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SENATE BILL No. 225

Proposed Changes to January 27, 2026 printing by AM022505

DIGEST OF PROPOSED AMENDMENT

Hospitals. Changes the definition of "medical debt" to an amount that is past due 120 days instead of 60 days. Removes noncompliance with the hospital statewide average rate study chapter by a hospital as an act that would prevent pursuing medical debt. Changes the time frame in which a hospital must notify the Indiana department of health (state department) concerning a closure of a hospital and termination of all hospital operations or a complete elimination of a service line to 60 days instead of 120 days. Removes the requirement to inform the state department of a reduction in services. Deletes the requirement for the hospital to: (1) inform the state department of the general reason for the closure or elimination of a service line; and (2) provide notice to the local health department and the chief elected official of the local unit. Removes language that allowed the state department to take other reasonable administrative action for a violation by the hospital on the notice.

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

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1 [EFFECTIVE JULY 1, 2026]: Sec. 14. (a) "Ambulatory outpatient
 2 surgical center", for purposes of IC 16-19, IC 16-21, IC 16-32-5, and
 3 IC 16-38-2, means a public or private institution that meets the
 4 following conditions:

5 (1) Is established, equipped, and operated primarily for the
 6 purpose of performing surgical procedures and services.

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

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

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

15 (B) Is legally authorized to perform the procedure.

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

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

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

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

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

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

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

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

42 (10) Maintains a written agreement with at least one (1) hospital

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- 1 for immediate acceptance of patients who develop complications
- 2 or require postoperative confinement.
- 3 (11) Provides for the periodic review of the center and the
- 4 center's operations by a committee of at least three (3) licensed
- 5 physicians having no financial connections with the center.
- 6 (12) Maintains adequate medical records for each patient.
- 7 (13) Meets all additional minimum requirements as established
- 8 by the state department for building and equipment
- 9 requirements.
- 10 (14) Meets the rules and other requirements established by the
- 11 state department for the health, safety, and welfare of the
- 12 patients.

- 13 (b) The term does not include a birthing center.
- 14 (c) "Ambulatory outpatient surgical center", for purposes of
- 15 IC 16-34, refers to an institution described in subsection (a) and that
- 16 has a majority ownership by a hospital licensed under IC 16-21.

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

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

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

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

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

33 **Sec. 2. (a) As used in this chapter, "medical debt" means any**
 34 **amount owed that is past due by at least ~~sixty~~ one hundred**
 35 **twenty (~~60~~ 120) days for health care services, products, or**
 36 **devices provided to an individual by or in a hospital.**

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

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

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1 applicable to the hospital:

2 (1) IC 16-21-6.

3 (2) IC 16-21-9.

4 (3) IC 16-21-17.1.

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

6 > (<5>[4]) IC 16-21-19.

7 (b) The state department shall determine on a semiannual
8 basis whether a hospital is in compliance with the statutes specified
9 in subsection (a) and notify a hospital, in writing, of the state
10 department's determination concerning the hospital's compliance.
11 A determination under this subsection is subject to review under
12 IC 4-21.5.

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

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

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

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

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

27 Upon receiving a notice under subdivision (2), the office of the
28 attorney general shall terminate a suspension described in
29 subsection (<d>[e]).[]

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

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

41 (g) A hospital may pursue collection of a medical debt
42 previously incurred by an individual when the hospital was

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1 noncompliant under subsection (a) if the state department
 2 subsequently makes a determination, in writing, that the
 3 noncompliance has been remedied and the hospital is designated by
 4 the state department as compliant under this chapter.

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

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

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

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

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

16 (1) Investigate alleged violations.

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

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

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

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

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

28 (1) Actual damages.

29 (2) Statutory damages not to exceed one thousand dollars
 30 (\$1,000).

31 (3) Injunctive relief.[]

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

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

37 Chapter 17.1. Notice of Closure or ~~Reduction~~ Elimination
 38 of ~~Services~~ Service Lines

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

42 (1) Emergency.

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- 1 (2) Obstetrics.
 2 (3) Neonatal.
 3 (4) Trauma.
 4 (5) Behavioral health services.
- 5 Sec. 2. (a) Except as provided in section 4 of this chapter, a
 6 hospital shall provide written notice to the state department at
 7 least ~~<one hundred twenty>~~ [sixty] (~~<120>~~ [60]) days before the
 8 hospital does any of the following:
- 9 (1) Closes [a hospital licensed under IC 16-21] and
 10 permanently terminates [all] hospital operations.
 11 (2) ~~<E>~~ [Completely e]liminates ~~<or reduces>~~ a service line
 12 for longer than ninety (90) days.
- 13 (b) The notice under subsection (a) must include the following:
- 14 (1) The proposed date of closure ~~<>~~ [of the hospital or
 15 elimination ~~<, or reduction>~~ [of a service line].
 16 (2) A description of the affected services and capacity.
 17 (3) The hospital's plan for patient continuity of care.
 18 ~~<(4) The general reason for the closure, elimination, or~~
 19 ~~reduction.~~
- 20 > Sec. 3. Except as provided in section 4 of this chapter, not later
 21 than ten (10) days after the notice is issued under section 2 of this
 22 chapter, the following must occur:
- 23 (1) The state department shall post a summary of the
 24 proposed closure ~~<>~~ [of a hospital or an] elimination ~~<, or~~
 25 ~~reduction>~~ [of a service line] on the state department's
 26 website.
 27 (2) The state department shall notify the office of the
 28 secretary of family and social services and any other affected
 29 state agency of the closure ~~<>~~ [of the hospital or]
 30 elimination ~~<, or reduction.~~
- 31 ~~———— (3) The hospital shall provide the notice described in section~~
 32 ~~2 of this chapter to the following:~~
- 33 ~~———— (A) The local health department.~~
 34 ~~———— (B) The chief elected official of the local unit in which~~
 35 ~~the hospital is located.~~
- 36 > [of a service line.
- 37 [Sec. 4. (a) The state department may waive the requirements
 38 in sections 2 and 3 of this chapter upon written request by the
 39 hospital only if:
- 40 (1) the closure ~~<>~~ [or an] elimination ~~<, or reduction>~~ [of a
 41 service line] described in section 2 of this chapter is
 42 necessary due to a natural disaster, catastrophic facility

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1 failure, or other emergency event beyond the hospital's
2 control; or

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

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

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

11 ~~(1) A~~ [a] civil penalty not to exceed ten thousand dollars
12 (\$10,000) ~~per violation.~~

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

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