

PAYMENT REFORM

AAOS is grateful to Congress for enacting a +2.5% increase to physician payments in 2026. However, the cost of providing medical services to our seniors continues to grow exponentially, yet physicians' Medicare reimbursement has **decreased by 33 percent** since 2001 when adjusted for inflation in practice costs. There is more work to be done to ensure physicians can continue providing high-quality, affordable, accessible care to America's seniors.

The Medicare Physician Fee Schedule is the only Medicare payment system that is not tied to inflation, a reality that is not sustainable as the Medicare population grows faster than ever in this time of continued economic uncertainty. While hospitals and other facilities receive annual inflation adjustments, physicians do not, and this fundamental difference in financial stability has contributed to the consolidation of more independent practices and physician offices into larger healthcare systems. The best way to ensure patients can continue to choose to see their independent community physician is for congress to enact long-term foundational reform by tying physician payments to the Medicare Economic Index (MEI).

While Congress took a meaningful step to improve physician payments in 2026, the Centers for Medicare and Medicaid Services (CMS) recently proposed changes that will counteract this effort. If these proposals are finalized, orthopaedic surgeons will face significant cuts due to a misguided "efficient adjustment" and a change to how physicians are paid for procedures they perform in hospitals and ambulatory surgery centers. We ask that CMS and Congress work with physicians to achieve the intents of these policies in ways that will not compromise patient safety and access to needed musculoskeletal care.

AAOS stands ready to work with Congress on thoughtful, deliberate proposals to ensure physicians are appropriately paid for the care they provide now and in the future. Patients deserve to have a choice in who provides their care and independent practices will only survive if we come together to act now.



AAOS calls on Congress to enact legislation to tie physician payments to inflation using the Medicare Economic Index (MEI)

- It is important that this is done in a way that meaningfully increases physician payments in the early years of the budget window to help right size payments after decades of inflation-adjusted cuts.