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February 6, 2019

The Honorable Laurie Monnes Anderson
Chair, Senate Health Care Committee
State Capitol
Salem, Oregon 97301

RE: Senate Bill 139 – Prior authorization

Dear Senator Monnes Anderson and members of the committee:

Providence Health & Services is committed to ensuring that Oregonians have access to high-quality, affordable health care. As health care costs continue to rise Providence Health Plan relies on proven tools, such as prior authorization, to guard against waste and ensure that services delivered are necessary, safe and effective. The measurable cost savings we achieve through are passed on to consumers.

Senate Bill 139 would eliminate our ability to run effective prior authorization and prescription drug management programs which will result in a significant increase in health care costs. For this and the reasons stated below, Providence opposes Senate Bill 139 as proposed.

Prescription drug formulary management and step therapy
As drafted, SB 139 would impair our ability to maintain the safest and most cost-effective prescription drug formularies for our members. Medical evidence related to prescription drugs is constantly evolving. As safer and more effective drugs are introduced into the market it is in the best interest of Oregonians for insurers to have the ability to steer members to these safer and more effective drugs during the plan year via formulary changes and utilization controls such as step therapy. Further, it is important to recognize that drug manufacturers regularly impose price increases throughout the year. Restricting the ability of insurers to adjust formularies in response to drug manufacturer price increases will drive up premiums for Oregonians. Drug manufacturers will have no incentive to work with insurers to achieve cost savings as they will be guaranteed reimbursement for drugs listed on an insurer's formulary for the year.

We recognize that mid-year changes may impact our members and we provide them with as much advance notification as possible of any changes that may have an adverse impact. Oregon regulations also allow members to appeal prescription drug coverage denials so members are able to seek continued or new coverage of non-formulary drugs that are best suited to their health needs. This allows our members to receive the care they need while ensuring that our formulary remains as safe and cost-effective as possible.

Prior authorization urgent review timeframe
Providence Health Plan makes every effort to provide timely determinations in response to prior authorization requests. SB 139 creates a new timeframe for urgent prior authorizations requests where health insurers would be required to provide a determination within 1 business day with no opportunity to request additional information. We are concerned that this short timeframe will actually create additional delays and administrative burden for providers and insurers because it does not provide a process to gather additional information when necessary. As a result, urgent prior authorization requests that do not contain adequate information will be denied and the process must start over which can be confusing to consumers and frustrating for providers and insurers

Internal appeals review by same specialty as prescribing provider
Providence Health Plan maintains a prior authorization program that allows us to appropriately manage care and achieve cost savings that we are able to pass on to our members. SB 139 would require health insurers to have internal appeals reviewed by a provider that is of the same specialty as the prescribing provider. In doing so, SB 139 would hinder our ability to design and implement effective prior authorization programs due to timeliness and cost concerns.

Internal appeals are provided to ensure that a member and/or their provider have an opportunity to discuss the management of their care with their health insurer - timely review and responses are necessary for a program to be effective. It would difficult to obtain a review by a provider in the same specialty category within a reasonable timeframe without incurring significant cost or delays. Current process already allows a member and/or their provider to have their case reviewed by an external Independent Review Organization (IRO) if they do not agree with the result of our internal review. The review by the IRO is conducted by a provider in the same specialty as the prescribing provider so as to ensure that medically complex and highly specialized cases are appropriately considered.

Providence is committed to working with the legislature and Oregon Medical Association to improve this bill and ensure that quality and cost-containment tools continue to be effective while looking for ways to reduce provider administrative burdens associated with them. Thank you for the opportunity to provide comments and we look forward to further discussion.

Sincerely,

Robert Gluckman, M.D., MACP
Chief Medical Officer for Providence Health Plans