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April 22, 2013

The Honorable Irene Aguilar
Chair
Senate Health and Human Services Committee
200 East Colfax
Denver, CO 80203

Re: American Medical Association Support for Senate Bill 13-277

Dear Senator Aguilar:

On behalf of the American Medical Association (AMA) and our physician and student members, I am writing in **support of Senate Bill (S.B.) 13-277**. This bill will simplify the pharmacy prior authorization process in Colorado, thereby reducing health care costs and protecting the health of patients. We respectfully ask the Senate Health and Human Services Committee to report this bill favorably.

The prior authorization process is plagued with administrative waste. A study published in *Health Affairs* in 2009 estimated that physician practices spend between \$23.2 and \$31 billion per year on interactions with health plans, including obtaining prior authorizations.¹ The same study reported that physician practice staff estimate they spend nearly 20 hours per physician per week dealing with authorizations.²

S.B. 13-277 takes important steps to address this administrative waste. For example, it requires the development of a uniform prior authorization form for prescription drugs. Currently, physician practices have to navigate through overwhelming numbers of pharmacy prior authorization forms that may differ in format and in the information required. A single, comprehensive prior authorization form for prescription drugs developed with input from all stakeholders, including the Colorado Medical Society, will significantly reduce the time and resources that physician offices spend on these requests.

Additionally, S.B. 13-277 would require payers to make pharmacy prior authorization requirements, restrictions and clinical criteria available to physicians in a centralized location on their websites. It also compels payers to provide time-saving information in their notifications to physicians including a unique prior authorization number attributable to the request, the criteria that the physician will need to submit for re-approval, and a notice that the patient has a right to appeal any adverse determination.

¹ Lawrence P. Casalino et al, *What Does It Cost Physician Practices to Interact with Health Insurance Plans*, *Health Affairs* 28.4 (2009): w533-w543, w539.

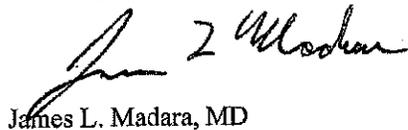
² *Ibid.*, w537.

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Finally, S.B. 13-277 would place time restrictions on insurers' responses to prior authorization requests. These provisions will help protect patients from negative health consequences, including delays in treatment, which may be inflicted by lengthy prior authorization approval processes.

In conclusion, we thank you for your commitment to protecting patients and reducing health care administrative costs. The AMA is grateful for the opportunity to express our support for S.B. 13-277 and looks forward to working with you to ensure enactment. If you have any questions, please contact Emily Carroll, JD, Senior Legislative Attorney, Advocacy Resource Center, at emily.carroll@ama-assn.org or (312) 464-4967.

Sincerely,

A handwritten signature in black ink, appearing to read "James L. Madara". The signature is written in a cursive style with a large initial "J".

James L. Madara, MD

cc: Senate Health and Human Services Committee Members
Colorado Medical Society