

House Committee on Small Business

Utilization Management: Barriers to Care and Burdens on Small Medical Practices

September 11th, 2019

11:30 am, 2360 Rayburn House Office Building

Purpose

The purpose of this hearing was to examine how utilization management programs work and how they are impacting small medical practitioners in a variety of settings.

Members Present

Chairman Velazquez, Ranking Member Chabot, Representatives Hern, Davids, Hagedorn, Evans, Joyce, Craig, Schneider, and Balderson

Witnesses

Dr. Paul M. Harari, Professor., Chairman, Department of Human Oncology
University of Wisconsin School of Medicine and Public Health

Dr. David R. Walega, MSCI, Associate Professor of Anesthesiology
Chief, Division of Pain Management, Vice Chair of Research, Department of Anesthesiology,
Northwestern University Feinberg School of Medicine

Dr. John S. Cullen, FAAFP, Family Physician & Partner, Valdez Medical Clinic, LLC

Dr. Howard Rogers, PhD, FAAD, Owner Advanced Dermatology, LLC

Opening Statements

Chairman Velazquez said that this committee is dedicated to providing support for small businesses across the country. Many people often forget that medical practitioners encounter the same challenges as other small businesses. However, they often have to follow the same regulations as large medical providers and are burdened by unnecessary regulations. Prior authorization is a cost containment tool that puts an undue burden on medical practices and their patients. Doctors continue to share stories of how prior authorization has led to worse health outcomes for patients and encourages them to delay seeking care. This issue impacts nearly every avenue of medicine and occurs all across the country. It is no wonder that many doctors are struggling to achieve the American dream of opening a small business when administrative costs remain so high. Chairman Velazquez supports reducing costs for small business while reducing and streamlining the prior authorization process.

Ranking Member Chabot said that we all interact with and depend on the health care system every day. Methods such as step therapy and prior authorization were implemented to reduce unnecessary prescribing patterns, eliminate human error and promote patient health. However, these methods have led to unintended consequences such as an undue financial burden on small providers, patients opting not to fill prescriptions that require prior authorization and deteriorating patient health. It is time to improve these methods not only for providers but for patients across the country.

Testimony

Dr. Harari said that prior authorization may have been designed to streamline health care, but it has placed an undue burden on patients seeking cancer treatment. Prior authorization wastes precious time that providers could be spending with patients. Furthermore, delays in cancer care can have negative impacts on patient outcomes. It also disproportionately impacts providers in small community practice settings. Prior authorization has become an overly bureaucratic process. Providers are prohibited from exercising their judgement regarding the best care needed and instead seek approval from the insurance company. Providers are better equipped to make these medical decisions than insurance companies are. The problems associated with prior authorization are so great that two thirds of surveyed oncologists have had to hire new staff to navigate the barriers. Legislation is needed to relieve practitioners from the restrictions of prior authorization.

Dr. Walega said that because of our broken insurance system, physician time is increasingly allocated to fight insurance companies rather than spend with patients. He told a story of a patient named Betsy who suffered from debilitating pain. Before seeing Dr. Walega, Betsy was taking opioids to attempt to manage the pain. Dr. Walega prescribed an alternative pain therapy for a period of 10 days. During this time, Betsy was pain free and had a high quality of life. Even after the 10-day trial was proven to be effective, Betsy's insurance company denied the prior-authorization to continue with the pain treatment. The appeals process took eight months and she began using opioids again to manage the pain. Although there was a known treatment that worked for Betsy, prior authorization prevented her from receiving the care she needed.

Dr. Cullen said that the results of prior authorization have been practitioner burnout, worse health outcomes for patients, and undue administrative costs on small businesses. Prior authorization is the main reason why small practices are closing. Most small practices have at least seven contracts with insurance companies including Medicare and Medicaid. The insurance companies often have different formularies and different standards for approving prior authorization. Meanwhile, patients rarely blame insurance companies for their delay in care but instead blame the small practices. In a recent 2019 survey, administrative burden was the top issue facing small family practices. Prior authorizations should be minimized, standardized and streamlined through technology.

Dr. Rodgers said that prior authorization rules seem designed to force doctors out of practice. They drive up the cost of running a practice, delay patient care and lead to practitioner burnout. These policies place a third party in the middle of medical decisions without any context or knowledge surrounding the issue. The frustration and desperation of patients is difficult to bear. By eliminating prior-authorization for surgical procedures, it is possible for patients to receive the highest quality care. It is difficult to accurately describe the burden placed on medical practices because it is so great. Prior-authorization harms more lives than it helps.

Questions and Answers

Chairman Velazquez asked how often the witnesses have to delay care while waiting for prior authorization. **Dr. Harari** said that 9 out of 10 radiation oncologists have to delay care. **Dr. Cullen** said at least three to four times a day. **Chairman Velazquez** asked if insurance companies were capable of making the medical decisions that they have been tasked with. **Dr. Walega** said no. **Chairman Velazquez** asked if this cost saving measure is a way for insurance companies to make more money. **Dr. Harari** answered yes and the fact that almost all prior authorization denials are appealed successfully is evidence of this.

Ranking Member Chabot asked how prior authorization makes everything more complicated. **Dr. Rogers** said that while performing surgery on a patient the other day, the patients' skin condition unexpectedly spread to the patients' nose. After an hour on the phone with Medicare Advantage (MA) they were told that MA would get back to them in a few days. Thus, the operation was performed with no guarantee of a payment afterwards. **Ranking Member Chabot** asked what type of legislation would reduce the burden placed on practices. **Dr. Cullen** said that legislation that reduces the wait time between requesting a treatment and approval should be prioritized. **Ranking Member Chabot** asked if prior authorization for opioids is reasonable. **Dr. Walega** said prescribers are more educated now than they used to be regarding opioid prescribing patterns. There are other ways to reduce the burden of opioids other than prior authorization.

Rep. Davids asked if prior authorization reduces out of pocket costs for patients. **Dr. Cullen** said no. Instead, there should be more price transparency. **Dr. Rogers** said within dermatology, costs have gone up.

Rep. Hagedorn asked if Medicare and Medicaid are a problem within this system. **Dr. Cullen** said yes, but the problem is across the board. Medicare and Medicaid are often easier to deal with when compared to other insurance companies.

Rep. Evans asked if administrative tasks limit the number of patients that providers can care for and treat. **Dr. Cullen** said yes. **Rep. Evans** asked what role primary care providers play in the health care system. **Dr. Cullen** said that because primary care is not prioritized, many early symptoms and conditions are missed. This thus leads the United States to spend more money down the road and inflates the cost of health care. **Dr. Harari** said that rural communities often do not have the same access to primary care as urban communities do.

Rep. Joyce asked what obstacles are placed in front of doctors that want to prescribe a certain drug. **Dr. Rogers** said that there are times when prior authorization is delayed so much that patients' conditions worsen. This results in the patient going to the emergency room and spending significantly more on health care than would have been necessary.

Rep. Craig asked how members of Congress can reduce the cost of health care. **Dr. Cullen** said that lack of access to care is causing patients to delay care, which makes their condition worse and thus increases the costs down the road. Money is being saved up front but being wasted dramatically in the future. **Rep. Craig** asked if there is any justification for CT scans within routine cancer screening. **Dr. Harari** said no, and that more money needs to be invested in preventative care.

Rep. Schneider asked what the right process is moving forward. **Dr. Walega** said that a shorter period between the proposed therapy and final approval is crucial. Furthermore, an experienced specialist should be the one making the decision, not an uninformed peer. **Rep. Schneider** asked if it should be a peer or if there should be another player in the approval process. **Dr. Harari** said that whoever it is must have the patients' best interest in mind, not someone who may be motivated by profit. **Rep. Schneider** asked if Congress' goals have been misaligned. **Dr. Rogers** said that the goal has to be to deliver cost effective high quality care. A prior authorization process that is efficient, transparent and workable for a small business practice is vital.

Rep. Balderson asked what actions can be taken to improve the conditions for health care professionals. **Dr. Harari** said that there are many areas within prior-authorization that can be streamlined and improved. For example, one in ten cases could be spot checked as opposed to checking every single case. Insurance companies must also be more transparent and follow national guidelines. **Dr. Rogers** said physicians should be given a seat at the table and pharmacy benefit managers should not have influence over all decisions. **Dr. Cullen** said that all generics should be exempt from the prior authorization process.