

Cost Guide



The Cost performance category is intended to assess MIPS eligible clinicians on their ability to manage their patients' use of health care resources under the Medicare program. For 2026 performance, which affects payments for 2028, the Cost performance category weight is 30%. As has been the case in previous years, no additional reporting is necessary to comply with the Cost component of MIPS.

MIPS COST MEASURES

For 2026, performance in the Cost performance category may be assessed on up to 35 cost measures: The first two measures have been included in MIPS since the first performance year:

- Medicare Spending Per Beneficiary (MSPB) – Evaluates Medicare Part A and B costs in the period immediately prior to, during, and following a patient's inpatient hospital stay. This episode is defined as 3 days prior to an inpatient hospitalization, the hospitalization itself, and 30 days after an inpatient hospitalization. For medical episodes (as opposed to surgical episodes), beneficiaries are attributed to any TIN that provides at least 30% of the evaluation and management (E/M) visits during the inpatient stay, and then to any clinician within the TIN who provides one of those E/M visits.
- Total Per Capita Cost (TPCC) – Evaluates all Medicare Part A and B costs associated with any beneficiary over a year. This measure relies on a two-step attribution process that assigns a beneficiary to a single clinician based on the amount of primary care services received and the clinician specialties that perform these services. Certain specialists, including physical medicine and rehabilitation (PM&R), are excluded under this measure's attribution methodology. Despite this exclusion, PM&R physicians have historically been scored on this measure, particularly if they participate in MIPS at the group level and their group includes other specialists or non-physician practitioners such as PAs and NPs who trigger attribution for the group as a whole; however, CMS has made updates to the measure methodology starting with 2026 performance to limit instances when the measure is attributed to highly specialized groups based solely on billing of advanced care practitioners.

The other 33 measures are episode-based cost measures, which are focused on either procedures, acute inpatient medical conditions or chronic conditions, along with one measure triggered by an emergency department visit:

- Procedural episodes
 - » Elective outpatient percutaneous coronary intervention (PCI)
 - » Knee arthroplasty
 - » Revascularization for lower extremity chronic critical limb ischemia
 - » Cataract removal with intraocular lens (IOL) implantation
 - » Screening/surveillance colonoscopy
 - » Non-emergent coronary artery bypass graft (CABG)
 - » Femoral or inguinal hernia repair
 - » Elective primary hip arthroplasty
 - » Lumpectomy, partial mastectomy, simple mastectomy
 - » Lumbar spine fusion for degenerative disease, 1-3 levels
 - » Hemodialysis access creation
 - » Renal or ureteral stone surgical treatment
 - » Acute kidney injury requiring new inpatient dialysis
 - » Melanoma resection
 - » Colon and rectal resection

continued »

MIPS

Cost Guide

- Acute inpatient medical episodes
 - » Intracranial hemorrhage or cerebral infarction
 - » Inpatient percutaneous coronary intervention (PCI)
 - » Lower gastrointestinal hemorrhage (at group level only)
 - » Inpatient chronic obstructive pulmonary disease (COPD) exacerbation
 - » Sepsis
 - » Psychoses and related conditions
 - » Respiratory infection hospitalization
- Chronic condition episodes
 - » Asthma/COPD
 - » Diabetes
 - » Depression
 - » Heart failure
 - » **Low back pain**
 - » Chronic kidney disease (CKD)
 - » End-stage renal disease (ESRD)
 - » Rheumatoid arthritis
 - » Prostate cancer
 - » Kidney transplant management
- Care setting episodes
 - » Emergency Medicine

The **bolded low back pain chronic condition measure** is most likely to be attributed to PM&R physicians at the individual level. Additionally, CMS continues to work on developing additional episode-based cost measures that might be more relevant to the specialty in the future.

For procedural episodes, CMS will attribute episodes to each MIPS eligible clinician who renders a trigger service (identified by HCPCS/CPT procedure codes specific to each episode).

For acute inpatient medical condition episodes, CMS will attribute episodes to each MIPS eligible clinician who bills at least one inpatient evaluation and management (E&M) service under a group practice (i.e., Tax ID Number or TIN) that renders at least 30% of the inpatient E&M claim lines during the inpatient stay.

For chronic conditions, CMS will attribute episodes to the group that renders services that make up a “trigger event” (i.e., two claims – either two E&M claims or an E&M claim followed by a condition-related HCPCS/CPT code – billed in close proximity by the same group with a diagnosis code for the chronic disease captured by the measure). CMS will then attribute episodes to each MIPS eligible clinician within an attributed group that renders at least 30% of qualifying services during the episode.

For the care setting episode, CMS will attribute episodes to any clinician that bills a trigger emergency department E/M visit.

continued »

MIPS

Cost Guide

COST MEASURE ELIGIBILITY

Clinicians and groups will only be scored on the aforementioned cost measures if they are attributed a sufficient number of patients¹:

- For the MSPB, a minimum of 35 patients must be attributed to the clinician or group.
- For the TPCC measure, 20 patients must be attributed to the clinician or group.
- For procedural episode-based cost measures, 10 episodes must be attributed to the clinician or group.
- For acute inpatient medical condition episode-based cost measures, 20 episodes must be attributed to the clinician or group.
- For chronic condition episodes, 20 episodes must be attributed to the clinician or group.
- For the care setting episode, 20 episodes must be attributed to the clinician or group.

Depending on practice patterns, a clinician could be held accountable for multiple cost measures.

HOW IS COST SCORED FOR 2026?

CMS will assign 1 to 10 achievement points to each scored measure based on the individual's or group's performance compared to a national benchmark based on 2026 performance year data (i.e., unlike quality measures, which are generally scored based on historical benchmarks). The benchmark is generally the range of national average costs for all MIPS eligible clinicians attributed to a specific cost measure. CMS recently revised the benchmarking methodology, effective with the 2024 performance period, so that it will now assign scores based on how many standard deviations a clinician's performance is from a median cost threshold set for that performance year. Previously, Cost performance category scores were assigned based on the percentile in which the clinician's cost performance fell. This revised methodology aims to more appropriately measure cost in relation to national averages and is expected to raise overall scores for clinicians performing near the median starting with the 2024 performance year.

If a clinician or group is scored on multiple cost measures, each measure will contribute equally to the clinician's or group's total MIPS Cost performance category score. If only one measure can be scored, that measure's score will serve as the Cost performance category score. If the clinician or group does not meet the minimum number of attributable patients for any of these measures, the clinician or group will not be held accountable for cost performance, and the entire weight of the Cost performance category (30% for 2026) will be redistributed to another category – most likely the Quality performance category.

Similar to the Quality category, MIPS eligible clinicians and groups are also eligible for a cost improvement score of up to 1 percentage point for year-to-year improvement at the Cost performance category level.

HOW TO REPORT COST FOR 2026

No additional reporting is necessary for the Cost component of MIPS. The cost measures are automatically calculated by CMS by evaluating claims data across the full 2026 calendar year.

ADDITIONAL INFORMATION

Additional information about the Cost performance category can be found [here](#), as well as through the [Quality Payment Program Resource Library](#).

¹ The level of analysis (individual vs. group) will depend on the level at which the clinician opts to participate in MIPS.