

March 14, 2025

The Honorable Mike Crapo
Chair
Senate Finance Committee
Washington, District of Columbia 20510

The Honorable Ron Wyden
Ranking Member
Senate Finance Committee
Washington, District of Columbia 20510

RE: The Nomination of Dr. Mehmet Oz to be Administrator of the Centers for Medicare & Medicaid Services

Dear Chairman Crapo and Ranking Member Wyden:

I write to you today regarding the nomination of Mehmet Oz, M.D., to be Administrator for the Centers for Medicare & Medicaid Services (CMS). This position directing the policy of the Medicare and Medicaid programs has serious responsibility for the direction of Americans' healthcare. Any person chosen to lead CMS must demonstrate their commitment to fostering innovation, reducing costs, and improving healthcare for all Americans.

The Connected Health Initiative (CHI) is the leading multistakeholder policy and legal advocacy effort dedicated to improving health outcomes while reducing costs. Our work is driven by the consensus of stakeholders from across the connected health ecosystem. CHI aims to realize an environment in which Americans can see improvements in their health through policies that allow for connected health technologies to advance health outcomes and reduce costs. CHI members develop and use connected health technologies across a wide range of use cases. We actively advocate before Congress, numerous U.S. federal agencies, and state legislatures and agencies, where we seek to promote responsible pro-digital health policies and laws in areas including reimbursement/payment, privacy/security, effectiveness/quality assurance, U.S. Food and Drug Administration (FDA) regulation of digital health, health data interoperability, and the rising role of artificial intelligence (AI) in care delivery.

As you consider the nomination of Dr. Oz to be CMS Administrator, I urge you to consider the impact of this nomination on health innovation. CHI has developed a set of policy guidelines that would improve the agency's ability to innovate and allow for the adoption of new technologies. CMS should take overdue steps to bring the power of digital health tools, including AI, into beneficiary care. Needed steps include revising its practice expense methodology to better support Software as a Medical Device (SaMD) and integrate telehealth, remote monitoring, and AI into Medicare services; expand the Medicare Diabetes Prevention Program to include virtual providers and support digital diabetes management tools; and focus on outcome-based approaches in the Quality Payment Program to promote digital health tools. Further, CMS' CMMI should prioritize innovative healthcare delivery models using technologies such as remote monitoring.

CMS has incredible opportunity to leverage the immense value of health innovations that improve healthcare outcomes and secure significant cost savings, including telehealth, remote patient monitoring, and AI. CHI urges the consideration of the following areas for improvement.

Software as a Medical Device (SaMD) as a Direct Practice Expense

CHI is encouraged that CMS recognizes that its existing practice expense (PE) methodology creates significant barriers to the uptake of digital health innovations through the classification of most SaMD as indirect practice expenses. However, CMS efforts to address this outdated and anti-innovation policy have stagnated. The new Administrator must be able to address this key issue.

While the existing PE methodology is meant to account for a physician practice's costs, both direct and indirect, the ongoing choice of CMS to categorize SaMD as an indirect practice expense discourages the uptake and use of SaMD, remains one of the largest barriers to meaningful Medicare payment reforms, and is long overdue for a change. CMS' indirect methodology leverages cost bases and uses physician work relative value units (RVUs) but does not account for other factors like device maintenance.

While CMS began considering SaMD an indirect cost in 2019,¹ CMS has more recently indicated an interest in revising its approach to SaMD. CMS has been cross-walking payment rates for SaMD-inclusive codes to what CMS would have paid if the SaMD product had been included as a direct input. CMS has an obligation to steward Medicare beneficiary access to leading SaMD solutions and should seize this opportunity to advance meaningful PE methodology reform. CHI asks CMS to make these valuable SaMDs more accessible to Medicare beneficiaries by evolving its PE methodology to reflect the value that software provides by incorporating the value of software into Current Procedural Terminology® (CPT) codes to address PE and/or work intensity for RVUs. Specifically, the value of services delivered by a physician to interpret or act on new digital health technology information should be included in work RVUs, and the value of the software used to address improvements and efficiency in patient care should be factored into practice expense RVUs.

As CMS allows for SaMD reimbursement as direct supply inputs, CMS should obtain the most accurate estimate of the per-service cost of the input as possible, particularly by relying on invoices. CMS' equipment amortization formula should only apply in the case of locally installed computer programs with an upfront payment where a useful life can be estimated and where that SaMD is only used in one service at one time.

CMS should also bring eligible digital health innovations into Medicare beneficiaries' care continuum by clarifying whether digital medical devices, such as SaMD, are included in existing benefit categories.

¹ *Medicare Program; Revisions to Payment Policies Under the Physician Fee Schedule and Other Revisions to Part B for CY 2019; et al*, 83 Fed. Reg. 59452, 59557 (Nov. 23, 2018).

Consistent with CMS' clear authority and its obligation to improve Medicare beneficiary outcomes, CHI calls on CMS (1) to act in its Calendar Year 2025 Physician Fee Schedule rulemaking to effect overdue changes to its PE methodology to accurately categorize and support the use of SaMD in Medicare; and (2) to then launch a standalone consultation to inform broader reforms to its PE methodology.

Telehealth

In key Medicare payment rules (e.g., the Medicare Physician Fee Schedule) CMS has enabled the expanded use of telehealth, which is restricted to live voice/video calls in Medicare due to statutory restrictions. The previous Administration insisted on a read of the Social Security Act (SSA) that imposes outdated constraints that long ago ceased to have public benefit on where and to whom these services are made available. CHI requests that CMS revisit its read of the SSA to appropriately and permanently avoid the application of SSA Section 1834(m) restrictions on telehealth services, as well as asynchronous remote monitoring and other digital modalities.

Remote Monitoring

In the first Trump Administration, CMS enabled the use of remote physiologic monitoring (RPM) and remote therapeutic monitoring (RTM) services for both acute and chronic conditions in Medicare Part B, representing a monumental step forward in advancing the use of digital health tools in the care of America's most vulnerable populations. CMS' payments for RPM should be increased to provide much-needed support for this critical modality that is vital in preventing and treating the system's most expensive chronic conditions. CMS should step forward in removing outdated barriers to innovation and use of RPM and RTM through such steps as waiving co-pay requirements for these services and providing guidance on remaining questions plaguing the RPM and RTM tech developer and provider communities to support its wider use, which is already demonstrated to improve outcomes while reducing Medicare costs.

Artificial Intelligence (AI)

There are many opportunities on the table to improve the integration of AI tools in healthcare. However, CMS has in some cases taken steps that have inhibited progress for health AI across prevention, treatment, or administrative contexts. CHI calls on CMS to take much needed steps to recognize the value of countless AI tools (over 500 of which have already been approved by the FDA) to improve Medicare beneficiaries' experience and care.

Diabetes Prevention

Another area overdue for action by CMS in its Physician Fee Schedule is diabetes prevention. While there is a significant and growing body of empirical evidence showing the benefits of digital health technology for diabetes prevention and treatment, this condition imposes a significant burden on CMS' Medicare program and its beneficiaries, totaling hundreds of billions of dollars each year. However, diabetes care is well-suited to digital medicine innovations because it requires

interpretation of many kinds of data that can be captured through automation and biosensors. CMS can address the burden diabetes places on the Medicare program by:

- Finally including virtual diabetes prevention program providers who are CDC-recognized as part of the Medicare Diabetes Prevention Program (MDPP) under section 1115A(c) of the Social Security Act. CHI supports this proposed expansion, and the classification of MDPP in Part B, as a timely and necessary step to address the diabetes crisis in the United States. CMS has already acknowledged the use of connected health tech products and services will be vital to the success of the MDPP.²
- Supporting virtual diabetes self-management training (DSMT), which would eliminate costly and time-consuming barriers to utilization of DSMT. CMS should also define certified diabetes educators (CDEs) as providers of DSMT. A 2014 report by the American Medical Association-convened Physician Consortium for Performance Improvement National Committee for Quality Assurance found an overwhelming majority of DSMT is carried out in primary care offices by non- “qualified diabetes educators.”³ CMS has the regulatory authority in the DSMT authorizing statute,⁴ which states a certified DSMT provider is “a physician, or other entity or individual designated by the Secretary” [emphasis added] that provides DSMT and other Medicare services, to define a CDE. Recognizing CDEs as providers of DSMT care, including in telehealth, would help to address this gap in diabetes care.

Quality Payment Program (QPP)

In the context of the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA)⁵ implementation, CHI encourages CMS to prioritize an outcome-based approach as opposed to an approach dependent on quantitative metrics. CMS is still chasing the ideal of a value-based U.S. healthcare system. Unfortunately, utilization of digital health tools in the Merit-based Incentive Payment System (MIPS) and in Alternative Payment Models (APMs) remains unrealized. MACRA’s implementation has not even begun to approach realizing congressional goals for the widespread development and uptake of APMs due to significant vulnerabilities in the existing process (e.g., a complete lack of coordination between the Physician-Focused Payment Model Technical Advisory Committee and the Center for Medicare & Medicaid Innovation, neither of which produced successful physician-led models). As a result, APMs that encourage the responsible use of innovative digital health tools are severely lacking.

CHI strongly encourages CMS to undertake a new effort to identify regulatory changes needed at the federal level to advance value-based care in the American healthcare system by leveraging digital technologies, with a focus on eliminating healthcare disparities. Such an effort should also

² 85 Fed. Reg. 50074 (Aug. 17, 2020).

³ American Medical Association-convened Physician Consortium for Performance Improvement National Committee for Quality Assurance. Adult Diabetes: Performance Measures. January 2014.

⁴ 42 U.S.C. 1395x(qq).

⁵ Medicare Access and CHIP Reauthorization Act of 2015, Public Law No. 114-10, 129 Stat. 87 (2015).

prioritize new ways to incent innovation by private payers to systemically advance value-based care. CHI commits to work with HHS and any impacted stakeholders to develop a consensus path forward that will bring the vision of value-based care to fruition.

CMS can make major progress in QPP towards this goal through:

- Reducing the reliance on CMS program participation and the use of Certified Electronic Health Record Technology (CEHRT) through the continued evolution of the Promoting Interoperability (PI) Program. The Health Information Technology for Economic and Clinical Health (HITECH) Act incented physicians to purchase and use electronic health records (EHRs). Digitizing medical records has helped reduce issues associated with paper charts and records, including legibility, access, and loss. However, excessive regulation and overly prescriptive federal requirements have created unintended consequences. Program participants are now bound to use poorly functioning CEHRT products—built primarily to measure and report on CMS requirements—and are disincentivized from adopting truly useful technology. CMS should identify methods to reduce the overreliance on CEHRT in its programs and allow for physician and patient choice to drive the adoption and use of health IT products, such as by leveraging the value of connected health technology innovations that build on CEHRT.
- Permitting a professional to satisfy the demonstration of meaningful use of CEHRT and information exchange through attestation, which is allowed under existing law. HITECH permits reporting via “other means specified by the Secretary,” granting the Secretary the authority to allow provider attestation across all EHR reporting programs. CMS should create broad categories of PI objectives allowing physicians to attest “yes/no” to the use of CEHRT itself to achieve those categories. CMS should reevaluate the need for numerator/denominator requirements in its EHR reporting programs.
- Developing, and publicly releasing, a comprehensive vision of a diverse array of connected health products and services, including telehealth, remote monitoring, and AI, playing an integral role in the success of APMs, and provide specific incentives and credits for the responsible use of these digital health tools.
- Using Medicaid waiver authority to permit states to include dual eligibles in their telehealth programs and establish programs for dual eligibles like Diabetes Prevention Programs, as age appropriate.
- Waiving Medicare’s telehealth restrictions (under Social Security Act Sec. 1834(m)) for all shared savings programs and APMs, including payment bundles and medical home demonstrations.

Medicare Advantage (MA)

CMS should provide MA plan sponsors with the discretion to make the determination that different digital health services are clinically appropriate, and to offer those services to beneficiaries as needed. CMS should make clear that those services that do not meet the definition of Medicare

telehealth services (in other words, all services that are not live voice/video calls) do not face the onerous restrictions of Section 1834(m) of the Social Security Act. Currently, regulations provide that MA plans cover Part B benefits provided via electronic exchange as “additional telehealth benefits” (including RPM) and as a basic benefit as defined in § 422.101. CHI strongly encourages CMS to ensure MA plans’ alignment with CMS’ established approaches to Medicare fee-for-service telehealth services, including remote patient monitoring and other “remote communications technology” that CMS has expressly stated do not fall under 1834(m) and its restrictions. CMS should also fully leverage the potential of AI in accomplishing MA goals.

In addition, CMS should modify its MA/Part D and Accountable Care Organization risk adjustment policy to incorporate diagnoses from digital health-enabled remote encounters, including audio-only telehealth services where clinically appropriate. 7

Medicare Shared Savings Program

CMS should exercise its statutory authority under 42 U.S.C. 1395jjj(f) to waive Medicare Shared Savings Program payment and program requirements as appropriate to allow for one-sided and two-sided risk models under a waiver of telehealth restrictions. This would help providers that use APMs to reduce costs and meet statutory requirements. CMS recently exercised relevant waiver authority on several aspects of telehealth for two-sided risk models only. Doing so more broadly would further the success of APMs.

Home Health Prospective Payment System (HHPPS)

CMS has included remote monitoring expenses used by a Home Health Agency (HHA) to augment the care planning process as allowable administrative costs that are factored into the costs per visit. Such a change ensures that remote patient monitoring is utilized on a cost per visit basis when it is used by an HHA to augment the care planning process and will result in a more realistic HHA Medicare margin calculation. Remote monitoring will be helpful in: (1) augmenting HHA services in the patient’s plan of care; (2) enabling HHAs to more rapidly identify changes in a patient’s clinical condition and to monitor patient compliance with treatment plans (further enabling more effective and efficient review and appropriate alteration of plans of care); and (3) augmenting home health visits. However, CHI strongly urges CMS to align its definition of “remote patient monitoring” in the HHPPS with that captured in relevant CPT codes. While CMS correctly and proactively distinguishes between “remote monitoring” services and “telehealth” in this and other rulemakings, CHI suggests that CMS, in the HHPPS, contribute to a common definition of “remote patient monitoring” across its beneficiary programs (e.g., consistency with relevant CPT codes).

The HHPPS is also overdue for modernization to permit the use of digital health innovations that would benefit both providers and beneficiaries. CHI requests that CMS undertake a new effort, including a public consultation, to address ways the HHPPS can be modernized and improved. CHI commits to working with CMS and any other impacted stakeholders to develop and advance consensus policy changes.

Center for Medicare and Medicaid Innovation (CMMI)

Even CMMI's newest models do not adequately focus on exploring innovative technological healthcare delivery mechanisms. A 21st century healthcare system should embrace the array of new technologies available, such as RPM technologies and asynchronous store-and-forward methods, which enable the delivery of healthcare solutions beyond the four walls of a hospital room or doctor's office. The Trump-Vance Administration should prioritize a new CMMI path which embraces the use of new technologies in Medicare and Medicaid that will widely benefit beneficiaries.

CMMI should also take new steps to reduce the burdens for potential model applicants. CMMI should articulate consistent requirements that are applicable to all models being tested, rather than developing separate requirements for each. The burden for applicants and participants could be reduced through uniform processes, expectations, principles, and rules that span models like population health and chronic conditions that are being tested. To align payers with the goals of the CMMI models and incent their participation, CMS should build upon the QPP to encourage the development of models that are based on existing structures and payment models and allow existing networks to apply as Advanced APMs to make these entities eligible for Medicare bonuses and programs like MIPS and the QPP. In exploring the benefits of telehealth as defined in 1834(m), CMS should use its established authority to waive the backward-facing and outdated restrictions. CMMI should also focus on exploring new and innovative remote monitoring technologies (which are not telehealth under 1834(m) and therefore do not face its geographic, originating site, etc., restrictions). CHI further urges CMMI to build upon the successes of the Veterans Health Administration in its use of connected health technologies.

CMMI should also recognize and build upon the incredible successes of health systems such as the University of Mississippi Medical Center, the University of Virginia, and Boston Children's Hospital. In these locations (and some others), Medicaid programs have taken steps to support not only telehealth but—more importantly—remote monitoring innovations that bring patient-generated health data (PGHD) into the continuum of care based on demonstrated improvements to patient outcomes and significant cost savings. CMMI can and should play a crucial role in proliferating these successes.

Durable Medical Equipment (DME)

CMS should, under its existing authority, discard the arbitrary limitations it places on DME payments to support the responsible uptake and use of digital health technology innovations. CMS' approach today to DME either entirely excludes or insufficiently supports the use of software in medical equipment that is increasingly essential to cutting-edge care. CMS is long overdue to provide a pathway for coverage under DME for software as a medical device (SaMD) that is primarily utilized for a medical purpose even when there are other uses of the software or the product the software is in. For example, if a device is capable of acting as a pulse oximeter and heart rate monitor, then it should be eligible for coverage as DME even if the device has other non-medical capabilities. DME coverage of software should also extend to SaMD therapeutics cleared by the

FDA. In addition, support for such software in DME should be unbundled, with needed updates to the software supported as DME supplies when they are integral to the functioning of the underlying DME software.

CMS can take modest steps today to improve the DME program. For example, while CMS established that “therapeutic continuous glucose monitors (CGMs)” can be billed to CMS for both the DME component and an all-inclusive supply allowance, in 2018 local Medicare contractors issued a coverage determination that resulted in rejection of the supply allowance if a smart tablet or smartphone-compatible mobile medical app is used in conjunction with the CGM device and biosensors. This interpretation by Medicare contractors was not dictated by law and resulted in a programmatic policy that ignores the many efficiencies of secure connected medical technologies that have the ability to ease the burdens on patients while reducing costs to Medicare in DME payments. CMS has the ability to change their course under existing authority and appears to have intervened to address the decisions of local Medicare contractors in this specific instance; however, due to the continued confusion created by Medicare contractors and CMS’ policy correction regarding CGMs, CHI strongly urges CMS to ensure that the use of dual-use connected technology as DME is permitted widely through its DME rules.

DME enabled by internet connectivity and new, innovative features can and should be permitted to meet CMS’ requirement for face-to-face encounters. Care providers can leverage connected health technology to obtain DME PGHD for continual evaluation and treatment of conditions. Such capabilities negate the need for an annual demonstration of medical necessity through their ongoing collection and transmission of PGHD. Therefore, CMS should eliminate this annual certification requirement when RPM can demonstrate medical necessity.

Part D

CHI generally supports CMS’ work to provide clarity on Medicare Part D plan sponsor requirements but remains concerned that CMS is not enabling the maximum potential of digitally-enabled pharmacies that provide convenient and efficient home delivery that Americans across the country expect. CMS should take clear steps to support digitally-enabled pharmacies by avoiding applying the same requirements to each pharmacy type, as the previous Administration proposed, which will hold back digitally-driven efficiencies from countless beneficiaries without benefit to them.

Conclusion

As you consider the nomination of Dr. Oz, I urge you to remember the needs of digital health providers, connected device manufacturers, and patients who benefit from the variety of digital health services available now. CMS must support value-based healthcare by enabling health innovation, not standing in its way.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brian Scarpelli', written in a cursive style.

Brian Scarpelli
Executive Director
Connected Health Initiative