

Claims Chaos: Barriers to Health Insurance: Prior Authorization, Denials & Appeals

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Claims Denials and Appeals in ACA Marketplace Plans in 2021

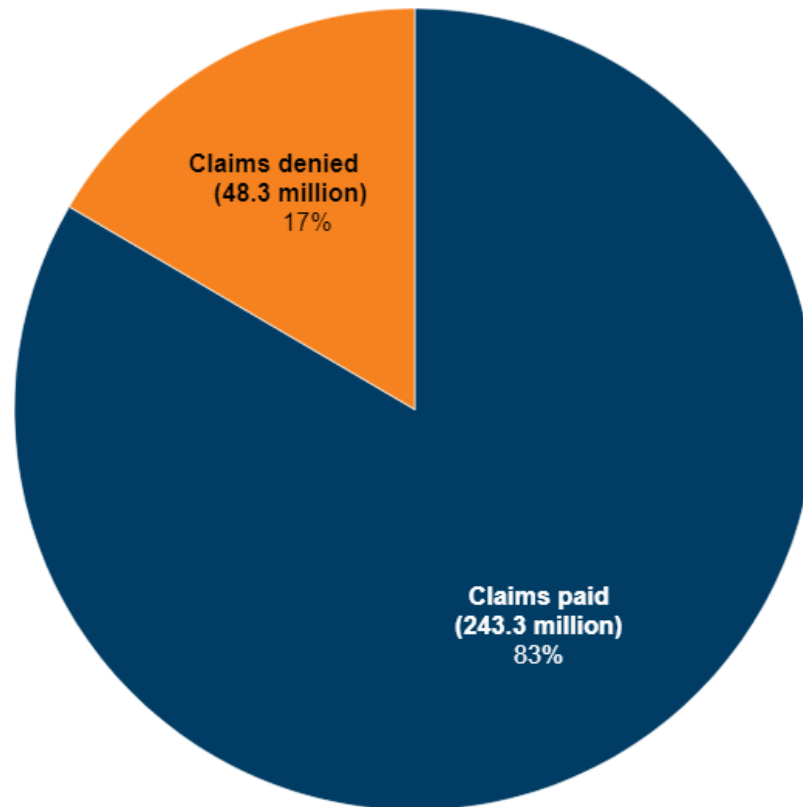
Karen Pollitz , Justin Lo , Rayna Wallace , and Salem Mengistu

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Figure 1

HealthCare.gov Issuers Denied 17% of In-Network Claims in 2021

Share of 291.6 million in-network denied claims

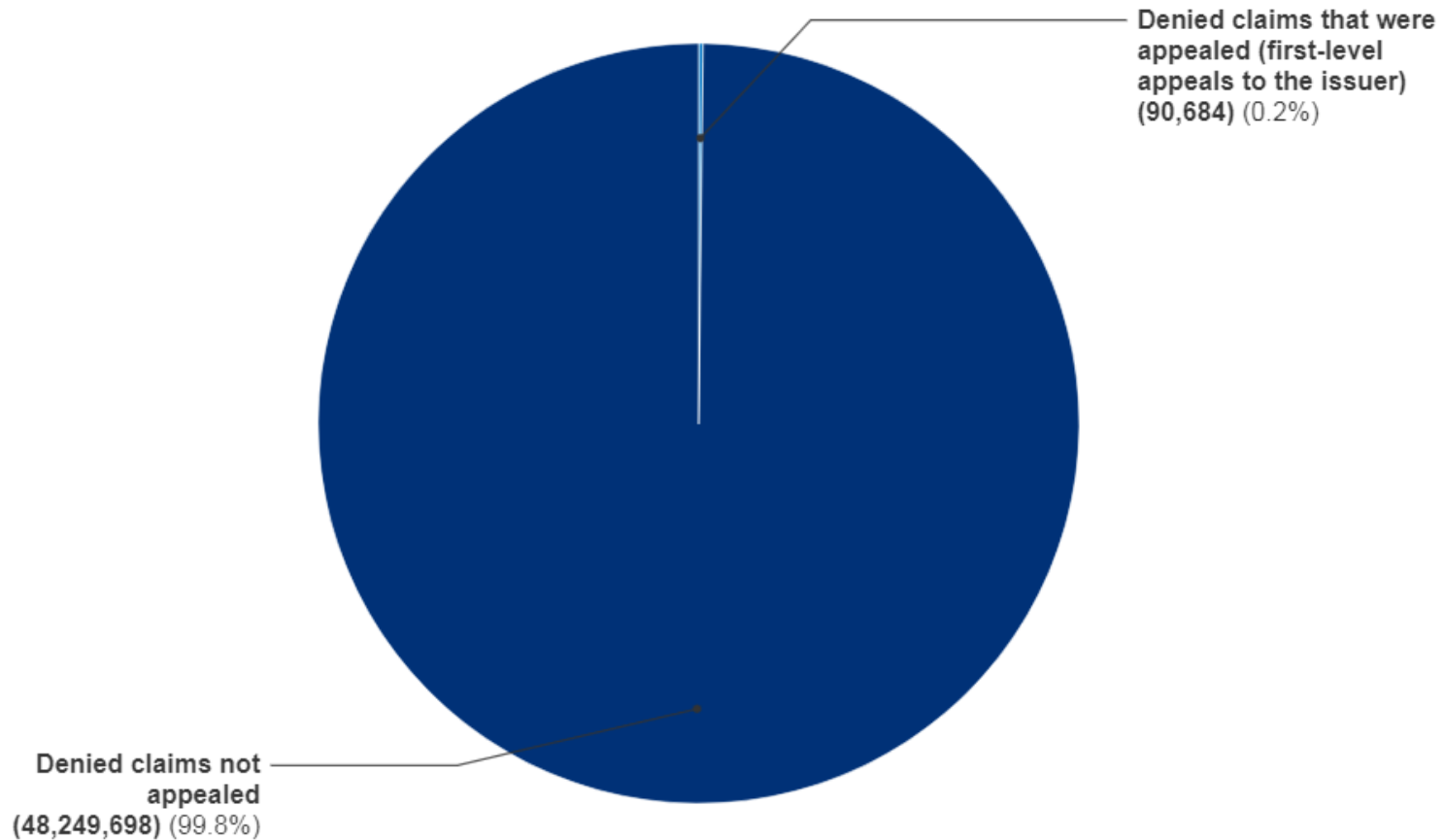


SOURCE: CMS Transparency in coverage data for 2021 plan year • PNG

Figure 4

Consumers rarely appeal denied health insurance claims

Share of 48.3 million denied claims appealed by consumers in 2021 through internal issuer appeals process



NOTE: This figure only includes denied claims for issuers that show data on appealed claims.

SOURCE: [CMS Transparency in coverage data for 2021 plan year](#). • PNG

KFF Survey of Consumer Experiences with Health Insurance (June 2023)

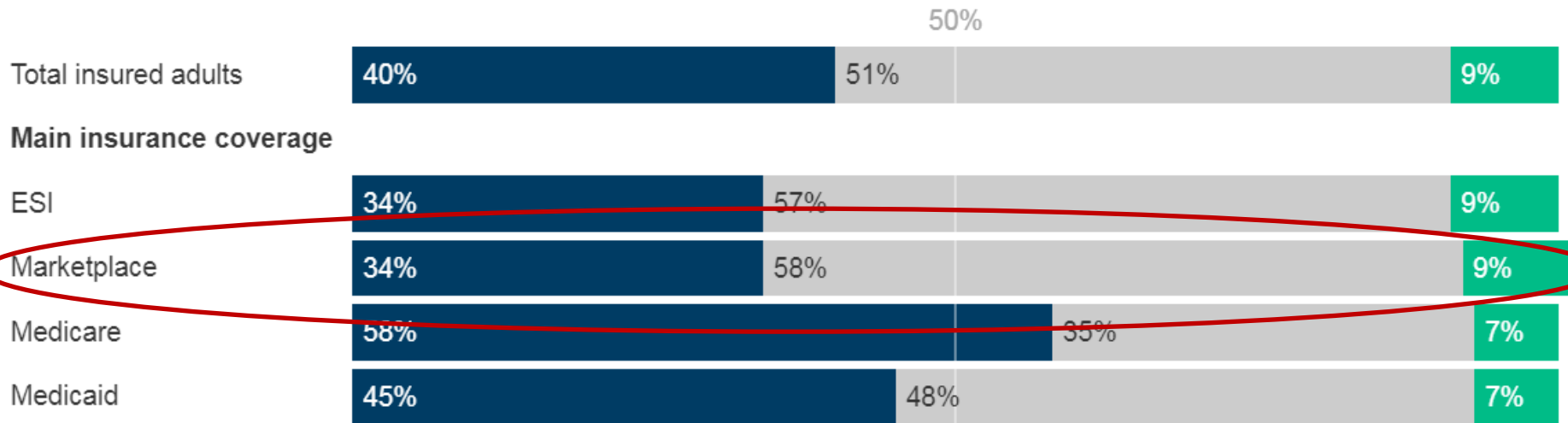
- **“Pre-authorization issues** – About one in six insured adults (16%) say their health insurance denied or delayed prior approval for needed care in the past 12 months”
- **“Claims payment issues** – About a quarter (27%) of insured adults say there was a time in the past year when their health insurance paid less than they expected for a medical bill, and about one in six (18%) say there was a time when their insurance did not pay anything for care they received and thought would be covered. ”
- **“Prescription drug problems** – About a quarter of insured adults (23%), including at least one in five across insurance types, say their insurance did not cover a needed prescription medication or charged a very high copay in the past 12 months.”
- Source: <https://www.kff.org/private-insurance/poll-finding/kff-survey-of-consumer-experiences-with-health-insurance/>

Figure 9

Most Insured Adults Are Unaware They Have A Right To Appeal Insurance Decisions

As far as you know, if your health insurance refuses to cover medical services you think you need, do you have the legal right to appeal to a government agency or an independent medical expert?

■ Yes, I have that right by law ■ Not sure ■ No, I do not have that right by law



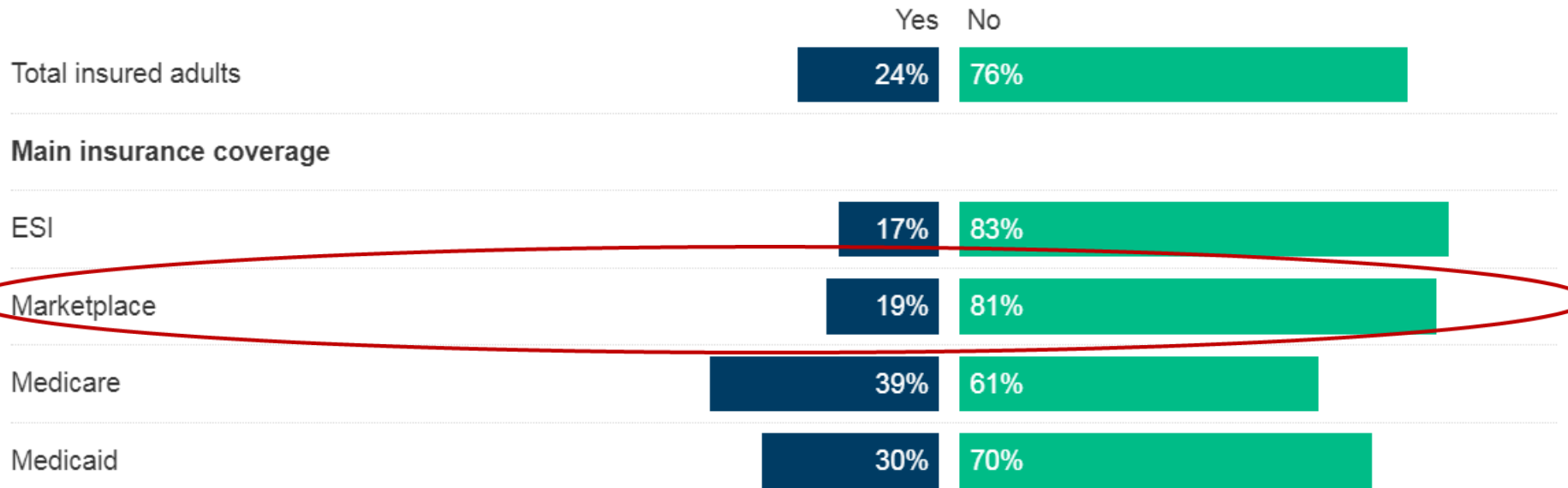
NOTE: See topline for full question wording.

SOURCE: KFF Survey of Consumer Experiences with Health Insurance (Feb. 21-Mar. 14, 2023) • [PNG](#)

Figure 10

Just One In Four Insured Adults Say They Know Which Government Agency To Contact For Health Insurance Problems

If you wanted to contact a government agency for help dealing with your health insurance, do you know who you would call?



NOTE: See topline for full question wording.

SOURCE: KFF Survey of Consumer Experiences with Health Insurance (Feb. 21-Mar. 14, 2023) • [PNG](#)

NAIC Consumer Representatives

**Prior Authorizations, Appeals &
Denials Work Group**

Draft Suggestions for NAIC

Areas of Focus

- ▶ **Current Data & Reporting Requirements**
- ▶ **Prior Authorizations & Medical Necessity**
- ▶ **Appeals & Denials**
- ▶ **Consumer Information**
- ▶ **Use of Artificial Intelligence**

Current Data & Reporting Requirements

▶ Goals:

- Better understanding of:
 - existing data & reasons why behind the numbers
 - what is being collected and how
 - NAIC and ACA data requirements and who is not implementing
 - what is being publicly released
- Assess enforcement of data requirements
- Utilize data to inform consumer decisions
- Suggest changes/make recommendations on the above

Current Data & Reporting Requirements

▶ Suggested Action Steps:

- Meetings w/ & presentations by KFF
- Meetings w/ & presentations by CCIIO
- Examine MCAS (D Committee)
 - Presentations by states
 - including those that release results
- Other state presentations
 - Including state-based exchanges
- Meeting & Presentation by DOL
- Review and develop guidelines for data collection and release

Prior Authorizations, Other Utilization Management & Medical Necessity

▶ Goals:

- Better understanding of:
 - what states are doing relative to PA & other UM through laws and regulation, including gold carding
 - proposed Federal regulations, including interoperability proposals
- Prepare states for implementation of state and federal regulations

Prior Authorizations, Other Utilization Management & Medical Necessity

▶ Suggested Action Steps:

- State Presentations
- Federal presentations on proposed regulations and implementation
- Presentations by consumer groups, AMA & other impacted entities
- Review & Update Model Guidelines

Appeals & Denials

▶ Goals:

- Better understanding of:
 - reasons for denials and suggest system improvements
 - why consumers do not appeal denials
 - why low number of appeals are approved and suggest system improvements
 - shifts in provider behaviors around appeals (and role of insurers in those decisions)
 - appeals/denials for life sustaining devices and drugs

Appeals & Denials

▶ Suggested Action Steps:

- Invite states to present on their data, policies and plan reviews
- Invite insurers to present on their processes
- Invite consumers and outside experts to learn of consumer experiences and impact on health
- Update NAIC model guidelines/laws
- Review and update Explanation of Benefits (EOB) requirements

Consumer Information

▶ Goals:

- Increase consumer knowledge of their rights & government regulators
- Better utilize technology and social media
- Assess role and responsibility of insurers in these processes
- Regular assessment of state DOI websites for accessibility

Consumer Information

▶ Suggested Action Steps:

- Consumer Information Subgroup update materials-working with consumer reps and interested parties
- Investigate new and heightened resourced communication avenues
- Hear from states on their approaches, requirements and innovations
- Invite insurers to present on how they inform consumers of their rights

Role of Artificial Intelligence

▶ Goals:

- Better understanding of:
 - the use of AI in assessing medical necessity, PA & other UM, Denials and Appeals, including batch appeals and denial software use
 - the consumer impact, including on those with complex medical conditions
 - current regulations and laws
 - the role of third-party contractors and how they can/should fall under regulatory requirements
- Assess the need for model guidelines

Role of Artificial Intelligence

▶ Suggested Action Steps:

- Work in conjunction with H Committee
- Invite insurers to present on the use of AI
- Hear from outside experts
- Hear from regulators on how they are addressing AI
- Develop model guidelines/laws

Next Steps

- ▶ **Presented to B Committee Leadership**
 - ▶ Awaiting Response
- ▶ **Ongoing Work with Committees**
- ▶ **Official Request Submitted for Action/Charges**
- ▶ **Consumer Rep. Work Group continues to meet**
- ▶ **Look forward to Addressing these issues with you**

Thank you!

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