



**Kansas Hospital
ASSOCIATION**

TO: Senate Financial Institutions and Insurance

FROM: Tara Mays, Vice President State Legislative Relations

DATE: March 19, 2024

RE: Senate Bill 553

The Kansas Hospital Association appreciates the opportunity to provide neutral testimony in support of Senate Bill 553. On behalf of our 122 community hospitals, increasing health insurance coverage is a critical issue for the health of Kansans but also for the health care industry.

Over the past few years, we have seen an increased amount of requirements associated with the prior authorization process. Originally, the prior authorization process was a method used by insurance carriers to control costs for highly expensive medications and services. However, recently, the process is becoming increasingly more burdensome to our health care system and, consequently, is having a negative impact to patients obtaining needed health care.

According to a survey conducted with our Kansas Hospitals, every respondent reported having experienced prior authorization delays and denials in 2021. Further, 92 percent indicated that the prior authorization process often leads to negative impacts to patients resulting in more tests and treatments that ultimately increase the overall cost of care. Perhaps most concerning is that more than 43 percent of our survey respondents suggested that the process of prior authorization results in delays of access to medically needed care with many of those reporting that those delays mean longer recovery times, additional hospitalizations and readmissions, life threatening events for patients, and permanent disability.

Kansas hospitals believe the prior authorization process is antiquated and administratively burdensome. We believe Senate Bill 553 highlights how important it is for insurance plans to provide electronic delivery as a standard method of communication and we would suggest that when the committee works this bill they add the following:

“Not later than January 1, 2025, a utilization review entity shall accept and respond to prior authorization requests under a pharmacy benefit through a secure electronic transmission using the national council for prescription drug programs script standard for electronic prior authorization transactions. As used in this subsection, “secure electronic transmission: does not include facsimile, proprietary payer portals, electronic forms or any other technology that is not directly integrated with a physician’s electronic health record or electronic prescribing system.”

Not later than January 1, 2025, a utilization review entity shall accept and respond to prior authorization request for healthcare services using a secure electronic portal at no cost to a healthcare provider. A utilization review entity shall not require a healthcare provider to use a specified secure electronic portal.”

Our state is not alone in trying to create a better system when it comes to prior authorization. In fact, Kansas is one of only a handful of states that has not yet modernized their statutes on the topic of prior authorization. Our member hospitals have expressed that this puts our state at a distinct disadvantage when trying to recruit and retain physicians and nurses in Kansas.

While our members report that the inefficiencies in the prior authorization system can take up to five hours of administrative time to obtain prior authorization approval, they would prefer that time be streamlined to allow them to focus their time providing clinical care to their patients when they need it most.

We believe adding this language to SB 553 would help immensely with our state's health care workforce challenge facing our state is significant. The vacancy rate for RN's across Kansas has increased three fold between 2018 and 2022. Over 85 of Kansas' 105 counties have been designated as a primary health care professional shortage area. While there are several reasons that may contribute to the current workforce challenges, we oftentimes hear from exiting providers about the increasing administrative burdens that caused them to walk away from their profession.

We thank you for the opportunity to provide testimony in support of adding this language to SB 553.