IDSA advocacy on Medicare practice expense cuts

Impacts and implications for infectious diseases physicians

The issue

The Centers for Medicare & Medicaid Services finalized a significant change to the 2026 Medicare Physician Fee Schedule that reduces practice expense reimbursement for services provided in facility settings. This policy, effective Jan. 1, 2026, substantially cut physician compensation across numerous specialties, with infectious diseases specialists facing the most severe impact.

For facility-based infectious diseases physicians, **the practice expense reductions represent a 9% cut in total reimbursement.** When combined with broader fee schedule adjustments, infectious diseases specialists face an overall 6% reimbursement reduction, making our specialty the hardest hit among all medical disciplines. This development is particularly concerning given that infectious diseases ranks as the third-lowest-paid specialty nationally and is currently experiencing critical workforce shortages, with only 45% of training program positions filled in the last year.

Call to action

Urge your senators and House representative to exempt nonprocedural services from practice expense cuts to protect the services that are already severely undervalued, including ID care. Even if you contacted Congress about this issue last year, it is critical to weigh in again before **Jan. 30**, especially as our strategy has evolved to a more targeted solution. Please complete our action alert.

Why this matters for patient care

Direct clinical impact

The practice expense component of Medicare reimbursement supports essential services that directly enable patient care in hospital and facility settings. These services include:

- Infection prevention and control activities
- Antimicrobial and diagnostic stewardship programs
- Multidisciplinary care coordination
- Outbreak readiness and response capabilities

Reducing reimbursement for facility-based providers will necessarily constrain resources available for these critical functions. The timing is particularly problematic, with implementation occurring at the peak of influenza season in January.

Access to care concerns

The practice expense cuts threaten access to essential hospital-based care in several ways:

- **Recruitment challenges:** Lower reimbursement further diminishes the specialty's attractiveness to medical students and residents, exacerbating existing workforce shortages.
- **Rural and underserved areas:** Independent physician groups serving rural and regional markets cannot absorb significant payment reductions and maintain independent operations.
- **Practice consolidation:** Financial pressure will accelerate the sale of independent practices to hospitals and health systems, contrary to CMS' stated goals of supporting physician-owned independent practices.

The CMS policy: Flawed premises and inadequate evidence

CMS classified many specialists as "facility based," implying direct hospital employment and cost sharing. However, the reality is more complex. Many facility-based physicians operate as independent practitioners or professional corporations that:

- Pay their own rent for office space and utilities
- Employ and train administrative and clinical support staff
- Fund ongoing equipment, information technology and quality improvement expenses
- Maintain biosafety and compliance infrastructure

These physicians incur substantial overhead costs that CMS assumes would be covered through hospital facility fees, but these costs are not adequately reflected in facility reimbursement structures.

Insufficient data-driven rationale

CMS' core assumption, that practice expense payments for facility-based services are excessive, lacks sufficient evidentiary support:

- **Existing differential insufficient:** CMS has not demonstrated why the existing difference between facility and non-facility PE rates (which is already lower for facility settings) is inadequate.
- **No comparative analysis**: CMS failed to provide data showing why current facility PE values are excessive.
- **Simultaneous data request:** CMS finalized this policy while simultaneously requesting data from stakeholders to prove or disprove its core assertion, evidence that the agency moved forward without adequate evidence.
- **Complex procedures not considered:** Some procedures that cannot be safely performed in office settings can only be performed in facilities, yet this reality appears absent from the CMS analysis.

Inadequate transition timeline

The final rule was released in November 2025, with implementation just six weeks later on Jan. 1, 2026. This compressed timeline was insufficient for physicians and organizations to plan for substantial payment reductions and adjust operational models.

IDSA's congressional proposal

After discussions with House Republican leadership, a complete moratorium on the practice expense cuts proved unlikely. However, congressional leadership indicated receptiveness to a targeted alternative solution.

The ask: Exemption for non-procedure-based services

IDSA is requesting that Congress provide an exemption from practice expense cuts for non-procedure-based services, which include:

- Hospital medicine
- Emergency care
- Critical care
- Infectious diseases

These services represent what is appropriately characterized as primary care delivered in hospital settings. Historically, these codes have been persistently undervalued in Medicare reimbursement, and the specialty cannot absorb additional cuts.

IDSA estimates that an exemption for these non-procedure-based codes would have minimal fiscal impact, approximately 7 figures in program costs. This low cost reflects the relatively small proportion of total fee schedule spending represented by these codes, making this both clinically sound and fiscally responsible policy.

IDSA is seeking a member of Congress with a history of supporting health care provider issues to serve as the lead sponsor of draft legislation providing this targeted exemption. House Republican leadership on the GOP Doctors Caucus side has indicated that this approach is reasonable and pragmatic.