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March 24, 2009

MEMORANDUM

TO: Honorable Ryan I. Yamane, Chair
House Committee on Health

FROM: Lillian B. Koller, Director

SUBJECT: **S.B. 568, S.D. 2 – RELATING TO ELECTRONIC PRESCRIPTIONS**

Hearing: Tuesday, March 24, 2009, 10:00 am
Conference Room 329, State Capitol

PURPOSE: The purpose of this bill is to establish the electronic prescription task force to develop a plan to implement a mandatory electronic prescription drug program not later than 7/1/11.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports the intent of this bill, provided its passage does not adversely impact nor replace the priorities in the Executive Biennium Budget.

Electronic prescribing is an excellent first step, but implementing an informatics infrastructure will require widespread adoption of electronic health records (EHR), health information exchange, master patient index for interoperability, and incentives to share clinical information for true inter-connectedness. The American Recovery and Reinvestment Act of 2009 (ARRA) provides funding to support implementation of health information technology (HIT), and maximizing this funding will require expediency.

DHS is currently promoting HIT through two transformation grants it has received. The first is developing a web-based registry of EPSDT data so any provider can view what services are due for the children they see. The second is with the University of Hawaii to develop a low-cost open source EHR that includes an e-prescribing module.

HIT is the essential component for improving quality of care while also making it more affordable. Quality of care is improved by the use of registries for proactive care for prevention and chronic disease management and by decision support and reminders. Patient safety is improved by checking for adverse reactions and drug-drug interactions through electronic prescribing, as well as avoiding the incorrect filling of a nearly illegible hand-written prescription. And efficiency is improved by not needing to spend time locating or filing paper charts, and by decreasing duplication of imaging, laboratory, or other testing since the original results would be readily available.

DHS fully supports HIT as the future way to pay for health outcomes rather than processes of care. HIT allows the sharing of meaningful clinical information instead of the crude administrative data of claims that are designed for payment. For example, it's much more important to know if a diabetic's blood sugar is under control rather than knowing that you paid for the test. Reforming payment methodology to reimburse based on patient-oriented outcomes will allow value-based purchasing, reduce waste, and likely allow for increased payment rates.

In summary, DHS strongly supports electronic prescribing, but its implementation should be coordinated within the broader framework of establishing a Statewide HIT infrastructure.

DHS defers to the Department of Health regarding the cost and implementation of this bill.

Thank you for the opportunity to testify on this bill.

LATE



March 23, 2009

Representative Ryan I. Yamane
Chair, Committee on Health
Hawaii State Capitol, Room 419

Re: S.B. 568, SD2 – Relating to Electronic Prescriptions

Hearing: Tuesday, March 24, 2009 at 10:00 a.m.

Dear Chair Yamane and Members of the Committee on Health:

I am Mihoko Ito, an attorney with Goodwill Anderson Quinn & Stifel, testifying on behalf of Walgreen Co. ("Walgreens"). Walgreens operates more than 6,600 locations in 49 states the District of Columbia and Puerto Rico and utilizes leading-edge technology to ensure the safety and well-being of its patients.

Walgreens **supports** S.B. 568, SD2, which establishes an electronic prescription task force to develop a plan to implement a mandatory electronic prescription drug program not later than 2011.

Electronic Prescribing ("e-Prescribing") is the use of a secure automated data entry system to generate a prescription, rather than writing it on paper. The benefits of e-Prescribing include the following:

- Improved patient safety through the generation of legible prescriptions that have been checked for drug-drug interactions, drug-allergy interactions and drug-disease interactions;
- Benefits to pharmacy benefit managers and employers through better adherence to the plan formulary; and
- Streamlined communication between the pharmacist and the prescriber that reduces calls for clarifications and improved pharmacy performance through streamlined prescription dispensing and fewer errors.

These benefits have been realized within the pharmacy industry, with over 70% of community pharmacies adopting e-prescribing protocols (Source: National Association of Chain Drug Stores or "NACDS").

e-Prescribing technology has been made easy to use, through user-friendly interfaces and handheld wireless devices. This technology can also hold information on medical records and third party transactions.

e-Prescribing Benefits Patients

Of the 1.5 million Americans that are injured by medical errors each year, 25% of these are considered preventable. For this reason, the Institute of Safe Medication Practices calls for universal adoption of e-prescribing practices to reduce medical errors and adverse drug events (2006). In addition, e-prescribing may reduce the cost of patient medications as prescribers are able to check their drug choices against the pharmacy benefit manager's or insurer's formulary, which can ensure reduced drug costs for both the employer and the patient.

e-Prescribing Benefits Prescribers

Only 6% of office based physicians are e-prescribers today. However, the benefits of e-prescribing will ultimately outweigh the cost of fully implementing an e-prescribing system. Increased accuracy and safeguards can lead to increased safety within established prescribing practices. One industry estimate suggests that pharmacies make more than 150 million calls each year to prescribers to clarify hand-written prescriptions, reducing the number of call-backs can lead to less inefficiencies in the prescriber work-flow. As the number of prescribing errors decreases, prescribers may find financial benefits due to reduced malpractice claims. Indeed, insurers may well offer benefits to prescribers such as discounted premiums for implementation of e-prescribing systems.

Payors Should Incentivize e-Prescribing

Payors are a major beneficiary of e-prescribing practices, as patients are better able to adhere to the plan formularies. Payors will also benefit from the ability to track patient compliance to physician orders through medication orders. The federal Centers for Medicare and Medicaid Services or "CMS" has seen these benefits and has provided over \$100 million to state Medicaid programs to encourage e-prescribing.

For the foregoing reasons, Walgreens supports this bill and asks for your favorable consideration.

Thank you very much for the opportunity to testify.