

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 6545
OFFERED BY M . _____**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be referred to as the “Physician Fee
3 Schedule Update and Improvements Act”.

**4 SEC. 2. EXTENDING FLOOR FOR WORK GEOGRAPHIC
5 INDEX.**

6 Section 1848(e)(1)(E) of the Social Security Act (42
7 U.S.C. 1395w-4(e)(1)(E)) is amended by striking “Janu-
8 ary 20, 2024” and inserting “January 1, 2025”.

**9 SEC. 3. INCREASING SUPPORT FOR PHYSICIANS AND
10 OTHER PRACTITIONERS IN ADJUSTING TO
11 MEDICARE PAYMENT CHANGES.**

12 Section 1848(t)(1)(D) of the Social Security Act (42
13 U.S.C. 1395w-4(t)(1)(D)) is amended by striking “1.25
14 percent” and inserting “2.5 percent”.

1 **SEC. 4. EXTENDING INCENTIVE PAYMENTS FOR PARTICIPA-**
2 **TION IN ELIGIBLE ALTERNATIVE PAYMENT**
3 **MODELS.**

4 (a) IN GENERAL.—Section 1833(z) of the Social Se-
5 curity Act (42 U.S.C. 1395l(z)) is amended—

6 (1) in paragraph (1)—

7 (A) in subparagraph (A)—

8 (i) by striking “In the case” and in-
9 serting “Subject to subparagraph (E), in
10 the case”;

11 (ii) by striking “ending with 2025”
12 and inserting “ending with 2026”; and

13 (iii) by inserting “, and with respect
14 to 2026, 2.5 percent” after “3.5 percent”;
15 and

16 (B) by adding at the end the following new
17 subparagraph:

18 “(E) SPECIAL PAYMENT RULE FOR 2026.—

19 “(i) IN GENERAL.—Subject to clause
20 (ii), with respect to an amount payable
21 under subparagraph (A) for 2026 to an eli-
22 gible professional who is a qualifying APM
23 participant for such year, such amount
24 shall be reduced, in the case such partici-
25 pant has received payment under such sub-
26 paragraph—

1 “(I) for at least 4 years but
2 fewer than 7 years, by 34 percent; or
3 “(II) for 7 years, by 67 percent.
4 “(ii) EXCEPTIONS.—
5 “(I) EXCEPTION FOR INCREASED
6 FINANCIAL RISK FOR 2026.—If an eli-
7 gible professional described in clause
8 (i) increased such professional’s finan-
9 cial risk (as specified by the Sec-
10 retary) with respect to the furnishing
11 of items and services during the most
12 recent period for which data are avail-
13 able (which may be less than a year)
14 for 2026 as compared to such profes-
15 sional’s financial risk with respect to
16 the furnishing of such items and serv-
17 ices during the most recent period for
18 which data were available (which may
19 be less than a year) for 2025, the Sec-
20 retary may reduce the amount payable
21 under subparagraph (A) for 2026 to
22 such professional by a percentage that
23 is less than the percentage otherwise
24 applicable to such amount under

1 clause (i) (and which may include 0
2 percent).

3 “(II) EXCLUSION OF CERTAIN
4 PAST PAYMENT YEARS.—In deter-
5 mining for purposes of clause (i) the
6 number of years for which an eligible
7 professional described in such clause
8 has received payment under subpara-
9 graph (A), the Secretary shall exclude
10 any year for which such professional
11 received such a payment if such pro-
12 fessional’s financial risk (as specified
13 by the Secretary) with respect to the
14 furnishing of items and services dur-
15 ing the most recent period for which
16 data are available (which may be less
17 than a year) for such year was less
18 than such professional’s financial risk
19 with respect to the furnishing of such
20 items and services during the most re-
21 cent period for which data were avail-
22 able (which may be less than a year)
23 for 2026.”;

24 (2) in paragraph (2)—

25 (A) in subparagraph (B)—

1 (i) in the subparagraph heading, by
2 striking “2025” and inserting “2026”; and

3 (ii) in the matter preceding clause (i),
4 by striking “2025” and inserting “2026”;
5 (B) in subparagraph (C)—

6 (i) in the subparagraph heading, by
7 striking “2026” and inserting “2027”; and

8 (ii) in the matter preceding clause (i),
9 by striking “2026” and inserting “2027”;
10 and

11 (C) in subparagraph (D), by striking
12 “2024, and 2025” and inserting “2024, 2025,
13 and 2026”; and

14 (3) in paragraph (4)(B), by striking “2025”
15 and inserting “2025 and 2026”.

16 (b) CONFORMING AMENDMENTS.—Section
17 1848(q)(1)(C)(iii) of the Social Security Act (42 U.S.C.
18 1395w–4(q)(1)(C)(iii) is amended—

19 (1) in subclause (II), by striking “2025” and
20 inserting “2026”; and

21 (2) in subclause (III), by striking “2026” and
22 inserting “2027”.

23 **SEC. 5. UPDATING THE BUDGET NEUTRALITY THRESHOLD.**

24 Section 1848(e)(2)(B)(ii)(II) of the Social Security
25 Act (42 U.S.C. 1395w–4(e)(2)(B)(ii)(II)) is amended—

1 (1) by striking “Subject to” and inserting the
2 following:

3 “(aa) IN GENERAL.—Sub-
4 ject to”;

5 (2) in item (aa), as inserted by subparagraph
6 (A), by striking “\$20,000,000” and inserting “the
7 amount specified in item (bb) for such year”; and

8 (3) by adding at the end the following new
9 items:

10 “(bb) AMOUNT SPECI-
11 FIED.—For purposes of item
12 (aa), subject to item (cc), the
13 amount specified in this item
14 is—

15 “(AA) for years before
16 2025, \$20,000,000;

17 “(BB) for 2025,
18 \$53,000,000; and

19 “(CC) for 2026 and
20 each subsequent year, the
21 amount specified in this
22 item for the preceding year.

23 “(cc) INDEXING LIMITATION
24 ON ANNUAL ADJUSTMENTS.—For
25 2030 and every subsequent fifth

1 year, the Secretary shall increase
2 the amount specified in item (bb)
3 for such year by the cumulative
4 increase in the MEI (as defined
5 in section 1842(i)(3)) applicable
6 to physicians' services over the 5-
7 year period ending on the last
8 day of the preceding year.”.

9 **SEC. 6. TIMELY UPDATES TO DIRECT COSTS USED TO CAL-**
10 **CULATE PRACTICE EXPENSE RVUS.**

11 Section 1848(c)(2)(B) of the Social Security Act (42
12 U.S.C. 1395w-4(c)(2)(B)) is amended by adding at the
13 end the following new clause:

14 “(vii) **TIMELY UPDATES TO DIRECT**
15 **COSTS USED TO CALCULATE PRACTICE EX-**
16 **PENSE RELATIVE VALUE UNITS.—**

17 “(I) **SIMULTANEOUS UPDATES TO**
18 **DIRECT COST INPUTS AT LEAST ONCE**
19 **EVERY 5 YEARS.—**The Secretary shall,
20 not less often than every 5 years, up-
21 date the prices and rates, as applica-
22 ble, for each of the direct costs inputs
23 described in subclause (II) used in the
24 methodology for calculating the prac-
25 tice expense relative value units under

1 this subsection for physicians’ serv-
2 ices. Updates made pursuant to the
3 previous sentence shall be made in the
4 same year for all direct cost inputs
5 described in such subclause.

6 “(II) DIRECT COSTS INPUT CAT-
7 EGORIES DESCRIBED.—For purposes
8 of this clause, the direct costs inputs
9 described in this subclause are clinical
10 staff wage rates, prices of medical
11 supplies, and prices of equipment.

12 “(III) CONSULTATION.—In mak-
13 ing the updates under this clause, the
14 Secretary shall consult with relevant
15 stakeholders, including physician spe-
16 cialty societies.”.

17 **SEC. 7. MEDICARE IMPROVEMENT FUND REDUCTION.**

18 Section 1898(b)(1) of the Social Security Act (42
19 U.S.C. 1395iii(b)(1)) is amended by inserting “(reduced
20 by \$2,100,000,000)” before the period at the end.

