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ATA ACTION INITIAL COMMENTS ON THE CY2027 PHYSICIAN FEE SCHEDULE PROPOSED RULE, INCLUDING TELEHEALTH, REMOTE MONITORING, AND AI POLICY CHANGES

WASHINGTON, DC, JULY 15, 2026 – ATA Action, the ATA's affiliated advocacy organization focused on shaping virtual care policy, is reviewing the recently released 2027 Physician Fee Schedule (PFS) proposed rules published by the Centers for Medicare & Medicaid Services (CMS).

Many of the proposed changes appear constructive and reflect continued recognition of virtual care and technology-enabled services within Medicare. However, the rule is extensive, and certain provisions may raise concerns or have unintended consequences. ATA Action is continuing its detailed review and coordinating closely with its members before submitting a comprehensive response to CMS.

"As in years past, we are eager to work with CMS and the Trump administration on this draft rule to ensure virtual care remains a cornerstone of modern healthcare and stand ready to be a resource as we all work towards a patient-first PFS," said Kyle Zebley, CEO of the ATA and Executive Director of ATA Action. "In collaboration with our broad-based ATA and ATA Action community, we will offer thorough comments to ensure the proposed rule supports sustainable, high-quality healthcare delivery. We are encouraged that CMS is signaling telehealth and digital health tools are here to stay in Medicare policy. At the same time, our initial review has identified areas that warrant closer examination, and we will work with our members to understand the full operational and clinical implications. There continues to be extensive, bipartisan, bicameral consensus on the need to extend these telehealth flexibilities, and we are deeply grateful for the ongoing, strong support from both Congress and the administration in recognizing the importance of virtual care."

CMS Proposes Telehealth, Remote Monitoring, and AI Policy Changes
In the 2027 proposed rule, CMS outlined a series of technology-related payment and coverage changes:

Telehealth: In addition to changes to extend existing telehealth flexibilities, CMS proposes adding five codes to the Medicare Telehealth List, clarifying critical care consultation code descriptors, creating two new telehealth modifiers, and allowing physicians to bill for telehealth services involving residents when either the teaching physician or resident is in the room with the beneficiary.

Remote Patient Monitoring: CMS proposes tightening guardrails and recalculating payment for remote patient monitoring (RPM) and remote treatment monitoring (RTM) services. Key changes include restricting RTM billing to patients with an established relationship with the billing practitioner, requiring a separately reportable initiating visit tied to the start of monitoring services, prohibiting use of third-party remote monitoring companies, lowering monitoring valuations, and potentially consolidating current CPT codes into four new G-codes (two RPM, two RTM) covering initial setup and monthly monitoring/management.

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Technology-Enabled Care: CMS is seeking broad feedback on modernizing Medicare reimbursement for technology-enabled care, with particular interest in primary care, care management, capitated payment models, and AI.

Software as a Medical Service (SaMS): Aligning with the OPPS proposed rule, CMS introduces a new category – Software as a Medical Service – defined as algorithm-based clinical decision-support software with clinical or diagnostic functionality (excluding remote monitoring and prescription digital therapeutics). SaMS providing secondary analysis of lab data would shift from the Clinical Laboratory Fee Schedule to the Physician Fee Schedule.

Merit-based Incentive Payment System (MIPS) Improvement Activities: CMS proposes two new technology-focused improvement activities: clinician use of AI to improve patient care, and use of interoperable clinical decision support.

ATA Action also continues to emphasize the urgency for Congress to act as soon as possible on extending or making permanent the pandemic-era telehealth flexibilities in the Medicare program to prevent any disruption in access to clinically appropriate virtual care for Americans after the December 31, 2027, deadline.

"With this proposed rule, CMS opens an important door, directly asking how Medicare should modernize reimbursement for technology-enabled care, including AI. That's exactly the conversation ATA Action has been pushing for," said Joe Nye, ATA's Vice President, Public Policy, and Head of Federal Government Relations at ATA Action. "ATA Action will be at the table to make sure the final rule supports and does not undermine technology-enabled care."

About the ATA

The American Telemedicine Association (ATA), the definitive voice for virtual care, is the industry's trusted community focused on expanding access to healthcare through innovation by advancing education, resources, and policy. Founded in 1993, the ATA represents the most diverse ecosystem in healthcare – including leading health systems, academic medical centers, payers, technology innovators, life sciences companies, and clinician leaders – the ATA delivers clinical standards, policy leadership, education, and evidence frameworks that accelerate high-quality, technology-enabled care.

About ATA Action

ATA Action expands and protects how virtual care is legislated and regulated at all levels of government. Founded in 2022, ATA Action works collaboratively with federal and state legislators and policymakers to influence legislative and regulatory developments in virtual care, digital health, remote patient monitoring, AI in healthcare, health data privacy, private sector healthcare investment, and more. ATA Action represents hospital systems, technology companies, professional associations, direct-to-consumer digital health providers, payers, pharmaceutical manufacturers, digital therapeutics developers, and remote monitoring organizations, and facilitates member-led coalitions focused on initiatives to advance AI in Virtual Care Policy and Cross State Care. ATA Action is a registered 501(c)(6) nonprofit trade organization engaged in lobbying efforts to shape industry-related legislation and serves as an affiliated trade association of the ATA, a 501(c)(3) entity recognized for its leadership in advancing innovation and leading transformation in virtual care.

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