

DPPS would lower MIPS penalties and level the playing field

With insights from the [2023 MIPS Experience Data Report](#)

I. Stabilizing Medicare Physician Payments

Under the Data-driven Performance Payment System (DPPS):

- Maximum penalties would be reduced from -9 percent of Medicare Physician Fee Schedule covered professional services to one-half of a physician's annual update (e.g., 0.25 percent under current law or the increase in the Medicare Economic Index minus 1 percentage point as recommended by the Medicare Payment Advisory Commission), which is similar to other Medicare programs such as the Hospital Inpatient Quality Reporting Program.
- Any penalties remaining after paying out bonuses would be reinvested penalties in quality improvement and alternative payment model readiness by assisting under-resourced practices with their value-based care transformation.

The 2023 Merit-based Incentive Payment System (MIPS) Performance Period included **541,421** total eligible clinicians (ECs). Here's how 2023 MIPS scores would translate to Medicare payment adjustments under DPPS:

- 2.26 percent (12,236)** of MIPS ECs received the maximum penalty of nine percent for not participating despite being eligible for MIPS in 2023. Under DPPS, this group would earn **half** of their payment update.
- 12.13 percent (65,674)** scored below the 2023 performance threshold of 75 points and received a negative MIPS payment adjustment. Under DPPS, this group would receive **three quarters** of their payment update.
- 4.75 percent (25,717)** scored 75 points and earned a neutral MIPS update. Under DPPS, they would earn their **full** update.
- 80.86 percent (437,793)** scored above 75 points and earned a MIPS bonus. Under DPPS, they would receive up to **1.25 times** their update. The remainder would be distributed to the improvement fund.

II. Mitigating Disproportionate Penalties on Certain Types of Practices to Stabilize Patient Access

2023 MIPS data shows that 29 percent of small practices, nearly 50 percent of solo practitioners, and 18 percent of rural practices received a MIPS penalty. With maximum MIPS penalties of 9 percent, this could significantly jeopardize access to care for vulnerable patient communities. Here is a breakdown of how DPPS payment adjustments would look for these practices based on 2023 MIPS data:

2023 MIPS Result	Solo practice clinicians	Small Practice clinicians	Rural practice clinicians	2025 MIPS payment adjustment	DPPS payment update under current law (0.25%)	DPPS payment update with MEI - 1 pp (2.5% in 2025)
Reported no measures or scored below ¼ of performance threshold	4,814 (29%)	10,211 (13%)	1,552 (3%)	-9.0%	0.125%	1.25%
Scored below performance threshold	3,305 (20%)	12,135 (16%)	9,234 (15%)	-0.1% to -6.75%	0.1875%	1.875%
Scored at performance threshold	3,072 (18%)	11,474 (15%)	2,315 (4%)	0%	0.25%	2.5%
Scored above performance threshold	5,540 (33%)	44,288 (57%)	47,579 (78%)	0.1% to 2.15%	Up to 0.375%	Up to 3.125%

As shown below, DPPS would also level the playing field among specialties, thereby preserving access to primary and specialty care services particularly in rural and underserved areas.

Payment Adjustments by Medical Specialty						
2023 MIPS Result	Internal Medicine	Family Medicine	Psychiatrists	2025 MIPS payment adjustment	DPPS payment adjustment under current law (0.25% in 2026)	DPPS payment adjustment with MEI - 1 pp (2.5% in 2025)
Scored below ¼ of performance threshold	890 (3%)	546 (2%)	292 (4%)	-9.0%	0.1875%	1.25%
Scored below performance threshold	4,487 (13%)	3,527 (13%)	793 (10%)	-0.1% to -6.75%	0.1875%	1.875%
Scored at performance threshold	1,623 (5%)	898 (3%)	166 (2%)	0%	0.25%	2.5%
Scored above performance threshold	28,381 (80%)	21,244 (81%)	6,526 (84%)	0.1% to 2.15%	Up to 0.375%	Up to 3.125%

Payment Adjustments by Medical Specialty						
2023 MIPS Result	Anesthesiology	Neurology	Orthopedic Surgery	2025 MIPS payment adjustment	DPPS payment update under current law (0.25%)	DPPS payment update with MEI - 1 pp (2.5% in 2025)
Scored below ¼ of performance threshold	245 (1%)	407 (4%)	521 (4%)	-9.0%	0.1875%	1.25%
Scored below performance threshold	3,232 (18%)	1,154 (12%)	2,513 (18%)	-0.1% to -6.75%	0.1875%	1.875%
Scored at performance threshold	301 (2%)	602 (6%)	1,524 (11%)	0%	0.25%	2.5%
Scored above performance threshold	14,557 (79%)	7,576 (78%)	9,264 (67%)	0.1% to 2.15%	Up to 0.375%	Up to 3.125%

DPPS would reinvest any remaining funds collected through penalties not paid out in bonuses for high performers to small, rural, safety net, and other types of under-resourced practices to assist with value-based care transformation efforts. Funds could be used to hire care managers, purchase Certified Electronic Health Record Technology (CEHRT), and so on.