PRIOR AUTHORIZATION

64%
of physicians report that prior authorizations led to ineffective initial treatments (i.e., step therapy).

62%
of physicians report that prior authorizations led to additional office visits.

46%
of physicians report that prior authorization led to immediate care and/or ER visits.

5 hours
is the amount of time it takes to process ONE complex prior authorization form, according to Kansas hospitals.

In a 2022 American Medical Association survey, **physicians reported** that **89 percent** of patients **requiring a prior authorization** had a somewhat or **significant negative outcome**.

Prior Authorization

Prior authorization is a tool used by health insurance plans to ensure patients receive the proper care at the right time. While Kansas hospitals support this goal, many insurance plans are applying prior authorization requirements in ways that create delays in care and drive up health care costs.

- Require prior authorizations requests to be submitted electronically rather than via fax.
- Create standardization for authorization forms in statutory timelines. The total process should last 30 days or less.
- Give prior authorization approval for the duration of the condition to avoid unnecessary patient treatment disruptions.
- Ensure peer-to-peer consultations are done with a peer in the same specialty area.
- Allow physicians who already receive a majority of approvals to bypass the prior authorization process.

SOURCE
2022 AMA Prior Authorization Physician Survey

MEDICAID EXPANSION

Keeping Kansans Healthy

Support Medicaid expansion to ensure working Kansans have access to medical care.

- Kansas currently pays federal taxes to provide health care in other states and has lost out on more than $6.5 billion in federal funds.
- Expanding Medicaid allows local governments to free up resources currently used to offset both physical and mental health care needs contributing to uncompensated care.
- Kansans who were on Medicaid during the Public Health Emergency are now losing their coverage, which contributes to uncompensated care costs.
- Kansas hospitals cannot turn away patients who cannot pay and must absorb the cost of uncompensated care. In order to attempt to recoup those losses and maintain services, more has to be paid by everyone.
- Covering individuals that are working but make too much to qualify for Medicaid helps entice people to continue working for small business that can't afford insurance policies for their employees.

Kansas is one of 10 states that has not passed Medicaid expansion. Medical professionals are choosing surrounding states to practice as a result of more financially secure health care ecosystems.

A single mother of two only qualifies for Medicaid in Kansas if she makes less than $8,203 per year. If she works full-time at a local restaurant for minimum wage, she makes too much to qualify for Medicaid and isn't eligible for an exchange incentive. With a disincentive to stay in the workforce, businesses lose valuable employees.

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Kansas Hospital ASSOCIATION

Legislative Priorities 2024

IN THE RED: Financial Issues Hurting Hospitals and Kansans

Between actions at the state and federal level, private payer hurdles and stagnant public payer reimbursements, coupled with inflation related to staffing and supplies, Kansas hospitals are facing serious financial challenges. These are some policy options that could help ease financial challenges.

White Bagging

White bagging requires patients with complex medical conditions to obtain necessary medications through specialty pharmacies without the benefit and quality assurance of their local hospital.

- Allow the Board of Pharmacy to protect the chain of custody of medications or pass legislation to ensure patients have input in the process.

340B

The 340B program provides hospitals a critical lifeline by providing medication for underserved children and adults with chronic conditions and serious illness.

- Implement restrictions to keep the integrity of the 340B program to help offset the cost of uncompensated care.

Incentives for Trainers/Mentors/ Preceptors

Explore a tax credit for preceptors similar to tax credits implemented in seven other states to increase the number of health care educators.

Medicaid Rate Increase

Support funding to increase Medicaid reimbursement to Kansas hospitals and providers.

Behavioral Health Investments

- Increase bed capacity in public and private mental health facilities.
- Provide additional reimbursements to hospitals and providers for mental health care.
- Consider more treatment options for earlier intervention.
- Continue funding for patients that sit in the emergency rooms awaiting admission to state hospitals.

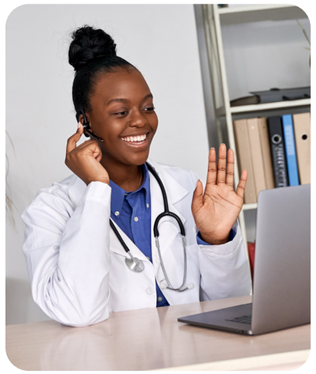
Protect Health Care Workers

Build upon the legislation for increased penalties related to the battery of a health care worker.

- Expand the increased penalties so all hospital workers, including volunteers, may pursue enhanced penalty charges.
- Allow hospitals to bring charges so staff do not have to go through the legal process alone.

Telehealth

- Set fair telehealth parameters for Kansas-based hospitals and provider-based facilities to provide access to telehealth.
- Create a Kansas provider-based telehealth advisory committee. Add remote patient monitoring and audio-only services where broadband access is limited.



Ensure Staffing Agency Fairness

Require increased transparency for staffing agencies to report current market rates.

Support Communities

Support investments in housing and childcare for the current and future Kansas workforce.

Reform the Credentialing Process

Credentialing can be a time-consuming and costly process. With the request for proposal for the new managed care organization contracts including a movement toward centralized credentialing, we hope to see progress in this area.

- Include language requiring movement toward centralized credentialing to streamline burdensome administrative procedures.
- Ensure language remains in the MCO's contracts to use one set of forms and a single system to get providers credentialed in a timely manner.
- Build on the progress made in this area in the future.

Rural Emergency Hospitals

Adjust state statutes to ensure more hospitals have the option of exploring the Rural Emergency Hospital model.

FINANCIAL CHALLENGES

IN THE LAST THREE YEARS, HOSPITAL EXPENSES HAVE INCREASED BY MORE THAN 35%.

Medicaid payments to hospitals **only cover about 69 percent** of costs.

National studies show **60 Kansas hospitals** are at **risk of closing**.

Labor, supplies and drug costs comprise 70% of a hospital's budget.

Margins allow hospitals to invest in services to meet growing demand, keep pace with the rapid changes in health care and subsidize access to community services.

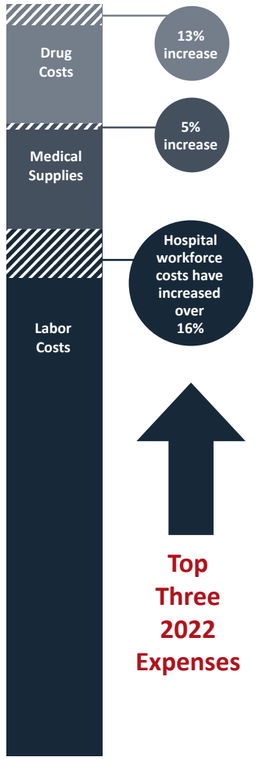
National average of cash on hand is **265 days.**

Kansas average of cash on hand is **62 days.**

73 percent of hospitals in Kansas had a negative operating margin going into 2023.

Average Operating Margins

-4.7%



For full issue briefs, scan here:

SOURCES

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- Census Bureau, 2022
- KaufmanHall March 2023, National Hospital Flash Report
- CHQPR Rural Hospitals at Risk Report, July 2023