Dollars Start to Flow to Doctors For E-prescribing Efforts
But Will the Tide Reach the Pharmacies?

Stephen Barlas

Both the Bush administration and Congress apparently believe that the way to increase the feeble flow of electronic prescriptions from physicians to pharmacies is to dangle dollars in front of the docs. But a talk at a pharmacy conference in June raised doubts about whether offering money to doctors will open those floodgates.

A strategy to motivate physicians is already under way at Medicare under a plan in which some doctors will get small bonus payments this year. The Department of Health and Human Services (DHHS), which runs Medicare, announced in June that it would expand that effort in 12 communities. Each physician who participates in a pilot program could earn up to $58,000, or $290,000 per practice, over a period of five years for using electronic health records (EHRs).

Congress wants to go further by offering grants to physicians to purchase EHR hardware and software as well as for training and similar services, unhinged from any quid pro quo. These bills have been talked about for some time, to no avail. But legislative momentum is now apparent, in good part, sadly, because of Senator Edward Kennedy’s (D-Mass.) diagnosis of brain cancer. He has been a leading proponent of expanding the use of health information technology and is the prime sponsor of the Wired for Health Care Quality Act (S. 1693). He was starting to get things moving the month before he went underwent surgery. However, his illness will assuredly be an impetus for both the Senate and the House, whose bipartisan leaders of the Energy and Commerce Committee are apt to push through a version of the Kennedy bill, complete with three different, new grant programs.

Senator Kennedy had been in a race with Senator John Kerry (D-Mass.), who is pushing a different approach: the Medicare Electronic Medication and Safety Protection (E-MEDS) Act of 2007 (H.R. 4296). This bill would provide permanent Medicare funding for 1% bonuses to physicians for every e-prescription they write plus a $2,000 bonus in 2008 and 2009 to physicians who write a certain number of e-prescriptions. The bill also contains a huge proverbial sledgehammer: physicians who are not writing e-prescriptions as of January 2011 would see their Medicare payments drop by 10% automatically.

Senator Max Baucus (D-Mont.), chairman of the Senate Finance Committee, which is responsible for Medicare payments, has included the Kerry bill as an amendment in his Medicare Improvements for Patients and Provider Act, a bill to stop a 10% Medicare fee cut to physicians, scheduled to hit on July 1. There is no question that the Baucus bill, or something like it, will pass the Senate and the House. That the Kerry amendment will stay attached is a little less certain, but not by much, because it has significant bipartisan support.

But are federal dollars what physicians need in order to embrace e-prescribing more widely? Not everyone thinks so, and some key pharmacy executives who have been working long and hard on e-prescribing, which would cut pharmacy costs and errors hugely, are skeptical.

Scott Barclay, Senior Portfolio Manager of Innovation and Strategy at CVS Caremark, is one of them. Caremark is the number two pharmacy benefit manager (PBM) in the U.S. Barclay was one of the industry executives speaking at the Health Information Technology/Electronic Medical Records/Personal Medical Records (HIT/EMR/PMR) Advancing Patient Care conference that took place on June 11 and 12 in Arlington, Virginia. The conference was cosponsored by the National Association of Chain Drug Stores’ Foundation and the eHealth Initiative.

Mr. Barclay stated he wanted to challenge the assumption that federal financial incentives would crumble the barrier to physician adoption of e-prescribing. Besides the Kennedy bill, which would provide outright grants, another bill, E-MEDS, would provide Medicare fee incentives for the adoption of HIT. Despite his skepticism, Barclay said CVRx supports E-MEDS. He pointed out that Caremark’s iScribe subsidiary has given away personal digital assistants (PDAs), wireless access points, printers, installation, training, and support to physicians, plus “considerable hand holding and the take-up on that tool has been very low.” He said the cost of adoption is a “perceived” barrier and called the notion that “if we give them $200, this goes away” off the mark. He labeled the Drug Enforcement Administration (DEA) “the big problem.” That was echoed by Bob Beckley, senior vice president of alliances and product strategy with SureScripts. Mr. Beckley said that the DEA prohibition forced pharmacies to keep two systems: a paper system for level 3 to level 5 controlled substances—which account for about 20% of all prescriptions, according to the American Medical Association—and an electronic system for everything else. That dual system is very costly to pharmacies.

Kimberly Ann Hodgkinson, Director of Finance, Compliance, and Information Systems for Aurora Pharmacy, Inc., a large health system in eastern Wisconsin, had another explanation for physician resistance to e-prescribing. She acknowledged that 75% of the prescriptions written by the 1,000 physicians within the Aurora network are electronic, but they account for only one-third of the total prescriptions flowing into Aurora’s 130-plus retail pharmacies. As for the abysmal e-prescribing rate for physicians outside the Aurora network, she said:

“We have guys two years from retirement. They don’t want to use a computer.”

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