



PYA Healthcare Regulatory Roundup #105 – Part 1: MPFS Final Rule

Presented December 3, 2025 by PYA's Martie Ross, Sarah Bowman, and Lori Foley | Part of the Healthcare Regulatory Roundup Webinar Series

<https://www.pyapc.com/insights/hcrr-105-106-two-part-2026-medicare-physician-fee-schedule-final-rule/>

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WEBINAR SUMMARY

This episode of PYA's Healthcare Regulatory Roundup focused on the 2026 Medicare Physician Fee Schedule Final Rule, which introduces notable changes to physician reimbursement, including updates to the conversion factor driven by statutory MACRA increases, a one-time congressional increase, and a positive budget neutrality adjustment. CMS finalized a new efficiency adjustment affecting work RVUs, revised the practice expense methodology to better distinguish between office-based and facility-based care, and made targeted updates to MIPS quality, cost, and interoperability requirements. The rule also establishes a new mandatory Ambulatory Specialty Model beginning in 2027 and makes incremental changes to the Medicare Shared Savings Program.

Key points included the conversion factor's increase by 0.75% for advanced APMs and 0.25% for others, with a 2.5% one-time increase and a 0.49% positive budget neutrality adjustment. The efficiency adjustment, impacting work RVUs, was introduced. The practice expense methodology was updated to reflect rising physician employment. MIPS changes included maintaining a 75% data completeness threshold and minor adjustments to quality measures. The new Ambulatory Specialty Model (ASM) for low back pain and congestive heart failure specialists was detailed, with performance-based payment adjustments up to 12%.

Key topics include:

- **2026 Medicare Physician Fee Schedule Final Rule**
- **MACRA increases**
- **Physician reimbursement and conversion factor**
- **Budget neutrality**
- **CMS efficiency adjustment**
- **Physician work RVUs**
- **Practice expense methodology**
- **MIPS quality and cost measures**
- **Cost measures**
- **Improvement activities**
- **MIPS Interoperability**
- **Ambulatory Specialty Model**
- **Low back pain and congestive heart failure**
- **Medicare Shared Savings Program**



WEBINAR HIGHLIGHTS AND FREQUENTLY ASKED QUESTIONS

What changed in the 2026 Medicare Physician Fee Schedule Final Rule?

- The rule updates payment calculations under MACRA, including changes to the conversion factor, budget neutrality adjustments, work RVUs, and practice expense methodology, along with updates to MIPS and the Medicare Shared Savings Program.

How is the 2026 MPFS conversion factor calculated?

- The conversion factor applies statutory MACRA updates, a one-time 2.5% increase for 2026, and a positive budget neutrality adjustment to determine final rates.

What is the efficiency adjustment?

- The efficiency adjustment reduces work RVUs for certain services to reflect CMS's view of increased physician efficiency, excluding specified service categories.

How does the practice expense methodology change affect providers?

- The revised methodology differentiates reimbursement impacts based on whether services are delivered in office or facility settings.

Were there major changes to MIPS requirements?

- CMS maintained the 75% data completeness threshold and finalized targeted changes to quality measures and scoring methods.

What is the Ambulatory Specialty Model?

- The Ambulatory Specialty Model (ASM) is a mandatory alternative payment model beginning in 2027 for certain specialists treating low back pain or congestive heart failure.

How are payments adjusted under the ASM?

- Adjustments are budget neutral and based on relative performance across quality and cost domains.

What changed in the Medicare Shared Savings Program?

- CMS adjusted upside-only participation periods, attribution rules, and reporting policies, including recognizing cyberattacks as extreme circumstances.

What should providers review following this Final Rule?

- Providers should assess reimbursement impacts, MIPS reporting obligations, and potential ASM participation.

ACTION ITEMS

- Review the changes to the geographic practice cost indices (GPCIs) and how they may impact reimbursement.
- Prepare for the mandatory participation in the Ambulatory Specialty Model (ASM) if your practice meets the criteria.
- Evaluate the impact of the new practice expense methodology changes, especially for facility-based vs. office-based services.
- Stay up to date on the list of CPT codes excluded from the efficiency adjustment.



WEBINAR OUTLINE

Introduction and Overview of Government Shutdown and Its Impact on Healthcare

- PYA Moderator introduces the webinar and the topic: 2026 Medicare Physician Fee Schedule Final Rule, Part 1, noting it is part of a two-part webinar series regarding the MPFS Final Rule.
- Speakers Martie Ross, Sarah Bowman, and Lori Foley introduce themselves.
- Martie Ross outlines the agenda, focusing on payment calculations under MACRA and the conversion factor.
- Martie explains the impact of MACRA on payment increases for qualified Alternative Payment Model participants and non-participants.

MACRA and Conversion Factor Calculations

- Martie Ross details the conversion factor calculation, including the statutory cap on Medicare Physician Fee Schedule spending.
- She explains the conversion factor is adjusted based on anticipated billable RVUs and budget neutrality requirements.
- Martie discusses the impact of policy decisions on the conversion factor, such as changes in service coverage or RVU adjustments.
- She introduces the conversion factor for 2026, with a 0.75% increase for advanced APMs and a 0.25% increase for others.

Budget Neutrality and Efficiency Adjustments

- Martie Ross explains the budget neutrality requirement and its impact on the conversion factor.
- Martie introduces the efficiency adjustment for 2026, impacting the work RVU component of total reimbursement, then turns to Sarah Bowman to continue with further details.
- Sarah Bowman discusses the rationale behind the efficiency adjustment, including the limitations of AMA RUC survey data.
- Sarah explains the efficiency adjustment is applied to services billed on a time basis, excluding certain services like E/M, care management, and behavioral health.

Practice Expense Methodology Changes

- Sarah Bowman explains the changes to the practice expense methodology, moving away from PPI survey data.
- She explains the new methodology recognizes greater indirect costs for office-based practices compared to facility-based settings.
- Sarah details the impact of the practice expense changes on different specialties, with facility-based services seeing more reductions.
- Sarah discusses that the new methodology includes a 50% decrease in the indirect work-based portion of the practice expense RVU component.
- Sarah introduces Lori Foley to discuss MIPS quality measures.

MIPS Quality Measures and Scoring

- Lori Foley discusses the MIPS quality measures, noting minimal changes from the proposed rule.
- Lori explains the data completeness requirement remains at 75% for 2026, 2027, and 2028.



- She highlights changes to specific quality measures, such as breast cancer screening and colorectal screening.
- Lori explains the scoring of administrative claims-based quality measures is aligned with the benchmarking methodology for cost measures.

Cost Measures and Improvement Activities

- Lori Foley explains the changes to cost measures, including the Total Per Capita Cost (TPC) measure.
- She explains the informational feedback period for new cost measures is extended to two years before impacting scoring.
- Lori discusses the current performance year adjustments for 2025 reporting.
- Lori details the changes to improvement activities, which include the addition of new measures and modifications to existing ones.

MIPS Value Pathways and QCDRs

- Lori Foley discusses the MIPS value pathways, with 21 previously finalized pathways and six new ones.
- She confirms the requirement for groups to attest to their specialty composition.
- Lori explains the timeline for QCDRs to support new MVPs is extended to one year after finalization.
- She emphasizes the importance of accurate reporting for 2025 to avoid penalties, then gives the floor to Martie Ross to continue with Alternative Payment Model changes.

New Mandatory Alternative Payment Model: Ambulatory Specialty Model (ASM)

- Martie Ross introduces the new mandatory alternative payment model, ASM, beginning January 1, 2027.
- She explains the model applies to individual physicians treating low back pain and congestive heart failure in selected CBSAs.
- Martie discusses that participation is based on having 20 or more attributed episodes under the MIPS cost measures in the prior year.
- She details how the model includes specified measures across four domains: quality, cost, performance improvement activities, and interoperability.

ASM Performance and Payment Adjustments

- Martie Ross explains the performance and payment adjustments under ASM, with scores compared to benchmarks.
- She discusses positive and negative payment adjustments range from 9% to 12% based on performance.
- Martie notes ASM participants are exempt from other MIPS reporting requirements.
- She further notes the timeline for performance and payment adjustments mirrors the MIPS timeline.

Changes to Medicare Shared Savings Program

- Martie Ross discusses the changes to the Medicare Shared Savings Program, including the reduction of the upside-only period to five years.
- She details the removal of the 55,000 attributed beneficiary requirement for the first two years of participation is noted.



- Martie details the expanded definition of primary care services and changes to the financial reconciliation process.
- Martie explains the inclusion of cyberattacks in the extreme and uncontrollable circumstances policy.
- Martie highlights additional amendments and changes in 2026 and 2027 regarding screening for social drivers, health equity adjustments, population adjustments, and CMS approved vendors and the CAP survey data.

Conclusion and Final Thoughts

- Martie Ross concludes the webinar by summarizing the key points and noting the MPFS final rule guidelines will continue to be discussed in Part 2 of the webinar series.
- The presenters and PYA Moderator conclude the webinar by thanking the audience, wishing everyone a happy Thanksgiving, and with information on how to access the slides, recording, and additional resources.