

New study evaluates racial disparities in prior authorization outcomes by a major national insurer

August 2 2024, by Ann Kellett



Credit: Pixabay/CC0 Public Domain

Prior authorization—the process by which a health insurance company denies or approves coverage for a health care service before the service

is performed—became [standard practice](#) beginning with Medicare and Medicaid legislation in the 1960s.

Although research has uncovered disparities in prior coverage for [cancer patients](#) based on race, little has been known to date on the role of prior authorization in increasing or decreasing these disparities.

To learn more about the issue, Benjamin Ukert, Ph.D., an assistant professor of health policy and management in the Texas A&M University School of Public Health, and a colleague at Penn State conducted a retrospective study of data provided by a major national commercial insurance provider on 18,041 patients diagnosed with cancer between Jan. 1, 2017, and April 1, 2020.

The study is [published](#) in the journal *Health Services Research*.

"Data on provider-insurer prior authorization is difficult to access and analyze, but this research could provide valuable information on equity in the prior authorization process in specialty care for patients, [health care providers](#) and plan managers, policy makers and employers."

For the study, Ukert described the racial and ethnic composition of the data used in terms of prior authorization process outcomes for self-insured and fully insured adults diagnosed with the 13 most common cancers other than basal cell carcinomas, which generally do not require a prior authorization.

Subjects had at least two [Evaluation and Management office visit](#) claims with a [cancer diagnosis](#) or one cancer diagnosis during an [emergency department](#) or inpatient stay during the study period.

For prior authorization data, Ukert analyzed the length of days from the cancer diagnosis to the prior authorization, the decision to deny or

approve the service, and if the denial resulted from medical necessity

Independent variables were self-reported race or ethnicity provided by employers and [electronic medical records](#) and drawn from the sociodemographic data for covered individuals available from the insurer. Racial categories were non-Hispanic white, non-Hispanic Asian, non-Hispanic Black and Hispanic (either Hispanic-white or Hispanic-Black).

For covariates, Ukert used a large set of sociodemographic control variables identified from the medical claims and the [American Community Survey](#). Others included sociodemographic information, including information about [health insurance coverage](#), and length of health plan enrollment prior to the cancer diagnosis.

After measuring the extent of any comorbidities for the six months before the cancer diagnosis, Ukert merged the block group characteristics on household income and education level from the five-year 2017 American Community Survey. He then used linear regression models to evaluate whether disparities by race or ethnicity emerged in prior authorization process outcomes.

The sample was 85% white, 3% Asian, 10% Black, and 1% Hispanic, 64% were female and the average age was 53. The average prior authorization denial rate was 10% and the denial rate specifically due to medical necessity was 5%. Those who identified as Hispanic had the highest prior authorization denial rate at 12%, while those who identified as Black had the lowest prior authorization denial rate at 8%.

"In short, we found no racial or ethnic disparities in prior authorization outcomes for individuals identifying as Black and Hispanic, compared to white," Ukert said. "In addition, Asian patients had higher rates of [prior authorization](#) approvals compared to white patients."

More information: Nima Khodakarami et al, Effects of Affordable Care Act on uninsured hospitalization: Evidence from Texas, *Health Services Research* (2024). [DOI: 10.1111/1475-6773.14334](https://doi.org/10.1111/1475-6773.14334)

Provided by Texas A&M University

Citation: New study evaluates racial disparities in prior authorization outcomes by a major national insurer (2024, August 2) retrieved 3 August 2024 from <https://medicalxpress.com/news/2024-08-racial-disparities-prior-authorization-outcomes.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.