AMERICA'S PHYSICIAN GROUPS

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Proposed Changes In The Medicare Shared Savings Program Will Boost Accountable Care, While Further Cuts In Medicare Physician Fee Schedule Are Harmful, America's Physician Groups Says

Washington, DC, July 14, 2026 – The newly released proposed rule governing the Medicare Physician Fee Schedule and Medicare Shared Savings Program (MSSP) requirements is a double-edged sword, America's Physician Groups (APG) said today.

On the one hand, there are multiple positive proposed changes in the rule pertaining to MSSP that will spur further growth of this important program. On the other hand, the nearly 1.2 percent proposed fee Medicare physician fee cut in 2027 for participants in alternative payment models – and a deeper 1.7 percent cut for other clinicians – constitute a harmful change at a time when physician practice costs are estimated to rise by at least 2 to 2.7 percent. "The proposed rule once again cries out for Congressional action to halt these devastating fee cuts at a time when so many physician practices are operating close to the brink," said Susan Dentzer, APG's President and Chief Executive Officer.

On the plus side for MSSP, APG appreciates the following:

- An increase in the proposed shared savings rate for Level E of the MSSP BASIC track from 50 percent to 60 percent, which continues to increase the potential rewards for organizations participating in the model
- The proposal to allow ACOs to add 75 percent, rather than 50 percent, of their previously achieved savings back into their financial benchmarks when renewing contracts, which will provide financial relief from the "ratchet effect" that tends to lower the benchmarks and make it harder for ACOs to succeed as they become more efficient.
- A proposed policy with respect to the Accountable Care Prospective Trend, the administratively set growth rate established by the CMS to calculate ACO's financial benchmarks. A new guardrail would limit the effect of under-projection or over-projection of the ACPT compared to actual observed growth in expenditures for the national assignable fee-for-services population, such that the ACPT would be no more than 1 percentage point below – and no more than 1.5 percentage points above – the national expenditure growth rate.

- A proposal to allow ACOs to reduce or eliminate beneficiaries' Part B cost sharing as a means of attracting beneficiaries to an ACO and enhancing their engagement with it

- A proposal to extend the ability of ACOs to report on quality outcomes via the Merit-based Incentive Payment System Clinical Quality Measures (MIPS CQMs), which are standardized performance measures used to evaluate the quality of care delivered by clinicians. Also extended would be the MIPS CQM reporting incentive, which enables ACOs to earn maximum shared savings. As per legislation recently enacted in the U.S. House of Representatives, these proposals constitute an important alternative quality reporting pathway for ACOs compared to electronic clinical quality measures (ECQMs), for which some ACO participants and their electronic health record systems are as yet unprepared.

- A proposal to end the traditional MIPS reporting option after the calendar year 2028 performance period, at which point MIPS Value Pathways would be the only reporting option for MIPS-eligible clinicians who don't participate in a MIPS Alternative Payment Model as of the 2029 performance year. The MVPs are preferable as they group together smaller, more clinically relevant measures instead of the hundreds of disconnected measures in traditional MIPS.

- A proposal to create electronic clinical quality measures (eCQMs) across all of Medicare quality reporting for all assigned ACO beneficiaries, as has been proposed to be required ultimately for the planned Long-Term Enhanced ACO Design (LEAD) model.

With respect to the Medicare Physician Fee Schedule, APG appreciates CMS's proposals to better align payments with the time, resources, and complexity involved in delivery of care, and make other changes aimed at driving more value in health care. However, the cuts in the conversion factors that result in lowering overall fees will be harmful, and once again, should open the door to congressional action to eliminate them and ideally raise fees somewhat. The new proposed cuts build on several previous years of difficulty; for example, Medicare fees were cut by 2.83 percent in 2025, then the fifth consecutive year of overall reductions. Although Congress enacted a one-year 2.5 percent boost in 2026, CMS also adopted a -2.5 percent "efficiency adjustment" affecting more than 7,000 services that blunted the effect of the fee increase for many clinicians.

APG will continue to study the proposed rule and solicit further input from its members so as to provide comments back to the agency by September 14. It will also continue to advocate with members of Congress to address physician fees as a whole, including by adding a permanent adjustment for practice cost inflation into the fee schedule.

About America's Physician Groups

APG's more than 300 physician groups comprise roughly 260,000 physicians and other clinicians providing care to nearly 90 million patients, including an estimated 1 in 4 Americans and 1 in 3 Medicare Advantage enrollees. APG's motto, 'Taking Responsibility for America's Health,' represents our members' commitment to clinically integrated, coordinated, value-based health care in which physician groups are accountable for the costs and quality of patient care. Visit us at www.apg.org.

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