



## Moving Forward: Building Momentum for End-to-End Automation of the Prior Authorization Process

### EXECUTIVE SUMMARY

Prior authorization, a tool used as a gateway to certain benefits of a patient's health plan, originated from a desire to ensure high quality of care while concurrently controlling healthcare spending. The prior authorization process itself, however, is labor-intensive and has become a significant source of administrative burden for healthcare providers and health plans alike. Administrative prior authorization processes have been estimated to contribute as much as \$25 billion annually<sup>1</sup> to the cost of healthcare in the United States and have been linked to negative effects on patient care<sup>2,3,4</sup> and provider morale.<sup>5</sup>

Despite longstanding efforts by industry and government to improve the prior authorization process through greater automation, manual processes remain dominant. As demonstrated by the successful automation of other essential healthcare administrative processes, prior authorization can be made more efficient, predictable and uniform using operating rules to tie together the end-to-end workflow leading to greater adoption of federally mandated electronic HIPAA standards and use of emerging standards.

CAQH CORE® Operating Rules codify common business practices to simplify the sharing of data among many parties. Operating rules support standards and specify the business actions for which each party must adhere to ensure a high volume of reliable data exchanges can occur smoothly, making it easier for stakeholders to uniformly implement and benefit from standards, creating a comprehensive solution.

A standard electronic method for conducting at least part of the prior authorization process has been federally mandated since the early 2000s.\* However, adoption of electronic prior authorization has remained low compared to other administrative transactions for which an electronic standard is required. According to the [2018 CAQH Index](#)<sup>6</sup>, a survey of progress to simplify healthcare administrative functions, only 12 percent of prior authorization transactions were conducted using the electronic standard. In the same report, adoption of electronic standards increased substantially for several other transactions over the past few years.

Numerous barriers have prevented or slowed the adoption of electronic prior authorization. These barriers are wide-ranging, encompassing the nature of the transaction itself, the lack of operating rules to support use of the electronic transaction standard, a lack of infrastructure supporting electronic submission of supporting clinical documentation, vendor readiness, the ubiquity of web portals and a myriad of state laws. In addition, some components of the prior authorization workflow occur outside the scope of the electronic standard.

\* The adopted standard for prior authorization and referrals is the X12/005010X217 Health Care Services Review – Request for Review and Response (278) transaction.

A groundswell of momentum to reduce the prior authorization administrative burden has sparked innovative collaborations, state laws and broad policy discussions to help the industry move toward more efficient prior authorization processes. As a result of a prioritized effort by over 100 CAQH CORE participating organizations, the Phase V CAQH CORE Operating Rules for prior authorization were released in May 2019. These rules include the Prior Authorization (278) Request / Response Data Content Rule and the Prior Authorization Web Portal Rule. They join the Phase IV CAQH CORE Prior Authorization Infrastructure Operating Rule to form the foundation of a roadmap to move the industry toward an end-to-end automated workflow for prior authorization adjudication.

To address the full end-to-end workflow, CAQH CORE is collaborating with standards development organizations focusing on the interplay of existing and emerging standards and operating rules to close automation gaps and optimize the prior authorization process. CAQH CORE participating organizations are starting pilots to measure the impact of these new operating rule opportunities to drive further automation along the end-to-end workflow.

With a cadre of collaborative efforts starting to gain traction, industry stakeholders are striving to reduce the administrative burden of prior authorization for providers and health plans and create a system that serves the needs of patients by assuring the provision of timely, safe and effective care.

- 1 "The WEDI Prior Authorization Council White Paper," WEDI website, accessed March 7 2019, <https://www.wedi.org/knowledge-center/white-papers-articles/white-papers/resources/2019/02/05/prior-authorization-council-white-paper>.
- 2 "Industry checkup: Measuring progress in improving prior authorization," AMA website, accessed July 10, 2019, <https://www.ama-assn.org/system/files/2019-03/prior-auth-survey.pdf>.
- 3 "2018 AMA Prior Authorization (PA) Physician Survey," AMA website, accessed March 8, 2019, <https://www.ama-assn.org/system/files/2019-02/prior-auth-2018.pdf>.
- 4 AfPA Digital, "Research Confirms Prior Authorization Burden for Heart Patients," Institute for Patient Access Policy Blog, February 7, 2018, <https://allianceforpatientaccess.org/prior-authorization-cardiovascular>.
- 5 The Physicians Foundation, "2018 Survey of America's Physicians: Practice Patterns and Perspectives," The Physicians Foundation website, <https://physiciansfoundation.org/research-insights/the-physicians-foundation-2018-physician-survey/>.
- 6 CAQH, "2018 CAQH Index," CAQH website, <https://www.caqh.org/sites/default/files/explorations/index/report/2018-index-report.pdf>.