Senate Bill 2280
North Dakota Senate Committee on Industry, Business, and Labor
February 5, 2025
AHIP Testimony

Thank you for the opportunity to speak before you today. My name is Alex Kelsch, and I am testifying today on behalf of America's Health Insurance Plans (AHIP). [1]

AHIP appreciates the opportunity to provide comments on SB 2288. Health plans share your commitment to ensuring patients have access to high-quality, affordable health care.

Unfortunately, SB 2288 would undermine patient safety and affordability. As a result, AHIP respectfully opposes this legislation in its current form because it could exacerbate delays in patient care and increase costs to the overall health care system.

Prior Authorization Protects Patient Safety. Prior authorization is a proven tool to ensure that patients receive safe, effective, and evidence-based care. Medical knowledge doubles every 73 days[2] and, to keep up with these changes, studies show that primary care providers would need to practice medicine nearly 27 hours per day.[3]

This is why it is so important that health plans, providers, and hospitals work together. Prior authorization serves as a critical safeguard to prevent unnecessary or inappropriate treatments that could result in patient harm. For example:

- ***Preventing unnecessary care.*** Patients with low-risk lower back pain frequently receive early imaging tests, which do not improve outcomes and can lead to unnecessary surgery and office visits, undue stress, excessive exposure to radiation, lost productivity, potential harms from prescription opioids, and avoidable costs.[4]
- ***Preventing dangerous drug interactions and ensuring drugs are used as clinically indicated.*** Prior authorization helps prevent dangerous drug interactions, ensures medications and treatments are safe, effective, and appropriate for a patient's specific condition, acts as a guardrail to ensure that medications are not used for clinical indications other than those approved by the Food and Drug Administration.

Prior Authorization Helps Reduce Patients' Health Care Costs. In addition, prior authorization helps ensure coverage is as affordable as possible. Experts agree that roughly a quarter of all medical spending is wasteful or low-value, costing the U.S. $340 billion annually.[5] 87% percent of doctors have reported negative impacts from low-value care[6] and an AHIP clinical appropriateness project with John Hopkins found that about 10% of physicians provided care inconsistent with consensus and evidence-based standards.[7]

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[1] AHIP is the national association whose members provide health care coverage, services, and solutions to hundreds of millions of Americans every day. We are committed to market-based solutions and public-private partnerships that make health care better and coverage more affordable and accessible for everyone.

[2] Densen, Peter. *Challenges and Opportunities Facing Medical Education*. Transactions of the American Clinical and Climatological Association 2011.

[3] Porter J, Boyd C, Skandari MR, Laiteerapong N. *Revisiting the Time Needed to Provide Adult Primary Care*. Journal of General Internal Medicine. January 2023.

[4] *Prior Authorization Promotes Evidence-Based Care That Is Safe and Affordable for Patients*. AHIP. November 2023.

[5] *Low-Value Care*. University of Michigan V-BID Center. February 2022.

[6] Ganguli, Ishani. *Characteristics of Low-Value Services Identified in US Choosing Wisely Recommendations*. JAMA Internal Medicine. February 1, 2022.

[7] *Clinical Appropriateness Measures Collaborative Project*. AHIP. December 2021.

Health Plans' Use of Prior Authorization is Targeted. Prior authorization is used sparingly and health plans continually seek to improve the efficiency and ease of use for providers including:

- *Significant investments in electronic prior authorization (ePA) adoption*. Despite health plans offering the capability for ePA, 60% of prior authorization requests for medical services are submitted manually (through phone or fax.)
- *Streamlining prior authorization for full treatment courses*. Health plans have streamlined prior authorization for common conditions like musculoskeletal disorders.
- *Waiving prior authorization for high-performing providers*. Health plans are implementing voluntary programs to waive prior authorization requirements for certain high-performing providers and for providers participating in risk-based payment contracts.

Industry Innovations and Upcoming Technology Requirements. In January 2024, the Centers for Medicare & Medicaid Services (CMS) released the Advancing Interoperability and Improving Prior Authorization Processes final rule.[8] The rule requires health plans to build and maintain four new application programming interfaces (APIs) that will:

1. Enable faster electronic prior authorization decisions.
2. Share large-scale population health data files with providers for value-based care.
3. Allow patients to access their claims and clinical data more easily.
4. Support care coordination when a patient transitions between payers.

The federal rule creates opportunities for states to align with federal requirements to improve care for patients, promote transparency, reduce burden, and improve care, promote transparency, efficiency, and improved care. To avoid conflicting requirements, AHIP recommends North Dakota lawmakers defer action on prior authorization while the new federal rules are being implemented.

For these reasons, we urge the Committee to vote no on SB 2288. Instead, we encourage policymakers to collaborate with health plans, providers, and hospitals on solutions that balance patient safety and affordability. Thank you for your time today.

[8] Advancing Interoperability and Improving Prior Authorization Processes. Centers for Medicare & Medicaid Services. 89 FR 8758. February 8, 2024.