PRIOR AUTHORIZATION

2023 ISSUE BRIEF

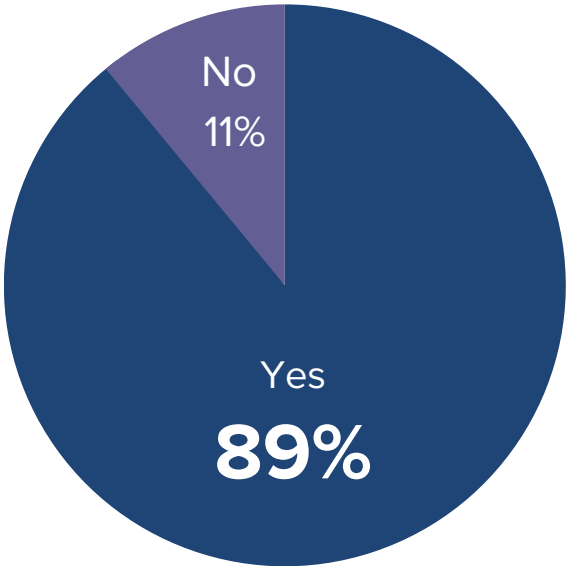
MGMA advocates for a concurrent, multi-step approach to reduce the overall volume and burden of prior authorization requirements. This includes working with others in the provider community, health plans, policymakers, and other critical stakeholders on solutions that more selectively implement prior authorization requirements and automate any remaining requests.

CURRENT LANDSCAPE

Health plans and prescription benefit managers are increasingly requiring healthcare professionals to obtain prior authorization before providing medical services and prescription drugs. Prior authorization not only requires the practice to expend significant clinical and administrative resources, but more importantly can interrupt, delay, and even prevent patient care. Obtaining prior authorization is often manually completed by the practice using the phone, fax, mail, or via a health plan proprietary web portal. Further complicating the process, health plans typically have different medical necessity requirements, and the authorization submission and appeals process varies across payers.

Since prior authorization requirements are disruptive and burdensome for physician practices and their patients, MGMA is advocating for industry-wide solutions.

MEDICAL PRACTICES REPORT HAVING HIRED OR REDISTRIBUTED STAFF TO WORK ON PRIOR AUTHORIZATIONS DUE TO THE INCREASE IN REQUESTS:



TO MEET THE DEMANDS OF THE INCREASING NUMBER OF PRIOR AUTHORIZATIONS, MEDICAL PRACTICES HAVE:

- HIRED PART-TIME STAFF **11%**
- REDISTRIBUTED EXISTING STAFF **32%**
- HIRED FULL-TIME EQUIVALENT STAFF **47%**

Source: MGMA 2022 Annual Regulatory Burden Report

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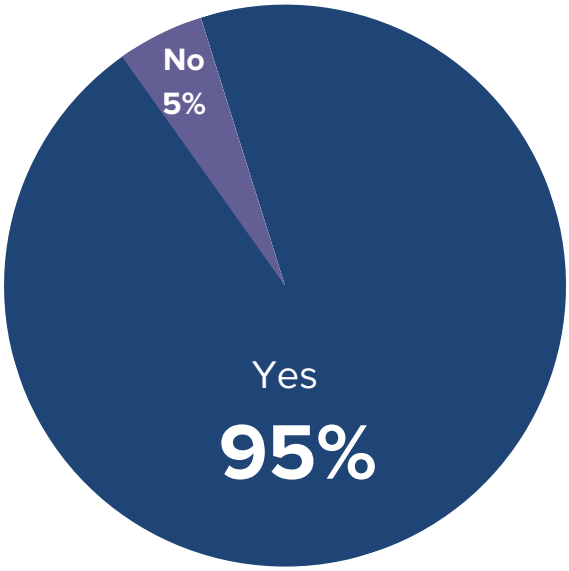
MEDICAL PRACTICES REPORT THE TOP CHALLENGES WITH PRIOR AUTHORIZATION:

- **PRIOR AUTHORIZATIONS FOR ROUTINELY APPROVED ITEMS AND SERVICES** — **73%**
- **INCONSISTENT PAYER PAYMENT POLICIES** — **75%**
- **DELAY(S) IN PRIOR AUTHORIZATION DECISIONS** — **89%**

PATIENTS HAVE EXPERIENCED DELAYS OR DENIALS FOR MEDICALLY NECESSARY CARE DUE TO PRIOR AUTHORIZATION REQUIREMENTS:



Source: MGMA 2022 Annual Regulatory Burden Report

ADVOCACY PRIORITIES

- **Reduce the overall volume** of prior authorizations on medical services and drugs
- **Waive prior authorization requirements** for clinicians in risk-based contracts or alternative payment models, which are inherently designed to facilitate cost-effective care delivery and appropriate utilization
- **Require transparency** of payer prior authorization policy and establish evidence-based clinical guidelines available at the point of care
- **Increase the automation and efficiency** of any remaining prior authorization requirements through adoption of industry-developed electronic standards and operating rules

With a membership of more than 60,000 medical practice administrators, executives, and leaders, MGMA represents more than 15,000 medical groups in which more than 350,000 physicians practice. These groups range from small private practices in rural areas to large regional and national health systems and cover the full spectrum of physician specialties and organizational forms.

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