Prior authorization by the Health Insurance Organizations in Iran

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ABSTRACT

Background: Health care improvement has had a critical role in increasing life expectancy throughout the world. The expenditures of research and development and also marketing for new pharmaceutical products are much higher than already existing medicines, resulting in higher prices for the former products. Therefore governments and health insurance organizations are interested in implementing policies that control drug prescription and utilization. One of these policies is Prior Authorization (PA). The main goal of PA is to reduce drug expenditures by substituting expensive medicines with less costly ones. PA policy has both scientific and economical aspects. The aim of this article is to assess the state of implementation of PA policy in Iran. There are several bodies to regulate medicines and their price in Iranian pharmaceutical market. There are two main insurance companies in Iran with similarities and differences in implementing this policy. Price ceiling and Reference Based Pricing are two main methods for implementing PA policy in Iran.

Keywords: Prior Authorization, Insurance organization, Drug expenditure, Medicines’ price.

1. Introduction

Improvement of health care services in the community has an important role in increasing life expectancy. Most of innovations for development of new medicines in pharmaceutical industry have been done for achieving this goal. Regarding the high cost of research and development and marketing of new medicines, the cost of these medicines are more expensive imposing additional costs to the health system [1].

The majority of new drugs represent those prescription medicines that are vital and used for the prevention and treatment of diseases and avoid costly medical problems. It should be noted that the costs of prescription medicines are one of the fast-growing costs in the health system [2].

Due to the rapid growth of costs of the prescription medicines and the increase of these medicines’ share in the health care costs, governments and insurers have implemented several monitoring programs on prescription medicines. Effectiveness and safety of medicines are almost dissimilar, nonetheless, there are some substitutable drugs with nearly similar effects. However, health program authorities attempt to manage and monitor prescription of certain medicines through monitoring programs, providing guidelines protocols and regulations and policies [3]. Prior authorization (PA) is one of the monitoring programs applied in different countries, following the main goal of reducing medicine expenditures by substituting more expensive medicines with cheaper ones, where both have somehow similar effectiveness [4].

In the recent decades, many states of America have used PA as a tool to achieve adaptive prices with the pharmaceutical companies. Pharmaceutical companies agree to sell their medicines at a lower price, and the government ensures that their product will receive PA approval in return. The use of PA is developed more when the new product is introduced to the market [5].

A review of previous studies about the effects of PA on clinical and economic outcomes has shown positive results, however, some studies have expressed some negative effects of PA on the access to the expensive medicines.

2. Methods

The aim of this study was to investigate how PA is implemented in the health system of Iran in comparison with other countries.

Prior Authorization

PA has restricted the use of certain medicines through requiring approval of prescription by the insurer. In this approach, the scientific aspects such as symptoms of disease and the type of insurance coverage are checked. PA is to assure the patients to receive the most appropriate level of care in the most appropriate conditions. Such policies that control the drug expenditure have been increased by the insurers in the United States and Canada over the past decade. It should be noted that in recent years European countries such as Denmark, France, Norway and Spain have developed and implemented PA policies [6].

3. Results

PA in Iran

In Iran’s health system, several governmental health organizations monitor the drug regulations. These organizations include National Committee on Rational Use of Drugs (NCRUD), Submission and Evaluation System for Adverse Drug Reaction, Iranian Drug Selecting Committee and Prescription approval system.

PA in Iran can be seen as a prescription approval system that is implemented by insurers. One of the procedures for implementing this policy is price ceiling applied for prescriptions on the basis of medical expertise (GP, specialist, etc.). Regarding PA policy, the prescription is approved by one of following four ways.

In the first method, the insurer reimburses the prescription cost up to ceiling price and the rest is directly received from the patient (out of pocket). In the second method, the prescription is approved online by the pharmacist for Social Security Organization and Iranian Health Care Organization– online prescription approval is not available for Armed Forces Insurance organization. In the third method, the patients go to insurance centers or insurance agents in pharmacies including “13 Aban Pharmacy”– a referral pharmacy in Tehran- to approve their prescriptions.

Another method for approving prescription is based on Reference...
Based Pricing (RBP). In this method, reimbursement will be based on the lowest price of medicines available in the market. In other words, the basis for the insurance payment for the medicines of different brands on the market, if the expensive drug (brand) is prescribed, the price differential with RBP is directly paid by the patients [7].

Prescription approval system in Iran
Based on available literature, there are two basic insurance organizations in Iran named “Iran Health Insurance Organization” and “Social Security Organization” which have some differences and similarities for the approval of prescriptions. A third insurance organization is “Armed Forces Insurance Organization” that covers a much smaller proportion of patients, hence is not reported in this study [6].

One of the differences between the two insurers is the ceiling price policy (Tables 1 and 2) [6]. These two insurers have the same pricing policy which is RBP reimbursing the lowest price on the market.

<table>
<thead>
<tr>
<th>Specialty</th>
<th>Price ceiling in special pharmacies</th>
<th>Price ceiling in ordinary pharmacies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bachelor of Midwifery</td>
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<td>40,000 Rials</td>
</tr>
<tr>
<td>General and specialist dentists</td>
<td>90,000 Rials</td>
<td>90,000 Rials</td>
</tr>
<tr>
<td>General Practitioner</td>
<td>300,000 Rials</td>
<td>300,000 Rials</td>
</tr>
<tr>
<td>Specialist</td>
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<td>400,000 Rials</td>
</tr>
<tr>
<td>Physician specialty</td>
<td>1,000,000 Rials</td>
<td>400,000 Rials</td>
</tr>
</tbody>
</table>

Table 1. Price ceiling policy in insurance services of the Iran Health Insurance Organization

4. Conclusion
Although the only goal of PA in Iran is monitoring prescription costs, in other countries this policy has two main goals including clinical and economic considerations. Despite the clinical purposes of PA are covered by other structures of the health sector in Iran, it seems that a comprehensive program covering all sectors and coordinating policies is necessary to prevent ineffective efforts for better efficiency. For example, the difference in "Price Ceiling policy" by the two insurers, can lead to differences in treatment pattern, duality payment method and patient confusion.

With regard to recent policies, economic evaluation is a main requirement for approval of medicines that are supposed to be covered by insurance organizations. It is recommended that in order to dispense best medicine with lowest price, health authorities should consider both clinical and economic aspects while adopting policies.

In addition developing clinical guidelines that are backed by enforcing rules for ensuring the true administration of online prescription approval system is necessary.

References
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