Prior Authorization

General Overview

North Carolina State Health Plan

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Segal

Agenda

What is Prior Authorization?

How does Prior Authorization work?

Transition to Aetna – 2025

Cost Mitigation – 2023

Reports and Surveys

What do other States do?

Recommendations

What is Prior Authorization?

Important Piece of Utilization Management
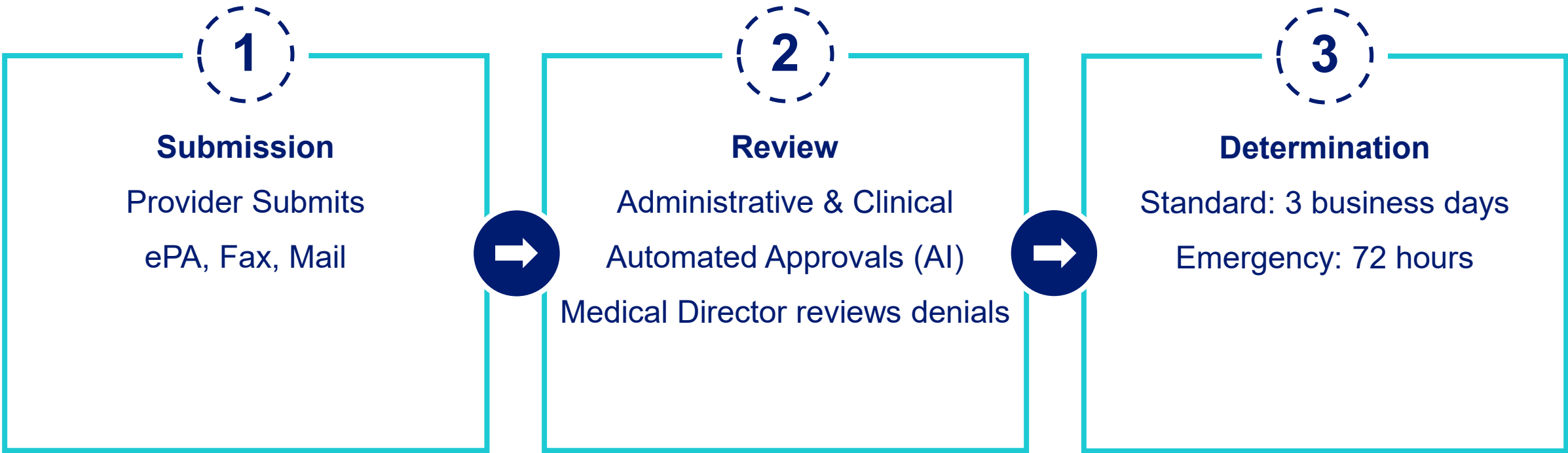
Improves Quality of Care

Fraud Reduction

Patient Safety

Cost Control

How does Prior Authorization Work

Predictable and Routine

1

Submission

Provider Submits

ePA, Fax, Mail

➡

2

Review

Administrative & Clinical

Automated Approvals (AI)

Medical Director reviews denials

➡

3

Determination

Standard: 3 business days

Emergency: 72 hours

Transition to Aetna – 2025

What's Different?

BCBS

Time for Standard PA Determination:
15 calendar days

CPT Codes Subject to PA: over 2600

Aetna

Time for Standard PA Determination:
3 business days

CPT Codes Subject to PA: ~1600

Cost Mitigation - 2023

How much does utilization management save the SHP?

Utilization Management	Total Cost	PA Fees	Mitigated Cost (Net)	% Savings
Medical[1]	$2.9B	$3.5M	$42M	1.5%
Pharmacy[2]	$1.8B[3]	$2.3M	$124.5M[4]	6.8%
Total	**$4.7B**	**$5.8M**	**$166.5M**	**3.5%**

1. Blue Cross Blue Shield of North Carolina, "State Health Plan Quarterly Meeting", 5/17/2024
2. CVS Caremark, "North Carolina State Health Plan Calendar Year 2023 and 2024 Review", May 2024
3. Total Gross Pharmacy Cost with rebates is $1B; PA savings is calculated prior to rebate consideration
4. Specialty Guideline Management & Special Quantity Limit Review and Specialty Copay Card are excluded; additional net savings of $142.3M attributable to UM processes

Reports and Surveys

Is there consensus?

Cost Savings
Reduces waste & fraud
Mitigates plan expenditures

1

Patient Safety
Maintains standards
Prevents low-value care

2

Provider Burden
Time & Expense
Appeals process

3

What do other States do?

Efficiency, Transparency, & Reporting

Reduce Delays

Increase Data Transparency

ePA Access
31 states mandate use of an ePA portal for administration and intake

Determination Limits
41 states mandate determination periods for PA

10 states in 2024
Vermont, Minnesota, Wyoming, Colorado, Illinois, Mississippi, Maine, Maryland, Oklahoma and Virginia, passed legislation

Reporting Requirements
increase publicly available reported data, including which procedures and medications are being impacted

Segal

Recommendations

Aligned with American Medical Association

Transparency & Reporting

Deidentified & Aggregate Utilization

- Service Categories Denials & Approvals
- Determination Periods
- Appeals – level and length
- Approvals within 12 months of denial

Policies

Prohibit Retro Denials

- Prior Approved and not materially misrepresented

Validity Duration

- 12 months (allow dose changes)
- Duration of chronic illness treatment
- 90 carry over to new Admin

Penalties & Waivers

Remove Penalties

- $500 penalty for failure to obtain Prior Authorization

Consider Removing Prior Authorization:

- Home-based services and inpatient hospice
- In-Network Dialysis