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IHA, Hospital Leaders Advocate for Legislative Reforms to Address Inappropriate Denials of Care for Medicaid Patients *Legislation to Reduce Barriers to Healthcare Services for State's Most Vulnerable Population*

SPRINGFIELD – The Illinois Health and Hospital Association (IHA) and Chief Medical Officers (CMOs) from Illinois hospitals had a productive meeting today with members of the Medicaid Legislative Working Group. IHA and the CMOs shared patient stories and presented updates on IHA's legislative package targeting Managed Care Organization (MCO) prior authorization practices that are negatively impacting access to critical healthcare services for Medicaid patients across Illinois.

"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," said A.J. Wilhelmi, IHA President and CEO. "These MCO prior authorization practices have serious implications, as they create long wait times in hospital emergency departments (ED), contribute to healthcare worker burnout, and lead to poor health outcomes for vulnerable populations across the state."

A 2023 U.S. Dept. of Health and Human Services Office of Inspector General report found that the average prior authorization denial rate for MCOs across the nation is twice that of Medicare. The report also cites one insurance company operating in Illinois that was denying Medicaid prior authorization requests at a rate of more than 40%.

During today's meeting, CMOs shared their experiences with the MCO prior authorization process and how these practices are having a detrimental impact on patient care and frontline providers in their hospitals.

"Across the board, providers at Memorial Health would tell you that the prior authorization practices utilized by Illinois' five Medicaid MCOs are inconsistent and excessively burdensome," Dr. Rajesh Govindaiah, Senior Vice President and Chief Medical Officer, Memorial Health. "Each MCO has its own, individual prior authorization process that providers must adhere to when requesting authorization to provide a level of care or medical procedure."

"Physicians use their professional experience and medical judgement when ordering patient services. They should be able to make timely clinical decisions without fear that MCOs will later deny or reduce reimbursement," said Dr. David Bordo, Chief Medical Officer, Ascension Illinois. "Authorizing a 72-hour window for 'inpatient stabilization,' that is not dependent on an MCO service authorization, would allow the hospital to admit a patient without fear of having the attending ED physician's judgement overridden by a computer algorithm used by the MCO."

"What we have experienced at Schwab is a lack of coordinated care that has a significant, negative impact on the process of transitioning a patient to post-acute care," said Dr. Michelle Gittler, Chief

Medical Officer, Schwab Rehabilitation Hospital, Sinai Chicago. “In our experience, when a patient needs to be transferred to a post-acute care setting, we repeatedly see the MCOs are difficult, and in some cases unresponsive partners.”

Wilhelmi emphasized that the hospital community isn’t opposed to prior authorization, but is seeking commonsense reforms to standardize and simplify the process and make it work better for patients and providers.

“We are not opposed to appropriate prior authorization practices, but we are opposed to for profit companies overriding medical decisions that have been made by a doctor in caring for their patient,” Wilhelmi added. “We are also opposed to clinicians spending more time on administrative paperwork than providing care.”

Hospital and health system leaders urge members of the Illinois General Assembly to support the following healthcare bills sponsored by House Majority Leader Robyn Gabel and Senator Ann Gillespie to address these harmful prior authorization practices and eliminate barriers to healthcare services for Illinois’ most vulnerable populations.

- When a patient presents to the ED and needs to be admitted to an inpatient bed, MCOs are unresponsive or deny authorization, overriding a physician’s medical determination. [House Bill 4977](#) | [Senate Bill 3372](#) permit ED physicians to admit a patient in need of inpatient care without seeking authorization from the MCO. Inpatient coverage would be provided for 72 hours. Brings Medicaid in line with Medicare’s “two-midnight” rule. Ensures patient access to appropriate care setting and eliminates ED patient boarding.
- The prior authorization process is administratively burdensome. 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. [House Bill 4979](#) | [Senate Bill 3373](#) permit physicians and hospitals to receive a “gold card” that would exempt them from the prior authorization process for one year. “Gold card” determinations would be based on a previous history of a high percentage of prior authorization approvals. Passed in several other states, this legislation eliminates delays in patient care and reduces administrative burden on providers.
- Patients that need to be transferred from a hospital to another care setting face lengthy delays. This denies timely, appropriate care for the patient and results in patient boarding in hospitals. [House Bill 4978](#) | [Senate Bill 3374](#) incentivize MCOs to better coordinate care by increasing and expanding reimbursement for stays beyond medical necessity, ensuring proper patient care and eliminating patient boarding. Costs can be avoided if MCOs simply authorize post-acute placement requests in a timely manner.

About IHA

The Illinois Health and Hospital Association, with offices in Chicago, Naperville, Springfield, and Washington, D.C., advocates for Illinois’ more than 200 hospitals and nearly 40 health systems as they serve their patients and communities. IHA members provide a broad range of services—not just within their walls, but across the continuum of healthcare and in their communities. Reflecting the diversity of the state, IHA members consist of nonprofit, investor-owned and public hospitals in the following categories: community, safety net, rural, critical access, specialty, and teaching hospitals, including academic medical centers. For more information, see www.team-iha.org. Like IHA on [Facebook](#). Follow IHA on [X](#) (formally known as Twitter).

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