VIZIENT OFFICE OF PUBLIC POLICY AND GOVERNMENT RELATIONS

Federal Independent Dispute Resolution Operations Final Rule

July 29, 2026

BACKGROUND & SUMMARY

On May 28, 2026, the Departments of Health and Human Services, Labor and Treasury and the Office of Personnel Management (hereinafter, "the Departments") released the Federal Independent Dispute Resolution (IDR) Operations Final Rule (hereinafter, "Final Rule"). The Final Rule codifies policies to improve the efficiency, transparency, and administration of the Federal IDR process established under the No Surprises Act (NSA).[1] Key policies include standardizing notice requirements, modifications to the 30-business-day open negotiation process preceding the Federal IDR, changes to batching requirements, changes to eligibility determination procedures, and establishment of the Federal IDR Registry.

A CMS fact sheet on the Final Rule is available here. The Final Rule is effective on August 3, 2026, with certain provisions having separate applicability dates.

SPECIFIC CLAIM ADJUSTMENT REASON CODES AND REMITTANCE ADVICE REMARK CODES

To improve communication between payers and providers, the Final Rule requires plans and issuers to use standardized Claim Adjustment Reason Codes (CARCs)[2] and Remittance Advice Remark Codes (RARCs)[3] when issuing initial payments or notices of denial of payment for out-of-network claims.[4] The specific CARCs and RARCs that must be used will be identified in future guidance. These codes communicate key information, including whether the NSA applies, how the payment amount was determined and whether the claim may be eligible for the Federal IDR process. Standardizing the use of CARCs and RARCs is intended to reduce administrative burden by reducing ineligible disputes submitted to the Federal IDR process.

FEDERAL IDR REGISTRY

The Final Rule establishes a Federal IDR Registry[5] to improve communication between payers and providers and to support more efficient administration of the Federal IDR process. The registry is intended to help providers identify the correct plan or issuer, determine whether a claim is subject to the Federal IDR process, and reduce administrative burden associated with open negotiation and IDR disputes. Health insurance issuers, self-insured group health plans, and Federal Employees Health Benefits (FEHB) Program carriers must register with the Departments and maintain current information, including the legal business name, plan type, contact information, and, as applicable, the States in which coverage is offered or licensed and any election or adoption under which a specified State law or All-Payer Model Agreement applies.[6] Upon registration, each plan or issuer will receive a Federal IDR registration number.

OPEN NEGOTIATION

DETERMINATION OF PAYMENT AND TIMELINE

The NSA established a 30-business-day open negotiation period during which disputing parties attempt to agree on a payment before initiating the Federal IDR process. The Final Rule requires the initiating party to submit a written open negotiation notice to the receiving party and the Departments through the Federal IDR portal to initiate the open negotiation period. The

[1] Pub. L. No. 116-260, Division BB, Title I

[2] CARCs explain why a claim or service line was paid differently than it was billed.

[3] RARCs provide additional explanations for a remittance. RARCs are either "supplemental," meaning that they provide additional explanation for an adjustment already described by a CARC, or "informational," meaning they convey information about remittance processing and are not related to a specific adjustment or CARC.

[4] The lists of approved CARCs and RARCs are maintained by separate committees (the CARC Committee and the RARC Committee) designated by HHS to review requests to add, remove, or modify existing CARCs and RARCs. The HIPAA operating rule adopted at 45 CFR 162.1603(a)(4) requires plans and issuers to use a uniform set of CARCs and RARCs for defined business scenarios.

[5] As of July 15, 2026, the Federal IDR Registry is not yet available. Registry requirements will become applicable 90 business days after the Departments issue guidance announcing that the registry is available. Additional information is available at: https://www.cms.gov/nosurprises/notices

[6] Plans and issuers must also include their Federal IDR Registry identification number in remittance advice and other required Federal IDR notices, allowing providers to access associated registration information through the Federal IDR Portal to support eligibility determinations.

portal is intended to streamline information sharing and minimize administrative burden. In the Final Rule, the Departments reiterate that parties must continue to exhaust the open negotiation period before initiating the Federal IDR process.

In the Final Rule, the Departments provide that the receiving party of the open negotiation notice must submit a response notice no later than the 15th business day[7] of the 30-business-day open negotiation period.

OPEN NEGOTIATION NOTICE CONTENT

The Departments finalized the open negotiation notice content largely as proposed with two exceptions, as outlined below. The Final Rule (pgs. 20-21) requires the initiating party to submit an open negotiation notice containing 12 items related to the dispute, including information to identify the provider, facility or provider of air ambulance services, information to identify the plan or issuer, contact information for any third party representing the party submitting the notice, and more.

The Final Rule included two deviations from the Proposed Rule. First, the plan and issuer identification requirements were revised by removing references to payer registration status, adding a requirement for the initiating party to attest when a registration number was not included on remittance advice, and clarifying identification requirements for self-insured group health plans. Second, the notice must include a copy of any remittance advice associated with the initial payment or notice of denial of payment for the item or service.

The Departments also finalized requirements concerning the inclusion of Qualifying Payment Amount (QPA) and beneficiary cost-sharing information in the open negotiation notice. The Departments emphasized that including the QPA is intended to facilitate information exchange and does not provide opportunity to dispute the QPA.

OPEN NEGOTIATION RESPONSE NOTICE CONTENT

The Final Rule requires the receiving party to submit an open negotiation response by the 15th business day of the 30-business-day open negotiation period. The Final Rule (pg. 25) requires the receiving party to submit an open negotiation response notice containing 10 items, including contact information to identify the party, information regarding the initial payment amount, QPA and cost-sharing amount, statements regarding eligibility for the Federal IDR process and more.

The Departments finalized the required elements as proposed, with two exceptions. First, the Final Rule adopted the same modifications to the plan and issuer identification requirements finalized for the open negotiation notice. Second, the Departments did not finalize the proposal to require the responding party to provide a counteroffer or formally accept the initiating party's offer as part of the response notice. Parties may exchange counteroffers using their preferred method of communication but are not required to submit them through the Federal IDR portal. The Final Rule also requires responding parties to indicate whether an item or service is eligible for the Federal IDR process and provide supporting documentation when raising eligibility concerns.

The open negotiation response notice requires the receiving party to address the QPA provided in the open negotiation notice. If the receiving party is a plan or issuer and disagrees with the QPA, it must provide the QPA it believes is correct and supporting documentation.

IMPLEMENTATION OF OPEN NEGOTIATION THROUGH THE FEDERAL IDR PORTAL

The Departments finalized the requirement that, during open negotiation, the open negotiation notice and open negotiation response notice be exchanged through the Federal IDR Portal. Parties may use their preferred methods for other communications during open negotiation.

CHANGES TO THE INITIATION OF THE FEDERAL IDR PROCESS

NOTICE OF IDR INITIATION

The Final Rule requires the initiating party to submit a notice of IDR initiation to the non-initiating party and the Departments within the four-business-day period beginning on the first business day after the last day of the open negotiation period. The Departments finalized the required elements of the notice of IDR initiation largely as proposed, with some modifications. The Final Rule revises the proposed plan and issuer identification requirements by removing references to payer registration status to avoid confusion, adding a requirement for the initiating requiring party to attest when a registration number was not included on remittance advice, and clarifying identification requirements for self-insured group health plans. Also, the

[7] The Final Rule clarified that business days exclude federal holidays and weekends.

Departments require submission of any remittance advice associated with the initial payment or notice of denial of payment for the disputed item or service. The Departments did not finalize the proposal to require initiating parties to explain how their reasons for pursuing Federal IDR differed from those discussed during open negotiation. The Final Rule (pg. 31) outlines the 14 items that must be included a notice of IDR initiation (e.g., sufficient information to identify parties and the disputed item or service, the initial payment amount, the QPA, eligibility attestations, a preferred certified IDR entity).

NOTICE OF IDR INITIATION RESPONSE

The Final Rule requires the non-initiating party to submit a notice of IDR initiation response to the initiating party and the Departments within three business days after the date of IDR initiation. The Final Rule (pg. 35) requires the non-initiating party to submit a notice of IDR initiation response containing 11 items, including party identification, payment information, eligibility attestations, and supporting documentation. Consistent with the IDR initiation notice, the Departments adopted the same revisions to the plan and issuer identification requirements, required submission of the remittance advice associated with the initial payment or notice of denial of payment, and clarified the eligibility attestation for qualified IDR items.

The Departments retained the three-business-day response deadline, noting that the timeframe is established by statute and supports a timely process with selection of a certified IDR entity.

CERTIFIED IDR ENTITY SELECTION

The Departments revised the certified IDR entity selection process to address time challenges under the existing process (e.g., limited time to respond to the initiating party's preferred certified IDR entity). The Final Rule finalizes the certified IDR entity selection process to provide both parties an equal opportunity to participate in the selection process while maintaining the statutory timelines for IDR initiation and incentivize disputing opportunities to reach an agreement.

Following the preliminary selection, the entity must complete a conflict-of-interest review and attest within three business days that it meets the applicable requirements. If the entity fails to respond within the time frame, the Departments will select an entity at random and notify the parties within one business day.

FEDERAL IDR PROCESS ELIGIBILITY REVIEW

The Final Rule requires certified IDR entities to determine whether a dispute is eligible for the IDR process and notify the disputing parties within five business days after final selection of the certified IDR entity. If the dispute is determined to be ineligible, it will be closed and will not proceed through the Federal IDR process. For batched disputes, only the items determined to be eligible will continue through the IDR process.

Certified IDR entities may request additional information from disputing parties at any stage of the eligibility review, and parties must respond within five business days through the Federal IDR portal. If the requested information is not provided, the certified entity will determine eligibility based on the available information. If the entity cannot determine eligibility because both parties failed to provide requested information, the dispute will be considered withdrawn.

TREATMENT OF BATCHED ITEMS AND SERVICES AND BUNDLED PAYMENT ARRANGEMENTS

TREATMENT OF BATCHED ITEMS

The Departments retained the existing requirements that batched disputes involve items and services billed by the same provider or facility and clarifies that claims must be paid by the same plan or issuer (with separate rules for fully insured and self-funded plans). The Final Rule replaced the existing requirement that batched disputes involve items and services related to the treatment of a "similar condition" criteria with three objective batching categories:

1. Items and services are furnished to a single patient on the same, or consecutive, dates of service, and billed on the same claim form (a patient encounter).
2. Items and services are furnished to one or more patients and are billed under the same service code or a comparable code under a different procedural code systems (e.g., CPT and HCPCS)
3. Anesthesiology, radiology, pathology and laboratory items and services that are furnished to one or more patients under service codes belonging to the same Category I CPT code section, as specified in guidance by the Departments in the Final Rule (pgs. 61-63), in order to address the unique circumstances of certain medical specialties and provider types.

The Departments also increased the maximum number of qualified IDR items and services permitted in a batched dispute from 25 to 50 items and clarified that qualified IDR items must be furnished within the same 30-business-day period and must

have completed the required open negotiation period before IDR initiation. The Departments reduced the cooling-off period for batched disputes from 90 calendar days to 30 business days, allowing the same parties to initiate another batched Federal IDR dispute involving the same or similar items or services sooner.

TREATMENT OF BUNDLED PAYMENT ARRANGEMENTS

The Departments finalized allowing qualifying bundled payment arrangements[8] to be submitted as a single payment determination while remaining subject to a single certified IDR entity fee. The Final Rule also clarifies that bundled payment arrangements are treated separately from batched disputes and are not subject to the batching requirements.

ADMINISTRATIVE AND CERTIFIED IDR ENTITY FEES

The Final Rule reduces the non-refundable administrative fee from $115 to $15 per party, per dispute, regardless of the amount in dispute or whether the dispute is ultimately determined to be eligible. Using Federal IDR process data between May 2025 and April 2026, during which approximately 5.3 million administrative fee payments were made, the Departments estimate that the lower administrative fee will increase utilization of the Federal IDR process.

The Final Rule also codifies existing guidance[9] regarding fee collection. If either party fails to pay the administrative fee or certified IDR entity fee by the deadline for submitting its offer, that party's offer will not be considered received, although the party remains responsible for payment of both fees.

EXTENUATING CIRCUMSTANCES

The Final Rule expands the circumstances under which the Departments may grant extensions to Federal IDR process deadlines when unforeseen events outside a party's control prevent timely completion of required actions. Extensions may apply to deadlines related to submitting notices, selecting a certified IDR entity, or meeting other Federal IDR process deadlines. Requests for extensions will continue to be evaluated on a case-by-case basis and must include sufficient documentation supporting the request.

IMPORTANT DATES AND WHAT'S NEXT?

The Final Rule is effective August 3, 2026, with several provisions subject to other applicability dates:

- CARCs/RARCs requirements and QPA disclosure modifications: For CARCs/RARCs, plans and issuers are not required to use specified codes until the applicability date established in future guidance.
- Federal IDR operational changes: The revised definition of batched IDR items and services, certain provisions governing continued negotiations or withdrawals, and the revised extenuating-circumstances provisions apply beginning November 1, 2026. Other changes (e.g., open negotiation, IDR initiation, certified IDR entity selection, eligibility review, treatment of batched and bundled items and services, offer submission, payment determinations, and certain cooling-off and withdrawal provisions) apply to disputes with open negotiation periods beginning 90 calendar days after the Departments issue guidance announcing that the supporting functionality is available. The Departments may implement these provisions on a rolling basis.
- Administrative fee: The $15 per party per dispute fee applies to disputes initiated on or after June 11, 2026.
- Federal IDR Registry: Registry requirements become applicable 90 business days after the Departments issue guidance announcing that the supporting functionality is available.[10]

Vizient's Office of Public Policy and Government Relations is available to answer questions about provisions in the Final Rule. Please reach out to Jenna Stern, Vice President, Regulatory Affairs and Public Policy Director in Vizient's Washington, D.C. office.

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[8] An arrangement under which: (1) a provider, facility, or provider of air ambulance services bills for multiple items or services furnished to a single patient under a single service code that represents multiple items or services (for example, a diagnostic related group (DRG) code); or (2) a plan or issuer makes an initial payment or notice of denial of payment to a provider, facility, or provider of air ambulance services under a single service code that represents multiple items or services furnished to a single patient (for example, a DRG code).

[9] Federal Independent Dispute Resolution Process Guidance for Certified IDR Entities

[10] As of July 15, 2026, the Departments have not announced that the supporting functionality is available.

TO LEARN MORE, CONTACT:
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