Stabilize Medicare Physician Payment

Provider Reimbursement Stability Act (H.R. 8163)

REQUEST: The American Academy of Allergy, Asthma & Immunology (AAAAI) urges Congress to **enact policies to provide long-term stability to the Medicare physician payment system,** preserving patient access to care. The AAAAI strongly supports the ***Provider Reimbursement Stability Act*** **(H.R. 8163),** which would increase the Medicare Physician Fee Schedule (MPFS) budget neutrality threshold and ensure timely updates to direct costs used to calculate the practice expense.

BACKGROUND: On January 1, 2026, the Centers for Medicare and Medicaid Services' (CMS) Calendar Year (CY) 2026 Medicare Physician Fee Schedule (MPFS) Final Rule went into effect, including two conversion factors (CFs) for 2026: (1) $33.5675 for items and services furnished by Qualifying APM Participants, +3.77% relative to the 2025 CF; and (2) $33.4009 for other items and services, +3.26% relative to the 2025 CF.

We appreciate that Congress, as part of Public Law 119-21[1], provided a temporary payment increase for 2026 to help mitigate the impact of persistent cuts. However, long-term stability is needed and should include:

- **An Inflationary Update –** The *Medicare Access and CHIP Reauthorization Act of 2015 (MACRA)* was established without a yearly automatic inflation adjustment for physicians, unlike other Medicare providers that receive annual payment updates based on an inflation proxy, such as the Consumer Price Index (CPI) or the Medicare Economic Index (MEI). Medicare physician payments declined 18% from 2015 to 2026 when adjusted for inflation in practice costs[2]. The Medicare Trustees[3] and other policy experts have raised concerns about the lack of an inflation measure in the MPFS. Further, over the past three years, MedPAC has recommended physician payment updates equal to 50 percent of the projected MEI increase. In its June 2025 report[4], the Commission recommends replacing current-law MPFS updates "with an annual update based on a portion of the growth in inflation, as measured by the MEI," and for CMS to use timely cost data to refine relative value units (RVUs). While these steps are positive, a full-MEI update is essential to stabilize the Medicare payment system in the long term.
- **Budget Neutrality Reforms –** The AAAAI appreciates past congressional efforts to mitigate cuts in Medicare payments to physicians. However, the incremental adjustments to the conversion factor updates have not fixed the source of the problem. Budget neutrality requirements[5] and the lack of an inflation-based payment update continue to drive these cuts. The CMS 2026 conversion factor equals $33.40[6]. In 2016, the MPFS conversion factor was almost $36.00. The ***Provider Reimbursement Stability Act*** (H.R.8163) seeks to reform budget neutrality calculations.
- **Regular Practice Expense Updates –** Practices that administer medications in the office setting continue to be harmed by CMS' CY 2022 clinical labor pricing update policies that drastically reduced payment for drug administration services. In-office administration, which helps reduce exacerbations and hospitalizations, was severely threatened by these cuts. CMS waiting 20 years to revise the clinical labor inputs made the cuts much more severe. To avoid this problem in the future, we urge Congress to require that CMS regularly update direct practice expenses, including

[1] Sec. 71202, Public Law 119-21

[2] https://www.ama-assn.org/system/files/medicare-updates-inflation-2015-2026-chart.pdf

[3] https://www.cms.gov/oact/tr/2024

[4] https://www.medpac.gov/document/june-2025-report-to-the-congress-medicare-and-the-health-care-delivery-system/

[5] Medicare's budget neutrality requirement (at §1848(c)(2)) mandates that CMS adjust the conversion factor whenever changes in relative value units (RVUs) would increase or decrease PFS expenditures by more than $20 million annually.

[6] As established under MACRA, CMS sets two conversion factors for 2026: one for clinicians who are not Qualifying Participants (QPs) in Advanced APMs (shown above), and a separate, higher conversion factor for QPs.

clinical labor costs. The ***Provider Reimbursement Stability Act*** (H.R.8163) would update direct cost inputs at least every 5 years.

The CY 2026 PFS practice expense (PE) policies further demonstrate why regular PE updates are so important. AAAAI appreciated a CMS decision not to adopt flawed survey data that would have destabilized office-based Allergy/Immunology (A/I) practices, and we recognize that office-based services saw increased reimbursement under the revised PE allocations. However, site-of-service payment shifts underscore the volatility that can result from outdated or inconsistent PE methodologies. While most A/I care is delivered in the office, hospital-based settings remain essential for patients who require higher-acuity services. The volatility created by these PE changes reinforces the need for predictable, routine updates to direct PE inputs so payment rates reflect current costs and do not unintentionally destabilize patient access across sites of care.

AAAAI also encourages Congress to preserve and strengthen support for cognitive care within any Medicare physician payment reform package, as evaluation and management services and longitudinal patient management are cornerstone to A/I care and delivery.

CONTACTS: To cosponsor the ***Provider Reimbursement Stability Act*** **(H.R.8163),** please contact: mclean.piner@mail.house.gov (Rep. Murphy) or julia.brunner@mail.house.gov (Rep. Schneider).