



2020 K Street, NW
Suite 900
Washington, DC 20006

202.517.0400
www.caqh.org

Open Letter to Authors of the Consensus Statement on Improving the Prior Authorization Process

July 26, 2018

We, the CAQH CORE Board, are writing to lend our voice in support of the [Consensus Statement on Improving the Prior Authorization Process](#). Because prior authorizations have a significant impact on healthcare costs, administrative burdens, continuity of care and the patient experience, we have been working extensively to address this issue through CAQH CORE Operating Rules and CORE Certification. Substantially improving prior authorization on behalf of the industry ranks among our highest priorities in 2018. We greatly appreciate your efforts on this critical issue.

CAQH CORE is a collaboration of more than 130 health plans, hospitals and health systems, vendors and other organizations – including five of the six signatories of the Consensus Statement – working together to promote the efficient exchange of administrative healthcare data. Tackling issues such as prior authorization is central to our mission.

Clearly, industry action on prior authorization is needed. According to the [2017 CAQH Index](#), adoption of the standard prior authorization transaction (ASC X12N 278) by health plans and healthcare providers could result in savings of \$6.84 per transaction, one of the most significant per transaction opportunity areas. However, the proportion of prior authorization transactions using that standard actually declined by more than 10 percentage points from the 2016 Index report. In the same period, the use of health plan portals for conducting prior authorizations increased by a similar amount, and no progress was made to reduce the use of costly, time-consuming manual transactions.

CAQH CORE Prior Authorization Operating Rules

CAQH CORE is working to reverse this trend and streamline the prior authorization process. Our participating organizations have spent significant time and effort researching, analyzing, discussing and debating how operating rules can promote greater automation. We have conducted extensive research, countless primary interviews, site visits and multiple surveys to understand the forces driving continued use of manual prior authorization transactions and to uncover opportunities that can

break barriers to the use of electronic transactions. The results of these efforts are two phases of operating rules:

- [Phase IV CAQH CORE Operating Rules](#) set industry expectations for how the prior authorization transaction is exchanged. Requirements address response times, connectivity, acknowledgement of receipt of the request and real time and batch processing requirements. These requirements result in greater awareness of the status of a prior authorization transaction and more timely data exchange.
- Draft Phase V CAQH CORE Operating Rules build on the Phase IV Rules by requiring more robust information in the prior authorization transaction and streamlining provider data submission, reducing the amount of manual follow-up between providers and health plans.

CAQH CORE is also conducting extensive research on two additional topics related to prior authorization. We are in the process of identifying opportunities to address challenges with the additional documentation often required by prior authorization and anticipate a future phase of rule development to support broader adoption of emerging and existing standards for electronic attachments. Second, we have launched a new initiative focused on streamlining the operational components of value-based payments. As your statement indicates, such an effort is needed and could positively impact the application of prior authorization.

Shared Goals

In light of our work in this area, we were encouraged to read that the Consensus Statement shares many of our goals. In fact, we support the spirit of the statement in its entirety. It is particularly aligned with our work in at least three of the areas cited:

Transparency and Communication Regarding Prior Authorization

The statement cites the importance of “[e]ffective, two-way communication channels between health plans, healthcare providers, and patients ... to ensure timely resolution of prior authorization requests ...”

The draft Phase V CAQH CORE Operating Rules shorten time to final adjudication by helping providers understand what is required to successfully submit a prior authorization request and what subsequent steps are needed for a request to be approved. This also allows health plans to receive more complete information. Ultimately, the Phase V Operating Rules will reduce the delays, costs and frustrations associated with the back and forth that occurs between providers and health plans.

Continuity of Patient Care

The statement calls for steps to minimize prior authorization burdens that result in the disruption in patient care. As the AMA highlighted in its [recent survey](#), patient clinical outcomes can be “shortchanged” by the authorization process. To address this, the

Phase IV and V CAQH CORE Operating Rules establish common infrastructure guidelines and timeframes for response. They also put in place measures designed to streamline the prior authorization process between providers and health plans and ensure patient care is not negatively impacted by administrative burdens.

Automation to Improve Transparency and Efficiency

The statement notes that “[m]oving toward industry-wide adoption of electronic prior authorization transactions based on existing national standards has the potential to streamline and improve the process for all stakeholders.”

We could not agree more. According to the CAQH Index, providers conduct 77 million prior authorization transactions manually each year. Providers could save more than \$3.20 per transaction and health plans could save at least \$3.64 per transaction with fully electronic prior authorizations. As stated previously, the Phase IV and V CAQH CORE Operating Rules help to automate the prior authorization process, make the data more uniform and drive down costs.

Working Together

For the CAQH CORE Prior Authorization Operating Rules to be effective, as well as future work on attachments and value-based payments, the rules must be widely understood and adopted. While more than three-fourths (78 percent) of commercially insured individuals in the United States are covered by a CORE-certified health plan, this is not yet the case for the Phase IV CAQH CORE Operating Rules. For this reason, we ask you to:

1. Encourage your member organizations to demonstrate their commitment to improving the prior authorization process through [CAQH CORE Participation](#) in the rule development process and by [becoming CORE-certified](#). CORE Certification allows organizations to ensure they are following the operating rules and demonstrate to trading partners that they adhere to industry standards for electronic prior authorizations and other critical electronic transactions.
2. Support existing efforts to improve the prior authorization process and encourage others to do so. Entities that do not create, transmit or use administrative healthcare transactions can demonstrate their support for the CAQH CORE Operating Rules by [signing the CORE Pledge](#) and using the CORE Endorser Seal.

Cross-industry collaboration is essential to improve prior authorization, and we stand ready to support your efforts. Endorsing the CAQH CORE Operating Rules and encouraging your members to become certified will be a meaningful and immediate step forward for your initiative. Following these rules should reduce unnecessary manual interventions and, ultimately, improve the timely delivery of patient care.

We look forward to discussing these and other opportunities to improve the prior authorization process in the near future.

Sincerely,

The CAQH CORE Board of Directors

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