



PYA Healthcare Regulatory Roundup #98 – Washington Updates: 2026 Medicare Physician Fee Schedule Proposed Rule, Part 1

Presented July 30, 2025 by PYA's Martie Ross, Lori Foley, and Sarah Bowman | Part of the Healthcare Regulatory Roundup Webinar Series

<https://www.pyapc.com/insights/hcrr-98-99-two-part-2026-medicare-physician-fee-schedule-proposed-rule/>

Please note, this transcript was generated automatically. PYA cannot guarantee its accuracy or completeness.

WEBINAR SUMMARY

In this episode of PYA's Healthcare Regulatory Roundup, experts Martie Ross, Lori Foley, and Sarah Bowman break down critical changes in the 2026 Medicare Physician Fee Schedule (MPFS) proposed rule. Presenters discussed the conversion factor, budget neutrality, work relative value unit (RVU) updates, Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) and the One Big Beautiful Bill Act (OBBBA), efficiency and practice expense adjustments, Merit-based Incentive Payment System (MIPS) program stability, the new Ambulatory Specialty Model (ASM), Alternative Payment Model (APM), and Medicare Shared Savings Program (MSSP) modifications.

Key topics include:

- **Conversion Factor Adjustments:** Two conversion factors for 2026: \$1.24 increase for qualifying APMs, \$1.07 for non-APM participants. Budget neutrality remains a key pressure point.
- **Efficiency Adjustment:** New 2.5% reduction to work RVUs for non-time-based services affecting 8,000+ CPT codes. Adjusted every 3 years.
- **Practice Expense Adjustment:** Reduces facility-based payments; increases for office-based services. Shifts away from outdated AMA survey data.
- **MIPS Program and MVPs:** Maintains stability. Adds 6 new MIPS Value Pathways (MVPs), bringing the total to 27. Limited measure removals and minor scoring updates.
- **Ambulatory Specialty Model (ASM):** New mandatory APM launching in 2027. Applies to select physicians managing CHF or low back pain. Performance-based payment from -9% to +9%.
- **Medicare Shared Savings Program (MSSP):** Minor technical adjustments proposed for 2026. Continued emphasis on alignment with MVPs and interoperability.

WEBINAR HIGHLIGHTS AND FREQUENTLY ASKED QUESTIONS

What are the 2026 Medicare conversion factor updates?

- Qualifying APM participants see a \$1.24 increase; all others see \$1.07.
- Budget neutrality and efficiency adjustments affect final rates.

What is the new efficiency adjustment and who does it affect?

- A 2.5% cut to work RVUs for non-time-based CPT codes—over 8,000 services.
- Excludes maternity, behavioral health, and E/M services.

How will practice expense changes impact my payments?

- Facility-based services may receive lower payments.
- Office-based specialties (e.g., family medicine) may see a 3% increase.



Are there changes to the MIPS program in 2026?

- Minimal changes. 6 new MVPs, topped-out measure removals, and data alignment across CMS programs.

What is the Ambulatory Specialty Model (ASM)?

- A mandatory APM for select specialists managing CHF or low back pain.
- Starts 2027, performance directly impacts payment by up to $\pm 9\%$.

What should we do now to prepare for these changes?

- Review Table 92, submit comments, assess data infrastructure for efficiency tracking, and model impact by specialty.

ACTION ITEMS

- Submit a public comment on the proposed rule.
- Review table 92 in the proposed rule to understand the estimated impact by specialty.
- Provide feedback on the data collection methods proposed for the efficiency adjustment, such as using electronic health record logs, operating room logs, and time-motion data.
- Review the proposed changes to the practice expense methodology and understand how they may impact office-based versus facility-based services.
- Attend the next webinar on August 13th to discuss the remaining provisions in the Medicare Physician Fee Schedule proposed rule.

WEBINAR OUTLINE

Introduction and Overview of the Webinar

- PYA Moderator introduces the webinar and presenters: Marty Ross, Lori Foley, and Sarah Bowman.
- Martie Ross introduces the topic, mentioning the proposed rule published on July 17 and that comments are due to CMS by September 12.

Details of the Proposed Rule and Comment Submission

- Martie Ross explains the process of submitting comments to CMS, including attaching documents and the option to submit anonymously.
- Martie emphasizes the importance of individual comments rather than relying on professional associations to submit comments.
- The presenters outline the agenda, covering the conversion factor, efficiency adjustment, practice expense methodology changes, MIPS program, new mandatory Alternative Payment Model, and Medicare Shared Savings Program.
- Martie mentions that the next webinar will cover the remaining provisions of the rule.

Historical Context and MACRA Legislation

- Martie Ross discusses the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) and its impact on the Medicare Physician Fee Schedule.
- She explains the concept of the conversion factor and its calculation based on relative value units (RVUs).



- Martie mentions the budget neutrality requirement in the Social Security Act and its impact on the conversion factor.
- She discusses the reduction in the fee schedule over the past five years and the impact of budget neutrality adjustments.

2026 Conversion Factor and Budget Neutrality Adjustment

- Martie Ross details the 2026 conversion factor, including the MACRA update, and the one-time increase provided by the One Big Beautiful Bill Act (OBBBA).
- She explains the positive budget neutrality adjustment and its impact on the conversion factor.
- Martie discusses the drivers of the positive budget neutrality adjustment, including the efficiency adjustment, behavioral health payments, and revaluation of specific codes.
- She mentions the geographic practice cost indices (GPCI) and their impact on payment rates across different localities.

Efficiency Adjustment and Practice Expense Adjustment

- Sarah Bowman introduces the efficiency adjustment, a new concept for 2026, and its impact on work RVUs.
- She explains the methodology for calculating the efficiency adjustment and the use of electronic health record logs, operating room logs, and time-motion data for more accurate data collection.
- Sarah discusses the practice expense adjustment and its impact on facility and non-facility services.
- She mentions the proposed changes to the practice expense methodology and the use of hospital data to understand practice costs.

MIPS Program and Value Pathways

- Lori Foley discusses the MIPS program, its goals, and the focus on stability and transition to advanced payment models.
- She mentions the addition of MIPS value pathways (MVPs) and the goal of having relevant pathways for at least 80% of eligible clinicians.
- Lori details the changes to quality measures, including the addition of new measures and the removal of topped-out measures.
- She notes the proposed changes to administrative claims-based quality measures and the feedback period for new cost measures.

Ambulatory Specialty Model (ASM)

- Martie Ross introduces the Ambulatory Specialty Model (ASM), a new mandatory Alternative Payment Model (APM) starting January 1, 2027.
- She explains the selection criteria for ASM participants, including specialty, practice location, and episode attribution.
- Martie walks through the methodology for calculating payments based on performance and the impact on billings for professional services.
- She mentions the quality measures, improvement activities, and promoting interoperability requirements for ASM participants.



Medicare Shared Savings Program (MSSP)

- Martie Ross provides an overview of the Medicare Shared Savings Program (MSSP), and the minor changes proposed for 2026.
- She highlights the timeline for the MSSP and the importance of staying informed about the program.
- Martie encourages participants to submit comments and provide feedback on the proposed changes.
- The presenters and PYA Moderator conclude the webinar with information on how to access the slides, recording, and additional resources.