

CALIFORNIA MEDICAL ASSOCIATION

Independent Dispute Resolution: The Facts

Simple and Effective. In states such as New York, baseball-style independent dispute resolution (IDR) has almost eliminated surprise bills, **without any added bureaucracy or cost.**

Efficient and Easy. Either the physician or insurance company can easily file or respond to IDR online, submitting any accompanying documentation they choose to include. And because IDR uses an independent reviewer to evaluate the claims and make a decision, lawyers won't be involved.

Rarely Invoked. Yet despite its simplicity, IDR is not often used. Since the losing party must pay the cost of IDR (estimates range between \$225-\$325), it instead serves as a powerful backstop, providing a strong incentive for both insurers and providers to set fair payments and prices right from the start. In NY in 2018, only 849 out of the 7.5 million emergency visits that year were taken to IDR.

Fast. Baseball-style IDR is fast – each party submits only a final offer, and in most states that use the process, the IDR reviewer is required to make a decision within 30 days.

Targeted. Unlike benchmarking to a median contracted rate, this market-based approach solves the problem of surprise medical bills related to out-of-network care without disrupting the broader market. This should not be confused with other federal arbitration proposals being considered as part of drug pricing discussions - the only parties involved in the IDR process are the physician and the insurer, *not* the government.

Localized. IDR as a federal solution to addressing surprise medical bills won't require any expansion of federal authority or new infrastructure—its implementation and operation can be handled by states, if they so choose, or by a designated private entity such as the American Arbitration Association.

**69 percent of
Americans prefer a
third-party resolution
process over allowing
the government to set
doctors' rates.**

*Poll conducted by Morning
Consult May 31 - June 1, 2019*