Indiana’s Extraordinary Healthcare Policy Journey

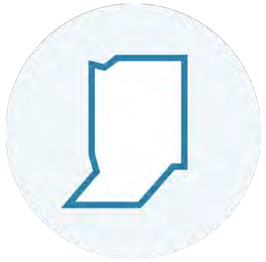
Midwest Legislator Conference - Minneapolis

Randa Deaton
President and CEO

September 1, 2026

EMPLOYERS' FORUM OF INDIANA
Addressing the challenges of the local healthcare marketplace

Membership



Private businesses

National and local businesses across manufacturing, engineering, agriculture, finance, etc.

Public purchasers

Major universities and public school systems

Healthcare Industry

Key healthcare stakeholders across the industry

Advanced Rehabilitation
Alttrax (affiliate member)
American Health Network
American Physical Therapy Association, Indiana Chapter (over 1,800 Members)
Anthem BCBS
Ashley Industrial Molding*
Bartholomew Consolidated School Corp*
Clear Healthcare Advocacy
Concord Community Schools*
Conner Insurance
Cummins*
Eli Lilly and Co.*
Encore Health Network
Eskenazi Health
Fiat Chrysler Automobiles*
Fort Wayne Community School Corporation* (50 Schools)
Greg Edwards
Haynes International*
Healthcare Options*
Indiana Health Information Exchange
Indiana Manufacturers Association (900 Members)
Indiana Pharmacists Association
Indiana State Teachers Association*
Indiana University*
JA Benefits
Johnson and Johnson (affiliate member)
LHD Benefit Advisors
Managed Health Services
Marathon Health
Merck (affiliate member)
Monroe Owen County Medical Society
Northwest Cancer Center
Ortho Indy
Patoka Valley Healthcare Cooperative*
Purdue University*
Red Gold*
Roche & Genentech*
Roman Catholic Archdiocese of Indianapolis*
Royal United*
Sanofi Genzyme (affiliate member)
Schweitzer Engineering Laboratories*
South Central Indiana School Trust*
The Alliance
The MJ Companies
TrueRx
Unified Group Services
UnitedHealthcare
University of Notre Dame*

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Mission: To improve the value received by employers and patients for their healthcare expenditures. Value considerations include price, quality, employee satisfaction and utilization.

Driving High Value Markets

Advancing Health Policy

Activating employers and elevating their voices

Strengthening EFI's Movement

2001 Dave Kelleher Founded the Employers' Forum of Indiana

2017 RAND 1.0 Released

2020 Began Legislative Advocacy

Non-Profit Formation

2022 Launch of Sage Transparency 1.0

2024 Launch of Sage Transparency 2.0

2025 EFI CEO, Gloria Sachdev, becomes IN Secretary of HFS

Founded 2001 | 501(c)(3) public charity | Employer-governed board

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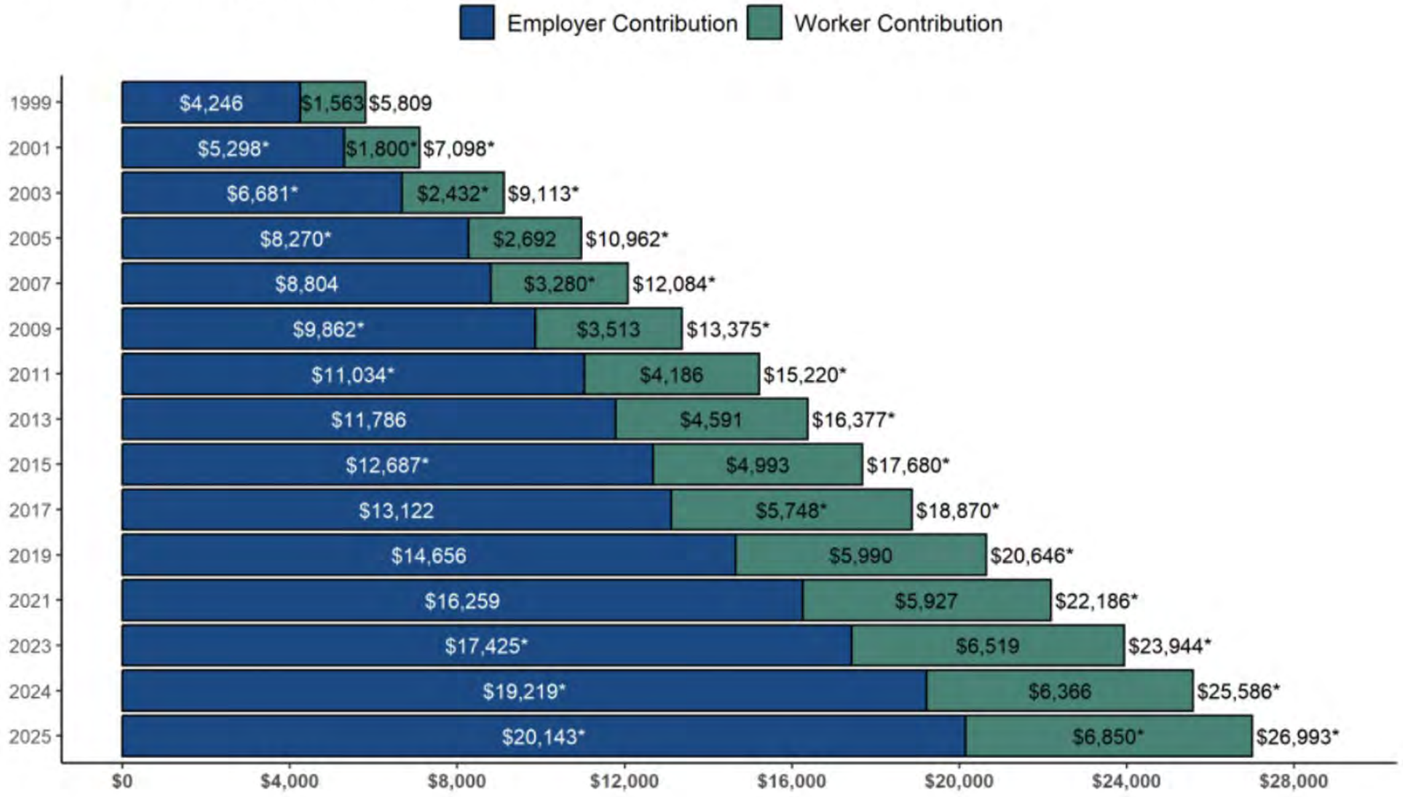
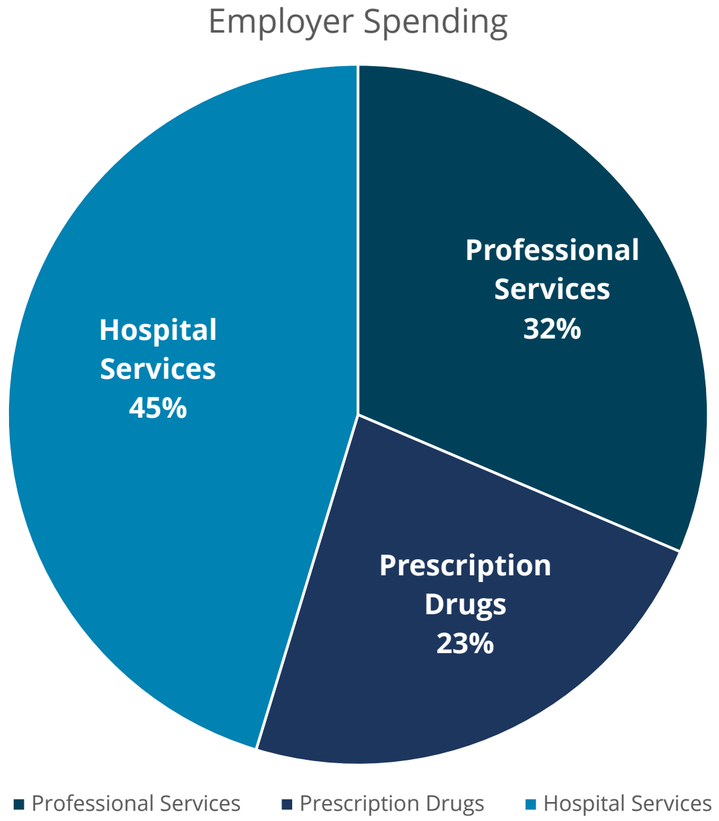
The Problems and the Evidence Driving Indiana's Market Reforms

Employer-Sponsored Insurance

Figure 6.5
Average Annual Worker and Employer Contributions to Premiums and Total Premiums for Family Coverage, 1999-2025



* Estimate is statistically different from estimate for the previous year shown ($p < .05$).
SOURCE: KFF Employer Health Benefits Survey, 2018-2025; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2017



https://healthcostinstitute.org/wp-content/uploads/images/pdfs/HCCImpact/HCCImpact_Prices_Drive.pdf
https://www.kff.org/health-costs/

The RAND hospital price transparency studies changed the conversation

- EFI commissioned the first hospital price study in the U.S.
- First study to publish **actual prices paid** by employers to individual hospitals
- Prices noted as **percent of Medicare**
- Uses employer claims
- Round 6 will be published September 2027 (for 2023-2025 prices)

https://employerptp.org/studies/

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Indiana Healthcare Prices

RAND 5.1 Average Commercial Price as a Percent of Medicare (2022)			
	Total Facility Plus Physician	Total Facility	Total Physician
Indiana	300%	338%	127%
National	254%	267%	184%
Indiana Rank	9	6	45

https://employerptp.org/studies/pt5/

https://www.nytimes.com/2019/05/09/health/hospitals-prices-medicare.html
https://employerptp.org/studies/pt5/
https://www.wfyi.org/news/articles/new-study-finds-indiana-hospital-prices-8th-highest-in-the-nation
https://www.indianasenaterepublicans.com/gov-braun-signs-garten-s-bill-to-lower-health-care-costs

Employees are Suing Employers Over High Healthcare Costs

Self-Funded Employers must act as fiduciaries by using health plan assets in a prudent manner as established by ERISA and reinforced by the Federal Consolidation Appropriations Acts of 2021 and 2026.

There are three fiduciary questions employers must answer.

1. Are you paying for a service that is necessary?
2. Is the fee you are paying reasonable?
3. Is your contract reasonable?

Barriers to Purchasing Healthcare Better

Businesses and Public Entities must overcome many barriers to effectively purchase healthcare on behalf of their workers and families. These barriers include:

- Monopolies and lack of competitive markets
- Lack of available pricing to determine reasonable fees
- Anticompetitive contracting clauses
- Complexity and information asymmetry
- Vendor partners with misaligned incentives (making more money when the employer spends more money)
- Minimal staffing and resources to oversee their plan

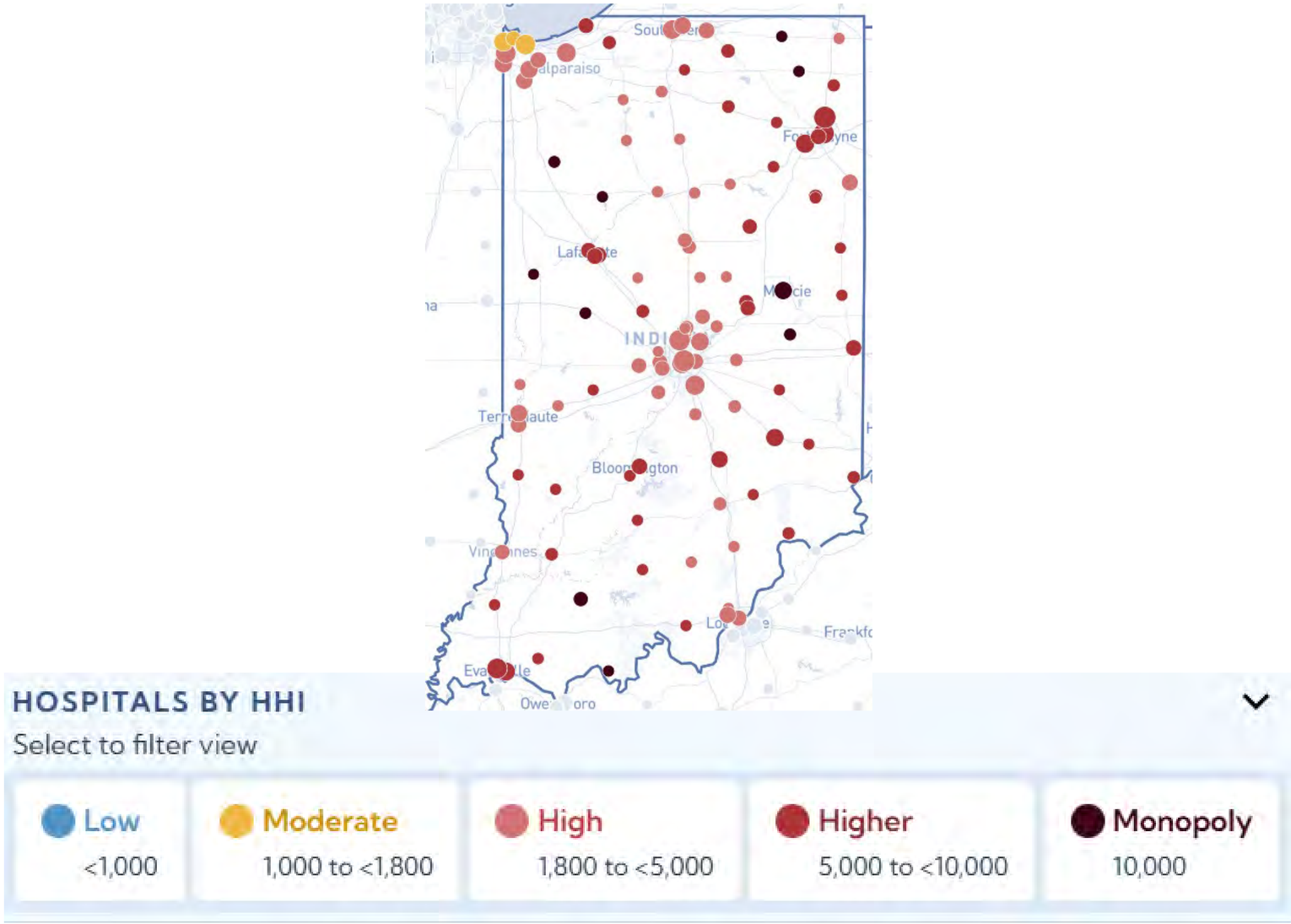
What is the Main Driver of Healthcare Costs? PRICE

https://www.healthaffairs.org/doi/full/10.1377/hlthaff.2018.05144
https://www.healthaffairs.org/doi/10.1377/hlthaff.22.3.89

The Main Reasons Healthcare is not a Competitive Market

- Consolidation & market power
- Opaque pricing & quality
- Misaligned incentives
- Administrative complexity

97% of hospitals in Indiana have little to no competition



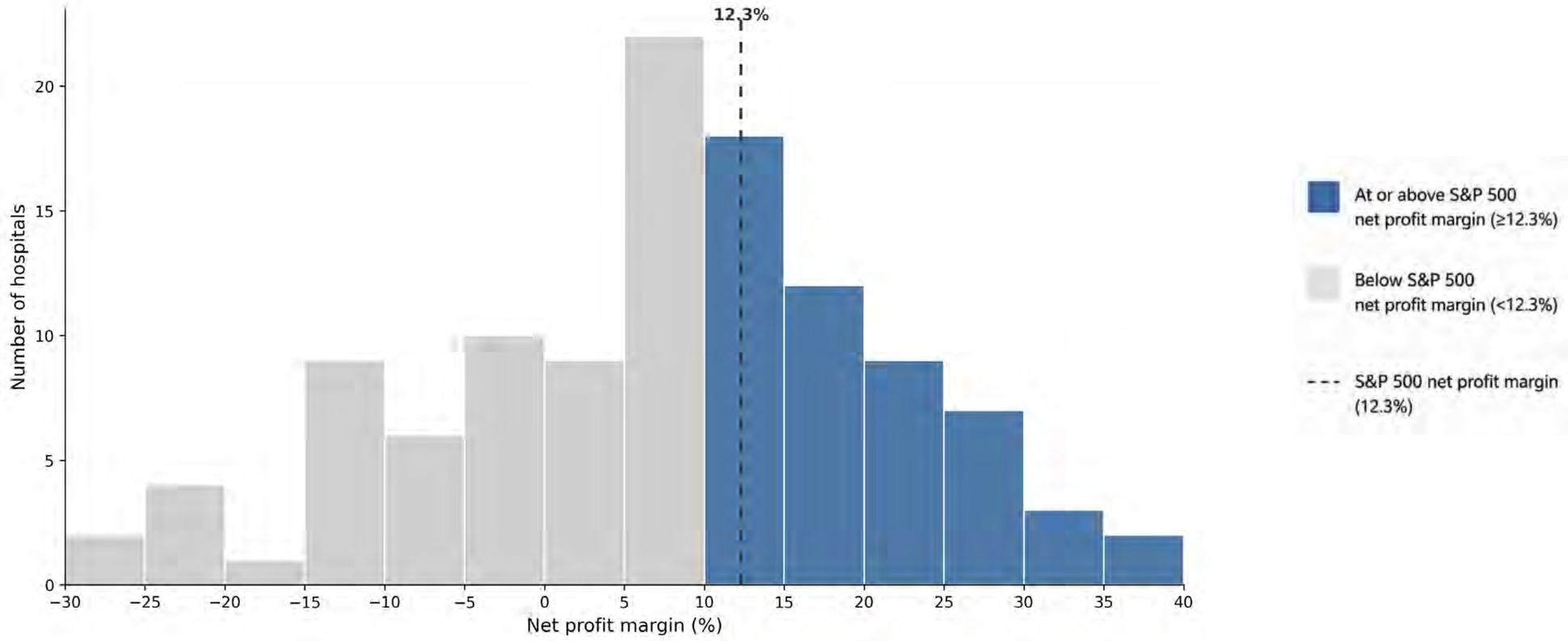
Health Care Affordability Lab, 2026

Wide variation in hospital financial performance across Indiana

Net Profit Margin Range	Number of Acute Care Hospitals	Revenue	Net Income	Average Revenue	Net Profit Margin
20% to 37%	21	$11,075,349,223	$2,992,511,674	$527,397,582	27.0%
10% to 19%	30	$7,708,246,617	$1,015,899,998	$256,941,554	13.2%
0% to 10%	31	$8,148,051,261	$475,737,961	$262,840,363	5.8%
-1% to -10%	16	$2,247,849,659	$(105,706,255)	$140,490,604	-4.7%
Below -10%	16	$2,245,741,350	$(336,889,134)	$140,358,834	-15.0%
Totals	114	$31,425,238,110	$4,041,554,244	$275,659,983	12.9%

Source: 2024 Medicare Cost Reports, National Academy for State Health Policy

One-third of Indiana hospitals had net profit margins at or above the average S&P 500 company in 2024



Sources: Medicare Cost Reports, 2026; FactSet, 2026

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Indiana's Healthcare Reform Journey

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Indiana is Recognized as National Leader in Healthcare Policy Reform

"Indiana's extraordinary 2025 legislative session was a product of years of dedicated advocacy to improve transparency and tackle the root cause of higher health care costs. The story can be traced back to the Employers' Forum of Indiana, a multi-stakeholder coalition created to improve the value employers receive from their investment in health care benefits."

https://chir.georgetown.edu/indianas-extraordinary-legislative-session-exemplifies-how-incremental-efforts-can-improve-health-care-affordability/
https://www.wsj.com/health/healthcare/these-employers-took-on-healthcare-costs-and-the-fight-got-nasty-

“Government has to intervene, because healthcare is run like an unregulated utility”

Indiana's 10 Year Healthcare Reform Journey

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The Evidence: 2016-2020

2016: EFI commissions first hospital price transparency study

2017: RAND 1.0 released

2019: RAND 2.0 released

2020: RAND 3.0 released

The Letters: 2021-2022

2021: IN Senate and House asked insurers and hospitals to send a cost reduction plan by April 2022

2022: No viable plan was presented to the Indiana legislators. RAND 4.0 released, and Sage Transparency launches.

The Policies: 2023-2025

2023: Several major bills passed tacking hospital prices, noncompetes, and Rx drug rebates.

2024: Several bills passed on data ownership, PBMs, and mergers & acquisition. RAND 5.1 released.

2025: An extraordinary number of reforms pass tackling hospital pricing, anticompetitive contracting, and misaligned incentives.

Law Testing & Defense: Today

2026: A short session quiet on healthcare kept hospital pricing laws in place. Employers began leveraging and testing the laws using a new Law To Action series developed by EFI.

2027: RAND 6.0 to be released.

Indiana’s Major Legislative Reforms to Address Market Barriers

Opaque Pricing and Quality	• HEA 1259 (2024) - Affirms employer data ownership and expands audit rights • HEA 1004 (2025) - Requires PBMs to share claims data within 15 days • HEA 1003 (2025) - Prohibits TPAs/PBMs from redacting claims data as trade secrets
Misaligned incentives	• HEA 1004 (2025) - Requires brokers & insurers to disclose compensation & fees to plan sponsor • SEA 3 (2025) - Establishes fiduciary duties for TPAs/PBMs to plan sponsors
Consolidation and Market power	• HEA 1003 (2025) - Bans facility-fees at off-campus provider locations and bans anticompetitive contracting (Anti-steering/tiering & All-or-nothing clauses) • HEA 1004 (2025) – Requires big five non-profit hospital systems to be at or below statewide average by 2029 to keep non-profit status
Administrative complexity	• HEA 1004 (2025) – Requires hospitals to offer a direct-to-employer contract <=260% of Medicare

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Indiana's Three Hospital Pricing Benchmark Laws

Indiana has enacted numerous laws aimed at reducing hospital prices, several of which rely on hospital price benchmarks. These laws are in response to high commercial hospital prices, as the most recent RAND Hospital Price Transparency Study found that Indiana hospital prices averaged 300% of Medicare. Because the benchmarks differ in their specifications, scope, and enforcement mechanisms, policymakers and stakeholders need to understand what compliance with any given benchmark says about hospital prices.

	Direct-to-employer benchmark		Annual pricing report benchmark	Nonprofit tax-status benchmark
Statute	HEA 1004 (2025), IC 27-1-46.5, Sec. 9	HEA 1004 (2025), IC 27-1-46.5, Sec. 10	HEA 1004 (2023), IC 27-1-47.5, Sec. 21	HEA 1004 (2025), IC 16-21-18
Threshold	Individual hospital, hospital system, or narrow network of hospitals offer a direct-to-employer health care arrangement at or below 260% of full Medicare.		Hospital prices compared to 285% of Medicare.	Hospital system's aggregate average inpatient and outpatient hospital prices at or below the statewide average inpatient and outpatient hospital prices.
Calculation	Sum of hospital inpatient and hospital outpatient facility prices as a percentage of full Medicare.	Sum of hospital inpatient facility prices, hospital outpatient facility prices, and professional fees as a percentage of full Medicare.	Hospital inpatient, hospital outpatient, and practitioner services prices as a percentage of Medicare for the commercially insured market, calculated separately and combined, and broken out by self-funded, fully-funded, and individual market plans.	The office of management and budget will develop a methodology using 2023-2024 commercial claims data to determine Indiana's statewide average inpatient and outpatient hospital prices.
Covered entities	Nonprofit hospital systems with at least $2B in annual NPSR (most recent audited financial statements).	Hospitals not part of systems with at least $2B in annual NPSR.	Nonprofit hospital systems with at least $2B in annual NPSR (2021 audited financial statements).	Nonprofit hospital systems with at least $2B in annual NPSR (most recent audited financial statements).
Compliance date	September 1, 2025	September 1, 2026	Compliance is not necessary; report expected to be submitted by December 1 of each year.	June 30, 2029
Consequence if exceeded	$10,000 per day per hospital	$10,000 per day per hospital	None	Hospital system loses nonprofit status for at least one year

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The Math Battle

Prices	Facility Prices Relative to Medicare Inpatient	Outpatient	Totals	Professional	Facility plus Professional	Reduction Adding Prof
Ascension	221%	364%	**291%**	137%	**254%**	-37%
Community	202%	346%	**283%**	113%	**236%**	-47%
Franciscan	218%	377%	**310%**	110%	**271%**	-39%
IUHealth	229%	300%	**268%**	165%	**237%**	-31%
Parkview	238%	376%	**314%**	121%	**262%**	-52%

Sources: Tables 2B and 2C

The Milliman report is in response to the Indiana Code 27-1-47.5-5(1), "which requires a contracted third party to compare Indiana non-profit hospital system prices for the commercially insured market to two hundred eighty-five percent (285%) of Medicare for the three most recent complete calendar years.

Should non-hospital services be calculated in determining average commercial rates for hospital prices?

- The RAND and Milliman methodologies produce similar results for hospital facility prices. They differ primarily in the information that is included in the studies.
- Reported average prices for hospitals with exactly the same facility fees can differ by 50% points or more depending upon the proportion of services provided by affiliated medical groups. This study included 60% to 77% of professional fees for services that are not provided in a hospital setting.
- When professional fees are included in determining "hospital" prices, the results are not comparable to RAND's results for Indiana or for other states.

https://employersforumindiana.org/media/resources/Review-of-the-2025-Milliman-Report-final.pdf

https://iga.in.gov/publications/agency_report/2025-Annual-Report---Hospital-Price-Benchmarking-Medicare-Repricing-Analysis.pdf

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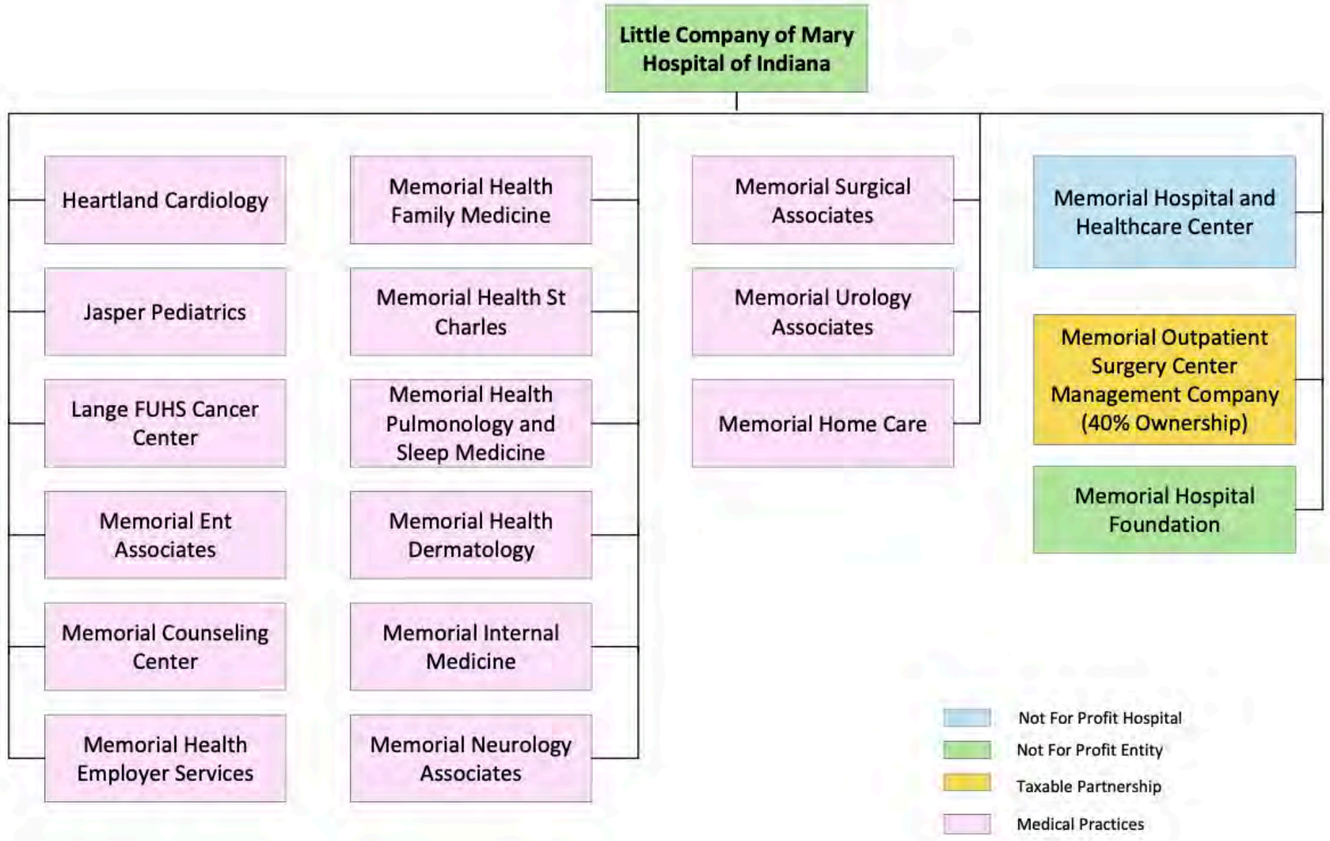
Hospital Financial Analysis: MCR vs AFS



Sources:

- *AHRQ 2023 Compendium https://www.ahrq.gov/chsp/data-resources/compendium.html*
- *Form 990 IRS Filings*
- *Audited Financial Statements, 2023*

The consolidated financial statements of the Little Company of Mary Hospital of Indiana include the parent's controlled entities, hospital, taxable partnership and foundation.

Summary – Operating Margin, 2023

AFS - Little Company of Mary Hospital of Indiana

Operating Margin: - 3%

HCT – Memorial Hospital and Healthcare Center:

Operating Margin: 41%

Source: NASHP

According to the Agency for Healthcare Research and Quality's (AHRQ) Compendium of U. S. Health Systems, 2023, Memorial Hospital and Health Care Center was part of the Little Company of Mary Hospital of Indiana. The system included 15 medical practices, an outpatient surgery center management company, a foundation and the hospital. See the below organizational chart.

https://nashp.org/operating-margin-a-tale-of-two-measures-when-comparing-nashps-hospital-cost-tool-and-audited-financial-statements/

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Indiana Direct Contracting Legislative Reform

House Enrolled Act 1004 OF 2025 requires a big five system to offer a direct-to-employer health care arrangement that is **at or below 260%** of full Medicare by September 1, 2025, and all other nonprofit hospitals to offer the same arrangement by September 1, 2026.

Hospital Name	Review
Ascension Saint Vincent	171%[4]
Community Health Network	190%
Franciscan Health	206%
Indiana University Health	250%
Parkview Health Network	203%

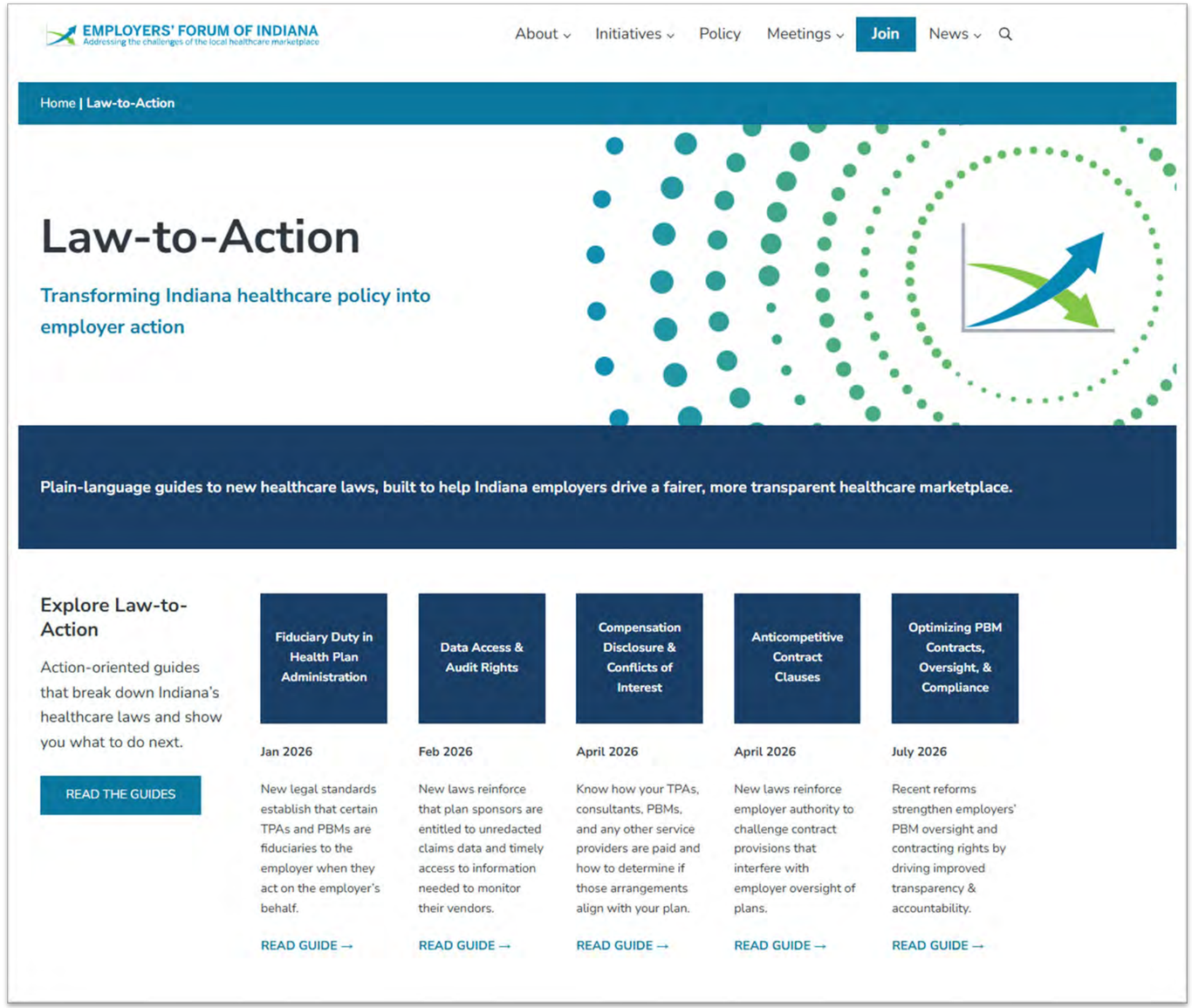
Scan To Read Report

EFI’s Law-To-Action Guides for Employers

EFI’s Law-to-Action series is designed to merge Federal and Indiana legislative reforms into practical guidance for employers to improve healthcare purchasing strategies.

“I've been trying to get specific detail for rebate information from our TPA/PBM for about three years. Each time I was told that it couldn’t be obtained. As it turns out, within three days of using EFI's Law-to-Action tools, I had it.”

Benefit Director
Mid-Size Indiana Manufacturer



This series was made possible in part by a grant from the Peterson Center on Healthcare.

https://employersforumindiana.org/law-to-action-hub/

Indiana Law-to-Action Guide

Data Access and Audit Rights

New laws reinforce that plan sponsors are entitled to unredacted claims data and timely access to information needed to monitor their vendors. Below are actions for leveraging these legal rights.

1 AUDIT YOUR CLAIMS

Confirm when you last conducted an audit of your TPA or PBM. If it has been 18 months or more, start preparing to conduct one. Annual audits are best practice.

Start with the contract that expires soonest. Audit findings can create leverage in renewal negotiations. Your audit should cover complete claims and payment data, as well as all sources of vendor compensation. For PBMs, include pharmacy payments, manufacturer revenue, and formulary related incentives.

2 ESTABLISH REGULAR CLAIMS DATA REVIEW

Confirm that your plan receives claims data on a consistent basis and that the data is actively reviewed to ensure claims are being paid correctly and in accordance with plan terms. If not:

- Vet and select a data analytics vendor and/or a payment integrity vendor that can meet your claims review needs
- Use EFI's template data request letter and tailor it to your TPA or PBM
- Define the data layout needed for meaningful review
- Review your service agreement to understand recovery rights for overpayments

Ongoing claims monitoring strengthens oversight beyond periodic audits.

3 STRENGTHEN YOUR CONTRACTS

Review service agreements to ensure they provide:

- Clear access to claims data
- Meaningful audit rights
- Defined follow-up obligations
- Practical recovery mechanisms for identified overpayments
- Flag provisions that need to be renegotiated at renewal
- Negotiate in the new required disclosures under CAA, 2026, if entering a 3-year PBM contract; negotiate for no rebates, no spread pricing

4 ADDRESS NON-COMPLIANCE

If a vendor asserts gag clauses or interferes with your ability to obtain required claims data:

- Report to the Indiana Department of Insurance
- Report to the U.S. Department of Labor (ERISA plans) or HHS (governmental plans)
- Address interference in your annual gag clause attestation if appropriate
- Violations of Indiana HEA 1259 are Unfair or Deceptive Practices
- Seek cooperative vendors through the RFP process

Federal and Indiana law support your right to this information.

LTA No. 2

Law To Action (LTA) Guide: LTA Data Access and Audit Rights Guide
Applicable Indiana Laws: IN HEA 1003 (2025) | IN HEA 1004 (2025) | IN HEA 1259 (2024) | IN SEA 3 (2025)
Supplemental Resources: Template Request for Claims Data for TPA and PBM | Template Request Letter for Comprehensive Data & Comp Disclosure

Lessons Learned by Employers In Testing Indiana Laws

- Roadblocks are common. Vendors may resist sharing information and interpret laws differently.
- Access to data is only the beginning. The data must be interpreted and used for plan oversight.
- Leveraging new laws takes expertise and time, which may require new investments.
- Peer-to-peer benchmarking and support are critical.
- Employers need to start where they can.

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Indiana Law-to-Action Guide
Data Access and Audit Rights

LTA GUIDE NO. 02
March 2026

This Indiana Law-to-Action Series is designed to help employers understand how to leverage new Indiana legislation intended to drive a more transparent, fair, and competitive healthcare market. Below is a plain-English summary of what the laws do and practical steps to take when seeking access to health plan data, exercising your health plan audit rights, and handling the issues that arise from both.

This document is not legal advice and does not replace plan-specific legal or fiduciary review. It is a high-level, action-oriented guide intended to help employers understand expanded rights and access to data under Indiana law, what you can do with this data as a plan sponsor, how to identify practical questions to raise with third-party administrators ("TPAs") and pharmacy benefit managers ("PBMs"), and how to use these new laws as support when seeking access to data or to perform an audit of your health plan TPA or PBM. Four Indiana laws, together with two federal laws, strengthen employer rights to access data and conduct audits.

Federal and Indiana Laws Supporting Employers' Data Access and Audit Rights

Summary:
Federal laws supporting data access and audit rights include the Consolidated Appropriations Act (CAA) of 2021, which established employers' rights to access claims data, and the CAA of 2026, which expanded those rights.

Indiana employers have even stronger legal support to access and audit their claims data. Indiana's HEA 1259 (2024) is a ground-breaking law that grants employers access to 837 and 835 electronic transaction files, creating a unique opportunity to quantify hidden costs that have long obscured the true cost of employer-sponsored coverage.

Federal protections under the CAA, together with Indiana HEA 1259, HEA 1003, HEA 1004, and SEA 3, reinforce that plan sponsors are entitled to unredacted claims data and timely access to information needed to monitor their vendors.

What the laws do

Several laws reinforce employer authority:

- Indiana HEA 1003 (2025) prohibits TPAs and PBMs from redacting claims data as trade secrets
- Indiana HEA 1004 (2025) requires PBMs to provide requested claims data within 15 business days
- Indiana HEA 1259 (2024) affirms employer ownership of claims data and expands audit rights
- Indiana SEA 3 (2025) establishes fiduciary duties for TPAs and PBMs acting on behalf of plan sponsors
- Federal Consolidated Appropriations Act (CAA) (2021) prohibits gag clauses that restrict access to provider-specific cost and quality data
- Federal Consolidated Appropriations Act (CAA) (2026) expands PBM transparency through required drug-level reporting for large employers and plan-level reporting for all employers

Together, these laws support an employer's right to obtain complete, unredacted claims data and to monitor vendor performance.

This publication was made possible in part by a grant from the Peterson Center on Healthcare. The statements made and views expressed are solely the responsibility of the author.

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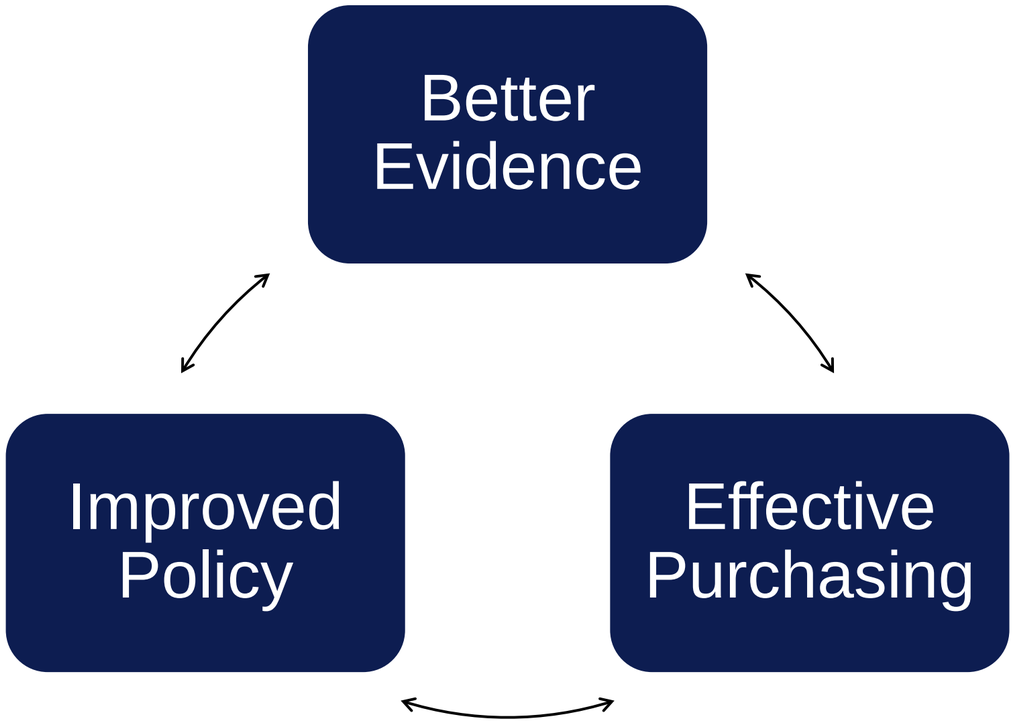
Indiana’s Key Strategies for Driving Improved Value



Start With The Evidence

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Thank You!

For questions, contact Randa Deaton at Randa@employersforumindiana.org.

From Indiana Study to National Transparency Tool

Studies -> Publish ->	RAND 1.0 2017	RAND 2.0 2019	RAND 3.0 2020	RAND 4.0 2022	RAND 5.1 2024
Services	Facility Inpt & Outpt Fees	Facility Inpt & Outpt Fees	Facility Inpt & Outpt Fees Professional Inpt & Outpt Fees	Facility Inpt & Outpt Fees Professional Inpt & Outpt Fees	Facility Inpt & Outpt Fees Professional Inpt & Outpt Fees
States	IN	25 States	49 States	49 states and the District of Columbia	49 states and the District of Columbia
Years	2013 - 2016	2015 –2017	2016 – 2018	2018 - 2020	2020 - 2022
Hospitals	120	1,598	3,112	4,102	4,083
Claims	14,000 inpt facility stays 275,000 outpatient facility services	330,000 inpt facility stays 14.2 million outpt facility services	750,000 inpt facility stays (& professional) 40.2 million outpt services (& professional)	1.3 million inpt facility stays (& professional) 12.2 million outpt services (& professional)	1.3 million inpt facility stays (& professional) 11.2 million outpt facility services (& professional)
Spend	$695,000 million	$12.9 billion	$33.8 billion	$78.8 billion	$77.4 billion
Data Sources	Participating self-funded employers	Employers, health plans, and 2 APCD	Employers, health plans and 6 APCDs	Employers, health plans and 11 APCDs	Employers, health plans and 12 APCDs
Indiana Price as a Percent of Medicare	272% In-patient and Out-patient (facility only)	311% In-patient & Out-patient (facility only)	304% In-patient & Out-patient (facility and professional fees)	293% In-patient & Out-patient (facility and professional fees)	300% In-patient & Out-patient (facility and professional fees)

https://employerptp.org/studies/

EFI helped bring national attention to hospital pricing through the RAND studies and the Sage Transparency tools.