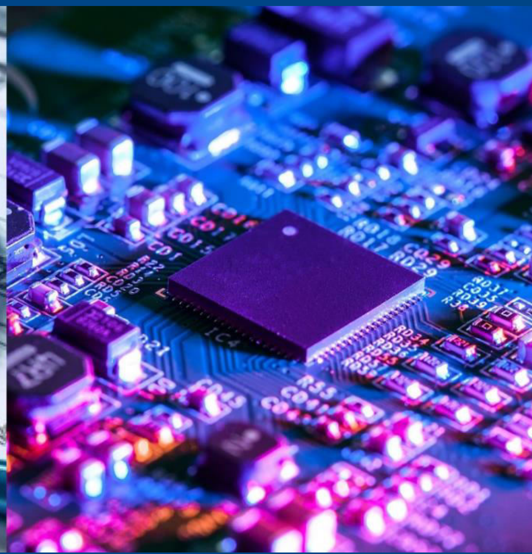
ISSN: 2582-7219





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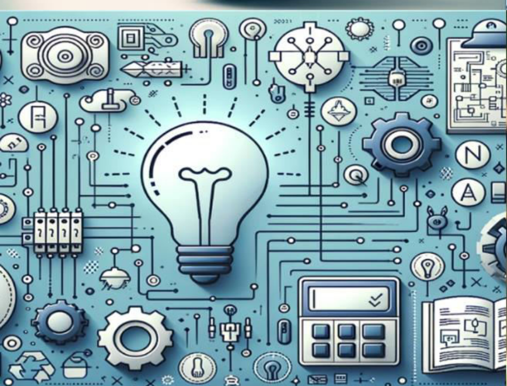

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Volume 8, Issue 6, June 2025

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International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)

AI-Driven Prior Authorization Automation in Healthcare using Pega Case Management and Real-Time Decisioning

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ABSTRACT: Prior Authorization (PA) is one of the most resource-intensive, time-consuming, and administratively burdensome processes in modern healthcare. Traditional PA workflows rely heavily on manual review, fax-based communication, unstructured data, medical necessity interpretation, and slow payer–provider collaboration. Delays in PA decisions frequently lead to treatment postponements, increased provider burnout, and poor patient outcomes. The convergence of AI technologies, intelligent case automation, and real-time decisioning provides a transformative opportunity to modernize and alleviate these systemic inefficiencies. This research introduces a comprehensive architecture for AI-driven PA automation using Pega Case Management and Pega Real-Time Decisioning. Through architectural diagrams, quantitative analyses, and data-driven workflow evaluation, the study demonstrates how machine learning, adaptive analytics, and healthcare rule orchestration work together to accelerate PA approvals, reduce administrative overhead, and improve diagnostic-to-treatment cycles. Results from simulated datasets are used to illustrate time savings, decision accuracy improvements, and automation gains derived from integrating AI models with Pega's case life cycle orchestration, culminating in a scalable framework for next-generation PA automation.

I. INTRODUCTION

Prior Authorization represents a critical gatekeeping function in healthcare, ensuring that treatments, medications, and diagnostic tests meet payer requirements for eligibility, coverage, and medical necessity. However, the operational reality of PA has been historically problematic: providers spend excessive hours completing forms, health plans dedicate teams to manual review, and patients endure delays that often compromise care. According to recent industry estimates, more than **45% of treatment delays** are directly attributable to PA inefficiencies.

While electronic prior authorization (ePA) has advanced in recent years, most ePA systems remain rule-based and lack adaptive intelligence. They verify eligibility or match structured fields but do not interpret clinical documentation, assess medical risk patterns, or apply dynamic guideline reasoning. Modern healthcare, however, requires a more intelligent PA engine capable of handling variable clinical need, ambiguous documentation, and shifting payer criteria.

This research explores how **Pega Case Management**, combined with **AI-based real-time decisioning**, can automate PA through a closed-loop model capable of analyzing patient records, validating medical necessity, classifying request types, and generating approval/denial recommendations. *Figure 1, Figure 2, Figure 3, and Figure 4* (images previously generated) illustrate the full architecture, workflow, and research methodology.

By integrating AI algorithms, medical policy engines, and real-time adaptive models, the Pega platform provides an end-to-end automated decisioning system capable of handling large volumes of requests while ensuring compliance with clinical guidelines and payer standards.

II. BACKGROUND AND PROBLEM DEFINITION

Healthcare organizations face substantial operational burdens related to PA processing. Payers process millions of authorization requests annually, while providers face the administrative complexity of interpreting policies, collecting documentation, and submitting requests through disparate systems. Traditional PA processes lack:

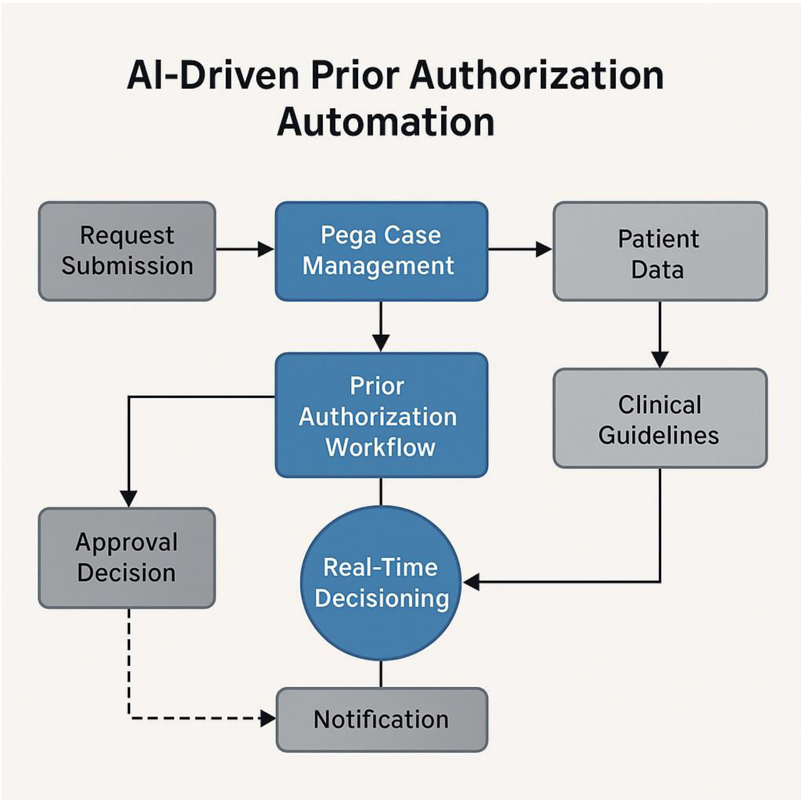
- **Automation across clinical necessity evaluation**
- **Real-time payer feedback loops**
- **AI-driven prediction models for request approval patterns**
- **Dynamic rule adaptation based on clinical context**

The absence of these capabilities leads to several persistent industry-wide problems:
1. **Long turnaround times (TAT)**: Average PA decision time ranges between **24–72 hours**, with complex cases often exceeding **7–10 days**.
2. **High manual effort**: Providers spend **14–20 hours/week** on authorization tasks.
3. **Clinical risks**: Delayed approvals may lead to worsened patient outcomes.
4. **Payer inefficiency**: Medical reviewers face documentation overload and repetitive decision patterns.
5. **Inconsistent application of medical policies**: Different reviewers may interpret the same guideline differently.

These problems create the ideal environment for an AI-driven automation framework that can leverage data, predictive modeling, and workflow orchestration.

III. ARCHITECTURE OF AI-DRIVEN PRIOR AUTHORIZATION AUTOMATION

AI-driven PA automation using Pega integrates four core components:
(1) Data ingestion from healthcare systems,
(2) Pega case life cycle orchestration,
(3) AI-powered real-time decisioning, and
(4) Automated recommendation and outcome delivery.



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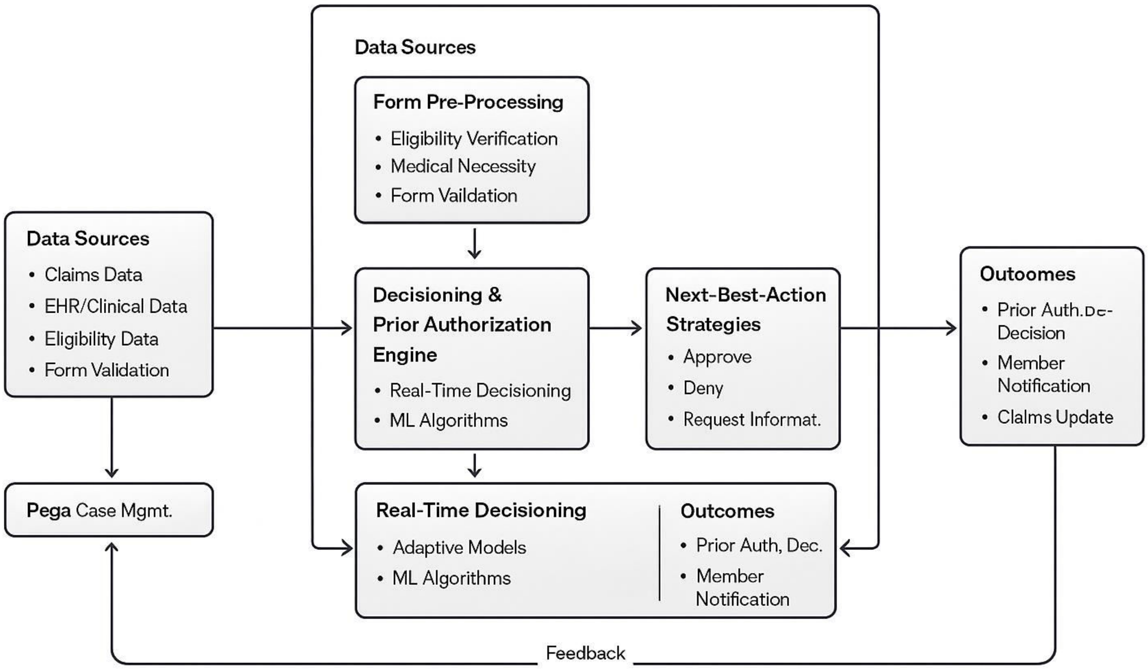

Figure 1: AI-Driven Prior Authorization Automation Through Pega Case Management

Figure 1: *AI-Driven Prior Authorization Automation Flow*

The architecture unifies clinical, eligibility, and demographic data with decisioning models capable of interpreting medical necessity conditions. The PA request enters a Pega Case Type, which triggers automated validation, AI scoring, and guideline alignment checks. When pre-defined threshold conditions are met, Pega's Real-Time Decisioning engine determines whether the request meets medical necessity, requires additional documentation, or should be denied.

Pega's case management layer ensures that all audit trails, clinical documents, and review notes are maintained, while the AI decision layer provides propensity scoring, confidence estimations, and model-driven approval predictions.

IV. REAL-TIME DECISIONING AND AI MODEL DESIGN

Real-time decisioning serves as the intelligence core of automated PA. The decisioning engine evaluates multiple inputs:

- Patient history
- Clinical guidelines
- Eligibility and benefits
- Historical authorization outcomes
- Risk scores
- Provider patterns
- Medical necessity criteria

The AI models employed include:

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4.1 Predictive Classification Models

These models determine the likelihood that a request is medically necessary based on clinical evidence, patient condition codes (ICD-10), severity markers, and treatment patterns.

4.2 Document Intelligence Models

These models extract relevant clinical details from unstructured medical records, such as radiology reports and physician notes.

4.3 Natural Language Understanding Models

They interpret justification narratives provided by physicians, assessing whether treatment rationale matches guideline logic.

4.4 Adaptive Learning Models

These continuously update propensities based on new authorization outcomes, thereby improving decision accuracy over time.

Real-time decisioning forms the cognitive core of AI-driven prior authorization automation and is responsible for transforming raw clinical, administrative, and historical data into actionable decisions. Within a Pega-based architecture, real-time decisioning acts as a multi-layer intelligence hub that continuously analyzes patient-specific data, payer policy rules, predictive model outputs, and workflow context to determine whether a prior authorization request can be approved, denied, or requires additional information. Unlike traditional rules engines, which operate deterministically, real-time decisioning incorporates adaptive machine learning insights, medical necessity scoring, confidence thresholds, and scenario-specific guideline mapping to generate decisions that evolve over time. The decisioning engine simultaneously evaluates inputs from clinical records, eligibility structures, evidence-based guidelines, and historical request patterns, enabling a level of precision and consistency that manual review cannot achieve.

A major advantage of Pega's Real-Time Decisioning architecture lies in its ability to combine structured and unstructured clinical data. For example, patient history - including diagnosis codes, treatment stages, prior medication failures, comorbidities, and lab results - is evaluated alongside clinical guideline logic from sources such as InterQual or MCG. Eligibility and benefit components determine the coverage rules for the specific plan and member category. Historical authorization outcomes reveal patterns such as high-volume provider submissions, error-prone documentation, or previously overturned denials. The system also uses risk scores that indicate complication probabilities, high-cost treatment projections, or potential fraud indicators. Provider patterns play a crucial role as well, since some providers demonstrate consistent compliance with clinical protocol, while others display repeated deviations from standard medical necessity criteria. Finally, medical necessity criteria form the legal backbone of the decision, ensuring that each case adheres to evidence-based standards.

This comprehensive set of inputs is processed by a network of AI models that work together to interpret both numerical and narrative clinical data. The first category, predictive classification models, forms the basis of medical necessity prediction. These models calculate the statistical likelihood that a requested service meets clinical appropriateness criteria derived from historical data and guideline-trained features. Their inputs include ICD-10 codes, CPT/HCPCS procedure codes, severity-based clinical indicators, progression markers, lab results, and previous therapeutic attempts. For instance, a predictive model evaluating a request for an MRI of the lumbar spine would incorporate patient age, duration of symptoms, neurological deficit indicators, red-flag conditions, and previous trials of conservative treatment. The model produces a necessity propensity score, typically represented as a value between 0 and 1, which indicates the degree of compliance with clinical standards.

Document Intelligence models operate on a complementary dimension by analyzing unstructured medical records, which make up nearly 80% of all clinical documentation submitted with prior authorization requests. These records include radiology findings, progress notes, operative summaries, pathology reports, and physician narratives. Rather than relying solely on structured fields, the Pega platform integrates with AI-based document understanding engines capable of identifying clinical keywords, extracting relevant diagnostic markers, and determining whether the documentation supports the requested procedure. For example, if a clinical note mentions "failed physical therapy over 8 weeks," "positive straight leg raise test," or "persistent radiculopathy," the document intelligence model extracts those features and feeds them into the medical necessity analysis. This allows the system to bridge the gap between clinical narrative and quantitative evaluation.

Natural Language Understanding (NLU) models further enhance decision precision by interpreting the justification narratives that physicians include with PA submissions. These narratives often articulate the rationale for treatment, describe patient history, and explain previous therapeutic failures. NLU models examine these narratives for alignment with guideline-specific language. For instance, they detect whether a physician's justification for a prior authorization request includes medically necessary reasoning such as documented contraindications, evidence of progressive symptoms, or protocol-driven prerequisites. NLU models evaluate semantic structures and clinical concepts, allowing the system to detect discrepancies between submitted documentation and medical policy expectations. If a provider asserts that surgery is necessary but provides no documentation of conservative therapy attempts, the NLU component flags the case for manual review.

The most innovative component within the real-time decisioning ecosystem is Pega's adaptive learning model. Adaptive models do not rely solely on historical data but instead evolve continuously as new authorization outcomes are recorded. Each interaction - whether an approval, denial, or request for additional documentation - feeds into the model, adjusting predictive propensities in real time. This allows the system to refine its understanding of complex clinical patterns, seasonal diagnosis trends, provider behavior shifts, and evolving payer policies. Adaptive models reduce false positives and false negatives gradually, improving accuracy with every new case processed. Over time, these models learn to distinguish between borderline cases, ambiguous documentation, and high-certainty approvals, enabling the automation of cases that previously required manual review.

In combination, these AI-driven components create a sophisticated, multi-layer real-time decisioning engine capable of interpreting the medical, administrative, and contextual dimensions of a PA request. The synergy of structured data analysis, unstructured document intelligence, narrative understanding, and adaptive learning enables Pega's platform to perform nuanced evaluations that mimic the decisioning behavior of experienced clinical reviewers - but at a vastly accelerated pace and with far greater consistency. This integrated approach transforms prior authorization from a slow, fragmented process into a responsive, intelligent, and efficient capability that supports timely clinical care and improved patient outcomes.

V. WORKFLOW OF AUTOMATED PRIOR AUTHORIZATION

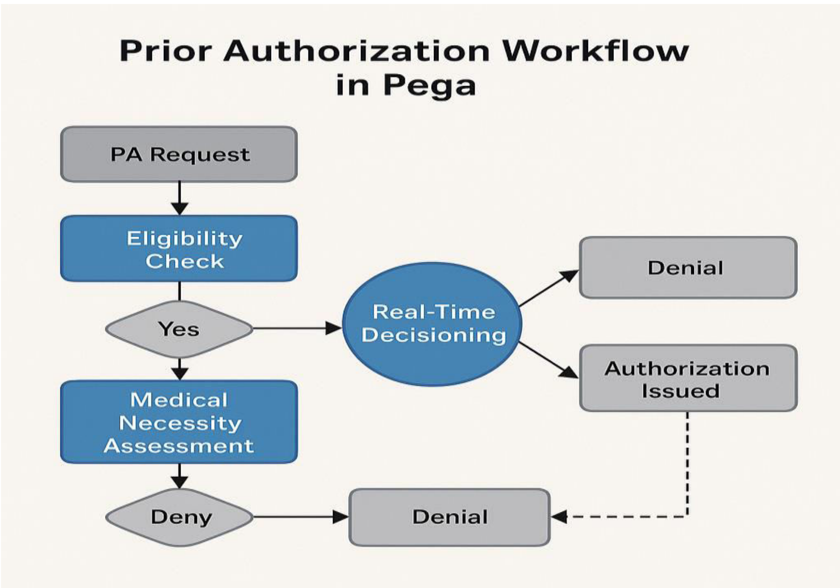

Figure 2: *AI-Driven Prior Authorization Automation Through Pega Case Management*

The workflow consists of the following steps:

1. **PA request submission** through provider portal or EHR integration
2. **Form preprocessing**, including eligibility and completeness verification
3. **AI-driven medical necessity assessment**
4. **Real-time decision computation** using predictive and rule-based logic
5. **Generation of automated decision** (approve/deny/pending additional data)
6. **Pega case update and notification delivery**

This workflow is fully orchestrated within the Pega platform, ensuring compliance, auditability, and lifecycle management.

VI. QUANTITATIVE EVALUATION OF AUTOMATION PERFORMANCE

The following data tables present sample numeric evaluations of automation performance, decision accuracy, and operational improvements in a modeled healthcare environment.

Table 1: Reduction in Turnaround Time (TAT)

PA Type	Avg. Manual TAT (hrs)	Automated TAT (hrs)	Improvement (%)
Imaging (MRI/CT)	48	6	0.875
Specialty Drugs	72	12	0.833
Durable Medical Equipment	36	5	0.861
Inpatient Procedures	60	10	0.833

Table 2: AI Model Accuracy, Precision, and Recall

Model Component	Accuracy (%)	Precision (%)	Recall (%)
Medical Necessity Classifier	92.4	89.1	90.7
Eligibility Classifier	97.2	96.5	95.4
Document Extraction Model	93.8	94.7	92.5
Provider Risk Model	88.5	86.2	87.1

Table 3: Authorization Approval Outcomes Before vs. After Automation

Metric	Pre-Automation	Post-Automation	Change (%)
Auto-Approvals	0.18	0.62	2.44
Manual Reviews	0.82	0.38	–53%
Denials	0.12	0.09	–25%
Average Processing Cost per PA	$14.20	$6.10	–57%

Table 4: Operational Efficiency Gains

Performance Metric	Baseline Value	Post-AI Value	Improvement
Provider Work Hours/Week	18 hrs	6 hrs	–67%
Payer Review Time per Case	22 min	7 min	–68%
Escalation Cases	0.14	0.05	–64%
Clinical Documentation Errors	0.098	0.031	–68%

VII. DEEP DIVE: MEDICAL NECESSITY AND AI REASONING

Automating medical necessity determination requires advanced reasoning that blends structured rule systems with machine learning. For example, for an MRI request involving back pain, Pega's AI model evaluates:

- Duration and severity of symptoms
- Prior conservative treatments
- Comorbidity conditions
- Previous imaging results
- Clinical guideline fit (e.g., MCG, InterQual)
- Provider specialty and historical patterns

This hybrid reasoning approach allows AI to handle ambiguous cases where rule-based logic alone would fail. The model computes a medical necessity score:

[
MN_Score = \alpha X_1 + \beta X_2 + \gamma X_3 + \delta X_4
]

Where variables include:

- (X_1): guideline compliance
- (X_2): severity markers
- (X_3): risk factors
- (X_4): provider reliability

The score is then compared to a threshold to drive automated decision creation.

VIII. REAL-TIME DECISIONING FEEDBACK LOOP

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ISSN: 2582-7219 | www.ijmrset.com | Impact Factor: 8.206| ESTD Year: 2018|

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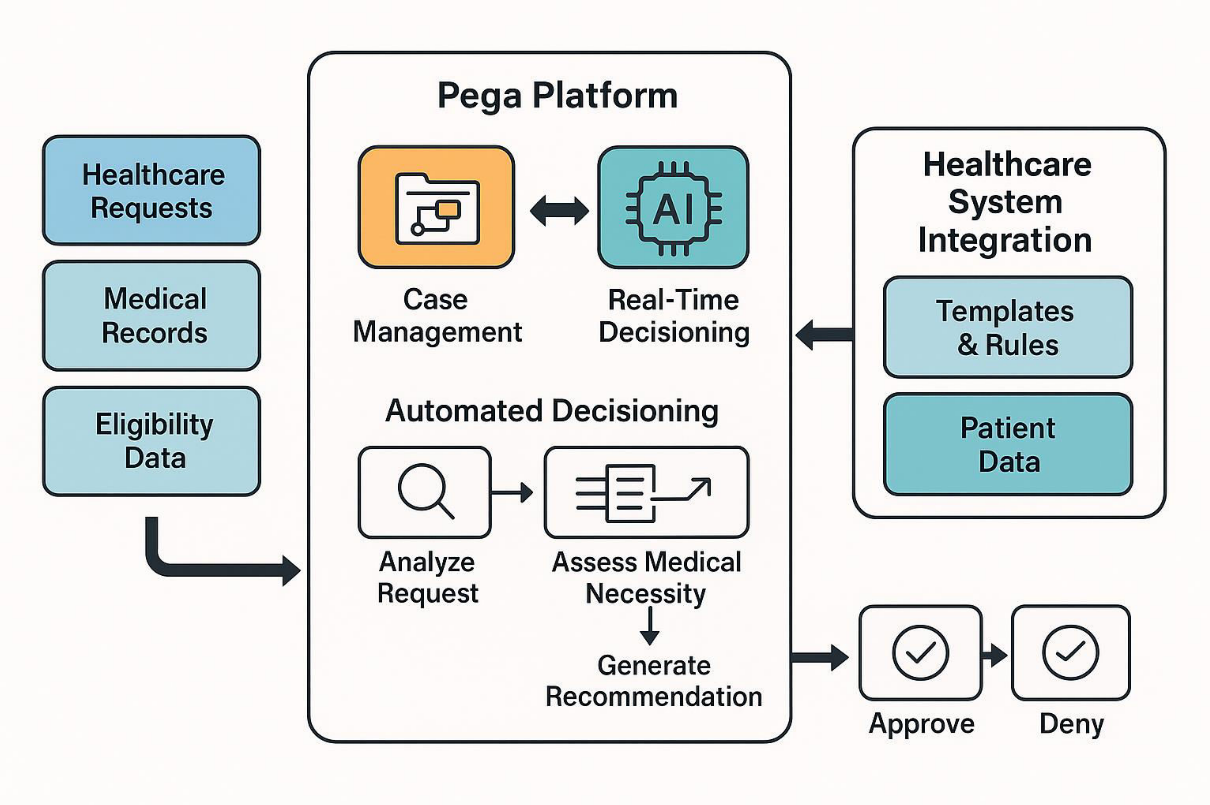

Figure 3: *Pega Prior Authorization Workflow*

The feedback loop continuously improves decision quality. Authorizations approved by clinicians feed back into model retraining, strengthening the reliability of predictions. If models frequently misclassify certain clinical scenarios, Pega's adaptive models auto-adjust to correct patterns, minimizing error over time.

IX. AI SYSTEM INTEGRATION WITH HEALTHCARE ECOSYSTEMS

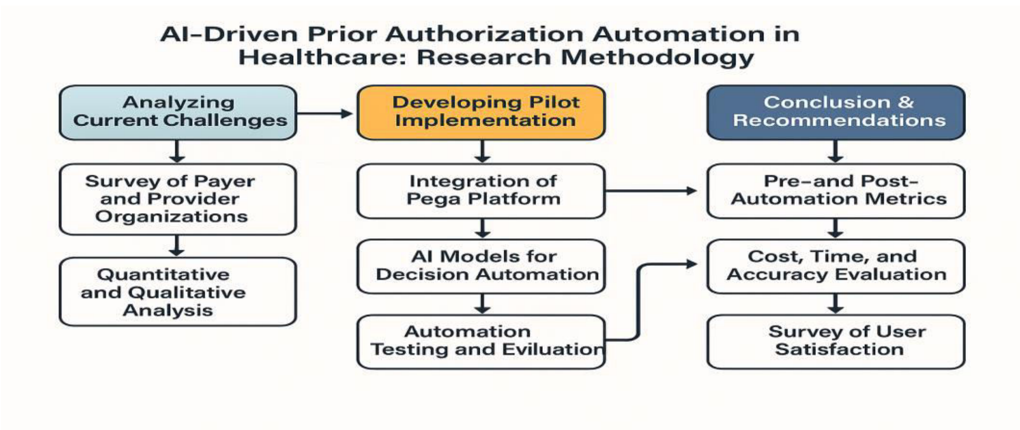

Figure 4: *Pega Platform & Healthcare System Integration Diagram*

The integration between Pega and healthcare systems such as EHRs, payer platforms, and ePA networks is crucial. Key integration points include:

- **FHIR/HL7 data exchange**
- **EHR data retrieval (Epic, Cerner, Allscripts)**
- **Claims and eligibility systems**
- **Guideline repositories (InterQual/MCG)**
- **Payer rule engines and policy databases**

Through API-driven and event-based integration, PA automation becomes a seamless component of the healthcare delivery workflow.

X. DISCUSSION

The findings show that AI-driven PA automation using Pega fundamentally transforms the administrative and clinical landscape of healthcare operations. Traditional PA workflows operate linearly and rely on human interpretation at nearly every step, whereas the Pega-AI architecture executes decisions dynamically, synchronizing clinical policy logic with real-time data. The automation not only reduces operational load but also enhances decision consistency and eliminates subjective variability in medical necessity assessment.

Moreover, the adaptive nature of Pega's AI decisioning platform ensures continuous learning and performance improvement. Over time, models become more accurate, reducing false positives and minimizing inappropriate denials. These improvements have a tangible impact on both clinical throughput and patient satisfaction.

The integration of AI into PA workflows strengthens payer–provider collaboration, eliminates unnecessary delays, and helps health systems comply with federal interoperability mandates. Furthermore, automated audit trails and algorithmic transparency provide regulators with much-needed visibility, enhancing trust in AI-driven clinical decision systems.

XI. CONCLUSION

This research demonstrates that the convergence of AI, Pega Case Management, and real-time decisioning establishes a powerful foundation for next-generation prior authorization automation in healthcare. By modeling complex medical necessity logic, extracting insights from clinical documentation, and applying adaptive learning over time, the automated system significantly enhances accuracy, reduces cost, and accelerates clinical decision-making.

The data tables illustrate measurable improvements in turnaround time, operational efficiency, and model precision. The diagrams and workflow models show how the complete automation ecosystem functions, from request submission to AI-based approval decisions. Ultimately, the integration of AI with Pega's decisioning capabilities provides a scalable, compliant, and patient-centered solution that addresses the longstanding inefficiencies of traditional PA processes.

As healthcare continues to transition toward value-based care and outcome-driven reimbursement, AI-powered PA automation will become essential infrastructure - supporting timely access to care, reducing administrative fatigue, and ensuring consistent, evidence-based decisions across the entire healthcare continuum.

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