



June 2008

RE: Understanding Prior Authorization

Dear Valued Client

Prior authorization is an important topic for members. Also known as pre-certification, it is the approval an insurance carrier gives a member and his/her physician in order for certain services to be considered as covered charges **before** they are performed. Without the proper prior authorization, a member may be subject to greater out-of-pocket expenses because benefits could be reduced or even denied.

What services require prior authorization?

Generally speaking, non-emergency hospital related services, behavioral health, alcohol/substance abuse, advanced radiology/imaging services and some prescriptions require prior authorization. However, each carrier's guidelines are different. Members should refer to their Benefit Booklet/Certificate or call Member Services for verification.

Who is responsible for obtaining prior authorization?

If a member uses a participating provider, the physician should follow the protocol established by the carrier with which they are contracted. If a member chooses to seek services from a non-participating provider, the member is responsible to comply with all applicable procedures. Many out-of-network providers may be willing to help with the process. ***However, the ultimate responsibility always lies with the member whether using a participating or non-participating provider.***

What can be done if a prior authorization request is not approved?

In most cases, a service or medication on the carrier's prior authorization list will be approved. If it is not approved, the member will receive a letter explaining the coverage decision as well as who they can contact to ask questions or obtain additional information that may help to quickly resolve the issue. This letter will also include instructions on how a member can pursue a formal appeal.

As previously stated, a member can still choose to receive the service or obtain the medication if prior authorization is not approved; however the benefit could be reduced or even denied. In addition, prior authorization is not a guarantee of coverage. All of the plan's terms and conditions will be applied at the time that services are actually rendered.

Sincerely,
PSI CONSULTANTS, LLC