National Trends Surrounding Health Insurer Performance

IDAHO HEALTH INSURERS WORKING GROUP

September 15, 2026

Presentation Overview

- Brief background
- Effects of poor insurer performance on health outcomes
- National trends for:
  - Claims denials,
  - Prior authorization denials, and
  - Delays in payment.
- Policy decisions and legislation enacted in other states
  - Related working Groups in other states
  - Subject areas:
    - Prior authorization reform,
    - Appeal rights and other transparency initiatives,
    - Artificial intelligence utilization review,
    - Provider contracting,
    - Copay accumulators,
    - Step therapy drugs or other pharmaceuticals, and
    - Prompt payment.

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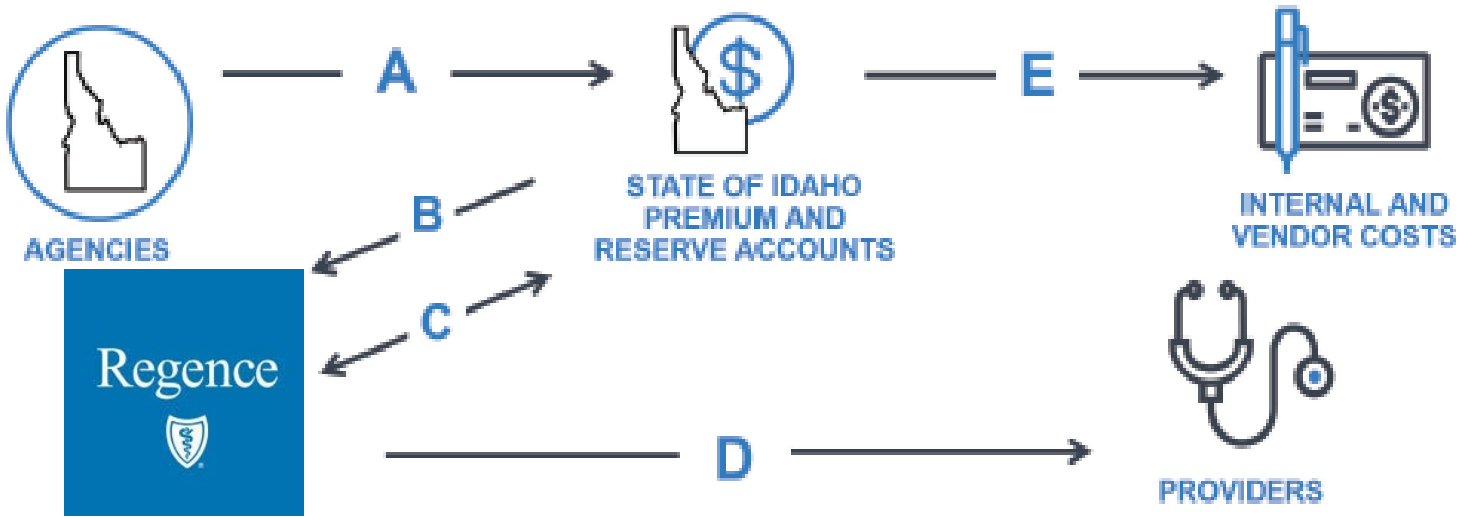
Idaho State Employee Health Plan: Hybrid Funding Model



A. State and employee funding
B. Carrier premiums
C. Carrier claim settlement
D. Provider payments
E. Management costs

Source: State Health Plan Working Group Report, Milliman, 2020

Around **60,000** members in Idaho's SEHP.

47

States have at least one self-funded plan. Idaho, Wisconsin, and North Dakota do not.

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Policy Population

Idaho Insured Lives End of Year

Idaho Insured Lives End of Year	2023	2024	2024 %
1. Individual Major Medical	100,636	113,698	5.2%
2. Small Group Major Medical	111,522	106,555	4.9%
3. Midsize Group Major Medical	31,580	29,487	1.4%
4. Large Group Major Medical	168,193	155,497	7.1%
5. Federal Government Benefits	50,281	48,432	2.2%
6. Multiple Employer Association and Trusts	1,151	1,275	0.1%
7. Self-Funded Health Products Major Medical	478,430	524,945	24.1%
8. *Original Medicare	204,640	202,746	10.1%
9. **Medicare Advantage	177,898	191,874	8.8%
10. *Medicaid	316,175	320,000	14.7%
11. **Medicaid-Child	166,319	158,281	7.3%
12. **CHIP	22,737	20,533	0.9%
13. *Tricare	52,913	75,000	3.4%
14. *VA Care	66,291	59,000	2.7%
	1,948,766	2,007,323	

Note: 2024 % is the percentage based on total 2024 Idaho Insured Lives End of Year compared to the total per health market in 2024.

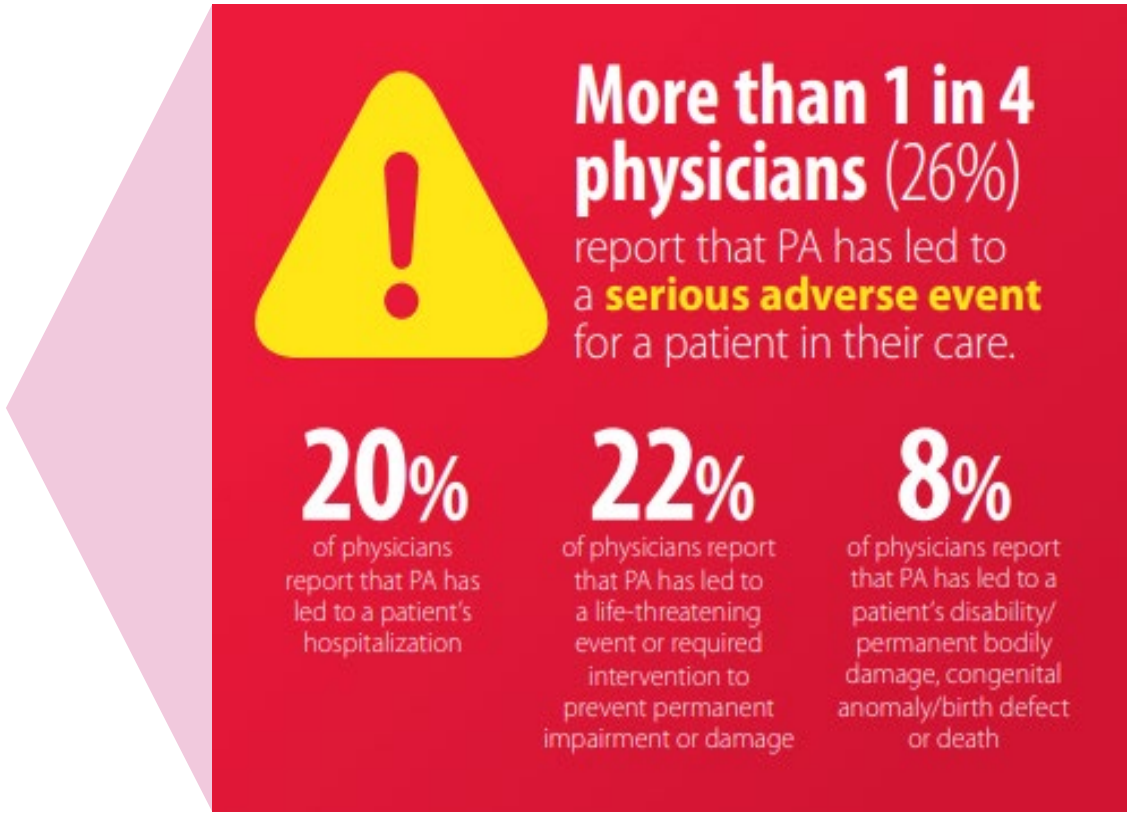
Sources

2024/2025 Idaho Health Insurance Surveys: 1 - 6
2024/2025 Idaho Self-Funded Health Plan Surveys: 7
*CMS.gov: American Community Survey Tables for Health Insurance Coverage: 10, 13, 14
**CMS Medicare Enrollment Dashboard Data File: 8, 9, 11, 12

Source: Idaho Department of Insurance, 2024 Department of Insurance Annual Health Survey Report

Effects of Poor Insurer Performance on Health Outcomes

- Delays in treatment
  - Over 25% of individuals who experienced a denial reported worse health outcomes.
  - Respondents indicated financial and emotional repercussions.
- Prior authorization practices and health outcomes
- Delays in accessing pharmaceuticals
  - Patients with multiple disease conditions had lower approval rates.



Source: 2025 AMA prior authorization physician survey

Trends Surrounding Denials: ACA Marketplace and Medicare Advantage

- **Data suggest that the percentage of claims denied are increasing in some markets.**
- **Claims denial rates vary according to state and insurer.**
- **Most denials seem to be administrative or other. Claims denied because the are "not medically necessary" made up 5% of denied claims.**
- **Most denials aren't appealed. However, they are often overturned when they are.**
- **Data on prior authorization denials is limited. Hospitals have reported increased burdens in recent years.**

Clinical Services: Care Setting

	Denied:	Appealed:	Overturned:
• **Skilled nursing facility (SNF):**	12%	18%	95%
• **Long-term care hospitals (LTCH):**	65%	36%	36%
• **Inpatient rehabilitation facilities (IRF):**	54%	31%	43%

- **Post-acute care:** In 2024, the Federal Permanent Subcommittee on Investigations (PSI) found that Medicare Advantage insurers are intentionally using prior authorization to boost profits by targeting costly yet critical stays in post-acute care facilities.

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Clinical Services: Other

- **Chemistry studies:** Researchers from the University of Pennsylvania and CVS Health studied claims of Medicare Advantage beneficiaries. They found that chemistry studies represented over 50% of the denied services and over 30% of the denied spending share.

- **Brand name drugs**

- **Cancer medications**

- **Mental and behavioral health**

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Delays in Payment

7 in 10 Hospitals
report having an outstanding claim from 2016 or older

55%
of hospitals and health systems reported their oldest Medicare Advantage claim is from 2016 or older

50%
of hospitals and health systems report having more than
$100 Million
in accounts receivable for claims that are older than 6 months

STATUS DELAYED

This amounts to $6.4 billion in delayed or unpaid claims that are 6 months or older among 772 hospital survey responders

35%
of hospitals and health systems report
$50 Million or more in foregone payments as a result of denied claims once appeals have been exhausted

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Source: Survey: *Commercial Health Insurance Practices that Delay Care, Increase Costs Infographic, American Hospital Association, 2022*

Related Working Groups in Other States (2024 through 2026)

State	*Year*	*Committee/Agency*	*Materials*
Maryland	2025 - current	Workgroup to Study the Rise in Adverse Decisions in the State Health Care System	Link
Mississippi	2025	Study Committee on the Matter of Certification of Health Benefit Plans and Health Insurance Issuers	Link Link
Hawaii	2025	State Health Planning and Development Agency: Prior Authorization Report 2025	Link
Rhode Island	2024	HealthSource RI: Marketplace Coverage Affordability Work Group	Link

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Policy Decisions and Legislation: Prior Authorization Reform

Prior authorization reform:

5 categories:

- Clinical criteria
- Provider review
- Prohibition on prior authorization
- Decision-maker
- Gold cards

Idaho Today:

Section 41-3930, Idaho Code – Managed care prior authorization

Section 41-1846, Idaho Code – Clinical criteria for appeals

H 788aas (2026): Became law – Medicaid certain providers exempt

H 611 (2026): Did not become law

H 841 (2026): Did not become law

Source: 2021 AMA prior authorization physician survey

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Policy Decisions and Legislation: Appeal Rights and Other Transparency Initiatives

Appeal rights and other transparency initiatives:

According to NSCL, the following states have aimed to increase transparency for enrollees and ensure they are aware of their rights to appeal denials:

- Maine
- Colorado
- Maryland
- Alaska

Idaho Today:

Title 41, Chapter 59, Idaho Code – External review

Section 41-1846, Idaho Code – Some information to policy holders

H 611 (2026): Did not become law

H 841 (2026): Did not become law

Policy Decisions and Legislation: Artificial Intelligence Utilization Review

Artificial intelligence utilization review:

According to KFF, at least nine states have passed state laws on AI and prior authorization and claims review as of April 2026. KFF identified the following major themes in enacted legislation:

- Human review of claim denials required.
- AI tools must take individual clinical circumstances into account.
- Disclosure of AI use.
- Review of AI tool outcomes.
- Limits on the use of patient data to protect privacy.
- AI tools must be open to inspection, including the underlying algorithms.
- AI protections against bias and discrimination.

Idaho Today:

H 945 (2026): Did not become law

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Policy Decisions and Legislation: Provider Contracting

Provider contracting:

The National Academy for State Health Policy has identified five anticompetitive measures in contracts from large, consolidated health providers. The clauses are:

- all-or-nothing clauses;
- anti-tiering or anti-steering clauses;
- gag clauses;
- most-favored-nation clauses in health plan contracting;

LSO's research suggests that at least three states, Connecticut, Texas, and Nevada, have enacted laws since 2021 that address some of these clauses in health plan contracts.

Idaho Today:

Section 41-3443, Idaho Code – Prohibits most-favored-nation clauses

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Policy Decisions and Legislation: Copay Accumulators

Copay accumulators:

According to NCSL, "As of 2025, laws in at least 25 states, the District of Columbia and Puerto Rico address the use of copay adjustment programs by insurers or Pharmacy benefit managers by requiring any payment or discount made by or on behalf of the patient be applied to a consumer's annual out-of-pocket cost-sharing requirement."

Idaho Today:

H 713 (2026): Did not become law

Without a copay accumulator

	Expenses covered by $4,000 copay card	Patient out of pocket	What insurer pays	Amount applied to $7,000 deductible
Jan	$1,000	$0	$0	$1,000
Feb	$1,000	$0	$0	$1,000
Mar	$1,000	$0	$0	$1,000
Apr	$1,000	$0	$0	$1,000
May	Value of copay card is met	$1,000	$0	$1,000
Jun		$1,000	$0	$1,000
Jul		$1,000	$0	$1,000
Aug		$0	$1,000	Deductable is met
Sept		$0	$1,000	
Oct		$0	$1,000	
Nov		$0	$1,000	
Dec		$0	$1,000	
Patient out of pocket: $3,000				

With a copay accumulator

	Expenses covered by $4,000 copay card	Patient out of pocket	What insurer pays	Amount applied to $7,000 deductible
Jan	$1,000	$0	$0	$0 ⚠
Feb	$1,000	$0	$0	$0 ⚠
Mar	$1,000	$0	$0	$0 ⚠
Apr	$1,000	$0	$0	$0 ⚠
May	Value of copay card is met	$1,000	$0	$1,000
Jun		$1,000	$0	$1,000
Jul		$1,000	$0	$1,000
Aug		$1,000	$0	$1,000
Sept		$1,000	$0	$1,000
Oct		$1,000	$0	$1,000
Nov		$1,000	$0	$1,000
Dec		$0	$1,000	Deductable is met
Patient out of pocket: $7,000				

Source: Crohn's & Colitis Foundation, Inc. 2022

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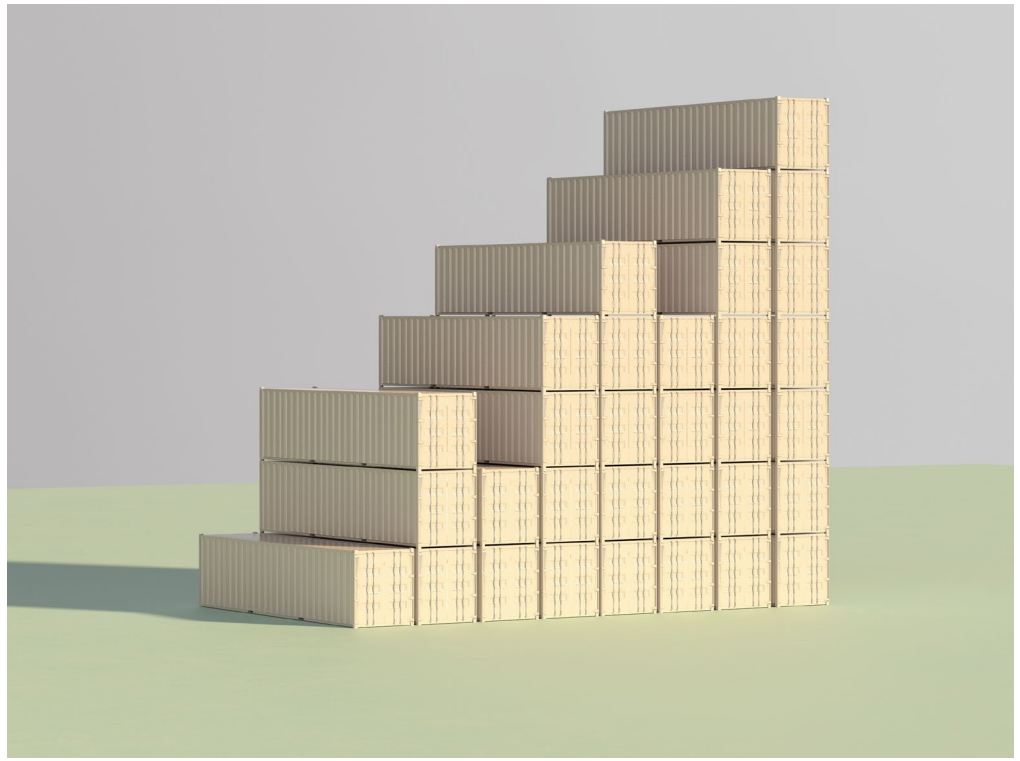
Policy Decisions and Legislation: Step Therapy

Step therapy:

Step therapy refers to the practice of requiring patients to use lower-cost drugs at the beginning and advancing to more expensive options if treatment is not working.

According to KFF, as of 2019, 24 states had statutory limits on prior authorization or step therapy requirements on certain drugs or drug classes in some scenarios.



Idaho Today:

Did not locate

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Policy Decisions and Legislation: Prompt Payment

Prompt payment:

LSO identified at least seven states (Arizona, Arkansas, California, Connecticut, Mississippi, Vermont, and Wyoming) that added or amended laws surrounding prompt payment of claims since 2024.

Payment deadlines range from seven days to at least 30. Interest rates range from 12% to 18% although some states appear to only include pharmacy payments.

Idaho Today:

Title 41, Chapter 56, Idaho Code – Prompt payment

H 829 (2026): Did not become law

Questions?

Feel free to contact me with any questions
or for additional information.

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