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February 10, 2012

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Via E-Mail

Comments on the Single Formulary and Electronic Prior Authorization Report

Medco appreciates the effort associated with this report and we have both general and specific comments on it.

While a single formulary may serve to reduce administrative burdens on pharmacists and prescribers, there are some issues to consider.

We agree with your conclusion that moving to a single formulary in advance of a single payer system will increase costs to all. There will be tremendous pressure from multiple constituencies to have nearly all drugs on the formulary. If the payer is forced to have a very broad formulary, it will be difficult for the plan to negotiate with drug manufacturers for price concessions. This will have an end result of increased drug prices to plans and consumers.

As to the short-term goals outlined:

Promote physician access to e-prescribing.

It should be noted that Vermont is already ranked seventh in the list of states engaged actively in e-prescribing in Medco's population. Nearly 38% of retail prescriptions are transmitted electronically; approximately 48% of mail prescriptions are sent electronically. Growth is occurring organically and state incentives may not be needed.



- **Secure reimbursement of transactional costs.**

Prescribers pay for an electronic medical records license, not transaction fees. Pharmacies do pay such fees, as do PBMs, the thought being that costs are saved from the electronic receipt of prescriptions to both retail and mail pharmacies.

- **Use provider incentives for adoption of electronic health records (EHR) and e-prescribing capabilities.**

It was our understanding that Vermont already had a matching funds ARRA program in place but, in any case, we support that concept.

- **Develop and refine a formulary interface through electronic health records, assuring a consistent and accurate display of formulary information among all insurers.**

All EMRs get certified per ARRA guidelines. EMRs view their formulary display as a proprietary market differentiator. It's unlikely that physicians would come to a consensus around 'how' it should look so allowing them to choose from competing EMR's makes some sense.

- **Develop recommendations for quality improvement and monitoring to improve accuracy of e-prescribing systems.**

This is reasonable as long as all stakeholders are invited to participate.

- **Develop plan for multi-payer single web portal.**

While this is consistent with your goal of a single payer system, we are interested in how to provide this data to you. We would recommend using the same process we use to provide PDP information as the easiest and shortest road to implementation.

- **Provide access to formulary information assuring consistency with Vermont's Health Information Exchange (HIE) development.**

Agree

- **Provide information about formulary drug lists, drug status, alternatives, and limitations.**

Agree

- **Provide information about provider call centers, prior authorization (PA) or specialty drug forms, PA criteria, and PA appeals processes.**

Agree

- **Ensure portal accommodates electronic PA submittal.**

Medco currently supports a physician-facing portal and the physician may electronically enter prior authorization data. The National Council for Prescription Drug Programs (NCPDP) is in the process of developing an electronic PA form, which will be ready fairly soon. Interfaces must be built to check patient history for "fail first" requirements and other rules of the plan, but electronic approval is possible and happens today.

We focused in this letter on some of the short term goals of the project, and would be happy to work with you as you develop your plans. I think you will find that the marketplace is further along than you realize in the use of electronic prescribing and prior authorization.

Please feel free to contact me at 201-269-6900.

Mary J Ryan