Joint GAC Briefing Memo

July 2025

Federal Agencies

- **Regulatory Relief RFI Response** – On June 10, 2025, APTA submitted a comprehensive response to the CMS Deregulation Request for Information. In addition to those items APTA urged CMS to address in a letter to the Administrator in May (replacement of the 8-minute rule for outpatient therapy, reduction of the negative impact of the multiple procedure payment reduction, and streamlining credentialing), APTA's included a broader set of recommendations spanning Medicare Parts A (post-acute care), B (outpatient), and C (Medicare Advantage). Among the items included were: expanding the plan of care signature exception to direct access patients and to recertification; eliminating enforcement of the KX modifier; making MIPS participation voluntary for physical therapists; establishing coverage and utilization uniformity across Medicare Advantage plans; allowing therapists to conduct the initial and comprehensive assessment for home health episodes of care; and removing the three-day inpatient stay requirement for skilled nursing facilities.

- **FY 2026 Skilled Nursing Facility Proposed Rule:** On June 10, 2025, APTA submitted comments in response to the fiscal year 2026 skilled nursing facility proposed rule which sets payment rates and change policy requirements in SNFs. The comments were developed in concert with APTA members in the post-acute care space and address various aspects of the applicable quality reporting programs and streamlining regulatory requirements to reduce administrative burden by removing the three-day inpatient stay requirement.

- **FY 2026 Home Health Proposed Rule:** On June 30, 2025, CMS issued its calendar year 2026 **proposed rule** for the home health prospective payment system. This rule would reduce home health payments by an estimated 6.4%, or $1.13 billion, in CY 2026 relative to 2025. This update includes a 3.2% market basket update, reduced by a 0.8 percentage point cut for productivity. The rule also includes several reductions that CMS proposes as necessary to achieve budget neutral implementation of the Patient-driven Groupings Model (PDGM). CMS also proposes a 0.5% reduction related to high-cost outlier payments. APTA will be publishing its summary of the proposed rule later this week and will be collaborating with the APTA Home Health Section on formulation of comments to CMS as well as member advocacy. CMS will accept comments on the proposed rule for 60 days following official publication in the Federal Register

Commercial Payers

- **Aetna:** On June 17, 2025, Aetna updated its policy to provide for unrestricted direct access to physical therapy services. Aetna will no longer require a referral or signed plan of care for physical therapy services. The sweeping change and significant win for the profession and patients comes in response to ongoing advocacy efforts by APTA with Aetna over numerous years. Across its health products, Aetna covers over twenty-six million members.

U.S. Congress

- **PT 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* (H.R. 4074). This legislation would expand education and access to pelvic physical therapy for Medicaid beneficiaries. The bill is co-sponsored by Reps. Don Bacon, R-Neb., and Lori Trahan, D-Mass. View the APTA position paper on the legislation **HERE.**

- **Proposed Cuts to Medicaid (H.R. 1):** On June 24, 2025, APTA, along with other members of the Coalition to Preserve Rehabilitation (CPR) and Habilitation Benefits (HAB) Coalition **sent a letter to** Senate Majority Leaders Thune, Senate Minority Leader Schumer, and the ranking members of the Senate Health, Education, Labor, and Pensions Committee to express opposition regarding the proposed Medicaid cuts proposed in the Senate's proposed reconciliation package (H.R. 1). The coalition stated that these cuts pose serious and dangerous threats to the ability of Medicaid enrollees living with disabilities and other chronic conditions to access the medically necessary rehabilitation and habilitation services and devices they need to recover from injury or illness, regain function, and live as independently as possible. Members of the coalition urged the Senators to reject these harmful cuts to Medicaid and preserve access to rehabilitation and habilitation services across the continuum of care.

- **Proposed Cuts to Federal Student Loans (H.R. 1):** On June 24, 2025, APTA joined with sixty other provider groups in a letter to the U.S. Senate expressing opposition to proposed cuts to federal student loan programs. Of note, the letter urged the Senate to preserve subsidized federal loans for undergraduates, preserve the Grad PLUS Program, and increase the proposed aggregate limit for unsubsidized federal loans, which includes lifetime borrowing for both undergraduate and graduate education.

- **Medicare Opt Out for PTs**: On Friday, June 27, 2025, APTA legislation was introduced 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* (H.R. 4204) would provide physical therapists with new flexibility in how they can deliver care and new opportunities for their businesses. View the APTA position paper on the legislation **HERE.**

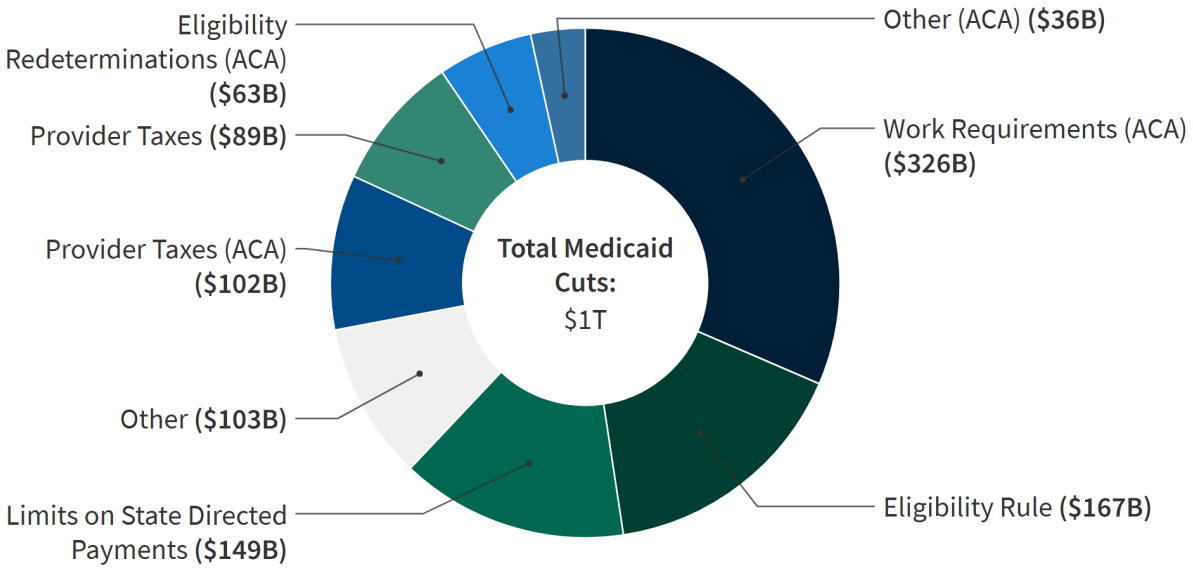
- **Budget Reconciliation (H.R. 1)**: On July 4, 2025, President Trump signed H.R. 1 (aka "One Big Beautiful Bill") that utilized the process known as "budget reconciliation" in order to pass Congress. The main purpose of the bill was to extend the tax cuts enacted by the *Tax Cuts and Jobs Act of 2017* that are set to expire at the end of 2025. However, the legislation included a number of problematic provisions that APTA advocated against that will impact health care, most notably Medicaid, and federal student loans:

  Medicaid. APTA joined with **provider and patient organizations** in opposing proposed **cuts to the Medicaid** program under H.R. 1. Unfortunately, the enacted legislation will make approximately $896 billion in cuts to Medicaid over the next ten years. The five biggest sources of Medicaid cuts include:

  - Mandating that adults who are eligible for Medicaid through the ACA expansion meet work and reporting requirements ($326 billion). The bill requires adults younger than 65 enrolled in the Medicaid expansion population to report monthly on whether they meet the 80-hours per month of community engagement requirement. There are exceptions for parents with children aged thirteen or younger, and seasonal workers to qualify based on average monthly income.
  - Repealing the Biden Administration's rule simplifying Medicaid eligibility and renewal processes ($167 billion).
  - Establishing a moratorium on new or increased **provider taxes** and reducing existing provider taxes in expansion states ($191 billion). Beginning in fiscal 2028, the cap for provider taxes in Medicaid expansion states will drop by 0.5 percentage points each year until reaching 3.5% in fiscal 2032. The lower cap will apply to all provider taxes -- except those on nursing homes and intermediate care facilities -- as well as local government taxes. The bill also creates a $50 billion rural hospital stabilization fund, created to offset potential losses rural hospitals could face due to the phase down.
  - Revising the payment limit for state directed payments ($149 billion); specifically, state-directed payments for inpatient hospital and nursing facility services that will be capped at 100% of the Medicare rate in expansion states and 110% in non-expansion states.
  - Increasing the frequency of eligibility redeterminations for the ACA expansion group ($63 billion).

CBO Estimates of Federal Medicaid Cuts in the Senate Reconciliation Bill

CBO's estimated 10-year federal spending cuts, by policy



Student Loans. APTA joined with other provider and patient organizations in opposing proposed cuts to federal student loan programs. Unfortunately, the enacted legislation will result in cuts to federal student loans; beginning in 2026, subsidized student loans (federal government pays the interest while the student is in school) will be eliminated and converted to unsubsidized loans. Additionally, the Graduate PLUS loan program will be phased out starting in 2026 and eliminated entirely by the 2029–2030 academic year.

APTA Articles of Interest

- APTA Advocates Against Anthem's Policy for Reporting Timed Units | APTA
- Proposed 2026 Home Health Rule: Implementation of PDGM Leads to 6.4% Cut | APTA
- Advocacy Update | How to Take Action While Congress Is Home | APTA
- APTA President's Note | Meeting Patients Where They Are | APTA
- News | Signature Exception | APTA
- News | APTA-endorsed Legislation Allowing PTs to Opt Out Under Medicare Introduced | APTA

- APTA Champions Return of Bill to Expand Access to Pelvic Health Physical Therapy | APTA
- 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