

# Prior Authorization in Medicare Advantage

Fact Sheet MAY 2022

## Key Facts

- Prior authorization ensures beneficiaries receive the most clinically appropriate and cost-effective care.
- Health plans use evidence-based medicine and clinical criteria to determine appropriate prior authorizations.
- 80 percent of Medicare Advantage enrollees are in plans that utilize prior authorization.<sup>1</sup>
- A recent poll shows that less than half of beneficiaries report ever encountering prior authorization and only 6 percent say they encounter prior authorization often.<sup>2</sup>
- Prior authorization protects beneficiaries from unexpected medical bills and reduces exposure to duplicative and unnecessary services.
- Prior authorization allows beneficiaries to access an equally effective, lower-cost generic prescription medication.
- Health plans work to simplify the process for providers and reduce uncertainty for beneficiaries.

## BMA's Position

- Better Medicare Alliance supports efforts to modernize the way Medicare Advantage uses prior authorization as a clinical tool to facilitate high-value and coordinated care while simplifying the process. Legislation like the *Improving Seniors Timely Access to Care Act*<sup>3</sup> achieves this goal and Better Medicare Alliance endorses this bipartisan legislation.

Medicare Advantage plans use various medical management and care coordination tools to ensure beneficiaries receive the most clinically appropriate and cost-effective care. A commonly used tool is prior authorization, in which the beneficiary's health care provider works with the health plan to make certain a treatment or service is the best option for the needs of the individual patient. It works to guarantee the most appropriate option available is used and that it will be covered by the health plan. Prior authorization promotes better, smarter health care delivery and protects seniors from unnecessary services and unexpected medical bills when deployed appropriately.

## Prior Authorization Benefits Patients

Prior authorization may be applied to certain procedures, medical equipment and prescription drugs to ensure they are based on the best, most current evidence-based medicine. Prior authorization typically requires that a patient receive prior approval before receiving certain medical services, and roughly 80 percent of Medicare Advantage enrollees are in plans that utilize prior authorization. Through innovations and technology, plans work to simplify the process for providers and reduce uncertainty for beneficiaries by adopting electronic or digital processes through collaborative platforms. Some health plans are currently utilizing electronic prior authorization to make the process as timely and predictable as possible. The benefits of prior authorization include:

- Protecting beneficiaries from unexpected medical bills arising from receiving an item or service that is not covered by the health plan;
- Producing cost savings for the beneficiaries (i.e., lower copays) by ensuring that a clinically-equivalent, lower-cost alternative is offered first;
- Reducing the risk posed to beneficiaries by unnecessary services and procedures that may needlessly expose them to harm, such as advanced imaging procedures;
- Minimizing the utilization of services that are unnecessary, duplicative, or broadly agreed to be of low clinical value;
- Ensuring that care is delivered in the most appropriate setting, at the right time, and by the most appropriate in-network provider;
- Promoting communication between providers and health plans to ensure the coordination of care and alignment with patient-centered care plans.

## Prior Authorization and Prescription Drugs

Certain prescription drugs may require approval from a health plan and be subject to prior authorization before the beneficiary can access them. Medications that typically require prior authorization include high-cost brand name drugs for which an equally effective and lower-cost generic is available and to ensure adherence to evidence-based criteria for commonly abused drugs, such as addictive opioids. Prior authorization promotes the safe and effective use of prescription drugs by:

- Recognizing and preventing a prescribed drug from having an adverse interaction with another medication the beneficiary may be taking;
- Ensuring that a drug is prescribed appropriately and is used to treat the condition or illness for which it was intended;
- Allowing the beneficiary to access a cheaper, generic alternative if available; and
- Identifying when the prescribed dosage exceeds evidence-based criteria.

### Sources:

<sup>1</sup> Kaiser Family Foundation, Prior Authorization in Medicare Advantage Plans: How Often is it Used?, October 2018. Available here.  
<sup>2</sup> Morning Consult, Senior Healthy Living Survey - commissioned by SilverSneakers. June 2021. Available here.  
<sup>3</sup> Improving Seniors Timely Access to Care Act, HR 3173/S3018, 117th Congress (Introduced)