COUNCIL FOR AFFORDABLE
HEALTH COVERAGE

August 10, 2026

The Honorable Mike Crapo
Chairman, Committee on Finance

The Honorable Ron Wyden
Ranking Member, Committee on Finance

The Honorable Bill Cassidy
Chairman, Committee on Health, Education, Labor, and Pensions

The Honorable Bernie Sanders
Chairman, Committee on Health, Education, Labor, and Pensions

The Honorable Jason Smith
Chairman, Committee on Ways and Means

The Honorable Richard Neal
Ranking Member, Committee on Ways and Means

The Honorable Brett Guthrie
Chairman, Committee on Energy and Commerce

The Honorable Frank Pallone, Jr.
Ranking Member, Committee on Energy and Commerce

Re: Request for Legislation Directing CMS to Study and Chart a Path to a Single, Public-Domain Code Set for Reporting Health Care Procedures

Dear Chairmen and Ranking Members:

On behalf of the Council for Affordable Health Coverage (CAHC), a nonpartisan coalition of employers, providers, consumer groups, and patient advocates working to advance market-based solutions to lower health care costs, I write to ask that the Committees on Finance, Ways and Means, and Energy and Commerce advance legislation directing the Centers for Medicare and Medicaid Services (CMS) to study and develop a road map for standardizing the nation's health care system on a single, public-domain code set for reporting medical and surgical procedures.

Medicare's physician and outpatient billing runs through a coding system the American Medical Association (AMA) owns outright. The AMA's proprietary, royalty-bearing CPT code set gives a single interested party effective control over when and how procedures and technologies can be billed while generating a substantial revenue stream for the Association in the process. That arrangement is a long-standing special interest capture of a regulatory function, one that touches nearly every medical bill across nearly every insurer and provider in the country. We urge you to direct CMS to build the road map for replacing this arrangement with a single, CMS-maintained code set to end the special interest windfall the current structure protects. Doing so will lower administrative and billing costs across the system, while improving the precision and utility of health care data.

This request is grounded in the analysis published in Health Affairs Forefront on March 12, 2026, "It's Time To Standardize On A Single Code Set For Reporting Health Care Services," which I co-authored with health

care coding expert Richard F. Averill. Mr. Averill served as principal investigator on the CMS contracts that developed the public domain ICD-10-PCS between 2012 and 2016. The supporting rationale below draws on that analysis.

The Problem: Two Procedure Coding Systems, One Avoidable Cost

Health care providers currently report medical and surgical procedures using two entirely separate coding systems. The American Medical Association's (AMA's) Current Procedural Terminology (CPT) code set is used for physician and outpatient services. CPT is proprietary: the AMA owns it, updates it, and charges royalty and licensing fees to the providers, insurers, health plans, clearinghouses, and software vendors who must use it to bill Medicare and other insurers. By contrast, hospital inpatient procedures are reported using the ICD-10-PCS, which CMS developed, maintains, and makes available in the public domain at no charge.

Maintaining two separate procedure coding systems adds administrative complexity and cost across the entire health care system, that is ultimately passed on to patients and employers in the form of higher billing and higher insurance premiums. This is a solvable, largely technical problem, and it is arising at a moment when the country can least afford unnecessary cost: hospital prices have been rising at roughly triple the rate of general inflation, commercial insurance premiums continue to climb, and the Medicare Hospital Insurance Trust Fund (Part A) is projected to become insolvent in 2033.

A Deeper Problem: Regulatory Capture by a Single Interested Party

The CPT system is more than a pricing inconvenience. Because CPT is the code set physicians and other outpatient providers must use to bill for services, the AMA effectively decides, on its own timeline and through its own process, which procedures and services the health care industry can explicitly identify and bill for. If the AMA does not establish a CPT code for a new procedure or technology, providers cannot cleanly bill for it and device or drug manufacturers cannot achieve normal market acceptance for it. The significance of a new CPT code is such that companies routinely issue public announcements when one is created, and such announcements have been reported to move company stock prices.

In short, a single professional association, one with its own financial and professional interests in how medicine is practiced and paid for, holds effective veto power over how new procedures and technologies enter the billing system nationwide. That arrangement is a textbook case of special interest capture of a regulatory function, sanctioned by decades of HHS and CMS reliance on CPT as a HIPAA standard code set. It persists even though CMS already maintains a modern, public domain alternative for hospital procedures in the ICD-10-PCS. This issue has separately drawn bipartisan congressional scrutiny of the AMA's CPT licensing and royalty structure. We would be glad to help the Committees identify issues related to those inquiries.

The Solution: Extend and Transition to CMS's Own Code Set

The ICD-10-PCS was purpose-built to be a clinically credible, expandable, and uniquely specific procedure classification system. CMS already controls its update process through an open, transparent process rather than a proprietary one. Today, however, the ICD-10-PCS is used only for hospital inpatient procedures. Extending it to cover procedures and services across all sites of care, physician offices,

ambulatory surgery centers, and hospital outpatient departments alike, and then transitioning the system away from CPT, would eliminate the need to maintain two parallel coding systems, reducing administrative and billing costs across the entire health care system, while removing the AMA's unilateral control over which new procedures and technologies can be billed and adopted.

CMS is best positioned to conduct a technical, data-intensive study before Congress legislates a transition. We therefore ask that the Committees advance legislation requiring CMS to:

- Evaluate and make any revisions to the ICD-10-PCS necessary for it to encompass procedures and services performed across all sites of service, not solely hospital inpatient care.
- Develop an unbiased and comprehensive road map for transitioning the health care system from the current dual coding structure to the revised ICD-10-PCS as the single standard code set for reporting health care procedures, including a realistic implementation timeline, provider and payer system readiness requirements, and an estimate of administrative cost savings.

There is direct precedent for Congress directing this kind of preparatory work. The original HIPAA Administrative Simplification provisions directed HHS to adopt standard code sets for electronic health care transactions, which is how CPT and ICD-10-PCS came to be designated standards in the first place. Directing CMS to study and develop a roadmap for a transition to a single, public domain code set is a natural and modest extension of that same statutory authority, and it would give Congress the technical basis it needs to decide, with full information, whether and how to complete the transition.

Conclusion

Making the ICD-10-PCS the standard for procedure coding and reporting across all sites of service would reduce administrative and medical costs while improving the precision, uniformity, and usefulness of the nation's health care data. It would also end one organization's special interest capture of a regulatory process that touches nearly every medical bill in the country. We ask the Committees to act on this straightforward, bipartisan opportunity to lower costs and would welcome the opportunity to discuss this request further and to make our policy and research staff available to support the Committees' work.

Thank you for your consideration.

Sincerely,

Joel White
President
Council for Affordable Health Coverage