

Prior Authorization Statistics and Data

- Prior Authorizations (PA) cost roughly \$23-\$31 billion dollars nationally.¹
- The national average for a primary care physician dealing with insurer hassles is \$64,859; that is nearly a third of their income, plus benefits, for the average primary care physician.¹
- A recent study determined physicians spend roughly 3 hours a week dealing with PAs. Nurses spend 13.1 hours a week and clerical staff spend 6.3 hours per week. That's an average of 20 hours a week spent on PA requirements.¹
- More than one third of physicians experience a 20% rejection rate from insurers on first-time PA requests for tests and procedures, and more than half of physicians experience a 20% rejection rate for insurers on first-time PA requests for drugs.²
- 69% of physicians wait several days for a response to a PA request.²
- 67% of physicians report it is very difficult to determine which tests, procedures and drugs require PAs.²
- 43% of physicians report that first-time PA requests are often reviewed by an insurer representative who has no medical experience.²
- Recent studies reflect 265 million claims nationally require PAs, and PA volume is increasing 20% + per year.⁵
- Nearly 40% of PAs are abandoned due to complex procedures and policies and nearly 70% of patients encountering PAs do not end up receiving the original prescription their doctor prescribed for them.⁶
- In Ohio, insurers require 748 different paper PA forms for drugs.³
- Prescribing that is fully electronic can increase patients' pickup of new prescriptions by 11%.⁴

Main Points of SB 129	Other States Who Have The Same Provisions?	Total number
Ensure PA requirements are listed on health insurer's web site.		
Allow providers and patients to obtain PA authorizations through a web-based system.	AR, CA, CO, GA, IA, LA, MD, MI, MN, MS, NM, NY, ND, OR, TX, VT	20
Ensure that a new or future PA requirement is disclosed at least 60 days prior to the new requirement being implemented.		
Guarantee that once a PA has been approved, the insurer will not retroactively deny coverage for the approved service.	ME, ID, CO, NY, OR, WA, NJ, NM, AZ, DE, VT	11
Disclose on their Web sites statistics regarding PA approvals and denials.		
Task the Department of Insurance with developing a single form not to exceed two pages to be used by all insurers for PA requests.	AK, CA, GA, IL, IA, LA, MD, MA, MI, MN, MS, NM, NY, OR, TX, VT, WV	11- Some of the listed states only have the required form for drugs, some include both drugs and tests. SB 129 would require one form for drugs and tests
Guarantee a 48-hour turnaround on prior authorization requests, with automatic approval in the event no decision is rendered in 48 hours, and 24-hour turnaround for more urgent requests.	AL, AZ, CA, AR, CO, DE, NY, HI, ID, IL, IA, KY, ND, ME, MD, MA, MI, MN, MS, NE, NJ, NM, OK, OR, PA, SD, TN, TX, WA, WI	24 total, 13 of these are only for Medicaid, 11 are for all. Not all have the <i>same</i> time frames as SB 129 but have some type of timeframe. Ohio has no timeframe for private plans and a 15 day timeframe for Medicaid.
Ensure adverse decisions are made by a physician under the direction of the medical director of the health insurer or by a panel of other appropriate health care service reviewers with at least one physician on the panel who is board certified or board eligible in the same specialty as the treatment under review.		

Ensure a streamlined appeals process in the event a prior authorization is refused without sufficient explanation.		
Applies to Medicaid Managed Care Plans		

References

1. Casalino. What does it cost physician practices to interact with health insurance plans? *Health Affairs*. July/August 2009;28(4):w533-w543.
2. American Medical Association Survey, Impact of Insurer Preauthorization Policies on Patient Care <http://www.ama-assn.org/ama/pub/news/news/survey-insurer-preauthorization.page>
3. Medicaid and a selection of private insurers offering products in Ohio listed in the National Committee on Quality Assurance, "Health Plan Report Card" (<http://reportcard.ncqa.org/plan/external/PlanList.aspx?name=&state=OH&zipcode=-1&plantype=1,2&statename=Ohio>) and US News & World Report "Top 10 Health Insurance Companies in Ohio" (<http://health.usnews.com/health-plans/ohio>) with publicly available prior authorization forms. Medicare plan and pharmacy benefits manager (PBM) prior authorization requirements are not included.
4. SureScripts, National Progress Report 2009/2010.
5. CoverMyMeds Data: Administration on Aging: *The Next Four Decades, The Older Population in the United States: 2010 to 2050*
6. Based on a Frost & Sullivan study