



Advancements in ePrescribing: Eligibility and Formulary and Benefit



Introduction

The ability to write a prescription on a computer and transmit it electronically to a pharmacy has had numerous positive effects for providers, payers, and patients alike. From the beginning, two transactions, eligibility and formulary and benefit (F&B), have informed prescribers as to a patient's insurance plan coverage, and which medications are covered under the formulary of a patient's health insurance plan. The eligibility transaction provides a way to find information and associate medication coverage information for the patient at either the plan or group level. This is the first step to presenting accurate F&B information.

Continuous improvements from stakeholders involved in the eligibility transaction and providing drug coverage data through the F&B transaction are leading to advancements in the ability to better match patients with their coverage information and corresponding pharmacy benefit information at the point of care. These advances are critical to improving adherence with prescribed medications and, in turn, better patient outcomes.

In this report, we explore recent industry efforts to enhance the ability to communicate to providers the medications covered under the patient's pharmacy benefit, including the impact of these changes to key stakeholders.

Advancements in these areas are leading to increased patient and provider satisfaction, improved pharmacy efficiency, enhanced safety and outcomes for patients, and cost savings for pharmacy benefit managers (PBMs), health plans, and patients. With proper focus and continued attention, the value proposition of these traditional ePrescribing transactions will continue to improve over time.

Retail pharmacies have the ability to verify coverage, determine formulary status and restrictions, calculate copayment amounts, and electronically file claims. The basis for these activities is information included on a patient's prescription insurance ID card. This prescription insurance information, however, has not been traditionally stored in the electronic health record (EHR). For ePrescribing to provide the most benefit for prescribers and patients, it is important to have a method to determine which PBM covers the patient and the relevant formulary. Eligibility verification was created for this purpose. These transactions are not new, but a focus on improving the data has helped improve these transactions and the provider experience over the years.

Publicly available presentations, reports, and other sources were reviewed and considered alongside feedback gained in interviews with industry stakeholders..

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PBMs

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Adherence

RTBC
Support

Specialty
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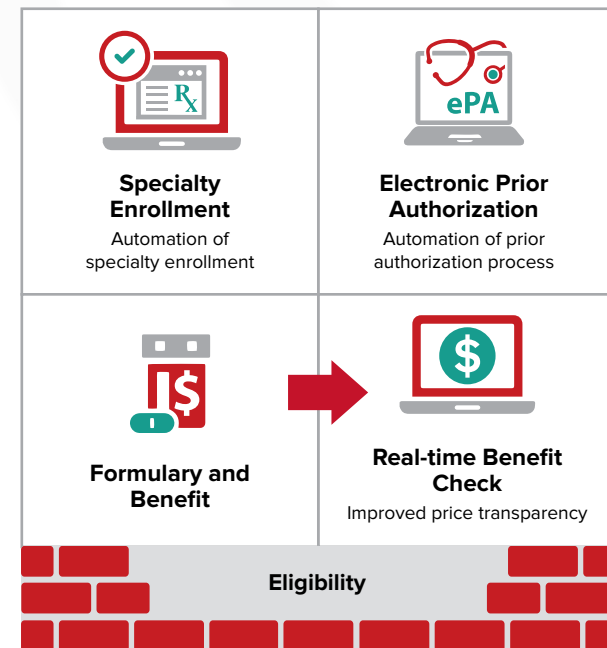
ePrescribing Transactions

Eligibility is foundational to the presentation of F&B information and informs downstream ePrescribing transactions including Real-time Benefit Check (RTBC), electronic prior authorization (ePA), and specialty enrollment. Eligibility is the building block from which these critically important transactions flow. It is imperative, therefore, that eligibility data be accurate and complete to ensure that all subsequent transactions flow seamlessly and efficiently.

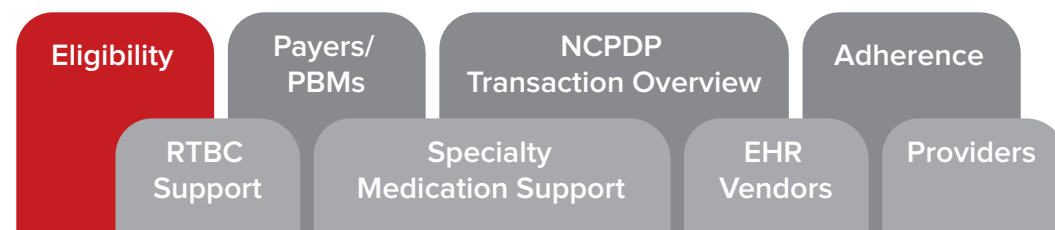
The provisioning of F&B and RTBC are two separate and distinct processes that occur at different times during ePrescribing transactions.

- F&B information is distributed in a structured flat file and provides information to a provider, during the drug selection process, regarding what is covered and not covered under a patient's pharmacy benefit plan. F&B files also include potential restrictions for a medication, benefit restrictions, prior authorization, or step-therapy requirements and quantity limits, along with potential alternatives for the medication. The formulary file provides a broad set of information **at the plan level** and provides insights to providers prior to selecting a medication
- In contrast, RTBC is run after the prescriber chooses a medication including day's supply and pharmacy location. The information provided in an RTBC transaction is specific patient-level information related to cost, alternatives, and coverage. RTBC provides patient-specific cost and additional benefit information to providers once they have chosen a specific medication. When used appropriately, F&B should enhance RTBC

- ePA and Specialty Enrollment are two processes that happen after the F&B and RTBC occur. Both are processes that help the health plan and pharmacy ensure they have the information needed to approve and dispense the prescribed medication



Eligibility is the foundation for F&B information



Importance of Complete Eligibility Files



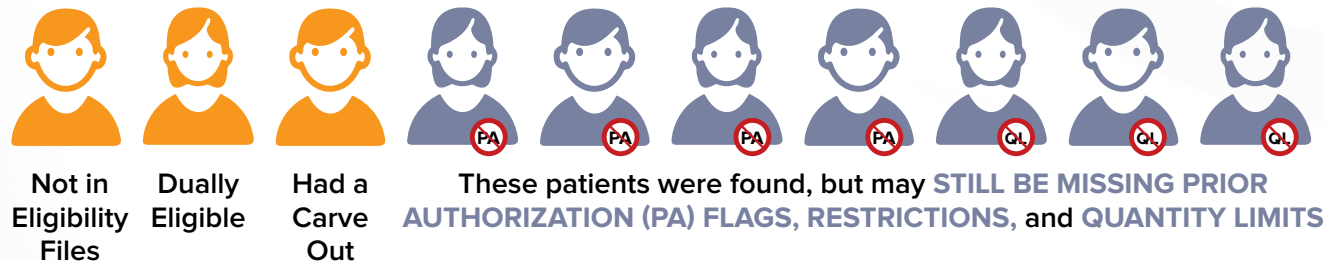
A provider's ability to find a patient's coverage during the initial eligibility transaction ensures availability of benefit coverage information for other transactions, such as RTBC for drug cost and ePA for health plan coverage approval. To achieve this, it is key for payers to send data for **ALL** patients in eligibility files.

For an average practice, PBM/health plan eligibility information can be matched for approximately 7 out of 10 patients. Efforts are ongoing to improve this match rate, yet missing patient information or a response of "patient not found" when running an eligibility

check can elevate a provider's lack of trust in the data and impact subsequent transactions. As an example, when a provider prescribes a medication with no eligibility information found, the patient will end up being categorized as self-pay, whether that be the case or not, and the provider will be unable to run an RTBC to ascertain the true cost of the medication for the patient or any potential coverage restrictions related to medication coverage. By providing full eligibility data, accuracy of the data is improved and patients are able to get on needed therapy faster.

Eligibility Match Rate Is Approximately 70 Percent*

By providing full eligibility data, accuracy of F&B data can be improved.



**Approximation based on observations over several research projects*

A payer's/PBM's goal is to ensure patients are prescribed the right medications at the lowest cost, highest efficacy, lowest administrative burden, and shortest time to treatment.

To achieve this goal, payer/PBMs should provide as much eligibility information as possible with corresponding formulary files for inclusion in the EHR.



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Payers/PBMs and EHRs

Payers and PBMs Bear Primary Responsibility for Updating and Distributing Eligibility and Formulary Data



Point-of-Care Partners conducted primary research among providers and staff to better understand their perceptions of the timeliness and accuracy of F&B data. This research highlighted the fact that the **perceived lack of accuracy of formulary and benefit information** was the number one reason why providers do not look at the data when prescribing a medication.

Yet, studies have shown that medication adherence improves when decision support information, including F&B information,

is accessed by the provider.¹ Specifically, research found that adoption of ePrescribing and its related transactions was positively associated with increased medication adherence and improvements to first fill as well as subsequent fills. If a provider does not trust the eligibility and formulary data and does not use it, this can negatively impact medication adherence.

Stakeholders have been working on improving the accuracy and completeness of data in F&B files. In a recent report published by Surescripts, improving accuracy and completeness of formulary and benefit data led to increased use of ePA. Specifically, when a single PBM increased population of the PA indicator field in its eligibility response by only 16%, the number of ePAs it saw completed increased by 40%.⁶

Timeliness of updates is a critically important factor in supporting the trust and accuracy of the information. Unfortunately, there is an inherent latency in the process due to many moving parts. Industry changes and stakeholder focus on keeping files updated and current can help alleviate these concerns.

Importance of Keeping Files Updated and Current

- Industry concerns about timeliness of updates is important. If the latest file is not loaded, trust and accuracy become big concerns
- An enhancement to the National Council for Prescription Drug Programs (NCPDP) formulary and benefit standard that identifies the date of the formulary and benefit file, should help alleviate some of the latency issues experienced in the past by alerting providers if the data they are viewing are out-of-date.



NCPDP Formulary and Benefit Transaction Overview

NCPDP's Formulary and Benefit Standard (F&B) version 3.0 has been named in the Centers for Medicare and Medicaid Services (CMS) regulations since 2012. A significant number of enhancements have been made to this standard over the past few years, with input from a broad set of stakeholders.

The recent update to the existing standard, NCPDP F&B version 5.0, responds to market events, industry changes, and general feedback from users of the information. Although mandatory compliance by CMS may be a few years out, there is no reason for organizations to hold off on implementing the new version of the standard when it is supported by intermediaries, given the number of enhancements and their benefits to stakeholders.² In the next few pages, we will review these enhancements.

**Indication-based
formulary***

**Specialty drug
support***

**File expiration
date***

**Enhancements to the new version of the F&B standard will benefit all stakeholders including providers, patients, EHR vendors, and PBMs.*

Benefits of F&B Enhancements by Stakeholder	
Stakeholder	Benefits
Providers	<ul style="list-style-type: none">• More robust information available from payers as part of drug selection, including new formulary statuses and information on "carve-out" drugs• Approximate patient cost information to reduce pharmacy calls, improve patient adherence, and increase satisfaction. Where drug cost risk sharing is in place, the PBM drug cost can also be included in formulary information• Pharmacy network information to reduce calls to change pharmacy
Patients	<ul style="list-style-type: none">• Additional information during their provider visit, including cost-sharing information and payer prescribing requirements• Identifying the patient's in-network pharmacies to the provider to ensure the use of lowest prescription-cost pharmacies
Technology Companies/ EHR Vendors	<ul style="list-style-type: none">• Streamlined data structure with smaller file sizes and more reusable data sets• Better information to satisfy user demand and improve workflow ePA automation support
Payers	<ul style="list-style-type: none">• Improved communications to providers including the ability to provide PA routing information, resulting in increased formulary compliance• Reduced drug costs via improved cost information to patients on copays and providers to support risk-sharing agreements

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NCPDP Formulary and Benefit Transaction Version 5 Enhancements

The F&B Standard version 5 will include the following enhancements:

- **“Expiration date” of file**
 - EHR vendor and provider will know when file was last updated
- **Diagnosis code**
 - Support for indication-based formularies
 - EHR can display if drug is covered for specific diagnosis. (can alert the provider if prescribed for another diagnosis drug will not be covered, will require PA, etc)
- **Support for medical/pharmacy coverage**
 - PBMs/payers can indicate if drug is covered under medical vs. pharmacy benefit
- **Specialty flag**
 - Identifying specialty medications can kick off specialty enrollment or other electronic specialty processes
- **Pharmacy network support**
 - Allows payers/PBMs to identify in-network pharmacies
- **Easier management of PBM formulary files**
 - File sizes are approximately 60% smaller

FS	NAME	TYPE	COPAY	COVERAGE
On	Onfi	Rx	A: 30% copay	TM QL RL PA
On	Onfi Oral Tablet 10 MG	Rx	A: 30% copay	TM QL RL PA
On	Onfi Oral Tablet 20 MG	Rx	A: 30% copay	TM QL RL PA
On	Onfi Oral Tablet 5 MG	Rx	A: 30% copay	TM QL RL PA

Onfi Oral Tablet 10 MG
Anticonvulsants - Benzodiazepines

Benefit Overview

Formulary Status:
On Formulary

Copay:
All: 30% copay

Message:
33% coinsurance rate for non-preferred retail pharmacies.

Coverage:
Prior Authorization:
Prior authorization required.

Messages:
Use ePA if available in EMR, click weblink or call 1-866-452-5017 to initiate authorization process.
[Prior Authorization web link](#)

Quantity Limit:
Maximum of 60 units per 30 days

Illustrative example of formulary information presented at drug search in an EHR

Field	Field Name	Type	Required	Comments
...				
C42-9N	Specialty Product Benefit Indicator	AN 1/1	Yes	Values: See External Code List M = Covered by the Medical Benefit P = Covered by the Prescription Drug Benefit
C26-6Y	Message Link	AN 1/10	No	Link value used to match a message trigger product to a text message and/or a web link in the message file

Excerpt from the F&B Standard version 5 illustrating new fields to indicate medical vs. pharmacy coverage



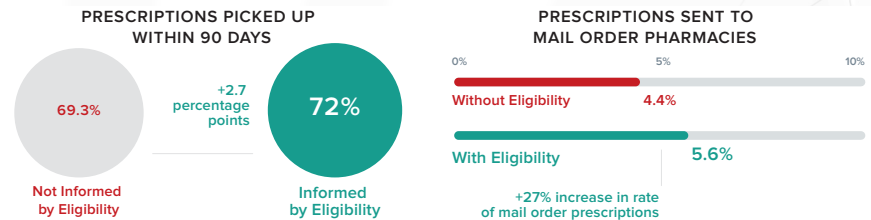
Formulary and Medication Adherence

Accurate and comprehensive F&B information can positively impact two different aspects of adherence. The first is provider adherence with a patient's formulary when prescribing, and the second is the impact of patient adherence when a formulary is referenced in the ePrescribing workflow.

Provider Adherence

Early studies have shown that availability of formulary information in the electronic prescribing process helps change prescribing practices toward preferred formulary tiers. According to research, the preferred tier prescribing increased to 78% among one group of study participants.³

More recently, research has shown the impact this information has on helping providers choose a lower cost medication. In one study, when providers had access to formulary and drug cost information, there were greater savings in 30-day supply drug over a 2-year period. According to the research, improving providers' access to F&B information was associated with lower increases in yearly total drug costs averaging \$208 per patient.⁴ This represents direct savings to health plans; it did not impact patient out-of-pocket costs. With the addition of RTBC to the



Source: Surescripts Data Brief: How Patient Benefit Data Enhances ePrescribing.

ePrescribing workflow, patient cost savings could also be realized. In a second study, providing information of patient out-of-pocket costs for comparative treatment options changed prescribing behaviors, resulting in selection of more cost-effective therapies in a population of patients with hypertension.⁵

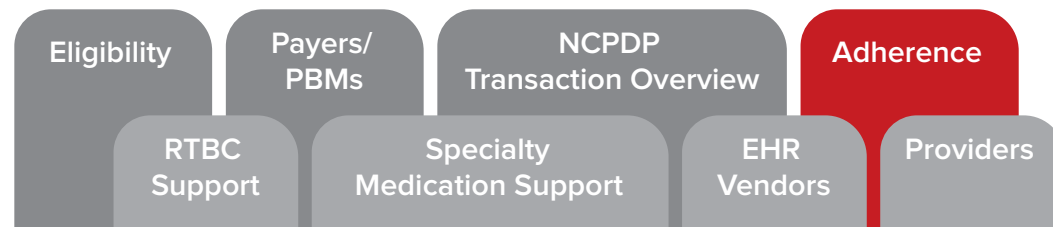
Patient Medication Adherence

Patient medication adherence can also be positively impacted when providers use F&B information. Research shows that ePrescribing coupled with eligibility and formulary information increased first-fill medication adherence by 20%.⁶ More recently released data show additional increases in patient adherence when eligibility is checked and a matching eligibility response is found. First-fill adherence increased by an additional 2.7 percentage points and more often than not, prescriptions were sent to mail-order pharmacies, an option that has been shown to improve medication adherence on its own.⁶



Accurate and complete F&B data can also help reduce prior authorization (PA) burden and costs by ensuring providers have the information they need to write for formulary drugs, which, in many cases, do not have PAs required.

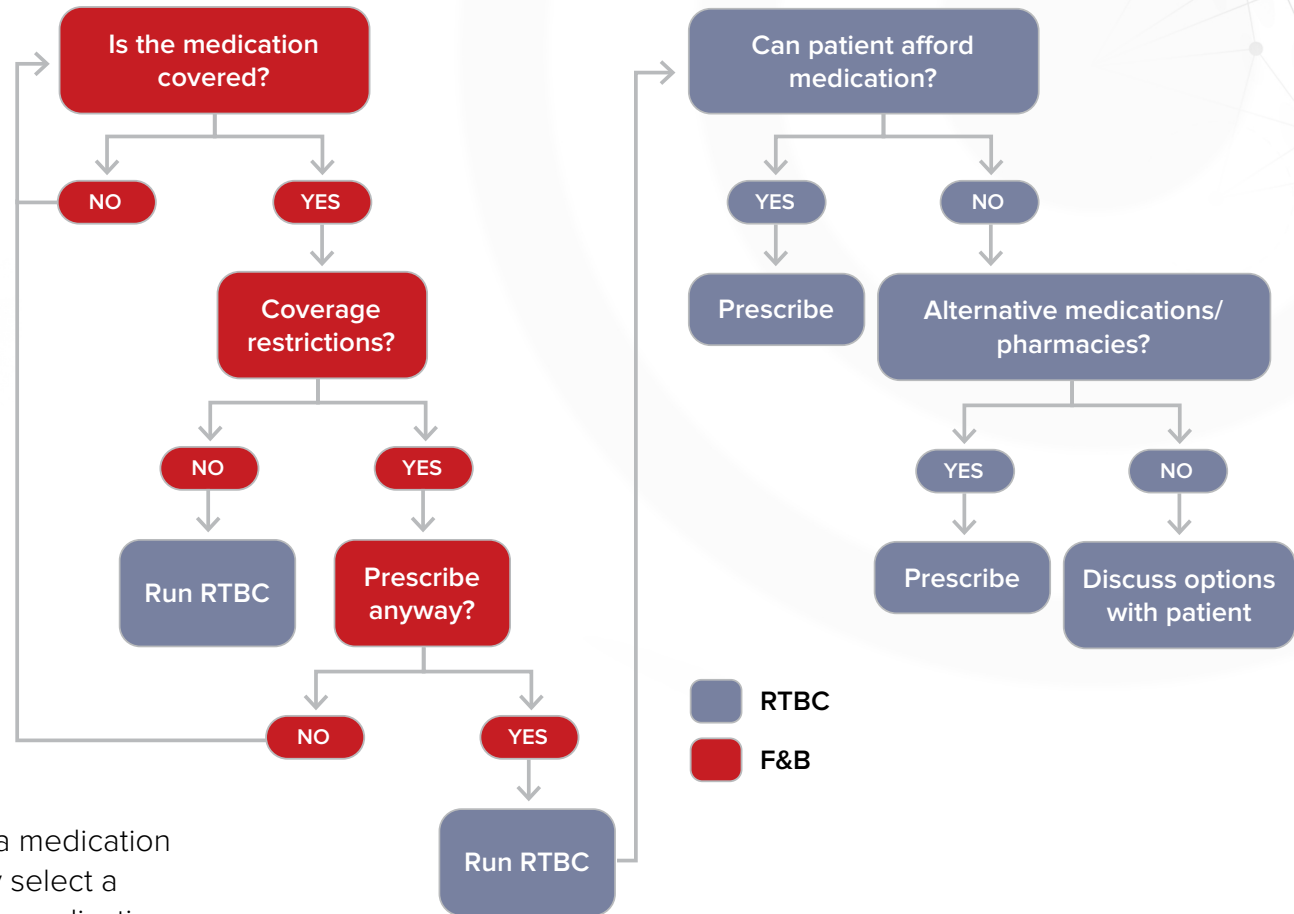
High quality F&B data, including accurate PA flags, can help ensure that the electronic process can be used to submit the information to the payer/PBM for approval, prior to the prescription being sent to the pharmacy. Timely approval and dispensing of medications leads to greater patient adherence and improvement in outcomes.



Formulary and Benefit

One of the subsequent transactions supported by eligibility and F&B information is real-time benefit check (RTBC). In the ePrescribing process, formulary is used to determine which medication is covered under a patient's pharmacy benefit and any potential benefit coverage restrictions (eg, PA and step-therapy requirements). Once a provider chooses which medication to prescribe, an RTBC transaction can be run to determine such patient-specific benefit information as out-of-pocket cost information, alternative medications, and alternative pharmacy options.

Using F&B information **prior** to prescribing a medication reduces providers' rework by ensuring they select a drug that is covered by insurance. Once the medication selection occurs, providers can run an RTBC to get additional patient-level details. This will allow the providers an opportunity to discuss options with the patient to ensure they are able to find the most clinically effective medication for the patient at the lowest price.



Value of Real-time Benefit Check

Previous research by POCP shows the value of RTBC improves (1) care performance, (2) transparency, and (3) medication adherence.⁷ PBMs look at RTBC as a way to support providers in their medication decision-making process while also informing them of the most cost-effective alternatives and dispensing options for the patient.

For PBMs to attain the true value of RTBC, it is important to have complete and accurate formulary and benefit data. Without this, providers will likely rely on RTBC for basic coverage information (ie, covered/not covered, PA requirements, etc) they should be getting from F&B information earlier in the prescribing process. This eliminates the need for rework. With accurate information on the front end, PBMs can focus on higher-value utilization of RTBC, including cost information, 90-day retail or mail order, and even gaps-in-care messaging that can reduce medication nonadherence.

Path to Increasing Value of RTBC

NEAR-TERM

Improve Care Performance

- Increase preferred formulary compliance
- Reduce need for PAs
- Reduce administrative costs for PA
- Reduce time to therapy

MID-TERM

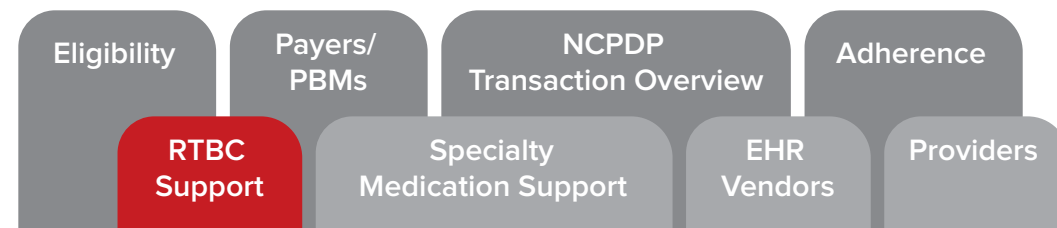
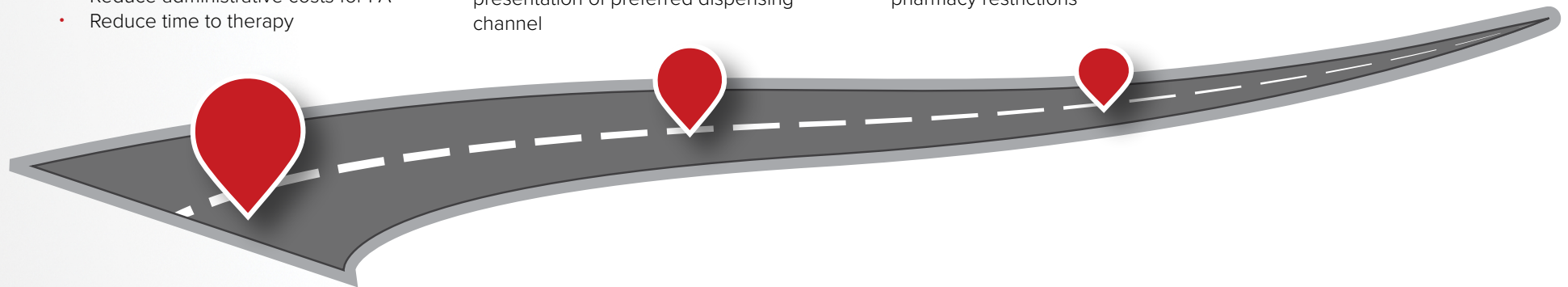
Improve Transparency

- Accurate determination of member out-of-pocket costs
- Accurate determination and presentation of preferred dispensing channel

LONG-TERM

Impact Adherence and Support for Specialty Drugs

- Reduce abandonment and non-adherence
- Streamline process for specialty drugs
- Accurate determination of pharmacy restrictions



Formulary Support for Specialty Medications

In 2019, approximately half of specialty drug reimbursement was billed under the medical benefit and the other half under the pharmacy benefit. Medications administered under the medical benefit are for medical conditions in which adherence, coordinated care, and ongoing medication therapy management are critical factors in patients' health outcomes.

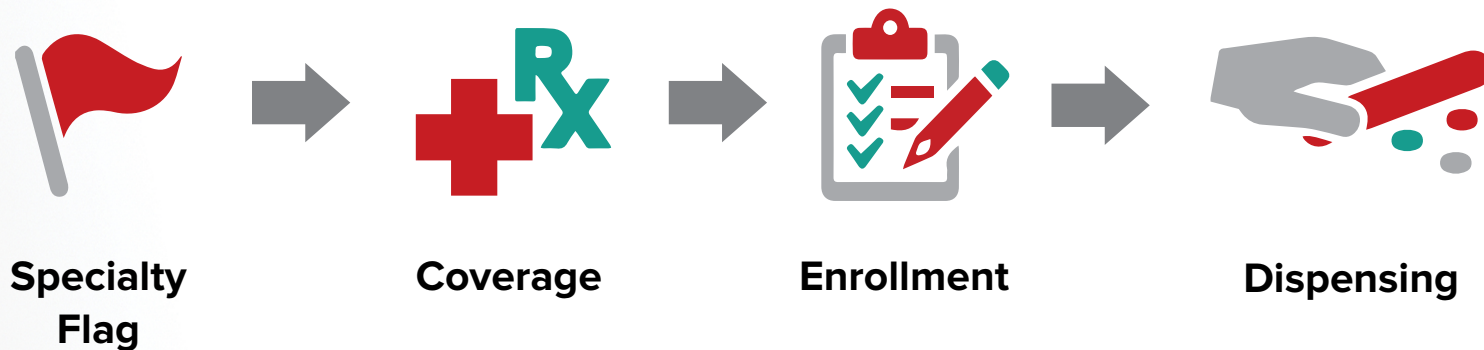
Currently, the F&B standard only provides information for medications covered under the pharmacy benefit. This often creates confusion in the market. For example, a provider who wants to prescribe a specialty medication may see a message stating "medication not covered" while checking a patient's formulary. In reality, the drug may be covered under the patient's medical benefit as opposed to the pharmacy benefit.

One of the upcoming changes in the F&B Standard would allow a PBM to identify specialty medications in its F&B file.

Advantages of this include:

- Integrated payers (ie, health plans that manage both the medical and pharmacy benefit) could message a provider indicating coverage under the medical vs. pharmacy benefit
- Nonintegrated payers could send a message indicating "not covered under pharmacy benefit"
- A specialty indicator could be used to initiate subsequent processes, including the specialty enrollment and PA process

Specialty Medication ePrescribing Workflow

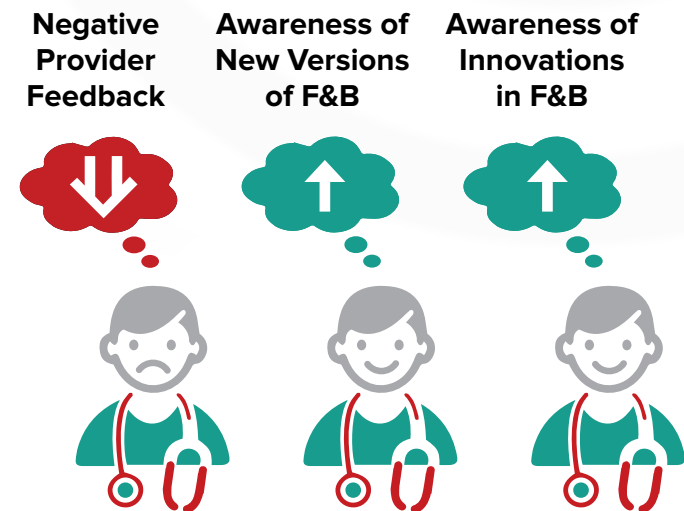


EHR Vendor Perceptions

Point-of-Care Partners conducted primary research with EHR vendors to better understand their views and perceptions of eligibility and F&B information. This research highlighted a few key points:

- EHR vendors understand the importance of these transactions in the ePrescribing process and have noted a reduction in negative provider feedback about the quality of the information over the past year or two
- F&B information can be considered table stakes for EHR vendors. The functionality has been part of EHRs for years and, until recent innovations, there has been no reason for vendors to revisit this area of their applications
- The process of updating F&B files is burdensome due to the size of the files
- Aggregators of F&B files now have cloud-based versions

- EHR vendors are aware of F&B version 5 and are in the process of analyzing the implementation guide to understand its potential impact to providers
- Given the recent release of federal regulations related to the Office of the National Coordinator for Health IT (ONC) certification,⁸ potential updates to the F&B files and workflows are lower on vendors' roadmaps and priority lists



EHR vendors' goal is to ensure F&B information is displayed accurately and effectively to providers. They want to provide the information with fewer clicks and ensure it is easily understandable and actionable.

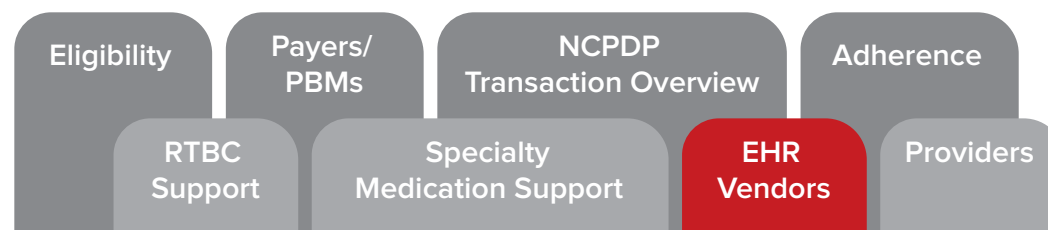
The Time Is Right for EHR Vendors



Given the significant number of changes to the F&B standard, it is an appropriate time for EHR vendors to consider updating their formulary and benefit displays.

In the following table are areas that EHRs may consider for improvements to their display:

Changes to the Formulary and Benefit Standard — Recommended Field Additions for Enhanced User Experience	
Field	Field Name
Text Description for Formulary Categories	Formulary categories are currently indicated using numbers (eg, Tier 1, Tier 2). The new version of F&B, NCPDP F&B version 5, will allow text descriptions for tier levels. EHRs can display the text to make the information easier for providers to understand coverage information for the patient
Specialty Indicator	Payers will be able to indicate if a medication is a specialty med that may require additional paperwork prior to dispensing. By displaying this flag to providers, they can better understand and communicate potential delays in therapy due to additional steps that may be needed to dispense the drug
Indication-based Formulary	CMS and commercial payers are starting to introduce indication-based formularies. The new F&B standard will support indication-based formulary logic and preferred alternatives by condition. Displaying this information to the user will help save time and reduce potential callbacks from the pharmacy



Innovations for EHR Vendors

As previously mentioned in this report, there is inherent latency in the current F&B file update process due to many moving parts. Updating these files on a regular basis is important as lack of trust in the data may be compounded by the fact that the data providers may be seeing are out of date.

The primary research with EHRs uncovered significant challenges as they relate to the processing and updating of formulary files. Due to additional fields and features added to the F&B files, the time and resources required to process files have grown significantly. EHR vendors stated that the files they receive at the beginning of each year can sometimes take weeks to process and upload due to all of the membership changes that happen at year-end. This delay in processing of the files, in turn, causes updates to providers to become delayed, resulting in the providers' perceived inaccuracy of the information. Operational costs to support the processing of these files have also increased, as many use separate servers to manage the processing of these files.

Two current industry efforts that would allow EHR vendors to provide updated files in a timelier fashion could help alleviate some of the challenges they face.



1. F&B File Structure Enhancements.² Upcoming enhancements to NCPDP F&B v5 include changes to optimize file size, changes to the structure of headers, and removal of unused fields from the file structure format. Another enhancement in the new version is the availability of an expiration date field that may help providers identify if their files have not yet been updated. From an EHR perspective, the vendor can use this field to display the date of the most recent file and could also display an appropriate message if, for some reason, it is delayed in receiving and/or processing the files.



2. Online Cloud-Based Formulary. Another industry innovation currently being rolled out to the market is online, cloud-based formulary services. Most recently, Surescripts announced it is testing a new cloud-based formulary service that would eliminate the need for EHRs to download and process formulary files. Surescripts is testing this with a few EHR vendors and expects it to become available for broad release in 2021.



Trust and accuracy will continue to be an issue with providers if F&B version 5 information isn't updated or cloud-based formularies are not accessed.

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Improving Patient Outcomes and CMS Star Ratings Through Enhanced Formulary Data



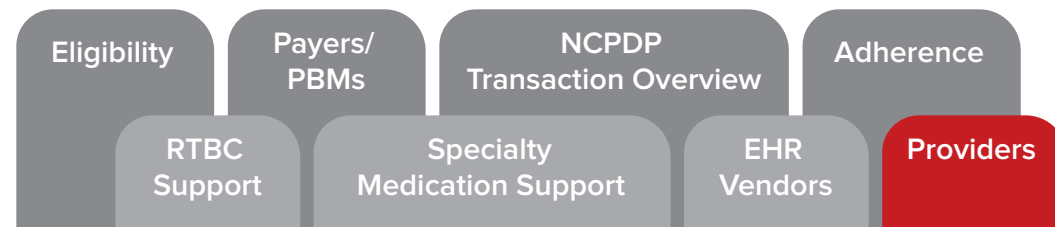
Providers want to make the best decisions possible in aligning a patient's economic benefits with clinical need. This is especially important for doctors who are at risk or considering entering risk-based contracts. As mentioned earlier in the report, improved formulary compliance can improve patient medication adherence, which in turn can improve patient outcomes. The use of F&B information can also improve operational efficiencies of a practice. This can be done by helping to avoid phone calls and/or faxes from a pharmacy to switch a drug for a patient. By managing overall costs related to medications, providers in value-based care contracts or those who are part of an accountable care organization will likely see improvements in their costs and patient outcomes, while also balancing the shortest, most efficient path to the most affordable and clinically sound medication for the patient.

The use of formulary data can also lead to improved patient satisfaction and quality measures with regard to medication and formulary adherence. These improvements may be reflected through the CMS Five-Star Quality Rating System. The upcoming changes to CMS Star ratings increase weight of the patient experience/complaints and access measures from 2 to 4, reflecting its commitment to empowering patients.⁹

The value of enhanced formulary data to increase satisfaction and quality can be compelling, and it's important for providers to consider how the data can be used to meet these important measures.

Enhanced Formulary Data Includes:	Impact on CMS Star Ratings
Drug cost information to providers in formulary data	Increased transparency, lower patient costs, and increased satisfaction
Lower-cost drug alternatives identified for providers in both formulary and RTBC	Use of the most appropriate drug, lower patient costs for increased adherence to therapies in cardiovascular and diabetes
Drug-specific messaging	Improve the quality of care

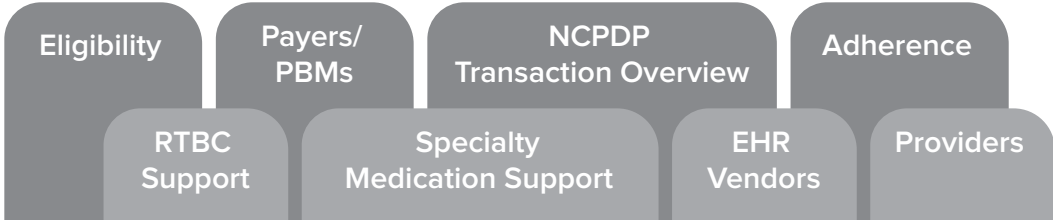
Illustrative example of formulary impact on Star ratings



Summary

Eligibility and F&B transactions have been part of the ePrescribing process for decades. Recent improvements from stakeholders involved in these processes have led to enhancements in the data providers are getting at the point of care. All stakeholders, especially Payers/PBMs, EHR vendors, and providers, have a role to play to continue to enhance, improve, and support the adoption of these changes and continued advancement in the quality, completeness, timeliness, and use of the transactions and associated data.

The value proposition of these transactions is clear, and advancements in these areas can impact all key stakeholders. For payers and PBMs, it will lead to an increase in formulary adherence and a decrease in operational costs related to prior authorizations. EHR vendors will improve provider satisfaction and burden reduction, and providers will increase patient satisfaction, patient adherence, and patient outcomes.



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