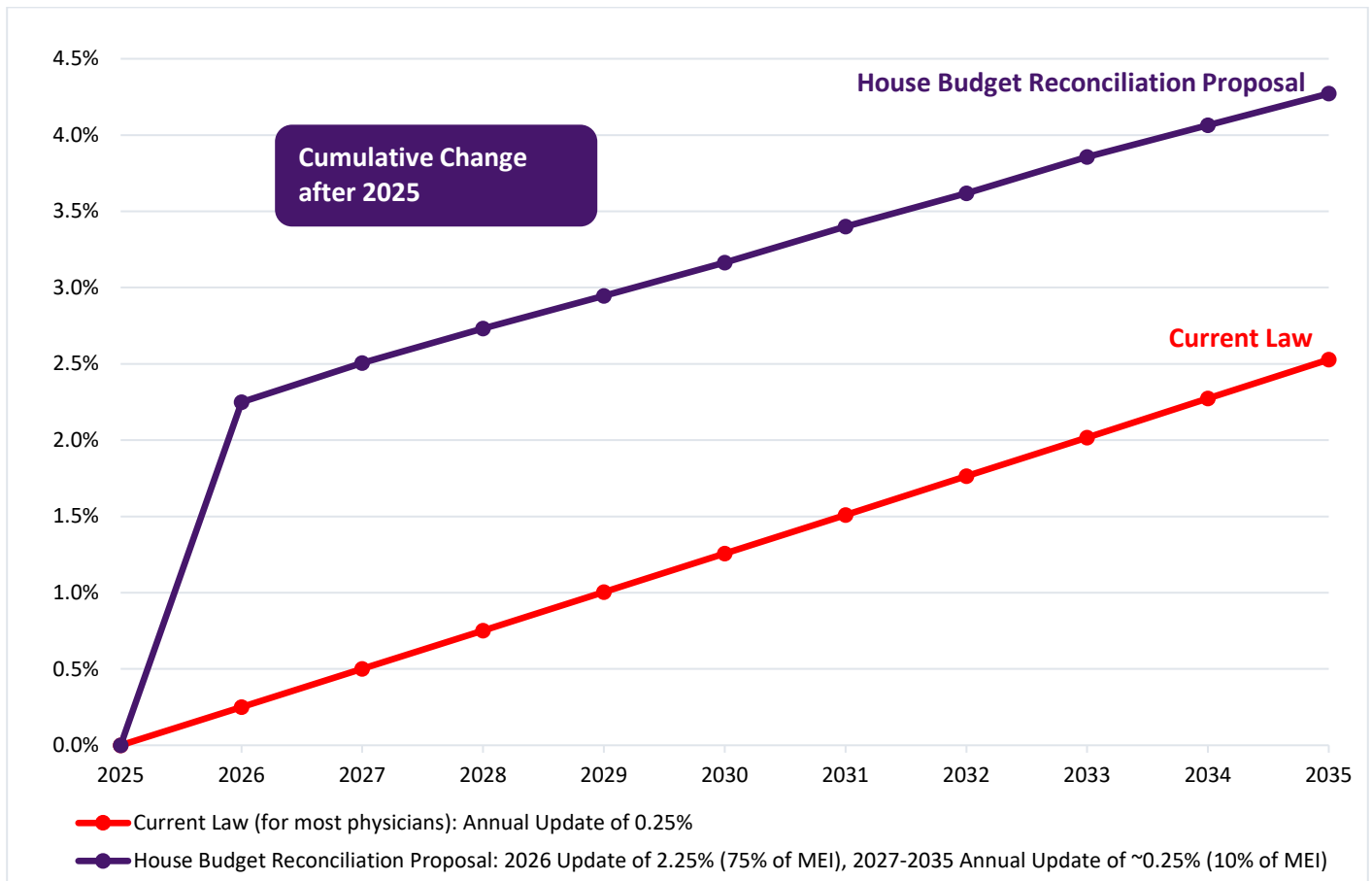


## Medicare Physician Fee Schedule (MPFS) Projected Physician Update Current Law vs House Budget Reconciliation Proposal



This graph compares current law to a new House Budget Reconciliation Proposal which the House Committees have indicated that Congressional Budget Office estimates will increase Medicare spending on payment to physician practices by \$8.9 billion over 10 years. The new proposal includes a permanent update to physician practices that is 75% of the Medicare Economic Index (MEI) for 2026, followed by 10% of MEI for 2027 onward. The MEI is a measure of inflation that was developed to estimate annual changes to the costs of operating a physician practice and establish appropriate Medicare payment updates. The estimates above are based on CMS's MEI projections, which are subject to change.

Under the reconciliation proposal, the 2026 payment update will be 2.25% based on current MEI data.

Under current law, most physicians will receive a 0.25% annual update although qualifying physicians in APMs will receive a 0.75% annual update. Physicians in APMs benefit from the new House Budget Reconciliation Proposal for the first few years but would have a higher cumulative update under current law from 2029 onwards. Note that starting in 2027, it will be more difficult to qualify for the higher APM update under current law.

From 2025 to 2035, the cumulative growth in the physician update would be 2.5% under current law for most physicians compared to 4.3% under the House Budget Reconciliation Proposal – a nearly 2 percentage point increase.