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What Pathologists Need to Know About the Proposed 2027 Medicare Physician Fee Schedule

On July 14, 2026 the Centers for Medicare & Medicaid Services (CMS) released the proposed Calendar Year (CY) 2027 Medicare Physician Fee Schedule (MPFS), introducing several policy changes that could significantly impact pathology reimbursement and quality reporting over the coming years.

For pathology practices, the proposed rule continues a trend of declining Medicare reimbursement while expanding quality reporting expectations. Despite extensive advocacy from the College of American Pathologists (CAP) and other physician organizations, CMS is moving forward with payment policies that will reduce reimbursement for many pathology services.

APS Medical Billing has closely reviewed the proposed rule and identified the provisions most relevant to pathologists. This white paper outlines those impacts and offers insights to help your practice prepare for the changes ahead.

The proposed 2027 Medicare Physician Fee Schedule reinforces the importance of proactive revenue cycle management. As reimbursement pressures continue to mount through payment reductions, ongoing physician work RVU adjustments, and evolving quality reporting requirements, pathology practices should closely monitor reimbursement trends, ensure coding accuracy, and identify opportunities to protect revenue and maintain financial stability.

While the rule remains proposed and public comments will be accepted through September 14, 2026, pathology groups should begin evaluating the financial and operational impact now.

Continued Pressure on Pathology Reimbursement
CMS continues physician work 'efficiency adjustments,' affecting nearly all pathology services. The expiration of the 2.5% temporary payment relief at the end of 2026 combined with other proposed policies is projected to reduce pathology reimbursement by approximately 2.42% in 2027. CMS also proposes a non-APM conversion factor of $32.8409, about 1.7% lower than 2026.

Surgical Pathology Code Family Under Review
CMS is requesting comments on whether the 88305 surgical pathology code family is potentially misvalued following a nomination by the Maryland Health Care Commission. No immediate changes are proposed, but future valuation changes could significantly affect pathology practices.

Fine Needle Aspiration Updates
CMS proposes RUC-recommended changes: CPT® 10005 decreases from 1.42 to 1.35 RVUs (+20% increase to proposed NF payment in 2027); CPT 10006 increases from 0.98 to 1.00 RVUs (+66% increase to proposed NF payment in 2027). CMS also accepted the revised practice expense inputs recommended by the RUC.

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Quality Payment Program
CMS proposes mandatory MIPS Value Pathways beginning in 2029, replacement of high-priority measures with core measures, new developed improvement activities, and continued emphasis on specialty-specific quality reporting.

Advanced APMs
CMS proposes aligning QP determinations at the NPI/TIN level rather than solely at the NPI level. The Consolidated Appropriations Act 2026 will provide for a 3.1% APM incentive payment beginning in 2028.

Preparing for What's Next
Pathology practices should model financial impacts, review reimbursement trends, optimize coding accuracy, strengthen MIPS reporting, and engage in advocacy.

Visual Summary: How the 2027 MPFS Impacts Pathology

Category	2026 Final	2027 Proposed	Impact on Pathology
Non-APM Conversion Factor	$33.4135	$32.8409	Approximately 1.7% decrease in Medicare physician payment before CPT-specific RVU changes.
Temporary Congressional Payment Relief	+2.5% payment relief in effect through Dec. 31, 2026	Expires	Loss of temporary relief contributes to an estimated 2.42% overall reduction in pathology reimbursement.
Physician Work Efficiency Adjustment	Efficiency adjustment implemented	Continues	Continued downward pressure on physician work RVUs affecting nearly all pathology CPT codes.
Potentially Misvalued Code Review	No major pathology review	CMS requests comments on CPT 88305 code family	Could result in future RVU revaluation and reimbursement reductions for one of pathology's highest-volume services.
MIPS Performance Threshold	75 Points	75 Points (unchanged)	Practices must continue achieving 75 points to avoid payment penalties.
MIPS Reporting Structure	Traditional MIPS or MVP optional	MVPs remain optional but mandatory beginning Performance Year 2029	Pathology practices should begin preparing now for future mandatory MVP reporting.
Quality Measure Requirement	At least one High-Priority Measure	At least one Core Measure	Pathology practices will need to report one of the designated pathology core measures or attest if none apply.
Advanced APM Incentive	Existing APM framework	3.1% incentive payment begins in 2028; revised NPI/TIN determination proposed	Continued incentive for participation in qualifying Advanced APMs.

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APS Medical Billing continues to advocate for fair valuation of pathology services and will keep our clients informed as CMS finalizes the 2027 rule.

If you have questions about how these proposed changes may impact your reimbursement or would like help modeling your exposure under the new rule, please reach out to your APS Practice Manager. We are here to help you protect your revenue and navigate these changes with confidence.

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