

H.R. 8622 – Medicare Physician Data-driven Performance Payment System Act of 2026

Executive Summary

September 2026

H.R. 8622 would substantially restructure the Medicare Merit-based Incentive Payment System (MIPS). Beginning in 2027, the bill would rename MIPS the Data-driven Performance Payment System (DPPS), but the more consequential provisions change how much Medicare revenue is at risk, require CMS to provide more timely performance data, stabilize the performance threshold, and redirect some penalty dollars toward smaller and under-resourced practices.

1. Dramatically Reduces the Size of MIPS Financial Penalties and Rewards

- Beginning in 2028, the bill would stop applying the MIPS adjustment directly to a physician's Medicare payments. Instead, performance would modify only the annual update to the physician fee schedule conversion factor.
- The bill establishes the following factors: 1.25 times the annual update for performance above the threshold; 1.00 times the update at the threshold; 0.75 times the update below the threshold; and 0.50 times the update for clinicians who essentially fail to report.
- This is the bill's most significant change. Under current MIPS, physicians can face payment adjustments as large as a 9 percent reduction. Under H.R. 8622, the adjustment would affect only the size of the annual update rather than the underlying payment rate.
- The DPPS adjustment also would not apply when the underlying conversion-factor update is negative.

2. Requires CMS to Provide Actionable Performance Data During the Performance Year

- CMS would have to provide confidential feedback within 60 days after the end of each quarter for administrative claims-based measures.
- The feedback must identify which patients and episodes were attributed to the physician, which items and services affected performance, and whether those services were furnished by the physician, someone else in the group, or a clinician outside the group.
- This directly addresses a major physician complaint about MIPS: performance and attribution information often arrives too late to allow clinicians to change practice patterns during the year.
- The bill gives this requirement enforcement power. If CMS fails to provide the required timely feedback, a physician who otherwise would have received a below-threshold adjustment would be protected from that adverse adjustment.

3. Freezes the Performance Threshold and Requires a New Threshold Methodology

- The bill caps the performance threshold at no more than 75 points for 2028 through 2033, preventing CMS from increasing the threshold during that period.
- It also directs the Government Accountability Office, by December 31, 2029, to recommend a new methodology for establishing the performance threshold rather than simply relying on the mean or median performance of clinicians.
- GAO must consider the effects of quality and cost weighting, small practices, rural practices, underserved areas, and other unintended consequences, and must consult physician organizations.

- HHS would then establish a replacement methodology through notice-and-comment rulemaking, with authority to phase in the new approach.

4. Uses Residual Penalty Dollars to Help Small and Under-resourced Practices

- If DPPS reductions generate more money than is needed to finance positive adjustments, the remaining funds could be used for lump-sum incentive payments to physicians in practices of 15 or fewer professionals.
- HHS could prioritize small practices located in rural areas, Health Professional Shortage Areas, Medically Underserved Areas, or practices experiencing low DPPS performance scores.
- Funds could support care management, health-related social needs, electronic health record technology, quality improvement, and participation in value-based payment models.
- This changes the philosophy of the program by using some penalty dollars to help lower-resourced practices improve rather than simply redistributing those dollars to higher performers.

5. Revises Budget Neutrality and Protects Beneficiaries from Higher Cost Sharing

- DPPS would remain budget neutral. CMS could reduce the positive 1.25 adjustment as necessary so that aggregate bonuses do not exceed the funding generated by below-threshold adjustments.
- Any residual savings could then support the small-practice assistance program.
- The bill also includes a beneficiary hold-harmless provision. Medicare deductibles and coinsurance would be calculated as though the physician's conversion-factor update had not been modified by DPPS.
- As a result, beneficiaries would not pay more simply because their physician earned a favorable DPPS adjustment.

Primary Source: H.R. 8622, Medicare Physician Data-driven Performance Payment System Act of 2026.