



## DELAY THE EFFICIENCY ADJUSTMENT

### Issue Background

The Centers for Medicare & Medicaid Services (CMS) finalized a rule on October 31, 2025, reducing work Relative Value Units (wRVUs) and intra-service time for all non-time-based codes by 2.5% in 2026, with additional reductions every 3 years, indefinitely. The policy assumes services become more efficient over time and, effectively, in perpetuity—an assumption not supported by evidence.

Even when there are efficiency gains, they are not universal. Complex cases and teaching environments often require more time and are not exempted in the rule. In addition, new technology often adds, not reduces, physician time. CMS's policy also includes services that have been recently reviewed or revalued by the American Medical Association/Specialty Society Relative Value Scale Update Committee (RUC).

The RUC takes a structured and systematic approach to evaluate the resources needed for medical procedures and services. Recommendations are based on data from practicing clinicians, including the time and intensity (effort, skill, and stress) required to provide a service. The CMS efficiency adjustment disregards this data. In fact, when a recommendation on the valuation of a service is made to CMS, the Agency can accept or reject the recommendation as a whole or in part.

The adjustment is based on the productivity component of the Medicare Economic Index (MEI), which measures economy-wide productivity, not physician-specific work. While the MEI could be useful in accounting for the rising cost of care delivery, there is, unfortunately, no automatic inflationary adjustment to account for these costs included in the Medicare Physician Fee Schedule (PFS).

The recurrence of the efficiency adjustment will have severe consequences for physician compensation, even beyond direct Medicare PFS reimbursement. Many physician employment contracts are based on wRVUs or total RVUs, meaning reductions in these values will decrease physician compensation despite no reduction in actual work performed. The inability to anticipate the magnitude of future RVU reductions introduces ongoing uncertainty, making it difficult for physicians to structure fair and sustainable employment agreements, while adding another layer of financial unpredictability for private practice physicians.

### How Congress Can Help

The efficiency adjustment should be paused and reassessed with data that support its application. Cosponsor the ***Efficiency Adjustment Delay Act (H.R. 7520)***, which would:

- Stop the application of an efficiency adjustment until at least January 1, 2030.
- Require CMS to supply evidence to justify the application of an across-the-board adjustment.
- Require certain conditions be met, if an adjustment is justified. Specifically, the adjustment could be applied only one time; services that have been revalued or reviewed within 10 years would be exempt; and the PFS conversion factor must be raised.
- Preserve and build into the conversion factor baseline the 2026 +0.49% adjustment caused by the efficiency adjustment, which helps support payment adequacy for primary care services.