

MEDICAID STRATEGIC PLAN FOR ELECTRONIC PRESCRIBING

(FY2009 Appropriation Bill - Public Act 246 of 2008)

Section 1733: (1) The department shall seek additional federal funds to permit the state to provide financial support for electronic prescribing and other health information technology initiatives. (2) The department shall develop a 3-year strategic plan for the implementation of electronic prescribing for the Medicaid program.

*Michigan Department
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**FY 09 Michigan Department of Community Health
Medicaid Strategic Plan for Electronic Prescribing**

A Report to the House and Senate Appropriations Subcommittees on Community Health

Prepared November 2009

Michigan Department of Community Health Medicaid Strategic Plan for Electronic Prescribing

Executive Summary

The Michigan Department of Community Health (MDCH) is submitting this report to comply with appropriation act provisions at Section 1733 of Public Act 246 of 2008. Section 1733 requires the department to develop a three-year strategic plan for implementation of electronic prescribing within the Medicaid program. Following are key report highlights:

- Electronic prescribing (abbreviated as e-prescribing or e-Rx) is the use of electronic tools to prescribe drug prescriptions,¹ and which also allows prescribers access to data on prescription drug benefit coverages and patient medication histories from participating plans.
- Nine percent of Michigan prescriptions were ordered through e-prescribing during 2008. Two other states had higher use – Massachusetts with 21% and Rhode Island with 17%.²
- Approximately 2.7% of Medicaid fee-for-service prescriptions were e-prescribed during fiscal year 2008.
- Medicare implemented financial incentives beginning January 2009 and penalties after 2012 for physicians to adopt e-prescribing.
- The department’s three-year strategic plan for Medicaid e-prescribing focuses two goals – (1) increase e-prescribing awareness and use in the Medicaid provider community and (2) develop system capabilities to track and report Medicaid e-prescribing transactions.
- Department activities to advance these goals include:
 - Collaboration with standard-setting organizations and vendors; with other Michigan payers; and with Medicaid healthcare providers and their associations; and
 - Changes to billing and reporting systems to track e-prescribing usage.
- During fiscal year 2010, the department will implement a pay-for-performance incentive for capitated Medicaid health plans to promote e-prescribing use in this sector.
- Over the next two years the department will monitor e-prescribing usage within the Medicaid fee-for-service and capitated health plan settings; build upon current public-private collaborations; and re-evaluate efforts, as needed, to promote e-prescribing within our state.

¹ Health Information and Management System Society (HIMSS), www.himss.org

² 2008 National Progress Report on E-Prescribing, Surescripts, available at www.surescripts.com

Michigan Department of Community Health

Medicaid Strategic Plan for Electronic Prescribing

Introduction

The Michigan Department of Community Health (MDCH) is submitting a Medicaid electronic prescribing strategic plan to the members of the House and Senate Subcommittees on Community Health in response to provisions at Section 1733 of Public Act 246 of 2008. This section among other requirements stipulates: “The department shall develop a 3-year strategic plan for the implementation plan of electronic prescribing for the Medicaid program.”

Background

Medicaid Pharmacy Benefit Programs

The department provides health care for over 1.7 million Medicaid beneficiaries³ and reimburses over 17.5 million prescriptions annually through a fee-for-service program and capitated managed care plans. Fee-for-service Medicaid has used a preferred drug list since 2002 to encourage physicians to prescribe products that are clinically safe and appropriate for the Medicaid beneficiaries, but yet cost effective for the taxpayers. Managed care plans must incorporate fee-for-service covered classes into their pharmacy benefits; however, each plan has flexibility to develop its own preferred drugs, prior authorization, and utilization controls.

E-Prescribing Capabilities and Innovations

Electronic prescribing (abbreviated as e-prescribing or e-Rx) is the use of electronic tools to prescribe drugs. These tools may include hardware like personal computers, handheld and wireless devices, and software operating systems.⁴ E-prescribers are connected in a master network linking them not only with pharmacies across the country, but that also provides data on prescription drug benefit coverages and patient medication histories from participating health plans. The e-prescribing network allows two-way communication between prescribers and pharmacies on new prescriptions, prescription changes, refill requests, prescription fill status notification, prescription cancellation, and medication history.⁵ Over 74,000 practitioners (or about 12% of all office-based prescribers) throughout the nation were using e-prescribing by the end of 2008.⁶ (Table 1 summarizes recent developments in e-prescribing industry.)

"Electronic prescribing, or e-prescribing, has evolved into a highly efficient and secure means of reducing healthcare costs and improving the safety, quality, and efficiency of process relied upon by millions of patients in the U.S. every day."

Source: Surescripts 2008 National Progress Report on E-Prescribing

³ Total Eligible Medicaid Cases and Recipients (Table 3), Green Book Report of Key Program Statistics, June 2009, available at http://www.michigan.gov/documents/dhs/DHS-Pub-0067-Jun-09_288842_7.pdf

⁴ Health Information and Management System Society (HIMSS), www.himss.org

⁵ The National Council for Prescription Drug Program, E-prescribing Fact Sheet, December 2008, available at www.ncdpd.com

⁶ 2008 National Progress Report on E-Prescribing, Surescripts, available at www.surescripts.com

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E-prescribing provides efficiencies – not achievable with paper, telephone, and facsimile prescription ordering – which decrease costs, increase safety, and improve healthcare quality. Sample benefits include:

- Prescribers have real-time access to formulary information, so that the most clinically beneficial and cost-effective medications are prescribed;
- Prescribers have real-time access to patient medication histories, so contradictory and duplicate therapies are avoided;
- Prescribers are able to assess medication adherence based on the frequency of drug refills used by a patient;
- Patient compliance is enhanced, as patient convenience is increased;
- Illegible or incomplete prescriptions are eliminated; and
- Direct access between prescriber and pharmacist allows for two-way communications and consultations.⁷

Table 1: Recent Developments Related to E-Prescribing

- a. The Medicare Improvements for Patients and Providers Act of 2008 included Medicare financial incentives and penalties for physicians to e-prescribe. Successful e-prescribers are eligible for a 2% increase on Medicare Part B total allowed charges for covered professional services in 2009 and 2010, which shrinks to 1% in 2011 and 2012 and to 0.5% in 2013. The law also calls for a 1% deduction in Part B rates starting in 2012, which grows to 1.5% in 2013 and in 2% by 2014 for failure to e-prescribe.⁸
- b. The American Recovery and Reinvestment Act of 2009 (ARRA) lists e-prescribing as a criteria for “meaningful use” of an Electronic Health Record that physicians must meet to qualify for health information technology subsidies of up to \$48,400 under Medicare and \$63,750 under Medicaid.⁹
- c. The Drug Enforcement Administration (DEA) proposed rules to allow e-prescribing on controlled substances; however, final rules have not been issued.
- d. The American Academy of Family Physicians, the American Academy of Pediatrics, the American Academy of Nurse Practitioners, the American Academy of Physician Assistants, the American College of Cardiology, the American College of Obstetricians and Gynecologists, the American Osteopathic Association, and the Medical Group Management Association launched an e-prescribing website, www.GetRxConnected.com, that includes step-by-step instructions how to transition to e-prescribing.
- e. Surescripts, a health information technology company operating in Minnesota and Virginia, provides the nation’s largest e-prescribing network system. The Surescripts network enables e-prescribing through secure electronic access to prescription benefit and patient medication histories and electronic routing of prescriptions to a patient’s pharmacy.¹⁰

⁷ National Association of Chain Drug Stores and National Community Pharmacists Association Pursue Opportunities for Health and Human Services Health IT Grants, May 12, 2009, available at <http://www.nacds.org/wmspage.cfm?parm1=6337>

⁸ Surescripts merger 1 year old as ARRA pushes e-Rx, ModernHealthcare.com, July 13, 2009, available at <http://www.modernhealthcare.com/article/20090713/REG/307139971/0>

⁹ Ibid.

¹⁰ 2008 National Progress Report on E-Prescribing, Surescripts, available at www.surescripts.com

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E-Prescribing in Michigan

Several organizations have played key roles advancing e-prescribing in Michigan. One is the Southeastern Michigan E-Prescribing Initiative¹¹ (SEMI), which promotes e-prescribing among healthcare providers and payers and offers a forum to present and resolve obstacles for its implementation. Another is the Consortium of Independent Physician Associations (CIPA),¹² which subsidizes a participating physician's first year costs of e-prescribing operations. After the first year, physicians are eligible to continue at rates 50% lower than the retail price.

Nine percent of all Michigan prescriptions (nearly 4.9 million) were ordered through e-prescribing in 2008. This rate was more than double Michigan's 2007 use and ranked our state "third" in the nation. While this was a commendable achievement, two states had significantly higher e-prescribing penetration in 2008 – Massachusetts with 21% and Rhode Island with 17%.¹³

MDCH Strategic Plan for Medicaid E-Prescribing – Fiscal Years 2009 - 2011

From April 1, 2008 through June 30, 2009, approximately 4.1% of the Michigan Medicaid fee-for-service prescriptions were ordered through e-prescribing. The department's three-year e-prescribing strategic plan includes the following goals and objectives to increase e-prescribing use within the Medicaid fee-for-service and managed health plan settings.

Goal 1: Increase e-prescribing awareness and use in the Medicaid provider community.

- a. Develop e-prescribing outreach with other payers and the state's pharmacy and physician associations.
- b. Collaborate with Medicaid healthcare providers and other industry leaders and identify best practices to resolve barriers to e-prescribing adoption.

Goal 2: Develop system capabilities to track and report Medicaid e-prescribing transactions.

- a. Collaborate with standard-setting organizations and vendors to develop technical standards supporting e-prescribing interoperability within the healthcare provider and payer communities.
- b. Develop internal reporting systems to track e-prescribing adoption.

Table 2 lists activities completed to advance these goals and objectives. Certain activities labeled "ongoing" and will continue over the next two years.

¹¹ SEMI, collaborated group organized to promote e-prescribing in Michigan, includes Blue Cross/Blue Shield of Michigan, Chrysler LLC, CVS Caremark Corporation, Ford Motor Company, General Motors, Health Alliance Plan, Medco Health Solutions, Inc., and the United Auto Workers (UAW)

¹² CIPA is an affiliate of the Michigan State Medical Society Practice Partner Medical Advantage Group and includes 43 independent physician associations with nearly 4,000 Michigan physicians. E-Prescribing... Virtually Free, CIPA Partners with DrFirst to Improve Quality, Reduce Costs available at www.msms.org

¹³ 2008 National Progress Report on E-Prescribing, Surescripts, available at www.surescripts.com

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Table 2 – Key Medicaid E-Prescribing Activities, To Date

Date	Activity
April 2008	<p>Required pharmacies billing the Medicaid fee-or-service program to indicate the origin of a prescription on their claims. Submission of a Prescription Origin Code allows the department to track whether a prescription was (1) written, (2) telephone, (3) electronic, or (4) facsimile.</p> <p>Requested changes to the standard pharmacy billing format published by the National Council of Prescription Drug Programs, so that the Prescription Origin Code would distinguish e-prescribing from other electronic transactions e.g., pharmacy-to-pharmacy transfers. The request, if implemented, would allow more precise tracking of e-prescribing.</p>
September 2008	<p>Provided Surescripts®, the largest e-prescribing network in the nation, electronic access to data on pharmacy benefits and utilization controls, beneficiary enrollment, and medication histories to allow e-prescribing transaction responses for the Medicaid fee-for-service program.</p>
October 2008	<p>Distributed promotional materials to prescribers enrolled in both Blue Cross/Blue Shield of Michigan (BCBSM) and Medicaid encouraging participation in a BCBM-sponsored pilot supporting e-prescribing.</p>
November 2008	<p>Developed reports to track Medicaid e-prescribing statistics, such as number of e-prescriptions, e-prescribers, and pharmacies accepting e-prescriptions.</p>
Ongoing	<p>Evaluating e-prescribing incentive initiatives, including:</p> <ul style="list-style-type: none"> ▪ Developing an e-prescribing pay-for-performance incentive for capitated Medicaid health plans to be implemented during fiscal year 2010, and ▪ Monitoring the Medicare e-prescribing financial incentive payments that began January 2009.
Ongoing	<p>Networking with the Southeastern Michigan E-Prescribing Initiative (SEMI) and Surescripts® to monitor best practices and other innovations to incorporate within Medicaid.</p>
Ongoing	<p>Posting e-prescribing background and other web resources on the website of the department’s contracted pharmacy benefits manager for the Medicaid fee-for-service program.</p>
Ongoing	<p>Collaborating with the Michigan Pharmacists Association, the Michigan State Medicaid Association, and the Michigan Association of Osteopathic Surgeons and Physicians to promote e-prescribing.</p>
Ongoing	<p>Monitoring Drug Enforcement Administration (DEA) actions to allow e-prescribing for controlled substances.</p>
Ongoing	<p>Monitoring National Council for Prescription Drug Program changes to the standard pharmacy billing format that would impact e-prescribing.</p>

The department’s fiscal year 2010 efforts will include a roll-out of an e-prescribing pay-for-performance incentive for capitated Medicaid health plans. To qualify for payment

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options, Medicaid health plans must perform similar activities already implemented in the fee-for-service arena, including:

- Provide Surescripts® data exchanges necessary for e-prescribing transactions, e.g., eligibility files, medication histories, and formulary information for their Medicaid line of business;
- Modify billing procedures to require pharmacies to submit the origin of a prescription on their claims, identifying whether an order was written, telephoned, electronic, or facsimile; and
- Provide reporting trends on the volume and percentage of e-prescriptions.

Conclusion

E-prescribing holds considerable promise to increase patient safety, enhance care coordination, detect patient fraud/abuse, and to assist healthcare providers to efficiently care for their patients. Over the next two years, the department will monitor e-prescribing usage within the Medicaid program; build upon current public-private collaborations; and re-evaluate efforts, as needed, to promote e-prescribing within our state.