

Court Allows Challenge to Plan's Provider Directory and Out-of-Network Pricing and Reimbursement Disclosures

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Orrison v. Mayo Clinic, 2025 WL 2688798 (D. Minn. 2025)

Available at

https://www.govinfo.gov/content/pkg/USCOURTS-mnd-0_24-cv-01124/pdf/USCOURTS-mnd-0_24-cv-01124-0.pdf

A participant sued a self-insured health plan and its claims administrator for alleged violations of ERISA, the No Surprises Act (enacted as part of the Consolidated Appropriations Act, 2021), and other federal laws after her out-of-network mental health treatment claim was denied. The participant sought mental health treatment options for her child using an online tool provided by the claims administrator that erroneously omitted in-network providers within the participant's area, leading her to believe that only more expensive out-of-network treatment options were available. Relying on this information, the participant incurred high out-of-network costs. After receiving insufficient information to clarify out-of-network pricing methods and reimbursement rate calculations, the participant accused the plan and administrator of, among other things, breaching their fiduciary duties under ERISA by failing to disclose material information and failure to maintain an accurate provider directory under the No Surprises Act. The plan and administrator requested to dismiss all of the claims the participant raised against them.

The court granted most of the requests to dismiss the participant's claims, but found the allegations sufficient to support an ERISA fiduciary breach claim based on the failure to disclose critical information such as the non-network provider reimbursement rate (NNPRA) pricing methodology. Pointing out that making materially misleading statements or omissions constitutes a breach of a fiduciary's duty of prudence and loyalty, the court accepted the participant's allegations that she could not accurately anticipate out-of-pocket expenses or make informed benefit decisions without clear disclosure of how out-of-network rates were calculated or why a specific method was chosen. Furthermore, the court ruled that the participant's claim that in-network providers were missing from the provider database was enough for the case to proceed under the No Surprises Act, rejecting the plan's argument that violations only occur when out-of-network providers are listed as in-network and noting that the plan's position lacked legal support.

EBIA Comment: This case highlights challenges to plan actions under the No Surprises Act beyond independent dispute resolution (IDR). Plans and administrators must keep accurate and complete provider network databases to avoid legal risks and reduce costs for participants seeking out-of-network care. They must also focus on transparency in reimbursement determination disclosures to avoid ERISA breach of fiduciary duty claims. For more information, see EBIA's Health Care Reform manual at Section XXXVII.E ("Surprise Medical Billing Transparency Disclosures"). See also EBIA's Self-Insured Health Plans manual at Section XXVIII.I ("Surprise Medical Billing Transparency Disclosures") and EBIA's ERISA Compliance manual at Section XXVIII.C ("Fiduciary Responsibilities Imposed by ERISA").

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