

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 9:00 A.M. on February 1, 2006 in Room 514-S of the Capitol.

All members were present.

Committee staff present:

Alan Conroy, Legislative Research Department
J. G. Scott, Legislative Research Department
Becky Krahl, Legislative Research Department
Matt Spurgin, Legislative Research Department
Audrey Dunkel, Legislative Research Department
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Administrative Assistant
Shirley Jepson, Committee Secretary

Conferees appearing before the committee:

Sandy Praeger, Commissioner, Department of Insurance
Kathryn Coleman, Centers for Medicare and Medicaid (CMS), US Department of Health and Human Services
Nancy Schmidt, CMS, US Department of Health and Human Services
John Kiefhaber, Executive Director, Kansas Pharmacists Association
Mike Conlin, Pharmacist/Owner, Jayhawk Drug

Others attending:

See attached list.

- Attachment 1 Format for Budget Committee Reports
- Attachment 2 Testimony on Medicare Part D by Sandy Praeger
- Attachment 3 Testimony on **SB 405** by Sandy Praeger
- Attachment 4 Overview of Medicare Part D Prescription Drug Program by Legislative Research Department
- Attachment 5 Testimony on Medicare Part D by Kathryn Coleman
- Attachment 6 Testimony on Medicare Part D by John L. Kiefhaber
- Attachment 7 Testimony on Medicare Part D by Mike Conlin

Representative Gatewood moved to introduce legislation to create a position in the Attorney General's Office for a worker compensation fraud investigator and for the creation of an "800" number for receiving fraud complaints. The motion was seconded by Representative Lane. Motion carried.

Representative Schwartz moved to introduce legislation regarding a veterinary training program for rural Kansas. The motion was seconded by Representative Powell. Motion carried.

Representative Schwartz moved to introduce legislation regarding disposal of property by the Department of Wildlife and Parks. The motion was seconded by Representative Powell. Motion carried.

Representative Henry moved to introduce legislation regarding a horticultural industry survey. The motion was seconded by Representative Bethell. Motion carried.

Representative Pottorff moved to introduce legislation pertaining to a patient navigator for cancer patients. The motion was seconded by Representative Feuerborn. Motion carried.

Chairman Neufeld distributed and explained a format for Budget Committees to follow in presenting Budget Committee recommendations and reports which will include a comparison of the baseline budget in addition to the Governor's budget in each report (Attachment 1).

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on February 1, 2006 in Room 514-S of the Capitol.

Representative Landwehr moved that the Committee adopt the format to include the baseline budget in all Budget Committee recommendations and reports. The motion was seconded by Representative Gatewood. Motion carried.

Chairman Neufeld recognized Sandy Praeger, Commissioner of Insurance, who presented testimony with regard to the Medicare Part D program. The Commissioner distributed copies of a letter written to President George Bush, a press release and list of the forty-one insurance companies offering prescription drug coverage through the Medicare Part D program in the state of Kansas (Attachment 2). Also included with her testimony is a copy of testimony in support of **SB 405** (Attachment 3). Commissioner Praeger stated that the letter to the President relays some of the confusion associated with the new Prescription Drug Program regarding the implementation deadlines for the program, the penalty clause attached to the program and general confusion in the details of the program. Some of the problems associated with the program that have been relayed to the Insurance Department include those individuals who have signed up for the benefit but have not received a prescription drug card to present to their pharmacy; phone lines being clogged for hours upon hours; pharmacists not being able to confirm the patient's enrollment and eligibility.

With reference to **SB 405**, Commissioner Praeger stated that the intent of this legislation is to require any plan authorized to do business in Kansas, to register with the Kansas Insurance Department so that their staff can better serve the citizens of Kansas. This will alleviate the need to call the Center for Medicare and Medicaid Services (CMS) to get answers to many consumer questions. At the present time, insurance companies will not answer questions from the Insurance Department because they feel that CMS is regulating the program.

Responding to a question from the Committee, Commissioner Praeger stated that there is no cap on the 1 percent penalty assessed on eligible participants who fail to secure prescription drug coverage by the deadline of May 15th. The funds collected from this penalty will be directed to CMS. The Committee noted that there is confusion among constituents with regard to who to call for assistance.

Commissioner Praeger stated that the following items need attention and clarification:

- Extension of the May 15th deadline.
- Congress needs to address the confusion and complexities of the program.
- Clarification of who has access to information and can answer consumer questions.

The Chair thanked Commissioner Praeger for her presentation.

Audrey Dunkel, Legislative Research Department, presented an overview of the Medicare Part D program as it affects Medicare recipients, low-income assistance, availability of drug plans, financing Medicare Part D and the impact of the Medicaid clawback provision (Attachment 4).

- The Committee requested information on the actual cost paid by the State, for prescription drugs for Medicaid eligible participants during the past couple of years.

Chairman Neufeld recognized Kathryn Coleman, Medicare Prescription Drug Education Campaign Manager for the Kansas City Regional Office of the Center for Medicare and Medicaid Services (CMS), who, in conjunction with Nancy Schmidt, Health Insurance Specialist in the Division of Medicare Operations, presented testimony on the Medicare Part D program (Attachment 5). Ms. Coleman stated that there are a number of problems associated with the start-up of the new program; however, felt that the program is working for the majority of participants. Ms. Coleman indicated that most of the problems are associated with the dual-eligibles.

CMS is committed to resolving the problems. Ms. Coleman stated that a new computer system was installed to allow pharmacies to verify eligibility in less than a second. In addition, a toll-free pharmacy help line was established to allow pharmacists to check for participants eligibility. CMS also directed the insurance plans to increase their customer service lines for participants and pharmacists. Ms. Coleman acknowledged that there have been long waits on the phone; however, stated that part of this problem was caused by the E-1 transaction system provided to pharmacists not always working properly. Another problem has been with the lack of staff to answer the number of phone calls.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on February 1, 2006 in Room 514-S of the Capitol.

Ms. Coleman stated that CMS is launching a new training and information initiative specifically for pharmacists, directed at sharing new information, providing specific information on using the computer transaction system and the enrollment process. CMS has announced a temporary reimbursement plan that will enable States to be fully reimbursed for their efforts to help ensure that their dual eligible beneficiaries have access to their covered drugs.

Ms. Coleman felt that the Medicare Part D Prescription Plan is important and a step in the right direction for many people who have never had coverage for their medications. Ms. Coleman stated that CMS is working to reduce wait time, provide additional support to pharmacists and working to develop a partnership with the State's eligible participants. Responding to Committee questions, Ms. Coleman stated that the 1 percent penalty clause as prescribed by federal statute. The Committee expressed concern that the penalty clause applied to the individual; however that there is no penalty against the insurance company who does not provide adequate service to their enrollees. The Committee felt it is important to track the performance of the insurance companies. With regard to the dual eligibles, CMS will reimburse the State for administrative costs, at the same Medicaid rate as reimbursed before the implementation of the new program, and cover any excessive costs that the State has paid for a particular beneficiary for a particular drug. Ms. Schmidt noted that the cut-off date, at the present time, for this reimbursement is February 15th.

Ms. Coleman provided the following assistance information:

E-mail: partdissues@cms.hhs.gov

Fax number: 1-816-426-7604

Telephone: 1-816-426-5783

Telephone: 1-800-Medicare (these requests for assistance are sent to CMS on an hourly basis.)

- The Committee requested additional information on the wait time associated with phone calls and information as to whether there has been improvement since implementation of the program.

The Chair recognized John Kiefhaber, Executive Director, Kansas Pharmacists Association, who presented testimony concerning the Implementation of Medicare Part D in Kansas and the problems encountered in the implementation of the program ([Attachment 6](#)). Mr. Kiefhaber stated that he supports **SB 405**.

Chairman Neufeld recognized Mike Conlin, owner and pharmacist of Jayhawk Pharmacy and Patient Supply in Topeka, who provided testimony on the problems experienced by the pharmacists in connection with the Medicare Part D Prescription Drug program ([Attachment 7](#)). Included in his testimony is a list of pharmacies who are members of the Kansas Pharmacists Association and located in each Committee member's district. Mr. Conlin stated that problems associated with the Prescription Drug program have caused a financial crisis for pharmacies across the State.

Mr. Conlin stated that he had spent numerous hours on the telephone waiting for assistance from the call centers to confirm a patients eligibility. He felt that the call centers' staffs were undertrained and understaffed. Mr. Conlin stated that, as of today, he has not received any payment from any of the Medicare drug plans or the State of Kansas. This has caused a cash-flow problem and resulted in the necessity for him to seek a loan from his banker in order to meet his obligations. He noted that Jayhawk Pharmacy is not listed as a participant in the Prescription Drug program on CMS's website and he challenged CMS to update their files to give equal representation to all pharmacies in Kansas.

Mr. Conlin felt that many local Kansas pharmacies will not survive the problems associated with the Medicare Part D Prescription Drug program unless there are improvements and changes in the program.

The meeting was adjourned at 10:55 a.m. with continued discussion on the Medicare Part D Program to held at 9:00 a.m. on February 2, 2006.

Melvin Neufeld, Chairman

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on February 1, 2006 in Room 514-S of the Capitol.