Why **interoperability** is causing Epic to confront a profound identity crisis

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Epic currently is the nation's dominant supplier of electronic health records (EHRs) — the data backbone upon which the U.S. healthcare system operates. The company's market position has long appeared unassailable.

Upon closer inspection, however, Epic's business model contains the seeds of its own diminution.

The company aspires to be a system of record for documenting healthcare activity, an intelligence platform that converts data into actionable insights and an applications provider that drives end-user engagement.

It is impossible for one company to do these three functions completely. Epic is no exception. In response, the healthcare ecosystem — the marketplace, the federal government and end-users — is collectively pushing Epic toward becoming a utility-like system of record. This is not a bad outcome, but it represents a significant retreat from the company's expansive vision and heroic self-image.

THE THREAT FACING EPIC

The biggest threat confronting Epic is the Trump Administration's commitment to full health data interoperability in 2026. Once health data becomes fully interoperable, superior analytic and application solutions will emerge and displace many, perhaps most, of Epic's commercial offerings. Overall, markets and level-field competition will work their magic. The healthcare ecosystem will become more effective, efficient and customer-centric.

EPIC UNBOUND

As of today, Epic has become the nation's de facto EHR vendor. An October 2024 commentary by Robert Kuttner in *The American Prospect* states that Epic maintains health records on almost 80% of all Americans.[a] Its clinical documentation is accurate but time-consuming, even burdensome, for clinicians to input.

Despite these limitations, Epic touts on its website that "90% of health systems with the best finances" use Epic.[b] This rate of adoption is not surprising. Epic's software is adept at converting medical activities into robust bills that optimize health system revenues. Incremental revenues from high-yielding procedure coding more than justify the software's exorbitant price tag.

Epic famously does not negotiate on the price of its software. The price tag for its EHR software comes with access to a suite of aligned "modules" that support clinical workflows and patient engagement.

Third-party applications must align with Epic's platform (not easy to accomplish) and offer sufficient value to offset their incremental cost. Consequently, health systems often default to mediocre Epic solutions over superior alternatives based on cost and access considerations.

Despite these heavy-handed business tactics or perhaps because of them, a KLAS research report published on April 30, 2025, found that Epic now commands 55% of the acute care market based on hospital beds.[c] Putting Epic's

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a. Kuttner, R., "An Epic Dystopia," *The American Prospect*, Oct. 1, 2024.

b. Epic Health System Community, "Helping patients worldwide," Epic, page accessed Nov. 11, 2025.

c. Hunter, B., and Warburton, P., "US acute care EHR market share 2025," KLAS, *Premium Reports*, April 30, 2025.

performance into perspective, the report's authors make this sweeping statement:

> Over the last decade, Epic has been the only vendor chosen by large health systems making go-forward EHR decisions, leading to their consistent growth in market share.

Moreover, Epic seems poised to take its health system clients into an AI-powered future. At its massive Users Group Meeting in August 2025, Epic announced that it is developing over 200 AI features to enhance its EHR offerings.[d]

These new AI-enhanced tools include digital assistants for clinicians (Art), patients (Emmie) and revenue cycle professionals (Penny). In making this announcement, Epic's CEO Judy Faulkner proclaimed that Epic "is combining the intelligence and curiosity of the human being with the investigative capabilities of gen AI."

Epic's future looks bright. Marketplace dynamics, however, suggest this conclusion is premature as powerful *platforming* companies emerge within the healthcare ecosystem.

PLATFORMING HEALTHCARE ECOSYSTEMS FOR SOLVING DATA INFRASTRUCTURE CHALLENGES

Growing challenges to Epic stem from the way technology companies, including EHR vendors other than Epic, are developing their data infrastructure platforms. These companies refer to their products and services as *stacks*, a term that captures how tech ecosystems layer applications on top of intelligence platforms that ingest gargantuan amounts of data. This hierarchical, replicable system, illustrated in the exhibit at right is essential to overcoming service fragmentation and harnessing point solutions into seamless end-user experiences.

The evolution of this approach to addressing data-infrastructure challenges in healthcare mirrors that of the airline industry in the late 1990s and early 2000s. At the time, the American Airlines reservation system, named Sabre, was the industry's best. Despite its superiority, Sabre could not expand its client base. United, Delta and other airlines chose to tolerate suboptimal reservation systems rather than share routing, pricing and customer data with the American subsidiary.

In response to this market reality, American divested its ownership of Sabre in 2000. As an independent company, Sabre enjoyed skyrocketing growth. Today, Sabre, the Amadeus

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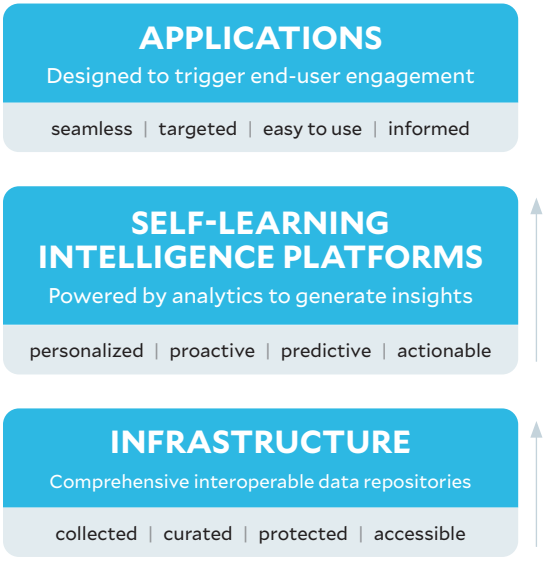
The structure of technology companies' tech-enabled ecosystems

Technology companies are using an approach to developing their data infrastructures based on *stacks*, which differs from Epic's approach in that it involves layering applications on top of intelligence platforms.



Source: 4sight Health, 2025

d. Capoot, A., "Epic touts new AI tools for patients and doctors at company's annual meeting," *CNBC*, Aug. 20, 2025.

Travel Group and Travelport together constitute the data backbone (i.e., infrastructure layer) of the travel industry's global distribution system (GDS). Together with some niche players, these companies provide the system of record that underlies all travel reservations worldwide.

While the GDS companies do not share information directly, their data systems are fully interoperable. Third parties (e.g., integrators, operators, consumers) can access all information required to coordinate individualized travel arrangements. It's a lesson that has not been lost on many healthcare tech companies, such as Oracle, Cerner, Meditech, Athenahealth and other EHR vendors. It should not be lost upon Epic either.

EPIC'S ACHILLES' HEEL

Unlike other EHR vendors, Epic pursues a *walled-garden* approach to managing patient data. With some exceptions, Epic's EHR data is only available to Epic customers and aligned partners. That means Epic's record system is incomplete, because it does not incorporate the totality of personalized consumer data, nor does it contribute fully to a comprehensive, interoperable data infrastructure.

U.S. healthcare's adoption of health data interoperability would eviscerate Epic's walled-garden approach to managing patient data. Epic would no longer be able to charge premium prices for its software or continue to use its "all-in" service-module approach for its health system clients. Instead, interoperability will enable innovative companies that mine and analyze healthcare data to gain market traction by offering value-creating products and services.

260M

Number of individual patient records tracked by Epic's software, representing just under 80% of the U.S. population

Source: Kuttner, R., "An Epic Dystopia," The American Prospect, Oct. 1, 2024

THE INTEROPERABILITY IMPERATIVE

As illustrated by the Sabre case study, data must be free and free flowing to optimize its utility. Since the 2009 passage of The Health Information Technology for Economic and Clinical Health (HITECH) Act, advancing health data liquidity has been a bipartisan goal for HHS across multiple administrations. With almost universal EHR adoption among providers and payers now in place, CMS's interoperability goal is within reach.

The Trump administration has amplified efforts to make healthcare data interoperable through its voluntary "Make Health Tech Great Again" program. A CMS press release accompanying a White House meeting on July 30 highlighted two broad program goals:

- Promoting a CMS Interoperability Framework to easily and seamlessly share information between patients and providers
- Increasing the availability of personalized tools so that patients have the information and resources they need to make better health decisions[e]

More than 60 companies, including big tech, EHR vendors, providers, payers and app developers, participated in the event. Twenty-one companies, including Epic, signed pledges to participate in bi-directional data exchange centered on individual patients with mandated use of modern FHIR (Fast Healthcare Information Resources) APIs (Application Programming Interfaces).

Signing the pledge came with a big stick: Companies that fail to become fully aligned to

e. CMS.gov, "White House, tech leaders commit to create patient-centric healthcare ecosystem," newsroom, July 30, 2025.

CMS networks by July 4, 2026, will lose access to Medicare data. If that requirement holds, Epic will have no choice but to comply and share all its patient data.

CMS is pushing a reluctant industry to go where it must. The European Union is engaged in a parallel effort to mandate health data interoperability through its European Health Data Space (EHDS) initiative.[f]

Data liquidity is a prerequisite for self-learning intelligence platforms. The applications these platforms support require interoperability to optimize health outcomes, enhance resource allocation and improve societal well-being. A highly functioning healthcare ecosystem will massively disrupt and fundamentally reshape inefficient business practices.

This looming market reality applies to Epic. The healthcare ecosystem writ large will not allow Epic's restrictive data-sharing practices to continue. The strategic conundrum for Epic is that these practices underlie its dominant market positioning and support its coercive product development activities.

THE RISE OF A NEW ECOSYSTEM

The adoption of comprehensive health data interoperability will introduce a wave of innovative healthcare intelligence platforms and applications. Collectively, they will inform an emergent healthcare ecosystem that will diagnose and treat illness better, faster and cheaper. This ecosystem will also promote personalized health and well-being. It will reduce the societal need for acute interventions.

By accessing the totality of personalized health data, intelligent platforms and apps will shift more medical decision-making to consumers. They will inform and guide individual healthcare journeys.

It's already happening. Consumer-oriented platform companies like b.well, Connected Health and Seqster combine EHR data with social data to offer an expanded array of personalized and easy-to-use digital health services. Consent for data sharing on these platforms runs through consumers and can even speed recruitment of eligible patients for clinical trials.

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Expect big tech companies like Apple and Samsung to integrate their wearable devices with analytics into personalized health and care programs. Pure-play intelligence platforms like Innovaccer's Gravity will enable healthcare organizations of all types to orchestrate tailored services in real time driven by insights gleaned from comprehensive, unified and longitudinal patient profiles.

As for Epic, its role within an emerging healthcare ecosystem will shrink dramatically, as will its ability to extract excess profits. The company will become one system of record among several providing essential data within a unified healthcare ecosystem.

In discussing disruption during a season-three episode of Showtime's drama "Billions," venture capitalist Oscar Longstraat observes, "The future hurts, but only once. Denying it stings forever."

Epic should consider Langstraat's insight. When confronting an identity crisis, it's time to accept new realities and adapt accordingly. A smaller future doesn't have to sting. ▮

f. European Commission, "European Health Data Space Regulation (EHDS)," page accessed Nov. 11, 2025.

About the author

David W. Johnson is CEO of 4sight Health, Chicago, and a former member of HFMA's National Board of Directors.