House lawmakers debate a new AI prior authorization program

Several Democrats want to cancel the Waste and Inappropriate Service Reduction program.

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The Trump administration wants to lower Medicare spending with artificial intelligence. Congress isn't so sure.

Democrats and Republicans debated the necessity of a recently launched Medicare program that uses AI to pre-authorize Medicare services that are prone to fraud, like skin substitute procedures, during a House Energy and Commerce health subcommittee hearing Thursday. Lawmakers across the political spectrum agreed that the traditional prior authorization process has led patients to miss out on necessary care.

"People are being denied care," Energy and Commerce Committee chair Brett Guthrie (R-Ky.) said.

In his opening remarks, Guthrie said Medicare spending is unsustainable and he believes lawmakers can come to an agreement about how to prevent fraud and ensure patients get care. He said he planned to ask the chief executives of several health insurance companies, who he says will appear before the committee at the end of the month, for their thoughts on achieving those goals.

In the meantime, several Democrats are seeking to cancel the Waste and Inappropriate Service Reduction program, which the Centers for Medicare and Medicaid Services launched this month to allow AI to make coverage determinations for services prone to fraud, waste and abuse, including procedures for implanted nerve stimulators and knee arthroscopy. The voluntary program will run for six years in Arizona, New Jersey, Ohio, Oklahoma, Texas and Washington.

Vendors participating in the program include Cohere Health Inc., Genzeon Corporation, Humata Health Inc., Innovaccer Inc., Vertex Health LLC and Zyter Inc.

"This model threatens beneficiaries' access to timely and necessary medical care," said ranking member Frank Pallone (D-N.J.) in his opening remarks. "They have enough barriers out there without having to deal with this kind of a barrier as well."

Pallone, Rep. Kim Schrier (D-Wash.) and Rep. Lizzie Fletcher (D-Texas) said they support a bill introduced by Rep. Greg Landsman (D-Ohio) that would halt the WISeR program.

David Lipschutz, attorney and co-director of law and policy at the Center for Medicare Advocacy, testified that WISeR incentivizes decisions that could negatively impact patient care.

"These vendors that have been hired to participate in the WISeR model have a stake in denying care," he said. "They benefit when care is withheld."

Key context: "CMS is committed to crushing fraud, waste, and abuse, and the WISeR Model will help root out waste in Original Medicare," CMS Administrator Dr. Mehmet Oz said when the program was announced last June.

The National Association of Accountable Care Organizations has expressed concern about skin substitutes spending in particular, as POLITICO reported earlier this year. The organization estimates Medicare spending on skin substitutes ballooned in 2025 to $15 billion, up 50 percent from $10 billion in 2024.

Prior authorization in Medicare also has problems. The Office of the Inspector General has previously raised concerns about prior authorization denials. The office found that 13 percent of a sample of Medicare prior authorization requests submitted over the course of a week in June 2019 were denied and should have been approved, according to a 2022 report. Meanwhile, over 8 in 10 prior authorization requests that were denied and appealed were overturned in 2023, according to data from KFF, a health research policy organization.

Some health organizations also worry that WISeR is moving too quickly. The program was announced in June, allowing six months of preparation before launch.

The American Medical Association and the American Hospital Association advocated for the launch to be delayed.

"Many of our members have expressed concern that they have not had sufficient time to understand, prepare and test the new procedures," Sharon Cohen, a publicist for the AHA, told POLITICO via email.