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Title: Minimize Conflict When Ordering Diagnostic Testing
Introduced by: Karol Zakalik, MD, for the Oakland County Delegation
Original Author: Karol Zakalik, MD
Referred to: Reference Committee A
House Action: **APPROVE**

Whereas, insurance companies often require that physicians obtain prior authorization when ordering certain diagnostic testing, despite the medical necessity for such testing, and

Whereas, acquiring prior authorization for the benefit of the patient is often time consuming for the physician and their staff, and

Whereas, this service to the patient is not a billable event and requires the work of skilled medical office staff whose time and wages represents a substantial expense to physicians, and

Whereas, many third-party payers benefit from the use of low-cost, over-seas call centers to manage their telephone calls for which small private physician’s offices have no counterpart, and

Whereas, third-party payers benefit from the use of peer-to-peer review, in which salaried physicians in the employ of the third-party payers or their vendors require the justification of necessary medical testing, and

Whereas, medical office staff are often required to spend hours “on hold” to defend ordered diagnostic tests, and

Whereas, the vast majority of prior authorization disputes referred for peer-to-peer review are ultimately decided in favor of the ordering physician, and

Whereas, ordering physicians receive no financial benefit for defending their orders against questioning by third-party payers, while third-party payers receive a financial benefit to impeding the processing of physicians’ orders, and

Whereas, there exists no other alternative to the prior authorization process, except prohibitive out-of-pocket expenses deferred onto the patient, and

Whereas, there exists an ethical obligation on the part of the physician to assist the patient in acquiring optimal care including outside diagnostic testing which often results in a financial hardship for the physician, and

Whereas, the physician is therefore placed in an unacceptable dilemma of choosing between compromising the patient’s financial well-being, the physician’s livelihood, and/or optimal patient care; therefore be it

RESOLVED: That MSMS work with third-party payers to minimize the utilization of prior authorization policies that increase the amount of processing time required of physicians and their staff to defend the ordering of diagnostic tests; and be it further

54 RESOLVED: That MSMS recommend to the Michigan State Legislature that legislation be
55 introduced and passed that facilitates appropriate and adequate reimbursement for physicians who
56 are required to spend inordinate time and resources defending orders for diagnostic tests due to the
57 utilization of prior authorization policies by third-party payers.
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60 WAYS AND MEANS COMMITTEE FISCAL NOTE: NONE