

January 30, 2020

TO: Michigan State Senate Health Policy and Human Services Committee: Senators VanderWall, Bizon, Johnson, LaSata, MacDonald, Theis, Brinks, Hertel, Santana, Wojno

RE: Please vote YES on Senate Bill 612

Dear Members of the Senate Health Policy and Human Services Committee,

On behalf of the Michigan Physical Therapy Association (MPTA), I appreciate the opportunity to share with you the ways in which Senate Bill (SB) 612 will substantially protect Michigan's citizens from abusive prior authorization practices.

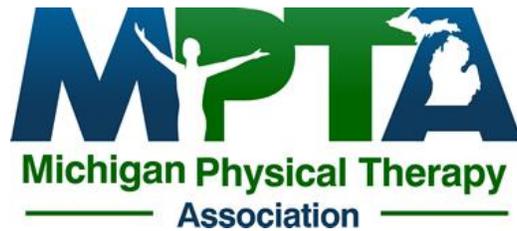
Various insurers across the state have implemented prior authorization requirements for receiving physical therapy services. The prior authorization process is often performed by out-of-state, contracted corporations not based in Michigan (such as eviCore, OrthoNet, Optum, One Call). In many cases, prior authorization decisions are made by individuals who are not licensed in the state of Michigan, who may not even be in the same health care profession, and who have never seen the patient.

Insurers and prior authorization contractors do not disclose their specific utilization targets and whether there are payment incentive arrangements for exceeding those targets by further restricting care delivery. Additionally, these utilization targets do not account for clinical outcomes, and their clinical criteria are either not disclosed to providers or do not adhere to published and/or widely accepted clinical practice standards and guidelines. This leads to care being restricted solely on the basis of cost without consideration for value or clinical outcome.

For example, one insurer and its contracted utilization management company continues to restrict and deny medically necessary rehabilitation care to an overall average of 8 or fewer visits irrespective of clinical outcomes achieved. This is substantially below the average 12-14 visit range required to achieve clinically meaningful change in patient-reported outcome measures that was recently reported in an analysis of 375,000 patient episodes in all 50 states¹ and is well below the average number of visits reported by two large rehabilitation outcomes registries. Continuing to systematically attempt to arbitrarily suppress visits results in under-dosing of rehabilitation treatment, clinically ineffective care, and ultimately greater downstream healthcare costs.

¹Brooks JM, Chapman CG, Lutz A. Evaluation of Legacy Patient Reported Outcome Measures as Performance Measures in Rehabilitation. Completed by the Center for Effectiveness Research in Orthopedics. July 11, 2019.

Arbitrary prior authorization practices also result in deception of patients. Patients are confused and frustrated when they are told they can no longer receive treatment when their condition is not adequately treated and when the amount of care they have received is well below their policy limits. If given the opportunity to select a health plan, patients have no way of knowing whether a given insurer uses prior authorization processes and how frequently that insurer denies services. The lack of insurer transparency reduces accountability to Michigan's citizens.



In late 2017, MPTA submitted a well-developed complaint to the Michigan Department of Insurance and Financial services accompanied by numerous patient complaint letters. No response was ever received. Therefore, a legislative solution is clearly needed.

The MPTA is committed to advancing health care delivery toward a value-based delivery system that accounts for both cost AND quality. Insurers thus far have been unable or unwilling to make the necessary changes and have instead resorted to simply cutting care delivery to meet financial targets.

Important provisions in SB 612 that will protect Michigan's citizens and address many of the aforementioned concerns include:

- Requiring insurers to post prior authorization requirements on their public website and be readily available to providers at the point of care
- Criteria that are based on peer-reviewed clinical review criteria which:
 - Must be based on national association guidelines
 - Account for atypical patient populations/diagnoses
 - Ensure quality of care
 - Are flexible for case-by-case deviation
 - Must be evaluated and updated annually
 - Are developed with input from health professionals licensed in the same profession
- Requiring insurers to "conspicuously" post statistics about denials and appeals, including the top 10 reasons for denial, on their public website

The MPTA respectfully requests that you support SB 612, and appreciates your consideration of this important issue that has significantly impacted the quality of and access to effective health care for Michigan's citizens.

Sincerely,

A handwritten signature in black ink that reads 'Michael Shoemaker'.

Michael J. Shoemaker, PT, DPT, PhD
President
Michigan Physical Therapy Association