

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

LS 6570
BILL NUMBER: SB 173

NOTE PREPARED: Dec 15, 2025
BILL AMENDED:

SUBJECT: Health Care Matters.

FIRST AUTHOR: Sen. Johnson T
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: *Anesthesia Time:* This bill prohibits: (1) the State Employee Health Plan (SEHP); (2) the Medicaid program; (3) an accident and sickness insurance policy; and (4) a health maintenance organization individual or group contract; from imposing a time limit on the amount of anesthesia time for a medical procedure or otherwise restricting or excluding coverage or payment of anesthesia time.

Hospital Reporting: This bill modifies the definitions of "charity care" and "community benefits" for purposes of certain hospital reporting requirements. It requires additional reporting of information by nonprofit hospitals to the Indiana Department of Health (IDOH). It requires the report to be posted on the nonprofit hospital's website and the IDOH website. It increases the penalty for failure to file the report and changes the time frame in which the penalty may be assessed. It also specifies that any penalty be deposited in the Local Public Health Fund.

Neuroplastogens: This bill allows for certain practitioners to provide neuroplastogen treatment concerning qualified patients with life threatening conditions if certain requirements are met. It allows for research to be conducted on neuroplastogen access. It also requires reporting of adverse events and annual reporting of patient statistical information and provides for immunity.

Physical Therapists: This bill amends the definition of "conduct testing" for provisions concerning the regulation of physical therapists. It removes the referral requirement for physical therapy. It also removes provisions prohibiting a physical therapist from performing sharp debridement or spinal manipulation unless acting on the order or referral of a certain type of provider.

Pharmacy Benefit Managers: This bill prohibits a health carrier from contracting with, entering into an agreement with, or using a pharmacy benefit manager (PBM) to provide services for certain policies of health insurance coverage if the health carrier has an ownership interest in the PBM. It also provides that a PBM may not: (1) provide services under a policy of health insurance coverage for a health carrier that has an ownership interest in the PBM; and (2) have an ownership interest in a pharmacy.

Utilization Review: This bill requires a clinical peer to disclose certain information for a peer to peer review

of an adverse determination. It also prohibits a utilization review entity from using artificial intelligence as the primary means for making adverse determinations.

Downcoding: This bill prohibits a health insurer from engaging in certain downcoding practices. It also authorizes the Department of Insurance (DOI) to enforce the downcoding requirements and impose certain penalties for a violation.

Effective Date: July 1, 2026.

Explanation of State Expenditures: *Downcoding:* If the bill's requirements regarding medical claims downcoding result in fewer claims under the SEHP being reduced in price, total expenses for the SEHP could increase. Any resulting increase in state expenditures is indeterminate and will depend upon the reduction in the number of claims being downcoded and whether a covered individual with such a claim has reached their annual deductible or out of pocket maximum.

Workload: The bill will increase workload for the IDOH regarding hospital reporting and neuroplastogen treatment requirements; the Professional Licensing Agency (PLA) and the Board of Physical Therapy regarding physical therapists; and the DOI regarding PBM ownership requirements, utilization review, and downcoding compliance. 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 DOI is funded through a dedicated agency fund.]*

Additional Information:

Hospital Reporting: The IDOH currently collects and posts online IRS Form 990, Schedule H in lieu of a community benefits plan (CBP) submitted by a nonprofit hospital. The bill adds several new elements that must be included on the CBP which will require IDOH to provide additional guidance to hospitals concerning the updated format and content requirements.

Physical Therapists: The PLA and the Board of Physical Therapy may need to revise existing rules, which would increase expenditures if any additional Board meetings were required. The Board typically meets three to four times per year. Board member expenditures for mileage and per diem totaled \$1,815 in FY 2025.

Anesthesia Time: The bill prohibits the SEHP and state Medicaid program from imposing a limit on anesthesia services during a medical procedure; however, no such limits currently exist.

Neuroplastogens: The bill requires the IDOH to establish a notification procedure regarding information from practitioners who administer a neuroplastogen and to publish annual statistics about neuroplastogens administered by authorized practitioners. The bill also allows IDOH to take other related actions. Neuroplastogens are a group of small molecule drugs that can provide therapeutic effects for a variety of brain disorders including depression, addiction, and post-traumatic stress disorder.

Explanation of State Revenues: *Pharmacy Benefit Managers / Utilization Review:* If this bill increases the number of unfair and deceptive acts discovered by the DOI, revenue to the state General Fund will increase from civil penalties paid by violators. The penalty for engaging in an unfair and deceptive act is one or both of (1) a civil penalty between \$25,000 and \$50,000 for each act or violation and (2) revocation of a person's license or certificate of authority if they knowingly engaged in an unfair or deceptive act.

Downcoding: The DOI may impose a penalty of up to \$50,000 per violation, to be deposited into the state General Fund, regarding the bill's provisions on medical claims downcoding. If a pattern or practice of discriminatory downcoding is identified, the bill allows the DOI to suspend a health insurer's certificate of authority or license which would result in a reduction in fee revenue to the DOI agency fund.

Hospital Reporting: The bill increases the civil penalties for failure to file a report of the CBP from \$1,000 to \$10,000 per violation per day and eliminates the existing grace period of 30 days after a written notice of CBP delinquency is issued to a hospital before a civil penalty may be assessed. The bill requires that revenue from these civil penalties no longer be deposited into the state General Fund but be deposited into the Local Public Health Fund instead, which is administered by the IDOH.

Physical Therapists: Under current law a violation of the Physical Therapy chapter constitutes a Class B misdemeanor. The bill may result in a slight reduction in Class B misdemeanors. If fewer court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would decrease. The maximum fine for a Class B misdemeanor is \$1,000. The total fee revenue per case would range between \$113 and \$138. The amount of court fees deposited will vary depending on whether the case is filed in a court of record or a municipal court. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in criminal, juvenile, and civil violation cases.](#)

Explanation of Local Expenditures:

Explanation of Local Revenues: *Hospital Reporting:* Any increase in civil penalties deposited in the Local Public Health Fund at IDOH could, in turn, increase distributions to local health departments. Any change in local revenue will depend on administrative action.

Physical Therapists: If fewer court actions occur and fewer guilty verdicts occur, certain local units will collect less revenue. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in criminal, juvenile, and civil violation cases.](#)

State Agencies Affected: Indiana Department of Health; Indiana Department of Insurance; Professional Licensing Agency; Board of Physical Therapy.

Local Agencies Affected:

Information Sources: Indiana Supreme Court, Indiana Trial Court Fee Manual; IC 27-4-1-6; www.in.gov/health/cshcr/reports-on-health-care-facilities/hospital-community-benefit-reports; www.in.gov/medicaid/providers/files/modules/anesthesia-services.pdf; www.in.gov/spd/benefits/health-plan-options; pmc.ncbi.nlm.nih.gov/articles/PMC9665925.

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