



## ACS Statement on the Medicare Physician Fee Schedule, MACRA, and Opportunities for Payment Reforms

Quality has been the cornerstone of the American College of Surgeons (ACS) since its founding more than 110 years ago. But optimal quality, the centerpiece of the ACS' mission, is not achievable without optimal access. Recent regulatory changes to the Medicare physician fee schedule (MPFS) have systematically devalued surgical care, threatening patient access to critical services. In addition, long-term structural challenges persist within the payment system and with implementation of the Medicare Access and CHIP Reauthorization Act (MACRA). These challenges include:

- **Regulatory Devaluation of Surgery:** Physicians were faced with a 2.5% cut to work Relative Value Units (RVUs) and intra-service time for all non-time-based codes in 2026, in addition to reductions in facility-based practice expense RVUs earned for procedures performed outside an office setting. These changes disproportionately affect surgical and other procedural specialties, put further strain on the surgical workforce, and threaten patient access to care.
- **Structural Limitations of the Physician Fee Schedule:** The MPFS remains the only Medicare payment system that is not indexed for inflation, and physicians have seen their reimbursement decline over the last several years while practice expenses such as rent, equipment, staffing, and utilities have increased. This challenge is compounded by overly strict budget neutrality requirements, which trigger across-the-board cuts when fee schedule changes increase spending by as little as \$20 million annually.
- **Insufficient Quality Measures:** Most physicians in Medicare fee-for-service (FFS) are still evaluated based on measures that do not assess care delivered to their patients or the conditions they treat, meaning no information is available for improvement efforts or for patients and referring physicians to make care choices.
- **Lack of Alternative Payment Models:** Many surgeons wishing to move beyond FFS will find few physician-focused alternative payment models (APMs) are available for them. Current options are largely mandatory and some limit the ability of interested parties to opt-in. This is compounded by the failure to test voluntary, physician-directed models approved by the Physician-Focused Payment Model Technical Advisory Committee (PTAC).

Congress can address recent misguided changes to physician reimbursement, as well as provide the Centers for Medicare & Medicaid Services (CMS) with direction, flexibility, and additional authority to help achieve the goal of improving value. The ACS proposes the following specific action items for Congress to consider:

- **Stop the 2.5% efficiency adjustment enacted in 2026 by passing the *Efficiency Adjustment Delay Act (H.R. 7520)* and address future pending cuts.**
- **Implement an update mechanism in the MPFS to account for inflation. This will create a stable base from which physicians can make the leap to value-based APMs.**
- **Eliminate the MPFS budget neutrality requirement or increase the trigger threshold and index it annually to account for inflation.**
- **Direct CMS to partner with stakeholders to test physician-developed APMs, such as those recommended previously by the PTAC.**
- **Create flexibility for shared measurement and accountability in the Merit-based Incentive Payment System, such as through expansion of facility-based scoring.**