E-prescribing Standards: A Prescription for Paralysis? Medicare Excludes RxHub Formulary Protocols

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T he new Medicare Part D plans are going to have a tough time using their formularies to help physicians keep medication costs under control when the Medicare outpatient prescription drug plan (PDP) benefit begins on January 1, 2006. That is because the interim electronic prescribing (e-prescribing) standards that were established by the Centers for Medicare and Medicaid Services (CMS) on November 7 exclude the protocols of a company called RxHub. These protocols allow pharmacy benefit managers (PBMs) and physicians to exchange formulary information and patients’ medication histories.

AdvancePCS (now Caremark), Express Scripts, Inc., and Medco Health Solutions—the three largest PBMs in the U.S. (the “big three”)—formed RxHub in 2001. The RxHub standards would allow physicians, at the moment they write a prescription, to view that patient’s medication history, including any drugs currently being taken that were prescribed by other doctors, drugs that had been available in the Part D benefit, and the cost of those drugs.

“We at RxHub were disappointed,” says Rochelle Woolley, senior vice president and communications officer. “We felt that they met the burden of proof.”

There is no requirement under the new Part D benefit stating that physicians must write prescriptions electronically. But Medicare, PBMs, health insurers, and hospitals would like to see a substantial increase in the number of physicians who would be required to utilize e-prescribing, mainly because it has numerous benefits, including quality assurance, cost savings, and efficiency. As estimated by the CMS, 8% to 15% of physicians now use this method of prescribing.

Those physicians who do prescribe electronically will have to do so for their Medicare patients using the foundation standards announced by the CMS on November 7. Those standards—so called because they are considered the “foundation” of the final standards—include the following:

- National Council for Prescription Drug Programs (NCPDP) SCRIPT (electronic) version 5.0, for transactions with electronic exchanges for new prescriptions, prescription renewals, cancellations, and administrative transactions
- Accredited Standards Committee (ASC) X12N 270/271, versions 4010 and 4010 A1, for eligibility queries between physicians and Part D sponsors
- CMS designated SCRIPT 5.0, which falls between version 4.2, which physicians are now using, and version 8.1, which they will be using.

“Most people not going to make [an] interim step at 5.0,” says Mr. Rothermich. “There are going to be a lot of lost opportunities.”

The refusal by the CMS to pre-empt all state laws on e-prescribing is seen as another deterrent to wider e-prescribing. The agency did pre-empt state laws relating to e-prescribing for all Medicare patients. But this means that physicians in some states might have to use two different methods of electronic communication: one for Medicare patients and another for all other patients. RxHub, however, wanted the CMS to go further and to create national standards for everyone who receives a prescription from a physician and hands it over to a pharmacist.

Mr. Rothermich adds that the rules proposed by CMS—regarding when hospitals can donate e-prescribing hardware and software to physicians—are too narrowly drawn. These rules were published in October 2005 but have not been finalized. Physicians can accept free equipment and services related to e-prescribing as long as they are continued on page 697
necessary for establishing the functionality of e-prescribing. Equipment and services can have functionality beyond e-prescribing to a point (e.g., in the areas of billing, scheduling, and administrative tasks), as long as a substantial use of the item or service is intended for receiving or transmitting electronic prescription information.

Mr. Rothermich concludes:

All the efficiencies the hospital wants to get can’t be gained. And if you need a lawyer to determine whether hardware and software is ‘necessary’ or a ‘substantial use,’ everyone is going to be afraid to offer and accept e-prescribing accessories.