

# The Prompt and Fair Pay Act

**Bill Sponsors:** Lloyd Doggett, Dr. Greg Murphy

**Endorsements:** America's Essential Hospitals, American Academy of Family Physicians, American College of Physicians, American Occupational Therapy Association, LeadingAge, National Rural Health Association, Premier, Texas Hospital Association, Texas Organization of Rural and Community Hospitals, Texas Association for Home Care and Hospice, American Association of Nurse Anesthesiology

Medicare Advantage enrollment has rapidly increased in recent years, with 54% of all Medicare enrollees in an MA plan. As Medicare Advantage's market growth has increased, reimbursement for health care providers has decreased and many hospitals, provider groups, and other health systems are [dropping out](#) of MA contracts. In 2025 alone, 27 health systems have withdrawn from the MA program. While MA plan benchmark payments are based off Traditional Medicare spending, plans are not required to reimburse providers at the same rates and CMS is prohibited by statute from setting contract rates.

In recent years, MA paid rural hospitals about [90%](#) of what Traditional Medicare reimbursed them. Over the past five years, hospital reimbursement by MA plans fell by [8.8%](#) on a cost basis. Zimmet Healthcare Services estimates that skilled nursing facilities lost [\\$13.8 billion](#) in 2024 because MA plans reimbursed significantly less than Traditional Medicare. These losses have resulted in at least [41 hospital systems](#) withdrawing from 62 MA plans in 25 states in the past year. Over the past two years, the rate of health systems withdrawing from MA plans has [tripled](#). One 2024 survey found that [19% of systems](#) had stopped accepting Medicare Advantage in 2023, 16% were planning to stop in the next two years, and 45% were considering dropping MA.

In addition to decreasing payments, providers often face substantial [delays](#) in receiving reimbursement for clean claims. Medicare Advantage plans are subjected to prompt payment rules for out-of-network claims, but similar requirements do not exist for in-network claims. One recent survey found that claims adjudication costs providers [\\$25.7 billion](#) in 2023, representing a 23% increase from the prior year.

Increasing administrative burdens and care denials, delayed reimbursements, and decreasing payments are harming medical practices and threaten patient access as health systems withdraw from MA plan networks and risk closure. Congress must act to level the playing field and ensure that MA plans are fulfilling their obligation to promptly and fairly pay providers.

## The Prompt and Fair Pay Act would:

- Establish a payment floor requiring Medicare Advantage plans to reimburse for all covered health care items and services at least at what would have been paid under Medicare Parts A and B. Plans and providers may continue to negotiate higher reimbursement rates.
- Establish prompt payment rules for clean in-network claims. These requirements are modeled off the rules for Medicare Part D.