Prior Authorization in California

SUPLN Meeting, 2023

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Agenda

- About CHBRP
- Request from CA Legislature
- Analytic Approach
- Key Findings
- Contributing to Policy Discussions
What is CHBRP?

- Created by statute
- Independent, multi-disciplinary teams of researchers from across the University of California system
- Provides rapid, evidence-based information to the legislature
- Neutral analysis of introduced bills at request of California Legislature
Generally, they offer or provide coverage for the following:

**Screening, test, or treatment of disease/condition**

Example: requiring coverage for screening and treatment of breast cancer

**Services from particular provider type**

Example: requiring coverage for services from licensed acupuncturist

**Type of treatment/services, medical equipment, supplies, or drugs**

Example: requiring coverage of reconstructive surgery
CA Legislation & Prior Authorization

- Prior authorization legislation in previous years
  - Gold carding
  - Limits to prior authorization practices
- Discussion with Senate and Assembly Health Committees
Special Study Request

• Use of prior authorization to control and manage covered health care benefits
• Number and types of services subject to prior authorization
• Evidence of impacts of prior authorization on patient outcomes and timely access to care
Approach

• Literature review
• Grey literature
• Detailed survey of the largest commercial insurers in California, by enrollment
  • Responses accounted for 73% of commercial enrollees
What is Prior Authorization?

• A type of utilization management technique used by health plans and insurers to:
  • Evaluate coverage
  • Ensure safety and appropriateness of medical and pharmacy services,
  • Reduce low-value care, and
  • Control costs
Impacts of Prior Authorization

• Limited evidence base, with much of what is published focused on prescription medications
• Denials and appeals
• Utilization of medications subject to prior authorization
• Utilization of other health care services *not* subject to prior authorization
• Health outcomes
• Expenditures
• Clear frustration from providers and patients
Who Has Insurance with Prior Authorization in CA?

Medical Benefit
- With Prior Authorization: 100%

Pharmacy Benefit
- Without Prior Authorization: 52%
- With Prior Authorization: 48%
## Benefits Subject to Prior Authorization

<table>
<thead>
<tr>
<th></th>
<th>Medical Services</th>
<th>Pharmacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of all covered</td>
<td>5%-15%</td>
<td>16%-25%</td>
</tr>
<tr>
<td>services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of total expenditures</td>
<td>7%-23%</td>
<td>*</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% utilization</td>
<td>5%-12%</td>
<td>*</td>
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</tbody>
</table>

Note: *Insufficient data collected in survey.
Table results represent the total range of responses from health plans/insurers, not the average percentage across all health plans/insurers.
Additional Noteworthy Findings

• Limited overlap between insurers for:
  • Most frequently requested services
  • Requests that most often did not adhere to medical-based guidelines
  • Most costly services subject to prior authorization

• Higher rates of initial approvals among services covered under the medical benefit vs the pharmacy benefit

• Less than 5% of denials are appealed for medical services

• Requests initially denied
  • Medical benefit – between 1% and 25%
  • Pharmacy benefit – between 10% and 41%
Policy Discussions

• Presented at the Association of California Health and Life Insurance Companies in October 2023
• Continued dissemination to Legislature and stakeholders
• Sets a baseline for knowledge about prior authorization
  • First data available about prior authorization among CA enrollees
Thank you!

Questions?

Analysis of Prior Authorization (October 2023)

Available at: www.chbrp.org

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