



CY 2026 Medicare Physician Fee Schedule (PFS) Proposed Rule – Key Takeaways

Effective Date

January 1, 2026

Click [here](#) for the CMS Fact Sheet.

Click [here](#) for the proposed rule.

Comment Deadline

The 60-day comment period for the CY 2026 PFS proposed rule (CMS-1832 P) ends on September 12, 2025.

Payment Updates & Conversion Factors

- Two separate conversion factors, as required by statute:
 - Qualifying APM Participants (QPs): \$33.59 (+3.83% from 2025)
 - Non-QPs: \$33.42 (+3.62% from 2025)
- These updates reflect:
 - Statutory updates (+0.75% for QPs, +0.25% for others)
 - A one-time +2.5% increase for 2026 (included in the Big Beautiful Bill)
 - +0.55% increase for work RVU changes

Efficiency Adjustment (-2.5%)

- Applies to non-time-based services
- Adjusts work RVUs and intraservice physician time to account for anticipated efficiency gains
- Exemptions: E/M services, care management, behavioral health, maternity (MMM codes), telehealth
- CMS aims to move away from survey-based valuation toward empirical time-use studies

Practice Expense (PE) Methodology Revisions

- No adoption (yet) of 2024 AMA PPI/CPI survey data due to low response rates and sampling issues
- Proposal to:
 - Recognize higher indirect costs for office-based practices
 - Use OPPS data for radiation therapy and remote monitoring cost assumptions

Telehealth Policy Changes

- Proposes to eliminate frequency limits on:
 - Subsequent inpatient/nursing facility visits
 - Critical care consults
- Virtual supervision (audio-video, not audio-only) proposed for:
 - Incident-to services

- Diagnostic tests
- Pulmonary and cardiac rehab
- Maintains rural exception for teaching physician virtual presence
- Ends broad virtual teaching physician exception in metro areas on Dec 31, 2025

Advanced Primary Care Management (APCM) & Behavioral Health Integration

- New APCM add-on G-codes proposed for:
 - Behavioral Health Integration (BHI)
 - Psychiatric Collaborative Care Model (CoCM)
- Optional codes intended to complement base APCM codes
- Soliciting feedback on:
 - Preventive care bundling in APCM
 - Cost-sharing policy for preventive APCM services

Ambulatory Specialty Model (ASM)

Click [here](#) for CMS details

- Introduces a mandatory five-year model for specialists treating chronic conditions
- Targets specialists treating ≥ 20 Medicare patients with heart failure or low back pain in selected regions
- Launch: Jan 1, 2027 through Dec 31, 2031 (performance); payments through 2033
- Goals: promote upstream chronic disease management, reduce admissions/procedures, improve coordination with primary care
- Performance-based payment adjustments anticipated (e.g., -9% to +9%) for participating specialists

Digital Mental Health Tools (DMHT)

- Expands payment for DMHTs used in ADHD treatment
- Soliciting input on coverage/payment for broader digital tools classified under FDA device pathways

RHCs & FQHCs

- Aligns RHC/FQHC payment policies with PFS care coordination and BHI proposals:
 - Adoption of APCM add-on codes
 - Reporting requirements for CoCM (G0512) and remote tech services (G0071)
 - Allow virtual direct supervision
 - Continue audio-only telehealth billing through Dec 31, 2026 (G2025)

Skin Substitutes

- Major payment policy overhaul:
 - Proposes paying as incident-to supplies when used with covered procedures
 - Shifts from ASP-based reimbursement to a single blended rate
 - Intends to reduce cost inflation and promote competition
 - Applies across PFS and OPFS settings

Drugs & Biologicals

- No proposed increases for applicable refund percentages on discarded drugs
- New ASP policy proposals:

- Clarifies bundled price concessions must be included
- Tightens definitions for bona fide service fees
- Adds ASP reporting requirements on fair market value methodology and verification

Autologous Cell & Gene Therapies

- Proposes including tissue procurement costs paid by manufacturers in the ASP calculation
- Payment for preparatory procedures bundled with the product's reimbursement

Prescription Drug Inflation Rebate Program

- Implements 340B claims exclusion for Part D rebate calculations starting in 2026
- Creates voluntary 340B data repository for testing rebate workflows

Global Surgery Valuation – Request for Information (RFI)

- Soliciting public comment on:
 - Procedure shares and care division within 90-day global periods
 - Transfer of care modifier implications
 - Opportunities to revise surgical package valuation

Chronic Disease Strategy – Request for Information

Click [here](#) for the RFI

- CMS is requesting public input aligned with the Make America Healthy Again Commission
- Focus on:
 - Preventing and reducing chronic disease (e.g., through nutrition, exercise, reduced medication dependency)
 - Expanding chronic care infrastructure through tech, care teams, and education

Next Steps & Opportunities for Engagement

- Public Comment Deadline: [Confirm deadline on Federal Register]
- Submit Comments: www.regulations.gov, search CMS-1832-P
- You may wish to:
 - Analyze potential payment impacts by specialty or practice type
 - Prepare comment letters on chronic disease, rural care delivery, APCM, or telehealth policies
 - Engage state Medicaid or commercial payers about rate alignment or indirect cost policies