

# Are Pre-Authorization Requirements an Access Barrier to Outpatient Mental Health Care for Medicaid Enrollees? A Survey of Providers

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## ABSTRACT

*Background:* Pre-authorization requirements permit managed care organizations control over access to care. Anecdotal reports to the Wisconsin Medicaid program suggest that pre-authorization requirements are so onerous that they are barriers to outpatient mental health care.

*Methods:* Clinicians providing mental health/alcohol and other drug abuse services to Wisconsin Medicaid were surveyed regarding their experiences obtaining outpatient service pre-authorizations from health maintenance organizations (HMO) for Medicaid enrollees. The survey obtained factual information regarding pre-authorization procedures and decisions, as well as clinicians' attitudes about the pre-authorization process.

*Results:* Requests for service pre-authorizations are generally responded to in a timely fashion and frequently approved. One hundred fifty seven (44%) respondents rated the HMO that they worked with as above average or the best while 97 (27%) rated it as below average or the poorest. Respondents' criticisms of their HMO focused on failures to make useful treatment suggestions and a lack of understanding regarding the limited availability of community resources that could be alternatives to treatment. Therapist attitude was more favorable when pre-authorization was sought from the HMO directly rather than through a gatekeeper.

*Conclusion:* The pre-authorization requirement for outpatient services is not an undue burden for the mental health/alcohol and other drug abuse providers or patients.

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## INTRODUCTION

The Institute of Medicine defines utilization management as "a set of techniques used by or on behalf of purchasers of health care benefits to manage health care costs by influencing patient care decision-making through case-by-case assessments of the appropriateness of care prior to its provision."<sup>1</sup> There are numerous critics of utilization management, but the evidence presented in support of their criticisms is largely anecdotal in nature.<sup>2,3</sup> Utilization management has sparked particular controversy with organizations that manage behavioral health.<sup>4</sup> Utilization management of behavioral health services began in the private sector but is now a feature of MH/SA utilization among Health Maintenance Organizations (HMOs) that serve Medicaid enrollees.<sup>5</sup>

Specific concerns of providers and patients are that obtaining pre-authorization for outpatient services from HMOs and/or their gatekeepers is particularly burdensome for mental health and alcohol and other drug abuse (MH/AODA) service providers, and that MH/AODA services are unduly limited by HMO/gatekeepers. In an effort to determine if these concerns are widespread, the Wisconsin Division of Health Care Financing (DHCF) commissioned a survey of MH/AODA providers who serve Medicaid enrollees to measure their attitudes about the pre-authorization process.

## METHODS

The 47-item survey was developed with input from key DHCF staff and critiqued by DHCF staff with mental health expertise. Items were written to measure therapist knowledge of the HMO pre-authorization processes, compatibility of the pre-authorization process with clinical practice, and impact of the pre-authorization process on the provision of treatment.

Survey items were worded both favorably and unfavorably. Since some HMOs manage mental health services directly, while others use intermediaries called “gatekeepers,” questions were referenced to “HMO/gatekeepers,” a distinction explained in the cover letter. (A gatekeeper is a separate company hired by the HMO to manage the mental health care provided to its enrollees, including pre-authorization.)

Wisconsin Medicaid encounter data was used to determine the ID number of enrollees who received MH/AODA therapy services March 2002-December 2002. This data was also used to identify the clinics at which the services were delivered and their respective HMO/gatekeepers authorizing the services. A total of 12,882 enrollees were identified as having received MH/AODA services. The list of enrollees was reduced to those who had 3 or more therapy sessions—a total of 6874. These enrollees were distributed among 13 HMOs/gatekeepers. A random stratified sample assured that at least a minimal number of surveys would be received from the smallest HMOs. The final sample consisted of 1328 providers, with the number per HMO ranging from 3 to 375. Surveys were mailed out the first week of April, 2003.

The survey was divided into 3 sections. The first section covered specific information about the clinic where the mental health provider worked, such as the number of MH/AODA providers and their actual role in processing pre-authorization requests. The second section asked about the mental health provider’s familiarity with the pre-authorization process, and the third section asked the provider to evaluate the pre-authorization process.

The survey forms were individualized so that the specific HMO/gatekeeper the provider was to consider was identified. The survey was anonymous.

Data analysis was descriptive of mental health provider attitudes and beliefs. In addition, it was of interest whether attitudes varied by whether the recipient in question had to be pre-authorized through a separate gatekeeper or directly to the HMO. Also of interest was whether attitudes varied by size of the clinic, since smaller clinics may be ill equipped to respond to pre-authorization requirements. These latter 2 interests were tested by comparing 2 indicators of overall judgment using t-tests.

## RESULTS

Of the 1328 surveys mailed, 39 were returned by the US Postal Service as “undeliverable.” Four hundred and four surveys were completed and returned, a re-

sponse rate of 31%. Thirty one of the providers who returned surveys reported that they had not treated any Medicaid enrollees enrolled in the identified HMO, leaving 373 surveys from which the results were compiled.

### *Clinic Description*

About half the clinics had less than 10 therapists and half had more than 10. Of those answering the question, 75% felt that their clinic had sufficient Medicaid-approved therapists and 80% felt they had sufficient therapists to cover emergencies for those enrollees.

For the most part, it is the clinicians themselves who are directly involved in the process of obtaining pre-authorizations. Clinicians prepare and sign 75% of the initial requests and 94% of the treatment updates/requests for more services.

### *Pre-authorization Process*

Fifty nine percent of responding therapists indicated that they were familiar with their HMO/gatekeeper’s criteria for making pre-authorization decisions. Eighty seven percent were familiar with the pre-authorization documentation requirements and 68% recalled receiving instructions on how to get services approved, but 39% said they didn’t know whom to call at their HMO/gatekeeper if they had questions about a pre-authorization.

### *Evaluation of Pre-Authorization Process*

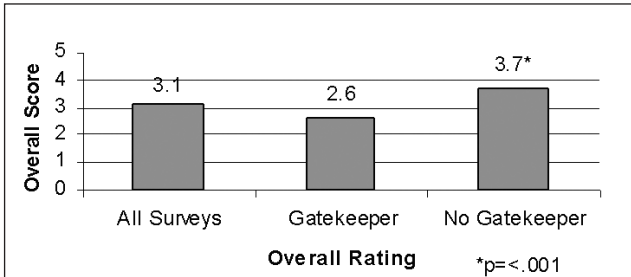
Seventy percent of responding therapists receive a response to a pre-authorization request in a week or less; 30% in 2 days or less. Seventy-five percent reported that requests were never or rarely denied. When denials were made, only 30% said full explanations were given.

Of the mental health providers, 65% of reporting therapists felt that the HMO/gatekeeper’s representative with whom they discussed patient care was a knowledgeable clinician, 80% felt that their HMO/gatekeeper was culturally sensitive, and 73% found the pre-authorization guidelines to be reasonable.

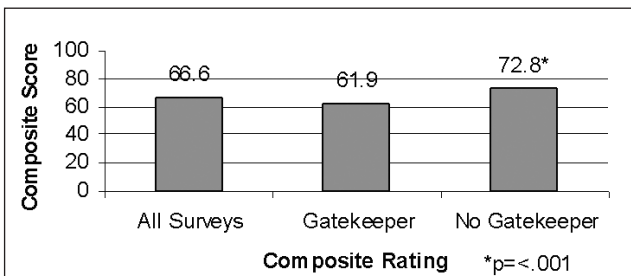
In those instances where the respondents felt that additional sources of care were needed, 68% said their HMO/gatekeeper rarely or never helped them find other sources and 62% said their HMO/gatekeeper rarely or never made useful treatment suggestions.

### *Experiences and Opinions as a Function of Gatekeeper*

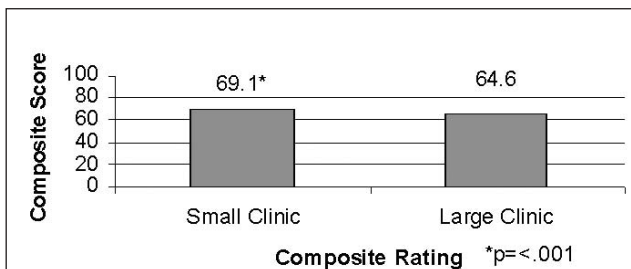
Some HMOs process pre-authorization for outpatient mental health directly. Others hire outside companies (gatekeepers) to perform this function. Since it is possible that specialized gatekeepers are more demanding than



**Figure 1.** Therapists' overall opinion of Medicaid HMO pre-authorization for outpatient mental health/substance abuse services as a function of gatekeeper involvement.



**Figure 2.** Therapists' composite opinion of Medicaid HMO pre-authorization for outpatient mental health/substance abuse services as a function of gatekeeper involvement.



**Figure 3.** Therapists' composite opinion of Medicaid HMO pre-authorization for outpatient mental health/substance abuse services as a factor of clinic size.

HMOs, therapist experiences and opinions may vary by whether a gatekeeper was or was not involved in the pre-authorization. To test this hypothesis, survey responses regarding enrollees processed through a gatekeeper (55% of all surveys) were compared on 2 variables with those processed by the HMO directly. The first was an overall question asking the respondent to compare the particular HMO/gatekeeper that was named in the survey with all other HMO/gatekeepers with which the respondent dealt. Responses were on a Likert scale from 1 (the poorest) to 5 (the best). The composite score was a summation of 20 questions that pertained to the quality or convenience of an HMO/gatekeepers' services.

Figures 1 and 2 present the results of comparing the survey responses of gatekeeper versus no gatekeeper. On both measures, the pre-authorization process was viewed more positively when there was no gatekeeper involved ( $t=38.8$ ,  $df=355$ ,  $P<.001$  for the overall score and  $t=7.2$ ,  $df=326$ ,  $P<.001$  for the composite score). (A more conservative statistical test,  $\chi^2$ , which treats Likert responses as only nominal data, was also significant at  $P<.001$ .)

### *Experiences and Opinions as a Function of Clinic Size*

Smaller clinics may find it more difficult to comply with pre-authorization requests than larger ones. To investigate this, the total sample was divided into those with more than 10 therapists (44.8%) and those with less than 10 therapists. The difference between these groups and the overall item was not significant, but there was a difference in the composite score ( $t=2.7$ ,  $df=326$ ,  $P<.01$ ) (see Figure 3). Apparently, therapists from smaller clinics have more favorable opinions regarding pre-authorization than those from larger clinics do. When the gatekeeper and clinic size were analyzed together, there was no significant interaction effect.

### DISCUSSION

The evidence from the survey does not support the anecdotal concerns that prompted this survey. The HMO/gatekeeper process of authorizing MH/AODA services, while not without its critics, appears not to be an undue burden to providers or a significant access barrier to Medicaid enrollees. Forty-four percent considered their HMO to be above average or the best vs. 27% who considered their HMO to be below average or the poorest. The results regarding the timely response to requests (76% processed in a week or less and 30% in 2 days or less) and the infrequency of denials (76% of respondents having rarely or never received a denial) also refute the anecdotal concerns. The extent to which mental health providers had a favorable view of the pre-authorization process did vary significantly by whether or not the HMO used a gatekeeper. Gatekeepers may place more requirements upon providers, and the providers' less favorable view of HMOs who use gatekeepers may reflect this.

The low denial rates do not necessarily mean that utilization management of behavioral health isn't reducing utilization rates.<sup>6</sup> Clinician behavior can be affected by less direct methods. Clinicians' awareness that their authorization request will be very carefully reviewed, known as the sentinel effect, can reduce the likelihood of their submitting a request.<sup>7</sup> The percep-

tion, correct or not, of extra paperwork and possibly time-consuming phone calls being a part of pre-authorization requests, sometimes called the hassle factor, has also been reported as reducing requests.<sup>8,9</sup> Based on these survey results, there appears to be some concern that a significant number of therapists elect to opt out of or circumvent established pre-authorization procedures. Twenty-two percent of respondents said they always or frequently forgo making a request for services they deem necessary because they know the HMO/gatekeeper could deny them, and 28% always or frequently overstate patient needs in order to get approval.

The survey did indicate possible ways in which the pre-authorization process could be improved. First, the HMO/gatekeepers could increase their outreach to providers in order to educate them about specific pre-authorization criteria and to insure that every clinician has a provider manual. According to the survey, 41% of providers either aren't familiar with the pre-authorization criteria or don't know whether or not they are; 32% haven't received a provider manual or don't know if they have; and 39% don't know whom to call if they have a question about a particular pre-authorization. Second, the HMO/gatekeepers could become more knowledgeable about local community resources and provide more information regarding these resources, particularly in rural areas. The survey results indicate that some, if not all, HMO/gatekeepers may not see this as one of their roles. Only 14% of respondents recall receiving information about available community resources and only 18% recall ever receiving help finding other sources of care when the provider thought they were needed.

The generally positive results of this survey may be an indication that the managed behavioral health system is evolving and maturing. This is consistent with a Massachusetts survey of providers of mental health services that found that their attitudes toward their HMOs improved as they gained more experience with them.<sup>10</sup> As both providers and payers gain experience with each other, preconceived notions regarding how each side should and would behave are being replaced by a growing sense of trust and cooperation.

There are significant limitations to this study. With only a single mailing of the survey, the response rate was, not unexpectedly, low (31%). Results may not generalize to non-responders. Also, this was a survey of MH/AODA providers serving Medicaid enrollees. Such providers may not be typical of all MH/AODA providers in Wisconsin, and their opinions may not re-

flect opinions about the HMO pre-authorization process for patients who have private insurance.

## ACKNOWLEDGMENTS

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