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HIPAA and Automating Prior Authorization: The Hospital Perspective

National HIPAA Summit

March 5th, 2020

Overview

- Prior authorization overview
- Current problems
- AHA Asks: Recommendations
- Q&A

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Prior Authorization Overview

- Prior Authorization: Utilization management method requiring claims for services to be reviewed and approved by a health care payer before services are rendered to patients.
- According to America's Health Insurance Plans (AHIP), prior authorization is implemented by health plans to help ensure patients receive optimal care based on well-established evidence of efficacy and safety, while providing benefit to the individual patient.
    - The AHA philosophically agrees with this concept and recognizes that prior authorization, when utilized appropriately and effectively, can accomplish these goals

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2019 AHA Survey to the Field

- June 2019
- Survey questions, follow-up interviews, and group discussions
- Exploration of:
  - Payment delays and denials
  - Network adequacy gaps
  - **Prior authorization delays, denials, and burden**

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Current Problems with Prior Authorization

(1) Differences in requirements and submission methods between health plans

(2) Delays caused by inefficient implementation

(3) Questionable application

(4) Inappropriate denials

Differences in insurer requirements and submission methods

- **Is prior authorization required for a particular service?**
  - Specific treatments requiring authorization differs between health plans (even those issued by the same insurer).
  - Prior authorization list (and frequent updates) are often posted on a website or included in a monthly bulletin
- **What information/documentation required for approval?**
  - Prior authorization forms and clinical criteria used to evaluate requests varies
- **How should the request and supporting documentation be sent to the payer?**
  - Fax
  - Phone call
  - Portal

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Delays and Burdens due to Inefficient Implementation

- **Documentation preparation and submission**
  - Most methods of requesting prior authorization require significant manual work (including electronic portals)
  - Requires significant staff and resources that could otherwise be spent on patient care
- **Slow processing times delay patient care**
- **Unavailable outside of business hours**
- **Hospitals uncompensated for additional patient care**
  - When prior authorization delays patient transfer and forces extra time spent in inpatient beds, plans often do not pay for the additional stay

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Questionable Application of Prior Authorization

- **Prior authorization is inherently burdensome and is an additional step between a patient and their medical care**
  - Even if fully automated, care delays and interruptions can still occur
- **Process is too often required on treatments for which authorizations are never denied**

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Inappropriate Denials

- **Prior authorization denied for appropriate care**
  - 2018 OIG report: Medicare Advantage Organizations overturned 75 percent of denials that were appealed between 2014 and 2016.
- **Prior authorization approved, care denied payment**
  - Retrospective denials occur when an insurer does not pay for treatment on which prior authorization had previously been obtained.
- **Impact**
  - More than 50% charity care spent on patients with insurance

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Recommendations

- Standardize interaction
- Review and improve usage and timing
- Increased oversight

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AHA Asks: Standardize

Standardize and Automate:

- Format for communicating services subject to prior authorization
- Format for prior authorization requests and responses within workflow
- Appeals processes

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November 4, 2019

Washington, D.C. Office
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Seema Verma
Administrator
Centers for Medicare & Medicaid Services
Hubert H. Humphrey Building
200 Independence Avenue, S.W., Room 445-G
Washington, DC 20201

RE: Health Plan Prior Authorization

Dear Ms. Verma:

On behalf of the American Hospital Association's (AHA) nearly 5,000 member hospitals, health systems and other health care organizations, and our clinical partners – including more than 270,000 affiliated physicians, 2 million nurses and other caregivers – and the 43,000 health care leaders who belong to our professional membership groups, we thank you for your attention to improving health plan prior authorization processes through appropriate standardization. **The AHA recognizes the value of prior authorization; however, the approach some health plans have taken negatively impacts patient care and adds significant additional cost and burden to the health care system.** Hospitals and health systems are committed to working with you to address these issues and believe changes to prior authorization processes can achieve positive results for patients, providers and health plans.

IMPACT OF PRIOR AUTHORIZATION ON PATIENT CARE, HEALTH SYSTEM COST AND BURDEN

Prior authorization is a tool that, when used appropriately, can help align patients' care with their health plan benefit structure and facilitate compliance with clinical best practices. However, prior authorization requirements and processes vary widely (even among different health plan products offered by the same issuer) and can create dangerous delays in care delivery. They also can create confusion and burden for patients, their families and caregivers, and providers, resulting in additional costs as each attempts to navigate this component of the health care system. Standardization in prior authorization requirements and processes would go a long way to reduce risk to patient care and health care system burden.

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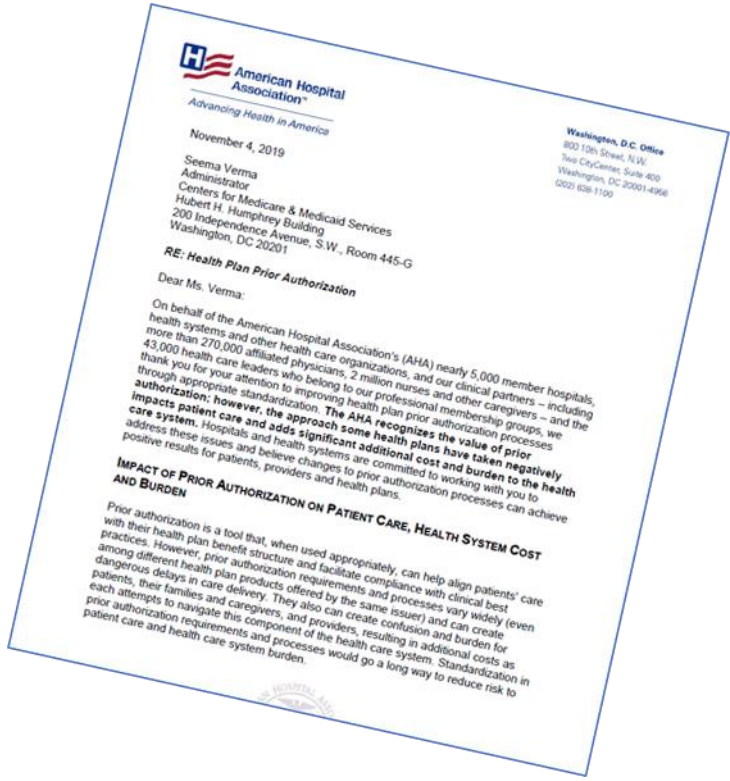
AHA Asks: Improve Usage and Timing

Process improvements:

- Track approval/denial rates and eliminate prior authorization on services for which more than 90% of requests are approved
- Prior authorization processing 24 hours per day, 7 days per week
- Faster timeline for responses
  - Urgent Care: 24 hours
  - Non-urgent: 48 hours



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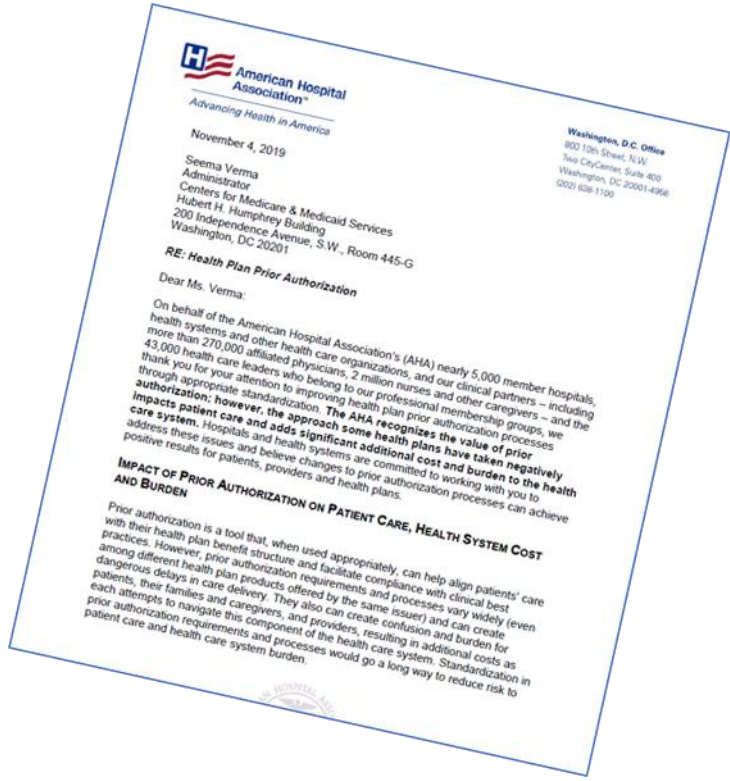
AHA Asks: Health Plan Oversight

- **Increase oversight of plans**
- **Publish performance data:** Make available statistics on health plan performance on measures related to prior authorization and payment delays and denials, including the rate of denials overturned upon appeal
- **Apply appropriate disincentives:** Consistently apply penalties to plans found to be improperly applying prior authorization



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Questions?

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