



Physicians Caring for Texans

House Insurance Committee
Testimony by Tilden Childs III, MD, Texas Medical Association
House Bill 4367 (Prior Authorization Verification) by Rep. Philip Cortez
April 4, 2023

Thank you, Chairman Oliverson, Vice-Chair Johnson, and committee members, for allowing me to testify today. My name is Dr. Tilden Childs, and I am a Fort Worth diagnostic radiologist, testifying on behalf of myself and TMA and its more than 57,000 members, in support of House Bill 4367.

This bill addresses an issue that occurs when two processes within the larger insurance claims administration process conflict, those of verification and prior authorization. For background verification is the process by which an insurer verifies a particular patient is covered by the insurer and that the patient's insurance covers the proposed health care service. Prior authorization is a requirement an insurer can add to requests for certain health care services that stipulates the requesting physician must demonstrate the necessity of the medical service to the insurance company's staff.

The conflict arises when an insurer requests prior authorization before it has completed verification of the claim. This can lead to a claim denial, even though the insurer already determined it agrees with the medical necessity and appropriateness of that service for that patient. This situation can lead to unnecessary confusion and delays in care for the patient, as well as excessive administrative burden for the physician. However, if verification of a claim is completed before a prior authorization is ordered and approved, no such problems exist.

House Bill 4367 clarifies that once a prior authorization of a claim has been approved, the insurer cannot later deny payment for the service based on an eligibility or coverage determination made in the verification process. The bill also clarifies this protection only exists for 30 days from the date the insurer prior-authorized the service to ensure this protection is not abused by pointing to prior authorizations from months ago. House Bill 4367 cuts red tape and ensures patients are not improperly denied services their insurers have recently approved.

Thank you to Representative Cortez for filing this common-sense legislation. Again, thank you Mr. Chairman and committee members, for allowing me to testify today in support of House Bill 4367. I appreciate your work and I am happy to answer any questions.