HEALTH INNOVATION ALLIANCE

August 31, 2026

The Honorable Mehmet Oz, M.D.
Administrator
Centers for Medicare & Medicaid Services
U.S. Department of Health and Human Services
7500 Security Boulevard
Baltimore, MD 21244

Re: Comments on CY2027 Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems (CMS 1850-P)

Submitted electronically via regulations.gov

Dear Administrator Oz:

The Health Innovation Alliance is pleased to comment on the *Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems; and Quality Reporting Programs; Including the Hospital Outpatient Quality Reporting Program and Ambulatory Surgical Center Quality Program; Request for Information on Strengthening the Standardization and Comparability of Hospital Price Transparency (HPT) Data; Prior Authorization; Accrediting Organization (AO) Deeming for Emergency Medical Treatment and Labor Act (EMTALA); and Notices of Closure of Teaching Hospitals and Opportunities To Apply for Available Slots* proposed rule. The Health Innovation Alliance (HIA) is a diverse coalition of patient advocates, health care providers, consumer organizations, employers, technology companies, and payers that supports the commonsense use of data and technology to improve health outcomes and lower costs.

HIA supports CMS's efforts to develop an appropriate Medicare payment framework for artificial intelligence (AI) and other software-based medical technologies. AI is increasingly being used across the health care system to improve diagnostic accuracy, identify risks earlier, streamline workflows, drive administrative efficiency, and support and augment clinical care delivery. Medicare payment policy should recognize these benefits and support responsible adoption of technologies that can improve care for beneficiaries.

We support CMS' thoughtful approach to software as a medical service (SaMS), including its decision to take a transitional approach for CY 2027 that provides payment stability while the agency develops a more comprehensive long-term methodology. As CMS finalizes its CY 2027 policies and considers a longer-term approach to SaMS and AI payment, HIA recommends that CMS:

- Support continued adoption of AI-enabled technologies amongst providers serving Medicare beneficiaries
- Maintain payment stability and predictability for AI-enabled technologies so that clinicians and care facilities can make informed decisions about implementing AI solutions

- Engage stakeholders when designing a permanent SaMS methodology to ensure such a structure balances cost efficiency and technology access

Support Continued Adoption of AI-enabled Technologies
We support CMS in finalizing the proposed transitional approach to avoid abrupt payment changes that could discourage adoption or disrupt beneficiary access to AI-enabled technologies. This stability is important for use cases such as AI image processing, which is becoming more widely adopted, as well as emerging use cases in clinical AI.

HIA encourages CMS to continue supporting responsible adoption because broader use of these technologies can help translate AI advances into tangible improvements in care for Medicare beneficiaries. As clinicians gain experience using AI in real-world settings, these tools can increasingly complement clinical expertise by helping identify relevant information, support more timely and informed decision-making, and allow clinicians to focus their time and attention where it is most valuable to patients. Continued adoption also allows promising technologies to develop a stronger base of real-world evidence and clinical experience, helping providers and policymakers better understand where AI delivers meaningful benefits and where its use may be less valuable or appropriate.

As AI becomes more integrated into health care delivery generally, Medicare payment policy should not unnecessarily cause beneficiaries to lag behind other markets in accessing useful, appropriately validated technologies. Similarly, CMS should strive to keep Medicare abreast of private-sector AI payment policy so that providers and facilities have less need to bifurcate their care delivery processes. CMS should therefore continue to foster an environment in which proven AI applications can become part of routine care while emerging applications have an opportunity to demonstrate their value in clinical practice.

Maintain Payment Stability and Predictability
HIA supports CMS's decision to take an incremental approach to SaMS payment for CY 2027 rather than immediately implementing a fundamentally new methodology. Payment predictability is particularly important for emerging technologies – not only impacting software that is already implemented, but also having an impact on future adoption, implementation, and development. Providers considering AI investments must account not only for the cost of acquiring or licensing a product, but also for implementation, workflow integration, clinician education, interoperability, cybersecurity, and ongoing maintenance. Significant or unpredictable changes in reimbursement can discourage these investments.

We recommend CMS keep these varying impacts in mind as it considers options for a future payment structure. The structure should be flexible enough to leave options open for future technologies to be incorporated and not disadvantaged. While we agree AI-enabled software does not neatly fit into other payment models under the hospital outpatient prospective payment system (OPPS) that pays for services relying on material resources, we disagree with the implication that these technologies are scalable with non-material costs.[1] As we noted above, there are significant resources required to implement this category of software and appropriately oversee it. Similarly, there are costs incurred by software vendors scaling their solutions to more customers – this includes cloud computing and storage, implementation resources, and other back-end support. These are often very different than other medical services, but they still need to be accounted for in the payment methodology.

[1] 91 Fed. Reg. 41734 *at* 41919

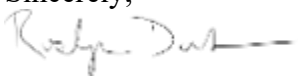
Engage Stakeholders When Designing a Permanent SaMS Methodology
Given the complexity and rapid evolution of AI, HIA strongly encourages CMS to engage stakeholders before establishing a permanent SaMS payment methodology. Developers, clinicians, hospitals, other providers, health plans, patients, and researchers can provide CMS with important information about how AI technologies are developed, acquired, integrated, and used in practice – both in the Medicare program specifically and in the market more broadly. This input will be particularly important in understanding how different reimbursement approaches could affect adoption, competition, beneficiary access, and overall Medicare spending.

Stakeholder engagement is also necessary because AI is developing more quickly and adoption trends are changing faster than the Medicare rulemaking cycle. A methodology designed too narrowly around today's technologies could quickly become outdated.

As this work proceeds, CMS should evaluate future policies against a straightforward principle: whether they facilitate or impede Medicare beneficiaries' access to useful health care innovation. A successful framework should provide sufficient payment predictability to support investment and adoption, accommodate different AI technologies and clinical use cases, recognize system-wide efficiencies, encourage competition and innovation, and maintain appropriate safeguards for beneficiaries and the Medicare program.

Conclusion
Thank you for your consideration of these comments. HIA stands ready to collaborate with CMS to create an environment that encourages AI adoption to drive efficiency, innovate in care delivery, and improve patient outcomes.

Sincerely,



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