

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



Health Benefit Mandates

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

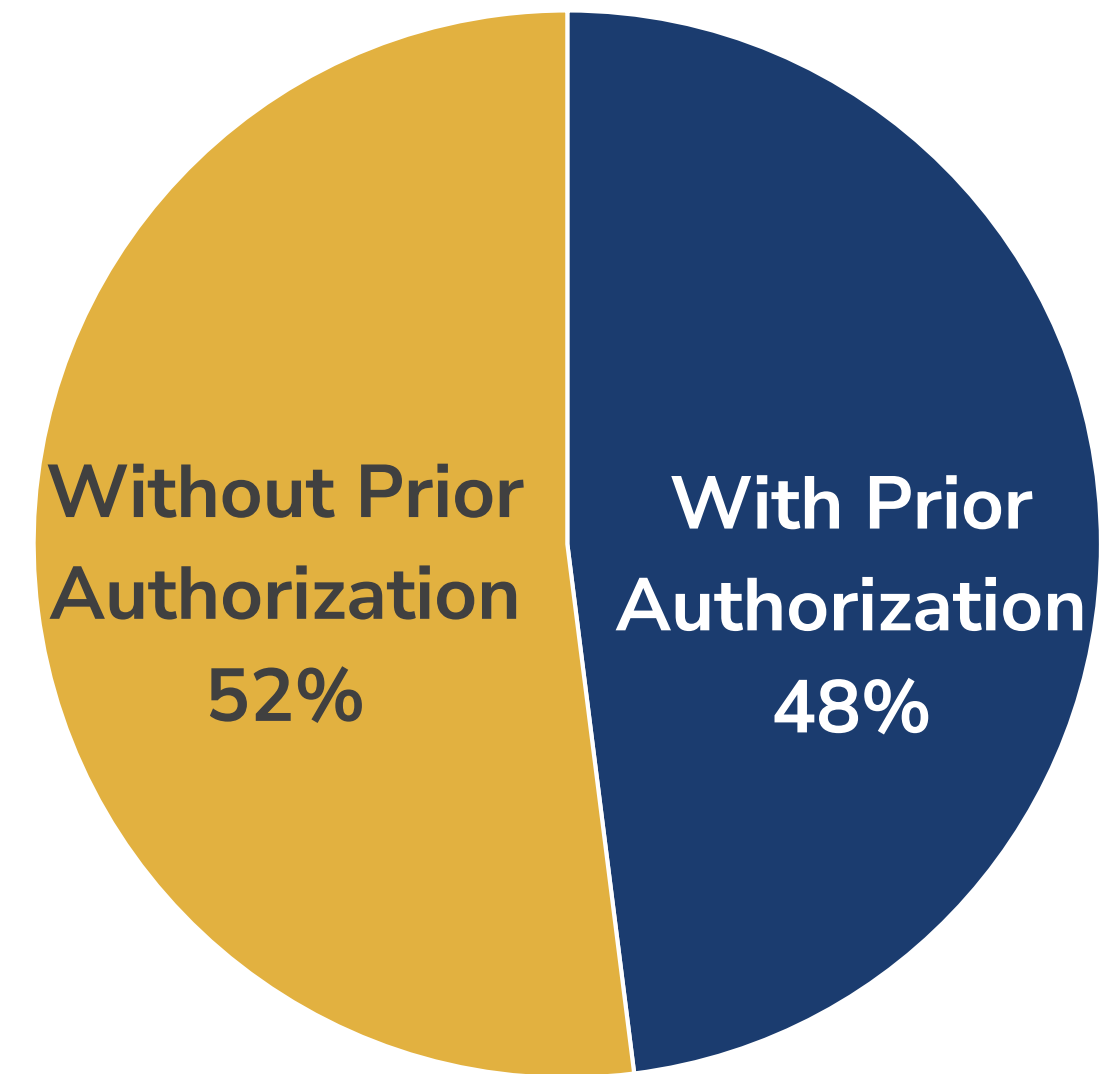
- Limited evidence base, with much of what is published focused on prescription medications
- Denials and appeals
- Utilization of medications subject to prior authorization
- Utilization of other health care services *not* subject to prior authorization
- Health outcomes
- Expenditures
- Clear frustration from providers and patients

Who Has Insurance with Prior Authorization in CA?

Medical Benefit



Pharmacy Benefit



Benefits Subject to Prior Authorization

	Medical Services	Pharmacy
% of all covered services	5%-15%	16%-25%
% of total expenditures	7%-23%	*
% utilization	5%-12%	*

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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