



Richard J. Pollack
President and Chief Executive Officer
American Hospital Association
800 10th Street, NW
Two CityCenter, Suite 400
Washington, DC 20001-4956

Dear Mr. Pollack:

I am writing in response to your letter, dated September 9, 2021, to Gail Boudreaux, President and CEO, Anthem, Inc. (Anthem), on behalf of the American Hospital Association (AHA). Anthem values the partnerships we have with hospitals across the nation and, we are committed to working with you and your member hospitals to reimagine how care is delivered to meet consumers' and employers' needs for quality, affordable health care.

In your letter, you raise concerns regarding actions some of Anthem's subsidiary health plans are taking to deliver high value care, while working toward slowing the growth of health care costs for our customers. Anthem, in collaboration with our care provider partners, is focused on addressing the primary drivers of rising health care costs to keep premiums, copayments, and deductibles more affordable than they otherwise would be.

As you may know, according to the Institute of Medicine, it is estimated that \$760 billion to \$935 billion, or approximately 25 percent of healthcare spending each year, is wasteful spending¹. Anthem has a responsibility to the consumers and employers we serve, to address wasteful spending in healthcare, while delivering value in the form of access to quality, affordable care.

One of the key drivers of rising healthcare costs is specialty drugs, which account for 52 percent of all prescription drug spending, despite representing only two percent of the drugs dispensed². One of the root causes of this disproportionate spending is due to certain specialty medications administered in some hospital outpatient settings, which can cost approximately 200 to 300 percent more than the same drug administered in an office setting. To address this challenge, Anthem launched a specialty pharmacy initiative to provide an opportunity for hospitals to procure certain specialty drugs at a lower cost or the option to reduce their reimbursement rate and continue to procure these drugs, as they currently do. Anthem communicated the parameters of this initiative, depending on the state, 90 or 120 days in advance to its participating providers and hospitals. Several hospitals have shown a willingness to reduce their reimbursement rate for specialty drugs, and we appreciate their collaboration and support for greater transparency and affordability. Hospitals that have not met Anthem's reimbursement terms are required to procure certain specialty drugs from Anthem contracted suppliers to ensure the lower cost is available to Anthem's customers and the consumers we serve. In the rare case of a hospital refusing to comply with our policy, Anthem has implemented a continuation of care policy for the members we serve who are impacted.

Anthem also works to deliver on its promise to address rising health care costs by encouraging members to access the most appropriate setting to receive care for certain non-emergency surgical procedures, diagnostic and preventative screenings, rehabilitation, and other services. MedPAC reported that in 2018, Medicare spent \$2.2 billion more on services delivered in the hospital outpatient department (HOPD) than

¹ Shrank, W. H., Rogstad, T. L., & Parekh, N. (2019). Waste in the us health care system. *JAMA*, 322(15), 1501.
<https://doi.org/10.1001/jama.2019.13978>

² CVS Health. (2021). *CVS Caremark 2020 Drug Trend Report*. <https://cvshealth.com/news-and-insights/articles/drug-trend-report-2020>.



it would have if those services were delivered in an Ambulatory Surgery Center (ASC) or physician-office³. Further, MedPAC reported that consumers paid \$550 million in higher out-of-pocket costs, as a result of this issue, with no evidence of improved outcomes. Recognizing the high value associated with alternative sites of care, like ASCs, Anthem has adopted several initiatives to encourage the consumers we serve to receive these services from high value sites of care, when appropriate.

Anthem appreciates that the AHA also recognizes the important role prior authorization plays in managing and coordinating care. Despite recognizing its value, the AHA raises concerns regarding some of Anthem's prior authorization processes and transition of cases between Anthem's subsidiary health plans and AIM Specialty Health (AIM), an Anthem affiliated company.

AIM manages prior authorization processes for some services performed by Anthem's provider partners to ensure procedures meet medical appropriateness requirements. Providers are given the opportunity to engage in a peer-to-peer discussion performed by AIM, as part of the initial medical appropriateness review. When prior authorization is denied, the appeal is managed by Anthem's clinical review team and is performed independently of AIM's clinical reviewers. When AIM does not approve a service for medical appropriateness, providers are offered an opportunity to appeal the decision by providing Anthem additional information that substantiates the medical appropriateness of the procedure.

With respect to your concerns regarding peer-to-peer review for certain prior authorization services, peer-to-peer review is an *option* for providers to use when a requested service does not meet medical appropriateness requirements upon initial review. Peer-to-peer is not mandatory but provides the option for a peer-to-peer review to give the provider the opportunity to discuss the case with a clinical peer and provide additional information regarding the case.

For Anthem, "prior authorization" is a critical element of the care coordination value we provide to the consumers and employers we serve to ensure appropriate, safe, and affordable care. In response to the COVID-19 pandemic we have taken significant steps to waive prior authorization requirements for skilled nursing facility transfers and other services to free up hospital bed capacity and reduce the administrative burden on our care provider partners. In addition, we continue to develop and offer solutions to streamline prior authorization processes for our care provider partners with technology, most notably, EMR integration.

When implementing new initiatives, Anthem strives to ensure its provider partners are informed and prepared for how these changes could impact their practice patterns. For example, Anthem recently launched a rehabilitation site of care initiative that seeks to provide the consumers we serve with appropriate, safe care at locations suited for the severity of the condition being treated. As is typical with updates to clinical guidelines and consistent with the terms of our provider agreements, Anthem's provider partners were notified of this policy change 90 days before implementation, along with a 30-day reminder notification. Included in the provider notification were dates and times of informational webinars Anthem and AIM conducted, beginning in June 2021, to educate providers on use of the AIM Provider Portal. To date, AIM and Anthem have conducted six training webinars to ensure Anthem's provider partners were prepared for the minor modifications to the AIM Provider Portal to implement this initiative. These webinars were attended by over 390 of our provider partners. Notably, in addition to the scheduled informational webinars, at the request of your New Hampshire state chapter, AIM performed an additional training in the state, which 68 of our provider partners attended.

³ MedPAC. (2020, March). *Report to Congress, Medicare Payment Policy* http://medpac.gov/docs/default-source/reports/mar20_entirereport_sec.pdf.



Anthem provider communications can be found at <providernews.anthem.com>. We encourage the AHA to remind its member hospitals to review the provider notifications, released every month, which contain important updates related to various Anthem initiatives or policies, including those related to coverage.

As part of our efforts to partner and collaborate with our care provider partners, Anthem strives for consistency and uniformity of coverage guidelines across all lines of business. However, in some instances, external factors such as differing state requirements and/or variation between government and commercial programs, prevent such consistency and uniformity. Anthem is committed to continuing to identify additional opportunities to create consistency and uniformity to improve the provider experience and reduce administrative burden wherever possible.

Regarding claims adjudication, Anthem strives to process and pay claims as quickly and efficiently as possible and in accordance with the contractual requirements we have with our provider partners. We recognize there have been some challenges as we work with care providers to update claims processing and, readjust and adapt to a new set of dynamics as we continue to manage the COVID-19 pandemic. However, Anthem is committed to resolving all claims adjudication challenges that may exist and encourages the AHA's member hospitals experiencing such challenges to contact their Anthem network or provider experience representatives in their respective market.

Thank you again for your outreach and continued partnership. We stand ready to continue an open dialogue with the AHA and are happy to connect AHA member hospitals with their assigned Anthem network or provider experience contacts, where needed. Please reach out to Max Isaacoff, Manager of External Affairs at (202) 803-1396 or via email at Maxwell.Isaacoff@Anthem.com with any additional questions or concerns.

Sincerely,

Anthony Nguyen, MD
Chief Medical Officer - Enterprise Clinical Operations