

CMS-0053-F Impact Brief

Implications for Medicaid APDs, Enhanced Federal Funding (EFF), and 90/10 Funding Strategy

Executive Overview

The Centers for Medicare & Medicaid Services (CMS) issued a final rule under **45 CFR Parts 160 and 162 (CMS-0053-F)** that fundamentally changes how claims-related documentation—referred to as “attachments”—must be exchanged across the healthcare ecosystem.

This rule formally establishes health care attachments as a regulated HIPAA transaction, requiring standardized, electronic, and interoperable exchange of supporting documentation used in claims adjudication and related processes.

The compliance deadline for this rule is **May 26, 2028**.

While the rule is technical in nature, its implications are strategic. State Medicaid agencies must now plan, fund, and implement capabilities that enable structured, standards-based document exchange across providers, systems, and intermediaries. This has direct and material impacts on how Advance Planning Documents (APDs) are developed, how Enhanced Federal Funding (EFF) is justified, and how 90/10 funding eligibility is achieved.

Summary of Key Regulatory Changes

1. Attachments Are Now Defined as a HIPAA Transaction

The rule updates 45 CFR Part 160 to explicitly include health care attachments within the definition of a “transaction.”

This elevates attachments from informal or operational processes (e.g., fax, portal uploads, PDFs) to regulated, standardized electronic exchanges subject to HIPAA transaction requirements.

This change requires Medicaid agencies to treat attachments as part of their core transaction architecture, rather than as peripheral or manual workflows.

2. Adoption of Required National Standards

The rule mandates the use of specific national standards for both the transmission and structure of attachments:

- **X12 277** – Request for additional information
- **X12 275** – Submission of attachments
- **HL7 Clinical Document Architecture (CDA)** – Structured clinical content

These standards replace ad hoc or proprietary document exchange methods and require systems to support structured, machine-readable data formats rather than unstructured documents.

3. Standardization of Electronic Signatures

The rule introduces a formal definition of electronic signatures tied to attachment information.

This requires Medicaid agencies to implement:

- Digital attestation capabilities
- Identity verification and authentication controls
- Traceable and auditable signature workflows

This change impacts both provider interactions and internal adjudication processes.

4. Federally Mandated Implementation Timeline

The rule establishes a compliance deadline of **May 26, 2028**.

Given the scale and complexity of Medicaid system transformations, this timeline falls within the planning and execution horizon of most current and upcoming APDs. As a result, agencies must incorporate these requirements into their planning efforts immediately.

5. Explicit State Impact and Cost Considerations

CMS explicitly acknowledges that states will incur:

- System implementation costs
- Testing and certification requirements
- Operational and workflow changes

This confirms that compliance with CMS-0053-F is not optional and must be addressed through formal planning and funding mechanisms, including APDs and EFF requests.

Implications for Advance Planning Documents (APDs)

Shift from Operational Detail to Core Architecture

Historically, APDs have often treated document handling and attachments as:

- Operational considerations
- Vendor-specific capabilities
- Secondary to core claims processing systems

Under CMS-0053-F, attachments must now be addressed as a core architectural component of Medicaid Enterprise Systems (MES).

Required APD Content Areas

APDs must now explicitly address:

1. Attachment Processing Architecture

- End-to-end lifecycle of attachment generation, submission, processing, and storage
- Integration with claims processing systems and provider interfaces

2. Standards Compliance Strategy

- Adoption of X12 275/277 transactions
- Implementation of HL7 CDA for clinical content
- Alignment with national interoperability standards

3. Workflow Transformation

- Transition from manual or semi-automated processes to rules-driven workflows
- Integration of attachments into adjudication and decision-making processes

4. Identity and Signature Management

- Electronic signature capabilities
- Authentication and authorization controls

- Auditability and compliance tracking

5. **Data Governance and Traceability**

- Structured data management
- Linkage between claims, attachments, and decisions
- Lifecycle traceability across systems and processes

Implications for Enhanced Federal Funding (EFF)

CMS-0053-F creates a strong basis for EFF justification due to its alignment with federal priorities:

- Reduction of administrative burden
- Advancement of interoperability
- Standardization of healthcare data exchange
- Support for program integrity and auditability

To secure EFF approval, APDs must clearly demonstrate that proposed investments:

- Implement federally mandated capabilities
- Align with CMS interoperability and modernization objectives
- Deliver measurable improvements in efficiency, accuracy, and transparency

Impact on 90/10 vs. 75/25 Funding Eligibility

Positioning for 90/10 Funding

Projects related to CMS-0053-F are strong candidates for 90/10 enhanced funding when they are positioned as:

- New, transformative capabilities
- Enterprise-level architectural enhancements
- Federally required interoperability solutions
- Business process transformations, not just technical upgrades

Examples include:

- Implementation of attachment transaction engines
- Integration of X12 and HL7 standards

- Automation of attachment workflows
- Provider integration and interoperability platforms

Risk of Reversion to 75/25 Funding

If initiatives are framed as:

- Minor system updates
- Maintenance or incremental improvements
- Document handling enhancements without strategic context

CMS may classify them as operational costs, making them eligible only for 75/25 funding.

Strategic Interpretation

While CMS-0053-F is framed as a rule about attachments, its broader impact is the transformation of how Medicaid programs manage and use supporting information.

The rule effectively requires the transition from:

- Unstructured documents and manual processes

To:

- Structured, interoperable data
- Automated, traceable workflows
- Integrated decision-support capabilities

This transformation enables:

- Improved claims adjudication accuracy
- Enhanced program integrity and fraud detection
- Reduced administrative burden for providers and agencies
- Greater transparency and auditability

Checklist for Organizational Readiness

To align with CMS-0053-F, Medicaid agencies should ensure the following capabilities are planned, funded, and implemented:

1. Define and document attachment transaction architecture
2. Implement X12 275 and 277 transaction capabilities

3. Adopt HL7 CDA for structured clinical documentation
4. Enable electronic signature and attestation workflows
5. Integrate attachment processing into claims adjudication systems
6. Establish data governance and traceability across claims and attachments
7. Design and implement automated, rules-based workflows
8. Align system architecture with CMS interoperability and MITA principles
9. Develop APDs that clearly position these capabilities for 90/10 funding
10. Ensure procurement strategies require vendor compliance with mandated standards

Conclusion

CMS-0053-F represents a federally mandated shift in how Medicaid programs manage, exchange, and utilize supporting documentation. It requires agencies to move beyond traditional document handling approaches and implement standardized, interoperable, and automated capabilities.

For state Medicaid agencies, this rule is not simply a compliance requirement. It is a catalyst for modernization that must be reflected in APDs, leveraged for enhanced federal funding, and embedded within enterprise transformation strategies.

Organizations that proactively align their planning and funding strategies with these requirements will be better positioned to secure federal approval, optimize funding, and achieve long-term operational improvements.