

January 29, 2024

Representative Houghton, Chair
Representative McFaun, Vice Chair
Representative Black, Ranking Member
Representative Berbeco
Representative Carpenter
Representative Cina
Representative Cordes
Representative Demar
Representative Farlice-Rubio
Representative Goldman
Representative Peterson

Dear Members of the House Health Care Committee,

Thank you for giving Blue Cross VT the opportunity to follow up on your questions about prior authorization. Prior authorization is also important for ensuring quality of care, safety, and medically appropriate care while also reducing premium and out of pocket costs for members.

Blue Cross VT reviews the list of procedures and tests for which prior authorization is required quarterly based on recent medical literature, quality and cost. Recently a number of prior authorization requirements have been eliminated with some examples including:

- Mental health and substance use treatment for in-state, in-network inpatient, residential, partial hospital and intensive outpatient care.
- All MRIs at Open MRI in Vermont or New Hampshire
- C-Reactive Protein-High Sensitivity (CPT 86141)
- Cystic Fibrosis Transmembrane Conductor Regulator (CPT 81211 CFTR), among others.

The utilization management team continues to review areas where prior authorizations may no longer be necessary because the standard of care has changed, low denial rates, or other developments that impact our assessment. Home Health is one area where we are in the process of evaluating and identifying prior authorization requirements to eliminate.

Blue Cross VT also meets monthly with Medicaid to discuss changes to prior authorization, share our experiences and results. While we believe there is tremendous value from this collaboration, commercial health insurers cannot adopt all of the state Medicaid program's prior authorization policies.

- Commercial rates for services are many times higher than the amounts paid by Medicaid.
- Commercial insurers cover many drugs, procedures and treatments not covered by Medicaid.
- The scope of insurance coverage beyond our state borders is much larger.
- The populations covered by commercial insurance are different and have different health profiles.

This is a short list among many other serious concerns about this proposal. Following is our attempt to answer and respond to the Committee's questions about our prior authorization programs:

Follow Up Questions on Prior Authorization Testimony

Of the 4 categories of prior auth mentioned (Out of Network, Advanced Imaging, Lab tests, Pharmacy) how many prior auths are requested in each category? What are the denial rates for each category. I believe you mentioned 8% overall denials but can you break down those denials by service type?

The 8% overall denial rate was by provider/practice. Here are denial rates by category:

Pharmacy: 15,254 requests; 3,720 denials = 24.39% rate

Advanced Imaging: – awaiting data

Laboratory Network: this creates a network of labs, payment schedules and policies and works differently than standard prior authorization programs

Out-of-Network: Do you mean in-house utilization management? In-house UM is for a wide array of unrelated services, diagnostic test and other. The denial rates are highest for genetic testing (30.6%) and lowest for Home Health skilled nursing (1.7%).

How many prior approvals were denied and within a year another prior authorization for the same service was eventually approved?

Blue Cross VT does not have the capability of tracking if a prior authorization is later approved for the service after the initial denial. The [Act 152 Reports](#) include denial rates for prior authorization.

How long is a prior approval valid for? Please give time frame of categories if the approval time is different? (Example, if an MRI is approved, must it be performed within 30 days? 3 months?)

- Out of Network: 3 month approval
- Medical: generally approved for 6 months
- Imaging: 2 month approval for most
- Pharmacy: majority are one year, but some for 3 or 6 months, depending on the drug

Please break down the 30 million by category. How much is “saved” on each OON, AI, Lab, RX?

The ROI or return on investment nets out the cost to administer the program. Blue Cross VT cannot share the costs of individual vendor contracts and therefore have included our total cost for all prior authorization programs combined at the end instead. These savings do not include the cost of provider administration across all payers (Medicare, Medicaid and commercial) nor whether a service is approved at a later date. Finally, the calculations below do not consider the positive financial benefit of the “Sentinel Effect”, which is the tendency for human performance to improve when participants are aware that their behavior is being evaluated or monitored.

Internal Blue Cross VT Utilization Management (UM): The Utilization Management (UM) department evaluates medical necessity, appropriateness, and efficiency of the use of health care services and related procedures

- \$5.4 million savings
- 3.3 : 1 Return on Investment (ROI)

Advanced Imaging: facilitates the appropriate use of advanced imaging including – MRI, CT and PET scans, echocardiography and angiography and other specialized imagery

- \$6.1 million savings (this has decreased due to the Gold Carding Program)
- 10.1 : 1 ROI

Laboratory Network: implements lab network management, lab policies and adherence

- \$5.7 million savings
- 8.9 : 1 ROI

Pharmacy: utilization management to ensure appropriate medication use and lower overall health care costs

- \$38.9 million savings
- 13.3 : 1 ROI

Total Utilization Management Data

- \$56.1 million savings
- \$3.8 million cost
- 9.8 : 1 ROI

What is the cost to BCBSVT for administration of each category. We heard 3.7 million total. Please break that down.

Blue Cross cannot share the costs of individual vendor contracts and therefore have included our total cost for all prior authorization programs combined of \$3.8 (above) instead.

NCQA guidelines were cited as the criteria for when and why services require authorization. Is patient mental health included in this decision? Particularly with the timeframe to approve.

NCQA does not require that insurers have a prior authorization program, but if one exists, has minimum guidelines for appeals etc. (NCQA does require provider credentialing.) Blue Cross VT meets or exceeds the state statutory minimum for prior authorizations decisions – 48 hours for urgent requests and two days for non-urgent requests. We do not oppose the change in H.766 to shorten these timelines but have requested additional time to update our IT systems.

Of the categories of services mentioned that you have removed prior authorization for (Mental Health, Inpatient Psych, etc); have you seen utilization increase?

These changes were all implemented in 2023 and the final data is not yet available for us to analyze utilization increases for the 2023 claim year.

You are considering removing Home Health, what else are you considering? Are you considering exempting Primary Care Providers?

Correct, Home Health is another area Blue Cross VT is reviewing prior authorization policies for possible elimination. Primary Care Providers are included in our gold carding program and the new elimination of prior authorization for MRIs at Open MRI in Vermont and New Hampshire applies to all providers referring patients for MRIs.

Can you explain the results of the limited providers that participated in the gold carding pilot. Did utilization increase?

Please see [Blue Cross VT Provider Passport Program Report](#) to the Vermont Legislature dated January 15, 2023. Slides 11 and 12 contained the results and analysis:

- On average, ordering practices for the providers participating in the Passport Program is higher than the baseline years and higher than the non-participating providers, increasing the pressure on premiums
- There is a broad range of results by individual provider with some increasing utilization by +600% and some decreasing by -90%
- There does not appear to be a correlation between the type of advanced imaging and the change in utilization
- Initial analysis showed that 65% of the Tier 1 providers had higher utilization rates while 49% of the Tier 2 providers increased – we anticipate updating this information
- The largest variation is for echocardiography and computerized tomography angiography (CTA) and the narrowest results are for computerized tomography (CT), nuclear medicine and magnetic resonance angiography (MRA)

Concern over the 90 days of continuity of care was pointed out. What is your current protocol on continuity of care when a new member is on an existing medication? How long do you give to obtain prior approval?

If a member moves from another plan to Blue Cross VT and is on a drug that requires prior authorization, it will be required when the member is due for a refill. This can be anywhere from the first day of coverage to more than 90-days after coverage. If the prior authorization is denied, the member is allowed to obtain up to 14 additional days of the drug to allow time for an appeal.

Section 4 (i)(1). The 10% denial rate was not seen as meaningful, and that it really is just a few extremely high dollar services, with high approval rates that drive the ROI. How would you address this rather than putting a dollar figure or percentage of approvals in statute?

Section 4 is directing DFR to adopt rules, bulletins, and other guidance . . . using the criteria selected by the legislature and therefore the directions can allow for more DFR interpretation. DFR could consider those that have *“low variation across health care providers, statistically valid low denial rates, or low costs but allowing for quality and safety considerations.”*

I hope that this helps answer some of the questions regarding our testimony. Blue Cross VT is available to continue the discussion with the Committee about our prior authorization programs and their value for people with commercial health insurance coverage within the health care system.

Sincerely,
Sara Teachout
Director, Government and Media Relations