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Featured Story April 9, 2008

E-Prescribing Can Cut Costs and Improve Patient Safety, but Physicians Are Slow to Embrace It

Reprinted from HEALTH PLAN WEEK, the industry's leading source of business, financial and regulatory news of health plans, PPOs and POS plans.

While physicians have been slow to embrace electronic prescribing, the experiences of several health plans in the forefront of e-prescribing point to four critical ingredients that, when used, will help such an initiative succeed and produce a significant return on investment.

There are quantifiable costs and safety benefits being realized by health plans, physicians and patients, the insurers contend. E-prescribing, they say, not only can bolster a health plan's quality measurement efforts and are a logical part of pay-for-performance (PFP) programs, but also there's a bigger-picture benefit: E-prescribing is the logical first step in getting physicians to move to the use of electronic health records (EHRs).

Insurers uniformly cite several cost and safety benefits associated with e-prescribing. "The patient's history is all there on the screen," says Matt Walsh, associate vice president, purchaser initiatives at Health Alliance Plan (HAP), a part of the Henry Ford Health System and a member of the Southeastern Michigan ePrescribing Initiative (SEMI). "Plus there's real-time alerts concerning drug interactions and messaging about therapeutic duplicates and more appropriate drugs, including generics."

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In 2006, a survey of Henry Ford Medical Group physicians, the first to test e-prescribing through SEMI, found that of 500,000 e-prescriptions, 80,000 were changed or canceled due to drug interaction alerts, and more than 50,000 prescriptions were changed or canceled due to formulary alerts, which increased the use of generic drugs. Walsh says that helped the medical group improve its overall generic use rates by 7.3%.

Increased use of generic prescriptions is one of three "value drivers" used by HAP to prove the business case for e-prescribing, Walsh tells *HPW*. The other two: reduced administrative costs and reduced adverse drug events, tracked by the number of times physicians changed or canceled prescriptions because of an alert. The result: a \$4 million annual savings.

Kate Wodecki, a manager in the Electronic Business Interchange Group at Blue Cross Blue Shield of Michigan, points to results of a study released October 2007 by SEMI, of which the Michigan Blues plan is also a member. That study reviewed 3.3 million e-prescriptions written by physicians participating in SEMI during 2007 and found that physicians changed prescriptions 39% of the time, often to less expensive generics, when a formulary alert was presented at the point of care. More than 1 million alerts were sent on moderate to severe drug-to-drug risks, resulting in 41% of those prescriptions being changed or canceled by the physician.

Savings to health plan members is also a benefit. Blue Cross Blue Shield of Massachusetts, a member of the eRx Collaborative, found that providers who used e-prescribing during 2007 saved 5% on drug costs by selecting more cost-effective drugs. That translated to members saving approximately \$800,000 in copayments associated with their prescriptions, says Steve Fox, vice president of provider network management.

Getting physicians to e-prescribe isn't easy. "You're competing with a piece of paper that the physician hands to the patient and never sees again," says Anthony Schueth, CEO and managing partner of Point-of-Care Partners, a Coral Springs, Fla.-based consulting firm. Schueth also is the SEMI project manager. Other barriers: getting physicians over the technology hump, which includes the cost of the technology, the time and effort required to install the technology, and psychological resistance to adopting new technology and new ways of doing business.

Four Ingredients to Boost e-Prescribing

Health plans point to four ingredients in their e-prescribing initiatives that they say will help propel physicians over that hump and into the game. And they report that once physicians start e-prescribing, most become true believers.

(1) Be sure e-prescribing is embedded in the medical practice. And this requires skills that the average medical

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practice doesn't have. Walsh says HAP is using the experience it gained from working with Henry Ford Medical Group sites to build a team that is now working with the health plan's independent practice associations (IPAs) to get their e-prescribing systems up and running. "This isn't something a practice can do on its own," Walsh says. "They need training, and they need ongoing support with the process and technology issues. You provide training for physicians, but you must also sit with them after the system is up and running to work through the real-time problems and glitches."

(2) Use incentives to encourage adoption and build e-prescribing into PFP programs. SEMI provides medical practices with a \$1,000 subsidy paid in two installments. The first payment, typically \$500, is provided after the system is installed, training is complete and the practice has submitted 10 e-prescriptions. The balance is paid after the practice has used e-prescribing for six months. "By structuring the incentive this way, we not only encourage adoption but also encourage utilization," Schueth tells *HPW*. "We wanted physicians to cover a fair amount of the install costs so they will have 'skin in the game' and place a value on the process." Schueth says that if the technology is provided free or at minimal cost, physicians will be more apt to abandon the system once they encounter glitches. While the eRx Collaborative provides subsidies to medical practices to help support the cost of the technology, licensing fees, training and six months of Internet connectivity, the Massachusetts Blues plan also offers e-prescribing primary care physicians \$1.50 per member per month as part of its larger PFP program. Steve Fox, vice president of provider network management, says that the plan also worked with the Massachusetts Medical Society to create a Continuing Medical Education program for physicians on e-prescribing.

(3) Use physician champions. Using physician "true believers" to help persuade their peers to adopt e-prescribing also helps, says Wodecki. "We started working with larger medical practices during the second phase of SEMI, and at that point we identified a cadre of physician champions to reach out to the groups, participate in training, speak at workshops and lead demonstrations. We found that it makes a tremendous difference."

(4) Involve the entire office staff. Because a significant amount of patient data must be inputted from launch forward, physicians often feel overwhelmed when it comes to using e-prescribing system. One solution: Help the medical practice conduct a work-flow analysis to identify multiple contact points where data can be collected and inputted by office staff. Wodecki says that the Michigan Blues plan helps practices identify key staff who can "pre-ramp" the data for the physician. "Front desk staff can collect information from patients when they sign in, as can the nurse when the patient is being pre-examined," Wodecki says. "That way the physician isn't bearing the entire load."

Top 10 e-Prescribing States

The 10 states where physicians transmit the highest percentage of prescriptions electronically, according to data released this month by the National Association of Chain Drug Stores, National Community Pharmacists Association and SureScripts, are:

- (1) Massachusetts
- (2) Rhode Island
- (3) Nevada
- (4) Delaware
- (5) Michigan
- (6) Maryland
- (7) North Carolina
- (8) Arizona
- (9) Connecticut
- (10) Washington

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