

RESOLUTION

Subject: Prior Authorization
Submitted by: KMA Board of Trustees
Referred to: Reference Committee

WHEREAS, prior authorization is a complicated, time-consuming, cost-control process utilized by health plans that require physicians to obtain advance approval from a health plan before a specific service or medication is delivered; and

WHEREAS, the overuse and misuse of prior authorizations negatively impacts patients and providers by leading to care delays for patients, administrative burdens for physicians, and increased cost to the healthcare system; and

WHEREAS, according to a recent KMA survey, 82 percent of physicians said that issues related to the prior authorization process sometimes, often, or always lead to care delays or changes to recommended course of treatment; and

WHEREAS, seven (7) in ten (10) physicians said that the amount of work associated with the prior authorization process has increased in recent years; and

WHEREAS, over half of physicians said that the burden associated with prior authorizations is extremely high or high; and

WHEREAS, 81 percent of physicians said the prior authorization process delays access to necessary care of patients sometimes, often, or always; and

WHEREAS, researchers with the Hamilton Project estimate waste, including administrative costs like prior authorization, amounts to \$245 billion, or \$2,497 per person, per year; and

WHEREAS, the Hamilton Project estimates that prior authorizations cost physicians between \$10.92 and \$14 each to obtain, which does not include costs to patients for time spent and missed work; and

WHEREAS, data recently received by KMA from the Kentucky Department of Medicaid Services reveals that some state Medicaid managed care organizations are not in compliance with state statutes, regulations, and contractual provisions, including the failure to submit complete data sets relating to prior authorization as required by the Department of Medicaid Services; and

WHEREAS, despite some noncompliance in reporting, data recently received by KMA from the Kentucky Department of Medicaid Services strongly supports the need for utilization management reforms since nearly 90% of prior authorizations are approved; now, therefore, be it

RESOLVED, that KMA utilize Department of Medicaid Services data that is received annually from Medicaid managed care organizations (MCOs) to:

- seek greater enforcement of current prior authorization statutes, regulations, and MCO contractual provisions by the appropriate state agencies; and
- support state and federal legislation that establishes a prior authorization exemption program designed to automatically waive prior authorization requirements for physicians who have historically been approved for a specific procedure, service, or medication most of the time.