

# State vs. Federal Compliance: Emerging Conflicts in Healthcare Regulation

## Services

### Healthcare & Nursing Home Law

- Regulatory Compliance

## By Thomas J. Cleary on April 8, 2026

In the modern healthcare industry, the regulatory landscape is not a single path, but a complex network of overlapping jurisdictions. For healthcare professionals and administrators, there is no single clear set of rules they must follow. Instead, they must navigate a minefield of conflicting state and federal regulations. While federal laws provide a baseline for fraud, abuse prevention, and data security, individual states are increasingly passing their own stricter or even contradictory statutes.

As these regulations continue to evolve, the friction between state and federal laws has created significant legal and operational challenges. Working with a [Massachusetts nursing home law and healthcare attorney](#) from Cohen Cleary, P.C. can help you avoid hefty penalties and support your efforts to deliver seamless and high-quality patient care.

## Why State vs. Federal Conflicts Matter Now More Than Ever

For decades, federal law has acted as the primary regulatory guidance for healthcare in the United States. What we are currently witnessing is a shift where states are using their powers to expand protections and implement social policies that diverge sharply from federal standards.

When your facility is caught between a federal mandate and a state regulation, you're likely to worry about the high risk of fines, loss of licensure, exclusion from federal programs like Medicare, or even criminal prosecution. We understand how these conflicts can paralyze organizational decision-making.

## How Federal Healthcare Regulation Works

Federal oversight is primarily managed by the [Department of Health and Human Services \(HHS\)](#). Their goal is to ensure a uniform standard of care and financial integrity across the country. Key federal oversight includes:

- **[The Health Insurance Portability and Accountability Act \(HIPAA\)](#)**: Acting as the national standard to protect patient data and privacy, HIPAA sets the bar for how protected health information (PHI) is handled.
- **[The False Claims Act \(FCA\)](#)**: This act makes it illegal to submit dishonest claims for payment to the government, standing as a powerful tool to combat fraud and abuse.
- **[The Anti-Kickback Statute \(AKS\)](#)**: This prohibits the exchange of anything of value in return for federal healthcare program referrals.
- **[The Stark Law](#)**: This law limits physician self-referrals to prevent financial conflicts of

interest.

These federal laws ensure that regardless of where a patient is treated within the United States, their patient information is handled with a baseline of security, and their care is not dictated by financial incentives.

## How State Healthcare Regulation Works

States fill in the gaps left by federal legislation or provide more stringent requirements. For example, HIPAA provides a framework for data security, but Massachusetts Law [201 CMR 17.00](#) creates a universal standard for handling all personal information of Massachusetts residents. This standard affects any person who has access to personal information, and outlines how those individuals must protect against data security threats and unauthorized access that may result in harm.

States also regulate the practice of medicine directly. This includes licensing for healthcare professionals, staffing ratios, and the specific legality of certain medical procedures. When a state law is more protective of patient information than federal law, the state law typically takes precedence.

## What Happens When Federal and State Regulations Conflict?

When state and federal laws conflict, the [Supremacy Clause of the Constitution](#) typically dictates that federal law overrules state law. This invalidation of state law is often referred to as preemption. In healthcare, preemption is rarely clear-cut.

Under HIPAA, federal law specifically allows states to implement stricter privacy laws. This means a provider must comply with both state and federal laws. When state law directly goes against federal law, for example, if a state law requires a provider to disclose information that HIPAA forbids disclosing, the provider faces a legal landmine. Resolving these conflicts often requires a deeper exploration of the legal precedents at play.

## Emerging Areas Where Conflicts Are Increasing

Increasingly, there are more types of conflicting state and federal laws being found in the healthcare industry.

### 1. Data Privacy & Information Sharing

While HIPAA governs PHI, many states are passing comprehensive consumer privacy acts, such as [Massachusetts' Standards for the Protection of Personal Information of the Residents of the Commonwealth](#). These laws often have a different notification window for breaches and different definitions of what constitutes a leak of patient data.

### 2. Reproductive Healthcare Laws

The [Supreme Court's recent decisions](#) have left emergency department physicians caught in a high-stakes battle between federal guidance and state-level restrictions on reproductive care. As a result, the [Emergency Medical Treatment & Labor Act \(EMTALA\)](#) may no longer be used to

bypass or nullify state-level abortion bans, making it difficult for many care providers to provide quality care without worrying about legal repercussions.

### 3. Medical Marijuana, Substance Use Treatment & DEA Oversight

While many states have legalized medical or recreational marijuana usage, it remains a [Schedule I controlled substance](#) at the federal level. Healthcare professionals navigating this space must balance state-authorized treatment plans with the risk of losing their federal registration with the U.S. Drug Enforcement Administration (DEA).

### 4. Telehealth Regulations

Waivers established during the pandemic and interstate licensing are expiring. States are now reasserting their own practice site rules, which often conflict with federal efforts to improve patient access across national telehealth networks. This can put new strain on patients and providers who rely on telehealth services for their physical and mental healthcare.

### 5. Staffing Standards and Workforce Regulations

Medicare's Conditions of Participation provides general guidance on staffing at the federal level, but states like California and Massachusetts have implemented specific, mandatory [nurse-to-patient ratios](#). Facilities must juggle these rigid state mandates with federal reimbursement models that do not always account for increased labor costs.

### 6. Infection Control & Public Health Emergency Rules

During public health crises, the federal Centers for Disease Control and Prevention (CDC) guidance may clash with state-level executive orders regarding mandates, reporting requirements, and the isolation of patient information.

## How These Conflicts Impact Healthcare Facilities

For healthcare facilities, these conflicting laws can create massive issues and financial burdens. While determining how to maintain both sets of policies, staff must also be trained to ensure they do not violate a state rule while trying to satisfy a federal one. If a facility fails to manage this balance, complications can occur, such as:

- **Financial Penalties:** Facilities can incur fines under the False Claims Act.
- **Reputational Damage:** Data breaches involving PHI can lead to a loss of patient trust.
- **Operational Paralysis:** Fear of figuring out which law to follow can delay critical updates to patient care protocols and treatments. This delay can leave your staff unsure of the appropriate course of action.

If you are trying to navigate conflicting state and federal laws, speaking with a healthcare law attorney can help. At Cohen Cleary, P.C., we keep on top of the latest laws and legal precedents in the healthcare industry to make sure we can support you on how to stay compliant and reduce the risk of legal or ethical complications. We help take the legal burden off your shoulders so you can be focused on delivering high-quality patient care.

## Strategies for Navigating Dual Compliance Requirements

To protect patient interests and organizational stability, facilities often adopt an approach that focuses on the strictest standard, ensuring that their internal policies default to the most rigorous requirement applicable, whether that is state or federal law. By aligning with the most demanding regulations, an organization naturally satisfies the lesser requirements of the overlapping jurisdictions. Your facility can do this by:

- **Auditing for Stringency:** Identify whether state or federal law provides the more robust protection for patient data and adopt that requirement as your baseline internal standard.
- **Implementing Customizable Software:** Use compliance tracking tools that can distinguish between the requirements of various states in which you operate, ensuring that localized nuances are not overlooked.
- **Performing Regular Training:** Educate your healthcare professionals on the fact that being HIPAA compliant does not automatically guarantee they are state compliant, particularly in jurisdictions with unique disclosure or consent rules.
- **Adhering to Voluntary Standards:** Adopting high-level voluntary standards can provide a comprehensive quality assurance that often helps a facility meet or exceed both state and federal laws at once.

Ultimately, the goal of navigating conflicting standards is to improve patient safety while mitigating the risk of fraud and abuse. As the healthcare industry moves toward more integrated digital models, your organization will thrive with a proactive strategy. Building a culture of [compliance](#) by design can help you anticipate legal shifts and integrate them into daily workflows, shielding you from penalties and reducing the risk of litigation.

## How Cohen Cleary Supports Healthcare Facilities

At Cohen Cleary, P.C., we work to help healthcare organizations navigate the friction between state and federal regulations. As the industry continues to evolve, our team provides in-depth risk assessments and corrective action plans necessary to maintain a posture of robust compliance.

Whether you are dealing with the nuances of the Health Insurance Portability and Accountability Act or a False Claims investigation, we provide the clarity you need to keep your focus on patient care. [Contact us](#) today to schedule a consultation and get your questions answered.