



February 17, 2026

ENGROSSED SENATE BILL No. 225

DIGEST OF SB 225 (Updated February 16, 2026 6:00 pm - DI 125)

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

Synopsis: Health 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
(Continued next page)

Effective: July 1, 2026.

Busch, Charbonneau, Qaddoura, Yoder

(HOUSE SPONSORS — BARRETT, CARBAUGH)

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.

January 27, 2026, engrossed. Read third time, passed. Yeas 43, nays 1.

HOUSE ACTION

January 29, 2026, read first time and referred to Committee on Public Health.

February 10, 2026, amended, reported — Do Pass. Referred to Committee on Ways and Means pursuant to Rule 126.3.

February 17, 2026, amended, reported — Do Pass.

ES 225—LS 6563/DI 104



Digest Continued

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. 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 60 days written notice if the hospital plans to: (1) close and permanently terminate all hospital operations; or (2) completely eliminate a service line for longer than 90 days. Allows for a waiver of the notification requirements in specified circumstances.



February 17, 2026

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.

ENGROSSED 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:

- 1 SECTION 1. IC 4-6-2-13 IS ADDED TO THE INDIANA CODE
2 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2026]: **Sec. 13. (a) The attorney general may:**
4 **(1) suspend the authority of a hospital, or a debt collector or**
5 **other third party on behalf of a hospital, to pursue medical**
6 **debt collection as described in IC 16-21-16-3; and**
7 **(2) terminate the suspension upon the hospital's compliance**
8 **with IC 16-21-16, as determined by the Indiana department**
9 **of health.**
10 **(b) The attorney general shall enforce IC 16-21-16.**
11 SECTION 2. IC 16-18-2-14, AS AMENDED BY P.L.213-2025,
12 SECTION 146, IS AMENDED TO READ AS FOLLOWS
13 [EFFECTIVE JULY 1, 2026]: **Sec. 14. (a) "Ambulatory outpatient**
14 **surgical center", for purposes of IC 16-19, IC 16-21, IC 16-32-5, and**
15 **IC 16-38-2, means a public or private institution that meets the**
16 **following conditions:**
17 **(1) Is established, equipped, and operated primarily for the**

ES 225—LS 6563/DI 104



- 1 purpose of performing surgical procedures and services.
- 2 (2) Is operated under the supervision of at least one (1) licensed
- 3 physician or under the supervision of the governing board of the
- 4 hospital if the center is affiliated with a hospital.
- 5 (3) Permits a surgical procedure to be performed only by a
- 6 physician, dentist, or podiatrist who meets the following
- 7 conditions:
- 8 (A) Is qualified by education and training to perform the
- 9 surgical procedure.
- 10 (B) Is legally authorized to perform the procedure.
- 11 ~~(C) Is privileged to perform surgical procedures in at least one~~
- 12 ~~(1) hospital within the county or an Indiana county adjacent to~~
- 13 ~~the county in which the ambulatory outpatient surgical center~~
- 14 ~~is located.~~
- 15 ~~(D)~~ (C) Is admitted to the open staff of the ambulatory
- 16 outpatient surgical center.
- 17 (4) Requires that a licensed physician with specialized training or
- 18 experience in the administration of an anesthetic supervise the
- 19 administration of the anesthetic to a patient and remain present in
- 20 the facility during the surgical procedure, except when only a
- 21 local infiltration anesthetic is administered.
- 22 (5) Provides at least one (1) operating room and, if anesthetics
- 23 other than local infiltration anesthetics are administered, at least
- 24 one (1) postanesthesia recovery room.
- 25 (6) Is equipped to perform diagnostic x-ray and laboratory
- 26 examinations required in connection with any surgery performed.
- 27 (7) Does not provide accommodations for patient stays of longer
- 28 than twenty-four (24) hours.
- 29 (8) Provides full-time services of registered and licensed nurses
- 30 for the professional care of the patients in the postanesthesia
- 31 recovery room.
- 32 (9) Has available the necessary equipment and trained personnel
- 33 to handle foreseeable emergencies such as a defibrillator for
- 34 cardiac arrest, a tracheotomy set for airway obstructions, and a
- 35 blood bank or other blood supply.
- 36 (10) Maintains a written agreement with at least one (1) hospital
- 37 for immediate acceptance of patients who develop complications
- 38 or require postoperative confinement.
- 39 (11) Provides for the periodic review of the center and the center's
- 40 operations by a committee of at least three (3) licensed physicians
- 41 having no financial connections with the center.
- 42 (12) Maintains adequate medical records for each patient.



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

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

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

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

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

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

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

22 **Chapter 16. Medical Debt Collection Restrictions**

23 **Sec. 1. This chapter applies to medical debt incurred after June**
24 **30, 2026.**

25 **Sec. 2. (a) As used in this chapter, "medical debt" means any**
26 **amount owed that is past due by at least one hundred twenty (120)**
27 **days for health care services, products, or devices provided to an**
28 **individual by or in a hospital.**

29 **(b) The term does not include debt purchased by, payable to, or**
30 **owed to a financial institution (as defined in IC 28-1-1-3(1)) or the**
31 **financial institution's assignee.**

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

36 (1) IC 16-21-6.

37 (2) IC 16-21-9.

38 (3) IC 16-21-17.1.

39 (4) IC 16-21-19.

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



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

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

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

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

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

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

17 (e) Unless a review under IC 4-21.5 by the hospital is pending,
 18 the office of the attorney general may suspend the noncompliant
 19 hospital's authority to pursue medical debt collection after
 20 receiving the notification set forth in subsection (d)(1) until the
 21 office of the attorney general receives the notice under subsection
 22 (d)(2) that the noncompliance has been remedied.

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

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

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

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

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

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



1 **Sec. 5. (a) The attorney general shall enforce any suspension**
 2 **under section 3(e) of this chapter and may do any of the following:**

- 3 **(1) Investigate alleged violations.**
 4 **(2) Impose civil penalties of not more than ten thousand**
 5 **dollars (\$10,000) per violation.**
 6 **(3) Order restitution to an affected patient or individual.**
 7 **(4) Suspend or prohibit a hospital, a debt collector, or other**
 8 **third party from collecting medical debt until compliance is**
 9 **verified.**

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

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

- 15 **(1) Actual damages.**
 16 **(2) Statutory damages not to exceed one thousand dollars**
 17 **(\$1,000).**
 18 **(3) Injunctive relief.**

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

22 **Chapter 17.1. Notice of Closure or Elimination of Service Lines**

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

- 26 **(1) Emergency.**
 27 **(2) Obstetrics.**
 28 **(3) Neonatal.**
 29 **(4) Trauma.**
 30 **(5) Behavioral health services.**

31 **Sec. 2. (a) Except as provided in section 4 of this chapter, a**
 32 **hospital shall provide written notice to the state department at**
 33 **least sixty (60) days before the hospital does any of the following:**

- 34 **(1) Closes a hospital licensed under IC 16-21 and permanently**
 35 **terminates all hospital operations.**
 36 **(2) Completely eliminates a service line for longer than ninety**
 37 **(90) days.**

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

- 39 **(1) The proposed date of closure of the hospital or elimination**
 40 **of a service line.**
 41 **(2) A description of the affected services and capacity.**
 42 **(3) The hospital's plan for patient continuity of care.**



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

4 **(1) The state department shall post a summary of the**
5 **proposed closure of a hospital or an elimination of a service**
6 **line on the state department's website.**

7 **(2) The state department shall notify the office of the**
8 **secretary of family and social services and any other affected**
9 **state agency of the closure of the hospital or elimination of a**
10 **service line.**

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

14 **(1) the closure or an elimination of a service line described in**
15 **section 2 of this chapter is necessary due to a natural disaster,**
16 **catastrophic facility failure, or other emergency event beyond**
17 **the hospital's control; or**

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

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

24 **Sec. 5. A hospital that violates this chapter may be subject to a**
25 **civil penalty not to exceed ten thousand dollars (\$10,000).**



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.

Re-number 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,**".

ES 225—LS 6563/DI 104



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

COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Health, to which was referred Senate Bill 225, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 3, between lines 18 and 19, begin a new paragraph and insert:

"SECTION 5. IC 16-19-3-30, AS AMENDED BY P.L.181-2015, SECTION 39, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 30. (a) The state department may establish a nonprofit subsidiary corporation that is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code, to solicit and accept private funding, gifts, donations, bequests, devises, and contributions.

(b) A subsidiary corporation established under this section:

- (1) shall use money received under subsection (a) to carry out in any manner the purposes and programs of the state department, which may include programs intended to reduce infant mortality, increase childhood immunizations, reduce obesity, ~~and~~ reduce smoking rates, **and enhance health care resources and infrastructure for veterans;**

ES 225—LS 6563/DI 104



- (2) shall report to the budget committee each year concerning:
- (A) the use of money received under subsection (a); and
 - (B) the balances in any accounts or funds established by the subsidiary corporation; and
- (3) may deposit money received under subsection (a) in an account or fund that is:
- (A) administered by the subsidiary corporation; and
 - (B) not part of the state treasury.

(c) A subsidiary corporation established under this section is governed by a board of directors comprised of members appointed by the governor. Employees of the state department may serve on the board of directors.

(d) Employees of the state department shall provide administrative support for a subsidiary corporation established under this section. Employees of the state department directly involved in the subsidiary corporation established under this section may engage in fundraising activities on behalf of the subsidiary corporation.

(e) The state board of accounts shall audit a subsidiary corporation established under this section."

Page 3, line 26, delete "sixty (60)" and insert "**one hundred twenty (120)**".

Page 3, line 30, delete "IC 28-1-1-3(1)." and insert "**IC 28-1-1-3(1) or the financial institution's assignee.**".

Page 3, delete line 38.

Page 3, line 39, delete "(5)" and insert "**(4)**".

Page 4, delete lines 8 through 11.

Page 4, line 12, delete "(e)" and insert "**(d)**".

Page 4, line 20, delete "(d)." and insert "**(e)**".

(e) Unless a review under IC 4-21.5 by the hospital is pending, the office of the attorney general may suspend the noncompliant hospital's authority to pursue medical debt collection after receiving the notification set forth in subsection (d)(1) until the office of the attorney general receives the notice under subsection (d)(2) that the noncompliance has been remedied.".

Page 4, line 41, after "enforce" insert "**any suspension under section 3(e) of**".

Page 5, line 10, delete "(a)".

Page 5, delete lines 17 through 18.

Page 5, line 22, delete "Reduction of Services" and insert "**Elimination of Service Lines**".

Page 5, line 33, delete "one hundred twenty (120)" and insert "**sixty (60)**".



Page 5, line 35, after "Closes" insert "**a hospital licensed under IC 16-21**".

Page 5, line 35, after "terminates" insert "**all**".

Page 5, line 36, delete "Eliminates or reduces" and insert "**Completely eliminates**".

Page 5, line 39, delete "closure, elimination, or reduction." and insert "**closure of the hospital or elimination of a service line.**".

Page 5, delete line 42.

Page 6, delete line 1.

Page 6, line 6, delete "closure, elimination, or reduction" and insert "**closure of a hospital or an elimination of a service line**".

Page 6, line 10, delete "closure, elimination, or reduction." and insert "**closure of the hospital or elimination of a service line.**".

Page 6, delete lines 11 through 15.

Page 6, line 19, delete "closure, elimination, or reduction" and insert "**closure or an elimination of a service line**".

Page 6, line 29, after "to" insert "**a civil penalty not to exceed ten thousand dollars (\$10,000)**".

Page 6, delete lines 30 through 34.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 225 as reprinted January 27, 2026.)

BARRETT

Committee Vote: yeas 13, nays 0.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Engrossed Senate Bill 225, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 3, delete lines 19 through 42.

Page 4, delete lines 1 through 9.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

ES 225—LS 6563/DI 104



(Reference is to ESB 225 as printed February 10, 2026.)

THOMPSON

Committee Vote: yeas 21, nays 0.

