The Impact of the Prior Authorization Process on Branded Medications: Physician Preference, Pharmacist Efficiency and Brand Market Share
Contents

Call to Action

Prior Authorization and the Impact on Stakeholders and Care

Pharmacists are the First to Encounter the PA Request

Physicians Need New Tools to Address PA Confusion, Time Investments and Delay

PA Process Impacts Brand Selection and Care Decisions

Brand Managers Need to Address the PA Process to Maintain Physician and Patient Loyalty

No Drugs are Safe from PA Requests

Solutions to Address Prior Authorization Issues

Empowering Pharmacists Increases PA Success

Engage Patients with Solutions to Reduce Prescription Abandonment

References
CALL TO ACTION

Prior Authorization (PA) is the process by which insurers approve or reject prescriptions based on plan formulary (therapeutic justification, medical history, etc.). The PA process is vital to ensuring appropriate and cost-effective pharmacotherapy, but has the unintended consequence of causing delays of days or even weeks in filling a prescription, adding paperwork and tedious steps to pharmacist and physician workflows. If a Prior Authorization is rejected, this can result in the process starting over again with the doctor prescribing a new medication, or worse, the patient giving up, never picking up the prescribed medication from the pharmacy. Both outcomes have a negative impact on patient health, as well as market share growth of branded medications. Prescriptions for branded medications that have already been written by physicians are often lost as a result of the PA process.

A recent survey by the publication Drug Topics indicated that physician offices are fraught with inefficiencies in dealing with the PA process for prescriptions. An AMA survey of 2,400 physicians showed the impact in terms of delays and approval or rejection:

- Two-thirds of physicians reported common waits of several days to receive preauthorization from an insurer for drugs; 10 percent wait more than a week.
- More than half the physicians surveyed experienced a 20 percent rejection rate from insurers on first-time preauthorization requests for drugs.

For pharmaceutical brand teams, this can have a significant impact on both mature brands and brands that are new to market. The amount of incurred loss due to PA requests for a mature brand impacts its annual revenue, as well as future sales for patients who never fill the prescription or who have PAs rejected. Many brand teams are not even aware of how many prescriptions are written and how many are never filled due to PA requests. Brands that are new to market can also be vulnerable to the PA process. Health plans will typically use the number of prior authorizations to gauge clinical demand for a product, a process which has negative consequences for prescription fill rates.

All stakeholders agree that solutions are needed to address this problem. Leveraging an automated process that assists pharmacists and physicians in navigating the PA maze across the hundreds of insurers and thousands of medications involved is the key. For pharmaceutical brand managers, addressing this problem is an opportunity to alleviate yet another barrier that could prevent their medication from getting dispensed.

As former AMA President J. James Rohack stated, “Nearly all physicians surveyed said that streamlining the preauthorization process is important, and 75 percent believe an automated process would increase efficiency.”
Prior Authorization and the Impact on Stakeholders and Care

The fundamental goal of a Prior Authorization (PA) is to promote the appropriate use of medication in a cost-effective manner. Payers claim that implementation of a PA process optimizes patient outcomes by ensuring that patients receive the most appropriate medications, while reducing waste, error, and unnecessary prescription drug use and cost. PAs enable payers to obtain additional information about a patient’s clinical diagnosis that is not included in the normal adjudication process at pharmacies, such as a patient’s laboratory results, or historic and current clinical therapies. This information can be critical to making cost-effective decisions, such as preventing reimbursement for therapies that are prescribed off-label.

From the physician perspective, the view is different. An American Medical Association (AMA) survey of 2,400 physicians indicated that 78 percent of physicians believe insurers use PA requirements for an unreasonable list of tests, procedures, and drugs. Dealing with PA requests consumes a significant number of hours for physicians, nurses and clerical staff, negatively impacting the provider office workflow and the provider’s ability to spend time with patients. Findings from multiple studies provide evidence of the cost and time consumed by physician offices answering PA requests:

- 54 percent of physicians reported spending at least an hour a day fulfilling PA requirements.  
- Cost estimates to the U.S. healthcare system from this investment in time are $23 billion to $31 billion each year or $82,975 to $85,276 per full-time physician.

Prior Authorizations have become so burdensome to physician practices that physicians are altering treatment decisions in order to save time and money. An overwhelming 76 percent of physicians stated that they’ve switched treatments at least once in order to avoid dealing with the PA process. This is quite worrisome, given the potential impact of altering physician treatment decisions on a patient’s health. It’s also detrimental to pharmaceutical companies, impacting physician brand loyalty to their products, potentially losing life-long prescribers of their brand.

Pharmacists are the First to Encounter the PA Request

Payers claim that the PA process is designed to minimize inconvenience; however, the core problem is that there is a wide variation of processes among payers. There are thousands of combinations of payers and drugs with varying forms, requirements, phone and fax numbers, and websites, which complicates navigating the PA process for healthcare professionals.

The PA process starts at the pharmacy during the adjudication process, when the pharmacist is notified by the payer that a PA is required. At this point, there is no clear single path forward to satisfying a PA requirement. In fact, pharmacists and physicians are often unaware of the reason for the PA, making it difficult to satisfy the requirements and provide an explanation to the patient.
It’s impossible for pharmacists to stay current on which medications require prior authorizations, with formularies changing frequently and without warning. They simply have to react at the discretion of the payer with no predictable pattern.

One pharmacist stated, “Traditionally, pharmacists don’t play much of a role in the PA process. We see drug reject code 75 pop up on our screen and consult the patient on the PA request. If the patient decides to continue, we print a screen shot of the rejection, send it to the physician, and then we lose contact with that patient and the process.” While consulting patients, more than half of pharmacists encounter patients several times a day who become upset after hearing about a PA request. This is frustrating for pharmacists, who feel powerless and caught in the middle of a process as moderators of bad news to physicians and patients.

**Physicians Need New Tools to Address PA Confusion, Time Investments and Delays.**

More than half of physicians experience difficulty obtaining approval from insurers on 25 percent or more of PA requests for drugs. Payers are considered by physicians to be unnecessarily strict when evaluating information submitted by physicians in answer to a PA request, even scrutinizing penmanship.

Since many payers have their own proprietary forms, physicians are required to select the appropriate payer form from among thousands of forms available. In order to find the correct form, physicians must often reach out to payer representatives by phone, which can take as long as 30 to 60 minutes, and request a form to be faxed to their office. Alternatively, the payer representative may require the physician’s practice to navigate the payer website, where they must select the correct form among the many documents available. One family practitioner stated: “Finding the correct point of contact, calling the payer, waiting to get someone on the line, waiting for the form to be faxed, shuffling through a patient’s medical records, filling out forms, all these steps add up. It can take upwards of four hours to finalize a PA request.”

If the wrong form is selected, if the payer deems handwriting illegible or information is missing from the form, it can result in PA denial and the process has to be repeated. In addition to completing forms, some payers request that a letter of medical necessity also be included. Physicians have to contact the payer to understand the requirements for each letter of medical necessity: these letters sometimes require an exhaustive list of treatment alternatives that have been tried without success before approving the PA request. As with PA forms, if information is illegible or missing from the letter of medical necessity, the PA request will be denied.

Physician practices spend a significant amount of time appealing PA denials. An AMA survey of physicians estimates that 20 percent of first-time PA requests are rejected by payers. This is quite frustrating for physicians, who report that first-time PA requests are often reviewed by insurer representatives who lack medical training. The appeal process can take anywhere from two days to a month for something as negligible as selecting the wrong form or missing a field in the form. “The whole system is corrupt and endangers the well-being of patients,” one physician stated. “How can it be expected that patients have to wait a month to get their cancer or anti-clotting medication when they’re clearly at risk today?”
Since denial of a PA can add upwards of a month to the process, it's critical to support any solutions that can minimize errors in the first-time submission of PA forms.

**PA Process Impacts Brand Selection and Care Decisions**

A survey by the Medical Society of the District of Columbia indicated that 85 percent of physicians found it difficult to determine which prescription drugs require a PA. Physicians are simply unaware at the time a prescription is written whether it requires a PA request and what forms and requirements will have to be answered for PA approval. The guidelines for formularies are constantly being updated, making it difficult to avoid writing prescriptions for drugs that require a PA.

With a variety of changing formulary guidelines that determine which therapies require a PA, the process is unpredictable and difficult for physicians. Many physicians become apprehensive about writing prescriptions for certain therapies, and their decisions are driven by their past anecdotal experiences. If certain therapies seem to require a PA more often, then a bias is formed as to which therapies may require a PA in the future. In the absence of a clear and simple PA process, prescription choice can be impacted.

This often results in the PA process impacting physician prescribing patterns to the detriment of branded pharmaceutical products. Fear of an unforeseeable PA request is often enough to discourage physician brand preferences. Even though PA requests are viewed as unpredictable and unavoidable, many physicians believe switching to generics decreases PA requests, and more than one-third of physicians report switching from their preferred treatment once a week or more. One physician stated: “After dealing with a cumbersome PA request resulting from a brand prescription which has a generic available, I find myself preemptively writing prescriptions for generic drugs to minimize chances of another PA request.”

**Brand Managers Need to Address the PA Process to Maintain Physician and Patient Loyalty**

Pharmaceutical companies are innovators in drug development who are responsible for the immense costs associated with bringing novel therapies to market. R&D spending for 12 leading pharmaceutical companies from 1997 to 2011 totaled $802 billion to gain approval for 139 drugs, or $5.8 billion per drug. Pharmaceutical companies also provide education and awareness of new brands and form trustworthy manufacturing and distribution networks.

Over the years of writing prescriptions for branded therapies, physicians develop a strong loyalty to a brand. When a branded drug is first approved, it could be years before a generic is available. In the case of Pfizer’s Lipitor, one of the most successful branded pharmaceutical products ever, it was more than 15 years before a generic product was available. Using the case of Lipitor as an example, a payer expert with two decades of experience in the pharmaceutical industry provided this perspective: “Branded products are viewed as the pedigree product, since the product is very well documented, the distribution network is well established, there is very high confidence that the patient is getting Lipitor [as an example], and that product is actually Lipitor. With generics you don’t have that; there is a risk of counterfeit medications, cold chain distribution,
and different formulations due to multiple companies' manufacturing their version of the product. A generic may be AB-rated by the FDA, but there could be an allergy to an incipient or differences in manufacturing processes." For these reasons, physicians gain confidence in a particular brand, if not preference, for prescribing a branded medication.

In addition, there is a psychological aspect to a patient’s brand preference. A patient may have taken a red pill for a number of years and they simply do not want to take a new generic pill that is white, since the difference is apparent. This may result in a patient refusing to take the medication, and this lack of adherence can have a negative consequence on their health. For many patients and physicians, PA requests can stymie access to brands preferred by the physician and patient. For pharmaceutical companies, overcoming a PA request can result in patients and physicians who remain loyal for a lifetime.

**No drugs are safe from PA requests**

All drug classes run the risk of a PA request, no matter how often a PA request occurs. According to a survey of pharmacists, drugs that most frequently require a PA are brand drugs that have generic versions available (80 percent of respondents), followed by specialty drugs (74 percent), lifestyle drugs (60 percent), and off-label drugs (31 percent).

Biologics, specialty products, and other expensive medications are almost synonymous with a PA request. A pharmaceutical company payer expert stated, “When you’re working with specialty products or biologics, PA requests are just a way of life.”

**SOLUTIONS TO ADDRESS PRIOR AUTHORIZATION ISSUES**

Standardization of the PA process on a national level would be the ideal solution. This would consist of sending PA requests electronically from the provider’s practice management system or electronic health record directly to the payer’s system, drastically reducing the hassle of phone calls, selection and completion of proprietary forms, and back-and-forth faxes. However, national standards are not expected to be broadly adopted until 2015 or later. So what solutions are available today?

**Empowering Pharmacists Increases PA Success**

Payer Web portals are websites developed by payers that contain forms and requirements for a PA request. A key intention was to help physicians avoid phone calls and wait time; however, with numerous payer portals, many of them seen as complex to navigate, this service seems more beneficial for health plans than prescribers. Physicians and pharmacists must log-in to separate websites for each payer, become familiar with varying payer user interfaces, and be able to find and select the necessary information and forms to answer a PA request. “We rarely use payer Web portals to aid in PA requests,” stated a pharmacist. “Many payer sites require a unique user ID to log-in, and most pharmacies and physician offices have programs blocking access to the website or don’t have computers with Web browsing ability.”
To address the limitations and complexities of the variety of payer-sponsored Web portals, solutions have been developed that provide an integrated one-stop shop, streamlining the PA process and adding value to both physicians and pharmacists. In contrast to payer Web portals, automated pharmacy-initiated solutions are proving advantageous by empowering the pharmacist to initiate the PA process seamlessly within their workflow and that of physicians.

The leading solution offering this capability is RelayHealth’s PriorAuthPlus, powered by CoverMyMeds. In this model, the instant a prescription claim is rejected due to a PA, an automatic response is triggered and the pharmacist can use a few keystrokes to automatically select and pre-populate the appropriate plan-specific form from a comprehensive library of payer PA forms.

The pharmacist then sends the appropriate form to the physician office for completion and submission to payers. Automatic selection of the appropriate form saves valuable physician time and prevents a potential time-consuming mishap of selecting the wrong form, which can add hours to the PA process for physicians.

In addition to providing the appropriate form, PriorAuthPlus also pre-populates the form with patient and prescription information to minimize potential for errors and reduce the work load for physician practices. Pre-population of a PA form is critical to reducing the chance of a PA rejection resulting from illegible handwriting, incorrect information, typographical errors or missing fields in the form.

A service such as PriorAuthPlus makes the PA process easier for the physician to complete and it also empowers the pharmacist to facilitate completion of the process. One pharmacist commented that this capability, “automatically takes the initiative for pharmacists. It removes the hassle by automatically selecting and pre-populating the appropriate forms at the same time a PA request is received. It just makes it so simple to help physicians start the PA request, since all we have to do is fax the form to physicians. In my experience, it doubles the likelihood that patients will receive their prescriptions.”

**Engage Patients with Solutions to Reduce Prescription Abandonment**

There is no doubt that physicians are the most important part of the PA process. Without their participation in the process, prescriptions go unfilled, patients either don’t receive their prescribed medication or they abandon therapy altogether. Given this reality, making the PA process as easy as possible for physicians to navigate is paramount. Providing solutions that allow them to manage all PA requests through a convenient online portal removes much of the confusion and burden for physicians and their staff. The PA process will not go away. With the support of solutions that make it easier for physicians, they’re more inclined to prescribe their medication of choice and less likely to avoid a particular brand that may be associated with high PA volume.

It’s also important to recognize that the pharmacist provides an opportunity to ease the workload of physicians, since pharmacists are the initial point of contact responsible for communicating to patient and physician that a PA is required. In many instances, a pharmacist
Meta-analysis of pharmacy claims and healthcare provider surveys indicate that upwards of 40 percent of patients who receive a PA forego treatment all together. This same analysis shows that approximately 70 percent of patients encountering a PA do not receive the originally prescribed medication. This presents a significant issue given that only about 30 percent of PAs actually result in the initial physician-prescribed choice of therapy.

Since the majority of the pain and burden for the PA process is endured by physicians and their staff, it’s critical to reduce their workload by empowering the pharmacist in the process. If a pharmacist has automated tools at their fingertips to initiate the PA process, then they’re more likely to share the burden of a PA request with physicians. These tools make it easier for pharmacists to take the initiative by simultaneously alerting patients and physicians that a PA has been requested and that the process to deliver the prescribed medication is already under way. Patients are more likely to fulfill their prescription knowing the process has started and physicians gain valuable time, which can be spent with their patients. Since there are many steps in the PA process, it’s critical to minimize prescription drop-offs at these early steps and to maximize support in the process for physicians and their staff.

One manager of a chain of pharmacies gave his validation in these terms: “The beauty of [this capability] is that it provides structure. What we’ve found in our stores is that it’s easier to get the process started as soon as the rejection is received. It may be three to four hours before you talk to the patient, so having the correct payer forms started really improves the likelihood that a patient will move ahead with the PA request.” New solutions such as PriorAuthPlus provide structure to the PA process, preventing physicians and patients from getting lost in the process. The automation of form processes eliminates administrative waste, allowing physicians to spend more time on patient care and speeding patient therapy adherence.

For physicians, pharmacists, and patients alike, removing barriers in the prior authorization process is key to delivery of the prescribed medication, avoiding negative impacts in terms of time, cost and delays in treatment. For pharmaceutical companies, reducing the delays and empowering stakeholders to overcome PA barriers is key not only to current product sales, but long-term brand loyalty. Brand managers need to take a role in supporting and enabling processes and solutions that help to overcome the potential negative impacts on their products from prior authorizations.
REFERENCES


ABOUT FROST & SULLIVAN

Frost & Sullivan, the Growth Partnership Company, works in collaboration with clients to leverage visionary innovation that addresses the global challenges and related growth opportunities that will make or break today’s market participants. For more than 50 years, we have been developing growth strategies for the Global 1000, emerging businesses, the public sector and the investment community. Is your organization prepared for the next profound wave of industry convergence, disruptive technologies, increasing competitive intensity, Mega Trends, breakthrough best practices, changing customer dynamics and emerging economies? Contact Us: Start the Discussion

For information regarding permission, write:
Frost & Sullivan
331 E. Evelyn Ave. Suite 100
Mountain View, CA 94041