MedChi: With New Law, Maryland is Bringing Health Insurance Approvals into the 21st Century

By Gene M. Ransom III

On May 22, Governor O’Malley signed over 300 bills into law. But one in particular that’s encouraging for Maryland physicians and patients is HB 470, (Maryland Health Care Commission – Preauthorization of Medical Services and Pharmaceuticals – Standards), a measure that will streamline the health insurance prior authorization process, a change that will help to stem the rising tide of health care costs and protect access to timely and effective care for Maryland patients. HB 470 will help bring the prior authorization process into the 21st Century.

Advances in medical technology like electronic medical records and electronic prescribing systems are revolutionizing medical care, allowing doctors to generate prescriptions and orders electronically and transmit them directly, and providing instant access to drug reference information and a patient’s complete medical history. Now, the new law will help unlock the potential of technological advances to expedite prior authorization, an insurance company protocol which requires doctors to go through a number of extra steps to obtain the health insurer’s approval before it will agree to pay for a prescription medication, medical test or procedure.

The new law was prompted by a report from the Maryland Health Care Commission (MHCC), which studied the problem, recommended that MD insurers use new technology to streamline the current paper-based system for filing prior authorizations, and laid out a plan to move to a standardized, electronic system for filing and processing prior authorization requests. The Commission proposed a single electronic method for submitting requests and required a response from insurers to prior authorization requests within a reasonable timeframe. The MHCC concluded that implementing this system of electronic prior authorizations would both “eliminate administrative overhead” and “allow providers to spend more time with their patients.”

Maryland physicians agree. At MedChi, the Maryland State Medical Society, we recently conducted a survey of our member physicians across the state on this issue. They said that having the ability to process prior authorization requests electronically would give their patients quicker access to medical services, reduce administrative costs, and enable them to spend more time with patients.

The amended version of the legislation codifies the salient provisions of the MHCC report. Essentially, the Report provided that insurance intermediaries will simplify preauthorization procedures by adopting electronic preauthorization systems which will allow a physician to access insurance websites to determine the preauthorization requirements and make preauthorization requests in electronic form complete with unique tracking numbers. The goal of the Report is to allow for real-time preauthorization by July 2013.
Reform is long overdue. The paper-based system for processing insurance prior authorizations that exists today weighs down our entire health care system. It is complex and time-consuming for doctors and their staffs, distracting from patient care and driving up health care costs across the board. Requirements vary widely from one insurer to another, each of whom also has a different process for submitting prior authorization requests. In most cases prior authorization must be done manually, meaning that providers spend valuable staff time on the phone or printing and faxing forms, and many requests require additional follow up for clarification or more information.

This law could have a sizable impact on both the cost and quality of care in Maryland, and if other states follow suit, all across the country. Advances in health information technology like e-prescribing have created an opportunity to make health care in Maryland more efficient, more effective, and more affordable, and thanks to Delegate Shawn Tarrant, Senator John Astle, the Governor, and a bipartisan effort in the General Assembly, doctors and their patients will soon be able to benefit.

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