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Prepared by Joseph Kannry, Eileen Koski, Tammy Toscos

AI Use in Prior Authorization

Scenario:

Ms. J is an 86 year-old female with a history of frequent falls and problems walking. She is dependent on a motorized wheelchair that is now broken.

- She asks her doctor to request a new motorized wheelchair. The doctor and his staff complete the paperwork requiring diagnoses for prior authorization.
- The prior authorization process is predominantly automated and driven by pre-programmed algorithms that are increasingly incorporate AI.
- The request is denied and the reason given is that the patient has not gone to physical therapy in the last 5 years and there is no evidence that she has tried a cane or walker.
- There are increasingly frustrating interactions between the payor and the doctor until one denial states that the patient already has a motorized wheelchair.
- When her doctor finally gets a clinical 1:1 appeal with a representative, prior authorization is immediately granted.
- Unfortunately, while waiting for this to be resolved, Ms. J fell and suffered a broken hip while trying to move around her home without her wheelchair.

Take Home Points:

- Responses went back and forth without apparent recognition of either the amount of time that was passing, or the potential clinical impact of the delay on the patients.
- The clinician needed to escalate the request to speak to a person directly.
- By that point, the patient had already sustained avoidable injuries.

This use-case highlights one example of the potential negative impact of prior authorization requirements using current methodologies. As such requirements are increasingly adjudicated by AI, both the risk and the burden is likely to increase for patients and providers alike unless the process is carefully guided and overseen by appropriately qualified humans.

Background for discussion:

- The Prior Authorization (PA) process is time-consuming and resource intensive, particularly for clinical staff and patients. The process causes delays or de facto denials of needed patient care if there are insufficient resources to appeal the denials.
- A recent review of the systemic effects of PA by Murphy et el[1] encompassed 25 studies 20 of which reported care delays and/or treatment gaps as a result of PA requirements with 12 of those reporting adverse events as a result of the delay in care These studies covered a wide range of treatments and collectively "corroborate physicians' observations that delays and denials for essential care reduce clinical effectiveness, increase avoidable acute care resource use and compromise outcomes for both adults and children."
- This is particularly troubling since evidence has shown that:
    - The number of PA patients covered by Medicare Advantage plans have been steadily increasing from 37.1M in 2019 to 57.8M in 2024[2]
    - 80% of rejections are approved on appeal.
        - Note that only 11.5% of denied requests are appealed.[3]
    - The appeals process wastes clinician time that could be spent taking care of patients
    - The appeal process itself causes further treatment delays
    - For providers with limited office resources, the application and appeals process may pose an insurmountable hurdle, meaning no appeal may even be possible, resulting in often inappropriate denials
- The impact of treatment delays:
    - Routinely causes widespread patient stress and anxiety

- Has been demonstrated to contribute to worsening patient conditions by the time care is given – which has been demonstrated to drive up the total cost of care[1]
- When patients experience a coverage change while waiting, the process may be protracted and often needs to start all over with the new payor, resulting in serial delays, further exacerbating the risk of disease progression.

Policy Priorities:

- Prior authorization processes must not be expanded to Medicare Fee-For-Service.
- AI should be used to support over-burdened clinicians in the PA submission process.
- AI must never be the sole basis for denying care.
- Create transparency requirements that demand payors disclose AI use in PA, including how medical necessity is determined.
- Allow independent auditors to review AI models to ensure fairness, accuracy, and clinical appropriateness, with human-in-the-loop oversight.
- Use appeal outcomes as feedback to continuously refine and improve AI tools.
- Congress must pass The Seniors Timely Access to Care bill.
- Congress may also reconsider the Gold Card Act, which would allow for automatic approvals for requests from clinicians with at least a 90% approval rating in the past year, respectively.

References

1. Murphy J, Beauchamp N, Sun KJ, Lau BD, Wilson RF, Lobner K, Conway SJ, Hill PM, Johnson PT. Adverse effects of health plan prior authorization on clinical effectiveness and patient outcomes: A systematic review. Am J Med. 2026 Jan;139(1):24-32.e1. doi: 10.1016/j.amjmed.2025.08.018. Epub 2025 Sep 3. PMID: 40912445.
2. Source: Medicare Limited Data Set, Contract Years (CY) 2022 - 2024 Part C and D Reporting Requirements and Public Use file Contract Years 2019-2021 Part C and D Reporting Requirements.
3. Fuglesten Biniek J, Sroczynski N, Freed M, Neuman T. Medicare Advantage insurers made nearly 53 million prior authorization determinations in 2024. KFF. 2026 Jan 28.