

Electronic Preauthorization

Phase 2 & Phase 3

April 2013

Background

The Maryland Health Care Commission (MHCC) continues to provide guidance to State-regulated payers (payers) and pharmacy benefit managers (PBMs) that are required to implement COMAR 10.25.17, *Benchmarks for Preauthorization of Health Care Services*.¹ Over the last couple of months, some payers and PBMs have asked the MHCC to publish key consideration items regarding implementing the Phase 2 and Phase 3 benchmarks.² Maryland law,³ enacted in 2012, and the subsequent regulation outlines a phased implementation approach for payers and PBMs⁴ to standardize and automate the process for preauthorizing medical and pharmaceutical service requests.

Each phase of the regulation requires payers and PBMs to implement technology and a process to facilitate electronic preauthorization. Phase 2 establishes an online process for accepting a preauthorization request electronically and assigns a unique electronic identification number to each preauthorization request. Phase 3 establishes an online system to approve in real-time⁵ electronic pharmaceutical service preauthorization requests where no additional information is required; approve electronic pharmaceutical service preauthorization requests within one business day upon receipt of all necessary information, and approve electronic medical service preauthorization requests within two business days upon receipt of all necessary information.

Consideration Items

The MHCC identified the below items for payer and PBMs to consider as they implementing the electronic preauthorization Phase 2 and Phase 3 benchmarks:

- Preauthorization is generally regarded as the process of approving a service prior to rendering the service. Technology supporting the regulation should be viewed as a proactive solution to the authorization process.⁶

¹ COMAR 10.25.17 went into effect on February 18, 2013.

² The MHCC released items for consideration in implementing the Phase 1 benchmarks which are available online here: http://mhcc.dhmh.maryland.gov/hit/electronic_preauthorization/Documents/items_for_consideration_phase_one.pdf.

³ Md. Code Ann., Health-Gen. § 19-101 & 19-108.2 (2012).

⁴ State-regulated payers are insurers, nonprofit health services plans, or any other person that provides health benefit plans subject to regulation by the State. Self-insured health care plans and government plans are exempt from State insurance regulation under the Employee Retirement Security Act of 1974 (ERISA). PBMs are identified based on their registration with the Maryland Insurance Administration.

⁵ *Real-time* is considered as being completed in a single communication session, as defined by the Workgroup for Electronic Data Interchange (WEDI), and as generally agreed upon by payers and PBMs in the development of the MHCC report, *Recommendations for Implementing Electronic Prior Authorizations*, available at: http://mhcc.dhmh.maryland.gov/hit/hiePolicyBoard/Documents/mhcc.maryland.gov/prior_auth_final.pdf.

⁶ Preauthorization, as defined in 10.25.17.02(B)(5), states that preauthorization is a process of obtaining approval from a payer by meeting certain criteria before a certain health care service can be rendered by the health care provider.

- Electronic preauthorization refers to an online, web-based process and the technology solutions should not include fax or telephone.
- Providers frequently express frustration to MHCC over the challenges in locating information on payer and PBM websites. The MHCC encourages payers and PBMs to implement technology that minimizes the time required for providers to locate and complete the electronic preauthorization process.

Additional Information

Information regarding electronic preauthorization is available on MHCC's website at:

http://mhcc.dhmh.maryland.gov/hit/electronic_preauthorization/Pages/electronic_preauthorization.aspx.

Questions regarding the electronic preauthorization process may be directed to Sarah Orth at MHCC by e-mail at sarah.orth@maryland.gov or by phone at 410-764-3449.