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STATEMENT
of the
Federation of American Hospitals
to the
United States House Committee on Energy and Commerce Subcommittee on Health Hearing:
“Examining the Medicare Physician Fee Schedule, MACRA, and Opportunities for Payment Reforms”
May 20, 2026

The Federation of American Hospitals appreciates the opportunity to submit this Statement for the Record as the Committee examines the future of Medicare physician payment policy. As the federal representative for over 1,000 taxpaying hospitals across the country, our member hospitals employ nearly 500,000 health care workers – many of whom are physicians – and care for millions of Medicare beneficiaries each year. We are deeply concerned that the current trajectory of the Medicare Physician Fee Schedule is undermining the stability of the physician workforce and, ultimately, beneficiary access to care.

Under the Medicare and Chip Reauthorization Act’s (MACRA’s) statutory framework, the Physician Fee Schedule is subject to a **0 percent baseline update**, meaning that payment rates do not automatically adjust for inflation. As a result, physicians have faced repeated year-over-year reductions even as the cost of delivering care continues to rise. The update included in H.R. 1 was an important temporary step to address those concerns but a sensible long-term physician payment plan is needed. The widening gap between payment rates and practice costs is not sustainable, and both MedPAC and the Medicare Trustees have warned that continued erosion of physician reimbursement may lead to access challenges for Medicare beneficiaries. For these reasons, we strongly urge Congress to establish a stable, inflation-based update to the Physician Fee Schedule to ensure that payment rates keep pace with rising input costs and support continued access to care.

More than ten years since the enactment of MACRA, Congress should evaluate whether the current framework is effectively supporting the a shift away from a volume-based system. MACRA was established to accelerate the transition to value-based care, but the experience of the past decade shows that the program has not fully delivered on that promise. Providers continue to face significant operational challenges associated with program participation, measure reporting, benchmarking methodologies and evolving technical requirements. Many of the program’s core elements – such as the structure of the Quality Payment Program and the design of Advanced Alternative Payment Model (APM) incentives – have not kept pace with the evolution of care delivery. A thoughtful, bipartisan review of MACRA is needed to determine how best to modernize the framework, reduce unnecessary complexity, and ensure that incentives meaningfully support the adoption of value-based care models that improve outcomes for patients.

Finally, the **Merit-Based Incentive Payment System (MIPS)** continues to present challenges for clinicians and hospitals. The program has become increasingly complex, with reporting requirements that often emphasize process measures rather than outcomes. Persistent challenges related to measure attribution, specialty specific reporting limitations, and electronic reporting infrastructure continue to create barriers for many providers. These challenges are particularly evident in procedural and specialty care areas, where existing measures may not adequately reflect quality performance or patient complexity. We encourage Congress to work with CMS to reassess the MIPS



framework, streamline reporting requirements and promote the use of clinically relevant, patient-centered quality measures that truly reflect performance and support better care.

FAH appreciates the Committee's attention to these critical issues. Strengthening the physician payment system, modernizing MACRA, and improving MIPS are essential steps toward ensuring that Medicare continues to support high-quality, accessible care for the patients and communities our hospitals serve. We stand ready to work with Congress to advance these reforms and help build a more stable and effective Medicare physician payment system.