Making a Difference in Bioethics

PRIOR AUTHORIZATIONS: PROPORTIONATE MEASURE OR BURDEN WITHOUT BENEFIT?

Posted by Mike Sullivan, Co-Director, Centre for Bioethics, Clinical Ethics, Public Health, Science and Technology

Family Medicine discusses the strongest common protection regulation of health insurance companies use of prior authorizations.

"Prior Authorization" is a management process used by insurers companies to determine if a prescribed product or service will be covered. About 70% of Canadians find private health insurance coverage important to their access to care, and 20% of Canadians have private health insurance. To address the rising cost of drugs, some health plans are now required to add non-generic drugs to the list of medical treatments and devices requiring insurer pre-authorization.

The problem for Canadians is that unlike our American neighbours, we lack consumer protection legislation mandating insurance prior authorization limits and appeal processes, and we have no dominant and opposed evaluation rules. As Canadians come to rely increasingly on private insurance to cover medical costs, we need to ensure that insurance companies do not exacerbate unfairness and burdens of prior authorizations.

Jessica Gaber, pediatrician, image from Jessica's Facebook page

Prior authorizations are justified by insurers as a mechanism to control costs and safeguard the healthcare insurance system. Critics argue that prior authorizations have unintended physician over prescribing of anti-psychotics and opioids. Pre-authorization often also involves step therapy requiring patients to first try and fail less costly treatment before a more expensive treatment. This approach usually reduces insurer drug expenditures, but it can be a high ethical and healthcare price tag.

However, are surrogate obtained by insurers should be greater than the costs sustained by patients who are denied or delayed access to medically necessary treatment. Prior authorization is recognized as a beneficial tool in parent patient well-being. Studies show prior authorization can results in substantial administrative burdens, unnecessary delays in patient care, and increased costs. Prior authorization can also be used by insurers to deny medical interventions. Even with mandatory and fair time limit and appeal process, a 2007 report found 42% of denials resulted in failure to pay, potentially overturning the initial prior authorization decision. These findings require that we ask difficult questions about the use of prior authorization and healthcare decision making.

Organizations like the American Medical Association (AMA) have repeatedly expressed the view that the healthcare costs of prior authorizations outweigh financial gains for insurers and plan sponsors. The AMA has called for the elimination of prior authorization requirements for medical treatment. The 2012 AMA survey found that 92% of physicians surveyed agree that prior authorization contributes to higher health costs including more office visits, use of healthcare therapies that are not medically necessary, and prescribing of more expensive medications when a less costly and more emergency care visits. Over 25% of physicians found staff to work exclusively on the prior authorization.

The US legislation response to prior authorizations is instructive. Coming on the heels of over 10 years of state legislation, the US Congress passed the Patient Protection and Affordable Care Act (PPACA) which prohibits insurers from using prior authorization for certain preventive services, requiring health insurance plans to spend as prior authorization decisions fall from 5% to 2% of premium revenue, and requiring health plans to provide an appeal process. The AMA lauded the proposed recommended adoption of a 24 hour turnaround for urgent requests and 48 hours for standard decisions. My assumption of the record of response to the US government is that it is not enough for Canadians to rely on one plan. For example, New Jersey is regulating 20 hours for urgent prior authorization decisions while Michigan requires annual insurer prior authorization reporting of decisions and appeal times.

In response to the US legislative actions taken to regulate prior authorizations, it should not be surprising that Family Medicine Associations in Canada have called for the use of the US model between parties of 7 jurisdiction. While a standardized electronic prior authorization approach is certainly needed, this intervention will not address patient and healthcare professional concerns about the impact of prior authorization on patient care, and administrative burdens on the delivery of medical professionals.

Canadians do experience health threatening consequences when prior authorizations are not handled in a timely manner or when drugs, treatments, and devices are denied. The CBC provided a recent case of prior authorization delay resulting in emergency treatment of a patient whose chronic condition worsened.

In Canada, Federal and Provincial governments bear the brunt of added cost and time burdens for physicians and decision makers of prior authorizations for patients. As a result, we in Canada face a serious lack of healthcare professionals. Insurers are asking them to decide medical necessity, and physicians are being asked to provide information, when it is requested, or whether this is an appropriate use of the time patients thus lose.

Canada, due to our protection of publicly funded hospital care, has not been as exposed to US side-by-side comparisons of healthcare outcomes. Yet, as Canadians come to rely more on private insurance, we need to be aware of the impact of prior authorizations on the care of our patients and the ethical of the rationale advanced by insurers and plan sponsors. We should demand strong consumer protection legislation regarding prior authorization limits, and appeal requirements.

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