

AMERICAN MEDICAL ASSOCIATION PRIVATE PRACTICE PHYSICIANS SECTION

Resolution 1  
(June 2021)

Introduced by: Alex Shteynshlyuger, MD

Subject: Prior Authorization – CPT Codes for Fair Compensation

Referred to: PPS Reference Committee

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1 Whereas, Our American Medical Association (AMA) has previously affirmed that physicians and  
2 healthcare practices should be fairly compensated for work involved in prior authorizations; and  
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4 Whereas, The AMA CPT® Editorial Panel is authorized by the AMA Board of Trustees to revise,  
5 update, or modify Current Procedural Terminology (CPT) codes, descriptors, rules, and  
6 guidelines; and  
7  
8 Whereas, Studies have shown that costs involved in prior authorizations provide perverse  
9 disincentives and lead to sub-optimal healthcare outcomes, especially for marginalized and  
10 economically vulnerable communities; and  
11  
12 Whereas, Good public and economic policy must align costs, benefits, and incentives; currently,  
13 all costs are incurred by healthcare providers and all financial savings and benefits from prior  
14 authorization accrue to health insurance plans, leading to perverse incentives to impose more  
15 and more prior authorization requirements that are of questionable clinical benefit; and  
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17 Whereas, Compensation for work performed by healthcare providers is accomplished via CPT  
18 codes; therefore, be it  
19  
20 RESOLVED, That our American Medical Association support and create CPT codes to provide  
21 adequate compensation for administrative work involved in prior authorizations, including pre-  
22 certifications and prior notifications, that reflects the actual time expended by physicians and  
23 healthcare practices to advocate on behalf of patients and to comply with insurer requirements  
24 and that compensates physicians fully for the time, effort, and legal risks inherent in such work  
25 (Directive to Take Action); and be it further  
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27 RESOLVED, That CPT codes developed for prior authorizations fully reflect the aggregated  
28 time and effort involved in prior authorization, including multiple contracts, wait time on the  
29 phone, chat, or other platforms preferred by payers or their agents, among other costs to  
30 physician practice (New HOD Policy); and be it further  
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32 RESOLVED, That our American Medical Association will include fair compensation based on  
33 CPT codes for prior authorization in any model legislation and as a basis for all advocacy for  
34 prior authorization reforms (Directive to Take Action).

Fiscal Note: Not yet determined

Received: 4/20/21

## **RELEVANT AMA POLICY**

### **Remuneration for Physician Services H-385.951**

1. Our AMA actively supports payment to physicians by contractors and third party payers for physician time and efforts in providing case management and supervisory services, including but not limited to coordination of care and office staff time spent to comply with third party payer protocols.
2. It is AMA policy that insurers pay physicians fair compensation for work associated with prior authorizations, including pre-certifications and prior notifications, that reflects the actual time expended by physicians to comply with insurer requirements and that compensates physicians fully for the legal risks inherent in such work.
3. Our AMA urges insurers to adhere to the AMA's Health Insurer Code of Conduct Principles including specifically that requirements imposed on physicians to obtain prior authorizations, including pre-certifications and prior notifications, must be minimized and streamlined and health insurers must maintain sufficient staff to respond promptly.

Citation: Sub. Res. 814, A-96; Reaffirmed: A-02; Reaffirmed: I-08; Reaffirmed: I-09; Appended: Sub. Res. 126, A-10; Reaffirmed in lieu of Res. 719, A-11; Reaffirmed in lieu of Res. 721, A-11; Reaffirmed: A-11; Reaffirmed in lieu of Res. 822, I-11; Reaffirmed in lieu of Res. 711, A-14; Reaffirmed: Res. 811, I-19

### **Prior Authorization Reform D-320.982**

Our AMA will explore emerging technologies to automate the prior authorization process for medical services and evaluate their efficiency and scalability, while advocating for reduction in the overall volume of prior authorization requirements to ensure timely access to medically necessary care for patients and reduce practice administrative burdens.

Citation: Res. 704, A-19

### **CPT Coding H-70.992**

The AMA continues to support a national uniform descriptor system including, but not limited to, the following initiatives: (1) accelerate the process followed by the AMA CPT Editorial Panel, as feasible, to effect expeditiously changes by adding or deleting codes and nomenclature in order to keep CPT-4 as the best single source for up-to-date reference; (2) encourage CMS to direct Medicare carriers to refrain from unilateral deletion of CPT descriptors; and (3) work with national medical specialty societies and state medical associations to review the current status of local carrier descriptor systems and work with CMS to develop an oversight mechanism to monitor carrier compliance with CMS directives on the appropriate use of the national coding system.

Citation: Sub. Res. 47, A-89; Reaffirmed: Sunset Report, A-00; Reaffirmed: CMS Rep. 6, A-10; Reaffirmed: CMS Rep. 01, A-20