AAOS
American Association of Orthopaedic Surgeons

Prior Authorization: Physician Burnout, Worse Health Outcomes, and Greater Expense

Issue Introduction:

Prior Authorization is just one of the many different examples of the framework of administrative rules around the healthcare utilization process used by payers to control what they must reimburse. For the state policy perspective, it's important to understand the different avenues that legislators and organizations are addressing healthcare utilization, the review process, and adverse determinations.

Different Names, Same Purpose*:** While most physicians are aware of the Prior Authorization model in depth, the systems and rules used by payers to administer plans and coverage are constantly changing and evolving. Terms and practices like ***Prior Authorization, step therapy, fail-first, quantity limit, and others all refer to different frameworks of healthcare utilization, but generally they can be thought of as having the same end goal; administrative rules for controlling costs associated with medical care by requiring approval for procedures — with determinations made outside physicians, or even non-medical entities — based by what is covered by a plan rather than what would provide the best outcome for any given patient.

Utilization reform as matter of course must then take many different forms, to address the new and emerging reform efforts from payers. The terms or practice may change, but the issue remains ensuring that treatments are controlled by healthcare providers and not by payers.

The Facts: Prior Authorization continues to lead to delays in care and ultimately worse health outcomes for the patient body. Research and physician surveys have time and again shown that the reform is needed around Prior Authorization to ensure that physicians can treat their patients without high administrative burden and burnout.

- Young Physicians are likely to experience burnout and trouble with adjusting from the traditional focus of medical school to the reality of a highly regulated, more business and administration focused reality of medicine.[1]
- This is especially difficult for Physicians who work with underserved and marginalized communities that may already struggle with burnout to a higher degree due to feelings of powerlessness.[2]
- More than one in four physicians (29%) report that Prior Authorization has led to a serious adverse event for a patient in their care, according to a 2024 physician survey by the AMA.
  - This same survey found that more than four in five physicians (82%) reported that patients abandon treatment due to authorization struggles with health insurers.[3]

[1] Dyrbye LN, West CP, Satele D, et al. Burnout among U.S. medical students, residents, and early career physicians relative to the general U.S. population. Acad Med. 2014;89(3):443-451. doi:10.1097/ACM.0000000000000134

[2] Eisenstein L. To Fight Burnout, Organize. N Engl J Med. 2018;379(6):509-511. doi:10.1056/NEJMp1803771

[3] American Medical Association, American Medical Association. Physicians concerned AI increases Prior Authorization denials. American Medical Association. https://www.ama-assn.org/press-center/ama-press-releases/physicians-concerned-ai-increases-prior-authorization-denials. Published February 24, 2025.

Utilization Reform Focuses:

Reforms around Prior Authorization have focused on reforming the aspects of the view process that hinder physicians from administering treatment and improving health outcomes. Due to the ever-changing nature of payer strategies around healthcare administration, it can be difficult for physicians to stay ahead of the curve when it comes to regulations. Methods to reform these systems have included focusing on four aspects of the utilization review process.

- **Treatment Orthodoxy:**
  Reform efforts centered on the concept that the utilization process for traditional, common treatments only creates delays, especially in cases where denials are consistently overturned. Typically tied to step-therapy, reform efforts focus on the harm caused by the denial process.

- **Physician Competence:**
  Reform efforts around Prior Authorization may focus on expanding or creating “gold card” programs to exempt physicians from Prior Authorization after clearing a review period; under gold card regulation, physicians must clear a certain percentage threshold of authorizations over a period of time, establishing themselves in good standing with the review system. Beyond establishing laws on Prior Authorization, states may also need to advocate fairer practice after establishing laws previously. Reform efforts for states with “gold card” laws include regulations based on percentage threshold and duration of the review period.

- **Timeliness of Review:**
  Related to the commonality of treatment, reform efforts may focus on ensuring that the review process must be done in a timely manner and that contested denials must be addressed within a certain number of days from when a physician responds to the adverse determination.

- **Composition of Review Entities:**
  Reform efforts will also routinely address the composition of review committees and work to ensure that only physicians or relevant clinicians may serve as review entities, with new efforts also focusing on regulating the impact of artificial intelligence systems. Please see our State Action Guide on Artificial Intelligence (AI) for more information on efforts and reforms taking place addressing the rise in use of AI systems.

[4] American Medical Association, American Medical Association. Physicians concerned AI increases Prior Authorization denials. American Medical Association. https://www.ama-assn.org/press-center/ama-press-releases/physicians-concerned-ai-increases-prior-authorization-denials. Published February 24, 2025.

Policy Position:

Prior Authorization and Utility Reform is a Tier One (Active Pursuit) AAOS priority. The current structure and relationship that exists between payers, physicians, and the patient body is not conducive to long term positive health outcomes or healthcare administration.

AAOS believes that broad reforms are necessary to ensure speedy and effective treatment for patients can be delivered by unimpeded physicians. Understanding that regulations and controls on what treatment is an understandable stated goal, the ultimate discretion of appropriate treatment should be within the hands of physicians and their patients. **AAOS supports both federal and state-level legislative and advocacy solutions to reform the system and ensure orthopedic surgeons can continue to safely provide patient care, with minimal delays in a review process administered by physicians.**

Per the AMA, Policymakers should consider the following Prior Authorization reforms:

- Establish quick response times (24 hours for urgent, 48 hours for non-urgent care).
- Adverse determinations should be made only by a physician licensed in the state and of the same specialty that typically manages the patient's condition.
- Prohibit retroactive denials if care is preauthorized.
- Authorization should be valid for at least 1 year, regardless of dosage changes, and for those with chronic conditions, the Prior Authorization should be valid for the length of treatment.
- Require public release of Prior Authorization data by drug and service as it relates to approvals, denials, appeals, wait times and more.
- A new plan should honor the patient's Prior Authorization for at least 90 days.
- Target volume reduction through the use of solutions such as exception or gold-carding program.

Ways to Engage:

AAOS encourages physicians and state societies to collaborate on efforts by supporting national legislative efforts through sign-on letters and communication with legislators. At the state level, we encourage physicians to work with their state societies to advocate legislators to pass common sense reforms for utilization review and Prior Authorization.

For more information or ways to engage, please reach out to AAOS State Government Affairs Director:

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2025 State Wins

State	Bill Number	Descriptor	Notes
Montana	HB 398	Generally, revise insurance laws related to Prior Authorization of chronic conditions.	Changes to Prior Authorization rules pertaining to chronic conditions, exemptions for continuity of care, and Qualifications of individuals making or reviewing adverse determinations. **Signed into law March 28th, 2025.**
Washington	HB 1706	API modernization and broad Prior Authorization Reform	Aligns API in the State of Washington in line with CMS guidelines, modernizing and ensuring timely responses for electronic PA requests. Reduces administrative burden and improves systems for physician use. **Signed into law April 7th, 2025**.
North Dakota	SB 2280	API modernization and broad Prior Authorization Reform	Modernizing and ensuring timely responses for electronic PA requests, along with regulation for who serves on review boards and how policy changes are displayed on coverage entity webpages. Reduces administrative burden and improves systems for physician use. **Signed into law April 23rd, 2025.**
Oklahoma	HB 1810	API modernization and broad Prior Authorization Reform	Modernizing and ensuring timely responses for electronic PA requests, along with regulation for who serves on review boards and how policy changes are displayed on coverage entity webpages. Reduces administrative burden and improves systems for physician use. **Pending Executive Approval May 19th, 2025**
Iowa	HF 303	Prior Authorization Reform	Measure creates a timeline for responses by a utilization review organization; requires a utilization review organization to annually review all health care services for which the health benefit plan requires PA and eliminates PA requirements for health care services for which prior PA are routinely approved. **Pending Executive Approval May 19th, 2025**
Arkansas	SB 133	API Modernization	Modernizing and ensuring timely responses for electronic PA requests. **Pending Executive Approval May 19th, 2025**