



McKesson's Recommendations for Health Information Technology Funding

For 175 years, McKesson has led the industry in the delivery of medicines and healthcare products to drugstores. Today, we deliver vital medicines, medical supplies, care management services, automation and health information technology solutions that touch the lives of more than 100 million patients in healthcare settings that include more than 25,000 retail pharmacies, 5,000 hospitals, 200,000 physician practices, 10,000 extended care facilities, 700 homecare facilities and multiple government agencies.

McKesson is actively engaged in transforming a healthcare system burdened by paper, inefficiency and redundancy. Our recommendations for the use of health information technology (health IT) funding are centered on significantly improving care access, quality and safety as well as consumer health literacy. Changes to public policies will be required to mitigate barriers to adoption. In the meantime, immediate investments in health IT can create a better delivery system that enhances primary care, chronic care management, wellness and patient involvement.

We should also build on existing connectivity and the foundation of health IT applications, with priority in funding given to key technologies that have been proven to deliver immediate value. For example, based on our experience processing more than a trillion dollars each year in financial transactions, the cost of paper-based administrative costs can be reduced by as much as 75% when converted to an electronic service. These and other efficiencies can save billions of dollars annually. By building on the existing health IT foundation, we can improve healthcare for all Americans more quickly and at less overall cost.

McKesson's Recommendations for Health IT Funding

1. **Provide significant start-up funds to invest in health IT.** Affordability is almost always cited as *the primary barrier* to widespread health IT adoption. Many hospitals, physicians and pharmacies, especially those serving rural or vulnerable populations, lack the financial capital to make initial health IT investments. Additionally, many of them struggle with ongoing secondary costs such as maintaining their systems, upgrading to new versions and training employees to use the systems effectively. Creating a robust grant, loan and financing program will stimulate the investment in health IT infrastructure needed for long-term healthcare reform. These start-up funds will enable:
 - a. Every physician practice to incrementally automate its clinical, administrative and financial processes. Because practices vary in their ability to rapidly embrace the required process change or support the added complexities of major technology changes, we strongly recommend that new funding encourage the option to incrementally adopt office-based technology. The overall speed of adoption of electronic health records (EHR) would improve dramatically if physicians could start with easy-to-use capabilities like e-prescribing and then progress to patient charting. An incremental approach to Web-based EHRs could potentially cut in half the \$20,000 to \$40,000 cost per physician of installing and computerizing a practice, while also connecting physicians to payors/health plans, pharmacies, hospital and patients.
 - b. All hospitals to meet a baseline for patient safety by deploying proven technologies that support safe medication use. These technologies can also deliver vital patient information and evidence-based knowledge at the point of clinical decision-making. The Institute of Medicine has reported that drug errors injure 1.5 million people every year and cost \$1.5 billion. At least 25% of the injuries caused are preventable. Hospitals that deploy bar-coding and other technologies and make appropriate process changes can reduce medication errors and the accompanying expense. For example, a California hospital reports that it has achieved a 40% reduction in its preventable adverse drug event rate. A health system in the Midwest successfully negotiated a 15% reduction in its reinsurance premium (excess malpractice coverage) based on use of bar-code technology in the medication use process.



Currently, fewer than 25% of all hospitals use bar-code scanning to administer medications at the bedside. Only half of that number use computerized physician order entry, a technology proven to improve compliance with CMS national quality mandates.

- c. Retail pharmacies to automate their prescription management systems and facilitate e-prescribing technology. Use of technology can enable improvements in quality and consumer safety while reducing administrative costs.
 - d. Consumers to become more involved in their own care through electronic connectivity with their physicians, hospitals and pharmacies. This connectivity enables electronic communication, web visits, prescription refills and diagnostic results that improve the patient experience and drive more individual ownership of care.
2. **Provide incentives to use health IT in daily practice.** In addition to overcoming the financial barriers to acquiring and implementing health IT, physicians and other providers should be given incentives to actually use the solutions and be rewarded when their use improves healthcare delivery, quality and wellness. Consequently, a payment model is needed that incorporates incentives to use health IT.

Encouraging hospitals and local community providers to share a health IT platform or capability could promote greater coordination of care across delivery settings by aligning best practices, reducing duplicative services, encouraging consumers to be more active in their own care and, ultimately, improving health outcomes. The benefits of such collaboration can be seen in organizations such as UC Davis Health System, whose university-based primary care network includes more than 100 physicians and 450 specialists who serve approximately 130,000 patients at 14 locations. After implementing a Web-based solution, physicians became 10% more productive in terms of visits per day. Advice nurse call backlog was reduced by 70% within a week of implementing the system, and lab results are delivered in one day versus the previous 3-4 day turnaround.

3. **Fund health IT training and education.** Funds are also needed for hospitals and physicians to provide training and education to staff to implement, integrate, maintain and use health IT systems. Lack of such training results in sub-optimal use of this important investment and can also create safety and quality concerns.
4. **Subsidize chronic care programs and emergency care access.** Two of the greatest challenges facing our health system are the amount of care and healthcare dollars consumed by patients with chronic conditions and through emergency departments (EDs). Funding is needed to:
- a. Improve the health of patients with chronic conditions. This is accomplished by creating a program that reimburses providers who accept responsibility and demonstrate improved outcomes for patients with one or more chronic conditions. The state of Illinois documented \$34 million in net savings for a Medicaid population of 220,000 in the first year of its program by proactively managing the health of the underserved with chronic conditions. In addition to incentives to improve the quality of care delivered, reimbursement should encourage technology deployment and services that coordinate care by enhancing communication among patients, their physicians and care managers. Patient incentives for full participation should also be considered, including reductions in premium payments or copayments.
 - b. Guarantee access to health services for medically underserved populations while also relieving the burden on emergency departments (EDs). Today, hospital EDs are swamped by patients without adequate access to primary care. To relieve overcrowding and the subsequent clogging of hospitals at large, reimbursement should be guaranteed for care provided at alternative primary care access facilities. Automating EDs and these primary care



centers with technologies that streamline the care process and capture vital healthcare information should be required for program participation.

- c. Provide a comprehensive electronic medication list for all Medicare Part D beneficiaries. This medication list would also be available to designated healthcare providers such as EDs and/or primary care providers. Secure access to medication records at the point of care should dramatically improve patient safety and can be accomplished rapidly with limited incremental funding.
5. **Fund initiatives to identify and eliminate barriers to health information exchange.** To ensure that health IT connectivity is effective on a national scale, resources should be invested to examine barriers to interstate health information exchange. Initiatives should be undertaken with state and local governments to remove these barriers, which include duplicative and often-conflicting state privacy laws and regulations.
6. **Fund programs to educate physicians and patients on the benefits of health IT.** Focus groups indicate that while there is broad support for the use of EHRs, personal health records (PHRs) and other forms of health IT, public knowledge about their use and benefits is mixed at best. Conducting a national educational campaign on the features and benefits of EHRs and PHRs could encourage patients to talk to their healthcare providers and advocate the use of such technologies. Knowing that patients value an EHR may have a significant impact in convincing more providers to adopt this technology.

Cautions in the Use of Health IT Funding

1. **New agencies or regulatory bodies should not duplicate existing work.** Several federally funded entities are currently successfully conducting development, testing and certification of health IT technical interoperability standards. While considerable work remains, substantial progress has been made, and caution should be used to avoid duplicating efforts already under way by groups such as the Healthcare Information Technology Standards Panel (HITSP) and Certification Commission for Healthcare Information Technology (CCHIT). An estimated two to three years will be saved by building on existing work and entities.
2. **Funding initiatives should avoid creating or designating a single software or hardware solution.** By working toward interoperable technical standards, groups such as the American Health Information Community (AHIC) Successor, HITSP, CCHIT and others share the common goal of ensuring that all health IT products can interact and share information. Healthcare providers should have the ability to select the most appropriate health IT solution for their practice and their patients. Vendors should have the flexibility to offer the market certified, interoperable products that meet providers' and patients' needs.
3. **The government should avoid linking health IT grants or funding to the adoption of overly restrictive privacy requirements.** Virtually everyone can agree on the importance of attaining widespread adoption of health IT and protecting patient privacy. However, considerable disagreement exists over the extent to which new privacy laws or regulations are needed beyond those that exist today to protect patient data. New and potentially overly restrictive privacy requirements could preclude healthcare professionals from rapid access to critical healthcare data needed to optimally treat patients. These requirements could also negate the potential benefits of health IT adoption by restricting the sharing of information required for conducting quality improvement and other valuable activities.

For more information: Contact Ann Richardson Berkey, Senior Vice President, Public Affairs, McKesson Corporation, at 415-983-8494 or ann.berkey@mckesson.com www.mckesson.com

