Final Medicare PFS rule fails to address fundamental concerns

Society of Dermatology Physician Associates (SDPA) calls on policymakers to protect patient access to dermatology services

WHAT THIS MEANS FOR YOU

Starting January 1, 2027, Medicare will pay less for many of the services dermatology PAs provide every day. Here is the short version:

- **How much:** Dermatology faces an estimated 6% cut in Medicare payments in 2027.
- **Same-day care:** When you see a patient and perform a minor procedure, such as a biopsy, in the same visit, Medicare will pay 20% less for the lower-paid of the two services.
- **Why it matters:** Lower payments strain practices and can push care into extra visits, which delays diagnosis for patients, including for skin cancer.
- **What SDPA is doing:** We will press CMS and Congress throughout 2027 to reverse or limit these cuts and protect patient access.
- **What you can do:** Share how these cuts affect your patients and practice, and watch for SDPA action alerts.

The details follow.

ABOUT THE FINAL RULE

The Centers for Medicare & Medicaid Services (CMS) released the Calendar Year 2027 Medicare Physician Fee Schedule (PFS) final rule on November 4, 2026. The rule takes effect January 1, 2027.

While SDPA recognizes that CMS responded in part to the dermatology community's comments and concerns in the July proposed PFS rule, the final rule falls short in three ways that matter to our members and their patients:

1. It only partially addresses the Modifier 25 concerns raised on the proposed rule.
2. It reduces overall payments to dermatology providers by an estimated 6%.
3. It will create new hurdles for patients who need serious conditions treated quickly.

SDPA will keep working with CMS and members of Congress throughout 2027 to fix these problems.

MODIFIER 25: A PARTIAL FIX, NOT A SOLUTION

CMS scaled back its proposed Modifier 25 policy, but still cuts payment for same-day care. In July, CMS proposed paying the lower-valued service at 50% whenever a separately identifiable office E/M visit is billed with Modifier 25 on the same day as a procedure. After strong opposition from dermatology and other specialties, the final rule:

- Reduces the lower-paid service by 20% instead of 50%.
- Applies only to procedures with a 0-day global period, dropping 10- and 90-day global procedures from the policy.

SDPA appreciates that CMS listened to the community's concerns. But 0-day procedures such as skin biopsies and lesion destructions are the core of everyday dermatology. When a patient comes in for one concern and the clinician finds a suspicious lesion, evaluating and biopsying it in the same visit is the right care. A same-day payment cut penalizes efficient, patient-centered practice.

AN ESTIMATED 6% CUT TO DERMATOLOGY

Dermatology providers face an estimated 6% reduction in Medicare payments in 2027. CMS's own impact analysis lists dermatology among the hardest-hit specialties, driven largely by the Modifier 25 policy and changes to practice expense methodology.

That cut lands on top of a lower conversion factor. The 2027 conversion factor for clinicians outside qualifying alternative payment models falls to about $32.63, a decrease of roughly 2.3% from 2026, and a deeper cut than CMS proposed in July.

Dermatology PAs feel these cuts directly. Medicare generally pays for PA services at 85% of the physician fee schedule, so every reduction to the schedule reduces payment for PA-delivered care by the same proportion. For practices already operating on thin margins, sustained cuts make it harder to hire, retain staff and keep clinics open, especially in rural and underserved communities where PAs often provide much of the dermatology care available.

PATIENT ACCESS TO CARE CONCERNS UNADDRESSED

The final rule does not address the serious problem of patient access to dermatology care, and its payment policies may make that problem worse. Many patients already wait weeks or months for a dermatology appointment.

By cutting payment for same-day evaluation and procedures, the rule creates a financial incentive to split care across multiple visits. For patients, that can mean:

- A second appointment, often weeks later, before a suspicious lesion is biopsied.
- Additional copays, travel, time off work and childcare costs.
- Delays in diagnosing skin cancers, including melanoma, where early detection dramatically improves survival.

These hurdles fall hardest on older adults, patients in rural areas and those with limited means, the very Medicare beneficiaries who can least afford delays in care.

SDPA'S WORK CONTINUES IN 2027

The final rule is not the end of this fight. SDPA will continue to work with CMS and members of Congress throughout 2027 to address these issues. Our priorities include:

- Pressing CMS to reverse or further limit the Modifier 25 payment reduction in future rulemaking.
- Supporting congressional action to stop the 2027 cuts and to put Medicare physician and PA payment on a stable, inflation-adjusted footing.
- Making patient access to timely dermatology care central to every conversation with policymakers.
- Working alongside our partners across the dermatology community to present a united voice.

"Dermatology PAs see every day what timely care means for our patients," said Andrew Baker, MBA, MPAS, PA-C, Board President of SDPA. "CMS heard part of our message, but this rule still cuts payment for the same-day care that catches skin cancer and other serious skin diseases early. We will keep working with CMS and Congress in 2027 until Medicare's reimbursement policies put patients first and ensure broad patient access to dermatology services."

MEMBERS CAN HELP NOW

Share how these cuts will affect your patients and practice, and watch for SDPA action alerts asking you to contact your members of Congress.