

January 3rd, 2016

Jim Freeburg
Washington State Office of the Insurance Commissioner
P.O. Box 40258
Olympia, WA 98504-0255

Submitted via email: rulescoordinator@oic.wa.gov

Dear Mr. Freeburg:

Re: CR-102 Prior Authorization Draft Rules, WSR 16-23-156

On behalf of Providence Health & Services, I want to thank you once again for convening stakeholders throughout the rulemaking process regarding prior authorization. As previously stated, we appreciate the effort staff is undertaking to get multiple perspectives on opportunities to streamline prior authorization through this stakeholder engagement process, as this issue is of great importance to our caregivers and patients. Upon participation in the multiple stakeholder meetings, and in response to the second stakeholder draft language, we offer the following comments so that they may be considered as this work moves forward.

Providence Health & Services ("Providence") is a not-for-profit Catholic health care ministry committed to providing for the needs of the communities it serves – especially for those who are poor and vulnerable. In Washington state, Providence and our affiliated partners – Swedish Health Services, Pacific Medical Centers and Kadlec – comprise 15 hospitals, 376 physician clinics, senior services, supportive housing, hospice and home health programs, care centers and diverse community services. The combined health system employs more than 40,000 people statewide. In 2015, Providence and our partners provided nearly \$450 million in community benefit, including \$297 million in unfunded costs of Medicaid and \$54 million in free and discounted care¹ for Washingtonians who could not afford to pay. Together, we are working to improve quality, increase access and reduce the cost of care in all of the communities we serve.

Prior to undertaking review of the current draft, and as stated in our most recent comment letter, we have agreed on the following priorities or guiding principles as a system:

- Improve transparency and encourage seamless processes through better use of technology, while providing flexibility in requirements to acknowledge technological limitations and costs
- Decrease confusion by outlining clear requirements for communicating changes to providers

- Balance the need for expedited approval process in extenuating circumstances with unintended consequences for the patient
- Streamline the appeals process
- Require insurers to consider medical necessity when setting prior authorization policies
- Allow for alternative arrangements between health plans and providers to the traditional prior authorization process, while considering how to mitigate unintended consequences of these arrangements

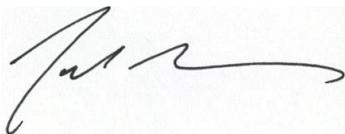
We believe the previous stakeholder drafts had made significant progress towards a majority of these goals, and we are appreciative of the staff time and energy spent on inviting stakeholders to participate in the conversation over the past several months. However, there are areas that give our organization pause as we contemplate how we would be compliant with these rules. Namely:

- Cost of the information systems build, which has been estimated at \$3 million per issuer but will likely incur additional costs due to staff time required to be compliant with the requirements.
- Inclusion of prior authorization programs in the provider contract. While we have been supportive of subjecting changes to prior authorization requirements to the online notification timelines as outlined in WAC 284-171-421(6), our health plan has expressed concern over the requirement that the entire prior authorization program language, standards and requirements be included in provider contract agreements. We believe requiring this exact language in the contract is unreasonable, since contracts would need to be reopened every single time anything in a prior authorization program was adjusted, streamlined, corrected or updated.

Due to these concerns, we respectfully offer our support of AWHP's suggestions included in their letter submitted in response to this CR-102, and would look forward to being a part of any active stakeholder conversations moving forward.

For more information or if you have questions, please contact Lauren Platt, State Advocacy Program Manager, at (425) 525-5734 or lauren.platt@providence.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joel Gilbertson', is written over a light gray rectangular background.

Joel Gilbertson

Senior Vice President, Community Partnerships and External Affairs
Providence Health & Services