

Pharmacy Benefit Pre-Authorization Process Direction Document 'Getting to the Future State'

Given the current challenges with pre-authorizing medications under a patient's pharmacy-benefit, the Pre-Authorization workgroup recommends the following approach to addressing those challenges.

1. Set the direction for the "Future State" pre-authorization process^{*1}
2. Define specific Best Practice Recommendations (BPR) for a "Transition State" period. Those BPRs will provide a useful bridge from the current situation to the Future State.
3. Recommend to the OIC those portions of the BPRs that should be reflected in WACs.

Recognizing that process improvement need to be made throughout the Transition State period to get us to the Future State, this Direction Document is intended to define the end-point so that today's improvements are consistent with tomorrow's objective.

Future State Guiding Principles

The development of Future State practices and tools will be guided by the following principles:

- *Information Transparency*: Information that is needed to assess a patient's benefit coverage for a medication and to request, approve and get decision information about a patient's pre-authorization will be appropriately transparent.
- *Ease of Use*: Tools required to access needed information, by prescriber^{*2}, pharmacist^{*2} and health plan will be easy to use.
- *Electronic Information Technology*: To the degree possible, solutions will be designed around electronic information technology, not paper, fax or telephone, and interoperable, electronic exchange of health record information.

Operational Characteristics of the Future State Process

The Future State of the Pre-Authorization process can be summarized as:

The shared goal of pre-authorization is to optimize patient outcomes by applying evidence-based guidelines to provide medication therapies that are safe and both clinical and cost effective. The process should support, rather than detract from this goal.

As such, prescribers have access to the information and tools necessary to prescribe only covered medications and to obtain, in a timely manner, any required pre-authorizations

prior to writing a prescription.

The process itself will consist of the following steps:

1. The prescriber determines patient's benefits, including formulary-related information, to the extent that coverage is disclosed by the patient.
2. The prescriber determines if a pre-auth is necessary and, if so, completes an electronic pre-authorization (ePre-Auth) with seamless exchange of clinical data if/as necessary. The Pre-Auth decision, with any approval parameters, is stored by the health plan for future reference by prescriber or pharmacist.
3. The patient checks on the need for and status of a Pre-Authorization using a user-friendly application (this is seen as an optional step).
4. The prescriber electronically sends the prescription to Pharmacy
5. The pharmacy submits a claim, gets approval and dispenses medication.
6. In those situations where a claim is denied, the prescriber receives notification about need for an alternative medication or a pre-authorization and steps 2,4,5 are completed.

Why is a Transition State Necessary?

Given the level of change that is required, it is apparent that a fully implemented and adopted Future State will be a multi-year effort.

1. An electronic pre-authorization transaction that is specific to medications is required in order to make the future state a reality. A standard transaction has been proposed and is currently under review at the national level. CMS must approve this transaction before it can be used.
2. Changes to Electronic Health Record systems, health plan systems and Health Information Exchanges are required in order for electronic pre-authorization to work seamlessly. New policies and standards for the exchange of information using these systems will be required.
3. It will likely take a while for a critical mass of prescribers to adopt these new technologies and implement the necessary changes to their operational workflow.

To make the Future State a reality, improvements that are directionally consistent with the Future State will be made during the Transition State period (per the considerations outlined in Implementation Requirements for a Transition State and Beyond). The directives for making Transition State improvements are:

- Be consistent with Future State guiding principles and operational characteristics, Transition State improvements will be "on the path" to the Future State.

- Pace technical and operational changes so that they are not barriers to moving forward with a transition state and getting to the future state
- Encourage “upstream” Pre-authorizations (i.e. prior to prescribing)
- Consider temporary relief solutions that are inconsistent with the Future State, i.e. future “throw aways”, only as a means of last resort to address critical issues and problems.
- Align with other related Federal and State mandates and initiatives e.g., eRx, EHRs, Meaningful Use, etc.

Implementation Requirements for a Transition State and Beyond

Progress through the Transition State to the Future State is dependent upon the use of new/enhanced technologies and operational workflow by all stakeholders. Implementation and adoption of these changes will require:

1. *Capital investments / funding* for new or enhanced system and technologies. These changes will be competing with other initiatives.
2. *Appropriate allocation of ongoing operational costs*, such as transaction fees. Consideration should be given to costs being borne by those requiring the function/transactions, stakeholders receiving at least equal value for outlaid cost, etc.
3. *Broadbase adoption of technologies/systems* that are implemented. For the cost-benefit equations to work, systems developed by one stakeholder for use by another, must be used by those stakeholders.

Recommendations about funding, cost allocation and adoption will not be forthcoming from this workgroup. Involvement of policy makers and senior management of stakeholder organizations will be necessary.

Fundamental improvements in the current state are required to enhance the patient experience and to alleviate pressures and burdens on prescribers, pharmacists and health plans. The “doability” and pace of these improvements will require financial investments. No-cost solutions will have no consequential or sustainable impact and, as such, envisioning them are outside the scope of the workgroup effort.

Notes:

- *1 Participants in the Future State would include all Washington State prescriber and pharmacy organizations and all Washington State public sector payers and all private sector health plans licensed to do business in Washington State along with the contracted entities, e.g. PBMs, of those public sector payer and private sector health plans

This work does not address reimbursement rates or compensation for work to process a prior authorization, e.g. additional clinical, patient record review

- *2 Use of the terms prescriber and pharmacist are inclusive of the licensed individuals and their staff/agents.