Lower Premiums, Faster Payments Act

Summary of Key No Surprises Act Reforms

Bill Text: Lower Premiums, Faster Payments Act
Sponsor: Rep. Frank Pallone (D-NJ)

Overview

The Lower Premiums, Faster Payments Act would make significant changes to the federal surprise billing framework established under the No Surprises Act. The legislation would eliminate the current Independent Dispute Resolution (IDR) process for most out-of-network services beginning in 2028 and instead establish the **Qualifying Payment Amount (QPA)** as the default out-of-network payment rate. The bill would also revise the methodology used to calculate the QPA, require additional transparency and auditing, and prohibit judicial review of the updated QPA methodology.

Section 2. Elimination of the Independent Dispute Resolution Process

Replacement of IDR with the Qualifying Payment Amount

The bill would effectively sunset the federal IDR process for items and services furnished on or after January 1, 2028.

Under current law, providers, facilities, plans, and issuers may utilize the IDR process when they disagree on payment amounts for covered surprise billing claims. Beginning in 2028, the legislation would instead establish the applicable **Qualifying Payment Amount (QPA)** as the out-of-network rate for covered services.

The change would apply to:

- Emergency services.
- Non-emergency services furnished by out-of-network providers at in-network facilities.
- Air ambulance services subject to No Surprises Act protections.

Payment Timing Requirements

The legislation would retain requirements for initial payment or denial of claims but would establish new timelines for services where the out-of-network rate is the QPA. In those cases, plans and issuers generally would be required to make payment within 30 days after receipt of the provider's bill.

Potential Impact

The bill would replace case-by-case payment disputes with a standardized payment benchmark. Supporters argue that eliminating IDR would reduce administrative costs, accelerate payment, and reduce incentives for excessive out-of-network charges. Providers and facilities could face

lower reimbursement for certain services if QPA-based payments are below amounts that might otherwise be awarded through IDR.

Revised Qualifying Payment Amount Methodology

Re-Basing the QPA
The legislation would fundamentally revise how the QPA is calculated beginning in 2028.

For services furnished during 2028, the QPA would generally be based on:

- The median contracted rate recognized by the plan or issuer as of **January 31, 2019**.
- Inclusion of incentive-based and retrospective payment adjustments, including risk-sharing payments, bonuses, and penalties.
- Inflationary adjustments using annual increases in the Consumer Price Index (CPI-U) from 2019 through 2027.

For 2029 and subsequent years, the QPA would be updated annually using CPI-U increases.

New Plans and Coverage
The bill establishes separate methodologies for plans and insurance products that were not offered during 2019. In such cases, the Secretary would establish a methodology for determining an initial payment benchmark, which would then be indexed in future years using CPI-U.

Potential Impact
The revised methodology would anchor future QPA calculations to contracted market rates from 2019, adjusted for inflation. Because the QPA would become the operative out-of-network payment amount once IDR is eliminated, the methodology used to establish the QPA would become significantly more consequential for both providers and insurers.

Rulemaking and Judicial Review

The bill directs the Secretaries of HHS, Labor, and the Treasury to issue updated regulations within 180 days of enactment establishing the revised QPA methodology for 2028 and future years. The agencies would be permitted to implement the changes through interim final rulemaking.

The legislation also provides that there shall be **no judicial review** of the methodology established by the agencies for determining the QPA.

Potential Impact
This provision would provide federal agencies substantial discretion in implementing the revised payment methodology while limiting future legal challenges regarding QPA calculations.

Audit and Transparency Requirements

The bill strengthens federal auditing requirements related to QPA calculations.

Beginning in 2028:

- Federal agencies would be required to audit claims data from samples of health plans and insurers.
- Audit findings would be submitted to Congress and made publicly available.
- Audits that are currently discretionary would become mandatory.

Potential Impact

The enhanced oversight provisions are intended to improve confidence in the accuracy of QPA calculations and provide greater transparency regarding how payment benchmarks are established and applied.

Key Takeaway

The Lower Premiums, Faster Payments Act would represent a major shift in federal surprise billing policy by eliminating the No Surprises Act's Independent Dispute Resolution process beginning in 2028 and replacing it with a benchmark payment system based on the Qualifying Payment Amount. The legislation would establish a revised QPA methodology tied to historical contracted rates, require enhanced auditing and public reporting, and limit judicial review of the payment methodology. Collectively, these changes would shift the federal surprise billing framework away from arbitration and toward a standardized payment model centered on insurer-calculated payment benchmarks.