Prior Authorization:
Selectively Used & Evidence-Based
MEDICAID MANAGED CARE

Prior authorization is an important tool used by both public and private payers to ensure patient care follows evidence-based clinical guidelines. It helps reduce patients' exposure to low-value, unsafe or inappropriate care, thereby leading to better health outcomes and more affordable care for patients.

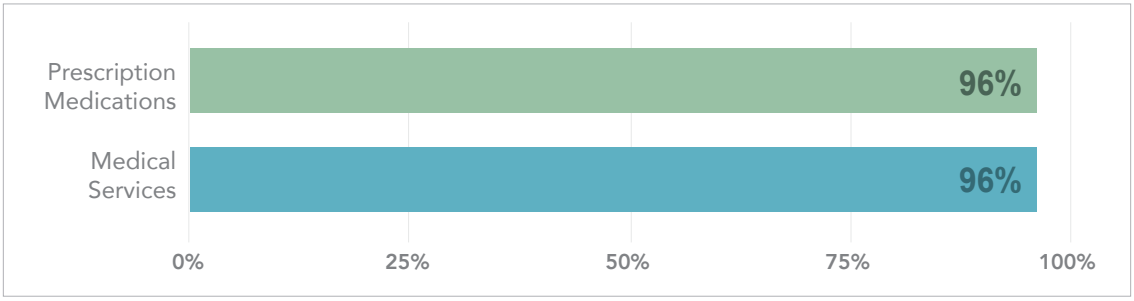
At the same time, health plans recognize patients are often frustrated when their prescription medication or medical procedure is not promptly approved or is denied following prior authorization review. Health plans are taking proactive steps to improve the patient experience and ensure that prior authorization is used selectively, based on clinical evidence and streamlined for patients and providers.

According to a 2024 survey of AHIP's Medicaid Managed Care plan members on their prior authorization processes:

Most Claims Do Not Require Prior Authorization

96% of claims for prescription medications and **96%** of claims for medical services are **not subject to prior authorization**.

Vast Majority of Medicaid Managed Care Claims NOT Subject to Prior Authorization*

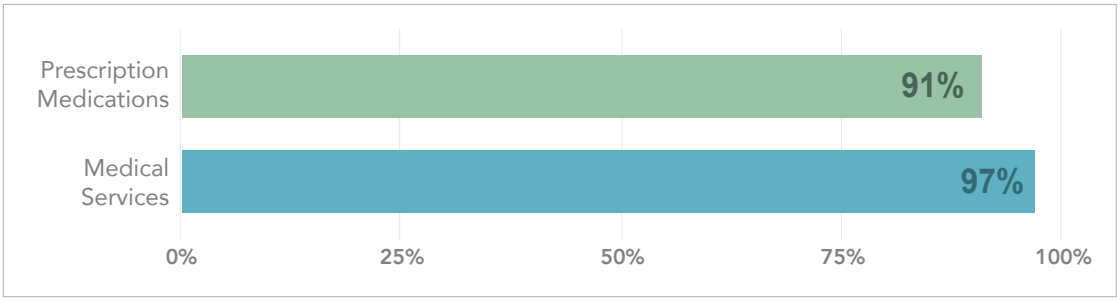


*The data is weighted by enrollment in responding plans.

Most Prior Authorization Requests are Approved

The **average final approval rates** of Medicaid managed care plans are **91%** for prescription medications and **97%** for medical services.

Final* Prior Authorization Approvals



*Final approval indicates approval following the appeals process.

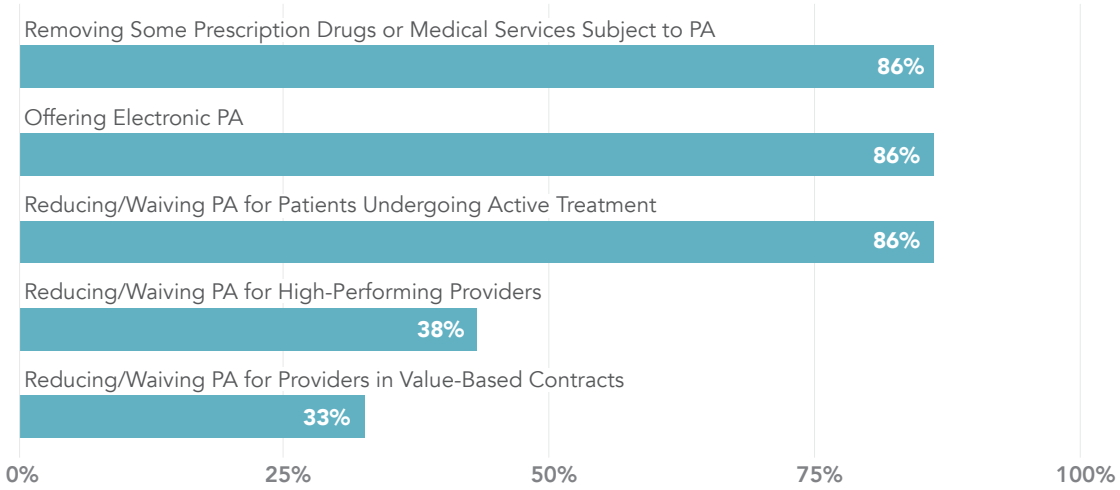
Prior Authorization Programs are Based on Evidence and Provider Input, Never Cost Alone

All responding Medicaid managed care plans reported that their prior authorization programs:

- Are evidence-based; developed using clinical literature, professional treatment guidelines, and other evidence-based resources;
- Use provider input such as Pharmacy & Therapeutics (P&T) Committees, Utilization Management (UM) Committees, and clinical experts; and
- Never base decisions solely on cost.

Health Plans are Streamlining Prior Authorization in Multiple Ways

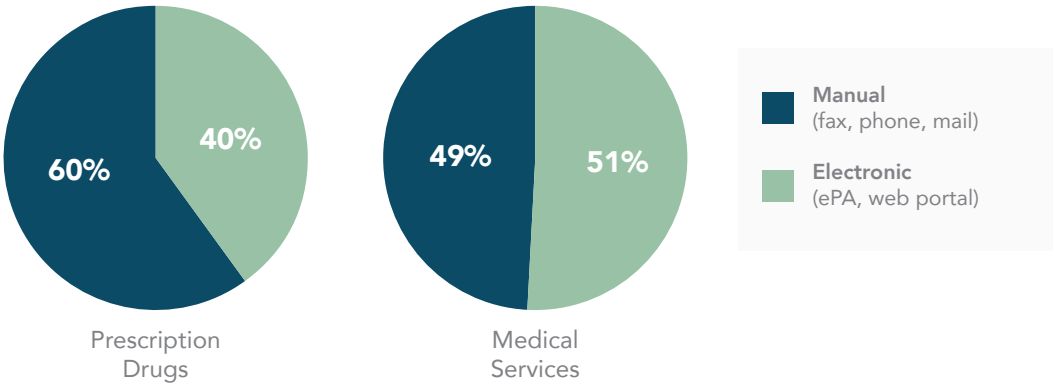
Medicaid managed care plans are taking a wide range of steps to streamline the prior authorization (PA) process for patients and providers:



Despite the Growing Availability of Electronic Prior Authorization, Many Prior Authorization Requests Continue to be Submitted Manually by Providers

While health plans have continued to invest in the infrastructure needed to streamline the prior authorization process by driving adoption of electronic prior authorization (ePA), manually-submitted requests still account for nearly half of all requests for an average Medicaid managed care plan.

Submission Mode of Requests for Prior Authorization



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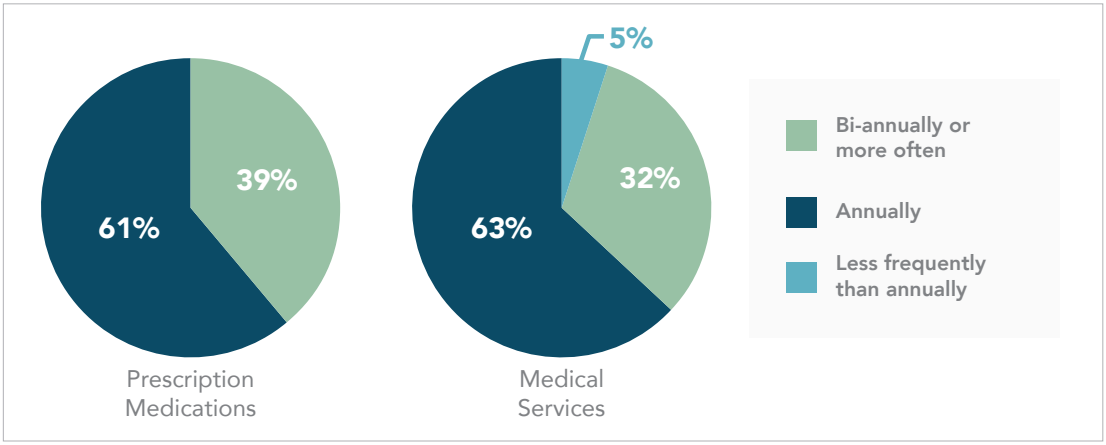
Artificial Intelligence (AI) is Never Used to Deny Prior Authorizations Based on Clinical Issues Without Medical Review

100% of Medicaid managed care plans reported that AI or algorithms are **never** used to deny prior authorization requests that involve medical necessity or clinical considerations without clinician and/or practitioner review.

The Vast Majority of Plans Review Their Prior Authorization Lists At Least Annually

Almost all Medicaid managed care plans annually review their lists of medications and services subject to prior authorization, with **39% reviewing prescription medications bi-annually or more often** and **32% reviewing medical services bi-annually or more often**.

Review Frequency for Services and Prescription Medications Subject to Prior Authorization



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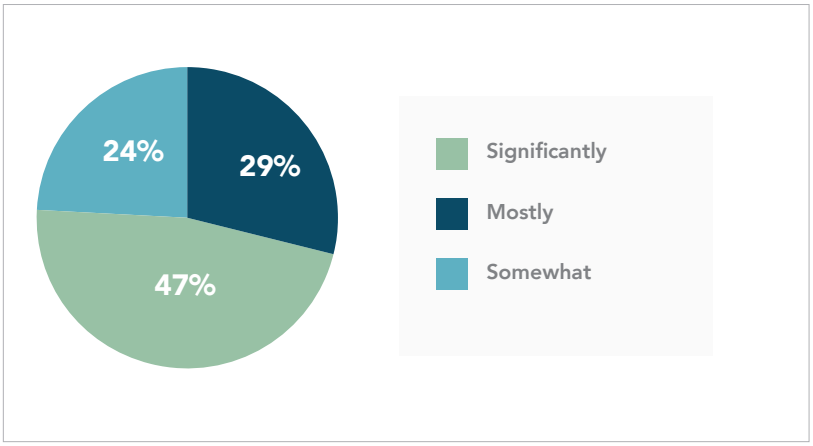
State Requirements Shape Prior Authorization Programs of Medicaid Managed Care Plans

More than three-quarters **(76%)** of Medicaid managed care plans reported that their prior authorization policies are either **mostly** or **significantly** dictated by state requirements.

Prior authorization Policies Dictated by State Requirements



For more information about health plans' commitment to supporting patients and improving the prior authorization process, visit AHIP.org/supportingpatients.