

# CY 2026 Medicare Physician Fee Schedule Final Rule

## Implications for Radiology Practices

Effective January 1, 2026

### Overview

On October 31, 2025, the Centers for Medicare & Medicaid Services (CMS) released the final CY 2026 Medicare Physician Fee Schedule (MPFS). The rule includes modest upward adjustments to the conversion factor (CF) but introduces a set of offsetting policies that together will create uneven financial effects across radiology service lines.

For most diagnostic and imaging specialties, the CF increase is approximately **+3.3 %**, but this gain is diluted by a **-2.5 % "efficiency adjustment"** applied to many non-time-based codes, as well as budget neutrality and practice expense (PE) re-weighting.

In short: while the top-line payment appears higher, the net impact on imaging reimbursement may still trend downward for certain modalities and settings.

### Key Changes Impacting Radiology

1

#### Conversion Factor (CF)

Finalized at **\$33.4009 (non-APM)** and **\$33.5675 (APM participants)**, reflecting roughly a 3.3 % increase over 2025 levels.

Still subject to standard budget-neutrality adjustments, tempering the gain.

2

#### "Efficiency Adjustment" (-2.5 %)

Applied to many non-time-based services, including key diagnostic imaging codes.

Expected to offset or exceed CF gains for high-volume modalities such as CT, ultrasound, and general radiography.

3

#### Virtual Direct Supervision Becomes Permanent

CMS finalized real-time audio-video supervision as a permanent option beginning Jan 1, 2026 (audio-only excluded).

Continues the broader teleradiology and off-site coverage for diagnostic testing under direct supervision rules.

4

#### Practice Expense (PE) Methodology Update

CMS adjusted the allocation of indirect PE, using OPPS data to better align with actual costs, particularly for radiation treatment and office-based imaging.

Office settings may see relative improvement; facility-based settings could experience neutral or negative shifts.

5

#### QPP and MIPS Value Pathways (MVPs)

Finalized new MVPs for Diagnostic Radiology and Interventional Radiology in 2026.

Performance threshold remains 75 points; practices must determine the most advantageous reporting track.

# 5 Critical Actions for Radiology Practices and RCM Teams

## 1. Quantify the True Net Impact by CPT Family

Conduct a CPT-level comparison of 2025 vs. 2026 allowed amounts for your top imaging services. Incorporate the CF increase, efficiency adjustment, and PE revisions to determine the real reimbursement effect per modality and site of service. Use this analysis to drive 2026 budget and comp model updates.

## 2. Operationalize Virtual Direct Supervision

With virtual direct supervision now permanent, ensure your infrastructure, staffing model, and documentation are compliant and efficient. Update:

- Policies and credentialing for remote supervision
- Technology platforms to support real-time audio-video monitoring
- Workflow protocols for contrast studies, after-hours coverage, and small-site imaging

## 3. Re-Forecast Site-of-Service Margins

The revised PE methodology and OPPS linkages will alter cost-to-revenue ratios. Reassess:

- Office-based imaging profitability
- IDTF investment viability
- Hospital partnership contribution margins

Use this data to re-prioritize modality mix, growth strategy, and contracting focus for 2026–2027.

## 4. Choose Your QPP Path Intentionally

Evaluate the benefits of adopting a radiology-specific MVP versus staying in Traditional MIPS. Diagnostic and IR MVPs now include measures more relevant to imaging performance and patient outcomes. Coordinate early with your RCM and quality reporting teams to align data capture and submission processes before the 2026 performance year begins.

## 5. Communicate the True Net Effect

Ensure physicians, leadership, and boards understand the difference between a higher CF and net reimbursement reality. Use clear, data-driven visuals to show where gains and losses occur by service line. Transparency builds trust, sets realistic expectations, and helps align compensation, staffing, and strategic planning.

# Next Steps for Radiology Leaders

- Partner with your RCM experts to build a 2026 reimbursement impact model by modality and payer mix.
- Re-calculate revenue projections for office vs. hospital imaging.
- Evaluate MIPS/MVP participation options.
- Communicate proactively with physicians and hospital partners about how these shifts affect financial and operational planning.

❏ **Bottom Line:** The 2026 MPFS final rule offers flexibility but demands precision. Radiology practices that combine strategic modeling, proactive communication, and operational readiness will be positioned to protect margins and seize new opportunities in the evolving reimbursement landscape.

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Prepared by **PBS - Radiology Business Experts**

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