Highmark's Weekly Capitol Hill Report

Issues for the week ending September 4, 2026

Federal Issues

Legislative

House Energy and Commerce Ranking Member Sends Oversight Letters to Independent Dispute Resolution Entities

On September 3, Ranking Member Frank Pallone (D-NJ-06) sent letters to six certified IDREs seeking information on their compliance with the No Surprises Act and their administration of the federal IDR process.

Why this matters: Pallone raised concerns that the system is not operating as Congress intended, citing a surge in dispute volume, private equity involvement, questions about claim eligibility, and payment determinations that disproportionately favor providers and may contribute to higher healthcare costs.

The inquiry focuses on IDRE oversight, arbitrator training and compensation, use of artificial intelligence, financial and ownership ties between IDREs and disputing parties, and the role of high-volume provider organizations in driving disputes. **Responses from the IDREs are due September 24.**

The Congressional Resource Service, which many Hill staff rely on for unbiased information, released a new

In this Issue:

Surprise Billing an infographic describing the IDR process.

Key Excerpt: “For too long, patients were caught in the middle of billing disputes between providers and health plans. While the law has protected millions of families from surprise medical bills, I am concerned that the independent dispute resolution process is not functioning as Congress intended and is resulting in increased out-of-pocket costs and higher premiums for consumers.”

- **KFF/Washington Post: ‘How Hospital Monopolies Are Driving Up the Cost of Your Care’**
- **AHIP: ‘Congress Killed Surprise Bills – Or Did It? The $15 Billion Workaround Raising Your Premiums’**
- **BCBSA Report: CMS Proposed Site-neutral Billing for Imaging Services Could Save Billions**

CBO Releases Report on Health Insurance Options for Small Businesses

The Congressional Budget Office (CBO) released a report describing various aspects of the small-group health insurance market.

Why this matters: CBO found nearly half of employees at small businesses are not offered a health insurance plan, with many workers in small-business households relying on Medicaid, coverage through a family member's employer, or coverage from the nongroup marketplace.

The report describes sources of coverage, available health plan options (including association health plans (AHPs) and individual coverage health reimbursement arrangements (ICHRAs)), enrollment trends, and premium levels in the small-group market, which in most states covers businesses with 50 or fewer employees.

The report also documents shifts in small-group market enrollment with enrollment in grandfathered and transitional plans declining from 60 percent of enrollment in 2014 to four percent in 2024. Enrollment in ACA community-rated plans reached 60 percent in 2018 but declined to 50 percent by 2024. The decline in community-rated plans occurred as enrollment in self-insured and other non-community-rated arrangements rose to 46 percent, driven largely by increasing use of level-funded plans. The report is descriptive of the small group market and does not include policy recommendations or coverage projections.

Federal Issues

Regulatory

BCBSA & Alliance to Fight for Health Care (AFHC) Submit Comments on OPPS Proposed Rule

On August 31, BCBSA submitted a comment letter in response to the Calendar Year (CY) 2027 Hospital Outpatient Prospective Payment System (OPPS) and Ambulatory Surgical Center (ASC) Proposed Rule (CMS-1850-P), which provides annual updates to Part B payment policies and related quality reporting programs for hospital outpatient departments and ASCs. The Centers for Medicare and Medicaid Services (CMS) proposed several policies to reduce unnecessary Medicare spending, advance quality measurement, and promote program integrity.

Why this matters: BCBSA supported the proposed expansion of site neutral payments to imaging services, the continued phaseout of the inpatient-only list, stronger hospital price transparency requirements, and enhanced oversight of provider-based billing. Together, these policies would improve access to meaningful pricing information, strengthen program integrity, and help advance affordability while preserving access to high-quality care.

- Similarly, the Alliance to Fight for Health Care (AFHC) submitted comments supporting CMS's proposed expansion of site-neutral payments and implementation of separate national provider identifiers (NPIs) for off-campus hospital outpatient departments (HOPDs). The coalition argued these reforms would improve billing transparency, reduce patient cost-sharing, and address payment disparities that often result in higher payments for hospital-owned outpatient facilities than physician offices for the same services.

State Issues

New York

Regulatory

DFS Announces 2027 Health Insurance Premium Rate Actions

The Department of Financial Services (DFS) announced the 2027 Health Insurance Premium Rates for the Individual and Small Group Markets. DFS provided a summary outlining the requested rate changes by insurers, versus the rate changes approved by DFS and the modification percentage of the requested rate change.

DFS reduced Individual Market insurers' total weighted average increase request by 70.9%, from a 20.6% requested increase to a 6.0% approved increase for 2027.

DFS reduced the weighted average of requested rate increases for insurers participating in the Small Group Market by 66.2%, from a 23.7% requested increase to an 8.0% approved increase for 2027.

Industry Trends

Policy / Market Trends

Surprise Billing's IDR Price Tag: $22.4 Billion and Climbing

New Georgetown University research estimates the No Surprises Act's (NSA) independent dispute resolution (IDR) process generated more than $22.4 billion in total costs from 2022 to 2025.

Why this matters: The broken IDR process is a key driver of the healthcare affordability crisis, raising costs for individuals, families and businesses while adding operational burden on Plans.

The details: The report, conducted by the Georgetown University Center on Health Insurance Reforms and published in Health Affairs, also found that providers initiated more than 2.6 million IDR disputes in 2025 — a 77% year-over-year increase — and won approximately 85% of disputes.

Here's where the $22.4 billion went:

- $15.6 billion in payments above in-network rates
- $4.2 billion in internal administrative costs
- $2.7 billion in IDR administrative and entity fees

What BCBSA is saying: "The No Surprises Act is protecting patients from surprise medical bills…but the IDR process is driving costs in the wrong direction," said David Merritt, BCBSA's SVP of external affairs. "Policymakers should preserve the law's important patient protections while improving accountability, transparency and affordability within the IDR system."

The bottom line: The data is clear — without reform, IDR will keep padding provider payouts at the expense of the patients and employers the NSA was designed to protect.

Coalitions Amplify Evidence Behind Rising Healthcare Costs

Advocacy coalitions are releasing research, elevating patients' voices and expanding campaigns to spotlight the drivers of rising healthcare costs.

The details: The latest coalition activity connects cost drivers across the system — giving policymakers multiple entry points for action: reforming the independent dispute resolution (IDR) process, addressing drug pricing practices and increasing pressure for hospital transparency.

- **Drug Pricing.** The Campaign for Sustainable Rx Pricing (CSRxP) released research showing brand-name drugmaker profit margins are 11 times higher than margins across other sectors of the prescription drug supply chain.
    - The margin gap: Manufacturers posted 25% average net income margins in 2025; distributors, pharmacies, PBMs and insurers reported margins below 2%.
    - The human impact: CSRxP also launched a platform featuring patient stories about high prescription drug costs.
- **Hospital Tactics.** Better Solutions for Healthcare's (BSHC) Hospital Watch

spotlighted an op-ed from the National Alliance of Healthcare Purchaser Coalitions calling for action against anti-tiering and anti-steering provisions that limit employers' ability to direct consumers to higher-value care at lower costs.

    - Spotlight: Hospital Watch's testimonials page is shining a light on real-world, local examples of hospital pricing, transparency and market-power concerns.

- **Surprise Billing.** The Coalition Against Surprise Medical Billing (CASMB) is shaping the Beltway narrative on IDR, elevating the continued abuse of the process and calling for action by policymakers.

    - ICYMI: A recent media roundup, including The New York Times, STAT and The Wall Street Journal (subscriptions may be required), underscores growing scrutiny of IDR abuses and reinforces CASMB's push for targeted reforms.
    - New study: CASMB highlighted Georgetown University's Center on Health Insurance Reforms' new research showing the IDR system generated over $22.4 billion in total costs from 2022 to 2025. Read more on the study and industry response.

The bottom line: Together, these efforts give policymakers a clearer view of the root causes of rising healthcare costs and the reforms that could reduce costs for consumers.

AHIP Spotlights Brand Drugmakers' Pricing Playbook

Two new AHIP blogs spotlight how brand drugmakers are charging Americans record prices, preventing competition, driving consumer demand and prescribing volume – all while taking record profits.

Brand Drugmakers Raised Prices on 250 Drugs this Summer

AHIP is highlighting how brand drugmakers raised list prices on nearly 250 prescription drugs in just three months this summer: 28 price hikes in June, 216 in July and four more in August — pushing the 2026 year-to-date count to 1,284 brand name drugs that have gotten more expensive.

Americans paid a staggering $915 billion for prescription drugs last year, and 2026 spending is projected to approach $1 trillion.

- Prescription drugs already consume more than 24 cents of every premium dollar in the commercial market — more than any other individual category — and patients and employers pay for these costs in the form of higher premiums.

Analysis Spotlights Brand Drugmakers' Payments to Prescribing Physicians

AHIP is also highlighting a new analysis of disclosures from 10 of the largest brand drugmakers, contained within CMS Open Payments data, revealing brand drugmakers spent nearly $200 million on payments to more than half a million physicians in 2024.

The data show physicians receiving payments from these 10 brand manufacturers then billed fee-for-service Medicare nearly $45 billion for drugs made by those same manufacturers. The return on investment for those manufacturers was a staggering $220 in sales for every dollar in physician payments.

Why this Matters: The summer price hikes and the manufacturers' payments to physicians emphasize the need for common-sense policy solutions.

Restoring competition in the prescription drug market means lower prices for Americans. Accelerating access to generics and biosimilars could generate $422.9 billion in savings — easing a cost burden for consumers.

KFF/Washington Post: 'How Hospital Monopolies Are Driving Up the Cost of Your Health Care'

AHIP is highlighting a recent *KFF Health News* report published in *The Washington Post* that reveals how decades of anti-competitive hospital consolidation have resulted in hospital monopolies with the market power to charge dramatically higher prices for the same care — raising healthcare costs for everyone.

Key Excerpts:

- "'[W]hen hospitals have bargaining leverage, they tend to have higher prices,' said Zack Cooper, a Yale University economist who has studied hospital consolidation for more than a decade. Over the last quarter century, Cooper notes, **hospital prices have risen faster than those in any other economic sector**, and **hospital consolidation is one of the primary drivers."**
- "From 2002 to 2020 alone, more than 1,000 hospital mergers unfolded in the United States" — yet the FTC intervened to stop a merger in only about **1 percent** of cases, according to a Yale University study.
- "Last year alone, hospital and health systems announced 46 mergers and acquisitions … Five ranked as 'mega-mergers,' meaning they were valued at more than **$1 billion**."
- "It is not just patients who bear the burden of rising hospital prices. Over time, **anyone who pays for health insurance pays a price for hospital monopolies..."**

A Growing Chorus: The report is the latest to reinforce the growing consensus — from White House economists to Families USA — that hospitals' anti-competitive practices and "crushing" price hikes are worsening the healthcare affordability challenges facing consumers.

AHIP: 'Congress Killed Surprise Bills — Or Did It? The $15 Billion Workaround Raising Your Premiums'

The *Washington Examiner* recently published an op-ed by AHIP President and CEO Mike Tuffin discussing how common-sense reforms can rein in the growing and costly provider-driven abuse of the *No Surprises Act*.

Key Excerpts:

- “Certain providers are flooding the system with claims that are plainly ineligible under the law, including claims involving Medicare and Medicaid patients. Arbitrators are compensated for every payment determination they issue, creating incentives for a lax approach to eligibility and ruling in favor of providers. Providers now prevail in nearly 90% of disputes.”
- “The result is an IDR system that rewards volume, tolerates abuse, and drives healthcare costs ever higher.”
- “Common-sense reforms are needed to make the law work as originally intended. Out-of-network providers should be fairly compensated for the care they deliver. A reasonable place to start would be with the rates negotiated by comparable in-network providers in the same market.”
- “Congress promised Americans protection from surprise medical bills and lower healthcare costs. Keeping that promise now requires confronting the abuse of the arbitration system by interests that have replaced one surprise billing scheme with another.”

BCBSA Report: CMS Proposed Site-neutral Billing For Imaging Services Could Save Billions

A new report from BCBSA finds that CMS’ proposal to advance site-neutral payments for imaging without contrast as outlined in the 2027 Hospital Outpatient Prospective Payment System (OPPS) proposed rule could save an estimated $9.7 billion over 10 years across Medicare, commercial premiums and patients’ out-of-pocket costs.

Why this matters: CMS’ proposal would require comparable payment rates across care settings, preventing hospitals from charging more for imaging services like x-rays, CT scans, MRIs and ultrasounds when performed in a hospital setting rather than a freestanding clinic.

- The BCBSA report demonstrates the estimated spillover impacts of this Medicare payment reform to employers and consumers.

The big picture: Medicare has traditionally paid significantly higher rates for imaging services in hospital inpatient and outpatient settings despite no evidence of higher quality.

- Policymakers are specifically targeting site-neutral reform for imaging services due to the incentive these services create for providers to vertically integrate. Studies demonstrate that after providers integrate, the number of imaging tests they bill as hospital services increased while the number of tests they bill as nonhospital sites of service decreased.

What BCBSA is saying:

“Families shouldn't pay more for the same care simply because of where it's delivered. That's why we urged CMS to move forward with expanding site-neutral payments for imaging services,” wrote David Merritt, SVP of external affairs at BCBSA, on LinkedIn. “It's a practical step toward tackling the root causes of higher costs, so families get real relief from high healthcare prices.”

BCBSA cited the imaging site-neutral savings analysis in our response to CMS’ proposed OPPS rule, reinforcing long-standing support of site-neutral reform and urging further action to lower the cost of healthcare.

The bottom line: While CMS' proposal is a step in the right direction, more can be done to lower costs for patients: Site-neutral policies outlined in BCBSA's affordability solutions could help drive $484 billion in savings over 10 years

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