



# 2026 fee schedule changes – conversion factors and relative value units

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**Content Sources(s):**

- [Federal Register: Home - Thursday, November 6th](#)
  - [Physician Fee Schedule | CMS](#)
  - [qpp.cms.gov/participation-lookup](https://qpp.cms.gov/participation-lookup)
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The Centers for Medicare and Medicaid Services (CMS) has announced several pivotal updates for the 2026 Medicare Physician Fee Schedule final rule that will directly impact clinicians' reimbursement strategies. Most notably, CMS is introducing separate conversion factors (CFs) for those participating in Advanced Alternative Payment Models (APMs) and those who are not. For the first time in 6 years, both groups will see an increase: Qualifying APM Participants (QPs) will receive a conversion factor of \$33.5675, while non-QP participants will see \$33.4009. For anesthesia services, similar dual conversion factors will apply. Qualifying APM Participants will use conversion factor \$20.5998 and non-QPs will use \$20.4976.

CMS designed these updates to reward clinicians who assume accountability for quality and cost through APM participation. This shift aligns with the broader Quality Payment Program (QPP) strategy to transition from volume-based to value-based reimbursement.

The Quality Payment Program (QPP) is being strengthened to encourage value-based care. The Merit-based Incentive Payment System (MIPS) performance threshold will rise to 75 points, making it more challenging to avoid penalties, though the maximum penalty remains at -9 percent. MIPS-only participants do not meet the requirements for a QP and cannot use the APM conversion factor. Qualifying APM participants will continue to receive a bonus through 2026 for past performance, but CMS has signaled a future shift toward performance-based incentives.

QPP participation status can be verified in this lookup tool: <https://qpp.cms.gov/participation-lookup>. The National Provider Identifier (NPI) can be entered to determine if the provider is QP eligible and exempt from MIPS reporting requirements.

Relative values will also be affected by additional adjustments for 2026. While CFs are increasing, CMS finalized an efficiency adjustment of -2.5 percent to work RVUs and intra-service time for non-time-based services. This adjustment reflects CMS's expectation that clinicians will continue to deliver care more efficiently as technology, workflows, and practice models evolve.

The adjustment primarily targets **non-time-based services**, reducing their relative value units to account for anticipated productivity gains. By lowering the RVUs for these services, CMS aims to maintain budget neutrality while encouraging streamlined care delivery. However, this change does not apply universally. Time-based codes—such as psychotherapy and prolonged services—are exempt, as are telehealth services and maternity care, recognizing the unique nature and complexity of these encounters.

CMS is also recalibrating indirect practice expense (PE) allocations, reducing PE for facility-based services to 50 percent of the amount allocated for non-facility services to reflect evolving practice patterns. This change may offset CF gains for hospital-based clinicians while benefiting office-based practices.

While conversion factors for both APM and non-APM participants are increasing for 2026, the RVU reduction may offset some of those gains, particularly for procedural specialties and high-volume services. This means that although clinicians will see higher base rates, the overall reimbursement for certain codes could remain flat or even decline, depending on their mix of services.

\*All Specialties, Allergy/Immunology, Anesthesia, Behavioral Health, Cardiac Surgery, Cardiology, Cardiothoracic, Cardiovascular surgery, Chargemaster, Chiropractic, Clinical Social Worker, Clinical Trials, Colorectal Surgery, Critical Care, Dental, Dermatology, DME, Emergency Department, Emergency Medicine, Endocrinology, ENT, E/M, Family Practice, Gastroenterology, Gastrointestinal Surgery, General Practice, General Surgery, Genitourinary Surgery, Geriatric Medicine, Gynecology, Hand Surgery, Head and Neck Surgery, Hematology, Hepatology, Home Health, Hospice, Hospitalist, Infectious Disease, Infusions, Inpatient Rehab, Internal Medicine, Interventional Radiology, Laboratory, Long Term Care, Medical Device, Medical Toxicology, Minor Surgery, Musculoskeletal, Nephrology, Nervous System, Neurology, Neurosurgery, OB/GYN, Obstetrics, Occupational Therapy, Oncology, Ophthalmology, Oral Maxillofacial Surgery (OMS), Orthopedics, Orthopedic surgery, Otolaryngology, Pain Management, Part A, Part B, Pathology, Pediatric Medicine, Pharmacy, Physical Therapy, Plastic and Reconstructive Surgery, Podiatry, Primary Care, Psychiatry, Psychologist, Pulmonary, Radiation Oncology, Radiology, Rehabilitation Medicine, Respiratory, Rheumatology, Social Work, Skilled Nursing, Speech Language Pathology, Sports Medicine, Surgical Oncology, Surgical Specialties, Transplant Cardiology, Transplants, Thoracic Surgery, Trauma, Urology, Wound Care, Vascular Surgery



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