

Guest Opinion
Electronic Formulary: Changing the Equation
By Michael Green

The author, Michael Green, is a 20+year pharmaceutical industry veteran focused in the area of eHealth and on the intersection of healthcare, technology, physicians, and pharmaceutical marketing. He can be reached at mhgreen@prescribingresources.com.

The acceptance and use of technology by physicians will continue to have dramatic benefits for both patient care and our overall healthcare system. Recent statistics demonstrate that 99% of physicians are online (source: AMA/Forrester 2005 Physicians and Technology Study) and 57% of doctors report using some sort of handheld computer, such as a PDA or tablet PC (source: Forrester Research survey of 1,331 physicians).

This widespread use by physicians of the most basic digital technologies provides a pathway for the future use of more clinically involved applications such as point-of-care managed care formulary applications, electronic prescribing (ePrescribing), and electronic medical records (EMRs). While there is no doubt that these technologies will enhance patient treatment and deliver significant efficiencies to the US healthcare system, they have the potential to pose a significant challenge to the pharmaceutical industry. (See [“ePrescribing: What Role Should Pharma Play?”](#) for more on this topic.)

Generics and Low Copay Drugs Selected

In the early tests of select ePrescribing networks funded by the health insurance industry that contained managed care formularies, physicians in the test group were shown to use a significantly larger share of generic products and lower tier/low co-pay products than non-ePrescribing physicians. The disintermediation of brand prescriptions for generics and lower priced products was clear.

With increased technology adoption, this pattern of increased generic usage and strict adherence to the lowest cost option has the potential to be carried out to large numbers of physicians throughout the country. Add to this the fact that more and more physicians are turning to web-based and handheld managed care formulary lookups separate from any ePrescribing (eRx) or EMR system (i.e. ePocrates, Finger Tip Formulary) as part of their prescribing decisions, and the threat becomes even more clear.

Factor in CMS

Regulatory support for the use of technology such as of EMRs and ePrescribing is also clear. The recent publication in November 2005, of the final rules for ePrescribing in the Federal Register by the Centers for Medicare and Medicaid Services (CMS) created standards for all eRX systems to follow. With a common set of rules, this will inevitably foster the use of electronic prescribing on a more widespread basis. Add to this the expectation that physicians will be required to ePrescribe to get paid by Medicare (not to mention managed care) in the 2010 - 2011 time frame, and Pharma has a reason to be concerned.

EMR systems—of which ePrescribing is one minor module—are extremely complex applications containing significant clinical information and treatment guidelines. These systems exist mostly outside the realm of pharmaceutical industry influence. ePrescribing systems, on the other hand, are simpler applications that exclusively focus on drug selection and prescription transmission, and differ minimally across the spectrum of providers.

All eRx systems can take in patient information either manually or via a custom interface to Practice Management Systems, allow the prescriber to select a drug, check for interactions and contraindications, check the patient's managed care formulary, and then print out or transmit the prescription electronically to the pharmacy. Managed care is the only stakeholder with a voice in these point-of-care transactions in which formulary information—based primarily on drug cost—is available without any other clinically-relevant information regarding attributes of other drug therapies from pharmaceutical companies to counter the cost argument. This same managed care exclusive environment also exists within on-line formulary applications.

Pharma Sponsored Messaging

Whether supportive of the managed care position or encouraging use of a higher tier/higher co-pay product, other information than what is available through the formulary should be made available so the prescriber can make the most fully informed decision. What is needed, therefore, is a structure that enables the open exchange of information at the point of prescription (see Box: “Pfizer's Principles for Assuring Quality of Care by Electronic Prescribing Systems”). This is where the pharmaceutical industry needs to go. Unfortunately, the pharmaceutical industry has not looked to assist in the development of these potentially treatment enhancing and “Pharma-friendly” applications. Whether due to the negative experience and significant lost investment in 1st generation ePrescribing companies like Parkstone or a desire to stay out of the regulatory crosshairs, this is not a successful long-term strategy.

Pharmaceutical-sponsored messaging component within an ePrescribing system or on-line formulary application would in no way interfere with the formulary data being returned (satisfying managed care concerns). This messaging capability

Pfizer's Principles for Assuring Quality of Care by Electronic Prescribing Systems

Electronic prescribing (eRx) is an increasingly valuable and important tool for protecting patient safety, enhancing patients' health outcomes and improving the efficiency.

- Patients and physician needs should drive design of the eRx tools that will be used at point of care. A market-driven approach to eRx will best assure the adoption of systems aligned with the provision of quality of care.
- Electronic prescribing should be provided through a neutral and open platform. It should not be designed to advance the commercial interests of any particular participant (e.g., PBMs, Pharma, Pharmacy, Insurance, etc) to the potential detriment of patient care.
- Patient privacy must be protected.
- All messages transmitted to physicians and/or their staffs through eRx systems must be sourced, accurate, and fact-based.
- eRx should support greater access to data for better clinical decision making, including alerts to adverse events and access to formulary information. Data containing such information should not be selectively or competitively pushed to the physician, and the distribution of such information must not diminish the patient's right to appeal.
- eRx must not subvert the protections offered to patients in other areas of Medicare.
- eRx systems must conform to prevailing quality and technical standards

would allow the delivery of impactful, clinically relevant, industry-sponsored content alongside what is mostly price-focused data. This messaging could be delivered exclusively by a single provider or done in a multi-sponsored format allowing messages from multiple sponsors at the point-of-prescription during a single transaction. Messages would be triggered by the lookup or selection of a specific drug or therapeutic category, the formulary status of a select drug, or other parameters.

While potentially supporting more costly therapy, pharma-sponsored messaging could also support better care. Messaging about available compliance and persistency programs with a higher priced drug, for example, could be a better choice for non-compliant patients. Messaging about adjunctive therapy could lead to additional drug therapies being selected that could enhance effectiveness and treatment. Messaging about available rebate and/or co-pay discounts for higher tier products could result in those products actually being less expensive for the patient at the pharmacy. Messaging about recent clinical developments and education opportunities for the prescriber could lead to a more informed drug choice.

[SURVEY RESULTS]

Pharma Should Support eRx Developers

The pharmaceutical industry should actively be working with the developers of ePrescribing applications to enable messaging capabilities. Up to this point, though, there has been very little contact between the providers of EMR, ePrescribing, and point-of-care formulary technologies and the pharmaceutical industry. The market for ePrescribing systems is a fragmented one with a few mid-size players (Allscripts, Zix Corp, Dr. First, etc.) and numerous smaller technology providers all competing, for what is now, a limited amount of physician and healthcare provider business. None have structured their systems so as to allow the involvement of pharmaceutical industry. Yet the pharmaceutical industry would be sure to support and be willing to pay for the ability to deliver clinically relevant messages at the point-of-prescription. This is an untapped yet compelling and ongoing revenue opportunity for the providers of ePrescribing applications.

Numerous studies have demonstrated that physicians' foremost complaint against their adoption of ePrescribing is the cost of buying and implementing these systems. While directly providing ePrescribing technology/systems to physicians would be financially detrimental not to mention illegal (ie, Stark and Anti-Kickback regulations), there are other options for the Pharmaceutical industry.

The competition and fragmentation among the ePrescribing vendors has each one looking for a way to differentiate itself from the pack and offer a better, more cost effective solution to prescribing physicians. Adding clinically relevant messaging information supported by Pharma would create a better product that provides more information to a physician before they make their prescribing decision. This also creates a new revenue stream for ePrescribing vendors where none existed before (see, for example, "[Increase Prescription Sales with Smart Tools](#)").

More information at the point of care would ensure the best possible drug therapy choice for the patient albeit not always the least expensive option. With this in mind, the Pharmaceutical industry should look for ways to enter the eRx equation during formulary look-up and other

ePrescribing transactions through capabilities such as a messaging component. Pharma could provide marketing support, grants, or direct investment to ePrescribing application developers who enable pharmaceutical sponsored messaging capabilities at the point of care.

Precedents

There is some precedent in including Pharma in the ePrescribing and managed care formulary equation. Allscripts, one of the top EMR and ePrescribing vendors also owns the Physicians Interactive portal that provides services to thousands of physicians on behalf of sponsoring pharmaceutical companies. Their Touchworks EMR product has the ability to allow physicians to automatically enroll patients into pharmaceutical company sponsored compliance and persistency programs if their therapy is selected. This is a valuable service. It could also be one that, if physicians were made aware of when choosing drug therapy, could result in them choosing this brand over lower priced alternatives favored by managed care.

Finger Tip Formulary, which maintains a robust on-line managed care formulary database accessible by physicians and patients, is going down a more direct path by allowing pharmaceutical companies to exclusively sponsor messaging to physicians looking up specific drugs and therapeutic categories on its formulary portal, www.fingertipformulary.com. A new company, PrescribingResources (www.prescribingresources.com) is developing a website that will offer a combination of drug information, managed care formulary, and ePrescribing services, all available at no cost to registered and validated physicians. All the PrescribingResources applications will contain pharmaceutical messaging from multiple sponsors, based on drug/therapeutic category, formulary position, and other triggers.

All of these organizations are open to working with the pharmaceutical industry to help change the formulary and ePrescribing equation to one that includes the pharmaceutical industry. With the proper motivation, other ePrescribing and formulary providers would be likely to follow.

Future Threat or Opportunity?

Regulatory bodies and health insurers are poised to require all prescription to be sent electronically in the next few years. This requirement will provide an opportunity for the pharmaceutical industry to insert itself into the ePrescribing equation. The window of opportunity, enabled by physician reticence against spending money on technology, will be limited to perhaps three to five years. With the right strategy, the Pharma industry can insure itself a “place at the table” in a future dominated by the widespread use of ePrescribing and point-of-prescription formulary systems.

With a more aggressive push towards the inclusion of their clinically relevant content at the point-of-prescription in on-line managed care formulary lookups and ePrescribing transactions, the pharmaceutical industry could begin to change what is looking like a threatening future to one which offers the industry a more level playing field.