Pallone Unveils Bill To Replace Surprise Billing Arbitration With Payment Benchmark

Oct 8, 2026, 7:59 PM EDT
(Inside Health Policy)

Ranking House Energy & Commerce Committee Democrat Frank Pallone (NJ) introduced a bill Thursday (Oct. 8) to replace the No Surprises Act's arbitration process with a payment benchmark, drawing support from consumer advocates who say the change would curb inflated payments and lower health insurance premiums.

The legislation offers an alternative approach to reforming the No Surprises Act alongside Rep. Greg Murphy's (R-NC) No Surprises Act Enforcement Act, which would strengthen penalties for failing to pay arbitration awards on time. Some lobbyists have suggested lawmakers combine NSA reforms into a broader package during the lame-duck session after the midterm elections.

The Lower Premiums, Faster Payments Act would base payments on the median in-network rate and require providers to be paid within 30 days of a claim being filed.

The bipartisan No Surprises Act protects patients from certain unexpected out-of-network medical bills and established an independent dispute resolution (IDR) process to settle payment disagreements between providers and insurers. Pallone, who helped write the 2020 law, says even though its patient protections have been successful, its arbitration process now needs an overhaul. According to Pallone's office, 10 provider groups accounted for approximately 67% of the 2.5 million disputes submitted in 2025. Arbitration firms received $1.3 billion in fees that year, exceeding the $885 million they collected from 2022 through 2024 combined, according to his office.

"A few bad actors--largely backed by private equity--are gaming the system, creating backlogs, delaying payments, and driving up premiums," Pallone said in a statement Thursday. "The Lower Premiums, Faster Payments Act will replace the broken arbitration system with a fair and timely payment process that lowers people's health insurance premiums."

This comes after a coalition of 67 consumer, labor, patient and employer groups urged congressional leaders last month to overhaul the No Surprises Act's arbitration process and establish a predictable,

transparent payment benchmark. In a Sept. 10 letter, the groups warned that some provider groups and billing companies were using arbitration to secure payments far above typical in-network rates, arguing this is now driving up premiums for patients.

Families USA and U.S. PIRG praised Pallone for introducing the legislation, saying a benchmark would remove incentives to pursue inflated payments through arbitration while maintaining protections against surprise bills.

“Congress needs to close the loopholes in the law that are leading to higher premiums,” Families USA Executive Director Anthony Wright said in a statement. “We are thrilled Rep. Pallone is proposing this common-sense solution to end the industry abuse of arbitration by replacing it with a market-based benchmark.”

Wright noted in his statement that advocates are seeing “similar momentum in the Senate for a solution,” suggesting a Senate companion bill could soon be introduced.

“We were always wary of arbitration as a way to deal with out-of-network providers’ high charges. It’s time to clean up the law by eliminating the expensive independent dispute resolution system, and get back to tying provider payments to local market rates,” U.S. PIRG Health Care Campaigns Director Patricia Kelmar said in a statement Thursday, adding “we have to put an end to the costly tangential processes that raise our premiums.” -- *Jalen Brown*(jbrown@iwpnews.com)