CHA | California Hospital Association

Key Messages

Harmful Insurance Company Practices Threaten Patient Care

Many insurance companies are violating state laws that require them to ensure patients receive timely, medically appropriate care — and to adequately pay providers for that care.

- Patients should be able to count on their insurance company to pay for medically necessary health care services without delays or denials.
- Paying covered, medically necessary claims on time and in full means hospitals, doctors, and other providers can focus on their primary mission — healing those who are sick and injured.
- Those insurers that focus on their bottom lines over the health and well-being of patients are violating the promises made to their enrollees by imposing unnecessary and harmful barriers to care. Practices such as excessive prior authorization mandates, inadequate provider networks, and improperly denied or delayed payments for care hurt patients and the clinicians who care for them.

Care that is delayed is care that is denied, and insurance company practices are getting worse, not better.

- Health insurance should make care more accessible, but nearly two-thirds (62%) of patients surveyed say their insurer makes it harder to get services they need (American Hospital Association, 2023).
- 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.
- California hospitals annually provide 1 million days of excess inpatient care — and 7.5 million hours of avoidable emergency department care — frequently due to barriers imposed by insurers. This wasteful use of clinical resources is not being paid for by insurance companies and pushes more hospitals to the financial brink while leading to higher costs for patients.

State regulators must hold insurance companies accountable by enforcing existing state laws.

- Too many medical decisions are being made by insurance companies instead of doctors, and patients face worse health outcomes. California has strong laws regulating insurance company practices, but a lack of enforcement has allowed some to avoid their responsibilities.
- Many insurers are lining their pockets by withholding payments. In one common tactic, insurers request reams of paperwork with the hope hospitals will give up on collecting what should be straightforward authorized claims. As hospitals struggle with razor-thin margins, they cannot continue to cover hundreds of millions of dollars owed to them while insurers play games and make record profits.
- State regulators must require insurers to specify all reasons for contested or denied payments within statutory deadlines. Insurers also must be required to pay the full cost of care for patients whose discharge is delayed due to inadequate post-acute care networks or prior authorization delays or denials.