COALITION AGAINST
SURPRISE MEDICAL BILLING

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Department of Health and Human Services
200 Independence Avenue S.W.
Washington, D.C. 20201

Secretary Scott Bessent
Department of the Treasury
1500 Pennsylvania Avenue N.W.
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Secretary Keith Sonderling
Department of Labor
200 Constitution Avenue N.W.
Washington, D.C. 20210

Administrator Dr. Mehmet Oz
Centers for Medicare & Medicaid Services
200 Independence Avenue S.W.
Washington, D.C. 20201

October 22, 2026

Dear Secretary Kennedy, Secretary Bessent, Secretary Sonderling, and Administrator Oz:

On behalf of the Coalition Against Surprise Medical Billing (CASMB), we write to express concern regarding the Departments' October 16, 2026 announcement of the recertification applications from five current Independent Dispute Resolution Entities (IDREs). This letter explains how IDREs have contributed to failures in the federal Independent Dispute Resolution (IDR) process, outlines the statutory basis for more rigorous recertification reviews, and recommends improvements to the certification process. It also documents conflicts of interest and performance failures among IDREs seeking recertification, underscoring why closer scrutiny is essential to improving the IDR process.

We urge the Departments to postpone any IDRE recertifications until more rigorous standards are publicly established and CMS has been able to clearly demonstrate how the IDREs being considered for recertification have met those high standards. Further, there should be a sufficient public comment window – at least 30 days – to provide comment and feedback on designated entities.

IDREs' Role in the Failures of the IDR Process Requires Enhanced Scrutiny

The structural failures of the federal IDR process – which have generated billions of dollars in wasteful healthcare spending and raised premiums for millions of Americans[1] – have been well documented. A recent investigation by *STAT News* concluded that the outsized role IDREs play in the IDR process has contributed to its failures. The article notes that "arbitrators' shocking financial results add to the reasons to question their work…The lopsided outcomes and immense, ever-growing costs are putting pressure on Congress to rein in the arbitrators…Academics, employer groups, and researchers warn that, eventually, everyone who buys health insurance will feel the effects in the form of higher premiums and out-of-pocket costs."[2]

To date, the only guidance or standards that the Departments have issued on the recertification process are a set of FAQs that merely restate the original standards for certification and provide an incomplete timeline for recertification.[3] As described in the FAQs, the process appears to treat recertification as an attestation-based renewal, with no mechanism to address structural conflicts arising from an entity's ownership, corporate relationships, or commercial client base. The practical consequences are that some IDREs are operating with clear bias, conflicts, or patterns of disregarding the statute, ultimately contributing to the affordability crisis that has ensued as a result of IDR.

We have long believed – and communicated to the Departments – that the IDRE recertification process provides a critical opportunity to address structural flaws in the IDR process. Only IDREs that have demonstrated fairness, thoroughness, neutrality, and compliance with the law should be recertified.

[1] Jack Hoadley & Kennah Watts, *Spending on IDR Process Pushes No Surprises Act Costs to More Than $22.4 Billion Over Just Four Years*, Georgetown Univ. Ctr. on Health Ins. Reforms (Aug. 28, 2026), https://chir.georgetown.edu/spending-on-idr-process-pushes-no-surprises-act-costs-to-more-than-22-4-billion-over-just-four-years/
[2] https://www.statnews.com/2026/10/19/no-surprises-act-billing-arbitration-profits-stat-investigation/
[3] https://www.cms.gov/files/document/federal-idr-recertification-faqs.pdf

The Departments' public use files (PUFs) for the second half of 2025 (the first to identify the IDRE deciding each dispute) show that some applicants' outcomes differ sharply from those of peers deciding comparable disputes involving the same filers and services.[4] Public records also disclose ownership and affiliation information directly relevant to statutory independence requirements.

The Departments' recertification announcement does not appear to address these facts and does not include supporting or substantive details about the applications. It is in the best interests of all parties for the Departments to disclose why the existing available evidence does not disqualify the applicants. Without this transparency and demonstration of the rigor of the process, the recertification review will continue to fall short of statutory and regulatory requirements and IDREs' appropriateness will be called into question.

The Current Process Underscores the Need for Enhanced Recertification Standards

In July 2026, CASMB proposed a recertification process framework comprising six standards, each grounded in a specific statutory or regulatory requirement. These recommendations are intended to strengthen the IDR process by establishing clear standards and accountability for IDREs, but are not reflected in the Departments' current process (see Appendix). These enhancements are essential to mitigate the adverse incentives inherent in the process today, so employers and patients are not bearing the costs of leaving these entities unchecked.

Those recommendations included:

- Full beneficial ownership disclosure, including the complete chain of ownership through parent entities, holding companies, private equity sponsors, co-investors, and any entity holding a 5% or greater direct or indirect financial interest;
- A prohibition on common financial ownership with IDR-active providers, payers or related-vendors, and disclosure of all commercial client relationships;
- Outcome distribution analysis requiring entities that deviate significantly from the norm to explain the deviation and demonstrate that it results from appropriate application of the statutory factors, not from systemic bias;
- Demonstration of staffing adequacy relative to caseload and assurance that any methods used to manage throughput are consistent with CMS guidance;
- Audited financial statements and enhanced scrutiny after material ownership changes; and
- Publication of beneficial ownership information for each certified IDRE, and a 30-day public comment period before finalizing any recertification decision.

The Departments' Own Data Show Outcome Patterns the Recertification Process Must Address

1. Payment Determinations Bear Little to No Relationship to Statutory Factors

The statute requires IDREs, for each payment determination, to consider the qualifying payment amount (QPA), which reflects the plan's median contracted rate for the same service in the same market. Yet, the Departments report that the prevailing offer exceeded the QPA in about 87 percent of determinations in the second half of 2025.[5]

Georgetown University researchers who independently analyzed the 2025 PUFs found that:[6]

- Providers prevailed in approximately 85 percent of disputes;
- When providers prevailed, the median award was 445 percent of the QPA, while plan wins held at a median of 105 percent;
- The 90th percentile of awards reached 1,771 percent of the QPA, up from 1,226 percent in 2024; and
- Total IDR system costs reached $16.6 billion in a single year, contributing to $22.4 billion from 2022 through 2025.

The researchers also found that IDREs "vary significantly in provider win rates and award amounts" and that those "with the highest win and award levels are assigned the largest volume of cases." Because the initiating party proposes the

[4] https://www.cms.gov/initiatives/no-surprise-billing/overview/policies-resources/independent-dispute-resolution-reports
[5] https://www.cms.gov/priorities/innovation/data-and-reports/2026/federal-idr-supplemental-background-2025-q3-2025-q4
[6] Hoadley & Watts, *supra* note 1.

IDRE, and IDREs are subsequently paid per payment determination, these findings suggest that favorable outcomes, rather than impartiality, may drive selection.

The disparity is substantial: in Q4 2025, one IDRE selected the provider's offer in 99.4 percent of disputes and issued a median award equal to 601 percent of the QPA, while another did so in 54.5 percent of disputes and issued a median award equal to 159 percent of the QPA. Arbitrators applying the same statutory factors to comparable disputes should not reach such markedly different results.

2. Matched Comparisons Reveal the IDRE's Influence on Outcomes

Differences in case mix could explain some variation in award amounts, with the most significant factor impacting a final outcome tied to the IDREs. To test that possibility, we analyzed the Departments' Q3–Q4 2025 PUFs, matching IDRE decisions involving the same filing organization, specialty, state, quarter, and dispute type.

The table below presents streamlined comparisons that hold either dispute posture or filer constant.

IDRE	Provider-offer selection rate where provider offer ≥10× QPA and plan offer ≤ QPA (Q3 & Q4 2025)	Provider win rate on HaloMD-filed disputes (Q3 & Q4 2025)
Maximus Federal Services	93.7%	93.0%
FHAS	75.8%	78.3%
Medical Evaluators of Texas	57.2%	36.2%
ProPeer Resources	51.9%	34.7%

The same filer's disputes, involving the same kinds of services, produce provider win rates ranging from 35 percent to 93 percent depending on which IDRE decides them. The gap persists when the specialty, state, quarter, and dispute type are also held constant. At that point, the remaining difference lies with the IDRE.

These patterns are precisely why CASMB recommended requiring any entity "whose outcome distributions deviate significantly from the norm" to "explain the deviation and demonstrate that it results from appropriate application of the statutory factors." Our recommended monitoring framework would flag for review any IDRE whose "average award amounts relative to QPAs are more than one standard deviation above other IDREs' average award amounts." Neither safeguard exists today, and the October 16 announcement does not indicate whether the Departments examined this data. The Departments need not adopt our framework to act on this record. The regulation at 45 CFR § 149.510(e)(6)(i)(D) already authorizes denial where an applicant has failed to meet "standards of independence and impartiality" in conducting payment determinations.

Recertification Applicants Require Closer Scrutiny

Our concerns extend beyond the lack of transparency and rigor with the recertification process. Several current IDREs seeking recertification have records that warrant heightened scrutiny, raising substantial questions about whether they comply with the *No Surprises Act* and remain fit to serve as independent entities for another five years.

Maximus Federal Services, Inc.

- **Maximus's determinations show that the QPA rarely affects the outcome.** The statute requires every determination to account for the QPA. 42 U.S.C. § 300gg-111(c)(5)(C); 45 CFR § 149.510(c)(4)(iii). Yet in the second half of 2025, when a provider's offer was at least 10 times the QPA and the plan's offer was at or below the QPA, Maximus selected the provider's offer in 93.7 percent of contested determinations. Maximus issued 5.6 percent of all contested determinations, but 19.6 percent of all awards of 50 times the QPA or more. Forty (40) percent of its contested awards were at least 10 times the QPA, roughly double the program-wide rate, and its median award, 7.05 times the QPA, was the highest of any IDRE.

- **The pattern is not explained by case mix.** Compared with other IDREs deciding disputes from the same filing organization, in the same specialty and state, in the same quarter, and of the same dispute type, Maximus ruled for providers 6.3 percentage points more often and issued awards 17 percent higher. The gap persists in each quarter

separately and when disputes filed through the program's largest filer are excluded. For the same service codes, the differences are stark:

Service	Maximus median award	Other IDREs' median award
Anesthesia, CPT 00812	23.8× QPA (Q3 2025); 9.1× QPA (Q4)	About 3.5× QPA
Neuromonitoring, CPT 95938	65× QPA (Q3 2025); 63× QPA (Q4)	38× QPA (Q3); 42× QPA (Q4)

- **Maximus's revenue depends on provider-side filers that select it.** Under the Departments' rules, the initiating party proposes the IDRE. In the second half of 2025, 49 percent of Maximus's IDRE fee revenue came from disputes filed through three provider-side organizations: HaloMD (25.8 percent), MD Capital Advisors (16.8 percent), and Callagy Recovery (6.3 percent). Between 2024 and 2025, Maximus's provider win rate increased from 73 percent to 90 percent.[7] An arbitrator whose revenue depends on a handful of repeat filers continuing to select it, and whose outcomes for those filers exceed its peers', has a material "condition" that "impacts the ability of an IDR entity to make an unbiased and impartial payment determination." 45 CFR § 149.510(a)(2)(iv).

- **The record warrants further inquiry into data security.** Section 45 CFR § 149.510(e)(2)(v)(B) requires a certified IDRE to protect against "any reasonably anticipated threats or hazards" to individually identifiable health information. In 2023, Maximus disclosed that the personal information of an estimated 8 to 11 million individuals, including Social Security numbers and protected health information, was accessed through a vulnerability in its MOVEit file-transfer system.[8,9] The Departments should confirm what remedial controls now protect IDR data.

C2C Innovative Solutions, Inc.

- **C2C is wholly owned by an organization the Texas Medical Association (TMA) created and has described as a "related organization."** C2C has represented to CMS and TMF continues to describe C2C publicly as "its subsidiary."[10] TMF was originally the Texas Medical Foundation, incorporated by the Texas Medical Association.[11]

- **TMA leadership remains active in TMF's governance and TMF financially supports TMA initiatives.** TMF's current board of trustees includes board chair Dr. Eddie Patton, a neurologist who is currently an advisor to TMA's Committee on Health Information Technology and Augmented Intelligence; Dr. Linda Villarreal, a past president of TMA (2021–2022); and Dr. Wendy Chung, who chairs TMA's COVID-19 Task Force and is past chair of TMA's Council of Science and Public Health.[12] In 2026, the TMF Health Quality Institute provided funding for TMA programs.[13] In the first two years that the IDR process was active, the TMF Health Quality Institute provided cash grants of at least $30,000 to the Texas Medical Association Foundation, as reported on its annual Form 990 filing with the IRS.[14]

- **The relationship is material to the IDR program.** TMA is the lead plaintiff in the *Texas Medical Association v. HHS* litigation, in which it has repeatedly challenged the Departments' regulations and guidance implementing the *No Surprises Act*. Texas has been the center of IDR dispute activity since the program began, and Texas physicians, many of whom TMA represents, initiate a substantial share of disputes. An arbitrator whose parent was created by, described as related to, and partly governed by leaders of the principal litigant against the IDR rules presents precisely the relationship the statute and 45 CFR § 149.510(a)(2)(iv)(C) exclude. The regulation bars an "affiliate"; it does not require outright ownership by the association.

[7] https://www.bcbs.com/about-us/association-news/bcbsa-letter-on-no-surprises-act-idr-system
[8] https://www.cms.gov/newsroom/press-releases/cms-responding-data-breach-contractor
[9] https://www.sec.gov/Archives/edgar/data/1032220/000103222023000061/mms-20230726.htm
[10] https://tmf.org/Our-Work/Program-Integrity
[11] https://www.linkedin.com/company/tmf-health-quality-institute/
[12] https://tmf.org/Home/About-Us/Our-Board
[13] https://www.texmed.org/TMAF2026/
[14] https://philanthropy.org/990/report/521002260/tmf-health-quality-institute/2023

- **C2C's outcomes and conduct warrant scrutiny under 45 CFR § 149.510(e)(6)(i)(D) and (E).** The Departments' Q4 2025 PUF shows that C2C ruled for the provider on 89.7 percent of decided dispute line items, compared with 83.1 percent across all IDREs. Its caseload is also unusually concentrated: disputes filed through a single provider-side intermediary, Texas-based HaloMD, accounted for 57 percent of C2C's decided line items and 38.5 percent of its IDRE fee revenue in the second half of 2025.

Federal Hearings and Appeals Services, LLC (FHAS)

- **FHAS operates through a holding structure absent from the Departments' public materials.** In its third-quarter 2025 portfolio update, Runway Growth Finance Corp., a business development company externally managed by an affiliate of BC Partners, announced "a new $10.0 million investment to Shepherd Intermediate, LLC (dba Federal Hearings and Appeals Services)," funding $7.5 million at close.[15] Runway reported in October 2026 that the senior secured term loan had been fully repaid.[16] The designation "Intermediate" ordinarily denotes a mid-tier entity within a multi-level holding structure. Nothing in the public record identifies the entities above Shepherd Intermediate, their owners, or whether the lender held equity, warrants, or governance rights.

- **These facts implicate specific IDRE certification standards.** The organizational chart required by 45 CFR § 149.510(e)(2)(ii) must reflect the entity's actual structure. Financial statements under 45 CFR § 149.510(e)(2)(vi) must disclose secured debt and the holding company through which it was incurred. The Departments cannot determine whether the change-of-control notice under 45 CFR § 149.510(e)(3)(iii) was triggered without knowing who controls Shepherd Intermediate's parent. FHAS decided more than a third of all dispute line items in Q4 2025. An entity of that scale should face the most rigorous review in the applicant pool.

Recommended Actions

CASMB respectfully requests that the Departments take the following actions before recertifying any IDREs.

1. **Pause any pending recertification decisions.** No IDRE should be certified or recertified until a comprehensive process has been put in place with public notice.
2. **Extend the petition period to at least 30 days** and publish the information necessary for meaningful comment.
3. **Publish each IDRE certification applicant's complete application materials.** Without access to these materials, the public cannot meaningfully assess or comment on applicants' qualifications.
4. **Require full beneficial ownership disclosure** from each applicant through ultimate owners, including any lender or investor holding equity, warrants, or governance rights, and verify each applicant's legal name and taxpayer identification number.
5. **Apply the affiliation bars expressly.** For each applicant, obtain the governing, ownership, tax, provider-identification, billing, and practice-management records needed to determine whether any prohibited affiliation exists.
6. **Conduct outcome distribution and award magnitude review** of each applicant using the Departments' own entity-level PUF data, on a like-for-like basis by filer, specialty, state, quarter, and dispute type, and require any applicant that deviates materially from its peers to explain the deviation.
7. **Review a stratified sample of written decisions** from each applicant for compliance with 45 CFR § 149.510(c)(4)(iii) and (c)(4)(vi)(B).
8. **Require disclosure of revenue concentration** by filing organization, and of all commercial client relationships with parties that appear before the applicant.
9. **Publish written findings** for each recertification decision addressing each standard in 45 CFR § 149.510(e) and each category in 45 CFR § 149.510(a)(2)(iv).
10. **Issue the recertification guidance CASMB recommended,** with an opportunity for public feedback, so that future applications are reviewed under clear, measurable, and enforceable standards.

[15] https://www.globenewswire.com/news-release/2025/10/09/3164139/0/en/runway-growth-finance-corp-provides-third-quarter-2025-portfolio-update.html

[16] https://markets.businessinsider.com/news/stocks/runway-growth-finance-corp-provides-third-quarter-2026-portfolio-update-1036620586

Where an applicant cannot satisfy the statutory and regulatory requirements, the Departments should deny recertification under 45 CFR § 149.510(e)(6)(i). Where the record is incomplete, the Departments should defer action rather than grant a five-year certification on attestation alone.

As we stated in July, "[t]he integrity of the Federal IDR process depends on IDREs being impartial and able to consistently issue timely determinations that appropriately apply the statutory factors and consider all applicable evidence."[17]

Recertification is the Departments' best opportunity to enforce that principle. Granting five-year recertifications with only a few days of public notice, without disclosure, without findings, and without examining the Departments' own outcome data, would forfeit it.

We appreciate the administration's attention to the cost and integrity of the IDR process. We would welcome the opportunity to meet with you and your staff to discuss these concerns and our recommended recertification standards.

Sincerely,

The Coalition Against Surprise Medical Billing

[17] https://stopsurprisebillingnow.com/wp-content/uploads/2026/07/CASMB-Tri-Agencies-IDR-Letter_7.6.2026-1.pdf

Appendix

CASMB Recertification Process Framework, Legal Rationale, and Application to CMS' Oct. 16 Petition

CASMB Recommendation	Legal basis	CMS' Oct. 16 Petition
"Full beneficial ownership disclosure, including the complete chain of ownership through parent entities, holding companies, private equity sponsors, co-investors, and any entity holding a 5% or greater direct or indirect financial interest" (Standard 1)	§ 300gg-111(c)(4)(A)(ii); § 149.510(e)(3)(iii)	No published ownership information.
A "prohibition on common financial ownership with IDR-active providers, payers or related-vendors" and disclosure of "all commercial client relationships" (Standard 2)	§ 300gg-111(c)(4)(A)(iv); § 149.510(a)(2)(iv)	No indication that structural or commercial relationships were reviewed.
"Outcome distribution analysis" requiring entities that "deviate significantly from the norm" to "explain the deviation and demonstrate that it results from appropriate application of the statutory factors ... not from systemic bias" (Standard 3)	§ 300gg-111(c)(5)(C); § 149.510(e)(6)(i)(D)	No indication that the Departments examined the entity-level PUF data.
"Demonstration of staffing adequacy ... relative to caseload" (Standard 4)	§ 300gg-111(c)(4)(A)(i)	No published capacity findings, despite major shifts in caseload.
"Audited financial statements" and "enhanced scrutiny" after material ownership changes (Standard 5)	§ 149.510(e)(2)(vi)	No indication that recent financing or restructuring was reviewed.
Publication of "beneficial ownership information for each certified IDRE" and "a 30-day public comment period before finalizing any recertification decision" (Standard 6)	§ 149.510(e)(5)	Five business days, with nothing disclosed to comment on.