



Reduce Barriers to Healthcare, Improve Patient Access

Eliminate Unnecessary Prior Authorization Delays, Improve Health Outcomes and Equity

IHA Position: Illinois hospitals and physicians report that prior authorization denials and delays are one of the top challenges to providing healthcare to Medicaid patients. Medicaid managed care organizations (MCOs) use complex and inconsistent prior authorization processes to deny and delay necessary healthcare —and to deny reimbursement to healthcare providers. Inappropriate denials negatively impact healthcare for Medicaid patients, while reducing MCOs' costs and increasing shareholder profits. These practices are inconsistent with the state's mission and vision for Illinois' Medicaid program and the state's pursuit of health equity. **IHA and the hospital community are advocating for commonsense legislative reforms to streamline access to patient care and improve health outcomes by eliminating inappropriate prior authorization practices and embracing care coordination.**

A 2023 U.S. Dept. of Healthcare and Human Services Office of Inspector General's (HHS OIG) study found that on average, **MCOs denied more than twice the denial rate of Medicare claims.** The OIG study found one Illinois Medicaid MCO's prior authorization denial rate was 41%, while another Illinois MCO denied 15% of prior authorization requests. One Illinois MCO reported overturning 57% of denied prior authorization requests on appeal, and another MCO stated it overturns 63% of denied prior authorization requests on appeal.

Prior authorization delays can further exacerbate the patient's condition, leading to poor outcomes. The American Academy of Family Physicians contends that prior authorizations "can worsen health disparities and create barriers to care for medically underserved patients, patients of color, LGBTQ+ patients, patients in rural areas, and those at risk for poor health outcomes." **Cumbersome and unnecessarily burdensome prior authorization policies can result in days-long waits for transfer to receive appropriate, non-emergent care.** Delayed authorization contributes to ED boarding, which leads to worse patient outcomes, including increased mortality, and contributes to ED violence. **A 2022 U.S. Surgeon General Advisory cited MCO prior authorization inefficiencies and overall administrative burden as a factor in healthcare worker burnout.**

The IHA is urging lawmakers to support reforms to address harmful prior authorization practices and eliminate barriers to healthcare for Illinois' most vulnerable populations. **IHA's reforms are budget neutral in Fiscal Year 2025,** advancing meaningful changes that will:

- **Permit ED physicians to admit a patient in need of inpatient care to stabilize an emergency medical condition without seeking authorization from the MCO, providing inpatient coverage for up to 72 hours.** MCOs are frequently unresponsive or deny authorization, overriding a physician's medical determination. The legislation brings Medicaid in line with Medicare's "two-midnight" rule. Ensures patient access to appropriate care setting and reduces boarding.
- **Permit physicians and hospitals with historically high prior authorization approvals to receive a "gold card" that would exempt them from the prior authorization process for one year.** A majority of prior authorization requests are later overturned on appeal, requiring clinicians to spend more time on paperwork and less time on patient care. Passed in several other states, this legislation eliminates delays in patient care and reduces administrative burden on providers.
- **Increase transparency of the performance of each MCO as recommended by the federal HHS OIG and direct HFS to develop rules to streamline and standardize the prior authorization process.**