

**TESTIMONY OF JOANNE RAWLINGS-SEKUNDA
DIRECTOR, CONSUMER HEALTH CARE DIVISION
BUREAU OF INSURANCE
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION
In opposition to L.D. 1785
An Act to Encourage Competition by Requiring Independent Health Care
Provider Cost-of-living Adjustments in Health Insurance Contracts
Presented by Representative Boyer
Before the Joint Standing Committee on Health Coverage,
Insurance & Financial Services
May 13, 2025 at 1:00pm**

Senator Bailey, Representative Mathieson, and members of the Committee, I am Joanne Rawlings-Sekunda, Director of the Consumer Health Care Division at the Bureau of Insurance. I am here today to testify in opposition to LD 1785.

This bill will require carriers, beginning January 1, 2026, to increase compensation annually for network providers that are solo practitioners or small practice groups (25 or fewer clinicians) by an amount that reflects the increase in the Consumer Price Index (CPI-U) over the prior year. It does not apply to dental or vision plans, or to providers that are affiliated with large practice groups or hospitals. The only exception is that carriers are permitted to reduce fees to reflect an applicable downward adjustment in the national relative value unit standards set by the federal Centers for Medicare and Medicaid Services (CMS).

The bill further provides that the requirement for the cost-of-living increase cannot be waived and that a carrier may not discriminate against any “category of” protected providers by excluding or limiting payment for health care services to avoid the cost-of-living requirements.

The Bureau opposes LD 1785 because if it passes, this bill will have an ongoing adverse effect on rates. Furthermore, putting a specific cost increase into statute is an inflexible approach that would be difficult to modify and would impart more unpredictability into costs because of the influence of the outside factors included in the Consumer Price Index.

The Bureau does not support including mandatory provider compensation increases – or any provider reimbursement requirements – in the Insurance Code. This bill would set a bad precedent and open the door for other providers to request similar laws.

The bill may also have the unintended consequence of discouraging carriers from maintaining network relationships with smaller practices.

This bill does not have an enforcement mechanism. The Bureau does not have authority over contractual matters between the parties, that authority is through the courts. Last year’s session established a provider liaison program, LD 1498, now 24-A §4329, that specifically excludes the Bureau from being involved with contractual issues.

This is not an area of expertise for the Bureau, and it would require a fiscal note for additional qualified staff. We anticipate at least one full-time employee at the Senior Insurance Analyst level.

Thank you, I would be glad to answer any questions now or at the work session.