ConnectedHealthInitiative

January 8, 2026

The Honorable Morgan Griffith
Chairman
Subcommittee on Health
Committee on Energy and Commerce
Washington, District of Columbia 20515

The Honorable Diana DeGette
Ranking Member
Subcommittee on Health
Committee on Energy and Commerce
Washington, District of Columbia 20515

Dear Chairman Griffith and Ranking Member DeGette:

Thank you for the opportunity to submit a statement for the record for your hearing, titled "Legislative Proposals to Support Patient Access to Medicare Services." The Connected Health Initiative (CHI) has long advocated for improvements to the Medicare payment system to ensure greater access to digital health services. We urge you to consider a few key reforms to support digital health, telemedicine, health artificial intelligence (AI) tools, and innovation in the healthcare sector.

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.

CHI applauds this Subcommittee's commitment to advancing Medicare payment reforms that benefit seniors. The bills under consideration today are important steps toward a safer, smarter, and more equitable health system. We encourage you to consider additional steps like those we outline below.

Pandemic-Era Flexibilities in Reimbursement Rules

During the COVID-19 pandemic, Congress temporarily allowed the Department of Health and Human Services (HHS) to lift several outdated restrictions on the eligibility of telehealth services for reimbursement through Medicare. The main restrictions waived included originating site restrictions requiring a patient to visit a qualified site to receive telehealth services rather than remaining in their homes; geographic restrictions limiting eligible services to patients who live in rural areas; and audio-visual requirements preventing patients from receiving audio-only telehealth services. The temporary allowance for HHS to waive the restrictions expires on January 30, 2026, sunsetting provisions that have enabled large groups of Medicare beneficiaries, including those with limited broadband access, low incomes, or low technology skills, to access important health services. The lapse of these waivers late last year forced patients to adjust their care plans and increases the load on overburdened healthcare providers, all for no evidence-backed reason—and another looming deadline threatens the same consequences. We urge the

Subcommittee to extend the Medicare telehealth reimbursement waivers and work towards permanent support for Medicare telehealth services.

Another waiver for the provision of telehealth services allowed Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs) to serve as distant site providers for telehealth services, opening many low-income and rural patients to telehealth visits. These services resulted in increased show rates for appointments and better treatment for patients with sensitive concerns like depression. Without waivers for Medicare services and proper funding reimbursement from Medicaid, FQHCs and RHCs will be less able to support their patient populations. Although the timeline on expiration of these waivers is longer, they are still imperative to ensure full access to telehealth services for low-income and rural patients. Congress must ensure that these health centers can continue to provide key telehealth services for their patients.

Congress took a great step forward on digital health and telemedicine when they fully covered telehealth services for mental and behavioral health. Even though the other waivers still face expiration soon, this change will remain permanent law. Unfortunately, one waiver is still necessary for full coverage: in-person visit requirements. If patients do not meet geographic requirements, current law requires them to meet in-person with a behavioral health professional to subsequently receive telehealth services. This friction point reduces the availability of mental and behavioral health for patients without reliable transportation, with mobility issues, or with erratic work schedules. Congress should ensure mental and behavioral health services remain available by extending the waiver on in-person visit requirements and pushing for their permanent elimination.

Reimbursement for Software as a Medical Device

CHI notes its longstanding support for modernization of coverage and reimbursement policies, which cannot happen without leveraging digital and connected health capabilities, both existing and in development. CHI has widely championed the responsible uptake of digital health across government and private payment systems, including but not limited to enhanced coverage and payments for synchronous Medicare telehealth services; asynchronous physiologic and therapeutic remote monitoring; the use of digital/remote capabilities for the critical Medicare Diabetes Prevention Program; and initial condition-specific support for using AI software to support clinical decision-making. More recently, we are broadly supportive of the Centers for Medicare & Medicaid Services' (CMS') new Advancing Chronic Care with Effective, Scalable Solutions (ACCESS) Model, a voluntary, 10-year payment initiative that will test outcome-aligned payments in Original Medicare enabling providers to use technology-supported care for managing chronic conditions by tying reimbursements to measurable patient health improvements rather than specific services.

Despite this progress, one of the biggest challenges in the current system is ensuring proper payment for medical software, often called software as a medical device (SaMD). The current payment structure for SaMD routinely lumps costs for cutting-edge diagnostics software together with costs for scheduling and word processing programs, despite their difference in use cases and costs to the provider. Grouping these different types of software together in the lower-tier

"indirect practice expense" payment category discourages the use of high-tech SaMD by putting its cost out of reach for many healthcare providers.

Over recent years, CMS has issued multiple requests for comments and information on technology and digital medicine topics, which parallel the topics addressed in a "Software as a Service (SaaS) Request for Information" embedded within the draft 2026 Medicare Physician Fee Schedule proposed rule. Despite CMS' repeated inquiries about software-based technologies and AI, and concerns about outdated methodologies for supporting clinical decision-making in outpatient and physician office settings, the agency has yet to provide substantive policy updates to reflect the critical role that software can and should play in patient care.

While CMS has traditionally considered SaMD to be an indirect cost (effectively, a refusal to reimburse any costs for SaMD), beginning in 2022, CMS has consistently indicated its interest in revising its approach to SaMD. Until that systemic change is accomplished, CMS has been cross-walking payment rates for SaMD-inclusive codes to different services' whole rates that are similar to what CMS would have paid if the SaMD product had been included as a direct input. CHI appreciates these interim steps taken by CMS but recognizes that cross-walking is not a long-term solution. Given the rise of efficacious digital health solutions (e.g., the Food and Drug Administration has authorized more than 1,000 artificial intelligence- and machine learning-enabled medical devices), CMS now has an ethical obligation to steward Medicare beneficiary access to leading clinically validated SaMD treatment solutions. Congress should take a leadership role in advancing modernized coverage and payment policies across the U.S. healthcare ecosystem.

This overdue modernization is also necessary to make meaningful progress in transitioning today's healthcare system to one that is value-based rather than quantity-based. CHI has developed a report addressing recent payment reform efforts, examining structural obstacles, and offering targeted recommendations to better align payment policies with care model innovation, which we urge you to consider. These recommendations are available at: https://connectedhi.com/value-based-payment-reform-leveraging-saas-technologies-for-care-model-innovation/.

The Use of Artificial Intelligence in Healthcare

Implementation of AI healthcare tools can not only reduce overall healthcare costs directly, but it can also contribute to increased efficiencies that address challenges such as lack of care coordination, overtreatment, low value of care, burdensome administrative processes, and identification of fraud and abuse within medical systems. These efficiencies will enable professional medical staff to spend more time with patients by utilizing tools that rely on AI to analyze large datasets, facilitating more informed patient care. Healthcare experts see enormous promise in AI's ability to more accurately capture and leverage the range of health data available. Estimates suggest successful use of AI applications will create $150 billion in annual savings for the U.S. healthcare economy alone by the end of this year (note that this savings estimate should be considered conservative, as it only includes a "top 10" of AI scenarios, such as assisted surgery, virtual nursing assistants, and administrative workflow assistance). More efficient and timely use of health data will provide many further benefits across a range of additional

scenarios and use cases. Because improved patient outcomes for Medicare beneficiaries will entail allotting resources to services other than those addressing acute and chronic illnesses, AI can help bring the right resources to the right areas to support additional services such as therapy, tailored case management, habilitative services, and transport and translation costs.

If leading policymakers like the Subcommittee's members navigate the challenges and opportunities effectively, AI will improve beneficiaries' lives through faster and better-informed decision-making enabled by cutting-edge distributed cloud computing. AI will also provide for more effective governance through its ability to enhance infrastructure foresight and support efficient budgeting decisions. AI will beneficially impact every aspect of Americans' lives if we encourage ethical innovation at AI's beginning stages. While CMS is taking some steps to assimilate health AI tools into its Medicare reimbursement process, Congress can support the responsible use of health AI by encouraging things like pilot programs on the use of AI tools. CHI has written extensively on the use of AI in healthcare. See our fuller recommendations in these documents:

- CHI's general principles addressing how policymakers should approach the role of AI in healthcare: https://connectedhi.com/wp-content/uploads/2022/02/Policy-Principles-for-AI.pdf
- CHI recommendations on ways to improve transparency for caregivers, patients, and others necessary for the appropriate uptake of AI tools across the care continuum: https://connectedhi.com/wp-content/uploads/2022/02/AdvancingTransparencyforArtificialIntelligenceintheHealthcareEcosystem.pdf
- CHI's roles and interdependencies framework that advances a shared responsibility for efficacy and safety across the healthcare AI value chain: https://connectedhi.com/wp-content/uploads/2024/02/CHI-Health-AI-Roles.pdf

Conclusion

As we move through 2026, CHI urges the Subcommittee to continue its work on improving patient access to Medicare services. Telehealth services, health AI tools, and other software will continue to be at the forefront of next-generation healthcare delivery. Working toward a safer, smarter, and stronger healthcare system is a whole-of-government effort, and your work will lay a foundation for new strides forward on digital health innovation.

Sincerely,

Brian Scarpelli
Executive Director
Connected Health Initiative