

Gary Strannigan
Vice President

February 12, 2024

Senator Jesse Bjorkman
Alaska State Legislature
State Capitol Room 9
Juneau, AK 99801

RE: Senate Bill 219

Dear Senator Bjorkman, Chair Senate Labor and Commerce Committee:

I am writing to you today in connection with Senate Bill 219 regarding utilization review entities, exempting certain health care providers from making preauthorization requests for certain services.

Respectfully, Premera strongly disagrees with the proposed legislation for many reasons, and we expect other health insurers to feel similarly.

Prior authorization is a critical tool for preventing fraud, waste, and abuse. According to a study published in the Journal of the American Medical Association, fraud, waste, and abuse is estimated to cost \$760 billion to \$935 billion, accounting for approximately 25% of total health care spending. This is why even government run programs, like original fee-for-service Medicare, are increasingly using prior authorization. The Government Accountability Office (GAO) has even recommended that the Centers for Medicare and Medicaid Services (CMS) expand Medicare prior authorization efforts to restrain unnecessary spending.

Health insurers work with medical professionals to ensure access to safe and effective treatments so patients receive the care they need at a price they can afford. Input from these professionals informs a practice known as prior authorization – a key tool health insurers use to encourage adherence to evidence-based medicine. Prior authorization helps address the considerable gaps that may exist between the treatments and services that work best, and the care being delivered to patients.

Prior authorization prevents adverse events that could harm patients – for example, even in the government run integrated Veterans Administration system, one study of pharmacist-adjudicated prior authorization drug requests, over 10% of the reviews uncovered and prevented potential adverse drug events and medication errors.

Without prior authorization drug manufacturers and medical technology companies will have extra leverage to push their products to increase profits. According to CMS, in 2019 alone, physicians received



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615,000 payments from drug manufacturers and med tech companies worth over \$3.5 billion. Independent peer-reviewed studies have found that these payments are associated with increased prescribing of the paying company's drug, increased prescribing costs, and increased prescribing of branded drugs.

If passed, SB 219 would be burdensome and confusing for health care providers. When dealing with multiple health insurers, an individual health care provider or facility would have to keep track of which services, in which year, are exempt from prior authorization, with which health insurer and when that ends. SB 219 would shift review work from prior authorization to retrospective review and shift it to more costly review, solely for the purpose of prior authorization exemption management, generating more administrative cost for health insurers. SB 219 fails to recognize the benefit of determinations before health care services are performed, so that planning can occur between patients and their doctors.

Policymakers should avoid restrictions on prior authorization and should promote solutions to eliminate variations in clinical practice, helping ensure both patient safety and the wise use of financial resources. Prior authorization is critical to ensure safe and effective treatments and promote more affordable patient-focused care.

Very truly yours,

A handwritten signature in black ink, appearing to read "Gary B. Strannigan".

Gary B. Strannigan
Vice President
Congressional/Legislative Affairs