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2026 LEGISLATIVE REVIEW: The LHA's 2026 Legislative Review is now available for download, featuring key bill summaries, final outcomes, an At-A-Glance section, and a new Hospital Impact section outlining how recent legislation affects Louisiana hospitals. Members are encouraged to share this resource with leadership and staff, support ongoing advocacy efforts through HOSPPAC at HOSPPAC.org, and contact Stacie Gardana with any questions.

ARTICLES

Medical Staff Minute: New Law Creates AI Recording Disclosure Requirement for Licensed Healthcare Providers

Written by Carrie L. Jones, Of Counsel, Breazeale Sachse

During the 2026 Regular Session, the Louisiana Legislature considered several bills addressing the use of artificial intelligence (AI) in healthcare. Ultimately, only one bill was enacted into law. House Bill 475 by Representative Stephanie Berault, now Act 649, creates a new disclosure requirement for Louisiana healthcare professionals who use AI to document patient encounters.

Under the new law, a healthcare professional licensed under Title 37 must verbally inform the patient before recording any portion of any appointment or treatment if the recording will be transcribed using AI. The disclosure requirement applies whenever a recording device, software, or service is used to create an AI-generated transcription of the encounter.

A healthcare professional who fails to make the required disclosure may be subject to disciplinary action by his or her licensing board. At the same time, the law provides healthcare professionals with immunity from civil liability for violations of the disclosure requirement, except in cases involving gross negligence or willful misconduct.

The law goes into effect August 1, 2026. Healthcare organizations should ensure that appropriate policies are implemented and that clinicians and staff are educated on the disclosure requirements, including when and how verbal notice must be provided prior to the use of AI transcription tools.

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Louisiana's New Physician Non-Compete Law Could Invalidate Existing Agreements

Written by Jude C. Bursavich, Partner, Breazeale Sachse

Louisiana employers who rely on physician non-compete agreements should review those agreements immediately. Changes to Louisiana law that became effective Jan. 1, 2025, may render many existing physician non-compete agreements unenforceable because they do not comply with the statute's new limitations. As a result, employers should consider updating their agreements to help ensure they remain enforceable**.**

Effective Jan. 1, 2025, Louisiana non-compete law for most Louisiana physicians was changed significantly. La. R.S. 23:921, the single provision in Louisiana governing the enforceability of these agreements, now distinguishes between "primary care physicians" and "non-primary care physicians." "Primary care physician" is defined as "a physician who predominantly practices general family medicine, general internal medicine, general pediatrics, general obstetrics, or general gynecology."

For "primary care physicians," any provision restraining them from practicing medicine shall not exceed three years from the effective date of the initial agreement. If the primary care physician remains at that employer for three years, the non-compete provision is no longer enforceable. Any subsequent agreement between the employer and the primary care physician executed after the three-year term cannot include a non-compete provision.

If the agreement is terminated by the primary care physician prior to the initial three-year term, however, the non-compete provision can be enforced against that physician for the standard two-year period from the date of termination of employment. It can only be enforced in no more than three parishes, including the parish in which the primary care physician's principal practice is located, and no more than two additional contiguous parishes in which the employer carries on a like business.

For those not meeting the definition of a "primary care physician," the limitations are exactly the same, except the three-year period is extended to five years. Neither the three-year nor five-year period applies to physicians employed or under contract with a rural hospital, or any physician employed by or under contract with a federally qualified healthcare center. These physicians are subject to the standard rules for non-compete agreements.

The practical impact of these statutory changes extends beyond agreements executed after Jan. 1, 2025. Because physician non-compete agreements entered into before that date generally were not drafted to comply with the new three- and five-year limitations measured from the inception of the agreement, Louisiana courts may determine that many existing agreements are unenforceable. Employers should therefore promptly review and, where appropriate, replace their physician non-compete agreements with versions that comply with current Louisiana law.

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Legislature Fundamentally Changes Minor's Right to Consent to Treatment

Written by Gregory D. Frost, Partner, Breazeale Sachse

Since the early 1970s, Louisiana law has allowed hospitals and providers to treat minors without parental consent. Effective Aug. 1, 2026, Act 835 of the 2026 Louisiana Legislative Regular Session largely eliminates that option and thereby creates additional potential liability for providers.

R.S. 40:1079.1 formerly provided that:

A. (1) Consent to the provision of medical or surgical care or services by a hospital or public clinic, or to the performance of medical or surgical care or services by a physician, licensed to practice medicine

in this state, when executed by a minor who is or believes himself to be afflicted with an illness or disease, shall be valid and binding as if the minor had achieved his majority….

B. The consent of a spouse, parent, guardian, or any other person standing in a fiduciary capacity to the minor shall not be necessary in order to authorize such hospital care or services or medical or surgical care or services, or administration of drugs to be provided by a physician licensed to practice medicine to such a minor.

Act 835 largely reverses this standard and now provides:

> Except as otherwise provided for in Subsection B of this Section, no healthcare provider shall provide medical or surgical care or services to any person who has not attained the age of majority without the consent of the parent, legal guardian, or any person professing to be serving as temporary custodian or caregiver of the person who has not attained the age of majority at the request of a parent or legal guardian.

Importantly, Act 835 incorporates protections for providers regarding who can consent for the minor. Generally, the provider doesn't have to have proof that the consenting adult has authority. When acting in good faith, providers can rely on the representation of the person who claims to have that authority.

Act 835 does not repeal or modify consent rules regarding treatment in emergencies (R.S. 40:1159.5). It also lists a number of situations in which the minor can consent, including:

a. Serving in the military;
b. Emancipation;
c. Relating to the minor's pregnancy;
d. Treatment for substance "misuse" (while repealing R.S. 40:1079.2 that formerly allowed the minor consent to treatment for drug abuse);
e. Treatment for sexually transmitted diseases;
f. Blood donation (while repealing R.S. 40:1079.3 that formerly allowed minor consent to blood donation);
g. Minor's abuse or neglect;
h. Voluntary admission for inpatient mental health treatment; and
i. Contraception or prevention of sexually transmitted diseases other than vaccinations.

It's unclear how often providers actually treat minors without parental consent, but it has always been both an option and an additional level or protection against liability relating to informed consent. Providers who regularly treat minors may therefore want to review their policies and procedures in light of this significant change in the law.

Gregory D. Frost, a partner in the Baton Rouge office of Breazeale Sachse, practices exclusively in the area of healthcare. He concentrates his legal practice primarily on Medicaid supplemental reimbursement and the representation of not-for-profit, for-profit, and governmental hospitals, and has extensive experience assisting physicians and other types of healthcare providers. Frost is experienced in reimbursement matters, complex commercial transactions involving the merger and acquisition of healthcare providers, provider contractual and operational issues, licensure, fraud and abuse, and other regulatory matters. He can be reached at 225-387-4000.

Recent Department of Justice Settlements Remind Hospitals of Federal Anti-Kickback and Stark Law Compliance Obligations and Liability

By Clay J. Countryman, Partner, Breazeale Sachse

Recent healthcare fraud enforcement settlements involving hospitals and other providers are a reminder to hospitals of Stark Law compliance obligations and potential liability. The following cases settled in early 2026 underscore the importance for hospitals and other providers to ensure all financial relationships with referring physicians comply with the Stark Law, as well as the Federal Anti-Kickback law, as violations can result in multi-million-dollar settlements and operational consequences.

Arizona Surgical Hospital Settlement, February 2026
On Feb. 24, 2026, the U.S. Department of Justice (DOJ) announced that an Arizona orthopedic surgical hospital and its partners had agreed to pay $5.6 million to resolve alleged False Claims Act (FCA) violations relating to improper financial relationships under the Stark Law between the surgical hospital and an orthopedic physician group. The surgical hospital, Southwest Orthopedic and Spine Hospital, doing business as OASIS Hospital, and its partners United Surgical Partners International (USPI) and a jointly-owned surgery center (Dignity/USP Phoenix Surgery Centers) were involved in this settlement with the DOJ.

Specifically, the government alleged that for a period of seven years, OASIS Hospital made improper financial contributions to an orthopedic physician group that referred patients to OASIS Hospital. The alleged improper payments were interest payments on convertible bonds issued to the orthopedic physician group.

On June 1, 2011, Dignity/USP Phoenix Surgery Centers and the orthopedic physicians executed a $3.9 million convertible promissory note. The 2011 Note could be converted into 60 “Membership Units” in OASIS Hospital if there were “a change in federal law that allows physicians both to own an interest in Oasis Hospital and to refer federally funded patients to Oasis Hospital.” On May 31, 2014, the maturity date of the 2011 Note, Dignity/USP Phoenix Surgery Centers paid the orthopedic physicians $1.95 million for 50 percent of the value of the 2011 Note, and executed a second, $1.95 million convertible promissory note. The 2014 Note could be converted into 40 Membership Units in OASIS Hospital provided that a change in law occurred.

Between June 1, 2011, and May 31, 2017, Dignity /USP Phoenix Surgery Centers made interest payments to the orthopedic physicians pursuant to the 2011 and 2014 Notes. On May 10, 2018, Dignity/USP Phoenix Surgery Centers paid off the 2014 Note. The government contended that one purpose of the payments to the orthopedic physicians by Dignity/USP Phoenix was to induce the physicians to refer to OASIS.

The government alleged that this arrangement violated both the Federal Anti-Kickback Statute (AKS) and the Stark Law. Specifically, the government contended that the financial relationships between OASIS Hospital and the orthopedic physicians did not satisfy the requirements of any exception to the Stark Law, and as a result, the referrals of the orthopedic physicians to OASIS Hospital for any designated health services under the Stark Law (i.e., radiology imaging services, clinical laboratory services) were prohibited.

Trinity Hospital Settlement, April 2026
On April 2, 2026, the DOJ announced that Trinity Hospital Holding Company that operates a hospital in Ohio (Trinity Hospital) agreed to pay $1.7 million to resolve allegations relating to improper financial relationships under the Stark Law between Trinity Hospital and two referring physicians. Trinity operates a hospital located in Steubenville, Ohio.

This settlement resolves allegations that from 2014 through 2020 Trinity Hospital made improper financial contributions to two referring physicians in the form of rental arrangements for office space. The government had contended that the office rental arrangements violated the Stark Law because the rental lease amounts exceeded fair market value.

Trinity Hospital had self-disclosed the office rental arrangements at issue to the government following an internal compliance review and independent investigation. The DOJ press release on this settlement commented that the United States acknowledged that Trinity Hospital took significant steps that entitled it to credit for cooperating with the government.

Priority Hospital Group, January 2026
On Jan. 16, 2026, the DOJ filed a complaint under the FCA against Priority Hospital Group LLC (PHG), a Louisiana-based hospital management company, three PHG-managed long term care hospitals (the LTCHs), and a physician, alleging FCA violations based on medically unnecessary care and patient referrals to the LTCHs in violation of the Federal AKS and Stark Law.

According to the complaint filed by the government, PHG and the LTCH defendants allegedly held patients in the hospital longer than medically necessary in order to increase their Medicare reimbursement. The government alleged that PHG and the LTCH defendants delayed discharging certain patients, even when their course of treatment had been completed or when they could have been transferred to a lower level of care, because doing so would have resulted in lower payments from Medicare. This lawsuit was originally filed by a former employee of one of the LTCH hospitals as a whistleblower suit under the FCA.

The government's complaint also included allegations that one of the long-term care hospitals had entered into medical directorship agreements with a physician, and provided this physician with other remuneration to induce him to refer patients to this long-term care hospital in violation of the Federal AKS and Stark Law. The case was filed under the case name of *United States ex rel. DeVos v. Priority Hospital Group LLC, et al.*, No. 20-cv-01041 (W.D. La.).

In summary, these cases are a significant reminder for hospitals to review financial relationships with physicians (i.e., joint venture relationships, office space rental agreements, medical directorships, and promissory notes) on an on-going basis for compliance with the Stark Law, as well as the Federal AKS.

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New Consumer Privacy Law

Written by Louis Lupin, Attorney, Sullivan Stolier Schulze, LLC/The Health Law Center

The Louisiana Legislature recently enacted SB 386, Act 502 of the 2026 Louisiana Legislative Regular Session, effective Jan. 1, 2027, which makes Louisiana the 22nd U.S. state to enact a comprehensive consumer data privacy law.

Scope and Applicability

The Louisiana Data Privacy Act (LDPA) utilizes a unique "hybrid" coverage model, blending thresholds from the California Consumer Privacy Act with the framework of the Washington Privacy Act. It applies to any business operating in Louisiana that controls or processes personal data and meets **at least one** of the following criteria:

- Generates more than **$25 million** in annual gross revenue;
- Controls or processes the personal data of **75,000 or more** Louisiana consumers, households, or devices; or
- Derives **50% or more** of its global gross revenue from selling personal data.

Exemptions

It should be noted that the new law does not apply to most healthcare entities and data, excluding HIPAA-covered entities and HIPAA protected health information from coverage. The law exempts hospitals, clinics, and business associates from compliance, while also excluding health records and medical research data to avoid conflicts with federal privacy regulations.

Core Consumer Rights

The Act grants Louisiana residents several standard digital privacy protections, including the right to:

- **Access and Confirm:** Check if a business is processing their personal data and access that specific data.
- **Correct and Delete:** Request corrections to inaccuracies or the total deletion of their collected data.
- **Data Portability:** Obtain a portable, readily usable copy of their data.
- **Opt-Out:** Opt-out of data processing targeted for personalized advertising, data sales, or significant automated profiling.

Business Obligations

Covered organizations (data controllers and processors) must comply with strict operational rules:

- **Privacy Notices:** Businesses must publish clear, accessible privacy notices detailing what data is collected and how it is shared.
- **Data Minimization & Security:** Data collection must be restricted to what is reasonably necessary. Companies must maintain robust administrative and physical cybersecurity practices to protect data integrity.
- **Sensitive Data Consent:** Affirmative, explicit opt-in consent is strictly required before a business can process "sensitive data" (e.g., biometric, genetic, precise geolocation, or racial data).
- **Child Protections:** Processing data belonging to a known child must strictly comply with the federal Children's Online Privacy Protection Act (COPPA).
- **Data Protection Assessments:** Companies must conduct formal risk-assessment audits for high-risk processing activities.

Enforcement

The law does **not** grant consumers a private right to sue businesses. Enforcement is handled exclusively by the **Louisiana Attorney General**. Violations of the new law will be considered an unfair and deceptive trade practice, with penalties and enforcement of violations subject to the provisions of the Louisiana Unfair Trade Practices and Consumer Protection Law. For the first seven months of its effectiveness, the law includes a 30-day "cure period" allowing businesses notified of an alleged violation to fix the issue before facing civil penalties. After that period, violations will be considered.

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LHA EDUCATION: UPCOMING PROGRAMS

For a complete listing of education opportunities, visit the **LHA's Upcoming Events webpage**.

- **Annual Meeting & Summer Conference;** July 20-22; Conference; Orange Beach, AL; Multiple CEUs Available; Summer Conference Event Webpage
- **Behavioral Health Update;** Aug. 4; Seminar; Baton Rouge; 5.0 Nursing CE Hours Available; MCLEs Application Pending Approval; Register
- **SAVE THE DATE: Health Law Symposium;** Nov. 6; Seminar; Baton Rouge; *Registration Opening Soon*