

American Relief Act, 2025



On December 21, 2024, President Biden signed the [American Relief Act \(HR 10545\)](#) into law. Perhaps more important than averting a government shutdown, the newly enacted law will impact your reimbursement in 2025. Medical practices should be aware of the following changes:

1. Professional fee reimbursement for Medicare is being reduced by 2.83%. The CY 2025 Physician Fee Schedule (PFS) conversion factor is \$32.35, a decline of \$0.94 from the 2024 conversion factor of \$33.29. At the last minute, Congress removed the patch that would have prevented the decrease. While there is still hope for Congressional intervention this winter, it will be challenging to prioritize the topic of Medicare payments to physicians given significant governmental administrative transitions. This federal decision represents another frustrating development for medical practices. A [recent analysis by the American Medical Association](#) highlighted that payments for professional services have fallen by a whopping 26% since 2001. Many experts believe the inability to reverse this latest cut may prompt more physicians to retire, further limiting patient access to care – which is arguably already at a crisis point. While the decline is specific to Medicare, many commercial payer contracts have rates pinned to Medicare’s Resource-Based Relative Value Scale, so the impact of this cut has consequences that reach far beyond the

Medicare program.

2. While the reimbursements remain on the government's chopping block, telemedicine received a temporary reprieve under the new law. Set to revert to pre-COVID restrictions on January 1, 2025, the federal law extended the current flexibilities for telemedicine coverage for Medicare patients through March 31, 2025. Practices engaged in telemedicine should closely monitor legislative negotiations this winter, as access to this method of care delivery could face restrictions or elimination by the government.

Other changes to the Medicare Physician Fee Schedule in 2025, announced on November 1, 2024, by the Centers for Medicare & Medicaid Services (CMS), were covered in our [November issue](#). We will continue to keep you apprised of reimbursement changes that may affect your bottom line.

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