

# Medical Management in the Era of Covid-19:



California Association of  
**Health Plans**

## Health Plans Ensuring the Highest Quality Care

**M**edical management practices such as prior authorization and step therapy are key tools used by health plans to ensure patients receive the highest quality medical care. Health plans must also be good stewards of premium dollars paid by employers and enrollees. Therefore, Medical Management practices serve to ensure quality care while also keeping costs in check.

However, during times of crisis, such as with COVID-19, California's health plans have taken swift action to streamline or temporarily suspend prior authorization requirements at the request of medical providers to ensure care can be administered as quickly as possible due to the massive influx of COVID-19 patients. However, it is important that we do not lose sight of the importance of utilization management practices as a key way to maintain quality care for patients and manage costs in the health care system once this crisis is behind us.

Prior authorization refers to requirements for doctors to obtain approval from health plans to prescribe medications or perform certain procedures or services. Step therapy helps to ensure patients receive the most affordable medications for treating chronic conditions.

## Top Reasons Why Prior Authorization Methods Are So Important

### Protects patients and prevents overuse, misuse or unnecessary care:

Helps to prevent patients from being prescribed medications they may not need or that could interact dangerously with other drugs being taken.

### Ensures procedures meet "medical necessity" standards:

Ensures that procedures ordered are medically necessary and will not inadvertently harm the patient. The procedure or service must meet generally accepted standards of medical practice, which are based on credible, scientific evidence published in peer-reviewed literature.

## Studies show prior authorization not only improves quality, it lowers costs

### A recent study and survey showed that the majority of health plans' prior authorization programs are efficient and streamlined to assist providers:

- Health plans streamline prior authorization through digital or electronic avenues.
- Health plans often waive or reduce prior authorization and step therapy for certain patients to promote continuity of care.
- The survey found that **98% of prior authorization requests** are for specialty prescription drugs. In California, this category of drugs accounts for **56% of total annual spending on prescription drugs**. Prior authorization review for these drugs is critical in keeping costs affordable for everyone.

One study by the National Center for Biotechnology Information found that step therapy can **reduce costs by 9%**.

Sources: <https://www.ncbi.nlm.nih.gov/pubmed/17407390>;  
<https://www.ncbi.nlm.nih.gov/pubmed/16792435>

A 2018 study by the Government Accountability Office (GAO) also found reported benefits of prior authorization, such as reducing unnecessary utilization.

The GAO report found expenditures decreased after prior authorization began and estimated savings may have been **as high as \$1.1 billion to \$1.9 billion through 2017**.

## Medical Management Is Essential to Ensuring a Functional Health Care System

Whether people are receiving their health care through health plans or public programs, every Californian deserves to have the peace of mind that their health providers are using the most current scientific evidence, tools, treatments, and technologies when making medical decisions about their care. Prior authorization and step therapy are essential to ensuring a functional health care system and must be reinstated once the pandemic is over.