

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

LS 6478
BILL NUMBER: SB 116

NOTE PREPARED: Dec 5, 2025
BILL AMENDED:

SUBJECT: Medicaid Matters.

FIRST AUTHOR: Sen. Yoder
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: *Medicaid Coverage:* The bill requires the Office of the Secretary of Family and Social Services (FSSA) to post information concerning the criteria for being determined to be medically frail and examples of notices on the FSSA website. The bill specifies requirements for a notice of Medicaid termination. The bill requires FSSA and managed care organizations (MCOs) to review all timely submitted information in a Medicaid redetermination before terminating coverage of a recipient.

HIP Retroactive Coverage: The bill also provides that the Healthy Indiana Plan (HIP) includes at least 30 days of retroactive coverage.

Managed Care Organization Reports: The bill requires a MCO to report information concerning: (1) claim denials under the Medicaid program on a quarterly basis; and (2) certain information on a monthly basis. The bill also requires FSSA to post the reports on FSSA's website.

Effective Date: July 1, 2026.

Explanation of State Expenditures: The bill is estimated to increase expenditures for the state share of Medicaid by \$87 M per year, due to possible extension of Medicaid coverage by one month for a subset of recipients. The estimated General Fund impact is \$81 M and dedicated fund impact is \$6 M.

The bill's requirements represent a workload increase for FSSA but these should be able to be implemented using existing staffing and resources.

Additional Information: The following required actions will contribute to workload increase for FSSA:

- Post to FSSA website information concerning the medically frail classification in Medicaid;
- Adjust FSSA forms and documents to reflect a minimum 21-day notice for termination of Medicaid coverage;
- Review all timely submitted information prior to termination of Medicaid coverage; and
- Post to FSSA website various additional reports submitted to FSSA by MCOs.

Medicaid Coverage: Medicaid coverage ends on the last day of the month in which a person no longer meets eligibility requirements. FSSA currently provides 13 days’ notice for termination of Medicaid coverage. Increasing the notice period from 13 days to 21 days could add an additional month of coverage for approximately one-quarter of each monthly termination batch, depending on when the decision of benefit termination is made and the notice is issued, which could increase the state share of annual Medicaid expenditures by an estimated \$87 M. Per member per month costs are based on FY 2026 projected enrollment and expenditures from the April 2025 Medicaid forecast.

| Medicaid program: | Healthy IN Program (HIP) | Hoosier Healthwise | Hoosier Care Connect | PathWays | Fee-For-Service |
|---|---------------------------------|---------------------------|-----------------------------|--------------------------|---------------------------|
| People with additional month of coverage: | 6,396 | 3,348 | 127 | 593 | 4,401 |
| Per member per month: | \$817.67 | \$1,239.57 | \$311.54 | \$1,425.94 | \$3,239.09 |
| State share %: | 10% | 35% | 35% | 35% | 35% |
| State share \$ monthly: | \$522,991 | \$1,452,537 | \$13,825 | \$296,079 | \$4,989,098 |
| State share \$ annual: | \$6,275,888 <i>Dedicated</i> | \$17,430,440 <i>GF</i> | \$165,904 <i>GF</i> | \$3,552,945 <i>GF</i> | \$59,869,179 <i>GF</i> |

Medicaid is jointly funded between the state and federal governments. The state share of costs for most Medicaid services for FFY 2026 is 35% and is 10% for the age 19 to 64 expansion population within the HIP. The state share of most Medicaid expenditures is paid from General Fund appropriations and state dedicated funds cover HIP state match costs.

HIP Retroactive Coverage: The bill requires HIP to provide retroactive coverage of at least 30 days. However, this would not increase state expenditures because FSSA must limit HIP enrollment to the number of individuals that ensures that financial participation does not exceed the level of state appropriations or other funding for the plan. HIP coverage currently begins on the first day of the month of application.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration.

Local Agencies Affected:

Information Sources:

<https://www.in.gov/sba/files/Final-April-2025-Medicaid-Forecast-Update-04152025.pdf>.

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