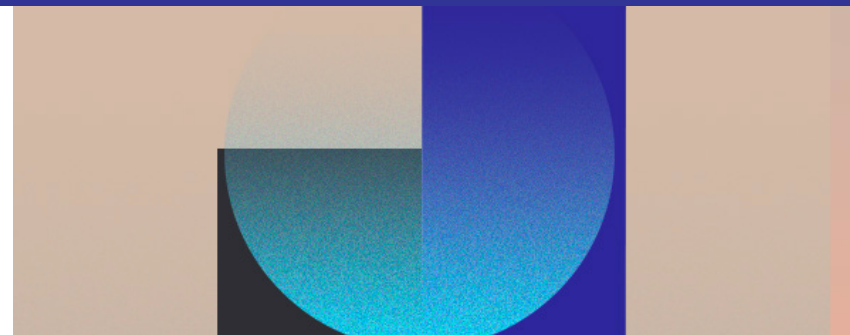# The Strategic Advantage of CMS Interoperability Regulations

Understanding CMS-0057-F: Advancing Interoperability and Improving Prior Authorization Processes

February 2024

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CONTENTS

BACKGROUND:
CMS INTEROPERABILITY RULES

Advances in healthcare technology create exponential growth in the amount of health data created every day. Approximately 30% of the world's data volume is now generated by the healthcare industry – a number that's projected to reach 36% in 2025.

The ability to both access and use these data in real time, however, hasn't kept up. Data silos present significant challenges, creating barriers in the free-flowing exchange of patient information between healthcare providers and payers.

In the following pages, we'll take a closer look at the details of the CMS-0057-F regulation, which is now scheduled to take effect on January 1, 2026. Then, we'll explore the impact it will have on payers – and how to prepare your organization for FHIR implementation.

WHAT'S NEW:
CMS RULE CMS-0057-F:
ADVANCING INTEROPERABILITY AND IMPROVING PRIOR AUTHORIZATION PROCESSES

The Centers for Medicare & Medicaid Services (CMS) has issued a new regulation, "Advancing Interoperability and Improving Prior Authorization Processes" (CMS-0057-F), that will take effect in 2027 for "impacted payers," with reporting and procedural elements taking effect in 2026. This rule builds on the 2020 CMS Interoperability and Patient Access Final Rule (CMS-9115-F) which promoted Application Programming Interface (API)-based access to member health records.

The rule sets forth new interoperability requirements for some 365 Medicare Advantage organizations, State Medicaid and CHIP Fee-for-Service programs, Medicaid managed care plans and CHIP programs, and Qualified Health Plan issuers on the Federally Facilitated Exchanges. CMS has also stated that it will work to align Medicare FFS plans with the rule.

With this newest rule, CMS is attempting to address the inefficiencies inherent in current prior authorization processes, which often delay patient care. Consider these findings from a 2022 survey conducted by the American Medical Association:

At its core, this new rule is intended to reduce the burden on providers and members - which should theoretically enhance both member experience and loyalty while improving relationships with provider networks.

94%
94% OF PHYSICIANS REPORT PRIOR AUTHORIZATIONS DELAY ACCESS TO CARE.

33%
33% OF PHYSICIANS REPORT THAT WAITING FOR PRIOR AUTHORIZATIONS HAS LED TO SERIOUS ADVERSE EVENTS FOR PATIENTS.

88%
88% OF PHYSICIANS DESCRIBE THE BURDEN ASSOCIATED WITH PRIOR AUTHORIZATIONS AS HIGH OR EXTREMELY HIGH.

There are four technical API requirements included in the final rule, and one implied technical element regarding a key foundational concept: the longitudinal patient record.

1. Patient Access API Requirements

The Patient Access API expands the set of data payers must make available to members via an HL7 FHIR-based API to include information about prior authorization status and decisions.

2. Provider Access API Requirements

Payers are now required to share the structured data in maintains about a member with in-network providers treating those members – if the provider asks for the data and the member doesn't opt out. Most of the data involved in this part of the requirement is the same as that of the patient access API. Payers will also need to determine how they determine that a treatment relationship exists between a member and provider.

3. Payer-to-Payer API Requirements

This section of the ruling requires payers to share and maintain data with other payers covering that member. This provision of the rule will replace CMS-9115-F with a standardized FHIR API to expand payer-to-payer data sharing. The intent is to facilitate care coordination and create longitudinal health records, make it easier for healthcare consumers to transition to new health plans, and drive better health outcomes. And yes, these API requirements include shared prior authorization data.

In essence, the provisions aim to increase interoperability, care coordination, transparency, and efficiencies in healthcare by expanding the data sharing capabilities of payer organizations – while also modernizing prior authorization processes.

4. Prior Authorization API Requirements

Beginning January 1 2027, impacted payers must implement and maintain a prior authorization API that is capable of identifying documentation requirements for prior authorization, supports requests and responses to requests, and several details about whether priori authorizations are approved or denied, including reasons, and/or requests more information to support a prior authorization request.

In response to the changes outlined in rule, the American Hospital Association issued the following statement:

"The AHA commends the Centers for Medicare & Medicaid Services (CMS) for taking action to remove inappropriate barriers to patient care by streamlining the prior authorization processes for the impacted health plans and providers. While prior authorization can be a tool to help ensure patients receive coverage for their care, the practice too often is used in a manner that leads to dangerous delays in treatment, clinician burnout and waste in the health care system. The proposed rule is a welcome step toward helping patients get timely access to care and clinicians focus their limited time on patient care rather than paperwork."

THE IMPLIED 5TH ELEMENT

Though not specifically required, the concept of a longitudinal health record is essential to the new rule's strategic goals.

Throughout the text of the rule, there are references to sharing the aggregated health data payers will now have about their members with providers and patients due to payer-to-payer information sharing.

The proposed rule called longitudinal health records out explicitly; the final rule implies them throughout.

THE ROLE OF FHIR
IN INTEROPERABILITY

The new CMS regulation makes it clear that the FHIR standard plays a key role in helping payer organizations achieve true health data interoperability.
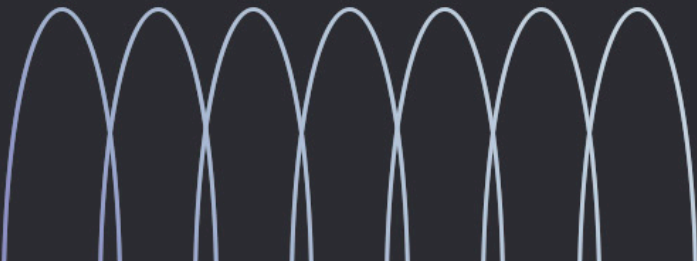
Interoperability ensures that data moves easily, and that sender and receiver understand information the same way. That creates data liquidity, which means data can be used to streamline business processes, enhance member experience, measure and improve care, and to power analytics and AI.

The FHIR standard enables access to data distributed across systems, databases, and devices in real time, like a "Web for healthcare." And because the FHIR standard is consistent with modern app development, the ruling also facilitates the creation of new apps to help individuals and healthcare organizations leverage that "liquid data" for their own benefit.

Similar to Web apps that pull flight or financial data to you on demand, payers and providers can use FHIR to exchange patient data such as medication history, allergies, claims data, test results, and so on, in a universal language regardless of the originating EHR or destination platform.

In short, FHIR makes it easier to break down the barriers between different systems and deliver critical health information to different health applications with different data structures in near real-time.

INTEROPERABILITY AS A STRATEGIC ADVANTAGE

Beyond the benefits CMS envisions for everyone – concepts such as increased business efficiency, improved outcomes, burden reduction, and empowered patients – payer organizations that treat the regulation as a foundational investment in their strategic goals will benefit even further. Here's how:

Transform Member Experience

Typically, member portals are filled with out-of-date provider data and confusing terminology. But a catalog of FHIR-based health management apps, access to information about all care and payments, and culturally sensitive, relevant educational materials can transform your "digital front door."

Go Beyond 'Checking The Box'

Investing in FHIR, longitudinal health records, and a culture of data transparency can be a competitive game changer by providing a rich source of planning data for new products and for tuning your provider networks.

Set The Stage for Future Digital Innovation

Your innovation team can capitalize on the institutional knowledge you acquire as you make use of FHIR, and can either develop, or invest in, digital first capabilities to enhance the member experience and drive down the cost of chronic care management.

Better Analytics Through Richer Data

Your analytics team will have a richer source of information for managing populations, evaluating the comparative outcomes of alternative care management strategies, and measuring the clinical and financial impact of new digital health solutions. To say nothing of a deeper data set for machine learning.

HOW FHIR FUELS
INNOVATION & ROI

"In the healthcare space, regulation is driving innovation. And on the other side, besides regulation driving innovation, we have standards that are driving competitive advantage opportunities. How do those things align? Somehow, in healthcare right now, they are."

-Jim Adamson, Business Transofrmation Manager, Arkansas Blue Shield

For payer organizations that have not yet adopted FHIR standards, complying with these new CMS regulations may feel like a real burden. But adopting a universal standard for interoperability can help fuel innovation and support the strategic goals of healthcare payers – resulting in a significant return on investment.

Because so many processes in healthcare are still manual, and depend on proprietary data formats and business logic, it's difficult for anyone to build new, scalable, truly transformative solutions to those processes. With common data models and automated processes, not only can entrepreneurs thrive, but the resources providers and payers currently spend on complex manual processes can be devoted to higher value initiatives.

Jim Adamson, Business Transformation Manager at Arkansas Blue Cross Blue Shield, made this comment during a panel at HIMSS 2023.

"In the healthcare space, regulation is driving innovation. And on the other side, besides regulation driving innovation, we have standards that are driving competitive advantage opportunities. How do those things align? Somehow, in healthcare right now, they are." In short, the initiative to foster a more interconnected health landscape is cultivating an environment where data-driven decisions benefit payers, patients, and providers alike.

Consider the example of **Healthfirst**, a not-for-profit, hospital-sponsored health plan in the greater New York City area – and an early adopter of longitudinal health records. Long before the widespread use of FHIR and CMS interoperability
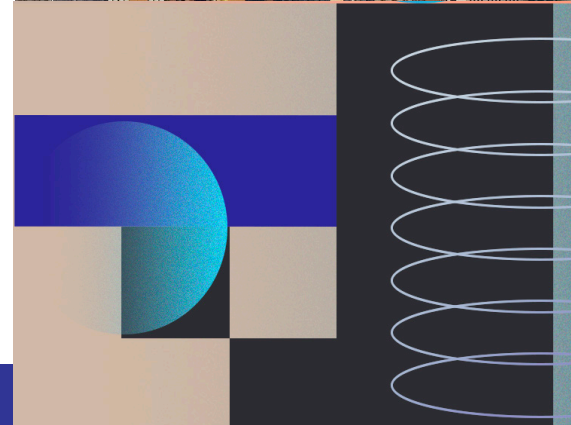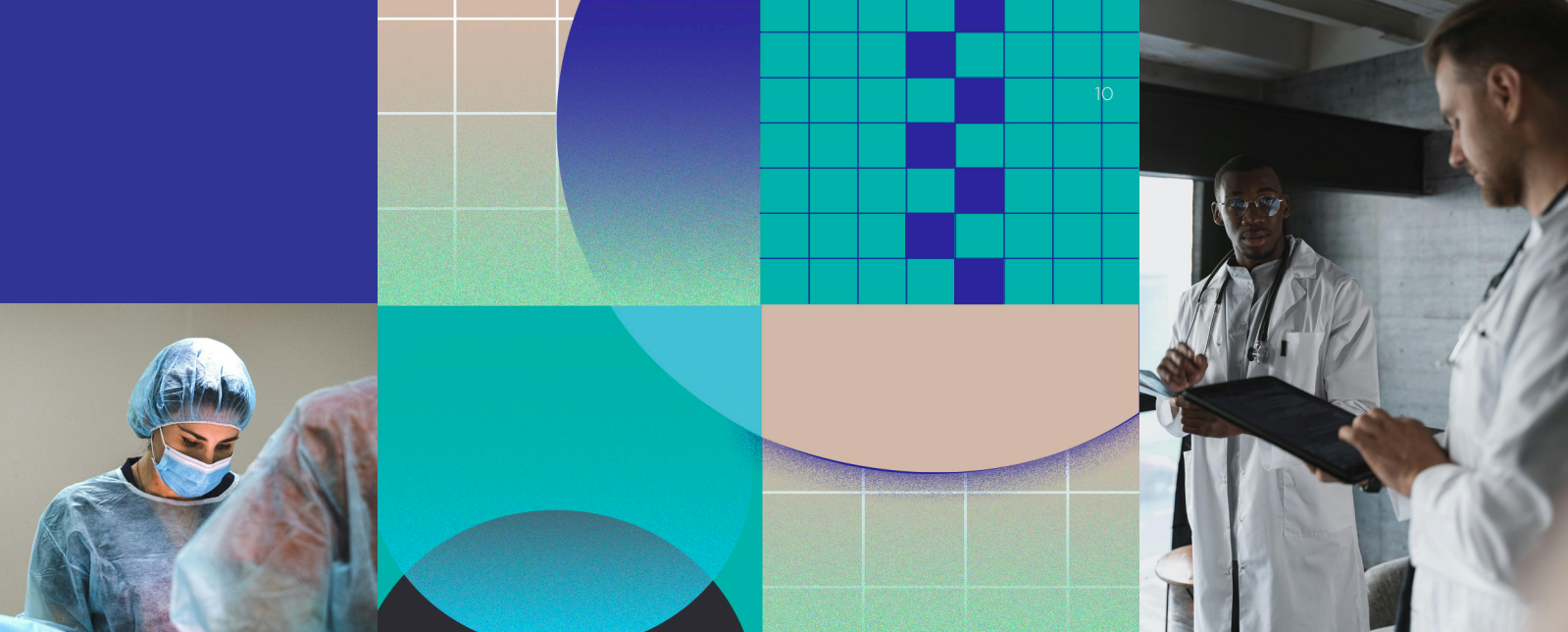
rules, Healthfirst implemented InterSystems **HealthShare Unified Care Record** to unite clinical and claims data from around 700 facilities in near real-time. They also share data back with network providers to help coordinate care and identify gaps. Today, this longitudinal data is used to manage 20 high priority performance measures, particularly those that require follow up action within a defined window of time.

"This data isn't just for addressing quality measures. The real time data from our HIE enables us to reach out to our members when it matters the most, in the ED or inpatient setting or during transitions of care," said Kate Beck, AVP of Health Information Exchange at Healthfirst. "It's a very personal interaction we can have that wouldn't be possible otherwise. It certainly builds stronger bonds between us and our members."

In addition to improving its member experience, Healthfirst has also leveraged HIE data to directly impact plan quality metrics, including those measured by NCQA's Healthcare Effectiveness Data and Information Set (HEDIS) and CMS' Medicare Stars program.

With real-time member health data, case managers no longer had to rely on claims submissions, which can lag up to 30+ days. By leveraging HIE data, Healthfirst implemented proactive provider notifications – a simple and timely email reminder to a member's primary care provider following an in-patient discharge. This resulted in a 5% increase in overall compliance for the organization's Transitions of Care (TRC) Medication Reconciliation Post-Discharge measure.

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START YOUR INTEROPERABILITY JOURNEY TODAY

Navigating the ever-evolving world of CMS regulations can be complex and challenging, especially when it comes to the adoption of new standards that alter the landscape of care delivery.

With the 2026 and 2027 CMS deadlines for FHIR implementation approaching, payers need to begin preparing now by ensuring they have a robust FHIR framework in place – including a comprehensive longitudinal patient record. If your organization has not fully adopted FHIR standards, the first step is **finding the right partner**.

InterSystems has been a leader in digital health since its inception.

We understand interoperability – in fact – we're Da Vinci Project members and have been active members of the healthcare standards community for decades. InterSystems HealthShare Unified Care Record is used by health insurers, providers, and regional health networks to manage comprehensive claims, clinical, operational, and social health data for hundreds of millions of people.

We understand digital health solution development. InterSystems IRIS for Health is at the heart of the most established health IT solutions in the world and is the basis for some of the most innovative startups.

If your organization needs help making sense of the new CMS-0057-F rule, the interoperability experts at InterSystems can help.

Contact us today to get started on your FHIR journey before the rule goes into effect in January 2026.
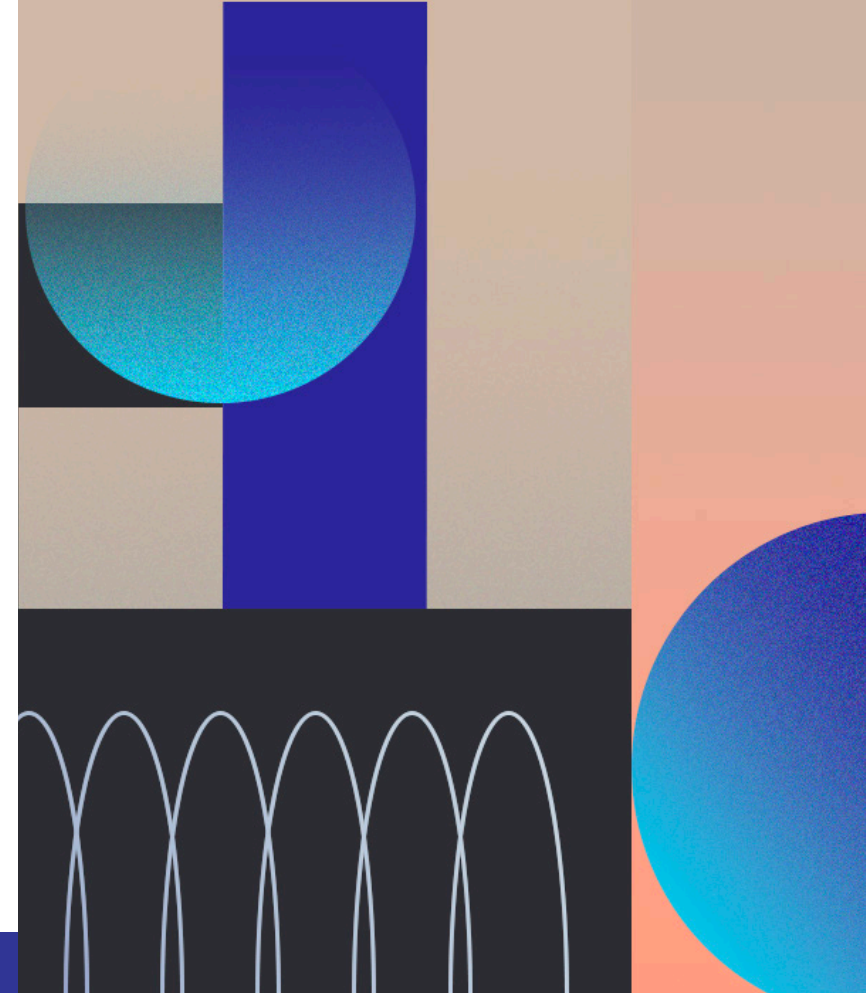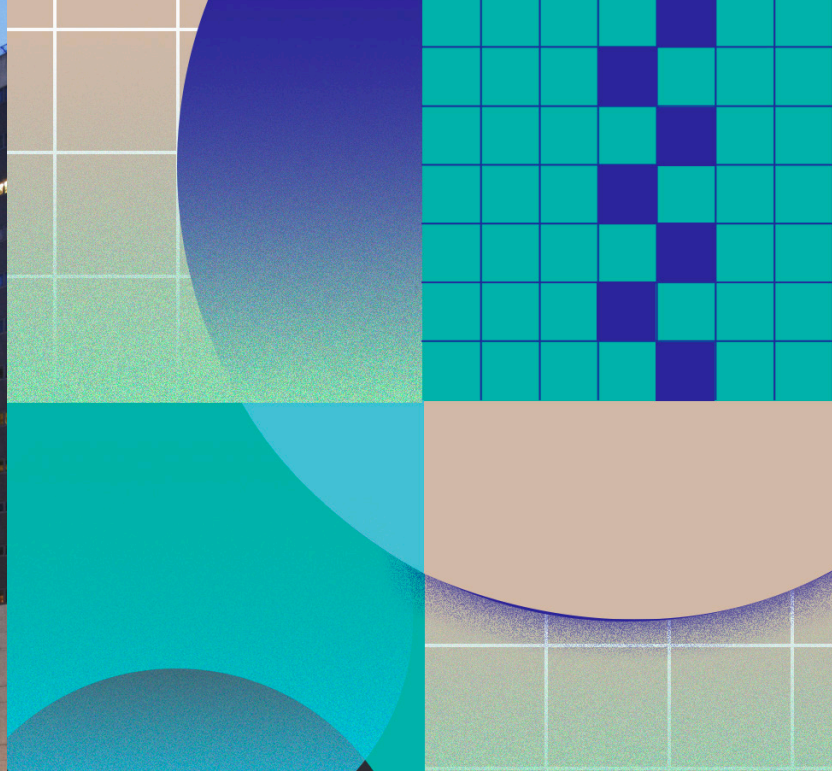
About InterSystems

InterSystems is the leading provider of data technology for extremely critical data in healthcare. InterSystems brings disparate data into a single reality, creating a unified vision that enables informed decisions and powerful outcomes. Its cloud-first data platforms solve scalability, interoperability, and speed problems for large organizations around the globe. InterSystems also develops and supports unique managed services for hospital EMRs, unified care records for communities and nations, and laboratory information management systems. InterSystems is committed to excellence through its award-winning, 24×7 support in more than 80 countries. Over 1 billion healthcare records are managed using InterSystems technology around the world.

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