Issue: Medicare Advantage Plans – Prior Authorizations

Background: Improving Seniors’ Timely Access to Care Act of 2021 was introduced in the 117th Congress by Congresswoman Suzan DelBene (D-WA) in May of 2021

The intent of this legislation is to modify title XVIII of the Social Security Act and primarily focus on correcting issues and streamlining processes as it relates to the practice of obtaining Prior Authorizations. Patient-Centered Care remains a major goal across the health care industry. By providing patients with the tools to play an active role in their care and participate in developing an individualized treatment plan to meet their health care needs, this care model can increase patients’ satisfaction and ultimately improve treatment quality and outcomes.

AAHAM is in full support of streamlining this cumbersome, manual, and timeconsuming processes used in these programs that burden providers and divert valuable resources away from direct patient care. In 2022, AAHAM had recommended a bill that applies to all health plans such as Medicare Advantage, Medicaid MCO’s, and all Commercial health plans. Without consistency amongst health plans, we will continue to add millions of dollars of operational costs to healthcare. By fully standardizing the prior authorization process with all payers, it provides much needed administrative relief.

Many lawmakers and medical societies led by the American Medical Association were vocal in their strong support in overhauling the Medicare Advantage programs that includes implementing prior authorizations along with adding much needed changes to these programs. Adding commercial payers to this list is also a priority that hospitals have and are looking for Congress to take action.

On April 5, 2023, CMS issued a final rule that revises the Medicare Advantage, Medicare Prescription Drug Benefit, Medicare Cost Plan along with all programs regarding care for the Elderly. CMS states that “These new utilization management policies will remove barriers for MA patients to access medically necessary care.” Another big win for Providers, is that CMS is requiring “all MA plans establish a Utilization Management Committee to review policies annually and ensure consistency with Traditional Medicare’s national and local coverage decisions and guidelines.”
AAHAM has developed the following principles on utilization management programs to reduce the negative impact they have on patients, providers, and the health care system. AAHAM strongly urges health plans, benefit managers and any other party conducting utilization management, as well as accreditation organizations, to apply the following principles to utilization management programs that will benefit all involved parties. We believe adherence to these principles will ensure that patients have timely access to treatment and reduce administrative costs to the health care system.

AAHAM Prior Authorization Principles:

1. **We want a bill that applies to all health plans.**
   Medicare, Medicare Advantage, Medicaid MCO’s, and all commercial health plans. Without consistency amongst health plans, we will continue to add millions of dollars of operational costs to healthcare. By fully standardizing the prior authorization process with all payers, it provides much needed administrative relief.

2. **We ask for national standardization as to what makes a specific test medically necessary.**
   For example, an MRI must meet specific criteria in order to be prior authorized, so the provider can order the test and so the patient can receive it. This should be the same standard no matter who the health plan payer is. Today, we deal with different standards between different payers, which requires providers and hospitals to know and meet different standards for the same procedure. Each payer also requires submission of different information. This may include authorization request forms or various pieces of a patient’s medical records that providers must manually key into the authorization submission website. We recommend considering standardizing language to specify the data required for prior authorization. Consistency in the submission process will relieve existing administrative burdens.

3. **We ask for a “family of codes” that is consistent across the country.**
   For example, if a provider orders and authorizes an MRI with contrast but when performing the procedure decides to do the procedure without contrast, the code should be approved since that code is within the same “family of codes.” This example and occurrence result in frequent denials of services from insurance companies. When this occurs, the CPT code billed may be one number different from the CPT code that was authorized, because something just a little different was required when the provider was performing the service. Services provided that fall within the same
procedure family of codes and within a pre-determined cost threshold should be a covered service for the patient and should be paid by the insurance company.

4. We ask for one standard list of tests that would apply to all health plans across the country for what tests require a prior authorization before they can be performed. Currently each health plan has their own lists of tests that require prior authorization, and those lists vary from health plan to health plan. This also adds hundreds of millions of dollars to the cost of healthcare through hospital operational costs that are required to figure out what tests each health plan needs to have authorized. This also delays patient care.

Recommendation: We encourage Congress to pass legislation that includes the patient centric model that has been outlined by AAHAM above. This legislation is a good starting point, but changes that incorporate AAHAM’s core principles above are critical if we are going to achieve real reform that is both patient centric and effective for hospitals. Anything less will cause unmanageable hurdles for hospitals and increased confusion and patient dissatisfaction.

ABOUT AAHAM: AAHAM is the premier professional organization for revenue cycle professionals and is known for its prestigious certification and educational programs; professional development of its members is one of the primary goals of the association. AAHAM is also recognized for its quarterly journal, The Journal of Healthcare Administrative Management, and its Annual National Institute, held each fall. AAHAM actively represents the interests of its members through a comprehensive program of legislative and regulatory monitoring and participation in industry groups. For more information regarding AAHAM and its programs, please visit www.aaham.org.