

Reprint

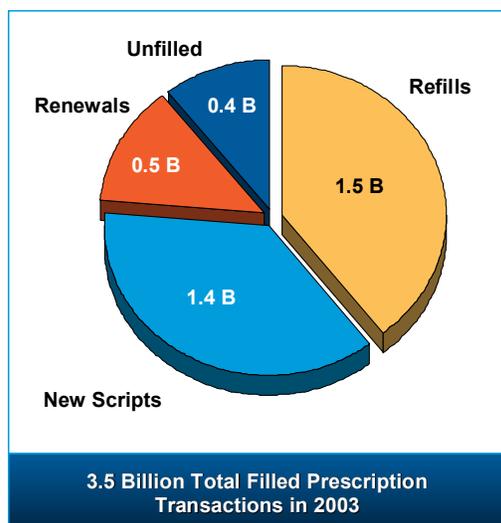
Ready or Not: Gearing Up for the Expansion of ePrescribing

By John Mack

In a keynote address at the ePharma Summit conference held on May 10-12, 2004, in Philadelphia, PA, Kevin Hutchinson, CEO & President of SureScripts, a company founded by the National Association of Chain Drug Stores (NACDS) and the National Community Pharmacists Association, looked at the changing landscape and inevitability of electronic prescribing (ePrescribing or eRx) and the implications and opportunities for the pharmaceutical industry. SureScripts mission is to create a national electronic prescribing network and build grassroots support for the acceptance of electronic prescribing.

Telephone and FAX Burden of Traditional Prescribing

The number of prescriptions in the US is rapidly increasing and is predicted to reach 4 billion by 2006 (NACDS estimates). One study estimates that indecipherable or unclear prescriptions result in more than 150 million calls from pharmacists to physicians asking for clarification (Institute for Safe Medicine Practices) and NACDS estimates as much as 30% of pharmacists' time is spent verifying prescriptions.



SOURCE: National Association of Chain Drug Stores

Others estimate the number of prescription-related telephone calls annually at 900 million. Requesting and receiving approval for refills alone, estimated at nearly 500 million per year (SureScripts and NACDS estimates), adds to the telephone and fax burden.

ePrescribing Defined

Electronic prescribing, as defined by the National Council for Prescription Drug Programs (NCPDP), a standards development organization, has two parts:

Part 1: Two way [electronic] communication between physicians and pharmacies involving new prescriptions, refill authorizations, change requests, cancel prescriptions, and prescription fill messages to track patient compliance. Electronic Prescribing is not Faxing or printing paper prescriptions.

Part 2: Potential for information sharing with other health care partners including eligibility/formulary information and medication History

There are many influencers in the process of prescribing, including, of course, pharmaceutical companies, which have taken a "watch and wait" attitude toward ePrescribing (see "ePrescribing: What Role Should Pharma Play?" in this issue).

What's Driving It?

Although the term "ePrescribing" has been around for a relatively long time, the landscape and the forces driving rapid adoption have changed dramatically since the term first became coined.

Perhaps the most important driver to force the adoption of ePrescribing is coming from the federal government. The Medicare Prescription Drug, Improvement and Modernization Act of 2003, for example, encourages ePrescribing and mandates ePrescribing standards (see BOX, Pg. 3). Recently, president Bush placed a new emphasis on the National Health Information Infrastructure initiative and directed the HHS to prepare a report

on options to create incentives in Medicare and other HHS programs to encourage the adoption of interoperable health information technology.

“The efficiency of the total prescription system is challenged by hundreds of millions of phone calls and faxes between physicians and pharmacists,” says Hutchinson. ePrescribing, if widely adopted, would bring efficiency and cost savings to the process by eliminating many of these calls and faxes, claims Hutchinson.

Another impetus often cited for adopting ePrescribing is reduction in medication errors and deaths due to these errors. More than 8.8 million adverse drug events (ADEs) occur each year in ambulatory care, of which over 3 million are preventable. One out of 131 ambulatory patient deaths can be attributed to medication error.

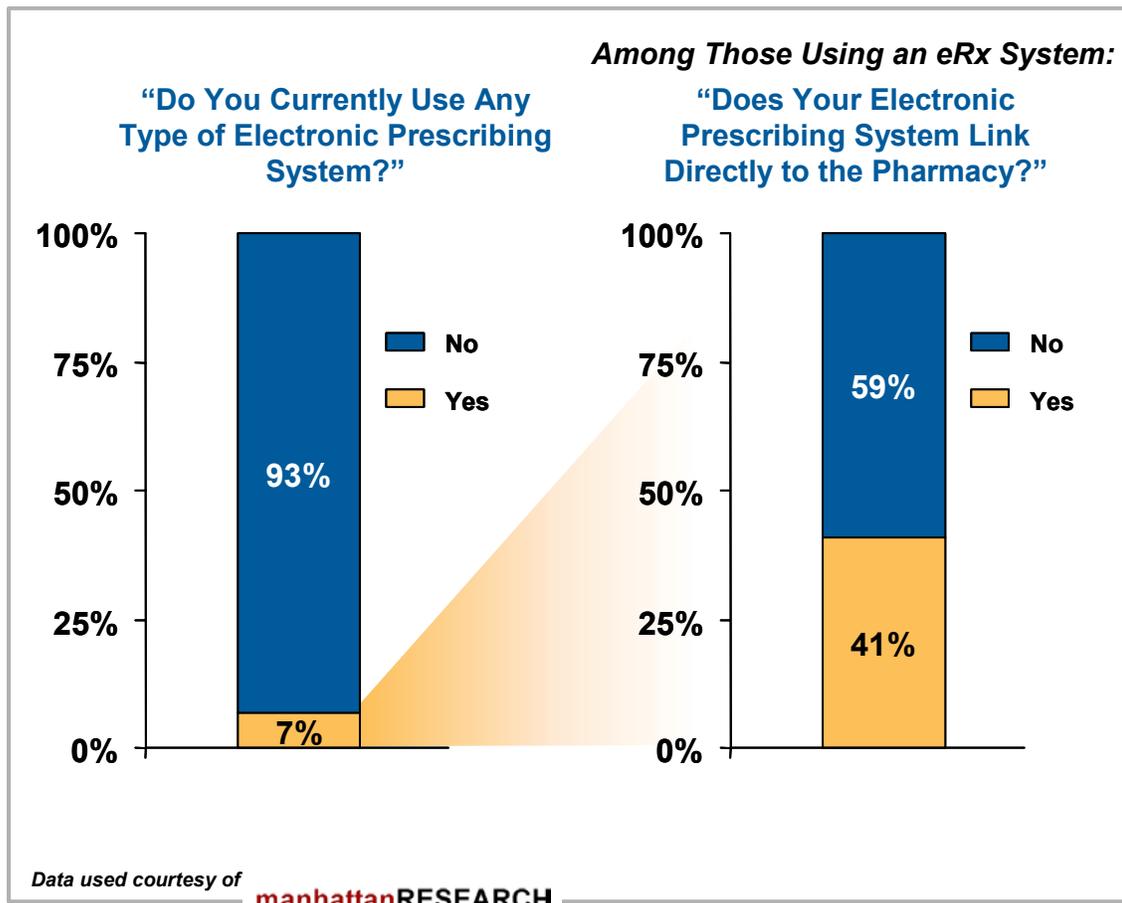
The Institute for Safe Medication Practices claims that many errors result from:

- Miscommunication due to illegible handwriting
- Unclear abbreviations and dose designations
- Unclear telephone or verbal orders
- Ambiguous orders and fax-related problems

According to a survey of physicians by Manhattan Research, future drivers of electronic prescribing are largely based on increased safety and efficiency. Among physicians interested in using eRx in the future, 46% cite reduced pharmacy callbacks as an incentive. Interestingly, 38% are interested in the ability to verify Rx with formulary coverage even though physicians have no direct economic incentive to prescribe drugs on formulary (unless they are members of an HMO that requires it). According to Hutchinson, “eligibility and formulary checking is performed today by pharmacists on each and every prescription they dispense. Without a doubt there is interest on the part of the physician to occasionally check for formulary coverage but physicians clearly do not want to become the administrators of a patient’s drug plan.”

Adoption by Physicians is Lagging

The prescription workflow in a typical physician practice is still predominantly paper based today, according to Hutchinson. “This is a process in dire need of automation. In the past, most pharmacies were not enabled to connect electronically to



physician practices,” says Hutchinson, “but over the last 9 months there has been a dramatic shift in pharmacy connectivity. Organizations representing more than 75% of the pharmacies in the U.S. will be connected to SureScripts network by end of summer 2004.”

Highlights from the ePrescribing Provisions of the Medicare Prescription Drug, Improvement and Modernization Act of 2003

- Requires the HHS Secretary to develop, adopt, recognize, or modify -- not later than September 1, 2005 -- initial uniform standards for e-prescribing, taking into account the recommendations of the National Committee on Vital and Health Statistics.
- The standards for the electronic prescribing program are not mandatory for all prescriptions. However, the language of the legislation states, in general terms, that if a health care provider or pharmacy uses electronic means to prescribe Medicare Part D covered drugs, that these electronic transmissions must meet the final standards issued by the Secretary. If a provider does not use electronic means to prescribe, he or she will not be required to begin using electronic means.
- Standards to be established by the National Committee for Vital and Health Statistics (NCVHS) by 2005

Source: eHealth Initiative
(www.ehealthinitiative.org).

An eHealth Initiative (eHI, a non-profit organization whose mission is to drive improvement in the quality, safety and efficiency of healthcare through information and information technology) report states that 5% to 18% of physicians claim to use some form of ePrescribing application. “[T]he majority of these,” states the report, “are not really ePrescribing platforms, but more often than not are Fax servers.”

“[The] explosive [e-prescribing] market opportunity we talked about in 2000 has yet to show even a spark,” says Mark Bard, President of Manhattan Research. “[A] very small segment of physicians [are using] the technology in 2004” (see CHART). While 7% of all physicians claim to use an electronic prescribing system, only 41% of these are connected to the pharmacy, which means that only 3% of physicians have true eRx capability.

Barriers to Adoption

“Recent data from our research,’ says Bard, “show the market has barely moved over the past three years.” Bard cites at several barriers holding eRx back: lack of standards, usability issues, and aligning economic interests across the healthcare delivery system.

“There remains a real need to ... truly understand where digitizing the process saves money, saves time, or improves quality of care,” says Bard. “Understanding who benefits, when they benefit, and to what extent they benefit is critical to understanding who should invest and to what level. For example, if the end-user physician receives little to no economic value from digitizing the prescription order entry, why should she pay for this benefit?”

At the Tipping Point?

Thirty percent of US physicians generate 80% of transaction volume. Hutchinson suggests that this where ePrescribing could really make an impact. He also cited data indicating a strong interest among physicians in using an electronic prescribing system in the next 12 months.

“Physician adoption of ePrescribing,” says Hutchinson, “is at the tipping point.” For SureScripts it’s all about the connection between physician and pharmacist. “What is needed,” contends Hutchinson, “is computer-to-computer connectivity between physicians and pharmacists to provide the foundation for process improvements. Now that physicians can have true electronic connectivity to the large majority of pharmacies in the U.S., the majority of refill authorization requests can be automated. We are finding the refill authorization process to be the ‘killer application’ and a motivating force for physician users to adopt electronic prescribing”

What are the Critical Next Steps?

Hutchinson listed several critical next steps for ensuring the wide adoption and success of ePrescribing:

- Design efficient ways to exchange information between physicians and pharmacies that leverage existing technology
- Ensure we leverage the skills, experience, and knowledge of the healthcare professionals involved in the prescribing process...the pharmacist and the physician
- Close involvement with Standards Setting Committee (NCVHS) during next 2 years

Continues on next page...

- Development of affordable technology solutions for physicians, focused on easy to implement applications
- Preservation of physician and patient choice and prohibition of commercial messaging that would interfere with decision making
- Funding – public and private – of technology solutions not only for physicians, but also for pharmacists
- The development of a long-term, incremental approach to building and delivering medication history

One of the most critical aspects of ensuring widespread adoption and integrity in the electronic prescribing process is, according to SureScripts, “to preclude any technology partner connected into the SureScripts network from displaying commercial messages with intent to influence a physician’s decision of medication therapy or with

the intent to influence or alter a patient’s choice of pharmacy.” Hutchinson cites language in the Medicare Act to support this principle: “Such standards shall allow for the messaging of information only if it relates to the appropriate prescribing of drugs...”

However, SureScripts believes in, and its rules support the use of, formulary management at both the point of care in the pharmacy and the point of care with the physicians.

Both these principles have implications for the marketing and sales of brand name pharmaceutical products. But that’s a topic for another article (see “ePrescribing: What Role Should Pharma Play?” in this issue).

Pharma Marketing News

Experts Consulted and/or Cited In Articles

The following experts were mentioned or consulted in the preparation of articles for this issue.

- **Kevin Hutchinson**, President and CEO, SureScripts (www.surescripts.com), 703-921-2101.

Resource List

The following resources were consulted in the preparation of this issue or cited within this issue.

- The “e”volution of Pharmaceutical Marketing. http://www.mdnetguide.com/specialty_editions/marketer/v1n1/pharmmarket.htm (accessed 11 June 2004).
- NCPDP SCRIPT Standard Presentation at NCVHS - Subcommittee on Standards and Security, March 30, 2004, <http://www.ncdpd.org/pdf/NCPDPPresentation3-30-04.ppt> (accessed 6 June 2004).
- Transcript of the March 30, 2004 NCVHS Subcommittee on Standards and Security Hearings (e-Prescribing), <http://ncvhs.hhs.gov/040330tr.htm> (accessed 11 June 2004)
- “The Economics of E-Prescribing,” Mark Bard, Manhattan Research, May 27, 2004, http://www.health-itworld.com/enews/05-27-2004_198.html (accessed 3 June 2004)
- HARNESSING INFORMATION TECHNOLOGY TO IMPROVE HEALTH CARE, HHS Fact Sheet (May 6, 2004), <http://www.hhs.gov/news/press/2004pres/20040427a.html> (accessed 6 May 2004)
- “Electronic Prescribing: Toward Maximum Value and Rapid Adoption,” eHealth Initiative (April 14, 2004). <http://www.ehealthinitiative.org/initiatives/erx/> (accessed 6 May 2004). The report outlines what it takes to successfully adopt electronic prescribing in the ambulatory setting, what barriers exist and what the benefits are; recommends specific features for electronic prescribing systems; reviews standards; and analyzes possible incentives for adopting a system.
- “A Call to Action: Eliminate Handwritten Prescriptions Within Three Years, 2000.” Institute for Safe Medication Practices. Available at: www.ismp.org/MSAarticles/whitepaper.html

Pharma Marketing News

Pharma Marketing News—the First Forum for Pharmaceutical Marketing Experts—is published monthly by **VirSci Corporation** except for August. It is distributed electronically by email and the Web to members of the Pharma Marketing Network (www.pharmamarketing.com).

VirSci Corporation specializes in pharmaceutical marketing intelligence and best practices, development of sponsored newsletters and other educational programs, and consulting in privacy and HIPAA. Our goal is to help our clients gain access to *their* clients and do business via the Internet more effectively, with greater return on

Publisher & Executive Editor
John Mack

VirSci Corporation
www.virsci.com
 PO Box 760
 Newtown, PA 18940
 215-504-4164, 215-504-5739 FAX
<mailto:editor@pharmamarketingnews.com>

Advisory Board
Jack Pfister

Director, Business Development, Bruce Leeb & Company

Mark Schmukler

Managing Partner, Sagefrog Marketing Group, LLC

Harry Sweeney

Chairman, CEO, Dorland Global Health Communications

Richard Vanderveer, PhD

Chairman & CEO, V2

Subscribe to Pharma Marketing News

Pharma Marketing News (PMN) is the FREE monthly e-newsletter of the **Pharma Marketing Network**. Each month, except August, an executive summary of the newsletter with links to the full text pdf version is delivered to subscribers by e-mail. By subscribing to PMN, you agree to receive additional occasional promotional e-mail messages as well as newsletter highlights. If you do not wish to receive any promotional e-mail messages but would rather pay a small fee for full text reprints of selected individual articles, please check **REPRINT NOTIFICATION SERVICE** as your option below. Through the Reprint Notification service, you receive only one monthly executive summary (no separate promotional messages) by e-mail with information about ordering the full-text versions of articles. We do not sell or share your personal information with third parties.

RED=REQUIRED INFORMATION

[CLICK HERE FOR ONLINE SUBSCRIPTION FORM](#)

FIRST NAME: _____ LAST NAME: _____

JOB TITLE: _____ COMPANY: _____

COUNTRY: _____

E-MAIL ADDRESS: _____

E-MAIL FORMAT PREFERENCE: ___ HTML ___ TEXT ___ NONE

 SUBSCRIBE ME TO THE REPRINT NOTIFICATION SERVICE ONLY!

I understand that I will receive only one (1) e-mail message per month with information about ordering, for a low fee, selected article reprints (electronic pdf files) from the current issue of the newsletter. I have no obligation to order or pay for any reprint whatsoever.

THE FOLLOWING INFORMATION IS OPTIONAL (For our internal use only. We do not sell or rent this information to third parties)

ADDRESS: _____

CITY: _____ STATE/PROV: _____ POSTAL CODE: _____

PHONE: _____ FAX: _____

Mail or fax to: VirSci, PO Box 760, Newtown, PA 18940, 215-504-5739 (Fax)
