

March 20, 2023

The Honorable Nancy Skinner  
California State Senate  
1021 O Street  
State Capitol, Room 8630  
Sacramento, CA 95814-5704

Re: AMA support for Senate Bill 598

Dear Senator Skinner:

On behalf of the physician and student members of the American Medical Association (AMA), I write to state our support for Senate Bill (SB) 598, legislation to create a prior authorization exemption process for physicians and other health care providers. This legislation targets the overuse of the prior authorization process which is threatening patients' health outcomes, robbing physician practices of valuable time and resources, and increasing costs in the health care system. Thank you for sponsoring such an important bill.

The AMA frequently hears from both physicians and patients about delays in care that result from prior authorization requirements. [AMA survey data](#) released this month show that 94 percent of physicians report care delays because of prior authorizations. The same survey found that 89 percent of physicians saw prior authorization as having a negative effect on their patients' clinical outcomes and 80 percent of the physicians surveyed indicated that patients abandon treatment due to authorization struggles with health insurers. Alarming, AMA data also show that 33 percent of physicians report that prior authorization has led to a serious adverse event for a patient in their care, such as hospitalization, permanent impairment, or death.

In addition to the harmful individual patient impact, there is no economic rationale for the volume of prior authorizations. Costs to the health care system due to prior authorization are playing out in physician practices all over California. For example, physician offices find themselves using inordinate amounts of staff time and resources submitting prior authorization paperwork to justify medically necessary care for their patients to health plans. In fact, AMA survey data show that, on average, physician practices complete 45 prior authorizations *per physician per week*. This adds up to nearly two business days, or 14 hours, each week dedicated to completing prior authorizations. These statistics are particularly concerning as we know that physician practices are struggling to hire staff and regain their financial footing following the COVID-19 pandemic.

Moreover, prior authorization leads to increased health care resource utilization by preventing patients from receiving the right care at the right time. AMA survey data found that 64 percent of physicians report that prior authorization has led to ineffective initial treatments, 62 percent report that prior authorization has resulted in additional office visits, and *46 percent report immediate care or emergency room visits because of prior authorization requirements*.

Finally, by delaying care, undercutting recovery, and reducing the stability of patients' health, excessive prior authorization requirements increase workforce costs as patients miss work or may not be as productive in their jobs. For example, AMA survey data show that of physicians who treat patients between the ages of 18 and 65 currently in the workforce, 58 percent report that prior authorization has interfered with a patient's ability to perform their job responsibilities. While health plans undoubtedly see prior authorization as a cost-saving tool used to reduce spending on medically necessary care, the costs to patients, physician practices, employers, and the health care system are unjustifiable.

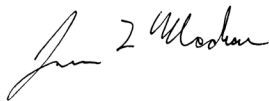
In 2018, in what we hoped might be progress, health plan associations recognized the need to reduce the burden of prior authorization and agreed to pursue a series of improvements to the prior authorization process in a joint [consensus statement](#) with the AMA, American Hospital Association, American Pharmacists Association, and Medical Group Management Association. First among these agreed upon principles is "selective application of prior authorization," stating that, "criteria for selective application of prior authorization requirements may include, for example, ordering/prescribing patterns that align with evidence-based guidelines and historically high prior authorization approval rates." Unfortunately, no meaningful voluntary progress has been made with regard to the consensus statement, and specifically on selective application, as evidenced by recent AMA survey data, including the first provisions on selective application. Specifically, only 9 percent of physicians report contracting with health plans that offer programs that exempt providers from prior authorization. Meanwhile, a strong majority (84 percent and 84 percent respectively) of physicians report that the number of prior authorizations required for prescription medications and medical services has increased over the last five years.

This is why the reforms in SB 598 are critical to right-sizing the prior authorization processes. SB 598 is a targeted and reasonable approach to reducing the volume of these harmful prior authorization requirements – it recognizes prior authorization is best used judiciously by requiring that those physicians with high prior authorization approval rates (90 percent) receive an exemption from such health plan requirements. This reduction in volume would mean fewer prior authorizations standing in the way of patient's timely access to care, less burden on many physician practices, and less waste in the health care system.

Therefore, the AMA again states its support for SB 598. We look forward to working with you, our colleagues at the California Medical Association and Members of the California Legislature toward enactment. If you have any question or need more information, please contact Emily Carroll, Senior Attorney, Senior Attorney, AMA Advocacy Resource Center at [emily.carroll@ama-assn.org](mailto:emily.carroll@ama-assn.org).

Thank you for your consideration.

Sincerely,



James L. Madara, MD

cc: California Medical Association  
Jack Resneck, Jr., MD  
Toluwalase A. Ajayi, MD  
Drayton Charles Harvey