



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

## Colorado Medical Society

Introduced by: Colorado Medical Society AMA Delegation

Subject: Administrative Simplification Resolution

Referred to: Reference Committee on

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1 Whereas

2 Studies show U.S. doctors spend 66% more than other benchmark  
3 countries on administrative related costs; and

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5 Whereas

6 Studies further estimate that a minimum of \$55 billion is wasted annually  
7 in unnecessary administrative costs; and

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9 Whereas

10 Studies also link excessive administrative burdens with increased care  
11 redundancy, as well as preventable errors; and

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13 Whereas studies demonstrate that administratively simple and  
14 transparent care delivery systems enhance care efficiency, value, and  
15 outcomes; and

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17 Whereas

18 Informed patients are empowered to consider the economic  
19 ramifications of various health care choices before they make their  
20 treatment decisions, and to settle their personal financial responsibility  
21 for the care they receive before they leave the physician's office or  
22 healthcare facility; and

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24 Whereas

25 The Supreme Court has upheld the structural components of system  
26 reform that will assure a central role of the private health plans in care  
27 delivery in both public and private sectors; and

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30 Whereas

31 Surveys of Colorado physicians as well physicians across the country

1 standardize and simplify the process for physicians to estimate patient  
2 and payer financial responsibility before the service is provided, and  
3 determine patient and payer financial responsibility at the point of care;  
4 and

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6 Be it further resolved that the AMA continue to use its strong leadership  
7 role to support state initiatives to simplify administrative functions, such  
8 as The Colorado Clean Claims Taskforce; and

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10 Be it further resolved that AMA expand its Heal the Claims process™  
11 campaign as necessary to ensure that physicians are aware of the value  
12 of automating their claims cycle.

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FISCAL IMPACT: ???