

# Exception-Based UM: Advancing Provider-Payer Collaboration



## An Introduction to Exception-Based Utilization Management

Utilization management (UM) is the healthcare process of assessing the necessity, appropriateness, and efficiency of medical services to ensure patients receive appropriate care while managing costs effectively.

A key aspect of UM is **prior authorization**, which typically requires a detailed review before services are approved.

**Exception-based utilization management** offers a more streamlined approach by identifying and exempting low-risk or pre-approved services from prior authorization. This reduces administrative tasks, accelerates approvals, enhances provider workflows, and ultimately improves patient access to timely care. By shifting the focus to pre-care decisions, exception-based UM allows for a proactive, rather than reactive, management of services.

*What's motivating the move to exception-based strategies? →*



## Key Factors Behind the Shift

Exception-based utilization management is gaining traction for a variety of reasons, all of which reflect broader changes across the healthcare industry.



*Where do providers and payers see the most impact? →*

### 1. Greater Focus on Value

As the healthcare industry embraces **value-based payments and care**, there's a growing need for agile, transparent administrative processes. Exception-based UM supports this by minimizing routine reviews and redirecting resources to higher-impact areas.

### 2. Increased Cost Control Pressures

Providers **share more financial risk** with payers and face increased regulatory demands for medical cost containment. Exception-based UM can target low-risk cases to prevent unnecessary reviews and achieve long-term efficiency and accountability. This helps providers achieve long-term efficiency and accountability by redirecting specialized resources to focus on high-cost, high-risk, and high-impact services.

### 3. Limitations of Traditional Methods

Traditional UM relies on manual, **labor-intensive workflows** via phone or fax that may delay patient care. Flexible exception-based UM bypasses low-risk services, freeing up staff for complex cases that require more scrutiny and experience.

### 4. Advances in Data Analytics & AI

New data analytics and artificial intelligence tools make it possible to quickly identify low-risk services and **produce real-time approvals**. This technology avoids bottlenecks and encourages swift, data-driven decisions that optimize resource allocation and minimize administrative burden for providers and health plans.

## Benefits for Providers & Payers

Exception-based utilization management lets providers and payers prioritize high-impact services, which creates new efficiencies and enables better use of clinical, financial, and administrative resources.

By focusing on streamlining and automating low-risk services that don't require extensive review, this method eases administrative work and gives providers more time for patient care. It also empowers providers and payers to reserve their clinical expertise for cases that truly require it, fostering a flexible healthcare system, clearer decision-making, and stronger collaborative relationships.



Providers	Payers
<ul style="list-style-type: none"> <li>• Reduced Paperwork</li> <li>• Faster Approvals</li> <li>• Fewer Service Delays</li> <li>• Better Patient Outcomes</li> <li>• Greater Satisfaction</li> <li>• Lower Administrative Costs</li> </ul>	<ul style="list-style-type: none"> <li>• Streamlined Review Processes</li> <li>• Increased Operational Efficiency</li> <li>• Improved Resource Allocation</li> <li>• Targeted High-Value Cases</li> <li>• Enhanced Decision-Making</li> <li>• Stronger Provider Partnerships</li> </ul>

***What does it take to implement exception-based models? →***



## Implementation Challenges & Considerations

**Providers** leveraging exception-based UM must pay close attention to quality and alignment to evidence-based standards. They must maintain high patient care standards, even when certain services are fast-tracked or exempt from traditional reviews. Providers can support these efforts by ensuring that their own work aligns with industry standards, upholds patient safety, and reflects best-practice quality of care expectations.

**Payers** face the challenge of balancing the flexibility of exception-based models with the need for robust utilization controls. While these models streamline approvals for certain services, there's a risk that some services might be over-utilized or approved inappropriately. Payers will need to ensure they have real-time monitoring, retrospective auditing, and mitigation strategies in place to guard against the inherent risks, such as fraud and over-utilization. Payers will need to continuously monitor outcomes and identify ways of managing these risks while taking advantage of the system's adaptability—all without compromising quality or incurring unnecessary costs.

### Best Practices

- Invest in automation and tools that contribute to fast, accurate, evidence-based decisions by enhancing everyday information systems and operations
- Define specific exception criteria that adhere to established clinical guidelines and minimize oversight
- Establish a shared framework for eligibility criteria to promote consistency and cooperation between providers and payers
- Conduct regular audits to keep processes functioning as intended and address any emerging risks or inefficiencies
- Offer staff continuous training to ensure the consistent application and understanding of new technologies and criteria
- Monitor compliance to uncover trends and pinpoint areas that may require further adjustments
- Gather feedback from providers and payers to identify challenges and opportunities for improvement

***What's next for exception-based utilization management? →***

## The Future of Exception-Based Utilization Management

As healthcare evolves, the future of utilization management will emphasize collaboration and efficiency, focusing expertise on high-impact services. Traditional UM can be a burdensome process, but it has the potential to be an opportunity for both parties to work together toward common goals of quality and cost-efficiency.

Advances in AI and real-time data exchange will build a more nuanced understanding of utilization patterns, enabling speedier communication about care delivery. As transparency improves, providers will be better positioned to align with defined value standards.

UM must continue to evolve, incorporating broader exception criteria and technology that promotes efficient, evidence-driven practices and improved outcomes.



***Need expert guidance to navigate these changes? →***



# Upgrade Your Utilization Management

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