

Stop Prior Authorization to Empower Patients

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ABSTRACT

A 2026 increase in insurance prices combined with an obstructing prior authorization process has created a new healthcare “crisis” in the U.S. Repeal of the 1942 temporary wartime accommodation called ESI (employer-sponsored [health] insurance) will complete a long over-due legislative task. It will also ameliorate the affordability crisis while improving access to care and reducing spending. ESI repeal is the first step to empowering patients—a refocus of U.S. healthcare on its first and highest priority: We the Patients.

Introduction

Rising health insurance consumer costs, in particular the 2026 increases in premiums, deductibles, and copays has become the major focus of the affordability crisis in U.S. healthcare. In fact, it prompted the 2025 government shutdown and Democrats even threaten a repeat. In addition to unaffordable insurance prices, two other factors make access to health care difficult and certainly delayed: the doctor shortage and pre-authorization process (PrAuth). A study showed that maximum wait times for primary care have increased from 99 days before the Affordable Care Act to 132 days in 2022 [1]. Oncologists know that even a one-month delay in diagnosis of cancer increases mortality [2]. A four-month delay will surely cause many preventable deaths [3]. The third factor delaying care is PrAuth. A recent survey suggests that Americans believe the process of PrAuth is the greatest obstacle to access medical care [4]. It slows down access by bureaucratic inefficiency, denials, repeated reviews, and built-in complexity (user-unfriendliness).

Repeal ESI

Access to care can be dramatically improved by simply finishing a legislative task that has been left undone since World War II: repeal of the employer-sponsored (health) insurance benefit or ESI. After the U.S. entrance into WW II, Congress passed the Stabilization Act

of 1942 that created wartime wage and price freezes [5]. Since employees could not increase wages to recruit, retain or reward workers, Congress passed an accommodation – the ESI – that allowed employers to offer a non-wage benefit, paying for employees’ health insurance tax-free to the employer. From 1946 to 1953, Congress repealed all elements of the 1942 wage freeze act, except one: the ESI [6]. For 84 years, U.S. employees have been denied their full wages, with the missing portion being paid to insurance companies for insurance policies in employees’ names. In 2025, the median salary for an individual full-time worker was \$70,252 and the average amount paid to an insurance company – denied wages – was \$26,993 [7].

U.S. healthcare is presently a centrally controlled economic structure. Since the first party – buyers – are “disconnected” [8] from the second party – sellers – by a third party who is the payer, free market forces are suppressed. The combination of ESI repeal and a no-limit HSA [see following note] would create a true free market with more than \$1 trillion in consumers’ hands to spend on both care and insurance. Note: One other legislative act should accompany repeal of ESI: creation of a no-limit HSA. All such accounts that are currently available – Health Savings Accounts, Medical Savings Accounts and Flexible Spending Accounts – have numerous restrictions including contribution limits well below \$10,000 [9]. With a new no-limit HSA, Americans could contribute the full amount of \$26,993 to spend tax-free on medical needs.

Outcomes

The resulting injection of free market forces – buyers' need to economize and competition among sellers – will produce dramatic results for five stakeholders in healthcare.

Patients

In healthcare today, patients are consumers as well buyers who are not payers. By spending OPM (other people's money), they have no incentive to conserve money and spend less. After repeal of ESI, patients will be spending their own money, out of a tax-free HSA but still personal funds. With a strong reason to save money, spending will go down. They will demand lower prices from sellers of both care and insurance. For example, with third-party payment, a mother can take her child with a cold to an ER and generate a \$1000+ bill which she doesn't have to pay. When spending from the family no-limit HSA, she will take the child to the pediatrician for an office visit costing \$50.

Providers

With repeal of ESI, doctors and care facilities would have to compete for consumer dollars. This would be a culture shock as care providers are socialized to avoid self-promotion or competition, and to eschew marketing their services such as advertising their prices and results. In the new world of free market medical care, providers must adapt or have empty waiting rooms and vacant operating suites. Those who do adapt will lower their charges and improve their service so patients will not be waiting months for care. Patients will flock to these providers. In today's third-party payment system, care providers are not paid their charges (prices.) They are paid a small fraction of what they charge based on a federally generated Allowable Reimbursement Schedule. When this author performed cardiac catheterizations in critically ill newborn babies, charges ranged from \$1500 to \$9000 if a device had to be used or implanted. Maximum allowable reimbursement from Medicaid, regardless of charges, was \$387 (4% to 26% of charges). In a free market, providers will be paid their charges. Despite reducing their charges, they will still make more money than being paid Washington's allowable reimbursements.

Insurance

After repeal of ESI, half the population would no longer be bound by insurance rules and the entire process of PrAuth would cease to

exist for them. Savings in time, money and lives would be substantial. Today, health plans who have thousands of patients enrolled by employers contract with insurance companies at prices determined by the insurers. Consumers have no power or influence over the prices employers pay in their names. With repeal of ESI, insurance companies would be forced to compete for consumer dollars, rather than simply bid for contracts with state agencies and health plans as they do now. Insurers will either lower their prices and offer policies that consumers want or consumers won't buy their products. Recall the original purpose of any insurance – to ameliorate financial risk, not to manage medical care. With employer-dictated insurance gone and a well-funded HSA to spend on insurance, millions of Americans will be searching for high-deductible catastrophic coverage policies.

Politicians

Federal politicians will initially oppose repeal of the ESI. They will lose a modicum of power. The insurance lobby will certainly pressure them not to vote for repeal. However, for decades, part of the federal budget has been not in their control, driven by ever-rising insurance costs. With repeal of ESI, there will be several positive outcomes for them. First, Congress will complete a task by rights they should have done eighty years ago. They can claim it's only right and long-overdue. Second, more than 80 million American households will see a very large increase income and regain of their medical autonomy. That is powerful political coinage. Third, Washington will have greater control of its own budget, no longer subject to the vagaries of insurance accountants.

Taxpayers

Taxpayers gain, not only as patients, but also by lessening of their tax burden due to reduction in healthcare BURDEN: bureaucracy, unnecessary rules and regulations, directives, enforcement, and non-compliance activities [10]. Spending on BURDEN for maintenance of ESI as well as all the medical savings or spending accounts will disappear with the repeal and creation of the no-limit HSA. These savings will be in billions.

Conclusion

In addition to repeal of ESI and no-limit HSA, other actions such as senior no-limit HSAs and block grants to states for Medicaid can improve access and reduce costs to consumers. These are detailed in the Empower Patients Initiative [9] (Figure 1).



Figure 1.

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