



State Legislative Update

March 7, 2025

TO: IN American Academy of Pediatricians
FROM: Bose Public Affairs Group

BIG PICTURE

Monday marked the official start of the second half of the legislative session where Senate bills began moving through the House and House bills through the Senate. Lawmakers wasted no time this week getting into the General Assembly's top issues, most notably property taxes, school funding and healthcare costs.

With a little over a month until we reach the second half committee report deadlines, there is still much work to be done, including a Senate version of the biennial budget.

WAYS AND MEANS TAKES 10 HOURS OF PUBLIC TESTIMONY ON TWO BILLS

Lawmakers on the House Ways and Means Committee are considering two hotly debated bills that could drastically impact local governments and schools. The committee ended up taking almost 10 hours of public testimony on Senate Bill 1 and SB 516, concluding the hearing around 10:45 pm Wednesday night.

The Senate passed version of [Senate Bill 1](#) aims to provide \$1.4 billion in property tax relief over the first three years of its implementation. Critics argue the bill uses a sledgehammer when a scalpel is a more appropriate tool while others, including Governor Braun, argue the proposal doesn't go far enough. In addition to some targeted relief efforts provisions like more tax relief for seniors and veterans along with a first-time homebuyer tax credit, the bill also contains a broad freeze on levy growth and other new restraints on growth options.

Wednesday's hearing featured a presentation from the Department of Local Government Finance and public testimony. During the hearing, Rep. Ed DeLaney questioned whether the bill's minor savings for homeowners, around \$48 on average, justified the significant revenue losses for cities and counties. Republican lawmakers, including Sen. Travis Holdman, emphasized the bill's focus on controlling future property tax growth rather than immediate relief as the proposal will not impact the 2024 tax bills that will be paid this year. Local officials warned that the bill could force cuts to essential services without new funding options. School leaders echoed concerns, saying state funding hasn't kept pace with inflation, leaving little money for infrastructure without relying on local tax referendums. However, some homeowners supported the bill, arguing that local tax revenue ultimately comes from taxpayers' pockets.

Ongoing negotiations between the governor's office and House Republicans signal possible compromises as the bill moves forward. All have said they aim to strike a balance between tax relief and protecting vital local services.

For next steps, Committee Chairman Rep. Jeff Thompson announced that the bill will be back on the calendar for next week, with an amendment to be released on Monday reflecting the contents of House Bill 1402. While that amendment won't be officially incorporated into the bill, the testimony should speak to the contents of HB 1402. Beyond that, there will be a third hearing which may or may not include public testimony, for final House amendments to the bill.

The other bill heard this week was [Senate Bill 518](#), which proposes mandating certain traditional public schools share the funding generated by local property taxes like debt service, operating fund levies and referendums with charter schools starting in 2028.

During the public hearing, local officials and school advocates urged lawmakers to carefully craft the bills to avoid devastating budget cuts as the bill doesn't fully fund either school system. Opponents further argued that any additional funding for charter schools should continue to come from the state budget rather than shifting the cost to property taxpayers especially given the cuts proposed under SB 1. Supporters argue that charter schools should have equal funding as traditional public schools. However, this proposal would mark the first time property tax dollars are given to an unelected board.

This bill also remains in committee for further consideration.

INDIANA IMPACT OF POTENTIAL FEDERAL MEDICAID CUTS UNCERTAIN

As Congress considers ways to reduce Medicaid funding to help finance tax cut extensions, Indiana leaders will continue business as usual with their own discussions on how to manage the program's rising costs in the state.

A recent U.S. House budget resolution proposes cutting up to \$880 billion from Medicaid nationwide by 2034 meaning Indiana could miss out on \$12.7 billion to fund the state's program over the next decade. Ideas like per-capita funding caps, work requirements and limiting coverage are all on the table. The proposal could significantly impact Indiana's Medicaid program, which currently covers nearly 2 million Hoosiers, including 700,000+ enrolled in the Healthy Indiana Plan (HIP), the state's Medicaid expansion under the Affordable Care Act.

Indiana lawmakers are already pursuing reforms to curb rising Medicaid costs, including [Senate Bill 2](#), which would cap HIP enrollment at 500,000 members and introduce work requirements. Medicaid is expected to cost Indiana \$10 billion over the next two years, making it one of the biggest pressures on the state budget. House Speaker Todd Huston has also said the state's fiscally conservative budgeting has prepared them to adapt if federal cuts come, but the current budget assumes federal funding will continue at current levels. However, if federal cuts take effect, Indiana's "trigger" law would automatically curtail the HIP program, potentially leaving hundreds of thousands of Hoosiers without coverage.

Gov. Mike Braun has placed the burden of controlling health care costs on the healthcare industry, particularly large hospitals and insurers, while promising the state will work to run the program more efficiently and crack down on waste and fraud.

Senate Bill 2 currently awaits a hearing in the House Public Health Committee. What federal and state lawmakers decide on remains to be seen and discussions will continue.

AMENDMENTS TO COME ON SENATE HEALTH CARE PRIORITY BILL

The House Insurance Committee will consider amendments to [Senate Bill 3](#) at a later date after its initial hearing this week. The proposal would require health care intermediaries, such as

third-party administrators, pharmacy benefit managers (PBMs), employee benefit consultants and insurance producers, to have a fiduciary duty to health plan sponsors. This means they would have to prioritize the best interests of employers and employees when managing health insurance and benefits.

Supporters argued the bill would increase transparency, accountability and help lower health care costs. However, critics claimed the fiduciary duty standard is too high and could lead to frivolous lawsuits or higher health care costs due to increased liability insurance expenses. Others argued voluntary supplemental products chosen by the employee should be exempt.

The committee is considering lowering the standard to a “best interest” or “good faith and fair dealing” requirement, which would still strengthen oversight without exposing intermediaries to excessive litigation. The bill is being held for prospective amendments, with ongoing discussions expected before it moves forward.

HOUSE COMMITTEE CONSIDERS PARTISAN SCHOOL BOARD BILL

The House Elections and Apportionment Committee listened to public testimony on [Senate Bill 287](#), which would require school board candidates to declare a political party and run in primary elections. If passed, this policy would end the state's current nonpartisan school board system. Bill author, Sen. Gary Byrne, said the proposal aims to boost transparency for voters, arguing that school board positions are already influenced by politics.

Testimony from nearly 40 witnesses was heated at times, with debate split mostly along party lines. Supporters claim the change would help voters understand candidates' beliefs, with some arguing that candidates currently hide their political leanings. However, opponents, including some sitting school board members and community advocates, warn the bill would inject divisive partisan politics into local education, discourage independent candidates and exclude those bound by federal laws like the Hatch Act from serving. Critics also argued the measure would oversimplify complex issues and allow voters to rely on party labels instead of researching candidates' qualifications.

The bill also proposes raising school board pay by linking compensation to 10% of starting teacher salaries, potentially doubling pay in many districts.

The committee is expected to consider amendments before voting, with lawmakers divided on whether the bill will advance. Previous attempts to make school board elections partisan have failed in Indiana.

WHAT'S NEXT?

To access other bills, view the latest session calendars and watch session live go to iga.in.gov. Please contact your BPAG Professional with any questions regarding the topics above.

Below are the major session deadlines to keep in mind:

House	Senate
<ul style="list-style-type: none"> • April 10 – Deadline for Senate bills to advance out of committee • April 14 – 2nd Reading Deadline for Senate bills • April 15 – 3rd Reading Deadline for Senate bills 	<ul style="list-style-type: none"> • April 10 – Deadline for House bills to advance out of committee • April 14 – 2nd Reading Deadline for House bills • April 15 – 3rd Reading Deadline for House bills
<i>Conference Committees Begin April 16</i>	
<i>Required Sine Die Date: April 29</i>	

PRIORITY LEGISLATION