



UNDERSTANDING THE PROPOSED CMS PAYMENT RULES FOR 2026

The Centers for Medicare and Medicaid Services (CMS) proposed 2026 Medicare Physician Fee Schedule (MPFS) rule includes significant structural changes and reductions, which would impact cardiovascular clinicians if finalized.

Changes to the Conversion Factor (CF)



Updates MPFS CF from \$32.3465 to \$33.5875 for qualifying alternative payment model (APM) participants



Updates MPFS CF from \$32.3465 to \$33.4209 for non-qualifying APM participants

Note: The proposed conversion factor includes the 2.5% bump to the MPFS that was included in the One Big Beautiful Bill Act (OBBBA).

Despite positive updates to the CF, a new mandatory model, reductions to specific codes and broad structural changes would place significant financial strain on cardiovascular clinicians.

AMBULATORY SPECIALTY MODEL (ASM)

Medicare's Innovation Center proposes a five-year mandatory ASM covering heart failure and low back pain beginning in January 2027 to hold specialists accountable for the management of chronic conditions.

- It compares longitudinal costs of care and quality scores of individual cardiologists.
- The payment adjustments range from +9% to -9% of Medicare Part B reimbursements.
- Medicare will announce selected regions and preliminary participants later this year.

EFFICIENCY ADJUSTMENT

A **-2.5%** efficiency adjustment was introduced to reduce intra-service time and work relative value units (RVU) of all non-time-based-codes. **However:**

- The adjustment for 2026 is a cumulative total of the Medicare Economic Index productivity adjustment for the last five years. This metric has never been used to alter RVUs within the MPFS.
- Many individual services will be misvalued by this broad policy change.
- Some code values have already been reduced in the last five years to reflect increased efficiency based on recommendations from the Relative Value Scale (RVS) Update Committee.



SITE-OF-SERVICE PAYMENT DIFFERENTIAL

A proposed change in payment methodology for indirect practice expenses will lead to site-of-service payment differentials.



5% overall projected increase in payment from methodology change for office-based services



6% overall projected decrease in payment from methodology change for facility-based services

Indirect practice expenses are designed to cover overhead costs, such as:



Rent



Utilities



Administrative Staff

Additionally, services with higher work RVUs are assigned more indirect practice expense. Regardless of practice location, all clinicians incur substantial overhead costs and cannot readily absorb additional financial strain.

LEFT ATRIAL APPENDAGE OCCLUSION (LAAO) REDUCTION



CMS proposes a 27% work RVU reduction for LAAO procedures.

These procedures are critical in reducing strokes and the risk of hospitalization or long-term disability for vulnerable patients.

When considering the new efficiency adjustment and the reductions in indirect practice expense payments, the result is a total reduction of roughly:



Per CMS policy, the cut is phased in over 2 years, with 19% the first year.

