

## **History of Medicare Conversion Factors**

Year	Conversion Factor	% Change	Primary Care Conversion Factor	% Change	Surgical Conversion Factor	% Change	Other Nonsurgical Conversion Factor	% Change			
1992	\$31.0010		N/A		N/A		N/A				
1993	N/A				\$31.9620		\$31.2490				
1994	N/A		\$33.7180		\$35.1580	10.0	\$32.9050	5.3			
1995	N/A		\$36.3820	7.9	\$39.4470	12.2	\$34.6160	5.2			
1996	N/A		\$35.4173	-2.7	\$40.7986	3.4	\$34.6293	0.0			
1997	N/A		\$35.7671	1.0	\$40.9603	0.4	\$33.8454	-2.3			
1998	\$36.6873			!: Dl		0-11-1- (	DEO) :	:-4:4			
1999	\$34.7315	-5.3					PFS) included di In 1998, a singli				
2000	\$36.6137	5.4	conversion factors for various categories of services. In 1998, a single conversion factor was implemented. The reduction in the 1999 conversion								
2001	\$38.2581	4.5					rom the first Five				
2002	\$36.1992	-5.4		Review and increases in the practice expense and PLI RVUs. The reduction in the 2009 conversion factor was offset by elimination of the work adjustor from the third Five-Year Review. The reduction in the 2011 conversion factor was							
2003	\$36.7856	1.6									
2004	\$37.3374	1.5	offset by increa	ases to the	practice expens	e and PLI F	RVUs resulting fr	om the			
2005	\$37.8975	1.5					El weights. The				
2006	\$37.8975	0.0					vincrease to offs hich resulted from				
2007	\$37.8975	0.0	decreases to the practice expense and PLI RVUs, which resulted from the rescaling of the RVU pools to match the revised MEI weights. For a number of								
2008	\$38.0870	0.5	years, the con	version fact	or was minimall	y changed t	to reflect budget	neutrality.			
2009	\$36.0666	-5.3	In 2021 the hi	idaet neutr	ality reduction w	as more sin	unificant to reflec	t the			
1/1/10 – 5/31/10	\$36.0791	0.03	In 2021, the budget neutrality reduction was more significant to reflect the increases in valuation of the Evaluation & Management (E/M) office visit codes. The reduction seen in 2023 was largely a result of the expiration of a 3% increase by Congress to the conversion factor at the end of calendar year 2022 and approximately 1.6 percent decrease due to budget neutrality requirements from further E/M changes including hospital visits, emergency department visits, home visits and nursing facility visits. In response to concerted advocacy by organized medicine, the Consolidated Appropriations Act of 2023 reduced an apticipated 4.5% cut to Medicare physician payment by increasing the 2023.								
6/1/10 – 12/31/10	\$36.8729	2.2									
2011	\$33.9764	-7.9									
2012	\$34.0376	0.18									
2013	\$34.0230	-0.04									
2014	\$35.8228	5.3	anticipated 4.5% cut to Medicare physician payment by increasing the 2023 conversion factor by 2.5% therefore reducing the cut to 2%.								
1/1/15 – 6/30/15	\$35.7547	-0.19	For 2024, a 3.37 percent cut went into effect when the Medicare conversion								
7/1/15 – 12/31/15	\$35.9335	0.50	factor was reduced from \$33.8872 to \$32.7442. This cut resulted from a -1.25 percent reduction in the temporary update to the conversion factor under current law and a negative budget neutrality adjustment stemming in large part								
2016	\$35.8043	-0.36									
2017	\$35.8887	0.24	from the adoption of an office visit add-on code. On March 9, 2024, the Consolidated Appropriations Act, 2024, was signed which included an update to								
2018	\$35.9996	0.31									
2019	\$36.0391	0.11					3.37 percent cu onversion factor				
2020	\$36.0896	0.14					2.74 while CMS				
2021	\$34.8931	-3.3					vice March 9 – D				
2022	\$34.6062	-0.80	For 2025 2.2	83 narcant	out to the convo	reion factor	was largely the	result of			
2023	\$33.8872	-2					was largely the o the conversion				
1/1/24 – 3/8/24	\$32.7442	-3.37	the expiration of the 2.93 percent temporary update to the conversion factor at the end of 2024 and a 0 percent baseline update for 2025 under the Medicare Access and CHIP Reauthorization Act.								
3/9/24 – 12/31/24	\$33.2875	1.66									
2025	\$32.3465	-2.83									



Year	APM Conversion Factor	% Change	Non-APM Conversion Factor	% Change	Anesthesia APM Conversion Factor	% Change	Anesthesia Non-APM Conversion Factor	% Change
2026	\$33.5675	3.77%	\$33.4009	3.26%	\$20.5998	1.39%	\$20.4976	0.88%

For the first time this century, CMS finalized four conversion factors for 2026. The conversion factors reflect two different, small permanent updates to the baseline beginning January 1, 2026, as required under the Medicare Access and CHIP Reauthorization Act (MACRA) of 2015. Under MACRA, physicians who are qualifying participants (QPs) in advanced alternative payment models (APMs) will receive a somewhat higher conversion factor update and, thus, higher Medicare payments in 2026 compared to physicians who are not QPs. Each conversion factor also reflects the temporary, one-year 2.5 percent update enacted in H.R. 1.

Additionally, the conversion factors are affected by a positive .49 percent budget neutrality adjustment resulting from misvalued code changes and a -2.5 percent "efficiency adjustment." Although AMA comments raised several questions about the proposed efficiency adjustment and recommended alternative approaches to achieve CMS' objectives, CMS will apply the negative adjustment to work relative value units (RVUs) and the corresponding intraservice portion of physician time of non-time-based services that CMS believes accrue gains in efficiency over time. CMS will exempt new codes in 2026. This efficiency adjustment impacts most surgical specialties, radiology, and pathology by reducing their overall payment.