Real time prior auth standards approved

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BY: Jennifer Webb

Members of the National Council for Prescription Drug Programs have approved a standardized process for electronic prior authorization (ePA), designed to give physicians instant approval or denial. If approved, the standard and transactions could be published as early as August.

“IT’s very important for the process to be incorporated into the normal work flow of the prescribers and the people attempting to dispense the medication at the pharmacy,” says Stephen C. Mullenix, R.Ph., NCPDP’s senior vice president, public policy and industry relations. “This process, as it’s been designed, will allow that to occur.”

The decision clears the way for health plans to adopt a common ePA form using NCPDP standards that incorporate formulary and benefit information. The availability of “true” ePA means physicians will know, before patients leave the point of care which drugs are covered for a given condition and what they might cost out of pocket, Mullenix says.

For ePA to be effective, there must be real-time, computer-to-computer communication—not just a web portal for each individual health plan, he says.

No more faxes

NCPDP and other healthcare stakeholders have worked for years to achieve an electronic alternative to the myriad paper requests that physicians fax to health plans seeking approval for drugs. Mullenix says HIPAA first proposed ePA in 2006, but recommended the use of an existing standard. That standard proved inadequate for drugs.

It took another two years to develop a standard, then three more to get pilot studies going. By the time the standard was presented in May, NCPDP had gained enough support that it passed without opposition.

“While it has probably been longer than any of us would like, we do believe strongly we have a solid ePA standard that can be used in the industry,” Mullinex says.

The next hurdle will be encouraging organizations to implement the standard—a process NCPDP anticipates could take as long as 18 to 24 months.

In the absence of a standard, a number of health plans have developed their own versions of ePA to increase the efficiency of their network physicians. Administrative delays, repeated phone calls and wasted time and energy frustrate physicians, pharmacists and patients alike, and add up to significant expense.

The Center for Health Transformation, citing a 2009 report in its 2012 white paper on ePA, said $31 billion is spent each year for physicians to deal with prior authorization issues, or an average of $68,274 per physician. The delays of a paper-based prior authorization system are especially frustrating given that 52% of office-based prescribers use e-prescribing systems, yet must resort to the fax or phone to determine if a drug is covered, the paper said.

Dakotacare, a physician-owned health plan in South Dakota, has used an ePA program within its network for the past seven months. The plan consulted with a third-party technology company RxEOB and used its platform to develop unique criteria for each diagnosis code. When a physician enters a given code, the screen displays specific questions that indicate whether a drug is covered, says Craig Beers, PharmD, a Dakotacare clinical pharmacist.

For now, the system only covers drugs and extends to in-network providers. The plan wants to develop it for all physicians and link it to electronic health record (EHR) programs.
In the seven months, Dakotacare has recorded efficiencies. Whereas 25% to 40% of authorizations previously required follow-up with a physician, now only 10% to 20% do. Reduced manual administration means lower costs.

“Where this really improves the system is between the physician and the plan so it is clear what is needed and what communications are expected,” says Daniel Weiss, PharmD, the plan’s director of pharmacy benefits.

Plans using ePA also stand to gain in other ways.

“These healthcare providers are trying to take care of a specific patient need, and to delay the process is really not helping the provision of healthcare for that patient,” Mullinex says.

The proposed ePA transactions for the NCPDP Script Standard were approved at a May meeting in Phoenix.