What private practice physicians need to know about prior authorization
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THRIVING IN PRIVATE PRACTICE
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In this episode of AMA Thriving in Private Practice, AMA prior authorization experts Heather McComas and Emily Carroll discuss what private practice physicians need to know about recent changes in prior authorization, including regulations for doctors such as the “gold carding” process in Texas and how the AMA is supporting it.

Speaker

- **Heather McComas**, director, administrative simplification initiatives, American Medical Association
- **Emily Carroll**, senior legislative attorney, Advocacy Resource Center, American Medical Association

Host

- **Carol Vargo**, director, physician practice sustainability, American Medical Association

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Transcript

**Vargo:** Hello and welcome to AMA Thriving in Private Practice, a 10-episode series exploring the unique needs of physicians in private practice settings. In our show, we'll talk about efficiency
solutions and how to transition into the world of private practice. We also will focus on other tips and tools to help free up time so you can focus on your patients. I’m your host, Carol Vargo, director of physician practice sustainability at the American Medical Association.

Today I’m joined by two guests, Heather McComas ...

McComas: Hi, I'm Heather McComas and I am a director of administrative simplification initiatives.

Vargo: And Emily Carroll.

Carroll: Hi, I'm Emily Carroll and I'm a senior legislative attorney in our advocacy resource center.

Vargo: Heather McComas is director of AMA's administrative simplification initiative team, which coordinates the AMA's activities on prior auth, including our annual Prior Authorization Physician's Survey. Emily Carroll is an AMA senior legislative attorney in the Advocacy Resource Center and works on state prior authorization reforms, including recent changes in gold carding legislation in Texas and its impact on private practice physicians. Welcome, Heather and Emily.

McComas: Thanks. It's great to be here, Carol.

Carroll: Hi Carol, thanks for having us.

Vargo: Thank you for joining us. So, before we dive in, why don't we set the stage and could you each tell our listeners about your work? Emily, why don't you kick us off?

Carroll: Sure, our role in large part is to support state medical associations and medical specialty societies in their legislative and regulatory efforts. We provide model bills, issued briefs, testimony and lots of other resources and support to the medical associations. We also work on a national level with state policymakers through organizations like the National Association of Insurance Commissioners, the National Governor's Association and others. And in my group, we kind of divide our work up based on issues. And my bucket includes commercial payer reform issues, which includes a lot of prior authorization efforts and reforms and other utilization management type reforms as well.

Vargo: Great. That is a lot. But in addition, Heather, I know you also are working quite a bit on prior auth, tell us a little bit about your work at the AMA.

McComas: Sure thing, Carol. So, my team works on reducing administrative burdens for physicians and their practice staff. We do a lot of work with improving and making revenue cycle processes more efficient through electronic transactions but that work has expanded in recent years to also advocating to reduce the burdens imposed by payers, both commercial and government payers by administrative processes, such as prior authorization. My team of three and myself do quite a bit of work on this topic, it is a huge concern for both physicians and their patients.
Vargo: Thanks for that overview from both of you. While I suspect many of our listeners are familiar with the topic of prior authorization, Heather, can you outline some of the main challenges that are impacting both patients and physicians?

McComas: Absolutely, Carol. Prior authorization is a huge concern for the AMA’s physician members. And the AMA has been conducting an annual survey of about a thousand practicing physicians for the past six years to capture the impact of this process on both physician practices and patients. I'm sure, first of all, that most of your listeners are aware of what prior authorization is. But just to level set, it is a payer requirement that a physician or other health care professional receive advanced approval for a drug, service, medical device, any other type of treatment before it can be provided to the patient to guarantee coverage. And it can be quite a time-consuming process and really impact the delivery of timely care to patients. And that's clearly shown in our annual survey results. We just released our 2021 physician survey results. And physicians again, report that this process is having a real negative impact on patients and their care.

An overwhelming majority of patients, 93% indicated that prior authorization can delay access to medically necessary care. And this just isn't about making people wait or inconveniencing them. It actually has negative impacts on their health. 82% of physicians said that prior authorization can lead to patients abandoning their course of treatment, meaning they never get the drug or service that the physician ordered or prescribed for them. 91% of physicians indicated that prior authorization can lead to negative clinical outcomes. And I think the most alarming statistic from this year's survey is that over a third, 34% of physicians indicated that prior authorization has led to a serious adverse event for a patient in their care. And we are very careful in crafting that question to indicate what we meant by serious adverse event. We're essentially using the FDA definition. So we're talking about things like hospitalization, a permanent injury or disability or even death.

So these are very alarming statistics and obviously represent real patient harm. Our survey results also capture the effect of prior authorization on physicians and practice workload. In our survey, physicians practices reported completing an average of 41 prior authorizations per physician per week. And this prior authorization workload, just for one physician consumed almost two business days of physician and staff time. So obviously this process adds a lot of administrative costs or health care system. And it's also disturbing to note that 40% of physicians indicated that they have hired practice staff just to do prior authorization. Again, we're adding a lot of administrative costs to our health care system just to do paperwork.

Vargo: So that is very helpful background on what obviously is a significant burden on practices and patients. And I know all of that information has fed into many strategies and activities that you and Emily both oversee here at the AMA. And I know that the AMA and there is a coalition of 16 other organizations that have released the prior authorization and utilization management reform principles. These were released in early 2017. Emily, can you tell us a little bit more about the principles, how
they came about and what they say?

Carroll: Sure. In 2017 amid the rising outcry over what we really saw as an increase in the prior authorization requirements by plans, a group of organizations that included several medical societies, as well as the hospitals MGMAs, so the practice managers, the pharmacists and some consumer organizations came together and drafted principles around, what ended up being 21 principles around some concepts to reform the prior authorization process.

And we really began with the underlying assumption that prior authorization and utilization management, as much as we would like it to go away, is not going to go away. So, what we really needed to do was streamline it, right size it and make it better for physicians and patients. So, the result was what we think are 21 really sound, common-sense principles. And they address five kind of broad categories of prior authorization, including clinical validity, continuity of care, transparency and fairness, timely access, and administrative efficiency and alternatives and exemptions. In the years that have followed the release of these principles, we've had over a hundred organizations sign on to the principles and support them. And the principles have really served as the basis for so much of our advocacy on prior authorization. And actually, the principles make up much of our model legislation on prior authorization, which I can go into a bit later but I'll let Heather fill in any gaps I've missed on, on the principles.

McComas: That was great, Emily. And I will echo and underscore two things that Emily just said. First of all, that document was created initially by a coalition of 17 organizations, including the AMA. But as Emily indicated, over a hundred other organizations have signed on to support those concepts. And in fact, we just got another request to add another organization fairly recently, which is exciting. So it has a lot of support from both the health care professional side of the health care industry and also patients as well. It has a lot of support out there in the world. And the second thing, our highlight is that the document really is the basis and crux of all our advocacy on this issue. If we're evaluating a piece of rulemaking or federal legislation or any other document about prior authorization and utilization management, we turn back to the principles and see what does this document say? Because this is really essentially our bible and our north star for what we're advocating for in this space.

Vargo: That's really great to underscore because I think it is very true that in all of the work that the AMA does, it is bound on our policies created in our House of Delegates, as well as these kinds of consensus principles. Which I think gives us so much latitude and so much, I'd say heft to the work that you all are doing in this space. One specific solution I know that has been occurring in the last several years is this focus on the concept of gold carding. Emily, can you give us some background on what gold carding is and really how does it impact physicians?

Carroll: Sure, thanks, Carol. Yes, gold carding is a really hot prior authorization reform right now and appropriately so. It's essentially an exemption from prior authorization for a physician who has a high percentage of approvals on an item or service. It's a concept that the AMA has long supported directly
and indirectly, I'd say for a while, as a way to really reduce the volume of prior authorizations. The way it's generally being thought of and potentially implemented right now is that a gold card is provided to a physician by a plan based on an item or service for a period of time. And the thought is that the ability of a physician to effectively test out of prior authorization could be an enormous administrative relief for doctors and their practices, especially if it's for care that they frequently provide and thus have to frequently get prior authorizations for.

Last year, Texas was able to enact a new gold carding law and that has received a lot of attention. Under the Texas law, a provider receives an exemption from prior authorization for a service from a plan if in a six-month period they have received 90% approvals for the item or service. So under this law, the gold card is essentially continuous after it's granted. Although the health plan can reevaluate the physician's status up to twice a year. And if they decide to rescind that gold card, they have to tell the physician at least 25 days in advance. And under the law, the physician has the ability to appeal that rescission with an outside independent review organization. So, there's a lot of eyes watching Texas and seeing how this law is going to be implemented and what we can do to copy potential successes.

**Vargo:** Yeah, I think that's a great point because so often great laws are passed and then it's of course all in the regulatory scheme and then the implementation. So I'm sure we will be and you will be watching this intensely to see how it goes and to see if the plans actually follow the letter of the law. We hope.

**Carroll:** For sure.

**Vargo:** Yeah. So apart from that important Texas law, are there any other state prior authorization reform activities in place? Or are other states that you're aware of that might be considering gold carding or other policies?

**Carroll:** Yes, absolutely. So right now, there's a number of other states that are considering gold carding laws, including Missouri, Kansas, Colorado, Indiana and Oklahoma all have proposals in their legislatures. And in addition to gold carding, state legislators have been considering and passing prior authorization reforms for years and years. And these reforms can span the gamut of potential ideas. And they often include things like quick response times, making sure that a licensed and qualified physician is the one making determinations, preventing retroactive denials after a prior authorization is approved, ensuring that repeated prior authorizations are not required. And I think this is especially important for patients with chronic conditions, whose conditions aren't changing and have to go to their physician and re-up their prior authorization frequently throughout the year.

We frequently see states ensuring continuity care when a patient switches health plans and maybe needs to get an approval from the new health plan. So ensuring there's no disruptions in their care during that time. We often see and we are glad to see this, more requirements on plans to report prior...
authorization statistics and data. So maybe how often an item or service is approved, denied, what appeals look like, wait times and so on. So that we better understand who is most being impacted by prior authorization requirements. And we also are working, and Heather's group has been instrumental in this, ensuring that prior authorization is streamlined through an electronic prior authorization process. So, we are not seeing practices still relying on faxes and individual care portals and such to get their prior authorizations done.

So I'll just mention that the AMA has model legislation that includes all of these and more reforms. And it often serves as the basis for a lot of the state legislation that we see. This year we have, I'm seeing bills in D.C., Pennsylvania, New Jersey, Georgia and more. And every year we see several prior authorization reform bills pass and get implemented. So, we're always excited when we get a state that's working hard on this and we support them in any way we can. And this year is no different.

Vargo: Thanks for that really comprehensive rundown and overview. I think obviously the legislative front is very important but I also know we do a lot of direct engagement with health plans to try to ameliorate the impacts of their policies on prior auth. And I know Heather, that's a big portion of your portfolio at the AMA. So, can you talk a bit about that work and also about the consensus statement on improving the prior authorization process that has been developed and that we utilize when engaging with plans?

McComas: Sure thing, Carol. And actually, I'm going to remind folks of the prior authorization and utilization management reform principles that Emily mentioned a little earlier in this discussion. And those were released in early 2017 by health care professional and patient organizations. And the goal of that initiative obviously was great to get that consensus and get so many people together and supportive of the same concepts and improving this onerous process. But our real hope was to actually get things moving with health plans and in improving this process. And so we started with those original 21 prior authorization reform principles. We pulled together both national provider associations, so the AMA along with the American Hospital Association, Medical Group Management Association and the American Pharmacists Association, and then also health plan representatives. So America's Health Insurance Plans or AHIP and the Blue Cross Blue Shield Association.

And we sat down, we started with those 21 principles and we said this is what health care providers want, this is what patients want, plans. What can you agree to here? And obviously, the principles are always going to be the stronger document. And as I indicated before, our kind of bible and north star in all this. But the health plans were cognizant of the fact that prior authorization has gotten out of control. Even from their perspective, they're realizing that it's getting more and more public as a problem. There's a lot more news stories about it. And people complaining about how it's harming patients. So they were willing to sit down and talk to us. And the outcome of those discussions was the release in early 2018. So, little over four years ago of the consensus statement on improving the prior authorization process. And that document actually, in some ways, does mirror the same general
It talks about improving the transparency of prior authorization requirements, which is a huge problem for physicians. The first challenge of prior authorization is often figuring out what requires prior authorization. It also supports using a standard electronic process for prior authorization and ensuring that patients don't face care disruptions when they change health plans or there is a change in their health plans coverage during the benefit year. So those were definitely similar concepts between the consensus document and the original principles. And then also something that's really interesting and important is that the two first categories of topics in the consensus statement actually address reducing the overall volume at prior authorizations. And this is something we think is just critical because again, we think the volume of these requirements has just gotten out of control in the past couple years.

And as Emily's been talking about, the first category was encouraging plans to selectively apply prior authorization to only those physicians or other health care professionals whose ordering or prescribing patterns are significantly different than their same specialty peers. So, in other words, that's a fancy way of saying gold carding programs. So, both the provider organizations and the health plan organizations agreed that something like gold carding is something we should support and implement. And then the consensus statement also addressed regularly reviewing and adjusting prior authorization lists to remove drugs or services that are almost always approved. Again, it's extremely wasteful and a waste of everyone's time and money for physicians to be required to complete prior authorization for services that are always approved. It's a waste for the physician. It's a waste for the health plan. And all it does is delay the patient's care. So again, that document was released in early 2018.

**Vargo:** And what's been the response? So, my understanding is that these are signed on by some plans. It's a consensus statement but they are voluntary is my understanding. So how have the plans reacted? Have they adopted any, if all the principles? And if not, what are the hurdles? Why not?

**McComas:** Carol, that is a great question. And frankly has been a source of frustration for over four years now. You know, the help plan organizations did agree to supporting these concepts and making these reforms but it has been a very slow road to progress. We've seen barely any movement on the planned side, on a voluntary basis since the consensus statement came out in early 2018. As an example, the gold carding programs that Emily was referencing are really implemented by very few health plans. Our physicians’ survey consistently has shown that very few physicians report contracting with health plans that offer these kind of exemption programs. And then, and Emily could speak to this in more detail but when these bills come up in states, the health plans are fighting them very strongly.

Which is very frustrating and disappointing given the fact that they were supportive of these types of programs when we were developing the consensus statement. And the same thing, physicians
consistently continue to report increasing volumes of prior authorizations over the years, that they still are seeing their patient's care disrupted by prior authorization, they see that a patient's been on the same medication for years and all of a sudden it requires prior authorization and the patient ends up missing days or potentially even weeks of doses, which is obviously upsetting. And the only real reform the plans are interested in talking about right now is electronic prior authorization, which is something we do very much support. But we think it's only a piece of the pie and that we really need an overall holistic approach to prior authorization reform to really move the needle on this issue.

**Vargo:** So, are the plans simply saying that this is a non-issue or are there legitimate system issues on their end? Or is it simply that they continue to be able to save dollars by not just going forward with needed care upfront? Obviously, there must be a reason why they're resisting. Any thoughts on that, any feedback?

**McComas:** I think that, and Emily feel free to jump in with your thoughts. I think that they are not interested in reducing the volume of prior authorization in the way that they committed to. We just feel that there really are a lot of low-value prior authorizations out there, things that are always approved or again, physicians that deserve to be gold carded because they are following evidence space guidelines and they don't really want to reduce the volume. All they're really willing to talk about is automating the process, which at the end of the day still has the potential to delay care in a very harmful way for patients. I don't know Emily, if you have any thoughts on that as well?

**Carroll:** Yeah. I think despite rhetoric that prior authorization is a quality control tool and that it helps ensure the right drug or service gets to the patient, what it really is the cost control tool and plans aren't willing to have conversations that would do away with prior authorization. But I do think it's important to remember this is medically necessary care. Plans are not paying for non-medically necessary care and prior authorizations are approved at rates of 80, 90 or higher percentages from what we understand. So, the care is appropriate but the deterrents that comes with prior authorization, the burdens that it places on practices and patients, I think in the long run saves plans money. And that's by ensuring that patients don't have access to the care they need.

**Vargo:** Thanks for those insights from the front lines. I think it likely confirms many of our physician members’ suspicions about this activity. And I think it really underscores why we do have this multi-pronged strategy to tackle prior auth. We've talked a lot about the state advocacy efforts. Heather, can you tell us a bit about what's on the federal horizon for prior authorization? What is the AMA working on in terms of our federal advocacy efforts?

**McComas:** Sure thing, Carol. And Emily and her work with the state medical associations for a number of years has been successful in getting progress at a state level but we are now seeing actually federal activity on prior authorization, which is great. And frankly also indicates how big this issue has become, that it's getting national attention. Very excitingly, there is now a federal prior authorization reform bill, H.R. 3173, that would actually require Medicare Advantage plans to...
operationalize many of the reforms called for in that consensus statement on improving the prior authorization process. It would require these plans to streamline and standardize the process, to offer electronic prior authorization through standard transactions.

It would also require Medicare Advantage plans to improve the transparency, both of the requirements but also interestingly, to publicly report their prior authorization program data. Much as Emily was talking about has been done in the states, we think is a really thing that to show the public essentially how many of these prior authorizations are being denied, how many are being overturned on appeal and all kinds of data about the prior authorizations from the plan, the processing time, that sort of thing. So, we think that would really be a huge step in improving plan accountability.

And it would also require plans to ensure continuity of care for when patients change plans. So the plan that the bill, H.R. 3173 and its companion Senate bill, actually have strong bipartisan support, which is really exciting. In these divisive times, it's something that people on both sides of the aisle are supportive of and we are hopeful that it can gain some traction and I have a hope of becoming law by the end of the year. So very excited about that and it would be a benefit to Medicare Advantage patients and also certainly physicians in reducing administrative hassles.

Vargo: That would be great. And we will continue to track that. So while we continue this great advocacy work, I know we continue to give physicians advice and provide resources on strategies for practices to decrease the burden of prior auth that they're facing right now. Heather, can you talk a little bit about those resources to support practices?

McComas: Sure thing. And first of all, I do want to acknowledge the fact that probably the most important thing that I think the AMA is doing in this space is trying to enact these reforms that Emily and I have been discussing. Because the bottom line is we really need to address the overall volume of prior authorizations. And there really isn't any kind of magical tool that we could offer physicians and their staff to magically make things a hundred percent better. But we do have a few things to offer to physicians and their staff. We do have a tip sheet for prior authorizations and offering some suggestions for how physicians and their staff can make the process less onerous. Of course, always checking for prior authorization requirements before ordering care reduces chances of financial liability, and then becoming familiar with plans each, unfortunately, idiosyncratic processes and requirements.

So that's available and then we also have a three-part animated video series on electronic prior authorization for prescription drugs, that is available on our website. And it's also available for CME credit too, which is exciting. And that process kind of visually shows physicians how electronic prior authorization works for a physician for prescription drugs and how the process can make things easier for physicians by integrating the process within the physicians, EHR and e-prescribing workflow. So in other words, they don't have to go out to a separate portal or mess around with faxing forms back and forth. They can actually do the prior authorization process within their own clinical workflow in their
EHR. So those resources are available on the AMA website.

Carol Vargo: Great. Thanks, Heather. And back to your primary point, which is that it is really about the state and federal advocacy efforts. How can practices get involved in the AMA’s prior auth reform advocacy efforts? Any tips, any places to send them?

McComas: Sure thing. So, I would send physicians and anyone else listening who’s interested to our Fix Prior Auth website. So, it’s FixPriorAuth.org. It is our grassroots advocacy website and there are a lot of great resources and information available on the website. There is actually a petition that people can sign to encourage Congress to take action on this issue. And then there is also a take-action tool that allows anyone to send a message to their congressional representatives to support the federal bill that I mentioned, H.R. 3173. So that is a great way to get involved.

And there's also a share your story feature on the Fix Prior Auth website. And we really encourage physicians and their patients to submit their prior authorization horror stories on that webpage. These stories are really, really important in our advocacy. It's really important to have the stats that we get through our survey and those numbers are important. But I think at the end of the day, we really get regulators and legislators and policy maker’s attention when we bring in the human element and tell them a story that we received in the website about how prior authorization hurt a patient and how they weren't able to get the treatment that was medically necessary because of these requirements. And I know that physicians and patients can also get involved in state legislative activities and maybe I'll kick it to Emily for a minute if she wants to talk about that.

Carroll: Sure thanks, Heather. And as Heather was saying, the importance of engaging with your stories and personal anecdotes about how prior authorization has impacted your practice and your patients is so critical to get these reforms enacted. We work closely with state medical associations and national medical specialties across the country on these reforms. And if your state has a bill it's really, really important that your state medical association hear from you and your legislators hear from you about the importance of these reforms being passed. So, I'll just echo the urgency that Heather conveyed about getting your stories and your tales of prior authorization woes to policymakers. Because as Heather said, statistics are incredibly important, the data's incredibly important. But understanding that in fact prior authorization is not making care better but actually standing in the way of patients getting the care they need is just critically important.

Vargo: So, given everything that we've talked about today, is there any last thoughts that you want to share with our private practice physicians, anything they need to know about prior authorization that we haven't yet covered?

McComas: Carol, I guess the only other thing I would say is that the AMA is very much aware of how harmful prior authorization is to both physician practices and to patients. We know how physicians really internalize the suffering they see from their patients not getting the care they need in a timely
fashion and that we are working very hard on this issue on a variety of fronts. At the federal legislative front and federal regulatory arena, as Emily’s been talking about with state legislation and even just offering practice tips for physicians and their staff to make the process a little easier in the meantime. And certainly, that the change of progress is much slower than we would like. And we would like things to be improving much more quickly than they have been but we are very active on this issue and would continue to be, and we just encourage them to continue to reach out and share their stories with us because they do help us very much in our advocacy on this important topic.

**Vargo:** Thank you both so much. This has been a wonderful conversation that really highlights, I think the breadth of the expertise within the AMA and the depth of the work that you are both and others within the AMA and within the Federation of Medicine and all these other important advocacy organizations are working on. And I really appreciate both you, Heather and Emily, taking the time out of your busy day to share this with our private practice audience. So, thank you again so much and good luck in the rest of your endeavors.

**Carroll:** Thanks so much, Carol.

**McComas:** Yeah, thanks so much. Appreciate it.

**Vargo:** Great. For more information, visit the AMA website to support your practice’s sustainability. Until next time, this has been Thriving in Private Practice. I'm Carol Vargo and thank you for listening.

**Disclaimer:** The viewpoints expressed in this podcast are those of the participants and/or do not necessarily reflect the views and policies of the AMA.