

Moving Physicians to Value-Based Care: Merit-based Incentive Payment System (MIPS) Legislative Improvements

By replacing the current tournament model of payment adjustments with a more sustainable approach tied to annual payment updates and incentivizing CMS to share data with physicians, this legislation would stop the harmful penalties on small and rural practices while equipping physicians with timely feedback to improve care and reduce avoidable costs. This legislation would also rename the program as the Medicare Physician Data-Driven Performance Payment System (DPPS). DPPS would address two major shortcomings in MIPS:

1. Address Steep Penalties that Hurt Small and Rural Practices

Problem: MIPS subjects physicians to penalties of up to nine percent unless they meet onerous program requirements. Yet it is extremely burdensome and costly to participate and do well in MIPS. Compliance with MIPS [costs](#) \$12,800 per physician per year and physicians spend 53 hours per year on MIPS-related tasks. This is why [small, rural](#), and [independent practices](#), along with [practices](#) that care for more patients who are dually eligible for Medicare and Medicaid, are more likely to be penalized, whereas large group practices, integrated systems, and alternative payment model participants are more likely to receive bonuses. The 2023 Quality Payment Program [Experience Report](#) shows that 29% of small practices, nearly 50% of solo practitioners, and 18% of rural practices received a MIPS penalty, which could jeopardize access to care for patients.

DPPS solutions:

- Freeze the performance threshold at 75 to promote stability in MIPS. GAO will conduct a study in consultation with national medical specialty societies and make recommendations to Congress and HHS about an alternative threshold methodology.
- Eliminate the MIPS win-lose style payment adjustments and instead link physicians' MIPS performance to a portion of their annual payment update (e.g., 0.25% under MACRA or the percentage increase in MEI).
- Reinvest penalties in bonuses for high performers, as well as investments in quality improvement and APM readiness with a targeted emphasis on assisting small, under-resourced practices.

2. Prioritize Timely and Actionable Data to Reduce Avoidable Costs and Improve Patient Outcomes

Problem: CMS has not met its statutory obligation¹ to provide timely (e.g., quarterly) MIPS feedback reports and Medicare claims data to physicians. Instead, CMS issues a single feedback report after the performance period, up to 18 months after applicable services and care were provided.

DPPS solution: Hold CMS accountable for fulfilling its statutory obligations by exempting from DPPS penalties any physicians who do not receive at least three quarterly data reports during the performance period. These reports allow physicians to monitor their ongoing performance and identify gaps or variations in care that can be used to improve quality of care, care outcomes, and reduce costs.

¹ §42 USC 1395w-4(q)(12) requires the Secretary to provide timely (e.g., quarterly) MIPS quality and cost feedback, as well as claims data feedback about items and services furnished to patients by other providers and suppliers, similar to data provided to Medicare Shared Savings Program accountable care organizations.

Comparison of MIPS and Data-Driven Performance Payment System (DPPS)

	MIPS	DPPS
Performance threshold	The performance threshold is set at the mean or median. Physicians who score between zero points and the performance threshold are penalized, while physicians who score between the performance threshold and 100 points receive a bonus. In 2026, the performance threshold is 75 points.	Congress would freeze the performance threshold at 75 points for the 2026-2031 performance periods to ensure stability in MIPS. CMS would have the flexibility to continue a 75-point threshold in the event of a catastrophic event and to gradually increase the threshold to the mean or median after the 75-point threshold expires.
Performance threshold reform	Not applicable	GAO must submit a report to Congress and the HHS Secretary in consultation with physician organizations by the end of 2029 which includes detailed recommendations for establishing an alternative performance threshold to replace the mean or median. The Secretary must then propose a replacement performance threshold consistent with GAO's recommendations.
Payment adjustments	MIPS adjusts physicians' Medicare payments upward or downward by extremely wide margins, ranging from -9% to a hypothetical +27%. Under MACRA, MIPS payment adjustments apply to the physicians' paid amount. In 2026, the maximum increase is 1.05% and the maximum decrease is -9%.	<p>While budget neutrality would be preserved, DPPS would repeal the tournament model. Instead, payment adjustments would be applied as a percentage to the annual payment update (e.g., 0.25% under current law or the increase in MEI). The adjustments would apply as follows:</p> <ul style="list-style-type: none"> • Physicians who score above the performance threshold would receive an increase of up to one-quarter of the update. • Physicians who score at the performance threshold would receive the annual update. • Physicians who participate but receive a score below the threshold receive a penalty equivalent to one-quarter of the update. • Physicians who do not participate would receive a penalty equivalent to one-half of the update. • A floor of zero would prevent DPPS payment adjustments from imposing negative updates. • The adjustment would not be applied in a year for which the update to the conversion factor is negative. <p>These updates are for one year only. DPPS penalties would fund bonuses to MIPS participants that perform well in DPPS, as well as a</p>

		<p>new fund for improvement and investments in value-based care (see section on Improvement Fund).</p> <p>To illustrate, let's say physicians will receive an update tied to inflation in 2028 and the update is 2%. Physicians who score above the performance threshold would receive up to 2.5%. Physicians who score at the performance threshold would receive a 2% update. Physicians who participate in MIPS but score below the threshold would receive a 1.5% update. Physicians who do not submit any MIPS data would receive a 1% update. All physicians would receive a positive update unlike under current law.</p> <p>As another example, under current law, the update in 2028 is 0.25%. Physicians who score above the performance threshold would receive up to a 0.3125% update. Physicians who score at the performance threshold would receive a 0.25% update. Physicians who participate in MIPS but score below the update would receive a 0.1875% update. Physicians who do not submit any MIPS data would receive a 0.125% update. All physicians would receive a positive update unlike under current law.</p>
Improvement Fund	<p>Bonuses are paid based exclusively on MIPS performance. The Small, Underserved, and Rural Support (SURS) technical assistance program ended in 2022 due to lack of funding. It had previously provided support for small practices (fewer than 15 clinicians) and practices in rural locations, health professional shortage areas, or medically underserved areas.</p>	<p>DPPS penalties would fund bonuses to MIPS participants that perform well in DPPS, as well as a new fund for improvement and investments in value-based care. Specifically, CMS would make lump sum incentive payments to small practices for these value-based care funds, which must be used for improving care management, addressing health-related social needs, implementing and use certified EHR technology, improving MIPS performance, or participating in value-based care models. To ensure minimum burden, small practices, defined as a practice with 15 or fewer health care professionals, simply attests that they're using the improvement fund resources for accepted purposes. Improvement fund dollars are only accessible during years when there is large amount of DPPS penalties in the aggregate.</p>
Timely and Actionable Feedback and Data	<p>Despite statutory requirements that CMS provide timely MIPS and claims data, physicians received their most recent MIPS Feedback Report, based on 2024</p>	<p>Physicians who do not receive quarterly feedback reports on administrative claims-based quality and cost measures would be exempt from any DPPS penalty (i.e., any amount below the annual update).</p>

	<p>performance, in September 2025. No physician in MIPS has ever received Medicare claims data similar to what MSSP ACOs receive, which includes Medicare Parts A, B, and D claims data for their assigned beneficiaries.</p> <p>Physicians do not know in real time or even on a quarterly basis which cost measures are being attributed to them, which patients are being assigned to them, and what costs outside of their practice they are being held accountable for until well after the performance year is already over, making it impossible for them to leverage this data to implement changes that would improve patient care, outcomes, and use resources more efficiently, saving costs.</p>	
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