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## SENATE BILL No. 173

Proposed Changes to introduced printing by AM017305

### DIGEST OF PROPOSED AMENDMENT

Clinical peer. Requires adverse determinations made through the use of artificial intelligence to be made by a clinical peer. Requires downcoding to be performed by a clinical peer rather than a physician, and applies to claims from health care providers instead of only physicians.

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 5-10-8-14.5 IS ADDED TO THE INDIANA  
2 CODE AS A NEW SECTION TO READ AS FOLLOWS  
3 [EFFECTIVE JULY 1, 2026]: Sec. 14.5. (a) As used in this section,  
4 "anesthesia time" means the period beginning when an anesthesia  
5 practitioner begins to prepare a patient for anesthesia services in  
6 the operating room or an equivalent area and ends when the  
7 anesthesia practitioner is no longer furnishing anesthesia services  
8 to the patient. The term includes blocks of time around an  
9 interruption in anesthesia time provided that the anesthesia  
10 practitioner is furnishing continuous anesthesia care within the  
11 time periods surrounding the interruption.

12 (b) As used in this section, "covered individual" means an  
13 individual who is entitled to coverage under a state employee  
14 health plan.

15 (c) As used in this section, "state employee health plan" means  
16 a:  
17 (1) self-insurance program established under section 7(b) of  
18 this chapter; or  
19 (2) contract with a prepaid health care delivery plan that is

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entered into or renewed under section 7(c) of this chapter; that is issued, amended, or renewed after June 30, 2026, to provide individual or group health coverage that includes coverage for anesthesia services.

(d) The state employee health plan may not impose any of the following concerning the provision of anesthesia services to a covered individual during a medical procedure:

**(1) A time limit on the amount of covered anesthesia time for any medical procedure.**

**(2) Restrictions or exclusions of coverage or payment of anesthesia time.**

SECTION 2. IC 6-1.1-10-16, AS AMENDED BY P.L.230-2025, SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 16. (a) All or part of a building is exempt from property taxation if it is owned, occupied, and used by a person for educational, literary, scientific, religious, or charitable purposes.

(b) A building is exempt from property taxation if it is owned, occupied, and used by a town, city, township, or county for educational, literary, scientific, fraternal, or charitable purposes.

(c) A tract of land, including the campus and athletic grounds of an educational institution, is exempt from property taxation if:

(1) a building that is exempt under subsection (a) or (b) is situated on it;

(2) a parking lot or structure that serves a building referred to in subdivision (1) is situated on it; or

subdivision (1) is situated on it, or

(3) the tract:

- (A) is owned by a nonprofit entity established for the purpose of retaining and preserving land and water for the natural characteristics;

(B) does not exceed five hundred (500) acres; and

(C) is not used by the nonprofit entity to make a profit.

(d) A tract of land is exempt from property taxation if:

(1) it is purchased for the purpose of erecting a building that is

to be owned, occupied, and used in such a manner that

building will be exempt under subsection (a) or (b); and (2) not more than four (4) years after the property is purchased, and for each year after the four (4) year period, the owner demonstrates substantial progress and active pursuit towards the erection of the intended building and use of the tract for the exempt purpose. To establish substantial progress and active pursuit under this subdivision, the owner must prove the existence of factors such as the following:

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(A) Organization of and activity by a building committee or other oversight group.

(B) Completion and filing of building plans with the appropriate local government authority.

(C) Cash reserves dedicated to the project of a sufficient amount to lead a reasonable individual to believe the actual construction can and will begin within four (4) years.

(D) The breaking of ground and the beginning of actual construction.

(E) Any other factor that would lead a reasonable individual to believe that construction of the building is an active plan and that the building is capable of being completed within eight (8) years considering the circumstances of the owner.

If the owner of the property sells, leases, or otherwise transfers a tract of land that is exempt under this subsection, the owner is liable for the property taxes that were not imposed upon the tract of land during the period beginning January 1 of the fourth year following the purchase of the property and ending on December 31 of the year of the sale, lease, or transfer. The county auditor of the county in which the tract of land is located may establish an installment plan for the repayment of taxes due under this subsection. The plan established by the county auditor may allow the repayment of the taxes over a period of years equal to the number of years for which property taxes must be repaid under this subsection.

(e) Personal property is exempt from property taxation if it is owned and used in such a manner that it would be exempt under subsection (a) or (b) if it were a building.

(f) A hospital's property that is exempt from property taxation under subsection (a), (b), or (e) shall remain exempt from property taxation even if the property is used in part to furnish goods or services to another hospital whose property qualifies for exemption under this section.

(g) Property owned by a shared hospital services organization that is exempt from federal income taxation under Section 501(c)(3) or 501(e) of the Internal Revenue Code is exempt from property taxation if it is owned, occupied, and used exclusively to furnish goods or services to a hospital whose property is exempt from property taxation under subsection (a), (b), or (e).

(h) This section does not exempt from property tax an office or a practice of a physician or group of physicians that is owned by a hospital licensed under IC 16-21-2 or other property that is not substantially related to or supportive of the inpatient facility of the

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1        hospital unless the office, practice, or other property:

2                (1) provides or supports the provision of charity care (as defined  
 3                in ~~IC 16-18-2-52.5~~; IC 16-18-2-52.5(b)), including providing  
 4                funds or other financial support for health care services for  
 5                individuals who are indigent (as defined in ~~IC 16-18-2-52.5(b)~~  
 6                IC 16-18-2-52.5(c) and ~~IC 16-18-2-52.5(c)~~);  
 7                IC 16-18-2-52.5(d)); or  
 8                (2) provides or supports the provision of community benefits (as  
 9                defined in IC 16-21-9-1), including research, education, or  
 10               government sponsored indigent health care (as defined in  
 11               IC 16-21-9-2).

12        However, participation in the Medicaid or Medicare program alone  
 13        does not entitle an office, practice, or other property described in this  
 14        subsection to an exemption under this section.

15               (i) A tract of land or a tract of land plus all or part of a structure on  
 16               the land is exempt from property taxation if:

17                        (1) the tract is acquired for the purpose of erecting, renovating,  
 18                       or improving a single family residential structure that is to be  
 19                       given away or sold:

20                                (A) in a charitable manner;  
 21                               (B) by a nonprofit organization; and  
 22                               (C) to low income individuals who will:

23                                        (i) use the land as a family residence; and  
 24                                       (ii) not have an exemption for the land under this  
 25                               section;

26                                (2) the tract does not exceed three (3) acres; and

27                                (3) the tract of land or the tract of land plus all or part of a  
 28                       structure on the land is not used for profit while exempt under  
 29                       this section.

30                        (j) An exemption under subsection (i) terminates when the  
 31                       property is conveyed by the nonprofit organization to another owner.

32                        (k) When property that is exempt in any year under subsection (i)  
 33                       is conveyed to another owner, the nonprofit organization receiving the  
 34                       exemption must file a certified statement with the auditor of the county,  
 35                       notifying the auditor of the change not later than sixty (60) days after  
 36                       the date of the conveyance. The county auditor shall immediately  
 37                       forward a copy of the certified statement to the county assessor. A  
 38                       nonprofit organization that fails to file the statement required by this  
 39                       subsection is liable for the amount of property taxes due on the  
 40                       property conveyed if it were not for the exemption allowed under this  
 41                       chapter.

42                        (l) If property is granted an exemption in any year under



1 subsection (i) and the owner:

2 (1) fails to transfer the tangible property within eight (8) years  
 3 after the assessment date for which the exemption is initially  
 4 granted; or

5 (2) transfers the tangible property to a person who:

6 (A) is not a low income individual; or

7 (B) does not use the transferred property as a residence for  
 8 at least one (1) year after the property is transferred;

9 the person receiving the exemption shall notify the county recorder and  
 10 the county auditor of the county in which the property is located not  
 11 later than sixty (60) days after the event described in subdivision (1) or  
 12 (2) occurs. The county auditor shall immediately inform the county  
 13 assessor of a notification received under this subsection.

14 (m) If subsection (l)(1) or (l)(2) applies, the owner shall pay, not  
 15 later than the date that the next installment of property taxes is due, an  
 16 amount equal to the sum of the following:

17 (1) The total property taxes that, if it were not for the exemption  
 18 under subsection (i), would have been levied on the property in  
 19 each year in which an exemption was allowed.

20 (2) Interest on the property taxes at the rate of ten percent (10%)  
 21 per year.

22 (n) The liability imposed by subsection (m) is a lien upon the  
 23 property receiving the exemption under subsection (i). An amount  
 24 collected under subsection (m) shall be collected as an excess levy. If  
 25 the amount is not paid, it shall be collected in the same manner that  
 26 delinquent taxes on real property are collected.

27 (o) Property referred to in this section shall be assessed to the  
 28 extent required under IC 6-1.1-11-9.

29 (p) This subsection applies to assessment dates occurring before  
 30 January 1, 2026. A for-profit provider of early childhood education  
 31 services to children who are at least four (4) but less than six (6) years  
 32 of age on the annual assessment date may receive the exemption  
 33 provided by this section for property used for educational purposes  
 34 only if all the requirements of section 46 of this chapter are satisfied.  
 35 A for-profit provider of early childhood education services that  
 36 provides the services only to children younger than four (4) years of  
 37 age may not receive the exemption provided by this section for  
 38 property used for educational purposes.

39 (q) This subsection applies to assessment dates occurring after  
 40 December 31, 2025. Property used by a for-profit provider of early  
 41 childhood education services to children who are less than six (6) years  
 42 of age on the annual assessment date may receive the exemption



1 provided by this section for property used for educational purposes  
 2 only if all the requirements of section 46 of this chapter are satisfied.

3       (r) This subsection applies only to property taxes that are first due  
 4 and payable in calendar years 2025 and 2026. All or part of a building  
 5 is deemed to serve a charitable purpose and is exempt from property  
 6 taxation if it is owned by a nonprofit entity that is:

- 7       (1) registered as a continuing care retirement community under  
       8 IC 23-2-4 and charges an entry fee of not more than five hundred  
       9 thousand dollars (\$500,000) per unit;
- 10      (2) defined as a small house health facility under  
       11 IC 16-18-2-331.9;
- 12      (3) licensed as a health care or residential care facility under  
       13 IC 16-28; or
- 14      (4) licensed under IC 31-27 and designated as a qualified  
       15 residential treatment provider that provides services under a  
       16 contract with the department of child services.

17 This subsection expires January 1, 2027.

18 SECTION 3. IC 6-1.1-10-18.5, AS AMENDED BY P.L.230-2025,  
 19 SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 20 JULY 1, 2026]: Sec. 18.5. (a) This section does not exempt from  
 21 property tax an office or a practice of a physician or group of  
 22 physicians that is owned by a hospital licensed under IC 16-21-2 or  
 23 other property that is not substantially related to or supportive of the  
 24 inpatient facility of the hospital unless the office, practice, or other  
 25 property:

- 26       (1) provides or supports the provision of charity care (as defined  
       27 in ~~IC 16-18-2-52.5~~, **IC 16-18-2-52.5(b)**), including funds or  
       28 other financial support for health care services for individuals  
       29 who are indigent (as defined in ~~IC 16-18-2-52.5(b)~~  
       30 **IC 16-18-2-52.5(c)** and ~~IC 16-18-2-52.5(c)~~);  
       31 **IC 16-18-2-52.5(d)**); or
- 32       (2) provides or supports the provision of community benefits (as  
       33 defined in IC 16-21-9-1), including research, education, or  
       34 government sponsored indigent health care (as defined in  
       35 IC 16-21-9-2).

36       However, participation in the Medicaid or Medicare program, alone,  
 37 does not entitle an office, a practice, or other property described in this  
 38 subsection to an exemption under this section.

39       (b) Tangible property is exempt from property taxation if it is:

- 40          (1) owned by an Indiana nonprofit corporation; and
- 41          (2) used by an Indiana nonprofit corporation in the operation of  
       42 a hospital licensed under IC 16-21, a health facility licensed



1       under IC 16-28, a residential care facility for the aged and  
 2       licensed under IC 16-28, or a Christian Science home or  
 3       sanatorium.

4       (c) This subsection applies only to property taxes first due and  
 5       payable in calendar years 2025 and 2026. Tangible property that is not  
 6       otherwise exempt from property taxation under subsection (b) is  
 7       exempt from property taxation if it is:

- 8           (1) owned by an Indiana nonprofit corporation; and
- 9           (2) used by an Indiana nonprofit corporation in the operation of  
 10          a continuing care retirement community under IC 23-2-4 that  
 11          charges an entry fee of not more than five hundred thousand  
 12          dollars (\$500,000) per unit as described in section 16(r)(1) of  
 13          this chapter, a small house health facility under  
 14          IC 16-18-2-331.9, or a qualified residential treatment provider  
 15          listed in section 16(r)(4) of this chapter.

16       This subsection expires January 1, 2027.

17       (d) Property referred to in this section shall be assessed to the  
 18       extent required under IC 6-1.1-11-9.

19       SECTION 4. IC 12-15-5-22 IS ADDED TO THE INDIANA  
 20       CODE AS A NEW SECTION TO READ AS FOLLOWS  
 21       [EFFECTIVE JULY 1, 2026]: Sec. 22. (a) **As used in this section,**  
 22       **"anesthesia time"** means the period beginning when an anesthesia  
 23       practitioner begins to prepare a patient for anesthesia services in  
 24       the operating room or an equivalent area and ends when the  
 25       anesthesia practitioner is no longer furnishing anesthesia services  
 26       to the patient. The term includes blocks of time around an  
 27       interruption in anesthesia time provided that the anesthesia  
 28       practitioner is furnishing continuous anesthesia care within the  
 29       time periods surrounding the interruption.

30       (b) Unless otherwise prohibited by federal law, the state  
 31       Medicaid plan may not impose any of the following concerning the  
 32       provision of anesthesia services during a medical procedure:

- 33           (1) A time limit on the amount of covered anesthesia time for  
 34           any medical procedure.
- 35           (2) Restrictions or exclusions of coverage or payment of  
 36           anesthesia time.

37       SECTION 5. IC 16-18-2-52.5, AS AMENDED BY P.L.188-2025,  
 38       SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 39       JULY 1, 2026]: Sec. 52.5. (a) **"Charity care"**, for purposes of  
 40       IC 16-21-6 and IC 16-21-9, means medically necessary health care  
 41       services provided free of charge or at a discounted rate under the  
 42       hospital's written financial assistance policy to patients who meet



### **income and asset criteria.**

**(a) (b)** "Charity care", for purposes of IC 16-21-6, IC 16-21-9, and IC 16-40-6, means the unreimbursed cost to a hospital of providing, funding, or otherwise financially supporting health care services:

- (1) to a person classified by the hospital as financially indigent or medically indigent on an inpatient or outpatient basis; and
- (2) to financially indigent patients through other nonprofit or public outpatient clinics, hospitals, or health care organizations.

**(b) (c)** As used in this section, **subsection (b)**, "financially indigent" means an uninsured or underinsured person who is accepted for care with no obligation or a discounted obligation to pay for the services rendered based on the hospital's financial criteria and procedure used to determine if a patient is eligible for charity care. The criteria and procedure must include income levels and means testing indexed to the federal poverty guidelines. A hospital may determine that a person is financially or medically indigent under the hospital's eligibility system after health care services are provided.

**(e) (d)** As used in this section, **subsection (b)**, "medically indigent" means a person whose medical or hospital bills after payment by third party payors exceed a specified percentage of the patient's annual gross income as determined in accordance with the hospital's eligibility system, and who is financially unable to pay the remaining bill.

SECTION 6. IC 16-18-2-65.2 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 65.2. "Community health needs assessment", for purposes of IC 16-21-9, has the meaning set forth in IC 16-21-9-1.5.**

SECTION 7. IC 16-18-2-247.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 247.5. "Neuroplastogen"**, for purposes of IC 16-42-26.7, has the meaning set forth in IC 16-42-26.7-1.

SECTION 8. IC 16-18-2-288, AS AMENDED BY P.L.96-2014, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 288. (a) "Practitioner", for purposes of IC 16-42-19, has the meaning set forth in IC 16-42-19-5.

(b) "Practitioner", for purposes of IC 16-41-14, has the meaning set forth in IC 16-41-14-4.

(c) "Practitioner", for purposes of IC 16-42-21, has the meaning set forth in IC 16-42-21-3.

(d) "Practitioner", for purposes of IC 16-42-22 and IC 16-42-25,

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1 has the meaning set forth in IC 16-42-22-4.5.

2       **(e) "Practitioner", for purposes of IC 16-42-26.7, has the**  
 3       **meaning set forth in IC 16-42-26.7-2.**

4       SECTION 9. IC 16-18-2-317.4 IS ADDED TO THE INDIANA  
 5       CODE AS A NEW SECTION TO READ AS FOLLOWS  
 6       [EFFECTIVE JULY 1, 2026]: Sec. 317.4. **"Research institution", for**  
 7       **purposes of IC 16-42-26.7, has the meaning set forth in**  
 8       **IC 16-42-26.7-3.**

9       SECTION 10. IC 16-21-9-1 IS AMENDED TO READ AS  
 10      FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. **(a) As used in this**  
 11      **chapter, "community benefits" means the unreimbursed cost to a**  
 12      **hospital of providing the following:**

13       **(1) Charity care.**

14       **(2) Government sponsored indigent health care. ~~donations,~~**  
 15       **~~education; government sponsored program services; research,~~**  
 16       **~~and subsidized health services.~~**

17       **(3) Subsidized clinical services provided despite a net**  
 18       **financial loss if not providing the services would result in the**  
 19       **community loss of access to the services.**

20       **(4) Services and activities that address needs identified in the**  
 21       **nonprofit hospital's community health needs assessment.**

22       **(b) The term does not include any of the following:**

23       **(1) The cost to the hospital of paying any taxes or other**  
 24       **governmental assessments.**

25       **(2) Bad debt.**

26       **(3) Contractual allowances and discounts negotiated with**  
 27       **third party payors.**

28       **(4) Payment disruptions unrelated to hospital policy.**

29       **(5) Staff education required for licensure or certification.**

30       **(6) Activities with a primary purpose of marketing, lobbying,**  
 31       **fundraising, or routine operations.**

32       SECTION 11. IC 16-21-9-1.5 IS ADDED TO THE INDIANA  
 33       CODE AS A NEW SECTION TO READ AS FOLLOWS  
 34       [EFFECTIVE JULY 1, 2026]: Sec. 1.5. **As used in this chapter,**  
 35       **"community health needs assessment" refers to a nonprofit**  
 36       **hospital's most recent assessment that meets the requirements set**  
 37       **forth in 26 U.S.C. 501(r)(3).**

38       SECTION 12. IC 16-21-9-7, AS AMENDED BY P.L.6-2012,  
 39       SECTION 115, IS AMENDED TO READ AS FOLLOWS  
 40       [EFFECTIVE JULY 1, 2026]: Sec. 7. **(a) Each nonprofit hospital shall**  
 41       **prepare an annual report of the community benefits plan. The report**  
 42       **must include, in addition to the community benefits plan itself, the**



1 following background information:

2 (1) The hospital's mission statement.

3 (2) A disclosure of the health care needs of the community that

4 were considered in developing the hospital's community benefits

5 plan.

6 (3) A disclosure of the amount and types of community benefits

7 actually provided, including charity care. Charity care must be

8 reported as a separate item from other community benefits.

9 **(4) The following information concerning the hospital's**

10 **charity care program:**

11 (A) The eligibility criteria.

12 (B) The number of program applications received by the

13 hospital in the previous calendar year.

14 (C) The number of approvals and denials of the

15 applications received, as described in clause (B).

16 (5) Each government sponsored indigent health care

17 program that the hospital participated in during the previous

18 calendar year and the net cost of the program to the hospital.

19 Net costs must account for any supplemental payments made

20 to the hospital under the program, including those provided

21 under IC 12-15-16.

22 (6) A list of each clinical service provided at a subsidized cost

23 by the hospital and the net cost to the hospital for the

24 subsidized clinical service.

25 (7) A list of each service provided, and any activity invested

26 in, to address any need identified in the community health

27 needs assessment, and the following information for each

28 service or activity listed:

29 (A) The net cost of each item.

30 (B) The need in the community health needs assessment

31 that each item addresses.

32 (C) The estimated impact of the item on addressing the

33 identified need.

34 (8) An estimate of the value of the:

35 (A) sales tax exemption under IC 6-2.5-5; and

36 (B) property tax exemption under IC 6-1.1-10;

37 for the hospital.

38 (9) Any net revenue derived from the hospital's participation

39 in the federal 340B Drug Pricing Program under 42 U.S.C.

40 256b(a)(4).

41 (b) Not later than one hundred twenty (120) days after the

42 close of a nonprofit hospital's fiscal year, each nonprofit hospital



1 shall annually file ~~a~~ the report of the community benefits plan  
 2 described in subsection (a) with the state department. For a hospital's  
 3 fiscal year that ends before July 1, 2011, the report must be filed not  
 4 later than one hundred twenty (120) days after the close of the  
 5 hospital's fiscal year. For a hospital's fiscal year that ends after June 30,  
 6 2011, the report must be filed at the same time the nonprofit hospital  
 7 files its annual return described under Section 6033 of the Internal  
 8 Revenue Code that is timely filed under Section 6072(e) of the Internal  
 9 Revenue Code, including any applicable extension authorized under  
 10 Section 6081 of the Internal Revenue Code. **The nonprofit hospital**  
 11 **shall post the report on the nonprofit hospital's website.**

12 (c) Each nonprofit hospital shall prepare a statement that notifies  
 13 the public that the annual report of the community benefits plan is:  
 14 (1) public information;  
 15 (2) filed with the state department; and  
 16 (3) available to the public on **the nonprofit hospital's website**  
 17 **and by request from the state department.**

18 This statement shall be posted in prominent places throughout the  
 19 hospital, including the emergency room waiting area and the  
 20 admissions office waiting area. The statement shall also be printed in  
 21 the hospital patient guide or other material that provides the patient  
 22 with information about the admissions criteria of the hospital.

23 (d) Each nonprofit hospital shall develop a written notice about  
 24 any charity care program operated by the hospital and how to apply for  
 25 charity care. The notice must be in appropriate languages if possible.  
 26 The notice must also be conspicuously posted in the following areas:

27 (1) The general waiting area.  
 28 (2) The waiting area for emergency services.  
 29 (3) The business office.  
 30 (4) Any other area that the hospital considers an appropriate area  
 31 in which to provide notice of a charity care program.

32 (e) **The state department shall post a report submitted under**  
 33 **this section on the state department's website.**

34 SECTION 13. IC 16-21-9-8 IS AMENDED TO READ AS  
 35 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 8. (a) The state  
 36 department may assess a civil penalty against a nonprofit hospital that  
 37 fails to make a report of the community benefits plan as required under  
 38 this chapter. The penalty may not exceed ~~one ten~~ thousand dollars [~~1~~  
 39 ~~\$1,000~~ (\$10,000) for each day a report is delinquent after the date on  
 40 which the report is due. ~~No penalty may be assessed against a hospital~~  
 41 ~~under this section until thirty (30) business days have elapsed after~~  
 42 ~~written notification to the hospital of its failure to file a report.~~



**(b) The penalty collected under this section shall be deposited in the local public health fund established by IC 16-46-10-1.**

SECTION 14. IC 16-42-26.7 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]:

## Chapter 26.7. Right to Try Investigational Neuroplastogens

**Sec. 1. As used in this chapter, "neuroplastogen" means a drug or compound that:**

- (1) demonstrates rapid onset neuroplastic effects in humans; and
- (2) has successfully completed Phase I of a federal Food and Drug Administration approved clinical trial.

**The term includes psilocybin (as defined in IC 12-21-9-2).**

**Sec. 2. As used in this chapter, "practitioner" means a health professional who:**

- (1) is licensed and in good standing under IC 25;
- (2) has prescriptive authority; and
- (3) is acting within the health professional's scope of practice.

**Sec. 3. As used in this chapter, "research institution" means an organization that meets all of the following:**

- (1) Has an academic institution that operates an institutional review board (IRB) that oversees research.**
- (2) Publishes the results of previous clinical trials in peer reviewed publications.**
- (3) Has access to a clinical research center and the center's resources, including research dedicated medical staff.**

**Sec. 4. An individual must meet the following requirements in order to qualify as an eligible patient under this chapter:**

**(1) Has been diagnosed with a life threatening condition as defined in 21 CFR 312.81 and meets the criteria set forth in 21 U.S.C. 360bbb-0a.**

**(2) Provides written informed consent to the practitioner for the treatment.**

Sec. 5. (a) Notwithstanding IC 35-48, a practitioner may administer or supervise the psychotherapy supported administration of a neuroplastogen to a patient if the following conditions are met:

**(1) The practitioner has evaluated the patient, reviewed the patient's medical history, and documented in the patient's medical charts the clinical rationale for the practitioner determining that the patient is qualified and could benefit from the treatment.**

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(2) The practitioner has obtained and documented the patient's written informed consent as set forth in subsection (b) for the treatment.

(3) The patient meets the requirements set forth in section 4 of this chapter.

(4) The practitioner takes reasonable steps to ensure patient safety, including structured psychological monitoring and integration services, during the patient's neuroplastogen treatment and recovery.

(5) The neuroplastogen is obtained from a manufacturer or distributor that is registered with the federal Drug Enforcement Agency.

(6) The practitioner notifies the state department in the manner prescribed by the state department not later than thirty (30) days from the initial administration of the neuroplastogen to a patient.

(7) The practitioner submits the report required by section 7 of this chapter.

(b) Written informed consent under subsection (a)(2) must include the following:

- (1) An explanation of the currently approved products and treatments for the individual's condition.
- (2) An attestation by the individual of the individual's life threatening condition and that the individual concurs with the individual's physician that all currently approved treatments are unlikely to prolong the individual's life or improve the individual's life threatening condition.
- (3) A clear identification of the investigational neuroplastogen treatment proposed to be used to treat the individual.
- (4) A description of the best and worst outcomes, including the most likely outcome, resulting from use of the investigational treatment of the individual's life threatening condition. The description of outcomes must be based on the treating physician's knowledge of both the investigational neuroplastogen treatment and the individual's life threatening condition.
- (5) A statement acknowledging that new, unanticipated, different, or worse symptoms or death may result from the proposed treatment.
- (6) A statement that the individual's health insurance may not be obligated to pay for any care or treatment and that

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1 the patient may be liable for all expenses of the treatment  
 2 unless specifically required to do so by contract or law.

3 (7) A statement that eligibility for hospice care may be  
 4 withdrawn if the individual begins investigational  
 5 neuroplastogen treatment and does not meet hospice care  
 6 eligibility requirements.

7 (8) A statement that the individual or the individual's legal  
 8 guardian consents to the investigational neuroplastogen  
 9 treatment for the life threatening condition.

10 (c) The state department shall establish a notification  
 11 procedure described in subsection (a)(6) to be used under this  
 12 chapter.

13 Sec. 6. (a) A practitioner, research institution, or clinic may  
 14 conduct neuroplastogen outcomes access research if the following  
 15 conditions are met:

16 (1) Any data collected and maintained in a patient registry  
 17 that complies with the federal Health Insurance Portability  
 18 and Accountability Act (HIPAA) and only includes  
 19 de-identified patient data.

20 (2) The practitioner or clinic follows any best practice  
 21 guidelines and protocols that have been issued by the United  
 22 States Department of Health and Human Services, including:

- 23 (A) safety monitoring;
- 24 (B) psychotherapy support; and
- 25 (C) outcome measures.

26 (b) The state department may do the following:

27 (1) Implement Institutional Review Board (IRB) oversight  
 28 protocols, including protocols for streamlined reporting of  
 29 data under this chapter.

30 (2) Collaborate with research institutions in the development  
 31 of standards and protocols to be used for research conducted  
 32 under this chapter.

33 (3) Establish a registry to maintain data collected under this  
 34 chapter.

35 (4) Adopt rules under IC 4-22-2 to implement this chapter,  
 36 including rules concerning the following:

- 37 (A) Safety standards.
- 38 (B) Standardized informed consent forms.
- 39 (C) Data elements for inclusion in a registry.
- 40 (D) Adverse event reporting.
- 41 (E) Staff qualifications for psychotherapy support.
- 42 (F) Standardized notification forms for section 4 of this



1 chapter.

2 (G) Report formatting.

3 Sec. 7. (a) Before February 1 of each year, a practitioner who  
 4 performs neuroplastogen treatment under this chapter shall report  
 5 the following information concerning the previous calendar year  
 6 to the state department:

7 (1) The number of patients for whom the practitioner has  
 8 conducted neuroplastogen treatment.

9 (2) Each neuroplastogen used and the typical dosage range.

10 (3) Any adverse event (as defined in 21 CFR 312.32(a)).

11 The report may not include patient identifying information.

12 (b) Before May 1 of each year, the state department shall  
 13 aggregate and publish on the state department's website  
 14 de-identified statistics from the reports submitted under subsection  
 15 (a).

16 Sec. 8. Nothing in this chapter may be construed to do any of  
 17 the following:

18 (1) Allow nonmedical use of neuroplastogens.

19 (2) Supersede federal law or regulation.

20 (3) Reschedule a controlled substance.

21 (4) Create a fiscal burden on the state.

22 (5) Require a practitioner, clinic, research institution, or  
 23 other person to participate in providing treatment under this  
 24 chapter.

25 (6) Mandate insurance coverage for treatment under this  
 26 chapter.

27 Sec. 9. A practitioner, eligible facility (as defined in  
 28 IC 16-42-26.5-1), research institution, or other person participating  
 29 in providing treatment that complies with the requirements of this  
 30 chapter is immune from criminal or civil liability.

31 SECTION 15. IC 16-46-10-1, AS AMENDED BY P.L.164-2023,  
 32 SECTION 39, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 33 JULY 1, 2026]: Sec. 1. (a) The local public health fund is established  
 34 for the purpose of providing local boards of health with funds as  
 35 provided in sections 2.1 through 2.3 of this chapter to provide public  
 36 health services. The fund shall be administered by the state department  
 37 and consists of:

38 (1) appropriations by the general assembly;

39 (2) penalties paid and deposited in the fund under IC 6-8-11-17  
 40 and IC 16-21-9-8; and

41 (3) amounts, if any, that another statute requires to be distributed  
 42 to the fund from the Indiana tobacco master settlement



agreement fund.

(b) The expenses of administering the fund shall be paid from money in the fund.

(c) 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.

SECTION 16. IC 25-27-1-1, AS AMENDED BY P.L.156-2020, SECTION 107, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. For the purposes of this chapter:

(1) "Physical therapy" means the care and services provided by or under the direction and supervision of a physical therapist that includes any of the following:

(A) Examining, evaluating, and conduct testing (as defined in subdivision ~~(16)~~ **(14)**) on patients with mechanical, physiological, or developmental impairments, functional limitations, and disabilities or other health and movement related conditions in order to determine a physical therapy diagnosis.

(B) Alleviating impairments, functional limitations, and disabilities by designing, implementing, and modifying treatment interventions that may include therapeutic exercise, functional training in home, community, or work integration or reintegration that is related to physical movement and mobility, manual therapy, including soft tissue and joint mobilization or manipulation, therapeutic massage, prescription, application, and fabrication of assistive, adaptive, orthotic, protective, and supportive devices and equipment, including prescription and application of prosthetic devices and equipment, airway clearance techniques, integumentary protection and repair techniques, debridement and wound care, physical agents or modalities, mechanical and electrotherapeutic modalities, and patient related instruction.

(C) Using solid filiform needles to treat neuromusculoskeletal pain and dysfunction (dry needling), after completing board approved continuing education and complying with applicable board rules. However, a physical therapist may not engage in the practice of acupuncture (as defined in IC 25-2.5-1-5) unless the physical therapist is licensed under IC 25-2.5.

(D) Reducing the risk of injury, impairment, functional

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1 limitation, and disability, including the promotion and  
 2 maintenance of fitness, health, and wellness in populations  
 3 of all ages.  
 4 (E) Engaging in administration, consultation, education, and  
 5 research.  
 6 (2) "Physical therapist" means a person who is licensed under  
 7 this chapter to practice physical therapy.  
 8 (3) "Physical therapist assistant" means a person who:  
 9 (A) is certified under this chapter; and  
 10 (B) assists a physical therapist in selected components of  
 11 physical therapy treatment interventions.  
 12 (4) "Board" refers to the Indiana board of physical therapy.  
 13 (5) "Physical therapy aide" means support personnel who  
 14 perform designated tasks related to the operation of physical  
 15 therapy services.  
 16 (6) "Person" means an individual.  
 17 (7) "Sharp debridement" means the removal of foreign material  
 18 or dead tissue from or around a wound, without anesthesia and  
 19 with generally no bleeding, through the use of:  
 20 (A) a sterile scalpel;  
 21 (B) scissors;  
 22 (C) forceps;  
 23 (D) tweezers; or  
 24 (E) other sharp medical instruments;  
 25 in order to expose healthy tissue, prevent infection, and promote  
 26 healing.  
 27 (8) "Spinal manipulation" means a method of skillful and  
 28 beneficial treatment by which a physical therapist uses direct  
 29 thrust to move a joint of the patient's spine beyond its normal  
 30 range of motion, but without exceeding the limits of anatomical  
 31 integrity.  
 32 (9) (7) "Tasks" means activities that do not require the clinical  
 33 decision making of a physical therapist or the clinical problem  
 34 solving of a physical therapist assistant.  
 35 (10) (8) "Competence" is the application of knowledge, skills,  
 36 and behaviors required to function effectively, safely, ethically,  
 37 and legally within the context of the patient's role and  
 38 environment.  
 39 (11) (9) "Continuing competence" is the process of maintaining  
 40 and documenting competence through ongoing self-assessment,  
 41 development, and implementation of a personal learning plan  
 42 and subsequent reassessment.



1                   **(12) (10)** "State" means a state, territory, or possession of the  
 2                   United States, the District of Columbia, or the Commonwealth  
 3                   of Puerto Rico.

4                   **(13) (11)** "Direct supervision" means that a physical therapist or  
 5                   physical therapist assistant is physically present and immediately  
 6                   available to direct and supervise tasks that are related to patient  
 7                   management.

8                   **(14) (12)** "General supervision" means supervision provided by  
 9                   a physical therapist who is available by telecommunication.

10                   **(15) (13)** "Onsite supervision" means supervision provided by a  
 11                   physical therapist who is continuously onsite and present in the  
 12                   department or facility where services are provided. The  
 13                   supervising therapist must be immediately available to the  
 14                   person being supervised and maintain continued involvement in  
 15                   the necessary aspects of patient care.

16                   **(16) (14)** "Conduct testing" means standard methods and  
 17                   techniques used to gather data about a patient, including, subject  
 18                   to section 2.5(e) 2.5 of this chapter, electrodiagnostic and  
 19                   electrophysiologic tests and measures. ~~The term does not include~~  
 20                   x-rays.

21                   **(17) (15)** "Physical therapy diagnosis" means a systematic  
 22                   examination, evaluation, and testing process that culminates in  
 23                   identifying the dysfunction toward which physical therapy  
 24                   treatment will be directed. The term does not include a medical  
 25                   diagnosis.

26                   SECTION 17. IC 25-27-1-2, AS AMENDED BY P.L.143-2022,  
 27                   SECTION 73, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 28                   JULY 1, 2026]: Sec. 2. (a) Except as otherwise provided in this chapter  
 29                   and IC 25-27-2, it is unlawful for a person or business entity to do the  
 30                   following:

31                   (1) Practice physical therapy without first obtaining from the  
 32                   board a license authorizing the person to practice physical  
 33                   therapy in this state.

34                   (2) Profess to be or promote an employee to be a physical  
 35                   therapist, physiotherapist, doctor of physiotherapy, doctor of  
 36                   physical therapy, or registered physical therapist or to use the  
 37                   initials "P.T.", "D.P.T.", "L.P.T.", or "R.P.T.", or any other  
 38                   letters, words, abbreviations, or insignia indicating that physical  
 39                   therapy is provided by a physical therapist, unless physical  
 40                   therapy is provided by or under the direction of a physical  
 41                   therapist.

42                   (3) Advertise services for physical therapy or physiotherapy



1                   services, unless the individual performing those services is a  
 2                   physical therapist.

3                   (b) Except as provided in subsection (e) and section 2.5 of this  
 4                   chapter, it is unlawful for a person to practice physical therapy other  
 5                   than upon the order or referral of a physician, a podiatrist, a  
 6                   psychologist, a chiropractor, a dentist, an advanced practice registered  
 7                   nurse, or a physician assistant holding an unlimited license to practice  
 8                   medicine, podiatric medicine, psychology, chiropractic, dentistry,  
 9                   nursing, or as a physician assistant, respectively. It is unlawful for a  
 10                  physical therapist to use the services of a physical therapist assistant  
 11                  except as provided under this chapter. For the purposes of this  
 12                  subsection, the function of:

13                   (1) teaching;  
 14                   (2) doing research;  
 15                   (3) providing advisory services; or  
 16                   (4) conducting seminars on physical therapy;

17                  is not considered to be a practice of physical therapy.

18                  (c) Except as otherwise provided in this chapter and IC 25-27-2,  
 19                  it is unlawful for a person to profess to be or act as a physical therapist  
 20                  assistant or to use the initials "P.T.A." or any other letters, words,  
 21                  abbreviations, or insignia indicating that the person is a physical  
 22                  therapist assistant without first obtaining from the board a certificate  
 23                  authorizing the person to act as a physical therapist assistant. It is  
 24                  unlawful for the person to act as a physical therapist assistant other  
 25                  than under the general supervision of a licensed physical therapist who  
 26                  is in responsible charge of a patient. However, nothing in this chapter  
 27                  prohibits a person licensed or registered in this state under another law  
 28                  from engaging in the practice for which the person is licensed or  
 29                  registered. These exempted persons include persons engaged in the  
 30                  practice of osteopathic medicine, chiropractic, or podiatric medicine.

31                  (d) Except as provided in section 2.5 of this chapter, This chapter  
 32                  does not authorize a person who is licensed as a physical therapist or  
 33                  certified as a physical therapist assistant to:

34                   (1) evaluate any physical disability or mental disorder except  
 35                   upon the order or referral of a physician, a podiatrist, a  
 36                   psychologist, a chiropractor, a physician assistant, an advanced  
 37                   practice registered nurse, or a dentist;  
 38                   (2) (1) practice medicine, surgery (as described in  
 39                   IC 25-22.5-1-1.1(a)(1)(C)), dentistry, optometry, osteopathic  
 40                   medicine, psychology, chiropractic, or podiatric medicine; or  
 41                   (3) (2) prescribe a drug or other remedial substance used in  
 42                   medicine.



(e) Upon the referral of a licensed school psychologist, a physical therapist who is:

(1) licensed under this article; and

(2) an employee or contractor of a school corporation;

may provide mandated school services to a student that are within the physical therapist's scope of practice.

SECTION 18. IC 25-27-1-2.5, AS AMENDED BY P.L.160-2019, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2.5. (a) Except as provided in subsection (b), a physical therapist may evaluate and treat an individual during a period not to exceed forty-two (42) calendar days beginning with the date of the initiation of treatment without a referral from a provider described in section 2(b) of this chapter. However, if the individual needs additional treatment from the physical therapist after forty-two (42) calendar days, the physical therapist shall obtain a referral from the individual's provider, as described in section 2(b) of this chapter.

(b) A physical therapist may not perform spinal manipulation of the spinal column or the vertebral column unless:

(1) the physical therapist is acting on the order or referral of a physician, an osteopathic physician, or a chiropractor; and  
(2) the referring physician, osteopathic physician, or chiropractor has examined the patient before issuing the order or referral.

(e) A physical therapist who conducts testing using electrophysiologic or electrodiagnostic testing must obtain and maintain the American Board of Physical Therapy Specialties Clinical Electrophysiologic Specialist Certification.

SECTION 19. IC 25-27-1-3.5 IS REPEALED [EFFECTIVE JULY 1, 2026]. See 3.5. A physical therapist may not perform sharp debridement unless the physical therapist is acting on the order or referral of a:

- (1) physician or osteopath licensed under IC 25-22.5; or
- (2) podiatrist licensed under IC 25-29.

SECTION 20. IC 27-1-7-2.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 2.5. (a) This section applies to a policy of health insurance coverage that is issued, delivered, amended, or renewed after June 30, 2026.**

**(b) As used in this section, "health carrier" has the meaning set forth in JC 27-1-46-3.**

(c) A health carrier may not contract with, enter into an agreement with, or use a pharmacy benefit manager to provide services for a policy of health insurance coverage described in



1 subsection (a) if the health carrier has an ownership interest in the  
 2 pharmacy benefit manager.

3 (d) A person that willfully violates this section commits an  
 4 unfair and deceptive act or practice in the business of insurance  
 5 under IC 27-4-1-4 and is subject to the penalties and procedures set  
 6 forth in IC 27-4-1.

7 SECTION 21. IC 27-1-24.5-18.5 IS ADDED TO THE INDIANA  
 8 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 9 [EFFECTIVE JULY 1, 2026]: Sec. 18.5. (a) This section applies to a  
 10 policy of health insurance coverage that is issued, delivered,  
 11 amended, or renewed after June 30, 2026.

12 (b) As used in this section, "health carrier" has the meaning  
 13 set forth in IC 27-1-46-3.

14 (c) A pharmacy benefit manager licensed under this chapter  
 15 may not provide services under a policy of health insurance  
 16 coverage for a health carrier that has an ownership interest in the  
 17 pharmacy benefit manager.

18 SECTION 22. IC 27-1-24.5-18.6 IS ADDED TO THE INDIANA  
 19 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 20 [EFFECTIVE JULY 1, 2026]: Sec. 18.6. A pharmacy benefit  
 21 manager licensed under this chapter may not have an ownership  
 22 interest in a pharmacy.

23 SECTION 23. IC 27-1-37.5-17, AS AMENDED BY  
 24 P.L.144-2025, SECTION 27, IS AMENDED TO READ AS  
 25 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 17. (a) As used in this  
 26 section, "necessary information" includes the results of any face-to-face  
 27 clinical evaluation, second opinion, or other clinical information that  
 28 is directly applicable to the requested health care service that may be  
 29 required.

30 (b) If a utilization review entity makes an adverse determination  
 31 on a prior authorization request by a covered individual's health care  
 32 provider, the utilization review entity must offer the covered  
 33 individual's health care provider the option to request a peer to peer  
 34 review by a clinical peer concerning the adverse determination.

35 (c) A covered individual's health care provider may request a peer  
 36 to peer review by a clinical peer either in writing or electronically.

37 (d) If a peer to peer review by a clinical peer is requested under  
 38 this section:

39 (1) the utilization review entity's clinical peer and the covered  
 40 individual's health care provider or the health care provider's  
 41 designee shall make every effort to provide the peer to peer  
 42 review not later than forty-eight (48) hours (excluding weekends



1 and state and federal legal holidays) after the utilization review  
 2 entity receives the request by the covered individual's health care  
 3 provider for a peer to peer review if the utilization review entity  
 4 has received the necessary information for the peer to peer  
 5 review; **and**

6 (2) the utilization review entity must have the peer to peer  
 7 review conducted between the clinical peer and the covered  
 8 individual's health care provider or the provider's designee; **and**  
 9 **(3) the clinical peer must disclose the clinical peer's:**

10                   (A) **full name;**  
 11                   (B) **licensure; and**  
 12                   (C) **specialty, if applicable;**

13                   **to the covered individual's health care provider or the**  
 14                   **provider's designee .**

15                   SECTION 24. IC 27-1-37.5-19.5 IS ADDED TO THE INDIANA  
 16                   CODE AS A **NEW SECTION TO READ AS FOLLOWS**  
 17                   [EFFECTIVE JULY 1, 2026]: Sec. 19.5. (a) **A utilization review**  
 18                   **entity may not use artificial intelligence as the primary means for**  
 19                   **making adverse determinations.**

20                   (b) **A utilization review entity must disclose in an easily**  
 21                   **accessible and readable manner when artificial intelligence is used**  
 22                   **during any part of the prior authorization review process.**

23                   SECTION 25. IC 27-1-37.5-20, AS ADDED BY P.L.144-2025,  
 24                   SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 25                   JULY 1, 2026]: Sec. 20. (a) A utilization review entity must ensure  
 26                   that:

27                   (1) all:  
 28                   (A) adverse determinations based on medical necessity are  
 29                   made;  
 30                   **(B) adverse determinations made through the use of**  
 31                   **artificial intelligence[ are made]; and**  
 32                   **(B) (C) appeals are reviewed and decided;**

33                   by a clinical peer; and  
 34                   (2) when making an adverse determination **based on medical**  
 35                   **necessity** or reviewing and deciding an appeal **under**  
 36                   **subdivision (1)**, the clinical peer is under the clinical direction  
 37                   of a medical director of the utilization review entity who is:

38                   (A) responsible for the provision of health care services  
 39                   provided to covered individuals; and  
 40                   (B) a physician licensed in Indiana under IC 25-22.5.

41                   (b) An appeal may not be reviewed or decided by a clinical peer  
 42                   who:



4 SECTION 26. IC 27-1-52.5 IS ADDED TO THE INDIANA  
5 CODE AS A **NEW CHAPTER** TO READ AS FOLLOWS  
6 [EFFECTIVE JULY 1, 2026]:

## Chapter 52.5. Downcoding of Medical Claims

8                   **Sec. 1. As used in this chapter, "CARC" refers to the claim**  
9                   **adjustment reason codes that provide the reason for a financial**  
10                  **adjustment specified to a particular claim or service, as referenced**  
11                  **in the transmitted Accredited Standards Committee (ASC) X12**  
12                  **835 standard transaction adopted by the Department of Health and**  
13                  **Human Services under 45 CFR 162.1602.**

14 Sec. 2. As used in this chapter, "clinical peer" has the  
15 meaning set forth in IC 27-1-37.5-1.7.

16            **Sec. 3].** As used in this chapter, "downcoding" means the  
17            unilateral alteration by a health insurer of the level of evaluation  
18            and management service code or other service code submitted on  
19            a claim that results in a lower payment.

20 Sec. ~~4.~~4. As used in this chapter, "health care provider" has  
21 the meaning set forth in IC 27-1-37.5-3.9.

22                   Sec. 5]. (a) As used in this chapter, "health insurer" means an  
23                   entity:

24 (1) that is subject to this title and the administrative rules  
25 adopted under this title; and  
26 (2) that enters into a contract to:  
27 (A) provide health care services;  
28 (B) deliver health care services;  
29 (C) arrange for health care services; or  
30 (D) pay for or reimburse any of the costs of health care  
31 services.

31 services.

32 (b) The term includes the following:

33 (1) An insurer (as defined in IC 27-1-2-3(x)) that issues a

34 policy of accident and sickness insurance (as defined in

35 IC 27-2-5-1(e)).

38 (3) An administrator (as defined in IC 27-1-25-1(a)) that is

39                   **licensed under IC 27-1-25.**  
40                   **(4) A state employee health plan offered under IC 5-10-8.**

41 (5) A short term insurance plan (as defined in IC 27-8-5.9-3).

42 (6) Any other entity that provides a plan of health insurance,

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(iii) board certifications; and  
(iv) areas of specialty expertise and training;  
of the ~~physician~~ clinical peer who is responsible for  
the downcoding decision; and  
(D) a notice of the right to appeal as described in section  
~~8~~ 10 of this chapter.

Sec. ~~8~~<sup>10</sup>. (a) A health insurer shall provide ~~physicians~~health care providers with a clear and accessible process for appealing downcoded claims, including:

- (1) a written or electronic notice detailing how to initiate an appeal;
- (2) contact information for the individual managing the appeal;
- (3) a timeline for submission of an appeal that is not less than one hundred eighty (180) days; and
- (4) a timeline for adjudication of an appeal that is not later than forty-eight (48) hours after an appeal is submitted.

(b) A health insurer shall allow a ~~physician~~ health care provider to appeal in batches of similar claims involving substantially similar downcoding issues without restriction.

Sec. ~~9~~<sup>9</sup>[11]. A health insurer may not use downcoding practices in a targeted or discriminatory manner against ~~physicians~~health care providers who routinely treat patients with complex or chronic conditions.

Sec. 1 ~~1~~<sup>1</sup> [2]. (a) The department has the authority to enforce this chapter.

**(b) The department may do any of the following:**

- (1) Impose monetary penalties of not more than fifty thousand dollars (\$50,000) per violation of this chapter.
- (2) Order a health insurer to reprocess improperly downcoded claims with interest.
- (3) If a pattern or practice of discriminatory downcoding is identified by the department, suspend a health insurer's certificate of authority or license.

SECTION 27. IC 27-4-1-4, AS AMENDED BY P.L.158-2024, SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4. (a) The following are hereby defined as unfair methods of competition and unfair and deceptive acts and practices in the business of insurance:

(1) Making, issuing, circulating, or causing to be made, issued, or circulated, any estimate, illustration, circular, or statement:  
(A) misrepresenting the terms of any policy issued or to be



1 issued or the benefits or advantages promised thereby or the  
 2 dividends or share of the surplus to be received thereon;  
 3 (B) making any false or misleading statement as to the  
 4 dividends or share of surplus previously paid on similar  
 5 policies;  
 6 (C) making any misleading representation or any  
 7 misrepresentation as to the financial condition of any  
 8 insurer, or as to the legal reserve system upon which any  
 9 life insurer operates;  
 10 (D) using any name or title of any policy or class of policies  
 11 misrepresenting the true nature thereof; or  
 12 (E) making any misrepresentation to any policyholder  
 13 insured in any company for the purpose of inducing or  
 14 tending to induce such policyholder to lapse, forfeit, or  
 15 surrender the policyholder's insurance.  
 16 (2) Making, publishing, disseminating, circulating, or placing  
 17 before the public, or causing, directly or indirectly, to be made,  
 18 published, disseminated, circulated, or placed before the public,  
 19 in a newspaper, magazine, or other publication, or in the form of  
 20 a notice, circular, pamphlet, letter, or poster, or over any radio or  
 21 television station, or in any other way, an advertisement,  
 22 announcement, or statement containing any assertion,  
 23 representation, or statement with respect to any person in the  
 24 conduct of the person's insurance business, which is untrue,  
 25 deceptive, or misleading.  
 26 (3) Making, publishing, disseminating, or circulating, directly or  
 27 indirectly, or aiding, abetting, or encouraging the making,  
 28 publishing, disseminating, or circulating of any oral or written  
 29 statement or any pamphlet, circular, article, or literature which  
 30 is false, or maliciously critical of or derogatory to the financial  
 31 condition of an insurer, and which is calculated to injure any  
 32 person engaged in the business of insurance.  
 33 (4) Entering into any agreement to commit, or individually or by  
 34 a concerted action committing any act of boycott, coercion, or  
 35 intimidation resulting or tending to result in unreasonable  
 36 restraint of, or a monopoly in, the business of insurance.  
 37 (5) Filing with any supervisory or other public official, or  
 38 making, publishing, disseminating, circulating, or delivering to  
 39 any person, or placing before the public, or causing directly or  
 40 indirectly, to be made, published, disseminated, circulated,  
 41 delivered to any person, or placed before the public, any false  
 42 statement of financial condition of an insurer with intent to



1           deceive. Making any false entry in any book, report, or statement  
 2           of any insurer with intent to deceive any agent or examiner  
 3           lawfully appointed to examine into its condition or into any of its  
 4           affairs, or any public official to which such insurer is required by  
 5           law to report, or which has authority by law to examine into its  
 6           condition or into any of its affairs, or, with like intent, willfully  
 7           omitting to make a true entry of any material fact pertaining to  
 8           the business of such insurer in any book, report, or statement of  
 9           such insurer.

10           (6) Issuing or delivering or permitting agents, officers, or  
 11           employees to issue or deliver, agency company stock or other  
 12           capital stock, or benefit certificates or shares in any common law  
 13           corporation, or securities or any special or advisory board  
 14           contracts or other contracts of any kind promising returns and  
 15           profits as an inducement to insurance.

16           (7) Making or permitting any of the following:

17           (A) Unfair discrimination between individuals of the same  
 18           class and equal expectation of life in the rates or  
 19           assessments charged for any contract of life insurance or of  
 20           life annuity or in the dividends or other benefits payable  
 21           thereon, or in any other of the terms and conditions of such  
 22           contract. However, in determining the class, consideration  
 23           may be given to the nature of the risk, plan of insurance, the  
 24           actual or expected expense of conducting the business, or  
 25           any other relevant factor.

26           (B) Unfair discrimination between individuals of the same  
 27           class involving essentially the same hazards in the amount  
 28           of premium, policy fees, assessments, or rates charged or  
 29           made for any policy or contract of accident or health  
 30           insurance or in the benefits payable thereunder, or in any of  
 31           the terms or conditions of such contract, or in any other  
 32           manner whatever. However, in determining the class,  
 33           consideration may be given to the nature of the risk, the  
 34           plan of insurance, the actual or expected expense of  
 35           conducting the business, or any other relevant factor.

36           (C) Excessive or inadequate charges for premiums, policy  
 37           fees, assessments, or rates, or making or permitting any  
 38           unfair discrimination between persons of the same class  
 39           involving essentially the same hazards, in the amount of  
 40           premiums, policy fees, assessments, or rates charged or  
 41           made for:

42           (i) policies or contracts of reinsurance or joint



reinsurance, or abstract and title insurance;

(ii) policies or contracts of insurance against loss or damage to aircraft, or against liability arising out of the ownership, maintenance, or use of any aircraft, or of vessels or craft, their cargoes, marine builders' risks, marine protection and indemnity, or other risks commonly insured under marine, as distinguished from inland marine, insurance; or

(iii) policies or contracts of any other kind or kinds of insurance whatsoever.

However, nothing contained in clause (C) shall be construed to apply to any of the kinds of insurance referred to in clauses (A) and (B) nor to reinsurance in relation to such kinds of insurance. Nothing in clause (A), (B), or (C) shall be construed as making or permitting any excessive, inadequate, or unfairly discriminatory charge or rate or any charge or rate determined by the department or commissioner to meet the requirements of any other insurance rate regulatory law of this state.

(8) Except as otherwise expressly provided by IC 27-1-47 or another law, knowingly permitting or offering to make or making any contract or policy of insurance of any kind or kinds whatsoever, including but not in limitation, life annuities, or agreement as to such contract or policy other than as plainly expressed in such contract or policy issued thereon, or paying or allowing, or giving or offering to pay, allow, or give, directly or indirectly, as inducement to such insurance, or annuity, any rebate of premiums payable on the contract, or any special favor or advantage in the dividends, savings, or other benefits thereon, or any valuable consideration or inducement whatever not specified in the contract or policy; or giving, or selling, or purchasing or offering to give, sell, or purchase as inducement to such insurance or annuity or in connection therewith, any stocks, bonds, or other securities of any insurance company or other corporation, association, limited liability company, or partnership, or any dividends, savings, or profits accrued thereon, or anything of value whatsoever not specified in the contract. Nothing in this subdivision and subdivision (7) shall be construed as including within the definition of discrimination or rebates any of the following practices:

(A) Paying bonuses to policyholders or otherwise abating their premiums in whole or in part out of surplus accumulated from nonparticipating insurance, so long as

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1                   any such bonuses or abatement of premiums are fair and  
 2                   equitable to policyholders and for the best interests of the  
 3                   company and its policyholders.

4                   (B) In the case of life insurance policies issued on the  
 5                   industrial debit plan, making allowance to policyholders  
 6                   who have continuously for a specified period made  
 7                   premium payments directly to an office of the insurer in an  
 8                   amount which fairly represents the saving in collection  
 9                   expense.

10                  (C) Readjustment of the rate of premium for a group  
 11                  insurance policy based on the loss or expense experience  
 12                  thereunder, at the end of the first year or of any subsequent  
 13                  year of insurance thereunder, which may be made  
 14                  retroactive only for such policy year.

15                  (D) Paying by an insurer or insurance producer thereof duly  
 16                  licensed as such under the laws of this state of money,  
 17                  commission, or brokerage, or giving or allowing by an  
 18                  insurer or such licensed insurance producer thereof  
 19                  anything of value, for or on account of the solicitation or  
 20                  negotiation of policies or other contracts of any kind or  
 21                  kinds, to a broker, an insurance producer, or a solicitor duly  
 22                  licensed under the laws of this state, but such broker,  
 23                  insurance producer, or solicitor receiving such  
 24                  consideration shall not pay, give, or allow credit for such  
 25                  consideration as received in whole or in part, directly or  
 26                  indirectly, to the insured by way of rebate.

27                  (9) Requiring, as a condition precedent to loaning money upon  
 28                  the security of a mortgage upon real property, that the owner of  
 29                  the property to whom the money is to be loaned negotiate any  
 30                  policy of insurance covering such real property through a  
 31                  particular insurance producer or broker or brokers. However, this  
 32                  subdivision shall not prevent the exercise by any lender of the  
 33                  lender's right to approve or disapprove of the insurance company  
 34                  selected by the borrower to underwrite the insurance.

35                  (10) Entering into any contract, combination in the form of a  
 36                  trust or otherwise, or conspiracy in restraint of commerce in the  
 37                  business of insurance.

38                  (11) Monopolizing or attempting to monopolize or combining or  
 39                  conspiring with any other person or persons to monopolize any  
 40                  part of commerce in the business of insurance. However,  
 41                  participation as a member, director, or officer in the activities of  
 42                  any nonprofit organization of insurance producers or other



1 workers in the insurance business shall not be interpreted, in  
 2 itself, to constitute a combination in restraint of trade or as  
 3 combining to create a monopoly as provided in this subdivision  
 4 and subdivision (10). The enumeration in this chapter of specific  
 5 unfair methods of competition and unfair or deceptive acts and  
 6 practices in the business of insurance is not exclusive or  
 7 restrictive or intended to limit the powers of the commissioner  
 8 or department or of any court of review under section 8 of this  
 9 chapter.

10 (12) Requiring as a condition precedent to the sale of real or  
 11 personal property under any contract of sale, conditional sales  
 12 contract, or other similar instrument or upon the security of a  
 13 chattel mortgage, that the buyer of such property negotiate any  
 14 policy of insurance covering such property through a particular  
 15 insurance company, insurance producer, or broker or brokers.  
 16 However, this subdivision shall not prevent the exercise by any  
 17 seller of such property or the one making a loan thereon of the  
 18 right to approve or disapprove of the insurance company selected  
 19 by the buyer to underwrite the insurance.

20 (13) Issuing, offering, or participating in a plan to issue or offer,  
 21 any policy or certificate of insurance of any kind or character as  
 22 an inducement to the purchase of any property, real, personal, or  
 23 mixed, or services of any kind, where a charge to the insured is  
 24 not made for and on account of such policy or certificate of  
 25 insurance. However, this subdivision shall not apply to any of  
 26 the following:

27 (A) Insurance issued to credit unions or members of credit  
 28 unions in connection with the purchase of shares in such  
 29 credit unions.

30 (B) Insurance employed as a means of guaranteeing the  
 31 performance of goods and designed to benefit the  
 32 purchasers or users of such goods.

33 (C) Title insurance.

34 (D) Insurance written in connection with an indebtedness  
 35 and intended as a means of repaying such indebtedness in  
 36 the event of the death or disability of the insured.

37 (E) Insurance provided by or through motorists service  
 38 clubs or associations.

39 (F) Insurance that is provided to the purchaser or holder of  
 40 an air transportation ticket and that:

41 (i) insures against death or nonfatal injury that occurs  
 42 during the flight to which the ticket relates;



- (ii) insures against personal injury or property damage that occurs during travel to or from the airport in a common carrier immediately before or after the flight;
- (iii) insures against baggage loss during the flight to which the ticket relates; or
- (iv) insures against a flight cancellation to which the ticket relates.

8 (14) Refusing, because of the for-profit status of a hospital or  
9 medical facility, to make payments otherwise required to be  
10 made under a contract or policy of insurance for charges  
11 incurred by an insured in such a for-profit hospital or other  
12 for-profit medical facility licensed by the Indiana department of  
13 health.

14 (15) Refusing to insure an individual, refusing to continue to  
15 issue insurance to an individual, limiting the amount, extent, or  
16 kind of coverage available to an individual, or charging an  
17 individual a different rate for the same coverage, solely because  
18 of that individual's blindness or partial blindness, except where  
19 the refusal, limitation, or rate differential is based on sound  
20 actuarial principles or is related to actual or reasonably  
21 anticipated experience.

22 (16) Committing or performing, with such frequency as to  
23 indicate a general practice, unfair claim settlement practices (as  
24 defined in section 4.5 of this chapter).

(17) Between policy renewal dates, unilaterally canceling an individual's coverage under an individual or group health insurance policy solely because of the individual's medical or physical condition.

29 (18) Using a policy form or rider that would permit a  
30 cancellation of coverage as described in subdivision (17).

31 (19) Violating IC 27-1-22-25, IC 27-1-22-26, or IC 27-1-22-26.1  
32 concerning motor vehicle insurance rates.

33 (20) Violating IC 27-8-21-2 concerning advertisements referring  
34 to interest rate guarantees.

35 (21) Violating IC 27-8-24.3 concerning insurance and health  
36 plan coverage for victims of abuse.

37 (22) Violating IC 27-8-26 concerning genetic screening or  
38 testing.

39 (23) Violating IC 27-1-15.6-3(b) concerning licensure of  
40 insurance producers.

41 (24) Violating IC 27-1-38 concerning depository institutions.

42 (25) Violating IC 27-8-28-17(c) or IC 27-13-10-8(c) concerning

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1 the resolution of an appealed grievance decision.  
 2 (26) Violating IC 27-8-5-2.5(e) through IC 27-8-5-2.5(j) (expired  
 3 July 1, 2007, and removed) or IC 27-8-5-19.2 (expired July 1,  
 4 2007, and repealed).  
 5 (27) Violating IC 27-2-21 concerning use of credit information.  
 6 (28) Violating IC 27-4-9-3 concerning recommendations to  
 7 consumers.  
 8 (29) Engaging in dishonest or predatory insurance practices in  
 9 marketing or sales of insurance to members of the United States  
 10 Armed Forces as:  
 11       (A) described in the federal Military Personnel Financial  
 12       Services Protection Act, P.L.109-290; or  
 13       (B) defined in rules adopted under subsection (b).  
 14 (30) Violating IC 27-8-19.8-20.1 concerning stranger originated  
 15 life insurance.  
 16 (31) Violating IC 27-2-22 concerning retained asset accounts.  
 17 (32) Violating IC 27-8-5-29 concerning health plans offered  
 18 through a health benefit exchange (as defined in IC 27-19-2-8).  
 19 (33) Violating a requirement of the federal Patient Protection  
 20 and Affordable Care Act (P.L. 111-148), as amended by the  
 21 federal Health Care and Education Reconciliation Act of 2010  
 22 (P.L. 111-152), that is enforceable by the state.  
 23 (34) After June 30, 2015, violating IC 27-2-23 concerning  
 24 unclaimed life insurance, annuity, or retained asset account  
 25 benefits.  
 26 (35) Willfully violating IC 27-1-12-46 concerning a life  
 27 insurance policy or certificate described in IC 27-1-12-46(a).  
 28 (36) Violating IC 27-1-37-7 concerning prohibiting the  
 29 disclosure of health care service claims data.  
 30 (37) Violating IC 27-4-10-10 concerning virtual claims  
 31 payments.  
 32 (38) Violating IC 27-1-24.5 concerning pharmacy benefit  
 33 managers.  
 34 (39) Violating IC 27-7-17-16 or IC 27-7-17-17 concerning the  
 35 marketing of travel insurance policies.  
 36 (40) Violating IC 27-1-49 concerning individual prescription  
 37 drug rebates.  
 38 (41) Violating IC 27-1-50 concerning group prescription drug  
 39 rebates.  
 40 (42) **Violating IC 27-1-7-2.5 concerning a health carrier  
 41 contracting with a pharmacy benefit manager in which the  
 42 health carrier has an ownership interest.**



11 SECTION 28. IC 27-8-5-27.5 IS ADDED TO THE INDIANA  
12 CODE AS A NEW SECTION TO READ AS FOLLOWS  
13 [EFFECTIVE JULY 1, 2026]: **Sec. 27.5. (a) This section applies to a**  
14 **policy of accident and sickness insurance that provides coverage**  
15 **for anesthesia services and is issued, amended, or renewed after**  
16 **June 30, 2026.**

26 (c) A policy of accident and sickness insurance may not impose  
27 any of the following concerning the provision of anesthesia services  
28 during a medical procedure:

38 (b) As used in this section, "anesthesia time" means the period  
39 beginning when an anesthesia practitioner begins to prepare a  
40 patient for anesthesia services in the operating room or an  
41 equivalent area and ends when the anesthesia practitioner is no  
42 longer furnishing anesthesia services to the patient. The term



1       includes blocks of time around an interruption in anesthesia time  
2       provided that the anesthesia practitioner is furnishing continuous  
3       anesthesia care within the time periods surrounding the  
4       interruption.

5       (c) An individual or group contract may not impose any of the  
6       following concerning the provision of anesthesia services during a  
7       medical procedure:

8           (1) A time limit on the amount of covered anesthesia time for  
9           any medical procedure.  
10           (2) Restrictions or exclusions of coverage or payment of  
11           anesthesia time.

12       SECTION 30. IC 34-30-2.1-256.5 IS ADDED TO THE INDIANA  
13       CODE AS A NEW SECTION TO READ AS FOLLOWS  
14       [EFFECTIVE JULY 1, 2026]: Sec. 256.5. IC 16-42-26.7-9  
15       (Concerning practitioners, eligible facilities, research institutions,  
16       and other persons participating in providing neuroplastogen  
17       treatment).1

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