

# Supplemental Service Payments for Alternative Payment Models Guide

## Background

The Alternative Payment Model (APM) Incentive Payment is a lump sum payment for eligible clinicians who qualify as Qualifying Participant's (QP's). As established in the CY2017 final rule, QPs receive a payment equal to 5 percent of their estimated aggregate payments for Medicare Part B covered professional services for the base year. QPs are also excluded from the Merit-based Incentive Payment System (MIPS) reporting and payment adjustments for that year.

## Recent Congressional Updates

Congress has made several updates to the APM Incentive Payment in recent years:

- 2023 ([Consolidated Appropriations Act, 2023](#)): Congress extended the APM Incentive Payment for QPs in the 2023 performance period, providing a 3.5 percent payment in the 2025 payment year. This extension prevented a gap in incentives for advanced APM participation.
- 2024 Update: Congress established a 1.88 percent APM Incentive Payment for QPs in the 2024 performance period, payable in the 2026 payment year. Additionally, a 0.75 percent adjustment to the qualifying Alternative Payment Model (APM) conversion factor that will be applied to Medicare payments for covered professional services beginning in the 2026 payment year. As a result, the qualifying APM conversion factor that QPs receive will be approximately 0.5% higher than the non-qualifying APM conversion factor and each year this differential will grow by 0.5%.

| Conversion Factor                    | Annual PFS Update |
|--------------------------------------|-------------------|
| Qualifying APM conversion factor     | 0.75 percent      |
| Non-qualifying APM conversion factor | 0.25 percent      |

## What Happens After 2026?

There is no APM Incentive Payment for the 2025 performance year / 2027 payment year. For the 2025 Performance Year / 2027 Payment Year, QP will continue to benefit from a higher Medicare Physician Fee Schedule (PFS) Conversion Factor update—approximately 1.0% higher than the non-QP conversion Factor. There is a 3.1% APM Incentive Payment for the 2026 performance year / 2028 payment year.

QPs will continue to be excluded from MIPS reporting and payment adjustments for each applicable year.

## Supplemental Service Payments

The CY 2017 Quality Payment Program final rule recognizes that many APMs use incentives and financial arrangements that differ from usual fee schedule payments.<sup>1</sup> For the purpose of this rule, CMS defined three categories of payments:

- Financial risk payments
- Supplemental service payments
- Cash flow mechanisms.

CMS finalized that financial risk payments and cash flow mechanism payments will not be included in:

- The assessment of Qualifying APM Participants (QP) status or
- The calculation of the APM Incentive Payment.

CMS will determine whether supplemental service payments are in lieu of covered professional services paid under the PFS. CMS will add a supplemental service payment to the numerator and the denominator of the QP payment amount Threshold Score calculation if the payment satisfies four criteria:

1. Payment is for services that constitute physicians' services authorized under section 1832(a) of the Act and defined under section 1861(s) of the Act;
2. Payment is made for only Part B services under the first criterion above, that is, payment is not for a mix of Part A and Part B services;
3. Payment is directly attributable to services furnished to an individual beneficiary; and
4. Payment is directly attributable to an eligible clinician.

We also finalized that we will establish a process by which we notify the public of the supplemental service payments in all APMs and identify the supplemental service payments that will be included in the APM Incentive Payment calculations.<sup>2</sup> This process includes posting an initial list of supplemental service payments that would be included in our APM Incentive Payment calculations on the CMS website. Not all supplemental payments are used when calculating the APM Incentive Payment and QP status — the chart below pertains to only the models that have supplemental payments attributed to their calculations.

Thus, this document serves to notify the public that each of the payments listed in the table below meets the supplemental service payment criteria and therefore will be accounted for when calculating APM Incentive Payment amounts.

| APM                                             | Payment Type(s)                        | Model Payment Description                                                                                                                                                                       |
|-------------------------------------------------|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MDTCOC Primary Care Program (MD PCP)            | Care Management Fees                   | PBPM payment to fund investments in care management staff and activities not directly payable under the existing Fee-for-Service (FFS) payment system to meet care transformation requirements. |
|                                                 | Comprehensive Primary Care Payments    |                                                                                                                                                                                                 |
| Primary Care First – General Practice (PCF: GP) | Professional Population-Based Payments | Accept greater financial risk in exchange for reduced care delivery requirements and the possibility of higher performance-based payments.                                                      |

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<sup>2</sup> 81 FR 77484.

| APM                            | Payment Type(s)                                   | Model Payment Description                                                                                        |
|--------------------------------|---------------------------------------------------|------------------------------------------------------------------------------------------------------------------|
| Oncology Care Model (OCM)      | Monthly Enhanced Oncology Service Payments (MEOS) | Monthly payment for physician services (enhanced care management services required as part of OCM participation) |
| Enhancing Oncology Model (EOM) | Monthly Enhanced Oncology Service Payments (MEOS) | Monthly payment for physician services (enhanced care management services required as part of OCM participation) |

## Version History Table

If we need to update this document, changes will be identified here.

| Date       | Change Description |
|------------|--------------------|
| 08/05/2026 |                    |