

Medicare Telehealth Curbs Draw Warnings of Threat to Rural Care

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Reporter

Summary by Bloomberg AI

- Hospitals, doctors, and telehealth firms urged the Trump administration to hold off on a proposal to bar telehealth companies from remote health monitoring reimbursement under Medicare.
- The proposed policy would require remote patient monitoring services to be furnished exclusively by direct clinical staff, which could strain hospital resources and limit care for rural patients.
- Industry advocates say the proposal goes too far and could reduce access to legitimate monitoring, particularly for smaller and rural practices that lack the scale to bring all monitoring functions in-house.

Hospitals, doctors, and telehealth firms urged the Trump administration to hold off on a proposal to bar telehealth companies from remote health monitoring reimbursement under Medicare, warning of strained hospital resources and limited care for millions of rural patients.

The **plan** would require remote patient monitoring services such as post-hospital care and chronic disease management to be furnished exclusively by direct clinical staff such as nurses and physicians. More than 200 physician groups, hospital systems, and telehealth companies said small providers helping patients furthest from care would be hit hardest and the policy would spur hospital closures. “If finalized, providers will be forced to reduce enrollment, terminate programs, or stop offering remote monitoring altogether,” the coalition wrote in an Aug. 24 **letter** to CMS Administrator Mehmet Oz. The deadline to submit comments on the proposed 2027 policy changes to Medicare’s physician payments ended Sept. 14. The final rule is due by the end of the year.

The debate comes as nearly **154** rural facilities have closed or reduced services since 2010. The Trump administration has leaned on telehealth to fill this gap, investing **billions** of dollars through its rural hospital transformation program to bolster states’ internet infrastructure, provider networks, and remote patient monitoring capabilities.

Groups like Alliance for Connected Care say, however, that a ban on third-party reimbursement would largely make these investments futile. Hospitals often rely on outside vendors to manage the logistical burden of tracking and analyzing complex health data.

The American Medical Association cites research finding remote patient monitoring regularly required physicians to work additional hours, including nights and weekends. Requiring clinical staff to take on this burden could significantly reduce the service's availability for patients, the physician group said in its Sept. 14 [letter](#) to CMS.

"We're in the midst of the worst provider workforce shortage of our generation," said Andrew Van Ostrand, senior vice president of the Alliance for Connected Care, which represents telehealth companies.

"Even if the staff were available, the idea that a federally qualified health center or a rural community hospital is going to hire a team of in-sourced full-time employees to activate its RPM program is just completely impractical and unreasonable," he added.

'Sledgehammer to Payments'

The payment changes come in response to concern over rising Medicare spending on remote patient monitoring, which grew from roughly [\\$15 million](#) in 2019 to over [\\$500 million](#) in 2024. The Department of Health and Human Service's internal oversight watchdogs attribute some of the spending increase to improper and sometimes fraudulent billing.

In 2024, the HHS Office of Inspector General found that approximately [43%](#) of Medicare beneficiaries receiving RPM did not obtain all three components of the service, which include supplying the device, patient education and device setup, and treatment management.

While the OIG recommended CMS strengthen oversight with billing safeguards and identifying and monitoring companies, industry advocates say the CMS went too far.

"A lot of what the OIG published were common-sense guardrails that our coalitions broadly supported. We quibbled on the edges, but we were generally supportive of what they were recommending," said Chris Adamec, vice president of the healthcare consulting firm Sirona Strategies.

Even the conservative Paragon Institute, which broadly backs the efforts to crack down on improper RPM payments, cautioned that a permanent blanket ban on contracted clinical staff could **reduce access** to legitimate monitoring, particularly for smaller and rural practices that lack the scale to bring all monitoring functions in-house.

“What’s alarming to us is that instead of adopting the OIG’s thoughtful, balanced, and generally sensible proposals, they’ve taken a sledgehammer to the program,” Adamec added.

Calls for Moderation

Adamec says that states have structured their vendor partnerships based on current reimbursement models and that a move to upend payments to these vendors would test the feasibility of the Trump administration’s investments in rural telehealth.

The American Hospital Association called the proposal **“arbitrary and overly broad”** and warned such changes months from now would result in “immediate and significant disruption for Medicare beneficiaries who rely on these services to manage chronic conditions.”

The group advocated that program integrity be addressed in line with OIG’s recommendations, rather than a complete prohibition on contractor use.

Maya Sandalow, director of the Bipartisan Policy Center’s health program, said the Trump administration should take a more measured approach.

The group recommended CMS instead periodically check provider billing to determine the medical necessity of treatments as well as eliminate geographic payment adjustments that reduce payments to providers serving rural and lower-cost areas.

“Overall, we really do support the agency’s goal to shift toward value and outcomes-based care,” said Sandalow. “But we are concerned that prohibiting third-party vendors from providing these services and lowering payment rates could disrupt access for patients who benefit from them.”

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