ENDOCRINE SOCIETY
Hormone Science to Health

# Medicare Physician Fee Schedule CY 2026 Proposed Rule Highlights

On Monday, July 14, the Centers for Medicare & Medicaid Services (CMS) released the CY 2026 Medicare Physician Fee Schedule (MPFS) proposed rule and fact sheet. The following is a high-level summary of the policies that will affect Endocrine Society members. Endocrine Society staff will be reviewing the proposed rule and submitting comments in advance of the September 12 deadline.

## Conversion Factor

2026 marks the first year that there are two separate conversion factors: one for practitioners working in a qualifying advanced APM and the other for those not in a qualifying APM. The conversion factor for the former will increase to $33.59, an increase of 3.83%, and the latter to $33.42, an increase of 3.62%. These increases reflect the 2.5% increase to the conversion factor included in the reconciliation package recently adopted by Congress.

## Impact to the Specialty of Endocrinology

CMS estimates that, if implemented, the policies in the rule will result in a 3% increase in total Medicare charges for endocrinology. However, CMS proposes to change the methodology for the allocation of indirect practice expenses (PE) within the physician payment formula, which will decrease overall charges for endocrinology in the facility setting by 10% but increase payments by 6% in the non-facility (office) setting. According to the agency, this proposed change will reflect the current state of clinical practice with fewer physicians working in private practice settings, and therefore, "*the allocation of indirect costs for PE RVUs in the facility setting at the same rate as the non-facility setting may no longer reflect contemporary clinical practice*." The change in allocation is part of a broader effort to equalize payment rates across care settings. Additionally, CMS has decided **not to use** the AMA Physician Practice Information Survey (PPIS) survey data, even after the agency delayed making changes to the indirect PE allocations as it waited on the new survey data. This too will affect the overall impact to the specialty of endocrinology.

Please note that the impact of proposed policies on group practices and individual physicians varies based on practice type, payer type, mix of patients and the types of services provided to those patients.

## Efficiency Adjustment Proposed to Address Perceived Overvalued Services

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CMS has taken aim at the American Medical Association (AMA) RUC process with a proposal to decrease work RVUs and corresponding intraservice time by 2.5% for nearly every service on the fee schedule except time-based codes, including evaluation and management services, care management services, behavioral health services, services on the Medicare telehealth list, and maternity codes with a global period of MMM. The efficiency adjustment is meant to account for efficiency gains over time as practitioners become more skilled at performing procedures, and hence are performing those procedures faster than the intraservice times listed in the RUC time files. The agency continues to believe that the RUC survey process is flawed due to low response rates and perceived conflicts of interest of those who take RUC surveys. CMS states "research over time has demonstrated that the time assumptions built into the valuation of many PFS services are, as a result, very likely overinflated."

Additionally, CMS is seeking comments on alternative data sources to use in the valuation process and would give preference to empiric data that supports the valuation of services on the MPFS. The agency signals that "moving away from survey data would lead to more accurate valuation of services over time and help address some of the distortions that have occurred in the PFS historically."

**Potentially Misvalued Codes: Fine Needle Aspiration Services**

The fine needle aspiration services represented by CPT codes 10021, 10004, 10005, and 10006 have been nominated as misvalued again. The nominating party requested that the work RVUs be restored to the 2019 levels, which were supported by the AMA RUC. The nominator stated that the site of service is shifting to the facility setting due to low reimbursement in the non-facility. Additionally, the nominator stated that due to those low reimbursement levels, many endocrinologists and surgeons are not interested in learning how to perform fine needle aspirations, which will result in access to care issues for Medicare beneficiaries.

CMS does not agree that these codes are misvalued and refers readers to four previous rules for discussion of its rationale. However, the agency will monitor for shifts in sites of service for these services and would seek a resurvey if warranted. CMS is once again requesting comments on this issue.

**Telehealth Updates**

CMS continues to support the use of telehealth. The agency proposes to simplify the review process for adding services to the Medicare Telehealth Services List, and to remove the distinction between provisional and permanent services.

CMS proposes to permanently adopt a definition of direct supervision for certain services that allows the physician or supervising practitioner to provide supervision through real-time audio and visual interactive telecommunications. Finally, the agency proposes to **not** continue the policy that allows teaching physicians to have a virtual presence for services provided by residents in teaching settings and would revert to requiring that teaching physicians maintain a physical presence during critical portions of resident-furnished services to qualify for Medicare payment.