Reprinted
January 27, 2026

SENATE BILL No. 225

DIGEST OF SB 225 (Updated January 26, 2026 3:55 pm - DI 104)

Citations Affected: IC 4-6; IC 16-18; IC 16-21.

Synopsis: Hospital matters. Amends the definition of "ambulatory outpatient surgical center" to remove the requirement that a surgical procedure is permitted to be performed only by a physician, dentist, or podiatrist who has certain hospital privileges. Prohibits a hospital, debt collector, or other third party from pursuing medical debt collection if the hospital is noncompliant with specified statutes. Requires the Indiana department of health (state department) to determine on a semiannual basis whether a hospital is in compliance with the statutes and notify a hospital concerning the state department's compliance determination. Authorizes the attorney general to suspend the authority of a hospital to pursue medical debt collection when the state department has made a final determination that the hospital is noncompliant and allows the attorney general to bring any action against a hospital for a deceptive act of pursuing medical debt while there is a noncompliance determination. Creates an affirmative defense for a debtor if the collection attempt occurred while the hospital was noncompliant. Requires a hospital to provide the state department with 120 days written notice if the hospital plans to: (1) close and permanently terminate hospital operations; or (2) eliminate or reduce a service line for longer than 90 days. Requires notice of the closure or reduction to be provided to certain state agencies and local units. Allows for a waiver of the notification requirements in specified circumstances.

Effective: July 1, 2026.

Busch, Charbonneau

January 8, 2026, read first time and referred to Committee on Health and Provider Services.
January 22, 2026, amended, reported favorably — Do Pass.
January 26, 2026, read second time, amended, ordered engrossed.

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Second Regular Session of the 124th General Assembly (2026)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~*this style type*~~ reconciles conflicts between statutes enacted by the 2025 Regular Session of the General Assembly.

SENATE BILL No. 225

A BILL FOR AN ACT to amend the Indiana Code concerning health.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 4-6-2-13 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 13. (a) The attorney general may:**

(1) suspend the authority of a hospital, or a debt collector or other third party on behalf of a hospital, to pursue medical debt collection as described in IC 16-21-16-3; and

(2) terminate the suspension upon the hospital's compliance with IC 16-21-16, as determined by the Indiana department of health.

(b) The attorney general shall enforce IC 16-21-16.

SECTION 2. IC 16-18-2-14, AS AMENDED BY P.L.213-2025, SECTION 146, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 14. (a) "Ambulatory outpatient surgical center", for purposes of IC 16-19, IC 16-21, IC 16-32-5, and IC 16-38-2, means a public or private institution that meets the following conditions:

(1) Is established, equipped, and operated primarily for the

purpose of performing surgical procedures and services.

(2) Is operated under the supervision of at least one (1) licensed physician or under the supervision of the governing board of the hospital if the center is affiliated with a hospital.

(3) Permits a surgical procedure to be performed only by a physician, dentist, or podiatrist who meets the following conditions:

(A) Is qualified by education and training to perform the surgical procedure.

(B) Is legally authorized to perform the procedure.

~~(C) Is privileged to perform surgical procedures in at least one (1) hospital within the county or an Indiana county adjacent to the county in which the ambulatory outpatient surgical center is located.~~

~~(D)~~ **(C)** Is admitted to the open staff of the ambulatory outpatient surgical center.

(4) Requires that a licensed physician with specialized training or experience in the administration of an anesthetic supervise the administration of the anesthetic to a patient and remain present in the facility during the surgical procedure, except when only a local infiltration anesthetic is administered.

(5) Provides at least one (1) operating room and, if anesthetics other than local infiltration anesthetics are administered, at least one (1) postanesthesia recovery room.

(6) Is equipped to perform diagnostic x-ray and laboratory examinations required in connection with any surgery performed.

(7) Does not provide accommodations for patient stays of longer than twenty-four (24) hours.

(8) Provides full-time services of registered and licensed nurses for the professional care of the patients in the postanesthesia recovery room.

(9) Has available the necessary equipment and trained personnel to handle foreseeable emergencies such as a defibrillator for cardiac arrest, a tracheotomy set for airway obstructions, and a blood bank or other blood supply.

(10) Maintains a written agreement with at least one (1) hospital for immediate acceptance of patients who develop complications or require postoperative confinement.

(11) Provides for the periodic review of the center and the center's operations by a committee of at least three (3) licensed physicians having no financial connections with the center.

(12) Maintains adequate medical records for each patient.

(13) Meets all additional minimum requirements as established by the state department for building and equipment requirements.

(14) Meets the rules and other requirements established by the state department for the health, safety, and welfare of the patients.

(b) The term does not include a birthing center.

(c) "Ambulatory outpatient surgical center", for purposes of IC 16-34, refers to an institution described in subsection (a) and that has a majority ownership by a hospital licensed under IC 16-21.

SECTION 3. IC 16-18-2-223.2 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 223.2. "Medical debt", for purposes of IC 16-21-16, has the meaning set forth in IC 16-21-16-2.**

SECTION 4. IC 16-18-2-328.8 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 328.8. "Service line", for purposes of IC 16-21-17.1, has the meaning set forth in IC 16-21-17.1-1.**

SECTION 5. IC 16-21-16 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]:

Chapter 16. Medical Debt Collection Restrictions

Sec. 1. This chapter applies to medical debt incurred after June 30, 2026.

Sec. 2. (a) As used in this chapter, "medical debt" means any amount owed that is past due by at least sixty (60) days for health care services, products, or devices provided to an individual by or in a hospital.

(b) The term does not include debt purchased by, payable to, or owed to a financial institution (as defined in IC 28-1-1-3(1)).

Sec. 3. (a) A hospital, or a debt collector or other third party on behalf of a hospital, may not pursue collection of a medical debt unless the hospital is in compliance with the following statutes, if applicable to the hospital:

(1) IC 16-21-6.

(2) IC 16-21-9.

(3) IC 16-21-17.1.

(4) Beginning June 30, 2029, IC 16-21-18.

(5) IC 16-21-19.

(b) The state department shall determine on a semiannual basis whether a hospital is in compliance with the statutes specified in subsection (a) and notify a hospital, in writing, of the state

department's determination concerning the hospital's compliance. A determination under this subsection is subject to review under IC 4-21.5.

(c) The state department shall notify the office of the attorney general if the state department makes a final determination after, if applicable, any review under IC 4-21.5, that a hospital is noncompliant with the statutes described in subsection (a).

(d) The office of the attorney general may suspend the noncompliant hospital's authority to pursue medical debt collection while the noncompliance remains uncured unless a review under IC 4-21.5 is pending.

(e) The state department shall notify the office of the attorney general of the following under this chapter:

(1) A final determination that a hospital is noncompliant.

(2) A determination that a hospital that was noncompliant has remedied the noncompliance and is now compliant with the statutes.

Upon receiving a notice under subdivision (2), the office of the attorney general shall terminate a suspension described in subsection (d).

(f) An individual may raise a hospital's noncompliance with a statute set forth in subsection (a) as an affirmative defense in any medical debt collection action that occurs during a period of noncompliance once a final determination has been made under subsection (c).

(g) A hospital may pursue collection of a medical debt previously incurred by an individual when the hospital was noncompliant under subsection (a) if the state department subsequently makes a determination, in writing, that the noncompliance has been remedied and the hospital is designated by the state department as compliant under this chapter.

Sec. 4. (a) The state department shall post and update a list of the noncompliant hospitals on the state department's website.

(b) The state department shall adopt procedures for the following:

(1) The state department's review of a hospital's compliance under this chapter, including a schedule for reviewing and issuing determinations concerning compliance.

(2) A noncompliant hospital's subsequent compliance status review to determine if the noncompliance has been remedied.

Sec. 5. (a) The attorney general shall enforce this chapter and may do any of the following:

(1) Investigate alleged violations.

(2) Impose civil penalties of not more than ten thousand dollars ($10,000) per violation.

(3) Order restitution to an affected patient or individual.

(4) Suspend or prohibit a hospital, a debt collector, or other third party from collecting medical debt until compliance is verified.

(b) The attorney general may adopt rules under IC 4-22-2 to implement and administer this chapter.

Sec. 6. (a) An individual injured by a violation of this chapter may bring a civil action to recover in an appropriate court any of the following:

(1) Actual damages.

(2) Statutory damages not to exceed one thousand dollars ($1,000).

(3) Injunctive relief.

(b) A prevailing plaintiff is entitled to recover court costs and reasonable attorney's fees.

SECTION 6. IC 16-21-17.1 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]:

Chapter 17.1. Notice of Closure or Reduction of Services

Sec. 1. As used in this chapter, "service line" means a category of hospital based clinical services offered to patients, including the following:

(1) Emergency.

(2) Obstetrics.

(3) Neonatal.

(4) Trauma.

(5) Behavioral health services.

Sec. 2. (a) Except as provided in section 4 of this chapter, a hospital shall provide written notice to the state department at least one hundred twenty (120) days before the hospital does any of the following:

(1) Closes and permanently terminates hospital operations.

(2) Eliminates or reduces a service line for longer than ninety (90) days.

(b) The notice under subsection (a) must include the following:

(1) The proposed date of closure, elimination, or reduction.

(2) A description of the affected services and capacity.

(3) The hospital's plan for patient continuity of care.

(4) The general reason for the closure, elimination, or

reduction.

Sec. 3. Except as provided in section 4 of this chapter, not later than ten (10) days after the notice is issued under section 2 of this chapter, the following must occur:

(1) The state department shall post a summary of the proposed closure, elimination, or reduction on the state department's website.

(2) The state department shall notify the office of the secretary of family and social services and any other affected state agency of the closure, elimination, or reduction.

(3) The hospital shall provide the notice described in section 2 of this chapter to the following:

(A) The local health department.

(B) The chief elected official of the local unit in which the hospital is located.

Sec. 4. (a) The state department may waive the requirements in sections 2 and 3 of this chapter upon written request by the hospital only if:

(1) the closure, elimination, or reduction described in section 2 of this chapter is necessary due to a natural disaster, catastrophic facility failure, or other emergency event beyond the hospital's control; or

(2) the state department determines that the waiver is necessary to protect the public's health and safety, including the loss of practitioners necessary to provide the service line.

(b) The state department shall in a reasonable time period post on the state department's website any waiver granted under this section and the justification for the waiver.

Sec. 5. A hospital that violates this chapter may be subject to any of the following:

(1) A civil penalty not to exceed ten thousand dollars ($10,000) per violation.

(2) Any other reasonable administrative action determined by the state department.

COMMITTEE REPORT

Mr. President: The Senate Committee on Health and Provider Services, to which was referred Senate Bill No. 225, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, line 6, delete "IC 16-21-16-4;" and insert "**IC 16-21-16-3;**".

Page 1, line 10, delete "IC 16-21-16 and may" and insert "**IC 16-21-16.**".

Page 1, delete lines 11 through 12.

Page 3, delete lines 16 through 20.

Page 3, line 33, after "owed" insert "**that is past due by at least sixty (60) days**".

Page 3, delete lines 35 through 42.

Page 4, delete lines 1 through 2.

Page 4, line 3, delete "4." and insert "**3.**".

Page 4, line 42, delete "5." and insert "**4.**".

Page 5, delete lines 9 through 37.

Page 5, line 38, delete "8." and insert "**5.**".

Page 6, line 7, delete "9." and insert "**6.**".

Page 7, delete lines 30 through 42.

Delete page 8.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 225 as introduced.)

CHARBONNEAU, Chairperson

Committee Vote: Yeas 11, Nays 0.

SENATE MOTION

Mr. President: I move that Senate Bill 225 be amended to read as follows:

Page 3, line 25, after "2." insert "**(a)**".

Page 3, between lines 28 and 29, begin a new paragraph and insert:

"**(b) The term does not include debt purchased by, payable to, or owed to a financial institution (as defined in IC 28-1-1-3(1)).**".

Page 3, line 36, after "(4)" insert "**Beginning June 30, 2029,**".

Page 4, line 3, delete "of any hospital that" and insert "**if**".

Page 4, line 3, delete "determines to be" and insert "**makes a final determination after, if applicable, any review under IC 4-21.5, that a hospital is**".

Page 4, line 7, delete "." and insert "**unless a review under IC 4-21.5 is pending.**".

Page 4, line 19, delete "." and insert "**that occurs during a period of noncompliance once a final determination has been made under subsection (c).**".

Page 5, line 36, delete "The reason" and insert "**The general reason**".

Page 6, line 15, delete "and" and insert "**or**".

Page 6, line 17, delete "safety." and insert "**safety, including the loss of practitioners necessary to provide the service line.**".

(Reference is to SB 225 as printed January 23, 2026.)

BUSCH