National Compliance Update

USI EMPLOYEE BENEFITS

June 11, 2026

Federal Independent Dispute Resolution Final Rule

On May 28, 2026, the Departments of Health and Human Services, Labor, and the Treasury (collectively, the "Departments") published the final rule related to the federal independent dispute resolution ("IDR") process established under the No Surprises Act ("NSA"). The final rule seeks to improve the efficiency of the federal IDR process by:

- Streamlining communication between health insurance issuers, providers, and certified IDR entities, and
- Providing clarification on timelines and processes.

For employers sponsoring group health plans, the rule primarily involves administrative and operational changes to the IDR process, and self-funded plans should confirm that their vendors are prepared to meet the new requirements.

The final rule was published in the Federal Register on June 4, 2026, and will be effective on August 3, 2026.

> ***USI Note***. Although the final rule is largely procedural, the federal IDR process has had meaningful cost and administrative implications for some group health plans, particularly self-funded plans. Employers and plan administrators have raised concerns that dispute outcomes, volume, and operational complexity have increased out-of-network claim costs and related administrative burdens for group health plan payers. While the final rule attempts to improve some of the administrative issues, it is unlikely to have a significant impact that would improve issues involving expensive IDR determinations. Ideally, further action by the regulators or Congress will improve the program.

BACKGROUND

The NSA established patient protections that limit cost-sharing and prohibit balance billing for out-of-network emergency services, out-of-network non-emergency services furnished in connection with a visit to a participating health care facility, and out-of-network air ambulance services.

The NSA also created the federal IDR process to resolve payment disputes between plans or issuers ("payers") and nonparticipating providers and facilities, regarding out-of-network rates used for items or services subject to the surprise billing provisions ("qualified IDR items and services"). Group health plans and issuers that cover these services may be subject to the federal IDR process, although employers typically rely on carriers, third-party administrators ("TPAs"), and other vendors to administer these requirements.

The Departments proposed extensive modifications to the IDR process in 2023, and the final rule was issued in May 2026.

NEW REQUIREMENTS

Streamlining Communications between Payers and Providers

The final rule makes several changes intended to improve information sharing between parties and reduce the number of ineligible disputes submitted through the IDR process.

When submitting an initial payment or denial for qualified IDR items or services to a non-contractual entity, the payer's remittance advice must include:

- Specific claim adjustment reason codes (CARCs) and remittance advice remark codes (RARCs) will need to be used. These codes will indicate whether the item or service furnished by the provider is or is not subject to the surprise billing protections and eligible for the federal IDR process. The Departments expect that this change will reduce the number of ineligible disputes submitted to the federal IDR process.
- The legal business name of the self-insured health plan or insurer, the self-insured plan sponsor's legal business name (if applicable), and the plan's IDR registration number (see *Registration of Group Health Plans and Issuers* section below).

The requirement that payers communicate information using CARCs and RARCs takes effect August 3, 2026 (the effective date of the rule). Future guidance is expected to implement the CARC and RARC provisions.

Changes to Open Negotiation Requirements

The NSA and implementing regulations established a 30-business-day open negotiation period to offer payers and providers the opportunity to agree on an appropriate payment rate before resorting to the federal IDR process.

To improve the exchange of information between providers and payers, the final rule makes the following changes:

- To initiate the open negotiation period, the party who provides the open negotiation notice must furnish notice to the other party and the Departments through the federal IDR portal.
- The open negotiation period will now be considered initiated on the date that a party provides an open negotiation notice to the other party (and the Departments), through the federal IDR portal. Payment remittance or notice of denial of payment will be included with the open negotiation notice. The notice will include several new content elements to better identify the item or service and whether the federal IDR process applies.

- An open negotiation response notice must be furnished by the party receiving the open negotiation notice to the other party (and the Departments) by the 15th business day of the 30-business-day open negotiation period.

These requirements apply 90 days after guidance becomes available.

Registration of Group Health Plans and Issuers

The final rule requires plans and issuers subject to the federal IDR process to register with the federal IDR Registry before the later of 90 business days after the registry becomes available or the date the plan or issuer begins offering coverage subject to the federal IDR process. Each registrant must provide required data elements as to how the federal IDR process applies to its health plan coverage. Upon submission of this information, an IDR registration number will be issued, which must be included in initial payment or denial notices.

Registrants must timely report changes to the required information within 30 calendar days after the change, as well as confirm the accuracy of the registration annually during the fourth quarter of each calendar year.

The Departments may access the IDR Registry for enforcement purposes, and certified IDR entities will be able to access it to assist with eligibility determinations.

These requirements apply 90 days after guidance becomes available.

Batching Items and Services

In an effort to make for a more efficient IDR process, the final rule will allow qualified IDR items and services to be batched in the following circumstances:

1. items and services furnished to a single patient on the same or consecutive dates of service and billed on the same claim form;
2. items and services furnished to one or more patients and billed under the same service code or a comparable code under a different procedural code system; and
3. anesthesiology, radiology, pathology, and laboratory items and services furnished to one or more patients under service codes belonging to the same Category/CPT billing code section.

Batched determinations will be limited to 50 qualified IDR line items per dispute.

These requirements apply 90 days after guidance becomes available.

IDR Eligibility Determinations

Under the final rule, certified IDR entities will be required to determine eligibility within 5 business days after final certified IDR entity selection and notify both disputing parties and the Departments. Additionally, parties will be required to submit additional information to the certified IDR entity within 5 business days of a request for additional information. If a party fails to provide the requested information, the certified IDR entity will proceed with its determination without the requested information if it is possible to do so or close the dispute if it is not possible to proceed.

These requirements apply 90 days after guidance becomes available.

Administrative Fees and Extenuating Circumstances

The final rule lowers the administrative fee from $115 to $15 per party per dispute, regardless of the disputed amount.

The Departments will post a public notice regarding any extension of time periods due to extenuating circumstances contributing to system delays in processing disputes. Parties may continue to request an extension through the federal IDR portal.

The lower administrative fee ($15) applies to disputes initiated on or after August 8, 2026 (5 days after the effective date of the final rule).

EMPLOYER NEXT STEPS

For employers, the key takeaway is that this final rule primarily affects how the federal IDR process is administered, rather than requiring immediate plan design changes.

Employers with self-funded health plans subject to the federal IDR process should confirm with TPAs and other vendors who will be responsible for federal IDR Registry registration, required remittance information, and compliance with the updated procedural rules.

While carriers are responsible for fully insured plans, employers will generally want to confirm that the carrier is handling these requirements.

Employers may also want to ask vendors whether any administrative updates, system changes or internal escalation procedures are needed in light of the rule.

RESOURCES

- For the 2026 Federal IDR Final Rule, visit Federal Register: Federal Independent Dispute Resolution Operations
- For a Fact Sheet, visit Federal Independent Dispute Resolution Operations Final Rule | CMS