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Prior authorization accomplishes multiple functions, in addition to assuring better value for our members' health care dollars.

- a. **Benefit determination.** It is very useful for a patient to know ahead of time whether a service will have insurance benefits available. For example:
  - a. Certificates exclude coverage for cosmetic procedures. Many types of plastic surgery require review to determine whether the requested service is cosmetic or reconstructive.
  - b. Certificates exclude coverage for investigational/experimental procedures. We have lists of procedures that are always considered investigational and we need to review others for medical criteria because their use in some conditions remains investigational.
  - c. Prior authorization assures that members do not have to wait until after services such as those described above are performed to know if the services are covered by their insurance plans. Waiting until after a service has been performed often leaves the member exposed to unexpected and unwanted costs that would have been avoided if they knew the situation ahead of time.
- b. **Patient safety**
  - a. Prior authorizations for radiology services identify patients every month who are reaching the maximum recommended radiation exposure, and the authorization process helps guide them to safer alternatives. Often the radiation doses happen across multiple different institutions over time, so a central process is important for the patient's protection.
  - b. Prescription drug edits require prior authorization review for medications that normally should not exceed certain dose limits. Often this results in redirection to more appropriate alternative, sometimes reasonable exceptions are identified.
- c. **Value in cost of care**
  - a. Prior authorization programs help control medical costs while supporting quality in health care. Our experience demonstrates strong return-on-investment indicators for the direct impact of our PA programs, and we also have solid experience confirming the very large "sentinel effect" of PA requirements.
  - b. Removing prior authorization requirements for medications takes away a tool that helps us shift dollars from large out of state for profit drug companies. Keeping money here for Vermont providers to use effectively makes more sense than taking this tool away without effective alternatives already in place.
  - c. Our customers are demanding better value per dollar, and the state is also seeking tools to help manage costs. Prior authorization

programs are among those tools that can be shown to be most effective.

It also is worth noting that BCBSVT continues to make the PA process more efficient, un-intrusive and cost effective.

- a. The radiology review program that we use has an online system that is used by offices to reduce turnaround time.
- b. We are going live with an online authorization system this spring, following many months of development.
- c. We have removed prior authorization requirements in low-yield areas.
- d. We have offered to remove prior authorization requirements for selected practice if they meet certain criteria.
- e. We make our formulary available online and via smart phones in Epocrates system, which is available free.
- f. We meet with medical practice offices to help them be more efficient (sometimes simple paper-based methods can reduce problems by more than half).