
A BILL FOR AN ACT

RELATING TO PRIOR AUTHORIZATION OF HEALTH CARE SERVICES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that prior authorization
2 is a health plan cost-control process that requires physicians
3 and other health care professionals to obtain advance approval
4 from a health plan before a specific service is delivered to a
5 patient to qualify for payment coverage. Each health plan has
6 its own policies and procedures that health care providers are
7 forced to navigate.

8 The legislature further finds that there is emerging
9 consensus among health care providers that prior authorization
10 increases administrative burdens. In the 2023 physician
11 workforce report published by the university of Hawaii John A.
12 Burns school of medicine, physicians voted prior authorization
13 their top concern regarding administrative burden. Furthermore,
14 a 2023 physician survey conducted by the American Medical
15 Association reported that ninety-five per cent of physicians
16 attribute prior authorization to somewhat or significantly
17 increased physician burnout, and that more than one-in-three



1 physicians have staff who work exclusively on prior
2 authorization.

3 Other findings from the American Medical Association prior
4 authorization physician survey questioning the value and impact
5 to patient care are that:

6 (1) Ninety-four per cent of respondents said that the
7 prior authorization process always, often, or
8 sometimes delays care;

9 (2) Nineteen per cent of respondents said prior
10 authorization resulted in a serious adverse event
11 leading to a patient being hospitalized;

12 (3) Thirteen per cent of respondents said prior
13 authorization resulted in a serious adverse event
14 leading to a life-threatening event or requiring
15 intervention to prevent permanent impairment or
16 damage; and

17 (4) Seven per cent of respondents said prior authorization
18 resulted in a serious adverse event leading to a
19 patient's disability, permanent bodily damage,
20 congenital anomaly, birth defect, or death.



1 Yet despite the time and resources dedicated to the prior
2 authorization process, and the risk to patient safety, an
3 analysis by the Kaiser Family Foundation, "Use of Prior
4 Authorization in Medicare Advantage Exceeded 46 Million Requests
5 in 2022," published in August 2024, reveals that the vast
6 majority of appeals, or eighty-three per cent, resulted in
7 overturning the initial prior authorization denial.

8 Accordingly, the purpose of this Act is to examine prior
9 authorization practices in Hawaii by requiring reporting of
10 certain data to the state health planning and development
11 agency.

12 SECTION 2. Chapter 323D, Hawaii Revised Statutes, is
13 amended by adding a new section to part II to be appropriately
14 designated and to read as follows:

15 "§323D- **Prior authorization; reporting.** (a) Any
16 utilization review entity doing business in the State shall
17 submit data to the state agency relating to prior authorization
18 of health care services, in a format specified by the state
19 agency. Reporting shall be annual for the preceding calendar
20 year and shall be submitted no later than January 31 of the
21 subsequent calendar year. The state agency shall post the



1 reporting format on its website no later than three months
2 before the start of the reporting period.

3 (b) Protected health information as defined in title 45
4 Code of Federal Regulations section 160.103 shall not be
5 submitted to the state agency unless:

6 (1) The individual to whom the information relates
7 authorizes the disclosure; or

8 (2) Authorization is not required pursuant to title 45
9 Code of Federal Regulations section 164.512.

10 (c) The state agency shall compile the data by provider of
11 health insurance, health care setting, and line of business, and
12 shall post a report of findings, including recommendations, on
13 its website no later than March 1 of the year after the
14 reporting period. If the state agency is unable to post the
15 report of findings by March 1, the state agency shall notify the
16 legislature in writing within ten days and include an estimated
17 date of posting, reasons for the delay, and if applicable, a
18 corrective action plan.

19 (d) For the purposes of this section:

20 "Prior authorization" means the process by which a
21 utilization review entity determines the medical necessity or



1 medical appropriateness of otherwise covered health care
2 services prior to the rendering of the health care services.
3 Prior authorization includes any health insurer's or utilization
4 review entity's requirement that an enrollee or health care
5 provider notify the health insurer or utilization review entity
6 prior to providing health care services.

7 "Prior authorization data" means data requested by the
8 state agency that relates to the prior authorization of health
9 care services. These data include but are not limited to:

- 10 (1) Patient demographics such as sex, age, residential ZIP
11 code, and primary insurance plan;
- 12 (2) Procedure codes, revenue codes, diagnosis-related
13 group codes, brand name drugs, generic drug names, or
14 durable medical equipment type;
- 15 (3) Diagnosis codes;
- 16 (4) Specialty of the health care provider requesting prior
17 authorization for a health care service;
- 18 (5) Setting, such as inpatient, outpatient, observation,
19 or other;
- 20 (6) Date of initial provider request for prior
21 authorization, date of health plan response, and the



1 status of the prior authorization request by date,
2 such as pending, approved, denied, appealed, or
3 overturned; and

4 (7) Any other data identified by the state agency.

5 "Utilization review entity" means an individual or entity
6 that performs prior authorization for one or more of the
7 following entities:

8 (1) An insurer that writes health insurance policies;

9 (2) An accident and health or sickness insurance plan
10 licensed pursuant to chapter 431, mutual benefit
11 society or fraternal benefit society licensed pursuant
12 to chapter 432, or health maintenance organization
13 licensed pursuant to chapter 432D; or

14 (3) Any other individual or entity that provides, offers
15 to provide, or administers hospital, outpatient,
16 medical, prescription drug, or other health benefits
17 to a person treated by a health care provider the
18 State under a policy, plan, or contract."

19 SECTION 3. New statutory material is underscored.

20 SECTION 4. This Act shall take effect on December 31,
21 2050.



Report Title:

SHPDA; Prior Authorization; Utilization Review Entity; Reporting

Description:

Requires any utilization review entity in the State to submit to the State Health Planning and Development Agency data relating to prior authorization of health care services. Effective 12/31/2050. (SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

