Automated Prior Authorization: 5-Step Best Practice Process

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Agenda

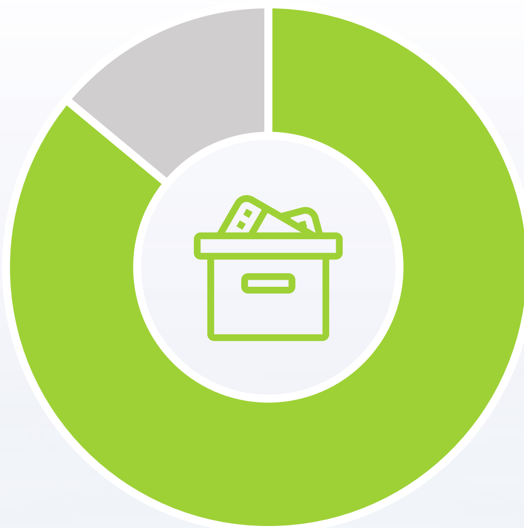
- Hurdles from payers
- How to prevent—not reduce—no auth denials
- Best practice 5-step process to improve authorization
- Improve net revenue and patient satisfaction

Learning Objectives

1. Adopt a strategy to prevent no-auth denials prior to service
2. Identify and automate all 5 steps of prior authorization to improve efficiency, costs and revenue
3. Improve patient engagement and financial experience using digital technology

Hurdles from Payers

89% of hospital and health system respondents have experienced an increase in claim denials over the past three years, largely driven by no auth denials



86% of practicing physicians said the prior authorization burden increased over the last five years despite efforts from the AMA and policymakers to streamline the process

American Hospital Association, 2020 | American Medical Association, 2020

Prior Authorization Burden

One 17-hospital system spends $11 million annually just complying with health plan prior authorization requirements.

A single 355 bed psychiatric facility needs 24 full-time staff to deal with authorizations.

A large, national system spends $15 million per month in administrative costs associated with managing health plan contracts, including two to three full-time staff that do nothing but monitor plan bulletins for changes to the rules.

Physicians report that their offices spend on average two business days of the week dealing with prior authorization requests, with 86% rating the burden level as high or extremely high.

American Hospital Association, 2020

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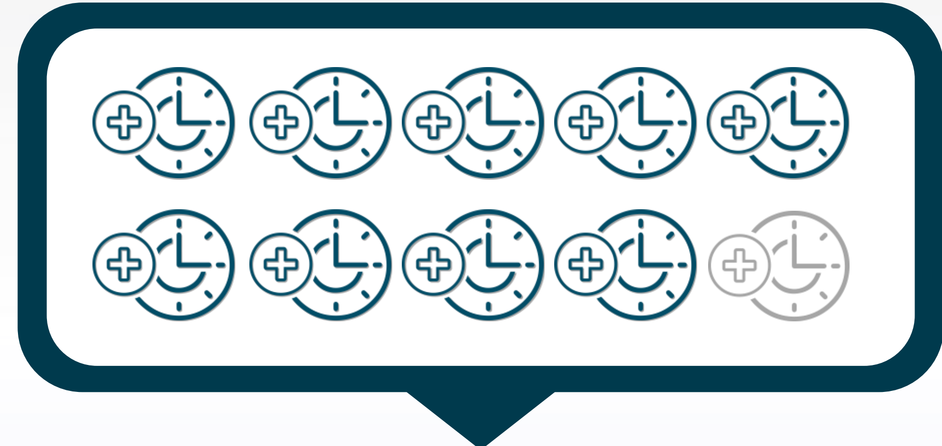
Adverse Affect on Patients

1 in 4 physicians say prior authorization led to a serious adverse event for one of their patients



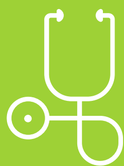
9 in 10 physicians say prior authorization regularly delays access to necessary care for their patients

American Medical Association, 2020

Momentum Building to Fix the Problem

CMS wants to reform prior authorizations

No auth denials processing costs impact both providers and payers



Patients continue to experience negative medical outcomes

Frustrating and laborious process that isn't improving for anyone

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Existing Automation Technology Exists, Not Utilized

278 transaction standard has existed for more than a decade

Automation tools born from Robotic Process Automation (RPA)

Automated, intelligent rules engines navigate payer portals, rules and requirements

Insurers could save, too!

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Industry Benchmarks

Industry Averages (CAQH 2020 Index Report)	**Fully Manual** (Phone, Fax, Email)	**Partially Electronic** (Manual use of Web Portals)	**Fully Automated** (X12 278 Transactions)*
Avg Minutes Per Auth (Submit/Retrieve):	20	13	8
Avg Auths Per User Per Day (Submit/Retrieve):	23	35	56
Avg Cost Per Authorization (Submit/Retrieve):	$13.40	$7.19	$4.80

CAQH Index, 2020

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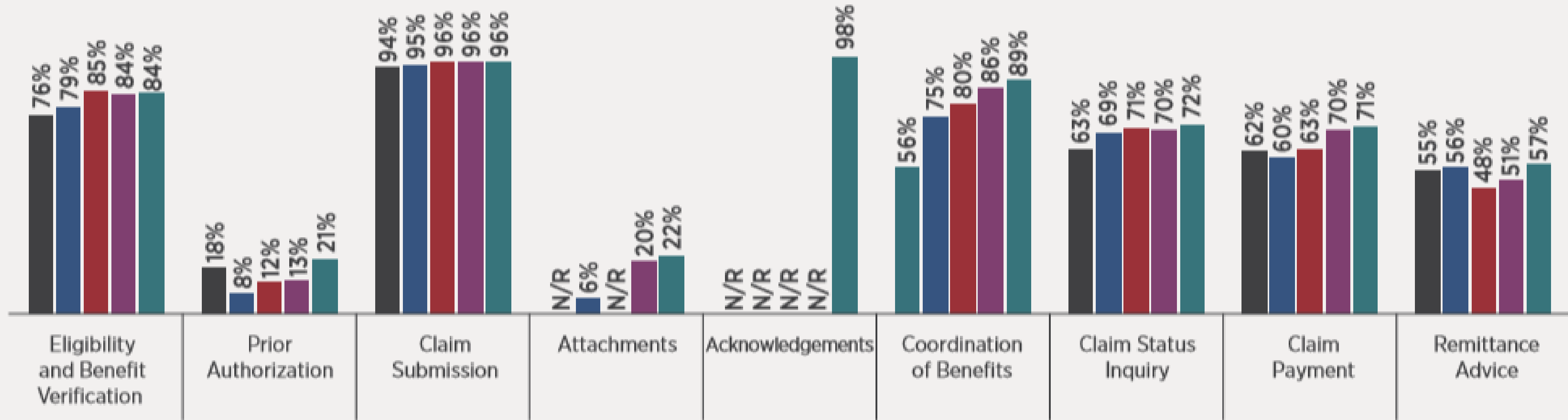
Industry Benchmarks



CAQH Index, 2020

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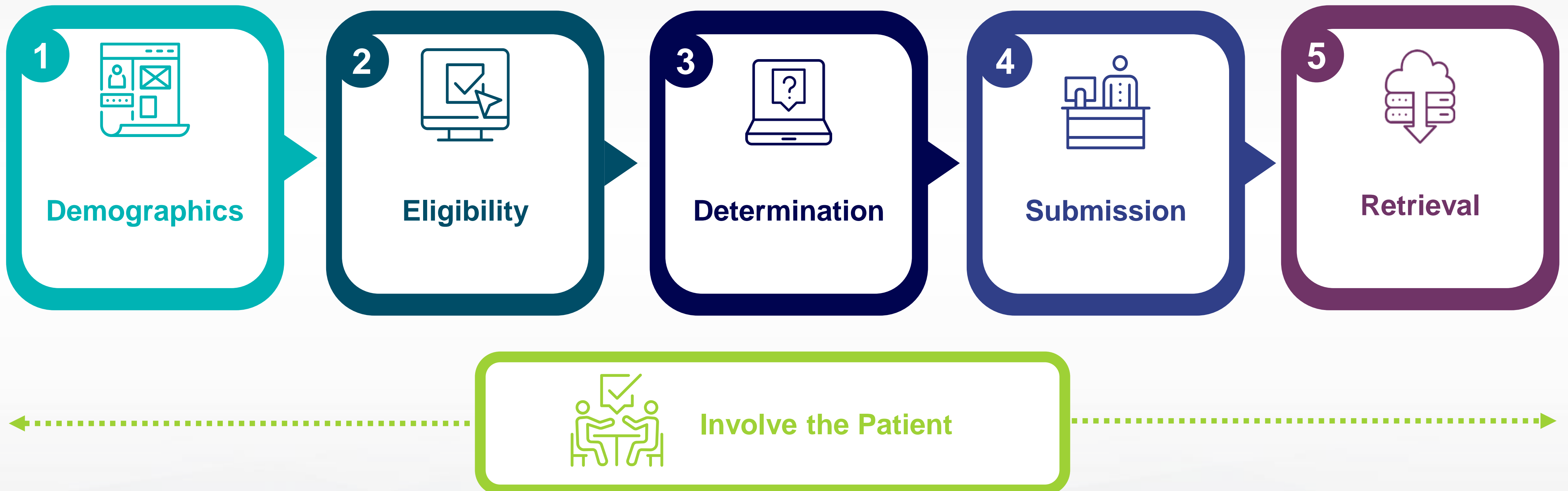
Prior Authorization: Best Practice 5-Step Process



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Don’t Manage Denials, Prevent Them

1

Identity and Demographic Validation

Required Data: Demographics, Insurance, Procedure (CPT), Diagnosis (ICD)

Data Capture Points: Electronic Order, Scheduling – SIU, Pre-Reg – HL7, Registration – HL7

2

Eligibility and Benefit Verification

Eligibility Auditing, Service-Level Validation, Benefit Limitations, Non-Covered Procedures, Referral Required, Found Coverage Detection, Wrong Payer / Plan Detection

Automate Determination

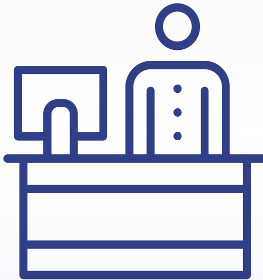
3

Rules Engine, Machine Learning, Procedure Change Prediction (AI), Charge Post Auditing

Maintenance:
Payer Research, Payer / Provider Notifications, Tribal Knowledge, Denial Analytics

Automate Submission

4



Single Payer Interface, All-Payer, All Services,
Payer Web Portal Automation,
Clinical Document Management,
Clinical Surveys, Payer Fax Form Management,
Real-Time Visibility, Workflow Optimization

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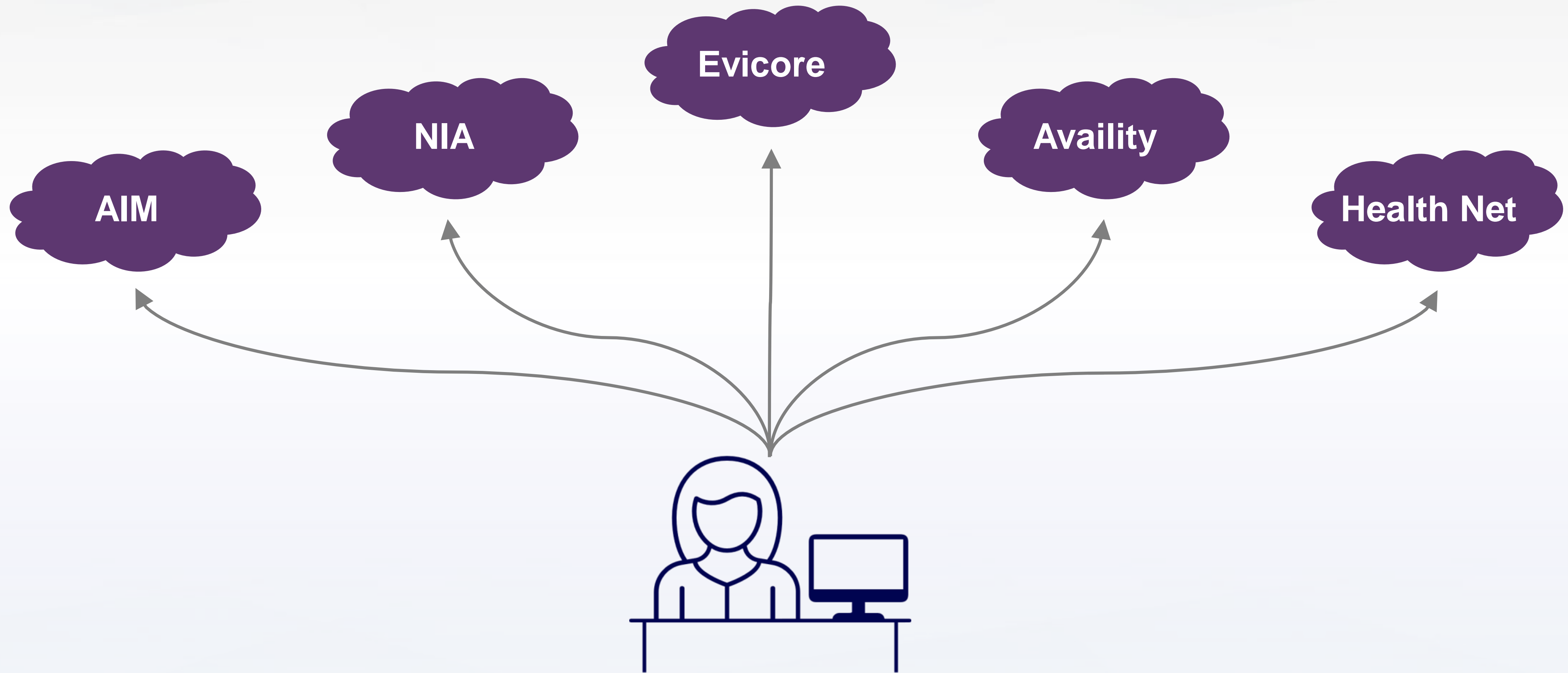
The Old Way



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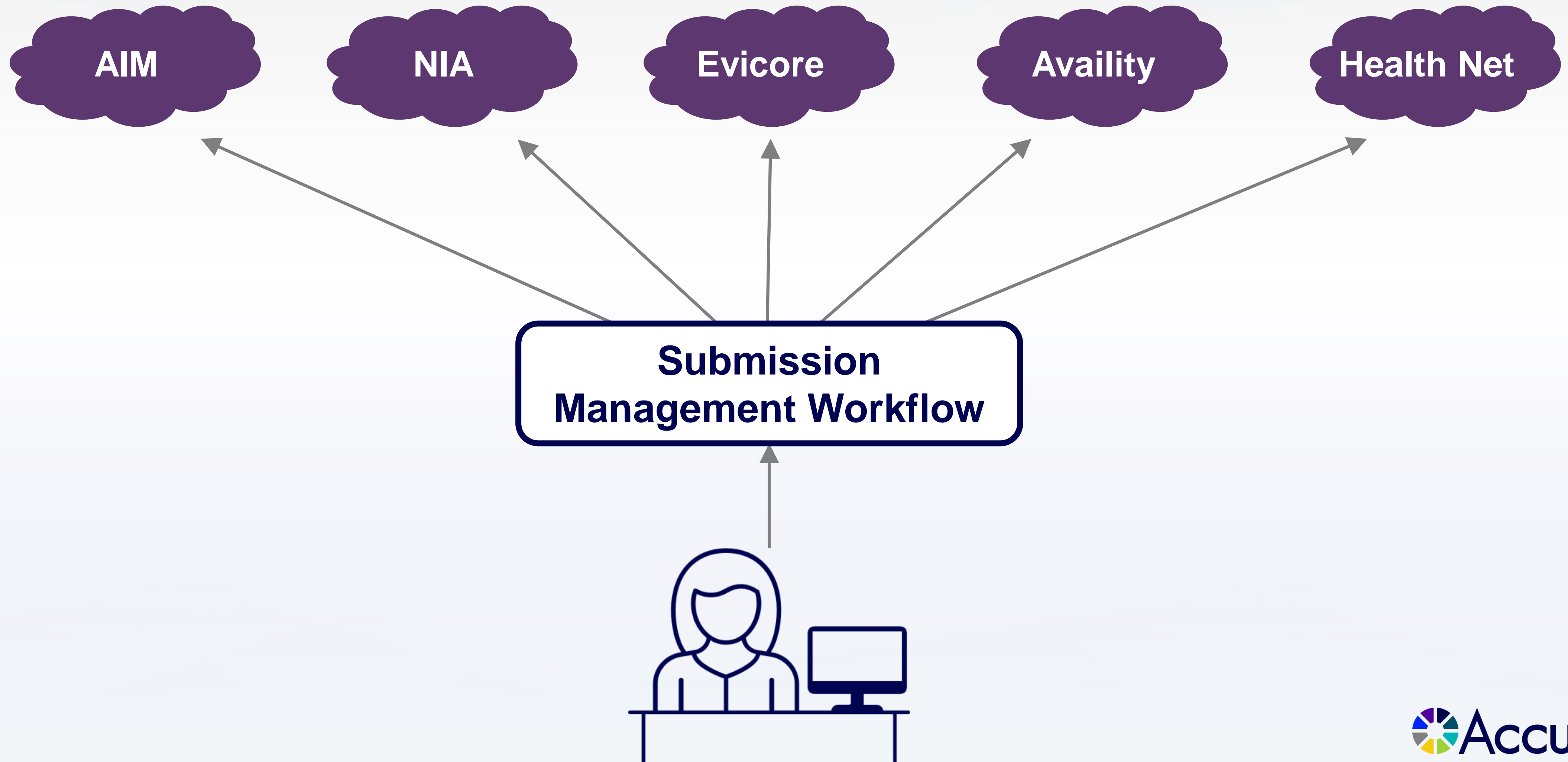
The New Way



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Automate Retrieval

5

Automated Data Push to EHR,
Payer Behavior Data (Auto-Auth Rate, Turnaround Time, Authorized CPTs),
Enterprise Visibility, Workflow Coordination,
Auth Audit Trail

Involve the Patient!

Bi-Directional Communications

Automated Alerts and Notifications

Patient Involvement

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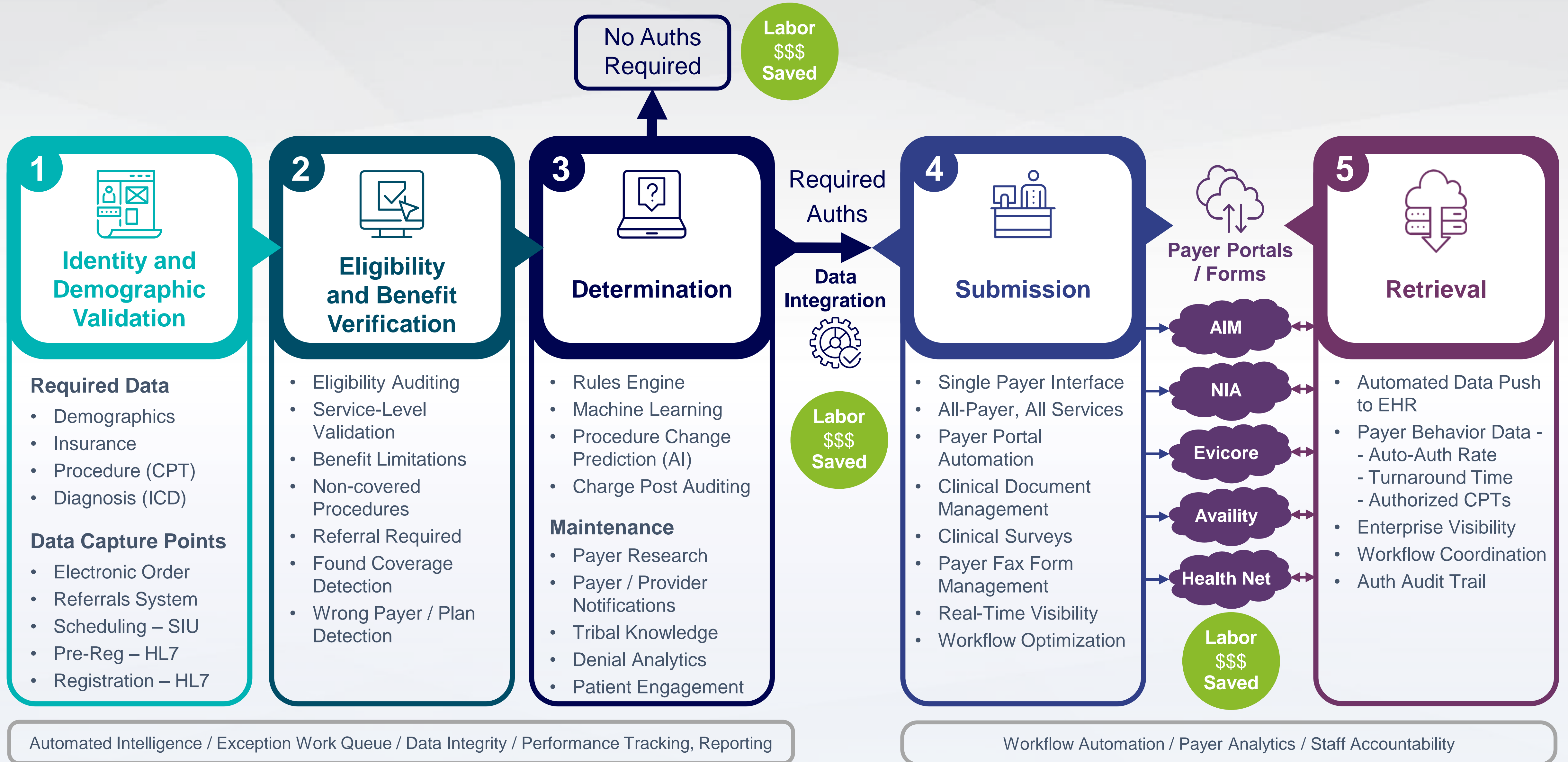

Outcomes: Prevent Denials and Write-Offs / Reduce Manual Labor Cost, Errors and Time / Increase Efficiency and Productivity

One Health System's Journey | ROI

			ROI Per Phase		
		Prior State: Manual (fax/phone/portals)	Phase 1 Determination	Phase 2 Submission/Retrieval	Phase 3 EHR Integration
		Prior to 2020	*Mar 2021 - Jul 2021*	*Aug 2021 - Dec 2021*	*Jan 2022*
Cost Efficiencies	Avg Minutes Per Auth:	17.3	15.9	13.0	8.0
	Estimated Cost Per Auth:	$10.76	$9.89	$8.09	$4.98
	Avg Auths Per User Per Day:	26	28	35	56
	Cost-Shift Opp Per Month:	N/A	$18,238	$342,555	$963,136
Est Denial Reduction	No-Auth Denial Rate Goal:	3%	2.9%	2.8%	2.6%
	Monthly Denial Amount:	$1,187,796	$1,148,203	$1,108,610	$1,029,423
	Denial Reduction From Annual Base:	N/A	$39,593	$395,932	$316,746

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Results

Automated Prior Authorization

- Automate repetitive tasks leaving exceptions only
- Increase productivity, efficiency, time and error
- Reduce labor cost
- Improve time to schedule
- Increase scheduled patient volume
- Leave no auth behind
- Avoid disruptions at POS
- Prevent surprise billing
- Engender trust and a better patient financial experience
- Improve net revenue by preventing PA denials!

Questions?

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