

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

LS 7045
BILL NUMBER: SB 275

NOTE PREPARED: Jan 29, 2026
BILL AMENDED: Jan 28, 2026

SUBJECT: FSSA Fiscal Matters.

FIRST AUTHOR: Sen. Mishler
FIRST SPONSOR: Rep. Lopez

BILL STATUS: As Passed Senate

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 provides that a claim by the Estate Recovery Unit of the Office of Medicaid Policy and Planning is forever barred unless the Estate Recovery Unit files a claim in the court in which the decedent's estate is being administered not later than 365 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 Medicare Savings Programs and on home health service reimbursement rates, may result in a reduction in 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 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.

The bill removes the Medicaid eligibility income limit of 100% of the federal poverty level (FPL) for recipients who are aged or disabled, making the income eligibility requirement equal to the levels established by the Supplemental Security Income (SSI) program. This is not expected to have any impact on the number of individuals eligible for Medicaid since the 2026 maximum SSI federal benefit rate of \$11,929 per year for an individual (\$17,892 for a couple) is equal to approximately 75% of the FPL.

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 extends the time frame that the Medicaid Estate Recovery Unit has to file a claim against a decedent's estate, from 120 days to 365 days after the decedent's date of death. [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/oact/cola/SSI.html;
www.healthcare.gov/glossary/federal-poverty-level-fpl;
www.medicare.gov/basics/costs/help/medicaid#:~:text=Medicare%20pays%20first;
www.in.gov/medicaid/providers/about-ihcp-programs/medicare-savings-programs.

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