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Medicare Rates for Therapists

2026 Review

Prepared by Olivia King and Bimba Shrestha

Introduction

Medicare's psychotherapy rates have been in the news for the reason you'd expect: the dollar figure keeps climbing. A 60-minute individual session paid $141.47 in October 2020; today it pays $167.00, an 18% increase that gets cited, often uncritically, as proof that reimbursement for mental health care is finally catching up. For therapists deliberating whether to join a Medicare panel, or wondering if leaving insurance behind costs them anything, they should know what the pay rate is and how it is changing. That number, on its own, doesn't tell the whole story.

Once you adjust for what a dollar actually buys in 2026, that same session is worth about 6% less than it was in 2020, and nearly 11% less than it was at its 2021 peak. We built this review to put a number on a question we hear constantly from therapists who've gone private-pay, or are weighing it: is Medicare reimbursement actually keeping pace, or does the sticker price just make it look that way? We pulled CMS's own fee-schedule files for every year from 2020 through 2026, recalculated the national rate for the seven codes that make up most of an outpatient mental health practice, and adjusted every figure for inflation using the same price data the federal government itself relies on. Inflation affects every practice, Medicare-paneled or not, but a private-pay rate is one a therapist can adjust on their own timeline, not one set once a year by a formula in Washington.

What follows is a read of what Medicare psychotherapy reimbursement has actually done since 2020: how much of the "raise" is real, how the fee schedule quietly manufactures the appearance of one, which billing code has been hit hardest, and what it would add up to across a full Medicare caseload. That comparison feeds real decisions, including whether to apply for a panel, to remain on a panel, and how to price a private-pay rate against what insurance claims to offer. On the surface, Medicare's rates look like they're rising steadily. In real terms, they've been falling. If you've already moved away from insurance, or you're watching from the sidelines wondering whether paneling is worth the trade-off, the numbers below are a useful reality check on what that route actually pays once the sticker price is stripped away.

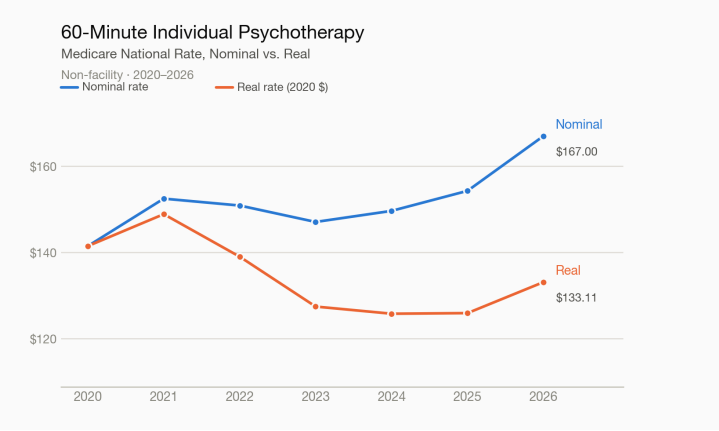


Figure 1. National Medicare rate for a 60-minute individual psychotherapy session (CPT 90837), nominal vs. inflation-adjusted, 2020–2026.

Data Sources

We pulled CMS's non-facility Physician Fee Schedule Relative Value Files for every year from 2020 through 2026, the file private-practice therapists bill against, and recalculated the national payment rate for seven psychotherapy and evaluation codes. To separate real change from nominal change, we restated every rate in 2020 dollars using the same inflation index the federal government itself relies on.

Findings

Methodology

For Medicare prices, physician services use Relative Value Units, or RVUs: a point system meant to capture the work, practice expense, and malpractice risk behind a given service. Each year, CMS multiplies a code's total RVU by a dollar figure called the conversion factor to arrive at the national payment rate. We pulled the non-facility Physician Payment/Practice RVU (PPRRVU) file for every year from 2020 through 2026, the file private-practice therapists would bill against as opposed to the lower facility rate, and recalculated the national rate for seven codes. These codes include the initial diagnostic evaluation, three individual psychotherapy session lengths (30, 45, and 60 minutes), family therapy with and without the patient present, and group psychotherapy.

To separate the real change from the nominal one, we restated every year's rate in 2020 dollars using the Bureau of Labor Statistics' CPI-U (all items), which is the standard, broad-basket inflation measure used throughout government and media reporting on the cost of living. A rate that rises by less than inflation, or falls outright, represents a real pay cut even when the number on the page goes up.

- CMS non-facility PPRRVU files, 2020–2026 (Work RVU, Practice Expense RVU, Malpractice RVU, and the annual conversion factor)
- Seven CPT codes: 90791, 90832, 90834, 90837, 90846, 90847, and 90853
- BLS CPI-U (all items), rebased to 2020 dollars, via FRED series CPIAUCSL

A note on the data. Two wrinkles are worth flagging. First, the 2020 rate reflects CMS's October release and the 2021 rate its April release; every other year uses the standard January release, so the 2020-to-2021 comparison spans a slightly different interval than the rest. Second, 2026 introduced two separate conversion factors under a new statutory formula: one for clinicians in Medicare's Qualifying Alternative Payment Model track, one for everyone else. We use the non-QPP rate throughout, since it's the default most private-practice therapists would be paid under. We hand-checked our calculations against CMS's own published worked example for the diagnostic evaluation code in 2024, and matched it to the cent.

The Raise Is Smaller Than It Looks

We tracked seven codes across seven years. In nominal dollars, every one of them pays more today than it did in 2020, with increases ranging from a modest 2.2% for family therapy to a healthier 20.7% for a 30-minute individual session. Averaged across all seven, Medicare's psychotherapy rates are up 13.0% since 2020. Adjusted for inflation, that same average is down 9.9%. Every single code we looked at, all seven, is worth less in real terms today than it was six years ago. There is no code where the raise actually kept pace.

+13.0% average nominal change across all seven codes, 2020–2026. −9.9% average real, inflation-adjusted change across the same seven codes. 7 of 7 codes are worth less in real terms today than they were in 2020.

Where the Raise Comes From

The mechanism behind this is worth understanding, because it isn't hidden. It's just spread across two numbers that rarely get printed next to each other. Medicare's conversion factor, the flat dollar figure applied to every code in the fee schedule, fell in five straight years, from $36.09 in 2020 to a low of $32.35 in 2025. This created a cumulative cut of more than 10%, before a modest rebound to $33.40 in 2026. Meanwhile, the work RVU assigned to a 60-minute psychotherapy session, essentially how much effort and skill CMS credits the code with, rose 26% over the same period, from 3.00 to 3.78.

> *"The RVU went up. The conversion factor went down. The headline number only tells you about the first one."*

Run those two numbers together and you get the headline this review opened with. The 60-minute session's nominal rate rose 18% because the total RVU behind the code climbed 27.6%, outrunning the conversion factor's 7.5% cut. That's not because Medicare decided psychotherapy deserved a real raise, but because one adjustment happened to outpace the other. Federal rules require the physician fee schedule to stay roughly budget-neutral: when CMS raises the value assigned to one set of services, the conversion factor applied to everyone typically comes down to offset it elsewhere in the schedule. Psychotherapy got some of the upward nudge. Every code, nudged or not, absorbed the downward cut equally. 2026 is the first year in our data where the conversion factor itself rose rather than fell, a genuine, if small, reversal. It has not been enough to undo six years of decline.

Family and Group Work Absorbed the Worst of It

Therapists who bill mostly individual sessions would have absorbed a real but survivable erosion under Medicare: 4% to 6% in real terms. Therapists whose work leans toward family or group sessions would have fared considerably worse. Family therapy's nominal rate rose just 2.2% total between 2020 and 2026, not even a single typical year of inflation, spread across six. In real terms, both family therapy codes we tracked are down 18.5%. Group psychotherapy fell 13.9%. That's roughly two to three times the real decline individual therapy absorbed over the identical period.

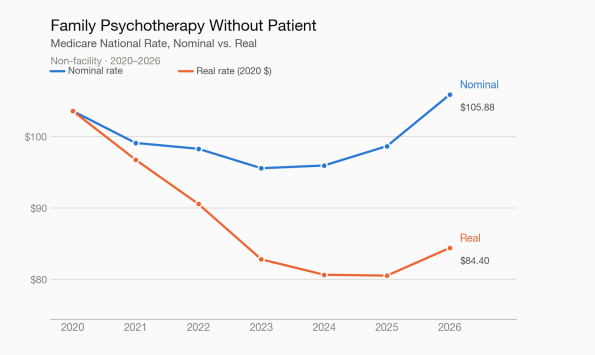


Figure 2. Family therapy without the patient present (CPT 90846), nominal vs. real, 2020–2026.

The reason traces back to the same RVU mechanism. When CMS pushed through the work-value increase that lifted individual psychotherapy codes in 2021, family and group therapy's work RVUs didn't move. They sat flat from 2020 through 2023. That meant three extra years where family and group codes absorbed the full conversion-factor cut with nothing to offset it. Relief finally started arriving in 2024, and by 2026 it had narrowed the nominal gap somewhat, but not nearly enough to close six years of ground lost while individual therapy was getting partial protection. For a therapist who does

meaningful relational or family work, this is one more reason paneling has looked like a worse deal than the topline numbers suggest.

Nobody Has Caught Up to 2021

Real rates for all seven codes peaked in either 2020 or 2021 and have been below that peak ever since. The diagnostic evaluation has fared worst: its real value is down 21.7% from its 2021 high, even after relatively strong nominal increases the past two years. The three individual therapy codes are each roughly 10% below their 2021 peak. None of the seven codes we tracked has recovered the ground it lost.

What a Medicare Caseload Actually Nets

Put a dollar figure on it, and the erosion stops being an abstraction. Below, we model four common caseload sizes a Medicare-paneled therapist might carry, all built on 60-minute individual sessions and assuming roughly 48 working weeks a year. The “shortfall” column is the gap between what Medicare would actually pay in 2026 and what it would be paying if the 2020 rate had simply kept pace with inflation: no raise, no cut, just parity with the cost of living.

Weekly 60-min. sessions	Sessions / year*	Actual 2026 revenue	Revenue if rates kept pace w/ inflation	Annual shortfall
15	720	$120,240	$127,786	−$7,546
20	960	$160,320	$170,381	−$10,061
25	1,200	$200,400	$212,976	−$12,576
30	1,440	$240,480	$255,571	−$15,091

** Assumes roughly 48 working weeks a year, after vacation, holidays, and the inevitable no-show. A caseload built on 45-minute sessions (CPT 90834) instead of 60-minute sessions sees the same pattern at smaller dollar amounts: a 25-client, 45-minute practice is short about $5,700 a year.*

None of this shows up as a single bad year on any one claim. It shows up as $7,000 to $15,000 a year that a Medicare-only caseload never actually nets: the quiet difference between the rate a paneled therapist is paid and the rate that would have kept pace with the cost of living. For anyone who left insurance behind, or never joined, it’s a reminder that Medicare’s rate isn’t a fixed benchmark. It has lost ground to inflation since 2021, and even this year’s increase hasn’t made that up.

These figures assume the full fee-schedule rate paid to physicians and psychologists. Clinical social workers, marriage and family therapists, and mental health counselors are paid 75% of that amount, so their actual revenue and shortfall would be roughly a quarter lower.

Further Discussion

None of this means Medicare made an active decision to underpay therapists specifically, or that paneled therapists are doing anything wrong by staying enrolled. What the data shows is closer to a structural drift: a fee-schedule mechanism that was never designed with any single specialty in mind, working exactly as designed, producing a result that happens to land hardest on relational and family-oriented care, the kind of work least reducible to a checklist.

That’s worth knowing on its own, separate from any judgment about who’s responsible. If you’re weighing whether Medicare paneling is worth adding, deciding whether to stay

private-pay, or pricing a private rate against what insurance claims to offer, the honest answer is that Medicare's payment structure has moved out from under paneled therapists a little every year, in a way that was never going to show up clearly on any single fee-schedule announcement.

We were glad to find one piece of real, if modest, good news: 2026 is the first year since our data began that the conversion factor rose rather than fell. If that continues, the six-year erosion described here could start to close rather than widen. One year isn't a trend, and we'd want to see two or three more before calling it one, but it's a better direction than the five years that came before it.

For therapists who've already left insurance behind, this is a useful data point to have on hand: the reimbursement they gave up was worth less than its sticker price implied for most of the last six years. For anyone still weighing the decision, it's a reason to look past the headline percentage on any rate announcement and ask what it's actually worth once inflation is priced in.

The Limits of This Analysis

A few honest caveats. These are national rates; actual payment depends on a locality's GPCI adjustment, which we didn't model here. We used the non-facility rate throughout, which is correct for the overwhelming majority of private practices but won't match a hospital-based or facility setting. CPI-U is a broad, general consumer basket. It's the standard way to talk about "inflation," but it won't perfectly track a therapy practice's actual cost structure, where rent, EHR software, supervision, and liability insurance may be rising faster or slower than the average American's grocery bill. This analysis covers Medicare only, a practice that also takes commercial insurance may see a different overall picture than what's here.

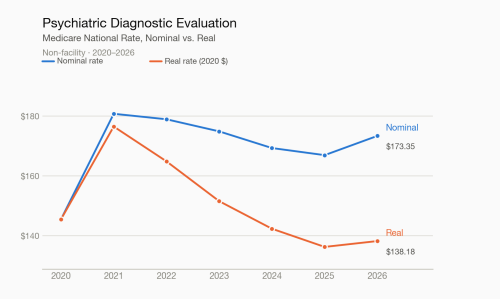
These are also the full fee-schedule amounts. Medicare pays clinical social workers, marriage and family therapists, and mental health counselors 75% of these rates, so most non-psychologist therapists would see meaningfully less than the figures shown here.

Appendix · Full Rate Table

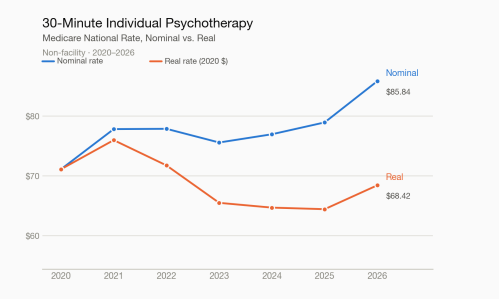
National non-facility Medicare rates by code and year, nominal and inflation-adjusted (2020 dollars, CPI-U all-items). This is the table behind every figure in this review.

Code	2020	2021	2022	2023	2024	2025	2026
Diagnostic eval. (90791) – nominal	$145.44	$180.75	$178.91	$174.86	$169.29	$166.91	$173.35
Diagnostic eval. (90791) – real (2020$)	$145.44	$176.48	$164.84	$151.52	$142.30	$136.22	$138.18
30-min individual (90832) – nominal	$71.10	$77.81	$77.86	$75.57	$76.95	$78.93	$85.84
30-min individual (90832) – real (2020$)	$71.10	$75.97	$71.74	$65.48	$64.68	$64.42	$68.42
45-min individual (90834) – nominal	$94.55	$103.28	$102.78	$99.97	$101.51	$104.16	$113.90
45-min individual (90834) – real (2020$)	$94.55	$100.84	$94.70	$86.63	$85.32	$85.01	$90.79
60-min individual (90837) – nominal	$141.47	$152.48	$150.88	$147.07	$149.64	$154.29	$167.00
60-min individual (90837) – real (2020$)	$141.47	$148.88	$139.01	$127.44	$125.78	$125.92	$133.11
Family, w/o patient (90846) – nominal	$103.58	$99.10	$98.28	$95.56	$95.94	$98.66	$105.88
Family, w/o patient (90846) – real (2020$)	$103.58	$96.76	$90.55	$82.80	$80.64	$80.52	$84.40
Family, w/ patient (90847) – nominal	$107.19	$102.59	$101.74	$99.63	$100.52	$102.86	$109.55
Family, w/ patient (90847) – real (2020$)	$107.19	$100.17	$93.74	$86.33	$84.49	$83.95	$87.32
Group psychotherapy (90853) – nominal	$28.15	$27.57	$27.34	$26.77	$27.18	$28.14	$30.39
Group psychotherapy (90853) – real (2020$)	$28.15	$26.92	$25.19	$23.20	$22.85	$22.97	$24.22

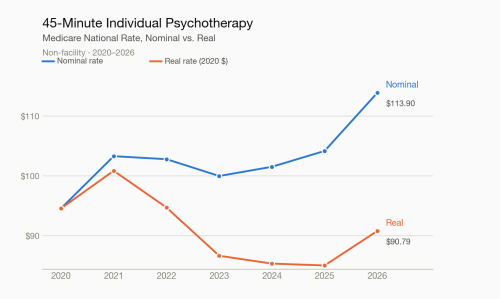
Appendix · All Seven Codes



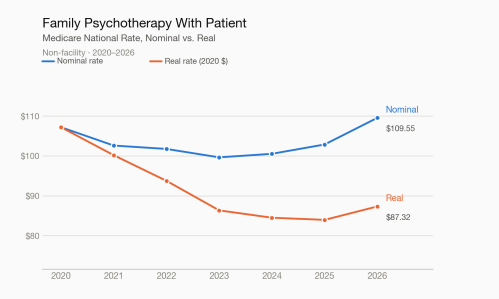
Intake evaluation (90791)



30-minute individual session (90832)



45-minute individual session (90834)



Family therapy, with patient present (90847)

Cited Sources

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Federal Reserve Bank of St. Louis. Consumer Price Index for All Urban Consumers: All Items in U.S. City Average (CPIAUCSL). FRED Economic Data. fred.stlouisfed.org/series/CPIAUCSL

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About this review

Practicepicnic builds practice-management software for private-pay therapists. This analysis was produced as an independent look at public Medicare data, not a sales document, because we think therapists deciding between insurance paneling and private pay deserve a straight answer about what Medicare reimbursement is actually worth, not just what the sticker price claims. The full code used to produce every figure and table in this review, along with the underlying rate table, is available on request.