



2025 Legislative Session Update

Indiana General Assembly

- The 2024 legislative session was a “short,” non-budget writing session that began in January and ended in March.
 - 752 bills were introduced, and 191 were enacted into law.
- The 2025 legislative session is a “long,” budget-writing session that began in January and will end in April.
 - Over 1,200 bills have been introduced, and updating the Hospital Assessment Fee (“HAF”) is IHA’s priority for the 2025 legislative session.
- The past several legislative sessions have been focused on a cost of health care debate.



Cost of Health Care Debate: How It Started...

- First iteration of RAND report focused solely on Indiana (2017)
- Future iterations listed Indiana in top 10, including this past year at 9th highest hospital prices in the nation
- Rand 5.1 released in December 2024

Research Report

Hospital Prices in Indiana

Findings from an Employer-Led
Transparency Initiative

Chapin White

Legislative Focus to Follow

- National attention on Indiana spurred bills on hospital prices, price transparency, and more since 2020
- IHA has proactively supported various transparency and affordability initiatives (APCD, good faith estimates, surprise billing, and more)
- Site of service legislation proposed in 2020 and 2023

# Bill Number	Law	Effective Date
SEA 5 (2020)	Established the All-Payer Claims Database	August 5, 2024
SEA 5 (2020)	Required providers to make public the average price for procedures	March 31, 2021
HEA 1004 (2020)	Required good faith estimates by facilities and providers for scheduled procedures	July 1, 2020 and July 1, 2021
HEA 1004 (2020)	Limited surprise billing for patients	July 1, 2020
HEA 1004 (2020)	Required the disclosure of all fees related to the marketing and selling of insurance	July 1, 2020
SEA 5 (2020)	Permitted employers to obtain price, quality, and contractual information by prohibiting confidentiality and gag clauses	July 1, 2020
SEA 5 (2020)	Removed delays in provider credentialing for reimbursement	July 1, 2020
SEA 184 (2020)	Expanded the ability for employers to join association health plans	July 1, 2020

Indiana General Assembly Benchmarking Report

- Indiana hospitals are a committed partner in the state's efforts to reduce health care costs, as demonstrated in the report.
 - Commercial prices for Indiana's nonprofit hospital systems averaged more than 30% below the state benchmark in 2023
 - Systems reduced their prices by 5% of Medicare on average over the course of the study (2023 compared to 2021).

TABLE 2A: PERCENT OF FULL MEDICARE BY SYSTEM AND YEAR COMPARISON TO 285% BENCHMARK

SYSTEM	HEA 1004 285% BENCHMARK	SYSTEM 2023	SYSTEM 2023 MINUS THE 285%	SYSTEM 2022	SYSTEM 2022 MINUS THE 285%	SYSTEM 2021	SYSTEM 2021 MINUS 285%
Ascension	285%	255%	-30%	255%	-30%	259%	-26%
Community	285%	238%	-47%	247%	-38%	248%	-37%
Franciscan	285%	267%	-18%	251%	-34%	265%	-20%
IU Health	285%	243%	-42%	243%	-42%	252%	-33%
Parkview	285%	265%	-20%	260%	-25%	268%	-17%

* These percentages of Medicare reflect the full Medicare equivalent amount specific to the year when the service was incurred, and the system-specific mix of services by service category.

As Table 2a illustrates, all systems are below the 285% benchmark for all three years of the analysis.

IHA's Legislative Agenda

- HAF Redesign – HB 1586 (Rep. Barrett)
 - Passed House Public Health, reassigned to House Ways & Means
- Prior Authorization Reform – SB 480 (Sen. Johnson)
 - Passed Senate Health & Senate Appropriations
- Health Care Worker Protections – SB 419 (Sen. Carrasco)
 - Passed Senate Corrections
- GME Funding / Health First Indiana – HB 1001 (Rep. Thompson)
 - Tobacco tax increase could potentially be included in budget bill



Advocating for Hospitals Since 1921

IHA 2025 Legislative Agenda

Access to Care:

HAF Redesign

Redesign the Hospital Assessment Fee (HAF) to allow hospitals to be assessed up to the federally allowable maximum to increase Medicaid reimbursement for hospitals at no cost to the state, while protecting patient access and improving quality of care.

Prior Authorization Reform

Reform the prior authorization process in Indiana to improve patient access to timely care and remove costly administrative burdens in the health care system.

Workforce:

Health Care Worker Protections

Enhance criminal penalties for assault and verbal intimidation against all health care workers as a multi-pronged approach to enhance workplace safety.

GME Funding

Expand graduate medical education (GME) funding to increase residencies across the state to address Indiana's physician shortage and improve access to quality health care for Hoosiers.

Public Health:

Health First Indiana

Expand state investment in public health by continuing to fund the Health First Indiana initiative each year of the biennium.

Tobacco Tax

Raise the tobacco tax by \$2 per pack to lower health care costs and improve health outcomes for Hoosiers.



Bills of Note

- HB 1004 – Provides that a nonprofit hospital that charges an amount for a service or item in excess of 300% of the Medicare reimbursement rate at the time of the charge forfeits its status as a nonprofit hospital (the original bill required forfeiture for a charge in excess of 200% of Medicare)
- Provides that starting January 1, 2026, a hospital facility fee excise tax will be imposed upon a hospital (except CAHs) each time the hospital charges a patient a facility fee that exceeds 265% of Medicare
 - The excise tax begins at 33% of the amount that the facility fee charge exceeded 265% of Medicare and phases up to 100% by 2028. 75% of the excise tax would be used to fund Medicaid, and 25% would be used to develop the health care workforce serving rural areas.
- In House Ways and Means, language was included to allow FSSA to implement a state directed payment program for HAF, as well as a managed care assessment fee

Bills of Note

- HB 1003 – Would extend site of service provisions from HEA 1004 (2023) to all nonprofit hospitals regardless of net patient revenue
 - Further, Medicaid, policies of accident and sickness insurance, and HMOs would be required to reimburse for a covered service that is provided in an outpatient setting at the same reimbursement rate that is provided at a physician's office for the equivalent outpatient service (no exemptions)
 - Would prohibit a 340B covered entity from charging an individual for a prescription drug obtained under the 340B program at a price that is greater than the price the 340B covered entity obtained the drug under the 340B program
 - Would require a provider to provide a patient with a written list of services that the patient received, and that the provider intends to bill the patient for, upon the patient's discharge from inpatient or outpatient services, or otherwise be disqualified from billing those services

Bills of Note

- HB 1502 – State Employee Health Plan Payment Limits
 - Payment for a medical facility service provided to an individual covered by the State Employee Health Plan may not exceed 200% of Medicare
- HB 1666 – Ownership of Health Care Providers
 - Adds additional information to the annual hospital fiscal report – must report each person or entity that has an ownership interest in the hospital
 - Other health care entities (i.e., ASCs) would be required to file a similar ownership report with IDOH
 - Provides that an Indiana health care entity may not engage in a merger or acquisition with another health care entity unless approved by the Health Care Entity Merger Approval Board

Bills of Note

- SB 118 – 340B Drug Program Report
 - Requires a 340B covered entity to report certain information to IDOH each year (the individual reports will be confidential, but the aggregated information will be posted on IDOH's website). The information to be reported shall include how the 340B covered entity uses savings from participating in the 340B program; the aggregate payment amount received for all drugs obtained under the 340B program; the aggregate payment made to pharmacies under contract to dispense drugs under the 340B program; the aggregate payments made to any other entity that is not a 340B covered entity and is not a contract pharmacy for managing any aspect of the 340B covered entity's 340B program; and more.
- SB 317 – Health care debt and costs
 - Requires payment plans to be offered of at least 24 months, and one monthly payment may not exceed 10% of the person's gross monthly household income
 - Prohibits wage garnishments and liens on principal residences related to health care debt for consumers whose household income is not more than 250% of FPL
- SB 475 – Physician noncompete agreements
 - Except for physician noncompete agreements originally entered into before July 1, 2025, a physician and an employer may not enter into a noncompete agreement.



Questions?