

Pharmacy Prior Authorization

NCVHS SUBCOMMITTEE ON STANDARDS

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AMA
AMERICAN MEDICAL
ASSOCIATION

Current Prior Authorization (PA) Burden

“Few words arouse more frustration among primary care physicians than ‘prior authorization.’”

-*Medical Economics*, October 2013

Source: Bendix J. Curing the prior authorization headache. *Med Econ*. Oct. 10, 2013. Available at: <http://medicaleconomics.modernmedicine.com/medical-economics/news/curing-prior-authorization-headache>



Overarching AMA Concerns Regarding PA

- Disruptive and costly for physicians and patients
- Overly inclusive; utilization review should focus on outliers, not all physicians or all uses of a particular service
- Restricts or delays patient access to optimal drug therapy
- Adds overhead costs to practices that are already financially stressed



AMA Policy on Pharmacy PA

Policy D-125.992 Opposition to Prescription Prior Approval

Our AMA will urge public and private payers who use prior authorization programs for prescription drugs to minimize administrative burdens on prescribing physicians.



AMA Position on PA Automation

- Administrative burdens and costs associated with PA should be reduced through simplification and standardization
- AMA supports a uniform, electronic PA process that is available to physicians at no or minimal cost



PA in the Literature

- PA time burden to physician practices¹
 - 1.1 physician hours/week
 - 13.1 nursing hours/week
 - 5.6 clerical hours/week
- PA cost burdens
 - \$2,161 to \$3,430 annually per full-time equivalent physician²
 - \$82,975³ to \$85,276⁴ annually per physician on interactions with insurers

1. Casalino LP et al. *Health Aff (Millwood)*. 2009;28:w533-w543. 2. Morley CP et al. *J Am Board Fam Med*. 2013;26:93-95.
3. Morra D et al. *Health Aff (Millwood)*. 2011;30:1443-1450. 4. Sakowski JA et al. *Health Aff (Millwood)*. 2009;28:2544-w554.



2010 AMA Federation PA Experience Survey

- Over 2,400 responses from practicing physicians
- 46% of survey respondents indicated that, on average, they and their staff spend 11 hours or more per week obtaining PAs for prescription medications
- 69% indicated that they wait several days to receive a response regarding prescription PAs; 10% wait a week or more



Survey Results: Manual PA Process

- 83% of survey respondents request PA using faxes
- 63% use a paper form
- 35% direct through a payer Web site
- Only 14% use an electronic standard transaction either through their practice management system or an electronic medical record



History of AMA PA Advocacy

- AMA previously advocated for ASC X12 278 Health Care Services Review—Request for Review and Response to be used for all types of PA, including pharmacy
- ASC X12 278 is HIPAA-mandated transaction for PA
- Appeal for physicians of having single, end-to-end PA workflow, rather than using different systems based on service type



Current Situation

- Industry moved in different direction for pharmacy PA
- AMA acknowledges extensive work of NCPDP in creating electronic PA (ePA) transactions within SCRIPT e-prescribing standard
- Government action required for NCPDP ePA transactions to be used for pharmacy PA



Clarification Needed for Progress

- Industry must have clarification on which standard should be used for pharmacy PA
- AMA urges the government to provide swift guidance to industry in order for automation to move forward
- Physicians desperately need relief from administrative burdens of current manual PA process
- Uniformity and standardization is required



Remaining Concerns: Formulary Data

- Regardless of standard chosen for pharmacy PA, physician access to **accurate formulary data** remains a major concern
 - Identifying when PA is needed is critical first step in process
 - Physicians cannot currently obtain accurate, patient-specific formulary information when prescribing
 - Accurate, detailed, real-time formulary information **is** available at the point-of-care in pharmacies
- The formulary issue **must** be addressed in order to truly solve PA burdens for all stakeholders and transform from a **reactive** to **proactive** process



Remaining Concerns: Process Efficiency

- **Overall PA process** should be more efficient
- Shifting from manual paper entry to manual electronic entry does not ease administrative burden for physicians
- Industry needs to support autopopulation of PA information requests from electronic medical records



Recommendations

- Accurate, real-time, patient-specific formulary data should be provided to physicians at time of prescribing
- Industry should strive toward improved PA process efficiencies and reduced manual data entry
- ePA should be cost effective for physicians



Thank You

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