E-prescribing and IT Standardization: A Payer Perspective

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Agenda

- **WellPoint Quality & Technology Program**
- **Lessons Learned**
- **Standards Recommendations**

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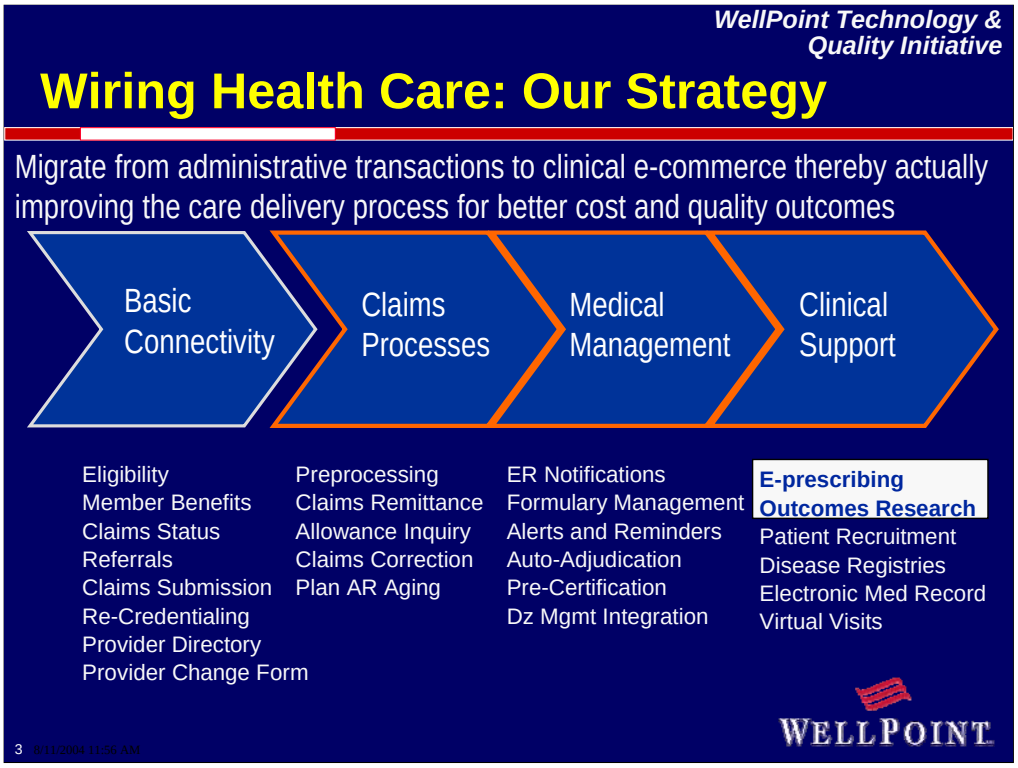

WellPoint's e-commerce strategy is evolving from a strategy focused on administrative transactions into a strategy which includes support for clinical e-commerce solutions.

These solutions are critical to the future success of WellPoint due to our increasing business need to measurably improve care quality while measurably reducing the cost of care. Clinical solutions such as e-prescribing and electronic health records offer a viable mechanism to achieve both.

WellPoint Technology & Quality Initiative

$42 Million in Technology Packages

- **The Prescription Improvement Package :**
- **A hand-held electronic prescribing unit with Microsoft software for electronic processing of prescriptions**
  - **Includes a wireless handheld PDA, a wireless access point and a one-year subscription to an E-prescribing service**
  - **Physicians able to use this system to write prescriptions and have them automatically faxed to pharmacy of patient choice**
  - **Physicians can improve the quality of care and safety for all of their patients independent of the patients' health plan relationship**

- **The Paperwork Reduction Package:**
  - **This is targeted toward physicians who are not making full use of information technology or the Internet on a daily basis**
  - **Includes a fully loaded professional grade Dell computer, with Pentium 4 processor, Microsoft Windows XP operating system, Dell laser printer and Internet connection**
  - **The system will provide the basic PC infrastructure for using our web based ProviderAccess tool allowing on-line communication along with electronic data interface (EDI) allowing the paperless submission of claims**
  - **The use of ProviderAccess and EDI will expedite member eligibility and claims administration and improve communications**

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WellPoint has invested $42 million in pursuing these objectives through the deployment of either a technology package focused on basic internet access and support for basic administrative transactions or a technology package focused on improving the practice of medicine through an e-prescribing solution.

WellPoint Technology & Quality Initiative

Rationale to Invest:

Recent technical advances increased our interest in clinical focused E-Commerce:

- Maturity of mobile, wireless technology & PDAs
- Handwriting recognition
- Growing maturity of application service provider (ASP) based
- Security advances

The prescription writing process has a significant opportunity to improve care quality and reduce care costs

- Center for Information Technology Leadership (CITL) reports > 8.8 million ambulatory based adverse drug events (ADEs) occur each year of which over 3 million are preventable.
- CITL estimates savings from avoidance of ADEs greater than $2 billion nationally; potential total savings of $44 billion
- E-prescribing could prevent 1.3 million provider visits, 190,000 hospitalizations, and 136,000 life threatening ADEs per year

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As above

Rationale to Invest: Pilot Successes

Recent studies indicate E-prescribing has value:

Kaiser Permanente	• Mid Atlantic region reported 35% of physicians who receive a drug alert make a change in their prescription
CAQH	• Studied 100 physicians for 1 year indicated 1 out of 73 prescriptions were cancelled or changed due to due to warnings of a drug interaction or allergic reaction
Tufts University	• E-prescribing pilot reported 30% fewer phone calls from pharmacists resulting in improved office efficiency • 50% of survey respondents reported switching to a preferred drug therapy when prompted
CGEY	• CGEY reported health plans may save $0.75 - $3.20 per prescription

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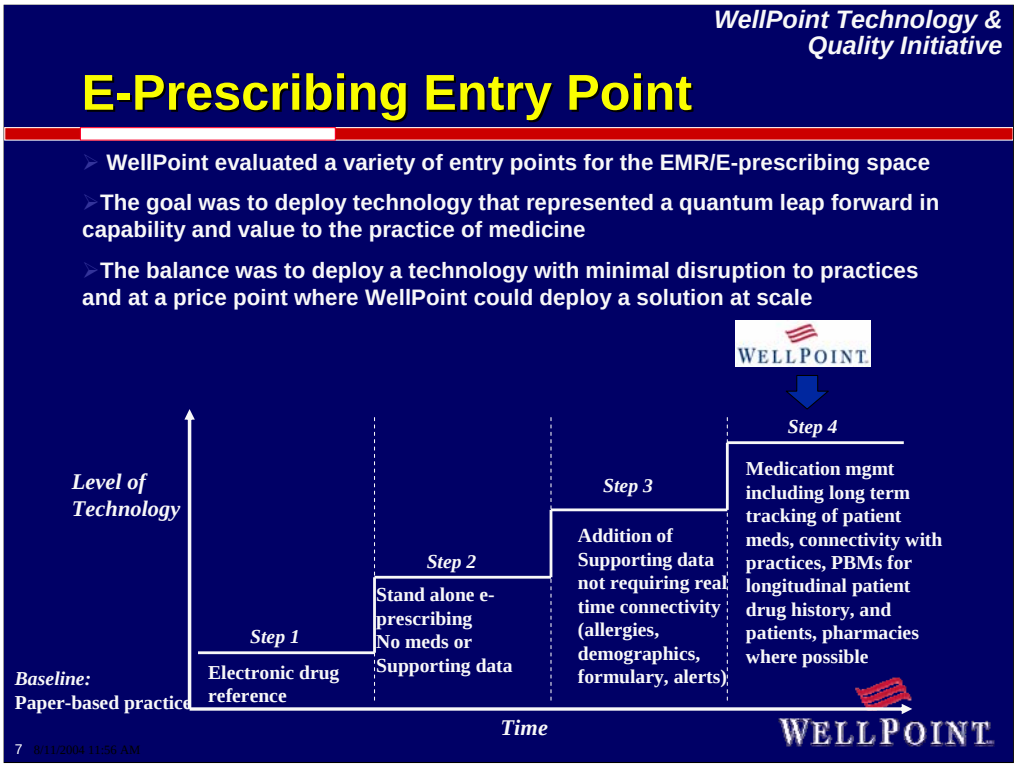

There are a variety of entry points that a health plan can use in trying to establish an e-prescribing program as described above

The Approach: Seed the Market

- **WellPoint to make a sizable investment in the E-prescribing market space in order to create market demand and encourage other health plans to follow suit**
  - **Primary problem to be addressed: lack of infrastructure**
  - **Anticipated impacts: Competitive parity will force other health plans on board or to launch similar efforts**
  - **WellPoint maintains first to market and certain key advantages**
- **Microsoft presence key to success**
  - **Microsoft provides a level of sophistication and support that small vendors in space could never provide**
  - **Working with local physicians and physician groups key to overall success as the in office implementation remains the greatest project risk**

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Physician Selection

- The criteria used was member office visits
- The office visit criteria helps assure that the initiative benefits the greatest number of WellPoint members and will have the most significant impact
- WellPoint expects that the highest concentration of eligible physicians will be in primary care specialties
- The initiative will distribute approximately 19,000 technology packages to network physicians (in good standing) in California, Georgia, Missouri, and Wisconsin
- The selected physicians' member encounters are projected to represent 75% of the Blue Brand companies office visits

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Measures of Success

Advantages can be measured by:

- Following formulary compliance, mail-order, and generic utilization*
- Following administrative expenses and call statistics
- Reductions in admissions or ER visits due to adverse drug events
- Utilize HealthCore (WellPoint's outcomes research company) for research studies on effect of E-prescribing initiative

*NOTE: 1% increase in generic utilization = substantial decrease in total drug utilization costs

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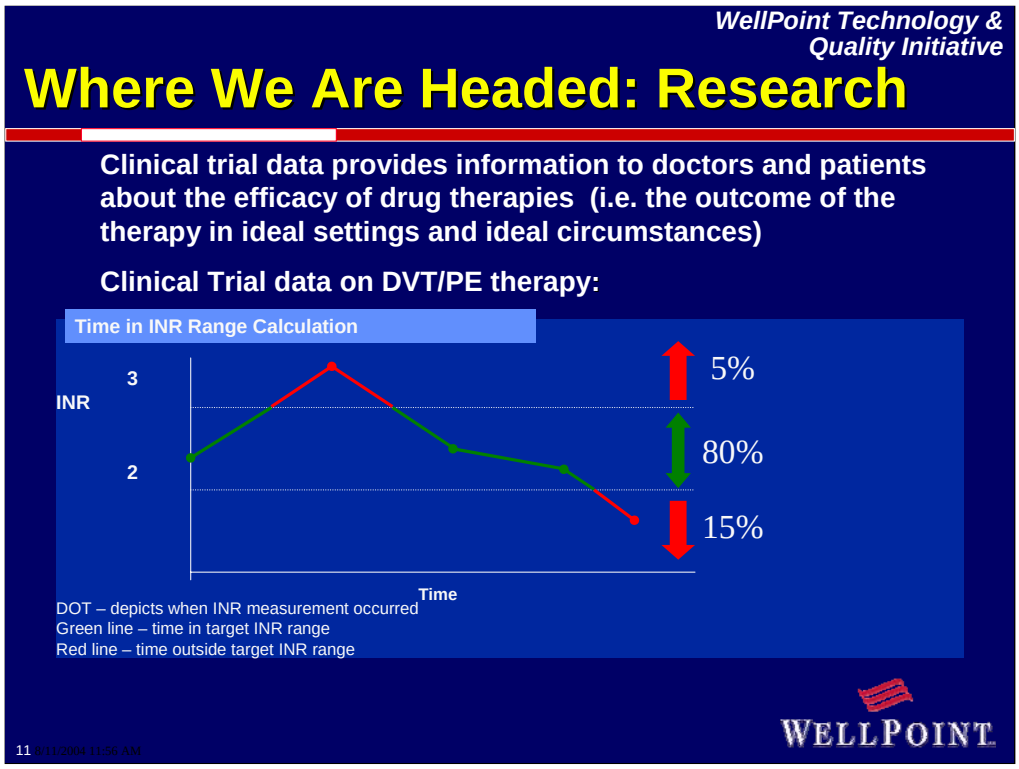
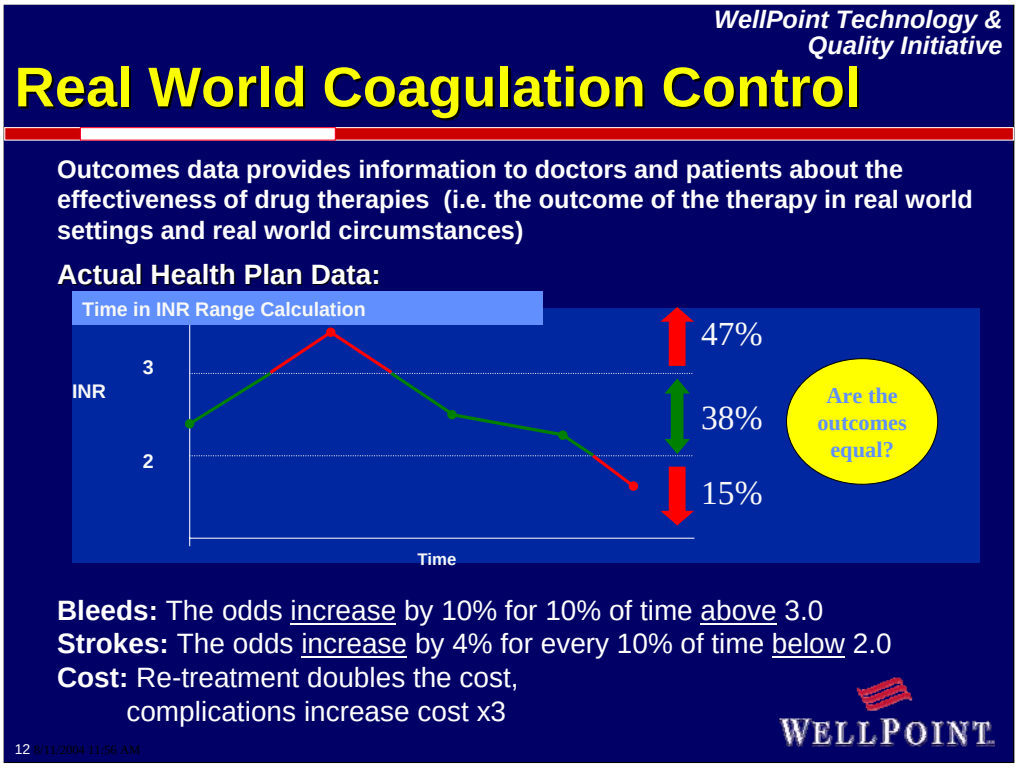


A common clinical problem known as a DVT or deep venous thrombosis causes a complication known as a pulmonary embolism or PE. This condition arises when a blood clot develops inappropriately in the leg of a patient. The risk is that the blood clot can break off and travel to the heart and lungs and obstruct blood flow. This obstruction can result in significant disability or even death.

A simple treatment is currently available: blood thinning. Heparin and/or warfarin are drugs that interfere with the blood's ability to clot and dissolve the blood clot in the leg. The trick to the treatment is keeping the blood clotting in the right range. If the blood is too thin or does not clot at all, the patient may suffer complications including intra-cerebral hemorrhages (bleeding in the brain) which can also cause disability or death. If the blood is not thin enough, the clot does not dissolve and the patient must be re-treated.

Clinical trial literature indicates that physicians are able to keep the bleeding time in the appropriate range 80% of the time. But what happens in the real world with real world patients and real world doctors?



A review of a Blue plan data sets indicated that physicians who are not in a clinical trial or academic medical center environment, do not have nearly unlimited resources, and do have patients with other co-morbidities and compliance issues are only able to keep the bleeding time in the appropriate range 38% of the time and worse still, almost 50% of the time the bleeding time was too high. The consequences are an increased likelihood for treatment complications, treatment failures, and increased costs.

WellPoint's outcomes research division, HealthCore, performs this type of analysis on the practices of our network physicians on a regular basis. It is these types of studies (outcomes research that evaluates treatment performance in the real world) which will be the true vehicle to reduce the cost of care and improve the quality. The old adage "if you can't measure it, you can't manage it" applies here. It is these studies which WellPoint health plans will use to guide our medical management interventions.

Agenda

- WellPoint Quality & Technology Program
- **Lessons Learned**
- Standards Recommendations

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Common Physician Questions

- How big a commitment am I making if I implement e-prescribing?
  - Can it be implemented during office hours while patients are still being seen
  - How many installs can be done remotely without any staff visiting site
  - What level of support and cooperation is required of physician and office staff
- Sample responses:
  - Requires filling out an initial form (30 minutes to 1 hour of staff time), scheduling time to work with the software vendor to complete in-office installation (time varies), and initial training and follow up (initial 1 hour training with follow ups)

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Common Physician Questions

- How can I be sure information is current in the system?
- Sample responses:
  - Upgrades occur behind the scenes without staff or user involvement
  - Direct interface to health plan formularies for many health plans and especially for all WellPoint Pharmacy Management members
  - Direct interfaces to PBM claim systems enables near real- time checking of patients' medication history
  - Industry standard databases used (First DataBank) for listing of all available drugs and logic to detect drug-drug interactions

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Summary of Lessons Learned

- **E-prescribing is not high on most physicians' radar screens**
  - **Significant gulf between literature reports and our actual experience**
- **Office managers do not understand nor value E-prescribing**
  - **Reaching the actual physician requires a thoughtful approach**
- **Free is not cheap enough**
  - **Significant percent of physicians were concerned with price after 1 year**
- **Significant concerns with a health plan delivering a clinical IT solution exist in the physician community**
  - **High levels of distrust in physician community that a payer could or would or should be involved with clinical information technology solutions**

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Summary of Lessons Learned

- **Deployment of a mobile solution is complicated, time consuming**
  - **Deployment of wireless access points, mobile devices is a process, not a product**
- **Nearly all vendors are not ready for large-scale implementations; they are accustomed to 100s of physician deployments; not thousands**
  - **In order for this initiative to pan out, a robust EMR and E-prescribing marketplace is needed but does not exist**
- **PDAs are still not sufficiently robust for physician interest and objectives**
  - **Watch for integration of PDAs with 802.11 wireless and seamless cell phone network access for continuous, geographically broad network access**
  - **Notebook / tablet PCs may offer a more compelling solution**

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Challenges to the Vision

- **TECHNICAL**
  - **Patchwork of legislation, regulation, and standards-setting groups**
- **PROFESSIONAL**
  - **Provider reluctance to invest without guarantee on return**
- **FINANCIAL**
  - **Adequate capital necessary for investment**

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Interoperability Standards

- Electronic data exchange is necessary to improve quality and reduce costs
- Interoperability standards on how and what data is collected will enable system compatibility
- To get to those standards stakeholders need to define the process and scope
- NCVHS leading process on e-prescribing

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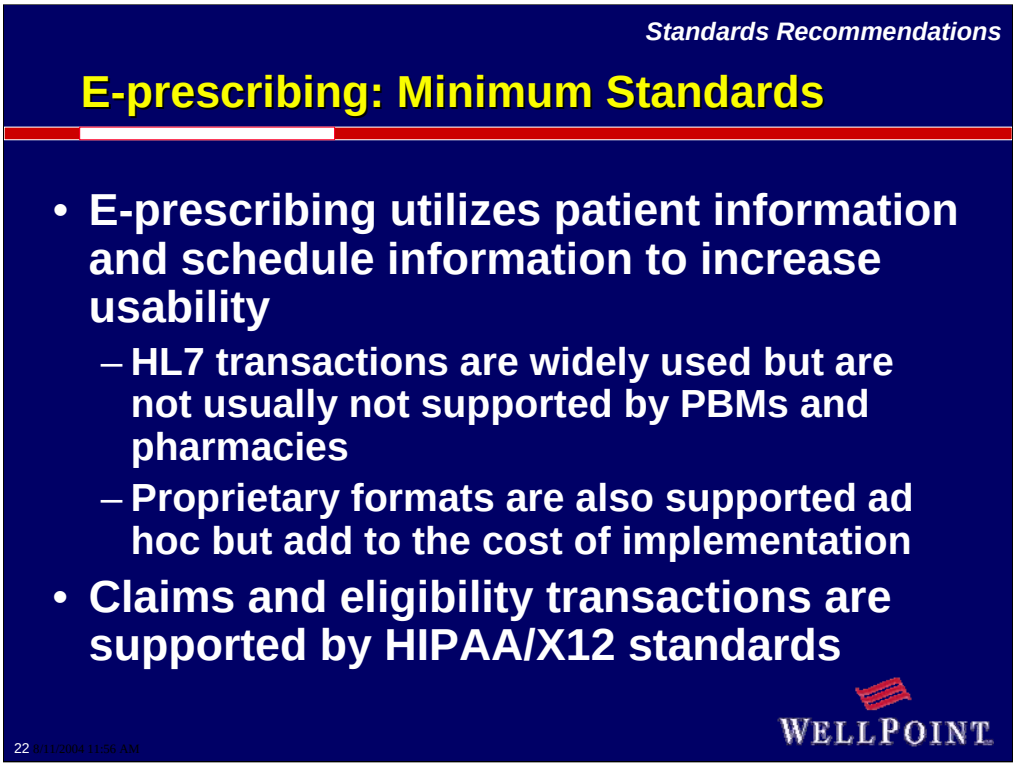
– There is a sufficient standard to support eRx – this is the NCPDP[1] standard to facilitate two-way communications between the prescriber and pharmacy. This standard covers new Rx, refills, and change requests through EDI and is intended to support real-time operation.
– The following are needed to better support the eRx basic transactions (note – these are NOT a limitation of the NCPDP standard):
    - Physician Identifier: DEA number is not supported as an identifying entity
    - Member EHR: this includes a unique identifier to precisely qualify an individual for eRx-related transactions and other types of healthcare transactions
    - Health Plan (Payer) identifier: a single, unique standard for health plan identification

[1] National Council for Prescription Drug Programs



– It is important for standards to exist in the public domain and HL7, being a member-supported not-for-profit organization, helps to meet this need.
    - HL7 is one of several ANSI -accredited Standards Developing Organizations operating in the health care arena.
    - HL7's domain is clinical and administrative data and exists to define a standard for the exchange of information among health care applications.
    - HL7 is a mature organization focused on the interface requirements of the entire health care organization.
    - HL7 works to continuously develop a set of protocols in a manner that is both responsive and responsible to its members.
– In the current eRx scenario, HL7 plays an important role in the POMIS-eRx interface to load patient demographics and schedule information. This is a facilitator to adoption as it supports increased eRx capability (scheduling and patient information updating).
– The problem is that HL7 is usually not supported by PBMs and pharmacies.
– HIPAA/X12 transactions for eligibility, while not directly involved in the eRx process, are also important for eRx adoption.

– True adoption of eRx needs to be part of a comprehensive plan for eHealth. The facilitator of this will be a complete electronic health transaction and data interface infrastructure. The following are areas in which standards are needed to drive this vision of eHealth:
    - EHR
    - Disease Management/Care Management
    - Clinical Decision Support
    - Clinical Trials
    - Orders and results
    - Call Center
    - Consumer healthcare information
– In some cases, standards work isn't specific to a particular application and rather is a general-purpose standard. One important example of such a standard is CCOW or Clinical Context Object Workgroup. CCOW is a vendor independent standard developed by the HL7 organization to allow clinical applications to share information at the point of care. CCOW allows information in separate healthcare applications to be unified so that each individual application is referring to the same patient, encounter or user.
– A good example of where this would be useful is integration of eRx with LabCorp orders. CCOW enables the ability of two applications (eRx, lab orders) to integrate patient information.

Interoperability Standards – Process

- Convene an independent advisory group consisting of government, clinician, health plan, hospital and IT vendor representatives
- Give each participant equal weight
- Create public-private partnerships to pilot test proposed standards and new technologies
- Establish implementation framework flexible enough to ensure functional standards

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Interoperability Standards – Scope

- **Standards for content, function, clinical information, and communication are essential to:**
  - **Electronic medical records**
  - **E-prescribing (see previous slide)**
  - **Disease/care management**
  - **Clinical decision-making**
  - **Eligibility / Benefit determination / Real time claims adjudication and payment**
  - **Public health service reporting**

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Interoperability Standards – Private Sector Role

- **The private sector role is to develop incentive structures that promote IT implementation, e.g.**
  - **Physician pay-for-performance**
  - **Limited provider payment increases unless IT is adopted**
  - **Prompt payment relaxed for paper claims**
  - **Consumer rewards for using IT-capable providers**

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REQUIREMENTS FOR E-PRESCRIBING STANDARDS	What Standard/Code Set can meet this Requirement?	Do You Use this Standard?	Is Nationwide adoption of this standard necessary?
A. Ability to provide information to prescribing health care professionals and dispensing pharmacies & pharmacists:			
1. Electronic transmittal of the prescription:	NCPDP SCRIPT	No	Yes
(a) Prescriber Identifier Code Set	√		
(b) Pharmacy Identifier Code Set	√		
(c) Packaged Drug Code Sets	√		
(d) Drug Ingredient Code Sets	√		
2. Electronic transmittal of information on eligibility and benefits including:	None		
(a) Drugs in the applicable formulary	None		
(b) Any tiered formulary structure	None		
(c) Any requirements for prior authorization:	None		
(1) Requirement message to prescriber	None		
(2) Prescriber request message for authorization	None		
(3) Response to prescriber's request	None		
(4) Pre-authorization message to pharmacy	None		
(d) Information on the prescribed drug and other drugs within the medication history:			
(1) Drug to Drug Interactions			
(2) Warnings or Cautions			
(3) Dosage Checking against Patient's Weight			
(4) Dosage Checking against Patient's Age			
(e) Information on Lower Cost Drug/Therapy Alternatives			
B. Ability to Provide Electronic Transmittal of Medical History Information			
1. Drug to Allergy checking:			
(a) Standard for checking			
(b) Standard for sending the results			
2. Drug to Lab Test checking:			
(a) Standard for checking			
(b) Standard for sending the results			
3. Other information from Electronic Medical Records			
C. Electronic Signature Capabilities			

The Law also asks that each standard/code set support these additional requirements.

*** Please fill in a separate spreadsheet for each standard/code set that you identified in the 'Basic Requirements' spreadsheet.**

	NAME OF STANDARD/CODE SET: _____	COMMENTS
	Does this standard/code set support the following characteristics…	
1	**Improves…**	
a	Patient Safety	
b	Quality of Care/Improved Patient Outcomes	
c	Efficiency (including cost savings)	
2	**Does not present an undue administrative burden on prescribers and pharmacists**	
3	**Is compatible with other standards including…**	
a	RxNorm	
b	NDFRT Codes for:	
	(1) Representations of the mechanism of action of drugs	
	(2) Physiologic affects of drugs	
c	FDA Codes for:	
	(1) Ingredient Names	
	(2) Manufactured Dose Forms	
	(3) Package Types	
d	Part C of title XI (HIPAA?)	
e	Subsection (b)(2)(B)(i)?	
4	**Permits electronic exchange of drug labeling and drug listing information maintained by FDA / NLM**	
5	**Includes quality assurance measures and systems referred to in subsection (c)(1)(B): "… to reduce medication errors and adverse drug interactions and improve medication use."**	
6	**Permits patient designation of dispensing pharmacy, so there is…**	
a	No change in patient benefits	
b	No prescription drug plan constraint of electronic access to/from pharmacies	
c	No differences in benefits or payments based on the dispensing of a part D drug	
7	**Complies with HIPAA Privacy Regulations**	
8	**Supports interactive and real-time transactions**	