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## EPRESCRIBING PERSPECTIVES

May 24, 2005 Edition

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#### 1. HHS Announces Intention to Relax Stark Laws

According to the May 16 issue of Health Data Management Weekly, the Department of Health and Human Services (HHS) expects to publish proposed rules that would enable organizations to assist physicians in adopting ePrescribing for the Medicare, Part D drug benefit program. The source is HHS's semiannual regulatory agenda.

The proposed ePrescribing rules expected this month, would create an exception to laws restricting physician referrals to health care entities with which they have a financial relationship. A proposed "safe harbor" rule is expected in August. It could enable other organizations to help physicians offset the costs of ePrescribing technology, or even make payments directly to physician groups. (Imagine a group practice being reimbursed for compliance programs, for example.)

An HHS official communicated to POCP their intention to relax Stark laws early last year, as was reported in the February 2, 2004 issue of ePrescribing Perspectives.

Is this good for ePrescribing? Well, in 2004, WellPoint invested \$40 million in a program in which it offered physicians the choice of a computer or ePrescribing system. Most physicians chose to accept the computer and WellPoint realized minimal return on investment. Some of the computers reportedly were given to physicians' children. Stark doesn't prohibit plans who contract directly with physicians. But the lessons learned can apply if more entities can provide software/hardware to physicians.

Let's hope we learn from WellPoint's mistake. (By the way, such mistakes had been made before. It's unfortunate that its obviously highly paid advisors didn't have the benefit of those lessons learned.)

If you represent an entity that may soon have the Stark "shackles" removed, take into account lessons learned before proceeding with a program.

Let POCP know if we can help you think through your strategy.

#### 2. Bridges to Excellence Announces New Pay-for-Performance Initiatives

On March 28, Bridges to Excellence (BTE) announced a series of major new pay-for-performance (P4P) initiatives covering well over 2 million people. BTE is a coalition of health care stakeholders.

According to a BTE press release, the Centers for Medicare and Medicaid Services (CMS) is collaborating

with BTE on the P4P components of the Medicare Care Management Performance demonstration project, which will involve hundreds of physicians in Arkansas, California, Massachusetts and Utah.

In addition, United Healthcare, CIGNA and Carefirst BlueCross BlueShield have licensed the BTE P4P model, as have four coalitions - one in Arkansas and Colorado, respectively, and two in Illinois. The American Academy of Family Physicians has endorsed the program.

Among other things, BTE financially rewards physicians who make health care information technology investments. This year, BTE told POCP it would be rolling out version 2.0 which will reward physicians for using technology.

We strongly endorse financial incentives for use and are encouraged that so many organizations are licensing BTE programs. There's no need to recreate the wheel.

That said, we've spoken with physicians involved in the BTE program and looked at it relatively closely. BTE has shortcomings. However, we have gotten to know the people responsible for the program and are confident they are listening. An example is its v2.0 incentive for utilization.

However, in the Medicare Prescription Drug and Modernization Act of 2003 (MMA), Congress advanced a concept of rewarding physicians for such outcomes as improved formulary compliance, greater rate of generic prescribing and fewer medication errors. At least one health plan - WellPoint (Anthem) Northeast - has a program wherein a physician can earn up to a 6% increase in reimbursement for greater generic prescribing.

There are other ideas floating around the payer world and we're aware of some of them. Let us know if we can assist you in thinking through your pay-for-performance program. We can help with the "build vs. buy" decision, as well as what comes after that.

### 3. News and Announcements

There has been a great deal of activity since our last issue. Consider the following:

- On May 19, the Centers for Medicare and Medicaid Services (CMS) updated its Web site with additional responses to the Medicare, Part D proposed ePrescribing rules. In the April 14 issue of ePrescribing Perspectives, we reported that 100 responses had been received, but that they hadn't been posted on the Web site. You can now peruse them all at <http://www.cms.hhs.gov/regulations/ecomments/commentspage.asp>.
- On May 17, Ramp Corporation (AMEX: RCO) announced that it has joined the BlackBerry ISV Alliance program to deliver the HealthRamp CarePoint electronic prescribing solution for the BlackBerry wireless platform.
- On May 16, charge capture leader MedAptus announced that Zix Corporation's PocketScript is now available through the MedAptus solution suite.
- On May 14, the winners of the Toward an Electronic Patient Record (TEPR) ePrescribing "bake-off" were announced. First place went to eClinicalWorks, an electronic health record company that does not sell ePrescribing separately. Second place went to last year's winner, DrFirst. Allscripts was third. There were some 15 applicants. POCP managing partner Tony Schueth was a judge.
- On May 12, SureScripts announced an agreement with Epic Systems' EpicCare EMR. SureScripts is a leading ePrescribing connectivity company and Epic is a leading electronic medical record (EMR) company.

- On May 12 in the Spring issue of SureScripts' newsletter, the company introduced an interactive map with state-by-state ePrescribing regulatory environments. You can see it [www.surescripts.com](http://www.surescripts.com). As of that issue, SureScripts considered 41 states as "good to go" for ePrescribing.
- On May 11, Ramp Corporation announced that it has signed an agreement with Nexsys to market the HealthRamp CarePoint suite of technologies to its client base of more than 300 physicians. CarePoint will be seamlessly integrated into Nexsys's electronic medical record.
- On May 11, Rep. Tim Murphy (R-PA) and Rep. Patrick Kennedy (D-RI) announced legislation intended to increase the use of information technology to improve quality, safety, efficiency and coordination of health care. The act provides grants and other benefits to regional health information organizations (RHIOs). ePrescribing is an initial RHIO rollout strategy. RHIOs are also expected to support technology needs in small physician practices.
- On May 10, Allscripts announced that it has the first electronic health record to integrate with the Interactive Health Record (iHealthRecord). The iHealthRecord is a multiyear effort led by Medem, a leading physician-patient communication network founded by leading US medical societies.
- On May 10, Companion Technologies and InstantDx announced an initiative to disseminate the next generation of ePrescribing services to physician practices. Companion Technologies makes electronic medical record and practice management systems, respectively. InstantDx is the developer of the ePrescribing system OnCallData.
- On May 3, Wayne State University Physician Group (WSUPG) said that it has selected NextGen's electronic medical record software. According to an article in AIS Today in eHealth Business, a major feature was NextGen's medication module, which checks new prescriptions against a patient's medications and allergies to help prevent interactions and medication errors. Once complete, prescriptions are generated and printed or faxed directly to the pharmacy. Access to this module will allow WSUPG to participate in the Southeast Michigan ePrescribing initiative.
- On April 22, Strategic Research Institute announced a conference entitled, "Medicare Part D: Ramifications for the Pharmaceutical Industry at the Corporate and Product Levels." Mark McClellan, MD, PhD, will keynote the conference. One of the topics will be the potential impact of ePrescribing.
- On April 20, ScriptIQ announced that LA Care Health Plan, the nation's largest public health plan, has chosen the company's formulary build, prescribing and communication tools. ScriptIQ is a Seattle-based company that provides Web-based formulary management, prescribing and physician connectivity tools to health plans and their medical group partners.
- On April 18, Horizon Blue Cross Blue Shield of New Jersey joined with Caremark Rx to encourage physicians to use the iScribe electronic prescribing technology. Horizon will spend \$3 million to encourage physicians to use iScribe. The initiative targets 700 physicians.
- On April 4, Ramp Corporation (AMEX: RCO) filed an 8-K to acquire the first natural speech ePrescriber from Han Pharmacy Solutions, LLC. The product, described in the April 24, 2004 issue of ePrescribing Perspectives as Scriptaphone (<http://www.pocp.com/2004april14.htm>), has the potential to accelerate adoption and ease of use. (Editor's note: we missed this one in the last issue.)

#### 4. Why ePrescribing Stakeholders Should Care About NCPDP

by Tony Schueth, Editor-in-Chief

A client recently asked me what NCPDP was and why I was going to its latest meeting.

The National Council for Prescription Drug Programs (NCPDP) is a health care standards development organization. For ePrescribing, I believe it is the most relevant.

On February 4, 2005, the Centers for Medicare and Medicaid Services (CMS) published proposed Medicare Prescription Drug and Modernization Act of 2003 (MMA) Part D ePrescribing rules. In the notice of proposed rule making, it proposed five "foundation standards." Of those, four are NCPDP's. Because the MMA is the strongest driver of ePrescribing today, that matters.

Some may argue that another standards development organization, HL7, is more important to ePrescribing in the long run. The reason: a lot of professionals believe that ePrescribing embedded as part of an electronic medical record (EMR) is the future of ePrescribing. We agree it will be a key part of it. HL7 is home to many of the standards that allow an EMR company to exchange information with other data sources, such as practice management and hospital systems. Because HL7 is more prominent in EMRs, they reason, it is more important to ePrescribing. Both are germane, but NCPDP is more so. Here's why.

NCPDP is the home of the SCRIPT standard, the transaction that allows a software system to transmit prescriptions electronically to a pharmacy or to receive and respond to renewal requests. This ability is critical to the ePrescribing value proposition to physicians and, therefore, to any ePrescribing stakeholder.

At the behest of the MMA, the National Committee on Vital and Health Statistics (NCVHS) held hearings on ePrescribing. NCVHS recommended SCRIPT (vs HL7's pharmacy orders) as the electronic prescription standard because 85% of retail pharmacies are already using it.

The industry has undertaken writing a "cross-walk" between SCRIPT and HL7 pharmacy orders so that discharge prescriptions can be transmitted electronically to the appropriate retail or mail-service pharmacies.

Another NCPDP "foundation standard" is Telecommunication for eligibility between the retail pharmacy and payer. A HIPAA-named standard, Telecommunication is the prescription claim transaction. It is responsible for billions of transactions, multibillions of dollars of commerce and the drug dispensed data on which a number of health care entities make critical decisions.

The final two NCPDP "foundation standards" are Medication and History and Formulary and Benefits. Their roles are self-explanatory.

As reported in the past, we do not know the nature of the 2006 ePrescribing pilots; however, we have some hints from NCVHS letters to HHS on ePrescribing. We anticipate that at least half are NCPDP's.

So, as an ePrescribing stakeholder, NCPDP is an organization you'd be wise not to ignore. As I've said many times, the best-case scenario is that you get actively involved. However, there are actual and opportunity costs to doing so, and consensus-driven standards development can be a slow and frustrating process. If you're not in a position to be at the four workgroup meetings, you should find a way to monitor activity and the potential impact it could have on you.

If you'd like some advice as to how to get involved, let us know. If you're interested in us helping you monitor NCPDP (or HL7, X12, WEDI, eHI or HIMSS), please let us know that, as well.

## Notice of Nonpublication

Please note that POCP will not be publishing an issue of ePrescribing Perspectives in June. Our next issue will be distributed in July. We look forward to continuing publication at that time.

## ABOUT US

Point-of-Care Partners, LLC is a growing eHealth consulting firm with active practices in ePrescribing and regional health information organizations (RHIOs). We help organizations develop and execute winning strategies based on lessons learned, current trends and key drivers.

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