

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

LS 6422
BILL NUMBER: SB 85

NOTE PREPARED: Jan 28, 2026
BILL AMENDED: Jan 22, 2026

SUBJECT: Health Care Debt and Costs.

FIRST AUTHOR: Sen. Qaddoura
FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill authorizes the Attorney General to enforce provisions concerning health care debt wage garnishment and principal residence lien restrictions and establish a complaint process.

This bill requires hospitals to do the following:

- (1) Offer a person who meets certain income guidelines and has received health services the opportunity to pay the charges through a payment plan that satisfies certain requirements.
- (2) Develop a written notice about a charity care program operated by the hospital, provide the notice to patients, and post the notice.
- (3) Include certain information concerning financial assistance on a billing statement.
- (4) Requires a hospital that reports an annual gross patient revenue of at least \$20,000,000 to provide written notice and information to a person who has requested an eligibility determination concerning a payment plan or charity care.

This bill provides that the unpaid earnings of a consumer who meets specified income eligibility requirements may not be attached by garnishment if an individual makes 200% of the federal income poverty level or less, and limits the amount to be garnished over a certain amount of the individual's disposable earnings in satisfaction of: (1) health care debt owed or alleged to be owed by the consumer; or (2) any amount of the judgment that represents health care debt determined to be owed by the consumer.

The bill provides that: (1) health care debt owed or alleged to be owed by a consumer; or (2) in an action against a consumer in which a judgment has been entered, the amount of the judgment that represents health care debt determined to be owed by the consumer; does not constitute a lien against the consumer's principal residence for a consumer. It requires the disclosure of whether a debt is a health care debt in the execution of a judgment. It also provides that in any action filed in Indiana for the recovery of health care debt owed or alleged to be owed by a consumer, the principal residence of the consumer is not liable to judgment or attachment or to be sold on execution against the consumer.

Effective Date: Upon passage; July 1, 2026.

Explanation of State Expenditures: The bill will increase workload for the Attorney General to establish a complaint process regarding medical debt collection, for the Office of Judicial Administration to provide training regarding the updated information required in a judgement, and for the Indiana Department of Health (IDOH) to ensure that hospitals comply with the requirements regarding medical debt. Each agency should be able to implement these requirements using existing staffing and resources. *[The IDOH's administrative expenditures are currently paid from the Tobacco Master Settlement Fund, a dedicated fund.]*

The bill could decrease workload for the Department of Insurance (DOI) to investigate and respond to medical billing insurance complaints as they relate to a property lien resulting from health care debt. *[The DOI is funded through a dedicated agency fund.]*

Explanation of State Revenues: *Court Fees:* If fewer civil cases occur and court fees are collected, revenue to the state General Fund will decrease. The total revenue per case would range between \$100 and \$122. The amount 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 civil, probate, and small claims cases.](#)

Explanation of Local Expenditures: *Payment Plans:* The bill will increase workload for locally-owned hospitals to create and offer payment plans and provide written notices regarding charity care programs, as prescribed in the bill.

Wage Garnishment: The bill will increase workload for courts to include in the execution of a court judgement whether or not a listed debt is a health care debt.

Explanation of Local Revenues: *Payment Plans:* The bill requires hospital payment plans to be for a period of at least 24 months, sets limits on monthly payments based on a person's gross monthly household income, and sets a maximum interest rate of 3%. Any impact to annual hospital revenue will depend on how many individuals enter into a payment plan, the terms of each plan, and any changes in the amount of charity care provided by the hospital.

Wage Garnishment: The bill sets limits, based on an individual's aggregate disposable earnings, to the amount per workweek that is subject to wage garnishment for health care debt. Any impact to annual hospital revenue is indeterminable.

Court Fees: If fewer cases occur, less revenue will be collected by certain local units. If the case is filed in a court of record, the county will receive \$32 and qualifying municipalities will receive a share of \$3. If the case is filed in a municipal court, the county receives \$20, and the municipality will receive \$37. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in civil, probate, and small claims cases.](#)

State Agencies Affected: Attorney General; Indiana Department of Health; Office of Judicial Administration; Department of Insurance.

Local Agencies Affected: Locally-owned hospitals; trial courts, city and town courts.

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

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