AMA Alert: Proposed 2027 Medicare Physician Fee Schedule Released

On July 14, 2026, the Centers for Medicare & Medicaid Services (CMS) released the proposed rule for the 2027 Medicare physician fee schedule (MPFS). AMA staff will circulate a detailed summary of the nearly 1,600-page proposal in the coming days. In the interim, we'd like to highlight the following key proposals:

2027 Conversion Factors

For the second year, there are four proposed conversion factors, as outlined below:

Medicare Conversion Factor		Medicare Anesthesia Conversion Factor	
For APM QPs	For non-APM QPs	For APM QPs	For non-APM QPs
$33.1693 (-1.19%)	$32.8409 (-1.68%)	$20.4165 (-0.89%)	$20.2143 (-1.38%)

These conversion factors reflect:
- Expiration of temporary 2.5 percent update for CY 2026 included in H.R. 1
- A 0.53 percent budget neutrality adjustment to balance proposed coding and payment policy changes
- 0.5 percent higher update for Qualified Participants (QPs) in Advanced Alternative Payment Models (APMs) under the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA)

The AMA continues to strongly advocate for annual Medicare payment updates to reflect the growth in physician practice costs as measured by the Medicare Economic Index (MEI), which CMS projects will be 2.5 percent. The AMA supports legislation introduced last year called the Strengthening Medicare for Patients and Providers Act (H.R. 6160), which would permanently tie Medicare payments to the MEI.

Pressure is mounting for Congress to act. In its 2026 report to Congress, the Medicare Payment Advisory Commission (MedPAC) recommended increasing payment rates for physician services "to bring fee for service Medicare's overall payment levels closer in line with providers' costs." The 2026 Medicare Trustees Report likewise warned that MACRA "raises important long-range concerns that will almost certainly need to be addressed by future legislation... physician payment updates ...do not vary based on underlying economic conditions, nor are they expected to keep pace with the average rate of physician cost increases... years when levels of inflation are high ...would be problematic when the cumulative gap between the price updates and physician costs becomes large. Absent a change in the delivery system or level of update by subsequent legislation, the Trustees expect access to Medicare-participating physicians to become a significant issue in the long term."

RUC Relative Value Recommendations:

CMS proposes to accept approximately 90 percent of the AMA/Specialty Society RVS Update Committee's (RUC's) relative value recommendations for 2027, including maternity care services, prostate biopsy, and

magnetic resonance angiography, head and neck. The RUC Health Care Professionals Advisory Committee Review Board recommendations for speech pathology were also adopted.

Merit-based Incentive Payment System (MIPS)

Following ongoing advocacy by the AMA not to increase the MIPS performance threshold, last year CMS finalized policy to maintain the threshold to avoid a MIPS penalty at 75 points through the CY 2028 performance year/2030 MIPS payment year. CMS is proposing to sunset traditional Merit-based Incentive Payment System (MIPS) reporting in 2029 and transition MIPS Value Pathways (MVPs), despite repeated concern raised by the AMA. Research continues to show that MIPS is unduly burdensome; disproportionately harmful to small, rural, and independent practices; exacerbates health inequities; and is divorced from meaningful clinical outcomes. Recently introduced AMA-endorsed legislation called the Medicare Physician Data-driven Performance Payment System (DPPS) Act (H.R. 8622) would freeze the MIPS performance threshold for three years, mandate timely performance feedback to doctors, and replace the "tournament style" MIPS system of funding payouts to large, sophisticated health systems with penalties borne disproportionately by small, independent, and other under-resourced practices to one that links payment to one's own payment update.

Maternity Care Services Codes

The AMA is pleased CMS adopted AMA's recommendations to update the Maternity Care Services code set. Beginning January 1, 2027, the CPT code set will be updated to comprehensively revise the maternity codes, reflecting modern obstetric practice. The new code set will provide much needed transparency for patients, and the increased granularity will improve the ability of physicians and researchers to better understand the drivers of maternal mortality. The AMA is not supportive of CMS' solicitation for comments on maintaining current coding through the creation of HCPCS G-codes. This proposal will unfortunately create confusion for care teams. The AMA urges CMS to finalize the Maternity Care Services CPT code set without maintaining the historical global structure via HCPCS G-codes.

Medicare Shared Savings Program

CMS proposes several changes to Medicare Shared Savings Program (MSSP) Accountable Care Organizations (ACOs) including increased shared savings for ACOs in Level E of the BASIC track; new financial incentives for first time participants; several benchmarking, patient assignment, and quality reporting changes; and the option to reduce or eliminate beneficiary out-of-pocket costs for certain items and services.

Advanced Alternative Payment Model (APM) Determinations

CMS proposes to evaluate Advanced APM Qualifying Participant (QP) status at the TIN/NPI combination level, instead of the NPI-level. Accordingly, APM incentive payments and QP conversion factor adjustments would apply only to the clinician's APM-relevant TINs. According to the CMS fact sheet, this is expected to result in $2.38 billion fewer being paid out to APM participants over the next decade.

CPT Request for Information

CMS includes a request for information (RFI) examining the AMA's CPT coding system, CPT licensing, the CPT code development process, and the RUC. The RFI asks about alleged harms associated with the AMA's "monopoly over CPT-4 licenses" and citing concerns about reliance on a private organization with an "obvious

conflict of interest" in recommending physician service values. The RFI asks five questions which seek input on CPT licensing costs and effects, the role of medical necessity in code development, possible alternatives or supplements to CPT as the national physician services code set, alternative governance and valuation processes, and whether physician services could instead be paid using ICD-10-PCS or other bundled payment approaches.

Additional Resources:

- CMS Press Release
- Physician Payment Schedule Fact Sheet
- Medicare Shared Savings Program Fact Sheet
- Quality Payment Program (QPP) Fact Sheet

This summary is a result of a quick review of the rule CMS released today. Stay tuned for AMA's detailed summary and forthcoming comments on the proposed rule. Reach out to AMA.advocacy@ama-assn.org with any immediate questions.