



Automated VS Manual:

Electronic Prior Authorizations Win Hands Down

The number of prior authorizations in the U.S. has grown dramatically over the past year, yet fewer healthcare organizations are using automated, electronic solutions to process them. Continuing to manually process prior authorizations puts healthcare organizations at significant risk because there are many negative outcomes caused by a failure to handle prior authorizations quickly and efficiently.

These issues include:

- Poor patient satisfaction;
- Frustrated physicians; and
- Decreased revenue.

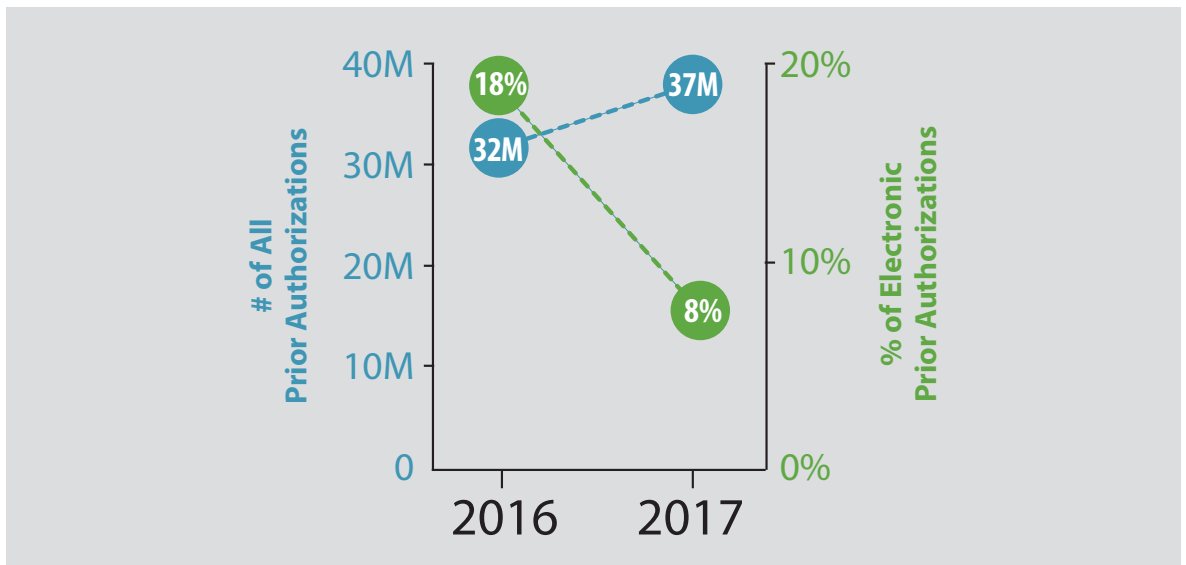
Electronic Prior Authorization Paradox

Surprisingly, some in the healthcare industry

are inexplicably cutting back on the implementation and use of electronic prior authorization solutions, even as the number of prior authorizations is skyrocketing. “The healthcare industry continued to make only modest progress in its transition from manual to fully electronic administrative transactions,” reports CAQH.¹ The 2017 CAQH Index found fewer healthcare organizations were adopting fully electronic prior authorization transaction solutions. In 2016, 18 percent of healthcare organizations used electronic, or automated, prior authorization solutions, while in 2017 the number dropped significantly to 8 percent, according to the report.²

The precipitous and confusing drop in the use of electronic prior authorizations comes at a time when the overall number of prior authorizations in U.S. healthcare increased to 37 million in 2017 from 32 million in 2016.³ The number of prior authorizations has reached critical mass, for now, however there’s no reason to believe they won’t continue their current trajectory in the future.

In addition, the American Medical Association (AMA) and 16 other healthcare organizations published an assessment of and recommendations for prior authorization programs. Rather than discourage the use of electronic prior authorizations, AMA and the other groups fully support the shift.



92 Manual prior authorizations cause problems for patients and negatively impact the efficiency of healthcare organizations.

“The use of standardized electronic prior authorization transactions saves patients, providers and utilization review entities significant time and resources and can speed up the care delivery process,” according to the AMA.⁴

But physicians aren’t the only ones who benefit from electronic prior authorizations.

Electronic Prior Authorizations Prognosis

The prognosis for electronic prior authorizations looks good for several reasons, not the least of which is because implementing the solution in the 21st century just makes sense. Electronic prior authorizations help:

- Eliminate surprise medical bills for patients;
- Improve practice efficiency; and
- Lower healthcare provider overhead.

Electronic prior authorizations can help reduce and, in some cases, eliminate the sticker

shock many patients feel when they receive an unexpected bill. When manual prior authorizations take days to complete, there’s a good chance the patient has already received some treatment in advance of the approval. This generosity, however, often doesn’t work out well for the healthcare provider or the patient. Research by the non-partisan research organization NORC, based at the University of Chicago, finds many patients receive alarming medical bills. “Surprise medical bills may occur for several reasons. In some cases, particular services or products may not be covered by a health plan. When that occurs, charges for the services may only be partially covered or not covered at all, depending on the type of insurance and benefit design,” according to NORC.⁵ In fact, NORC found 57 percent of adults have been unhappily surprised by a medical bill they thought was covered by insurance.⁶

Each of these reported issues can be remedied by using electronic prior authorizations, which can return information from payers in minutes rather than days and, in general, eliminate stressful and sometimes devastating medical bills.

While manual prior authorizations are causing problems for patients, they also are negatively impacting the efficiency of the healthcare organizations that use them. The AMA talked to 1,000 physicians and found “nearly two-thirds (64 percent) report waiting at least one business day for prior authorization decisions from insurers—and nearly a third (30 percent) said they wait three business days or longer.”⁷

In addition to waiting for approval, healthcare providers and their staff spend a significant amount of time—two of every five business days—working through manual prior authorizations. “Every week a medical practice completes an average of 29.1 prior authorization requirements per physician, which takes an average of 14.6 hours to process—the equivalent of nearly two business days. To keep up with the administrative burden, about a third of physicians (34 percent) rely on staff members

who work exclusively on the data entry and other manual tasks associated with prior authorization.”⁸

Electronic prior authorizations solve many of the problems associated with manual prior authorizations. In many cases submitting a prior authorization electronically can cut payer approval time down to 15 minutes because the request utilizes payer-specific guidelines and clinical rules. In addition, an electronic prior authorization solution should be technologically agnostic to ensure it works with current and future payers.

Making the change from a manual to an electronic process improves efficiency, lowers internal costs and enables more consistent and timely patient treatment without the fear of an unanticipated bill in the future.

End notes

- 1., 2., 3. 2017 CAQH Index: A Report of Healthcare Industry Adoption of Electronic Business Transactions and Cost Savings, CAQH.
- 4., 7. Prior Authorization and Utilization Management Reform Principles, American Medical Association, January 2017.
- 5., 6. New Survey Reveals 57% of Americans Have Been Surprised by a Medical Bill, NORC, August 30, 2018.
8. Survey: Patient Clinical Outcomes Shortchanged by Prior Authorization, American Medical Association, March 19, 2018. Authorization, American Medical Association, March 19, 2018.

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