Approved: _____
Date

MINUTES OF THE HOUSE COMMITTEE ON HEALTH AND HUMAN SERVICES.

The meeting was called to order by Chairperson Garry Boston at 1:30 p.m. on February17, 2000 in Room 519-S of the Capitol.

All members were present except:

Committee staff present: Emalene Correll, Kansas Legislative Research Department
Dr. Bill Wolff, Kansas Legislative Research Department
Norman Furse, Revisor of Statute's Office
June Evans, Secretary

Conferees appearing before the committee: Jack Fincham, PhD, Dean, KU School of Pharmacy
Representative Carlos Mayans
Representative Kent Glasscock
Barbara Withee, AARP
Annette Graham, Central Plains Area on Aging, Sedgwick County
Greg Tugman, Department of Budget
Ken Grotewiel, Kansas Insurance Department

Others attending: See Attached Sheet

The Chairperson called the meeting to order and staff gave an update on the interpretation of current law on Tabled **HB 2755**. Representative Storm asked yesterday if she thought the bill restricted the laws that currently exist. My response was, yes, I thought it did. I am not ready to back off that interpretation because after consultation with several of my colleagues and they agree, but aside from that, I met with people from Health and Environment following the meeting and their attorneys in H&E are interpreting that not to include the names of licensees or registrants. That being the case under the Department's legal interpretation, they are now providing lists of names of licensees and registrants. There is confusion about what is included in the definition in child care facilities so asked Chris Ross-Baze to make a listing to be handed out of all the kinds of child care providers included in that Act. What happens now is that if the licensee or registrant is an individual person that person's name and address is made available to the public. If the licensee is a corporate entity like Kindercare what would go out and be made public would be the name Kindercare, not the name of individuals. As the law is currently being interpreted there are persons, individual persons whose names are not being withheld from even the internet listings or the public listings. Discussed with people from the Department, they would not oppose excluding or keeping private except for the exceptions created in the bill of any licensee or registrant so that all would be treated equally and there may be some circumstance. There aren't a lot of group homes, large residential foster care facilities, but there might be some of the same protections for children needed in that type of facility as an individual home but that is a policy decision for the Committee. It was felt the Committee's action yesterday was based, in part at least, on my response and wanted to clarify. (See Attachment #1).

The Chairperson opened the hearing on **HB 2814 - Establishing the Senior Pharmacy Assistance Program.**

The Chairperson stated the Fiscal Note for **HB 2814** had been distributed **(**See Attachment #2).

Jack E. Fincham, Ph.D., R.Ph., Dean and professor, the University of Kansas, School of Pharmacy, gave a synopsis of a very complex issue, current and future drug costs in the United States. The development of new drugs is changing dramatically from previous models and methods. The design and synthesis of new drugs has become increasingly more sophisticated. These changes in drug discovery have altered the landscape of the pharmaceutical industry, academic research, and the prescribing and utilization of these new drugs (See Attachment #3).

Representative Carlos Mayans, proponent to **HB 2814**, testified this is an innovative and cost efficient health care initiative that will assist Kansas senior citizens with the purchase of their medications. This investment in the health of our seniors will be another step in insuring that our most vulnerable citizens stay healthy and that their quality of life is enhanced.

HB 2814 provides for those individuals 62 years and older and with an income of less than $14,000 a year to apply for the prescription assistance program which would assist seniors after a $12 co-payment per prescription with the balance of the cost of purchasing that prescription (Attachment #4).

Representative Kent Glasscock, testified in support of **HB 2814** which creates the senior pharmacy assistance program providing eligible senior citizens financial assistance for prescription drugs. The drugs stop problems from getting worse, keeping seniors out of hospitals and adult care facilities. In the long run, this program could cut medical costs by helping seniors avoid serious medical problems that need more expensive treatments (See Attachment #5).

Barbara Withee, Vice-Chair, AARP State Legislative Committee, testified as a proponent for **HB 2814**. AARP legislative surveys in Kansas mirror those results from national surveys–seniors indicate that soaring costs of prescription drugs and reductions in coverage from private insurance or managed care plans have placed this as one of the priority issues of concern.

Much like inadequate preventive health care, those individuals who delay or neglect their prescriptions due to an inability to pay end up with acute health care needs and ultimately create a much higher burden to the state if institutionalization becomes necessary and their physical and financial state deteriorates to the point where they become Medicaid enrollees (See Attachment #6).

The Chairperson asked Greg Tugman, Division of Budget, to give a synopsis of the budget report, how they arrived at their figures.

Greg Tugman stated first of all there is not a Table because were uncomfortable nailing down an actual estimate. It is anybody's guess what the participation level would be. We basically laid out these assumptions of the fiscal impact. The population estimates, went to the Census Bureau, and came up with 425,000 Kansans over age 62. At the state house they went into the data base and pulled and projected about 425,000 age 62 or over. The Department of Revenue the number of people age 65 or over that filed tax returns and those whose income guidelines were between $8,000 and $14,000 a year - $16,000 for a household and they came up with 49,000 tax returns. That is net income and a lot of people don't file tax returns because they don't make enough income, but that is another estimate. The third estimate came from SRS and they keep population estimates for Medicaid eligibility and they came up with 111,000 and 41,000 already being on Medicaid, about 70,000 estimate is about as good as we can do right now without going into a full demographic estimate. That is certainly something everyone should consider. The second issue is the number of prescriptions per year. Called about 7 states that have the pharmacy program and also talked to Bob Day and remember people that are on Medicaid are pretty sick people, in nursing homes. The prescription drug program has finally cost more than in-patient hospital; that was last year and the first year that has happened. That trend is expected to continue. If a person is on Medicaid, 62 years old or older, they are going to be in pretty bad shape and would need a lot of prescription drugs. If 54 prescription drugs a year, some might by Tylenol III which is about 8 cents a pill, then designer drugs which are very expensive and they all blend to $36 a year. Those are a lot of assumptions. Called some other states and they came up with 18 prescriptions a year average per participant and we are around that with Blue Cross-Blue Shield's estimate and are assuming that people that are going to be participating in this program aren't going to be as unhealthy as the Medicaid participant and use less prescription drugs. Is the multiplier going to be Tylenol III or the arthritic drug. Those are assumptions we are stumbling into and it is a dangerous territory. Again, all 70,000 people, if everybody came in and stayed in the program and a full $1500 limit then talking about $105M. The Medicaid budget now, under the Governor's recommendation, the general fund portion of that Medicaid budget is about $240M state general fund so that gives a sense of scale that is being put in for that population. These are assumptions. Childrens health insurance has had enrollment, a curve, and it might take a while for the interest to come along.

Talked to Maryland yesterday and they said there is huge pressure, is fairly organized, and growing every single year. Everyone wants to get on board. The senior population is much more organized and would certainly generate a lot of interest.

Annette Graham, Executive Director of the Sedgwick County Department of Aging, and of the Central Plains Area Agency on Aging, supported **HB 2814.** Would respectfully suggest to have the Secretary of Aging administer the program. Too often older Kansans are placed in the position of having to choose whether to eat or purchase necessary and expensive prescription medications. (See Attachment #7)

Ken Grotewiel, Director, Consumer Assistance Division, Kansas Insurance Department, testified on behalf of **HB 2814**, stating the purpose was to provide very needed assistance to seniors who cannot afford to pay for their prescription drugs.

Many people in their early 60's find that they have no prescription drug coverage. The most common instance is that they no longer have coverage from a group plan with an employer and are not yet eligible for medicare coverage which starts at age 65. Once on Medicare, prescription drugs are not part of the basic benefit package. While some coverage is available through three supplemental insurance plans, they are substantially more expensive than those plans without prescription drug coverage. Medicare HMO's do provide some prescription drug coverage. However, the HMO option is available only in a very limited number of counties. Prescription drug costs are rising (See Attachment #8).

Representative Showalter presented written testimony applauding Representative Mayans for bringing the bill forth. This is a problem that has plagued senior citizens for the past decade and is one that needs to be addressed (See Attachment #9).

Representative Troy Findley stated he supported the creation of a prescription drug assistance program for Kansas seniors. However, testimony will focus primarily on **HB 2966**. According to a recent report released by the American Association of Retired Persons, Medicare beneficiaries age 65 and older living in the community were projected to spend an average of $2,430 out-of-pocket, or nineteen percent of their income for health care in last year. Over half of this amount, fifty-four percent, will be spent on health care goods and services. Prescription drug costs account for the single largest component of out-of-pocket spending on health care, after premium payments. On average seniors are expected to spend as much out-of-pocket for prescription drugs as for physician care, vision services and medical supplies combined. (See Attachments #10 & 11).

Written testimony was distributed from Bob Williams, The Kansas Pharmacists Association (See Attachment #12).

The Chairperson closed the hearing on **HB 2814.**

The meeting adjourned at 3:15 p.m. and the next meeting will be February 21.