

## Updates on Prior Authorization Reform

Prior authorization (PA) is a process in which a healthcare provider obtains approval from a payer before rendering a specific service or prescribing a certain medication to a patient. This process is put in place by health insurance companies and influenced by legislation to ensure that the service or medication is medically necessary, and to control costs for the payer. That said, the process has proven more difficult to effectively implement than many had hoped, due in part to increased administrative burdens as well as sluggish timelines.

Legislative efforts to refine and reform the PA process have taken place across the country with the most recent examples occurring in Michigan, Texas, and Pennsylvania.

In Michigan, Governor Whitmer signed the “Health Can’t Wait Act,” which addresses the following:

- PA requirements must be published on a payer’s website in easily understandable language
- PA requirements must be based on clinical, evidence-based criteria
- No one with a financial stake in PA decisions can contribute to the decision-making process
- All PA requests must be addressed in a timely manner

Texas has implemented its own legislative reforms as seen in the “gold card” law passed in 2021. This law allows providers to have PA requirements waived for certain services if they achieve an approval rate of 90% or above for a 6 month period.

Though not yet signed into law, Pennsylvania is also working to pass legislation that would require timely approval for non-urgent and emergency healthcare services before the services or treatment plans are rendered. These state-level efforts are just some of a larger trend to remedy undue burdens caused by existing PA legislation.

That said, according to research from AHIP (Academy of Health Information Professionals), 76% of payer survey respondents believe that state regulations have negatively impacted PA programs. Other research shows that 95% of hospitals report increased time spent by staff working on PA approvals, and 82% of medical practices describe PA requirements as “very” or “extremely” burdensome. It seems, then, that almost no one is satisfied with the current state of PA requirements.

On the bright side, there are some payer-based initiatives that look promising. Humana and Boston-based Cohere Health have expanded their partnership to enable a digitized PA process nationwide for cardiovascular and surgical services that led to 34% faster submission rates. Additionally, Blue Cross Blue Shield of Massachusetts said that its artificial intelligence PA pilot at New England Baptist Hospital trimmed approval wait times by eight days. These efforts are perhaps a good place to start in determining how best to move forward improving the PA process for all parties involved.

As it stands, the burden placed on providers through PA requirements is likely to negatively impact patient outcomes, and the legislative attempts to remedy this burden is negatively perceived by payers.

APS will continue to monitor the progress of PA reform and continue to report on these developments as they unfold. For any questions or concerns related to prior authorization, please contact your Practice Manager.