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MEMORANDUM IN OPPOSITION

FOR IMMEDIATE RELEASE: MAY 2, 2018

Re: S.3568 (Hannon)/A.1129 (Hunter) – An act to amend the insurance law, in relation to denial of coverage of treatment related to health care services for which pre-authorization was granted.

This legislation, S.3568/A.1129, would expand the existing surgical exemption regarding concurrent prior authorizations to non-surgical procedures. The New York Health Plan Association (HPA) opposes this legislation as it is overly broad and undermines prior authorization policies, which would result in higher prices for medical services and, ultimately, increased health insurance costs for consumers and employers.

Under current law, if during a surgical procedure that required a prior authorization from the health plan, a provider discovers a condition that needs attention but would require an additional prior authorization to proceed, the secondary prior authorization is exempted. The reasoning for this is it is in the best interest of the patient not to undergo a secondary surgical procedure once the additional prior authorization is achieved. This bill would expand that surgical exception to non-surgical procedures. Whereas it is common sense to not require a patient to undergo a second surgical procedure, the same cannot be said in the non-surgical environment.

Prior authorization is a tool used by insurers to hasten service delivery to the enrollee and facilitate proper provider reimbursement. The process is most typically used for elective, non-emergency services that historically have evidenced abuse or improper utilization. Prior authorizations also serve as a quality assurance tool that facilitates members receiving the right care at the right time and in the right setting. Prior authorization is not a blank check – rather, it means that, based on the information from the provider and member, the requested service will be covered as long as:

- The member is eligible for coverage;
- The information on which the authorization was granted is accurate; and
- The care to be provided is in fact appropriate and there is no fraud.

Some advocates of the bill talk in the context of cancer patients that forego their treatment for lack of a prior authorization or the provider goes without payment. This bill would not be limited to oncology but would also apply to dermatology. Mole removal does not elevate to that surgical or emergency standard that exists under current law. Health plans do take into account the nature and environment in which the provider proceeds without securing a prior authorization and their decisions reflect the medical needs of the patient.

This overly broad legislation undermines prior authorization policies and would increase health insurance costs. At a time when New York should be looking to contain medical costs, the Legislature should not be looking for ways to circumvent helpful and necessary prior authorization policies. We urge you to say no to S.3568/A.1129.

The New York Health Plan Association represents 29 managed care health plans that provide comprehensive health care services to nearly 8 million New Yorkers.