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AP

Electronic prescribing push clicks with Congress

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By Matthew Perrone, AP Business Writer

Lawmakers move to punish doctors who don't use cost-saving electronic prescribing

WASHINGTON (AP) -- A broad coalition of corporations, consumer groups and pharmaceutical providers moved closer this week to compelling millions of doctors to file prescriptions electronically.

Electronic prescription supporters as disparate as AARP and AT&T have touted it as an easy, effective way to avoid deadly medication errors and save health care providers billions, while doctors have been slow to embrace what many of them see as costly software to install and maintain.

But under a proposal Senate lawmakers outlined Monday, the price of sticking to pen and paper could be equally painful.

Doctors in the government's Medicare program would receive bonuses when they use online prescribing software, beginning with 2 percent increases next year. Those who don't adopt the technology by 2011 would see their pay cut one percent, growing to two percent by 2013.

With 86 percent of U.S. doctors participating in Medicare, pressure from the government program could go a long way in helping doctors kick their pad habit.

Senate Finance Committee Chairman Max Baucus is working with other senators to pass a bill controlling Medicare spending for the second half of the year. The Montana Democrat is expected to attach the electronic prescribing language to the legislation.

Calls placed to the American Medical Association for comment were not immediately returned.

Mark Merritt, president of the Pharmaceutical Care Management Association, said the physician penalties will likely prove more important than the rewards.

"Incentives aren't enough," Merritt said. "You can lead a horse to water but you can't make it drink."

One industry decidedly ready for physicians to take a bigger gulp is that of pharmacy benefit managers, like MedcoHealth Solutions Inc., Express Scripts Inc. and other members of Merritt's trade group.

The software used for electronic prescribing allows doctors to see detailed lists of medication options, including cheaper, generic drugs. When doctors switch to less-expensive medications, patients aren't the only ones who save. Pharmacy-benefit managers spend less too.

Generic drug companies, like Barr Pharmaceuticals Inc., also stand to benefit as doctors increasingly switch patients from branded drugs to their cheaper versions. And prescribing software makers like Allscripts Healthcare Solutions Inc. would also see higher sales. The company's stock rose 55 cents, or 4.6 percent, to \$12.79 in Tuesday trading.

Improving the nation's health information technology has become a rallying cry in Washington and on the campaign trail in recent years, but with few concrete results to show for all the rhetoric. Electronic prescribing may be able to break that trend thanks to its broad appeal within the Bush administration, Democrats in Congress and the private sector.

"E-prescribing remains the only health IT proposal that can generate short term savings for the federal government, and as a result is the only one we think can get passed for the foreseeable future," wrote Lehman Brothers analyst Tony Clapsis, in a recent note to investors.

Congress is expected to vote on the Medicare bill that will likely include electronic prescribing provisions before July 1.

Under a complex Medicare payment formula, reimbursement rates for doctors are scheduled to drop 10.6 percent beginning in July. To keep that from happening, lawmakers are looking for at least \$9 billion in savings from other parts of the program, including lower prescription costs.

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