

# Prior Authorization Employer Toolkit: Facts, Case Studies and FAQs

#FixPriorAuth



**Prior authorization (PA)** is the requirement that a physician obtain approval from the health insurance plan before a patient can receive a treatment or medication. PA requirements are often arbitrary and opaque, and criteria vary considerably between health plans and can even change frequently within the same plan.

## Why is this issue important?



Employers face the challenge of providing health care benefits that offer access to quality care while also managing costs and bargaining benefit contracts.

To strike the right balance, employers need to understand insurers' utilization management policies, such as PA. Benefit plans with excessive PA requirements are not in employees' best interest due to the associated care delays and negative health outcomes. In addition, PA can block access to care that you and your employees have already paid for via subsidies and premiums. **Employers need to join the conversation about PA and understand why it may ultimately not be such a bargain for their employee population or their business.**

## Get the Facts

Insurers tout PA as a cost-saving measure, but it can lead to absenteeism and reduced productivity if employees can't receive timely care and subsequently experience negative health outcomes. **It is paramount that employers learn about PA and its possible impact on their employees.** PA is a growing problem: the [AMA Prior Authorization Physician Survey](#) reveals some concerning facts about PA's effect on patient care.

**29%** of physicians report that PA has led to a serious adverse event for a patient in their care. [Watch Video ▶](#)

**93%** of physicians report PA delays necessary care. This may cause an employee to miss work or be less productive because they can't access the care they need to be healthy. [Watch Video ▶](#)

**82%** of physicians report that PA can lead to treatment abandonment. PA-related delays may lead employees to give up and forgo treatment, leading to continued illness or worsening health. [Watch Video ▶](#)

Learn more about the effects of prior authorization at [FixPriorAuth.org](https://FixPriorAuth.org)

## Case Studies

Each employer has particular health benefit needs based on their employee population. Below are two case studies that show how PA impacts employees with common health issues.

### Case Study #1: Diabetes

Diabetes impacts 1/3 of Americans and is the focus of many employer health and wellness programs. **PA can delay or prevent patients from accessing the medication and supplies needed to manage diabetes.**

*An AMA survey of patients with diabetes revealed that:*

**Over 1 in 5 reported delays**  
in treatment due to PA

**Nearly 1 in 5**  
had to ration or skip doses  
of medication due to PA

**13% were hospitalized**  
due to PA

**30% paid out of pocket**  
to get timely care

### Case Study #2: Substance Use Disorder

Many employers focus on ensuring employees receive adequate and timely treatment for substance use disorder (SUD). **PA can interfere with patients receiving SUD treatment, which is why many states have passed SUD-specific PA reforms.**

*This study looked at nearly 950,000 Medicare beneficiaries between 2012-2017. Key findings show the removal of PA was associated with:*





**A 29% decrease**  
in SUD-related emergency room visits

**Approximately 28% decrease**  
in SUD-related inpatient admissions

**A 36% decrease**  
in emergency room visits

**Approximately 24% decrease**  
in inpatient admissions

## What can employers do?

-  **Ask health insurance plans questions** during the next benefit contracting season. **[Click here](#)** for a list of questions to ask health plans about how their PA requirements may impact your workforce.
-  **Solicit feedback from your employees** about their experience with prior authorization through: a benefit satisfaction survey, anonymous HR complaint line or open engagement with HR representatives.
-  **Take action by visiting** [FixPriorAuth.org](https://FixPriorAuth.org) to learn more, submit stories and sign our petition.
-  **Encourage your employees to get involved!**

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# Questions to ask health plans during benefit contracting season

*Benefit plans with excessive prior authorization (PA) requirements can block access to care that you and your employees have already paid for via subsidies and premiums. Moreover, plans with overly restrictive benefit designs are not in employees' best interest due to the associated care delays and negative health outcomes.*

***To understand how coverage restrictions, such as PA, may impact your employees, consider asking the following questions during the next benefit contracting season:***

- **What are the health plan's PA requirements, and how can this information be accessed by employees and their physicians?**
- **Does the plan use benefit managers?**  
Insurers often outsource PA processing to third parties, which can complicate communication.
- **What is the basis for the plan's PA requirements, and how does the plan decide to add/remove a service from the PA list?**  
Insurers' PA requirements should be based on accurate, current clinical criteria and never cost alone. In addition, plans should judiciously apply PA to just those services with significant variation in utilization patterns. Services/drugs with high PA approval rates should be removed from the plan's PA list.
- **Who reviews PA requests?**  
Insurer reviewers should have appropriate clinical expertise (i.e., be of the same specialty/subspecialty as the requesting physician).
- **What percentage of drugs/medical services require PA?**  
If a large percentage of employees have certain needs (e.g., high incidence of rheumatoid arthritis), ask more questions about disease-specific coverage.
- **What is the plan's average turn-around time for PA processing?**  
This will indicate if employees are likely to go without treatment for an extended period of time.
- **What is the denial rate of PA requests under the plan?**  
When a PA is denied, the employee cannot receive the prescribed treatment unless they pay out of pocket or fight the denial via an appeal.
- **What percentage of denied PAs are ultimately approved?**  
A high rate of denials overturned on appeal suggests that a plan's PA criteria are clinically inappropriate and/or excessive.
- **How often does the health plan change PA requirements?**  
A change in PA requirements mid-year means that employees may face abrupt disruptions in treatment, which can be especially problematic for chronic conditions. Care interruptions are stressful and time-consuming for employees.
- **Do treatments for life-long/chronic conditions (e.g., insulin for type 1 diabetes) have PA requirements? If so, what is the volume of these requirements? Does the plan offer exemptions/waivers of PAs for patients on long-term treatment for chronic diseases?**  
Employees with chronic illnesses should not have to repeatedly jump through hoops and/or face care disruptions to receive treatment that they've successfully used for years.
- **Does the plan require step therapy or impose "fail first" requirements on any treatments?**  
Under a step therapy program, a patient must first try and fail an inexpensive treatment before being eligible to receive the therapy ordered by their physician. If employees are required to try inexpensive but less effective treatments first, their health may decline—leading to increased overall costs and reduced productivity.

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## Learn More

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*Learn more about this issue with the resources below.*

### PA Reform Principles & Agreement

- [Prior Authorization and Utilization Management Reform Principles](#)
- [Agreement between health care professionals and insurers on the need for PA reform](#)

### News

- [UnitedHealthcare Tried to Deny Coverage to a Chronically Ill Patient. He Fought Back, Exposing the Insurer's Inner Workings.](#)
- [Doctors, patients try to shame insurers online to reverse authorization denials](#)
- [Latest PA News](#)
- [Woman denied part of cancer treatment turns to social media, receives tip that changed everything](#)

### Stories

- [Hear a patient story about a life-threatening prior authorization delay.](#)
- [Access patient and physician stories about the real-life impact of PA.](#)

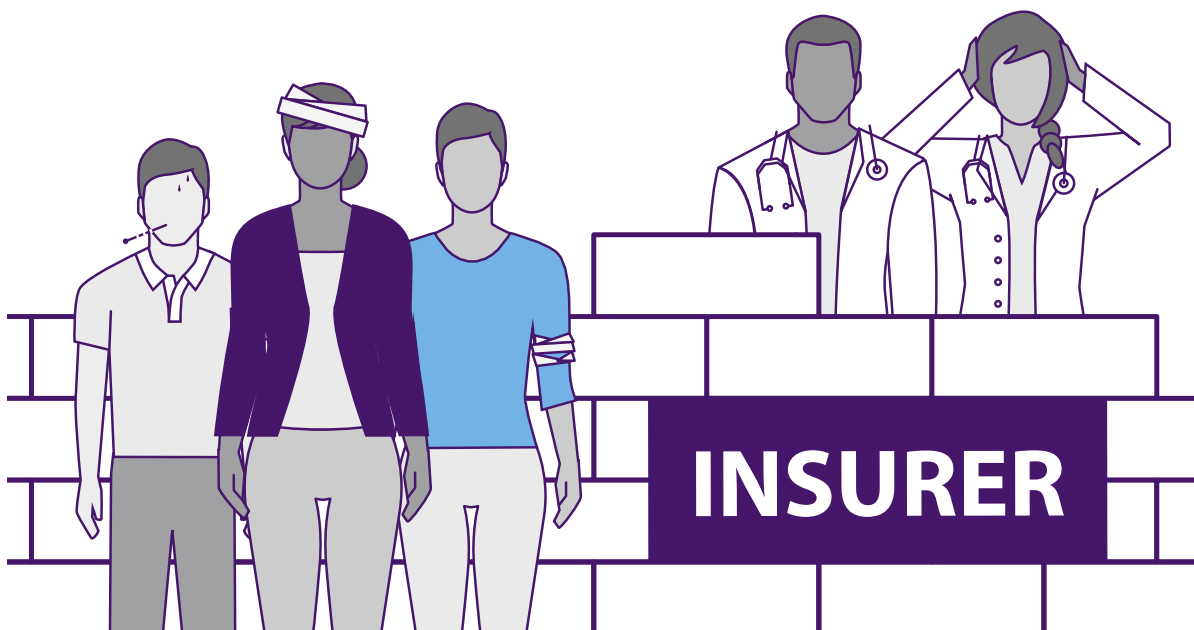
### Scholarly Articles and Government Reports

- [Analysis of the Impact of Prior Authorization for Type 2 Diabetes](#)
- [Treatment Delays Associated With Prior Authorization for Infusible Medications: A Cohort Study](#)
- [Advisory Council on Employee Welfare and Pension Benefit Plans](#)

## Contact Us

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*If you would like to learn more or share your thoughts, please contact us at [fixpriorauth@ama-assn.org](mailto:fixpriorauth@ama-assn.org).*



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