AMERICAN ACADEMY OF FAMILY PHYSICIANS
STRONG MEDICINE FOR AMERICA

PRIOR AUTHORIZATION AND STEP THERAPY

AAFP Recommendation

The American Academy of Family Physicians (AAFP) calls on prior authorizations to be standardized and universally electronic to promote efficiency and reduce physician administrative complexity. The manual, time-consuming processes currently used in prior authorization programs burden family physicians, divert valuable resources from direct patient care, and can inadvertently lead to negative patient outcomes by delaying the start or continuation of necessary treatment.

Family physicians using appropriate clinical knowledge, training, and experience should be able to prescribe medications and order medical equipment without being subjected to prior authorizations. In the rare circumstances when a prior authorization is clinically relevant, the AAFP believes the prior authorization must be evidence-based, transparent, and administratively efficient to ensure timely access to promote ideal patient outcomes. Additionally, family physicians that contract with health plans to participate in a financial risk-sharing agreement should be exempt from prior authorizations.

The AAFP further believes step therapy protocols used in prior authorization programs, in which insurers encourage less expensive prescription drugs to be prescribed prior to more costly alternatives, delay access to treatment and hinder adherence. Therefore, the AAFP maintains that step therapy should not be mandatory for patients already on a working course of treatment and that generic medications should not require prior authorization. Ongoing care should continue while prior authorization approvals or step therapy overrides are obtained. Patients should not be required to repeat or retry step therapy protocols that failed under previous benefit plans.

Background

Prior authorization is the process by which physicians must obtain advanced approval from a health plan before the delivery of a procedure, device, supply, or medication for insurance to cover the cost for that service. Health plans use prior authorization as a cost-containment strategy by limiting and restricting access to expensive services. Automation of prior authorization for medications is referred to as electronic prior authorization.

Step therapy is an insurance protocol that requires patients to try one or more insurer-preferred medications prior to a physician recommendation. This practice is also known as “fail first” and can take weeks or months. Once a patient finds a medication that does work for them, they may have to repeat the step therapy process if they switch insurance plans. When implemented inappropriately, step therapy can result in patients not being able to access the treatments they need in a timely manner. Physicians can request exceptions to step therapy requirements, but insurers may not respond promptly to such requests, resulting in a further delay of treatment.

Impact of Prior Authorization on Physicians and Patients

Prior authorization creates an administrative burden for physicians and other health care providers. According to a 2019 survey conducted by the American Medical Association (AMA), 86 percent of physicians report that the burden associated with prior authorization is “high” or “extremely high” and 86 percent report that prior authorization burdens have increased over the past five years. The AMA survey reports that physicians and their staff spend almost two business days each week completing an average of 33 prior authorizations per physician, per week. Studies show providers suffer costs of $11

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per manual prior authorization and $4 per electronic prior authorization, which amounted to a total of $528 million in prior authorization costs for providers in 2019.[1] Further, prior authorization interactions with insurers cost practices $82,975 per physician annually.[2]

The AMA survey also highlights the impact of prior authorization on patients: 90 percent of physicians report care delays associated with prior authorization that may lead to negative impacts on patient health outcomes. Furthermore, three quarters of physicians admit that issues related to prior authorization can lead to patients abandoning their recommended course of treatment. Over 60 percent of physicians report waiting at least one business day for a prior authorization decision from a health plan while 29 percent report waiting at least three business days, both of which have increased from 2018. These delays increase wait times for medical services and prescriptions for patients while diminishing access to timely care.

State Prior Authorization Activity
Some states have implemented legislation to limit the burden that prior authorization has on physicians and other health care providers. Increasingly, states are requiring insurers to respond to prior authorization requests by a certain deadline. Eleven states (AL, CA, DE, ID, MD, MA, MS, NH, OR, TN, VA) have a response time of 48 hours, with many adopting a 24-hour limit for urgent care services. Twenty states (CT, GA, HI, IN, KS, KY, LA, ME, NE, NJ, ND, OK, PA, SC, SD, TX, UT, WV, WI, WY) and DC have no deadline for prior authorization requests.

Legislation has also focused on requiring a standard, universal form for prior authorization, while states are also increasingly moving to electronic prior authorization. Seventeen states (AR, CA, CO, FL, IA, LA, MD, MA, MN, MS, NH, NM, NY, OK, OR, TX, VT) currently have standard prior authorization forms available for physicians, largely for prescription drugs, with Michigan and Vermont currently in the process of establishing a standard form. Sixteen states (CA, DE, GA, IN, IA, KY, MD, MN, NH, NM, NY, OH, TX, VT, VA, WV) with prior authorization legislation require the use of standard transactions for electronic prior authorization that were developed by the National Council for Prescription Drug Programs.[3]

State Step Therapy Activity
States have also moved to limit step therapy protocols. Twenty-eight states (AR, CA, CO, CT, DE, GA, IA, IN, IL, KS, KY, LA, ME, MD, MN, MS, MO, NC, NM, NY, OH, OK, SD, TX, VA, WA, WI, WV) have passed legislation to allow physicians an option to "override" a step therapy if the required drug would cause harm to a patient, is expected to be ineffective, or has already been tried under a previous health plan. Oregon requires insurance companies to remain transparent with their step therapy protocols.[4]

Prior Authorization and Utilization Management Reform Principles
The AAFP joined with the AMA and other stakeholders to develop the Prior Authorization and Utilization Management Reform Principles to reduce the negative impact these programs have on patients, providers, and the health care system by working with health plans, benefit managers, and other utilization management entities and accreditation organizations. This initiative led to six organizations representing health care providers to come together and release a consensus statement in January 2018, outlining five areas for further improvement in the prior authorization process including: selective application of prior authorization, prior authorization program review and volume adjustment, transparency and communication regarding prior authorization, continuity of patient care, and automation to improve transparency and efficiency.

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[1] Council for Affordable Quality Health Care. (2020). "2019 CAQH Index: Conducting Electronic Business Transactions: Why Greater Harmonization Across the Industry is Needed." Web.
[2] Morra D, Nicholson S, Levinson W. Gans D, Hammons T, Casalino L. (2011). "US Physician Practices Versus Canadians: Spending Nearly Four Times As Much Money Interacting With Payers." *Health Affairs*. Web.
[3] American Medical Association (2018). "2018 Prior Authorization State Law Chart." Web.
[4] National Psoriasis Foundation. (2018). "Step Therapy Legislation by State." Web.