1.1 PRIOR AUTHORIZATION INTRODUCTION

The NCPDP prior authorization transactions are intended to be used for products covered by a patient’s pharmacy benefit (e.g. medications and supplies). These transactions are not intended to be used to obtain authorization for other medical services. The prior authorization transactions are exchanged as other SCRIPT Standard transactions, in a real-time request and response mode. (Mailboxing may be used.)

While the NCPDP prior authorization transactions enable a standard means for communicating each payer’s set of PA questions, it does not standardize the questions themselves nor does it specify how the questions are presented to the prescriber.

The prior authorization transactions:
- Provide a fully electronic means for determining whether prior authorization is required for a particular medication and particular patient.
- Present prior authorization information needs to the prescriber in a consistent format while enabling each payer to request the particular information it requires.

Note: for the purposes of the prior authorization discussion, the term “payer” may be seen as the plan, the processor, the Pharmacy Benefit Manager, etc. – the entity (or contracted entity) to perform the functions of eligibility, benefit, prior authorization functions. This may be one or more entities. The phrase “prescriber system” refers to the system used by the prescriber or by a representative of the prescriber - which might be an electronic prescribing system, a provider portal, an affiliated provider’s facility or pharmacy system, etc.

Note: the PA transactions should not be confused with a NewRx transaction. The PA transactions are between the prescriber system and the payer system for PA determination. A NewRx transaction is between the prescriber system and the pharmacy system for exchanging an electronic prescription.

Note that attachments should only be sent when needed to fulfill prior authorization requirements. Sending attachments when not necessary may result in an interruption of the electronic process (e.g. manual review) by the payer which may cause a possible delay in the prior authorization determination.

When the PAInitiationResponse or PAREsponse reason status is “Closed” and the <ReasonCode> is Other (BY), the payer should populate the <PANote> with the reason why the request was closed.

1.1.1 PRIOR AUTHORIZATION WITHIN THE ELECTRONIC PRESCRIBING WORKFLOW

The NCPDP prior authorization transactions support the electronic prescribing workflow by leveraging information through other electronic exchanges including the ASC X12 eligibility transaction and the NCPDP Formulary & Benefit Standard.

In addition, the prior authorizations transactions are designed to support the exchange of information obtained from the electronic health record system. The transactions allow for the use of coded references, increasing the opportunity for interoperability.

The prior authorization transactions are not dependent on a particular workflow. There are two possible prior authorization transaction flows: solicited and unsolicited. In the solicited model, the prescriber will notify the payer that they wish to start the prior authorization process to determine if an authorization is needed for their patient and desired medication. In the unsolicited model, the prescriber presumes that an authorization is needed and they will submit the information they anticipate the payer needs.
While the prior authorization transactions are designed to be used during the electronic prescribing workflow when possible, they can also be used later – when a prescriber is informed that a prescription sent to a pharmacy was determined to require prior authorization during claims processing. When integrated into the electronic prescribing process, the use of the prior authorization transactions is said to be “prospective,” whereas use after a claim rejection is referred to as “retrospective.”
Prescriber system receives timely Formulary & Benefit file updates from payers/intermediaries, giving group-level formulary and coverage information (including PA flags) for use when ordering medications.

Prescriber system sends an eligibility request before the patient encounter, and learns the patient’s payer, member ID and pointers to their formulary information.

The prescriber selects a medication that may require prior authorization. The prescriber’s system initiates the PA process with the patient’s payer.

The payer identifies the info needed for the PA.

The prescriber system collects the needed information from the prescriber, the patient’s electronic medical record, etc and returns a completed PA request to the payer. This exchange may repeat more than once if additional information is needed.

The payer returns its determination.

If needed, the prescriber system and payer exchange PA appeal or PA cancellation messages.

Figure 33. Prior Authorization Transactions Flow General
1.1.2 Use of the Eligibility Transaction

The NCPDP prior authorization transactions are enhanced by another transaction that is supported in electronic prescribing: patient eligibility using the ASC X12 Standards for Electronic Data Interchange Technical Report 3 - Health Care Eligibility Benefit Inquiry and Response - 270/271. The eligibility transaction is typically exchanged prior to the patient encounter and can supply the prescriber system with information about the patient’s pharmacy benefit, including the payer, member ID, formulary and coverage pointers, and other details.

The eligibility transaction identifies the patient’s pharmacy benefit identifiers (BIN, Processor Control Number, Group), and the unique identifier the payer uses for the patient. Submitting this patient identifier in the PBMMemberID element of the transaction sent to initiate the prior authorization process (PAInitiationRequest in the solicited model; PARequest in the unsolicited model) helps the payer retrieve the patient’s records and respond appropriately to the request.

When the prior authorization transactions are used retrospectively, it is still beneficial to request eligibility information using the eligibility transaction before initiating the prior authorization process, in order to confirm the patient’s coverage and payer information and to retrieve the unique identifier the payer uses for the patient.

1.1.3 Use of the Formulary and Benefit Standard

The NCPDP Formulary and Benefit Standard (F&B Standard) provides a standard means for pharmacy benefit payers (including health plans and pharmacy benefit managers) to communicate formulary and benefit information to prescribers via technology vendor systems.

The F&B Standard includes a prior authorization list that may be used to indicate medication that may require prior authorization. However, the information provided is not patient-specific. It is meant to serve as a trigger for the prescriber that prior authorization may be needed for the particular patient and medication.

If, during the ordering process, the prescriber selects a medication flagged in the formulary as potentially requiring prior authorization, they can use the prior authorization transactions to determine whether prior authorization will be required for this prescription for this patient.

1.1.4 Prior Authorization Transactions

The prior authorization transactions include:
1. PAInitiationRequest and PAInitiationResponse
2. PARequest and PAResponse
3. PAAppealRequest and PAAppealResponse
4. PACancelRequest and PACancelResponse

Each transaction supports a particular step in the prior authorization process:

- The PAInitiationRequest transaction is used by the prescriber, in the solicited model, to initiate the prior authorization process, by notifying the payer of the patient and the medication for which prior authorization is being requested, along with the prescriber’s information and other related details.
  - In the PAInitiationResponse transaction, the payer indicates the information needed from the prescriber to determine approval or denial of the authorization. In some cases, the payer indicates to the prescriber that prior authorization is not required for the requested medication and patient. The PAInitiationResponse is for the medication (name, strength, dosage form) indicated in the PAInitiationRequest. The payer should not respond for an equivalent to the medication (e.g., generic product equivalent to brand product) indicated in the PAInitiationRequest.

The PA Initiation response transaction may also be initiated by the payer even if no PA initiation request was received from the
The prescriber system gathers the requested information by presenting questions for the prescriber to answer and/or by extracting information from the patient’s electronic medical record using the coded references associated to the question. The information is sent to the payer in the PARequest transaction. This occurs in both the solicited and unsolicited models.

- The payer determines whether authorization can be granted and provides the determination to the prescriber in the PAResponse transaction. In some cases the PAResponse transaction may indicate that the payer needs additional information in order to make a determination.

- The PAAppealRequest and Response transactions support two functions:
  - The PAAppealRequest transaction enables the prescriber to obtain the information required to submit an appeal.
    - The PAAppealResponse transaction provides information from the payer to the prescriber on what is needed for an appeal.
  - The PAAppealRequest transaction then also enables the prescriber to submit the appeal information for a prior authorization determination.
    - The PAAppealResponse transaction is used by the payer to indicate the outcome of an appeal.

- The PACancelRequest transaction is used by the prescriber to notify the payer that the prior authorization request is no longer needed.
  - The PACancelResponse transaction is used by the payer to acknowledge the prior authorization request was canceled or to indicate the prior authorization request wasn’t canceled.

Electronic prior authorization transactions are not intended to be used by a payer to inform the prescriber of alternatives to the medication for which authorization is being requested. Generally, information regarding medication alternatives is obtained by reviewing benefits and formulary information.
1.1.4.1 **Solicited and Unsolicited Model**

Prior Authorization Transaction Process Flow for
- Solicited (PAInitiationRequest/Response through PARequest/Response)
- Unsolicited (PARequest/Response)

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**Legend:**
- **CR**: Coded Reference
- **QS**: Question Sets

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**Figure 34. Solicited and Unsolicited Transaction Flow**
1.1.4.1 Sought Model
In the solicited model, the prescriber or payer initiates the request for prior authorization by providing information about the patient and the medication requested. In response, the payer sends a list of required information the prescriber must supply to support the decision process. The prescriber system gathers the needed information from the prescriber and/or the patient’s electronic medical record using coded references and returns it to the payer. The payer then notifies the prescriber of the determination.

The transactions involved include:
- PAInitiationRequest and PAInitiationResponse, where the prescriber or payer system initiates the authorization process and the payer identifies the information required of the prescriber.
- PAResponse and PAResponse, which convey the collected information to the payer, and the payer’s determination to the prescriber.

![Solicited Transaction Flow Diagram](image)

**Figure 35. Solicited Transaction Flow**

1.1.4.1.2 Unsolicited Model
In the unsolicited model, the prescriber’s system maintains an understanding of the information certain payers require for processing of prior authorization requests, so that the needed information can be included with the first prior authorization transaction sent to the payer.

In this model, the prior authorization process starts with the prescriber sending a PAResponse transaction...
to the payer, including the set of information they understand to be needed in processing the request. The PAInitiationRequest and PAInitiationResponse transactions are not exchanged; instead the exchange begins with the PARequest transaction.

The transactions involved include:
- PARequest and PAResponse, which convey the collected information to the payer, and the payer’s determination to the prescriber.

The prescriber system collects the needed information from the prescriber, the patient’s electronic medical record, etc and returns a completed PA request to the payer. This exchange may repeat more than once if additional information is needed.

The payer returns its determination.

1.1.4.2 **Mirror Data from Request**

All elements in the body of the transaction sent to initiate the prior authorization process (PAInitiationRequest or PAInitiationResponse in the solicited model; PARequest in the unsolicited model) except those noted below are echoed in the response transaction (PAInitiationResponse in the solicited model; PAResponse in the unsolicited model) and all subsequent prior authorization transactions in the prior authorization process.

Exceptions:
- &lt;RequestReferenceNumber&gt; is populated when a mailbox is part of the communication process and its value is set according to mailbox processing rules (see the NCPDP XML Standard Implementation Guide).
- When the PAInitiationResponse or PAResponse indicates that the receiver is not the prior authorization processor for the patient or medication, the &lt;BenefitsCoordination&gt; may be sent with information about the party that does process prior authorization for the requested patient/medication combination, if known.

1.1.5 **PA Initiation Request and Response**

These transactions enable the prescriber system to initiate the prior authorization process by notifying the payer or prescriber of the patient and the medication for which prior authorization is being requested and providing basic request information. This initial request enables the payer to indicate the information needed from the prescriber to support authorization. The payer may use the response to indicate that prior authorization is not required for the requested medication and patient.
1.1.5.1 **PAInitiationRequest Transaction**

A prescriber system sends the PAInitiationRequest to a payer to request the information required to accompany a PARequest for a particular patient and medication.

The PAInitiationRequest includes the information to identify the patient, prescriber, medication and may also include the patient plan identifiers and the desired dispensing pharmacy.

![Figure 37. PAInitiationRequest Flow](image)

1.1.5.2 **PAInitiationResponse Transaction**

After receiving the PAInitiationRequest, the payer returns a PAInitiationResponse. Alternatively, the payer can send a PAInitiationResponse when a rejected claim is detected to request PA from the prescriber. As this transaction contains the set of questions which have already been established by the payer for the prior authorization, the PAInitiationResponse should be sent from the payer to the prescriber timely. This will typically contain a set of questions to be completed by the prescriber, or, information that could be obtained from the patient’s electronic medical record using coded references and sent in lieu of the prescriber answering one or more questions.

This transaction may indicate that prior authorization is not needed for the patient and medication identified in the initiation request.
9.2.1

**Identification Elements**

The overarching trace numbers (<MessageID>, <RelatesToMessageID>) are used to tie transactions (see section “Trace Number Usage” in the NCPDP XML Standard.) Specifically for PA transactions, the following information is provided.

1.1.6 <PARReferenceID>

This element is mandatory in all prior authorization transactions. The <PARReferenceID> is assigned by either the prescribing system or the payer on the initial transaction and is used as a tracking identifier on all prior authorization request and response transactions to tieback related prior authorization transactions. It is the identifier established by the prescribing system or payer sending a PAInitiationRequest or PAInitiationResponse in the solicited model or PAREquest in the unsolicited model to initiate the process to request prior authorization. The identifier must be echoed in any subsequent prior authorization transactions related to that request for prior authorization (including prior authorization appeal and cancel transactions). The identifier must be unique per generating prescribing system.