Evidence-based utilization management: Promoting quality and affordability

Quality and affordability, aligned with the Blue Shield of California mission, drive our utilization management program. The program is designed to help ensure the provision of medically appropriate care, optimize the use of resources by members, and govern the costs by monitoring for excessive or unnecessary use of services. Decisions related to the authorization of care are made in a fair, impartial, and consistent manner and are based solely on the medical necessity and clinical appropriateness of care and availability of benefits. Our evidence-based utilization reviews save time in the hospital and reduce overall costs for members and employers. They help ensure members get the right care at the right location.

Key functions

Prior authorization reviews

Prior authorization is performed to ensure safe, effective, and appropriate use of selected medical services and to get the most value from our members' benefits. Licensed review nurses or pharmacists conduct evidence-based prior authorization reviews of referrals for specified services, procedures, or drugs that require authorization. They make decisions within five days of receipt of the request, applying Blue Shield's approved review criteria and guidelines. Our Web-based systems for utilization management are integrated with our care management systems to enhance effectiveness and efficiency.

For PPO plans, Blue Shield nurses conduct the authorization review. For our HMO products, Blue Shield may delegate prior authorization responsibilities to a medical group contracted with Blue Shield for HMO business for all services except for transplant, some out-of-area care, clinical trials, and investigational procedures.

Concurrent review

One of the highest cost drivers in today's healthcare market is inpatient hospital stays. Evidence-based and individually focused concurrent review and discharge planning on admission are key functions that help us ensure members have quality care, appropriate lengths of stay, and decreased readmissions. The reviews are carried out by nurses who follow a member's course of hospitalization for the purpose of assessing the medical necessity and appropriateness of continued confinement at the requested level of care. The member's course of hospitalization may include acute hospital, skilled nursing facilities, outpatient surgeries, and acute rehabilitation.

Additional objectives of concurrent reviews are to:

- Facilitate timely and individually focused provision of services to our members
- Promote adherence to established standards of quality care, thus optimizing our members' experience

- Ensure timely and efficient transfer to lower levels of care as clinically indicated
- Implement effective discharge planning and early identification of members who are appropriate for support from our case management services

Concurrent reviews are performed at the frequency determined by each individual case, many of which are daily. Before members are discharged, nurses authorize care and then follow the members while they are in less acute settings. Blue Shield uses Milliman Care Guidelines criteria with browser-based technology to support clinical experience and facilitate evidence-based decision making.

Additional features

Peer-to-peer physician discussions

Throughout the utilization review process, our medical directors have peer-to-peer discussions with our contracted physicians to support member-focused evidence-based care. Our physician medical directors work closely with review nurses, providing clinical guidance and expertise. Their goal is to protect member safety as well as affordability as they scrutinize the efficacy and cost-effectiveness of medical care as compared to other services with equivalent clinical outcomes.

Integration with claims payment

Our utilization management information system is integrated with our claims payment platform. As a result, both systems can determine specific services and procedures, authorization status, dates of service, level of care, and other various edit/stop functions related to the utilization management and claims adjudication processes. Additionally, rules such as applying medical policy edits and group-specific benefit edits help to ensure a smooth transition from utilization management to claim adjudication.

Meeting and exceeding standards

All phases of the utilization management program are developed and maintained in compliance with accreditation standards and national and state regulatory requirements.*

For some specialized care, such as mental health and radiology services, Blue Shield uses contracted entities for utilization management. These entities are held to the same high standards of care as Blue Shield's internal utilization management.

Cost savings

Overall prior authorization reviews of all medical policies in 2013 yielded annual savings of **$3.53 PMPM** and **7.4 to 1 ROI** for our commercial book of business.†

Our concurrent review program delivers shorter lengths of stay and lower admission rates, yielding annual savings of **$5.08 PMPM** and **4.4 to 1 ROI** for our commercial book of business.†

We form strong partnerships with our physicians, hospitals, and other healthcare providers to support member-focused, evidence-based care

Utilization management is core to our business, and combined with our not-for-profit status and commitment to providing access to quality health care at an affordable price, the program helps our members to obtain the highest quality and most appropriate healthcare services.

* The National Committee for Quality Assurance (NCQA) standards, URAC (formerly known as the Utilization Review Accreditation Commission), Centers for Medicare and Medicaid Services (CMS) regulations for Medicare Advantage, California Knox-Keene Act regulations, Health Care Service Plan Quality Assurance Program Regulations (Department of Managed Health Care), and Department of Labor Employee Retirement Income Security Act (ERISA) requirements.

† Blue Shield of California Medical Informatics Study, 2014.

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