

House Bill 130
House Insurance Committee
AHIP OPPOSITION TESTIMONY

Chair Lampton, Vice Chair Barhost, Ranking Member Sweeney, and members of the House Insurance Committee, my name is Keith Lake, and I am a Regional Director for State Affairs for AHIP. AHIP is the national association whose members provide health care coverage, services, and solutions to hundreds of millions of Americans, including to nearly nine million patients, families, and employers in Ohio.

As an advocacy organization committed to market-based solutions that make access to high-quality healthcare affordable, I thank you for this opportunity to speak with you today, on behalf of our members, about House Bill 130, legislation that mandates the practice of “gold-carding” by waiving prior authorization. While we are appreciative of the changes the sponsor and the proponents have made to the bill that are reflected in the sub-bill currently before the committee, AHIP remains opposed to HB 130.

At the core of this bill is the practice of prior authorization. Prior authorization is simply pre-approval for payment of care. When a treatment requires prior authorization, it means that the doctor must communicate with the health insurance provider about why this specific patient needs this treatment.

Health insurance providers work diligently to ensure that enrollees are getting the right care, at the right time, from the right provider. Prior authorization is a critically important tool designed to protect patients by ensuring they receive safe, evidence-based, timely, and high-quality care.

In addition, prior authorization triggers additional coordination of care services for the patient, thus identifying overuse, misuse, and safety issues for the patient before a provider delivers the care, thereby improving quality and care, and holding providers accountable to delivering care that is consistent with and supported by medical evidence.

Prior authorization also provides financial protection for patients by helping a patient understand if the service their provider is recommending is a covered benefit or service. This results in better outcomes and lower costs for patients.

Prior authorization is also a two-way street. It requires collaboration from payers and providers. Yes, the process can be burdensome. That is true for both payers and providers. Health insurance providers understand that there is room for improvement in prior authorization, and they continue to innovate and collaborate with providers and other stakeholders to implement solutions to promote evidence-based care and improve the prior authorization process.

In fact, some health insurance providers have already voluntarily initiated “gold carding” programs to increase efficiencies in prior authorization. In general, these programs relax or reduce prior authorization requirements for health care providers who demonstrate a consistent pattern of high provider performance and adherence to evidence-based medical guidelines.

What gold carding is not is a blanket exemption from all prior authorization indefinitely. And it is not a practice appropriate for all providers and all services. Gold carding programs may be targeted to specific services, provider performance can be regularly reviewed post-service, and gold carding privileges can

be revisited if necessary. These guardrails are necessary to ensure that gold carded providers continue consistent patterns of high performance for the patients they serve.

HB 130 eliminates these important patient protections and distorts the gold carding concept by mandating broad provider exemptions from prior authorization with no accompanying accountability from providers. It prioritizes provider payment over patient safety.

Removal of prior authorization as contemplated by HB 130's mandatory gold carding is also likely to increase costs, in part due to what is known as the "sentinel effect." The sentinel effect is the tendency for people to act differently when they know they are being observed and measured.

In regards to prior authorization, the sentinel effect occurs when the requirement to request a prior authorization deters a provider from submitting the request in the first place. In other words, it can be expected that more prior authorizations will be submitted by providers once prior authorization requirements are removed, as a result of knowing that they no longer will be denied.

According to a 2023 study done by actuarial consulting firm Milliman, "the effect of the removal of prior authorization or the general response of providers to changes in financial incentives is significant, ranging from 104% to 793% increase in the utilization of a particular service."¹

Doctors provide important care and life-saving treatments. They help get us healthy when we're sick and keep us healthy when we're well. But like everyone in health care, they can do better. Independent studies show – and doctors agree – that differences in how care is provided to patients can lead to inappropriate, unnecessary, and more costly medical treatments that can harm patients.

Prior authorization is a proven tool to help ensure patients get the most up to date evidence-based care that's not only safe and effective, but also affordable. Gold carding can work, but blanket mandates to implement sweeping and indiscriminate gold carding programs like HB 130 contains will increase health care costs and put patients at risk. AHIP urges this committee to oppose HB 130. Thank you.

¹ Milliman Report, "[Potential Impacts on Costs and Premiums Related to the Elimination of Prior Authorization Requirements in Massachusetts](#)" (2023)