



## Study Limitations Cast Doubt on Prior Authorization Policy Conclusions

In May 2010, *The Annals of Pharmacotherapy* published a study, "Assessment of Changes in Utilization of Health-Care Services After Implementation of a Prior Authorization Policy for Atypical Antipsychotic Agents" (hereafter referred to as "the Georgia study") that examined the effects of a prior authorization program instituted by the Georgia Medicaid program on September 1, 2004 for atypical antipsychotic agents.<sup>1</sup>

The Georgia study, using Medicaid-billable outpatient medical visits, emergency department (ED) visits, hospital admissions and hospital length-of-stay data, concluded that "the PA program improved the health of patients with schizophrenia in the Georgia Medicaid program, avoiding about 1 in 5 ED visits and hospital admissions while at the same time lowering prescription and total program costs." **However, in the absence of a comparison group and the notable absence of data on use of outpatient behavioral health services, deaths and incarceration, it is difficult to draw conclusions about the outcomes.**

Georgia's state hospital admissions during this period remained much higher than other state hospital systems, with alarming occupancy and readmission rates. Importantly, many of these hospital admissions may not be reflected in the data because treatment in state hospitals generally cannot be billed to Medicaid.

The study authors assert that the Georgia antipsychotic prior authorization policy resulted in fewer emergency department visits and hospital admissions and lower prescription and total program costs-- **a direct causal effect not supported by the data.** Multiple variables, from the unavailability of state hospital beds to other policy changes, may have played a significant role. Additionally, the exclusion of individuals who have fallen through the cracks and dropped off Medicaid rolls, such as individuals who are incarcerated, significantly diminishes the value and accuracy of the results.

**With its significant limitations, our collective organizations strongly caution against the Georgia study being used to inform prescription drug policies in other states, particularly for exceptionally vulnerable populations.**

### The Georgia Medicaid Study

#### Georgia Medicaid Pharmacy Prior Authorization Program

On September 1, 2004, Georgia Medicaid imposed a prior authorization requirement for three atypical antipsychotic medications: olanzapine, aripiprazole and olanzapine/fluoxetine combination. Individuals who were taking any of these medications at the time of the new policy implementation were eligible for "grandfathering." New and continuing prescriptions for other atypical antipsychotic agents (clozapine, olanzapine injection, risperidone and ziprasidone) were not subject to prior authorization requirements.

# Study Limitations Cast Doubt on Prior Authorization Policy Conclusions

## Study Method

The study method was a single cohort observational study using Georgia Medicaid claims data for a period prior to the prior authorization policy (July 1, 2003 up to, but not including, September 1, 2004) and for 20 months following implementation of the new policy (September 1, 2004 to April 30, 2006).

The study was designed to evaluate the impact of the Medicaid prior authorization program on other health services. To measure the impact, the study chose number of outpatient office visits, emergency department visits, number of hospitalizations and the length of stay for hospitalizations.

## Study Population

The study included individuals who were continuously eligible adult (18-65 years) Medicaid recipients in Georgia with a schizophrenia-related diagnosis who received at least one prescription for an atypical antipsychotic drug during the study period (a total of 12,120 individuals). Individuals not meeting these criteria were not included in the study.

## Fact Check

✓ **The study did not include a comparison group, such as another state's population of Medicaid enrollees with schizophrenia-related diagnoses.** *The lack of a comparison group makes it difficult to control for other factors that may have impacted Medicaid populations during this time period, such as the implementation of Medicare Part D pharmacy benefit for dual-eligibles.*

## Results

### Office Visits

The study group experienced 166,360 office visits during the study period. The report noted that there were no significant changes in the number of office visits made by this group. An outpatient office visit was defined as **general medical** outpatient health care visits billed to Medicaid.

## Fact Check

✓ **The study design did not include billing codes for outpatient behavioral health services in the definition of outpatient health care visits.** *The Georgia study does not assess what, if any, impact the Georgia prior authorization policy had on use of behavioral health outpatient services.*

### Emergency Department Visits

The study group experienced a total of 65,315 separate emergency department (ED) visits, or approximately 1,921 ED visits per month. The study reports that the average number of ED visits decreased by 0.042 per member per month, or 509 ED visits per month, after implementation of the policy change.

## Fact Check

✓ **The study design did not include important data such as incarcerations, suicide or use of behavioral health services or note any other policy changes during the study period.** *While the rate of ED visits declined during the policy study period, it is unknown whether rates of arrest and incarceration, suicide or use of outpatient behavioral health services increased as a result of the prior authorization policy change. In addition, it is not known whether other policy changes or factors may have impacted use of emergency departments by the study group.*

# Study Limitations Cast Doubt on Prior Authorization Policy Conclusions

## Hospital Admissions

5,496 individuals among the study group (45 percent) were admitted to a hospital at least once between July 1, 2003 and April 30, 2006 for a total of 13,563 admissions. The study reports that the average number of hospital admissions decreased by 0.010 per member per month (121 admissions) during the study period. A hospitalization was defined as any inpatient stay charge billed to Medicaid.

### Fact Check

✓ **Georgia's state hospital system, unlike most states, focuses on acute, or shorter-term, psychiatric care. However, state hospitals are ineligible for Medicaid reimbursement for services to non-elderly adults ages 22-64. If state hospital admissions were not included in the study because they cannot be billed to Medicaid, then Georgia's exceptionally high rate of state hospital admissions and readmissions--and budget deficits--are not accounted for in analysis of the impact of the state's antipsychotic prior authorization policy.**

### Fact Check

✓ **Georgia's state hospital system patient reductions followed a record state hospital deficit in FY 2005 and occupancy rates of over 100 percent. Even if Georgia's state hospital admissions were included (contrary to stated study criteria) in the study data, budget deficits, overcrowding or other policy changes or factors may have influenced reductions in state hospital admissions in FY 2006.**

## Hospital Length of Stay

The average hospital length of stay ranged from 5.7 to 7.2 days for the 13,563 hospital admissions included in the study. The report noted that there were no significant changes in the length of hospital stay for the study group and no further analysis was done for data.

### Georgia State Hospital Statistics<sup>2</sup>

*Note: State Hospital admissions are not Medicaid-billable for non-elderly adults (ages 22-64)*

- ✓ **Unlike most state hospitals, Georgia state hospitals focus primarily on acute psychiatric care.** In 2005, more than 60 percent of Georgia's discharged state hospital patients had a length of stay of less than 7 days; over 90 percent had a length of stay less than or equal to 30 days.
- ✓ **Georgia's state hospitals served 2.5 times as many residents as is typical in other states.**
- ✓ **Since March 2005, occupancy rate for adult psychiatric units has often been over 100 percent.**
- ✓ **Typical length of stay for discharged civil clients in Georgia was six days.** Over one-third discharged in less than 72 hours. About 22 percent discharged in less than 48 hours.
- ✓ **Georgia's 30 day readmission rate was double the national average.** One out of every eight discharges returned in 30 days; one out of every four discharges returned in 180 days.
- ✓ **In FY 2004, the state hospital experienced an \$18.2M deficit, a \$42.7M deficit in FY 2005, and a \$5.2M deficit in FY 2006.** Georgia's state hospital system served 12,749 civil adult clients in FY 2004, 13,216 in FY 2005, and 12,396 in FY 2006 and served 1,704 forensic adult clients in FY 2004, 1,248 in FY 2005 and 1,054 in FY 2006.

<sup>1</sup> Walthour, Amy, Seymour, Lynne, Tackett, Randall, and Perri, Matthew. "Assessment of Changes in Utilization of Health-Care Services After Implementation of a Prior Authorization Policy for Atypical Antipsychotic Agents." *The Annals of Pharmacotherapy*.44 (May 2010).

<sup>2</sup> State of Georgia, Mental Health Service Delivery Commission, Final Report, Appendix B, *DHR State Hospitals (October 30, 2007)* December 4, 2008.