

Report on 2017 House of Delegates Resolution, Substitution 4A: Prior Authorization



Lawrence Downs
CEO, MSNJ
May 5, 2018



Adopted Substitution 4A: Prior Authorization



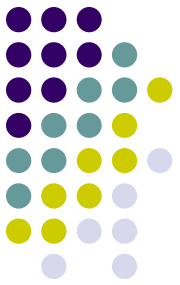
- **Resolved**, that MSNJ collaborate with Department of Banking and Insurance to study the problems of Pre-certification and Prior Authorization of medications and medical services ordered by in-network and out-of-network physicians to include:
 1. Approval rates;
 2. Denial rates;
 3. Time to disposition; and
 4. Total number of services and medication subject to prior authorization.

This study should be completed within a 6 month time frame.

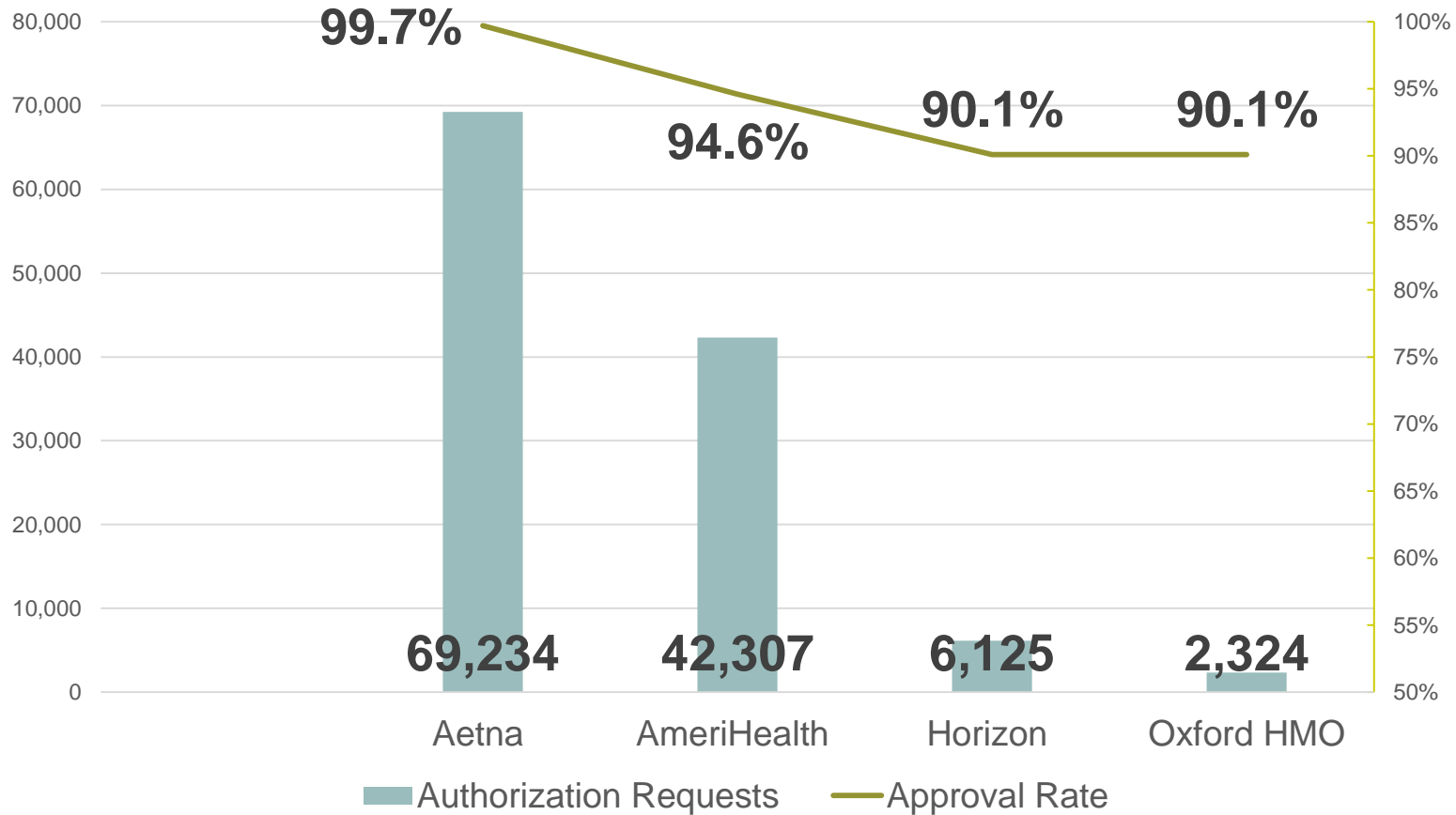
- **Resolved**, that MSNJ compile information on prior authorization measures by insurer and distribute to the membership and purchasers of insurance; and therefore be it ;
- **Resolved**, that MSNJ engage with Department of Banking and Insurance and insurers to streamline the prior authorization process and eliminate prior authorization for services and medications routinely approved by internal or external appeals.

2016 HMO Annual Supplement Data

HMOs submit an annual report to NJDOBI.

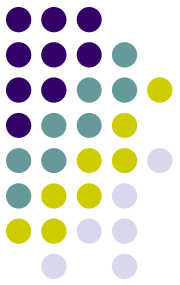


2016 HMO Annual Supplement Procedure Prior Authorization
Commercial Plans

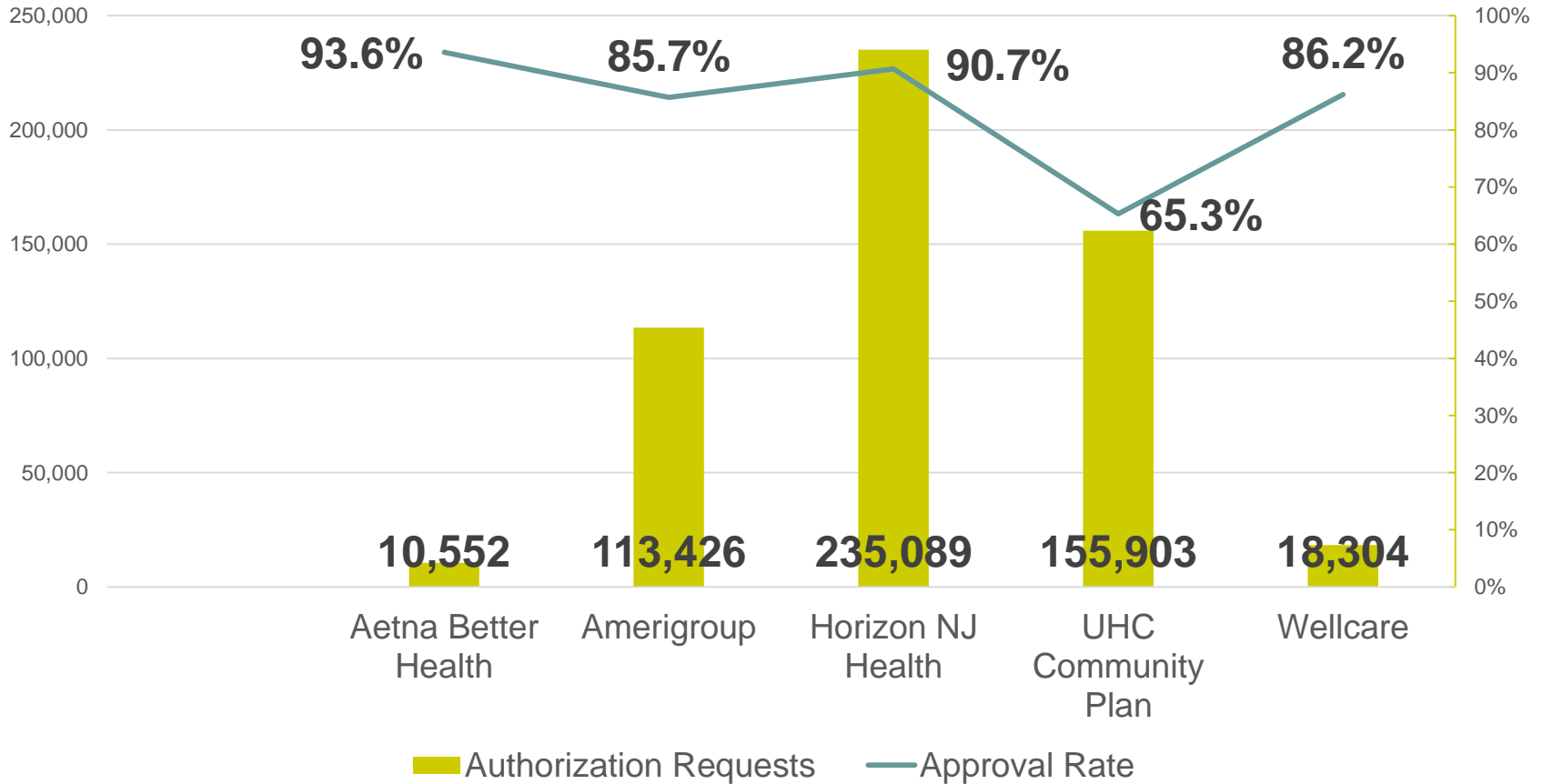


2016 HMO Annual Supplement Data

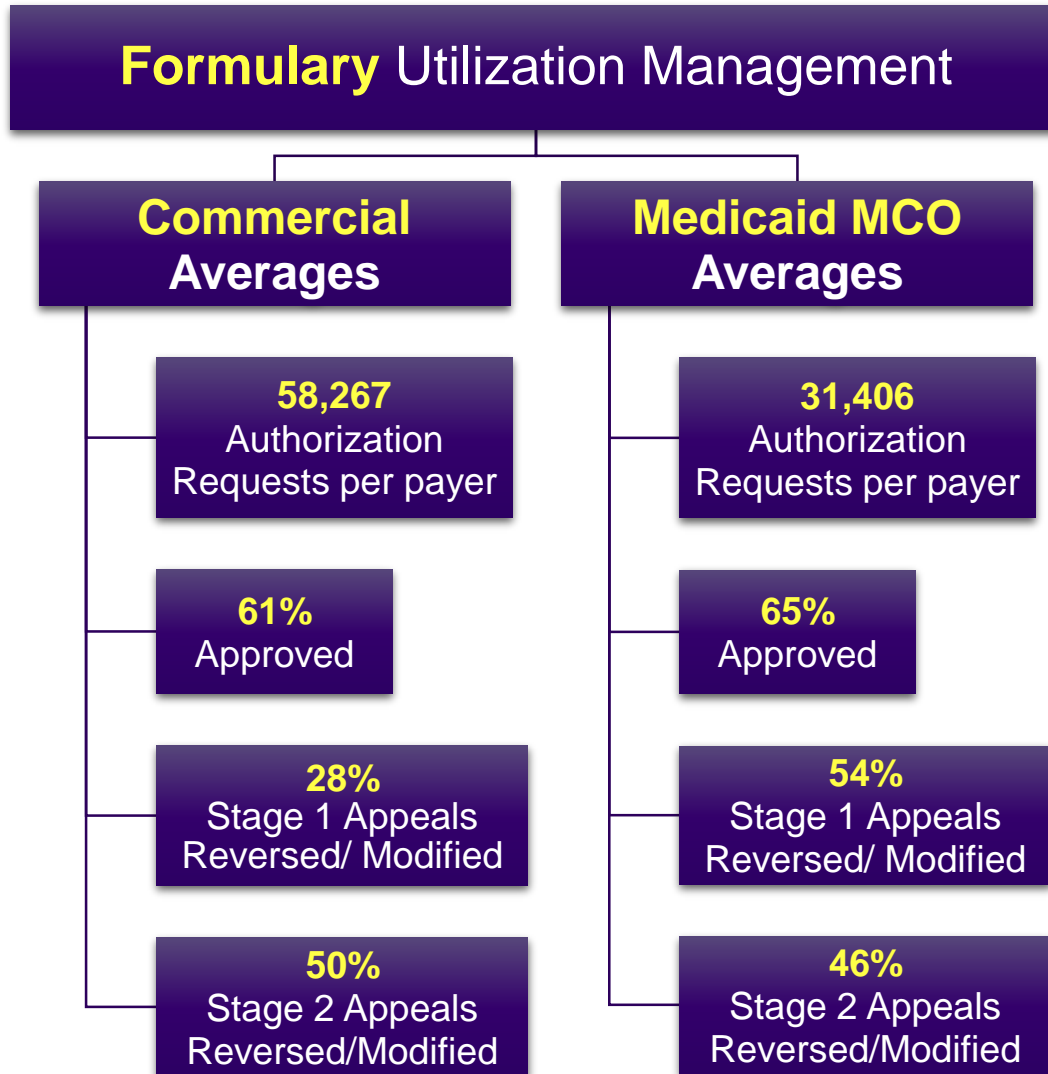
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2016 HMO Annual Supplement Procedure Prior Authorization
Medicaid MCOs

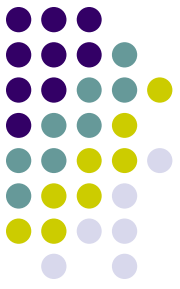


2016 HMO Annual Supplement Data



Independent Utilization Review Organization Reports (7/16/16-1/15/17)

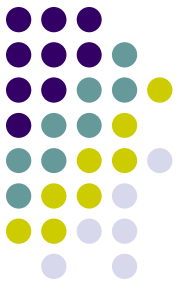
NJDOBI submits biannual reports to the NJ Legislature.



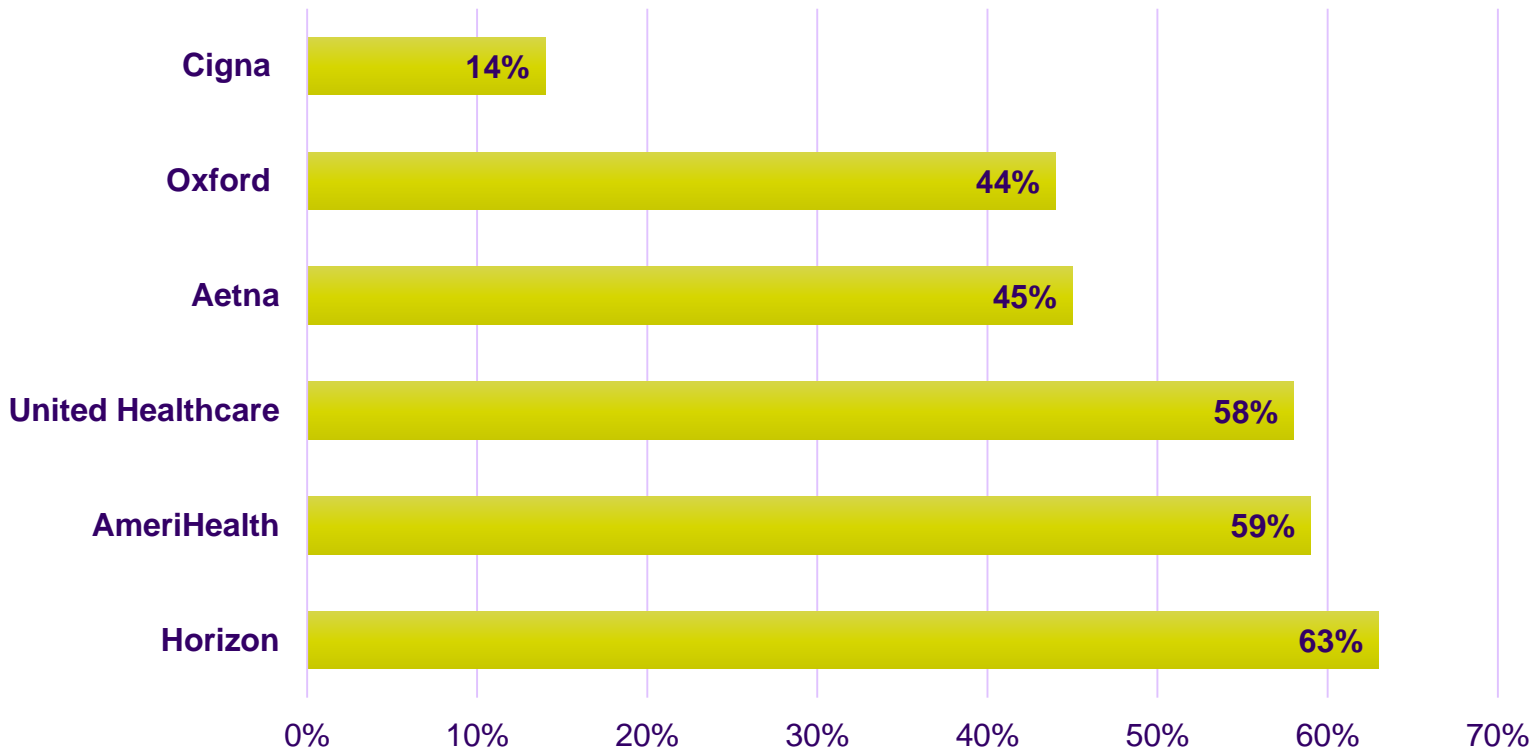
- 605 Completed Appeals
- 55% Disagreed with Payer
- Top specialties affected:
 - gastroenterology;
 - infectious disease; and
 - rehabilitation



Independent Utilization Review Organization Reports (7/16/16-1/15/17)



Payer Decisions Reversed by IURO



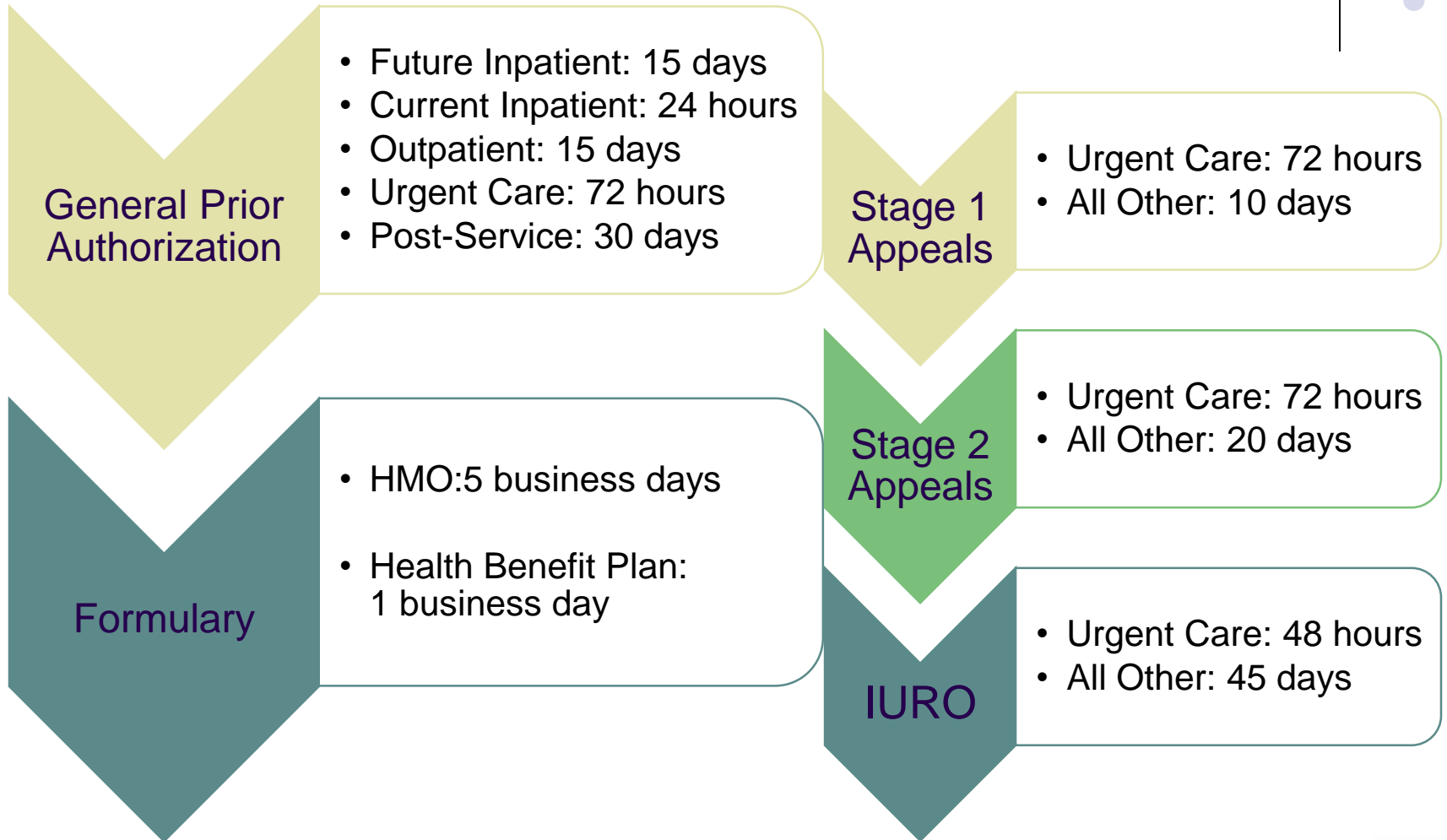
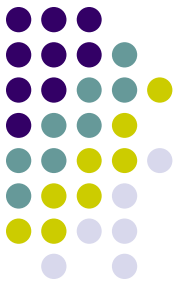
eviCore

Annual Utilization Statistics



- Payers using eviCore's services:
 - Aetna
 - AmeriHealth
 - Cigna
 - Horizon
 - United Healthcare
- First Quarter 2017 statistics: **91% approval rate.**
- 3.73% of cases were denied for medical necessity.

Time to Disposition Statutes & Regulations



Consent Orders/ Fines

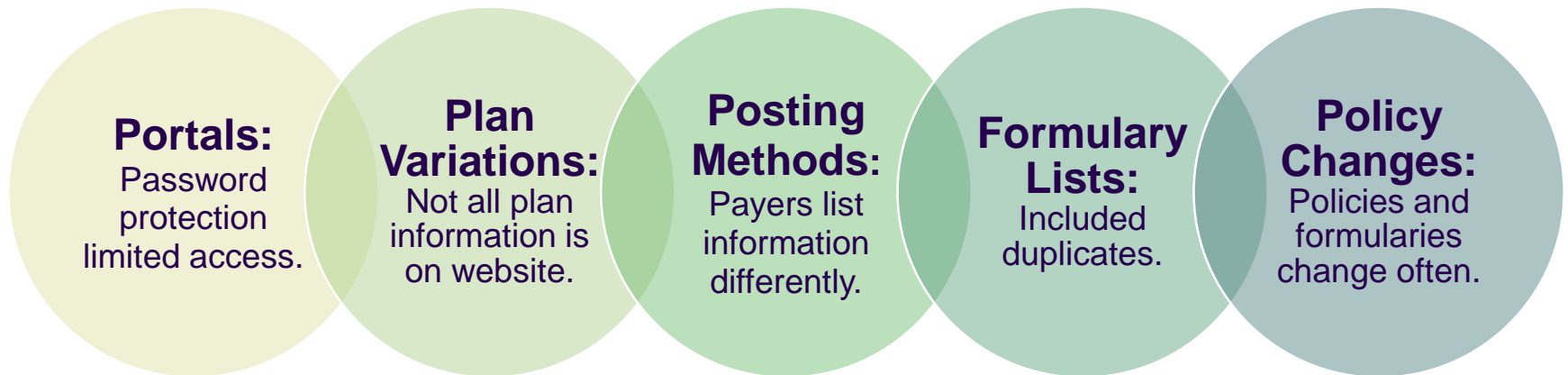


Year	Payer	Fine	Reason
2015	Oxford	\$800,000	Erroneous Denials
2014	Horizon	\$750,000	Delayed Response
2013	Aetna	\$850,000	Erroneous Information
2012	AmeriChoice	\$324,000	Delayed Response

Number of Services/ Medications Subject to Prior Authorization



Comparative analysis was not feasible due to:



Publication of Prior Authorization Measures by Payer



- Links to payer prior authorization policies, look-up tools, forms, and general websites are now posted at www.msnj.org/priorauthorization.
- Links to this page are also included on our [Practice Management](#) and [Patient](#) pages.

Recently Adopted Regulations



Unfair Claims Settlement Practices and IUROs 49 N.J.R. 2876(a); PRN 2017-231

- NJDOBI adopted changes to regulations governing IURO determinations.
- Requires payers to implement IURO determinations promptly and provide further transparency.
- MSNJ filed comments in support.

Current Proposals & Initiatives

MSNJ Supported Legislation



- **A3845**
 - **Synopsis:** "Ensuring Transparency in Prior Authorization Act" based on AMA Model Legislation
 - **Status:** 4/12/18 Referred to Assembly Health and Senior Services Committee

- **A3176**
 - **Synopsis:** Deletes prior authorization requirements
 - **Status:** 4/5/18 Assembly Health and Senior Services Committee Hearing; MSNJ testified and presented report

Current Proposals & Initiatives

MSNJ Supported Legislation



- **A2589**

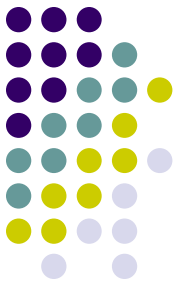
- **Synopsis:** Requires standard prior authorization form for prescription drugs
- **Status:** 02/01/18 Referred to Assembly Health and Senior Services Committee

- **A1965**

- **Synopsis:** Requires payers to respond to authorization requests within 48 hours.
- **Status:** 01/09/18 Referred to Assembly Financial Institutions & Insurance Committee



- **2017 AMA Prior Authorization Survey Respondents indicated:**
 - 92% -prior authorization delays care.
 - 78% - prior authorization results in abandoned treatment
 - 84% -the burden of prior authorization is high.
- **MSNJ supports AMA's Prior Authorization Reform Principles:**
 - Clinical validity
 - Continuity of care
 - Transparency and fairness
 - Timely access and administrative efficiency
 - Alternatives and exemptions



An association of independent Blue Cross and Blue Shield companies

Consensus Statement on Improving Prior Authorization through:

- Selective Application of Prior Authorization;
- Prior Authorization Program Review and Volume Adjustment;
- Transparency and Communication Regarding Prior Authorization;
- Continuity of Patient Care; and
- Automation to Improve Transparency and Efficiency.

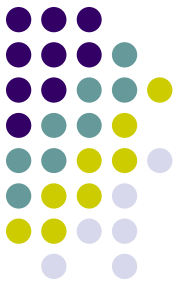


Council for Affordable Quality Healthcare

- The 2016 CAQH Index indicated:
 - Manual PA costs industry **\$11.18** per transaction
 - ePA costs industry **\$1.93** per transaction
 - ePA = potential industry savings of **\$412 million**



Conclusion



Problems

Burden:

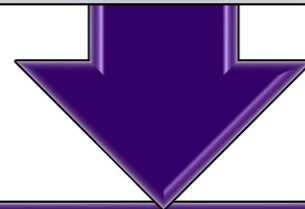
The PA burden is significant and unnecessary.

Automation:

The current process is onerous and tedious.

Transparency:

Policies change frequently and are difficult to locate.



Solutions

Burden:

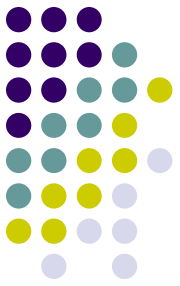
Reduction of PA requirements & frequency of policy changes.

Automation:

Standardization of PA request forms and implementation of ePA.

Transparency:

Publication of PA policies on public payer websites.



Post- Report Advocacy

- March 27, 2018
Letters to Payers Requesting Meetings
- April 3, 2018
Meeting with Department of Banking & Insurance
- April 5, 2018
Testimony before the Assembly Health & Senior Services Committee



Questions

