

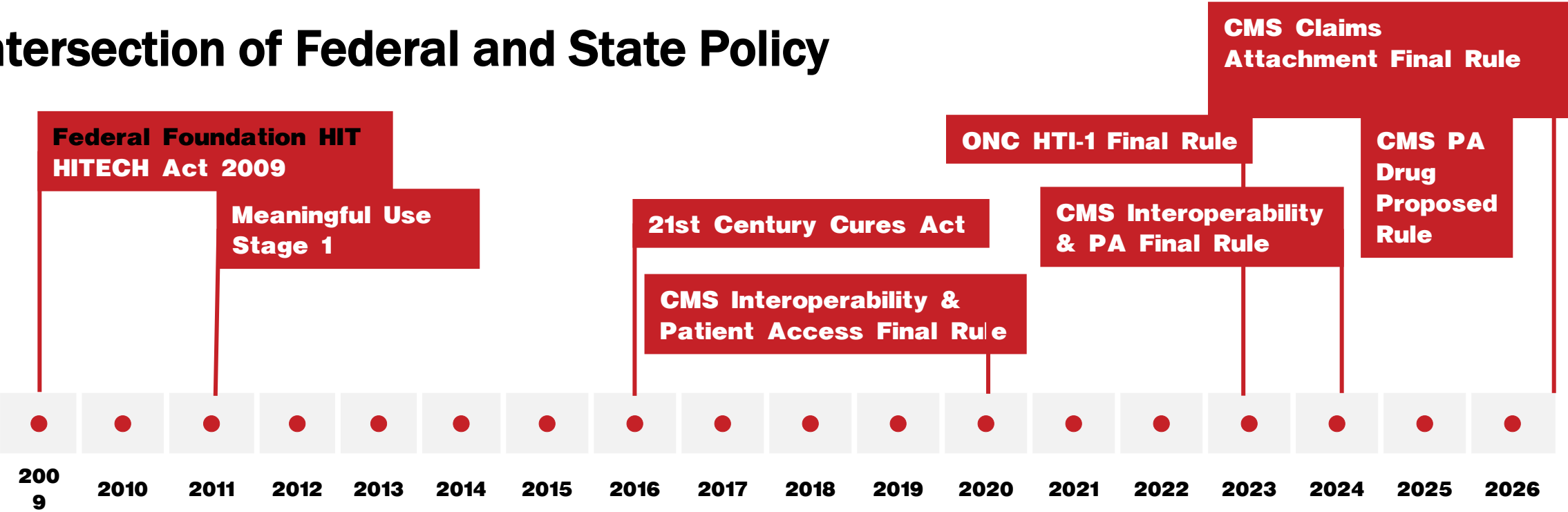
Optimizing
Health IT Impact.
For Good.

The Federal-State Policy Cycle and Its Impact on Healthcare Organizations

Understanding policy processes shaping healthcare management



Intersection of Federal and State Policy

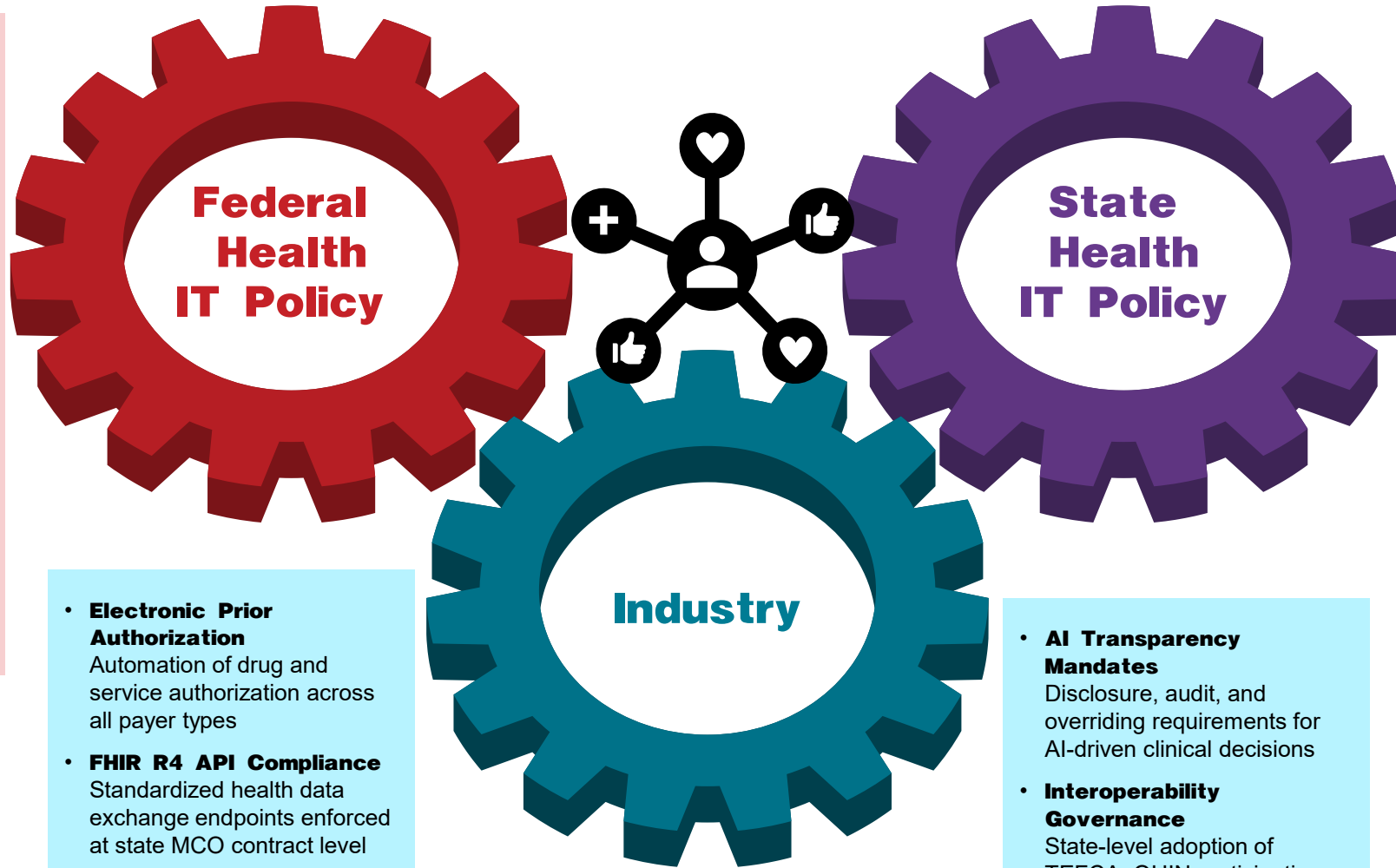


- Consent Laws i.e., Ca, NY (opt in) and Tx, Fl (opt out)
- Behavioral Health Laws i.e., CA SB541
- Breach notification laws in – 50 states

- 2021 - 2023 payer and provider interoperability laws
 - WA HB (E2SHB) 1357, CO and OR Laws

- 2021 - Algorithm Fairness Plans, CO SB 169, NY, and CA law (pending)
- 2023 - Privacy - NV SB270 Consumer Privacy Act and TX and CT Laws

Where Federal Health IT Policy Meets State Action



- **CMS-0062-P (2026)**
Electronic Prior Auth for Drugs; FHIR & AI requirements extended to all Medicaid, MA, CHIP, QHP payers
- **21st Cures Act / ONC HTI-1 (2024)**
FHIR R4 APIs mandates; information blocking prohibition; TEFCA onboarding
- **HTI-2 Proposed Rule (2024)**
Predictive DST / algorithm transparency; AI bias reporting; QHIN data standards
- **CMS Interoperability Rule (2020)**
Patient Access API;
Provider Directory API; payer-to-payer data exchange





- **Electronic Prior Authorization**
Automation of drug and service authorization across all payer types
- **FHIR R4 API Compliance**
Standardized health data exchange endpoints enforced at state MCO contract level

- **AI Transparency Mandates**
Disclosure, audit, and overriding requirements for AI-driven clinical decisions
- **Interoperability Governance**
State-level adoption of TEFCA, QHIN participation, and data use agreements

- **AI Governance Legislation**
WA HB 1841, CA AB 3030, UT HB 118, MA EO on AI — transparency & accountability frameworks enacted ahead of federal deadlines
- **MCO Contract Requirements**
State Medicaid agencies embedding FHIR R4, electronic PA, and AI oversight clauses directly in managed care contracts
- **Medicaid Agency Guidance**
MDHHS (MI), MassHealth (MA), AHCCCS (AZ) issuing implementation roadmaps aligned to CMS-0062-P timelines
- **Emerging Legislative Pipeline**
NY SB 7983, RI HB 7521, CO SB 205, NC SB 896, AZ HB 2685 advancing healthcare AI oversight and electronic PA modernization

Risks and Opportunities

State Legislation and Federal Regulation Monitoring

 Payers	 Health Systems/Providers	 EHR / Health IT Vendors	 Patient / Caregiver
RISKS	RISKS	RISKS	RISKS
<ul style="list-style-type: none"> • Influences potential for fragmentation in product offerings • increasing administrative cost and IT complexity. due to state fragmentation • Competitors advancement • Gaps in care for clients 	<ul style="list-style-type: none"> • Gaps in care • Lower overall quality of care • Additional staff friction and burden for providers and staff • Administrative burden for multistate facilities and practices 	<ul style="list-style-type: none"> • Multiple integration patterns • Supporting different channels • Custom integrations creating burden and cost potential • Additional burden and cost 	<ul style="list-style-type: none"> • Gaps in care continue • Lower overall quality of care • Friction continues with providers and plans • Potential for increased out-of-pocket costs • Counter service confusion/frustration
OPPORTUNITIES	OPPORTUNITIES	OPPORTUNITIES	OPPORTUNITIES
<ul style="list-style-type: none"> • Holistic view of industry allows for better strategic planning • Strengthen brand • Planning, reduce burden and costs • Less discretion in how PA is operationalized (due to federal standards). 	<ul style="list-style-type: none"> • Administrative simplification/burden reduction • Better care coordination • Improve care timeliness and quality care 	<ul style="list-style-type: none"> • Cohesive strategy • Product Differentiation • Vast efficiencies • Standardization of APIs and data sets help to minimize development costs 	<ul style="list-style-type: none"> • Higher quality of care at a lower price • Empowerment to manage own healthcare data • Access to expedited care, personalized care



Advanced Pharmacy Practice



COVID Changed the Conversation About Pharmacists

COVID didn't create pharmacists' clinical capabilities. It proved them at scale.

Before COVID	During COVID	After COVID
Pharmacists largely viewed as dispensers — clinical capabilities existed but were widely underutilized.	Testing authority — pharmacists authorized to administer and interpret COVID tests.	Many states made temporary COVID authorities permanent.
Pharmacists have always been capable of medication therapy management, drug interaction consultation, chronic disease support, blood pressure and diabetes monitoring.	Vaccine administration — nationwide authorization.	Additional clinical services expanded beyond COVID — building on demonstrated competence.
Scope varied widely by state — a patchwork of collaborative practice agreements and inconsistent reimbursement.	Treatment prescribing in some states.	Scope of practice is now on the legislative agenda in nearly every state.
	For millions of patients, the pharmacist was the most accessible healthcare professional.	



States Took the Baton

Variable State Pharmacy Rules

Pharmacy scope-of-practice rules vary widely by state, affecting prescribing, test-and-treat, and vaccination authorities.

Risks and Opportunities

Differences in state rules create compliance risks but also opportunities to expand services strategically.

Dynamic Regulatory Landscape

State-level policy experimentation leads to constantly evolving healthcare regulations requiring continuous monitoring.

Strategic Importance of Compliance

State policy awareness and compliance are critical to avoiding risk and being competitive.



Why This Matters Now

Expanded Pharmacist Authority

Expanded pharmacist roles address physician workforce shortages especially in rural and underserved areas.

Funding Pathways for Closing Gaps in Care

Rural Health Transformation Program, ACCESS, Public/Private Partnerships, Grants and State Innovation Funds are available for States to pilot new ways to leverage pharmacists at the top of their license

Value-Based Care Integration

Pharmacists improve outcomes and reduce costs through medication management in value-based care models.

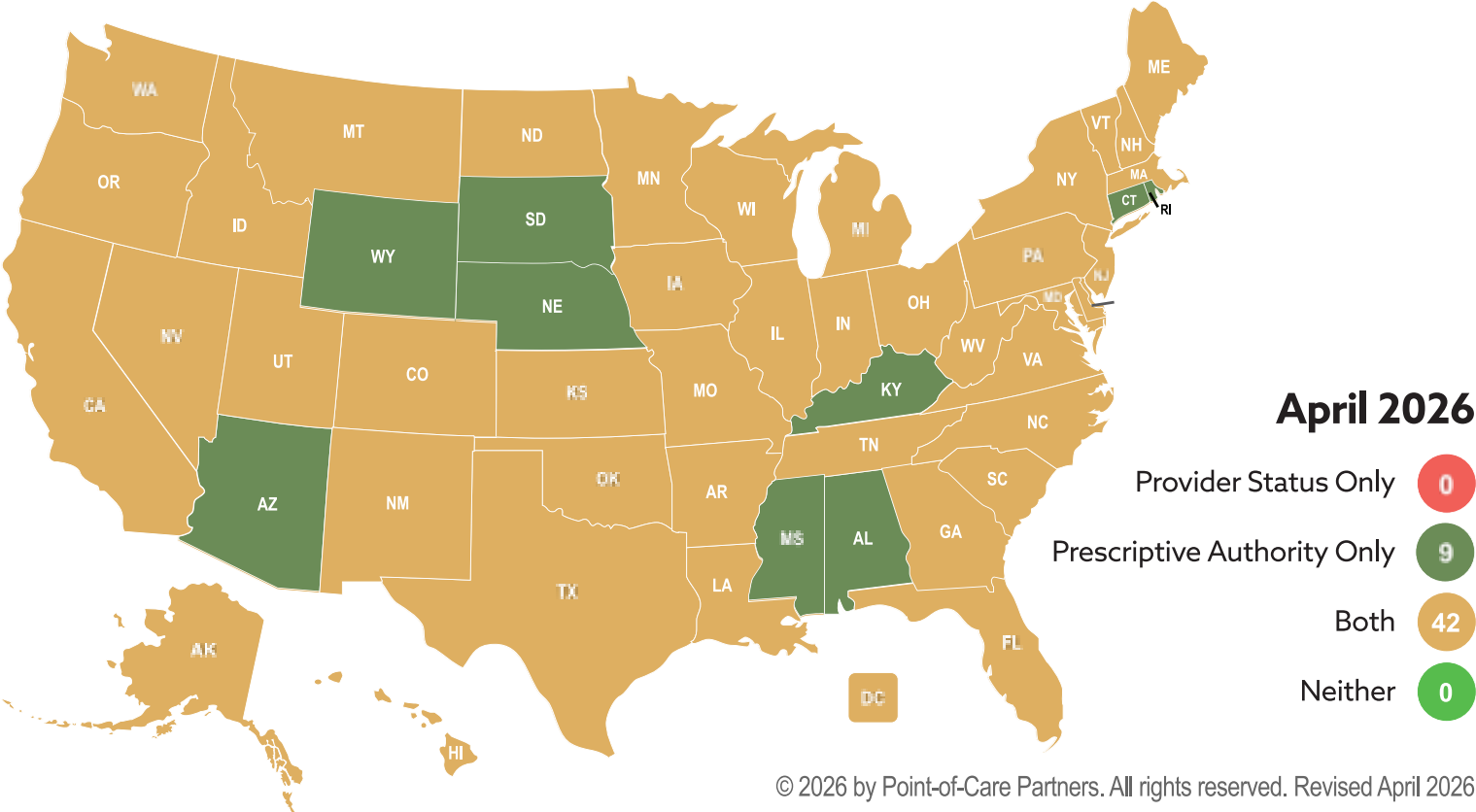
Need for Updated Reimbursement Models

Expanded state laws that allow pharmacists to provide additional services is just the first step. New reimbursement models need to be explored to create a viable business model for these advanced pharmacy services.

Policy Feedback Loop

State policy innovations generate evidence shaping future federal reimbursement decisions.

Pharmacists as Providers



Map illustrates the states in which pharmacists have provider status and/or prescriptive authority.

Reference: Summit Health Advisors. (2026). [A business model framework to scale pharmacy-delivered clinical services](#). Funded by NCPDP Foundation



Advanced Pharmacy Practice State Highlights



Prior Authorization: CMS-0057 to States

Federal Action Creates Momentum: CMS-0057 Final Rule

CMS-0057 Final Rule Overview

CMS-0057 mandates APIs for electronic prior authorization and data interoperability to improve healthcare data access.

Technology Infrastructure Investment

Organizations invest in FHIR-based systems to meet CMS-0057 mandates and enable enhanced interoperability.

Strategic Opportunities Beyond Compliance

Forward-thinking organizations use CMS-0057 compliance as a foundation for efficiency and competitive advantage.



States Continue to Shape Prior Authorization Policy

- **State-Level Regulation Impact**

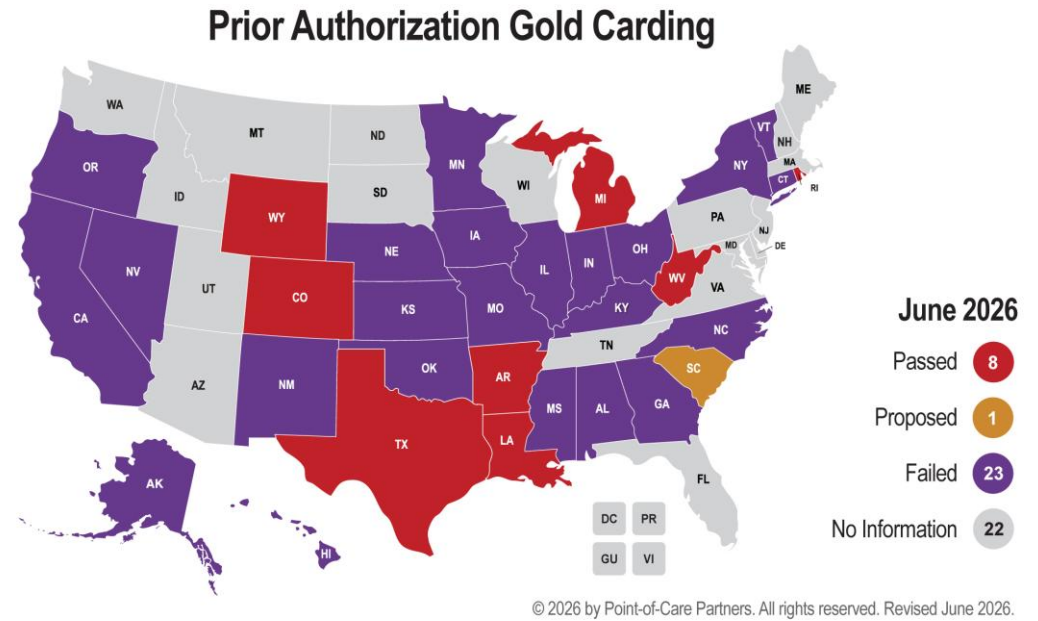
States impose stricter prior authorization policies that extend beyond federal CMS-0057 requirements.

- **Policy Variations and Examples**

- States differ in decision timelines, gold carding, transparency mandates, and medical necessity standards.
 - Texas: Gold-carding requirement for high-performing providers; limits PA use; transparency and reporting requirements.
 - Louisiana: Gold-card program; restrictions on PA for certain services; enhanced notice and appeal rights.
 - West Virginia: Gold-carding; tighter timelines and documentation standards for PA decisions
 - Washington State regulations illustrate meaningful divergences from federal prior authorization rules.
 - Pennsylvania -:Comprehensive PA reform; reduced response times; mandatory online submission.
 - Florida- Limits PA for certain medications and treatments .

Compliance Requires Vigilance

Organizations must monitor evolving federal and state policies to maintain compliance and operational efficiency.



Looking Ahead: CMS-0062-P

Federal to State Policy Response

Federal reforms like CMS-0062-P often prompt rapid state-level responses and regulatory changes.

Reform Focus Areas

The proposal emphasizes stricter timelines, transparency, and standardized drug prior authorization processes.

Importance of Early Monitoring

Shrinking time between federal actions and state responses increases the need for proactive monitoring and planning.

Strategic Adaptation

Understanding policy patterns helps organizations build resilient strategies to adapt rapidly to changes.



<https://www.regulations.gov/document/CMS-2026-1255-0001/comment>



PA Navigator – State PA Law Highlights



Artificial Intelligence: State Policy Trends

Federal AI Policy Impacts State Action

- **Federal Government focus:.**

- White House AI Action Plan released in July 2025, focuses on Innovation over legislation and regulation.

- **Executive Orders Use to move their agenda forward.**

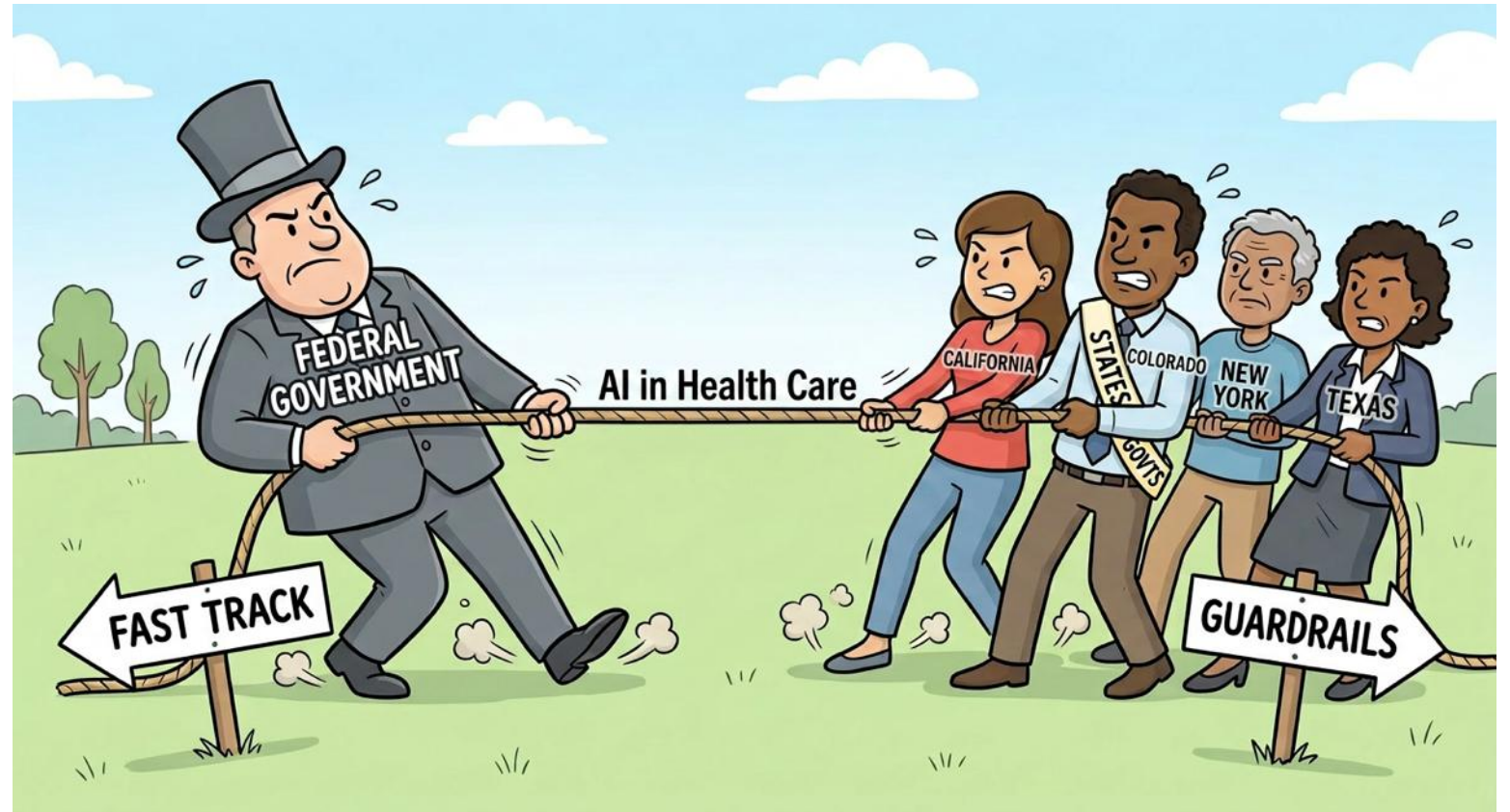
- January 25th 1. Executive Order 14179 — “Removing Barriers to American Leadership in Artificial Intelligence”
 - Reversed the prior administration’s AI EO and directed federal agencies to eliminate regulatory barriers to AI innovation
- June 2025 executive order that strengthened national cybersecurity defenses and expanded the use of AI to detect software vulnerabilities.
 - Expands AI-powered cyber defenses across civilian federal systems and extending cybersecurity tools and services to state and local governments, rural hospitals, community banks and other critical infrastructure operators.

- **Federal Frameworks Influence States**

- **21st Century Cures Act** (interoperability, APIs)
- **CMS-0057** (PA APIs, timelines, reporting)
- **ONC HTI-1** (algorithm transparency, risk management)
- **NIST AI RMF** (risk-based governance)

Areas of Key State AI Policy

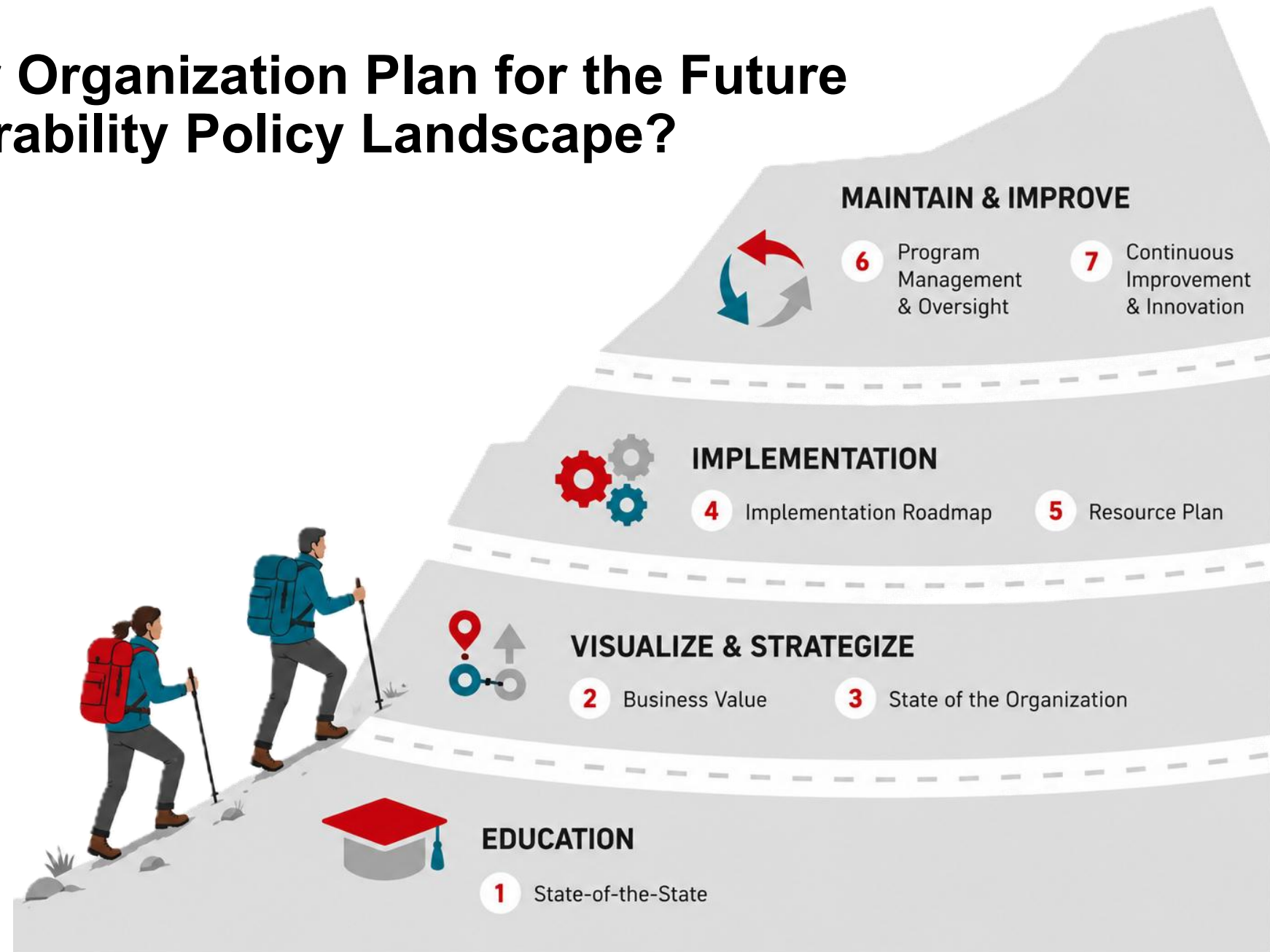
- 1. Mental-health & patient-facing AI chatbots** Legislators are prioritizing **safeguards for minors**
- 2. Clinical oversight, safety, and consent for AI tools** States are moving toward **provider-oversight requirements**, Transparency mandates & algorithmic accountability
- 3. AI use by payers in medical necessity, prior authorization, and claims** States are increasingly regulating:
 - a. AI-enabled downcoding of claims**
 - b. Privacy & Security**





Call To Action

How Does your Organization Plan for the Future Interoperability Policy Landscape?





Checklist for monitoring relevant federal and state policies

- Source reliable & trusted sources for state policy (free resources like official state legislative records, state pharmacy and Medicaid board websites are available, however it can be cumbersome to visit multiple sites per state. Beware of relying on AI tools unless you have a team that can validate the information.)
- Don't wait for state laws to be signed, track proposed legislation to avoid surprises, especially when state laws have painfully short compliance timelines.
- Test and confirm search criteria – search parameters and search criteria are imperative for finding relevant policies. There will always be false positives where you find laws or rules that have relevant keywords but are actually not relevant.
- Creating a tracker that is formatted in a user-friendly way for both the people to input the updated information as well as for the end user to pull validated data

OR

- SKIP ALL OF THOSE** and subscribe to an RRC subscription solution that will deliver timely, accurate and easily searchable and downloadable data.



Q&A

Thank You

If you have questions, want to discuss your organization's challenges or just want to learn more about Regulatory Resource Center subscription monitoring services, reach out to:

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www.pocp.com



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