[For Internal Use Only]
Updated: July 2026

Talking Points: Modernizing Medicare Payment for Primary Care

Legislative Ask

- Cosponsor the *Patients First Act* (H.R. 9693) to meaningfully modernize Medicare physician payment and increase investments in primary care.

Background

- Our nation woefully underinvests in primary care. On average, we spend about three to five cents of every health care dollar on primary care.

- This national underinvestment is influenced in no small part by Medicare payment for physician services. Other payers, including Medicaid and commercial insurers, peg their payment rates to Medicare rates.

- This is also compounded by major structural flaws in our payment system.

- Notably, Medicare physician payment remains the only major Medicare provider payment system without a permanent inflationary update.

    - As a result, Medicare physician payments have declined by 33% between 2001 – 2025 when adjusted for inflation.

    - The need for reform remains evident as the Centers for Medicare and Medicaid Services (CMS) this month released the proposed Calendar Year 2027 Medicare Physician Fee Schedule, which includes a reduction to physician payment due to the lack of an inflationary update and an expiring Congressionally-provided increase.

- Further, overly-restrictive budget neutrality requirements mean that adding new services or increases to existing codes trigger across-the-board cuts.

- Fee-for-service Medicare's historic undervaluation of primary care and structural flaws are also limiting the ability of family physicians to successfully transition to value-based payment.

    - Most alternative payment models are built upon fee-for-service payment rates.

    - Physicians often lack the predictable, prospective funding needed to invest in staff, technology, care coordination infrastructure, and workflow changes that support value-based payment.

- Without meaningful reform, continued financial instability threatens patient access to comprehensive primary care services and accelerates consolidation within the health care system.

- The bipartisan *Patients First Act* (H.R. 9693), led by Drs. Kim Schrier (D-WA), John Joyce (R-PA) and Greg Murphy (R-NC), takes important steps to address these longstanding shortcomings by creating more stable physician payment, better supporting primary care, modernizing quality measurement, and reforming outdated budget neutrality requirements.

- The legislation addresses five key categories of interest to family physicians:

    - Stabilizes payment by providing an annual inflationary update based on the Medicare Economic Index;

    - Establishes a five-year primary care pilot program that would provide a prospective, per-member-per-month payment to clinicians in independent practices;

    - Replaces the Merit-based Incentive Payment System with a new program and establishes a physician-led quality measurement task force at HHS to ensure that each specialty has more clinically relevant quality measures, decided upon by their peers;

    - Reforms long-outdated budget neutrality requirements for physician payment, which have not been changed since the 90's; and

    - Freezes the existing advanced alternative payment model threshold for three years while giving the Secretary additional flexibility to further reduce thresholds if necessary to drive participation into new models.

[redacted]