TACKLING PRIOR AUTHORIZATION

NEW SOLUTIONS TO ADDRESS PROVIDER-PAYER FRICTION

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CHILMARK RESEARCH

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CORE BELIEFS AT CHILMARK

Our team is united by a core belief that effective deployment and use of IT is essential to modernizing care delivery and ultimately improving the patient journey. We monitor trends and developments in the industry with a focus on those technologies that will be transformational to healthcare delivery.

We provide comprehensive, objective, high quality research for busy executives. It our way to help create a more informed, future-ready market of products and customers.

Work with us today – be ready for tomorrow.

JENNIFER ROGERS

Chilmark Research was thrilled to add two new analysts to our team in 2016. One of these additions is Jennifer Rogers, who is now leading our Population Health Management research domain.

Jennifer started her career as an RN in surgical intensive care and has worked the past twenty-five years across the continuum of clinical care management including leveraging Population Health strategies to ensure appropriate interventions in Utilization and Case Management, Chronic and Complex Condition Management, Consumer Engagement and Incentives, Stars and RAF, Nurseline and Advocacy, Behavioral Health, Wellness, Reporting and Analysis.

Immediately prior to this role, Jennifer was National Senior Director, Clinical Quality and Stars for Optum/UnitedHealthGroup. She has a Bachelor's in Nursing, Master's in Public Policy and Management, and is certified as a Managed Health Professional.

2017 Convergence
October 4-6, Boston MA

Inaugural Chilmark Research-hosted event

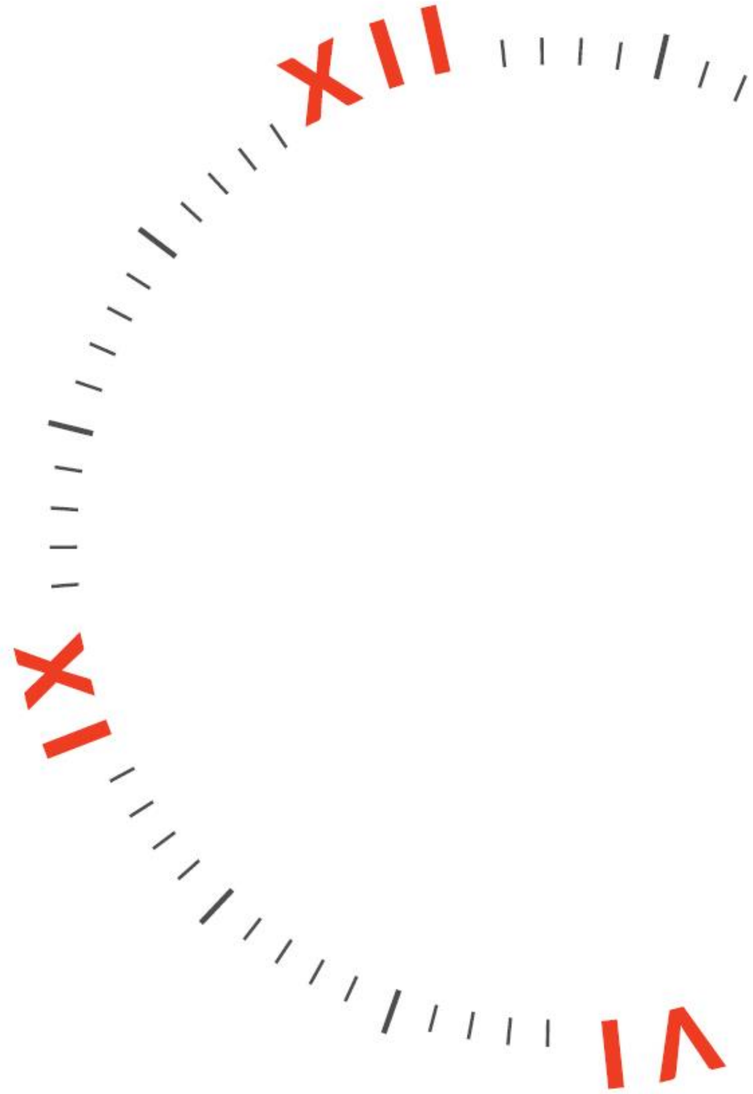
- 2-Day Conference in downtown Boston bringing together 200-250 senior executives from across the healthcare industry.
- Discuss and learn about the latest trends in provider-payer convergence strategies and the underlying technologies to support them.
- Industry pioneers will detail current hurdles, early successes with new business models, and opportunities for strategic, future-forward organizations to thrive.

Limited speaking opportunities and sponsorships still available.

www.ChilmarkConvergence.com

AGENDA

- Why this research topic at this time
- Is Prior Auth “going away” with VBC adoption?
- Prior Auth’s untapped potential
- Challenges and the routes to overcome
- Technology status
- Highlight of vendors launching new solutions
- Projections and recommendations



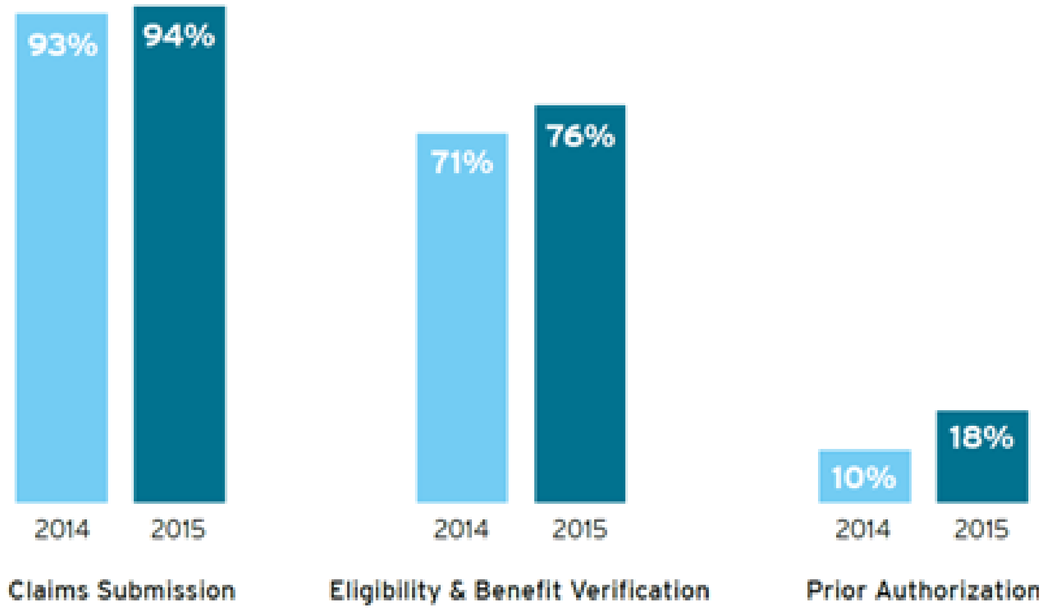
THE BACKDROP

Sizable increase in volume of Prior Auth (PA) requirements

PA has lagged claims and eligibility automation

VBC participation increasing

Calls for PA reform growing louder



Healthcare Industry Adoption of Fully Electronic Business Transactions (Source: CAQH Index 2016)

WHY THIS? WHY NOW?

Provider-payer convergence key to mutual VBC success

- Yet, these entities are hampered by long-standing trust issues and ongoing PA administrative hassles

PA automation creates a differentiator

Increasing number of vendors creating solutions to address this painful gap

- What does their PA solution look like?
- Who is the purchaser, the provider or payer?
- Are new solutions yet at scale?

How will this market evolve?

DEFINITIONS

Prior Authorization (PA)	Process by which provider seeks approval from payer for services, procedures, diagnostic tests, medications, or medical equipment. Approval is granted based on the various benefit policy requirements. Approval generally impacts benefits paid; lack of approval may mean lack of payment for the associated claim.
Pharmacy Prior Authorization	Same as above excepted limited to medication requests required for pharmacy benefit management. Payer is often a PBM contracted to perform such functions on behalf of the healthplan.
Utilization Management (UM)	End-to-end process used by payers to confirm healthcare services meet benefit policy requirements, in the most cost-effective manner possible. Utilization Management is a broader term that typically encompasses prior authorization, concurrent length of stay and post-service reviews, discharge planning, benefit determinations, and appeals.
Autonomous UM	Providers take ownership and accept risk for controlling variation, performing PA and UM functions internally. Payer adjudicates claims based on provider decisions, “turning off” their mirror image redundant UM processes.

EXECUTIVE SUMMARY

- **PA remains with payers for forseeable future**
- **Automation of even the administrative reviews has been low and represents huge industry opportunity for immediate efficiency gains**
- **New solutions to automate clinical reviews launching throughout 2017, not yet at scale**
- **Real-time clinical PA adjudication, integrated with CDS, a gold standard for VBC success**
- **Resolving the PA friction will move provider-payer relationships exponentially forward to create trust for broader convergence strategies**

Is Prior Auth "going away" with VBC adoption?

DESPITE MIGRATION TO VALUE-BASED CARE

- **Project at least 5 more years where UM predominant model is held by payers**
- **Another 5 years until vast majority of market under provider autonomous UM**
- **During that time, providers will build required infrastructure to fully own variation control, including integrated CDS**

WHY THIS PROJECTION?

- **Delegated UM hinges on greater VBC adoption**
- **UM held by payers to ensure reliable business control**
- **Industry forerunner PSHPs work to elevate UM**
- **Providers learn to appreciate the business control of UM**
- **Providers need to significantly invest to take on UM**
- **Payers unwilling to abandon one of their differentiators**
- **CMS' launch and growing adoption of PA requirements**

UNTAPPED POTENTIAL OF PRIOR AUTH

Drive value vs. viewing as mere data exchange transaction

- ✓ Move to point of care ordering and integrate with CDS to inform real-time decision-making
- ✓ Integrate with claims workflows to prevent revenue loss
- ✓ Manage and improve VBC contract performance via emerging PA analytics capabilities
- ✓ Embrace payer integration to tap into available payer and employer programs and benefits
  (eg. EAP program, fitness incentives, telemedicine offering, COE travel benefits)

Optimal care should ideally flow from PA decisions to PHM strategies, representing the integration of a complete evidence-based approach that also aligns to revenue cycle requirements

Challenges and Routes to Overcome

TOUGH CHALLENGES

- Lack of financial incentives necessary for broad industry collaboration
- Myriad criteria sets on the market, unwieldy volume with frequent changes
- Variety of benefit plans
- Variety of data source systems lack interoperability
- Lack of inter-payer cooperation
- Lack of EHR vendor cooperation
- Lack of historical provider-payer convergence

THREE CONCURRENT PATHS

To tackle the challenges:

Reform Trend	Description	Primary Stakeholder Leading This Reform
Automate PA reviews	Leverage EHR integration to drive decision-making to the point of care, or at minimum move to fully electronic PA transaction exchanges	Handful of solution **vendors** profiled in this report, working to connect payers, EHRs, clearinghouses
Reduce volume of PA requirements	Create a more rational, “cleaned up” list of procedures, tests, and medications requiring PA, based on actual value and ROI	**Payers,** often supported by consultant or other vendor
Reduce volume of providers required to PA	Reduce the number of providers that require formal PA based on their practice pattern analytics and VBC contractual arrangements	**Payers and providers,** often supported by consultant or other vendor

Prior Auth Vendors

VENDOR PROFILES

- **Solution description – what it does**
- **Technology enablement – how it works**
- **Partners**
- **Availability timeframe**
- **12-month product roadmap**
- **Customers**
- **Business model**

Vendors Profiled	
Accenture	eviCore
Athenahealth	MCG
Availity	Partners Healthcare
Change Healthcare	Surescripts
Cognizant	ZipRad
CoverMyMeds	

EVALUATION CRITERIA

- Automates Administrative Reviews
- Automates Clinical Reviews
- Within Provider EHR Workflow
- Within Payer Med Mgt Workflow
- Currently Operating at Scale
- Fee Paid By

SOLUTION APPROACH BY VENDOR SEGMENT

Organization Type	Prior Auth Approach	Profiled in this Report
EHR	Evolving methods, may include automation of administrative reviews, process outsourcing for clinical reviews	athenahealth
Revenue Cycle Clearinghouse Practice Management	Leverage existing administrative claims connectivity between providers and payers, layer in new feature to complete PA EDI transactions	Availity
Technology Start-ups	Varies, may include new mobile apps and may deliver workflow automation with process automation technology to pre-populate fields where possible.	ZipRad
Clinical Content	Apply content criteria and pull specific data from EHRs to package and send to payers, serving as guideline-specific intermediaries integrating with EHRs and payers	Change Healthcare (InterQual) eviCore MCG
Consulting, Technology, and Business Process Outsourcing	Wide range of solutions, from automating the fax process, to integrating with EHR to automate portion of clinical reviews. Leverage client penetration and existing connectivity through current products to deliver additional value upstream in PA.	Accenture Cognizant
Provider / Health System	Evolving to alternate model with providers completing technology-enabled autonomous UM	Partners Healthcare
Pharmacy	Performs partial and fully automated PA, but for Rx only via NCPDP transaction standard	CoverMyMeds Surescripts

Current Technology and Gaps

RX VS MEDICAL PRIOR AUTH

Pharmacy benefit management less complex

- Fairly limited number of pharmacy benefit managers (PBMs)
- Fewer stakeholders: pharma manufacturers *vs* hospital admissions + device companies + medical equipment companies + diagnostic testing + surgical procedures + specialty medication

Pharma industry developed their own data exchange standard in 2013, National Council for Prescription Drug Programs (NCPDP)

- Allows dynamic exchange of standardized clinical information with codified reference to the EHR

Financial impetus for increased provider and PBM adoption--electronic PA solutions funded by pharma

Fully electronic Prior Auth solutions in Rx have been available for several years

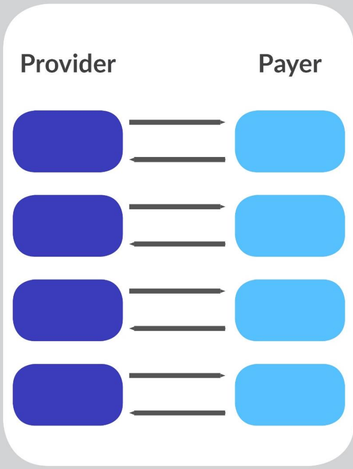
CONVERGENCE OF PROVIDER-PAYER TECHNOLOGY

We Are Here

Manual

1980s

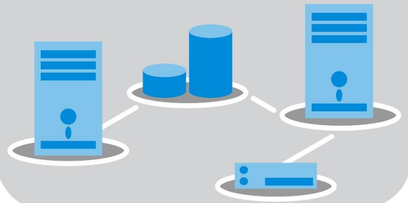
EDI 278 Transaction



2003

Disparate Online Portals

- "Auto-auths" entered manually with 278 pre-population
- EHR order sets



2010

Leading UM Convergence Platforms

- EHR integration for seamless auths at point of care
- Associated benefit data drives EBM adherence considerate of consumer's coverage

Targeted 2017+

AUTOMATION BENEFITS VARY

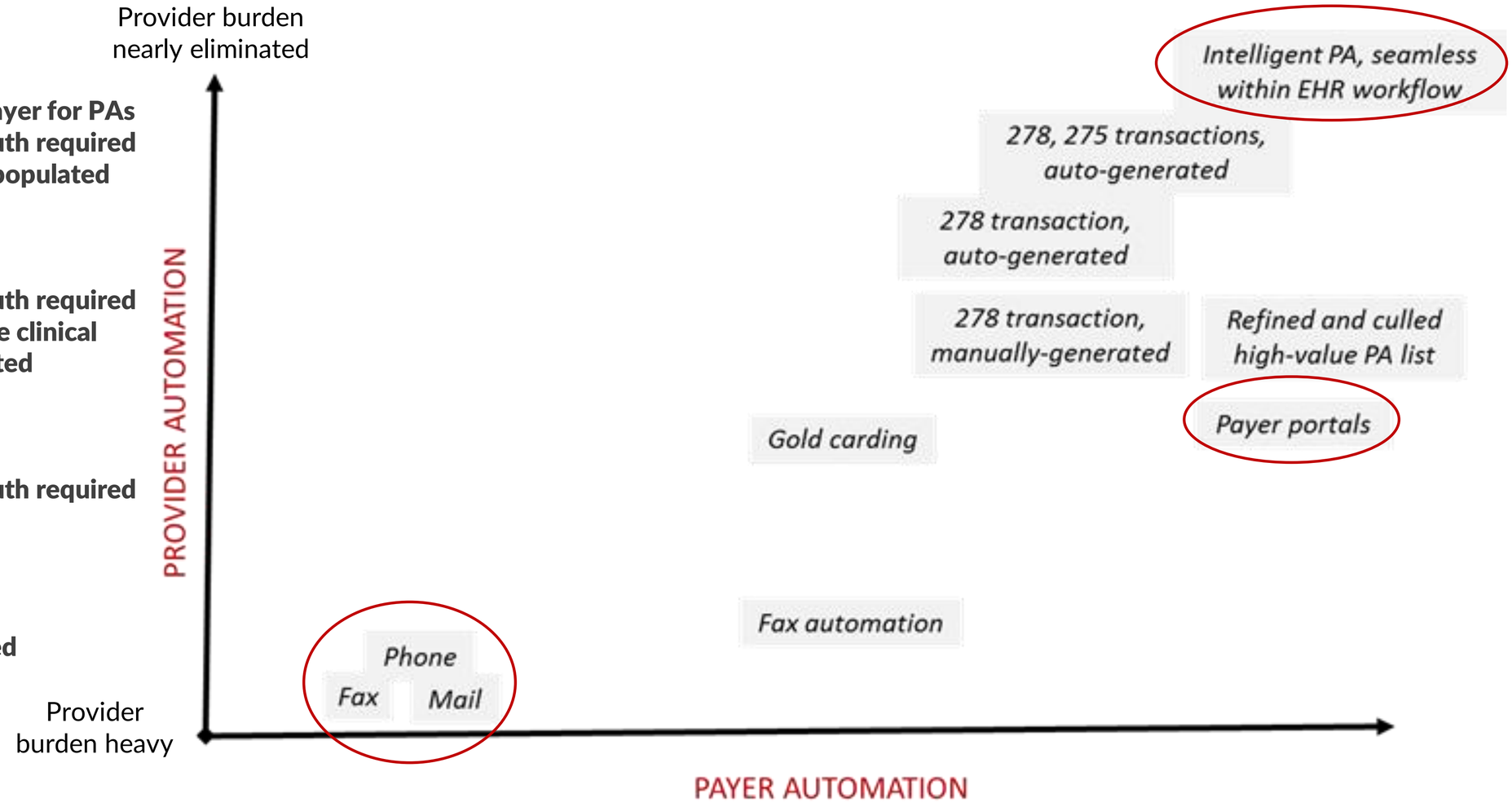
Provider-Payer Convergence Evolution Related to Prior Authorization Requirements

- ✓ **Common communication platforms with payer for PAs**
- ✓ **Includes automated confirmation if prior auth required**
- ✓ **Clinical reviews completed with info auto-populated from EHR**

- ✓ **Includes automated confirmation if prior auth required**
- ✓ **Requires minimal manual effort to complete clinical reviews, respond at point of care to prompted questions**

- ✓ **Includes automated confirmation if prior auth required**
- ✓ **Manual Effort to complete clinical reviews**

- ✓ **Manual work to confirm if prior auth needed**
- ✓ **Manual effort to complete clinical reviews**



Where Are We Headed?

MARKET PROJECTIONS

Providers will increasingly realize PA can be leveraged for VBC success

CDS and point of care integration will become the new norm

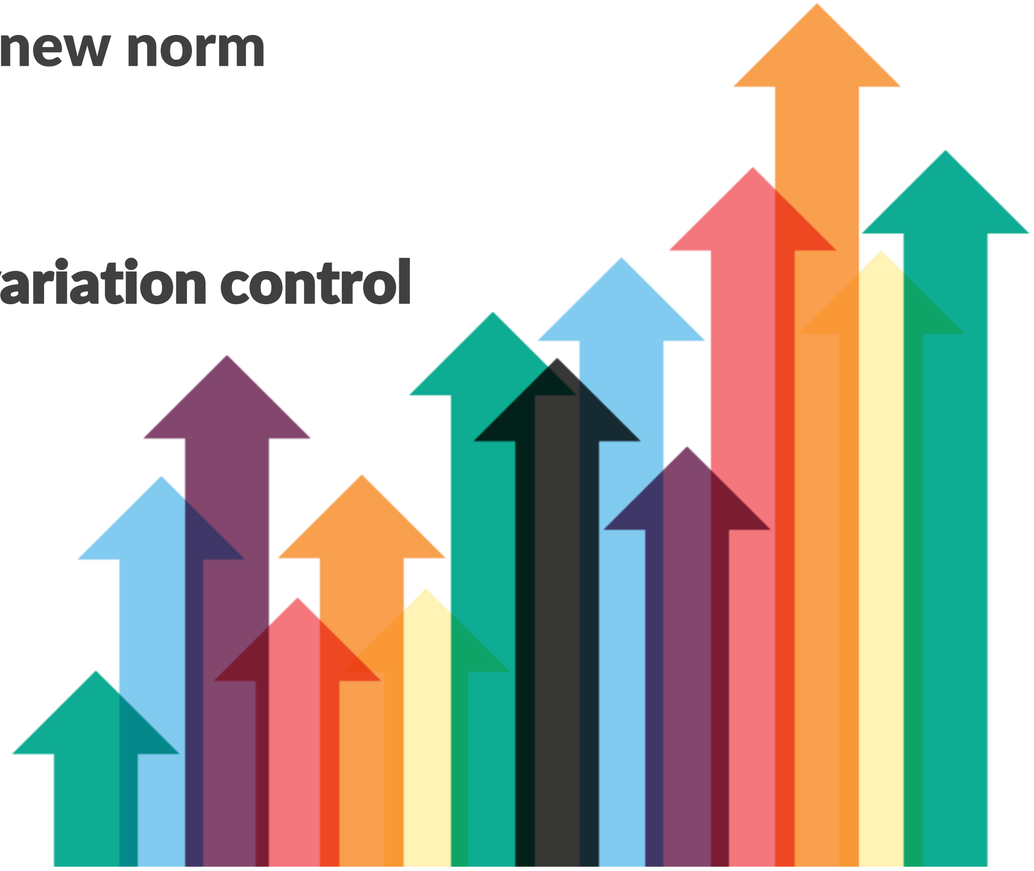
Payers will slowly cull their PA lists

Providers will increasingly hold responsibility for variation control

Provider-payer convergence will kickstart on UM

CDS vendors will benefit from their early start

EHR vendors will jump in



HYBRID PA MODEL EMERGING

- **Payer UM**
- **Provider autonomous UM**
- **Combination “safety net” models that configure UM requirements real-time (not historic gold carding) based on provider utilization patterns or care events**

New Solutions Not Yet at Scale

Half profiled vendors have new solutions GA either the prior six months or targeting GA within the next six months

TECHNOLOGY PROJECTIONS

- **PA process and technology evolution to rapidly pick up pace**
- **“Touchless” rates to steadily increase**
- **Solution requirements will include APIs, EDI, AI, NLP**
- **PA analytics solutions will mature to enable providers to better predict VBC contract success**

NOT SO FAST

Dependencies to value-add, seamless UM:

- Increasing standardization of medical PA transactions
- Easier data interoperability
- Focused development of evidence-based guidelines (EBMs)
- Growth in provider skills and sophistication in taking downside risk
- Increased availability and adoption of downside risk arrangements

Projecting another 10 years of the hybrid model until the industry can bury the remaining semblances of traditional PA

RECOMMENDATIONS FOR EVALUATING SOLUTIONS

- Don’t wait for national standards or new regulations
- Automate for immediate gain, even while solutions evolve
- Consider the full cost to perform PA
- Negotiate solution fees creatively
- Caveat emptor related to automation promises
- Encourage your EHR vendor and payer to participate
- Look for solutions that integrate CDS, order, and claims workflows

Thank You for Attending

Additional Questions?

Please feel free to email Jennifer directly with any additional questions or inquiries:
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