



Federally Qualified Health Center & Intensive Outpatient Program Payment Rates: CY 2026 Update

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Implementation Date: January 5, 2026	Related CR Transmittal Number: R13506BP
Related CR Title: Calendar Year (CY) 2026 Update to the Federally Qualified Health Center (FQHC) Prospective Payment System (PPS) and Payment Rates for Intensive Outpatient Program (IOP) Services for FQHCs	

Affected Providers

- Federally Qualified Health Centers (FQHCs)
- Physicians

Action Needed

Make sure your billing staff knows about these payment rates for CY 2026:

- FQHC Prospective Payment System (PPS) base payment rate
- Intensive outpatient program (IOP) service rates

Background

Section 1834(o) of the [Social Security Act](#) established the FQHC PPS under Medicare Part B. Under the FQHC PPS, Medicare pays FQHCs based on the lesser of their actual charges or the PPS rate for all FQHC services you provide to a patient on the same day as a medically necessary face-to-face visit. We increase the FQHC PPS base payment rate annually by the FQHC market basket percentage.

We adjust the FQHC PPS base rate for each FQHC by the FQHC geographic adjustment factor (GAF). We adapt the FQHC GAF from the work and practice expense geographic practice cost indices in the Physician Fee Schedule.

Section 4124 of the [Consolidated Appropriations Act, 2023](#) established coverage and payment for the IOP benefit under Medicare. We pay FQHCs for IOP services at the same payment rate as hospitals. We don't use the costs associated with providing IOP services at an FQHC to determine payment amounts under the FQHC PPS. We base the IOP payment rates on the amount of IOP services you provide per day.

We pay Historically Excepted Tribal FQHCs for IOP services based on the lesser of the Historically Excepted Tribal FQHC's actual charges or the Medicare outpatient per-visit rate.

Key Updates

For CY 2026:

- The FQHC market basket is 2.5%, which we based on historical data through the second quarter of 2025
- The FQHC PPS base payment rate is \$207.72; this rate reflects a 2.5% increase above the 2025 payment rate of \$202.65
- The IOP payment rate for 3 or fewer services is \$319.38
- The IOP payment rate for 4 or more services is \$418.45

More Information

We issued CR 14309 to your MAC as the official instruction for this change. For more information, find your [MAC's website](#).

Document History

Date of Change	Description
December 8, 2025	Initial article released.

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