

Industry Strengthens Push For Medicare To Overhaul AI Reimbursement

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Companies and industry coalitions are ramping up calls for policymakers at CMS and on Capitol Hill to improve what they say is inconsistent and low Medicare reimbursement of artificial intelligence tools.

In both the draft 2026 physician fee schedule (PFS) and the hospital outpatient prospective payment system (OPPS) rules, CMS requested comments on how the agency should reimburse providers for leveraging software-based technologies referred to as Software as a Service (SaaS), which includes AI tools.

The requests for comments sparked an advocacy blitz from industry groups, which are now waiting to see whether CMS will update SaaS reimbursement in the final PFS and OPPS rules undergoing White House budget office review.

“It’s the first time that we’ve had a really detailed request around how to pay for [SaaS] come out in both the OPPS and in the PFS proposed rules,” said Cybil Roehrenbeck, executive director of the AI Healthcare Coalition, in an interview. “It’s something that stakeholders have been asking for a number of years.”

Meanwhile, House lawmakers are expected to soon introduce the Health Tech Investment Act, which would create a Medicare reimbursement pathway for some FDA-approved AI/ML-enabled medical devices. Senate AI Caucus co-chairs Mike Rounds (R-SD) and Martin Heinrich (D-NM) introduced the bill in the upper chamber earlier this year.

“We’re looking at having it introduced in the House any minute now,” said Randall Rutta, CEO of the National Health Council, at AdvaMed’s Medtech Conference in San Diego earlier this month.

The House is out of session, but lawmakers “will come back eventually and we will make sure that we have matching legislation there,” he added.

Before the government shutdown, Orrin Marcella, GE HealthCare’s head of U.S. government affairs, said Reps. John Joyce (R-PA), Beth Van Duyne (R-TX), Scott Peters (D-CA) and Brad Schneider (D-IL) planned to introduce a House version of the Health Tech Investment Act. Those lawmakers have not returned requests for comments on the legislation.

Beyond Washington, the American Medical Association is currently weighing a new Clinically Meaningful Algorithmic Analyses (CMAA) framework to account for AI tools in CPT coding. The CMAA framework is still in development, but AMA is planning a full-

day, hybrid meeting in early December for stakeholders to discuss AI coding and reimbursement, according to a slide presented at AdvaMed's Medtech Conference.

CMS Advocacy

The Connected Health Initiative (CHI) and the AI Healthcare Coalition were among groups to call for CMS to treat SaaS as a direct rather than indirect practice expense (PE) in response to the draft 2026 PFS, mirroring calls made by three House GOP lawmakers last year.

"CHI strongly encourages CMS to make valuable SaaS/SaMD more accessible to Medicare beneficiaries by evolving its PE methodology to reflect the value that software provides by incorporating the value of software into CPT codes to address PE and/or work intensity for RVUs." wrote CHI to CMS.

CMS itself acknowledged in its draft 2026 PFS that the PE methodology it uses for SaaS should be revamped.

"As the data used in our PE methodology has aged, and more services have begun to include innovative technology such as software algorithms and AI, these innovative applications are not well accounted for in our PE methodology," CMS wrote in the draft 2026 PFS.

But not all groups are calling for CMS to change its PE methodology.

Some are more broadly recommending that CMS shift SaaS reimbursement away from a time-based approach toward one that incentivizes software's ability to improve clinician workflows.

"CMS must move away from time-based reimbursement codes that incentivize inefficient clinician workflows," wrote the Consumer Technology Association to CMS.

"CMS should consider emulating the Meaningful Use (MU) approach to supporting the adoption of electronic health record (EHR) technology. This includes a time-limited, incentive-based approach to help support development and implementation of the appropriate infrastructure," wrote Radiology Partners, a radiology practice serving more than 3,400 healthcare and other facilities in the United States, to CMS.

CMS says wide variations in reported SaaS costs and limited Medicare claims data for SaaS are among the challenges the agency is facing in determining appropriate reimbursement rates for SaaS.

The Medicare Payment Advisory Commission (MedPAC) found limited Medicare claims data for the 19 SaaS-related HCPCS codes across OPPS and PFS earlier this year. One example of a SaaS reimbursed through the two Medicare payment systems is

Heartflow, a tool that uses AI to develop a personalized 3D heart model from a patient's coronary CT scan.

Capitol Hill Advocacy

Besides CMS' recent SaaS inquiries, AI developers are turning to Capitol Hill to build a clear Medicare reimbursement pathway for their products through the Health Tech Investment Act.

The bill would assign FDA-authorized AI/ML-enabled medical devices considered "algorithm-based healthcare services" (ABHS) a New Technology Ambulatory Payment Classification (APC) in OPPS for a minimum of five years.

During that period, data on the AI tool's delivery and service costs is gathered to inform the creation of a permanent payment code, according to a press release from Rounds' office.

"That's kind of the big push that we're having here, is trying to figure out a way to drive some consistency around reimbursement that would then, hopefully, drive better adoption of these AI solutions by providers," said Peter Shen, senior advisor for digitalization and AI at Siemens Healthineers North America, in an interview.

Shen noted that the bill wouldn't create a new Medicare reimbursement pathway for FDA-authorized AI/ML-enabled medical devices, but instead push CMS to use existing pathways.

In addition to OPPS and PFS, AI tools currently have a Medicare reimbursement pathway through the Inpatient Prospective Payment System (IPPS) New Technology Add-On Payments (NTAP).

Shen said Siemens Healthineers and other medical device manufacturers have seen inconsistent and unpredictable Medicare reimbursement of their FDA-authorized AI tools, which has bled into the commercial insurer market.

Siemens Healthineers, which has received more than 70 FDA authorizations for AI/ML-enabled medical devices, is among the many stakeholders supporting the Health Tech Investment Act.

AdvaMed, Alliance for Aging Research, Brem Foundation to Defeat Breast Cancer, Focused Ultrasound Foundation, National Health Council, National Psoriasis Foundation, Patients Rising and Right Scan Right Time are among other supporters of the Health Tech Investment Act, according to a press release from Rounds' office. -

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