



HOUSE COMMITTEE ON HEALTH AND HOMELESSNESS

The Honorable Della Au Belatti, Chair
The Honorable Jenna Takenouchi, Vice Chair

H.C.R. NO. 182, REQUESTING THE AUDITOR TO ASSESS THE CHALLENGES TO THE TIMELY DELIVERY OF HEALTH CARE SERVICES IN THE STATE DUE TO PRIOR AUTHORIZATION REQUIREMENTS AND INCLUDE AN ANALYSIS OF PRIOR AUTHORIZATION REFORM, WITH INPUT OF DATA AND FEEDBACK FROM ALL STAKEHOLDERS, INCLUDING PATIENT ADVOCATES, PROVIDERS, FACILITIES, AND PAYERS.

H.R. NO. 162, REQUESTING THE AUDITOR TO ASSESS THE CHALLENGES TO THE TIMELY DELIVERY OF HEALTH CARE SERVICES IN THE STATE DUE TO PRIOR AUTHORIZATION REQUIREMENTS AND INCLUDE AN ANALYSIS OF PRIOR AUTHORIZATION REFORM, WITH INPUT OF DATA AND FEEDBACK FROM ALL STAKEHOLDERS, INCLUDING PATIENT ADVOCATES, PROVIDERS, FACILITIES, AND PAYERS.

Hearing: Wednesday, March 20, 2024, 10:30 a.m.

The Office of the Auditor offers comments on H.C.R. No. 182 and H.R. No. 162, requesting the Auditor to assess the challenges to the timely delivery of health care services in the State due to prior authorization requirements and include an analysis of prior authorization reform, with input of data and feedback from all stakeholders, including patient advocates, providers, facilities, and payers.

The assessment and analysis requested in the resolutions is not an audit. The Office of the Auditor typically conducts performance audits, which primarily examine the efficiency and effectiveness of government programs or agencies by assessing the programs' activities against statutory and other criteria.

While we appreciate the Legislature wants to provide residents with an analysis to facilitate collaboration on prior authorization, we believe another agency such as the Legislative Reference Bureau is better suited to complete a report as requested in the resolutions.



**STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY**
DEPARTMENT OF HEALTH - KA 'OIHANA OLAKINO

JOSH GREEN, M.D.
GOVERNOR OF HAWAII
KE KIA'AINA O KA MOKU'AINA 'O HAWAII

KENNETH S. FINK, MD, MGA, MPH
DIRECTOR OF HEALTH
KA LUNA HO'OKELE

John C. (Jack) Lewin, M.D.
ADMINISTRATOR

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House Committee on Health and Homelessness
Representative Della Au Belatti, Chair,
Representative Jenna Takenouchi, Vice Chair,
and Committee Members

HCR 182/HR 162 Requesting the Auditor to Assess the Challenges to the Timely Delivery of Health Care Services in the State Due to Prior Authorization Requirements and Include an Analysis of Prior Authorization Reform, with Input of Data and Feedback From All Stakeholders, Including Patient Advocates, Providers, Facilities, and Payers.

Testimony of John C. (Jack) Lewin, M.D.
SHPDA Administrator

Wednesday, March 20, 2024
10:30 a.m.

1 **Agency's Position: SUPPORT**

2 **Fiscal Implications: none**

3 **Purpose and Justification:** SHPDA is evolving into the State's needed health care oversight
4 body for assuring universal access to high-quality, equitable, and affordable health and long-
5 term care for ALL citizens. As such, we support requesting the Auditor to assess the impacts
6 of the common health insurance practice of requiring prior authorization (PA) for increasing
7 numbers of services, prescriptions, radiologic imaging, and health care procedures ordered by
8 physicians for their patients before approving payment for these services.

9 We understand the intent of PA to reduce unnecessary health care spending, which
10 SHPDA fully supports. However, PA often unnecessarily delays care, too often results in
11 denials of appropriate and necessary care, and has become a burdensome practice for which

1 most physician practices and hospitals must hire staff devoted almost entirely to processing
2 PA requests and challenging PA denials.

3 Further, PA could be automated to result in expediting access to appropriate and
4 necessary care with modern information technology systems applied to scientifically validated
5 and professionally approved standards of care and medical guidelines. Several states have
6 created so-called “gold card” systems for eliminating PA restrictions for physicians who have
7 demonstrated consistent adherence to such standards and guidelines.

8 The American Medical Association, reacting to physician concerns over the alleged
9 misapplication and overuse of PA by insurers recommends that the federal and state
10 governments should set standards for the use of PA to regulate reasonable response times,
11 assure that PA reviewers be licensed in the state and be of the same specialty that manages
12 the patient’s condition, avoid retroactive denials for preauthorized care, make PA decisions
13 valid for a year even if approved medication dosages change, and make PA decisions valid or
14 for the length of the treatment for chronic diseases. They also recommend that insurers
15 should publicly release PA data by drug and service as it relates to approvals, denials,
16 appeals, wait times and should honor a previous PA decision for at least 90 days when a
17 patient changes health plans.

18 The Auditor could ascertain best practices among states for reducing the cost and
19 burden of PA by speeding the PA process, reducing unnecessary or inappropriate PA denials,
20 and using information technology to expedite PA adjudication by harmonizing physician
21 treatment recommendations for patients with current standards of care and medical guidelines.

22 We believe the PA process has become burdensome for insurers as well as for
23 physicians and their patients, and that the Auditor’s recommendations could improve health

1 outcomes, reduce health costs, and when modernized, could reduce the administrative
2 burdens upon all participants in the Hawai'i health sector, including the insurance industry.

3 Mahalo for the opportunity to testify.



March 20, 2024

The Honorable Della Au Belatti, Chair
The Honorable Jenna Takenouchi, Vice Chair
House Committee on Health & Homelessness

Re: HCR182/HR162 – Requesting the Auditor to assess the challenges to the timely delivery of health care services in the state due to prior authorization requirements and to include an analysis of prior authorization reform, with input of data and feedback from all stakeholders, including patients advocates, providers, facilities, and payers

Dear Chair Belatti, Vice Chair Takenouchi, and Members of the Committee:

Hawaii Medical Service Association (HMSA) appreciates the opportunity to provide testimony in support of HCR182/HR162, which requests the Hawaii State Auditor to assess the challenges of timely delivery of health and to include an analysis of prior authorization reform.

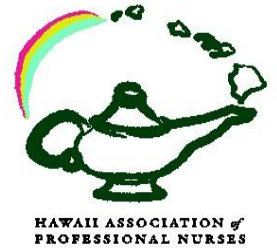
We appreciate the legislature's efforts to ensure that all of Hawaii's residents have timely access to care and stakeholders are working together to identify challenges and opportunities.

Thank you for the opportunity to testify in support of HCR182/HR162.

Sincerely,

Dawn Kurisu
Assistant Vice President
Community and Government Relations

Hawai'i Association of Professional Nurses (HAPN)



To: The Honorable Representative Della Au Belatti, Chair of
the House Committee on Health & Homelessness

From: Hawaii Association of Professional Nurses (HAPN)

Subject: HR162 – REQUESTING THE AUDITOR TO ASSESS THE
CHALLENGES TO THE TIMELY DELIVERY OF HEALTH CARE
SERVICES IN THE STATE DUE TO PRIOR AUTHORIZATION REQUIREMENTS AND
INCLUDE AN ANALYSIS OF PRIOR AUTHORIZATION REFORM, WITH INPUT OF DATA
AND FEEDBACK FROM ALL STAKEHOLDERS, INCLUDING PATIENT ADVOCATES,
PROVIDERS, FACILITIES, AND PAYERS, in Support

Hearing: March 20, 2024, 10:30a.m.

Aloha Representative Belatti, Chair; Representative Takenouchi, Vice Chair; and Committee Members,

We are writing in support of HR162 and HCR182, crucial legislative proposals under your committee's consideration. These measures address significant challenges faced by Advanced Practice Registered Nurses (APRNs) in Hawaii, which, if unresolved, could jeopardize the sustainability of accessible healthcare in our communities.

Our advocacy for patient access to care has never been more urgent, as we witness the rapid deterioration of healthcare services due to clinic closures and the exit of healthcare providers from practice. This trend is attributable to a variety of factors, including the relocation of providers to states with more favorable business climates, retirements, and the challenging economics of healthcare provision exacerbated by inadequate insurance reimbursements and the high cost of living in Hawaii. A statewide survey by the Hawai'i Rural Health Association and Community First revealed that nearly half of the healthcare providers surveyed were contemplating leaving the profession or the state.

While these resolutions do not directly alter reimbursement rates for APRNs, it is essential to recognize that APRNs are currently navigating a healthcare landscape that places them at a financial disadvantage. This disadvantage is primarily due to reduced reimbursement rates from insurance companies for services that APRNs provide, in comparison to identical or similar services rendered by physicians. This discrepancy not only undermines the financial viability of APRN practices but also devalues the indispensable services they offer to our healthcare system, particularly in underserved and rural areas where they are often the primary, or only, source of healthcare.

APRNs face significant administrative burdens, especially concerning prior authorizations. These burdens entail considerable time and resources, detracting from patient care and increasing the operational costs of their practices. The combination of lower reimbursement rates and the excessive administrative workload exacerbates the financial strain on APRN practices, threatening their ability to remain open and accessible to the communities that rely on them.

HR162 and HCR182 represent an opportunity to begin addressing these challenges by acknowledging the critical role APRNs play in our healthcare system and the inequities they face. Supporting these resolutions is a step toward ensuring that APRNs can continue to provide essential healthcare services without the undue financial and administrative obstacles that currently threaten their practices.

I urge you to support HR162 and HCR182, recognizing the pressing need to address the financial disparities affecting APRNs and, by extension, the broader healthcare delivery system in Hawaii. Your backing of these measures will demonstrate a commitment to an equitable healthcare system that values the contributions of all its providers.

The mission of HAPN to represent APRNs in Hawaii has driven our commitment to enhance patient access to healthcare and to advocate for the recognition and full practice authority of APRNs within our state. Our efforts have not only aimed at improving the physical and mental health of our communities but have also led to the establishment of clinics that embody our commitment to providing exemplary care.

In light of these considerations, HAPN respectfully requests your committee to pass these resolutions. This legislative action would represent a significant step forward in improving healthcare access and affordability for all residents of Hawaii. We are grateful for the opportunity to share our perspective and for your continued support of the nursing profession in the Aloha State.

Respectfully,

Dr. Jeremy Creekmore, APRN
HAPN President

HR-162

Submitted on: 3/18/2024 2:01:30 PM

Testimony for HLT on 3/20/2024 10:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Stephanie Yan	Individual	Support	Written Testimony Only

Comments:

Dear Honorable State Legislators,

The \$35 billion annually spent on prior authorizations is a significant waste for medical practices, misleadingly counted as "patient medical services" spending. This not only delays treatment, harming patients, but also misuses funds. Modern technology allows for a better approach: transparently publishing data on healthcare practitioners to identify and audit outliers. However, this system must be carefully regulated to prevent abuse and ensure it doesn't stifle competition among doctors. Immediate action is needed to correct these inefficiencies and prioritize patient care. Support our efforts to get rid of prior authorizations .

Here is a New York Times articles that call for a nationwide investigation into this wasteful and ineffecient delay tactics by insurance to deny timely access to care which is tantamount to practicing medicine without a license, which is illegal in all 50 states.

I want to highlight an insightful New York Times article that advocates for a nationwide inquiry into the detrimental and inefficient delay strategies employed by insurance companies. These tactics obstruct timely access to medical care, effectively equating to the unauthorized practice of medicine—a violation of the law across all 50 states.

Explore the full article here: [New York Times Opinion on Health Insurance Prior Authorization](https://www.nytimes.com/2024/03/14/opinion/health-insurance-prior-authorization.html?unlocked_article_code=1.dE0.FHgC.2lnQoigJVpT9&smid=url-share&fbclid=IwAR18sq3oy13ULHas2Zkj3mTR7-d3Y87B7YZMm3AXnZgStj7N99Z6cy9Lcbw):

https://www.nytimes.com/2024/03/14/opinion/health-insurance-prior-authorization.html?unlocked_article_code=1.dE0.FHgC.2lnQoigJVpT9&smid=url-share&fbclid=IwAR18sq3oy13ULHas2Zkj3mTR7-d3Y87B7YZMm3AXnZgStj7N99Z6cy9Lcbw

Additionally, I've created and shared a video on social media shedding light on the severe consequences of prior authorizations—unnecessary delays that lead to wasteful spending, delayed diagnoses, and tragically, preventable deaths. Watch and share the video to spread awareness: [My Video on the Impact of Prior Authorizations](https://youtu.be/P8gqheacLSE): <https://youtu.be/P8gqheacLSE>

We already have examples, like Medicare, and the technology needed to eliminate the requirement for prior authorizations. It's becoming increasingly evident that these are nothing more than profit-driven measures by insurance companies, amounting to unauthorized medical practice, which is illegal nationwide.

This issue is not distant; it affects us all, whether you have children, are nearing retirement, or simply care about the health and well-being of our communities. It's time to stand up for future generations and advocate for changes to systems that not only waste resources but pose a direct threat to our health. Let's fight for a future where access to care is a right, not a battle.

Mahalo for your time and support and care for our State and communities.

Sincerely,

Dr Stephanie Yan

HR-162

Submitted on: 3/18/2024 2:42:05 PM

Testimony for HLT on 3/20/2024 10:30:00 AM

Submitted By	Organization	Testifier Position	Testify
joann sarubbi md	Individual	Support	Written Testimony Only

Comments:

The passage of this bill is vital to the primary care providers in the state of Hawaii. We are at a point now that healthcare is in crisis, insurance companies are reimbursing less than Medicare, and providers are un able to keep their clinics open

this bill with aid them economically. I strongly urge,You to pass this bill

HR-162

Submitted on: 3/18/2024 7:44:54 PM

Testimony for HLT on 3/20/2024 10:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Allen Novak	Individual	Support	Written Testimony Only

Comments:

I wish to testify in support of HR 162 and HCR 182.

I initially lived on Oahu, but have been a resident of Hilo for 30 years and a practicing nurse.

I personally have had problems accessing a primary care provider in the East Hawaii Island area, and have not received the healthcare which I, as a nurse, know I needed.

Medical practices are under considerable strain to provide needed healthcare to patients. The prior authorization process is promoted as a tool to contain medical care costs by controlling unnecessary services. However, it becomes a tool by which third party payors can reduce expenses by approving or denying treatment for individuals they have not examined. As such, needed care is often delayed or denied resulting in harm to the patient. The prior authorization process also places a burden on the healthcare professional which takes them away from direct patient care and adds to administrative cost for the practice.

Hawaii has a severe shortage of healthcare providers, with some of the worst shortages of primary care providers in America. The shortage is not as significant on Oahu as it is on the neighbor islands. Hawaii Island has a shortage of over 40%.

Please help save medical practices in Hawaii by supporting HR 162 and HCR 182.

Allen Novak

HR-162

Submitted on: 3/18/2024 10:35:40 PM

Testimony for HLT on 3/20/2024 10:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Esther Smith	Individual	Support	Written Testimony Only

Comments:

While many will focus their testimony on prior authorizations denied, this testimony will focus on prior authorizations which are approved: In 2017, of the more than 8 million Medicare Part D PAs, 35% were initially rejected, but 73% of these denied requests were ultimately approved - meaning that approximately 90% of these prior authorizations saved no money and actually cost valuable clinic time.

That's the thing about prior authorization cost saving calculations; they place no value on the time spent by providers and their staff.

Here in Hawaii that time is so precious. Survey estimate the average physician and their staff spends almost 16 hours of time on prior authorizations. Imagine if that time were instead spent on patient care? Eliminating most of these pointless processes would improve access to care overnight, it would be like recruiting hundreds of physicians instantly to care for our aging state population. Regulating prior authorizations could be the most effective measure to improve access to care.

Kelley Withy, MD, PhD

March 19, 2024

RE: HR162/HCR182

IN STRONG SUPPORT

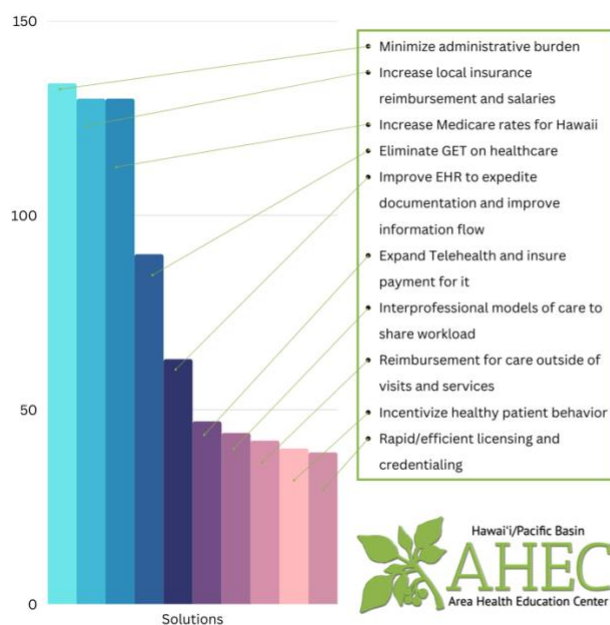
Dear Chair Belatti, Vice Chair Takenouchi, and Committee Members,

As you know, Hawai'i has a severe shortage of physicians, as well as nurse practitioners, physician assistants and almost all types of healthcare professionals and providers. In fact, the number of healthcare workers needed to fill the open positions in Hawai'i today is 3,500 (AHEC and HAH surveys)!!!

If we had an easier medical system to navigate, both for patients and for providers, it would save time, money, heartache and lessen discomfort and fear. It really is better for everyone.

So how do we create this better system? We work together to decrease the roadblocks, barriers, lack of explanations, delays and confusion. We encourage discussion and transparency.

At the 2022 Hawai'i Health Workforce Summit, participants voted on the things that needed to be done to recruit and retain our health workforce. Administrative Simplification was the number one factor. When asked what the first priority was within Administrative Simplification, it was Prior Authorization.



At the 2022 Hawaii Health Workforce Summit, we polled over 250 active physicians, healthcare administrators, and other healthcare professions to see what can be done to address Hawaii's health workforce shortage. We asked them to choose their top 5 solutions to be addressed first!

This is what they said.

As a result of this, we have a collaborative committee dedicated to Administrative Simplification and we are happy to help with the work of HR162/HCR182.

HR162/HCR182 is part of the solution, because it will look at what is going on in Hawai'i and what we can do to simplify. Nationwide there are many requirements being implemented that can help inform us. Thank you for your consideration to this important need in Hawai'i!!

HR-162

Submitted on: 3/19/2024 6:23:28 PM

Testimony for HLT on 3/20/2024 10:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Kaohimanu L K Dang Akiona MD	Kohala Coast Urgent Care LLC/Molokai Family & Urgent Care	Support	Written Testimony Only

Comments:

Dear Honorable State Legislators,

I am writing to strongly support suspending, eliminating or at least limiting prior authorizations as they pertain to medical care. This practice interferes with my ability to provide timely reasonable care and hurts our most vulnerable and marginalized patients and populations every day. I am a full spectrum Family Medicine physician providing primary, urgent, and occupational health care including workers compensation on Hawai`i Island and in Maui county on Moloka`i. While my practice on Hawai`i Island is impacted daily by prior authorizations, there is SIGNIFICANTLY more delay, impact, and barriers experienced for our Moloka`i patients. Every patient triggers multiple prior authorizations for basic care, referrals, transportations, supplies and durable medical equipment, and many general prescriptions and medications. It is a matter of life and death in many cases and I am telling you, many patients and their families/caregivers are suffering the consequences of this systemic harmful practice. This additional administrative and professional burden is also directly contributing to the lack of providers willing or able to extend their services to remote, underserved areas like Moloka`i.

The \$35 billion annually spent on prior authorizations is a significant waste for medical practices, misleadingly counted as "patient medical services" spending. This not only delays treatment, harming patients, but also misuses funds. Modern technology allows for a better approach: transparently publishing data on healthcare practitioners to identify and audit outliers. However, this system must be carefully regulated to prevent abuse and ensure it doesn't further exacerbate the already crisis level shortages of providers and worsen patients access to reasonable care. Immediate action is needed to correct these inefficiencies and prioritize patient care and safety. Please support our efforts to get rid of prior authorizations which delay and disrupt care and ultimately lead to preventable complications and even death.

As many of my colleagues have shared with you, I want to highlight an insightful New York Times article that advocates for a nationwide inquiry into the detrimental and inefficient delay strategies employed by insurance companies. These tactics are profit-driven, obstruct timely access to medical care, and effectively equate to the unauthorized practice of medicine—a violation of the law across all 50 states.

Explore the full article here: [New York Times Opinion on Health Insurance Prior Authorization](#):

https://www.nytimes.com/2024/03/14/opinion/health-insurance-prior-authorization.html?unlocked_article_code=1.dE0.FHgC.2lnQoigJVpT9&smid=url-share&fbclid=IwAR18sq3oy13ULHas2Zkj3mTR7-d3Y87B7YZMm3AXnZgStj7N99Z6cy9Lcbw

Please help us address this issue now and advocate for changes to system. These practices not only waste resources but pose a direct threat to the health and wellbeing of us all. *REFORM IS NOW A CRITICAL AND ESSENTIAL PRIORITY, NATIONWIDE AND IN HAWAII.* Please help us address this unnecessary impediment to providing the best possible care to all.

Mahalo for your time and support and consideration of this important issue impacting care for our State and communities.

`O au iho no me ka ha`aha`a,

Ka`ohimanu Dang Akiona, MD