



April 29, 2026

Colorado State Capitol
200 E. Colfax Ave.,
Denver, CO 80203

Dear Chair Sirota and Members of the Joint Budget Committee,

Thank you for your continued work navigating an extraordinarily difficult budget environment. We recognize the magnitude of the structural challenges facing the state and appreciate the thoughtful approach the Committee has taken in balancing competing priorities.

APTA-CO writes to raise urgent concerns regarding the impacts of the state's decision to reduce Medicaid rates to the benchmark of 85% of Medicare rates, particularly as it relates to outpatient physical therapy. While we understand the policy rationale behind aligning provider rates across service lines, this approach has had a disproportionate impact on physical therapy. Unlike many other provider types, physical therapy rates were intentionally brought closer to parity with Medicare over time to stabilize access and reflect the cost of delivering care. As a result, the shift to 85% represents a significant cut to our providers, with many physical therapy codes experiencing decreases ranging from 15–22%.

The mid-year rate reduction implemented April 1, without sufficient notice to many providers, has already created operational challenges for clinics across the state. Additionally, the forthcoming 2% across-the-board provider rate reduction scheduled for July 1 will further erode reimbursement. These changes represent a rapid and compounding reduction in Medicaid rates for physical therapy services.

Critically, these state-level reductions are layered on top of sustained federal payment cuts. Medicare reimbursement for physical therapy has been reduced by approximately 9% since 2021 alone, and by nearly 20% over the past two decades when adjusted for inflation. They represent real, cumulative losses that have already forced clinics to operate on increasingly narrow margins. The current policy effectively compounds those

cuts, accelerating financial pressure on providers who are already absorbing years of declining reimbursement.

These reductions come at a time when the economics of the profession are already strained. Physical therapists are doctoral-level providers, often graduating with significant student loan debt that is increasingly difficult to reconcile with reimbursement. The student debt-to-income ratio for new graduates continues to rise and is among the highest in health care. This makes it harder to recruit and retain providers, particularly in rural and underserved communities where Medicaid patients rely heavily on access to care.

The long-term consequences of these reductions will not only impact providers, but will directly reduce access for Medicaid members. Clinics are already making decisions about limiting or discontinuing Medicaid participation at current rates. Further cuts will accelerate that trend, restricting access to essential rehabilitative care that helps patients recover, return to work, and avoid more costly interventions.

We recognize the difficult decisions the Committee has been tasked with. However, the cumulative impact of these reductions places physical therapy services at real risk of contraction across the state. We respectfully urge the Committee to consider the unique position of physical therapists and physical therapist assistants and the downstream consequences for patient access. Preserving access to care for Medicaid members must remain a central consideration as these policies are implemented.

We welcome the opportunity to work with the Committee on solutions that maintain access while acknowledging the state's fiscal reality.

Thank you for your consideration.

Sincerely,



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