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Murphy Introduces Legislation to Improve Medicare Reimbursement Stability

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Washington, D.C. — Congressman Greg Murphy, M.D., introduced the *Provider Reimbursement Stability Act*, legislation to modernize and update the underlying mechanics of the Medicare Physician Fee Schedule (MPFS) to improve stability for physicians and their patients.

"Physicians in America who see Medicare patients are being forced to close their doors because of increasing medical costs and persistent cuts to their reimbursements," said Congressman Greg Murphy, M.D. "With expenses for providing care continuing to rise, declining payments are forcing many doctors into retirement, to stop seeing Medicare patients, or to sell out to consolidated hospital systems, private equity, or even insurance companies just to keep practicing. As a result, access to care in rural and underserved communities is drying up. In an era of a shortage of physicians, we cannot lose good doctors to these ever-increasing pressures. By updating the Medicare Physician Fee Schedule reimbursement policies, we can protect private practice and ensure access to affordable, high-quality care across the country for generations to come."

"Physicians work incredibly hard every day to care for us, our loved ones, and our communities, and they deserve to be fairly and appropriately compensated for that work," said Congressman Tom Suozzi. "Unfortunately, the current budget neutrality framework within the Medicare physician fee schedule can create uncertainty and unintended pay cuts based on outdated policies or faulty assumptions. We have to modernize outdated rules that hurt our doctors, and this bipartisan bill does just that. It just makes sense that we take care of the people who take care of us, and provide them with fairness and predictability so they can continue to provide quality care for patients across the country."

"The bipartisan Provider Reimbursement Stability Act (PRSA) would reverse a damaging trend that negatively impacts healthcare providers nationwide," said Congressman John Joyce, M.D. "Under the current Medicare Physician Fee Schedule, physicians face unpredictable and unsustainable payment cuts that undermine their ability to deliver consistent care. Stable Medicare reimbursement for physicians is essential to preserving reliable, accessible healthcare for our seniors—particularly those in the rural and underserved communities that I represent."

"We all want our doctors to deliver personalized, effective care to patients, which is directly affected by Medicare assuring fair and accurate compensation to providers," said Congressman Brad Schneider. "When Medicare's estimates for different health care services are wrong, it automatically, and inappropriately cuts doctor pay across the board in order to stay 'budget neutral.' The Provider Reimbursement Stability Act seeks to fix these errors and limit unintended payment reductions by introducing reforms that promote stability and fairness in Medicare physician payments. Because when doctors are supported, patients benefit."

"Physicians across Iowa and the country are facing growing uncertainty under a broken and outdated reimbursement system," said Congresswoman Mariannette Miller-Meeks, M.D. "Stability in reimbursement is stability in access, especially in rural America. I'm proud to co-lead the Provider Reimbursement Stability Act to bring predictability, fairness, and long-overdue updates to how providers are paid. This is about protecting patient access, supporting our doctors, and ensuring our health care system works for the people it serves."

"The current physician fee schedule has failed to keep pace with the cost of providing health care. When physicians can't afford to stay in practice, that means patients don't have access to the care they need," said Congresswoman Kim Schrier, M.D. "I am proud to introduce this legislation that makes commonsense reforms to help physician compensation keep pace with inflation and ensure patients can access quality care."

"When Congress established the current Medicare physician payment system a decade ago, it failed to account for inflation," said Congressman Bob Onder, M.D. "As a result, throughout the COVID-era inflation, medical expenses increased while physician reimbursement declined, forcing many doctors to limit or stop seeing Medicare patients altogether. Our seniors deserve better,

and the Provider Reimbursement Stability Act will establish long-overdue guardrails against physician pay cuts unrelated to quality and ensure seniors have equal access to care as non-Medicare patients."

"Economic forecasting is a dicey proposition," said **Dr. Bobby Mukkamala, President of the American Medical Association**. "So, when CMS makes a forecast for the initial utilization of a new Medicare service, sometimes that forecast turns out to be inaccurate once claims data become available. There's no reason that patients and physicians should have to bear the brunt of that miscalculation. This bill allows for a recalibration so that unnecessary cuts can be avoided. That's good budgeting and good medicine."

According to the American Medical Association, when adjusted for inflation, Medicare reimbursement for physician services has declined 33% from 2001 to 2026.

Background

Certain MPFS reimbursement provisions have not been updated since the fee schedule was established in 1992.

The Provider Reimbursement Stability Act:

- Increases the budget neutrality threshold from \$20 million to \$54.3 million and indexes the threshold to the cumulative percentage increase in the MEI every five years.
- Provides for budget neutrality corrections related to the estimated utilization of codes.
- Provides updates to direct costs used to calculate practice expense relative value units (RVUs) not less often than every 5 years.
- Limits year-to-year variance in the conversion factor by 2.5%.

Washington, D.C. Office

407 Cannon House Office Building
Washington, DC 20515
Phone: (202) 225-3415

New Bern Office

Craven and Pamlico Counties
2402 Dr. M.L.K. Jr. Blvd.
New Bern, NC 28562
Phone: (252) 636-6612

Greenville Office

Pitt County
1105 Corporate Drive
Suite C
Greenville, NC 27858
Phone: (252) 931-1003

Jacksonville Office

Onslow, Duplin, Sampson, and Jones Counties
815 New Bridge Street
Jacksonville, NC 28540
Phone: (910) 937-6929

Carteret Office

Carteret County Government Administration Building in
Beaufort
302 Courthouse Square
Beaufort, NC 28516
Phone: (252) 499-0540

Manteo Office

Beaufort, Dare and Hyde Counties
954 Marshall C. Collins Dr
Room 194
Manteo, NC 27954
Phone: (252) 230-3549

Mailing address:

Congressman Greg Murphy, MD
PO Box 1000
Manteo, NC 27954

