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**October 24, 2006**

### HEARD ON THE STREET

- **Illegible handwriting? No problem: By this time next year, New Hampshire physicians will likely have traded in their prescription pads for hand-held electronic devices** that allow them to tap out prescriptions and transmit them directly to the pharmacy. Gov. John Lynch (D) says his new Citizens Health Initiative will use technology to bring physicians, hospitals, pharmacies, health plans, state government and patients closer together. The initiative calls for all primary care physicians to have the ability to write electronic prescriptions by October 2007, and for all health care clinicians in New Hampshire to have that ability by October 2008. E-prescribing is an important first step toward improving the cost and quality of health care in New Hampshire, says Pamela Walsh, a spokesperson for the governor's office. "It's something that's relatively easy to get your arms around," she tells *TEHB*. "We're also looking at electronic medical records and getting all of the players to use common [computer] platforms." The players in the initiative include the New Hampshire Hospital Association, New Hampshire Medical Society, New Hampshire Pharmacists Association and New Hampshire's major health insurers. The initiative is part of an agreement between the

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groups and did not require legislation. The next step, Walsh says, will be for the associations to use a "peer-pressure campaign" to convince their members to embrace the technology. The state's largest health insurers have agreed to develop pay-for-performance standards that will offer physicians a financial incentive for their compliance with the e-prescribing initiative. It's not entirely surprising that Lynch has embraced the idea of e-health. His wife, Susan Lynch, M.D., is a pediatrician who is leading a statewide campaign against childhood obesity. "They both have a deep interest in this," Walsh says.

- **...and speaking of state governors: The National Governors Association (NGA) has launched the State Alliance for e-Health.** The program will provide a forum through which governors, elected state officials and other policymakers can work together to identify inter- and intrastate-based health information technology policies and best practices. The U.S. Dept. of Health and Human Services' office of National Coordinator for Health Information Technology awarded a \$2 million, one-year contract to NGA to establish the alliance and to share experiences among state health IT programs. NGA says the State Alliance will serve as a "consensus-based state-level advisory and coordinating body" that will enable states to:
  - Identify, assess and map ways to resolve state-level health IT issues that affect multiple states and pose challenges to interoperable electronic health information exchange;
  - Increase the efficiency and effectiveness of the health IT initiatives through collaboration;
  - Resolve privacy and security issues surrounding the use and disclosure of electronic health information; and
  - Learn from and leverage national efforts and resources to achieve interoperable health information exchange.
  
- **Say 'Aloha' to new technology: Hawaii's hospitals and physicians just got a \$50 million boost from the Hawaii Medical Service Association (HMSA) to install electronic medical records systems and implement other projects designed to improve health care.** HMSA, the state's largest health plan, will spend \$20 million over

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the next three years to help more than 1,000 doctors adopt the technology. Costs for such systems, which can run as much as \$50,000, are a major reason many physicians' offices have shied away from such technology. HMSA also will work with vendors to help doctors implement the technology. "It is our vision to transform the way hundreds, or perhaps thousands of local physicians provide care for their patients," said HMSA President and CEO Robert Hiam. HMSA says it plans to fund the initiative through a combination of investment income and reserves, not from member or employer monthly dues. The insurer also plans to make \$30 million available in grants to its 17 acute-care hospitals to improve patient outcomes.

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## TODAY'S NEWS STORIES

### **1. Netsmart Technologies Announces State Contracts for IT Services**

Netsmart Technologies, Inc., a supplier of enterprisewide software for health and human services organizations, says it has been selected by state health agencies in New York, Hawaii, Idaho and Arizona for contracts totaling \$1.9 million for the implementation of software and services.

The firm says it will provide application service provider (ASP) hosting services to the State of New York Office of Alcoholism and Substance Abuse Services (OASAS) in support of the rollout of Netsmart's Avatar software. The three-year agreement for ASP hosting is designed to minimize up-front costs and software hosting and maintenance resource requirements for OASAS, according to the firm.

Netsmart says it will provide licensed software, integration tools and implementation services — including HL7 interfaces — for the MediWare WORx medication-management system for the Hawaii Department of Health. This contract is an amendment that increases the products and services to be provided under an existing three-year agreement for a Netsmart-implemented clinical management system, according to the firm.

The firm also says it has entered into an agreement with the Idaho Department of Health and Welfare to upgrade the state's current behavioral health hospital information system software to Netsmart's Avatar PM and Avatar CWS. The contract includes licensed software, installation, training, customization and professional services, according to the firm.

In a one-year agreement with the Arizona Department of Health Services, Netsmart says it will deploy Avatar CWS at the Arizona Community Protection and Treatment Center, joining Avatar PM as a foundation for the center's operation.

For more information, visit <http://www.ntst.com>.

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### **2. Emdeon, WebMD Begin Tender Offer to Buy 100 Million Common Shares**

Emdeon Corp. — and its 85.6% owned subsidiary, WebMD Health Corp. — says it has commenced a tender offer to purchase up to 100 million shares of its common stock (about 36% of the company's

outstanding shares) at a price of \$12.25 per share. Emdeon provides technology and information services to health care companies.

The tender offer is slated to expire at 5 p.m. (ET) on Monday, Dec. 4. As of the close of the market Oct. 23, Emdeon's common stock was trading at \$37.69 per share on the Nasdaq Global Market. Emdeon and WebMD will release its financial results for the third quarter of 2006 at approximately 4 p.m. (ET) on Thursday, Nov. 2. The call will be available at <http://www.wbmd.com> (in the Investor Relations section) at that time. A replay of the call will be available at the same Web address. Emdeon said it won't provide 2007 financial guidance until early next year because of a pending transaction related to the business services segment.

For more information, visit <http://www.webmd.com>.

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**Part D Coverage for Specialty Pharmacy Drugs: Resolving Complex Problems That Remain**

**An Audioconference, October 26, 2006**

Join pharmaceutical and Medicare drug benefit experts Jennifer Bowman, director of Avalere Health LLC, and Mary Jo Carden, president of Carden & Associates, as they address how to navigate the complexities of Part D's impact on specialty pharmacy drugs — including advice on how to determine the correct coverage for "gray area" drugs that can potentially be covered under Part D or Part B.

[www.aishealth.com/Products/cmdsp\\_102606ENLAD.html](http://www.aishealth.com/Products/cmdsp_102606ENLAD.html)

**3. Craneware Launches New Physician Management Toolkit**

Craneware, Inc., a supplier of chargemaster management and revenue-cycle software tools, says it has introduced the Physician Management Toolkit, a software tool designed for organizations that manage billing for physician groups. The firm says the toolkit easily manages the ongoing coding, conversion-factor, pricing and relative value unit (RVU) changes that affect physician fee schedules.

The firm adds that the toolkit provides the original reference material for regulatory updates including coding changes, edits generated by Medicare's

Correct Coding Initiative (CCI) and medical-necessity local and national coverage determinations. After clients adjust their fee schedules, the toolkit instantly shows the revenue impact of those changes and creates a graphical trending of key performance indicators specific to an office's business needs, according to the firm.

For more information, visit <http://www.craneware.com>.

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#### **4. ZixCorp. Lists Several Smart Phones to Use With e-Prescribing Service**

ZixCorp. has announced its support for several new smart phones for use with its PocketScript e-prescribing service. The company also recently released PocketScript 6.55, the latest version of its e-prescribing service, which delivers integrated medication history information.

Zix Corp. says its e-prescribing service enables physicians to write prescriptions electronically and send them directly to pharmacies through either a wireless handheld PDA, smart phone or a secure Web site. ZixCorp recently said its electronic prescription processing count was 1.3 million for this past quarter. ZixCorp is offering Sprint PPC-6700, Samsung i730, T-Mobile MDA, Cingular 8125 and Verizon XV6700 as smart-phone choices for its PocketScript service.

For more information, visit <http://www.zixcorp.com>.

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#### **Specialty Pharmacy: Stakeholders, Strategies and Markets 2007**

This one-of-a-kind book is a comprehensive picture of the specialty pharmacy marketplaces. Includes hard data and statistics on the vendors serving the market, the products involved, and the strategies employed by payers for managing and delivering these products to its members.

[www.aishealth.com/Products/sprxENLAD.html](http://www.aishealth.com/Products/sprxENLAD.html)

#### **5. Wellogic Selected as Technology Vendor for Mass. e-Health Group**

The Massachusetts e-Health Collaborative (MAeHC) has selected Wellogic as its technology vendor to build a health information exchange that will connect three hospitals and more than 100 physician practices.

Reference labs, imaging centers, pharmacies and other health care service providers will also be connected through the information exchange. Development of the exchange is the second phase of MAeHC's effort to bring together the state's major health care stakeholders to establish an interoperable electronic health record (EHR) system that will enhance the quality, efficiency and safety of care in Massachusetts.

The first phase involved selecting and implementing EHR applications. The MAeHC was formed in 2004 with a \$50 million grant from Blue Cross Blue Shield of Massachusetts. Three pilot communities were selected from a group of 35 applicants to study and demonstrate the effectiveness and practicality of implementing EHRs in community settings. The Wellogic exchange will connect all participants in the two largest of the three communities, Brockton and Newburyport. It is anticipated that the communities will become a model for health information exchange for the rest of the commonwealth, as well as for the nation, Wellogic says.

For more information, <http://www.maehc.org>.

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## **6. Cardinal Health to Acquire Care Fusion**

Dublin, Ohio-based Cardinal Health, Inc. says it plans to acquire Care Fusion, Inc., a McLean, Va.-based developer of wireless barcode-based patient identification systems used in hospitals. Terms of the proposed deal were not disclosed.

Through CareFusion's technology, clinicians can scan a barcode on a patient's wristband to verify they have the correct person for medications, lab tests and medical procedures, Cardinal says. The scanner receives and transmits data wirelessly to a computer system that is integrated into the hospital's existing network. Cardinal Health says the acquisition will expand its patient-safety and medication-management programs that help hospitals track and verify all medications from the time they arrive at the loading dock to the point they are administered to the patient.

Care Fusion products are used in approximately 50 hospitals in 20 states, according to a statement from Cardinal Health. This year, the Veterans Health Administration announced that Care Fusion hand-held devices would be implemented at inpatient and outpatient facilities throughout the VA system.

For more information, visit

<http://www.cardinalhealth.com>.

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### **7. UPMC Enters \$84 Million Partnership With Israeli Technology Firm**

The University of Pittsburgh Medical Center (UPMC), and dbMotion, an Israel-based provider of Internet data-sharing and integration technology, unveiled an \$84 million initiative to create what they say will be one of the largest models of "true interoperability" in health care. dbMotion will receive at least \$35 million, including an investment by UPMC, the organizations say.

dbMotion's technology platform will provide UPMC clinicians with secure access to patient information across its 19 hospitals and 400 outpatient sites and doctors' offices, without replacing existing systems. As part of the agreement, UPMC and dbMotion also will create a joint development partnership. UPMC will be one of dbMotion's first U.S. customers. The company says its technology is used throughout Israel's health system.

For more information, visit <http://www.dbmotion.com>.

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### **8. PaperFree Medical Solutions Appoints New CFO**

PaperFree Medical Solutions, Inc., a health care IT firm, says it has appointed Craig Barrow chief financial officer. The firm says that Barrow was previously responsible for data warehousing in the Americas division at Oracle Systems. Barrow was also the principal at Barrow & Associates, a sales and marketing consulting firm that assisted technology companies in launching new products, according to

the firm.

For more information, visit <http://www.mdpaperfree.com>.

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### **9. Per-Se Technologies, MediNotes Extend Alliance**

Per-Se Technologies says it has extended its non-exclusive relationship with MediNotes Corp. — a provider of medical record software used by primary care and specialty medical practices. According to Per-Se, the two companies will offer a fully integrated, “best-of-breed information solution” for small physician practices across the country. The alliance, according to Per-Se, offers its Lytec or Medisoft customers the option to fully integrate MediNotes e EMR with their practice management software for scheduling, billing and clinical information systems.

Per-Se says that physicians who use this “total solution” will get the added benefit of e-prescribing transaction processing services. This access helps facilitate electronic prescription drug orders and refill authorizations, the company says.

For more information, visit <http://www.per-se.com>.

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