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Incentives expected to spur docs to e-prescribe

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By Will Dunham - Analysis

WASHINGTON (Reuters) - More U.S. doctors are expected to throw away their paper pads and begin to prescribe drugs electronically under a new Medicare measure offering them financial incentives to go high-tech, according to experts.

Only about 6 percent of U.S. doctors currently "e-prescribe," even though doing so may improve efficiency and curb errors -- even as more than 70 percent of retail and mail order pharmacies are able to handle e-prescriptions.

"We hope it will be like going from a horse and buggy to a bullet train, making patient safety and the efficiency of the system enormously improved," said Dr. Steven Stack, a board member of the American Medical Association.

"Prescriptions will be instantly transmitted to the pharmacist, hopefully ready when the patient arrives. And technology will hopefully help to avoid unintended consequences from drug-to-drug interactions or allergies. It also definitely eliminates physician handwriting as a problem," Stack said.

President George W. Bush vetoed the legislation on the government's Medicare health insurance program that contained the e-prescribing incentives on Tuesday, but the House of Representatives and Senate immediately voted to override his veto and enact the measure.

It raises Medicare payments to doctors who e-prescribe, with a 2 percent bonus in 2009 and 2010, a 1 percent bonus in 2011 and 2012 and a 0.5 percent bonus in 2013.

The measure would penalize doctors who do not e-prescribe, with a 1 percent Medicare payment penalty in 2012, a 1.5 percent penalty in 2013, and 2 percent in 2014 and thereafter.

Medicare is the federal health insurance program covering people aged 65 and over and for the disabled.

Dr. Steven Waldren, who focuses on health information technology for the American Academy of Family Physicians, added, "I definitely think it will have an impact and increase the number of physicians (doing e-prescribing). To what degree is the real question."

SUFFICIENT?

One question is whether the incentives are sufficient for doctors to assume the cost of software and training.

"In and of itself, an increase to the fee schedule that results in perhaps a \$1,000 or a \$2,000 increase in revenue for the physician's office will just about offset the cost of deployment," said Dr. Charles Kennedy, vice president of health information technology for WellPoint Inc.

"So they (bonuses) will allow the physicians to probably break even, which may not be an incredibly strong incentive."

WellPoint, the largest U.S. health insurer by membership, provides its own incentives to doctors to e-prescribe, making it more attractive, he said.

Safety is seen as a major benefit. Proponents think electronic prescription would minimize the risk of a pharmacy misreading a doctor's sloppy handwriting or dispensing a different medication with a similar name.

Health care experts, politicians and advisers to Republican presidential candidate John McCain and Democrat Barack Obama promote e-prescribing as a part of health care reform.

There are 4.4 billion prescriptions written annually in the United States.

The National ePrescribing Patient Safety Initiative, a coalition of health care and technology companies including Dell, Aetna, Microsoft, Google and WellPoint, has offered to provide e-prescribing software from Allscripts to any doctor for free.

On July 1, the two biggest e-prescribing networks announced that they were merging to form a single, secure, nationwide network for e-prescriptions and exchanging health data.

RxHub, a joint-venture of pharmacy-benefit managers CVS Caremark, Express Scripts and Medco Health Solutions, joined forces with SureScripts, a private company formed by the National Association of Chain Drug Stores and the National Community Pharmacists Association.

"We're really focused on seeing how we can help the market get to the elimination of the paper prescription pad," said Rick Ratliff, co-CEO of the new SureScripts-RxHub.

(Editing by Patricia Zengerle)

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