

# Insurance Department Celebrates Signing Of Bill Reforming Prior Authorization Process

## SB 225 Gives Department Authority Over External Reviews Of Benefit Determinations

11/03/2022

**Harrisburg, PA** – Pennsylvania Acting Insurance Commissioner Michael Humphreys today celebrated the signing into law of Senate Bill 225 by Governor Wolf, which will reform the prior authorization process in Pennsylvania and give the Pennsylvania Insurance Department (PID) authority over external reviews of benefit determinations under the Affordable Care Act (ACA). It was signed into law as Act 146.

"The Insurance Department worked closely with legislators, their staff and stakeholder representatives on these reforms, and we are pleased that the department will once again have authority over the external review process. That new authority, which until now was deferred to the federal government, will allow the department to better serve Pennsylvania's insurance consumers," said Humphreys. "I want to thank Senator Kristin Phillips-Hill, and the chairs of the Insurance Committees for moving this important legislation." "Act 146 is the product of extensive negotiations involving a coalition of patient and provider organizations, the insurance industry, and the Wolf Administration," said Senator Kristin Phillips-Hill, the prime sponsor. "This act creates a new, more effective process for prior authorization review that keeps complicated processes consistent and transparent from start to finish. The act also provides for independent review of denials, updates the application of the article to Medical Assistance and CHIP, and meets federal requirements to bring back to the Pennsylvania Insurance Department the oversight of external reviews for fully-insured commercial insurance. This new law is a major achievement to benefit millions of Pennsylvanians."

With this legislation, Pennsylvania will join the 44 states that already have external review authority. For the past decade, the commonwealth has been prevented from being able to assist consumers in a timely manner, and to address the systemic issues identified in external reviews. External review is an independent review of an insurer's denial of coverage for or payment of a health care service; the insurer must accept the decision of the independent review organization.

Without Act 146, state oversight would continue to be preempted and the federal government would, under the ACA, continue to have oversight of external reviews of adverse benefit determinations. Regaining authority over the external review process will allow PID to assist consumers by promptly responding to appeals of prior authorization denials and understanding the scope of any given insurer's adverse benefit determinations.

The new law also lays out standards for the review of prior authorization requests and confirms in state law that there may be no prior authorization for emergency services, consistent with the federal No Surprises Act. The major provisions of the law will take effect beginning in January 2024. Oversight of appeals of prior authorization denials will be handled at the state level when Pennsylvania resumes authority over external reviews.

Act 146 also codifies the 2018 Medication Assisted Treatment (MAT) agreement between the Wolf Administration and many major health insurers. Under this letter agreement, to address the opioid epidemic, major health insurers committed to covering certain Federal Drug Administration (FDA)-approved medications for substance use disorder without prior authorization. Act 146 cements these policies into law, demonstrating a more permanent commitment to Pennsylvanians struggling with substance use disorders.

"Expanding coverage of MAT through insurers without pre-authorization is another tool in our toolbox in fighting the addiction crisis," said Department of Drug and Alcohol Programs Secretary Jen Smith. "Removing barriers to treatment has been and will remain a priority for the Wolf Administration."

"DHS is committed to helping Pennsylvanians who receive health coverage through our Medical Assistance program access the quality of care they need and deserve. Timely access to care is an important part of this," said Department of Human Services Acting Secretary Meg Snead. "Act 146 streamlines the prior authorization review process for Pennsylvanians to protect access to health care, and we are grateful for the collaboration that made this possible."

"PID appreciates the continued partnership of the legislature and various major stakeholders, and their involvement in this critical legislation," said Humphreys. "The department will continue to work to implement the provisions of the new law, including assuming the authority over external review, which is a step toward improving the prior authorization process for all Pennsylvanians."

Pennsylvanians with questions about their health insurance can contact the Insurance

Department Consumer Services Bureau

(https://gcc02.safelinks.protection.outlook.com/?url=https://link.mediaoutreach.meltwater.com/ls/click?upn%3D3i8jCx6dG-2BW6pultME-2F0PycrYJDjgo-2F8I0FKYwazHlyhXPpTHhkSuE4KeioQCWOrGHQYmAREyGrMLFCJXT0KefeUA24xSTIBZIT4GjLyU-3DgQsc\_mYzCI8StBc5aqZ1wxBAyCLWCGdvyU2I4UNZHsOXK1Q0peCcmV-2FueRrMm0biUA8ivLDK7Gsr739Od3xcjrZZ8ShR9N7bJShBJmeoWmxZyP616VIJhdX4fS0puChHCHCIx9YuWVkjZJ0bDC8ibzhAhk5Zefo7CjJCg6EgMgYVhQBqtN1954cZABPuFVXvzq q36khjp4U0-2Btk79t-2BIBQmHv48oKsyMk7K2TY0Yo1-2F9oz-2F6IDQMqztzx3ysD7-2BSXPo3fGuKinvtlCBK3jBVEixWMntgi3DID4GZpdOoZOWUEa7Y08ViGsT6rNCQ4z6h-2F11CPHksdqFVMkWhm2jZxjFj-2BrbRlyEaHkljpWvtmBTaWO3t-2Bye2zX-2Fnz6zWlXCOCuokG&data=05%7c01%7clbracale%40pa.gov%7ceaa866754c6b411faee808dabdda35e4%7c418e284101284dd59b6c47fc5a9a1bde%7c0%7c0%7c638031042148657119%7cUnknown%7cTWfPbGZsb3d8eyJWljoiMC4wLjAwMDAiLCJQljoiv2luMzliLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7c3000%7c%7c%7c&sdata=BORc%2BdMxi23jpaAi2nmp

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or at 1-877-881-6388.

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