

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Stephen Morris at 10:40 a.m. on February 11, 2004, in Room 123-S of the Capitol.

All members were present.

Committee staff present:

Alan Conroy, Director, Kansas Legislative Research Department
J. G. Scott, Chief Fiscal Analyst, Kansas Legislative Research Department
Melissa Calderwood, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Susan Kannarr, Kansas Legislative Research Department
Jill Wolters, Senior Assistant, Revisor of Statutes
Judy Bromich, Administrative Analyst
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Chris Ward, President, Ward Health Strategies

Others attending:

See Attached List.

Bill Introduction

Senator Downey moved, with a second by Senator Helgerson, to introduce a bill relating to the comprehensive transportation program concerning the financing thereof (3rs1915). Motion carried on a voice vote.

Chairman Morris welcomed Chris Ward, President, Ward Health Strategies, Ontario, Canada, who gave a briefing on the economic importation of pharmaceuticals ([Attachment 1](#)) and ([Attachment 2](#)). Mr. Ward explained that his interest in healthcare stems from his involvement in the Ontario Legislature.

Mr. Ward explained that prescription drugs prices in Canada are fundamentally different than what they are in the United States as are the prices for all other healthcare services. Mr. Ward noted that the price differentials that exist between the two countries for health services and supplies because of:

1. Legislated Price Controls.
The following was explained: Prescription drug prices in Canada are price controlled and legislated by the national government. A drug product launched in Canada can be sold for no more than an existing drug in the same therapeutic class or the average price of that drug in America and six other European countries. This is done through federal legislation called the Patent Medicine Prices Review Board.
2. Differences in the economy of the United States and Canada.
3. Differences in product liability laws.

Detailed information regarding the safety of the drug supply system and keeping control over drug prices is found in Mr. Ward's written testimony. He explained, in reference to when people say that they are only going to import FDA-approved drugs from Canada into the United States, it is impossible to sell an FDA-approved drug in America at Canadian prices. Mr. Ward noted that, legally, the only person that can export a product from one country to another is the manufacturer itself.

Mr. Ward noted that the Canadian government is on record as indicating that it does not guarantee the safety of drugs imported for personal use. It advises its own citizens against importing drugs, primarily out of concerns for safety and efficacy.

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:40 a.m. on February 11, 2004, in Room 123-S of the Capitol.

Copies of the Kansas Legislative Research Department Budget Analysis Report for FY 2004 and FY 2005 were distributed to the committee.

Subcommittee report on:

Kansas Department of Health and Environment (Attachment 3)

Subcommittee Chairman Adkins reported that the subcommittee on the Kansas Department of Health and Environment concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with changes and comments.

Senator Adkins moved, with a second by Senator Downey, to adopt the subcommittee budget report on the Kansas Department of Health and Environment in FY 2004 and FY 2005. Motion carried on a voice vote.

Chairman Morris called the committee's attention to discussion of:

SB 257--Authority for the animal health department to increase certain fees

Chairman Morris explained that **SB 257** had a substantial hearing during the 2003 session.

The Revisor explained a balloon amendment (Attachment 4). Senator Downey moved, with a second by Senator Helgerson, the balloon amendment for SB 257 to give the agency authority to raise the fees 50 percent and remove \$1.00 surcharge per pet. Motion failed on a voice vote.

Senator Kerr moved, with a second by Senator Downey, to amend the bill to give the agency authority to raise the fees 25 percent, remove the \$1.00 surcharge and recommend SB 257 favorable for passage as amended. Motion carried on a roll call vote.

The meeting adjourned at 12:05 p.m. The next meeting is scheduled for February 12, 2004.