



601 Pennsylvania Avenue, NW
South Building, Suite 500
Washington, D.C. 20004

T 202.778.3200
F 202.331.7487
ahip.org

May 1, 2024

The Honorable Marvin L. Abney, Chairman of the
House Committee on Finance
State House
Providence, RI 02903

RE: AHIP Comments on H-7897, An Act Relating to Human Services – Medical Assistance – Prescription Drugs

To Chairman Abney and Members of the House Committee on Finance,

America's Health Insurance Plans (AHIP) appreciates the opportunity to provide comments on H-7897, legislation that would prohibit the Rhode Island medical assistance program and managed care organizations from utilizing prior authorization or a step therapy protocols for the prescription of specified medication used to treat a person's mental health (MH).

While we commend the Committee's commitment to ensuring Rhode Islanders' access to MH services, we respectfully oppose H-7897. This bill does not promote evidence-based medicine. Instead, it may inadvertently lead to lower quality care, over-, or misutilization of services and treatments that may be ineffective, less safe, and/or at a higher cost than other benefits and services. This would in turn negatively impact MH treatment access for all Rhode Islanders across the board.

Prior Authorization Ensures Safe, Effective, and Cost-Efficient Health Care for Patients

Health plans use prior authorization (PA) as an important tool to ensure safe, effective, and evidence-based care for patients and to help prevent over-utilization perpetuated by fraud. While studies have shown many providers provide care consistent with evidence-based standards,¹ health plans utilize PA to ensure *all patients* are receiving the safest, most effective care consistent with the current medical research and data.

Health insurance plans continue to collaborate with health care providers and other stakeholders to implement innovative solutions to improve the prior authorization process. Despite that intentioned collaboration, thirty percent of all health care spending in the United States may be unnecessary, and in many cases harmful to patients. Indeed, every year low-value care costs the U.S. health care system \$340 billion. In addition, providers also want to ensure patients are getting proven, high value care. Health insurance plans focus on ensuring patients get the right care, at the right time, in the right setting, and get that care at a cost patients can afford. Insurers are uniquely positioned to have a holistic view of a patient's health care status and thus use PA as an effective tool that helps to lower a patient's out-of-pocket costs, protects patients from overuse, misuse or unnecessary (or potentially harmful) care, and ensure care is consistent with evidence-based practices before care is delivered.) care, and ensure care is consistent with evidence-based practices before care is delivered.

When providers and plans work together, the patient benefits with better outcomes and less financial burden. Health insurance carriers continue to innovate and collaborate with providers and other

¹ *Clinical Appropriateness Measures Collaborative Project*. America's Health Insurance Plans. December 2021.
https://www.ahip.org/documents/AHIP_AppropriatenessMeasures_2022.pdf.

stakeholders to implement solutions to promote evidence-based care and improve the prior authorization process. Examples include:

- Streamlining prior authorization for complete courses of treatment for musculoskeletal and other conditions.
- Promoting electronic prior authorization requests and decisions.
- Providing feedback to health care providers on their performance relative to their peers and professional society guidelines.
- Waiving prior authorization for providers with a demonstrated track record in practicing evidence-based care.

It is important to understand that PA promotes the appropriate use of medications and services by helping confirm that those medications or services do not interfere with other types of medications or potentially worsen existing conditions. This includes verifying medications are not co-prescribed that could have dangerous, even potentially fatal, interactions. Additionally, PA helps to ensure medications and treatments are safe, effective, and appropriate. Furthermore, it provides guardrails to help ensure drugs and devices are not used for clinical indications other than those approved by the Food and Drug Administration or those supported by medical evidence. And finally, it helps ensure that patients with a newly prescribed medication or course of treatment will receive accompanying services such as counseling, peer support, or community-based support, as appropriate.

Prior authorization aims to help support providers. The amount of medical knowledge doubling every 73 days and primary care providers would have to practice 27 hours per day to keep up their latest guidelines.² And according to another study from the Journal of Internal Medicine, primary care providers would have to practice medicine for nearly 27 hours per day to keep up with the latest guidelines.³ Thus, PA helps providers ensure they are adhering to the most up-to-date evidence-based standards.

Even with these fast-paced innovations, health insurance carriers use PA sparingly, with the percentage of covered services, procedures, and treatments requiring PA less than 15%.⁴ In a survey of health insurance providers, 73% reported that initial prior authorization requests are denied because the requested procedure or medication is not clinically appropriate for the patient based on medical literature or clinical guidelines. On appeal, 91% of insurers report that a denial is for failure to follow medical literature or clinical guidelines.⁵

Health Insurance Providers Are Committed to Working with Providers to Streamline the Prior Authorization Process.

It is important to note that PA programs are collaborative – health insurance providers use provider input to help ensure treatment plans are protecting patient safety, improving outcomes, and controlling costs. In this spirit, in January 2018, AHIP, together with providers and hospitals, issued a joint consensus statement.⁶

² Densen, Peter. *Challenges and Opportunities Facing Medical Education*. Transactions of the American Clinical and Climatological Association 2011. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3116346/>.

³ Porter J, Boyd C, Skandari MR, Laiteerapong N. *Revisiting the Time Needed to Provide Adult Primary Care*. Journal of General Internal Medicine. January 2023. <https://pubmed.ncbi.nlm.nih.gov/35776372>.

⁴ *Prior Authorization: Selectively Used & Evidence-Based: Results of an Industry Survey*. America's Health Insurance Plans. <https://www.ahip.org/wp-content/uploads/Prior-Authorization-Survey-Infographic.pdf>.

⁵ *Key Results of Industry Survey on Prior Authorization*. AHIP. June 8, 2020. <https://www.ahip.org/resources/key-results-of-industry-survey-on-prior-authorization>.

⁶ *Consensus on Improving the Prior Authorization Process*. American Hospital Association, America's Health Insurance Plans, American Medical Association, American Pharmacists Association, Blue Cross Blue Shield Association, and Medical Group Management Association. Available at <https://www.ama-assn.org/sites/ama-assn.org/files/corp/media-browser/public/arc-public/prior-authorization-consensus-statement.pdf>.

Recent surveys show health plans are waiving or reducing PA requirements; between 2019 to 2022, the percentage of plans waiving or reducing PA based on participation in risk-based contracts increased from 25% to 46% for medical services, and from 5% to 8% for prescription medications.⁷

We encourage the use of electronic authorization (ePA), but this will only work when providers are also required to utilize ePA systems. Even though almost all health insurance carriers offer ePA, 60% of PA requests for medical services, and over a third of PA requests for medications are submitted manually by providers through phone or fax.⁸

As plans continue to take additional steps with encouraging ePA, the 2019 CAQH (Council for Affordable Quality Healthcare) Index conducted a study to measure progress in reducing the costs and burden associated with administrative transactions finding of the \$350 billion dollars spent on healthcare administrative costs in 2019, \$40.6 billion was spent on administrative transactions and the health care market could have saved \$13.3 billion by automating utilization management tools.⁹ Therefore, AHIP recommends stakeholders consider exploring available pathways to increase provider adoption of electronic prior authorization technology.

Earlier this year, the Centers for Medicare & Medicaid (CMS) released the Advancing Interoperability and Improving Prior Authorization Processes final rule which requires plans in federal programs to build and maintain three new application programming interfaces (APIs): 1) to enable electronic prior authorization, 2) to share large-scale population health data files with providers for value-based care, and 3) to support coordination of care when a patient moves from one payer to another. Industry and health care stakeholders are in the process of analyzing this nearly 900-page rule. We look forward to having additional discussions through our state partners on this important development.

AHIP members are committed to working with providers to streamline the prior authorization process. However, changes to the process must ensure all patients receive safe, affordable care, evidence-based care at the right time and in the right setting.

Similarly, Prohibiting Step Therapy Can be Detrimental to Patient Safety for Rhode Islanders.

Step therapy requires that drug therapy for a medical condition begin with the safest and most cost-effective drug before progressing to other more costly or risky therapies.

It encourages physicians and patients to undertake a more evidence-based, measured approach to treatment that is tailored to the individual by gauging a patient's response to less harmful medications before graduating to more potent and high-risk drugs. For potentially addictive and abused drugs, many of which are used to treat serious mental illnesses, health insurance providers implement step therapy protocols to maximize treatment and disease management while reducing the risks associated with overmedication, prescription drug abuse, and addiction.

Removing the ability of health insurance providers to promote alternative treatments to higher risk and potentially dangerous, addictive medications has a serious potential to harm mental health patients. The use of step therapy not only assists in the quality of patient care but also allows for overall cost savings to patients. Prescription drugs account for 22.2% of health care premiums.¹⁰ Without adequate cost containment measures, prescription drug costs drastically increase, especially for treatments still

⁷ *Improving Prior Authorization Processes: How Health Insurance Providers Are Delivering on their Commitments.* America's Health Insurance Plans. https://www.ahip.org/documents/202207-AHIP_1P_Consensus_Statement_Actions-v02.pdf.

⁸ *Id.*

⁹ *2019 CAQH Index.* CAQH. <https://www.caqh.org/news/caqh-2019-index-133-billion-33-percent-healthcare-administrative-spend-can-be-saved-annually>.

¹⁰ *What's Driving Your Employer-Provided Health Coverage Premiums?* America's Health Insurance Plans. <https://www.ahip.org/resources/whats-driving-your-employer-provided-health-coverage-premiums>.

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under patent ("brand" medications). Generic alternatives provide a wider scope of potentially just as effective medications for a lesser cost.

For these reasons, we oppose H-7897 and urge the Committee not to pass this bill. Thank you for your consideration.

AHIP and its members appreciate the opportunity to provide these comments and look forward to continued discussions with you on this important issue.

Sincerely,



By: _____
Terrance S. Martiesian

AHIP is the national association whose members provide health care coverage, services, and solutions to hundreds of millions of Americans every day. We are committed to market-based solutions and public-private partnerships that make health care better and coverage more affordable and accessible for everyone. Visit www.ahip.org to learn how working together, we are Guiding Greater Health.