CMS's CY 2026 Fee Schedule Proposal: MSSP Reforms Take Center Stage in Push Toward Value

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On July 14, 2025, the Centers for Medicare & Medicaid Services ("CMS") released the proposed rule for the Calendar Year ("CY") 2026 Medicare Physician Fee Schedule ("PFS"), formally titled CMS-1832-P. The proposed rule outlines key payment policy updates for Medicare Part B services, including changes to physician reimbursement rates, modifications to the Quality Payment Program ("QPP"), and significant structural reforms to the Medicare Shared Savings Program ("MSSP"). If finalized, these policies will take effect on January 1, 2026. CMS is accepting public comments through September 12, 2025.

While CMS has framed these updates as routine adjustments, several underlying proposals suggest a broader strategic shift toward performance-based payment and accountability, particularly within the MSSP and advanced Alternative Payment Models ("APMs"). The rule also includes targeted modifications to practice expense methodology and physician quality measurement intended to enhance cost alignment and clinical reporting flexibility. Highlights from the rule are detailed below.

Conversion Factor Adjustments and Payment Updates

The proposed rule would increase the Medicare conversion factor for CY 2026 to $33.59 for providers participating in qualifying APMs, up from $32.35 in 2025. For all other providers, the conversion factor would rise to $33.42. These proposed increases-approximately 3.6% to 3.8% depending on APM status-reflect modest statutory adjustments combined with finalized policy updates under the Medicare Access and CHIP Reauthorization Act ("MACRA").

CMS estimates that the overall impact on physician payments will vary by specialty and practice setting. While primary care and behavioral health are expected to see slight net increases, certain procedural specialties may experience downward adjustments due to changes in relative value units ("RVUs") and practice expense refinements. CMS has again proposed to delay the implementation of new MEI-based weights, citing data reliability concerns.

Quality Payment Program (QPP) Modifications

The rule includes several updates to the Merit-based Incentive Payment System ("MIPS"), the primary track of the QPP. CMS proposes to add five new quality measures, including three high-priority and patient-reported outcome measures. The performance threshold would remain at 75 points for the 2026 performance year, preserving continuity with prior benchmarks.

In addition, CMS is refining the cost and improvement activity categories, with an emphasis on aligning measures with evolving clinical standards. Of note, the agency is exploring ways to better

integrate digital measurement and specialty-specific reporting pathways, particularly for low-volume clinicians and multispecialty groups.

MSSP Structural Reform

The proposed rule introduces several substantive revisions to the MSSP, marking CMS's most significant policy update to the program since 2020. Chief among these is a proposal to shorten the duration of participation in the BASIC track to five years, down from the current seven-year maximum. CMS believes this change will accelerate the transition of Accountable Care Organizations ("ACOs") into two-sided risk models.

CMS also proposes to revise the beneficiary assignment methodology, requiring alignment in only the third benchmark year for purposes of financial reconciliation. The agency will continue to support prospective and retrospective attribution methodologies but is aiming to streamline beneficiary tracking and reduce volatility in benchmark calculations.

Other MSSP proposals include removing the current health equity adjustment and expanding quality reporting exceptions for ACOs affected by cybersecurity incidents or other force majeure events. CMS further clarifies that ACOs must maintain data interoperability and patient engagement standards in order to qualify for continued participation under the revised structure.

Practice Expense and RVU Updates

CMS is advancing incremental updates to the practice expense component of the physician payment formula, including revised inputs for clinical labor, equipment pricing, and supply costs. These changes are designed to ensure that RVUs more accurately reflect current market conditions and resource utilization across different specialties.

While CMS continues to explore broader reforms to the practice expense methodology, including geographic cost index adjustments, the agency has opted not to adopt the proposed MEI-based rebasing for 2026. CMS emphasized its intent to review additional stakeholder feedback before finalizing any major structural changes.

Implications and Strategic Considerations

The CY 2026 PFS proposed rule signals CMS's continued effort to refine physician reimbursement in a manner that supports value-based care without undermining fee-for-service viability. The combination of modest conversion factor increases, targeted quality measure additions, and accelerated MSSP reform reflects a deliberate policy alignment with the Biden administration's broader value-based payment agenda.

For providers, the rule underscores the importance of maintaining robust documentation, accurate coding practices, and proactive engagement with APM structures-particularly for those seeking to avoid potential downward payment adjustments under MIPS. ACOs and multispecialty groups should begin preparing for shortened BASIC track tenure and reevaluating their benchmarks and attribution models in light of the proposed MSSP revisions.

CMS has invited stakeholder comment on all aspects of the proposed rule, including technical refinements, data methodologies, and implementation timelines. Final policies are expected to be published in the fall of 2025, with implementation set to begin on January 1, 2026.

The full text of the proposed rule is available here.

A CMS fact sheet summarizing key provisions is available here.

The Benesch Healthcare+ team is actively monitoring developments related to the CY 2026 PFS and MSSP reform and may provide additional updates as they become available. Please contact the authors of this article or another member of the Benesch Healthcare+ team for further information or guidance on how these proposed changes may affect your organization.

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