UW Medicine

June 14, 2016

Hon. Mike Kreidler
Office of Insurance Commissioner
PO Box 40258
Olympia, WA 98504-0258

RE: Prior Authorization – Pre-Rulemaking Comments – UW Medicine

Dear Commissioner Kreidler:

Thank you for allowing UW Medicine the opportunity to provide comments on the need for reform of current commercial health insurance prior authorization practices in Washington. In line with its mission to "improve the health of the public", UW Medicine is steadfast in its efforts to innovate and provide health care in a manner that improves outcomes, efficiency, and patient satisfaction. Unfortunately, in recent years, UW Medicine has faced significant challenges to those efforts in the form of unduly burdensome prior authorization requirements that pose unnecessary barriers to efficiency and satisfaction. Accordingly, for this reason and the reasons discussed herein, UW Medicine supports your efforts to reform and rebalance Washington's prior-authorization rules.

As you are aware, like many other providers in Washington, UW Medicine is party to numerous contracts with commercial health insurance carriers. While the basic legal relationships between parties to these contracts are set forth in core provider agreements, the vast majority of operational details including such significant care- and reimbursement-related issues as **prior-authorization** and **medical necessity** standards are set forth in manuals and policies, which are unilaterally written, revised and maintained by carriers. While provisions of core provider agreements cannot be changed without the mutual consent of the parties, under the authority of current Office of Insurance Commissioner (OIC) regulations, carriers may unilaterally adopt, amend, or revoke manual or policy provisions <u>at any time</u> with little to no effective notice to (or any input from) contracted providers. *See* WAC 284-170-421(6)(a) (carriers need only provide "reasonable notice of not less than sixty days of changes that affect provider or facility compensation or affect health care service delivery...").

As presently set forth, OIC regulations on this issue permit a one-sided, unbalanced process through which carriers may create, alter, or revoke prior-authorization policies with little meaningful notice to or input from contracted providers. As such, the regulations have led to carrier policies crafted only to carry out carrier goals with little need for consideration of provider needs, burdens, or goals. Though the above regulation requires that notices of policy changes be "reasonable", changes are not consistently communicated among carriers: some post changes to websites, some send letters, some e-mail, and some are sent on post cards. Further, as the regulations place no requirement as to when policy changes may be made, policy changes (that UW Medicine staff must follow to the letter to assure authorization and reimbursement) are received nearly every day. As the vast majority of such changes are made without the input of contracted providers, most changes come "out of the blue", frequently are written in an unclear manner, and are generally not consistent with similar policies promulgated by other commercial carriers in Washington. As a result, UW Medicine staff members are on constant

lookout for notices of new or changed policies and must be ready to quickly implement new carrier-specific policies (received without warning) into UW Medicine work flow procedures, which can include training staff on new carrier time deadlines, communication protocols, carrier specific web portals, and carrier-retained third party vendors. The burdens created by this imbalanced process are inefficient and untenable if the triple aim is to be achieved. To date, negotiations with and appeals to the better judgment of contracted carriers have led to no meaningful change or reform. Therefore, regulatory action by the OIC is prudent to address this issue.

As a proponent of health care reform and innovation, UW Medicine is not generally against the idea of utilization management and oversight by its contracted carriers. To the contrary, UW Medicine views its contracted carriers as collaborative partners in its efforts to fulfill the triple aim of healthcare reform; however, as presently arranged, OIC regulations concerning carrier policies and procedures have (inadvertently) created a misalignment of incentives leading to a one-sided, unduly burdensome process that heaps costly expectations on providers and frustration upon patients who must wait long periods of time to receive covered services that are unnecessarily delayed due to carrier policies. In light of this, UW Medicine seeks reform and rebalance of OIC regulations that will restore meaningful and productive collaboration between carriers and providers, including a pathway to consistency or standardization among carrier policies; clarity in carrier notices to providers and patients; increased notice periods and/or designated time periods when policy changes can be made (e.g. annually at reenrollment); increased transparency in the methods and bases for carrier policy adoption or change; and a mandate for meaningful provider and patient input in the creation of policies affecting authorization, reimbursement and care delivery (up to and including opportunities to object or halt unreasonable policies from taking effect).

As a longtime steward of healthcare in Washington, UW Medicine seeks no business or contracting advantage through this process. Rather, UW Medicine's aim is a restoration of balance and collaboration between carriers, patients, and providers in order that each leg of the triple aim of healthcare reform – improved outcomes, efficiency, and patient satisfaction – is continuously sought and ultimately achieved. As this aim will only be achieved through meaningful collaboration and cooperation, an examination of the need for realignment of regulations is not just appropriate but is necessary and the OIC is in the best position to harmonize the disparate voices and needs of carriers and providers.

UW Medicine appreciates your hard work in and attention to this issue. We look forward to working collaboratively alongside OIC staff, providers, carriers, and patient advocates in this process to achieve meaningful and productive reform. UW Medicine has reviewed comments recently submitted by the Washington State Hospital Association and concurs with each point made therein. Please do not hesitate to contact me should you have any questions or concerns.

Sincerely,

JACQUELINE L. CABE
Chief Financial Officer
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cc Jim Freeburg, Special Assistant to the Commissioner, OIC