

The *Signal*

Translating what CMS just changed into what it means for your product, your go-to-market, and your investment thesis told from the operator's chair.

The ISA partners have collectively sat on the buyer's side of these mandates as health plan executives, health solution operators, health tech investors, and enterprise technology leaders. We've signed the contracts, felt the budget pressure, and watched companies succeed or fail based on whether they understood what was changing and why it mattered at the operating level. Each issue of *The Signal* translates what CMS just changed into what it means for your product, your go-to-market, and your investment thesis. We've been through 20+ successful exits valued at over \$3 billion in healthtech. We know what a fundable, acquirable company looks like. We know what kills one.

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What Changed *This Month*

Three regulatory developments with direct commercial / operational implications

S1 PRIOR AUTHORIZATION

The Prior Authorization Clock Is Now Law - *And the API Mandate Is Next*

LIVE

CMS-0057-F: PA decision timelines in effect January 1, 2026

JAN 2027

FHIR-based Prior Authorization API compliance deadline

OCT 2027

CMS-0062-P: Drug PA interoperability mandate comment period closes June 15

What happened: As of January 1, 2026, Medicare Advantage plans, Medicaid, CHIP, and qualified health plans must render standard prior authorization decisions within 7 calendar days and urgent decisions within 72 hours. Plans that previously took up to 14 days are now operating under a federal mandate. The FHIR-based API infrastructure requirement follows January 1, 2027. In April 2026, CMS extended this framework to drug prior authorizations for the first time (CMS-0062-P), with final compliance expected by October 2027.

FOR FOUNDERS

If your product touches utilization management, care coordination, or any workflow that currently bottlenecks at prior authorization this is your opening. Payers are scrambling to build the infrastructure they promised CMS they would have. The enterprise buyer who said "we're evaluating options" six months ago is now saying "we need a vendor by Q3." Founders who can demonstrate FHIR compatibility have a procurement tailwind that didn't exist 18 months ago.

FOR PE/VC INVESTORS

Portfolio companies in prior authorization, clinical decision support, and care coordination are sitting on a regulatory tailwind but only if they've built to the FHIR standard. Diligence question to ask every target in this space: Does their product help a payer meet the 7-day standard, or does it depend on the payer having already solved that problem?

S2 VALUE-BASED CARE

700 Hospitals Just Got a New Financial Risk Model — *and Most Aren't Ready*

LIVE

CMS TEAM Model: 700+ hospitals mandated into episode-based payment, January 1, 2026

What happened: The CMS Transforming Episode Accountability Model (TEAM) launched January 1, 2026, requiring over 700 selected hospitals to manage the total cost and quality of care across five high-volume surgical episodes joint replacement, bypass surgery, hip/femur fracture, spinal fusion, and major bowel procedures from admission through 30 days post-discharge. Top performers earn shared savings. Unprepared organizations face repayment. This is not optional. These hospitals were selected by CMS, not enrolled voluntarily.

The ISA read: Hospital CFOs at TEAM-mandated institutions are now responsible for post-discharge outcomes they have never tracked operationally. That's not a clinical problem. It's a data infrastructure and care coordination problem and it creates a defined, urgent enterprise buyer for the right technology.

FOR FOUNDERS

If your product helps a hospital track post-acute outcomes, reduce readmissions, manage transitions of care, or surface real-time episode cost data you are now selling to a buyer with a federal mandate, a financial consequence, and a deadline. The pitch is no longer "here's an ROI model." It's "here's how you avoid a CMS repayment."

FOR PE/VC INVESTORS

TEAM-mandated hospitals are under new financial risk starting now. Technology companies supporting episode analytics, post-acute coordination, and 30-day readmission prevention are directly in the critical path of hospital compliance. This is a defined buyer cohort 700+ institutions, identifiable by CMS selection with a documented financial problem.

The MA Star Ratings Overhaul Redistributes \$18+ Billion *and Creates New Vendor Leverage*

FINALIZED

MA Star Ratings overhaul: 11 administrative measures eliminated, clinical outcomes reweighted, April 2026

What happened: CMS finalized a sweeping restructure of the Medicare Advantage Star Ratings methodology in April 2026, eliminating 11 administrative process measures and shifting weight toward clinical outcomes and patient experience. The financial impact is estimated at \$18.6 billion redirected across the MA program. Plans that were gaming administrative metrics now face a different optimization target. The 2026-star ratings will directly impact 2027 MA quality bonus payments.

The ISA read: Every MA plan in America just had its report card rewritten. The vendors who were helping plans optimize for the old measures are suddenly less valuable. The vendors who can demonstrably improve clinical outcomes and patient experience metrics are suddenly more valuable. This is a vendor displacement cycle disguised as a regulatory update.

FOR FOUNDERS

If your product produces measurable improvements in clinical quality, care gap closure, or patient experience and you have data to prove it you are now selling into MA plans with a new reason to buy. The administrative-process vendors who crowded this space are losing ground. Position your product against the new star ratings framework explicitly, not generically.

FOR PE/VC INVESTORS

MA plans below 4.0 stars are at higher financial risk than six months ago. Technology vendors that demonstrate a direct line to clinical quality improvement in the remaining star measures are in a strong negotiating position. Ask in diligence: Does this company's outcome data map to the reweighted MA measures? If yes, the commercial story just got significantly stronger.

Three Signals. *One Read.*

The regulatory changes in this issue share a common thread: **CMS is accelerating the shift from volume-based to outcome-based accountability, and it is doing so with deadlines and financial consequences not just policy statements.**

For Founders, the message is operational: your enterprise buyer's incentive structure just changed. The product conversations you were having six months ago need to be repriced against what your buyer is now accountable for. The companies that get this right in 2026 will enter their Series B with enterprise contracts that reflect the new buying reality. The ones that don't will be explaining flat revenue to investors who have read the same CMS press releases you have.

For Investors, the message is underwriting regulatory tailwinds are one of the few durable commercial advantages in healthtech. A company whose product sits directly in the path of a CMS mandate with a defined buyer, a financial consequence, and a compliance deadline is a different investment than a company with a good idea and a long sales cycle. Right now, there are three of those situations active simultaneously. ISA knows which portfolio companies are positioned to benefit, and which are exposed.

"We've been the buyer, the builder, and the seller more than twenty times, across more than three billion dollars in healthtech exits. When we say a regulatory change creates a commercial opening, we're not reading a policy brief. We're pattern-matching against deals we've closed."

Three Things *to Do Now*

01

Founders

Map your product's value proposition against the three signals above. If none of them creates a new commercial opening for you, that is information worth acting on before your next raise.

02

Investors

Add these three signals to your next portfolio review conversation. Ask each company how the PA mandate, TEAM, and the Star Ratings restructure affect their buyer's priorities. The answers will tell you more about the team's market awareness than most diligence documents will.

03

Everyone

Watch the CMS-0062-P comment period, which closes June 15, 2026. The drug PA rule has the same structural impact as the device/service rule and most of the industry is still treating it as a future problem. It isn't.

FROM THE ISA PORTFOLIO

This Is the *Work We Do*

Glytec is navigating this exact regulatory moment *and ISA is opening the right doors.*

One of ISA's portfolio companies, **Glytec** the leader in enterprise insulin management is actively helping hospitals comply with the CMS glyceic eCQM mandate that took effect January 1, 2026. Every acute care hospital in the country is now required to report Severe Hypoglycemia and Hyperglycemia eCQMs under the Hospital Inpatient Quality Reporting Program. Hospitals that fail to comply face forfeiture of the full **2.6% annual Medicare reimbursement update**. FY2028 payment consequences are already accruing.

ISA has been working alongside Glytec's leadership to connect them with the hospital executives, CMOs, and quality reporting stakeholders who need this solution most urgently, and at scale. We know which doors to open and how to frame the conversation at the C-suite level, because we've sat in those chairs. We've signed those contracts. We've felt the pressure of those mandates from the other side of the table.

This is not advisory work. This is operators who have been buyers, builders, and sellers more than twenty times, across more than \$3 billion in health tech exits actively opening the right doors at the right moment for companies that are ready to walk through them.

We can help you too.

If your company is navigating a CMS mandate, a new quality reporting requirement, or an enterprise buyer relationship that needs a different kind of entry point this is exactly the work ISA does. The three regulatory signals in this issue are not abstractions. They are live commercial opportunities with defined buyers, financial consequences, and deadlines. We know how to position your company inside them.

FOR FOUNDERS

Ready to pressure-test your go-to-market against what enterprise buyers are actually accountable for right now?

Let's talk before your next raise.

FOR INVESTORS

Want ISA's read on how these mandates affect your current portfolio or a company you're evaluating?

Let's talk before the window closes.

Reply directly to this note or reach Brian at:

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