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# SENATE BILL No. 225

Proposed Changes to January 27, 2026 printing by AM022506

## DIGEST OF PROPOSED AMENDMENT

Nonprofit subsidiary corporation. Amends the duties of a nonprofit subsidiary corporation established by the Indiana department of health.

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**
- 18 **purpose of performing surgical procedures and services.**
- 19 **(2) Is operated under the supervision of at least one (1) licensed**
- 20 **physician or under the supervision of the governing board of the**

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

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1 requirements.

2 (14) Meets the rules and other requirements established by the

3 state department for the health, safety, and welfare of the

4 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 16-19-3-30, AS AMENDED BY P.L.181-2015,

20 SECTION 39, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

21 JULY 1, 2026]: Sec. 30. (a) The state department may establish a

22 nonprofit subsidiary corporation that is exempt from federal income

23 taxation under Section 501(c)(3) of the Internal Revenue Code, to

24 solicit and accept private funding, gifts, donations, bequests, devises,

25 and contributions.

26 (b) A subsidiary corporation established under this section:

27 (1) shall use money received under subsection (a) to carry out in

28 any manner the purposes and programs of the state department,

29 which may include programs intended to reduce infant mortality,

30 increase childhood immunizations, reduce obesity, and reduce

31 smoking rates, and enhance health care resources and

32 infrastructure for veterans;

33 (2) shall report to the budget committee each year concerning:

34 (A) the use of money received under subsection (a); and

35 (B) the balances in any accounts or funds established by the

36 subsidiary corporation; and

37 (3) may deposit money received under subsection (a) in an

38 account or fund that is:

39 (A) administered by the subsidiary corporation; and

40 (B) not part of the state treasury.

41 (c) A subsidiary corporation established under this section is

42 governed by a board of directors comprised of members appointed by

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1 the governor. Employees of the state department may serve on the  
 2 board of directors.

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

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

10 ] SECTION ~~5~~ [6]. IC 16-21-16 IS ADDED TO THE INDIANA  
 11 CODE AS A NEW CHAPTER TO READ AS FOLLOWS  
 12 [EFFECTIVE JULY 1, 2026]:

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

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

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

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

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

26 (1) IC 16-21-6.

27 (2) IC 16-21-9.

28 (3) IC 16-21-17.1.

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

30 (5) IC 16-21-19.

31 **(b) The state department shall determine on a semiannual**  
 32 **basis whether a hospital is in compliance with the statutes specified**  
 33 **in subsection (a) and notify a hospital, in writing, of the state**  
 34 **department's determination concerning the hospital's compliance.**  
 35 **A determination under this subsection is subject to review under**  
 36 **IC 4-21.5.**

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

41 **(d) The office of the attorney general may suspend the**  
 42 **noncompliant hospital's authority to pursue medical debt collection**

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1 while the noncompliance remains uncured unless a review under  
2 IC 4-21.5 is pending.

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

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

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

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

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

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

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

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

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

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

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

34 (1) Investigate alleged violations.

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

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

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

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

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

- 4           **(1) Actual damages.**
- 5           **(2) Statutory damages not to exceed one thousand dollars**  
6 **(\$1,000).**
- 7           **(3) Injunctive relief.**

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

10           SECTION ~~6~~ [7]. IC 16-21-17.1 IS ADDED TO THE INDIANA  
11 CODE AS A NEW CHAPTER TO READ AS FOLLOWS  
12 [EFFECTIVE JULY 1, 2026]:

13           **Chapter 17.1. Notice of Closure or Reduction of Services**

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

- 17           **(1) Emergency.**
- 18           **(2) Obstetrics.**
- 19           **(3) Neonatal.**
- 20           **(4) Trauma.**
- 21           **(5) Behavioral health services.**

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

- 26           **(1) Closes and permanently terminates hospital operations.**
- 27           **(2) Eliminates or reduces a service line for longer than ninety**  
28 **(90) days.**

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

- 30           **(1) The proposed date of closure, elimination, or reduction.**
- 31           **(2) A description of the affected services and capacity.**
- 32           **(3) The hospital's plan for patient continuity of care.**
- 33           **(4) The general reason for the closure, elimination, or**  
34 **reduction.**

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

- 38           **(1) The state department shall post a summary of the**  
39 **proposed closure, elimination, or reduction on the state**  
40 **department's website.**
- 41           **(2) The state department shall notify the office of the**  
42 **secretary of family and social services and any other affected**

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1 state agency of the closure, elimination, or reduction.  
 2 (3) The hospital shall provide the notice described in section  
 3 2 of this chapter to the following:  
 4 (A) The local health department.  
 5 (B) The chief elected official of the local unit in which  
 6 the hospital is located.  
 7 Sec. 4. (a) The state department may waive the requirements  
 8 in sections 2 and 3 of this chapter upon written request by the  
 9 hospital only if:  
 10 (1) the closure, elimination, or reduction described in section  
 11 2 of this chapter is necessary due to a natural disaster,  
 12 catastrophic facility failure, or other emergency event  
 13 beyond the hospital's control; or  
 14 (2) the state department determines that the waiver is  
 15 necessary to protect the public's health and safety, including  
 16 the loss of practitioners necessary to provide the service line.  
 17 (b) The state department shall in a reasonable time period post  
 18 on the state department's website any waiver granted under this  
 19 section and the justification for the waiver.  
 20 Sec. 5. A hospital that violates this chapter may be subject to  
 21 any of the following:  
 22 (1) A civil penalty not to exceed ten thousand dollars  
 23 (\$10,000) per violation.  
 24 (2) Any other reasonable administrative action determined  
 25 by the state department.

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