



Understanding the Medicare Physician Fee Schedule 2026

IMPLICATIONS OF THE EFFICIENCY AND INDIRECT PRACTICE EXPENSE
ADJUSTMENTS FOR PATIENTS, PHYSICIANS, AND HEALTH CARE PROFESSIONALS

The Centers for Medicare & Medicaid Services (CMS) has finalized significant changes to how physicians and health care professionals are paid for Medicare services. These changes could negatively impact the quality, accessibility, and sustainability of health care for millions of Americans.

Efficiency Adjustment

CMS finalized a 2.5% decrease in work RVUs* and physician intra-service time for most services, affecting nearly 7,000 physician services. **The cut is based on an assumption of increased efficiency, not on new data or physician input.** Even brand-new services are included in this cut. CMS will continue imposing additional cuts every three years.

A [recent study](#) published in the Journal of the American College of Surgeons found that the efficiency adjustment is not supported by empirical surgical time data, as analysis of intra-service times from 1.7 million surgeries across 249 CPT codes and 11 specialties showed that overall operative times increased by 3.1% from 2019 to 2023, with **90% of CPT codes having longer or similar operative times in 2023 compared to 2019.**

WHAT'S AT STAKE

This efficiency adjustment may intensify barriers to care, including longer wait times and challenges in access to subspecialty care.

This reduction will impact **91% of services** provided by physicians.

*Work relative value units (RVUs) measure a physician's time, technical skill, mental effort, decision-making, and stress

Indirect Practice Expense Adjustment

CMS finalized a reduction in practice expense RVUs* used in physician payment for services performed in a facility (e.g., hospitals, ambulatory surgical centers, etc.). This change does not accurately reflect physician resource costs incurred by practices in the facility setting and creates significant impacts to many individual physicians and other health care professionals.

WHAT'S AT STAKE

This adjustment may threaten private practices, reduce competition through incentivizing consolidation, and overlook administrative costs for physicians in facility settings.

Physician payment for services performed in a facility will decrease overall by **7%.**

*Practice Expense RVUs are the costs of running a practice, such as staff, equipment, supplies, utilities, and overhead

The Impact of These Policy Changes

There are more than two million new cancer diagnoses each year, yet **39% of oncologists face notable cuts of 10-20%.**

Americans depend on preventive medical services to maintain good health, yet more than **56% of internists face cuts of 5% or more.**

Four million cataract surgeries are performed in the U.S. each year, yet **53% of ophthalmologists face cuts.**

As we enter respiratory virus season, **81% of infectious disease physicians face cuts of 5% or more.**

Maternal health deserts are spreading across the U.S., but **34% of obstetricians and gynecologists face cuts.**

These finalized payment adjustments will result in **lower quality care, worse health outcomes, and a less sustainable Medicare system.**

Alternatives

Rather than implementing these policy changes, CMS should work with clinicians to address policy objectives, reviewing individual services, versus apply broad disruptive policies. The established payment policies and processes are grounded in real-world clinical experience. It is imperative that practicing physicians and other health care professionals, those who provide services to Medicare patients, continue to advise Medicare payment policy based on their experience. Their valuable expertise makes them an indispensable source of survey information that ensures fair, accurate, and consistent payment and supports innovation and high-quality care.

