

STATE OF INDIANA
EXECUTIVE DEPARTMENT
INDIANAPOLIS

EXECUTIVE ORDER 25-22

FOR: PROTECTING HOOSIER TAXPAYERS BY EVALUATING TAX EXEMPTIONS IN RELATION TO HOSPITAL CHARITY CARE

TO ALL WHOM THESE PRESENTS MAY COME, GREETINGS.

WHEREAS, Indiana Code § 16-21-9-3 defines a nonprofit hospital as “a hospital that is organized as a nonprofit corporation or a charitable trust under Indiana law or the laws of any other state or country and that is: (1) eligible for tax exempt bond financing; or (2) exempt from state or local taxes”;

WHEREAS, Indiana Code § 16-18-2-52.5 defines charity care, *inter alia*, as “the unreimbursed cost to a hospital of providing, funding, or otherwise financially supporting health care services” to individuals the hospital classifies as financially or medically indigent;

WHEREAS, Indiana Code § 16-21-9-7 mandates that nonprofit hospitals must report the amount of charity care that such hospital provides in a given year;

WHEREAS, nonprofit hospitals may gain over one billion dollars per year in tax-breaks at the state level;

WHEREAS, many nonprofit hospitals do not exceed sixty percent of the tax benefits conferred on them in the value of charity care administered per a Kaiser Family Foundation 2023 report;

WHEREAS, the State of Indiana does not mandate amounts of charity care that a hospital must provide in order to maintain the tax exempt benefits such hospitals enjoy;

WHEREAS, the Indiana Department of Health (“IDOH”) regulates hospitals operating in the State of Indiana; and

WHEREAS, government policies must protect hardworking taxpayers by ensuring that nonprofit hospitals enjoying tax benefits provide services to the truly needy in their communities;

NOW, THEREFORE, I, MICHAEL K. BRAUN, by virtue of the authority vested in me as the Governor of the State of Indiana, do hereby order that:

1. The Secretary of Health and Family Services (“HFS”) shall conduct an investigation and prepare a report containing the following:
 - a. An analysis of the amount of charity care provided by each nonprofit hospital operating in the State of Indiana compared to the tax-exempt benefits enjoyed by nonprofit hospitals operating in the State of Indiana; and
 - b. An exploration into any practices of nonprofit hospitals operating in the State of Indiana that permit such hospitals to avoid providing charity care to the truly needy in their community while continuing to enjoy the benefits of tax-exempt status.
2. After conducting the above investigation and preparing the report, the Secretary of HFS shall determine IDOH’s authority to issue administrative rules or otherwise enforce standards concerning the following:
 - a. Requiring each nonprofit hospital operating in the State of Indiana to verify

that their hospital or hospital system provided more charity care in a given tax year than the value of tax exemptions received. This verification would be included in the nonprofit hospital's annual state filing to the IDOH; and

- b. Ensuring that any nonprofit hospital that fails to provide such annual verification shall be prohibited from receiving state tax exemptions, but a nonprofit hospital shall in no way be prohibited from receiving state tax exemptions when the hospital is in compliance.
3. If the Secretary of HFS determines IDOH does not have statutory authority to issue administrative rules or otherwise enforce standards, the Secretary shall suggest statutory changes to grant IDOH the necessary authority.
4. The investigation shall be completed by October 31, 2025, with a written report provided to the Governor and the Legislative Council by November 30, 2025.



IN TESTIMONY WHEREOF, I,
Michael K. Braun, have hereunto set
my hand and caused to be affixed the
Great Seal of the State of Indiana on
this 21st day of January, 2025.

Michael K. Braun
Michael K. Braun Governor of Indiana

DIEGO MORALES

ATTEST: Diego Morales
Secretary of State