

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

**LS 7045**  
**BILL NUMBER:** SB 275

**NOTE PREPARED:** Jan 4, 2026  
**BILL AMENDED:**

**SUBJECT:** FSSA Fiscal Matters.

**FIRST AUTHOR:** Sen. Mishler  
**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** *Bureau of Disabilities Services:* This bill establishes a time frame in which the Bureau of Disabilities Services must review and approve or deny requests for an increase in service units provided to certain individuals with a disability.

*Medicaid Provisions:* This bill reduces the income levels as a percentage of the federal poverty level for purposes of the Medicaid eligibility of certain Medicare beneficiaries. It repeals a provision prohibiting the Office of the Secretary of Family and Social Services from reducing reimbursement for home health services. It specifies that public notice of at least six months (rather than one year) must be provided before a health facility service reimbursement that results in a reduction in reimbursement may be changed.

*Medicaid Estate Recovery Unit:* This bill removes language providing that a claim by the Estate Recovery Unit of the Office of Medicaid Policy and Planning is forever barred unless the estate recovery unit takes certain action against the decedent's estate not later than 120 days after the date of death of the decedent.

**Effective Date:** Upon passage; July 1, 2026; July 1, 2027.

**Explanation of State Expenditures: Summary:** The bill's provisions on income limits for Medicaid eligibility and the Medicare Savings Programs, and changes regarding estate recovery, will have an indeterminate net impact on state Medicaid expenditures. The bill will also increase workload for the Family and Social Services Administration (FSSA) and the Bureau of Disabilities Services, but should be able to be implemented using existing staffing and resources.

**Additional Information:**

*Medicaid Provisions:* The bill removes the Medicaid eligibility income limit of 100% of the federal poverty level (FPL) for certain Medicare recipients, making the income eligibility requirement equal to the Supplemental Security Income (SSI) program, effectively raising the eligibility income threshold. In 2025 for an individual (family size of one), 100% FPL was equal to \$15,650 per year while the SSI income level was equal to \$24,228 per year. This may result in additional Medicare recipients becoming eligible for

Medicaid. Any increase in the state share of Medicaid expenditures will be mitigated since Medicare is the primary payer when an individual is dually covered under both Medicare and Medicaid.

The bill decreases the income eligibility for the Medicare Savings Programs which pay Medicare supplemental Part A and/or Part B premiums for qualifying individuals. It also repeals language that prohibits FSSA from reducing home health service reimbursements.

Medicaid is jointly funded between the state and federal governments. The state share of costs for most Medicaid medical services for FFY 2026 is 35%. The state share of administrative costs is 50%.

*Bureau of Disabilities Services:* The bill will increase workload for the Bureau of Disabilities Services to review and take action on requests regarding service unit increases for individuals receiving Home and Community Based Services (HCBS) under a Medicaid waiver. This should be able to be implemented using existing staffing and resources.

*Medicaid Estate Recovery Unit:* The bill may reduce workload for FSSA as it repeals the requirement that the Medicaid Estate Recovery Unit must file a claim against a decedent's estate within 120 days. [On average, it takes FSSA approximately 30 days to process estate recovery claims.]

**Explanation of State Revenues:** *Medicaid Estate Recovery Unit:* The bill may increase revenue to the Medicaid Estate Recovery Unit to the extent that the state would not have been able to file a claim against a decedent's estates within the 120 day limit.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Family and Social Services Administration; Bureau of Disabilities Services; Medicaid Estate Recovery Unit.

**Local Agencies Affected:**

**Information Sources:** [www.ssa.gov/ssi/eligibility](http://www.ssa.gov/ssi/eligibility); [www.healthcare.gov/glossary/federal-poverty-level-fpl](http://www.healthcare.gov/glossary/federal-poverty-level-fpl); [www.medicare.gov/basics/costs/help/medicaid#:~:text=Medicare%20pays%20first](http://www.medicare.gov/basics/costs/help/medicaid#:~:text=Medicare%20pays%20first); [www.in.gov/medicaid/providers/about-ihcp-programs/medicare-savings-programs](http://www.in.gov/medicaid/providers/about-ihcp-programs/medicare-savings-programs).

**Fiscal Analyst:** Jason Barrett, 317-232-9809.