



FAL Briefing Memo

June 2025

Please share with your component's leadership and members

U.S. Congress

- **Medicare Fee Schedule:** On May 22, 2025, the U.S. House of Representatives passed H.R. 1, the *One Big Beautiful Bill Act*, by a narrow vote of 215–214. The primary purpose of this package is the extension of the 2017 tax cuts, which are set to expire at the end of 2025. Additional legislative components include provisions related to Medicaid, student loans, defense, Medicare, and other areas. The House-approved bill proposes a *first step* toward a permanent annual payment update to the Medicare Fee Schedule, tied to the Medicare Economic Index (MEI) which is a measure of practice cost inflation. The inclusion of this provision was due largely in part to advocacy by APTA, AMA, ACR, and other provider groups who comprise the Medicare Fee Schedule Coalition who have long been pushing for an annual payment update for the fee schedule. The House bill includes \$9 billion in additional new funding added to the Medicare fee schedule to implement the annual payment update. If implemented it would raise the conversion factor for 2026 by 75% of MEI, potentially resulting in approximately +2.63% increase for that year. From 2027 onward, an annual payment increase would be set at 10% of the previous year's MEI.

The inclusion of a permanent Medicare Economic Index–based payment update in the House bill – while not nearly as robust as needed- represents an important *first* step and the first "down payment" toward true structural reform to the Medicare fee schedule system. If enacted, the next step would be to secure additional funding in order to increase the percentage of MEI of the annual payment increase.

On June 16, 2025, the Senate Finance Committee released its proposed Senate version of the budget reconciliation package, which stripped away many provisions from the House bill; the Senate proposal excludes the Medicare fee schedule provision supported by the House.

There is a significant policy divergence between the House-passed bill and the current Senate proposed bill on a number of provisions, including the Medicare fee schedule annual payment update, as well as provisions related to Medicaid. The Senate's omission of this provision of Medicare payment reform will be a key issue in upcoming House-Senate negotiations between the two competing proposals to reach a unified budget reconciliation package that must be able to pass both chambers.

A timeline for negotiations between the House and Senate and an agreed-upon package that can pass both chambers are unclear at this time and will likely stretch through the summer. APTA is advocating for the inclusion of a Medicare fee schedule provision to be added to the Senate proposal, as well as any final agreed-upon package and will continue to coordinate efforts with our fee schedule partners including the AMA. APTA is also coordinating our efforts aimed at the Senate with members of the House "Doc Caucus" who worked to have the fee schedule provision included in the House-passed bill.

- **Pelvic Health:** On Monday, June 23, 2025, APTA-supported bipartisan legislation was reintroduced in the U.S. House of Representatives, known as the *Optimizing Postpartum Outcomes Act*. This legislation would boost the role of postpartum health - including the role of pelvic health physical therapy - for Medicaid beneficiaries. The bill is co-sponsored by Reps. Don Bacon, R-Neb., and Lori Trahan, D-Mass.
- **Medicare Opt Out for PTs:** APTA legislation is being introduced later this week in the U.S. House of Representatives by Rep. Lloyd Smucker (R-PA) and Rep. Don Davis (D-NC) that would add physical therapists to the list of authorized providers who can privately contract or “opt out” under Medicare. The *Medicare Patient Choice Act* would provide physical therapists with new flexibility in how they can deliver care and new opportunities for their businesses.
- **Locum Tenens:** This week a senate-companion bill to H.R. 1517, the *Prevent Interruptions in Physical Therapy Act*, is expected to be introduced in the U.S. Senate on June 24, 2025, by Senators Ben Ray Lujan (D-NM) and Sen. John Bozeman (R-AR). This bipartisan APTA priority legislation would expand the use of locum tenens by physical therapists in private practice to all geographical areas in the U.S.
- **Prior Authorization:** On May 20, 2025, APTA-supported bipartisan legislation that takes on misuse of prior authorization in Medicare Advantage plans has been introduced in the 119th Congress in both the House and Senate. Known as the *Improving Seniors’ Timely Access to Care Act* (H.R. 3514 /S. 1816), the bill doesn't completely eliminate the use of prior authorization, but it would move Medicare Advantage toward a more transparent and less burdensome process — [a longtime policy goal for APTA](#). The legislation was introduced on May 20, 2025, by Sens. Roger Marshall, R-Kan., and Mark Warner, D-Va; and by Reps. Mike Kelly, R-Penn., Suzan DelBene, D-Wash., John Joyce, R-Pa., and Ami Bera, D-Calif. A previous version of the bill came close to being enacted into law at the end of 2024 but stalled before Congress adjourned. The newly reintroduced bill has strong momentum behind with over 160 endorsing organizations (including APTA), and 51 senators and 125 house members signed on as original co-sponsors.

Federal Agencies

- **CMS:** APTA developed and submitted a set of initial regulatory reform recommendations to the Centers for Medicare & Medicaid Services on how to address inefficiencies and enhance the delivery of physical therapist services under Medicare and Medicaid. The recommendations align with the administration's deregulatory objectives and APTA's public policy priorities. Specifically, APTA urged CMS to eliminate the 8-minute rule for outpatient therapy and replace it with the CPT midpoint rule; reduce the negative impact of the multiple procedure payment reduction; and streamline the health plan credentialing requirement. APTA will also respond to CMS' deregulatory request for information and submit comments on the skilled nursing facility and inpatient rehabilitation facility proposed rules by their June 10 due date.
- **Novitas:** APTA developed a letter and collaborated with the American Occupational Therapy Association to submit a joint request to Medicare Administrative Contractor, Novitas to update its existing therapy resources to reflect recent policy changes finalized in the CY 2025 Physician Fee Schedule final rule on plan of treatment, certification and re-certification. Novitas' posted Frequently Asked Questions in their current state are outdated so omit key information.

PT-PAC

- Can You Golf? We'll Find Out at the PTPAC Party During Leadership Congress. Please support our efforts on Capitol Hill with your colleagues at PTPAC's evening event during Leadership Congress. This year, the event will take place at [Swingers Dupont Circle](#). The event will be on Monday, July 14, from 8-10 p.m. You can buy tickets (\$100 each) when registering for Leadership Congress, which includes golf, drinks, and food. Experience crazy mini-golf, gourmet street food, and fun with your colleagues all in one night. All PTPAC Eagle club members receive one free ticket, but please contact [Michael Matlack](#) to reserve your ticket.

APTA Articles of Interest

- [APTA Advocacy Leads to Direct Access for Millions Covered by Aetna | APTA](#)
- [APTA Works With Congress to Address TRICARE Payment Issues | APTA](#)
- [APTA to CMS: It's Time to Reduce Admin Burden and Simplify the Delivery of Care | APTA](#)
- [Advocacy Update | APTA State Advocacy Map Highlights Legislative Initiatives Across the Country | APTA](#)