On Wednesday, January 17, 2024, the Biden administration finalized a rule to streamline Medicare Advantage, Medicaid, and other government-sponsored health plans' use of prior authorization. This final rule will require government-sponsored health plans to have a faster response to prior authorization requests and to include rationale for denied requests.

Key Takeaways:

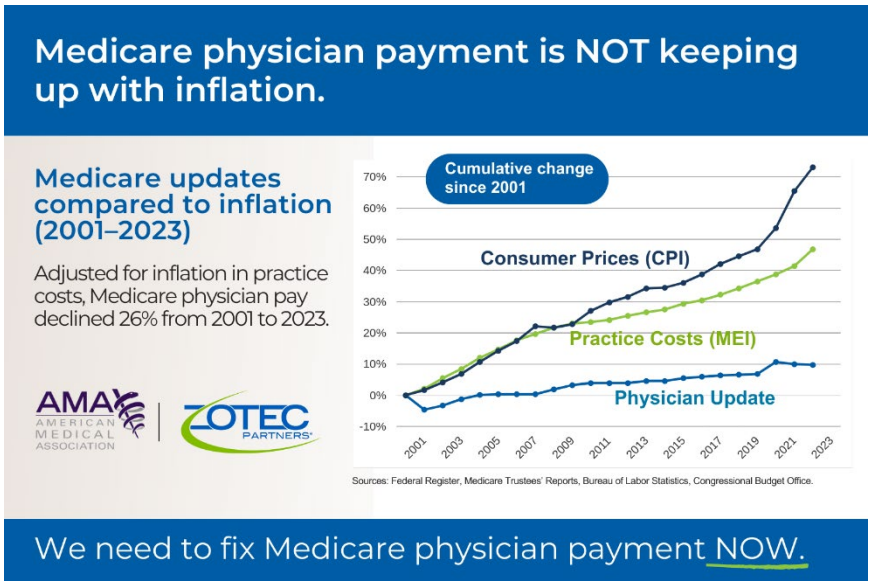
Beginning in 2026, the affected health plans will be required to:

- Respond to urgent requests within three days, and non-urgent requests within seven calendar days.
- Provide a specific reason for any denied prior authorization decision, regardless of the method by which the request was submitted.

Beginning in 2027, several important provisions will be required:

- Creation of application programming interfaces (APIs) to allow providers to determine if prior authorization is required and to automate the release of denial information. Of the APIs to be created, the Patient Access and Provider Access APIs are significant.
- The Patient Access API increases a patient's access to their data, promoting patient understanding of the prior authorization process and how their care may be affected.
- The Provider Access API enables health plans to share patient information with clinicians in-network who patients may visit.

Having the government finally address prior authorization is a win, however, lawmakers must look at inappropriate denials as well as the time, labor, and the expense clinicians put into fighting health plans through appeals. Clinicians are perpetually facing declining reimbursements, coupled with the lack of professional reimbursement **not being adjusted for inflation in over 20 years,** access to care is becoming a real issue. If lawmakers refuse to improve the financial situation for the clinicians who are providing services to their constituents, then the lawmakers and regulatory bodies must look to reduce the cost and burden of reimbursement.



Potential Solutions:

- If a claim is denied inappropriately, the health plans should be responsible for paying the interest. There is currently no disincentive for a health plan to inappropriately deny legitimate claims. If the claim is not appealed, the health plan wins; if it is appealed, the health plan is forced to pay clinicians.
- Health plans should also be required to use that ANSI format for electronic appeals, as the current method of relying on paper and postage is an outdated and costly practice. While most health plans do offer an electronic appeal process, supplying copies of medical records, etc., it still increases the cost of what is rightfully owed to clinicians.
- Health plans are also profiting from the way they pay clinicians. Virtual credit cards with previously arranged revenue splits are indefensible. Health plans providing coverage should be required to use the prescribed ANSI code sets for remitting payments and EOBs.
- Deductibles and copays should be paid by the health plans upfront, to the clinicians. Health plans should be responsible for the risks and costs as the clinicians are not involved in the marketing and selling of the health plans being sold to consumers. Annually, millions of dollars allocated to patient deductibles and copays become bad debt and clinicians are the ones left without adequate reimbursement.

By requiring electronic interfaces, unnecessary costs and risk are eliminated, therefore allowing clinicians to put more time and resources into providing the highest level of patient care.

Looking Ahead:

In December 2023, the House passed HR 5378, promoting price transparency in healthcare but did not include regulations on prior authorization in this bill. If this bill passes the Senate this year, our national healthcare system would see requirements for not only price transparency, but also quicker responses to prior authorization requests with a better understanding of why denials are happening. These regulations would work together to reduce healthcare costs for patients and increase the clinicians' capability to perform high-quality services.