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SENATE BILL No. 85

Proposed Changes to introduced printing by AM008509

DIGEST OF PROPOSED AMENDMENT

Medicaid expenses exemption. Exempts Medicaid expenses from the definition of "health care debt" for purposes of wage garnishment and liens on primary residences.

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 4-6-2-13 IS ADDED TO THE INDIANA CODE
2 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2026]: Sec. 13. (a) The attorney general may enforce the
4 provisions concerning wage garnishment under IC 24-4.5-5-105
5 and principal residence liens and IC 32-28-16.

6 (b) The attorney general may bring any enforcement action
7 under IC 24-5-0.5-4. The attorney general shall establish a
8 complaint process for an aggrieved individual of the public to file
9 a complaint against a medical creditor or medical debt collector
10 that violates IC 24-4.5-5-105 or IC 32-28-16. A complaint filed
11 under this section is considered a public record under IC 5-14-3.
12 However, the attorney general shall redact the name, address, and
13 any personal identifying information of the complainant.

14 SECTION 2. IC 16-18-2-52.5, AS AMENDED BY P.L.188-2025,
15 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
16 JULY 1, 2026]: Sec. 52.5. (a) "Charity care", for purposes of
17 IC 16-21-6, IC 16-21-6.1, IC 16-21-9, and IC 16-40-6, means the
18 unreimbursed cost to a hospital of providing, funding, or otherwise
19 financially supporting health care services:

20 (1) to a person classified by the hospital as financially indigent

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1 or medically indigent on an inpatient or outpatient basis; and
2 (2) to financially indigent patients through other nonprofit or
3 public outpatient clinics, hospitals, or health care organizations.

18 SECTION 3. IC 16-21-6.1 IS ADDED TO THE INDIANA CODE
19 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
20 JULY 1, 2026]:

Chapter 6.1. Hospitals' Billing Practices and Financial Disclosures to Patients

Sec. 1. (a) This section applies to health care services provided to a person by a hospital after June 30, 2026.

25 (b) With respect to any bill that:

(3) With respect to any sum that:
(1) is for a person that has either:

(A) an income that is below four hundred percent (400%) of the federal income poverty level (as defined in IC 12-15-2-1); or

(B) a total bill that is greater than ten percent (10%) of the person's gross monthly household income;

31 the person's gross monthly household in
32 (2) includes charges for health care services

(2) includes charges for health care services provided to a person by a hospital; and
(3) is submitted to that person for payment;
a hospital shall offer the person the opportunity to pay the listed charges through a payment plan that satisfies the requirements set forth in this section.

37 forth in this section.

38 (c) A hospital's offer under subsection (b) must:

(1) be in writing and communicated in plain language;

40 (2) include instructions for how the person may enter into a
41 payment plan; and
42 (3) if the offer is included in the bill for the charges to which



1 **the offer pertains, be printed in prominent type on the front**
2 **of the first page of the bill.**

- (1) in a writing delivered to the person;**
- (2) by electronic mail; or**
- (3) through a mobile application or another method, if available;**

9 according to the person's expressed preference for
10 communications.

- (1) the rate of any interest that will be applied to unpaid balances under the plan; and
- (2) the date by which the account will be paid in full, assuming that all scheduled payments will be made when due.

22 **A person is not required to make a payment under the payment**
23 **plan until a written copy of the payment plan has been provided to**
24 **the person under this section in the manner described in subsection**
25 **(d).**

- (1) The payment plan must allow payments to be made over a period of at least twenty-four (24) months.
- (2) The amount of any one (1) monthly payment may not exceed ten percent (10%) of the person's gross monthly household income.
- (3) The first payment under the plan may not be due before thirty (30) days have elapsed from the latest date of service for the health care services to which the payment plan pertains.
- (4) Payments under the plan must be suspended without penalty during the pendency of any appeal by the person for the denial of insurance or other third party coverage for the health care services to which the payment plan pertains if the patient provides the hospital with documentation of the appeal. Payments under the plan may resume after sixty (60)

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1 days from the date the hospital receives documentation of the
 2 appeal unless the patient provides additional documentation
 3 concerning the pending appeal.

4 (5) The maximum interest rate assessed may not exceed three
 5 percent (3%) per year.

6 Sec. 2. (a) A hospital shall develop a written notice about any
 7 charity care program operated by the hospital and about the
 8 procedures by which a person may apply for the charity care
 9 program. The notice must be in English and, to the extent
 10 practicable, in any other prevalent language used in the
 11 communities served by the hospital. The notice must be:

12 (1) provided to a person at the time of intake or discharge of
 13 the person; and

14 (2) conspicuously posted in the waiting area of the
 15 emergency room, if any, and the admissions intake area of
 16 the hospital.

17 (b) The hospital must include on a patient's billing statement
 18 the following information:

19 (1) A statement that financial assistance is available.

20 (2) The telephone number to call to obtain information
 21 concerning financial assistance.

22 (3) An Internet link to a web page that includes information
 23 and any documentation concerning obtaining financial
 24 assistance.

25 Sec. 3. (a) This section applies to:

26 (1) a hospital that had gross patient revenue of at least
 27 twenty million dollars (\$20,000,000) during the hospital's
 28 immediately preceding fiscal year, as reported to the state
 29 department under IC 16-21-6-3; and

30 (2) emergency or medically necessary health care services
 31 provided to a person by the hospital after June 30, 2026.

32 (b) As used in this section, "gross patient revenue" has the
 33 meaning set forth in IC 16-21-6-1.

34 (c) If a person requests a determination of eligibility for a
 35 payment plan or charity care program administered by the
 36 hospital, the hospital shall provide written notice as provided in
 37 subsection (d) not later than fourteen (14) days from the person's
 38 request.

39 (d) The written notice under subsection (c) must include the
 40 following:

41 (1) A statement notifying the person as to whether the person
 42 is eligible for the hospital's payment plan or charity care



program.

(2) If the hospital has determined that the person is eligible for the hospital's payment plan or charity care program, an offer to enroll the person in the payment plan or charity care program to the extent the hospital is able to do so under any:

(A) funding limits;

(B) enrollment limits; or

(C) other limits, caps, or restrictions;

applicable to the payment plan or charity care program at the time of the person's enrollment.

(3) Instructions for how the person may enroll in the payment plan or charity care program.

(e) A hospital may provide notice to a person under subsection

(d):

(1) in a writing delivered to the person;

(2) by electronic mail; or

(3) through a mobile application or another Internet based method, if available;

according to the preference expressed by the person to whom emergency or medically necessary health care services have been provided.

Sec. 4. The state department may take action to enforce this chapter under IC 16-21-3.

SECTION 4. IC 16-21-9-7, AS AMENDED BY P.L.6-2012, SECTION 115, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 7. (a) Each nonprofit hospital shall prepare an annual report of the community benefits plan. The report must include, in addition to the community benefits plan itself, the following background information:

(1) The hospital's mission statement.

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

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

(b) Each nonprofit hospital shall annually file a report of the community benefits plan with the state department. For a hospital's fiscal year that ends before July 1, 2011, the report must be filed not later than one hundred twenty (120) days after the close of the hospital's fiscal year. For a hospital's fiscal year that ends after June 30, 2011, the report must be filed at the same time the nonprofit hospital

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1 files its annual return described under Section 6033 of the Internal
 2 Revenue Code that is timely filed under Section 6072(e) of the Internal
 3 Revenue Code, including any applicable extension authorized under
 4 Section 6081 of the Internal Revenue Code.

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

- 7 (1) public information;
- 8 (2) filed with the state department; and

9 (3) available to the public on request from the state department.
 10 This statement shall be posted in prominent places throughout the
 11 hospital, including the emergency room waiting area and the
 12 admissions office waiting area. The statement shall also be printed in
 13 the hospital patient guide or other material that provides the patient
 14 with information about the admissions criteria of the hospital.

15 (d) Each nonprofit hospital shall develop, **provide, and post** a
 16 written notice about any charity care program operated by the hospital [
 17] and how to apply for charity care. The notice must be in appropriate
 18 languages if possible. The notice must also be conspicuously posted in
 19 the following areas:

- 20 (1) The general waiting area;
- 21 (2) The waiting area for emergency services;
- 22 (3) The business office;
- 23 (4) Any other area that the hospital considers an appropriate area
 24 in which to provide notice of a charity care program in
 25 accordance with IC 16-21-6.1-2.

26 SECTION 5. IC 24-4.5-5-105, AS AMENDED BY P.L.78-2014,
 27 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 28 JULY 1, 2026]: Sec. 105. (1) For the purposes of IC 24-4.5-5-101
 29 through IC 24-4.5-5-108:

30 (a) "disposable earnings" means that part of the earnings of an
 31 individual, including wages, commissions, income, rents, or
 32 profits remaining after the deduction from those earnings of
 33 amounts required by law to be withheld;

34 (b) "garnishment" means any legal or equitable proceedings
 35 through which the earnings of an individual are required to be
 36 withheld by a garnishee, by the individual debtor, or by any other
 37 person for the payment of a judgment; and

38 (c) "**health care debt**" means an obligation or an alleged
 39 obligation of a consumer to pay an amount related to the
 40 receipt of medically necessary (as defined in
 41 IC 27-1-37.5-5.4) health care services, products, or devices
 42 provided to a person by a health care provider. The term



1 does not include Medicaid expenses subject to recovery
 2 under IC 12-15 or]debt charged to a credit card unless the
 3 credit card is issued under:

4 (i) an open-end plan; or
 5 (ii) a closed-end plan;

6 offered specifically for the payment of health care services,
 7 products, or devices provided to a person;

8 (d) as used in this section, "health care provider" means:

9 (i) a hospital or facility listed in IC 16-39-7-1(a)(13); or
 10 (ii) a provider of ambulance services (as defined in
 11 IC 16-18-2-13.4).

12 The term includes an affiliate, officer, agent, or employee of
 13 a person described in item (i) or (ii); and

14 (e) "support withholding" means that part of the earnings that
 15 are withheld from an individual for child support in accordance
 16 with the laws of this state.

17 (2) Except as provided in subsection (8) **and subsection (9)**, the
 18 maximum part of the aggregate disposable earnings of an individual for
 19 any workweek which is subjected to garnishment to enforce the
 20 payment of one (1) or more judgments against the individual may not
 21 exceed the lesser of the following amounts:

22 (a) An amount equal to twenty-five percent (25%) of the
 23 individual's disposable earnings for that week or, upon a showing
 24 of good cause by the individual why the amount should be
 25 reduced, an amount equal to:

26 (i) less than twenty-five percent (25%); and
 27 (ii) at least ten percent (10%);

28 of the individual's disposable earnings for that week.

29 (b) The amount by which the individual's disposable earnings for
 30 that week exceed thirty (30) times the federal minimum hourly
 31 wage prescribed by 29 U.S.C. 206(a)(1) in effect at the time the
 32 earnings are payable.

33 In the case of earnings for a pay period other than a week, the earnings
 34 shall be computed upon a multiple of the federal minimum hourly wage
 35 equivalent to thirty (30) times the federal minimum hourly wage as
 36 prescribed in this section.

37 (3) The maximum part of the aggregate disposable earnings of an
 38 individual for any workweek which is subject to garnishment or
 39 support withholding to enforce any order for the support of any person
 40 shall not exceed:

41 (a) where such individual is supporting the individual's spouse
 42 or dependent child (other than a spouse or child with respect to



whose support such order is used), fifty percent (50%) of such individual's disposable earnings for that week; and
(b) where such individual is not supporting such a spouse or dependent child described in subdivision (a), sixty percent (60%) of such individual's disposable earnings for that week; except that, with respect to the disposable earnings of any individual for any workweek, the fifty percent (50%) specified in subdivision (a) shall be deemed to be fifty-five percent (55%) and the sixty percent (60%) specified in subdivision (b) shall be deemed to be sixty-five percent (65%), if and to the extent that such earnings are subject to garnishment or support withholding to enforce a support order with respect to a period which is prior to the twelve (12) week period which ends with the beginning of such workweek.

16 (5) An employer who is required to make deductions from an
17 individual's disposable earnings pursuant to a garnishment order or
18 series of orders arising out of the same judgment debt (excluding a
19 judgment for payment of child support) may collect, as a fee to
20 compensate the employer for making these deductions, an amount
21 equal to the greater of twelve dollars (\$12) or three percent (3%) of the
22 total amount required to be deducted by the garnishment order or series
23 of orders arising out of the same judgment debt. If the employer
24 chooses to impose a fee, the fee shall be allocated as follows:

25 (a) One-half (1/2) of the fee shall be borne by the debtor, and
26 that amount may be deducted by the employer directly from the
27 employee's disposable earnings.

28 (b) One-half (1/2) of the fee shall be borne by the creditor, and
29 that amount may be retained by the employer from the amount
30 otherwise due the creditor.

31 The deductions made under this subsection for a collection fee do not
32 increase the amount of the judgment debt for which the fee is collected
33 for the purpose of calculating or collecting judgment interest. This fee
34 may be collected by an employer only once for each garnishment order
35 or series of orders arising out of the same judgment debt. The employer
36 may collect the entire fee from one (1) or more of the initial deductions
37 from the employee's disposable earnings. Alternatively, the employer
38 may collect the fee ratably over the number of pay periods during
39 which deductions from the employee's disposable earnings are
40 required.



1 IC 22-2-6.

2 (7) An employer who is required to make a deduction from an
 3 individual's disposable earnings in accordance with a judgment for
 4 payment of child support may collect a fee of two dollars (\$2) each
 5 time the employer is required to make the deduction. The fee may be
 6 deducted by the employer from the individual's disposable earnings
 7 each time the employer makes the deduction for support. If the
 8 employer elects to deduct such a fee, the amount to be deducted for the
 9 payment of support must be reduced accordingly if necessary to avoid
 10 exceeding the maximum amount permitted to be deducted under
 11 subsection (3).

12 (8) A support withholding order takes priority over a garnishment
 13 order irrespective of their dates of entry or activation. If a person is
 14 subject to a support withholding order and a garnishment order, the
 15 garnishment order shall be honored only to the extent that disposable
 16 earnings withheld under the support withholding order do not exceed
 17 the maximum amount subject to garnishment as computed under
 18 subsection (2).

19 **(9) For health care debt, the maximum part of the aggregate
 20 disposable earnings of an individual for any workweek which is
 21 subjected to garnishment to enforce the payment of one (1) or more
 22 judgments against the individual concerning health care debt may
 23 not exceed the following amounts:**

24 **(a) For an individual who earns two hundred percent (200%)
 25 or less of the federal income poverty level, zero dollars (\$0).**

26 **(b) For an individual who earns above two hundred percent
 27 (200%) of the federal income poverty level, not more than
 28 ten percent (10%) of the individual's disposable earnings for
 29 that week that are above the two hundred percent (200%) of
 30 the federal income poverty level.**

31 SECTION 6. IC 32-28-16 IS ADDED TO THE INDIANA CODE
 32 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 33 UPON PASSAGE]:

34 **Chapter 16. Prohibition Against Lien on Principal Residence
 35 of a Consumer for Health Care Debt**

36 **Sec. 1. (a) As used in this chapter, "consumer" means an
 37 individual whose principal residence is in Indiana.**

38 **(b) The term includes the following:**

39 **(1) A protected consumer (as defined in IC 24-5-24.5-4).
 40 (2) A representative acting on behalf of a protected
 41 consumer (as defined in IC 24-5-24.5-4).**

42 **Sec. 2. (a) As used in this chapter, "health care debt" means an**



1 obligation or an alleged obligation of a consumer to pay an amount
 2 related to the receipt of medically necessary (as defined in
 3 IC 27-1-37.5-5.4) health care services, products, or devices
 4 provided to a person by a health care provider.

5 (b) The term does not include Medicaid expenses subject to
 6 recovery under IC 12-15 or] debt charged to a credit card unless
 7 the credit card is issued under:

- 8 (1) an open-end plan; or
- 9 (2) a closed-end plan;

10 offered specifically for the payment of health care services,
 11 products, or devices provided to a person.

12 Sec. 3. As used in this chapter, "health care provider" means:

- 13 (1) a hospital or facility listed in IC 16-39-7-1(a)(13); or
- 14 (2) a provider of ambulance services (as defined in
 15 IC 16-18-2-13.4).

16 The term includes an affiliate, officer, agent, or employee of a
 17 person described in subdivision (1) or (2).

18 Sec. 4. As used in this chapter, "principal residence", with
 19 respect to a consumer, means real or personal property that:

- 20 (1) is located in Indiana;
- 21 (2) the consumer:
 - 22 (A) owns; or
 - 23 (B) is buying under contract;
- 24 whether solely or jointly with another person; and
- 25 (3) constitutes the principal place of residence of:
 - 26 (A) the consumer; or
 - 27 (B) a dependent of the consumer.

28 Sec. 5. (a) Notwithstanding any other law:

29 (1) any amount of health care debt owed or alleged to be
 30 owed by a consumer; or

31 (2) in an action against a consumer in which a judgment has
 32 been entered, any amount of the judgment that represents
 33 health care debt determined to be owed by the consumer;
 34 does not constitute a lien against the consumer's principal
 35 residence.

36 (b) A person having any ownership or other interest in an
 37 amount described in subsection (a)(1) or (a)(2) may not assert,
 38 claim, enter, or enforce a lien against the consumer's principal
 39 residence.

40 SECTION 7. IC 34-55-9-0.5 IS ADDED TO THE INDIANA
 41 CODE AS A NEW SECTION TO READ AS FOLLOWS
 42 [EFFECTIVE UPON PASSAGE]: Sec. 0.5. As used in this chapter,



1 the following terms have the following meanings:

2 (1) "Consumer" means an individual whose principal
 3 residence is in Indiana. The term includes the following:

4 (A) A protected consumer (as defined in IC 24-5-24.5-4).

5 (B) A representative acting on behalf of a protected
 6 consumer (as defined in IC 24-5-24.5-4).

7 (2) "Health care debt" means an obligation or an alleged
 8 obligation of a consumer to pay an amount related to the
 9 receipt of medically necessary (as defined in
 10 IC 27-1-37.5-5.4) health care services, products, or devices
 11 provided to a person by a health care provider. The term
 12 does not include Medicaid expenses subject to recovery
 13 under IC 12-15 or] debt charged to a credit card unless the
 14 credit card is issued under:

15 (A) an open-end plan; or

16 (B) a closed-end plan;

17 offered specifically for the payment of health care services,
 18 products, or devices provided to a person.

19 (3) "Health care provider" means:

20 (A) a hospital or facility listed in IC 16-39-7-1(a)(13); or

21 (B) a provider of ambulance services (as defined in
 22 IC 16-18-2-13.4).

23 The term includes an affiliate, officer, agent, or employee of
 24 a person described in clause (A) or (B).

25 (4) "Principal residence", with respect to a consumer, means
 26 real or personal property that:

27 (A) is located in Indiana;

28 (B) the consumer:

29 (i) owns; or

30 (ii) is buying under contract;

31 whether solely or jointly with another person; and

32 (C) constitutes the principal place of residence of:

33 (i) the consumer; or

34 (ii) a dependent of the consumer.

35 SECTION 8. IC 34-55-9-1 IS AMENDED TO READ AS
 36 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. **(a) Except as**
 37 **provided in subsection (b),** the following real estate is liable to all
 38 judgments and attachments and to be sold on execution against the
 39 debtor **owing** **owning** the real estate or for whose use the real estate is
 40 held:

41 (1) All lands of the judgment debtor, whether in possession,
 42 remainder, or reversion.



(2) All rights of redeeming mortgaged lands and all lands held by virtue of any land office certificate.

(3) Lands or any estate or interest in land held by anyone in trust for or to the use of another.

(4) All chattels real of the judgment debtor.

(b) In any action filed, in a court of competent jurisdiction 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.

SECTION 9. IC 34-55-9-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. **(a) Except as provided in subsection (b),** all final judgments for the recovery of money or costs in the circuit court and other courts of record of general original jurisdiction in Indiana, whether state or federal, constitute a lien upon real estate and chattels real liable to execution in the county where the judgment has been duly entered and indexed in the judgment docket as provided by law:

- (1) after the time the judgment was entered and indexed; and
- (2) until the expiration of ten (10) years after the rendition of the judgment;

exclusive of any time during which the party was restrained from proceeding on the lien by an appeal, an injunction, the death of the defendant, or the agreement of the parties entered of record.

(b) A final judgment for the recovery of money or costs in any action filed, in a court of competent jurisdiction in Indiana, for the recovery of health care debt owed or alleged to be owed by a consumer does not constitute a lien upon the principal residence of the consumer.

SECTION 10. An emergency is declared for this act. [

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