California Hospital Association

Harmful Insurance Company Practices Threaten Patient Care

The Issue

Patients should be able to count on their insurance companies to cover medically necessary, appropriate health care services without delays or improper denials. Yet too many Californians are facing a grave and growing threat to their ability to access critical health care services due to the harmful business practices of insurers that focus on their bottom lines rather than on caring for patients.

Access to timely and vital health care services for patients is too often being choked due to **practices such as excessive prior authorization mandates, inadequate provider networks, and improperly denied or delayed payments for care provided.** These self-serving practices hurt patients and the clinicians who care for them.

According to a **2023 survey** of California hospitals, **9% of all patients (300,000 people every year) face a discharge delay of at least three days — often due to insurance barriers.** In some extreme cases, patients (especially those with behavioral health conditions) have languished unnecessarily in hospitals for as long as a year because insurers have inadequate post-hospital provider networks. Patients enrolled in managed care plans experience these delays at higher rates than those who have fee-for-service coverage such as traditional Medicare.

On an annual basis, California hospitals provide an estimated 1 million days of excess inpatient care due to discharge delays, and 7.5 million hours of excess emergency department care.

Care that is delayed is care that is denied. When patients are forced to stay in the hospital longer than necessary, it means medical decisions are made by insurance companies instead of doctors. It also means worse health outcomes for patients.

California has strong laws regulating insurance company practices, but a lack of enforcement has allowed some insurers to avoid their responsibilities. For example, many insurers request reams of paperwork before approving claims, with the hope that hospitals will ultimately give up on trying to receive reimbursement for the care they provided. These practices result in patients and providers suffering, while insurers profit.

What's Needed

State regulators must take immediate action to ensure patients get the care they need when they need it. This includes:

- Requiring insurers to pay — in full — the cost of hospital care for patients whose discharge is delayed due to inadequate post-hospital care networks or prior authorization delays or denials.
- Directing insurers to specify all the reasons for contested or denied claims payments within existing deadlines.
- Mandating insurers pay for all care that has been authorized or does not require prior authorization.