



The Maryland State Medical Society

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House Health and Government Operations Committee

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House Bill 1314 – *Health Care – Prior Authorizations – Prohibiting Fees and Use of Artificial Intelligence*

POSTION: OPPOSE

The Maryland State Medical Society (MedChi), the largest physician organization in Maryland, opposes the provision in House Bill 1314, which prohibits a health care provider from charging a fee to obtain a prior authorization from a carrier or managed care organization.

To our knowledge, this is not a systemic or widespread practice among healthcare providers. However, it may be a reaction to a larger, systemic issue that is not being addressed and threatens our healthcare system: chronically low payment rates among commercial payers. The Health Care Institute has indicated that Maryland is one of the lowest states in terms of payment rates, only above Delaware and Alabama. Office practice expenses, such as wages, rent, electricity, IT services, payroll, and administrative services, continue to increase. However, payment rates by commercial insurers have either stayed the same or declined over the last decade. At the same time, healthcare providers spend more time trying to obtain the healthcare services they need for their patients. Two out of five physicians (40%) have staff dedicated to working on prior authorization requests. Physicians have reported that their staff spends almost two business days each week completing prior authorization requests.

Why are we not requiring insurance companies to cover the expenses incurred by health care providers associated with prior authorization rather than prohibiting the charging of the fee? If the insurance companies state that part of their payment rate covers administrative costs, the insurance company should be required to report the portion dedicated to administrative expenses from the payment of the medical service provided to the patient. There should then be an examination to see if the rates cover costs adequately. Only after these steps have been taken should the State consider the provision in House Bill 1314.

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