

FY 2010 MEDICAID STRATEGIC PLAN FOR ELECTRONIC PRESCRIBING

(FY 2010 Appropriation Bill - Public Act 131 of 2009)

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.

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Fiscal Year 2010 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 131 of 2009. 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) is the use of electronic tools to order drug prescriptions¹ and to allow prescribers access to a patient's drug coverages and medication histories from participating plans in the network. About 78% of e-prescribing software is integrated within electronic medical record systems with the remaining used as standalone applications.²
- The Drug Enforcement Administration (DEA) now allows e-prescribing for controlled substances; however, DEA implementation requirements may delay e-prescribing for these drugs.
- Medicare penalties for not e-prescribing will begin 2012 and current incentives will phase-out by 2013.
- E-prescribing within Michigan Medicaid's fee-for-service program has grown from 4.1% last year to 8.0% by the end of March 2010.
- The department's three-year strategic plan for Medicaid e-prescribing focuses on two goals:
 - Increase e-prescribing awareness and use in the Medicaid provider community and
 - Develop system capabilities to track and report Medicaid e-prescribing transactions.
- Key department activities to advance these goals included:
 - Implementing a performance bonus for capitated Medicaid health plan efforts to support e-prescribing;
 - Obtaining approval of additional federal matching funds for activities to implement to electronic health records;
 - Surveying Medicaid healthcare providers to identify interest in and use of electronic health records and these systems' functionality to offer e-prescribing applications.
- 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 Advancing Healthcare in America, 2009 National Progress Report on E-Prescribing, Plus What's Ahead in 2010 and Beyond, Surescripts, available at www.surescripts

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Introduction

The Michigan Department of Community Health (MDCH) is submitting its fiscal year 2010 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 Public 131 of 2009. 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 1.9 million Medicaid beneficiaries³ and reimburses nearly 19.7 million prescriptions annually with 43% through a fee-for-service program and 57% through capitated Medicaid health 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 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) is the use of electronic tools to prescribe drugs. These tools include hardware like personal computers, handheld and wireless devices, and software operating systems.⁴ About 78% of e-prescribing software is integrated within electronic medical record systems with the remaining used as standalone applications.⁵ E-prescribers are connected to a master network linking them not only with pharmacies across the country but also with data on prescription drug benefit coverages and patient medication histories from participating health plans.

Besides getting rid of sloppy handwriting, how does e-prescribing improve the quality?

"... by providing access to critical information at the time the prescription is being considered by the prescriber. This includes both the patient's prescription history and prescription benefit information. Access to the former can save a patient's life by helping to prevent adverse drug events and the latter can save a patient – and the healthcare system – money."

Surescripts® 2009 Progress Report on E-Prescribing

Benefits of e-prescribing include:

- Illegible or incomplete prescriptions are eliminated;
- Prescribers have access to (1) a patient's drug benefit information, so that the most clinically beneficial and cost-effective medications can be prescribed and to (2) patient medication histories, so contradictory and duplicate therapies are avoided;

³ Trend Report of Key Program Statistics, Total Eligible Medicaid Cases and Recipients, Table 3, Michigan Department of Human Services, April 2010, available at http://www.michigan.gov/dhs/0,1607,7-124-5458_7696_10831---,00.html

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

⁵ Advancing Healthcare in America, 2009 National Progress Report on E-Prescribing, available at www.surescripts.com

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- Patient compliance is enhanced, as patient convenience is increased;
- Direct links between prescribers and pharmacists allows time-saving, two-way communication and consultation⁶ on new prescription orders; cancellation, change and refill requests; checks of prescription fill status by a patient; and access to patient medication histories;⁷ and
- E-prescribing not only increases the quality of an individual prescription, but also creates a vehicle to improve the prescribing process in a way not possible with paper orders.⁸

E-Prescribing in Michigan Medicaid

MDCH staff has continued to work with its provider community to promote e-prescribing. Within the Medicaid fee-for-service program, e-prescribing has nearly doubled from 4.1% last year to 8.0% by the end of March 2010. Table 1 highlights e-prescribing rates for eligible prescriptions (i.e. prescriptions for non-controlled substances).

Table 1: MDCH Fee-For-Service E-Prescribing Rates, [4/1/2009-3/31/2010]

Percentage of:	Percentage:
1. Paid Claims Originating from E-Prescriptions	8%
2. Practitioners Routing E-Prescriptions	32%
3. Pharmacies Dispensing E-Prescriptions	86%
4. Beneficiaries Receiving E-Prescriptions	17%

E-Prescribing and Controlled Substances

Food and Drug Administration (FDA) and the Drug Enforcement Administration (DEA) may designate a drug as a “controlled substance” if potential exists for its abuse and misuse. The DEA is responsible for regulating and monitoring the use of controlled substances. One requirement, which prohibited e-prescribing for controlled substances, was recently lifted effective June 1, 2010 in an interim final rule issued by the DEA.

While provider groups support the rule’s intent, some concerns exist with its directives on certification of e-prescribing applications, prescriber authentication required for each controlled substance order, and preemption of state requirements on e-prescribing for controlled substances.⁹ For example, the Michigan Pharmacists Association noted the DEA requires both prescribers and pharmacies to have their e-prescribing software used for controlled substances audited and certified by an outside third-party firm. However, the DEA has not yet approved third-party auditors to perform these reviews. This and other DEA-specified implementation requirements are expected to delay provider use of e-prescribing for controlled substances until

⁶ 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>

⁷ E-prescribing Fact Sheet, The National Council for Prescription Drug Program, December 2008, available at www.ncpdp.com

⁸ Advancing Healthcare in America, 2009 National Progress Report on E-Prescribing...

⁹ Commenters Have Concerns with DEA Rule on E-Prescribing of Controlled Substances, BNA Pharmaceutical Law and Industry Report®, June 4, 2010

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early 2011. Given this information, the department plans to separately monitor e-prescribing trends for controlled substances.

MDCH Strategic Plan for E-Prescribing – Fiscal Years 2010 - 2012

The department’s e-prescribing strategic plan builds on the following goals and objectives. Table 2 lists completed and planned activities to advance these goals and objectives. Certain activities labeled “ongoing” and will continue throughout the next two years.

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

- a. Develop e-prescribing outreach with other payers and the state’s provider 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 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 provider and payer communities.
- b. Develop reporting systems to track e-prescribing adoption for the fee-for-service providers.
- c. Encourage capitated Medicaid health plans to track e-prescribing adoption.

Table 2 – Key Medicaid Activities Promoting E-Prescribing Adoption and Use

<i>Date</i>	<i>Activity</i>
Apr 2008	Required pharmacies billing the Medicaid fee-for-service program to indicate the origin of a prescription on their claims to track whether a prescription was (1) written, (2) telephone, (3) electronic, or (4) facsimile.
Sept 2008	Provided Surescripts® electronic data on MDCH pharmacy benefits and utilization controls, beneficiary enrollment, and medication histories to allow e-prescribing transaction responses for the Medicaid fee-for-service program.
Oct 2008	Distributed promotional materials to prescribers enrolled in both Blue Cross/Blue Shield of Michigan (BCBSM) and Medicaid encouraging participation in a BCBM-sponsored e-prescribing pilot.
Nov 2008	Developed reports to track Medicaid e-prescribing statistics, such as number of e-prescriptions, e-prescribers, and pharmacies accepting e-prescriptions.
May 2010	Distributed an electronic health record survey to Medicaid providers, including an item asking whether e-prescribing is a function of a provider’s current software.
July 2010	Provide first payout of the performance bonuses to capitated Medicaid health plan for contract-specified e-prescribing activities (See Appendix A).
Aug 2010	Add real-time eligibility verification for e-prescribers using Surescripts® supported software.
Oct 2010	Distribute a notice reminding Medicaid providers that MDCH pharmacy benefits are supported through the Surescripts® e-prescribing network.
Dec 2010	Provide second payout of the performance bonuses to capitated Medicaid health plan for contract-specified e-prescribing activities (See Appendix A).
Ongoing	Evaluating e-prescribing incentive initiatives, including:

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<i>Date</i>	<i>Activity</i>
	<ul style="list-style-type: none"> ▪ E-prescribing performance bonus payments to capitated Medicaid health plans, ▪ Capitated Medicaid health plans' e-prescribing incentives for their network providers, ▪ Medicare e-prescribing financial incentive payments, and ▪ New York Medicaid e-prescribing incentives and other state incentives.
Ongoing	Posting e-prescribing background and other resources on the website of the department's contracted pharmacy benefits manager for the Medicaid fee-for-service program.
Ongoing	Networking with the Southeastern Michigan E-Prescribing Initiative and Surescripts® to monitor best practices and other innovations to incorporate within Medicaid.
Ongoing	Collaborating with the Michigan Pharmacists Association, the Michigan State Medicaid Association, and the Michigan Association of Osteopathic Surgeons and Physicians to promote e-prescribing.
Ongoing	Monitoring Drug Enforcement Administration (DEA) implementation of e-prescribing for controlled substances and Michigan Medicaid e-prescribing rates for these products.
Ongoing	Monitoring National Council for Prescription Drug Program changes to the standard pharmacy billing format that would impact e-prescribing.
Ongoing	Monitoring Electronic Health Record certification procedures and potential impacts related to e-prescribing functionality within this technology

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.

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Appendix A
E-Prescribing Performance Bonus Plan for Medicaid Health Plans, FY 2010

Category	Performance Requirement	Health Plan Reporting Date	Proposed Payout Date
E-Prescribing \$2 million available across all plans	1. Provide confirmation that the health plan (or its pharmacy benefits manager) is connected with Surescripts® and provides data exchanges necessary to support e-prescribing transactions, e.g., eligibility files, medication histories, and formulary information for their Medicaid line of business;	June 2010	July 2010
	2. Modify pharmacy billing procedures to require submission the origin of a prescription on their claims, identifying whether an order was written, telephoned, electronic, or facsimile;	June 2010	July 2010
	3. Provide minimum six months trended volume statistics for e-prescribing eligibility transactions, e-prescribing drug history transactions, and volume and percentage of paid prescriptions that were e-prescribed.	Nov 2010	Dec 2010