

Flawed Policy Proposal Puts Independent Physicians at Risk

Making Matters Worse

New CMS Proposal Threatens Independent Medicine

Background

The Centers for Medicare & Medicaid Services (CMS) recently released its proposed [Medicare Physician Fee Schedule \(PFS\) for 2026](#). Buried within its 1,803 pages is an ill-considered policy that would harm independent practices by sharply reducing indirect practice expense reimbursement not just to those medical groups that are owned or employed by hospitals but also to independent physicians who deliver services in hospital settings. As a result, **this policy exposes independent practices to even more cuts**, compounding the substantial damage already being done by insurers who are abusing the federal *No Surprises Act* (NSA).

As documented by AFHC [national surveys](#) and [Impact Alerts](#), insurers are [slashing](#) payments, [pushing providers](#) out-of-network, [shifting healthcare costs](#) onto patients, [refusing to pay](#) arbitration-determined amounts, and engaging in [“shared savings” kickback schemes](#). These abuses violate Congressional intent, reduce patients’ access to care, and are forcing the consolidation of many independent physicians into health systems.

Unfortunately, CMS’ new proposal threatens to make this bad situation even worse. As highlighted by the House Ways & Means Committee in its hearing on the [Collapse of Private Practice](#), independent medicine is under fire due to insurer abuse, rising costs, and declining reimbursement. CMS’ ill-considered proposal would exacerbate this crisis, directly undercutting the agency’s goal of preventing harmful consolidation. **Instead of preserving patient access and competition, CMS risks accelerating the very trend it seeks to reverse: the absorption of independent practices into large, vertically integrated health systems.**

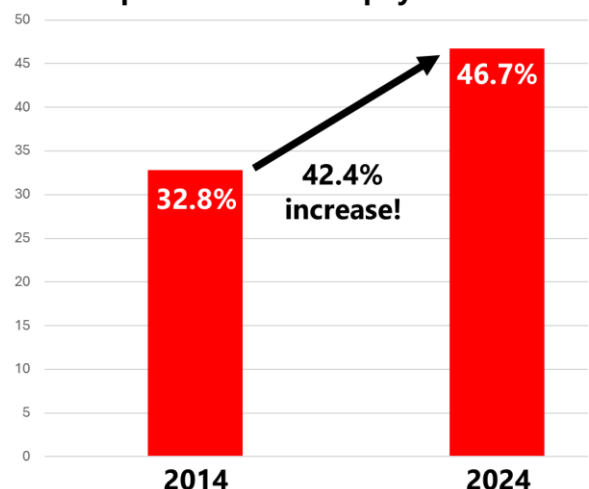
AMA Data Reveals the Severity of This Problem.

According to a new [AMA analysis](#), private practices now account for **less than half** of U.S. physicians in most specialties. In fact, consolidation into health systems has skyrocketed **more than 40%** – *just over the past decade!* If finalized, CMS’ proposed cut will disproportionately harm the remaining independent physicians who deliver services in hospitals, driving further consolidation and putting an end to many independent practice groups.

Protect Independent Practices!

To prevent even more consolidation and access loss, CMS should modify its proposed policy to differentiate independent physicians from those who are owned or employed by hospitals.

Hospital-owned medical groups and hospital-employed physicians, as a percent of all U.S. physicians



Immediate Action is Needed to Preserve Independent Medicine

