

Three Ways Health Plans Benefit from E-prescribing

Les Masterson, for HealthLeaders Media, October 15, 2008

There is a relatively low-cost way that health plans can improve patient outcomes, lower costs, and repair relations with physicians.

I attended CMS' National E-prescribing Conference in Boston last week along with more than 1,400 healthcare professionals and leaders. CMS hosted the event to help folks prepare for the newly enacted federal e-prescribing incentive payment program that will begin in 2009. The program will use the carrot and stick approach. CMS will pay successful e-prescribing physicians a 2% bonus in 2009-2010, 1% in 2011-2012, and 0.5% for 2013, while also reducing payments for those not e-prescribing by 1% in 2012, 1.5% in 2013, and 2% in 2014 and each subsequent year.

"Talking about it is one thing, putting money on the table is another. And we are putting money on the table," said CMS' Acting Administrator Kerry Weems during a briefing at the conference.

CMS is gung ho for e-prescribing because supporters say it saves money, reduces errors, and improves quality. The Institute of Medicine reported that more than 1.5 million Americans are injured each year by drug errors.

However, only 6% of physician offices had e-prescribing capabilities at the end of 2007. This is where health plans can help out.

The eHealth Initiative—a nonprofit organization that promotes information technology as a way to improve healthcare quality, safety, and efficiency—suggests payers should support electronic prescribing.

Here are three benefits health plans can enjoy by getting involved in e-prescribing:

- **Quicker access to claims data.** Rather than waiting weeks for claims data to come to the health plan, e-prescribing would provide immediate access to pharmacy data. This will allow the health plan, its pharmacy benefit manager and/or population health vendor to reach out to those patients faster.
- **Say goodbye to chicken scratch.** I relate with this benefit as someone who used to receive "Unsatisfactory" grades for penmanship in elementary school. The stereotype about doctors' handwriting is a running punch line, but it isn't funny to those who have been hurt because of a doctor's chicken scratch.
- **E-prescribing pushes generics and avoids prescription errors.** E-prescribing programs suggest generic drugs to physicians when they prescribe brand name drugs that have a lower-cost alternative. Plus, the system will analyze prescription data to make sure that drugs prescribed will not interact with a patient's other medication.

There are a growing number of instances in which health plans have played a key leadership role in implementing e-prescribing programs. Probably the most successful program has been in Massachusetts where Blue Cross Blue Shield of Massachusetts, Tufts Health Plan, and Neighborhood Health Plan have come together to create the eRx Collaborative, which provides funding and incentives to physicians.

Blue Cross Blue Shield of Massachusetts alone has awarded more than \$25 million in incentive dollars for e-technology measures since the collaborative began in 2003. The collaboration has helped make Massachusetts the No. 1 e-prescribing state in the nation. But even as the top-ranked state, a mere 14% of total prescriptions were e-prescribed in 2007.

The collaborative has reduced errors and costs. eRx Collaborative prescribers wrote 2.1 million electronic prescriptions during the first six months of 2008, and a total of 15.6 million since the collaborative began.

In 2007, the system changed more than 100,000 prescriptions because of possible problems, which prevented 724 potential adverse drug events, saving more than \$600,000.

In 2006 alone, Blue Cross Blue Shield of Massachusetts saved about \$800,000 in prescription drug copays by using generics based on prompts in the e-prescribing system. The project has also relieved office duties for physicians. Most prescribers say they spent one or two fewer hours per day on administrative duties associated with prescription drugs after implementing e-prescription technologies. Having that hour or two will open up physicians to see more patients, and that benefits all stakeholders.

All of these facts point to the need for health plans to get involved in e-prescribing. Even with CMS' incentives, small physician practices and independent pharmacies will have trouble paying for the software and hardware needed to e-prescribe.

Health plans can take these three steps either individually or as a collaborative with other insurers and payers:

- Help physicians and pharmacists buy e-prescribing software
- Incent prescribers to use the technology
- Bring together the various stakeholders to share best practices and lessons

This system will engage physicians, pharmacies, and technology providers to create a seamless e-prescribing process.

CMS is wisely backing e-prescribing, but one has to wonder if the incentives the feds will offer are enough to offset costs—especially for struggling smaller practices that are already afraid of future payment cuts. This is a rare opportunity for insurers to be the good guy and a great chance for health plans to make some inroads into

improving physician relations.

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