

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

LS 6563
BILL NUMBER: SB 225

NOTE PREPARED: Jan 26, 2026
BILL AMENDED: Jan 26, 2026

SUBJECT: Hospital Matters.

FIRST AUTHOR: Sen. Busch
FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X GENERAL
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Attorney General:* This bill authorizes the Attorney General to suspend the authority of a hospital to pursue medical debt collection when the Indiana Department of Health (IDOH) 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.

Hospital Privileges: This bill 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.

Medical Debt Collection: This bill prohibits a hospital, debt collector, or other third party from pursuing medical debt collection if the hospital is noncompliant with specified statutes. It requires the IDOH to determine on a semiannual basis whether a hospital is in compliance with the statutes and notify a hospital concerning IDOH's compliance determination. It also creates an affirmative defense for a debtor if the collection attempt occurred while the hospital was noncompliant.

Notice of Closure: This bill requires a hospital to provide the IDOH 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 and requires notice of the closure or reduction to be provided to certain state agencies and local units. It also allows for a waiver of the notification requirements in specified circumstances.

Effective Date: July 1, 2026.

Explanation of State Expenditures: *Attorney General:* This bill requires the Attorney General to enforce the medical debt collection restrictions as established in the bill. Increases in Attorney General workload are within the routine administrative function of the agency and expected to be accomplished within existing resource and funding levels.

Indiana Department of Health: The bill requires IDOH to determine, on a semiannual basis, the compliance status of hospitals concerning certain existing reports hospitals must submit to IDOH, as well as one new notice (of closure or reduction of services) established in the bill. The bill also requires IDOH to post on its website a list of noncompliant hospitals and any notice of closure or reduction of services provided by a hospital to IDOH. Increases in IDOH workload are within the routine administrative function of the agency and expected to be accomplished within existing resource and funding levels. *[The IDOH's administrative expenditures are currently paid from the Tobacco Master Settlement Fund, a dedicated fund.]*

Explanation of State Revenues: *Attorney General:* If a hospital violates the bill's medical debt provisions, the bill requires the Attorney General to impose a civil penalty of up to \$10,000 per violation, which is deposited in the state General Fund. Any increases in revenue is expected to be minimal.

Indiana Department of Health: If a hospital violates the bill's notice of closure or service reduction provision, the IDOH may impose a civil penalty of up to \$10,000 per violation. Any increase in state General Fund revenue from civil penalties is expected to be minimal.

Court Fee Revenue: If additional civil cases are filed (by an individual injured by a violation of bill's provisions), court fee revenue to the state General Fund will increase. The total revenue per case would range between \$100 and \$122. The amount deposited will vary depending on whether the case is filed in a court of record or a municipal court. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in civil, probate, and small claims cases.](#)

Explanation of Local Expenditures: If locally-owned hospitals violate the provisions of this bill they may be required to pay additional civil penalties. Any potential increase in expenditures is expected to be minimal.

Explanation of Local Revenues: *Court Fee Revenue:* If additional civil cases are filed (by an individual injured by a violation of bill's provisions), revenue will be collected by certain local units. If the case is filed in a court of record, the county will receive \$32 and qualifying municipalities will receive a share of \$3. If the case is filed in a municipal court, the county receives \$20, and the municipality will receive \$37. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in civil, probate, and small claims cases.](#)

Medical Debt Collection: The bill will have an indeterminate impact on debt collections for locally-owned hospitals, potentially lowering overall revenue.

State Agencies Affected: Office of the Attorney General; Indiana Department of Health.

Local Agencies Affected: Locally-owned hospitals; trial courts, city and town courts.

Information Sources: Indiana Supreme Court, Indiana Trial Court Fee Manual.

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