FLORIDA HOUSE OF REPRESENTATIVES
BILL ANALYSIS

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BILL #: HB 1101	**COMPANION BILL:** SB 2 (Rodriguez)
TITLE: Out-of-network Providers	**LINKED BILLS:** None
SPONSOR(S): Albert	**RELATED BILLS:** CS/SB 1842 (Burton)

Committee References

Health Care Facilities & Systems 15 Y, 2 N	➤	Health & Human Services 17 Y, 8 N

SUMMARY

Effect of the Bill:

The bill requires health care practitioners to notify patients in writing when referring them to out-of-network providers that the providers are out of network and that may result in higher out-of-pocket patient costs.

The bill also requires insurers to apply patient payments for covered services by nonpreferred providers to the patient's deductible and out-of-pocket maximum under the policy if the cost is the same as or less than the insurer's average payments or the statewide average on the Florida Health Price Finder website.

Fiscal or Economic Impact:

The bill has no fiscal impact on state or local government, and may have indeterminate negative and positive impacts on practitioners and insurers.

JUMP TO SUMMARY ANALYSIS RELEVANT INFORMATION BILL HISTORY

ANALYSIS

EFFECT OF THE BILL:

Current law does not obligate health care practitioners to inform patients when referring them to other providers who do not have a contract with the patient's insurer, so are not in the insurer's provider network, or inform them of the possible financial consequences of treatment by out-of-network providers.

The bill requires health care practitioners to give a written notice to a patient any time the health care provider refers a patient to a provider who is not in the provider network covered by the patient's insurance. The bill requires health care practitioners to notify patients in writing when referring them to out-of-network providers that the providers are out-of-network and that using such providers may result in higher out-of-pocket patient costs. This applies to all practitioners governed by ch. 456, F.S.[1] (Section 1.)

Currently, insurers may contract with a network of providers, such as health care practitioners or facilities, at an alternative or reduced rate, called preferred providers. Insurers may encourage patients to use preferred providers by imposing additional cost-sharing for the use non-preferred providers, and by not including the

[1] Chapter 456 applies to professionals licensed under the following laws: s. 393.17; part III, ch. 401; ch. 457; ch. 458; ch. 459; ch. 460; ch. 461; ch. 463; ch. 464; ch. 465; ch. 466; ch. 467; part I, part III, part IV, part V, part X, part XIII, and part XIV, ch. 468; ch. 478; ch. 480; part II and part III, ch. 483; ch. 484; ch. 486; ch. 490; and ch. 491. These provisions apply to these occupations: behavioral analyst, nurse, acupuncturist, pharmacist, allopathic physician, dentist, osteopathic physician, dental hygienist, chiropractor, midwife, podiatrist, speech therapist, occupational therapist, medical physicist, radiology technician, emergency medical technician, electrologist, paramedic, orthotist, massage therapist, pedorthist, optician, prosthetist, hearing aid specialist, clinical laboratory personnel, dietician/nutritionist, respiratory therapist, athletic trainer, psychologist, clinical social worker, psychotherapist, marriage and family therapist, optometrist, mental health counselor, and genetic counselor.

patient's out-of-pocket expenses for a non-preferred provider in the patient's deductible or out-of-pocket maximum.

The bill requires all health insurers and multiple-employer welfare arrangements[2] to apply patient payments for covered services by nonpreferred providers to the patient's deductible and out-of-pocket maximum under the policy. This applies only to non-emergency services[3] covered under the policy, and only if the cost of the out-of-network treatment is the same as or less than the insurer's average payments for that service or the statewide average on the Florida Health Price Finder website. (Section 2.)

The bill provides an effective date of July 1, 2025. (Section 3.)

FISCAL OR ECONOMIC IMPACT:

PRIVATE SECTOR:

The bill's practitioner notice requirement may have a workload impact on practitioners to provide notices or look up insurer provider networks to avoid an out-of-network referral. It may have a positive economic impact on insurers if the practitioner notice requirement results in greater fidelity to in-network referrals.

The bill's non-preferred provider provision may have a negative impact on insurers for the administrative costs of including out-of-network patient expenditures in deductible and out-of-pocket maximums. To the extent the bill results in a greater patient utilization of non-preferred providers, it may have a negative impact on insurers related revenue/expenditure assumptions insurers might make with regard to preferred provider service utilization volume; or may have a positive impact if the non-preferred providers cost less for the insurers.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

Health Insurance Networks

Health insurers contract with a limited number of providers to serve their enrollees, called a provider network. Insurers may encourage patients to use in-network providers by imposing higher cost-sharing, such as co-payments, for out-of-network provider treatment, and may not apply any patient expenditure to the patient's deductible[4] or out-of-pocket maximum[5].

Preferred Providers

A Preferred Provider Organization (PPO)[6] is a health plan that contracts with providers, such as hospitals and doctors, to create a network of providers who participate for an alternative or reduced rate of payment. Generally, the patient, or member, is only responsible for the policy co-payment, deductible, or co-insurance amounts if covered services are obtained from network providers.

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[2] Multiple-employer welfare arrangements, or MEWAs, are employee benefit arrangements established to offer health insurance benefits to the employees of two or more employers. *See,* S. 624.437, F.S.

[3] Under the insurance code, nonemergency services are services other than those for medical conditions that manifest by acute symptoms of sufficient severity such that that absence of immediate medical attention could reasonably be expected to result in serious jeopardy to health of a pregnant woman or fetus, serious impairment of bodily functions, serious dysfunction of a bodily organ or part. *See,* ss. 627.62194, F.S., 641.74, F.S.

[4] A deductible is the amount of money a patient must pay before an insurer begins paying for covered services, in a given plan year or other policy term.

[5] An out-of-pocket maximum is a limit set on the amount a patient much pay for services covered by an insurance policy in a given plan year or other policy term.

[6] See generally s. 627.6471, F.S.

However, if a member chooses to obtain services from an out-of-network provider, those out-of-pocket costs likely will be higher. In addition, the terms of the policy may prohibit the patient from receiving credit for out-of-pocket (cash) expenditures for such services toward the patient's out-of-pocket maximum or deductible obligations. In addition, because a non-participating provider does not have a contract with the insurer delineating the reimbursement rates, the provider may bill the patient for the difference between what the provider bills the insurer and what the insurer chooses to pay – called balance-billing. Current law requires insurers to include an express warning to enrollees in the policy, advising them of the possible financial consequences of using a non-participating provider.

Current law requires each health insurer that uses a preferred provider model to give the policy-holder a list of the participating providers and publish that list on its website.[7]

Health Care Price Finder

Current law requires the Agency for Health Care Administration (AHCA) to maintain a Florida Center for Health Care Information and Transparency to collect, analyze and disseminate health care information data and statistics (s. 408.05, F.S.). As part of its functions, the agency administers a website of health care paid-claims data to assist consumers identify the costs of care. The Florida Health Price Finder[8] website accesses national paid-claims data for at least 15 billion claim lines from multiple payers, and current law requires all authorized insurers in Florida to provide claims data to the AHCA vender managing the website. The site allows a consumer to search for prices health care providers were paid by insurers, expressed as a range of averages, for providers in the consumer's geographic location. Prices are searchable by specific service or as a bundle of all the corollary services part of a major service.

Health Price Finder includes data on most hospitals in Florida, although AHCA limits data on hospitals in some geographic areas with little competition or few payers to avoid the possibility that specific reimbursement amounts might be identified. The payment information available on the website is limited; for example, a patient cannot search by specific facility or provider, so it has limited usefulness for a patient searching for a provider based on cost or comparing providers based on cost.

Health Care Practitioners

Health care practitioners are regulated by the Department of Health (DOH) under ch. 456, F.S., and individual practice acts for each profession. Many practitioners are regulated by profession-specific boards or councils of members of the profession appointed by the Governor and administered by DOH; some are regulated directly by DOH without a board or council.

Chapter 456 and individual practice acts delineate standards of licensure and practice, and the boards, or department if there is no board, enforce violations of those standards under the Administrative Procedures Act. Boards and the department may issue a reprimand or letter of concern, assess fines, suspend or restrict licenses, or revoke licenses, among other penalties, based on the nature of the violation.[9]

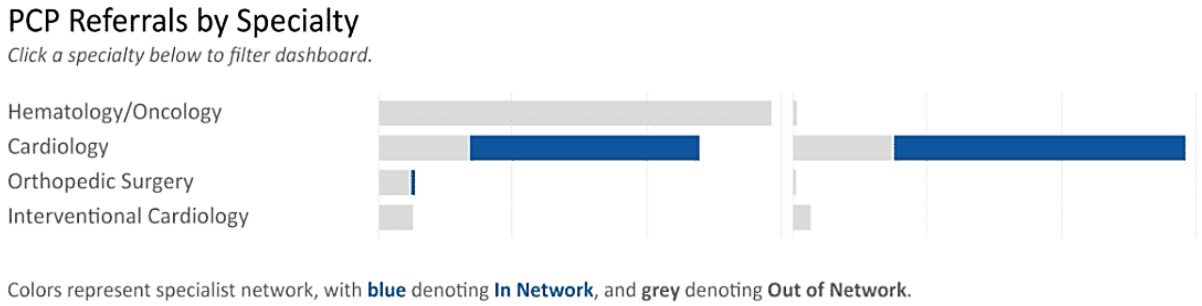
Out-of-Network Referrals

Health care practitioners may refer patients to other health care practitioners for the patient to obtain additional, possibly more specialized diagnosis or treatment. Sometimes, the referred practitioner does not participate in the patient's insurer's provider network, which may result in increased costs for the patient – or delays in care while the patient goes back to the referring provider for an alternative referral. However, this is common practice. For example, one survey of primary care providers (PCPs)[10] found:

[7] s. 627.6471, F.S.
[8] Available at https://price.healthfinder.fl.gov/#.
[9] See, s. 456.072, F.S.
[10] Kyruus Health, 2018 Referral Trends Report, at https://kyruushealth.com/new-physician-referral-report-identifies-top-barriers-to-patient-retention-and-care-coordination-within-health-system-networks/ (last visited March 15, 2025).

- 79% refer patients out-of-network.
- 34% of out-of-network referrals could be avoided if providers had more information on other providers' specialties and areas of focus.
- 72% refer to the same provider for a specialty, rather than determining whether another provider has more specific expertise or earlier appointment time.
- 60% of PCPs did not always know whether their patient required re-referral.

An analysis of PCP referrals in the Washington, D.C. area found significant out-of-network referral, as indicated by graphic below.[11]



That analysis, showed significant variation in referral patterns by PCPs, with some making non-participating providers 100% of their referrals; others referring out-of-network at much lower rates.

Current law does not obligate practitioners to inform patients when referring them to other providers who are not in the patient's insurance network, or the possible financial consequences of treatment by out-of-network providers.

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Health Care Facilities & Systems Subcommittee	15 Y, 2 N	3/19/2025	Calamas	Calamas
Health & Human Services Committee	17 Y, 8 N	3/31/2025	Calamas	Calamas

[11] CareJourney, Using Healthcare Analytics to Understand & Optimize Physician Referrals at the Point of Care (2021), at https://carejourney.com/healthcare-analytics-to-optimize-physician-referrals-at-point-of-care/ (last visited March 15, 2025).