



Will e-prescribing encourage generic utilization? Experts believe so

This story addresses the issue of E-prescribing and generic utilization.

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J. Lyle Bootman

Proponents of electronic prescribing proclaim the technology's ability to address many healthcare woes. They say if it is widely adopted, e-prescribing will improve patient safety and save pharmacists' time and payer dollars. And there is plenty of evidence that it would increase generic substitution rates.

The Pharmaceutical Care Management Association recently sponsored a report that found that broad utilization of e-prescribing would result in a 4% annual decrease in drug expenditures by public and private payers. That translates into billions of dollars a year, and a good piece of that would be from increased substitution of generic drugs.

The report is part of an ongoing PCMA initiative, endorsed by the National Association of Chain Drug Stores and the National Community Pharmacists Association, to promote e-prescribing through federal and state legislative initiatives. It was conducted by the Gorman Health Group, a consulting organization in Washington, D.C.

Merits of e-prescribing

"There is no doubt that e-prescribing reduces drug costs," said J. Lyle Bootman, Ph.D., dean of the College of Pharmacy at the University of Arizona, Tucson, and a leading proponent of the technology. "Technical and financial questions continue about implementation, but the value of e-prescribing in reducing cost is crystal clear. It is a technology that can pay for itself."

"We know it works and works well in reducing drug costs," agreed Steven C. Anderson, NACDS

president. "The evidence that it increases generic substitution rates is there and growing all the time."

Bootman said that several studies in recent years examined exactly how much e-prescribing increases generic utilization. About three years ago in the Detroit area, for example, the three major automakers created the Southeastern Michigan ePrescribing Initiative. SEMI fully funded the cost of e-prescribing for the Henry Ford Medical Group. A study found that Henry Ford physicians generated more than two million electronic prescriptions since the project began, increasing generic utilization from 56.7% to 67.6%.

The SEMI experience is not unique. Here are some other examples:

The Massachusetts eRx Collaborative, sponsored by several New England health plans, found that electronic prescribers' pharmacy costs decreased 3.5% as a result of increased preferred formulary brands and generics in regional managed care markets.

A study by the national health plan Wellpoint found that generic prescribing rates by physicians using e-prescribing increased 3.7%, and the cost per prescription for those physicians fell 10.1%.

Medco Health Solutions found that physicians using e-prescribing increased generic substitution rates by more than 15%, and formulary compliance by 3.4% within the first six months of implementation. (The technology also led to an overall 42% reduction in the number of pharmacy calls to physicians' offices related to formulary compliance and a 30% reduction in calls related to prescription illegibility.)

A study by Southwest Medical Associates (SMA) of Las Vegas, the largest multi-specialty physician group in Nevada with 235 physicians and 650,000 annual outpatient visits, found that generic utilization increased 4.8% after implementation of e-prescribing.



Mark Merritt

Impact on generic use

Why does e-prescribing increase generic utilization? It's actually pretty simple, said Craig Morrow, M.D., SMA's medical director. "Electronic prescribing offers a direct path to physician compliance," he said. "Surveys indicate that the technology changes physicians' generic prescribing habits by putting formulary information directly into their hands at the point of care, providing automated alerts whenever generic alternatives are available."

"The single biggest reason is that physicians see their choices immediately," agreed Mark Merritt, PCMA president. "Information on comparable affordability is readily available to patient and doctor."



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 Another reason, and perhaps the most intriguing, is that "many physicians simply do not know the names of generic drugs, or they simply don't know how to write the name," said Merritt. "E-prescribing provides the name automatically when it provides formulary data to doctors."

E-prescribing also increases fill rates. "Right now we know that at least a fifth of all prescriptions are never filled," said Merritt. "E-prescribing systems can be set up to notify physicians that a prescription has not been filled. There is a great deal of evidence that increased medication compliance results in lower overall health costs."

Merritt is right, according to Tim Sawyers, B.S. Pharm., of HealthSpring in Nashville. He is the director of clinical pharmacy services for the regional health plan, which is participating in Medicare Part D. His plan has been studying the value of e-prescribing and the best way to implement the technology.

Sawyers agrees that the technology can reduce drug costs. HealthSpring is implementing what he calls "true e-prescribing," which allows physicians to check formulary compliance, and even health record contraindications, before a prescription is transmitted to the pharmacist. "That means that when the doctor transmits the prescription, he or she is told immediately whether there is a problem and what the alternatives are, including generic substitutions," he said.

The way e-prescribing is conducted now in virtually all of the roughly 30,000 (out of 900,000) doctors that now use any form of it, a prescription goes electronically to the pharmacist, not to a pharmacy benefit management company or health plan. Sawyers calls this "unidirectional."

The pharmacists check the prescription with a PBM or plan and if there is a problem, they must contact the physician. "That does not meet the true potential of e-prescribing," said Sawyers. "It is not what we want out of our investment in e-prescribing. And it will make the pharmacist's life much easier."

HealthSpring is opening several regional health clinics and wants to implement "bidirectional e-prescribing" in those settings. "It is not easy going," he said. "Development of standards is taking time, notwithstanding proposed mandates. And cost is a consideration."

There's still work to do

There is still a long way to go. Electronic prescriptions only accounted for 2% of the nation's roughly 1.5 billion prescriptions in 2007, according to SureScripts, the operator of an e-prescription network that connects doctors' offices to pharmacies. SureScripts was founded in 2001 by NACDS and NCPA. Today, SureScripts has signed agreements with more than 95% of retail pharmacies for



Tim Sawyers believes that e-prescribing technology can reduce drug costs.

connection to the organization's electronic Pharmacy Health Information Exchange.

"The problem is not pharmacist buy-in," said Merritt. "The single biggest obstacle is that two out of three physicians don't think it is important enough to make a priority. It's not even on the radar screen as something necessary to do."

"E-prescribing is a good idea," said HealthSpring's Sawyers. "And it will eventually be universal, I think. But getting there is an arduous thing."

THE AUTHOR is a writer based in Gettysburg, Pa.