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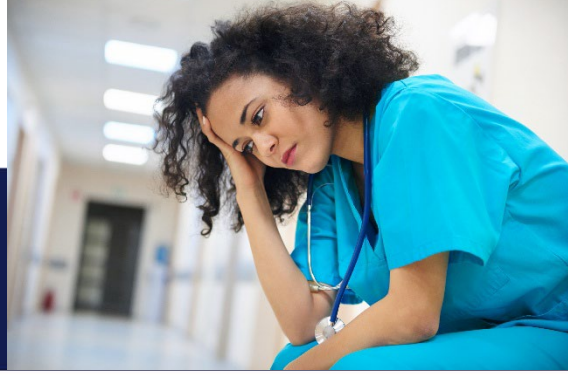
Colorado Hospital Association



Payer Issues

"Low, slow, and no" is the M.O. for Big Insurance

The role of an insurance company is to pay claims for covered services provided to their members—full stop. Yet insurers have inserted themselves into clinical decision-making, and the regulatory environment allows them to override or delay care contrary to a patient's provider. They are additionally allowed to deny coverage if a patient fails to pay premiums.

At the same time, insurance premiums, deductibles, and out-of-pocket costs continue to rise while coverage becomes more restrictive, leaving many patients underinsured. However, hospitals are legally required to provide care regardless of a patient's ability to pay. While insurers set co-pays and deductibles, hospitals and providers are left responsible for collecting those payments.

- **Payer practices are disrupting patient care.** Barriers placed by payers have caused resources, including providers' time, to be redirected away from patient care to administrative and billing expenses. Hospitals are battling insurer denials and delays every day on behalf of their patients, but something needs to change.

- **The rules set by payers are a moving goalpost.** Even claims that had been approved via a prior authorization are being denied after the fact. **Hospitals are struggling with:**
  - Prior authorization burdens
  - Claim denials and appeals
  - Retroactive denials

- **Payers are driving costs up – both theirs and providers. Low, slow and no payment is harming hospitals and patients: reimbursement is low, payment is slow, and denials are frequent**. This is during a time when 70% of hospitals (86% rural) are struggling financially. Health insurance companies are increasingly placing barriers on providers and hospitals to be paid for patient care that is necessary. This adds significant delays in care and unnecessary costs to the health care system.

A recent survey of Colorado hospitals reveals troubling results.

100%
reported their experience with payer practices is getting worse

18%
of all first claims are denied, up 3% from last survey – Medical reviews and lack of clinical expertise in appeal/denial decisions

61%
of denials that are appealed are ultimately overturned

83%
reported an increase in staff time (including clinical staff) seeking prior authorization approval

Rural providers and hospitals don't have market leverage to demand change. Most rural providers care for fewer commercially insured patients and therefore don't have the negotiating leverage necessary to push back when they are adversely affected by payer practices. Large insurers pressure or undercut these providers, making it harder for them to stay open — and leaving patients with fewer local care options.

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