

Study Highlights Need for Medicare Advantage Prior Authorization Reform

BY MATT DEVINO, MPH



Enrollment in Medicare Advantage—the commercial alternative to traditional fee-for-service Medicare—has risen steadily since the early 2000s. With strong, bipartisan support for the Medicare Advantage program in Congress and the Biden administration finalizing earlier this year the largest rate increase to the program since the Bush presidency, the number of enrollees in Medicare Advantage is soon expected to surpass those in traditional Medicare. In fact, the Medicare Payment Advisory Commission reported to Congress that 46 percent of Medicare beneficiaries with both Part A and Part B coverage were enrolled in a Medicare Advantage plan in 2021.¹ The Medicare Payment Advisory Commission noted that if the current trend continues, this figure will exceed 50 percent by next year.

However, prior authorization requirements tend to be much more strenuous for Medicare Advantage plans compared to traditional Medicare, which does not require prior authorization for most services. The biggest concern with these prior authorization requirements—aside from the administrative burden on providers—is that they can act as a barrier to patients accessing necessary services and treatments. This administrative hurdle can lead to delays in care and potential harm to patients. Provider groups have expressed concerns with excessive prior authorization requirements in the Medicare Advantage program for years

and pointed out the potential for their inappropriate use. Specifically, there is a concern with the misalignment of incentives in the Medicare Advantage payment model because these plans can increase their own profits by denying access to medically necessary care and reimbursement.

In response to these concerns, the Department of Health and Human Services' Office of Inspector General (OIG) conducted a study to examine the appropriateness of Medicare Advantage plans' prior authorization and payment denials. In its analysis, OIG found that among the prior authorization requests that Medicare Advantage plans denied, 13 percent met Medicare coverage rules, meaning that the services would have been approved if the patient had been covered by traditional Medicare.² OIG also found that among the payment requests that Medicare Advantage plans denied, 18 percent met Medicare coverage and plan-specific billing rules. In some of the identified cases, prior authorization or payment denials that met Medicare coverage and plan-specific billing rules were reversed, often following a beneficiary- or provider-initiated appeal or dispute process.

As a result of this study, it is more evident than ever that there is a need for reform around the use of prior authorization in the Medicare Advantage program. For this reason, ACCC supports the Improving Seniors' Timely Access to Care Act of 2021 (H.R. 3173/S. 3018), which would require

Medicare Advantage plans to standardize and streamline prior authorization processes and increase the transparency of their requirements to prevent unnecessary denials and delays in patient care. The legislation would also create an electronic prior authorization program to eliminate the need for faxes and would provide real-time determinations for items and services that are routinely approved.

Due to broad, bipartisan support for the Improving Seniors' Timely Access to Care Act, the bill is now poised for consideration by the full House of Representatives. Back in 2019, the House created a legislative process that allows bills with more than 290 co-sponsors to proceed to a floor vote without first going through a committee. On May 12, 2022, the House bill's sponsors—Reps. Suzan DelBene (D-WA), Mike Kelly (R-PA), Ami Bera (D-CA), and Larry Bucshon (R-IN)—announced in a joint press statement that it had crossed the 290-co-sponsor threshold.³ The lawmakers expressed their desire to bring the bill to the House floor for a vote, following the necessary 25 legislative days without committee action. Should the bill pass a House vote, the Senate version of the bill would still need to pass to get this legislation to the president's desk.

ACCC members encouraged their members of Congress to support this piece of legislation as part of ACCC's 2022 Virtual Hill Day on June 15, 2022. 