WMC
Wisconsin's Chamber

TO: Members, Assembly Committee on Health, Aging and Long-Term Care

FROM: Rachel VerVelde, Associate Vice President of Government Relations

DATE: October 15, 2025

RE: **Please oppose Assembly Bill 368**, relating to prior authorization for coverage of physical therapy, occupational therapy, speech therapy, chiropractic services, and other services under health plans.

The high cost of healthcare has consistently been a top concern of our membership over the years – and for good reason. Wisconsin's healthcare costs are higher than the national average[1]. According to WMC's most recent *Wisconsin Employer Survey* released in June of this year, making healthcare more affordable is by far the top policy action the state can take to help Wisconsin businesses. Assembly Bill 368 will only make the struggle employers face with health costs worse.

In September of 2021, VBID Health – a group "which specializes in designing and promoting health benefit plans and payment strategies that get more health out of every healthcare dollar spent" – put out a study that discusses payment reforms to improve quality, enhance equity, and promote value[2]. In May of 2022, VBID Health put out another study on utilization and spending on low-value medical care. [3] Both studies remind us that employers and their employees are on the hook for much of the health care spend in the United States. This includes covering the costs of inefficiencies within the system.

The September 2021 study suggested "employers have little direct control over payment rates and models." As a result, "insurers allow employers, to a degree, to customize the deductible, copayments, co-insurance, and out of pocket maximum rates in their plans that they offer to their employees and dependents." Regardless of that work, employers have little control over low-value care and are still on the hook for its payment. As such, employers rely on the tools used by their health insurer, particularly the use of prior authorization, to ensure their employees get the best care based on up-to-date evidence.

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[1] RAND Corporation, Prices Paid to Hospitals by Private Health Plans: https://www.rand.org/pubs/research_reports/RRA1144-1.html

[2] https://vbidhealth.com/wp-content/uploads/2021/09/Employer-Whitepaper-092021.pdf

[3] https://vbidhealth.com/wp-content/uploads/2022/05/Utilization-and-Spending-on-Low-Value-Medical-Care-Across-Four-States-VOL2.pdf

AB 368 is a direct attack on the use of prior authorization and will certainly result in increased service utilization, too much of which will be of low value, which only drives up health care costs for employers and their employees. Employers need *more* tools to appropriately manage utilization of low-value services, not *fewer.*

The bill prohibits an insurer from requiring prior authorization for the first 12 physical therapy, occupational therapy, speech therapy, or chiropractic visits. It also prohibits the insurer from requiring prior authorization for any physical therapy, occupational therapy, or chiropractic nonpharmacologic management of pain provided to individuals with chronic pain for the first 90 days of treatment.

Employers have seen no evidence that each of those providers need a wholesale 12 visits for their services. This bill would automatically allow for it.

Other services provided in the first 90 days would include imaging. As a National Library of Medicine journal article reminds us, "imaging was once a routine part of the diagnostic workup for most cases of lower back pain. Evidence now indicates that imaging is useful only in the small subgroup of patients for whom there is suspicion of red flag conditions…Given these advances in knowledge, imaging rates for LBP should be decreasing, but recent systematic reviews show the opposite, reporting that imaging has increased over the past 20 years and that at least a third of all images are unnecessary." [4]

The VBID study mentioned earlier stated that imaging for low-back pain within six weeks of onset is identified as a "top five" low-value clinical service that is either unsafe, does not improve health, or both. A 2019 JAMA study estimated that 25% of all health care expenditures in the U.S. health care system – around $760-$935 billion – is due to waste. Specifically, around $75.7 to 101.2 billion is due to overtreatment or low-value care.

By removing an insurer's ability to require prior authorization for the first 12 visits and other services in the first 90 days of treatment, this legislation turns a blind eye to bad actors over prescribing imaging and utilizing unnecessary visits. Employers can't afford this legislation.

Please oppose AB 368.

[4] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8023332/