

1  
2  
3 **Title: Denial of Diagnostic and Therapeutic Procedures by Insurance**  
4 **Companies and Medical Malpractice Liability**

5  
6 **Introduced by: Ali Moiin, MD, for the Wayne County Delegation**

7  
8 **Original Author: Ali Moiin, MD**

9  
10 **Referred to: Reaffirmation Calendar**

11  
12 **House Action: Reaffirmed**  
13

---

14  
15 **Whereas, prior authorization is a cumbersome process that requires**  
16 **documentation and forms processing by staff and physicians, meaning time away**  
17 **from clinical practice, and**

18  
19 **Whereas, this prior authorization practice is uncompensated by insurance**  
20 **carriers, and**

21  
22 **Whereas, the AMA Board of Trustees has claimed that 10 to 14 percent of**  
23 **physicians' revenue goes to dealing with administrative issues with insurance**  
24 **companies, and**

25  
26 **Whereas, the AMA is working with insurance companies and physicians to**  
27 **lower that percentage 1 percent, and**

28  
29 **Whereas, the AMA policy H-320.944 states that "Our AMA: (1) supports the**  
30 **simplification and standardization of the preauthorization process for physicians**  
31 **and patients; (2) supports the adoption of a standardized paper preauthorization**  
32 **form by health plans for those physicians who choose to submit paper**  
33 **preauthorization forms; (3) will publicize and support the legislatively mandated**  
34 **adoption of HIPAA electronic standard transactions by health plans and encourage**  
35 **adoption of HIPAA electronic standard transaction by physicians; and (4) supports**  
36 **efforts to develop clear and complete requirements for each HIPAA electronic**  
37 **standard transaction" (CMS Rep. 4, I-10; Reaffirmed in lieu of Res. 822, I-11), and**  
38

39 **Whereas, AMA policy H-320.944 does not address the issue of who is**  
40 **medically liable when the insurance company refuses to give or rejects requests**  
41 **for prior authorization for test or procedures and the patient has a bad clinical**  
42 **outcome; therefore be it**

43  
44 **RESOLVED: That our AMA expand policy H-320.944 to include that the**  
45 **denial of prior authorization by an insurance company, despite clinical**  
46 **recommendation of the patient's physician for diagnostic and therapeutic purpose,**  
47 **is the medical liability responsibility of insurance company.**  
48

---

49  
50 **WAYS AND MEANS COMMITTEE FISCAL NOTE: NONE**