Why Arbitration Works for Baseball but Not for Health Care

Players vs. teams. Doctors vs. insurers. How the same method for resolving pay disputes has led to wildly different results.

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Sarah Kliff is a Mets fan by marriage. Margot Sanger-Katz needed to look up what R.B.I. means.
Aug. 4, 2026

When Congress wrote a law to end surprise medical bills in 2020, it took inspiration from Major League Baseball.

Legislators wanted to fix cases in which patients were on the hook after doctors and insurers didn't agree on fees for emergency care. Major League Baseball handles similar salary impasses between teams and players by having each side offer a price. An arbitrator picks the one that is more reasonable, with no ability to split the difference.

The outcomes in baseball have yielded steady, predictable results, with most salaries simply negotiated without arbitration.

But in health care, doctors have been winning most cases, sometimes with head-turning payouts, which can drive up costs across the board.

The system Congress created has played out nothing like baseball:

Key differences in arbitration systems

	Baseball	Health care
Win rate	Roughly even	Doctors win about 85%
Deciding factors	Pay of similar players	Numerous
Cost	Expensive	Modest
Process	In-person and awkward	Written and confidential
Accountability	Either side can fire arbitrators	Only the government can fire
Outliers	Pitcher won 1.7 times the team offer	Surgeon won 950 times the insurer offer

Why Arbitration Works for Baseball but Not for Health Care - The New York Times

Do you work in No Surprises Act arbitration?
Tell us about it.

Far more claims have gone to arbitration than expected — more than 2.5 million last year, compared with the 17,000 a year projected after the law passed. Doctors often come in with bids hundreds of times as

high as those from insurers. Nevertheless, they are winning more than 85 percent of the cases. Some have earned exceptionally high awards, like $440,000 for a breast reduction and $50,000 for assisting with prostate surgery.

The Trump administration recently said the system was being "gamed for higher prices."
"I don't know a single person involved in the drafting who thought baseball-style arbitration would lead to major league awards," said Adam Buckalew, who worked as a Republican staffer on the committees that wrote the bill, and now consults for insurance companies.

Congress may have missed four key elements of baseball arbitration that are absent in health care.

Tarik Skubal brought his two Cy Young Award plaques to his arbitration hearing with the Detroit Tigers. Credit...Rick Osentoski/Imagn Images, via Reuters Connect

Baseball data is clear

Earlier this year, it was major news in baseball when the star pitcher Tarik Skubal asked for 1.7 times what the Detroit Tigers offered in arbitration.

The gap between the two bids was larger than anything that had gone through baseball arbitration since 2022. Usually, players ask for a salary that is 1.2 times the team's offer.

Compare that with surprise billing arbitration, where doctors' typical bids have been 3.4 times what insurers offered. In some specialties, it's not unusual for them to ask for 10 or 20 times as much. In one outlier case, a breast surgeon won 950 times what the insurer UnitedHealthcare offered.

A larger divide in health care offers

Teams meticulously track players' performance, down to every pitch. Those detailed statistics appear to constrain each side's offer, since they cannot stray too far from what history suggests a player is worth. That worked in Mr. Skubal's favor. His $32 million bid reflected his unusual status as one of the few players to win back-to-back Cy Young Awards, a point so important that he brought his plaques to the hearing. He won the case, and was recently traded to the Dodgers.

"There is no field where you can measure labor productivity like baseball," said Matt Swartz, an economist who writes for the baseball news website MLB Trade Rumors.

Mr. Swartz developed a model that forecasts the salaries of arbitration-eligible players. It's not perfect, but he tends to get most within 10 percent of the actual salary — a sign of the system's predictability. When regulators originally set up the surprise billing system, they mimicked baseball by asking arbitrators to prioritize what similar doctors are paid. Early rules told arbitrators to mostly base decisions on a benchmark that reflected the typical rate for providers who accept insurance.

Doctors could argue that they deserved more for having certain skills or a complex case, among other factors. But that benchmark was supposed to be the most important consideration.

Doctors sued over those rules and got them changed. Now, arbitrators have to weigh all factors, and often cite things like skills or complexity in their decisions. That has led to a large and unpredictable range of awards.

Baseball arbitration is expensive

Players are typically eligible for arbitration between their third and sixth years of major league service. Since 2022, only 63 of the 956 players in that category have used the process, according to data that M.L.B. shared with The New York Times.

One reason is it's expensive and laborious. Baseball arbitration hearings typically take place in late winter, mostly rotating between Florida or Arizona, the two hubs of spring training. Players must attend their hearings, which usually happen in hotel conference rooms.

Teams and players need to bring on lawyers and agents to prepare their arbitration case — then pay for the hotels and flights those people need to attend the hearing.
"You're looking at $20,000," said Trevor May, a former pitcher who nearly went to arbitration with the Minnesota Twins in 2019.

Facing such costs, he said, "most guys tend to say it's not worth the fight."

Players who went to arbitration in 2026

This year, 176 players were eligible for arbitration. Only 12 went through the process. Winning offers are highlighted.

Player	Club offer (mil.)	Player offer (mil.)	How much larger was player offer?
Tarik Skubal Tigers pitcher	$19.0	$32.0	**1.7x**
Yainer Diaz Astros catcher	$3.0	$4.5	**1.5x**
Graham Ashcraft Reds pitcher	$1.3	$1.8	**1.4x**
Edwin Uceta Rays pitcher	$1.2	$1.5	**1.3x**

Player	Club offer (mil.)	Player offer (mil.)	How much larger was player offer?
Eric Lauer Blue Jays pitcher	$4.4	$5.8	**1.3x**
Kyle Bradish Orioles pitcher	$2.9	$3.6	**1.2x**
Kris Bubic Royals pitcher	$5.2	$6.2	**1.2x**
Calvin Faucher Marlins pitcher	$1.8	$2.1	**1.1x**
Dylan Lee Braves pitcher	$2.0	$2.2	**1.1x**
Reid Detmers Angels pitcher	$2.6	$2.9	**1.1x**
Keegan Akin Orioles pitcher	$3.0	$3.4	**1.1x**
Tyler Stephenson Reds catcher	$6.6	$6.8	**<1.1x**

Source: Major League Baseball

In health care, the government charges $15 to file an arbitration case. The whole process happens through an online portal, no in-person attendance required. There are additional fees paid to the third-party arbitrator, which range from $425 to $800, and those get covered by whoever loses.

Doctors do sometimes hire outside experts to file their arbitration cases. Many of those firms are paid only if they win.

Baseball arbitration is uncomfortable

In an arbitration hearing, a player has to listen to a team representative describe in excruciating detail all the ways he isn't worth a higher salary. The sheer awkwardness of the experience is another key factor limiting cases, people on both sides of negotiations told The Times.

"You think you work hard for seven years in the organization, and five years with the big league team, and you get in there and basically they value you much different than what you thought you'd contributed," Corbin Burnes, a pitcher for the Milwaukee Brewers, told MLB.com after he lost his 2023 arbitration hearing.

Team executives who win their cases have to keep working with the players whose feelings they've hurt. Health care arbitration cases are conducted solely on paper. In most cases, each side never even gets to see what the other party said about them. And the doctors and the patients' insurers aren't on the same team.

Baseball arbitrators have different incentives

Baseball arbitration results are pretty evenly split, with players winning 45 percent of cases since 2022. But in heath care, doctors win the vast majority of cases.

Benjamin Chartock, a health economist at Bentley University (and a Red Sox fan), has been trying to figure out why. In most arbitration systems, extreme bids are less likely to win. An aggressive bid can function like a lottery ticket — a big potential payout but with low odds.

But when Mr. Chartock looked at the heath care data, he saw no such pattern. Doctors win cases at similar rates whether they ask for slightly more than what the insurance company offers or 10 times as much. Mr.

Chartock believes the arbitrators in the system have a financial incentive to rule in favor of doctors. When he added that factor, the math started to make sense.

Doctors bring nearly all health care disputes. Arbitrators are paid by the case, and may get more business if they keep doctors happy. While only a small share of medical claims go to arbitration, the number has been growing rapidly as health care providers gain more experience with the system.
"I call arbitration like a money printing machine," he said. "They get $800 every time they do one of these."

In baseball, either side can fire an arbitrator at the end of the season if it's unhappy with the results or suspects bias. No similar mechanism exists in health care. At most, doctors and insurers can file complaints with the government.

Even in baseball, arbitration is not beloved. Teams would rather have a formula-based salary system for players. Many players complain that the arbitrators don't know enough about baseball to make the best decisions. The sport's collective bargaining agreement expires in December, and salary arbitration is one of many topics up for negotiation. The current system — the model for Congress in health care — may not survive.