Citius Healthcare Consulting

Driving utilization management efficiencies

Bundling medical and pharmacy prior auth requests

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Introduction

Burgeoning administrative burdens and costs in utilization management (UM) are resulting in suboptimal health experiences across the care value chain. With an economic pressure of $93Bn on every stakeholder at present, how can Providers, Payers, and UM/prior authorization (PA) organizations reduce such impediments?

UM processes depend on resources, tasks, and time. Providers must justify the medical necessity of care they are providing to Payers before proceeding with any high-value treatment, or medications and to avoid denials for their patients. Electronic prior authorizations have surged—from 12 percent in 2014 to 28 percent[1] in 2022 compounding the administrative overheads and further diluting patient experience. Moreover, a third of prior authorizations are still manually processed by phone, mail, fax, or email. Three critical pain points arise from such manual and repetitive tasks: high levels of burnout, operational overheads, and inefficiency.

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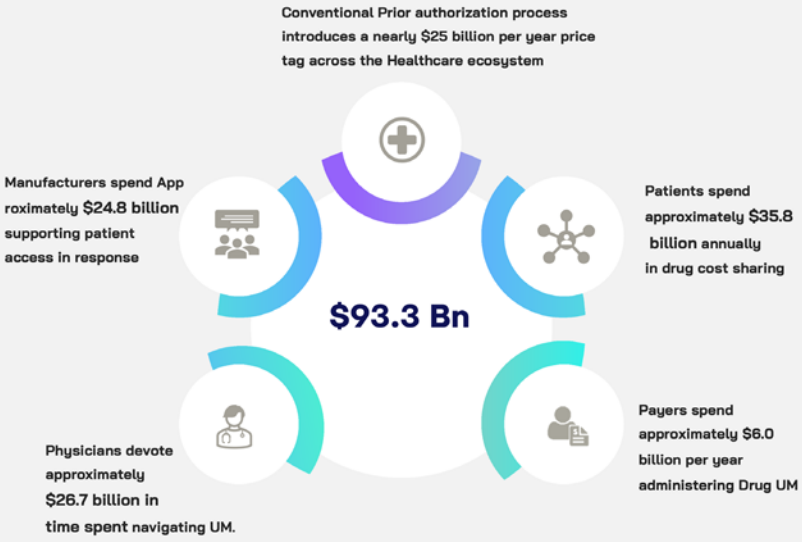
In order to manage costs without compromising patient experience and outcome (improving the utilization management process), we need to establish evidence-based medicine and proven care pathways. One way to do this is to bundle the care pathway as aggregate prior authorization requests, i.e., sending both medical and pharmacy PA requests together and only catering to exceptions when needed. Instead of the current process, where individual PA requests are sent through the funnel, bundling PAs and staying updated with evidence-based medicine can help optimize processes, ensure patient safety, and reduce unnecessary spending.

Disjointed processes and the underlying prevalent challenges

Let's consider a scenario: A chronic asthmatic patient is denied regular medication because the drug has recently been identified as non-formulary. Even though the Provider submits PA requests through web portals by filling in requisite information for Payers to make a call, there is little to negligible ease in processing. The prescribed medicine doesn't work, and the patient ends up hospitalized for days, battling life-threatening respiratory issues. Authorization teams grapple with remembering different passwords for different portals and diverse procedures. Besides the demanding data entry and fragmented processes on both sides, the patient struggles with fear and uncertainty around the treatment – which could have been avoided altogether. Disintegrated prior authorization journeys can affect patient experience — over 94%[2] of physicians reported care delays due to PA complexities and roadblocks. Here are a few notable challenges:

- **Care fragmentation:** Providers and Payers lack visibility across the care spectrum, especially when patients with comorbidities consult multiple specialists and receive diverse medications. Moreover, the absence of consistent communication channels among urgent care centers and other physicians only adds to the difficulties. And finally, the lack of evidence-based practice guidelines hinders scientifically supported care delivery, leading to poor health outcomes.
- **Provider burnout and abrasion:** Cutting down PA volumes, increasing transparency, and ensuring timely care have become arduous tasks in a system where, on average, 45 PA requests are handled per physician weekly. Between heavy bureaucratic tasks, patient responsibilities, and long hours navigating UM formalities, Providers are facing extreme burnout and abrasion amid rapidly changing regulatory mandates

③ **Increasing cost burden:** One of the more pressing challenges is the escalating financial burden. The average cost per physician is $11,046.67 annually[3], while low-value or overtreatments cost U.S. healthcare as much as $101.2 billion[4] annually. These could be traced back to unnecessary variations in medical procedures, inappropriate prescriptions, and the deprioritization of quality care for profitability.



- Bundling of Prior auths can **reduce** prior **auth administrative costs by 50 to 70%.**
- Alignment with the latest evidence-based guidelines and studies **can improve patient outcomes** & provider navigation through UM.
- There are huge opportunities **for provider and patient engagement enhancing their overall experience.**
- Significant opportunities for **collaboration** between payers, providers, PBMs and manufactures to deliver the best possible outcome to the patient.

Exhibit 1: Cost burden of utilization management including prior auth process

Salient scenarios for bundling prior authorization

Despite spending the most[6], US Healthcare faces poor patient and provider experience besides an avoidable number of unsatisfactory clinical outcomes. In addition to the inconveniences that stakeholders face, the economic burden within the health ecosystem alone, as shown in the table, highlights the requirement for patient-centered UM reformation:

Chronic conditions (US)	Direct costs (per patient per year)
Coronary artery diseases	$2400
Diabetic ketoacidosis (DKA)	$680k
Carpal Tunnel Syndrome	$29k

Among participants (predominantly Payers rather than Providers), evidence-based guidelines are vital to enable effective decision-making on approval and denials when it comes to medications and interventions.

The synergy between medical and pharma requests, therefore, is inevitably required to prevent the loop of denial contention.

At this point, it is crucial to have a statutory framework in place, applicable to all stakeholders—from health plans to benefit managers to review entities and accreditation organizations—with the same principles for medical and pharmacy benefits. This will directly translate to improved PA personnel-provider interactions and better health experiences.

CitiusTech proposes some scenarios that can help value chain participants overcome existing challenges by elevating health journeys with the following examples:

Example 01: Minimizing burden in direct costs of illness for a chronic Ischemic Heart Disease case

A retired diabetic with controlled lifestyle modifications is experiencing progressively increasing shortness of breath and is diagnosed with hypertension by a primary care provider (PCP).

Solution: Through bundled medication requests, investigations, and referrals, the UM company can holistically view patient records, review PA requests, and suggest appropriate treatment and other medications. Besides bringing down PA requests from 9 to a total of 2, the costs arising from investigations and daycare can also be significantly saved.

Example 02: Reducing disease burden in direct costs for a chronic Diabetic Keto-Acidosis patient

A senior DKA patient, found unconscious on the floor, is immediately admitted to ICU, where treatment is initiated. Although stable after receiving treatment, the onset of new pain and discomfort indicates rheumatoid arthritis flare-up.

Solution: The continued burden can be avoided by bundling medications for DKA and Arthritis, streamlining advanced elderly care management in addition to treatment – reducing PA requests from 4 to only 2.

Example 03: Lowering disease burden in direct costs for a patient with Carpal Tunnel Syndrome

A single mother diagnosed with Carpal Tunnel syndrome is advised to take non-steroidal anti-inflammatory drugs (NSAIDs) and two weeks of physiotherapy. As the pain worsens, she is on modified painkillers, repeatedly visiting hospitals and appearing for nerve conduction studies – before finally being advised surgical intervention.

Solution: The provider can reduce administrative burden by bundling medication and physical therapy, leading to a higher positive health outcome, lesser cost burden, and reducing PA requests from 9 to 2, in addition to a good patient/member experience.

Synergy in action: The future of medical and pharmacy PA requests

Next-generation UM and Provider programs will adopt a proactive rather than reactive approach. In light of CMS's recent mandate on responsible and standardized use of AI for more patient-centric and inclusive healthcare decisions – enhanced UM and PA could be turnkey solutions for Payers and Providers.

- **Interoperable systems:** ePA and digital health systems augmented by advanced analytics can enrich clinical decision-making capabilities. For instance, combining a claims acceleration suite[7] into PA request bundling can improve claims processing.

- **Evidence-based treatment modalities:** Evidence-based guidelines, including clinical trial evaluations, peer-reviewed literature, and consensus guidelines when reviewing PAs for eligible patients. For instance, generics or biosimilars, such as an alternative drug for a cancer patient based on the original prescription, can save costs across the value chain in the long run without compromising patient safety.

- **Predictive care management:** Bundled medical and pharma PA requests combined with predictive AI insights can be embedded into Care Management Plans. Besides effectively reducing administrative burdens for Providers and Payers, the insights can also be used to suggest alternatives for medical and medication recommendations.

- **Empowering pharmacist:** Next-gen predictive modeling integrating UM and PA capabilities will redefine pharmacists' role in healthcare. Besides suggesting appropriate medication and care plans, predictive models can also enhance accessibility to modern medication in rural or remote areas where quality home care is scarce or unavailable.

Such innovations can augment clinical outcome-based treatment plans, thus reducing risk and expediting patient recovery. Payers and Providers can also leverage data-driven insights to drive continuous process improvement from requests to denial management.

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