Medical Billing Arbitration Paid Out $15 Billion to Providers in Surprise Bill Disputes

No Surprises Act awards tripled in 2025, compared with year earlier

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A controversial process for arbitrating medical billing disputes awarded nearly $15 billion in payouts to healthcare providers last year, according to new federal data analyzed by The Wall Street Journal, more than triple the total for 2024.

Doctor groups representing radiologists, anesthesiologists and emergency-room physicians have been among the winners under the setup, which was created under a 2020 law meant to protect patients from surprise medical bills. Insurers have to make the awarded payouts, and they have generally ended up on the losing end since arbitration began four years ago.

For 2025, total payouts under the arbitration process reached $14.85 billion, according to a Journal analysis of new, previously unreleased data from the Centers for Medicare and Medicaid Services. The figure for 2024 was $4.08 billion, according to the analysis.

“It’s shocking that it’s rising so fast,” said Jack Hoadley, a research professor emeritus at Georgetown University’s Center on Health Insurance Reforms.

The No Surprises Act passed Congress after growing complaints from patients hit by huge, unexpected bills from doctors who weren’t in their insurers’ networks. It focused on emergency-room care, air ambulance services and situations when patients visited in-network facilities but were treated by out-of-network specialists.

Patients are no longer responsible for those bills, but their insurers battle doctors over how much they will have to pay, with each side proposing an amount to arbitrators. Many of the disputes are filed by a handful of big companies representing doctors, and they often win awards that are multiples of insurers’ rates for the same services when they are in-network. Insurers’ proposed payout amounts are only accepted by the arbitrators around a fifth of the time or less.

“This law is critical for protecting patients from receiving surprise bills,” said a CMS spokesman. “While patients are now protected from surprise bills, the system is being gamed to get higher prices, and CMS is actively working to clean it up.” CMS is expected to publicly release the new 2025 data Wednesday.

Insurers and doctor groups have sued one another repeatedly over the arbitration process, and both sides are also lobbying Congress and regulators over possible changes to it.

Insurance companies argue that big awards are pushing up medical spending and premiums for employers. Healthcare providers have complained that insurers don't always pay out the amounts that arbitrators award.

In a sign of the provider groups' success in winning large payouts, the 2025 total was more than six times the amount that would have resulted based on estimates that are supposed to represent typical in-network payment rates, according to the Journal's analysis.

That multiple is growing. In 2024, the awarded total was about three times as much as the estimated typical payment rates, the analysis found.

The arbitration process is run by private entities certified by the federal government.

In 2025, according to CMS, the arbitration entities received about $1.3 billion in fees.

Federal officials originally estimated there would only be around 22,000 claims a year handled by the arbitrators. Instead, there were 1.4 million filed just in the first five months of 2026, according to Hoadley.

In lawsuits, insurers have claimed that prolific users of the process, including Radiology Partners and an arbitration-focused company called HaloMD, are pouring in ineligible claims and winning inappropriate payments. Both companies have defended their actions, criticized the insurers, and said courts lack jurisdiction over the arbitration awards.