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Healthcare Alert

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Medicare proposes significant changes to remote patient monitoring and remote therapeutic monitoring services for CY 2027

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CMS's 2027 PFS Proposed Rule would overhaul Medicare RPM and RTM billing, payment, and vendor arrangements. Here's what stakeholders should know.

What's the impact?

- CMS proposes to require that remote patient monitoring (RPM) and remote therapeutic monitoring (RTM) services be furnished exclusively by clinical staff who are direct employees of the billing practitioner.
- This will effectively prohibit the use of third-party contracted monitoring companies. New requirements would mandate an established patient relationship and a face-to-face initiating visit before RPM or RTM services may begin.
- Practice expense valuation reductions are proposed, and CMS is seeking comment on consolidating all existing RPM and RTM CPT codes into four new G-codes.

Last week, on July 16, 2026, the Centers for Medicare & Medicaid Services (CMS) published the Calendar Year (CY) 2027 Medicare Physician Fee Schedule (PFS) Proposed Rule. In a major policy shift, following reports and recommendations from the Office of Inspector General (OIG), CMS is proposing changes to remote patient monitoring (RPM) and remote therapeutic monitoring (RTM) payment and coverage policies. If finalized, the changes would fundamentally restructure the delivery of such remote monitoring services under Medicare, with significant implications for billing practitioners, health systems, and third-party RPM and RTM service vendors. This alert summarizes the key proposed changes and their anticipated impact on stakeholders.

Background

CMS established payment for RPM services under the PFS beginning in CY 2019. RPM describes services involving the collection, analysis, and interpretation of digitally collected physiologic data, development of a treatment plan, and management of a patient under that plan. Over subsequent years, CMS designated RPM services as care management services, allowing them to be furnished under the general supervision of a physician or other qualified healthcare professional (such as a nurse practitioner or physician assistant). In 2022, CMS separately established the RTM code family. RTM uses digital technologies to remotely monitor patient-reported therapeutic outcomes, including therapy adherence and response, which captures patient adherence to at-home therapeutic interventions across three distinct categories: the respiratory system, the musculoskeletal system, and cognitive behavioral therapy. The use of RPM has grown significantly since its implementation in 2019 and continues to grow. Further, both code families have been expanded through subsequent rulemaking and CPT Editorial Panel revisions, including in September 2024, when additional device supply and treatment management codes were created for both RPM and RTM. Most recently, CMS expanded the RTM and RPM codes eligible for reimbursement in the CY 2026 Medicare Physician Fee Schedule Final Rule.

RPM and RTM services consist of three components: (i) education and setup, (ii) device supply, and (iii) treatment management. RTM or RPM services may be billed concurrently with chronic care management (CCM), transitional care management (TCM), principal care management (PCM), care planning and management (CPM), or behavioral health integration (BHI) services.

In response to concerns related to potential fraud identified from OIG's review of the RPM program and its resulting recommendations, CMS is proposing significant changes to RPM and RTM policies. Two reports from the OIG were instrumental in CMS's decision to propose these changes:

- "Additional Oversight of Remote Patient Monitoring in Medicare Is Needed" (2024): Found companies "cold calling" beneficiaries to enroll them in RPM programs, and that approximately 43% of enrollees who received RPM did not receive all three required service components. The OIG identified other risks, including providing devices with insufficient staff

to properly monitor enrollees, and companies failing to appropriately train enrollees to use the devices. These findings suggest that monitoring services are not being used as intended to effectively manage patients' conditions.

- "Billing for Remote Patient Monitoring in Medicare" (2025): While not applicable to the majority of practices reviewed, the report found that some practices did not meet the requirement of having an established clinical relationship with patients for whom they billed for RPM services, billed RPM services for patients enrolled with other practices, and billed for multiple monitoring devices a month for an enrollee. These practices suggest that some practices may not be utilizing RPM to effectively treat patients' conditions and are billing for medically unnecessary devices and/or monitoring.

Key proposed changes

CMS is proposing to (i) ban third-party vendors from providing remote monitoring services, (ii) reevaluate remote monitoring payment rates,; (iii) solicit comments on replacing current RPM and RTM codes with new Healthcare Common Procedure Coding System (HCPCS) codes, (iv) extend the "established patient" requirement to RTM, and (v) introduce a separately reportable visit for both RPM and RTM services.

CLINICAL STAFF/DIRECT EMPLOYEE REQUIREMENT

In perhaps the most impactful proposed change, CMS proposes, effective January 1, 2027, to require that RPM and RTM services be furnished exclusively by clinical staff who are direct employees of the billing practitioner or the practitioner's practice. Under existing rules, RPM and RTM services may be outsourced to third-party companies, using staff employed or contracted by such third parties. CMS does not believe that these arrangements provide "adequate oversight, management, or collaboration to bill RPM or RTM services." This proposal would eliminate the ability to contract out RPM or RTM services to third-party companies.

CMS clarified that clinical staff need not be physically located within the practice at all times, and that the beneficiary need not be on-site for the provision of remote monitoring services. Under the proposed rule, the time spent by clinical staff furnishing RPM or RTM services may be counted toward the billing practitioner's time, provided that (i) the clinical staff perform the services under the general supervision of the billing practitioner, (ii) the clinical staff are direct employees of the practitioner or the practitioner's practice, and (iii) all other "incident to" requirements under 42 Code of Federal Regulations section 410.26 are met.

ESTABLISHED PATIENT REQUIREMENT FOR RTM

CMS proposes extending the established patient requirement, which already applies to RPM, to RTM services. Under this proposal, RTM services may only be furnished to patients who have an established relationship with the billing practitioner.

CMS's rationale is that a practitioner with an established relationship has had the opportunity to collect the patient's history, conduct an examination, and possesses information to understand the patient's current medical status before ordering monitoring services. This proposal directly relates to the OIG finding that some practices are billed for patients with whom they had no prior relationship.

INITIATING VISIT REQUIREMENT

CMS proposes that practitioners must furnish a separately reportable initiating visit in association with the onset of RPM or RTM services. This aligns with existing Medicare requirements for care management services, which require an initiating visit before certain services can be billed. The initiating visit would allow the provider to assess the patient's needs and clinical appropriateness for monitoring services and provide an opportunity for the practitioner to obtain consent. Key elements of this proposal include:

- The initiating visit must be face-to-face (in-person or via telehealth) with the billing practitioner.
- CPT codes that do not involve a face-to-face visit or are not separately payable under Medicare cannot serve as the initiating visit.
- RPM or RTM services must be discussed with the patient at the initiating visit; if not discussed, the visit cannot count as the required initiating visit.

VALUATION CHANGES

CMS proposes revising the practice expense (PE) valuation for certain devices and set-up codes, citing concerns that current payment rates may be overvalued and overstate the costs associated with device setup, patient education, and device supply. CMS believes that the proposed changes to the PE relevant value units (RVUs) will more accurately reflect current clinical workflows and resource costs. For treatment management codes, CMS proposes to eliminate PE inputs altogether, concluding that these services are appropriately valued through physician work RVUs and generally do not require clinical staff time. The proposed changes would effectively reduce the reimbursement rate for such codes.

POTENTIAL CODE BUNDLING/NEW G-CODES

CMS is seeking comments on a proposal to consolidate all seventeen (17) existing RPM and RTM CPT codes into four new HCPCS G-codes:

- GRPM1: RPM initial set-up and patient education
- GRPM2: Remote monitoring of physiologic parameters per calendar month
- GRTM1: RTM initial set-up and patient education
- GRTM2: Remote monitoring of therapeutic parameters per calendar month

CMS explained that this consolidation would reduce the administrative burden associated with seventeen (17) separate codes and ensure that beneficiaries who receive remote monitoring also receive the treatment management component. These HCPCS G-codes would incorporate all current conditions of payment for RPM and RTM codes, as well as the proposed established patient, initiating visit, and supervision requirements discussed herein.

Practical implications for stakeholders

The CY 2027 PFS Proposed Rule represents the most significant proposed restructuring of RPM and RTM services since CMS established payment for these codes. The combination of the direct employee requirement, established patient and initiating visit prerequisites, valuation reductions, and potential code consolidation would fundamentally reshape the remote monitoring landscape. Stakeholders, particularly third-party RPM/RTM companies and practices that rely on outsourced monitoring, should carefully monitor developments and evaluate the potential impact of these proposals. It may be prudent for RPM/RTPM stakeholders to begin restructuring their business plans to align with the CMS's proposed framework.

Next steps

CMS is soliciting public comment on all proposals described in this alert. Comments on the proposed rule are due sixty (60) days after publication in the Federal Register. After consideration of public comments, CMS could finalize these proposals in the CY 2027 PFS Final Rule, with an effective date of January 1, 2027.

Stakeholders are encouraged to submit comments during the public comment period to ensure their perspectives are considered.

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