

Blue Perspective



**BlueCross BlueShield
Association**

An Association of Independent
Blue Cross and Blue Shield Plans

1310 G Street, N.W.
Washington, D.C. 20005
202.626.4780
Fax 202.626.4833

BCBSA Position on Legislative and Regulatory Issues

Requiring e-Prescribing for Medicare Will Save Lives and Money

Issue: *The 2003 Medicare Modernization Act (MMA) requires that Medicare Advantage and Prescription Drug Plans establish electronic prescription (e-prescribing) programs, but physicians' use of electronic prescribing is voluntary. Adoption of e-prescribing continues to be slow: recent surveys show that only about 10% of physicians use e-prescribing on a regular basis. Yet the Institute of Medicine (IOM) reports that widespread use of e-prescribing could avoid medication errors that harm 1.5 million Americans every year – IOM estimates that the extra medical costs of treating drug-related injuries occurring in hospitals alone conservatively amounts to \$3.5 billion a year.*

Position: *As Congress prepares a Medicare package, BCBSA urges Congress to require physicians (with exceptions for certain small providers) use e-prescribing in Medicare by 2010. Requiring physicians to use e-prescribing would:*

- *Improve the quality and safety of healthcare for Medicare beneficiaries;*
- *Save the Medicare program, and importantly Medicare beneficiaries, billions of dollars over the next decade; and*
- *Help drive wider adoption of e-prescribing and other health information technologies to benefit all Americans.*

Congress Should Require Physicians to use Electronic Prescribing in Medicare:

Electronic prescribing is a powerful tool to eliminate problems with handwriting legibility and to alert providers in real time to potential adverse drug-to-drug interactions and allergic reactions.

Blue Cross and Blue Shield Plans have first-hand knowledge of these benefits through innovative programs to encourage physicians in their communities to e-prescribe. For example,

- BCBS of Massachusetts has collaborated with other health plans since 2003 to give e-prescribing hardware and software to more than 2,000 high prescribing physicians. In just one recent six-month period – January to June 2007, during which about 2.6 million e-prescriptions were sent – the drug-drug and drug-allergy interaction alerts generated by e-prescribing led physicians to cancel or change more than 50,000 potentially harmful prescriptions.
- BCBS of North Carolina has also experienced positive results. Since the inception of the program in 2006 over 1 million electronic prescriptions have been written with over 50,000 e-prescriptions being either

changed or cancelled as a result of receiving warning messages for potential drug-drug, drug-allergy or messaging the notifies the prescribing provider of less-costly therapeutic alternatives to consider.

Electronic prescribing is highly cost-effective, not only because of the savings from avoiding extra medical costs of treating drug-related injuries, but also because of increased efficiencies in prescribing.

- BCBS Plans with e-prescribing programs report that e-prescribing leads to higher generic fill rates and increased adherence to formularies. One Plan reports that e-prescribing with formulary decision support increased use of generics by 3.3%. This is important because on average, every one percent increase in the generic fill rate leads to a 1.5 percentage point savings in drug spending.
- Beneficiaries gain from increased formulary adherence. For example, members in one BCBS Plan saved \$20 to \$25 (on average) for each brand-name prescription changed to a preferred brand or generic.
- Physicians too gain from the added efficiencies of e-prescribing. Surveys have found that physicians spend an estimated 16 hours a year on the phone discussing formulary issues, and staff almost 16 hours per FTE physician on formulary issues. A recent Medicare pilot of e-prescribing found that all this time spent obtaining prior approvals, responding to refill requests, and resolving pharmacy callbacks were all done more efficiently with e-prescribing – some physician practices reported a 50% reduction in time spent on the phone.

Widespread adoption of e-prescribing should help drive greater adoption of other health information technologies, such as electronic health records (EHRs).

- Many IT experts believe that once physicians become familiar with the ease and benefits of e-prescribing, then e-prescribing will serve as a stepping stone to adoption of EHRs.
- Familiarity with e-prescribing will lower perceived barriers to EHRs because the next generation of EHRs is incorporating e-prescribing capabilities. In fact, the Certification Commission for Health IT is certifying ambulatory EHRs for e-prescribing interoperability.

The evidence is clear that e-prescribing can dramatically reduce errors and improve patient safety. BCBSA urges Congress to adopt mandatory e-prescribing as part of this year's Medicare package.

The Blue Cross and Blue Shield Association is a national federation of 39 independent, community-based and locally operated Blue Cross and Blue Shield companies that collectively provide healthcare coverage for more than 100 million individuals – nearly one-in-three of all Americans. For more information on the Blue Cross and Blue Shield Association and its member companies, please visit www.BCBS.com.