annual income contribution amount;  
 37 or

38 (2) ten dollars (\$10);

39 is made to the individual's health care account established under  
 40 section 4.5 of this chapter for the individual's participation in the plan.  
 41 To continue to participate in the plan, an individual must contribute to  
 42 the individual's health care account at least two percent (2%) of the



1 individual's annual household income per year or an amount  
 2 determined by the secretary that is based on the individual's annual  
 3 household income per year, but not less than one dollar (\$1) per month.  
 4 The amount determined by the secretary under this subsection must be  
 5 approved by the United States Department of Health and Human  
 6 Services and must be budget neutral to the state as determined by the  
 7 state budget agency.

8 (d) If an applicant who is approved to participate in the plan fails to  
 9 make the initial payment into the individual's health care account, at  
 10 least the following must occur:

11 (1) If the individual has an annual income that is at or below one  
 12 hundred percent (100%) of the federal poverty income level, the  
 13 individual's benefits are reduced as specified in subsection (e)(1).

14 (2) If the individual has an annual income of more than one  
 15 hundred percent (100%) of the federal poverty income level, the  
 16 individual is not enrolled in the plan.

17 (e) If an enrolled individual's required monthly payment to the plan  
 18 is not made within sixty (60) days after the required payment date, the  
 19 following, at a minimum, occur:

20 (1) For an individual who has an annual income that is at or below  
 21 one hundred percent (100%) of the federal income poverty level,  
 22 the individual is:

23 (A) transferred to a plan that has a material reduction in  
 24 benefits, including the elimination of benefits for vision and  
 25 dental services; and

26 (B) required to make copayments for the provision of services  
 27 that may not be paid from the individual's health care account.

28 (2) For an individual who has an annual income of more than one  
 29 hundred percent (100%) of the federal poverty income level, the  
 30 individual shall be terminated from the plan and may not reenroll  
 31 in the plan for at least six (6) months.

32 (f) The state shall contribute to the individual's health care account  
 33 the difference between the individual's payment required under this  
 34 section and the plan deductible set forth in section 4.5(c) of this  
 35 chapter.

36 (g) A member shall remain enrolled with the same managed care  
 37 organization during the member's benefit period. A member may  
 38 change managed care organizations as follows:

39 (1) Without cause:

40 (A) before making a contribution or before finalizing  
 41 enrollment in accordance with subsection (d)(1); or

42 (B) during the annual plan renewal process.



(2) For cause, as determined by the office **under the direction of the secretary**.

(h) The office may reimburse medical providers at the appropriate Medicaid fee schedule rate for certified medical claims incurred prior to the beginning of benefits under subsection (c) provided that the claims:

(1) were incurred not more than thirty (30) days prior to the individual's application; and

(2) are on behalf of an individual who:

(A) is approved to participate in the plan;

(B) is enrolled in the plan subject to the provisions in subsection (d); and

(C) was eligible for the plan at the time care and services were furnished.

**(i) An enrolled individual in the plan must be in compliance with section 3(c) of this chapter in each month in order to remain enrolled in the plan.**

SECTION 23. IC 12-15-44.5-4.9, AS AMENDED BY P.L.114-2018, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2027]: Sec. 4.9. (a) An individual who is approved to participate in the plan is eligible for a twelve (12) month plan period if the individual continues to meet the plan requirements specified in this chapter.

(b) If an individual chooses to renew participation in the plan, the individual is subject to ~~an annual~~ **a semiannual** renewal process at the end of the benefit period to determine continued eligibility for participating in the plan. If the individual does not complete the renewal process, the individual may not reenroll in the plan for at least six (6) months.

(c) This subsection applies to participants who consistently made the required payments in the individual's health care account. If the individual receives the qualified preventative services recommended to the individual during the year, the individual is eligible to have the individual's unused share of the individual's health care account at the end of the plan period, determined by the office, matched by the state and carried over to the subsequent plan period to reduce the individual's required payments. If the individual did not, during the plan period, receive all qualified preventative services recommended to the individual, only the nonstate contribution to the health care account may be used to reduce the individual's payments for the subsequent plan period.

(d) For individuals participating in the plan who, in the past, did not



1 make consistent payments into the individual's health care account  
 2 while participating in the plan, but:

3       (1) had a balance remaining in the individual's health care  
 4       account; and

5       (2) received all of the required preventative care services;  
 6 the **office secretary** may elect to offer a discount on the individual's  
 7 required payments to the individual's health care account for the  
 8 subsequent benefit year. The amount of the discount under this  
 9 subsection must be related to the percentage of the health care account  
 10 balance at the end of the plan year but not to exceed a fifty percent  
 11 (50%) discount of the required contribution.

12       (e) If an individual is no longer eligible for the plan, does not renew  
 13 participation in the plan at the end of the plan period, or is terminated  
 14 from the plan for nonpayment of a required payment, the office shall,  
 15 not more than one hundred twenty (120) days after the last date of the  
 16 plan benefit period, refund to the individual the amount determined  
 17 under subsection (f) of any funds remaining in the individual's health  
 18 care account as follows:

19       (1) An individual who is no longer eligible for the plan or does  
 20 not renew participation in the plan at the end of the plan period  
 21 shall receive the amount determined under STEP FOUR of  
 22 subsection (f).

23       (2) An individual who is terminated from the plan due to  
 24 nonpayment of a required payment shall receive the amount  
 25 determined under STEP SIX of subsection (f).

26       The office may charge a penalty for any voluntary withdrawals from the  
 27 health care account by the individual before the end of the plan benefit  
 28 year. The individual may receive the amount determined under STEP  
 29 SIX of subsection (f).

30       (f) The office, **under the direction of the secretary**, shall  
 31 determine the amount payable to an individual described in subsection  
 32 (e) as follows:

33       STEP ONE: Determine the total amount paid into the individual's  
 34 health care account under this chapter.

35       STEP TWO: Determine the total amount paid into the individual's  
 36 health care account from all sources.

37       STEP THREE: Divide STEP ONE by STEP TWO.

38       STEP FOUR: Multiply the ratio determined in STEP THREE by  
 39 the total amount remaining in the individual's health care account.

40       STEP FIVE: Subtract any nonpayments of a required payment.

41       STEP SIX: Multiply the amount determined under STEP FIVE by  
 42 at least seventy-five hundredths (0.75).



(g) The office of the secretary shall conduct an eligibility redetermination for each plan participant at least one (1) time every six (6) months.

SECTION 24. IC 12-15-44.5-5, AS AMENDED BY P.L.201-2023, SECTION 136, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) A managed care organization that contracts with the office to provide health coverage, dental coverage, or vision coverage to an individual who participates in the plan:

- (1) is responsible for the claim processing for the coverage;
- (2) shall reimburse providers at a rate that is not less than the rate established by the secretary; and
- (3) may not deny coverage to an eligible individual who has been approved by the office to participate in the plan.

(b) A managed care organization that contracts with the office to provide health coverage under the plan must incorporate cultural competency standards established by the ~~office~~ **secretary**. The standards must include standards for non-English speaking, minority, and disabled populations.

SECTION 25. IC 12-15-44.5-5.5, AS ADDED BY P.L.30-2016, SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5.5. The office, **under the direction of the secretary**, shall refer any member of the plan who:

- (1) is employed for less than twenty (20) hours per week; and
- (2) is not a full-time student;

to a workforce training and job search program.

SECTION 26. IC 12-15-44.5-5.7, AS AMENDED BY P.L.114-2018, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 5.7. **(a)** Subject to appeal to the office **and except as provided in subsection (b)**, an individual **may** **shall** be held responsible under the plan for receiving nonemergency services in an emergency room setting, including prohibiting the individual from using funds in the individual's health care account to pay for the nonemergency services and paying a copayment for the services of at least:

- (1) eight dollars (\$8) for an individual who has an income of one hundred percent (100%) or less of the federal poverty level; or
- (2) thirty-five dollars (\$35) for an individual who has an income of more than one hundred percent (100%) of the federal poverty level;

for the nonemergency use of a hospital emergency department.



9 (1) place an individual's health in serious jeopardy;  
10 (2) result in serious impairment to the individual's bodily  
11 functions; or  
12 (3) result in serious dysfunction of a bodily organ or part of the  
13 individual.

20 (d) Unless otherwise allowed by federal law, the total aggregate  
21 amount of cost sharing charges imposed on a quarterly basis for a  
22 plan participant under this chapter may not exceed five percent  
23 (5%) of the plan participant's family income.

24 SECTION 27. IC 12-15-44.5-6, AS AMENDED BY P.L.216-2025,  
25 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
26 UPON PASSAGE]: Sec. 6. (a) For a state fiscal year beginning July 1,  
27 2018, and before July 1, 2024, the office, after review by the state  
28 budget committee, may determine that no incremental fees collected  
29 under IC 16-21-10-13.3 are required to be deposited into the phase out  
30 trust fund established under section 7 of this chapter. This subsection  
31 expires July 1, 2024.

32 (b) If the plan is to be terminated for any reason, the **office**  
33 **secretary** shall, if required, provide notice of termination of the plan  
34 to the United States Department of Health and Human Services and  
35 begin the process of phasing out the plan.

36 (c) Before submitting:

37 (1) an extension of; or  
38 (2) a material amendment to;

39 the plan to the United States Department of Health and Human  
40 Services, the **office secretary** shall inform the Indiana Hospital  
41 Association of the extension or material amendment to the plan.

42 SECTION 28. IC 12-15-44.5-8, AS AMENDED BY P.L.152-2017,



1 SECTION 35, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 2 UPON PASSAGE]: Sec. 8. The following requirements apply to funds  
 3 appropriated by the general assembly to the plan and the incremental  
 4 fee used for purposes of IC 16-21-10-13.3:

5 (1) At least eighty-seven percent (87%) of the funds must be used  
 6 to fund payment for health care services.

7 (2) An amount determined by the ~~office of the~~ secretary to fund:  
 8     (A) administrative costs of; and  
 9     (B) any profit made by;

10     a managed care organization under a contract with the office to  
 11 provide health coverage under the plan. The amount determined  
 12 under this subdivision may not exceed thirteen percent (13%) of  
 13 the funds.

14 SECTION 29. IC 12-15-44.5-9, AS AMENDED BY P.L.93-2024,  
 15 SECTION 113, IS AMENDED TO READ AS FOLLOWS  
 16 [EFFECTIVE UPON PASSAGE]: Sec. 9. The ~~office secretary~~ may  
 17 adopt rules under IC 4-22-2 necessary to implement:

18     (1) this chapter; or

19     (2) a Section 1115 Medicaid demonstration waiver concerning the  
 20 plan that is approved by the United States Department of Health  
 21 and Human Services.

22 SECTION 30. IC 12-15-44.5-10, AS AMENDED BY P.L.126-2025,  
 23 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 24 JANUARY 1, 2027]: Sec. 10. (a) The secretary has the authority to  
 25 provide benefits to individuals eligible under the adult group described  
 26 in 42 CFR 435.119 only in accordance with this chapter.

27     (b) The secretary shall limit enrollment in the plan to the number of  
 28 individuals that ensures that financial participation does not exceed the  
 29 level of state appropriations or other funding for the plan.

30     (c) The secretary may negotiate and make changes to the plan,  
 31 except that the secretary may not negotiate or change the plan in a way  
 32 that would do the following:

33         (1) Reduce the following:

34             (A) Contribution amounts below the minimum levels set forth  
 35                 in section 4.7 of this chapter.

36             (B) Deductible amounts below the minimum amount  
 37                 established in section 4.5(c) of this chapter.

38             (C) The number of hours required to satisfy the work  
 39                 requirements specified in section 3(c)(1) of this chapter unless  
 40                 expressly required by federal law.

41         (2) Remove or reduce the penalties for nonpayment set forth in  
 42                 section 4.7 of this chapter.



(3) Revise the use of the health care account requirement set forth in section 4.5 of this chapter.

(4) Include noncommercial benefits or add additional plan benefits in a manner inconsistent with section 3.5 of this chapter.

(5) Allow services to begin:

(A) without the payment established or required by; or

(B) earlier than the time frames otherwise established by; section 4.7 of this chapter.

(6) Reduce financial penalties for the inappropriate use of the emergency room below the minimum levels set forth in section 5.7 of this chapter.

(7) Permit members to change health plans without cause in a manner inconsistent with section 4.7(g) of this chapter.

(8) Operate the plan in a manner that would obligate the state to financial participation beyond the level of state appropriations or funding otherwise authorized for the plan.

(d) The secretary may make changes to the plan under this chapter if the changes are required by federal law or regulation and the office provides a written report of the changes to the state budget committee.

(e) **The secretary shall verify an individual's compliance with the requirements of section 3(c) of this chapter on an ongoing, and at least quarterly, basis. The secretary may not accept any of the following methods as being sufficient to verify compliance:**

(1) A plan participant's self-attestation of compliance.

(2) Designations, approvals, or determinations of compliance by a managed care organization.

(f) **The secretary may accept a medically frail status set forth in section 3(c)(8) of this chapter only if the individual has been medically certified as medically frail (as defined in 42 CFR 440.315(f)) by any of the following:**

(1) A physician.

(2) A physician's assistant.

(3) An advanced practice registered nurse.

(4) A nurse.

(5) A designated representative of a physician's office, on behalf of an individual described in subdivisions (1) through (4).

(6) A psychologist.

(7) A social worker.

(g) **The secretary may not do any of the following:**

(1) Expand the definition of medically frail for purposes of this chapter beyond the definition set forth in 42 CFR



1                   **440.315(f).**

2                   **(2) Request the implementation of any additional exemptions**  
3                   **other than the exemptions set forth in section 3 of this**  
4                   **chapter.**

5                   SECTION 31. P.L.213-2025, SECTION 25, IS AMENDED TO  
6                   READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026  
7                   (RETROACTIVE)]: SECTION 25. Except as provided for under  
8                   IC 4-12-18 **and IC 12-8-15**, the governor of the state of Indiana is  
9                   solely authorized to accept on behalf of the state any and all federal  
10                  funds available to the state of Indiana. Federal funds received under  
11                  this SECTION are appropriated for purposes specified by the federal  
12                  government, subject to allotment by the budget agency. The provisions  
13                  of this SECTION and all other SECTIONS concerning the acceptance,  
14                  disbursement, review, and approval of any grant, loan, or gift made by  
15                  the federal government or any other source to the state or its agencies  
16                  and political subdivisions shall apply, notwithstanding any other law.

17                  SECTION 32. P.L.213-2025, SECTION 26, IS AMENDED TO  
18                  READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026  
19                  (RETROACTIVE)]: SECTION 26. Except as provided for under  
20                  IC 4-12-18 **and IC 12-8-15**, federal funds received as revenue by a  
21                  state agency or department are not available to the agency or  
22                  department for expenditure until allotment has been made by the  
23                  budget agency under IC 4-12-1-12(d).

24                  SECTION 33. **An emergency is declared for this act.**



## COMMITTEE REPORT

Mr. President: The Senate Committee on Appropriations, to which was referred Senate Bill No. 1, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Delete the title and insert the following:

**A BILL FOR AN ACT** to amend the Indiana Code concerning human services and to make an appropriation.

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 4-12-1-18, AS AMENDED BY P.L.174-2022, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 18. Except for allotment stipulations provided in IC 4-12-18 **and IC 12-8-15**, federal funds received by an instrumentality are appropriated for purposes specified by the federal government and the general assembly, if that body elects to appropriate federal funds, subject to allotment by the budget agency. The provisions of this chapter and other laws concerning the acceptance, disbursement, review, and approval of grants, loans, and gifts made by the federal government or any other source to the state or its agencies apply to instrumentalities.

**SECTION 2. IC 12-7-2-24.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 24.3. "Candy", for purposes of IC 12-14-30-10, has the meaning set forth in IC 12-14-30-10(a).**

**SECTION 3. IC 12-7-2-179.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 179.5. "Soft drink", for purposes of IC 12-14-30-10, has the meaning set forth in IC 12-14-30-10(b).**

**SECTION 4. IC 12-8-15 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]:**

**Chapter 15. Indiana Rural Health Transformation Fund**

**Sec. 1. (a) The Indiana rural health transformation fund is established as a dedicated fund for the purpose of implementing the Indiana rural health transformation program authorized by federal law under Section 71401 of Public Law 119-21 (42 U.S.C. 1397ee), and based on Indiana's federally approved application. The fund shall be administered by the office of the secretary.**

**(b) Money in the fund is continuously appropriated. The fund consists of federal funds received from the federal government under Section 71401 of Public Law 119-21.**



**(c) The expenses of administering the fund shall be paid from money in the fund to the extent allowable by federal law under Section 71401 of Public Law 119-21.**

**(d) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the fund.**

**(e) Money in the fund at the end of a state fiscal year does not revert to the state general fund.**

**(f) The secretary may make recommendations concerning expenditures from the fund to the budget committee, and allotments and expenditures from the fund are subject to budget committee review before the allotment and expenditure may occur.**

**(g) This section expires December 31, 2032.**

**Sec. 2. (a) Before June 1 and December 1 of each year, the office of the secretary shall submit a written report for review to the budget committee concerning the following:**

**(1) An itemization of each of the expenditures of money from the fund since the last report to the budget committee.**

**(2) The aggregate amount of expenditures of money from the fund since the last report to the budget committee.**

**(3) Anticipated expenditures for the subsequent six (6) months.**

**(4) Whether the office of the secretary is meeting the benchmarks set forth in the state federally approved application for the federal funds.**

**(5) Whether the office of the secretary believes the state is meeting the federally approved application requirements necessary to continue to receive federal funds for operation of the Indiana rural health transformation program.**

**(b) This section expires December 31, 2033.".**

Page 3, between lines 27 and 28, begin a new paragraph and insert:

**"SECTION 7. IC 12-14-30-10 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 10. (a) As used in this section, "candy" means a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts, or other ingredients or flavorings in the form of bars, drops, or pieces. The term does not include any preparation requiring refrigeration.**

**(b) As used in this section, "soft drink" means nonalcoholic beverages that contain natural or artificial sweeteners. The term does not include beverages that contain milk or milk products, soy,**



**rice, or similar milk substitutes, or are exclusively naturally sweetened using natural vegetable or fruit juice.**

**(c) A SNAP recipient may not use SNAP benefits to purchase candy or soft drinks.**

**(d) If the office of the secretary determines that a waiver or authorization by a federal agency is needed to implement this section, the office of the secretary shall request the necessary waiver or authorization.".**

Page 22, between lines 7 and 8, begin a new paragraph and insert:

"SECTION 29. P.L.213-2025, SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: SECTION 25. Except as provided for under **IC 4-12-18 and IC 12-8-15**, the governor of the state of Indiana is solely authorized to accept on behalf of the state any and all federal funds available to the state of Indiana. Federal funds received under this SECTION are appropriated for purposes specified by the federal government, subject to allotment by the budget agency. The provisions of this SECTION and all other SECTIONS concerning the acceptance, disbursement, review, and approval of any grant, loan, or gift made by the federal government or any other source to the state or its agencies and political subdivisions shall apply, notwithstanding any other law.

SECTION 30. P.L.213-2025, SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: SECTION 26. Except as provided for under **IC 4-12-18 and IC 12-8-15**, federal funds received as revenue by a state agency or department are not available to the agency or department for expenditure until allotment has been made by the budget agency under IC 4-12-1-12(d).".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 1 as introduced.)

MISHLER, Chairperson

Committee Vote: Yeas 9, Nays 3.

