

CMS NEWS

FOR IMMEDIATE RELEASE
May, 22, 2014

Contact: CMS Media Relations
(202) 690-6145 or press@cms.hhs.gov

Prior Authorization to Ensure Beneficiary Access and Help Reduce Improper Payments

The Centers for Medicare & Medicaid Services today announced plans to expand a successful demonstration for prior authorization for power mobility devices, test prior authorization in additional services in two new demonstration programs, and propose regulation for prior authorization for certain durable medical equipment, prosthetics, orthotics, and supplies. Prior authorization supports the administration's ongoing efforts to safeguard beneficiaries' access to medically necessary items and services, while reducing improper Medicare billing and payments. The proposed rule is estimated to reduce Medicare spending by \$100 to \$740 million over the next ten years.

"With prior authorization, Medicare beneficiaries will have greater confidence that their medical items and services are covered before services and supplies are rendered. This will improve access to services and quality of care," said CMS Administrator Marilyn Tavenner.

The announcement builds upon lessons learned from the Medicare Prior Authorization of Power Mobility Device Demonstration. Launched in 2012, the demonstration established a prior authorization process for certain power mobility devices. Based on September 2013 claims data, monthly expenditures for certain power mobility devices decreased from \$12 million in September 2012 to \$4 million in August 2013 across the seven demonstration states (California, Florida, Illinois, Michigan, New York, North Carolina, and Texas) with no reduction in beneficiary access to medically necessary items.

CMS seeks to leverage this success by extending the demonstration to an additional 12 states. These states include Arizona, Georgia, Indiana, Kentucky, Louisiana, Maryland, Missouri, New Jersey, Ohio, Pennsylvania, Tennessee, and Washington. This will bring the total number of states participating in the demonstration to 19.

CMS also proposes to establish a prior authorization process for certain durable medical equipment, prosthetics, orthotics, and supplies items that are frequently subject to unnecessary utilization. Through a proposed rule, CMS will solicit public comments on this prior authorization process, as well as criteria for establishing a list of durable medical items that are frequently subject to unnecessary utilization that may be subject to the new prior authorization process. The proposed rule is currently on display at <https://www.federalregister.gov/public-inspection> and will be published in the Federal Register on May 28, 2014. The deadline to submit comments is July 28, 2014.

CMS will launch two payment model demonstrations to test prior authorization for certain non-emergent services under Medicare. These services include hyperbaric oxygen therapy and repetitive

scheduled non-emergent ambulance transport. Information from these models will inform future policy decisions on the use of prior authorization.

Prior authorization does not create additional documentation requirements or delay medical service. It requires the same information that is currently necessary to support Medicare payment, but earlier in the process. CMS believe prior authorization is an effective way to ensure compliance with Medicare rules for some items and services.

For more information, go to: <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicare-FFS-Compliance-Programs/Overview.html>.

Additional Fact Sheets Links:

<http://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2014-Fact-sheets-items/2014-05-22-2.html>

<http://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2014-Fact-sheets-items/2014-05-22-3.html>

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