



# Electronic Prior Authorization

## Adoption and Role in Health Care Costs



## Driving Factors and Growth



- Prior Authorizations are labor and cost intensive
- Prior Authorizations continue to increase in volume
- The risk of prescription and benefit abandonment is critically high
- ePA legislation is being implemented on a state-by-state level
- Specialty drug trends

## Reasons for Prior Authorization



**Quantity Limit** – The plan may limit the number (or amount) of drugs covered within a certain time period.

**Step Therapy** – The plan requires the patient to begin medication with the most cost-effective and safest drug therapy, and progress to other more costly or risky therapies only if necessary.

**Non-Formulary** – Most formularies cover at least one drug in each drug class, all other drugs in the same class would be considered off the plan's formulary, or Non-Formulary.

**PA Required** – The plan will need to review a medication before it will be covered. This can apply to both brands and generics.

# The Electronic Prior Authorization Solution

Electronic prior authorization (ePA) connects all participants to provide real-time information for the PA decision-making process.



**PROSPECTIVE:** Started by the prescriber during the E-Prescribing process. Allows for real-time auto-determination from the payer, acts as decision support for electronic prescribing.

The industry has progressed to make in implementing a prospective ePA solution and making it accessible to prescribers.



**RETROSPECTIVE:** Begins following a claim rejection at the pharmacy. Best practice is to initiate the ePA through connectivity in the pharmacy management system.

The result of ePA is a more efficient healthcare process, and ultimately healthier patients that are getting the medications they need to live healthier lives.

# ePA National Scorecard

This scorecard was developed to communicate the current status of ePA in the industry, highlight trends, and indicate what is required to achieve success in industry-wide ePA adoption.

Made possible through the guidance of the following organizations and participants, in addition to other industry experts:

- Lee Ann Stember, NCPDP, President
- Nick Calla, Cardinal Health, VP of Industry Relations
- Becky Snead, NASPA EVP & CEO
- Adam Kautzner, Express Scripts, VP Formulary & Drug Trends

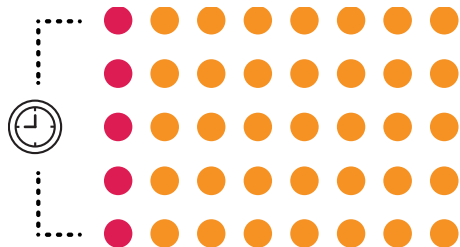


## By the Numbers: PA Hours



More than half of prescribers indicate that they and their staff **spend up to 20 hours per week on PAs**

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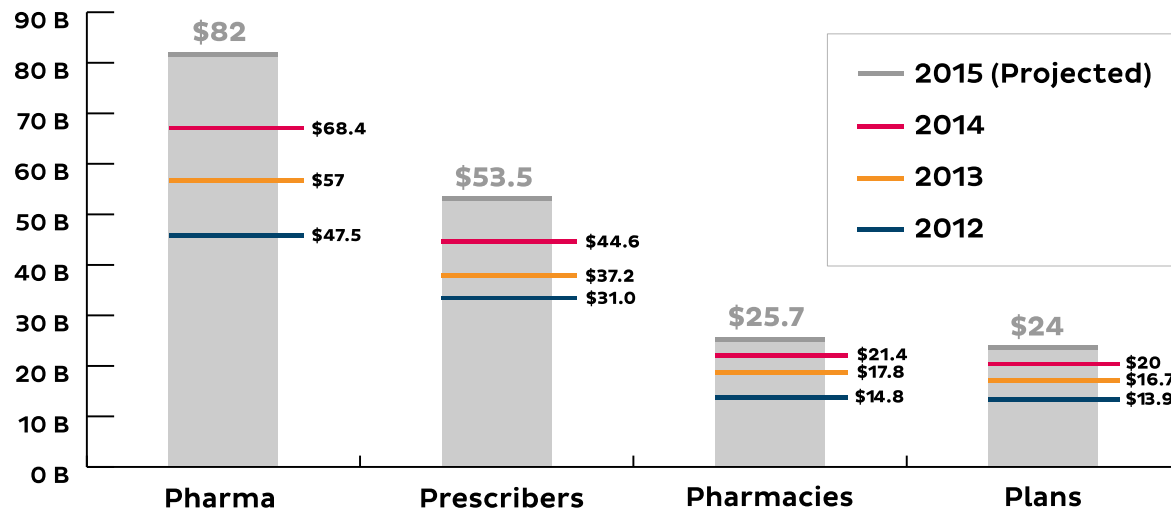


Pharmacists spend an average of **5 hours per week on prior authorizations**

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# Annual \$ Impact of PAs

The current prior authorization system is a substantial burden to all involved. An estimate from the Center for Health Transformation 2012 study



## Annual \$ Impact of PAs

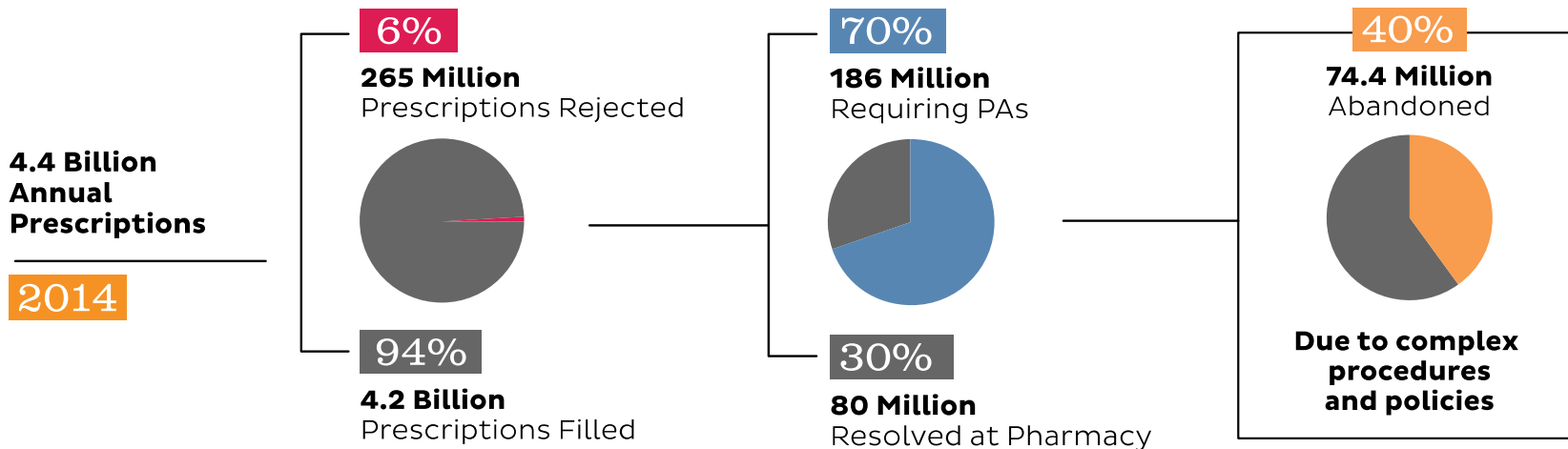
Nationwide, physicians spend \$31 billion annually interacting with health plans. Much of that cost is **directly related to prior authorization** and medication formulary requirements.





# Volume and Abandonment

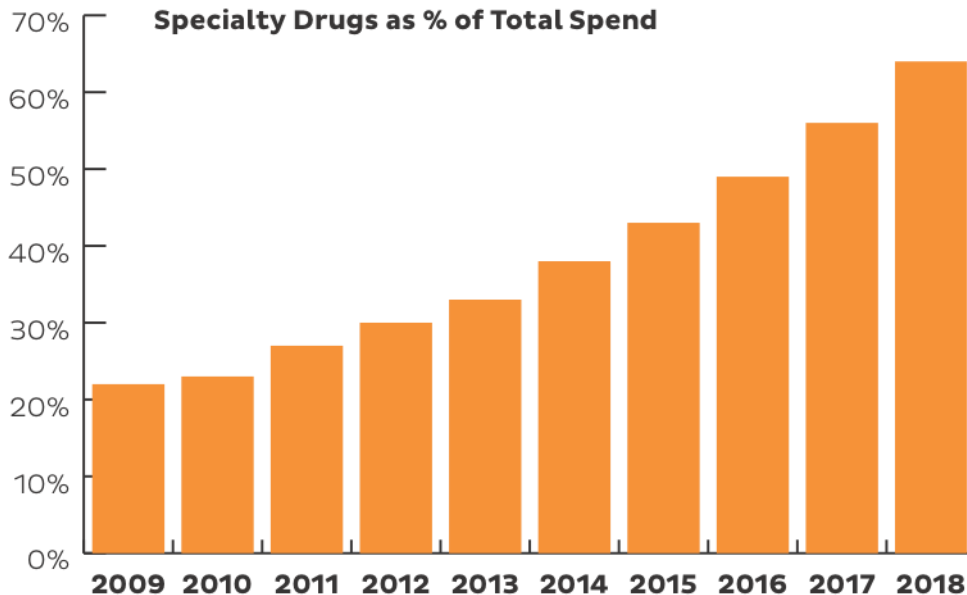
Recent studies reflect **265 million claims a year result in prior authorizations.**



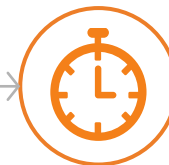
# Specialty Drugs

US spending on specialty drugs is projected to grow **67% by the end of 2015**

**90% of health plans use prior authorizations** to control the cost of specialty drugs



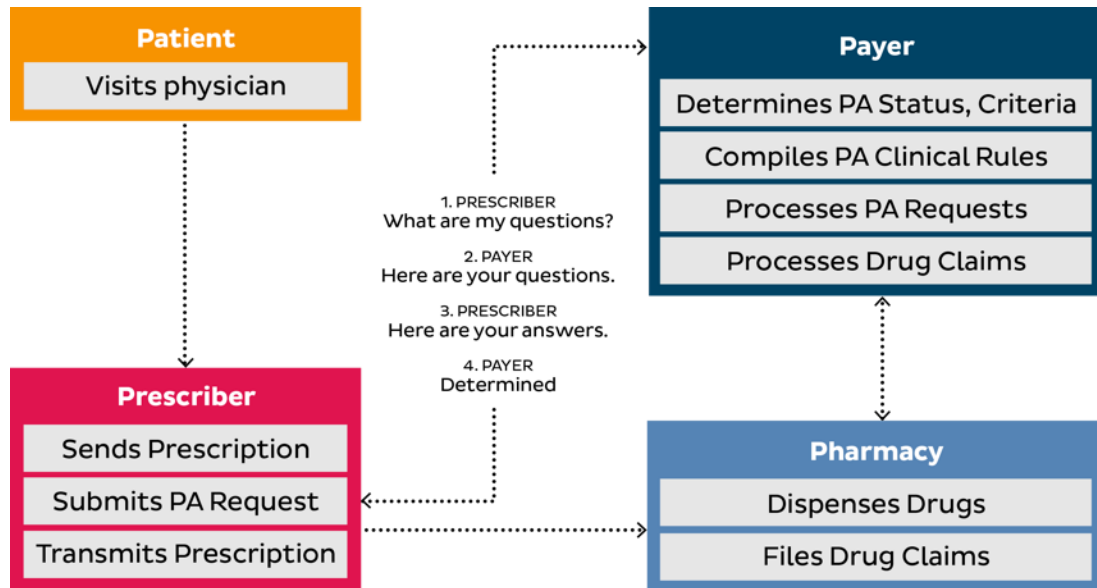
# Completion and Turnaround Times



Pre-electronic	PA via eFax	True ePA
15-20 minutes	3-5 minutes	Web portal: 3-5 minutes Electronic Health Record (EHR): seconds!
3-5 business days	2-4 business days	Approved: real-time Denied: <24 hours

## ePA Process

The ePA process involves a 4-part transaction that enables patient-specific and drug-specific PA criteria and a real-time approval process.



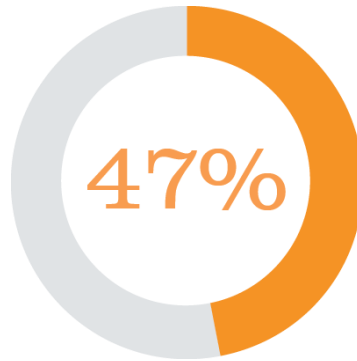
# ePA Implementations

# Integrated EHRs

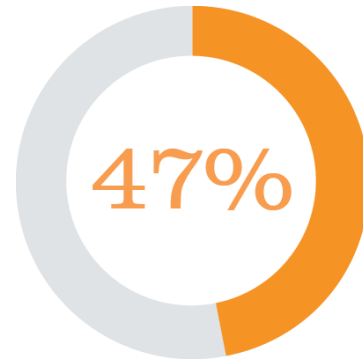
% of EHR market committed to implementing ePA, and status as of Q1 2015



**COMMITTED**



**AVAILABLE**



**LIVE**

# Integrated EHRs

Implementation status by EHR and E-Prescribing vendors owning the majority of the market share.

EHR	COMMITTED	AVAILABLE	LIVE	COMPLETENESS
Allscripts	●	●	●	⊕ ⊕ ⊕
AmazingCharts	○	○	○	⊕ ⊕ ⊕
athenahealth	○	○	○	⊕ ⊕ ⊕
Cerner	●	○	○	⊕ ⊕ ⊕
DrFirst	●	●	●	⊕ ⊕ ⊕
eClinicalWorks	○	○	○	⊕ ⊕ ⊕
e-MDs	○	○	○	⊕ ⊕ ⊕
Epic Systems	●	●	●	⊕ ⊕ ⊕
GE Healthcare	○	○	○	⊕ ⊕ ⊕
Greenway Health	○	○	○	⊕ ⊕ ⊕
McKesson	○	○	○	⊕ ⊕ ⊕
Meditech	○	○	○	⊕ ⊕ ⊕
NextGen Healthcare	●	○	○	⊕ ⊕ ⊕
NewCrop	●	●	●	⊕ ⊕ ⊕
Practice Fusion	●	●	●	⊕ ⊕ ⊕

## KEY

**Committed** = The company publicly announced they are committed to implementing an ePA solution.

**Available** = The company and the ePA vendor completed the integration work required for the ePA solution.

**Live** = The ePA solution is operational in a production environment.

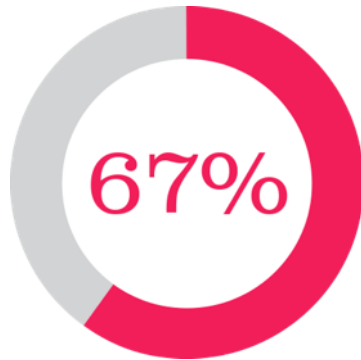
⊕ EHR includes retrospective PA functionality

⊕ EHR includes prospective PA functionality

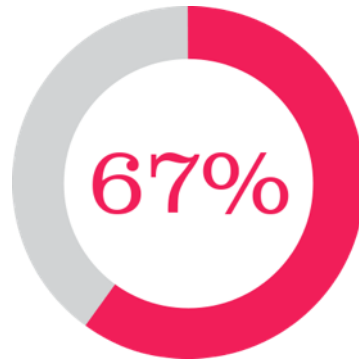
⊕ PAs completed through EHR can be submitted to any payer

# Integrated Payers

% of PBM/Plan market committed to implementing ePA, and status as of Q1 2015



**COMMITTED**



**AVAILABLE**



**LIVE**



# Integrated Payers

Implementation status by PBM and Plans owning the majority of the market share.

PAYER	COMMITTED	AVAILABLE	LIVE
Aetna	●	●	●
Argus Health Systems	●	○	○
Catamaran	●	○	○
Cigna-HealthSpring	●	●	●
CVS/caremark	●	●	●
Express Scripts	●	●	●
EnvisionRx	○	○	○
Humana	●	●	●
Magellan Rx	○	○	○
MedImpact	○	○	○
OptumRx	●	●	○
PerformRx	○	○	○
Prime Therapeutics	●	●	●
US Script	●	●	●
Xerox	○	○	○

## KEY

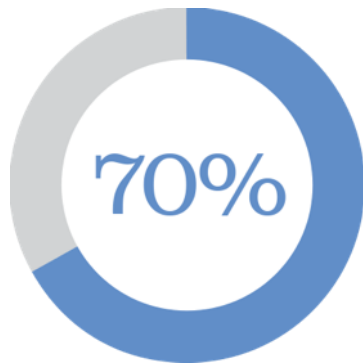
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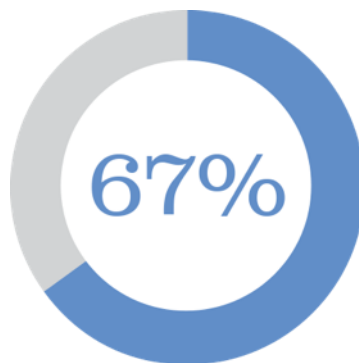
**Live** = The ePA solution is operational in a production environment.

# Integrated Pharmacies

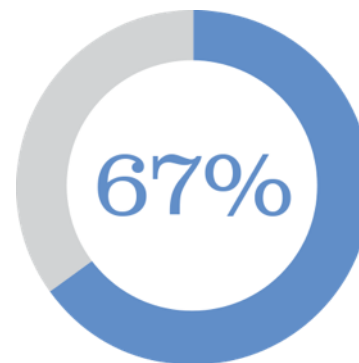
% of Pharmacy market committed to implementing ePA, and status as of Q1 2015



**COMMITTED**



**AVAILABLE**



**LIVE**

# Integrated Pharmacies

Implementation status by Pharmacies owning the majority of the market share.

PHARMACY	COMMITTED	AVAILABLE	LIVE
Ahold	●	●	●
Bi-Lo	●	●	●
Costco	●	●	●
CVS/ caremark Specialty Pharmacy	●	●	●
CVS Pharmacy (Retail)	○	○	○
Good Neighbor Pharmacy	○	○	○
H-E-B	○	○	○
Kmart	●	○	○
Kroger	●	●	●
Medicine Shoppe International	●	●	●
Publix	●	●	●
RiteAid	●	●	●
Safeway/ Albertsons	●	●	●
Target	●	●	●
Walgreens	●	●	●
Walmart (includes Sam's Club locations)	●	●	●

## KEY

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**Available** = The company and the ePA vendor completed the integration work required for the ePA solution.

**Live** = The ePA solution is operational in a production environment.

## Key Takeaways



- Pharmacy systems lead the pack on ePA implementation
- Rapid implementation progress with payers
- EHR market is lagging on ePA implementation, but projected to make great strides in 2015
- Collaboration is needed in the industry to pinpoint and relate data from all channels



# Thank You!

**Perry Lewis**

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