



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 291** HLS 26RS 911
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.: **REVISED**

Date: May 17, 2026	2:54 PM	Author: BERAULT
Dept./Agy.: Louisiana Department of Insurance/Group Benefits		Analyst: Anthony Shamis
Subject: Adverse actions based solely on network status		

INSURANCE/HEALTH EG INCREASE EX See Note Page 1 of 2
 Prohibits health insurers from taking adverse payment or contracting actions against participating facilities based solely on another provider's network status
Present law establishes requirements for the payment of provider claims, prohibits contractual waivers, and provides that violations constitute unfair or deceptive acts or practices in the business of insurance.

Proposed law prohibits a health insurance issuer from reducing claim payments or suspending or terminating a provider agreement with a licensed healthcare facility that is a participating provider based solely on the network participation status of another provider contributing to a component of patient care at the facility.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						
REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

Proposed law may result in an indeterminable, but potentially significant, increase in expenditures in FY 27 and subsequent fiscal years. The Office of Group Benefits (OGB) estimates that proposed law is expected to result in a significant increase in SGR claims expenditures (see below). The Louisiana Department of Insurance (LDI) indicates an indeterminable expenditure impact resulting from this measure. The anticipated increase in expenditures is associated with provisions prohibiting insurers from taking adverse payment or contracting actions against participating facilities based solely on another provider's network status.

Any expenditure impact resulting from this legislation is dependent on the number of healthcare providers that elect to utilize the federal No Surprises Act (NSA) independent dispute resolution (IDR) process. The NSA establishes a federal IDR process that out-of-network (OON) providers, facilities, providers of air ambulance services, and group health plans may use to determine the OON rate for qualified IDR items or services following an unsuccessful negotiation period. The IDR entity selects between the parties' payment offers after considering specified factors, including the qualifying payment amount (QPA) for an item or service.

To the extent that healthcare providers and insurers negotiate a mutually agreeable rate, there may be a minimal expenditure impact associated with the provisions of this measure. However, to the extent that insurers and healthcare providers are unable to agree on a rate, there is the potential for an indeterminable but significant increase in SGR claims expenditures within OGB as a result of increased utilization of the IDR process. In addition, there may be an indeterminable expenditure impact on the private insurance industry; however, information provided by the LDI indicates that such impact cannot be quantified.

NOTE: The expenditure impact associated with this legislation is indeterminable, as the number of healthcare providers that may elect to utilize the IDR process, the frequency with which disputes occur, and the rate at which providers prevail are uncertain and cannot be reliably projected.

OGB (\$5.9 M - \$11.7 M):

Information provided by OGB indicates a potential increase in SGR claims expenditures of approximately \$5.9 M to \$11.7 M annually associated with the prohibition from taking adverse payment or contracting actions against participating facilities based solely on another provider's network status. **Note: OGB has provided updated assumptions that result in significantly lower costs than what was originally provided by its TPA. The original cost projected by Louisiana Blue indicated a potential increase in SGR claims expenditures of approximately \$21.6 M to \$92.8 M in FY 27.**

EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

If claims expenditures cannot be absorbed by OGB's actuarially recommended target fund balance amount of \$309 M, it may be required to decrease or eliminate benefits currently available to participants of OGB's health benefit and life insurance programs, or seek additional revenue, either in the form of a direct appropriation from SGF, or by an increase in OGB's SGR through a premium rate increase for OGB's self-funded health plans.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

The potential increase in OGB self-funded health plan medical claims expenditures resulting from the enactment of this legislation will ultimately be dependent upon the volume of claims associated with anesthesia, pathology, radiology, and emergency room providers who are in-network (at in-network facilities) today that choose to go out-of-network and initiate the federal IDR process. OGB has provided a range of possible impacts, based on 5% and 10% of such claims being impacted. To the extent that OGB's actual experience varies from this range, the fiscal impact can be expected to change accordingly. OGB based its estimate on the assumptions listed below resulting from providers using the IDR process to obtain greater awards than standard in-network rates as follows:

	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31	Total
Low	\$ 5,870,984	\$ 6,000,146	\$ 6,132,149	\$ 6,267,056	\$ 6,404,931	\$30,675,266
High	\$11,741,970	\$12,000,293	\$12,264,300	\$12,534,115	\$12,809,866	\$61,350,544

Unless OGB Fund Balance is utilized, an SGF appropriation will be required to cover the state portion of any increase in premium costs. Regardless, SGF makes up approximately 42% of premium collections. As of 1/31/26, OGB reports a \$406 M fund balance.

The expenditure estimate is based upon requirements of the proposed law as well as the following assumptions: (1) No change in OGB self-funded health plan membership in future fiscal years from current levels, (2) OGB will assume that providers and facilities prevail in 50% of cases submitted through the IDR process, (3) No change in the estimated allowed claims for anesthesia, pathology, radiology, and ER providers who are in-network providers at in-network facilities in future fiscal years from levels experienced in Plan year 2025. (4) the NSA IDR administrative fee will remain \$115 per dispute, (5) provisions of this legislation will become effective on 7/01/26, and (6) in future fiscal years, a medical inflation factor of 2.2% is applied, based on Consumer Price Index data for medical care in the Southern United States through the end of 2025.

According to Louisiana Blue, the Office of Group Benefits' (OGB) third-party administrator (TPA), the proposed legislation will allow in-network hospitals and facilities to utilize out-of-network providers without consideration of downstream cost impacts to employer groups and plan members. In such cases, out-of-network providers may elect to utilize the federal NSA IDR process to obtain awards significantly greater than standard in-network rates.

Louisiana Blue typically includes contractual provisions requiring facilities to utilize in-network healthcare providers and, when necessary, reminds facilities employing or contracting with non-network providers of such provisions. In rare circumstances, Louisiana Blue may enforce these provisions to protect patients. The inclusion and enforcement of such provisions is intended to protect members from excessive costs associated with the use of out-of-network providers.

Absent such contractual guardrails, self-funded health plan groups such as the OGB and its members may experience significant increases in the cost of care, either directly or through increased premiums. Additionally, increased incentives for network withdrawal may limit members' access to high-quality care through credentialed network providers.

Calculation of Low/High Estimates :

Cost Range	Additional Claims Cost	IDR-Associated Fees	Total Cost
Low-end (5%) ¹	\$1,608,353	\$4,136,250	\$ 5,744,603
High end (10%) ²	\$3,216,707	\$8,272,500	\$11,489,207

NOTES:

1 - For the low-end impact estimate, 5% of claims for anesthesia, pathology, radiology, and ER providers who are in-network (at in-network facilities) today will elect to go OON and initiate the IDR process, with an award rate of three times the current QPA rate.

2 - For the high-end impact estimate, 10% of claims for anesthesia, pathology, radiology, and ER providers who are in-network (at in-network facilities) today will elect to go OON and initiate the IDR process, with an award rate of three times the current QPA rate.

Projected Annual Increase (Based on Plan Year 2025):

	<u>Low-end Costs</u>	<u>High-end Costs</u>
Annual Base Cost	\$5,744,603	\$11,489,207
2.2% MI	\$126,381	\$252,763
FY 27	\$5,870,984	\$11,741,970
2.2% MI	\$129,162	\$258,323
FY 28	\$6,000,146	\$12,000,293
2.2% MI	\$132,003	\$264,007
FY 29	\$6,132,149	\$12,264,300
2.2% MI	\$134,907	\$269,815
FY 30	\$6,267,056	\$12,534,115
2.2% MI	\$137,875	\$275,751
FY 31	\$6,404,931	\$12,809,866

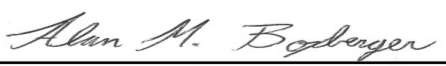
Note: The projected costs reported by OGB could be either higher or lower than the estimate provided above based on the following factors identified by the LFO:

- 1) The extent to which in-network providers feel incentivized to shift to out-of-network status and initiate the IDR process based on a potential to receive higher awards than standard in-network rates. OGB has assumed a 5% to 10% shift, with an award rate three times the current QPA rate. OGB indicates that this award rate is in line with the QPA multiple reported for disputed emergency services claims in which providers and facilities prevailed in the IDR process.**
- 2) The extent to which insurers successfully utilize other tools to prevent providers shifting from in-network to out-of-network status and initiating the IDR process.**
- 3) The extent to which claims costs increase or decrease below historical baseline as a result of providers shifting from in-network status to out-of-network status by initiating the IDR process.**

Louisiana Department of Insurance:

The Louisiana Department of Insurance (LDI) indicates an indeterminable expenditure impact resulting from this measure.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}


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