



Thursday, April 25, 2013

Testimony on SB13-277, Aguilar, Morse, Ginal

Thank you Madame Chair. My name is Dr. Jan Kief and I appear before you this morning as President of the Colorado Medical Society in support of SB 277.

This legislation is about three simple concepts:

1. First and foremost, assuring that patients receive timely access to necessary and appropriate medications.
2. A very basic form of standardization across health plans and pharmacy benefit managers.
3. Less red tape and more real-time care.

Prior authorization (PA) is an administrative process that requires clinical input that some insurance companies and pharmacy benefit managers require before they decide if they want to pay for a patient's medicine, test or procedure. It is estimated that PA is used on up to eight percent of all medications. The prior authorization process is an important utilization and cost management tool that does help control some health care costs.

The problem is that each health plan has its own set of PA authorization forms, formularies, list of medications that require PA and clinical indications for approval or denial. We most strongly believe that there is a compelling need for standardization and simplification in the prior authorization process. Our case for this compelling need is not anecdotal or new. Last year, CMS passed a resolution at the Annual Meeting of the American Medical Association resolving our national organization to play a leadership role in automating, standardizing and simplifying all administrative actions required for transactions between payers and providers, not just prior authorization. Studies estimate that a minimum of \$55 billion is wasted annually in unnecessary administrative costs and link excessive administrative burdens with increased care redundancy, as well as preventable errors. Our resolution to the AMA is attached to my written comments for your review.

A survey conducted by CMS its members from December 14, 2011 –January 10, 2012, show:

1. Colorado physicians have decidedly negative views of the PA process for tests, procedures and medications. Just 11% of respondents say things are “working fine,” and only 3% believe more PA is needed. Almost one-half of respondents believe that

there should be “some decrease” or “much less” prior authorization, while fifteen percent believe PA should be eliminated.

2. Two-thirds of physician respondents (64%) believe that insurance company requirements like prior authorization, therapeutic switching and pre-certification are having a negative impact on their ability to treat patients, with 22% saying is “very” negative and another 42% saying it is “somewhat” negative.
3. The survey demonstrates that solo practitioners, those in small-medium practices and physicians employed by hospitals are most likely to have negative views on the impact of PA.
4. Finally, fully 65 percent of respondents support a standardized PA form being mandated by law.

Despite the harsh views of some of our members on PA, CMS and most physicians understand the need for PA. This is why CMS advocates improvements in the PA process and not its elimination. Our friends that run the health plans in Colorado are very familiar with our concerns and our suggestions. We have been talking, as friends and collaborators should, about this issue for years.

Senator Aguilar and members of the committee, we support this legislation and if it is passed and implemented, it will:

- Inspire change through a collaborative process.
- Provide patients in need of medically appropriate care with the medicines they need in a more timely fashion.
- Reduce the administrative complexity of the PA process because:
 - PA approvals, denials and requests for additional treatment data will be answered more promptly.
 - The widely differing PA processes across health plans and PBMs will be streamlined and more efficient.