

Memo

To: Members, House Health Policy Committee
From: Adam Carlson, Vice President, Advocacy
Date: Feb. 3, 2022
Re: SB 247
Position: Support

The Michigan Health & Hospital Association (MHA) supports Senate Bill (SB) 247, which makes changes to the prior authorization process for commercial insurers in Michigan.

Prior authorization is the process by which health insurers determine whether a patient has coverage for a certain medication or service. Prior authorization requires prescribing physicians or patients to submit a request for coverage before the patient may undergo treatment or fill a prescription. The insurer then determines whether the request is medically necessary, presents too many side effects or can be done in a cheaper way. All health insurance payors, private or public, use prior authorization as a tool to lower healthcare costs by preventing unnecessary services and requiring the use of cheaper, generic drugs.

The increasing use of prior authorization has, however, created serious challenges for patients and providers. Michigan hospitals have found that prior authorization often leads to delays for potentially urgent treatments. For certain conditions, prior authorization requests can consistently delay care and negatively affect patient outcomes. For example, a 2018 survey found that prior authorization contributed to 92% of all care delays. The MHA believes that shortening the timeline for approval to 7 calendar days, or 72 hours for urgent requests, will prevent delays in care and lower patient risk.

Prior authorization also places a significant administrative burden on providers. Only 5-10% of prior authorization claims are ultimately denied for most facilities, yet providers are still consistently required to spend valuable resources and time explaining decisions to patients' health insurers. Requirements for prior authorization requests are constantly changing, making it extremely difficult for providers to predict the likelihood of approval. The MHA believes that increasing prior authorization transparency and requiring notices for process changes will greatly improve provider efficiency.

Please contact Adam Carlson (acarlson@mha.org) at the MHA if you have further questions regarding the MHA's position on SB 247.

Brian Peters, Chief Executive Officer