



WILLIAM C. THOMPSON IV, MD
PRESIDENT

LIBBY MCDANNELL, CAE
CHIEF EXECUTIVE OFFICER

March 15, 2024

Governor Katie Hobbs
1700 West Washington Street
Phoenix, Arizona 85007

RE: Change Healthcare Outage—Physician Relief

Dear Governor Hobbs:

On behalf of the physician community represented by the Arizona Medical Association, (ArMA), I am writing to ask that the State of Arizona take immediate action to protect physician practices from the widespread impact of the Change Healthcare cybersecurity breach and resulting outage.

ArMA continues to hear from physicians about the devastating toll that this incident is taking on their practices. Currently, many practices across the state are not receiving payment for claims submitted via the Change Healthcare network prior to the February 21st cyberattack, cannot submit new claims and receive payment, cannot check patients' health insurance information, including patient eligibility, cannot submit prior authorizations, and are struggling to electronically prescribe medications for patients. Unlike their colleagues on the health plan side, most physician practices operate without significant reserves. As practices are now facing weeks of lost or reduced revenue, we have heard from many who are failing to make payroll for their staff, have had their electronic medical records shut off for lack of payment, and who are unsure whether they will be able to remain solvent and keep their doors open much longer.

Therefore, we ask that you use all available regulatory flexibility to help practices stay afloat. Some state departments of insurance are already using their regulatory authority to mitigate the impact of this crisis on physician practices, and we urge you to follow suit.

Specifically, we urge the State of Arizona to do the following:

- Urge commercial payers to provide advance payments to physician practices impacted by the Change Healthcare service outage based on their typical weekly claim remittances until outbound claims are flowing properly again.
- Require plans to suspend all prior authorization (PA) requirements. The Change Healthcare service outage has impacted both the electronic exchange of PA information between physicians and health plans and access to the clinical guidelines used by many payers. These challenges compound the

info@AZmed.org

AZmed.org

 @AZmedicine

 @ArizonaMedicine

 @ArizonaMedicine

2401 W. PEORIA AVE. SUITE 315 PHOENIX, AZ 85029

602.347.6900



WILLIAM C. THOMPSON IV, MD
PRESIDENT

LIBBY MCDANNELL, CAE
CHIEF EXECUTIVE OFFICER

administrative burdens already associated with payers' onerous PA requirements. To ensure that service disruptions do not interfere with the provision of care, cause patients to make multiple trips to the practice or pharmacy, delay transfers out of hospital settings, and pull valuable resources away from patient care, health plans should temporarily suspend all PA and other utilization management requirements.

- Prohibit retroactive denials based on eligibility or lack of utilization management approval. In addition to disruptions in PA processing, the Change Healthcare outage also prevents electronic eligibility verification. Standard operating procedures for most physician practices include submitting batch electronic eligibility requests every evening to confirm insurance coverage, benefits, and co-pay amounts for patients with appointments scheduled for the next business day. Without this capability, physicians continue to care for their patients, but they could later be liable if a patient's coverage has lapsed. We, therefore, ask that all health plans be required to waive any claim denials based on lack of patient insurance eligibility or utilization management approval during this massive connectivity interruption.
- Temporarily waive any filing deadlines for claims and appeals. Many health plans enforce deadlines for timely filing of claims based on the date of service. Given the extensive challenges with claim submission resulting from the Change Healthcare outage, we request that all health plans be required to waive timely claim filing requirements. Similarly, any time limitations on the filing of appeals should be waived as well.
- Allow submission of paper claims. While some practices have switched to alternate clearinghouses or are using other electronic workarounds for claims submission, these solutions are not viable for many practices—particularly smaller or rural practices. Health plans should be required to accept paper claims so that these practices have at least one option for restarting their revenue flow. Practices unable to use other clearinghouses or workarounds have been unable to submit claims for weeks, which is simply an untenable and financially unsustainable situation.

We again urge Arizona to take action on the items above to mitigate the immediate and long-term impact of this crisis.

Thank you for your consideration.

Sincerely,

William C. Thompson IV, MD
Arizona Medical Association, President

info@AZmed.org

AZmed.org

@AZmedicine

@ArizonaMedicine

@ArizonaMedicine

2401 W. PEORIA AVE. SUITE 315 PHOENIX, AZ 85029

602.347.6900