

PRIOR AUTHORIZATION

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PRIOR AUTHORIZATION

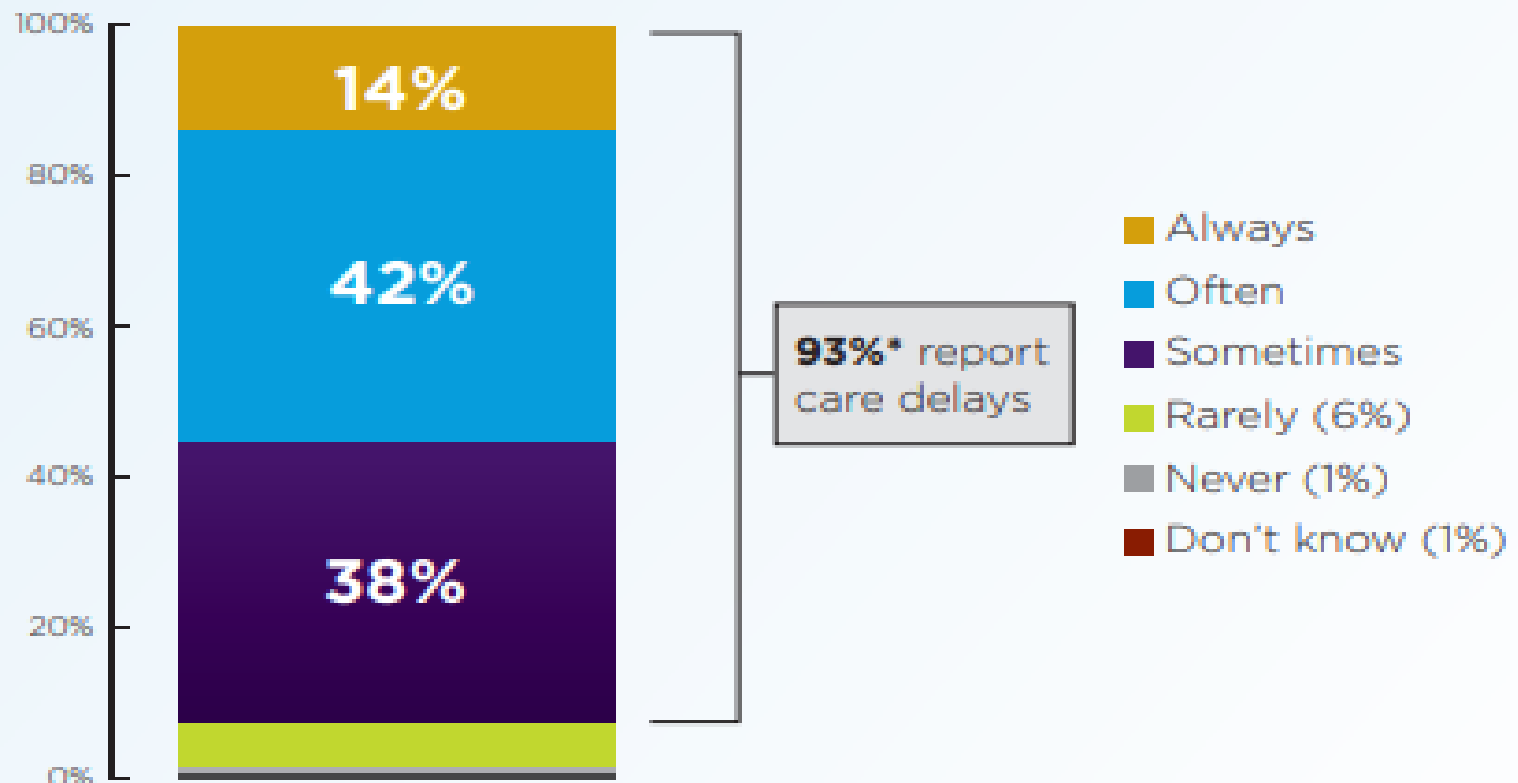
- Originally meant to be a check on the medical necessity of expensive and less common services and medications
- Insurers increasingly apply prior authorization to basic and routine patient care and medications
 - Complicated and time-consuming
 - Creates unnecessary delays and denials for critical services
- Prior authorizations have become a burden and a barrier to physicians providing patient care

2021 AMA PHYSICIAN SURVEY

- The American Medical Association conducts an annual survey of practicing physicians on the impacts of prior authorization
- The 2021 American Medical Association (AMA) survey of more than 1,000 practicing physicians presented results consistent with previous years findings

Care delays associated with PA

Q: For those patients whose treatment requires PA, how often does this process delay access to necessary care?

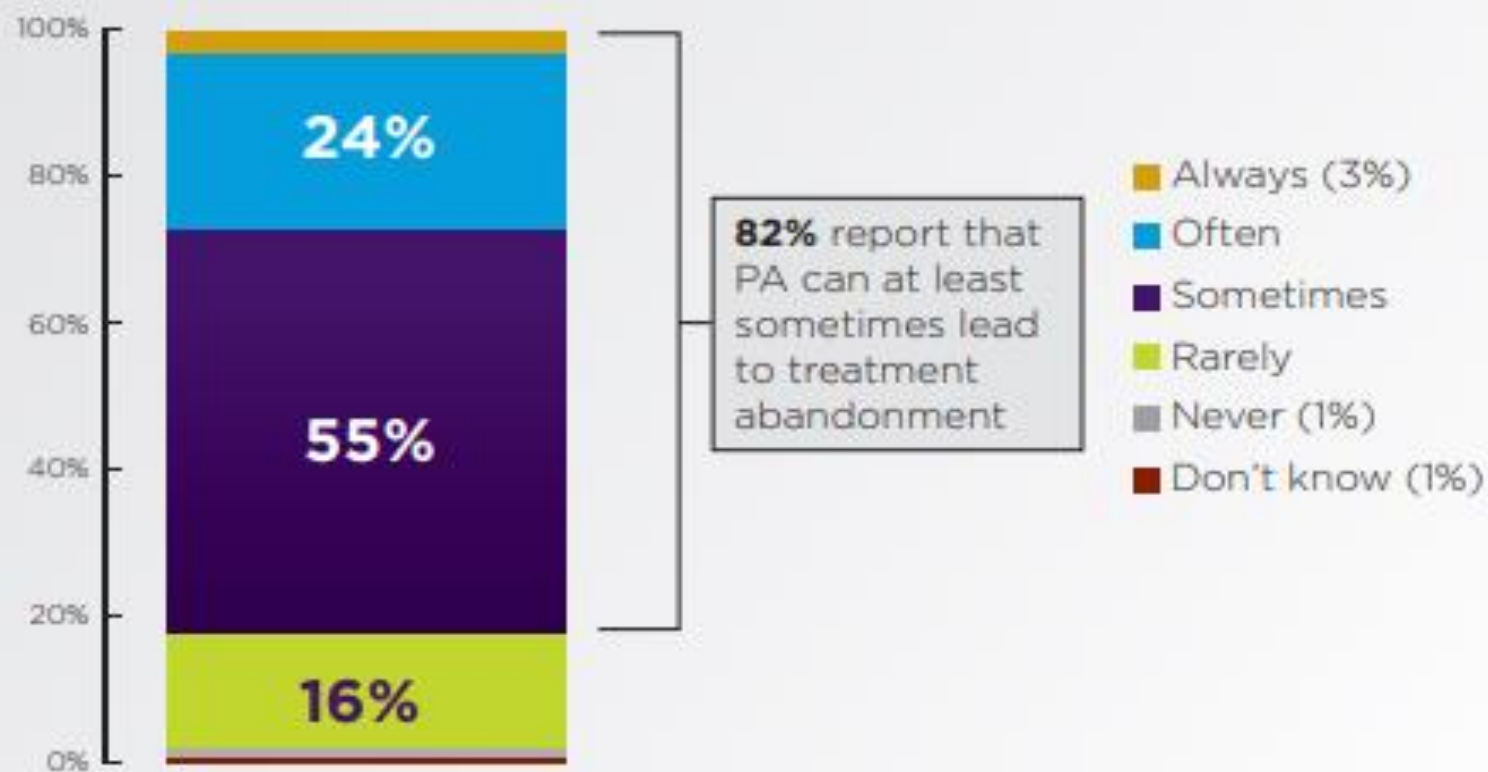


Percentages do not sum to 100% due to rounding

*Percentages sum to 93% due to rounding

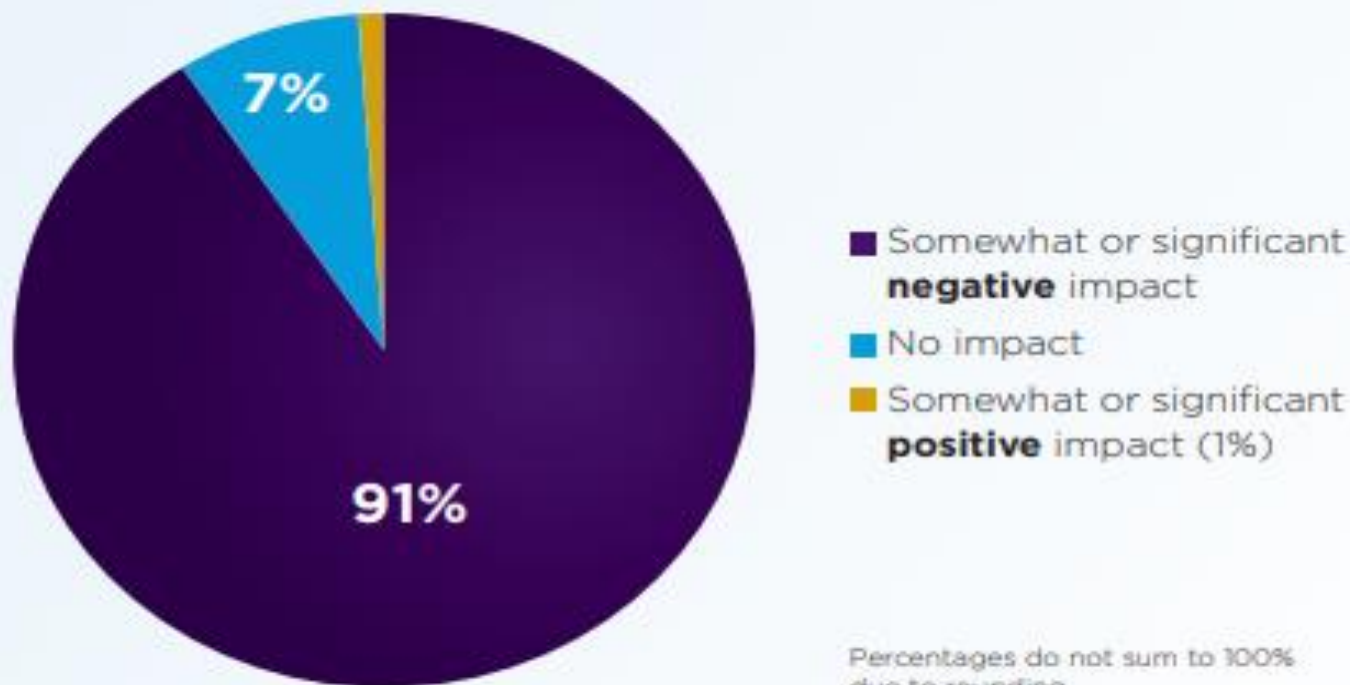
Abandoned treatment associated with PA

Q: How often do issues related to the PA process lead to patients abandoning their recommended course of treatment?



Impact of PA on clinical outcomes

Q: For those patients whose treatment requires PA, what is your perception of the overall impact of this process on patient clinical outcomes?



2021 AMA PHYSICIAN SURVEY

- One-third (34%) of physicians reported that prior authorization requirements have led to a “**serious adverse event**” for a patient

PA and patient harm

(See below, Survey question “A.”)



34% of physicians

report that PA has led to a **serious adverse event** for a patient in their care.

24% of physicians report that PA has led to a patient's hospitalization.

18% of physicians report that PA has led to a life-threatening event or required intervention to prevent permanent impairment or damage.

8% of physicians report that PA has led to a patient's disability/permanent bodily damage, congenital anomaly/birth defect or death.

2021 AMA PHYSICIAN SURVEY

Other critical physician concerns highlighted in the AMA survey include:

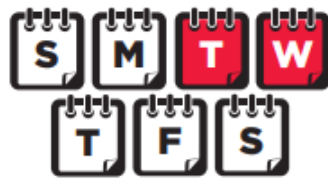
- 2 out of 5 physicians (40%) employ staff members who work exclusively on tasks associated with prior authorization
- On average, practices reported that they complete 41 PAs per physician per week

On average, practices complete

41

PAs per physician, per week

Physicians and their staff spend an average of



almost two business days (13 hours) each week completing PAs



Two in five or
40%

of physicians have staff who work exclusively on PA

88%

of physicians describe the burden associated with PA as high or extremely high

FEDERAL & STATE REFORM EFFORTS

RECENT FEDERAL ACTION

- **APRIL 2022 OIG REPORT**

- CMS rules prohibit MA plans from imposing more restrictive clinical criteria than original Medicare's coverage policies
- OIG report examining Medicare Advantage (MA) program and prior authorization processes
- OIG discovered that 13% of prior authorization denials and 18% of payment denials actually met Medicare coverage rules and should have been granted

FEDERAL & STATE REFORM EFFORTS

RECENT FEDERAL ACTION

- **H.R. 3173, THE IMPROVING SENIORS' TIMELY ACCESS TO CARE ACT OF 2022**
 - Establishes new standards relating to quality and timeliness of prior authorization determinations, e.g., real-time decisions and annual reporting requirements, including the percentage of requests approved and the average response time

FEDERAL & STATE REFORM EFFORTS

RECENT STATE ACTION

- **TEXAS LEGISLATURE**
 - 2021 legislation that established prior authorization exemption process for particular services and medications if a physician earns approvals on high percentage of prior authorization requests
 - Regulations finalized in September 2022
 - Model for other states seeking to reform prior authorization process

FEDERAL & STATE REFORM EFFORTS

RECENT STATE ACTION

- **2022 HOUSE BILL 343 (REPRESENTATIVE MOSER)**
 - Establishes an automatic approval or exemption for prior authorization requirements
 - Physician-to-physician, service-to-service basis
 - Six-month data shows that physician has been approved for a specific service/medication most of the time (e.g., 90 percent approval rate)

FEDERAL & STATE REFORM EFFORTS

RECENT STATE ACTION

- **2022 HOUSE BILL 343 (REPRESENTATIVE MOSER)**
 - Appropriate checks-and-balances
 - Exemption is indefinite UNLESS:
 - the payer rescinds the physician's exemption because the physician no longer meets certain medical criteria
 - Physician would have opportunity to appeal the recission through an independent third-party review process

FEDERAL & STATE REFORM EFFORTS

RECENT STATE ACTION

- **2022 HOUSE BILL 343 (REPRESENTATIVE MOSER)**
 - Reduces administrative burden and ensures patients have timely access to the care they need
 - **2023 KMA LEGISLATIVE PRIORITY**
- **WHAT WILL OPPONENTS LIKELY ARGUE?**
 - “Potential” Cost
 - “Potential” Fraud

QUESTIONS



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