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*Lieutenant Governor*



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*Acting Secretary*

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*Deputy Secretary*

## **HB 1126 - Health Insurance and Managed Care Organizations - Laboratory Services - Contract Providers**

**DATE:** March 19 2026

**COMMITTEE:** Health

**POSITION:** Letter of Concern

**SUMMARY OF BILL:** HB 1126 seeks to require insurers to expand their contracted laboratory networks through the following provisions: Allow an enrollee to select any network laboratory and require the insurer to contract with any laboratory that agrees to provide services in a manner that meets the plan's terms and conditions, and accepts the plan's reimbursement rates.

**EXPLANATION:** HB 1126 prohibits any cost-share provision under the health benefit plan. The State Employee and Retiree Health and Welfare Benefits Program (the Program) does not apply a copayment to lab services received as a preventive service. However, diagnostic laboratory services are subject to copayments, coinsurance and deductibles as applicable.

As a result, the Program would expect to see an increase in costs of approximately \$10.1 million, in the first year with the passage of HB 1126. We would expect additional increases in future years as a result of weakened leverage in negotiations and ability to drive utilization to specific providers.

Given forecasted out-year deficits and significant uncertainty about the federal budget and policy changes, it would be challenging for the State to manage this increase in spending. This challenge is compounded by major, unforeseen changes in federal policy and other ongoing budgetary pressures. The Department of Budget and Management (DBM) now forecasts significant shortfalls beginning in Fiscal Year 2027 and escalating into Fiscal Year 2028.

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