eValue8 and Health IT

The eValue8 RFI is an effective tool for driving the health plan market to address purchaser expectations

eValue8 has had health IT elements sprinkled in various sections in the past

New for 2005 – the RFI will highlight health IT elements in a separate section to raise the visibility and communicate increased focus and importance of this topic

eValue8 and Health IT cont'd

The Health IT section of the RFI is still in development but will likely address:

- ePrescribing

- Adoption of national data standards

- Investments in web-based information and transaction systems to improve administrative and clinical efficiency and to empower members to improve their health care choices

- Personal Health Record functionality for members

GM Health Care Initiatives
e-Prescribing

Agenda

- GM Background

- Current Options

- SEMI Initiative

- Connecting the Dots

- Conclusions

GM Background

Background
…what's unique about General Motors?

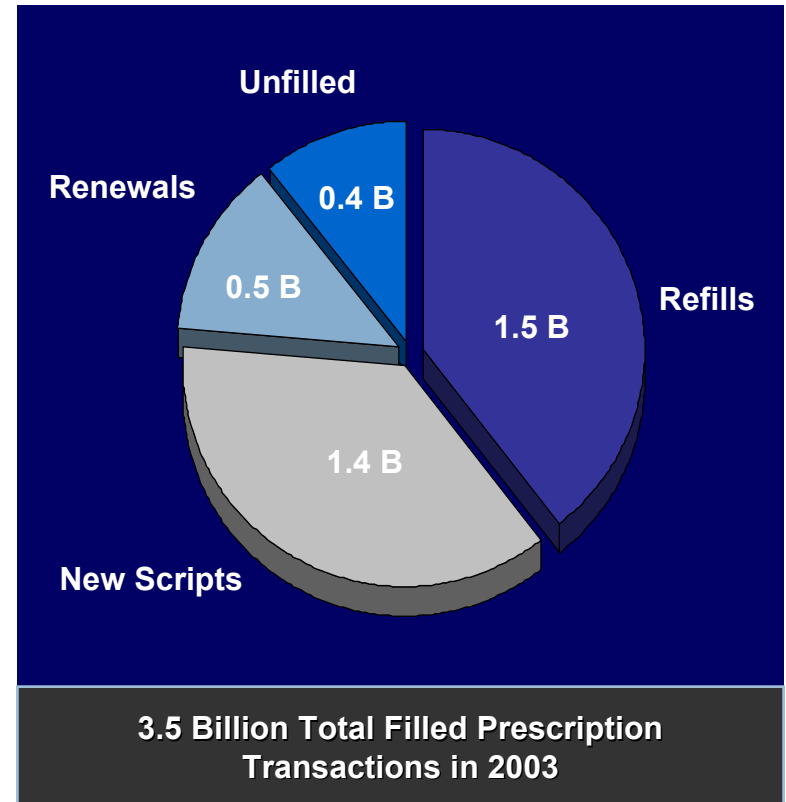| Demographics	Rx Protocols
Largest private purchaser of health care in U.S.	Rx Plan Design
Number of Enrollees 1.1M	Mail Order
Health Care Spend $4.8B	Coverage Criteria
Retiree/Active Ratio 2.4:1	Utilization and Efficacy
Annual Drug Spend $1.3B	**Community Outreach**

Community Initiatives

……a few examples

- Drive patient safety efforts

- Reduce waste and inappropriate care in the delivery system

- Encourage appropriate care and appropriate use of prescription drugs
  - Misuse, underuse and overuse
  - Expand generic usage

- Promote wellness and disease prevention

Increasing Pharmacy Trends
….one area of GM's healthcare focus

- 823 million visits to physician offices in 2000[1]

- 4 out of 5 patients who visit a physician leave with at least one prescription[2]

- 65% of the US population use a prescription medication each year[3]

- Over 3 billion prescriptions are dispensed each year[4]

- The number is expected to rise to 4 billion by 2006[4]

Unfilled 0.4 B
Renewals 0.5 B
Refills 1.5 B
New Scripts 1.4 B

3.5 Billion Total Filled Prescription Transactions in 2003

1) Pastor PN et.al. chart book on trends in the health of Americans. 2002. National Center for Health Statistics. 2002.
2) The chain pharmacy industry profile. National Association of Chain Drug Stores. 2001.
3) Agency for Healthcare Research and Quality. MEPS Highlights #11: distribution of health care expenses, 1999.
4) NACDS estimates

CURRENT OPTIONS

Patient Safety
…the cost of preventable adverse drug interactions?

- Limited access to a patient's comprehensive medication history contributes to medication errors and adverse drug events (ADEs), exacerbated by complex interactions among health care providers, patients, and medications

- The cost of ADEs are high in <u>human</u> and <u>financial</u> terms. Patients can suffer irreversible injury, permanent disability, or death

- Medication errors account for over 7,000 deaths annually (in and out of the hospital). Between 1-3% of hospital admissions are attributed to medications errors

- National hospital expenses to treat patients who suffer ADEs are estimated at $1.56 - $5.6 B per year

Source: Institute for Safe Medical Practices
Centers for Medicare and Medicaid Services (CMS)
National Health Expenditure Report

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Healthcare Information Technology
.....we support the paradigm shift

Current Paradigm	Desirable Environment

Current Paradigm

- Physician can prescribe a medication without the comprehensive patient history

- We can do what's been done before.......status quo

- Contend with the limited infrastructure to help clinicians

- Results in treatments that are…
  - Redundant, ineffective
  - Potentially dangerous

Desirable Environment

- Computerized patient records in every clinicians office

- Interoperable systems—secure connectivity across providers: physicians, payers, pharmacies

- Information available at the point of care for critical decision making

- Consumers have access to information to manage and access their own health care needs.

HIT Rationale
….why e-Prescribing?

- Improve efficiency of care and patient experience by making insurer formulary information available at the point of prescribing

- Systems are available, cost of adoption and use is low, and they result in physician office workflow efficiencies, particularly for repeat prescriptions

- Improve quality and safety by:

  - Eliminating legibility problems

  - Reducing the occurrence of drug interactions, dosage errors, and other adverse effects

e-Prescribing
…our view of the minimum specifications

Physician office adopts and uses an electronic system which includes <u>all</u> of the following:

- Decision support based on drug reference information

- Decision support which draws from a patient-specific database which includes age, weight, medications prescribed by that office, diagnoses, allergies, specified lab results, and electronically-available formulary information

- Printing of a paper prescription or its NCPDP-compliant electronic transmission to the pharmacy

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SEMI e-RX INITIATIVE

Electronic Prescribing

…why is GM interested?

…e-Prescribing is consistent with our community outreach objectives

Doctors and Health Plans

- Reduces potentially harmful drug interactions <u>before</u> the prescription is submitted

- Lowers overall prescription costs due to increases in the use of generics and preferred drugs

- Ability to deliver prescriptions digitally, eliminating legibility errors

- Point of care eligibility and COB reduces third party liability, time for reconciliation

Pharmacy

- Reduces pharmacy calls to physicians due to inaccuracies by 30%

- Expedites prescription refill process

- Reduces patient wait time at the pharmacy

- Encryption ensures confidentiality

- HIPAA compliant

SEMI ePrescribing Initiative
…why here and why now?

Alignment of Employers & Payers

- Endorsement by GM, Ford, Daimler-Chrysler

- All Regional Health Plans

- Next generation of "coordinated Rx care"

- Attractive clinical and financial drivers

Alignment of PBMs

- RxHub coverage is 3.5 MM lives in SE Michigan, approximately 65% of market

Alignment of System Vendors

- Strong vendor community

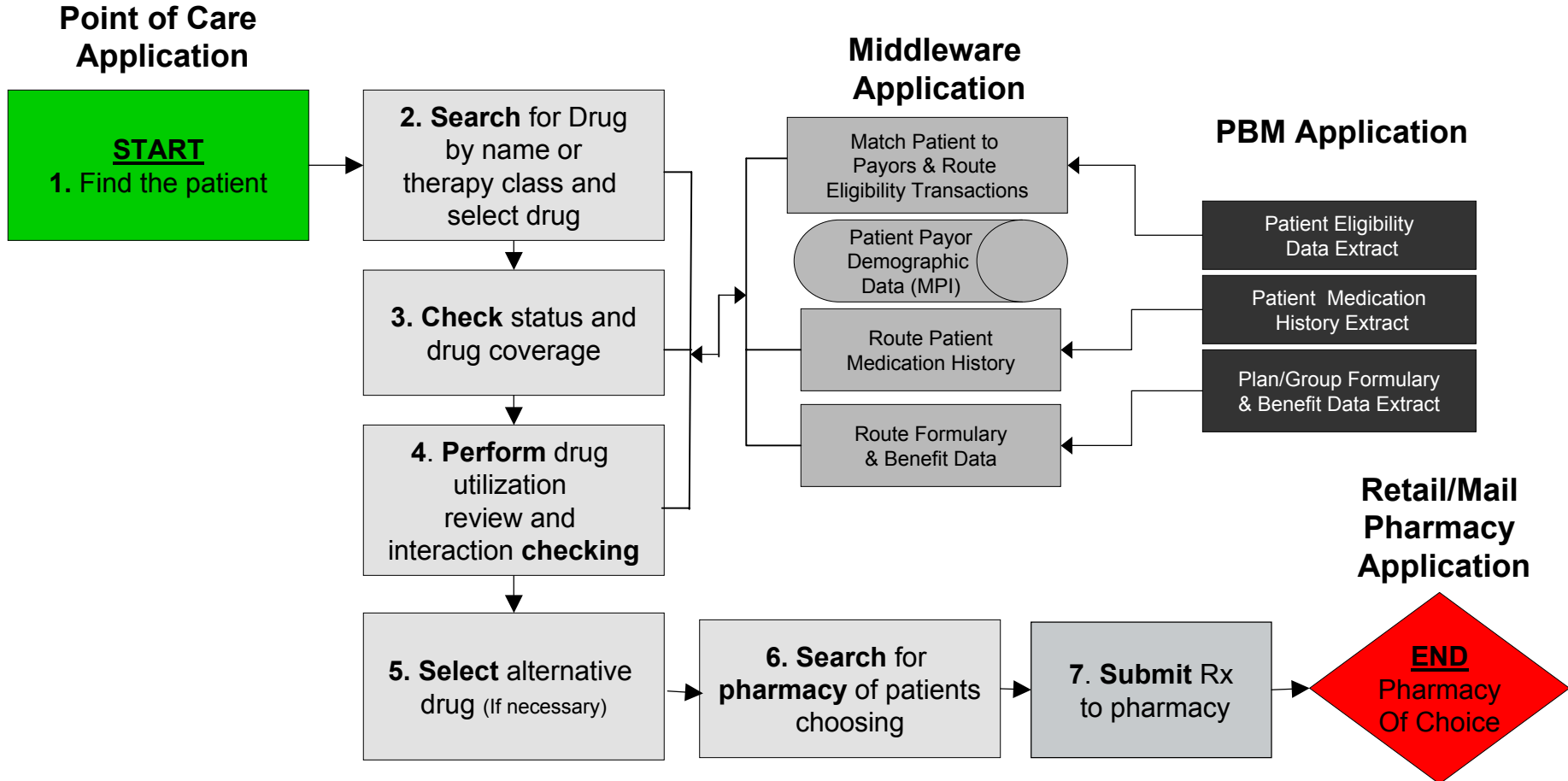- Business model drives adoption

CMS Modernization Act

- Catalyst for Change - encourages e-Prescribing, with promise of a mandate for e-Prescribing standards

E-Prescribing Process
....a simplified approach

Point of Care Application

START
1. Find the patient

Middleware Application

PBM Application

2. Search for Drug by name or therapy class and select drug

3. Check status and drug coverage

4. **Perform** drug utilization review and interaction **checking**

Match Patient to Payors & Route Eligibility Transactions

Patient Payor Demographic Data (MPI)

Route Patient Medication History

Route Formulary & Benefit Data

Patient Eligibility Data Extract

Patient Medication History Extract

Plan/Group Formulary & Benefit Data Extract

Retail/Mail Pharmacy Application

5. Select alternative drug (If necessary)

6. Search for **pharmacy** of patients choosing

7. **Submit** Rx to pharmacy

END
Pharmacy Of Choice

SEMI ePrescribing Initiative

…reviewing past studies and pilots for insight

Foundation for Health Initiative

- $4.00 PMPY - From Preventing Adverse Drug Events

- $35-40 PMPY – From Over/Under use of Medications

- $35-40 PMPY – From Preventing Unnecessary Lab and Radiology Use

- Total $70-100 PMPY

Tufts Case Study

- Medical cost increases were 19.3% less than control group

- Pharmacy cost was .30-40 PMPM less than control group

- Patient safety errors were 8.93 less per physician per year

- On a scale of 1-5, with 5 being satisfied

    - RPh rating = 4.67

    - MD rating = 4.25

SEMI ePrescribing Initiative

Basic project phases have been identified and segmented as the key drivers for success….

Phase One (2004)

Phase Two (2005)

Infrastructure

- Build All-Payer Network
- Broaden Tech Vendors
- Educate Community
- Identify Physician Leaders
- Align Incentives

Adoption

- Active Recruitment
- Leverage Broad Network
- POC Vendor Community
- Implementation
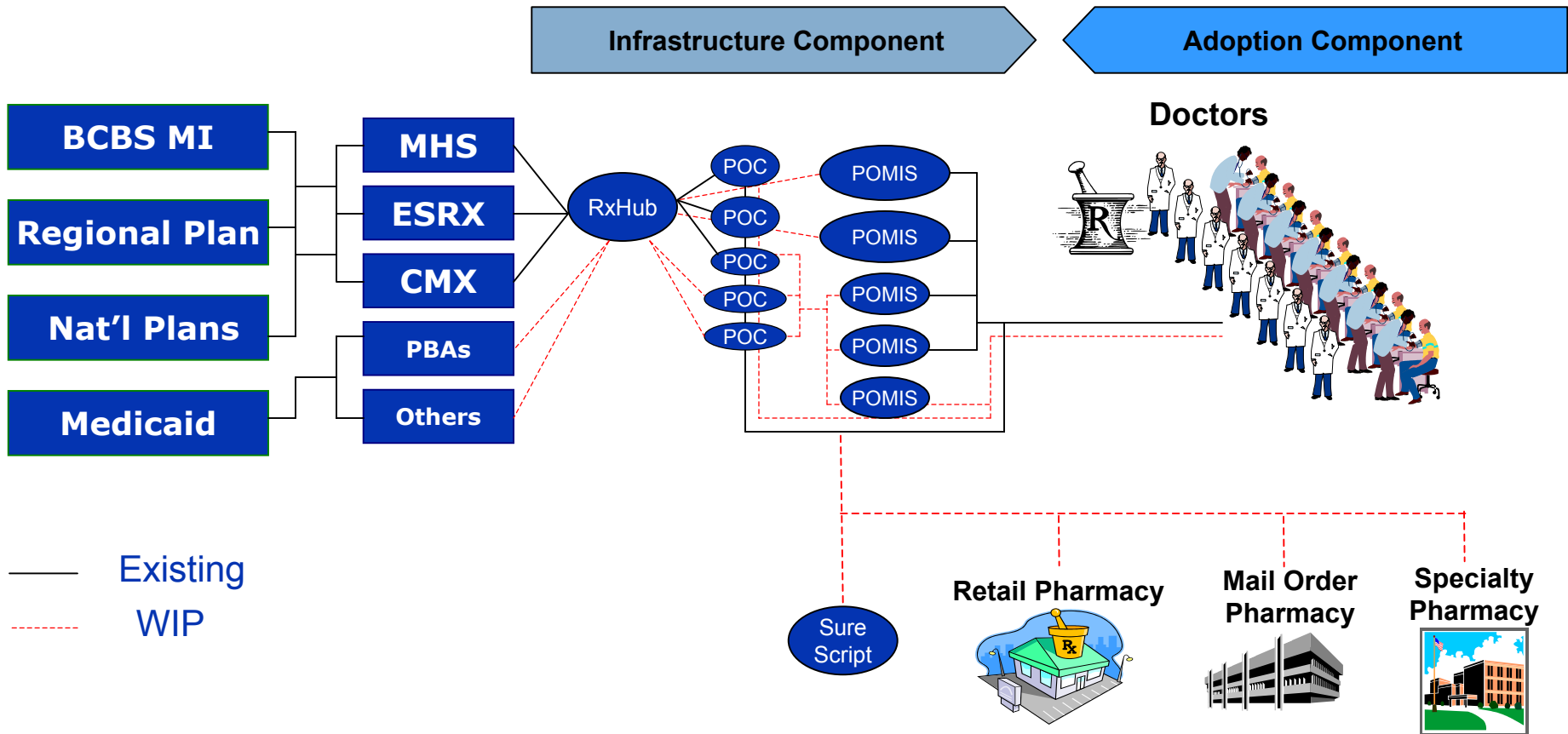- Performance Based Incentives

Connecting the Dots

….the heavy lifting component of the project

Payers | **PBMs** | **IT Vendors** | **Providers**

Infrastructure Component | Adoption Component

Payers: BCBS MI, Regional Plan, Nat'l Plans, Medicaid

PBMs: MHS, ESRX, CMX, PBAs, Others

IT Vendors: RxHub, POC, POMIS, Sure Script

Providers: Doctors, Retail Pharmacy, Mail Order Pharmacy, Specialty Pharmacy

——— Existing
- - - - WIP

CONCLUSIONS

How will SEMI succeed?

Advocate ePrescribing

- Support patient safety
- Opportunity to drive innovation
- Opportunity to reduce healthcare costs

Encourage Participation

- PBM connectivity
- POMIS & POC connectivity
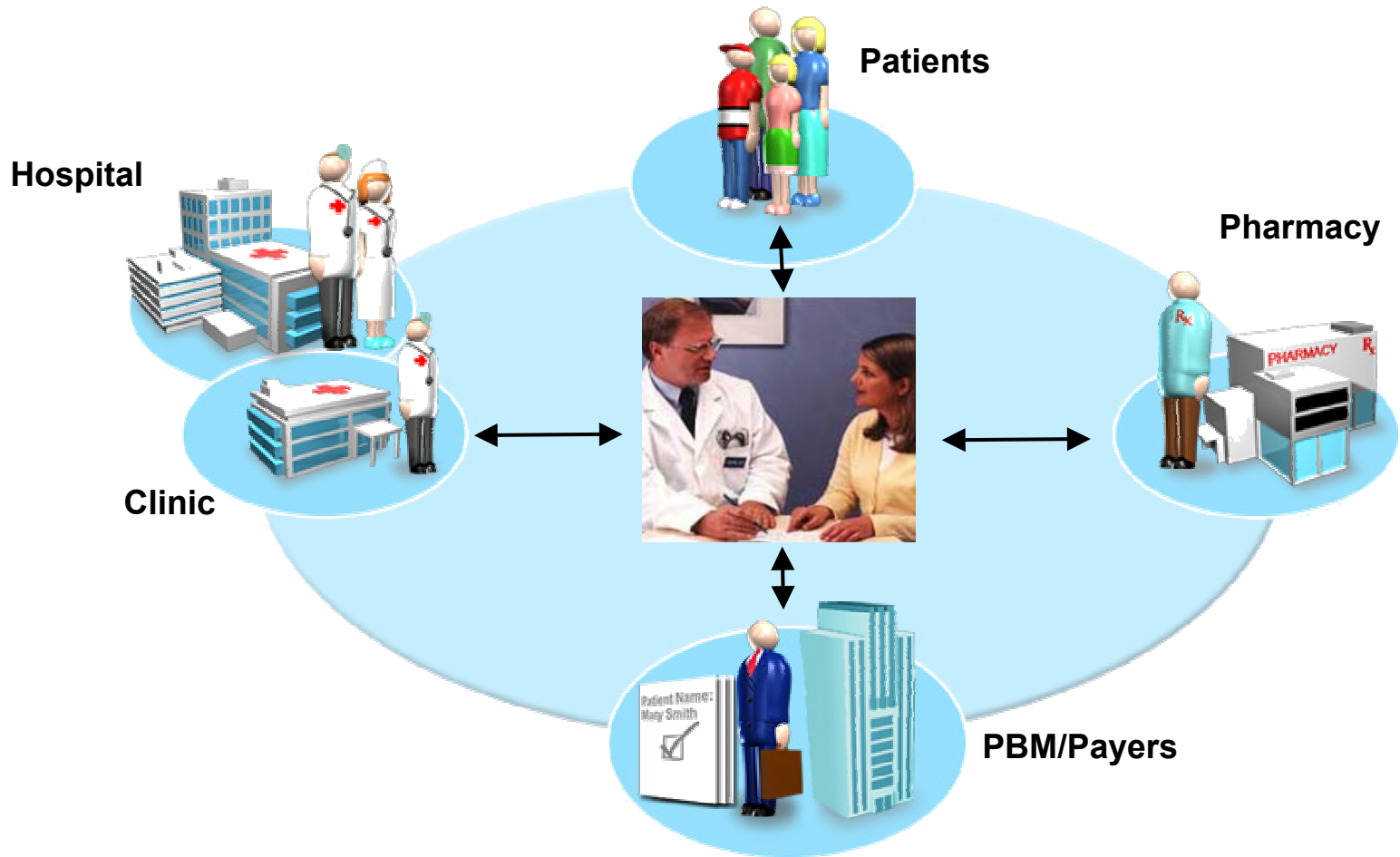- Physician adoption

Asking Community Members to Provide Insight

- Business model
- Point of entry
- Go to market approach
- Appropriate incentive alignment

The Elegant Solution

…secure connectivity across physicians, payers, pharmacies

Patients

Hospital

Pharmacy

Clinic

PBM/Payers

GM

GM Descriptor; GM Sans Regular Italic 16pt

Thank You

Region, country, division, department, or no descriptor