Prior Authorization and the Pharmacy Industry

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Speaker Information

Anthony Schueth, MS, is the CEO and Managing Partner of Point-of-Care Partners (POCP), a health information technology (HIT) strategy and management consulting firm specializing in the evolving world of electronic health records.

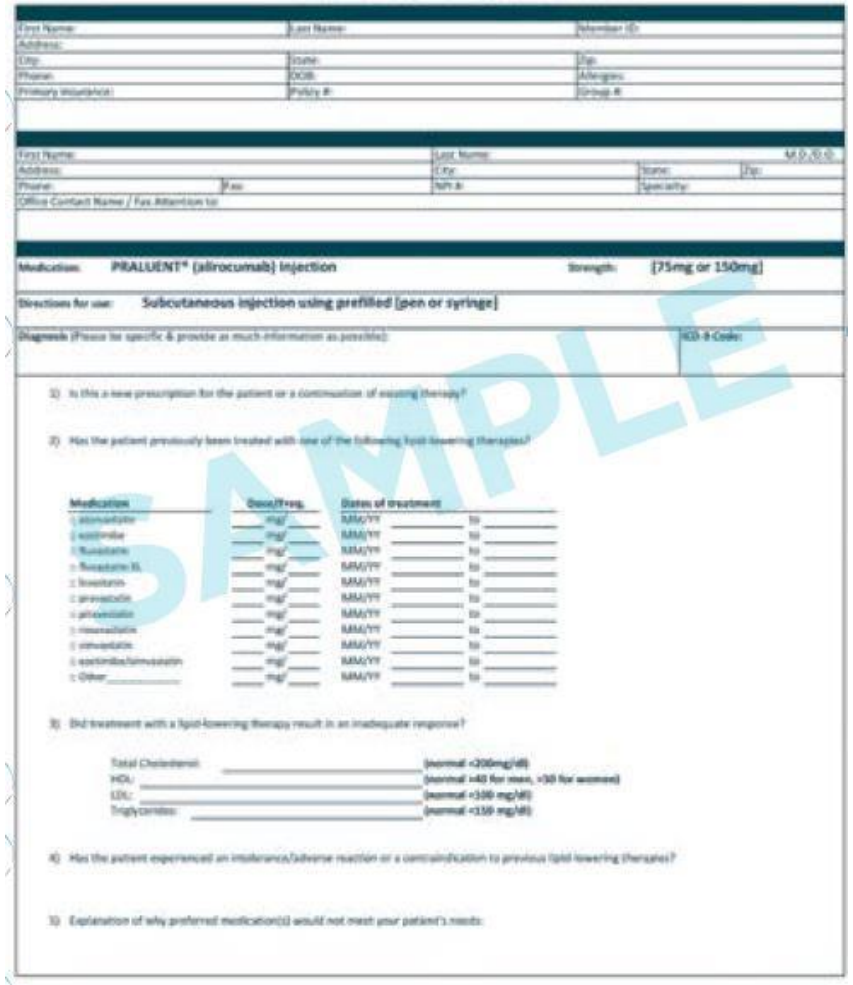
A 25-year healthcare veteran, he is an expert in HIT, in general, and one of the nation's foremost experts in ePrescribing and eMedication Management. Mr. Schueth has led numerous transformative industry initiatives, including the highly successful Southeastern Michigan (SEMI) ePrescribing Initiative.

Currently, he leads the eHealth Initiative's Electronic Medication Adherence Collaborative (eMAC) workgroup and is a member of the multi-stakeholder association's Leadership Council. In addition, Mr. Schueth is Editor-in-Chief of the ePrescribing State Law Review and previously led the NCPDP electronic prior authorization (ePA) task group and co-led the specialty pharmacy ePrescribing, RxNorm and specialty task groups.

Defining Prior Authorization

Prior Authorization is a tool that:

- Ensures patients are routed to the appropriate and most cost effective treatment option for their diagnosis
- Enables providers to adhere to the latest clinical guidelines and available medical literature in place for a provider and payer organization
- Supports application of consistent criteria across covered patients based upon patient specific clinical findings
- Will undergo transition and focus as Providers and Payers increase shared risk, contract based on value and improving patient outcomes



EXAMPLE OF PAPER-BASED PA FORM

Different Types of Prior Authorization

DRUGS

Covered under Pharmacy Benefit
Covered under Medical Benefit

DEVICES

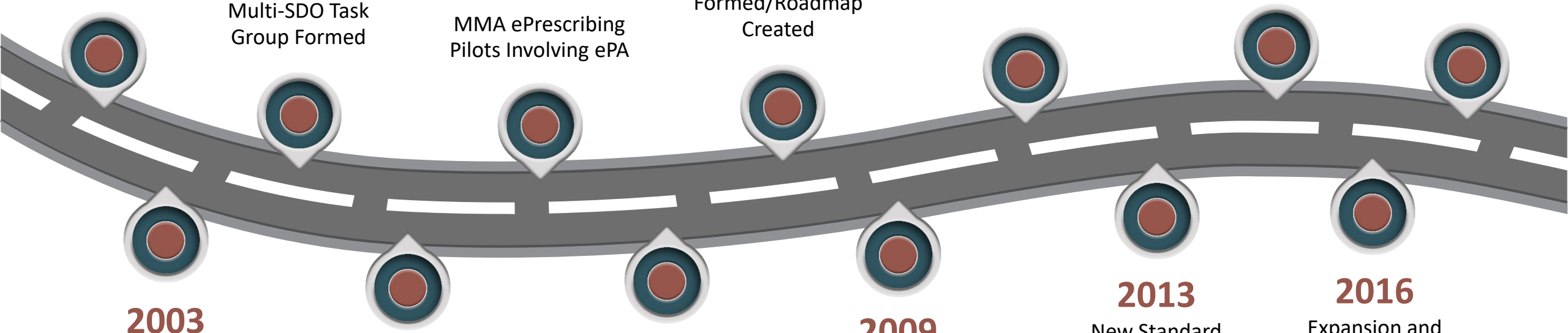
Pacemakers
Infusion Pumps
Blood Glucose Meters
Nebulizers

PROCEDURES

Radiology
MRI
Endoscopy
Chemotherapy

Pharmacy ePA Timeline

ePA SCRIPT Standard is Mature and Well Established



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2017-18
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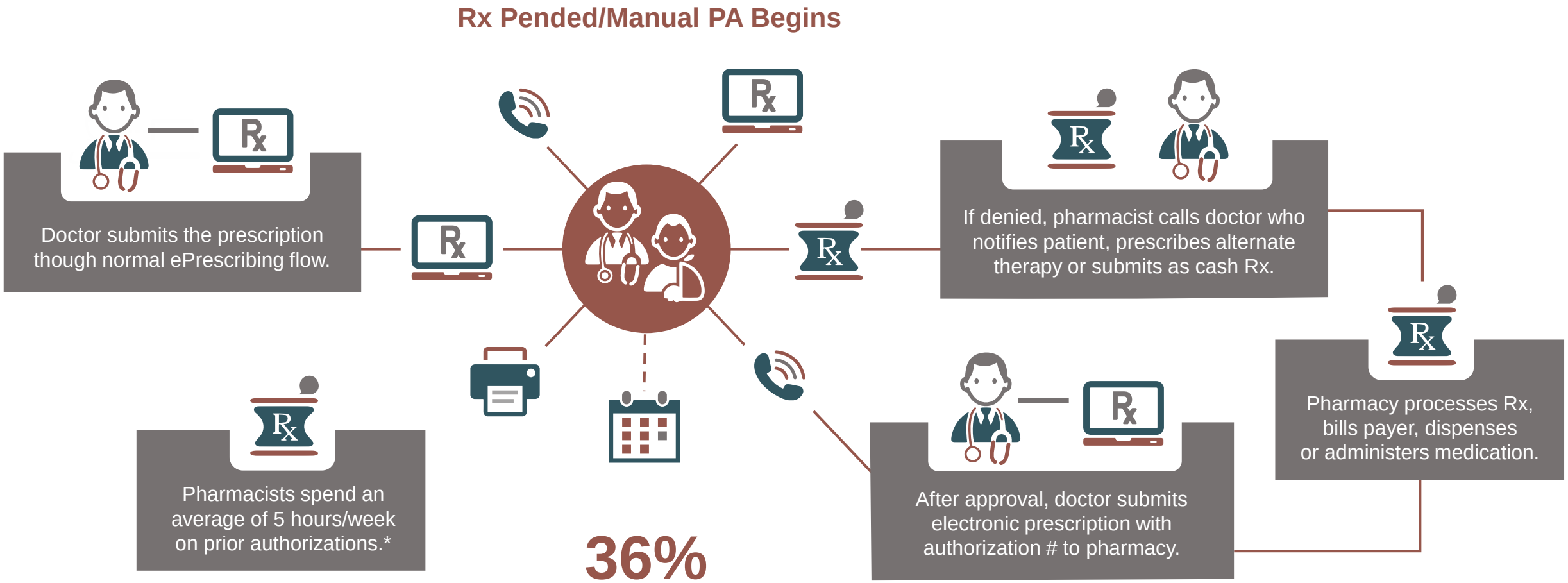
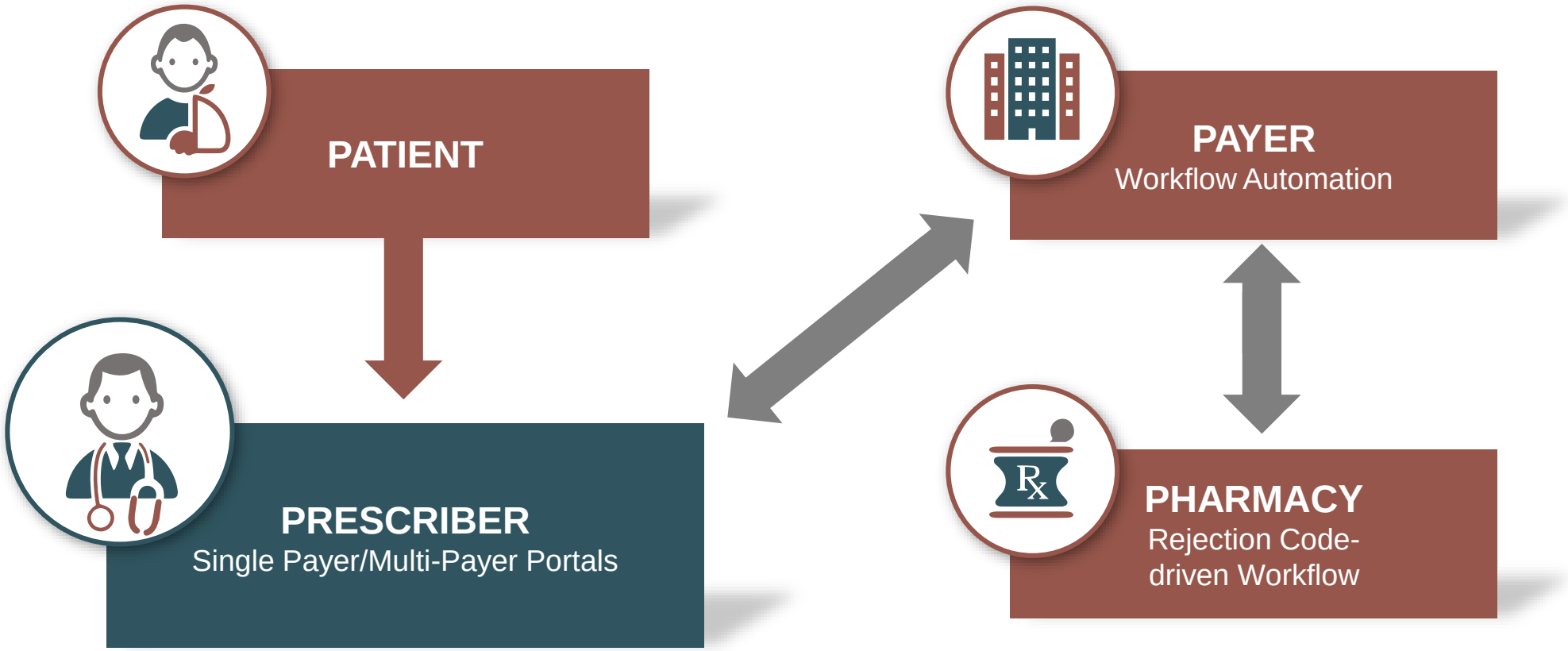
Source: POCP Primary Research

Manual Prior Authorization



* Source: 2018 ePA National Adoption Scorecard, CoverMyMeds

Portal-, Fax-Heavy PA "Automation"



Until today, automation largely replicated the paper process requiring duplicate entry of information

Electronic Prior Authorization:

The Infrastructure Supported ePA

80%

Physicians Today

Nearly 80%
of physicians
ePrescribe today

700

EHRs Enabled

Approximately
700 EHRs enabled
for ePrescribing

96%

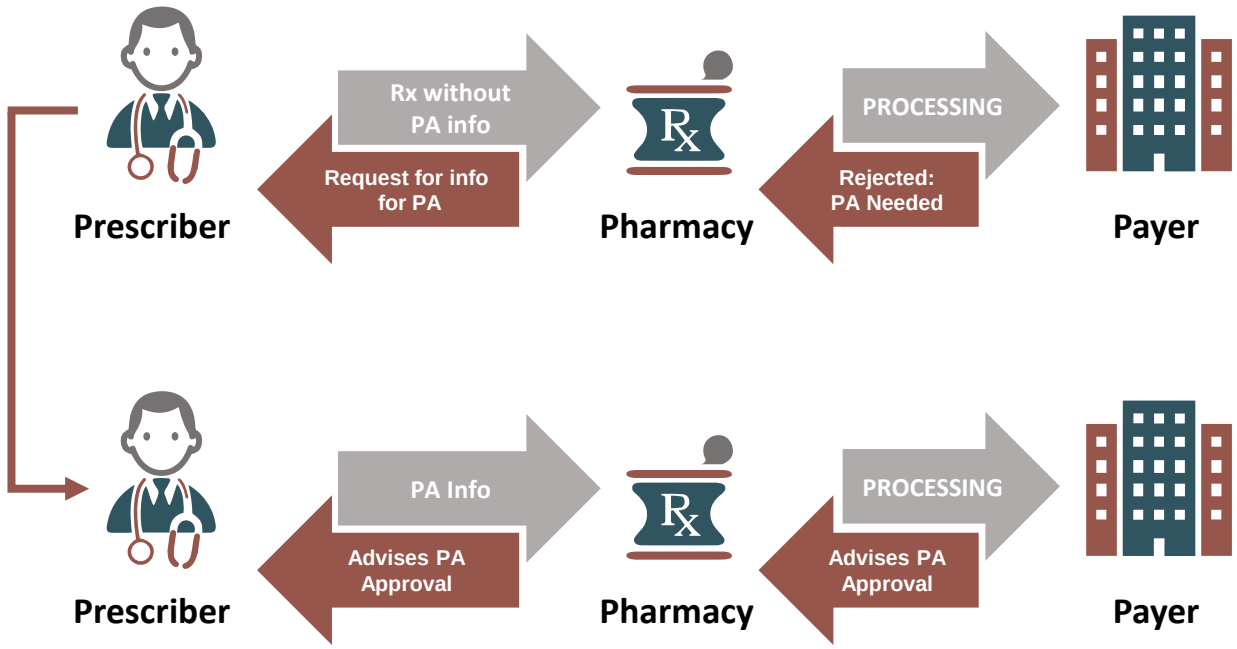
Retail Pharmacies

Nearly **100%**
retail pharmacies

New Standard Enables Multiple Workflows

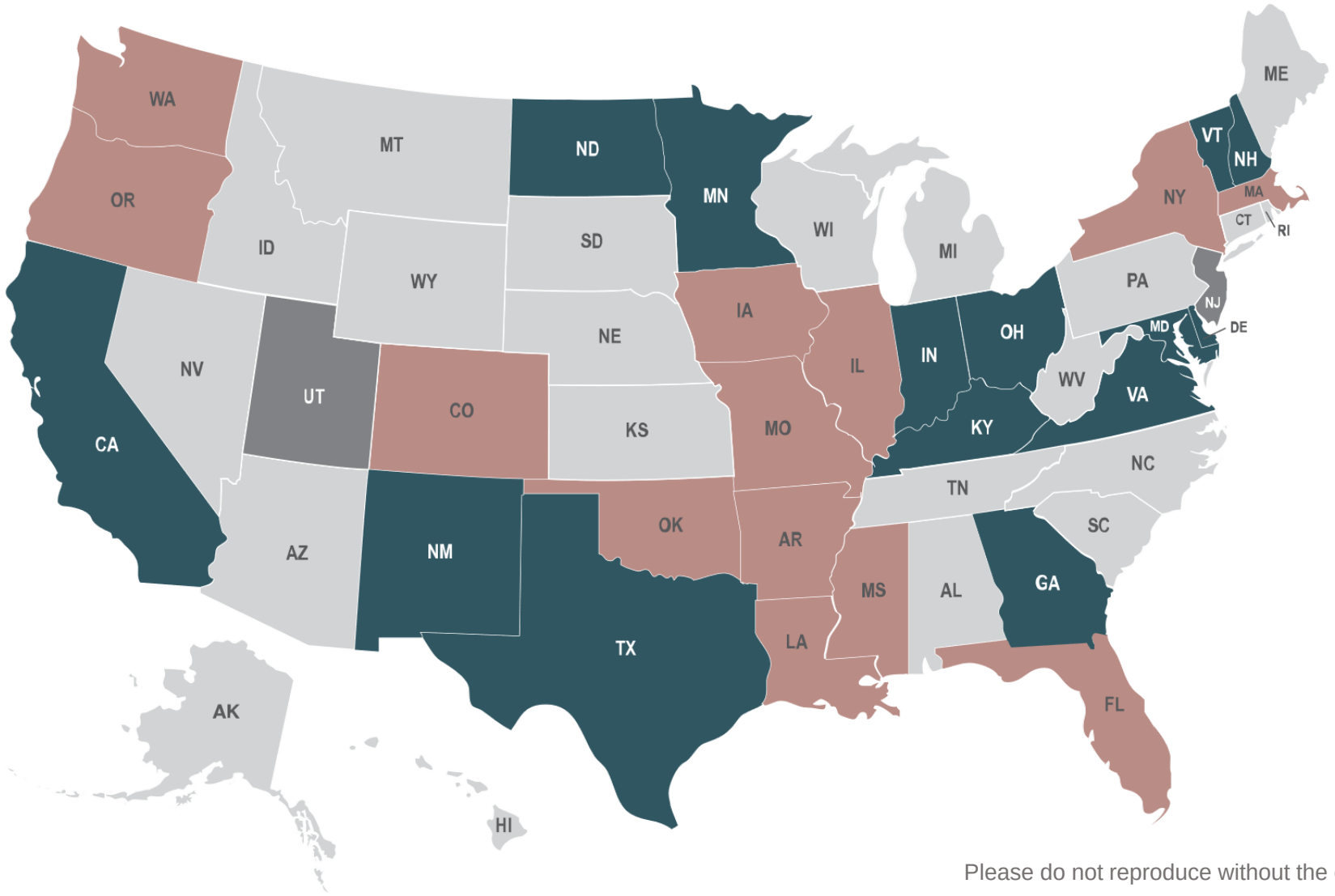
Retrospective vs Prospective

RETROSPECTIVE PA
Without PA Info at Time of Prescribing



PROSPECTIVE PA
With PA Info at Time of Prescribing

ePA Legislative Drivers



Pharmacy ePrior Authorization Laws

Requires support for ePA transaction, most specify NCPDP standard

Allow electronic submission, standard method either not specified OR not mandated

Legislation proposed or rules in development

No Information

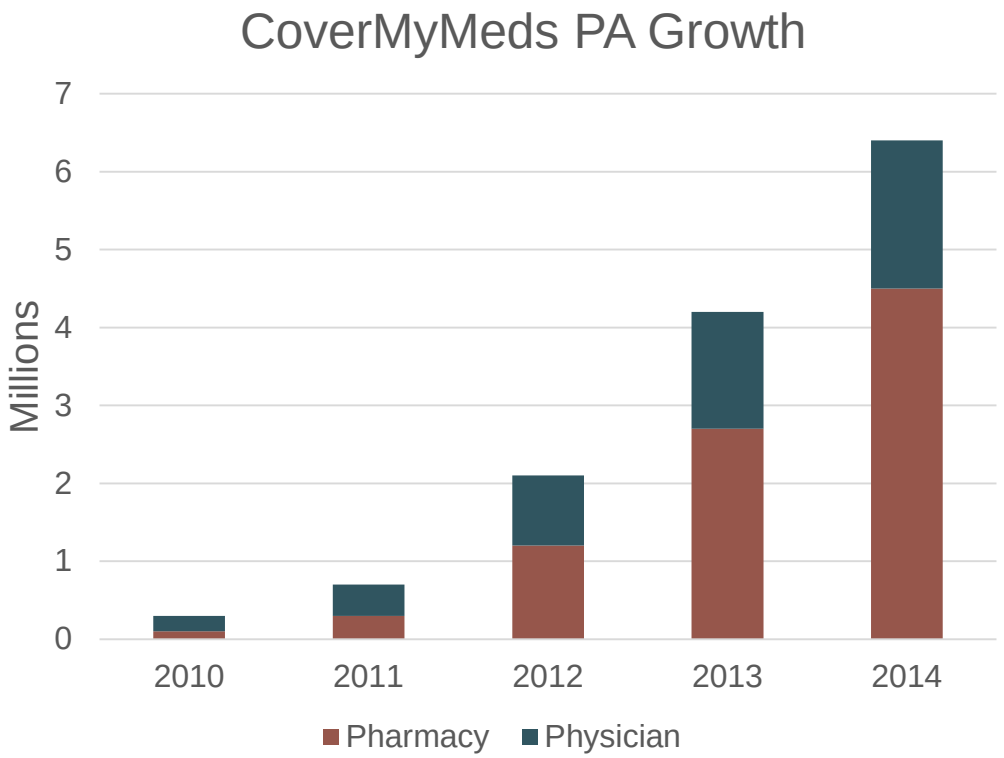
SOURCE: Point-of-Care Partners www.pocp.com

Federal Drivers: Multiple Active Bills

- Support for Patients and Communities Act (H.R. 6) **introduced** 6/25/2018
  - Would require ePA for Part D drugs by 1/1/2021
  - Specifies standards adopted by the Secretary and NCPDP
- Other notable bills focused on ePA for Part D drugs
  - The Preventing Addiction for Susceptible Seniors Act of 2018, H.R. 5773
  - Standardizing Electronic Prior Authorization for Safe Prescribing Act of 2018 (H.R. 4841)
  - HEAL Act of 2018 (S.3120)

… "A facsimile, a proprietary payer portal that does not meet standards specified by the Secretary, or an electronic form shall not be treated as an electronic transmission."
Exclusion in H.R. 6

Electronic Prior Authorization



Source: CoverMyMeds

- Retrospective and prospective models emerging in the marketplace
- Retrospective being conducted in a proprietary manner
- Industry movement toward **prospective**
- Prospective ePA officially approved as part of the SCRIPT standard in July, 2013
- Standardized retrospective process on-hold
- Standardized questions being addressed
- Need for standardization, evidence-based PA criteria

ePA Integration Rates on the Rise

The integration of electronic prior authorization (ePA) functionality in EHRs and adoption among payers has been increasing, but adoption by physicians still lags behind

EHR ADOPTION

79% Committed

of EHRs are committed to implementing an ePA solution, compared to 73% in 2017, 70% in 2016 and 54% in 2015

70% Available

of EHRs have completed the ePA integration work with their selected vendor and have a solution in market, compared to 57% in 2017, 47% in 2016 and 22% in 2015

PAYER ADOPTION

96% Committed

of payers are committed to implementing an ePA solution, compared to 96% in 2017, 87% in 2016 and 68% in 2015

90% Available

of payers have completed the ePA integration work with their selected vendor and have a solution in market, compared to 90% in 2017, 68% in 2016 and 60% in 2015

Source: 2018 ePA National Adoption Scorecard, CoverMyMeds

Other Drivers

Expansion of Value-based Contracting

Speed to therapy and adherence are critical factors in patients' health outcomes.

Growth of Specialty Medications

Specialty medications are the **fastest growing** segment of medications.

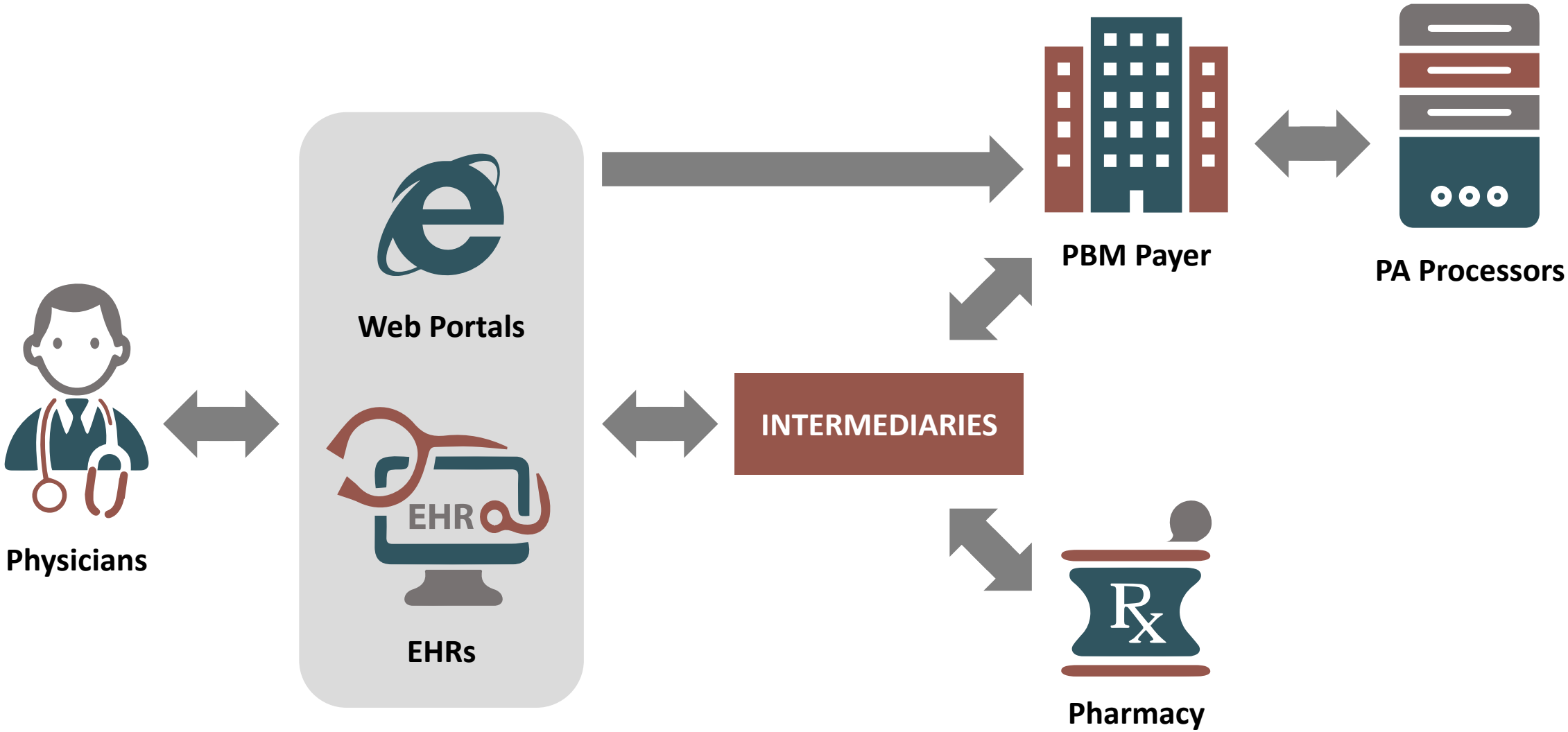
Most of these medications require prior authorization.

The Growing Chronic Disease Crisis

Half of the U.S. population in 2025 will have at least one chronic medical condition.

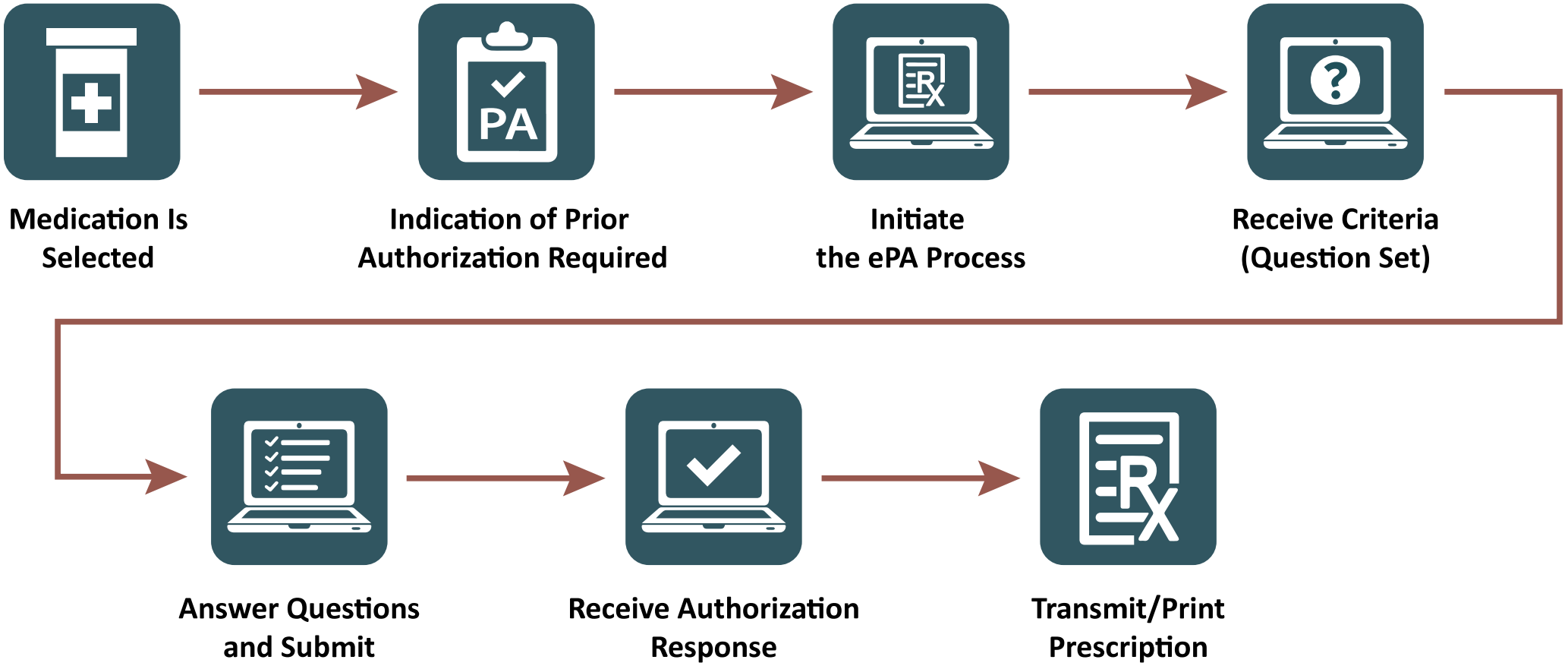
One-in-four adults are **affected by multiple chronic diseases**, which often require complex medication therapies.

Current Landscape



Integrated ePA Workflow

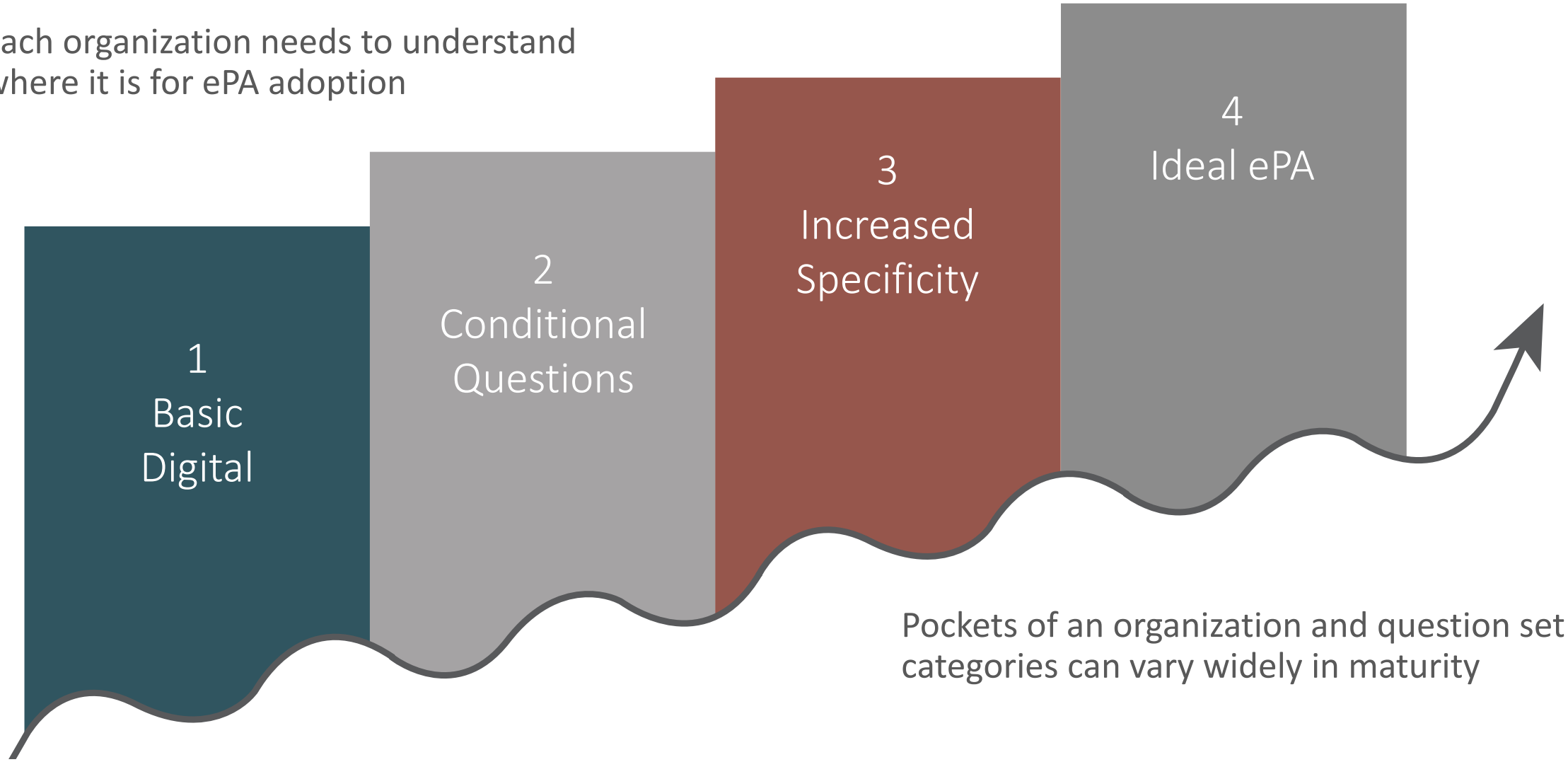
EHR ePA Workflow at a Glance



What are the High Leverage Points for ePA?

Evaluate ePA Maturity Using Proven Best Practice

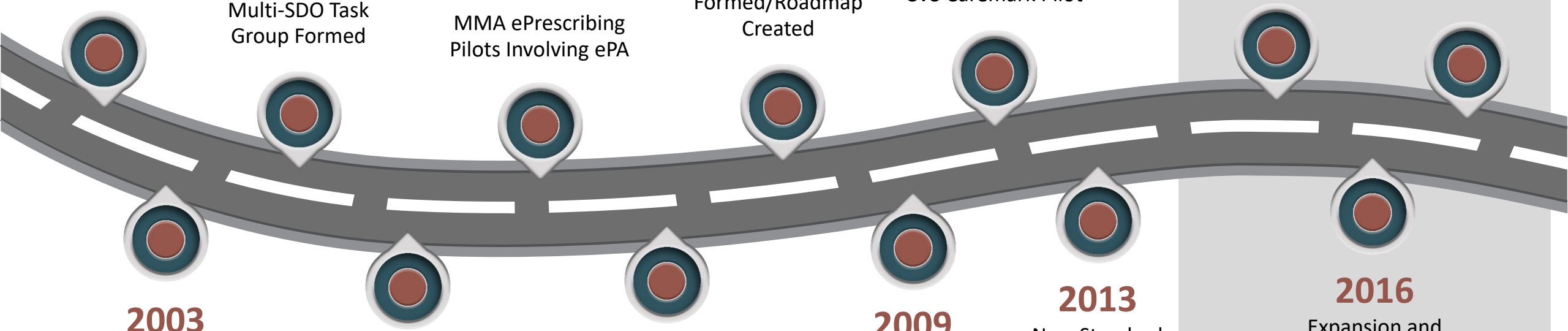
Each organization needs to understand where it is for ePA adoption



Pockets of an organization and question set categories can vary widely in maturity

ePA Timeline

ePA SCRIPT Standard is Mature and Well Established



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PRIMARILY RETROSPECTIVE

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Of physicians surveyed, 1/2 - 2/3 of PA are still completed via phone or fax.
This represents time away from patient care, and higher processing costs for PBMs.

Source: POCP Primary Research

Pharmacy ePA Meeting Expectations?

After years of investment payers still struggle to ensure correct information is available at moment of prescribing to support ePA:

- When prescriber has access to formulary alternatives **57% not using due to trust of data accuracy** alternatives at patient diagnosis and prescribing
- **70% of physician's surveyed do not see a PA required flag** in the ePrescribing application; no trigger to kick off a prospective ePA or to review formulary alternatives

Any delay in therapy adversely affects adherence, patient satisfaction and ultimately **patient outcomes**

- **66% of prescriptions rejected at the pharmacy require PA; 36% of those prescriptions are eventually abandoned** due to the complex, paper-based PA process
- The PA process impacts more than 185 million prescriptions each year with nearly **75 million abandoned prescriptions**

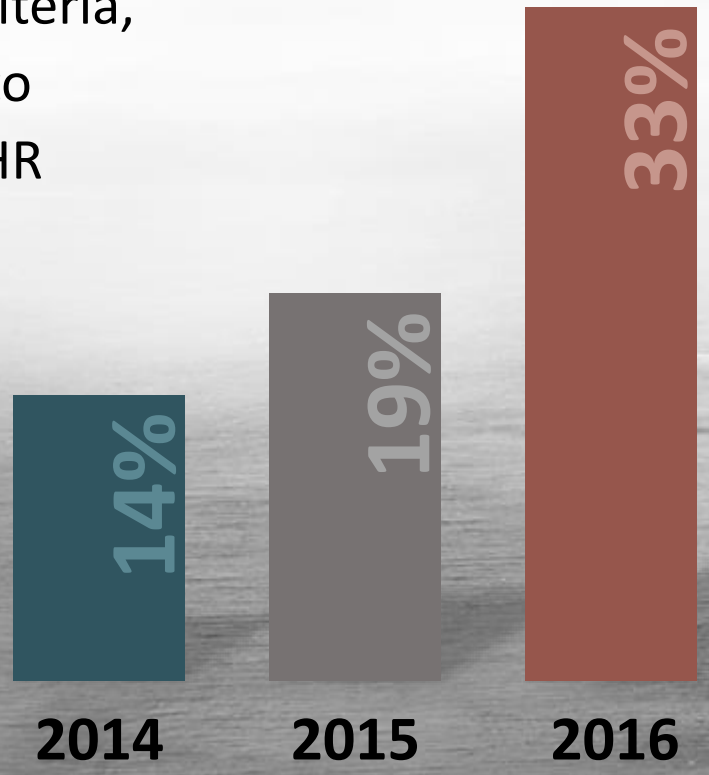
REALITY: three out of four providers still use more than one channel to complete PA requests;

few providers exclusively use an ePA solution.

Sources: CoverMyMeds, Krieger, 2009; POCP primary research

Gaps in ePrior Authorization for Pharmacy

- Drug requiring PA flagged in only 33% of the cases
  - Lack of EHR integration
    - Lack of standardized criteria, which inhibits ability to extract data from EHR



Where Are We Going?

Mandatory electronic prior authorization
for drugs dispensed under Medicare/Medicaid

Seamless integration
of specialty medications

Elimination of unnecessary PAs

Increased use of prospective (prescriber to pharmacy) **electronic prior authorization**

Seamless process – data will be extracted from EHRs

Addition of real-time benefit check

Immediate alerts for PA required and nonformulary prescriptions

Patient-specific, real-time accurate data and coverage information at point of prescribing

Handling of medical and prescription PAs within the same application / EHR

Lessons Learned

Key Stakeholders
need to drive the process

Structure and Process
are necessary

Existing Standards must be augmented

Lessons Learned

"Boiling the Ocean" is not a successful strategy.
Staging and phasing is critically important

Both Facilitation & Leadership are Critical
Industry leaders must step up but the process must be facilitated by knowledgeable experts whose only "skin in the game" is success

Don't be naïve … **politics most definitely plays a role** in standardized solution development

Thank You.

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