

NSA Implementation Issues Are Failing Patients & Providers

Medicare is not a proxy for market-based rates – or fair pricing

Background

Some insurers are reportedly contending that Medicare rates should be used as the benchmark for Qualifying Payment Amounts (QPAs) and that any QPAs which exceed Medicare rates serve to inflate health costs. The seriousness of this allegation compels us to ask a simple but important question:

Are the insurers correct?

No. Medicare payment rates do not accurately reflect commercial health insurance rates and thus are not and should not be used as the benchmark for QPAs for the following reasons:

- Medicare rates are not market based. Instead, Medicare payment rates are established unilaterally by the government and have not kept pace with inflation. In fact, the Medicare Physician Fee Schedule payment rate, known as the conversion factor, is almost 10% lower in 2026 than in 1998.
- In fact, until Congress updates Medicare payment rates to reflect inflation, the ratio of a properly calculated QPA to Medicare payment will naturally increase each year.
- As documented in a 2021 [CBO study](#) of commercial insurance *versus* Medicare reimbursement, commercial payments were on average 223% of Medicare. And as a 2020 [AHA study](#) of hospital reimbursement found, Medicare only reimbursed 84 cents of each dollar spent to provide care.

Further, the *No Surprises Act* defines the QPA as based on commercial health insurance rates:

The term “qualifying payment amount” means ... the median of the contracted rates recognized by the plan or issuer ... increased by the percentage increase in the consumer price index for all urban consumers ... ([No Surprises Act](#))

And yet, [AFHC national surveys](#) reveal QPAs frequently trend below Medicare. In fact, 94% of providers received QPA payments priced at or below Medicare in 2023, and 93% of providers were still receiving Medicare-level QPA payments in 2024.

Adding to the concerns about inaccurate, unreliable QPAs, a recent [study](#) demonstrated:

- In 60%+ of IDR disputes, insurers' QPA was *lower than the median in-network contracted amount*.
- In those cases, the actual median network rates were an average of 300% higher than QPAs.

Bottom Line: Medicare is not a proxy for market-based rates or fair pricing.

As required by law, QPA analysis should only reference commercial health insurance rates.