

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

**LS 6385**

**BILL NUMBER:** HB 1024

**NOTE PREPARED:** Mar 27, 2025

**BILL AMENDED:** Mar 27, 2025

**SUBJECT:** Medicaid Reimbursement for Children's Hospitals.

**FIRST AUTHOR:** Rep. Slager

**FIRST SPONSOR:** Sen. Niemeyer

**BILL STATUS:** CR Adopted - 2<sup>nd</sup> House

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

**IMPACT:** State

**Summary of Legislation:** (Amended) The bill extends the expiration date of language specifying Medicaid reimbursement for certain out-of-state children's hospitals from July 1, 2025, to July 1, 2027.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** (Revised) The bill continues the higher rate of Medicaid reimbursement for certain out-of-state children's hospitals until July 1, 2027. This will increase the state Medicaid share of out-of-state children's hospital reimbursement between \$535,000 and \$660,000 per year in FY 2026 and FY 2027 based on prior state plan amendments (SPA) approved by the Centers for Medicare and Medicaid. The Family and Social Services Administration (FSSA) may have a routine workload increase to submit additional state plan amendments to continue this enhanced reimbursement.

**Additional Information** - The FSSA submitted an extension of the SPA for federal approval of the additional out-of-state children's hospital reimbursement through July 1, 2025. The federal share cost for FFY 2024 was \$1.1 M. LSA used the percentage increase of overall Medicaid costs, the percentage decrease in child enrollment between FY 2024 and FY 2025, and the federal reimbursement rate of 65% to estimate the state share cost of the bill.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Office of Medicaid Policy and Planning, Family and Social Services Administration.

**Local Agencies Affected:**

**Information Sources:** Milliman, December 2023 Medicaid Forecast, State Plan Amendment approval, IN-23-0012.

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