MAHP
MASSACHUSETTS ASSOCIATION of HEALTH PLANS

Monday, December 4, 2023
Statement from Lora Pellegrini, President and CEO of the MA Association of Health Plans
On Senate Bill 1249, An Act relative to reducing administrative burden

The Massachusetts Association of Health Plans and our member plans are committed to ensuring high-quality, affordable and equitable health care for all residents of Massachusetts. Senate Bill 1249 effectively eliminates the ability of health plans to manage health care costs, quality, and utilization through prior authorization processes and will threaten our collective ability to meet the state's cost growth benchmark.

When employers purchase health insurance coverage for their employees, or when the state or federal government contracts with managed care plans to administer health insurance benefits, they expect health plans to use prior authorization and other utilization management tools to ensure that their members can access safe, evidence-based, and cost-effective care at the right time and in the right setting. Senate Bill 1249 recognizes this and retains prior authorization and utilization management for the state's Medicaid program, Medicare, and for 60% of the commercial market covered by self-insured plans, while placing the financial burden on the fully-insured market – our state's small businesses.

Too often our health care dollars are wasted on unnecessary, inappropriate, or even harmful care. A 2019 JAMA study found that 65% of physicians have said that at least 15-30% of medical care rendered is unnecessary, and every year, low-value care costs our health care system over $340 billion. Unnecessary care isn't just costly, it can be harmful to patients – exposure to unnecessary radiation, missed diagnoses, false positives, ineffective treatments and procedures can all have a profound impact on patients. The Betsy Lehman Center reports that, in a single year, medical errors accounted for $617 million in excess costs in Massachusetts. Restricting or eliminating the very tools used to guard against this will remove the vital checks and balances in our healthcare system.

Prior authorization is also essential to managing health care costs for employers and consumers. A recent study published by the actuarial consulting firm Milliman found that, in Massachusetts, eliminating prior authorization would result in commercial premium increases of approximately $600 and $1,500 per member per year and Medicaid capitation rates increasing by between $270 and $1,100 per beneficiary annually. This translates to between $2.2 billion and $5.6 billion in increased premiums for commercial employers and consumers in Massachusetts on an annual basis. The Commonwealth's total health care expenditures in 2021 were $67 billion.

MAHP and our member plans recognize that while prior authorization is critical, the process can be burdensome to patients, providers, and to health plans when outdated, manual, or paper-based systems are utilized. That is why Massachusetts health plans have implemented standardized prior authorization forms for all behavioral health care, prescription drug, imaging and radiology prior authorizations. And as technology has advanced, health plans are at the forefront, exploring opportunities to advance automation of prior authorization, in collaboration with the Network for Excellence in Health Innovation (NEHI) and with the state's Health Policy Commission. These efforts will address many of the burdens associated with today's manual processes and provide greater transparency into the efficacy and value of prior authorization programs. MAHP also worked with the House on a prior authorization pilot program that recognizes the value of prior authorization, preserving the health plans' ability to conduct prior authorization while taking an incremental approach.

At a time when health care costs threaten our ability to access care, we must focus on common sense solutions to modernize our healthcare system, rather than chipping away at needed cost containment tools.

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